

LEAD STORY:

Major carriers signal a shift in mindset to tackle emissions

WHAT TO WATCH:

Coronavirus: Shippers allowed shipside loading and pickup amid packed port storage yards

Concerns raised over oxygen depletion cases in enclosed spaces

IMO group backs Arctic HFO ban, but with nine-year waiver for Arctic-flagged vessels

ANALYSIS:

Tonne-mile demand for US gulf crude shipments contracted last year

OPINION:

The MEP leading the drive to slash shipping emissions

MARKETS:

Star Bulk says coronavirus delays last of its scrubber fittings

LNG market will rebalance in 2021, says Shell

Singapore fuel oil stocks jump 10% on-week as shipping activity slows

Diana considers options for cancelled vessel sales

IN OTHER NEWS:

Vertical integration a matter of survival for container shipping giants

Indonesian coal miners losing business due to unclear shipping guidelines

SpaceX to build rocket ships in the port of Los Angeles

West of England acquires Alandia's stake in Nordic Marine

MPC Container Ships picks up \$13m after Oslo placement

Major carriers signal a shift in mindset to tackle emissions



COMPETITORS IN JUST about every other aspect, Europe's biggest carriers are acknowledging they will need each other to help them decarbonise and are now lobbying regulators to support a global initiative on research and development.

Sustainability and regulatory chiefs from Maersk, MSC, CMA CGM and Hapag-Lloyd, four of the five largest container shipping companies globally, sat together for a rare common outing during an event at European Shipping Week, during which they pushed for co-ordinated R&D efforts through a new international body.

The panellists strongly supported an industry-wide proposal for an independently-run \$5bn global research and development fund, powered by mandatory payments based on fuel consumption.

While the use of clean fuels will ultimately become part of the competition as well, with biofuel trials and individual sustainability and R&D projects already running, the four carriers think they could only do so much behind closed doors.

"We are not very good at collaborating with people, in all honesty," Maersk director of regulatory affairs Simon Bergulf admitted. "We have not been really good at that."

The Danish company has been very effective with its own sustainability efforts, though, and has taken on a leadership role in the field, he argued.

Maersk was the first major company to demand carbon-neutral vessels by 2030 and claims to have already spent billions on sustainability R&D over the past few years. It will also focus on alcohol, biomethane

and ammonia and wants to further narrow down its choice to a single fuel in 2023.

“But what we have done is drying up. If it’s drying up for us, it’s drying up for everyone. So we can’t continue to do that,” he said.

Hapag-Lloyd environmental management director Wolfgang Guntermann, whose firm has committed to slashing its CO₂ emissions per teu-km by 20% by 2020 compared to 2006, said sharing ideas with its rivals would have been inconceivable some decades ago.

“It is not a matter of competition, it is a matter of jointly developing these issues,” he said, admitting this is a whole new ballgame for the rivals.

CMA CGM sustainability chief Guilhem Isaac Georges also said it is essential to accelerate R&D to get to zero emissions vessels.

“Betting today on technology to break through in 2035 to achieve carbon neutrality in 2050 seems to us very risky. That is why I insist that we have to take these decisions today,” he said.

The French company recently partnered up with hydrogen tech firm Energy Observe to share resources and expertise.

MSC Group executive vice president for maritime policy and government affairs Bud Darr admitted that despite the size of its firm, which also owns cruise ships, it could never produce the necessary R&D breakthroughs on its own, and the company is happy to pay its part in the collective effort.

“But to bring together the whole community really is going to take a collaborative effort and sharing the results of what has developed through this fund,” he said.

Market-based measures and fuel infrastructures

Three years in the making, since its public unveiling late last year, the R&D fund proposal has been received a mixed reception.

“We are creating a neutral body looking at possibilities over which we do not have the faintest clue. This will enable a level playing field,” Mr Guntermann said in support of the idea.

But others question whether this would delay the adoption of a market-based measure in the IMO, a point that has caused frustration among the project’s

backers who see this as a conflation of R&D funding and MBMs, two distinct issues.

Mr Darr said there has been “perhaps deliberate misinformation” on the proposal and said the inability of governments in the IMO to agree on an MBM in the past was their responsibility.

“But what has not happened is the industry being an impediment to moving forward on a market-based measure. That is simply misinformation by those who simply want that result,” he said.

The very real prospect of international shipping in the EU’s emissions trading system, the emissions cap and scheme, is also a daunting prospect for many in the industry who want to avoid a regional measure on global operations.

But for Mr Bergulf, whether a market-based measure comes as a fuel levy, an ETS, a fuel ban or a whole other tool, Maersk “is open to anything”.

The point, however, would be to close down the competitiveness gap between today’s fuels and zero carbon fuels and technologies, a difficult task in itself given that the actual gap is unknown as these fuels and technologies are not there to be had.

He likened it to the 2020 0.5% global sulphur limit; if the demand had not been there, shipping would still be awaiting fuel producers to come through with compliant fuels.

“We can’t expect that someone else is going to solve this for us,” he said, adding that the industry need to be in a position to tell fuel suppliers what they need and how much of it. “Otherwise we are... creating a chicken and egg situation.”

Mr Isaac George said that before CMA CGM’s investment into the LNG-bunkered vessels, fuel suppliers were not willing to invest in LNG services. Total has since become heavily involved in LNG bunkering and recently agreed to supply CMA CGM’s containerships in Marseille.

“I think the same logic must apply for technologies such as hydrogen and ammonia,” he said.

Mr Darr argued that the container lines industry is uniquely positioned to provide more certainty around fuel volumes than other sectors in shipping are.

“They will probably come around and give us what we need if the demand signal is there early on,” he said.

WHAT TO WATCH

Coronavirus: Shippers allowed shipside loading and pickup amid packed port storage yards

SEVERAL major Chinese container ports are letting shippers go to ships at berth to load or pick up cargo directly, as storage yards are overcrowded as a result of the coronavirus outbreak.

A pilot run will start from March 1 at the port of Shanghai, the world's busiest of its kind, according to a notification on Friday by the Shanghai International Port Group.

The state-owned operator has told its subsidiary terminal firms to prepare for the operations, which must comply with security requirements.

It added that clients should apply for the services in advance for their qualified export and import boxes, and they will need to arrange the trucks on their own.

SIPG said the move is part of the efforts to "continue improving the convenience of cross-border trade at the port of Shanghai".

Elsewhere in the country, ports in Guangzhou and Tianjin have announced similar plans.

The direct pickup model has already been used by some Chinese harbours, such as Ningbo, for imports

of anti-virus goods in order to speed up the logistic process and save cost.

Ports under strain

The method is expected to help ease the congestion at storage yards as many ports in the country are still struggling to bring trucker drivers back to their positions.

The clogged reefer box movement appears a particularly big challenge as reported by carriers that have started to impose surcharges on such shipments.

Ports are under strain to hit throughput targets because of the impact of the virus, and are now forced to find solutions to increase traffic, according to an operating manager at one of the affected Chinese ports.

"The blank sailings have reduced vessel calls as well as the workload at berth," he said. "Hence the spare capacity can be used to alleviate some pressure from the storage space."

He added that some ports were even planning to add storage space by building new yards.

Concerns raised over oxygen depletion cases in enclosed spaces

CASES of oxygen depletion in enclosed spaces have once again been highlighted as a cause for concern for shipping following the recent publication of two accident investigation reports by the Marshall Islands.

The flag registry identified asphyxiation as responsible for the death of a crew member and of a cadet in separate incidents in 2018.

The most recent report, which was published earlier this month, stated that a seafarer aboard the *Linus P* tanker dropped his portable radio into the hold while carrying out tank-cleaning duties in November 2018.

He then went into the hold without the appropriate gear and the "lack of oxygen quickly rendered him unconscious".

Two colleagues went in after the seafarer to try to rescue him, but they had removed their breathing apparatus while inside the cargo tank rendering them unconscious. One died from a subsequent fall from the second platform of the tank access ladder.

The report cited ineffective enclosed space entry procedures as well as a lack of understanding of the dangers of nitrogen inhalation. It also said rescue operation procedures were ineffective.

It recommended the company increase awareness among crew members about the dangers.

The Marshall Islands is also considering submitting a proposal to the International Maritime Organization to amend Resolution A.1050(27) which looks at emergency response so as to "better detail

the fundamental actions that should be taken during an enclosed space rescue”.

A second incident in August 2018 involved a deck cadet working on the 2014-built bulk carrier *La Donna*, which was discharging coal at Paradip in India.

The report, which was published 13 months later, said that the cadet, who lost his life, became “incapacitated due to oxygen deficient conditions” in cargo hold six. The chief officer, who also entered the space and lost consciousness, survived.

The report concluded that normal procedures had not been properly followed, including failure to identify potential hazards.

In addition, daily readings showed a continuous decrease in oxygen levels in the holds. Three days before the incident, cargo hold six had only 11.9% oxygen in it, which was almost 10% below the International Maritime Organization’s recommendations.

The report advised that the company, in this case FML Shipmanagement, carry out additional crew training, using this incident as an example.

Following the incident, the Marshall Islands also asked the classification society, in this case Lloyd’s Register, to review the Australian ladder design used on the vessel and “recommend modifications to increase ventilation” of the enclosed areas.

Lloyd’s List highlighted the problem of oxygen depletion last year.

Norwegian insurer Gard issued a notice in September 2018 to its members saying it was “a good time to review” enclosed space procedures following a Marine Safety Advisory by the Marshall Islands after two incidents, which resulted in three deaths, including the one on *La Donna*.

The incidents served as “a stark reminder that entering an enclosed space without following proper procedures can result in seafarers being killed or

seriously injured,” Gard cited the advisory as saying. “They are also reminders that a well-intentioned seafarer who enters an enclosed space to assist a fellow crew member is likely to become a victim requiring assistance, as well as delay a proper rescue operation and increase the potential for additional deaths.”

Shipmanagement trade association InterManager has also been running a campaign on the topic.

In May last year it said that seafarers and dock workers were still dying while working in enclosed spaces due to a lack of understanding throughout the shipping industry of the risks faced.

“Dangerous time-frames are imposed for hazardous tasks and safety improvements do not happen because shipping industry investigations encourage a ‘blame culture’,” it said.

The group carried out a three-month-long survey at the end of 2018, in which key concerns included a “perceived lack of improvement in the design of vessels with not enough consideration being given to access areas and the people working in them.”

Respondents said that they had asked for more training and management-led safety cultures and suggested using the “fear factor” to raise awareness such as changing the phrase “enclosed space” to “dangerous” or “fatal” space.

Some respondents also believed that technology could be used to help with limiting the requirement for human access in enclosed spaces, while future newbuildings could keep these spaces to a minimum.

“It is clear that much still needs to be done to address the issues of working in enclosed spaces and to eradicate the risk to life,” said the group’s secretary-general Captain Kuba Szymanski in a statement announcing the findings. “No-one should die while carrying out their daily work.”

“It is rather sad to see so many seafarers losing hope that their situation will ever improve.”

IMO group backs Arctic HFO ban, but with nine-year waiver for Arctic-flagged vessels

RUSSIA has won a nine-year waiver from a proposed ban on heavy fuel oil in the Arctic, after a week of heated negotiations at the International Maritime Organization.

The IMO's pollution subcommittee on Friday backed a ban on the use and carriage of HFO in the Arctic from July 2024, amid concerns an HFO spill could damage the region's sensitive environment.

But ships flying the flag of an Arctic coastal state and operating in those states' sovereign waters get a waiver until July 1, 2029, under the proposed draft amendments to Marpol Annex I.

Search and rescue vessels will also be exempted from the ban, which was supported by countries including the US, Denmark, Finland and Norway.

A spokeswoman for environment groups the Clean Shipping Coalition, Friends of the Earth International, Pacific Environment and the WWF said the draft regulation delivered a clear deadline for a ban.

"However, it will also leave the Arctic region and its communities exceptionally vulnerable to the ongoing risks of heavy fuel oil pollution for the next nine years," she said.

"Everyone here has a continued obligation to pursue

additional safeguards for the Arctic, and we look forward to working with the IMO and its member states throughout this process."

Russia had opposed the ban as impractical, saying it could cost it up to \$600m a year and cover 35,000km of its coastline. It argued its Arctic population was much bigger than those of other Arctic states and relied on supplies of food and other essential goods by sea.

But the US said the benefits of an HFO ban in its Arctic waters were clear. It said its fishing industry was worth \$49m a year and vulnerable to oil spills, adding most vessels would have switched to very-low sulphur fuel oil by the time a ban kicked in.

A correspondence group, co-ordinated by Russia, will work between IMO sessions to develop further draft guidelines.

The subcommittee's proposal will next go to the more powerful Marine Environment Protection Committee, which meets from October 19-23.

Singapore, which reported the responsible working group's findings, noted the proposal "may not be the ideal outcome for everybody". But it praised "the spirit of compromise displayed by the group", calling it "poetry in motion".

ANALYSIS

Tonne-mile demand for US Gulf crude shipments contracted last year

THE US Gulf is at the epicentre of American energy independence and the region's rising exports of oil and refined products have reshaped global trading patterns for tankers and gas carriers since 2016.

However, the tonne-mile demand data from Lloyd's List Intelligence challenges the assumption that the eight-fold rise in US Gulf oil exports over three years is positive for tonne-mile demand for crude tankers. Analysis suggests that while this was initially true, the trend reversed in 2019.

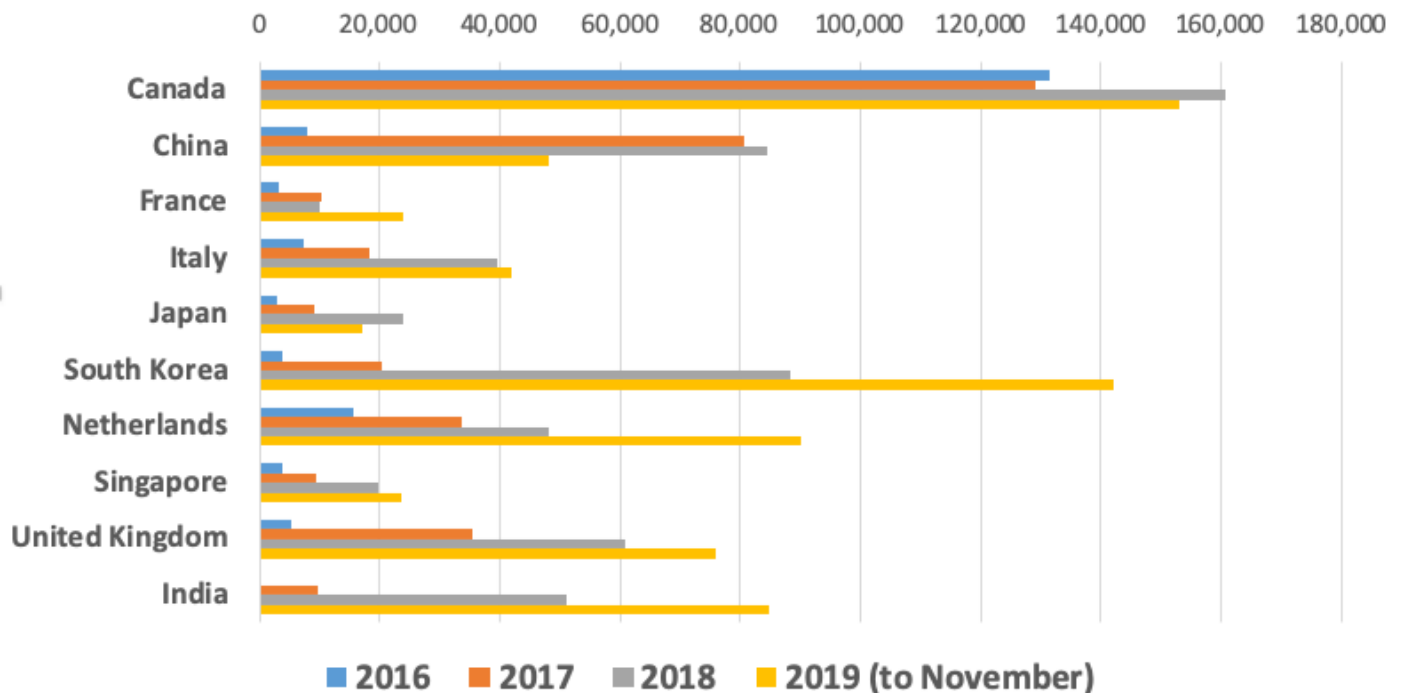
Tonne-mile demand measures distance travelled by volumes carried and is a proxy for vessel demand.

The US Gulf shipped some 2.7m barrels per day in crude from January-through-November in 2019, according to the US Energy Information Administration, up 37% so far on the prior year. Expanding port infrastructure and increased pipeline capacity supported the rapid acceleration.

Since the US lifted a ban on most crude oil exports in 2016, new markets in Asia and Europe have been rapidly established. Canada is still the biggest buyer of American crude, followed by refineries in South Korea, India and countries in Europe including the UK.

US crude exports by destination

Source: EIA, '000 barrels



Not only are there signs that the pace of US crude export growth will slow in 2020, but also these trade flows are unlikely to augment tonne-mile demand for crude tankers. US Gulf refineries are importing less crude from farther-away destinations, particularly the Middle East Gulf.

Tonne-mile demand for crude tankers loading cargoes from the US Gulf for export in 2019 was measured at 889.5bn tonnes, according to Lloyd's List Intelligence. That contrasts with tonne-mile demand tracked on crude tankers bringing imports into the US Gulf, which was at 476.2bn tonnes. The previous year tonne-mile demand for imports was measured at 822.6bn tonnes, representing a year-on-year fall of 42% in 2019.

This fall was at its most extreme over the final quarter as the US Gulf exported more crude than it imported for the first time on record. There are some 57 refineries in the so-called PADD3 area that incorporate the US Gulf and parts of Florida, with about 9.8m bpd capacity. But many are configured to operate with heavier or higher-sulphur crude and are already using the maximum possible of the light sweet shale oil that is piped or railed down to US Gulf ports from the Permian

and other basins. This is the so-called "refinery wall" being reached.

Lloyd's List Intelligence data shows that over 2017 and 2018, there was a net gain in tonne-mile demand generated for crude tankers from the US Gulf. Year on year, total tonne miles from exports and imports to the region rose by 217.6bn tonne miles in 2017, and 153.6bn in 2018.

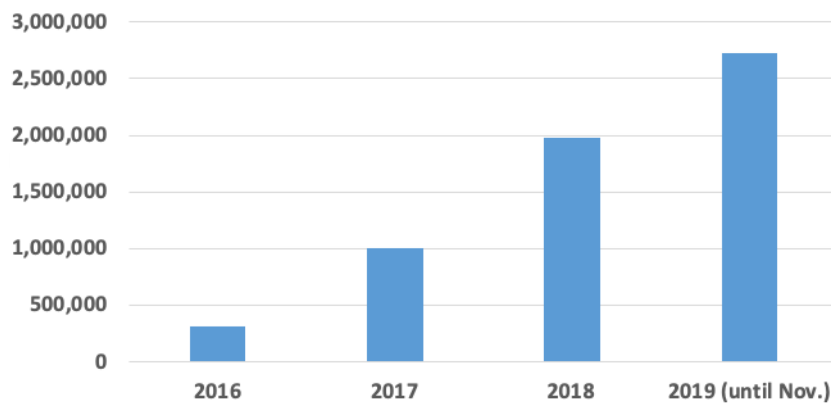
But over 2019, 137.4bn fewer tonne-miles were generated on both the export and import routes, compared with the prior 12-month period.

This finding runs contrary to many established narratives. The expectation has been that because refineries in South Korea, Taiwan, India and China have ramped up crude purchases from the US this has been positive for tonne miles.

The six-week voyage to new markets in Asia from the US Gulf quickly established new employment for the global fleet of very large crude carriers. Such routes remain hugely positive for these vessel types, especially as oversupply has outpaced demand over 2018 and the first three quarters of 2019, depressing earnings.

US Gulf crude exports

(barrels per day) Source: EIA



But refineries in Europe, notably the UK, the Netherlands, Italy and France, are also buying record volumes of shale oil shipped from the US Gulf. These are shorter-haul, transatlantic voyages that do not generate the massive tonne miles seen on voyages east to Asia and India.

At the same time, crude imports from the Middle East Gulf into the PADD3 region dropped significantly. Data from the US Energy Information Administration shows that in the first 11 months of 2019, imports in the “Persian Gulf” category are 53% lower than 2018.

This year, the US will become a net petroleum exporter for the first time since records began in 1949, according to the EIA’s latest forecast. In the US Gulf this equation is at its most extreme: November crude exports set a monthly record, measuring 2.9m bpd, while imports were at 1.2m

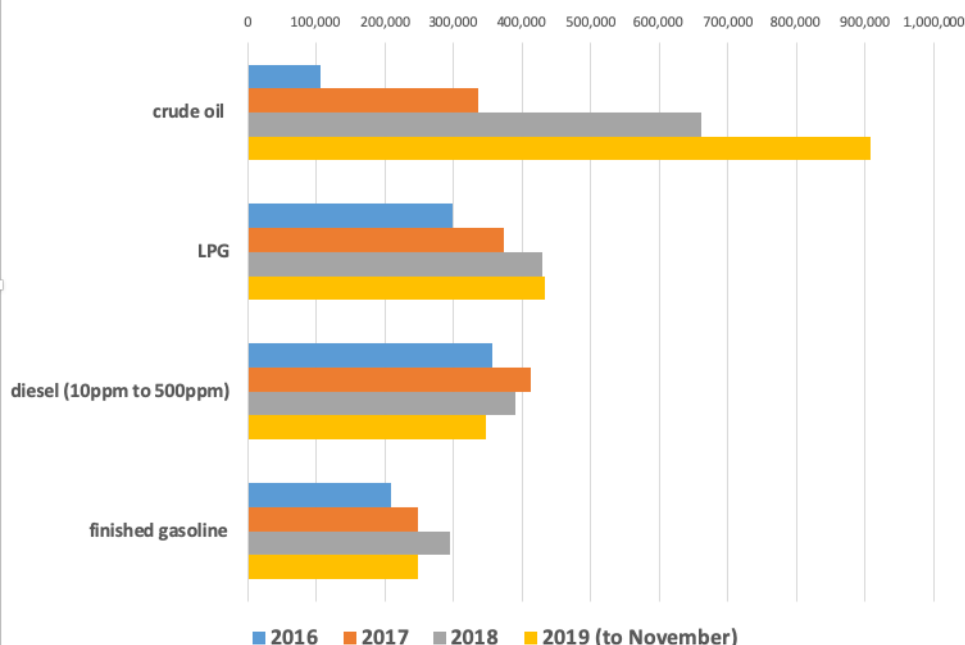
bpd. The majority of imports was high-sulphur, heavy crude from nearby Mexico or Canada. The US is already a net exporter of gasoline.

US tight oil production in 2020 is estimated to be at 8.5m bpd, according to the Organisation of the Petroleum Exporting Countries February monthly report. That is 860,000 bpd more than 2019. Last year, tight oil production — which includes the Permian, Bakken and Eagle Ford shale plays — grew by an estimated 1.19m bpd.

This additional crude will be coming to market from the US Gulf just as forecasts for global oil demand growth this year are trimmed because of the coronavirus outbreak in China, the world’s biggest importer of crude oil. Furthermore, falling prices are expected to pressure infrastructure spending for producers in the Permian, especially as gas prices are so low.

US Gulf exports

'000 barrels/Source: EIA



Additional capacity from the Permian to Texan ports, particularly to the port of Corpus Christi underpinned the growth in exports last year. The port is the location for two of three proposed projects for single-point mooring buoys that will allow VLCCs to load. None are expected to begin until 2023, although the port is dredging and deepening port access under a \$360m project so larger tankers can load.

Whether China will step up to become a significant buyer of US crude in 2020 and boost

tonne miles to reverse the 2019 contraction, is uncertain. Under Phase One commitments of a trade deal brokered with the Trump administration, there are specific targets to meet energy commodities spending.

Before diplomatic relations with the US were strained, the country's state-owned and independent refineries were prolific buyers of shale oil. For several quarters in 2018, China was the biggest importer after Canada.

OPINION

The MEP leading the drive to slash shipping emissions

THE European Parliament's maritime emissions rapporteur is hardly shy about her convictions, writes *Anastassios Adamopoulos*.

When a group of protesters stood in front outside the European Parliament in Brussels on February 19 demanding the EU regulate shipping emissions, the Green MEP joined them in chanting "IMO is too slow, EU should run the show" and "EU sort your ship out".

Criticising the International Maritime Organization for sluggish action on emissions is not exactly new for the European Parliament. But beyond spirited demonstrations, Ms Paulus and the policies she backs could prove to be big news for shipping.

Unsurprisingly, Ms Paulus advocates the inclusion of shipping in the EU Emissions Trading System, the bloc's cap and trade scheme. The European Commission also wants to include shipping in the ETS. The move is broadly opposed by global shipping industry interests.

But her recent draft proposal on shipping emissions reporting in the EU goes beyond that: she wants ships of 5,000 gross tonnes and above that use EU ports to slash their carbon intensity by 2030 by at least 40% compared to 2018- 10 years ahead of the IMO's baseline for the same target.

This would affect almost 12,000 ships.

Ms Paulus, an experienced chemist with a long career in the pharmaceutical industry who was elected as an MEP for the first time last year, said she sympathised with shipping industry concerns on the emergence of a dual regulatory regime.

But she also touted the EU's influence on IMO policy in the past, claiming the development of the EU MRV pushed the IMO to develop its own data collection system.

"Unfortunately, the IMO has a track record of trying not to rush, trying to not to be too far reaching with anything," she said.

With 174 member states, the IMO prides itself in consensus-building, close coordination and honest compromises.

But for Ms Paulus, who attended an IMO meeting last year, the feeling was the global regulator's approach is largely ineffective.

Trying to convince the "last climate denier" will not get you anywhere, she argued.

"I think it has always been the same in climate politics. You have to have some ambitious people stepping forward and then inviting others to follow," she said.

She also questioned decision-making within the IMO, alleging that in most cases decisions are made by the largest flag states, whose delegates are often representatives from companies rather than government officials.

"You have this very curious situation where industry is regulating industry. And of course they are not trying to be very ambitious," she said.

The charge is a familiar one, as the IMO has come under accusations of undue corporate influence in the past, both due to the presence of companies in

national delegations and the industry organisations that participate in talks.

Ms Paulus did agree with the industry's repeated claim that shipping is the most environmentally friendly mode of transport. But more needs to be done.

"As we have a climate emergency, we cannot wait for IMO to think of another ten years what they maybe could do until 2050," she said.

The makings of a medical remedy

Ms Paulus's proposal has to go through a lot of scrutiny, negotiations and amendments.

The European Parliament will consider it and agree on any changes later in the year before sending it to the Council, where governments will deliberate and probably request its own changes, likely kicking off a familiar process of compromise.

Ms Paulus acknowledged different governments in the EU have different views and stakes in the matter.

Some are unequivocal about them; Greek shipping minister Giannis Plakiotakis told the audience at an event during European Shipping Week that the IMO is the only competent authority to regulate shipping emissions and an ETS would be neither viable nor workable.

When the ETS was being discussed back in 2017, the EU agreed to temporarily leave shipping outside of the scheme, giving the IMO until 2023 to adopt a sufficient global decarbonisation measure.

A few months later in London in April 2018, the IMO was recording one of its greatest achievements with the adoption of an initial GHG strategy, to much global applause. The strategy and its target will be revised in 2023.

But things have developed rapidly since then. New reports have made arguments that the targets of the Paris Agreement would not be sufficient to prevent irreversible climate change and that the damage done to crucial areas like the Polar regions are even greater than originally thought.

In this distressed climate, Ms Paulus questioned why the EU should not be raising its own ambitions, arguing it is both the right thing to do and the way to accelerate research and development in decarbonisation technologies.

She likened the situation to her years of experience working as a quality manager at a hospital in Germany; doctors developed plans on treating patients based on certain assumptions about the recovery they would make.

"The next day the patient develops a fever of 41 degrees. Do they [doctors] stick to the plan? No, they don't. They do emergency measures. And that is what we have to do in our really life-threatening situation. I think people have not quite grasped what this climate emergency really means," she said.

With her own proposal targeting the minimum 40% reduction in carbon intensity by 2030, she expressed hope that the goal will not need to be elevated in the future.

A direct payment to the fund

The EU's ETS has suffered from problems over the years including, pushing emissions onto other regions and questionable use of free allowances.

One aspect shipping companies are especially worried about is the administrative burden that comes with getting involved in emissions permit trading.

Ms Paulus acknowledged that as a genuine issue for shipping companies and said that they would be able to pay their ETS payments directly into a maritime decarbonisation fund that would handle the money.

The fund would use least 30% of the revenues to finance maritime decarbonisation projects in the EU.

In yet another repudiation of her proposals, shipping lobbies questioned why the benefits of such a fund will only be reaped by EU shipowners when foreign-owned vessels would be paying too.

"In my view it is a measure for the European ports and it should be a fund for the European industry," Ms Paulus said in response.

For the maritime emissions rapporteur, paying into the fund is the cost of using EU ports- and of contributing to Europe's battle against climate change.

As for the remained of the fees that would not be used for decarbonisation endeavours, it would be up to governments to decide what to do.

“Part of the money will probably have to go to the member states which are responsible for the conduct of the ETS, as they have to provide the regulatory authorities and technical measures,” Ms Paulus said.

The rest of the funds be used within the EU budget, providing “desperately needed” resources, she added.

Ms Paulus said that because her proposal does not discriminate based on flag and applies to all companies, she said industry interests have expressed to her that they could live with that.

Doubters of the ETS have suggested carbon leakage could be an issue, where the EU rules would force ships to emit elsewhere because rather than complying ships alter their routes and use non-EU ports to either reduce their emissions count.

But Ms Paulus argued that fuel costs, additional time and the need to deliver product to customers would prevent that from ha

“I do not see, for example Russia, developing enough refining capacity to replace Rotterdam Harbour,” she said.

MARKETS

Star Bulk says coronavirus delays last of its scrubber fittings

DRY bulk owner Star Bulk says it has experienced delays in scrubber installations due to the coronavirus outbreak.

A total of 90 scrubbers of 114 have been certified and were in operation as of February 19, the Greek-owned company said in an earnings statement.

Six were due to be certified in the coming days, while the remaining 18 were at shipyards across China, it said, adding that it expects to complete its scrubber programme by the end of April.

Workers have returned to the shipyards as of February 10, the US-listed company’s chief operating officer Nicos Rescos said in a conference call with analysts.

“There is activity and things are finally moving,” he said.

The company said it has seen benefits from its scrubbers of up to \$6,500 on average through January.

The estimated total cost of the scrubber project was pegged at \$209m. It has secured debt financing of \$150m.

It has achieved a time-charter average of \$12,580 per day across its fleet in the first quarter, with the largest sizes fetching \$19,721 per day, and the smallest at \$8,250 per day.

That is in stark contrast to the current spot market for capesizes, which is less than \$3,000 per day.

Jefferies analyst Randy Giveans said in a note that it was clear that the company’s scrubber investment is paying off as it is getting a substantial uplift on its time charter equivalent rates compared to its non-scrubber peers.

The company is “significantly outperforming” the market, allowing it to build cash, while “other industry players struggle to cover” operating costs, he added.

Star Bulk said it has managed to outperform the market by fixing some of its vessels for longer periods at the start of December when rates were still healthy.

It reported net income of \$23.1m in the fourth quarter versus \$11.4m a year earlier.

It has transferred its Geneva-based commercial activities Star Logistics to a newly established wholly owned subsidiary in Singapore.

LNG market will rebalance in 2021, says Shell

SHELL is optimistic that the liquefied natural gas market will rebalance next year.

The energy giant, which boasts the largest LNG portfolio, released its forecast just weeks after

announcing billions in dollars of related impairments.

“The last of the new liquefaction projects under construction will be completed by 2021 and equilibrium is expected to be restored as new supply comes to a halt until the mid-2020s,” it said in its annually released LNG outlook.

Shell emerged as the largest LNG producer among the supermajors with integrated oil and gas businesses after buying out BG four years ago. But as liquefaction capacity expanded and exports ramped up in the US, the market for the supercooled fuel took a turn for the worse.

LNG prices tumbled during the recent winter season in the northern hemisphere. Asia spot cargo prices have been hovering at record lows of under \$3 per million British thermal units recently.

Shell reported lower integrated gas earnings of \$2bn for the final quarter of last year, down \$400m, on lower realised LNG, oil and gas prices and higher depreciation from projects that are ramping up output.

It also took in \$2.2bn of impairments that are mainly attributed to its natural gas assets in the US.

Still, it is optimistic on prospects for better days ahead for the global LNG trade.

Chinese demand growing

Mild winter weather and rising electricity generation from nuclear power in two key consuming markets,

Singapore fuel oil stocks jump 10% on-week as shipping activity slows

SIGNS of a coronavirus-related slowdown in shipping activity have become evident through bunker market figures, with official data from Singapore showing residual fuel oil inventories jumped 10% to their highest in more than nine months, in the week ended February 19.

This came after Singapore posted a 7.5% jump in January bunker sales to 4.51m tonnes, its highest monthly tally in two years.

Reuters, citing Enterprise Singapore data, reported that despite plummeting net import volumes, onshore fuel oil stocks jumped by 2.2m barrels, equivalent to about 342,000 tonnes, from the previous week to 24.2m barrels.

Japan and South Korea, may have taken some shine away from Asia's LNG demand last year. Still, Asia has seen “a modest rise” in its LNG imports supported by continuing demand expansion in China and increasing appetite for the commodity in South and Southeast Asia.

Europe imported 74% more LNG last year, absorbing the bulk of last year's additional supply, which hit a record 40m tonnes.

Competitively-priced LNG has spurred coal-to-gas switching in the region's power sector, filling in gaps from lower domestic gas production and pipeline imports.

The outlook also flagged estimates backing up the relevance of LNG in the world's evolving energy mix.

Gas is expected to meet 43% of the world's energy demand growth through to 2040, with renewables contributing the other 37%.

Natural gas is also increasingly being used beyond the purpose of generating electricity.

Over half of its growth as an energy source is expected to come from replacing carbon intensive options in other sectors - industry, residential, commercial and transport, to name a few.

Global LNG demand is expected to double to 700m tonnes by 2040. Over 30m tonnes of this total may come from demand for LNG as a marine fuel as infrastructure develops and more orders are placed for LNG-fuelled ships, the outlook said.

Singapore's net import volumes fell 54% week on week to a nearly five-month low of 364,000 tonnes, well below the weekly average of 877,000 tonnes for the year so far.

Residual fuel stocks were also up 18% compared with the year-ago period, the news agency noted.

Bunker demand has shown signs of weakening since last year. Singapore and Rotterdam, as top-ranked bunkering hubs, reported lower marine fuel sales last year compared to 2018.

The world's largest marine fuel buyer, Maersk, consumed 11.1m tonnes of marine fuels last year, down 7% from 11.9m tonnes in 2018.

Bunkering industry veteran Simon Neo cited two factors contributing to weaker demand last year — the slowing global economy and international shipping gearing up for the mandatory low sulphur transition.

“Shipowners went for minimum bunker top-ups particularly in the final weeks leading up to January 1, when the International Maritime Organization 0.5% sulphur limit for marine fuels was due to kick in.”

This is one tactic adopted to delay switching over to the more expensive compliant fuels until the last possible moment.

“But Singapore’s January bunker sales notably spiked owing to the pent-up demand carried over from the year-end,” Mr Neo said.

So it could be argued that January’s spike was an anomaly as was the following lull spilling over to February.

Diana considers options for cancelled vessel sales

DIANA Shipping, a US-listed owner of dry bulk vessels, said it was considering its options after a couple of sales fell through.

“We are considering whether to trade them or try to resell them,” said the company’s chief strategy officer Ioannis Zafirakis.

The buyers pulled out as the company missed the laycan in which to deliver the vessels, he said on a conference call following the release of fourth-quarter results. Part of the problem was related to the coronavirus in China.

“We gave them the right to do so and they took advantage because of the lower market.”

This week, the company said the sale of the 2002-built capsized *Norfolk* had been cancelled. A week ago, it announced that the sale of the

One supplier licensed to operate in Singapore told Lloyd’s List that bunkering enquiries did not pick up in February, unlike the events usually observed right after the Chinese New Year holidays in previous years.

Instead, enquiries for bunker volumes have fallen this year, given China factories only resumed operations this week because cargo flows from the world’s manufacturing hub have slowed to a crawl.

The supplier, who preferred to stay anonymous, noted that enquiries from the container shipping players are especially slow, although the dry bulk and tanker segments have not exactly fared much better.

Kpler separately noted that Singapore-based fuel oil in floating storage eased 1% to 4.5m tonnes, in the week ended Wednesday. Notably, low-sulphur fuel oil stocks in floating storage rose to 3.9m tonnes, up by 2% week on week.

2005-built panamax *Calipso* had also been cancelled.

In terms of market outlook, the company was confident that a rebound was on the horizon.

“When there is a sharp downturn, there is a sharp upturn,” Mr Zafirakis said, adding that once the virus is contained, China will look to “replace lost ground”.

“We hope the news will get better soon.”

The company, which posted a net loss of \$14m in the fourth quarter versus a profit of \$2.9m a year earlier due to impairments and a loss on vessel sales, said it could weather the current downturn as it was in a good position.

It did not invest in scrubbers and is, so far, happy with progress in obtaining and using low-sulphur fuel oil.

IN OTHER NEWS

Vertical integration a matter of survival for container shipping giants

VERTICAL integration was a necessity if the container shipping elite were to survive, according to a regional manager of French carrier CMA CGM.

Speaking to Lloyd’s List on the sidelines of the Qatar Maritime & Logistics Summit in Doha, Romain Martimort, based in the Middle East, said that vertical integration became an inevitability following the

global financial crisis in 2008-2009.

Indeed, he said, the event offered a wake-up call and exposed more than ever the vulnerability of the sector, as the industry counted

the financial cost to the tune of billions of dollars.

He went on to argue that, if anything, the crisis showed that if carriers were to survive in the future, they could no longer rely solely on their core business. "Understanding the volatility of the market is so important. You have to have capacity to take some hits in one sector or one region or activity," said Mr Martimort.

Indonesian coal miners losing business due to unclear shipping guidelines

SLOW issuance of technical guidance for new requirements for shipping coal has caused Indonesian miners to lose business as buyers divert purchases to other suppliers.

Reuters cited Indonesia Coal Miners Association deputy chairman Hendri Tan as saying that Japanese buyers have already started to move to other suppliers because of lack of clarity and they seek to avoid shipping issues.

Indonesia issued regulations in 2018 mandating that its coal and palm oil exporters use domestic insurance and shipping companies. While the insurance regulations went ahead as planned, the government has subsequently backtracked on the shipping rules, with the ICMA reiterating that there are not enough Indonesian-operated vessels to meet the requirements of coal exporters.

It has been previously reported that the Indonesian government will review its decision to mandate the use of Indonesia-flagged vessels handling the country's key export commodities after concerns were raised that it would weigh on the

country's coal exports. The regulation is due to take effect at the end of April this year.

However, the ICMA noted that uncertainty in the shipping market will be exacerbated because of the longer lead time required.

SpaceX to build rocket ships in the port of Los Angeles

THE port of Los Angeles is set to become the production headquarters for Space Exploration Technologies Corp, also known as SpaceX, after port commissioners unanimously approved a 10-year lease application on Thursday.

SpaceX initially will occupy 12.5 acres at Berth 240, a derelict site formerly occupied by the Southwest Marine Shipyard, but disused for some 15 years. Under the contract, which has two 10-year extensions, SpaceX can increase its footprint to 19 acres.

The new agreement builds on an existing relationship with SpaceX, which has long used the port to receive its reusable Falcon rockets and Dragon spacecraft, which are retrieved at sea after launch and returned to a dedicated berth. Those existing operations will be consolidated at Berth 240 under the new contract.

SpaceX's initial rent will be \$1.7m a year, but the firm can offset its rent by up to \$44.1m through documented improvements during its tenancy at the site, where it plans to build 1,000 units of its so-called Starship.

West of England acquires Alandia's stake in Nordic Marine

THE West of England P&I Club will acquire an unspecified "significant stake" in Stockholm-based Nordic Marine Insurance, through the purchase of the

existing holdings of Alandia Försäkring for undisclosed consideration.

Founded in 2012, NMI offers owners and charterers specialist products including fixed-premium primary delay cover.

The agreement – subject to regulatory approval in Sweden – will leave Alandia as an important partner of Nordic Marine Insurance. The new venture is expected to formally launch later this year.

West Group chief executive Tom Bowsher said: "This investment will significantly enhance the range of specialist products that we can offer to ship operators, as well as strengthening West's presence in Scandinavia." Tony Karlström, Alandia chief executive, said the deal will help NMI grow its delay business while allowing Alandia to focus on its core hull and machinery specialism.

MPC Container Ships picks up \$13m after Oslo placement

MPC Container Ships – the rapidly growing German-controlled but Oslo-headquartered feedership outfit – has raised Nkr125m (\$13.2m) after successful completion of the private placement of 7,250,000 new shares in the Norwegian capital.

The placement was underwritten by shareholders Star Spike, a fund managed by Star Capital Partnership, CSI Beteiligungsgesellschaft and Pilgrim Global ICAV, at a price equal to the subscription price.

As a result, Star Spike has been allocated 1,859,226 new shares, which will take its total holding to 18,205,226 shares, representing almost 20% of overall shares and voting rights.

CSI has been picked up 2,673,378 new shares, bringing its stake to 13,660,878 share, equivalent to

around 15% of shares and voting rights. Pilgrim Global ICAV has been allocated 805,556 new

shares, giving it 3,739,770 shares and a 4.0% vote.

Classified notices follow



Looking to publish a judicial sale, public notice, court orders and recruitment?

Please contact **Maxwell Harvey** on **+44 (0) 20 7017 5752**
or E-mail: maxwell.harvey@informa.com

Director of Navigational Requirements

The Corporation of Trinity House

London

About The Corporation of Trinity House



TRINITY HOUSE

Trinity House is a charity dedicated to safeguarding shipping and seafarers, providing education, support and welfare to the seafaring community with a statutory duty, under the Merchant Shipping Act, 1995 to be the General Lighthouse Authority for England and Wales, the Channel Islands and waters to the outer limit of the Exclusive Economic Zone . The Corporation's vision is to be a key influencing UK maritime charity promoting the safeguarding of shipping and seafarers.

All Aids to Navigation solutions must be understood and applied internationally, recognising the highly diverse cross section of vessels transiting our waters; and as such the liaison this post holder undertakes through the International association of Marine Aids to Navigation and Lighthouse Authorities (IALA) and with individual nations is essential.

The Role

The Corporation of Trinity House is seeking a new Director of Navigational Requirements to provide leadership, expert guidance and advice to the Lighthouse Board, together with the Department for Transport, on all aspects of navigational requirements and Aids to Navigation (AtoN) policy.

Other key aspects of the position include;

- Direct and advise senior colleagues and managers on risk management and risk control measures, in the provision of AtoN, ensuring that Trinity House's statutory duty as a GLA is fully met.
- Lead the review of AtoNs provided and forward planning responsibilities, ensuring that the safety of the mariner around the coasts of England, Wales and the Channel Islands is maximized, and risk reduced to 'As Low As Reasonably Practicable'.
- Represent Trinity House (and the tri-General Lighthouse Authorities as required) at a national and international level in matters concerned with safety of navigation, user requirement and the provision and management of AtoNs.

The Individual

The Court is looking to appoint a Director of Navigational Requirements who brings not only significant mariner expertise and credibility, but someone who has an appreciation for the unique values, traditions and activities of the whole Corporation of Trinity House.

The appointed individual will be committed to furthering its role as a contemporary, vibrant and dynamic organisation, serving the mariner community and working with a huge range of influential stakeholders.

For more information about the role and to view the full Candidate Brief, please follow this link: www.odgers.com/75934

Enforcement Officer Risto Sepp sells the vessel named “OCEAN SPIRIT” IMO 8325793, located at Vene Balti Port, Tallinn, and belonging to “img EHF” of Iceland at an oral auction.

Claim of DAN Bunkering serves as grounds for conducting the auction. The auction begins on 30.03.2020 at 14:00. The auction shall be conducted in the offices of “Ühinenud kohtutäiturid” at Rävälä pst 5, Tallinn, VII floor.

Starting bid of auction is 750,000 euro.

Persons having the right to maritime claims are to submit such claims no later than on 25.03.2020 with substantial grounds.

Any additional information concerning auction or vessel details or inspection of the vessel sold at the auction is possible on arrangement with the Enforcement Officer.

A request must be submitted by e-mail buroo.sepp@taitur.net or by phone +372 53 48 34 83.