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Tiger Group linked with large boxship order at Yangzijiang

CHINA'S YANGZIJIANG SHIPBUILDING has received containership orders worth more than $800m from a unit of the Hong Kong-based investment firm Tiger Group.

Sources familiar with the deal confirmed media reports that the group, chaired by former Seaspan director Graham Porter, has signed two firm dual-fuel 14,000 teu newbuildings with the shipyard, as well as options for another six.

Mr Porter declined to comment when contacted by Lloyd's List.

However, he said he believed in the future of green energy, and that "consumers and politicians alike will continue in the direction of greener shipping".

The sources said the ships, which can be powered by liquefied natural gas, will be built at Yangzi Xinfu Shipbuilding, a subsidiary yard of Yangzijiang.

Mr Porter, together with Gerry Wang, helped set up Seaspan in the 1990s. The Vancouver-based company subsequently listed on the New York Stock Exchange in 2005 and grew into the largest independent containership owner in the world.

It now owns more 112 boxships of 909,000 teu, according to Clarksons, almost double the fleet capacity of second-ranked Costamare.

The pair both quit the company in 2017 following the management reshuffle.

Tiger Group, meanwhile, via subsidiaries, has considerable shipping assets, including some dry bulkers, chemical tankers and feeder boxships.

But the latest deal could be seen as an attempt by the two long-time partners and container line veterans to recreate a top-rank shipowner.

"I think they probably still have the dream to stage a comeback," said one person familiar with them.

The order would mark the first project for the Chinese privately-run builder to construct LNG-fuelled boxships, although it had successfully delivered two small 27,500 cu m LNG carriers in the past and recently won orders for two dual-fuel chemical tankers from Swedish Tarbit Shipping.

"I think [this boxship order] is within the yard's capability scope," said one source.

The price of about $110m apiece for the 14,000 teu newbuildings was said to be still profitable for the yard.

Mr Porter set up the investment vehicle Tiger Group more than 10 years ago while he was still a director of Seaspan where he and Mr Wang created a new business model for the container shipping industry.

Rather than ordering ships on a speculative basis and then seeking charterers, as German owners tended to, Seaspan would only invest in newbuildings that were backed by long-term hire commitments from blue chip lines.

Mr Wang and Mr Porter burst onto the international scene 2003 when Seaspan became the first company anywhere to publicly declare an order for ships of 8,000 teu capacity, an industry first, and then went onto create the world's biggest containership tonnage provider.

They both left Seaspan in 2017 under reportedly acrimonious circumstances, with Mr Porter saying he would concentrate on Tiger which, then, had interests in more than 70 vessels. He also helped to set up a new ship finance vehicle designed to meet the needs of small and medium-sized shipowners.

At the same time, Mr Wang focused on establishing logistics services for the LNG industry.

Both Mr Porter and Mr Wang were involved in each other's new ventures.

In the meantime, Seaspan has diversified into other areas of activity rather than remain focused on container shipping, as it had done under the management of Mr Wang and Mr Porter.

WHAT TO WATCH

Industry pushes for a gradual CO2-cutting measure

REPRESENTATIVES for the global shipping fleet are calling for he phased-in introduction of an operational measure to reduce carbon emissions in the short term.

In a proposal to the International Maritime Organization, they argue for a three-step approach to a new mandatory operational measure, where enforcement and penalties initially will not be necessary.

The submission has been made by Panama and Liberia, which between them account for almost 400m gross tonnes, India, Singapore, the United Arab Emirates and industry bodies Royal Institute of Naval Architects and the International Chamber of Shipping — whose members represent 80% of the global merchant fleet.

The co-sponsors present their proposal as the viable compromise in the face of two highly undesirable options for the IMO; delay a decision on a new measure to conduct further analysis on aspects, such as the impact of the measure on states, or take action without considering the potential implications.

The presented dilemma speaks to a fundamental challenge for the IMO as it tries to pursue a balanced approach to implement its initial greenhouse gas strategy, which was struck in April 2018.

The organisation's Marine Environment Protection Committee is meeting in London next month with the task of agreeing on at least one short term measure to reduce emissions. But much of the work will be done in the week prior, during the

intersessional on GHG emissions, where delegates handle many of the crucial negotiations but leave the final decisions for the MEPC.

After more than a year of deliberations on the issue of short-term measures, regulators will discuss technical and operational measures ships can take to meet primarily the target of reducing their carbon intensity by at least 40% by 2030 compared with 2008.

On the technical measures, an effort led by Japan to introduce energy efficiency requirements for the existing fleet, broadly known as EEXI, has gained significant traction.

On the operational front Denmark, France and Germany want ships to meet specific annual carbon reduction targets based on a 2008 baseline dubbed Carbon Intensity Indicator, beginning in 2023.

Panama, Liberia and their partners support the EEXI and believe the IMO should agree on it at the next MEPC.

But they effectively argue in their proposal that before imposing a stringent operational measure, clarity on CIIs and their implications are necessary.

"Otherwise, there is an unacceptable risk of severe market distortion, member states being penalised and facing trade disruption, and ships losing certification because of failings in the system of CIIs rather than because of inefficient operation," they said.

Their proposal relies on the incorporation of the CIIs in the IMO's Ship Energy Efficiency Management Plan, that requires each ship to have a plan on it how it will manage energy efficiency.

Unlike the proposal by the three EU countries, Panama and its partners want a gradual introduction in the measure through three distinct phases spanning over several years.

During the first phase that would last three years, the IMO would require ships to include their CII-based targets in their SEEMPs and develop guidelines on establishing and auditing CIIs. But if ships do not meet these targets, owners will simply have to explain why not and there is no apparent form of penalisation

"In cases where this was not the result of external factors (for example, weather) the company would amend the SEEMP to include measures to improve operational efficiency," the proposal said.

To incentivise owners to meet the targets, the co-sponsors float the idea of a rating system for each ship based on its performance relative to those targets.

"The co-sponsors would emphasise that phased implementation does not mean delayed implementation. The operational measure would be fully implemented in Part 1, the difference would be in how the measure was audited and enforced," they said.

After those three years, in the second phase the IMO would review the CII data to find the most appropriate ones for each ship type and whether they are robust enough for there to be an enforcement and even penalty system if ships do not meet their targets.

The IMO will also have to make sure that risks to the vulnerable member states and the trades where there is a "heightened prevalence of adverse environmental conditions" are mitigated.

"This should also consider whether the matter of charter orders undermining SEEMP compliance has been satisfactorily addressed," the proposal said.

In the third and final stage, the IMO will decide if it should add mandatory enforcement measures in case ships fail to meet their targets. It will also decide if it wants to replace the EEXI measure with this operational one or if both should function alongside each other.

If the IMO is unable to identify the right CIIs or to mitigate unintended consequences, it will have to collect more data, consider other options or rely on the other existing short-term measures if they are putting shipping on path to achieve the desired CO_2 cuts.

ICS issues coronavirus guidance

THE International Chamber of Shipping has published new guidance on the coronavirus outbreak for crew, owners and operators.

"The guidance document has been designed to support all types of ships that operate in international waters with the most up-to-date and

effective information needed to limit the spread of the coronavirus," the ICS said in a statement.

The guidance by the world's biggest shipowners' group advises on port entry restrictions, protective measures for seafarers, pre-boarding information and how to deal with suspected cases of infection.

"Ships should develop a written outbreak management plan. Seafarers on board should have knowledge of the outbreak management plan and implement it as required," the ICS said.

The guidance echoes that issued by the World Health Organisation last week. The chamber developed its guidelines with support from the WHO, the International Maritime Organization, Mediterranean Shipping Company and Wilhelmsen Ships Service and others.

"It is intended to be comprehensive, but also easy to understand and implement," ICS secretary-general Guy Platten said. "It will provide shipowners and operators who are dealing with the sharp end of the crisis with the reassurance and guidance needed to continue to carry out their operations."

The seafarers' union Nautilus International last week reported that Stena Line is requiring all of its crew to go through pre-boarding screenings, including mandatory health check questionnaire tests with a thermal scan machine.

OPINION

When it comes to human rights at sea, worse things happen on land

SHIPPING is never going to be the natural home of bleeding-heart liberalism, but even so, it fully deserves the flak where it fails to live up to minimum expectations in terms of 21st-century human rights, *writes David Osler.*

So Human Rights at Sea, the UK-based non-governmental organisation, has done us all a service by holding up a mirror to current practice, and highlighting where we are collectively falling down.

The charity's latest report takes the United Nations Guiding Principles on Business and Human Rights, unanimously endorsed by the general assembly in 2011, as its benchmark. That is not setting the bar onerously high.

Critics regard the UNGP as an unduly timid instrument; crucially, it is not binding, and companies have only a 'responsibility' rather than an 'obligation' to live up to the stipulations it sets down.

Much of HRAS's concern is directed at sectors adjacent to, but not part of, shipping proper. In particular, deepsea fishing is made to sound every bit as ghastly as media coverage sometimes suggests, with employment conditions sometimes tantamount to modern slavery.

But merchant shipping also comes under the spotlight, not least on account of seafarer abandonment. One named P&I provider — not an International Group affiliate, it should be stressed — is even accused of failure to pay up for abandonment cover.

Two cruise majors are said to have "failed to address" known risks to working conditions, without details being specified, and not to have clearly-stated policies on sexual exploitation.

Maersk is mentioned for not having incorporated social and environmental clauses in shipbreaking contracts, at least in the past, although it seems to have since raised its game.

But thankfully, the rap sheet — for merchant shipping, anyway — looks both limited and small-scale. And to invert a cliché, worse things happen on land.

There is no meaningful comparison with the infamous conditions in the dystopian fashion factories of emerging Asia, the spate of suicides at the latter day dark satanic mill of the FoxConn plant that churns out iPhones in China, or the suspected involvement of the South African state in gunning down striking mineworkers in the Marikana massacres.

Of course abuses should be stamped out, and without the efforts of the International Transport Workers' Federation, national trade unions, and the religiously-based missions to seafarers, things would clearly be a lot worse.

But while the vast majority of shipowners do not conspicuously rank among the best ethical disciples of Immanuel Kant, they deserve a clean bill of health.

Furthermore, it is undeniable that shipping has made huge progress on all aspects of human and employment rights in recent decades.

One story that sticks in the mind from my early days at Lloyd's List in the 1990s is the eventually proven claim that leading European ship managers were using crews press-ganged into service by the military junta in Burma, providing the dictatorship with hard currency in return.

In an era when authoritarianism of various stripes is everywhere on the rise, it would be fanciful categorically to rule out any repeat of such a grotesque episode.

But in the wake of the International Labour Organisation's Maritime Labour Convention, which entered into force in 2013, such practices are now illegal, and not just immoral, as they always were.

I also wrote about crew abandonment at the time, and it is still with us, tending to flare up in the event of major shipowner bankruptcies. But again, the statistics bear out the contention that it occurs far more seldom than in the bad old days, with the MLC setting out the remedies.

Given the officer/rating divide, every ship is unavoidably a miniature floating class society, and this divide is often racially reinforced. There is no obvious way to eradicate that overnight.

But allegations of bullying in any workplace carry much more weight than they did in the bad old days, as a certain prominent British cabinet secretary is finding out right now.

Outside of the cruise sector, the increased recruitment of women is more trumpeted than real, with numbers remaining vanishingly small. Where they do go to sea, employers have a duty to offer protection from harassment.

As any employment lawyer will tell you, the size of some recent court settlements makes that point even more crushingly than moral suasion.

NGOs such as Human Rights at Sea deserve full recognition for their role in pricking our conscience. But ultimately, the incentives to eradicate human rights malpractice are likely to be centred on the pocketbook rather than the bad publicity.

After all, a generation that won't tolerate sweatshop sneakers won't tolerate sweatshop shipping bringing the running shoes over, either.

Changing lanes: Consortia block exemption extension or expiration?

THE European Commission decided in September 2009 to renew the Consortia Block Exemption Regulation to April 2015; it subsequently gave a further five years' extension as part of the process that ended what was known as the former liner conference system (Council Regulation 4056/86), *writes Antonella Teodorou.*

The imminent end of the period of extension has led to debate over whether the CBER should be further extended — and, if so, for how long.

The argument against has been led by the International Transport Forum/Organisation for Economic Co-operation and Development amid support by a number of trade associations, who say the high market shares enjoyed by a much-consolidated liner shipping industry should encourage regulators not to agree on an extension.

Meanwhile, the carriers say the CBER should be extended, pointing towards falling costs, rates and emissions facilitated through exploiting economies of scale made possible by the clustering into alliances.

In a draft regulation paper published last November (staff working document), the commission proposed extending the EU CBER, set to expire on April 25, 2020, for another four years without changing its current form.

This preliminary view has been based on an evaluation process put in place to determine whether: "In view of the general policy of harmonising competition rules and considering the major developments in the liner shipping industry in recent years, the CBER is still relevant developments in the liner shipping industry in recent years, the CBER is still relevant and delivering on its

objectives, and whether it is doing so in a coherent, effective and efficient manner, creating EU added value."

The evaluation was based on the following criteria:

• Effectiveness: considering the major developments in the industry, does the CBER still facilitate economically efficient co-operation that also benefits consumers?

• Efficiency: what is the effect of it on costs? Does it help undertakings to cut costs or conversely does it increase compliance costs? Which policy option would cause less burden or complexity?

• Relevance: is it still relevant considering the major developments in the industry and the modes of co-operation between carriers?

• Coherence: is it coherent with the general policy of harmonising competition rules and replacing sector-specific rules with measures (BERs or guidelines) providing general guidance on the application of Article 101 TFEU?

• EU added value: what is the added value of the CBER considering the commission's measures of providing general guidance on the application of Article 101 TFEU?

The commission concluded that "the evidence basis of this evaluation is, to a large extent, made of input of stakeholders".

It added: "There is no reason to depart from the longstanding view that consortia are an efficient way for providing and improving liner shipping services that also benefits customers.

"A fair share of the benefits resulting from the efficiencies is passed on to transport users. The CBER remains relevant as its objective to facilitate consortia remains appropriate in view of the ensuing benefits for customers."

The news was welcomed by shipping lines represented by the World Shipping Council, whereas shippers and other key players in the industry have communicated their resentment, claiming that the CBER in its current form distorts competition and does not address poor service levels.

These positions were expressed during the public consultation to industry stakeholders (including shipper, port and forwarder trade associations) launched by the European Union, which closed on January 3. They drew attention to the dangers of further vertical integration, the need for legal clarity and lack of transparency with respect to the data used for evaluation.

Assessing long-term risk

Consolidation in the industry has been rapid. In 2006, the seven leading lines or the alliances of that time controlled 72% of global deepsea capacity. None had a share above 20%.

In 2019, the three major players controlled circa 85% of the global capacity deployed in the deepsea markets.

Acquisitions in the feeder market have reinforced this pattern. In 2006, measured by deployed capacity, the four leading North European carriers were independent. Today, the leading four are owned by deepsea lines or stevedores.

Meanwhile, the lines are extending their ownership in stevedoring and forwarding, which, it can be said, the CBER has helped establish conditions for extensive vertical integration.

MDS Transmodal has developed a model that allocates estimated container flows to the services they are carried by the lines and estimates their operating costs and revenues (see table).

Globally, between 2006 and 2019, estimated unit costs have fallen by approximately 20% and bunker consumption per teu by circa 40%, with an efficiency gain of around $240/teu in real terms.

These trends have all been driven by a preference by most shippers for lower rates rather than higher speeds, explaining why round trips have extended from 56 to 68 days between the Far East and Northern Europe.

The decline in rates since 2014 cannot be explained by a fall in utilisation but by a fall in bunker costs, which have worked their way through to rates through competition, even though lines are now members of just three alliances.

The severe year-on-year fluctuation between unit costs and unit revenues as a result of short-term instability cannot help the lines or shippers to develop long term investment strategies — elasticity is such that relatively short-term fluctuations in utilisation create pronounced rate changes. The positive impact of consolidation on underlying costs and rates has not reduced the latter's fluctuation.

Utilisation levels depend, of course, on supply and demand, whose trends can be forecast.

Supply can be readily monitored, including taking into account newbuilding programmes. Despite an overall decline of 15% in the number of services offered in the deepsea market between 2006 and 2019, the overall deployed capacity grew by 73%, with the number of vessels over 7,500 teu increasing eightfold during the same period.

Product development and efficient supply chains require shippers to be able to feel secure about the continuity and price of shipping services. It is indisputable that a sustainable industry based on long-term investments in supply chain assets requires confidence of all parties.

Global container shipping can approach optimum economies of scale and still operate with three independent global networks and so provide a competitive environment.

In principle, the larger shippers who trade over a wide range of routes will have leverage over lines where market shares can be high. There is less protection for smaller shippers seeking to retain their independence.

It would also appear that this has all been achieved without reducing overall connectivity across the global economy. The dependence of world trade on fewer operators is remarkable and it is most important to show that the different economies, large and small, remain well connected.

Based on the data provided to Unctad for the Liner Shipping Connectivity Index, MDST observes that China's connectivity increased by 52% between 2006-2019 and by 40% between 2017-2019.

The Netherlands, the country with the highest LSCI in Europe last year, grew by 12% between 2017-19. Iraq, Qatar, Poland, Morocco and Albania saw their connectivity growing at the fastest rate between 2006-2019.

The handful of countries whose index fell over this period (including Yemen and Venezuela) accounted for less than 10% of the global population.

However, it is reasonable to assume that the vertical integration process could affect port connectivity. For the lines, shipping and terminal services represent a joint product.

Shipping about 170m loaded teu globally requires around 780m teu lifts at ports; high levels of transhipment are the price of achieving economies of scale at sea.

Stevedoring services represent around 35% of gate to gate costs. The integration of shipping and port business will affect the competitive position of individual ports and some nation states.

With the scope for more horizontal integration now limited, shipping lines' eyes seem to be fixed on a more challenging target of becoming global logistics integrators.

This appears to be the aim of key ocean carriers. Maersk and CMA CGM, for instance, aim to offer a new more holistic service to their customers through vertical integration.

"The future will be very much about scaling the land side of the equation... We for sure have to do some acquisitions in the logistics space, primarily to gain capability and scale," said Søren Skou, Maersk's chief executive, as quoted last year by The Financial Times.

AP Moller-Maersk has implemented this strategy acquiring Vandegrift (customs brokerage and logistics business) and merging Maersk Line and Damco into one organisation, while CMA CGM has acquired CEVA Logistics.

Shipping lines have also been acquiring feeder companies and are now working closely with port operators.

By contrast, however, there are lines such as Hapag-Lloyd who want to maintain a more traditional approach and continue to offer just container shipping services to customers.

There are risks involved in the vertical integration strategy, including the scale of financial investments required, dealing with changes in the lines' business model and associated costs.

However, the business opportunities are very appealing: getting closer to the cargo owners and having an influence on their choice of how to move their goods; further exploitation of scale economy and scope; extending market coverage.

Which strategy will be the winning one for any individual line is difficult to predict as this will depend on the flexibility of shipping lines' management in

adjusting their view on how to move a box. The sea voyage will become increasingly just a part of the service they offer rather than the whole service.

The way in which information is shared and managed within the integrated entities will be vital, while technological innovation will be key.

Vertical integration and the further expansion of shipping lines into terminal operations can affect competition and choices for shippers, especially if all terminals within a port are controlled by the same company and that company is acquired or merged with a shipping line.

In these cases, the new entity will have an incentive to discriminate against other shipping lines by providing lower-quality services and applying higher port rates.

The commission might therefore consider the possible effects of vertical integration for the shipping industry as well as national competition regulators; while port authorities should monitor and evaluate carefully the private operators to whom they hand port concessions.

In addition to a deeper examination, through a careful and independent monitoring exercise, the commission can help the CBER gain acceptance by guaranteeing transparency through more detailed examination of the impacts, and using independent sources.

MDST believes this should not be difficult, given that charter, port and container hire costs are relatively easy to estimate.

Meanwhile, only bunker costs are unpredictable, but can be separately identified. Demand, too, can be estimated on a medium-term basis, while ship supply is more or less certain on a two- to three-year timescale. Rates can also be benchmarked.

Given the switch to cleaner, more expensive fuel, lines have another immediate interest in making bunker cost calculations available for independent assessment, to avoid unnecessary heat and misunderstanding.

There is more to be gained by transparency through using independent sources, which can be agreed upon between lines and shippers, to describe the business of container shipping.

This would help the parties to make informed decisions and reflect the fact that, for a shipper, the shipping line is a vital supplier with which a long-term relationship will contribute to maximising long term supply chain efficiency.

The key to achieving such long-term relationships could be the development of well-defined indices that cover demand, supply, utilisation, costs and revenues accompanied by interpretation of possible future impacts for the industry.

ANALYSIS

Satisfaction poll finds shipping industry needs to do better

A REPORT on industry leaders' confidence in their organisations found lower satisfaction among women, urging companies become more inclusive to avoid deterring talent.

The report, by Singapore-based company Novosensus, used responses from 387 vice-presidents and chief executives, 94 of them women, in the logistics, freight forwarding and shipping industries.

It found prevailing cultures in many companies were "frequently hindering women from advancing", with female leaders reporting significantly lower satisfaction in their own leaders.

"Overall, the emotional experience of being a leader in a logistics and forwarding company is reported to be mediocre, but still 13% higher than for employees," the report said.

Leaders reported a positive experience of their organisations overall, but their experience of their own leaders was mediocre or below average.

Female leaders rated their leaders lower than male leaders on 11 out of 20 questions. "There is a need for organisations to better value the female leaders' strengths, appreciate them more and better recognise efforts and achievements," the report said.

Women were also less confident — possibly because of a different level of self-awareness — but their level of resilience was higher.

Leaders' positive experience of their organisation overall was also "a significant difference to employees at lower organisational levels".

"The mediocre scores for the leadership capabilities that enable people to perform and thrive should be a warning signal for the entire industry, and something that must be improved as a matter of urgency," the report said.

Henrik Kofod-Hansen, Novosensus' co-founder, said people in the industry were not feeling happy, appreciated or recognised. He said few companies were "really innovative and inspirational" in their approach to the problem.

Mr Kofod-Hansen said the shipping industry was one with low margins and little room for error, where processes and systems got more attention than employees.

"Companies try to drive the business as a machine, where it is actually more like a garden they should be growing and grooming," he said.

He said the professional skills that got leaders into their jobs did not necessarily equip them to be good leaders.

But Mr Kofod-Hansen said 70% of an employee's engagement was related to their relationship with those leaders, meaning companies could improve their results if they improved their leadership cultures.

In September, BIMCO president Sadan Kaptanoglu said men must do more to promote diversity in shipping, while Inmarsat chief people officer Natasha Dillon said they must eradicate unconscious bias against women.

MARKETS

UK ports to press government on freeports

THE British Ports Association has called for an early meeting with new maritime minister Kelly Tolhurst to present its latest briefing paper on the future of UK ports.

The BPA's 2020 New Government Briefing outlines how industry and government can work in partnership to deliver for ports and fuel a successful economy.

"As the new government takes shape, the briefing paper outlines the leading topical issues that the UK ports industry is currently facing," the BPA said.

The briefing paper outlines the ports organisation's requests to the government to utilise ports to "recharge" the UK economy.

These include the adoption of a freeports strategy, priority funding for infrastructure projects, streamlined planning and consent, and UK content rules for offshore wind developments.

"The BPA has called for maximum ambition in introducing freeports and for them to include new tax, planning and development rules," the briefing says.

"These zones could be overlaid with customs-free zone designations that support sustainable port development and wider economic activity, allowing ports to fast-track developments and have certainty about future activities."

If UK ports were to compete with their European counterparts, the government must push forward with freeports and fast-track planning decisions and limit the impacts of environmental designations, it added.

"With the right conditions, ports can further grow the economy and push regions forward."

Given the current opportunities for port development, planners would also need to prioritise port transport and infrastructure requirements.

"Although the UK has a strong motorway network, good connectivity can be seriously compromised by the inadequacy of a port's local infrastructure links," the briefing said.

"Despite some new investments, the UK has particularly limited public spending on transport infrastructure in comparison with our main industrial competitors."

BPA chief executive Richard Ballantyne said: "The next five years are pivotal for ports as this parliamentary term represents a real moment of opportunity to re-charge the sector.

"Ports are at the heart of the infrastructure that allows Britain to remain outward facing and trade as a global player on the world stage. This briefing paper offers the government an agenda to strengthen key policy areas, allowing the ports industry to grow stronger than ever.

"As well as collaborating on the sustainable agenda for the industry and working towards net-zero emissions in shipping, this paper highlights what the ports industry needs from government to flourish, ultimately to the benefit of the entire nation."

ICTSI sees impact on Asian volumes from coronavirus

PORT operator International Container Terminal Services, Inc has seen an impact on Asian volumes from the coronavirus outbreak and is closely reviewing developments across the regions in which it operates.

However, for 2019, ICTSI saw consolidated volume rise 5% to 10.2m teu compared to the 9.7m teu handled in 2018. The company said the increase in volume was mainly due to continuing ramp-up at its new terminals in Lae and Motukea in Papua New Guinea and the contribution of the new terminal in Rio de Janeiro in Brazil.

Improvements in trade activities at its operations in Subic in the Philippines, Matadi, Democratic Republic of Congo and Basra, Iraq as well as new contracts with shipping lines and services at Victoria International Container Terminal in Melbourne, Australia, Baltic Container Terminal in Gdynia Poland, Adriatic Gate Container Terminal in Rijeka, Croatia, Batumi International Container Terminal in Batumi, Georgia and Contecon Manzanillo SA in Manzanillo, Mexico also helped ICTSI's performance.

Gross revenues from port operations in 2019 increased 7% to $1.5bn compared to the $1.4bn reported in the previous corresponding period. ICTSI said the increase in revenues was mainly due to volume growth, tariff adjustments at certain terminals, new contracts with shipping lines and services, higher revenues from ancillary services and the contribution from the company's new terminals in Lae and Motukea and Rio De Janeiro.

However, net income plunged 52% to $100.4m from $207.5m previously due to $158.7m in charges mainly from impairments made on the concession rights assets of its Tecplata terminal in Buenos Aires, Argentina due to lower projected cash flows on its updated business plan as a result of the prevailing and challenging economic conditions in Argentina.

ICTSI chairman Enrique Razon Jr noted that while the company delivered a positive performance in 2019 with revenue and pre-tax earnings increasing by 7% and 10%, respectively, "the outbreak of Covid-19 has had an impact on volumes particularly in Asia".

He added that while ICTSI is closely reviewing developments across the regions in which it operates, it cannot be certain how long the situation will last.

"We are seeking to mitigate this impact through rigourous cost control and increasing market share. ICTSI is an agile business and able to act swiftly to ensure the business remains robust during these uncertain times," he said.

IN OTHER NEWS

Cruiseship link to latest US coronavirus death

OFFICIALS in Los Angeles county, home to the ports of Los Angeles and Long Beach, the largest port complex in the US, declared a health emergency after the number of coronavirus cases in the area increased to seven, including six new patients, and California reported its first death from the disease on Wednesday.

So far, there have been no reports of the disease occurring in either of the two ports themselves, but they have felt its effects indirectly through increasing numbers of blank sailings, undermining their bottom lines. The death, however, was a person who had tested positive for coronavirus after returning to the port of San Francisco from a recent cruise.

None of the six new cases in Los Angeles County are believed to be "community spread", officials said, referring to the spread of an illness for which the source of

infection is unknown. Instead, all the individuals were exposed to coronavirus through close contacts with others who were infected.

West Africa pirates board BP-chartered tanker

A GREECE-FLAGGED product tanker chartered by BP was reportedly attacked and boarded by as many as six pirates 45 nautical miles off Cotonou on Thursday afternoon, with one member of the crew unaccounted for.

Dryad Global reported that the 50,922 dwt *Minerva Virgo* chemical and oil tanker was attacked, and that the majority of crew reached the citadel. Vessel tracking and fixture data indicated the tanker loaded 37,000 tonnes of gasoline at Rotterdam in mid-February for BP and was sailing for a West Africa discharge.

The owner, Greece-based Minerva Marine, could not be reached for comment.

DNB's Holth to join Maersk Drilling board

TOP shipping banker Kristin Holth is to leave her job as head of ocean industries at DNB for a new role at Maersk Drilling from the start of next month.

Ms Holth will stand for a place on the board at the offshore wing of the Danish shipping giant at its annual general meeting on April 2, although her election is expected to be a formality.

Maersk Drilling was spun off from AP Moller-Maersk in 2018, and was listed in Copenhagen in April the following year.

P&O Maritime Logistics names Martin Helweg as chief executive

P&O Maritime Logistics, the marine solutions and logistics unit of DP World which has taken in the recently acquired Topaz Energy and Marine, has appointed Martin Helweg as its new chief executive officer.

Mr Helweg replaces former Topaz Energy chief executive officer René Kofod-Olsen, who led the company after the acquisition and helped with the transition. The announcement did not mention why he was leaving or where he was going apart from a brief message of thanks from DP World chairman and chief executive Sultan Ahmed Bin Sulayem.

Mr Helweg has been responsible for P&O Maritime Logistics' global operations for the past three years. He will report to Mike Bhaskaran, DP World's chief operating officer for Logistics and Technology.

Singapore rolls out incubation programme for green start-ups

THE Maritime and Port Authority of Singapore is backing a new initiative to incubate and catalyse innovations aimed at decarbonising the footprint of international shipping.

Rainmaking, a corporate innovation and venture development firm, is driving this initiative, dubbed as the Trade and Transport Impact programme.

The programme has a target of identifying more than 1,000 start-ups offering relevant technologies and business models.

Wärtsilä shakes up marine business

FINNISH company Wärtsilä is reorganising its marine business, dividing it into three distinct business units later this year.

The firm whose services range from engine and scrubber manufacturing to navigation technology and automation, announced on Thursday a set of changes to "accelerate strategy execution, simplify the business structure, and strengthen business presence in the Board of Management".

The three new units that will make up the marine business starting on July 1, are Marine Power, focusing on engine and propulsion solutions, Marine Systems, which will handle gas solutions, exhaust treatment, marine electrical systems, seals and bearings and Marine Voyage, which will offer navigation, simulation and training, fleet operation and ship traffic control solutions.

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Pre Qualification Documents, may be downloaded from PNSC website www.pnsc.com.pk, till April 8th, 2020. Prequalification Application, shall be received on **E-mail: stores.marinepaints@pnsc.com.pk** latest by 1000 hrs (GMT), on Or before April 9th, 2020, will be opened on the same day at 1030 hrs (GMT). Any other mode of submission of Bid would not be entertained or accepted at all. This advertisement is also available on PPRA website www.ppra.org.pk .

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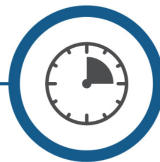

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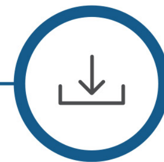

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