Wednesday March 11, 2020

Lloyd's List
Maritime intelligence | informa

Daily Briefing
Leading maritime commerce since 1734

LEAD STORY:
Saudis in VLCC chartering spree as oil war escalates

Extended oil price war to cloud tanker prospects despite rate surge

WHAT TO WATCH:
Italian ports exempted from coronavirus lockdown, as owners roll out business continuity plans

Evangelos Marinakis announces he has been hit by coronavirus

ANALYSIS:
Coronavirus spread threatens further pain for container terminal sector

Box terminals face regulation if they fail to decarbonise

MARKETS:
Oil trader Vitol's diesel-laden VLCC sails for Rotterdam

Tanker markets lift off as crude price plummets

China seen as seeking leeway in LNG offtake

Japan LNG spot rates plummet, according to latest government figures

Coronavirus could have bigger-than-expected impact on US container imports

IN OTHER NEWS:
Cheaper fuel will not push minor bulks players to speed up

DCSA releases cyber security guide

Clipper buys Klaveness' Bulkhandling pool

Indonesian port bans foreign crew coming ashore

Grand Princess passengers start disembarking as coronavirus-infected cruiseship docks in Oakland

Growing calls for industry to tackle biofouling

Pavilion Energy signs new five-year lease for SLNG tank

US investment firm to boost Dutch Caribbean island as oil entrepôt

HFW unveils promotions to partner and legal director levels

Saudis in VLCC chartering spree as oil war escalates

SAUDI ARABIA HAS FOLLOWED through with its promise to flood the market with crude, chartering 10 very large crude carriers on Tuesday to load more than 20m barrels of crude in late March, pushing rates to the stratosphere in the process.

The kingdom's national shipping arm Bahri provisionally booked at least 10 VLCCs, paying freight costs that were as much as 10 times more than average earnings on Monday, according to fixtures posted by Tankers International.

The rush and scale of the charters are reminiscent of panicked fixing seen early October after US sanctions on China's Cosco saw deals agreed, but not concluded, as high as $300,000 per day.

Bahri paid Worldscale 98 to charter the 2016-built *Agios Fanourios* for a voyage from the Middle East Gulf to the Red Sea. That equated to time charter equivalent earnings of $132,680 per day, Tankers International calculated. Bahri also paid a staggering $197,500 daily for the 2012-built *Boston*. Like the *Agios Fanourios*, it is making a voyage from the Middle East Gulf to the Red Sea. Average daily VLCC earnings doubled in a day, according to the Baltic Exchange, reaching just over $60,000.

The rapid-fire tanker charters reflect the escalating scale and pace of the evolving oil war with Russia as the world's second-largest exporter aims to retain market share as the price falls. Saudi Arabia said on Tuesday that it would ramp up production by 2.5m barrels per day from current levels in what analysts called an unprecedented "shock and awe" strategy.

Bahri has also chartered the 2017-built *Agios Sostis*, the 2013-built *Dalian* and the 2009-built *Front Kathrine*, all loading between March 20-25, Tankers International said on Tuesday. The 2016-built *Agio Fanourios*, as well as the 2013-built *Hong Kong Spirit* and *DHT Panther* were also chartered. Three of the vessels are chartered for discharge in the US Gulf, another two for discharge in the Red Sea and another for South Korea. Rates paid equated to daily earnings of between $132,000 and $134,000 daily.

The 10 fixtures were among the 18 VLCC provisional charters listed on Tuesday by Tankers International as oil companies scrambled for tonnage. All were on subjects, with the market waiting to see whether any are lifted before assessing further charters.

The rapid boost pushed the overall VLCC market higher, after yesterday's gains of some 6% on a Worldscale basis, as well as suezmax and aframax tankers.

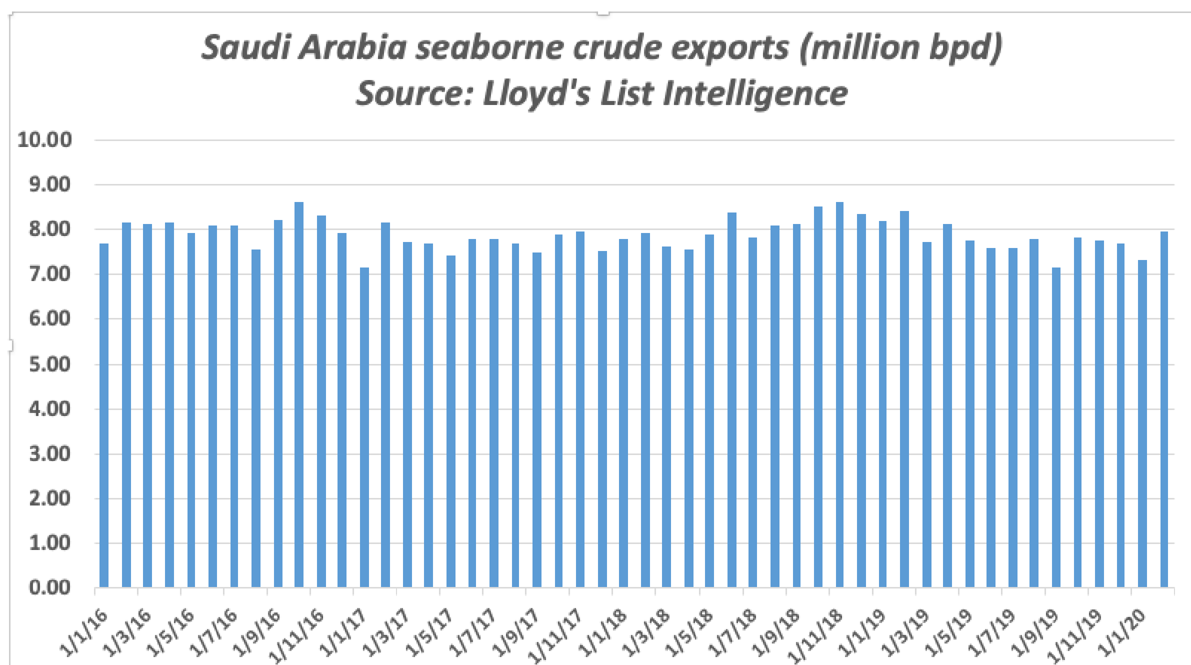
These gains were made on expectations that cheap crude and floating storage would offset contracting global oil demand, boosting tanker employment.

Brent crude tumbled by as much as 35% in trading after the Organisation of the Petroleum Exporting Countries oil cartel's three-year alliance with Russia ended on Friday. On late Tuesday Brent was recovering some lost ground to trade at $36.78 per barrel, after sliding to a four-year low of $31 early on Monday.

The price slide followed Russia's resistance to further co-ordinated production cuts to arrest free-falling prices amid a coronavirus-led collapse in demand for air and land transportation fuels. Instead, Russia and Saudi Arabia are now locked in a race to the bottom to maintain market share, boosting output precisely as crude demand shrinks for the first time in a decade.

Saudi Arabia exported 7.94m bpd in February, the highest since April 2019, according to data from Lloyd's List Intelligence. The kingdom's market supply was 9.65m bpd last month, with a baseline capacity to produce 10.6m bpd, according to the International Energy Agency.

Unlike Russia, which is pumping at capacity, Saudi Arabia is able to boost production quickly. Tuesday's pledge to supply a further 2.5m bpd would see as much as 12m bpd in the market. Exports of refined products from the country's refineries are also expected to gain, as well as additional crude shipments. Some 29 crude tankers have sailed from Saudi Arabian ports so far this month.



Extended oil price war to cloud tanker prospects despite rate surge

THE current low oil prices, if they persist, will change crude oil trade flows and hurt ton-mile demand for tanker shipping, according to broker reports.

"It is difficult to understand the rationale of what happened during the last 3-4 days." Poten noted. "Being able to produce 5% more at a price that is 20% lower does not seem to be a great deal, but that seems to be the reality facing producers now."

The remarks come after the Organization of Petroleum Exporting Countries and Russia failed to reach an agreement on production cuts during the weekend. Saudi Arabia instead announced it would ramp up output, leading to a collapse of oil prices by as much as 30% earlier this week.

Very large crude carrier rates had surged for routes to Asia on Monday amid expectations that the cheapest crude prices in four years would boost demand from Chinese refineries and lead to ships being chartered for floating storage.

Stock prices of large Chinese VLCC owners, China Merchants Energy Shipping and Cosco Shipping Energy Transportation, also both jumped by more than 9% yesterday, before correcting on Tuesday.

Shanghai-based ShengWan Hongyuan Securities held a long position in the two companies in a recent note, anticipating the rising contango structure of oil prices will further spur demand for floating storage and boost freight rates.

However, the darkening economic outlook amid the spread of the coronavirus has raised concerns that the tanker shipping rally could be short-lived.

"Initially this would be good for crude tankers, although only moderately," said Stifel in a note. "More barrels could lead to floating storage, but ultimately if people aren't using the oil any improvement is temporary."

Poten said several floating storage deals were being negotiated for short term charters of six to 12 months, with one already concluded, despite relatively thin margins.

Nevertheless, if the price war between the major oil producers persists for another three to six months, tanker trade flows can change, the broker added.

"In a world of significantly lower oil prices, transportation costs will become more important. Everything else being equal, it will tend to favour the short-haul suppliers over the long-haul producers."

That means Middle East producers will win more orders from Asia when competing with Atlantic Basin producers, while the US shale producers will target more customers in Europe, it explained.

A longer-term oil price war, however, will be "negative" on ton-mile demand, especially for crude tanker shipping, both Poten and Stifel argued. That is because the US producers, with higher production costs, will be forced to reduce activities and subsequently, exports.

"Even when the coronavirus threat starts to recede and oil demand and prices are recovering, it will take some time for US producers to come back," Poten said.

The views were also echoed by Norway-based Kepler Cheuvreux, which pointed out that the US producers are two to three times farther from incremental demand in Asia compared with Middle-East output.

"Although transport demand from more oil output and potentially floating storage can provide meaningful support for rates in the medium term, the long-term impact is negative, as it reverses export growth from the US," said the equity broker in a report.

It said that the trend, if materialises, could become "a catalyst for a cyclical downturn", in addition to the pressure caused by the coronavirus effects that are spreading into other nations from China.

Falling US production would also be bad news for the product tanker market, Stifel said, as the country is the largest exporter of refined products.

It is still anyone's guess whether Saudi Arabia and Russia might come back to the negotiating table, Poten said.

"Are the Russians really going after US shale producers? What will happen to the fragile economies of some of the other OPEC producers?

"Countries like Venezuela and Iran, some of which are geopolitical allies of Russia, can ill afford significantly lower prices," the broker added.

WHAT TO WATCH

Italian ports exempted from coronavirus lockdown, as owners roll out business continuity plans

ITALIAN ports remain up and running despite the country's coronavirus lockdown, with major owners expected smoothly to implement business continuity plans in order to maintain operations, according to industry professionals in the country.

While people are officially banned from travelling outside the regions in which they reside, at least without good reason, truck drivers are being allowed to self-certify the necessity for their journeys, the sources added.

Even a generation ago, the tough emergency measures unveiled overnight — probably unprecedented in peacetime — would have left shipping companies effectively forced to shut up shop for the duration.

But in the era of the internet and mobile telephony, the majority will almost certainly have made advance provisions for emergencies such as the one currently being witnessed.

Furio Samela is a Watson Farley & Williams partner normally based in Milan, who was working in Rome when travel restrictions pertaining to northern Italy were announced two weeks ago.

He is now staying with family members in Rome, and continuing to work, under WFW Italy's remote working arrangements.

"Most Italian shipping companies — the major ones specially — have in place plans that allow employees to work remotely. They were working 24 hours a day before the coronavirus crisis anyway," he said.

"They will be affected, but not as dramatically as other companies. They have not stopped working."

Italy's ministry of transport and infrastructure has specifically provided that ports including Gioia Tauro, La Spezia, Genoa, Naples and Trieste can keep handling traffic.

However, severe delays are likely. For instance, checks on imports from non-EU that are usually completed in two days may now need more than a week.

"But they are absolutely up and running and this won't stop the Italian economy. That would be a nightmare."

The government is also set to announce a shot-in-the-arm package for business as soon as Wednesday. Details are not yet known, but the deal will probably include extensions of the deadlines for paying tax bills and social security contributions.

WFW has also published an article on its website, detailing some of the implications of the coronavirus outbreak for shipping and energy contracts under Italian law.

Force majeure is easier to invoke than under English law, and Italian law also sets out the related doctrine of factum principis, which makes it more straightforward for companies not to live up to contractual obligations where this is unavoidable.

Francesco Lauro, principal of Naples shipping law firm Studio Lauro Legale, said that he was able to work from home without any problems today, as were many of the lawyers and support staff at SLL.

Mr Lauro also said that he had spoken to friends at some of the city's major shipping concerns. The major players do have business continuity programmes and at least one of local the big names is understood to have put itself on that footing, he confirmed.

Italy is right now seeing the highest rate of coronavirus infections in Europe, and the Tunisian authorities last week announced that it has suspended ferry connections, as well as flights, between the two countries has a precautionary measure.

A report in the Maltese media today said that Malta had also suspended flights to and from Italy, and that vessels will only be allowed to carry cargo and not passengers. A cruiseship due to call today has been turned away.

The ruling will have implications for Italian owner Grimaldi, which runs a ro-pax service to the island, and will henceforth have to be restricted to freight.

Meanwhile, seafarers continue to find themselves facing restrictions on account of the epidemic. The International Transport Workers' Federation, a worldwide grouping of trade unions, told Lloyd's List that it had been contacted by seafarers who are concerned about travelling to areas with a high risk of coronavirus exposure, most notably China.

"Furthermore, there are cases of seafarers completing their contracts while docked at a port in China, and being unable to travel home because of travel restrictions," a spokesperson added in an email.

"Also, shipowners are reluctant to let crew members leave while in China because of the difficulty of finding replacement crew willing to join the vessel."

But he declined to specify the names of vessels and companies involved, saying that the seafarers involved would prefer to retain anonymity.

The development comes after Lloyd's List yesterday reported that ConocoPhillips Teesside and Oiltanking Hamburg have banned seafarers coming ashore and denied welfare visits to vessels by Christian chaplains, in a bid to contain the spread of the disease.

Evangelos Marinakis announces he has been hit by coronavirus

GREEK shipowner Evangelos Marinakis announced on Tuesday that he has contracted coronavirus.

"The recent virus has 'visited' me and I felt obliged to let the public know," Mr Marinkais said in a post on his verified Facebook account.

The head of Capital Maritime and Trading, which controls crude oil and product tankers, as well as LNG carriers, said he is feeling "good" and is taking all the necessary measures and following advice from doctors.

"I strongly advise all my fellow citizens to do the same. I wish all a quick recovery," he said.

Apart from a strong shipping presence, Mr Marinakis also owns Greek football team Olympiacos and English football team Nottingham Forest. Outside football, he owns a media company and is a member of the City Council of Piraeus.

According to Nottingham Forest, Mr Marinakis was diagnosed after showing the first symptoms on his return to Greece from the UK yesterday (Monday) afternoon. The football club said that "during his short stay in Nottingham last week he did not show any symptoms of the virus".

Greece has so far recorded 89 coronavirus cases, including five new ones on Tuesday morning.

ANALYSIS

Coronavirus spread threatens further pain for container terminal sector

THE global spread of coronavirus into European and North American consumer markets and the resultant softening of demand is likely to result in an ongoing reduction in sailings as carriers look to control costs, leading to reduced port volumes, according to Drewry senior analyst Eleanor Hadland.

The coronavirus outbreak comes at a bad time for terminal operators, which were already suffering the impact of the US-China trade dispute.

Listed stocks of port companies have already fallen by 14% so far this year, and that figure was boosted by the high price of outstanding shares in DP World, which is being taken private. If DP World is excluded, the fall would have been 17%.

"What we've seen is a drop in valuation from an enterprise value/earnings ratio of 10.5 at the end of the fourth quarter down to 9.5 as of yesterday," Ms Hadland said.

Port throughput trends showed slowing growth, with little sign of respite, she added.

"This quarter we have seen a further slowdown in port throughput. Our rolling average growth rate had picked up after 2016 but since the second quarter of 2018 growth rates have started to fall

again. This continued to slowdown in the fourth quarter of 2019, dropping to 2%, compared to the 3.1% growth we had reported in the third quarter."

This meant the fourth quarter was the seventh consecutive quarter of slowing growth, with little chance of an upturn this quarter.

"With the impact of the coronavirus filtering through the global ports system, our original forecast for a relatively robust 3.3% growth this year is being downgraded as we speak," Ms Hadland said.

"We'll need to see how the pandemic pans out in terms of major consumption economies being locked down well into the second quarter, then the demand side shock could tip us into a recession and there will be slowdown in volumes."

Nevertheless, the port sector was more protected from a downturn than the shipping sector, Ms Hadland said.

"When we look at operational costs, there is a degree of variability which mitigates margin impact, but there is some concern for the highly leveraged operators," she said. "They are going to be exposed if there is an extended downturn."

Moreover, a change in shipper sourcing patterns could eventually lead to more investment in the sector.

"Shippers have already started to reassess their supply chains in the light of the past two years due to the trade war," she said. "We had already seen an expansion of sourcing in Southeast Asia after a growing concern over single country sourcing. Coronavirus is going to lead many to continue down that route."

But from a box shipping perspective, there would be some difficulty finding ports that would have the right facilities to serve larger ships, leading to an uplift in feeder vessels calling at major hub ports.

"This could also lead to a pick up in port infrastructure investment in Southeast Asia and South Asia as emerging production centres arise and shippers look to diversify their sourcing," she said.

"Coronavirus is accelerating us on a path we were already on."

Box terminals face regulation if they fail to decarbonise

CONTAINER terminals need to raise their game if they are to avoid being regulated into meeting net-zero emissions targets by 2050.

Despite only accounting for a tiny amount of maritime emissions, terminals still contribute to shipping's greenhouse gas outputs.

"For a container moving between Shanghai and Prague, the container terminal operations account for just 1% of the total emissions generated," said Drewry senior analyst Eleanor Hadland.

"For shipping, which generates the majority of supply chain emissions, the efforts to reduce carbon emissions will be led by the International Maritime Organization. But there is no global body with the power to regulate the port sector."

To date, port operators had pursued a range of technological and operational solutions to reduce GHGs, but since terminal operations are concerned with moving the container between the ship and the gate, switching out yard equipment to utilise low-carbon fuel sources is the only solution that will achieve a material reductions necessary to achieve the net-zero goal.

"Investment decisions within a container terminal are not yet focussed on GHG emissions," Ms Hadland said.

"Most operators are still following the tried and tested route when it comes to their replacement capital expenditure cycles. Looking at equipment that is on order, diesel RTGs are still the most popular choice for replacement or yard equipment."

But when looking at the length of yard equipment cycles and the operating life of equipment, operators would need to be selecting low- or zero-emission options within the next decade in order to reach net-zero by 2050.

Regulation would likely be the next step, Ms Hadland said.

"To date, the primary driver of change has been in pursuit of cost savings, which is a major pull factor for most terminal operators," she said.

"But while this will lead to a slow and steady reduction of equipment as processes become more efficient, if we are to achieve net-zero globally, then regulation seems almost certainly being required, and probably by the end of the decade if it is going to be effective."

This would either lead to higher capital costs as the infrastructure was built out for electric operations, or higher operating costs from using bio-fuels.

But she added that container terminals should be able to pass on these costs to customers in the form of surcharges, the same way they had done with Verification of Gross Mass rules and the International Ship and Port Facility Security Code.

"We expect to start seeing carbon emission surcharges on invoices to shipping lines in the near future," she said.

MARKETS

Oil trader Vitol's diesel-laden VLCC sails for Rotterdam

THE port of Rotterdam will take delivery of its first very large crude carrier loaded with diesel in nearly 12 months on the Vitol-owned tanker *Elandra Kiliminjaro*, now sailing from Malaysia to northwest Europe with a 2m barrels cargo of middle distillates.

The newbuilding VLCC is making its first voyage since leaving a South Korean shipyard last month for Malaysia and Singapore, where the cargo was loaded, according to energy intelligence provider Vortexa.

The diesel-laden tanker is signalling it will sail to the Netherlands via the Cape of Good Hope. It is the first clean cargo shipped on a VLCC since the last quarter of 2019.

Low tanker rates over last year's first half resulted in at least 12 newbuilding VLCCs trading clean on their first voyage, shipping jet fuel, diesel or gasoil to northwest Europe or to the US Gulf for storage, from Asia. Although VLCCs are built for transporting crude cargo, the tanks remain clean for the first voyage, allowing vessels to carry refined products if market conditions are favourable.

The *Elandra Kiliminjaro's* cargo is moving east to west as demand tumbles in Asia for middle distillates, used for land and air transportation as well as heating.

The regional oversupply means assessed prices for low-sulphur gasoil and diesel in Singapore dropped 20% in a day on Monday, while jet fuel was 21% lower, according to price reporting agency Argus Media. The warmest winter on record, which dented demand for gasoil for heating, had already depressed gasoil prices before the coronavirus outbreak became clear in early February.

Asian refineries produce more middle distillates than needed for the region, with the surplus exported to northwest Europe, Africa and Latin America. Jet fuel is regularly shipped to the UK, and the Amsterdam-Rotterdam-Antwerp area, as well as to the Mediterranean from South Korea on long range one and long range two product tankers. Gasoil to Africa is also a key market.

China has a worsening diesel and jet fuel surplus because new refineries that opened last year added additional market capacity just as domestic demand tumbled. Singapore-bound diesel loaded from China and South Korea last month exceeded 230,000 barrels per day, according to Vortexa, which was nearly 50% higher than the previous month. About half of volumes were discharged into storage terminals, and the rest continued west and remained in transit. The number of floating storage on tankers in Malaysia's Tanjung Pelepas lightering area is rising week on week, Vortexa said in a report.

Traders anticipate record middle distillates exports from China in March. Some 859,000 bpd was exported in December according to the Joint Organisation Data Initiative, the latest month for which data is available. Vortexa estimated China exported 500,000 bpd of diesel and 260,000 bpd in February. That compares with JODI data showing total exports at 723,000 bpd in February, 2019.

Tanker markets lift off as crude price plummets

PHYSICAL and paper crude tanker rates surged for routes to Asia on Monday amid expectations that the cheapest crude prices in four years would boost demand from Chinese refineries and lead to ships chartered for floating storage.

Very large crude carrier earnings to Singapore and China from the Middle East Gulf and West Africa gained 6% on a Worldscale basis on Tuesday, according to the London-based Baltic Exchange, the highest since the end of January.

Average time charter equivalent earnings for VLCCs shipping 270,000 tonnes of crude to China from the Middle East Gulf equated to a rise of nearly $9,000 per day, reaching $41,534, according to the exchange.

Routes from West Africa on VLCCs to China also climbed by the same amount, while US Gulf-to-China VLCC assessments showed a 6.5% rise, to $6.96m lumpsum.

Gains were capped for tanker earnings for routes from oil producing countries to ports in Europe or the Mediterranean. Refineries there have curbed runs or commenced maintenance to compensate for falling demand for transportation and aviation fuels.

Shipbrokers said the biggest oil price fall since 1991 had yet to make its mark on smaller tanker sizes but gains were expected on Tuesday and physical earnings for suezmax and aframax tankers would be next to lift. These vessel types posted minimal gains, although collapsing fuel oil prices, which declined by as much as 20% on Monday, lifted average earnings.

Freight futures trading also reinforced market expectations that falling crude prices would translate to improved tanker demand and higher rates, alongside any recovery in the global economy from the coronavirus outbreak over the final half of 2020.

Forward freight agreements, or FFAs, for the April TD3 contract gained Worldscale 22, to Worldscale 62 on Monday, according to Baltic Exchange assessments. That equated to a timecharter equivalent value of nearly $49,000 per day — a $25,630 per day rise over last Friday. The TD3 contract is settled against the physical Middle East Gulf-China route for VLCCs.

Smaller, but significant increases were seen on further-out contracts, with the second-quarter FFA valued at $45,343 daily, $35,578 for the third and more than $50,000 for the final three months of 2020.

The crude and gasoil market contango strengthened today, with prices for future delivery now exceeding current crude prices at levels that could support floating storage. This structure allows traders to profit by buying oil for a later sale, and previously saw a substantial rise in short-term timecharters of tankers back in 2009 and 2010.

The three-month spread for Brent crude widened in trading over Monday, with the difference between the May and August contracts now at $2.20 per barrel. Low-sulphur gasoil is trading on London’s ICE Futures Europe exchange at a $15.50 per tonne contango for the same months.

China seen as seeking leeway in LNG offtake

CHINA’S national oil companies, on invoking force majeure on liquefied natural gas sale and purchase agreements, are likely to seek price revisions for future cargoes rather than call off standing contracts with suppliers.

News broke last Friday of PetroChina declaring force majeure on at least one LNG offtake contract following a similar move by China National Offshore Oil Corp weeks ago.

The coronavirus outbreak, which has disrupted industrial activity and damaged downstream demand for LNG, is generally seen as a trigger for the force majeure notifications.

But the industry at large deemed these notifications as attempts by the Chinese NOCs to kick off renegotiations of the contracts given that they account for the bulk of China’s LNG imports and have grappled with mounting bottom-line pressure and uncertainty for months now, Oxford Institute Energy’s analysts Agnieszka Ason and Michal Meidan noted in a joint commentary.

China’s yearly LNG import growth fell to 11bn cu m

for 2019 on a slowing economy, down from an average of 18bn cu m for the years 2017 and 2018.

The government has also moved to deregulate the LNG market, launching in December a new midstream company, which stoked uncertainty over domestic gas prices as the dominance of the three NOCs — CNOOC, PetroChina and Sinopec — looks set to wane.

On the other side of the equation, the NOCs have been importing LNG at price ranges far higher than those seen in recent spot trades.

Delivered prices in Beijing averaged $9 per million British thermal unit and $11.50 per mmBtu in Southern China during off peak periods last year.

China's LNG imports were priced even higher — about $2 per mmBtu more during peak periods, OIE noted, citing market data.

Comparatively, LNG spot prices have tumbled to record lows and were seen trading at under $3 per mmBtu earlier this year.

Chinese NOCs may have sought to deploy the force majeure notifications to test sellers' willingness to review contractual terms prompted by coronavirus-linked logistical challenges.

Still, with no clarity over how China's domestic gas prices may move, these buyers are not inclined to terminate standing offtake contracts.

Instead, the OIE analysts argued that there is a greater likelihood these buyers "may have started conversations about price revisions".

And while the long-term offtake contracts are generally deemed as "a bane" for China's LNG industry, "there is no clear view on what should replace them and how [else] prices should be structured".

OIE analysts argued however, that the cargo diversions that have ensued following the force majeure notifications may "accelerate the removal of destination clauses from future contracts".

LNG offtake contracts were traditionally tied to fixed import destinations.

But the advent of the US shale revolution has unleashed vast new supplies that have been marketed under contracts with no destination clauses.

Japan LNG spot rates plummet, according to latest government figures

SPOT rates for liquefied natural gas in Japan dropped to their lowest on record in February, echoing the global trends affecting LNG contracts amid supply and demand pressures.

Japan, the world's biggest LNG importer, revealed that the average of the contract-based prices of spot-LNG in February 2020 was $3.4m per million British thermal units.

The report, which is published every month by the Ministry of Economy, Trade and Industry, means these were the lowest contract prices since data first became available in March 2014.

February also marks a significant drop from January's $5.9m per mmBtu contracting price. The last time contracting prices hit their lowest point was in May 2016, at $4.1m per mmBtu, according to government data.

With the coronavirus depressing economic activity, LNG has already been hit elsewhere in Asia; exports from the east coast of Australia to China dropped by 18% year on year in February.

Spot prices for LNG cargoes have generally dropped considerably since the beginning of the year, as the increased supply coming out of the US and Australia coincides with the negative impact on demand from the coronavirus.

Chinese importers will also possibly attempt to revise prices for scheduled cargoes, with force majeure declarations ensuing last week.

Coronavirus could have bigger-than-expected impact on US container imports

THE coronavirus outbreak is expected to have a greater impact on imports at major US container ports than previously believed, as production in China is still adversely affected by factory shutdowns and travel restrictions, according to the National Retail Federation and Hackett Associates.

"There are still a lot of unknowns to fully determine the impact of the coronavirus on the supply chain," NRF vice-president for supply chain and customs policy Jonathan Gold said.

Mr Gold said that products were now flowing again as factories in China continued to come back online. But he observed that there were still "issues" affecting cargo movement, including the availability of truck drivers to move cargo to Chinese ports.

"Retailers are working with both their suppliers and transportation providers to find paths forward to minimise disruption," Mr Gold said.

"Now that we are in the coronavirus environment, uncertainty has expanded exponentially," Hackett Associates founder Ben Hackett said. "Our projections are based on the optimistic view that by the end of March or early April some sort of normalcy will have returned to trade."

An NRF survey of its members found 40% of respondents said they are seeing "disruptions to their supply chains from the virus" and that another 26% "expect" to see disruptions as the situation continues.

The monthly Global Port Tracker report said the US ports it surveys handled 1.82m teu in January, up 5.7% from December but down 3.8% from "unusually high" numbers a year ago related to US tariffs on goods from China. With few exceptions, most US ports surveyed are seeing downturns so far in 2020.

Acknowledging that the coronavirus makes forecasting "difficult", the group still offered estimates of imports for the coming months.

It estimated February at 1.42m teu, slightly above the 1.41m teu expected a month ago but down 12.6% from last year and "significantly lower" than the 1.54m teu forecast before the coronavirus began to have an effect on imports.

It forecast March at 1.32m teu, down 18.3% from last year and less than the 1.46m teu expected last month or the 1.7m teu forecast before the virus.

April is now forecast at 1.68m teu, down 3.5% from last year and lower than the 1.82m teu forecast last month.

Still, the report offered some optimism, calling for imports to jump to 2.02m teu in May, a 9.3% increase year over year, on the assumption that Chinese factories will have resumed most production by then and will be trying to make up for lower volume earlier in the year.

Looking further ahead, the group said June is forecast at 1.97m teu, up 9.6% year on year, and July is forecast at 2.03m teu, up 3.3%.

Overall, the first half of 2020 is forecast to total 10.23m teu, down 2.8% from the same period last year and below the 10.47m teu forecast a month ago.

The report also offered a summary of imports during 2019, saying they totalled 21.6m teu, a 0.8% decrease from 2018 amid the ongoing Sino-US trade war but still "the second-highest year on record".

The Global Port Tracker report is produced for NRF by Hackett Associates and covers the ports of Los Angeles/Long Beach, Oakland, Seattle and Tacoma on the US west coast.

It includes New York/New Jersey, Port of Virginia, Charleston, Savannah, Port Everglades, Miami and Jacksonville on the east coast. Along the Gulf coast, it covers Houston.

IN OTHER NEWS

Cheaper fuel will not push minor bulks players to speed up

THE drop in oil prices and subsequent narrowing of spreads between high and low-sulphur fuel oil has been said to have a muted impact on the minor bulks market.

Stifel said in a research note that the effects on the dry bulk market might be "slightly negative" if a low oil price leads

to operators stopping slow steaming.

But Precious Shipping managing director Khalid Hashim pointed out that values are relative, adding that whether an operator started sailing faster or not would depend on the opportunity cost of doing so.

DCSA releases cyber security guide

THE Digital Container Shipping Association has released its second standard in as many months with the publication of its cyber security implementation guide.

The DCSA Implementation Guide for Cyber Security on Vessels, which is available on the organisation's website, aims to facilitate vessel readiness for the International Maritime Organization's Resolution MSC.428(98) on Maritime Cyber Risk Management in Safety Management Systems.

The best practices outlined by DCSA provides shipping companies with a common language and a "manageable, task-based approach for meeting the IMO's January 2021 implementation timeframe".

Clipper buys Klaveness' Bulkhandling pool

KLAVENESS said today that it will transfer Bulkhandling, the world's oldest shipping pool, to Danish dry bulk operator Clipper Bulk from April 1 as it shifts its business toward bigger vessels.

The announcement follows Klaveness merging its panamax pool with that of Japanese trading house Marubeni in January.

Bulkhandling's trademark, governance and key people will be transferred to Clipper Bulk, with the pool's new management to agree a new growth strategy with members, the two companies said.

Indonesian port bans foreign crew coming ashore

INDONESIAN state-owned port operator Pelindo has banned crew from all foreign vessels from coming ashore at the main port of Tanjung Priok in Jakarta as part of efforts to contain the spread of coronavirus.

Pelindo president director Arif Suhartono told local media a crew change would only be allowed after all crew members underwent an observation period and were cleared by the Port Health Authority.

He said all foreign cargo vessels, and not just Chinese vessels, would be checked as the disease had spread rapidly among other countries too.

Grand Princess passengers start disembarking as coronavirus-infected cruiseship docks in Oakland

THE Princess Cruises cruiseship *Grand Princess*, carrying more than 3,500 people — 21 of whom have tested positive for coronavirus – arrived safely at Berth 22 in the port of Oakland at around noon on Monday and began disembarking passengers.

"Our intent is to basically disembark about half the passengers today. Everyone will be screened initially today," said Robert Kadlec, US assistant secretary of Health and Human Services.

Shawn Boyd, a spokesman for the California Office of Emergency Services, said 23 people who needed acute medical care had been taken off the ship by late Monday afternoon, but it was not clear how many of them had tested positive for the virus.

Growing calls for industry to tackle biofouling

BIOFOULING causes increased hydrodynamic frictional drag leading to significant vessel speed loss and inefficiency. As a result, more fuel has to be consumed to maintain speed and maneuverability, hitting both business bottom lines and the environment.

There are no international biofouling regulations and no standardisation on hull cleaning. And yet the cost to vessel performance and the environment from fouling is huge, industry observers say

According to the International Maritime Organization, world fleet fuel consumption (and corresponding emissions) could fall by as much as 10% if hulls and propellers could be kept clean. Some believe the impact could be even higher.

Capt Pär Brandholm, Offshore Navigation Ltd, said he had seen incidences where the antifouling systems applied by yards fail completely, leading to widespread hull macrofouling. "In my own experience — and I know because I have measured speed loss constantly — this can lead to speed loss of more than 15%. Which is enormous."

Pavilion Energy signs new five-year lease for SLNG tank

LIQUEFIED natural gas-focused Pavilion Energy has signed a new five-year lease on tank storage and reload capacity with Singapore LNG.

The new lease grants Pavilion Energy access to 180,000 cu m tank capacity on a segregated basis at SLNG's terminal on Singapore's Jurong Island.

Both parties signed the lease agreement following a

competitive bid process. Pavilion Energy had penned a two-year lease with SLNG in 2017, which was due to expire this month.

US investment firm to boost Dutch Caribbean island as oil entrepôt

THE Dutch Caribbean island of St Eustatius, home to the GTI Statia crude and refined products storage terminal, is to become a major oil entrepôt after substantial investment by Connecticut-based Prostar Capital.

Prostar's announcement follows other developments in the Caribbean region including recent reports that the national oil refinery of the Dominican Republic has begun to produce and export 100,000 barrels per month of IMO 2020-compliant fuel oil for ships.

Prostar, which last May bought the St Eustatius facility from pipeline and storage terminal operator NuStar Energy for $250m, said it plans to invest $100m for storage tank upgrades and improvements to the site's marine facilities.

HFW unveils promotions to partner and legal director levels

HFW has strengthened its shipping practice with the promotion of Claire Womersley to partner and Caroline Murphy and Katherine Noble to legal director, effective from the start of next month.

Ms Womersley's practice covers crisis response and wet litigation arising from marine casualties. Ms Murphy deals with dry shipping disputes, including charterparties and bills of lading, as well as shipbuilding disputes and the dry aspects of shipping casualties.

Ms Noble specialises in ship finance and acts for financial institutions, export credit agencies and owners on shipping and offshore loans.

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

SALE OF CRUISE VESSEL “ASTORIA”

Please see https://www.youtube.com/watch?v=QeatrJsKLIM

The Insolvency of

"ISLANDS CRUISES - TRANSPORTES MARÍTIMOS UNIPESSOAL, LDA.”

Judicial Court of the District of Madeira - Commerce Judge of Funchal - Judge 2

Case No. 1339/16.9T8FNC

1. *The Administrator of Insolvency of "Islands Cruises - Transportes Marítimos Unipessoal, Lda.", announces the sale, in the modality of “Closed Letter with Proposal”, of the vessel arrested in the Insolvency Proceeding under no. 1339/16.9T8FNC, which is on sale in the Judicial Court of the District of Madeira - Funchal Commerce Court - Judge 2, that is identified below:*
   - *Cruise ship, named "Astória" (ex Azores), with length over all of 160.07 meters, breadth 21 meters and depth 11.73 meters, with a capacity of 716 passengers, registered in the International Shipping Register of Madeira (MAR), under number 1379, IMO 53383304, registered in the Commercial Registry of the Madeira Free Trade Zone under number 540, equipment and outfitting.*
2. ***Minimum sale price EUR 17,151,225.00***

Conditions:

3. *The parties interested in the purchase of the vessel must send their proposals via registered courier, in closed envelope, to José Pinto Oliveira, Administrator of Insolvency of Islands Cruises - Transportes Marítimos Unipessoal, Lda., office address Av. Conde Valbom, 67, 4º Esq., 1050-067 Lisboa-Portugal, until March 27th, 2020 (inclusive).*
4. *The proposal should mention, on pain of exclusion, the following elements:*
   - *Identification of the bidder - name or corporate name, address, tax identification number, telephone, email and value offered in written in words.*

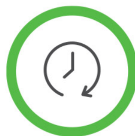
   It must be accompanied by a certified or bank check, in the amount of 10% of the proposed value, otherwise it will not be accepted to the tender.
5. *The Vessel is sold in its physical and legal condition, free from all mortgages, encumbrances and maritime liens or any other debts whatsoever, being the responsibility of the buyer all costs related to the purchase, namely registration.*
6. *The Vessel is actually under charter, that will end on the September 25th, 2020.*
7. *If the delivery of the Vessel takes place prior to the end of the charter contract, the charter contract shall be transmitted to the buyer.*
8. *The Vessel is subject to a paulian impugnation, which is under the terms of process nr. 32399/15.9T8LSB - Lisbon District Court - Central Instance - 1st Civil Section - J17, whose cancellation is granted and it is the responsibility of the insolvency, which will carry it out prior to the delivery.*
9. *The Insolvency reserves the right to refuse to accept bids if they do not reach the minimum value set.*
10. *After the opening of the proposals, an auction session will start between the bidders.*
11. *The award is dependent on the non-exercise by the mortgageor of the right conferred by Article 164, paragraph 3 of the CIRE, as well as on your exercise of the right of first refusal of the charterer.*
12. *With the adjudication of the Vessel, the promissory-Buyer will proceed, as a sign and principle of payment, to the delivery of 10% of the adjudication value, being the remaining liquidated at the moment of the signature of the sale document (Bill of Sale) that will occur within 60 days counted from date of signature of the sale and purchase contract; being the obligation of the insolvency to notify the Buyer on the date, time and place for the accomplishment of the same, with at least 15 days in advance.*
13. *The Administrator of Insolvency will proceed to the opening of the proposals on the April 6th 2020, at 15:00, at Avenida Conde Valbom, nº 67 – 4º Esq., in Lisbon-Portugal inviting the proponents to be present in that diligence.*
14. *Any event of Buyers’ default will determine the loss of the amount already paid, irrespective of the nature of the claim.*
15. *For further information, please contact the Insolvency Administrator via phone (+351 964050780) or email (jose.e.oliveira@aj.caaj.pt)*

The Administrator of Insolvency

(José Pinto Oliveira)

Get a complete view from the trusted source for maritime data and intelligence

80+ expert analysts review, analyse and enhance data to give you the most validated view



Consultants provide you with the future view of the world fleet

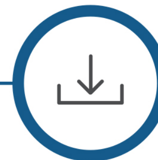
Connections with key industry players provide you with exclusive news and insight

Choose the trusted source

Contact us today on **+ 44 20 7017 5392 (EMEA) / +65 6508 2428 (APAC) / + 1(212) 502 2703 (US)** or visit **lloydslist.com/maritimesolutions**

Container Tracker

Save time. Stay compliant.



Track containers, not just ships

Simplify transhipment tracking with end-to-end downloadable data trails on containers – by container number or Bill of Lading.

Complete checks in minutes, not hours

Save time, with all the data you need in one interface, supported by tracking intelligence from over 600 Lloyd's agents worldwide.

Download the evidence

Downloadable reports ensure you have the necessary documentation to prove compliance, including specific end-to-end transhipment reports and more.

Request a demo:
America Tel: +1 212-520-2747
EMEA Tel: +44 20 7017 5392
APAC Tel: +65 6505 2084
lloydslistintelligence.com/containertracker