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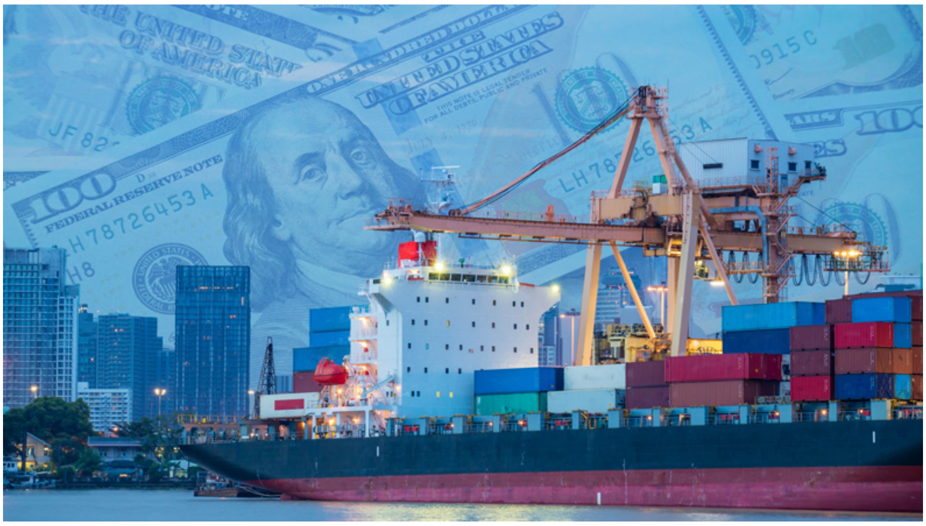
Bankers go easy on owners as coronavirus bites — at least for now



BANKERS ARE LIKELY to cut shipowners some slack during the conronavirus crisis, rather than jump to enforcement at the first possible opportunities, according to lawyers who specialise in ship finance.

But think twice before asking for a payment holiday, and wait until details of any government-backed payment holiday schemes are available, they add.

Watson Farley & Williams partners told Lloyd's List that each facility agreement is different, and that each financial institution will decide its own policy on the matter.

But in the current situation, there is recognition that repossessing vessels at a time when the entire industry faces a struggle to operate profitably is pretty much pointless. On top of that, it is probably too soon for them to take a hard line, even if they wanted to.

"The banks are taking quite a sensible approach now to the market, because coronavirus is not anybody's fault," said Lindsey Keeble, the firm's global head of maritime. "It's not like the financial crisis, with some better-managed companies are surviving better than others. Everybody is impacted severely, and in the same way."

As well as owners, law firms also serve banking clients, and the feedback indicates that financial institutions realise the need for a sympathetic touch in these unprecedented times.

"If you are a bank wanting to take aggressive action, you need to have someone else to put the ships with. This is not a situation where, if you've got a problem caused by a company, you can take the ships off one cruise line and give them to another."

Her colleague David Osborne recollected that even in the dark days of the financial crisis, bankers tended to prefer consensual workouts to repossessions.

"You never can tell. There are always going to be people that are not reasonable. And there are always going be people who try to take advantage.

"But from what we've seen and experienced, the evidence is people are going to be... well, reasonable is perhaps the wrong word. More pragmatic and resigned, and just recognising the nature of what the world is facing."

Legally speaking, any breach of any provision in a facility agreement is likely to constitute an event of default, either immediately or after a contractual grace period.

That entitles lenders either to accelerate the repayment of outstanding amounts, or to refuse to meet a utilisation request.

Financial covenants are usually set around specific yardsticks, such as earnings before interest, tax, depreciation and amortisation; loan to value; and share price or ratings agency assessment.

A significant fall in group-wide income will reduce ebitda. However, this is usually tested by reference to annual or half-yearly audited accounts, so it will be some time before a breach can be shown to have occurred.

The downturn in the world economy in the wake of coronavirus is very likely to have an adverse effect on vessel values and thus put owners in immediate breach of LTV, although often valuations are restricted to set times in each year, which might give borrowers some breathing space.

Some agreements require a guarantor to have a minimum share price or rating agency assessment. Shipowners are likely to see both suffer in the weeks ahead. But unlike the real estate sector, it is rare to see income stream covenants.

Regulatory compliance offers another potential complication. Britain's Maritime and Coastguard Agency and a number of other countries have suspended port state control, surveys, and vessel and seafarer certification, which might put owners in breach of class requirements. However, waivers and extensions should be available in most jurisdictions.

"It's down to the practicalities of being able to get out here and do surveys on ships. We've been heavily involved talking to the Marshall Islands and the Liberian Ship & International Corporate Registry about the changes they need to implement to allow us to have a business as usual approach," said Ms Keeble.

"I do think the MCA's approach is going to be followed by other flag states, because you can't move people around and you can't fly people out and there's government travel bans. There's very little choice, and banks are going to look silly, trying to enforce for those kinds of matters."

Some governments and some lenders are already thought to be considering payment holidays for business as a whole, but the best advice is to wait to see how such provisions concretise.

In the meantime, tread very carefully. Even the simple act of writing to a lender asking for talks about a payment holiday may well enable the lender to send a default notice by return of post.

Ms Keeble argued: "You have to carefully word your notice, or have oral discussions first that sound out the bank.

"We have seen cases – not because of covid-19 - where you have a perfectly pleasant meeting with your banker, and then you follow up in writing about the nice discussion that you had, and they leap on it."

Of course, you would expect lawyers to advise clients to get lawyered up prior to plunging in, but in this case, such counsel is not entirely self-interested.

Mr Osborne warns that on some LMA form loan agreements, talking to other creditors about financial restructuring or deferment could potentially constitute default.

"The market has probably gone too far in that respect, but it is there in a lot of loan agreements. You just have to navigate around that carefully, to make sure you when you start discussions with lenders, things are done in such a way that you don't trip that.

Many facility agreements include, as an event of default, situations where the borrower "by reason of actual or anticipated financial difficulties commences negotiations with one or more of its creditors, excluding any finance party in its capacity as such, with a view to rescheduling its indebtedness."

Where a ship is not being utilised, owners may consider lay-up, which is already extensive in the cruise sector. However, most ship facilities include a covenant prohibiting deactivation of the relevant ship.

Even where no such covenant exists, such an action may well trigger a standard event of default under a Loan Market Association agreement, namely that the borrower or obligor suspends or ceases to carry on all or a material part of its business.

For their part, lenders should avoid the temptation to invoke material adverse effect clauses, which are sometimes wrongly seen as unilateral right to pull a loan in the belief that the borrower is suffering from the impact of changed circumstances.

Again, everything depends on the drafting in the agreement and there is no market standard definition or agreed wording for just what constitutes a material adverse effect, beyond 'what it says on the tin' definitions.

Failure to fund or a demand for acceleration of repayments on the basis of material adverse effect could put lenders in breach of their contractual obligations. This could leave them open to both meeting substantial damages, as well as reputational damage.

In the current situation, a number of factors suggest that coronavirus does not meet the threshold for material adverse effect.

For a start, a permanent adverse effect needs to be shown and, it is accepted that global pandemics do eventually subside.

The lender also needs to provide evidence that there is an adverse effect on the relevant obligor, rather than simply point to general economic or market changes and say that these must have an adverse effect.

If a loan is currently performing, then that is very hard to prove; if it is not, no doubt other events of default will have already been triggered.

Moreover, a lender cannot rely on a material adverse effect based on circumstances of which it was aware when it entered into the agreement, so it could not be used for facilities entered into following the emergence of coronavirus.

"Material adverse effect clauses have been around for a long time," says Mr Osborne. "They have been subject to litigation. Many times, people tried to invoke them, and they have been unsuccessful.

"The courts look at these clauses very specifically and pick them apart. They don't just treat it as carte blanche for a lender to pull a loan if it feels like. They are construed very carefully."

LMA-style facility agreements generally include provisions based on the concept of a 'disruption event', which for instance could include a failure of the banking system.

However, although bank failure might prevent the lenders from funding, there is nothing specific in the LMA agreements that excuses the lenders from meeting funding obligations as a result of a disruption event.

There is also a need for innovation in the sale and purchase of ships, which has in the past boiled down sitting round a table, handing over title documents in exchange for money, and then physically registering the vessel with a flag state, Ms Keeble went on.

"That is quite outdated for a lot of industries as a way of doing business. We're having to quickly work with the registries and owners and class to work out practical ways to continue to do that when you don't know have physical face-to-face meetings any more."

Chinese lessors warn on rising shipping defaults

CHINESE shipping lessors are growing vigilant about their coronavirus-hit borrowers, with some forecasting a surge in bad debts in the coming months should economic activity remain frozen by the pandemic.

Most shipping companies still have enough cash in pocket to maintain their business for now, said a China-based leasing executive.

However, the next three to six months may start to see a flock of defaults within the industry, followed by a wave of asset sell-offs, he said.

"I think some shipping companies will begin to encounter a cash crunch from the end of April if the pandemic-led economic shutdown continues.

"When that moment comes, assets will not be sold based on their value, but on how much cash the seller needs to stay afloat," said the executive.

The remarks echoed what some of the banking panellists told a Capital Link forum earlier this week.

Shreyas Chipalkatty, global head of shipping at Citi, said at the time that the industry would see "significant problems at all levels of the shipping business" if the virus-related problem lasts for longer than three months.

Fellow speaker Bill Guo, executive director for shipping at ICBC Leasing, said his company has started to received payment waivers. He said: "If this lasts two or three months, there will be problems."

Nevertheless, the leasing source who spoke to Lloyd's List said he was less concerned about the financial strength of his own peers, though, especially lessors owned by large Chinese banks.

The bank-backed leasing firms, which are ranked as financial institutions, can tap the interbank market based solely on the credit relationships they have established, he argued.

"That means we can easily get short-term liquidity because banks are have access to lots of money with central banks' quantitative easing policy right now," he said. "That'll even improve our ability and bargaining power to offer the needed services to clients."

Demand for sale and leaseback arrangements is also expected to rise as more owners will need to raise cash to keep their operations running.

Nevertheless, the risk appetite of Chinese lessors has palpably been curbed by the shockwave of the outbreak this year, with extra caution being exercised for new deals, said another person from a large Chinese leasing house.

He reaffirmed that some lessors have already received requests to defer charter payments.

"It is likely to be more difficult for many shipping companies this time round than in 2008," he said.

Leasing houses from China have become a major force in the international ship finance arena after rapid expansion since the 2008 financial crisis. Their total outstanding shipping assets topped $59bn as of end-2019, up 12.8% from 2018, according to consultancy Smarine.

Force majeure doesn't get ship operators off the loan repayments hook

CHARTERPARTY disputes arising from coronavirus are unlikely to have a direct impact on owners' financing arrangements, with the notable exception of prolonged off-hire, shipping lawyers believe.

Other areas of potential dispute and difficulty include safe port, laytime and demurrage and quarantine issues, according to two Watson Farley & Williams partners.

Some owners have asked whether they can use force majeure to stop paying their banks. And the quick and easy answer to that one is 'no'.

Meanwhile, business interruption insurance appears to have few takers in the maritime industries.

Lindsey Keeble and David Osborne also point to recently developed coronavirus clauses produced by BIMCO and Intertanko, which are broadly favourable to owners.

"In a time charter, you may start to see circumstances whereby a shipowner has to stop trading a vessel, for example, because it is quarantined or there is cargo port clearance or regulatory issues, and it may well then claim force majeure against the charterer," said Mr Osborne.

"And the charterer will, on the other hand, try to claim that the vessel is off hire and he's is not obliged to pay the bill. Does the owner want to say, well, you're obliged to pay but I'm relieved of my obligation, you still have to pay?"

Force majeure is not a concept seen in loan documentation, although such clauses are invariably included in commercial contracts such as charters and shipbuilding contracts.

Where force majeure is validly triggered, the party relying on the clause is not liable for the consequences of its non-performance or delay in performance.

There have already been examples of such clauses being invoked in the context of shipbuilding contracts, although buyers may not be able to invoke them to delay payments of instalments that have fallen due.

However, one of the consequences of the force majeure event may be to delay the achievement of the relevant milestone and therefore, in turn, the payment due date.

Despite the UK government's announcement that insureds should be entitled to rely on business interruption insurance as a result of not being able to operate in the coronavirus crisis, it remains to be seen how insurance companies deal with claims. It is also likely that few shipowners have such cover in place.

In principle, British shipping companies are eligible to participate in the government's loan guarantee scheme, in the same way as any other British company. But Mr Osborne warned that there may be complications.

"Shipping companies obviously operate internationally, so there may be [questions of] definitions around that. But I think if a company operates out of the UK, they should be no less entitled to claim [help] than anybody else."

Mr Osborne's WFW colleague Lindsey Keeble added that she had recently spoken to a shipping company that is looking at the full range of available protections, from wage support for workers that aren't able physically to get to work and cannot do their jobs from home, to tax breaks and mortgage holidays.

Yilport's US investment plans delayed by red tape and coronavirus

YILPORT'S ambition to gain a foothold in North America has suffered a further delay, with plans to take over a facility in the US Gulf pushed back a few months.

The Turkish terminal operator signed a draft letter of intent to develop a new container terminal in Gulfport, Mississippi last year, and had hoped to start operations on July 1.

However, the end of the year now looks more likely, Yildirim Group chairman and Yilport chief executive Robert Yildirim told Lloyd's List.

The need to obtain approval from the Committee on Foreign Investment in the US has contributed to the setback, as has the impact of coronavirus on business activity.

Once permission is granted, Yilport aims to expand throughput from about 250,000 teu at the moment to above 300,000 teu initially as new equipment in installed, and then target new customers.

Yilport has already signed agreements with the facility's existing users, fruit companies Chiquita and Dole, plus Crowley. CMA CGM, in which Mr Yildirim is a major shareholder, has also agreed to call at Gulfport.

Mr Yildirim has had his eye on the US market for many years, and had been in talks some years ago with Ports America about an acquisition.

When those negotiations failed to make progress, he turned his attention to Long Beach Container Terminal in southern California that had to be sold by OOCL after the Hong Kong line was bought by China's Cosco.

However, although Yilport was on the shortlist, the concession was awarded to the Australian bank Macquarie.

Yilport's portfolio includes four terminals in Turkey, seven in Portugal, two in Spain, plus sites in Peru, Malta, Norway, and Sweden. It recently took over the concession in Taranto, in southern Italy.

The total container capacity of these facilities is about 5.7m teu, and Mr Yildirim is keen for Yilport to become a top 10 terminal operator.

He said all the ports were working normally, around the clock, despite the health crisis. However, customers are asking for extended credit from the typical 30 days, to 45 or even 60 days, but he is resisting pressure to go beyond that, or to reduce terminal fees.

"We are suffering too, and our costs are increasing," said Mr Yildirim, while volumes are going down in a number of key trades including those serving Europe.

Capacity reductions set to stay

BLANKED sailings on the back of lower demand are expected to continue beyond April and spread beyond the mainlane trades.

"Until the beginning of last week it looked like capacity cuts would level out, but now we see a new wave of cuts announced," TIM Consult analyst Clemens Schapeler said in a webinar presentation.

"For China, it looks like an amount of the capacity reduction will be maintained for this month or even longer. As a result of the slowdown there will not be as much demand for Chinese goods in the rest of the world."

Blank sailing were also emerging on a more limited scale on the transatlantic trade, and on Indian and Southeast Asia services, he added.

"The decision of India and South Africa to go into a very strict lockdown, has already caused some blankings and will probably cause more," Mr Schapeler said. "This is also affecting feeder levels. Previous restrictions for the Mediterranean are also having an effect."

South Africa was the first country to have included ports in its lockdown, he said.

"South African ports are mostly operating at about 50% of capacity and are also giving priority to medical equipment and food, which might further disrupt handling there."

The extent of the fall in demand was underlined by the Shanghai Shipping Exchange, which said shutdown measures were having a significant impact on the operation of business and have "weakened the recovering trend of shipping demand".

In its commentary for the week ended March 27, the SSE noted that slot utilisation ex-Shanghai was only 85%, which helped keep pressure on spot freight rates.

Rates on the Asia-northern Europe and Asia-Mediterranean trade were both down just under 2% this week.

The heavy reduction in capacity on the Asia-North America trade, however, helped rates to the US west coast jump 10% this week after falling by over 2% last week.

Mr Schapeler said that even if economic activity were to resume to a certain extent after Easter, as some expect it to do, shippers would still find it hard to find export slots ex-Europe, as they would still be faced with the backhaul effect of the blanked sailings.

Update: Lloyd's List magazine

LLOYD'S List subscribers can now download the latest edition of the Lloyd's List magazine, as we switch to a digital platform for the next three months or until such time as the situation can be resolved.

With the impact of the coronavirus causing us considerable distribution and supply chain challenges, Lloyd's List has taken the decision to postpone the regular print edition and distribute digitally while we continue to assess the situation.

We hope subscribers understand this decision given the extraordinary circumstances. However, as the virus continues to spread globally, we also have a commitment to the safety of everyone involved in the distribution chain.

Lloyd's List will ensure subscribers are updated as and when the situation changes.

ANALYSIS

Freight forwarding in the virtual office

DOING business during the coronavirus crisis is difficult enough. But to open an office during the pandemic tilts towards madness.

Yet that is exactly what freight forwarder Flexport has done. This week marked the launch of its London 'office'.

That the office is simply the collective dining tables and spare rooms of its employees is immaterial, according to UK managing director Christos Chamberlain.

"We had been planning for an office opening in London but with the change to work-from-home guidelines, we made the decision to do it virtually," he told Lloyd's List.

"We had put together a team for the UK from our different offices around the world and realised in the past few weeks that this work-from-home period hasn't limited our ability to run our operation or sell to our customers.

"We decided with the team in place and our ability to do it, we would go ahead virtually. We feel it is important to do that so we can be more present for our customers and help them navigate these times."

There was a certain amount of luck involved in the decision. Flexport vice-president Jan van Casteren had been about to sign a contract just ahead of the lockdown on movement in the UK, but decided to pause when the first phase of the restrictions was announced. That proved vital to not taking a lease on what would now be an empty office space.

"We got lucky because we're a young company and everyone is equipped with a laptop," Mr van Casteren said. "Our computer solutions are all cloud-based so working from home was frictionless. We see the same on our customers' side. A lot of our clients are well-equipped to work from home and use our platform from wherever they are."

Nevertheless, it has changed the way the company does business.

"We can't now travel to our customers, so we are doing video conferencing," he said. "If we take one thing out of this whole pandemic, it is that it is much more possible to do remote meetings and video-conferencing where possible."

But forwarding is very much a business of relationships.

"You are giving someone control over your freight, and it is still good to look someone in the eyes," he said.

That was the motive behind the initial decision to open a UK office, and why the company was committed to opening it in future, despite the lockdown.

And so far there has been little impact on the business, Mr Casteren said.

"We still managed to close 20 new customers in March, most of those over video link."

But he admits to not having a crystal ball that shows how the pandemic will play out, which means agility is needed in the company.

"Agility means monitoring what your customers and the market are doing very closely."

The lockdown and travel restrictions don't mean the business has to stop.

"It is a good time to make the structural improvements you need to make to your company," Mr Casteren said.

"What is the manual work in our customers' processes and in our processes that we can augment or replace with software? This year, we will be doubling down on that. One of the things we want to avoid is getting obsessed with the pandemic and instead push ahead with all the things we should be doing as an online business."

MARKETS

Some US ports back to normal after coronavirus alert

THE San Pedro Bay ports of Los Angeles and Long Beach were fully operational on Thursday, following the closure of a single terminal on Wednesday after a labour dispatcher for the dockworkers' union tested positive for the coronavirus.

Port of Los Angeles executive director Gene Seroka confirmed that his facility was operating all its terminals on Thursday, and underlined the port's current efforts to expedite medical supplies to hospitals and healthcare providers amid the pandemic.

"There is a critical need in Southern California for N-95 masks, other masks, ventilators that are both intrusive and non-intrusive, intravenous drip apparatus and other medical supplies," Mr Seroka said.

"We are trying to move these supplies quickly to hospitals and healthcare providers," Mr Seroka said, adding that balancing the supply chain will be essential to delivering medical supplies faster.

Mr Seroka noted that the 23,756 teu *MSC Mia*, the largest cargo ship yet to dock at a port in the Western Hemisphere, arrived in Los Angeles on Wednesday to help move containers that need to be returned to Asia.

The port of Long Beach is likewise expediting the movement of medical supplies through its segment of the supply chain, according to executive director Mario Cordero.

He said port staff members reached out to stakeholders about expediting medical supply shipments and found much willingness "to quickly band together and ensure rapid and early delivery".

The shipments, which include medical gowns, gloves and other infection-control apparel and personal protective equipment manufactured in Asia, are being fast-tracked through several marine terminals at Long Beach.

"It's great to see this come together as we all move quickly to prioritise getting products to where they are needed in this uncertain time," said Patrick Halloran, director of global trade logistics for Cardinal Health.

Mr Seroka confirmed that amid "this public health crisis" there will be "uncertain months" ahead in the global supply chain. Still, he said, "we are operating continuously and efficiently ready to meet the needs of our regional and national economies".

Los Angeles mayor Eric Garcetti has appointed Mr Seroka as the city's chief logistics officer tasked with taking on additional duties of matching available medical supplies with healthcare providers.

Mr Seroka said through the city's initiative, called Logistics Victory Los Angeles or LOVE LA, the port will work with those healthcare providers to deliver the medical supplies where they are needed.

Amid the current downturn from the effects of the coronavirus pandemic, Mr Seroka said the port is operating at about 80% of normal operations for this time of the year.

The San Pedro-based Marine Exchange of Southern California, which tracks vessel movements through the two ports, told Lloyd's List that containership arrivals for March came in at 31 vessels below forecasts based on levels for 2018 to 2019.

"This is the worst level since congestion," said Marex executive director Kip Loutitt, referring to 2014-15 when the ports saw a drop-off in throughput due to protracted labour negotiations.

"Adding 135 container ships in February and 145 in March together, even accounting for February being two days short, we are short about 60 containerships below 2018-2019 levels", he said.

Los Angeles' Everport Terminal was forced to close on Wednesday after a dispatcher for dockworkers tested positive for the coronavirus. The union's two dispatch halls had to be closed for cleaning, which created a labour shortage on the terminal as workers could not be given their assignments.

The halls were fully operational on Thursday morning, enabling the dispatch of workers to proceed. The 13,806 teu *Thalassa Avra*, which was turned away from the Everport Terminal on Wednesday due to the labour shortage, returned on Thursday afternoon after anchoring outside the port overnight.

Norway's shipowners braced for 35% revenue hit and lay-offs

NORWEGIAN shipping companies are anticipating an average 35% drop in turnover in 2020 and around half of them have said they may have to lay off people over the next two weeks, as operational challenges due to coronavirus abound.

A recent survey conducted by the Norwegian Shipowners' Association showed an estimated NKr83bn ($7.95bn) decline in revenue this year. The NSA now expects the country's shipping companies to generate turnover of NKr161bn in 2020.

"This decline will be by far the biggest in the last 15 years — financial crisis and oil crisis included. This is because all segments expect a decline in revenue at the same time. Previously, the decline in turnover in one segment has been outweighed by upturn in another," the NSA said in a statement.

NSA chief executive Harald Solberg called a 35% revenue decline "dramatic", adding: "It is essential that we find good solutions to keep shipping going through the crisis."

Norway is one of the world's largest shipowning nations. VesselsValue had estimated in 2019 that the Norwegian-owned fleet was worth $48.9bn, making it the fifth most valuable globally.

The coronavirus-induced financial slowdown is having implications already. Around 50% of Norway's shipping companies are considering laying off employees over the next 14 day, according to the survey.

"As a result of vessels being taken out of service, the passenger shipping companies have already temporarily laid off a total of about 5,200 employees," the NSA said in a statement.

Under Norwegian law, the government can pay benefits to workers that are temporarily laid off for up to 26 weeks and employers are exempt from paying wages during that time.

The NSA, along with the Norwegian Maritime Officers' Association, asked the government last week to extend this exemption period to 52 weeks, like it had done in 2016.

Passenger shipping companies are expecting a 90% revenue drop in 2020. Survey results indicate that all of these companies expect to lay off staff over the next two weeks.

Deepsea shipping companies expect a 35% revenue drop this year, which, according to the NSA, is as great as the decline that followed the 2008-2009 global financial crisis.

Nonetheless, deepsea shipping companies also appear the least likely to lay off employees over the next fortnight. Around 20% of respondents in the segment said they may be doing that, but that was the lowest share across five segments.

The offshore segment, one of Norway's most significant, is also bracing for a rough year with offshore service companies looking at 25% decline and rig companies at a 30% drop.

"Such a decline will be significantly larger than the decline in 2015 - which constituted the first year of the oil crisis, and roughly in line with 2016 - the second year of the oil crisis. Here, there is reason to believe that the very low oil price also affects the numbers given by respondents,"

Over 60% of offshore service companies and about 40% of rig companies said they have to proceed with layoffs in the next two weeks.

Shortsea shipping appears to be the least affected in terms of expected revenue decreases but it would still be expected to be about twice that of 2009, during the financial crisis.

Revelations of Norway's shipping expectations come a few days after Paul-Christian Rieber was appointed chairman of the NSA. Mr Rieber is the chief executive of GC Rieber Shipping.

The surveyed Norwegian companies also said they fear more operational challenges ahead due to crew change obstacles.

Shipping companies have introduced seafarer lockdowns on their ships, scrapping scheduled crew changes to prevent the spread of the virus.

At the same time, certain countries have prohibited crew changes as part of national lockdowns to mitigate coronavirus contamination.

While several Norwegian owners have chosen to extend contracts with existing crews, soon crew changes will be critical.

"With over 1,800 Norwegian ships making port calls all around a globe that is increasingly shutting down, there is reason to believe that moving crews across borders will only become more difficult," the NSA said in a statement.

The problem is exacerbated by the lack of international, national and regional coordination and without international guidelines this will become one of shipping's biggest challenges.

"It is also crucial that time spent at sea should count towards quarantine requirements for crews, meaning healthy crews that have not had a chance to land for 14 days should be considered disease-free," the NSA said in a statement.

The European Commission has suggested to EU governments that seafarers be allowed across national borders, while the International Maritime Organization has advised governments and port authorities across the globe to facilitate crew changes and permit seafarers to come off their vessels for crew changes and repatriation.

IN OTHER NEWS

Singapore exempts maritime from virus-linked suspension

SINGAPORE is suspending all non-essential business and social activities from next week, but its port operations and certain maritime-related activities will be exempted from the month-long suspension.

In a national address delivered Friday evening, Prime Minister Lee Hsien Loong coined this move as a "circuit breaker" to pre-empt any further escalating infections.

With effect from April 7 through to May 4, most workplaces except for essential services and key economic sectors will be closed in Singapore.

Antwerp prepares for crisis and beyond

THE port of Antwerp could see its volumes fall by 15% this year but is warning that the longer-term consequences of the coronavirus pandemic could be even more disruptive.

"This crisis is different to the black swans of 9/11 and 2008," said Antwerp international networks director Luc Arnouts.

"It is a combination of shocks, starting in China. At that point, some of us thought it would be limited to China and would only be a supply shock. But it moved at an unpredictably fast pace so that next to the supply shock came the demand shock from lockdowns. If you add to that the crashing oil price, you have all the ingredients for a really serious crisis."

Dynacom confirms orders for seven tankers in China

DYNACOM Tankers has confirmed orders for seven large tanker newbuildings in China.

Company founder George Prokopiou said that two very large crude carriers have been contracted from Dalian Shipbuilding, while five suezmaxes are to be built at New Times Shipbuilding. All the vessels are scheduled for delivery to the Greece-based owner in the second half of 2022.

The tankers were under discussion between the owner and the yards since last year and have been prematurely reportedly as being on the order book on several occasions.

CDB Leasing orders $188.9m ultramax octet

CDB LEASING, part of policy lender China Development Bank, has firmed up a newbuilding deal for eight ultramax dry bulkers worth $188.9m.

The 63,000 dwt series, worth $23.6m per vessel, will be built at China-based New Ocean Shipbuilding, said the Hong Kong-listed company in an exchange filing. The agreement was signed on April 2.

The project was first unveiled in December 2019 during a Marintec event in Shanghai, where the two parties penned a letter of intent for construction of the new eco-design ships.

MOL renames tanker management arms

MITSUI OSK Lines has merged its Asian and European tanker management companies into one after the virus-hit Japanese shipping giant reported a $146m extraordinary loss last week.

MOL said it would merge MOL Tankship Management Asia and MOL Tankship Management Europe, with the new company to be headquartered in Singapore with a branch in London and paid-in capital of about $1.6m.

"MOL Tankship Management Pte Ltd will continue to strive for further enhancement in operating safety, making the most of both companies' years of valuable experience and stockpile of important know-how," it said in a statement.

Keppel closes some shipyard operations over coronavirus cases

SINGAPORE-BASED Keppel Shipyard has placed about 100 workers on 14-day leave of absence from Wednesday, following four confirmed coronavirus cases among those said to be engaged in constructing the *Liza Unity* floating production, storage and offloading vessel and the *Coral South* floating liquefied natural gas turret projects.

Keppel Shipyard said in an official statement that it has shut down parts of its Tuas yard as a further precautionary measure.

The yard operator added that the infected workers include two direct employees who tested positive for coronavirus on March 30 and two others who are staff of customers working at its Tuas facility.

Classified notices follow