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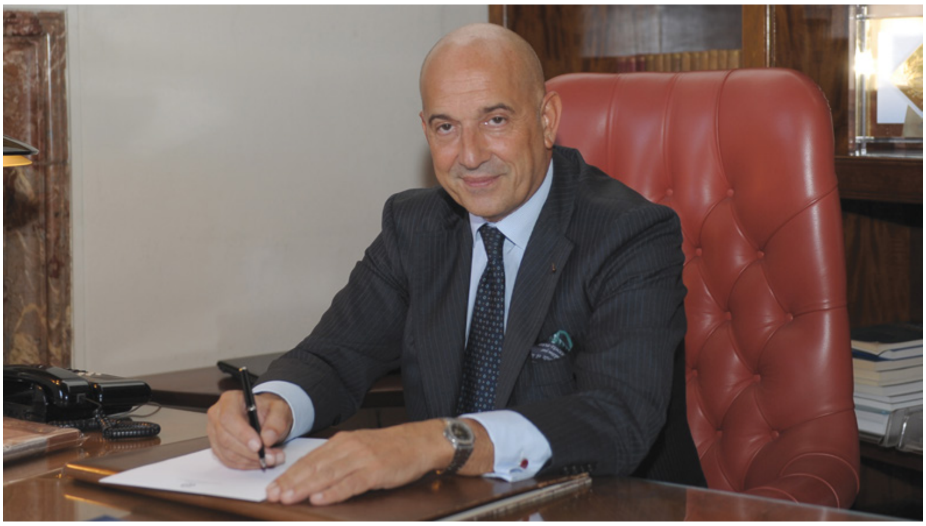
Grimaldi warns against unfair state support for struggling shipowners



ITALIAN SHIPOWNER EMANUELE Grimaldi is urging governments not to distort the marketplace by bailing out weak shipping lines at the expense of those operating in the same trades that are well capitalised.

Otherwise, he may consider lodging antitrust complaints on behalf of operators that are not included in any financial support packages.

State aid for selected companies, some of which may already have been in financial difficulties, "will only lead to very unfair competition," said Mr Grimaldi, who has not asked for assistance from any national government.

"If the state intervenes, it has to intervene in a such way that it does not create unfair competition," he told Lloyd's List.

Mr Grimaldi, joint managing director of family-owned Grimaldi Group, was commenting after a number of countries pledged support for ferry and shortsea businesses that are struggling as passenger numbers plunge and freight transport is disrupted by widespread lockdowns in Europe.

The Italian government has promised a package of emergency measures to help struggling port operators and shipping companies, while some ferry companies in Finland are reported to be seeking aid.

A number of shortsea operators serving the UK have also asked for financial support.

Grimaldi Group, which specialises in the European and transatlantic ro-ro trades, owns a number of regional players including Finnlines, Minoan Lines, Malta Motorways of the Sea, and Atlantic Container Line. Also in the portfolio are Grimaldi Euromed, and Grimaldi Deep Sea, which operate pure car and truck carriers.

The parent company has not sought state support for any of these subsidiaries during the pandemic, according to Mr Grimaldi.

Yet in many cases, these lines are competing against operators that are telling their governments that they will collapse without a lifeline, and that they must be bailed out.

Mr Grimaldi said it was unfair to only provide support for some shipping companies and not others.

Any state aid has to be provided in accordance with existing rules, and individual companies should not be singled out for support, he said.

While making it clear that he was not opposed to government intervention during such difficult times, he stressed that any help should be fair.

"Whatever is done, has to be done for all, not just for one or two," said Mr Grimaldi who has already been in touch with the Italian government through the country's shipowners association Confitarma to ensure any state support is distributed equitably.

Mr Grimaldi, who is on the boards of the International Chamber of Shipping and the European Community Shipowners' Associations, said he had also raised the matter with both organisations.

He said he thought Grimaldi Group was well-placed to manage the next few months when market conditions are expected to be very difficult.

After a good start to the year, he is braced for a very tough period ahead without the usual summer peak of passenger traffic, and the shutdown of car plants across Europe.

The group may bring forward scrapping plans for a few older units, said Mr Grimaldi, assuming a demolition yard can be found. Some chartered tonnage may be returned to owners.

He also estimates that Grimaldi Group revenue could be down by as much as 15%, equivalent to some €500m ($545.3m), in the coming months, but notes that this downturn will be offset by much cheaper fuel costs.

With no debt on 57 of its 120 ships, very low financing costs, and healthy profit margins for many years of between 5% and 10%, "we have never been in such a strong position to weather this storm," he said.

WHAT TO WATCH

Class societies start to cut staff amid coronavirus cutbacks

CLASSIFICATION society Lloyd's Register is putting in place "furlough arrangements" while DNV GL said it was temporarily laying off workers amid the coronavirus epidemic.

LR's chief executive Alastair Marsh said it has been managing the situation since January, and staff in China were now returning to work.

"We have learnt much from their experience, both from a safety perspective and also from supporting our clients, and this has helped us to proactively respond as the virus has spread west," he told Lloyd's List.

"As a matter of prudence, where colleagues in Europe have less work, we are applying for government support schemes and putting in place 'furlough' arrangements," he added.

LR, along with other societies, has increasingly been using remote technology to inspect vessels, but LR is actively encouraging regulators and Recognised Organisations to establish a uniform approach on the postponement of ship surveys.

DNV GL said it would generally accept the coronavirus situation as an exceptional circumstance in terms of granting postponement for those surveys where this is possible based on class rules and statutory conventions.

“In the event that the survey in question does not have a provision for postponement and we are unable to perform the survey, DNV GL will consider the application of force majeure and allowing the vessel to proceed to an agreed port for the required surveys.”

It said on Monday that it was reducing staff hours across the group, with partial layoffs for employees in support functions in Norway.

It said in a statement that in total, about 10% of the company’s 2,050 employees in Norway were affected. The layoffs would take place from April 16 and would be in effect for three months.

“Further measures may later be necessary in other countries as well,” said DNV GL, which has a footprint in the oil and gas and renewables sectors as well as maritime.

“The new digital tools and processes we have developed contributed to a strong 2019 for DNV GL,” the group’s president and chief executive Remi Eriksen said. “Now, faced with the physical distancing measures related to Covid-19, those same tools play an important role in overcoming some of the short-term challenges faced by our customers.”

He added: “Mindful of the economic impact of Covid19, DNV GL is taking extraordinary measures to safeguard the company against the expected drop in revenue, including the temporary, partial reduction in working hours for some employees.

“The extent of these measures will vary dependent on country and business area.”

Other classification societies currently remain confident that the industry disruption will not impact staff numbers.

American Bureau of Shipping told Lloyd’s List it was “well prepared to weather the storm of the Covid -19 pandemic due to the strategic investments we’ve made in people, processes and technologies”.

A spokesperson said: “Our recently announced expansion and extension of remote survey offerings is one example of how we remain prepared to continue our full industry support,” adding that there were no plans at this time to furlough any employees or make any salary adjustments to staff.

Italy’s Rina said coronavirus has had little impact on its operations. Its staff wee able to work from home effectively.

The marine unit is one of five businesses that includes oil and gas and infrastructure.

Although there has been a slowdown in activity with some surveys postponed, it has reached an agreement with some of the major flags to keep inspections going, Rina’s chief Ugo Salerno told Lloyd’s List.

It expects some impact to full-year results but “it is not a disaster” as the company had been preparing its systems for some time now. He said no layoffs were planned and although the Italian government has funds it can offer to companies during times of distress, Rina had no plans to tap into this.

It set up an emergency task force and does company stress tests, he said, adding that the company was in a strong position.

French class society Bureau Veritas said measures were in place “to ensure that Marine & Offshore surveys and delivery of services can continue and that requirements for certificate continuity can be addressed to minimise the chance of operational disruption. If either physical or remote surveys are impossible short-term certificate extensions will be available.”

Lloyd’s List understands that some BV staff have been invited to take leave during the disruption so they will be available for work in the second half of the year when a backlog of deferred projects and contracts is expected to hit hardest.

Polish Register of Shipping said that two thirds of its workforce were currently working from home, while the rest were working from various offices. It has had to declare force majeure in isolated instances, otherwise it is business as usual as far as possible.

Remote inspections are only possible for minor works, but are not that easy for annual surveys, said board member Dariusz Rudzinski. He added that extensions for two to three months to validity of certificates were being discussed at the International Maritime Organization.

Indian Register of Shipping said it was increasingly looking at remote inspections as a way to continue servicing customers.

"We are not considering any resource reduction as of now and IRClass looks at cost rationalisation as an ongoing process rather than a response to a specific event. We are closely watching the situation and will take appropriate decisions as the situation evolves."

It was much the same for Japan's ClassNK, which said that it would maintain its full business resources in order to meet its responsibilities in supporting the transportation continuity.

It added that its operations had been continuing in accordance with the instructions and recommendations made by respective national/regional authorities for minimising the infection risk of our employees and concerned parties including working from home.

"For all those who may miss due dates for surveys/audits due to force majeure, we have been offering applicable alternative measures such as the application of remote surveys and practical postponement of surveys, subject to approval of the flag state administration," it said in an email.

"Our digital initiatives such as electronic class & statutory certificates, which ClassNK launched almost three years ago, have been working well to provide our service as normally as possible."

Crude tanker rates plunge 25% as demand picture clears

CRUDE tanker demand spiked in March after Saudi Arabia unleashed an oil price war with Russia, flooding the market with crude to regain market share.

With the oil price falling to 18-year lows as a result, tankers are being chartered for floating storage as well as additional exports.

Whether accelerating rates have paused or peaked depends on how oil producers manage the looming oversupply of crude and refined products, with demand already said to be 20%, or 20m barrels per day, lower over March and April.

Very large crude carrier average earnings dropped 25% on April 6, to just over $146,000 per day, according to the Baltic Exchange. Suezmax average earnings lost 17%, and aframaxes were 7% lower.

Rates for very large crude carriers are now 45% below the record of $264,072 daily on March 16. The suezmax average rate of $75,502 is 43% lower than its record of $132,968 on the same day, data show.

Freight futures, which provide a clearer insight into forward sentiment, indicate that traders are betting that rates for VLCCs on the benchmark Saudi Arabia-China routes are going to fall significantly over the second quarter.

Baltic Exchange forward assessments show second-quarter forward freight agreement contracts are valued at $18.45 per tonne, down from a peak of $35.87 per tonne on March 30. On Worldscale basis, this translates to W84, compared with the current spot assessment of W155.

Tanker rates are closely aligning with the volatile tanker market amid collapsing demand for air and transport fuels at the same time as Saudi Arabia and other oil producing nations ramp up production.

Speculation that the Organisation of the Petroleum Export Countries, plus Russia and other non-members Brazil and Norway, will meet later this week to co-ordinate a response has boosted prices for Brent above $34 per barrel, from as low as $24 per barrel on March 30.

This has narrowed the economic viability of floating storage of crude and refined products.

Box lines turn to airfreight to help fight pandemic

THE container shipping sector is moving into airfreight to ship urgent medical supplies to the world's health systems as they fight the coronavirus pandemic.

AP Moller Holding, the controlling shareholder in AP Moller-Maersk, which operates the world's largest containership fleet, has launched Maersk Bridge, an airbridge and supply chain operation to secure delivery of protective equipment to health care workers in Denmark and reduce the risk of transmission of coronavirus in Danish hospitals.

The Maersk Bridge project covers the sourcing and transportation of PPE from China to Denmark, to meet the immediate and very pressing needs of Danish hospitals.

The first order of masks, face shields, protective gowns and surgical drapes was expected to arrive to Copenhagen yesterday. Similar shipments are planned on a fortnightly basis over the coming months.

"I have enormous respect and gratitude for the work carried out in the hospitals," said AP Moller Holding chief executive Robert Uggla.

"When we heard that doctors, nurses and other health care workers were running out of critical PPE, we felt compelled to do our utmost to leverage our own group's network and capabilities to support them."

Separately, CEVA Logistics, the 3PL owned by French carrier CMA CGM, has flown in a Virgin Atlantic Boeing 787 loaded with PPE and other medical equipment from Shanghai for use by the UK's National Health Service.

The shipment, which was made in conjunction with the charitable Virgin Foundation, will be distributed to NHS hospitals, including the Guy's and St Thomas' Hospitals Trust in London, where British prime minister Boris Johnson is intensive care suffering from coronavirus.

"These medical supplies and PPE equipment are urgently required to support the work that NHS teams are providing up and down the country during the COVID-19 crisis," said CEVA chief executive Mathieu Friedberg. "Our teams at both ends of the supply chain, alongside the Virgin team providing the uplift and the Virgin Foundation, have worked together tirelessly to make this become a reality in an incredibly short timeframe."

OPINION

Maintaining the flow of goods is essential to tackle crisis

THE liner shipping industry, which operates container ships and vehicle carriers, has continued to move the cargo on which the world relies despite the global pandemic, *writes the World Shipping Council*.

As governments, companies, individuals, and institutions respond to the coronavirus crisis, the first focus is and must be on protecting health and human life. Even as the crisis upends daily life, people continue to have basic needs for food, medicine, and other supplies. And even as we all take steps to address the immediate situation, countries across the globe are preparing for recovery.

Both activities — meeting basic human needs and supporting global economic activity — depend heavily on international maritime supply chains, and those supply chains are dependent upon the movement of containerships and the cargo they carry.

The range of items moved in containers is incredibly varied, from fresh and frozen food, agricultural products, clothes, medicines and finished electronics, to chemicals, paper and industrial supplies that support manufacturing around the world.

The front-line colleagues that keep the ships moving and delivering supplies to populations around the world are the seafarers that serve on the industry's ships. In many cases, these men and women have extended their contracts on board to keep ships moving, making it possible to keep store shelves stocked and essential supplies moving.

Shipping companies know that seafarers are the backbone of international supply chains, and companies are working to keep seafarers safe and to find ways amidst travel restrictions and quarantine requirements to plan for rotating ships' crews as it becomes safe to do so.

Seafarers and the ships they guide across the oceans are essential to the delivery of critical consumer products and industrial goods; however, they do not deliver those goods by themselves. In order for cargo to get from its origin to the port and from the port onto the ship — and at the end of the sea voyage to be unloaded and moved to its ultimate destination

— there are many essential professionals that form what we refer to as the "supply chain."

That supply chain is made up of multiple businesses and individuals, each of which has a hand in making sure the goods get where they are going. These people include warehouse workers, truck drivers, train operators, longshore workers, customs officers, documentation specialists, and many more.

They are as critical as seafarers to keeping goods moving, and they must also continue to be recognised as "essential workers" and provided with the appropriate workplace protocols and supplies to allow them to continue to work as safely as possible.

One of the single most important things that national and local governments can do right now is to support policies that ensure that the flow of cargo through the world's ports remains fluid.

In many parts of the world, back-ups at warehouses, shortages of truck drivers, and scheduled deliveries of goods that importers cannot sell are causing cargo owners to leave cargo at the ports. A delay or disruption in one part of the supply chain becomes a bottleneck and will trigger another delay or disruption elsewhere — ultimately affecting the movement of critical food and supplies.

The integrity of the international supply chain is dependent upon the continuous flow of goods.

Recognising that the solutions to these problems are physically difficult and economically costly for everyone involved, the fact remains that if the ports become congested, then the entire system breaks down.

Shipping companies are offering solutions including extended transit times, storage in transit, and other innovative approaches, but at the end of the day everyone in the supply chain must remain focused on keeping cargo moving through the ports.

This issue cannot become "someone else's problem". It is everyone's problem, and the pain and the solutions must be shared.

The world and every part of society are being tested in ways that we have not seen in many decades. The container line shipping industry is adapting and responding to the challenge, and we are moving the world's cargo. The difficulties are many, and there have been and will be disruptions and delays. This is not business as usual.

What does not change is that each of us engaged in this collective maritime transportation enterprise must remain focused on two things: (1) protecting and supporting the people that keep goods moving, and (2) keeping cargo moving through the world's ports so that food, medicine, and supplies can reach their destination.

Blanked sailings to increase equipment shortages

REEFER equipment specialist SeaCube is confident it can ride out the tough times facing its container carrier customers, despite the reduction in volumes caused by the coronavirus pandemic.

The company, which supplies boxes to all the major carriers, is naturally sensitive to the challenges facing its customers.

"Things are tough for the carriers," chief executive Bob Sappio told Lloyd's List in an interview. "We have great empathy for the environment that they have to operate in. But they are resilient. They are good companies. We're concerned with risk, but we have a lot of faith in the people that run the industry. The ones that are left are survivors."

The spread of coronavirus from China to the rest of the world has been seen in the demand trends for equipment in different regions, Mr Sappio said.

"Following the Chinese New Year, we had the extended shutdown in Asia due to coronavirus," he said.

"As the situation in China began to improve and people went back to work, we saw an increase in demand for equipment in Asia for a period of time, but that was before the demand side of the equation was shut down."

Now that consuming nations in Europe and North America have shuttered large parts of their economies, he expects the goods that were in the pipeline already to continue to be delivered.

"For the next two to six weeks, you'll see cargo continuing to move. But after that, we're hearing that many retailers are going to be cancelling or delaying purchase orders. Unless the demand environment has improved, you could see cargoes stuck at distribution centres."

SeaCube is now planning based on the blanked sailings that have been announced.

"We expect a slowing of demand from Asia to match the blank sailing," Mr Sappio said.

One knock-on impact of that is going to be that as fewer containers flow into Europe and North America, a dislocation is emerging in the network and shortages of equipment for export can be seen as the flow of inbound containers is restricted.

"I think the carriers will face challenges in terms of spot shortages of some equipment," Mr Sappio said.

"There has been so much disruption in the network, starting with China and now cascading through Europe, the US, Southeast Asia and India that the equipment imbalance cascade will be something that is on the agenda for lines to deal with."

With its focus on reefers, however, SeaCube should be able to weather the storm, he added.

"We feel that is going to be a more resilient area to be focused on. Refrigerated commodities will continue to move irrespective of what happens to the economy. People might not be buying a set of Nike sneakers or another Barbie doll but they still need to eat, so perishables will continue to be moved around the world."

ANALYSIS

Slow steaming may cut insurance claims

SLOW steaming measures widely adopted during the last decade of shipping downturn may have reduced claims frequency as well as saving money and cutting pollution, according to the latest annual statistical review from Cefor.

While the Nordic marine insurance trade association stressed that any relationship is by way of positive correlation rather than proven causal link, it also advanced hypothetical grounds for why this appears to be happening across all vessel types.

Owners have increasingly adopted lower sailing speeds since the global financial crisis of 2008, seeking to bring down their costs through optimal utilisation of capacity and avoiding idling.

As a side benefit, a 20% reduction in speed for bulkers, containerships and tankers can slash greenhouse gas emissions by almost a quarter, existing studies indicate.

Fears that running engines below intended loads slow could lead to premature wear, lubrication problems and soot deposits did not develop to the extent originally feared.

With the arrival of environmental regulations such as emission control areas and the International Maritime Organization sulphur cap, owners have had either to fit scrubbers or switch to low sulphur fuel oil.

Now Cefor analysts have compared the change in claims frequencies since 2008 for bulk, container and tank vessels with the change in average speed for the same vessel segments in the world fleet.

All three main types of ship have shown a similar decline in speed during a period marked by a declining claims trend.

Many factors influence claims frequencies, such as the level of deductibles, the cost of repairs, activity in ports and congested areas, and technological advances.

However, there are good grounds for postulating some link with sailing speeds. For instance, a vessel in a liner trade reducing speed by 10% will equally reduce the number of voyages and thus the risk of potential claims, with fewer port calls, passages through high risk areas, cargo operations and so on.

"The parallel development is no proof of a causal connection between the claims frequency and the vessels' speed, but nevertheless an indication of a possible correlation," Cefor notes

It also seems reasonable to assume that the consequences of groundings and collisions are less severe when travelling at a lower speed.

Reducing speed is more straightforward for tankers and bulkers because of fewer stakeholders and the absence of strict timetables.

However, boxships were generally clocking up the highest speeds of all before the crisis, and thus show the highest potential for speed reductions.

Owing to the higher cost of low sulphur fuel oil, it has been speculated that vessels without scrubbers will reduce speed even more to avoid increased fuel costs, and that vessels with scrubbers will do the opposite to reap the full benefit of cheaper fuel.

But with the world fleet in a transitional phase, it is not yet possible to differentiate between vessels with and without scrubbers.

For the charterer, a combination of the bunker price and the freight rates will be decisive for determining the optimum travel speed.

Casualties more likely where and when insurers intuitively expect

CASUALTIES are more likely when and where received wisdom in the marine insurance sector traditionally expects them to occur, namely at key shipping chokepoints and in winter, according to new research from Cefor.

The Nordic trade association is now using Automatic Identification System data to factor in the geographical location of claims for the purpose of its statistical analysis, and was able to ascertain the latitude and longitude of casualties in 91% of cases in 2017-19.

Plotting the resultant positions on a map confirms the intuitive assumption that the majority of casualties occur in areas with high vessel density, such as the English Channel and other popular shipping lanes, or close to a coast, or ports where vessels have to manoeuvre through shallow waters or narrow navigation channels.

However, shortsea vessels sailing in northern Europe are probably over-represented on the Cefor database compared with more remote regions, which means that firm conclusions about claims frequency cannot be drawn without additional information about traffic density, the number of port calls or insured vessels in a specific area.

Another widely-held industry assumption is that more claims will occur in winter than in summer months in latitudes with distinct seasons, and this also seems to bear out.

In regions where winter means harsh weather conditions with severe storms, reduced visibility or navigating in ice conditions, more claims do occur in winter months, especially in the first quarter of the year in northern latitudes between 40 and 60 degrees.

For the equivalent southern latitudes, substantially fewer claims are reported, seemingly because fewer insured vessels transit the area. In any case, ships only sail through Antarctic regions during the Antarctic summer.

Another reason for a low occurrence of casualties in the most extreme latitudes, both north and south, is the geographical imposed by insurers, such as the stipulations set down in the Nordic Marine Insurance Plan.

An analysis of the data by year reveals a clear increase in the number of reported claims on the Mississippi river from 2017 to 2019.

This is likely attributable to flooding in the Mississippi river basin in the winter, spring and summer of 2019.

In South America, the reverse situation was apparent in 2019, with extraordinarily low water levels in the Parana river, something that led to in an increase in the number of claims.

IMO faces call not to delay decarbonisation processes

THE International Maritime Organization is facing calls to hold decarbonisation negotiations virtually and develop online meetings more broadly in response to the coronavirus outbreak.

The pandemic has forced the IMO to postpone all of its scheduled meetings — such as the safety and legal committees — through mid to late June, but the environmental ones in particular have stood out.

The 75th session of the Marine Environment Protection Committee could have agreed on new emissions measures to come in as early as 2022 and would have debated a highly publicised industry proposals for a $5bn research and development fund.

Now the Clean Shipping Coalition, Greenpeace International, Pacific Environment and WWF International have written to the IMO calling for efforts to implement the initial greenhouse gas strategy to proceed despite the postponed meetings.

The letter to IMO secretary-general Kitack Lim comes as an effort to maintain the pace of the implementation of the IMO's initial GHG strategy, for which delegates are currently considering short-term measures. The strategy, which includes a minimum 50% cut in GHG emissions by 2050, is set to be revised in 2023.

"In particular, the IMO Initial Strategy goal of actions to achieve additional substantial CO2 reduction before 2023 should remain unchanged," the groups wrote.

The delay of the meetings has raised questions about whether the IMO can stick to its GHG strategy timeline. MEPC 76 is still set for October this year, but delegates require sufficient time between MEPCs to assess the decisions of one and revert with any comments in the next.

IMO delegates were also supposed to convene an intersessional working group on GHG emissions in late March, the week before the MEPC 75. The working group on GHG emissions does much of the preparatory work for the MEPC and some of the most consequential negotiations happen during that meeting.

The non-governmental organisations have now asked Mr Lim for the IMO to "launch as soon as possible a digital working group of IMO member states, and entities with IMO consultative status, dedicated to advancing short-term GHG measure negotiations".

Other major organisations, like the IMF, World Bank and OECD are hosting virtual meetings, according to the NGOs, while committees of the UN's climate change body are using a virtual system that can support the UN meeting structure.

The IMO should also "reschedule MEPC 75 for some time before October, if necessary, in a digital format, and guarantee MEPC 76 is still held within this year, if necessary, in a digital format," according to the NGOs.

Two of these NGOs — Clean Shipping Coalition and Pacific Environment — had jointly proposed to the IMO ahead of the postponed negotiations that ships slash their carbon intensity by at least 80% by 2030, marking the most reduction rate on the table.

The IMO's current predicament means that it should set up a standing technical group to develop virtual convening for the organisation, in the NGOs' view.

"We believe a transparent, well managed, virtual process allowing for presentations and discussion could be useful in allowing IMO's important work to move forward, until such time as it is appropriate to meet in person again", they wrote.

Virtual meetings should take into consideration the access to communication technology that developing nations, small island developing states and least developed countries may have and the IMO should provide them with the necessary technical support, the NGOs added.

"As NGOs with consultative status we are willing to participate in a proof of concept online process for negotiations, to problem-solve and develop protocols to be endorsed at future meetings," they said.

The IMO did not immediately respond to a request for comment.

MARKETS

San Pedro Bay ports focused on crisis of 'historic proportions'

THROUGHPUT at the San Pedro Bay ports looks to be subdued to the end of the year and possibly on into next year, according to the directors of the adjoining facilities of Los Angeles and Long Beach.

"We have about one fourth of the US economy at a halt and eight to 10 counties under lockdown orders," Port of Long Beach executive director Mario Cordero told US National Public Radio on Monday.

He noted that three of those "major counties" include Los Angeles, New York and Cook County in Chicago. "So, obviously, the impacts are concerning and significant."

Mr Cordero acknowledged the possibility of a surge in throughput as China's factories increase their productivity and more goods find their way across the Pacific Ocean. But he said "the real question" is what happens after that surge.

"I think it's a real concerning question for us because I think we're not going to go to normalcy, in my opinion, for the rest of 2020. This changes day to day, week to week, and is a crisis of historic proportions," he said.

He added: "It's uncharted waters for all of us here no matter what industry you're from."

Port of Los Angeles executive director Gene Seroka, speaking on the same programme, agreed with Mr Cordero's assessment that it will be some time before either facility sees a return to normalcy.

"I've said all along that we see the knock-on effects of the trade war and the coronavirus through the balance of this year and more than likely into early next year," Mr Seroka said.

He added: "We at the port are going to have to reinvent ourselves and that will take some shape as we get through this public health pandemic."

Meanwhile, Mr Seroka said his port is currently moving between 70% and 80% of the amount of cargo that would normally come through at this time of year as a result of "two immediate shocks" to the system: the trade war with China and the coronavirus.

"To give perspective: at the height of the trade war in the third quarter of 2019 compared to now, we're moving about half of the cargo that we did at that point in time," he said.

At the moment, he said, "the manufacturing sector in China is really only producing about half of their normal capacity right now" which means "all terminals are open" at the port.

He explained that the imports are "relatively slow now" for two reasons: supply and demand are both down.

On the supply side, "China's manufacturing sector has not gotten back up to full speed and probably will not for the foreseeable future" and on the demand side, people in the US are "are not out shopping at the store" or "eating at restaurants".

The slowdown in cargo throughput has been expensive, a point underlined by Mr Cordero, who said his port saw 19 blank sailings in the first quarter of 2020 and 14 more in the current quarter.

He said one blank sailing represents lost revenue "to the tune of $300,000" and if "you multiply that times 19 for the first quarter and times 14 for the second quarter, obviously, you're talking about significant revenue loss".

Even as the two ports see some uncertainty in future demand, they are none the less making efforts to reverse the trend by — among other things — ensuring that essential equipment is repositioned as needed when China's production does ramp up.

Mr Seroka drew particular attention to last week's arrival of the boxship *MSC Mia*, the largest ship yet to call at a western hemisphere port, which arrived to "help us evacuate empties and start the export process again".

He said *MSC Mia* is one of three 23,000 teu class ships "calling our port to help us move those empties back and get ready for when China's modest uptick in manufacturing and production of containers will begin again".

He said the idea behind the arrival of *MSC Mia* is two-fold: to show the port really is big-ship ready and to "really load up on these empty containers" for return to Asia.

They need to be "prepositioned for when Asia's manufacturing community and specifically China's is ready to start with their modest uptick in production", he said.

In advance of the anticipated surge, he puts a drone up in the air "a couple times a week to make sure that we have an understanding of what our terminal tarmacs look like, our rail connectors, truck connectors".

He added: "We can take on a lot more cargo, obviously, than we're doing right now."

US regulator to investigate supply chain

THE Federal Maritime Commission said commissioner Rebecca Dye will begin working with teams this week to determine how to ease the most pressing challenges facing the supply chain due to the coronavirus pandemic.

"The individuals serving on these teams are committed to minimising disruptions to the nation's cargo delivery system and will be prepared to offer practical solutions about what must be done to promote the competitive advantage of our supply chain networks," Ms Dye said.

She said that there was a "very strong, positive response" to the announcement of the teams, with many people making enquiries about how to participate in the process.

Volunteers for the effort are industry leaders and their contributions will be "valued and appreciated", she said.

"While we are not able to accommodate every request to serve on a team, we know there is a deep pool of knowledge and experience that exists among others who work in the freight delivery industry," Ms Dye said.

Three questions will be put to team members, she said:

• What can the FMC do to provide relief or assistance to mitigate negative impacts on the supply chain related to the coronavirus?

• What can companies involved in ocean cargo delivery do to respond to existing supply chain challenges and bottlenecks?

• What can supply chain actors do to strengthen the overall performance of the American freight delivery system?

The scope and priorities of the work of the teams will be dictated by the responses to the three questions, she said. Each team will consist of no more than five members and will meet remotely.

The FMC last week appointed Ms Dye as investigating officer, saying that "recent global events have only highlighted the economic urgency of responsive port and terminal operations to the effectiveness of the United States international freight delivery system".

Citing its mandate to ensure an efficient and economic transportation system for ocean commerce, the FMC said it has a "clear and compelling responsibility" to actively respond to "current challenges" impacting the global supply chain and the American economy.

"Unfortunately, congestion and bottlenecks at ports and other points in the nation's supply chain have become a serious risk to the growth of the US economy, job growth, and to our nation's competitive position in the world," the FMC said in its order.

The FMC said it has determined that there is a "compelling need" to convene what it called "new supply chain innovation teams" to be established by Ms Dye in her effort to address the challenges.

IN OTHER NEWS

Singapore's leading yards exempt from virus-led suspension

SINGAPORE'S leading shipyards have been exempted from 'circuit-breaker' business suspensions imposed by the government as the confirmed coronavirus cases in the city state climbed over the weekend.

Keppel Offshore & Marine and Sembcorp Marine confirmed to Lloyd's List that they have received notices stating that they are classified as providers of essential services from the Ministry of Trade and Industry.

The yard groups can continue operations from yesterday through to May 4, during which period the Singapore government has imposed a suspension on non-essential business and social activities.

US exporters hit out at punitive charges

THE Trump administration is being lobbied to undertake a shake-up of detention and demurrage charges during the coronavirus pandemic.

The Agriculture Transportation Coalition has headed a list of 80 agricultural export producer organisations calling on National Economic Council director

Lawrence Kudlow and Secretary of Agriculture Sonny Perdue for "urgent engagement" to ensure the continued free movement via shipping containers to international markets of critical food and agricultural products.

"The damage coronavirus is doing to US agriculture is compounded by injuries imposed by the ocean carriers on US exporters, already found by the Federal Maritime Commission to be punitive, unwarranted, exacting a heavy economic toll," the coalition said.

Bibby HydroMap in administration

BIBBY HydroMap, a UK-based seabed mapping company, has gone into administration following "difficult trading conditions".

The company, which owns four specialised vessels and operates in the UK and northern Europe, is part of Liverpool-based Bibby Line. Bibby Line's Bibby Marine was the holding company overseeing Bibby HydroMap.

KPMG, which has taken over the company's administration, said in an e-mailed statement that the majority of Bibby HydroMap's 108 staff and members have been made redundant. It said the coronavirus crisis was not behind the company's struggles, which had been linked to cashflow issues.

Cosco, SIPG and Tesla in blockchain test

GLOBAL Shipping Business Network, a digital platform established by a group of carriers and ports, has teamed up with Tesla in a data-sharing pilot project, according to a press release.

Cosco Shipping Lines and Shanghai Port International Group, two of GSBN's members, have conducted a real-time exchange of shipment data with the US electric car maker through blockchain technologies.

Tesla was able to pick up its cargo in a timely manner as CSL shared its waybill data with the terminal on a trusted and secure platform, allowing faster preparation of orders delivery for consignees and their shipping agents, said the platform operator CargoSmart.

Force majeure declared at Kolkata port

KOLKATA Port Trust has become the first state-owned major port in India to invoke force majeure in the wake of the coronavirus outbreak.

Most of the private ports and terminals had earlier already invoked force majeure as the country began a three-week lockdown to prevent the spread of coronavirus.

"Kolkata Port Trust has considered the coronavirus pandemic as a natural calamity and invokes force majeure from 0600 hrs on March 22 to 0600 hrs on April 15, 2020," Kolkata port said in a trade circular.

Golden Ocean names Ulrik Andersen chief executive

GOLDEN Ocean, an Oslo-based dry bulk owner and operator, has appointed a new chief executive.

Ulrik Andersen, head of Avance Gas, will take over his new role on April 14, the John Fredriksen company said in a statement.

The appointment comes months after former chief executive Birgitte Vartdal left to take on a role at a renewable energy company.

Höegh LNG to cut up to $11m in costs

NORWEGIAN vessel owner-operator Höegh LNG wants to cut $9m to $11m of business costs in view of the uncertain macroenvironment triggered by the coronavirus outbreak.

Höegh LNG said that its cost-cutting plan focuses on overhead and vessel-operating expenses, with about a third of the overall targeted savings relating to costs being postponed to next year.

The plan calls for deferral of scheduled maintenance and projects and suspension of bonuses for executive management and onshore personnel this year.

Kuehne + Nagel launches platform for intra-Asia shippers

LOGISTICS player Kuehne + Nagel has launched an online logistics platform geared for intra-Asia shippers, filling a need in the important but challenging trade lane.

The eShipAsia platform connects shippers to 20 countries, and can instantly compare sailing schedules and rates between 2,220 port pairs, 7,500 service loops and 54 underlying carriers. This helps them to optimise their shipments based on the route, transit time and cost at all times.

"As one of the largest trades in the world, the intra-Asia trade is a highly dynamic and fragmented market, characterised by transactional business models," said senior vice-president for Kuehne + Nagel Asia Pacific, Seafreight Casper Ellerbaek. He noted that these characteristics make it challenging and time-consuming for shippers to find and procure the best transport options.

Swiber receives interest from investor

SWIBER Holdings, which is under judicial management, has announced it has received yet another investment proposal from an unnamed third party.

The beleaguered offshore group has just seen a possible deal, which would have led to Seaspan taking a $200m majority stake, fall apart in January as a $1bn liquefied natural gas-to-power project that Swiber was pursuing in Vietnam seems to have stalled.

Swiber said in a stock market announcement that it had received a preliminary and non-binding expression of interest. It did not name the party involved and warned that no agreements had been made and there was no certainty of a deal emerging.

Classified notices follow