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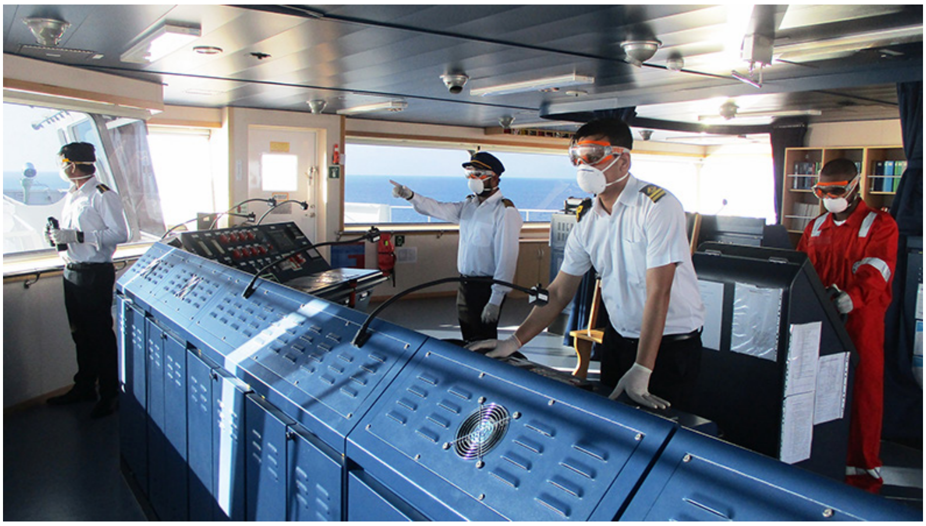
Industry alliance seeks political support to defuse seafarer time bomb



THE INCREASINGLY URGENT chorus of industry calls on governments to allow crew changeovers to bypass global coronavirus restrictions have coalesced around a new industry plan promising to mitigate the risk of coronavirus infections at key hub ports.

The rapid development of the plans presented on Tuesday by an ad hoc alliance of leading shipmanagement and maritime companies comes amid growing industry concern that the looming crew changeover crisis is not getting political traction as governments struggle to triage coronavirus crises daily.

The alliance of leading shipowners and managers, which represents more than 1,500 vessels and over 70,000 seafarers, warn that over 100,000 seafarers are effectively "marooned at sea" because coronavirus shutdowns are preventing them from entering or transiting countries or finding flights on which to return home.

The alliance has developed port viability and detailed seafarer risk assessment plans which it argues will mitigate the risk of coronavirus infections during essential crew changeovers. It is now urging immediate governmental and inter-governmental action to enable the resumption of crew changes including the designation of seafarers as 'key workers'.

While several high-profile shipping chief executives have been publicly and privately pushing a working draft of the plan at government level for several weeks, the unified approach marks a step change in the urgency of the industry concerns.

Lloyd's List understands that despite several high-level attempts to get the crew changeover concerns into the hands of the right senior government officials, other priorities are preventing action.

"We recognise that the coronavirus posed an unprecedented challenge for governments but the restrictions being placed on global shipping by many governments are creating a ticking timebomb for global trade," Guy Platten, secretary-general of the International Chamber of Shipping told Lloyd's List late last week as the alliance plans were being finalised. "Some countries are beginning to respond to our calls and this issue is at last reaching to top of the in-tray, but we need urgent co-ordinated action if we are to get through the crisis."

According to the plans that have been rapidly drawn up by the Alliance members, collective crew changes at identified ports are a feasible short-term aim even in the midst of the coronavirus pandemic if state assistance is made available.

The alliance has identified key ports where collective crew changes can potentially be organised. The ports include Singapore, Houston, Rotterdam, Gibraltar, Jebel Ali, Fujairah, Hong Kong and Shanghai.

The alliance also developed what it describes a rigorous risk assessment methodology and action plans that can be implemented by operators to mitigate the risks of infection.

The plans have already gathered political support from several transport ministries, but the political push from the alliance is now aimed at gaining traction further up the political hierarchy given that most governments are currently assigning Covid-19 responses to cabinet level officials.

"Whilst we, as responsible owners and managers, would have to work on the micro level to deal with the logistics of transporting a seafarer from his home to the vessel and vice versa, matters such as access to airlines and airports and immigration clearances are political decisions," alliance members said a joint statement.

"This really is a time bomb. It is imperative governments recognise this and take action." said Captain Rajesh Unni, chief executive of the Singapore-based ship manager Synergy Group.

"We understand Covid-19 is a black swan event. But measures aimed at protecting society were never intended to prevent key workers from carrying out tasks essential to the ongoing wellbeing of society. These policies were also not intended to be detrimental to the welfare of key workers such as seafarers.

"Yet that is exactly what is now happening. Current policy represents a potentially disastrous own goal".

Every month around 100,000 seafarers are rotated on or off vessels worldwide in accordance with international safety and working hours regulations. However, the closure of borders and strict quarantine rules are preventing crew changes from being completed in accordance with employment contracts and international conventions including the Maritime Labour Convention, leaving thousands stranded at sea for periods far beyond their contracts.

While flag states have been extending the contracts and there is a general industry consensus that a pragmatic approach to the regulatory enforcement will have to be applied, several shipmanagers have told lloyd's List that they are increasingly concerned that the current situation is going to be detrimental to the mental health and wellbeing of crew to work for such extended periods without any downtime.

"As an industry we need to understand that the mental health and wellbeing of seafarers is a real concern" Graham Westgarth, chief executive of V.Group told Lloyd's List.

"We need to support our seafarers in whatever way we can. But it's not a tenable situation — if this goes on for another month or two months, that then I do fear that for the potential consequences related to the safety of individuals and ships," said Mr Westgarth.

"Simply put, governments need to adopt mechanisms which allow unencumbered movement of seafarers to and from their vessels," he added. "The European Commission has issued guidelines to this effect. These should be adopted not only by EU members but on a global basis.

"The shipping industry recognises that it needs to play its part by putting in place relevant risk mitigation strategies."

While the unified approach by the alliance and backed by industry associations including the International Chamber of Shipping and the International Transport Workers' Federation marks an attention-grabbing political push for the plan, most of the shipmangers involved also concede that they are preparing an extended period of challenging operations.

"It's a wartime situation, where the norms have changed for now," said Columbia Shipmanagement chief executive Mark O'Neil. "We have to manage the situation and potentially create new norms going forward. I think we all accept, that even once we see a relaxation of the lockdown restrictions there will then be a huge backlog to deal with.

"But we have to steel ourselves and our people for the reality that there is a very real possibility the crew won't just be on board for one extra month — it could be could be two, it could be three," he told Lloyd's List.

The alliance represents more than 1,500 vessels and over 70,000 seafarers and includes: Norden, Grieg Star, Reederei Nord, Dynacom, V.Group, Wilhelmsen Ships Service, Pacific Carriers Limited (PCL), Magsaysay, Augustea, Columbia Ship Management, Inchcape Shipping Services and Synergy Group.

WHAT TO WATCH

PIL denies 'bankruptcy rumours' while defending divestment strategy

THE slew of divestment deals in recent months that have seen Pacific International Lines pocket $1bn were not fuelled by a need to trim down debt, but rather by a desire to rationalise the family-owned portfolio in the light of unfolding unfavourable macroeconomic forces, according to executive chairman SS Teo.

PIL — the largest family-run boxship company based in Singapore — has sold factories run by its Hong Kong-listed subsidiary, Singamas It has also sold its controlling stake in Pacific Direct Line and about a dozen vessels over the past 16 months.

In total, it has raised $1bn in gross proceeds. While Mr Teo acknowledged some of this would go to paying down outstanding debt, he maintained that these deals were not done under financial duress.

The second-generation PIL successor was clearly keen to address months-long concerns surfacing in the media about the financial health of his family business empire.

PIL has allegedly chalked up large bunker bills, leading up to the arrest of a vessel on its fleet in January by one affected supplier. The market has come to link its recent divestments and troubled relations with bunker suppliers with a developing cash crunch.

The speculation around the company prompted it to take the unusual step this week to issue a statement challenging "rumours" and "false claims" about a "potential bankruptcy".

"PIL would like to clarify that these rumours are totally false and the information and content derived therefrom are unfounded," it said.

It said that it and its subsidiaries in China "have fully resumed operations" and that the company "has been making steady progress and is currently actively preparing for a strong rebound after the epidemic."

It added: "In the face of an increasingly complex and uncertain global market environment, PIL has remained resilient by embarking on a service rationalisation which will focus our efforts on key liner markets in Asia, the Middle East, Africa, Oceania and South America.

"Our strategic business integration has enabled us to be well-positioned in capturing market opportunities brought about by the Belt and Road Initiative), and moving forward, PIL will continue to strengthen our leading position in the North-South routes."

Boxship sales

Mr Teo said that the sale of six 12,000 teu boxships Seaspan and Wan Hai unveiled in March priced the vessels at "above book valuations".

"We only sold ships because the offers were good, not purely to raise money to pay debts," he told Lloyd's List in an interview.

Seaspan and Wan Hai disclosures suggested the deals priced each ship at over $90m apiece, higher compared with the average newbuilding cost PIL commissioned with shipbuilder Yangzijiang back in 2015.

Judging by these numbers, Seaspan and Wan Hai seem to have paid fair prices for the acquired boxships.

Including these vessels, PIL has sold seven of a dozen of 12,000 teu series of ships delivered from YZJ plus three others this year. This followed on from the sale of about half a dozen smaller vessels the year before.

Mr Teo explained that a decision was made to withdraw from the Transpacific trade early this year, leading to the sale of tonnage — including some 12,000 teu units — plying this East-West trade.

"These ships were previously earmarked for joint TP services with Cosco but they became surplus tonnage when we decided to exit TP trade."

PIL first started reviewing its services last June when a protracted trade spat between the US and China was seen escalating.

Mr Teo noted that the retaliatory trade tariffs between the two superpowers had resulted in cancellations of transpacific shipments.

Some trade volumes also shifted to Vietnam and shipping rates on this major trade fell short of matching expectations.

Signs of changing trade flows following the coronavirus outbreak further backed PIL's exit from the transpacific.

"We believe the north-south and south-south trades would be more robust compared to the long-haul transpacific and Asia-Europe trades," Mr Teo said.

PIL has retained five 12,000 teu ships, four of these are still trading in the Red Sea and one other plying services lined for Africa.

It has likewise elected to let go of a 60% stake in PDL for a good price to Neptune Pacific Line, which now holds 40% of the business venture.

Mr Teo deemed the PDL services between New Zealand and South Pacific as "non-core" to PIL's overall portfolio.

Factory sale

As for the sale of Singamas' factories to Cosco, he suggested that it no longer pays for PIL to carry on with the box manufacturing business.

"Margins for manufacturing have been low and demand for new containers is very volatile and subject to fluctuations in trade volume.

"It is getting tougher for foreign players like us to keep manufacturing businesses going in China as the country is tightening environmental and labour laws."

But the sale of these businesses to Cosco pegged at Yuan3.8bn (now $540m) stood out for booking a loss on disposal of about $15m.

Mr Teo described this as "a one-off loss" partly accruing from exchange rate conversion between the US dollar and Chinese yuan.

He also sought to distance the Singamas deal from the close ties between PIL and Cosco, arguing that it was a commercial decision for a listed entity that would come to benefit the industry at large.

"Cosco is a serious and responsible player — they bought the factories and kept them running thereafter.

"They can choose to build new factories rather than acquire existing ones but that would have tripped up the industry with excess capacity building."

PIL has long been rumoured to be an acquisition target for the much larger, state-owned Cosco group.

Mr Teo reiterated that PIL is not for sale.

But sceptics have questioned whether PIL, with its highly leveraged balance sheet, can realistically interest decent suitors.

PIL has advised that it expects to lower its gearing — defined as net debt to earnings before interest, taxes and amortisation — to seven times on paying down debts with the proceeds drawn from the divestments since early 2018.

The shipping group had more than $4.9bn of liabilities and in excess of $351m cash and short-term deposits on its books as of June 30 last year.

It owed more than $680m to trade creditors and run up almost $1.14m in financial leases before the sale of the seven 12,000 teu container ships.

PIL's trade credit woes have piled up when "bunker prices shot up dramatically" at the start of this year, causing the group to "exhaust" credit limits and chalk up outstanding bills, Mr Teo said.

One bunker supplier went to seek a court order to arrest PIL's vessels, but he maintained that the court papers "were not served on us before the ship arrest".

"The ship was also released within 24 hours from its arrest," he said.

Singapore bunker sales rebound as China reboots economy

SINGAPORE'S bunker sales jumped 5.7% on year last month on the back of increased cargo flows through its port as factories shut due to the coronavirus pandemic restarted operations in China.

The world's busiest bunker hub posted 4.32m tonnes in marine fuel sales for March, up from 4.09m tonnes a year ago and 3.88m tonnes the previous month.

It handled more cargoes by tonnage terms. March throughput was 53.08m tonnes, up from 52.02m tonnes the same month last year and 47.63m tonnes in February.

For the first time in years, however, the number of vessels calling at Singapore slipped under 10,000.

March saw just 1,399 containerships visiting Singapore, down from 1,509 the year before.

This decline is partially offset by year-on-year increases seen in two commercial shipping categories — 1,446 bulk carriers and 2,417 tankers called at Singapore in March, up from 1,273 and 1,978 respectively.

Bunker industry veteran Simon Neo suggested that bunker inquiries have risen in the past month.

China's economy coming back to life again has helped to boost trade flowing through Singapore and other key ports.

Still, with key European countries remaining locked down, Asia-Europe trade has not fully normalised and this possibly contributed to a reduction in Singapore's container vessel traffic, he added.

Others pointed to tankers being mobilised for floating storage worldwide and the transport of chemicals used in manufacturing of chemical products as the likely cause of an increase in Singapore's tanker arrivals.

On the flip side, Singapore's move to restrict crew changes in its bid to contain the coronavirus outbreak at home has not helped bunker sales at its port.

Lloyd's List has learnt that the completion of certain sale and purchase transactions on vessels could not take place in Singapore because the crew could not board the ships involved.

In some cases, these ships ended up moving on from Singapore to refuel and carry out their crew rotations elsewhere, sources told Lloyd's List.

Opec cuts and weak oil demand to hit tanker rates

WEAKENING global oil demand and production cuts by the Organisation of the Petroleum Exporting Countries will keep downward pressure on tanker charter rates throughout this year, according to analysts.

In an attempt to improve the balance in the global oil market, the 23-country Opec-plus alliance announced its larges production cut yet seen of 9.7m barrels per day effective from May 1 until June 30 this year, with October 2018 output levels used as the baseline for all members except for Saudi Arabia and Russia.

The production cuts would reduce to 7.7m barrels per day, effective from July 1, 2020 for the rest of the year and then decrease further to 5.8m barrels a day effective January 1, 2021 until April 30, 2022. This is subject to review in December 2021.

However, Iran, Venezuela and Libya are exempt from the cuts.

The coronavirus outbreak and the ensuing sharp decline in oil demand, coupled with an ongoing price war between Saudi Arabia and Russia, had brought oil prices to the brink.

As the pandemic prolongs itself, there are estimates that it could knock out as much as one third of global oil demand.

Norwegian investment bank Cleaves Securities said in a recent note: “As demand for oil tankers mainly stems from transportation of oil, we estimate a massive 11% year-on-year drop in transportation demand for tankers for the remainder of the year from the reduced oil supply.”

Shipbroker Braemar ACM had similar views and said that tanker demand was likely to soften as spot fixing for cargoes to be loaded in the first week of May would start in earnest this week. Cargo availability in the Middle East Gulf region was likely to be 4.7m barrels per day lighter versus the average in the first quarter of 2020 as production cuts staredt to reduce supply.

Cleaves analyst Joakim Hannisdahl said there was strong short-term support for oil tankers from storage economics, “but the oil tanker demand outlook from second half of this year until 2022 has deteriorated significantly from lowered oil supply and an upcoming destocking cycle”.

Against an estimated onshore spare storage capacity of approximately 900m barrels as of end-March, Cleaves forecast 948m barrels of petroleum oversupply by end-August, which means about 23 additional very large crude carriers equivalents are needed as floating storage, rising to 30 by May 2021, representing 1.6% of the total oil tanker fleet.

However, Mr Hannisdahl said those numbers were highly uncertain, especially with regard to the size of spare capacity and the potential impact of inertia and inefficiencies in the petroleum infrastructure. “In this scenario, required additional floating storage would likely be higher and not as binary, which fits well with the large increase in tankers being employed on storage lately.”

OPINION

Shipping’s return to ‘normality’ is no longer on offer

CRISIS management is big business. Having a good strategy in place, stress-tested and with the full engagement of colleagues, is likely to make all the difference between a company that survives and thrives and a company that falls, *writes Richard Clayton*.

However, while protecting corporate reputation from a maritime pollution incident or a vessel casualty can be rehearsed, protecting corporate continuity when a coronavirus outbreak destroys your business model is an altogether different proposition. This is crisis management on a completely altered scale.

Already business strategists are preparing for a post-coronavirus world that will look and feel distinctly different from what we knew in late 2019. And because these strategists talk of new behaviours such as home shopping, video conferencing and greater collaboration, it’s more than likely that the impact will cascade down to shipping.

In its position paper ‘How will things be different when it’s all over?’, released in mid-March by the Henderson Institute, Boston Consulting Group’s strategy think tank, the authors opine: “A crisis is like a receding tide — it reveals the rocks beneath the surface that were there all along.”

They argue that this particular crisis will divide companies between those expecting to resume operations without looking back, and those who regard the lessons learned as opportunities to improve their organisational effectiveness. The Sars outbreak of 2002-03 is credited with being one of the accelerators for the adoption of e-commerce in China and the rise of Alibaba. Needs must; and the value of that experience was understood.

The Henderson authors pick out six elements characterising companies growing into emerging opportunities. Successful companies will identify new prospects in adversity, and will acknowledge the requirement to rethink their business model.

They will be listening attentively to the weak signals of shifting patterns of behaviours and demand and refocus parts of the business accordingly. They will be agile enough to respond rapidly to new business yet continue to focus on an — admittedly transforming — long-term agenda.

If all this seems outside the immediate experience of slow-moving maritime businesses, think again about those rocks revealed by the receding tide. For many companies, simply returning to the 2019 normal will achieve little else than the comfort of old problems.

The coronavirus aftermath is likely to see competition from new rivals and even from outside the industry itself.

That will be especially true if, as now appears a real possibility, the initial collapse in demand for shipping is followed by an uneven and unsteady revival. A return to normal for some companies won't happen until mid- to late-2021, by which time the economic drivers will have changed.

What will this mean for shipping's bigger challenges: decarbonisation, digitalisation, and recruitment?

The International Maritime Organization is not expected to delay its emissions target, but it will be affected by shipowners' exhausted financial resources; similarly the benefits of increased adherence to the Internet of Things are less obvious when the money is unavailable for significant expenditure on technology.

Recruitment worries have been simmering away in the background for a decade. In the period of post-coronavirus revival, recruitment of the brightest and best can also be expected to divide.

Those companies keen to spot opportunities in adversity, refocus where necessary, and move swiftly should thrive. Those that wish for a return to 2019 probably won't.

Crisis management has much to do with mindset management.

Don't count on a V curve to help navigate the uncertainty

IF the global maritime industry is hoping for a V-shaped recovery in the wake of the coronavirus pandemic, it may have a long wait, *writes Eric Watkins*.

With factories beginning to ramp up production in China, the supply side is beginning to normalise and the question is how soon the demand side will rise to meet it.

Faced with uncertainty over the restart of demand, ocean carriers have sensibly begun cutting back on their sailings for the foreseeable future.

Alphaliner recently reported that 250 or more scheduled sailings will be withdrawn around the globe in the second quarter in response to "rapidly fading" demand.

It reported that a "fresh round of blanked sailings" is set to hit the market from April, as carriers have announced capacity withdrawals of up to 30% for various routes, including the transpacific.

The port of Los Angeles has announced some 30 blank sailings between April 12 and July 11 this year as carriers cut back on capacity to avoid running ships on journeys that don't begin to repay their costs.

But will that three-month window of reduced sailings be long enough?

Experts on US Sunday talk shows differed on the time-frame necessary for the recovery of demand, some saying it could begin as early as May 1, while others are seeing a much longer wait.

Anthony Fauci, director of the National Institute of Allergy and Infectious Diseases, said some parts of the US could possibly begin rolling back restrictions as early as May.

"We are hoping at the end of the month we can look around and say, 'Is there any element here we can safely and cautiously start pulling back on?' If so, do it. If not, then just continue to hunker down'", Dr Fauci said on CNN's State of the Union.

The situation will differ by region and will have to be a gradual process, he said. "It is not going to be a light switch."

Food and Drug Administration Commissioner Stephen Hahn told ABC's This Week that it was "too early to be able to tell" if May 1 is a good target to reopen the economy.

But he said: "We are hopeful about that target."

"We see the incredible resiliency of the American people with respect to social distancing, hand washing and all of those mitigation factors. So, that gives me great hope," he said.

Back to work

Hope alone will not suffice, according to New Jersey Governor Phil Murphy who said he would be the "happiest guy" in the country if his state is able to reopen by May 1, but he warned that healthcare recovery has to take precedence over economic recovery.

"Any sort of an economic reopening or recovery depends first and foremost on a complete healthcare recovery," Mr Murphy said on CBS News' Face the Nation.

"If we either transpose those steps or we start to get back on our feet too soon, I fear based on the data we're looking at we could be throwing gasoline on a fire."

Neel Kashkari, president and chief executive of the Federal Reserve Bank of Minneapolis told Face the Nation it would be "wonderful" if a new therapy were developed in the next couple of months, giving people the confidence needed to go back to work.

"Then, potentially, we would have a V-shaped recovery," he said. He argued that a more likely scenario, barring some sort of healthcare miracle, was that "we're going to have various phases of rolling flare-ups".

"We just don't know the path of the virus," he said. "That is going to determine how long the shutdown needs to take place and, ultimately, how many Americans lose their jobs and how quickly we can get them back to work when the economy turns back on."

As a result, he said there is a "wide range of estimates" of how wide or how high the unemployment rate is headed. But he insisted that it's "all driven" by the virus and by "how effective" the healthcare system is in catching up and controlling it.

"This could be a long, hard road that we have ahead of us until we get to either an effective therapy or a vaccine. It's hard for me to see a V-shaped recovery under that scenario," he said.

"I think we should all be focusing on an 18-month strategy for our healthcare system and our economy", he said. "If it ends up being shorter than that, that's great. We should prepare for the worst-case scenario."

In the absence of a clear time frame, the strategy in planning for the worst-case scenario was perhaps summed up best by Robert Bugbee, president of Scorpio Tankers.

"I think our first task in this market is to make sure we [look out as] well as we can for the safety of our crew and our shore personnel and the safe operation of the ships" and "take in cash", he told a recent conference.

In a word, batten down the hatches for the long haul and, while one may hope for the V-shaped curve, don't count on it.

ANALYSIS

Box carrier outlook worsens as pandemic progresses

THE blanked sailings that the container shipping sector is witnessing could just be the second phase of an ongoing downturn that could leave some box carriers in a precarious position.

Speaking in a webinar hosted by BIMCO, Sea-Intelligence chief executive Alan Murphy said that the first wave of blankings this year had been driven by a fall in supply as China's factories closed for the extended lunar new year holiday in late January in an effort to prevent the spread of coronavirus.

But the failure to contain the outbreak and the spread of the global pandemic had changed the dynamic, Mr Murphy said.

"Up until now the blankings have mainly been driven by a supply crisis, as China did not have the production capacity that it normally has," he said.

"The impact that we have seen so far has been a doubling of the impact we would normally have from Chinese New Year. But looking at the 12 weeks ahead, we are seeing a considerably larger impact."

That increase was due to a collapse in demand at the destination regions. This had led to 3m teu of capacity being taken out of service, or 2.4 times the usual blankings seen during Chinese New Year.

That had resulted in one fifth of capacity being taken out of the transpacific market and even more on the Asia-Europe trades, Mr Murphy said.

But there could be worse to come.

“Of the capacity taken out in the next 12 weeks, the majority falls in the next five weeks,” he said. “That either means that the carriers expect the main drop to come in the coming five weeks and then it will temper down, or it just means they just haven’t scheduled cancellations yet. We might very well see a continued 30% capacity reduction in the coming weeks.”

The impact on carriers of this fall in capacity and demand was hard to determine yet, but could be severe, Mr Murphy said.

“If we assume the current impact is spread globally, we’re probably seeing a demand loss of 6.5m teu, or 4% of 2019 global volumes. But that is assuming we see no more blank sailings.”

In comparison, the fallout from the global financial crisis saw volumes fall by 15% in 2009.

“Our predictions for full-year 2020 is for a global volume loss of 10%.”

If the fall in volumes is accompanied by a fall in container freight rates, as it was in 2009, carriers could be looking at wiping out the combined operating profits of the sector from the past eight years.

Beyond that, however, carriers could be facing a third phase as the potential recessionary impact of the pandemic takes hold.

“What is going to be the medium-term impact over the next year or two of what is very likely going to be a prolonged recession? It will have a very strong negative impact on container shipping demand.”

Further out, there was a further threat from changing geopolitical perspectives.

“Any politician with an anti-trade agenda now has a few more bullets in his gun. We have already seen discussions on how to reduce trade with China. Protectionist measures are very likely to come as a result of this.”

The pandemic had shown how exposed developed economies were to deepsea supply chains.

While the full effects of the pandemic were yet to be known, Mr Murphy was confident that carriers could survive, although some may need state support.

“In the past 30 years, we have only seen one bankruptcy of a major carrier,” he said. “Hanjin is still fresh in everybody’s memory and I think people will move very fast to avoid another Hanjin.”

The much-need consolidation in the sector had led to stronger large carriers, but smaller lines still remained at risk. “If we do see the worst-case scenario, the industry cannot handle that.

“There may be the need for some kind of subsidy for liner shipping in order to avoid another Hanjin. That would be so much more costly than saving a failing carrier.”

Piracy report warns of ‘real threat’ to crews

PIRACY and armed robbery at sea is on the rise, according to the latest quarterly data.

The International Maritime Bureau documented 47 attacks on ship in the first three months of 2020, compared with up 38 in the same period last year. Actual boarding by pirates accounted for 37 cases, the industry watchdog said.

The Gulf of Guinea remains the world’s piracy hot spot, with 21 incidents overall, including three in which a total of 17 crew members were kidnapped, at distances between 45 and 75 nautical miles from the coast.

Perpetrators are usually armed, approaching vessels in speedboats, and then boarding them in order to steal stores or cargo, or to abduct crew to demand a ransom.

More positively, there have been no hijackings in the last two quarters, and there were no incidents around Somalia.

The IMB urged shipowners to stay vigilant, and called for continued international co-operation to tackle the problem.

“Navy patrols, onboard security measures, co-operation and transparent information exchange between authorities, are all factors which help address the crimes of piracy and armed robbery," said IMB director Michael Howlett.

"The threat to crew is, however, still real – whether from violent gangs, or opportunistic armed thieves inadvertently coming face-to-face with the crew."

Masters should diligently follow industry best practice and maintain watches, with early detection of an approaching skiff often key to avoiding an attack, he added.

While ten vessels were fired upon worldwide for the whole of 2019, four firearms incidents were reported within Nigerian Exclusive Economic Zone from the start of January to the end of March.

The IMB commended regional coastal state response agencies and international navies in the Gulf of Guinea for actively responding to reported incidents. However, many more attacks are going unreported, it warned.

Dialogue is described as having paid dividends in Indonesia, where strategic deployment of police patrol vessels has resulted in a continued decline in attacks on ships in most Indonesian anchorages and waterways.

In the first quarter of 2020, just five anchored vessels were reported boarded, mainly by way of low-level armed robbery.

In the Singapore Strait, where no attacks were reported in the first quarter of 2019, five ships were boarded while under way. Although these can also be classified as low-level armed robbery, they represent a potential distraction to crews navigating in congested waters.

The anchorage of Callao in Peru saw five incidents in the last quarter of 2019 and three in the first quarter of 2020.

In one case this year, three crew were apprehended by nine robbers who boarded their vessel to steal ship's stores. Two crew members were injured.

MARKETS

Blank sailings hit port of Oakland's March throughput

THE port of Oakland recorded a decline of 7.4% in its loaded container volume for March compared with last year, a reduction shared with other ports along the US west coast as the effects of the coronavirus outbreak continue to wreak havoc on global trade.

Oakland's March containerised imports fell 10.3% from March 2019, while its containerised exports were down 5%. Exported empties plummeted 23%, as the port's overall volume declined 11%.

Officials attributed the steep declines to the reduced number of ship calls into the port, which fell 10.6% last month compared with March 2019.

James Hill of the San Francisco Marine Exchange, which monitors ship traffic in the Bay Area, told Lloyd's List that just 95 boxships reached the port in March, down 23% against the average of 123.3 for the past five years.

Oakland officials said their throughput figures are much in line with other ports up and down the US west coast which have reported decreased volumes due to the impacts of the coronavirus – including blank sailings.

Last week, the port of Los Angeles said its March imports decreased 25.9% to 220,255 teu compared to March 2019, while exports decreased 23.8% to 121,146 teu. Empties declined 44.5% to 108,168 teu.

The port of Long Beach said it moved 517,663 teu in March, 6.4% fewer than in March 2019. Imports dropped 5% to 234,570 teu, but exports rose by 10.7% to 145,442 teu. Exported empties fell a whopping 21% to 137,652 teu.

Long Beach saw 19 cancelled sailings in the first quarter of 2020, contributing to the 6.9% decline in overall cargo shipments compared to the first three months of 2019.

Blank sailings are expected to worsen according to Alphaliner which last week said more than 250 scheduled sailings will be withdrawn around the globe in the second quarter, as carriers react to rapidly fading demand.

It said that a "fresh round of blanked sailings" is set to hit the market from April, as carriers have announced capacity withdrawals of up to 30% for various routes, including the transpacific.

Two Asia-USWC services will be suspended, one by the 2M partners Maersk and MSC, and the other by THE Alliance members Hapag-Lloyds, ONE, Yang Ming and HMM, which also will remove the equivalent of two loops from the transpacific with four services becoming fortnightly.

While the OCEAN Alliance has yet to announce "drastic capacity cuts", it will blank 15 sailings in April and May, Alphaliner said.

Meanwhile, the Global Port Tracker report published by the National Retail Federation projects a 15.5% drop in US west coast containerised imports between March and August versus the past six months – September through February – compared to a 6.4% slide between the same two periods of last year.

For Oakland alone, the report projects a 14.8% drop in containerised imports between March and August versus the past six months – September through February – compared to a 2.9% increase between the same two periods of last year.

IN OTHER NEWS

Niarchos foundation launches $100m global pandemic initiative

ANOTHER major name from Greek shipping has pledged millions of dollars to alleviate the effects of the coronavirus pandemic.

The Stavros Niarchos Foundation, established in 1996 after the death of the legendary shipping magnate, has launched a $100m 'global relief initiative' to help respond to the "severe and unprecedented" challenges posed by the crisis.

SNF said that the initiative would focus both immediately and long-term on some of the "most pressing" issues.

Oil industry considers tanker inspection options

THE oil industry is considering alternative methods to traditional vetting inspections of tankers in the face of prolonged coronavirus disruptions that could threaten the smooth flow of oil globally.

The Oil Companies International Marine Petroleum Forum, the association of oil companies that focuses on safety and environmental standards for tankers, is actively assessing what kind of new inspection policies it could implement, including virtual inspections, but is warning they could take up to a year to implement.

Among the myriad of disruptions caused by the pandemic is in the ability of tanker industry stakeholders to carry out its trademark risk assessment, known as the Ship Inspection Report Programme.

PSA to invest $2bn in Saudi Arabia's King Abdul Aziz Port

PSA International will pump more than SR7bn ($1.9bn) into Saudi Arabia's King Abdul Aziz Port after it sealed a new terminal deal to build and operate both the First and Second Container Terminals at the port in Dammam.

In what is expected to be the largest seaport investment by a single operator under a public-private partnership, PSA unit Saudi Global Ports and Saudi Ports Authority, also known as Mawani, sealed the deal in a virtual signing ceremony, making SGP the sole container terminal operator of the port.

SGP will embark on a development and modernisation programme to transform the King Abdul Aziz Port into a mega container hub and increase the port's capacity to an estimated annual handling capacity of 7.5m teu when the planned expansion works are fully completed.

AAL to offer charities free freight carriage as part of coronavirus relief efforts

BREAKBULK and heavylift operator AAL is doing its bit to help during the coronavirus outbreak, offering cargo transport, free of freight charge, to registered charities worldwide who need to transport vital goods and equipment internationally and are suffering the financial effects of the global pandemic.

As part of its 25th anniversary this year AAL is offering these organisations cargo transport on its global fleet to and from any port on its scheduled sailings, free of freight charge as part of its 'Get Onboard!' corporate social responsibility initiative.

Managing director Kyriacos Panayides said: "The virus pandemic has taken its toll on not just the shipping sector but businesses and organisations everywhere – devastating supply chains and pressuring financial performance."

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