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Could coronavirus derail shipping's decarbonisation agenda?



NEWBUILDING ORDERS ARE FORECAST to hit a 50-year low point in 2020, according to the latest revisions to Lloyd's List Intelligence's shipbuilding outlook.

If evidence were needed, shipping's strategic decisions are currently on hold. The multi-billion dollar question is whether they have been put in hot or cold lay-up.

While the industry has collectively pressed paused on anything beyond operational decision-making for the moment, the assumption remains that a hiatus led by a U-shaped recovery will determine the pace of the industry's willingness to return to the generational project of digitalisation and decarbonisation.

With the regulatory agenda temporarily on ice, a short-term delay to decision making timelines is now inevitable. But as the macro economic forecasts darken, boardrooms recalibrate to survival mode and governments grapple with mounting debt burdens, the momentum achieved towards zero carbon shipping in 2019 starts to look like a distant memory and, indeed, priority.

As one prominent shipping chief executive put it to Lloyd's List this week "the industry is basically in time out right now".

So could coronavirus derail shipping's decarbonisation agenda?

While targets are long term, the urgency and the cost were topping the pre-coronavirus agenda for good reason. Halving shipping's emissions by 2050 could require \$1.4trn in investment and the timeline requires

zero emission vessels to become a viable commercial, safe and scalable reality in the 2020s, ideally the first half of the decade.

The immediate engineering investment is the least concerning part of that equation. If the recent low-sulphur shift has taught us anything it is that the real challenge is ensuring the new fuels are affordable and available where ships need them and very little of that is within shipping's gift to control.

Investment rethink

A fundamental overhaul of land-based investment in new fuel supply chains is required, along with market-based measures and a mechanism to share costs along the supply chain and ultimately the consumers of the end product.

We ended 2019 with the Poseidon Principles in play, the Get to Zero campaign building a head of steam and previously recalcitrant industry participants engaging in the detail of how to fund the research funding required.

Contrast that with the new economic reality that awaits us beyond the immediate coronavirus-fuelled financial crisis.

The contraction in China, the engine of global growth for the past two decades, is the starkest economic sign of the damage caused by the pandemic. The International Monetary Fund has warned of the worst global economic outlook since the Great Depression, with output losses this year expected to far exceed those that followed the financial crisis of 2008 — a period that decimated large swathes of the shipping sector.

Bandwidth is an issue. The shipping industry has a track record of dealing with problems in series, not in parallel. Consider the way in which sulphur was tackled as a separate issue to greenhouse gas emissions as a proxy for the general approach to holistic thinking, but on a more granular level this is still a fragmented industry where operators lack the basic capacity to engage beyond the immediate and regular crises that befall them.

External forces

But the more significant derailment threat to the decarbonisation timeline sits outside the industry and with the private sector investor, cargo interests, government-backed projects and of course the oil and gas sector.

While a handful of maritime industry leaders have been quick to assure that the green agenda will not

be jettisoned in the wake of the coronavirus crisis, the more interesting indicator of sentiment has this week come from some of the box sector's biggest customers collectively demanding a green recovery, at least from the European bloc.

The alliance of ministers, chief executive officers and researchers urged the European Union to build its recovery package after the coronavirus crisis around the Green Deal strategy of sustainable growth.

Government intervention

It could also be the case that the economic fallout from the coronavirus pandemic might actually help drive decarbonisation as governments consider stimulus packages and investments to rebuild economic growth and the resulting programmes focus on a re-setting on the carbon trajectory.

The EU Green Deal that has been proposed as a framework for investments in Europe rather sets the tone for an economic recovery with strings tied to renewable energy and green infrastructure development.

Also noteworthy was Shell's announced plans to deepen its greenhouse gas emissions reduction "ambitions", including offsetting emissions from oil and gas production by 2050.

If shipping is considering wavering in its mid-term ambition, the message seems to be that the pressure from the rest of the supply chain will not be letting up.

And then there are the less obvious outcomes of the current situation. We have already seen a significant move toward remote surveys and the challenges with crew changes are perhaps one of the greatest drivers towards increased levels of automation on board the next generation of vessels.

The coronavirus backdrop has catalysed — more effectively than any corporate thought leadership programme — the pressing need to accelerate the digitalisation of the industry, which in turn is one of the greatest potential efficiency drivers that the industry can invest in over the near term.

So much, of course, depends on how long the current situation lasts.

The shipping industry's decision over fuel choice may seem off beam in terms of the industry's agenda right now.

Climate change will always feel much further away than a pandemic on our doorstep and we still have

not got out of our national bubbles to justify why modifying actions on one side of the globe is justified by the plight of the people on the other side of the globe. It is, after all, an unfortunate reality that, much like climate change, coronavirus is creating more economic and health impacts in poorer parts of the world.

And the reality is that for all the positive progress towards decarbonising shipping, the industry was struggling to make tangible investment decisions even before the economic tsunami of coronavirus crashed through the global markets, upending every aspect of the shipping industry in its wake.

While the long-term goals remain unchanged, decarbonisation could now take a back seat while governments focus on rebuilding their economies, injecting further uncertainty into the regulatory timelines and leaving owners wary of making any firm decisions.

The progressive companies and political leaders will argue that progress cannot be paused completely. But a more realistic assessment is that in the near

term, at least, strategies will have to adapt and decisions will have to be taken. Previous assumptions regarding bridging technologies and fuel flexibility that would facilitate the transition from traditional fuels, may now need to be revisited as timelines extend.

Regardless of the industry's coronavirus recovery strategy, increasing complexity now comes as standard. There is no one size fits all solution to the industry's multi-fuel future, with uncertainty pervading every decision from the immediate arbitrage opportunities fuelled by transitioning fuel strategies to the longer-term future-proofing required to invest in ships, infrastructure and new business models.

Coronavirus will do little more than delay an already urgent need to take difficult decisions.

Join Lloyd's List managing editor Richard Meade and a panel of leading shipping and bunker industry experts for the [Lloyd's List 'Future Fuels Webinar', taking place at 9am BST/4pm SGT on April 23, 2020.](#)



Future Fuels Webinar

23 April, 9am BST / 4pm SGT



WHAT TO WATCH

Ports accumulation levels close to limit as insurers fear trade crisis

THE value of goods stacking up in many ports worldwide may now top the capped maximum payouts for any one accident set by insurers, known as accumulation limits, according to cargo insurance experts.

Some also expressed fears for the profitability of the niche in the event of a downturn in the volume of world trade in the months ahead, a prospect that many forecasters now regard as all but inevitable.

Most governments have declared continued trade flows an essential activity despite the coronavirus pandemic, which on paper allows ports to keep on

handling throughput in the face of any national lockdown.

However, a large number of logistics companies have taken the business decision to shut down anyway.

The net result has been a growth in cargo storage, sometimes without appropriate security. Consequences can include damage to perishable or temperature-sensitive goods, along with an increase in theft and fire risk.

Transit is also sometimes being delayed due to closed borders, hold-ups on customs clearances or

simple lack of personnel. There are even anecdotal reports of some cargoes being abandoned.

Cargo insurers will have to step up to plate for the exposure for cargoes lost or damaged. But some assureds are being forced to ask for more time to pay, it has emerged.

Mike Brews, an underwriting manager at Horizon Underwriting Managers of Johannesburg, described accumulation as his biggest immediate concern right now.

With imports deemed vital understandably getting priority, port congestion is being seen in South Africa, as other goods are stored in port areas, frequently taking exposure above the bands set by companies.

Accumulation limits are decided on the basis of such factors as estimated market share and overall volumes going through each port, and are typically in the order of hundreds of millions of dollars.

“Companies have limits on what they can write to a specific location. And this obviously puts pressure on those limits,” Mr Brews said.

The worst-case scenario would be a rerun of the Tianjin explosion of 2016, which saw a \$3bn hit for marine insurers.

“It’s not just a South African issue,” he said. “The last thing we need is somewhere in the Gulf of Mexico to have a hurricane or a tropical storm, because there is additional congestion in ports in that area too. Let’s hold on and hope it does not happen now.”

Horizon — and presumably many other companies — has seen some clients ringing up to ask if they can cancel or suspend policies until their businesses return to some sort of normality, or even to seek payment holidays.

“At this stage they’re not even trading, they don’t have any shipments coming in or any shipments going out. So they’re just sitting there,” said Mr Brews. “Obviously they’re trying to manage the expenses. We understand the situation. Everybody does. We’re trying to maintain our business as well as help our clients.”

Many larger clients take out annual policies covering them for pre-agreed volumes of shipments. The premiums are paid in monthly instalments. Some smaller concerns prefer to pay on a per-consignment

basis, although that ultimately works out more expensive.

Slack is being cut where possible, with many marine policies allowing some flexibility in terms of volumes, probably in the 20%-25% bracket.

Munich Re America’s Sean Dalton, speaking in his capacity as the chair of the International Union of Marine Insurance’s cargo committee, said that current reports point to a reduction in transit exposures, thanks to a reduction in world trade, with ships being taken out of trade and sailings cancelled.

“When goods are not moving, that results in larger static risk exposures, and I think that’s a valid potential concern, somewhat mitigated by companies employing just-in-time inventory techniques,” he said.

Where an accumulation of goods is genuinely beyond the control of the assureds, limits can exceptionally be stretched, perhaps by as much as 200%. However, such stipulations do not automatically apply to fixed storage.

“You certainly need to contact your insurance provider if you have exposures beyond the limits provided in the policy, to ensure you have adequate coverage,” Mr Dalton said. “Any high value or attractive type item would warrant additional measures from a security standpoint.”

Munich Re insures other insurance companies rather than cargo interests. But from a commercial insurance standpoint, most policies have some sort of deposit adjustment feature, Mr Dalton pointed out.

With a downturn in world trade more than possible down the line, the outlook for cargo insurers would most likely be one of reduced exposure, on the back of reduced volumes.

That could well be reflected on the bottom line for some insurers, Horizon’s Mr Brews noted.

“We’re concerned about the world economy and volumes dropping in a big way,” he said. “With people being locked down, there’s a lot less consumerism. So we’re anticipating turnover will be drastically reduced over the coming year. And that obviously will have an impact on profitability.

“It’ll have an impact on staff, whether we can afford to maintain our staff complements, and those sort of things. These are general concerns that aren’t marine insurance-related, but economics related.”

PIL eyes growth with Asia and Africa rebound

PACIFIC International Lines is betting on trade volumes between the emerging economies of Asia and Africa staging a faster rebound from the drastic downturn brought on by the coronavirus pandemic, compared with those for the transpacific and Asia-Europe trades.

SS Teo, the family owned PIL's second-generation leader, told Lloyd's List that even during the peak of the outbreak in China, cargoes continued to move through the country's International Land Sea Trade Corridor that connects western China to the rest of the world.

Before the outbreak, PIL had developed land-sea services on this trade corridor linking the world's second-largest economy to Africa, Southeast Asia and Central Asia via Qinzhou port in Guangxi and Lanzhou in Gansu.

While China now seems to have contained the outbreak and many of its factories have resumed production in March, exports from the country were seen expanding 60% during the same month over February liftings.

Mr Teo highlighted an "upward trend" this month in the outbound volume via ILSTC, with main exports including automobile spare parts, machinery and motorcycles to Africa, and construction materials and chemicals to Southeast Asia and South Asia.

He considered these as signs that this multi-modal corridor is gaining traction as an alternative to sea trade with China via its key ports and the Yangtze River.

The volumes are still small, but this is one new trade route through which PIL seeks to tap an expected growth in cargo flows between Asia and Africa.

He cited a 9% expansion in the volumes PIL shipped from Asia to West Africa and another 22% growth in its West Africa shipments to the Far East last year.

By his estimate, PIL commands a 16% market share over the Asia-Africa trade, which he believes puts the Singapore-based shipping group on a good footing to gain from the volume surge in this trade between these growing regions when they snap out of the coronavirus-led disruption.

"Emerging economies need to balance health and safety concerns with sustaining livelihoods," he remarked.

Noting that Vietnam has already resumed exporting rice, he expects other countries in Asia and Africa to "gradually ease lockdown restrictions and make away for some factories and service providers to resume operation".

However, Asia-Africa volumes are nowhere close to matching those on the largest east-west trades.

To back this argument up, one analyst, speaking at a recent BIMCO webinar, described the trade relating to Africa as "insignificant". The analyst also warned that PIL faces tougher challenges in defending its position against larger shipping lines, such as MSC, which has already moved in to capitalise on this emerging market.

Alphaliner founding principal consultant Tan Hua Joo offers a slightly different take.

"PIL is seen as the Asian carrier with the largest market share of African trades — this is what makes it attractive as an acquisition target."

Mr Tan stopped short of naming China's state-owned group Cosco, which has long been rumoured as a highly potential suitor.

Other observers have suggested that in this respect, the similar culture it shares with PIL — a business run by a Chinese family — would have supported Cosco's acquisition interest.

PIL's Mr Teo has repeatedly denied any truth in the market chatter that PIL is for sale.

Putting this aside, there is no denying PIL has a smaller footprint in Africa compared with MSC and two other bigger operators, Maersk and CMA CGM.

Mr Teo argued, however, that agility can outweigh size as a competitive advantage when it comes to serving trades in Africa or two other fast-growing regions, Asia and Latin America, given that ports there may not accommodate large containerships.

Still, Alphaliner's Mr Tan pointed to one larger concern pertaining to PIL's bet on the growth of certain emerging trades.

"The African continent — and especially countries in West Africa — are hit by both the coronavirus outbreak and the oil price crash."

PIL has also said that it will focus on Asia-Red Sea and Middle East-Red Sea trades.

International bodies have forewarned that the coronavirus outbreak and the economic disruption that is ensuing may worsen in Africa and the Middle East in the coming months.

African countries, including Cameroon, have nonetheless drawn on the lessons learnt from their previous battle against the ebola contagion in their efforts to contain the coronavirus contagion.

Mr Teo takes a contrarian view on West Africa's oil exposure.

"Resource-rich countries such as Nigeria have diversified their economies away from oil since 2016 and are better-placed to weather the current oil price crash," he argued.

Even if that argument is accurate, the International Monetary Fund has already warned this week that the world heading into the worst-ever global recession since Great Depression.

This will not bode well for container shipping demand.

Mr Tan foresees a broad-sector fall in earnings this year, which would complicate PIL's bid to improve its financial standing.

PIL has guided that its gearing — defined as net debt to earnings before interest, tax, depreciation and amortisation — would have come off to seven times on completing divestments done over the past 16 months.

These include the sale of seven out of a dozen of 12,000-teu boxships, about six other vessels on its fleet, factories run by its Hong Kong-listed subsidiary, Singamas, and its stake in Pacific Direct Line.

Setting out the plans, Mr Teo said: "We target to further lower this to five times over the next two to three years by lowering debt and improving our ebitda."

PIL posted \$238m in ebitda for the first half of last year, up from \$84m for the year-ago period, Alphaliner noted, drawing on financial statements that were released on Monday and Tuesday.

Full year ebitda for 2018 came up to \$200m.

Including financial leases but excluding amounts due to related companies, its total financial debt stood at \$3.86bn as of June 30 last year, with about a third of these due within one year, according to Alphaliner.

PIL exited the transpacific in March and Europe trades early last year.

ANALYSIS

'Hidden' floating storage to absorb more tankers

THE share of the tanker fleet that is chartered to store oil may have jumped significantly over the past few weeks, but the real numbers of tankers that are serving this purpose could become more apparent over the coming weeks.

The capacity of tankers being employed for short-term floating storage has already grown by almost 30m barrels of oil, or about 38 tankers, since the beginning of March, according to the latest data from Lloyd's List Intelligence.

With oil demand set for a record decline of 9.3m barrels per day in 2020, according to the International Energy Agency, and the recently agreed supply cuts deemed largely insufficient to meet the demand crash, the use of tanker

floating storage is expected to grow as a resting place for the pumped yet undesired oil and its products.

Hafnia chief executive Mikael Skov said interest in floating storage has already begun to pick up, with an increasing number of enquiries, which he expects to continue to grow.

But that interest may belie the extent of tanker use as floating storage.

"You will also see more hidden floating storage, which basically means you have voyages you are performing, but before discharging, you will be asked to wait and you will be waiting for longer periods of time," Mr Skov told Lloyd's List.

That may not have been a dedicated floating storage, he added, but inevitably a ship ends up storing product for quite a while before it discharges.

“Fundamentally, there is a lot more storage going on, which may not be described as structurally floating storage, but is virtually happening because ships are waiting with cargo on board, before they discharge,” Mr Skov said.

A number of reasons will prompt that behaviour, including a lack of land space to store the oil, as well as traders considering where to sell cargo at most profitable price.

Over the past week, five aframaxes exited short-term storage, while a very large crude carrier and a suezmax entered it, keeping the estimated capacity at the same level.

Lloyd’s List Intelligence cargo analysis manager Marie Bates noted that while some of the vessels that exited short-term storage this week discharged their oil, the majority started moving and heading to another port.

Whether those ships will discharge or hold on to the oil and thus return into what is classified as storage, remains to be seen.

Ms Bates said that historically in contango times, such as the one the market is seeing now, strategic storage facilities are built up to take advantage of the cheaper oil. Vessels have been seen to arrive off a port and not discharge.

“Some of these vessels were chartered for offshore and others had not been chartered, but no provisions had been made for them to discharge and they became storage by default,” she said.

Hafnia, which has one of the largest product tanker fleets in the world, with 89 vessels owned and 90 more on the pool, has fixed a “few” of its vessels as floating storage, according to Mr Skov.

Dry bulk operators optimistic despite uncertainty

DRY BULK owners are holding out for an upturn in demand and spot market rates in the second half of this year, as earnings have remained below breakeven levels for most classes of vessel.

However, he said the company has not changed its strategy away from products and towards carrying crude oil, but nonetheless maintains the flexibility of potentially moving either cargo, as offered by product tankers.

Opec-plus, the 23-nation alliance outside the Organisation of the Petroleum Exporting Countries, has agreed to oil supply cuts that are not set to kick in until next month. While spot rates for very large crude carriers, which typically carry 2m barrels of oil, have declined over the past week, they remain at high levels.

Oil prices plummeted throughout the week on the anticipation that the supply cuts would not be sufficient to counterbalance free-falling demand.

West Texas Intermediate dropped below \$18 per barrel, while Brent crude had jumped above \$28 a barrel on Friday afternoon, still considerably lower than the \$31.74 it had reached on April 13.

Frontline Management chief executive Robert Macleod said that he expects storage on tankers to continue to rise until oil price finds its feet.

“Importantly, a significant number of storage contracts have been concluded, but only a few ships have started storing, once storing starts, this should positively affect the spot market rates,” he told Lloyd’s List.

“It is like buying a house. You seldom move in on the day you sign the contract. Oil has, for the most part, not moved into tankers yet.”

Mr Macleod said Frontline, which controls a fleet of more than 70 tankers, will evaluate charter opportunities as they come but wants to maintain a large degree of spot exposure on the spot market.

“For every \$1,000 above our \$19,000 all-in cash breakeven, we make almost \$23m on an annual basis,” he said.

The coronavirus pandemic has effectively written off any hope of making much in the way of profits this year as rates in the past three months fell below breakeven levels and the Baltic capesize index this

year moved into negative territory for the first time in its almost 30-year history.

The demand for industrial and consumer goods has plummeted. This means the demand for the raw materials used in manufacturing processes is also set to suffer dramatically. This will hurt the demand for bulkers.

Forecasts on rates for the third quarter are a little better than the second quarter, but shipowners could still struggle to generate profitable returns from charter rates.

Although the International Monetary Fund made an unprecedented reversal of its global gross domestic product forecast for the current year, taking it from +3.3% a couple of months ago, to -3%, dry bulk owners are relying on the Chinese economy to normalise in the second half of the year, with economic stimuli adding to the usual seasonality.

While China has so far not announced the official GDP projection for the year, the IMF projection issued last week forecast a growth rate of 1.2%.

“We notice that the People’s Bank of China cut interest rates further on April 15, with broad credit growth accelerating, perhaps an indication that fiscal stimulus is working through the system,” Clarkson Platou Securities said in a recent note.

Ralph Leszczynski, the head of research at brokerage Banchemo Costa, argued that with “the economy in China suffering due to reduced external demand for Chinese manufacturing exports, and therefore the risk of rising unemployment, the government is likely to take refuge in the tried and tested policies of more investment in infrastructure, which will boost demand for iron ore and other raw materials” .

The greater role of east Asian economies in the dry bulk trades should partially shield dry bulk trades from the full negative effect of the lockdowns in most other parts of the world, he said.

Despite all this, growth in dry bulk commodities will most likely be well below the growth in fleet capacity, and might even be zero or negative, which will of course have a very negative impact on the freight market, Mr Leszczynski conceded.

However, Khalid Hashim, the chief executive of Thai dry bulk operator Precious Shipping, believes that a V-shaped recovery is on the cards for the dry bulk segment.

“In terms of stimulus, our last calculations showed that some \$10.5trn of stimulus had been legislated by different governments around the world to combat the ill effects of the coronavirus.” He pointed out that this is almost 11.7% of world GDP being thrown at the problem, “so the recovery, when it does come, will be very strong”.

Meanwhile, grain and bean trades have been showing remarkable resilience during these trying times, helping owners survive the virus outbreak.

While year-on-year soyabean exports fell 14% in the first two months, 11.6m tonnes were exported in March just after the economy reopened, sending total exports for the quarter into record-breaking territory, BIMCO data shows.

Danish grains consultancy BullPositions’ managing director Jesper Buhl noted that the demand for grains and beans was unlikely to be significantly dented by the current turmoil.

“The world’s inhabitants still have to eat, and pigs need to be fed. National and global trade policies are likely to shift in a less trade flow friendly direction, but good soil and growing conditions cannot easily be relocated to somewhere closer to consumers.”

Can supply help? Unfortunately, not for now. This is because even the usual supply-side levers are not at shipowners’ disposal at present. The closing of the ship-recycling yards in the Indian sub-continent region has placed a pause on what was shaping up to be a strong year for scrapping.

According to Evercore ISI analyst Jonathan Chappell, newbuilding deliveries for 2020 were already set to re-accelerate before the demand downshift. This means that even with likely delivery delays, the capacity prospects would depend on scrapping.

“The good news is that owners acted swiftly to the onset of the coronavirus, with overall scrapping already exceeding full-year 2018 levels; however, with most ship-breaking nations in lockdown, removals have ground to a halt, limiting one of the few levers shipowners could pull to attempt to bring dry bulk utilisation into balance.

“All told, the supply and demand balance for 2020 has worsened meaningfully from just three months ago, which — combined with lower-than-forecasted

first quarter spot rates — is likely to result in unfavourable year-over-year rate trends and another year of losses across the sector.”

Mr Khalid expects many more ships will head for the beaches due to the very low freight markets once India, Pakistan and Bangladesh restart their shipping recycling yards, mostly because of the fact

that costs from drydocks, special surveys and retrofitting ballast water treatment systems will all require a lot of money.

Mr Leszczynski expects a 3% net fleet growth expansion for dry bulk this year, with some delays in deliveries compensated by less-than-expected demolition.

MARKETS

Port of Virginia closes container terminal citing throughput downturn

THE port of Virginia, citing decreased throughput, has said it will close one of its container terminals and direct incoming volumes to two other container terminals at the facility.

“As an industry, we are faced with a record number of blank sailings, and idled containerships, due to the coronavirus pandemic. We have witnessed a marked decline in current and forecasted volumes from our shippers and ocean carriers,” the port said.

It cited an April 8 Wall Street Journal article that said: “Containership operators have idled a record 13% of their capacity over the past month as carriers at the foundation of global supply chains buckle down.”

The WSJ also quoted a report by Alphaliner that said shipping lines have withdrawn vessels with capacity totalling about 3m containers.

“In the light of market conditions, we find it prudent and necessary to take steps to consolidate our ocean carrier services and adjust our gate hours,” the port said.

“We just don’t have the volume to keep it open,” port spokesman Joe Harris said, referring to the Portsmouth Marine Terminal. “It’s easier to move that volume to other terminals,” he told local media.

“We’ve always known we were going to phase out container business at PMT,” Mr Harris said. He added: “Keeping PMT open is not really germane or necessary to maintain our import and export balance”.

But the current downturn in throughput clearly advanced the port’s timetable to phase out the terminal.

The port last week said that its March throughput fell by 8.6% over March 2019. The port saw 219,315 teu in March, with loaded imports dropping 7.4% to 99,129 teu and loaded exports rising 1.7% to 90,762 teu.

The decline in cargo can be attributed to reduced numbers of ship calls into the port, which had 14 blank sailings in the first quarter and expected another 40 blank sailings between April and August.

In February, Virginia Port Authority chief executive and director John Reinhart expressed concern about the coronavirus, even while anticipating improved volumes after Washington and Beijing signed the Phase One trade agreement concerning tariffs.

“We anticipate seeing a rebound in those cargoes in February, March and beyond, but the concerns related to the coronavirus are creating some new uncertainty in the industry,” he said.

At the time, it was announced that January’s cargo volumes were down more than 5% when compared with January 2019. The port said imports dropped by about 1% and that empty containers for export fell more than 27%.

Officials attributed the downturn to uncertainty over the coronavirus, an increase in blank sailings, an extension of the annual Lunar New Year break and quarantines in China.

“This remains a very challenging trade environment and we are adapting,” said Mr Reinhart who announced in January a new record for the port in 2019 as it handled 3m teu, a 3% rise over 2018.

As a result of the sudden reversal, PMT will close on May 4 and the port will direct ship traffic to the nearby Norfolk International Terminals and the semi-automated Virginia International Gateway.

The port's largest terminal, NIT, is dredged to 50 ft and can handle ships of up to 14,000 teu. Served by 14 super post-panamax class quay cranes, NIT can process some 1.4m teu a year.

Phase I of VIG's development, at 231 acres, can handle more than 1m teu a year, and its planned Phase II development will add about 60 acres of

additional space and a further 1m teu or more in capacity.

Despite the change, Mr Harris expressed optimism about the future of PMT, saying the port could reopen it if needed as a container terminal and, in any case, still plans to use it as a "multi-purpose facility".

IN OTHER NEWS

Call for all EU ports to be open for crew changes

EUROPEAN port groups have called on Brussels to facilitate crew changes at all European ports in an effort to keep trade flowing during the coronavirus crisis.

The European Union last week issue a communication requesting that member states should designate ports where fast track crew changes could take place.

But in a joint statement, the European Sea Ports Organisation and the Federation of European Private Port Operators have said that designating specific ports for crew changes risked affecting business at other ports that were equally important in the supply chain.

Forwarders call for more transparency in fuel surcharges

CARRIERS have been accused of benefiting from falling oil prices at the expense of their customers and using bunker charges to make up for falling revenues.

The European Association for Forwarding, Transport, Logistics and Customs Services (Clecat) said that the liner sector had benefited from a free-fall in the price of low-sulphur fuel oil that had been accelerated by the economic impact of the coronavirus pandemic.

"This should be good news for all those who have been hardly hit

by reduced volumes and shrinking demand due to the impact of coronavirus crisis," Clecat said in a statement.

Shell study looks to other industries for safety clues

THE maritime sector could benefit from safety practices adopted and implemented by other industries, according to a new study.

The report by the Institute for Employment Studies, commissioned by oil major Shell, looked at the factors that influence psychological and physical health among seafarers, how wellbeing can lead to adverse incidents at sea, and what interventions could be implemented to improve the wellbeing of seafarers.

The study, which took a year, found that "whilst interventions to improve health and wellbeing exist and are being implemented, they are fragmented, not aligned and therefore not optimally used".

Shippers face challenges as services are cancelled

MANY of the service cuts being applied in the wake of the coronavirus pandemic could become permanent, putting pressure on shippers to recalculate their supply chains.

"We have seen a second wave of capacity cuts caused by the

economic slowdown, but now it appears that, at least on some services, we are transitioning from capacity cuts that can be reversed to real network restructurings," TIM Consult analyst Clemens Schapeler said in a webinar presentation.

"We're not talking anymore about individual sailings being skipped but whole services being merged or suspended. This is on a smaller level than the initial capacity cuts, but it still looks as if some of what we are now seeing will be permanent."

Exmar reshuffles leadership after chairman succumbs to coronavirus

BARON Philippe Bodson, the chairman of Exmar, has died after contracting coronavirus, the company said. He was to be 76 in November.

A short statement on the company's website said: "On April 4, our chairman of the board Baron Philippe Bodson sadly passed away after his fight against coronavirus."

The Belgian company, which specialises in gas transportation, anointed chief executive Nicolas Saverys to take up the role of executive chairman. Francis Mottrie, who was appointed deputy head earlier in the year, will become chief executive.

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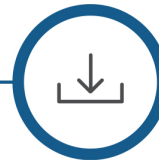
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