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## White knights line up for troubled Hin Leong and Ocean Tankers



**LEADING ENERGY AND** commodity companies are seeking roles in the rescue financing to be lined up for two key businesses of oil tycoon, OK Lim, even as the Singapore Police Force has launched a probe into his family-owned trading firm, Hin Leong.

Hin Leong, which has chalked up \$800m in futures losses over the last few years, has run up \$3.85m of bank debts as of early April, sources familiar with the situation have confirmed to Lloyd's List.

These losses have gone unreported and its financial statement still reflected positive equity of nearly \$510m on a net profit of \$78m for the year ended October 31, 2019.

Hin Leong and Ocean Tankers have sought protection from the Singapore High Court from mounting creditor claims to proceed with restructuring under Singapore's now more pro-rehabilitative legal regime.

Mr Lim has resigned from his offices at the two businesses to make way for the debt restructuring to proceed.

Singapore Police Force confirmed to Lloyd's List that an investigation is ongoing into Hin Leong's trades. According to The Business Times, the probe was triggered by a report lodged by the firm's creditor bank.

The inquiry has not deterred at least four major companies from seeking to partake in the debt restructuring of Hin Leong and its shipping affiliate, Ocean Tankers, Lloyd's List understands.

Temasek, Sinopec and China Aviation Oil along with a major trading house are said to have tried to reach out to either the Lims, their appointed law firm, Rajah & Tann, or financial advisers at PwC.

Temasek, Sinopec and CAO did not respond to requests for comment.

Mr Lim and his family have not responded to multiple requests for comments.

Sources say Temasek engaged with the Lim family late last year over interest in at least one of their business units.

The family decided not to go ahead with the then proposed deal, although their recent debt restructuring bid is seen as opening a window for Temasek to further its interest.

However, Temasek-invested Pavilion Energy has confirmed to Lloyd's List that it is not involved in talks relating to investments in or rescue financing for Hin Leong or its affiliates.

But Temasek — as Singapore's sovereign fund — is deemed obliged to ensure at least three parts of the larger family empire would continue business as usual.

Oil and bunkering industry veteran Simon Neo said: "If Singapore values its presence in international shipping, policy-makers will push for Ocean Tankers' rescue financing."

Jefferies analysts have flagged for instance, potential VLCC rate surge if Ocean Tankers' vessels stopped trading due to legal reasons.

Hin Leong's marine fuel arm, Ocean Bunkers, ranked among the top five bunker players by marine fuel sales in the last two years.

Mr Neo argued that it is in the interest of Singapore's standing as the world's busiest marine fuel hub to preserve Ocean Bunkering Services — the Lims' marine fuel unit.

OBS being forced to stop accepting orders would move Singapore fuel oil prices, Jefferies analysts have warned.

Hin Leong and its affiliates have also been enjoying ready access to the Universal Terminal in which the Lims still hold a 41% stake.

One trader deemed this as a priced asset to precious storage in land-scarce Singapore, also the world's

top oil and petrochemical trading hub, especially in light of the current contango market.

It is the Lim family's influence over the entire value chain — particularly in the bunkering industry — that sets their ongoing legal proceedings apart from those of OW Bunker. The parent company of a global network of traders and physical suppliers of marine fuels filed for bankruptcy protection in Denmark in November 2014 upon the discovery of fraud and unsupervised trading that resulted in losses of about \$275m.

Sinopec, as one of three China's national oil companies, is said to be in the running as one possible white knight for some or all off the Lims' businesses.

The NOC tried to apply for a bunkering licence with the Maritime and Port Authority of Singapore but has not been successful so far.

A trading giant also seeking to break in with Singapore's bunkering industry, and Singapore-listed jet fuel player China Aviation Oil, are two other potential suitors identified by sources so far.

The Lims and their ultimately identified white knights would still have to win over the majority vote, representing at least 75% of the debts being restructured, in order to press on with any rescue proposals.

This prerequisite outlined in Singapore's updated debt restructuring regime, also imply that no singular bank lender to Hin Leong may stand to sway the restructuring outcome.

HSBC has the biggest exposure, of \$600m, followed by ABN Amro on \$300m. Singapore's big three banks chalked up in excess of \$600m — DBS ranked the third largest lender with \$290m; OCBC and UOB were named in relation to \$250m and \$190m in loans extended to the trading firm.

Hin Leong has \$100m in outstanding loans with ICICI Bank, which has issued writs against Ocean Tankers' floating storage units, Wu Yi San and Chang Bai San.

Robson Lee, the Singapore-based partner of US law firm Gibson Dunn, argued however that Singapore's big three banks — DBS, UOB and OCBC — can still try to band together with other lenders and incoming white knights to extend breathing room to the parts of the Lim empire they choose to rescue.

He suggested that the Lims' business empire — which he viewed as 'victims of global circumstances' — warrants such effort as it is clearly far from reaching the end of the road.

Economic slowdown caused by the coronavirus pandemic and the subsequent oil price collapse have contributed to Hin Leong's liquidity squeeze, reportedly causing banks to pull credit lines tied to fulfilling its trades.

Hin Leong's exposure to vast oil inventory holdings was also widely seen as not adequately covered by hedges.

Reports have said Hin Leong ended up selling inventories pledged to banks to raise cash.

Certain lenders went after Ocean Tankers for having issued bills of lading for trades held by "various parties in the sale or banking chain", The Business Times reported.

The Lims have long been revered for building arguably Singapore's largest group of oil businesses.

But legal experts told Lloyd's List that their missteps, especially in running up massive unaccounted-for futures losses, do not put them in good stead with any white knights. They may have to settle for less if any control to make way for rescue financing to come in for what is left of their once-glorious business empire.

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## WHAT TO WATCH

# Floating storage profits surge as oil price collapse widens contango

THE historic collapse in oil prices amid a global shortfall of commercial land-based storage leaves floating storage on tankers as one of few viable options to address the unprecedented oversupply of crude overwhelming the market.

Stocks in listed tanker companies surged this week on expectations that producers will turn to the global fleet to store unwanted crude, as oil trades at the lowest levels in a generation.

The crash in prices means that the contango in oil markets — when the future price is higher than the spot price — is so steep that floating storage economics have never been so favourable.

The six-month spread of \$13.19 per barrel between the June and November contracts for Brent crude can yield profits of as much as \$17m over a six-month period of floating storage, Lloyd's List analysis shows.

Teekay Corp, Frontline, Scorpio Tankers and Hafnia were among the larger tanker owners listed on New York and Oslo exchanges that saw shares spike by as much as 25% since Friday as West Texas Intermediate crude traded in negative territory this week.

Demand for very large crude carriers and suezmax tankers for floating storage has been long hyped since the apparent size and scope of the coronavirus-led contraction in crude demand became apparent last month.

Yet while floating storage, defined as tankers at anchor for 20 days or more, is at the highest levels in records going back to 2009, the much-anticipated wave of chartering by oil traders has yet to fully materialise.

Some 160m barrels on 110 tankers is tracked storing crude according to Lloyd's List Intelligence.

That includes 56 VLCCs from the global fleet of 790. Some 38 in floating storage are owned by Iran's national shipping company and unable to trade because of US sanctions.

In addition to these numbers, tankers are now taking longer routes around the Cape of Good Hope to extend voyages, or face longer discharge delays in port because of storage issues.

There are also greater numbers of unsold or distressed cargoes. These figures are not immediately apparent in floating storage data, although if delays persist, they will be eventually added to the tally.

Back in 2009, the last time when collapsing crude demand triggered floating storage, some 54 VLCCs were tracked in floating storage, a much higher percentage of the total VLCC fleet, which then numbered around 500 vessels.

The oil market tipped into prolonged contango 11 years ago after the Lehman Brothers collapse

triggered a global recession, reducing oil demand and leaving spot prices much lower than the forward contracts.

However, the scale of that collapse is incomparable to today. With land and air transport worldwide paralysed by the global lockdown, a third of the 100 million barrels per day global consumption has been wiped out, sending crude prices spiralling even lower and the contango even steeper than back in 2008 and 2009.

There are estimates that commercial storage will be exhausted by next month in the US, unless the Trump administration allows commercial leasing of its Strategic Petroleum Reserve. There are other anecdotal reports that major storage hubs, including the Amsterdam-Rotterdam-Antwerp area, is also likely to reach capacity during the next eight weeks.

In 2009, when less dramatic conditions promoted floating storage, tankers were concentrated at anchor off Southwold, on the English eastern coast. Ship tracking data shows a handful of tankers in the area.

The current global crude oversupply — with the surplus in the US alone building by 2m barrels daily

## US-bound Saudi crude armada adds to oil price woes

THE US oil market is facing a perfect storm as it trades in negative territory for the first time in history with around 36m barrels of Saudi crude sailing for the US Gulf, and most due to arrive within the next four weeks.

At least 18 very large crude carriers laden with Saudi crude — the majority chartered by the kingdom's shipping company Bahri — are tracked on the water to the US Gulf, according to Lloyd's List Intelligence data.

The tankers are a legacy of Saudi Arabia's now derailed March pledge to flood the world with crude, which first triggered the collapse in oil prices.

Bahri chartered 25 VLCCs in less than five days in early March, igniting sky-high deals for tankers over the first quarter of the year as demand for tankers outpaced supply.

The kingdom's national shipping arm paid a rate equivalent to a record \$350,000 per day for one VLCC, *Sea Splendour*, at the height of the spike,

— now has oil futures on track for a floating storage bonanza unless other alternatives are quickly found.

On today's calculations, oil traders who buy oil on the spot market at current prices and take a futures position for its sale in six months can make substantial profits at today's current rates for six-month and 12-month period charters.

Floating storage calculations, based on the latest Brent prices — which fell \$6 per barrel on Tuesday to just over \$20 — place the cost of buying and storing 2m barrels over six months at \$2.09 per barrel a month, excluding carry and insurance costs.

The June contract was priced at \$20.22 per barrel and the November at \$13.19 per barrel, this yields a profit of \$17m, based on data compiled by Lloyd's List. That is based on the total \$49.7m cost of buying the crude (\$40.4m) and floating storage (\$9.78m). The assumed cargo value at the end of the deal is \$66.8m.

Brent crude is used as the international benchmark for crude pricing. West Texas Intermediate, which traded below zero yesterday, features contracts requiring physical delivery at expiry to the landlocked Cushing, Oklahoma.

which is now off South Africa's eastern coast and signalling the US Gulf as its next destination.

The VLCCs' arrival is likely to extend pressure on the West Texas Intermediate oil price in June, as the May contract traded as low as minus \$40 per barrel yesterday.

The chaos continued yesterday with the May contract, which is due to expire, returning to minus \$4 per barrel before ending up at minus 29 cents per barrel on the CME Exchange at 0900 BST.

The historic and unprecedented move to negative territory reflects the lack of commercial storage of Cushing, Oklahoma, the land-locked, physical delivery point for WTI crude. Storage is forecast to be full within weeks, leading to the negative May contract.

June's contract is trading at just over \$20 per barrel, well below the \$50 per barrel that shale producers providing 63% of US oil need for profitability.



The Saudi crude influx pits one of the cheapest global crude producers against some of the world's most marginal producers and represents a geopolitical squeeze for the Trump administration.

The first of the 18 VLCCs is due to arrive within 10 days and the remainder over May, further pressuring the June contract which expires on May 19. In addition to the rising crude surplus in the Permian, there will be an excess of oil at the US Gulf, where most of the country's refineries are based. Some 1.19m barrels per day is estimated to be arriving in May from Saudi Arabia, the most since April 2018, according to Lloyd's List intelligence.

Saudi crude will comprise nearly a quarter of US imports next month, compared to less than one-eighth of volumes arriving in January and February.

More broadly, the WTI price rout signals the end of US energy independence as the coronavirus-led demand crash cripples the shale producers that transformed crude and refined product seaborne trades during the past four years. Indebted shale producers have \$30bn in debt maturing in 2022, and about \$20bn in 2021 with widespread bankruptcies now forecast.

The massive oversupply of crude in the US and negative oil price is the most dramatic indicator of how steeply demand for land and air transportation fuels has fallen with global crude consumption now

estimated to be a third lower during the past few months.

It also signals that the 9.7m bpd in production cuts agreed by the Organisation of the Petroleum Exporting Countries and its allies is not sufficient to stabilise the oil price.

Tanker owners are banking on demand for floating storage of crude and refined products to buoy rates in the face of these crippling figures.

The crude oversupply facing US-produced crude — now estimated at 2m bpd — is difficult to redress via floating storage. Shale oil needs to be piped or trucked from the Permian basin to the US Gulf, in addition to the other costs for floating storage.

President Donald Trump failed in an attempt to persuade Congress to fund the purchase of shale oil for the country's Strategic Petroleum Reserve to help alleviate the surplus and commercial storage shortfall. That has led to speculation of another option to lease space in the SPR.

Current Oklahoma commercial stocks totalled 54.9m barrels for week ending April 10, according to the US Energy Information Administration.

Stocks peaked at 68m barrels in April 2017, although this reflected the lack of pipeline capacity to ship crude for export to the US Gulf, rather than any fall in demand.

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## OPINION

# Yard Talk | Ship repairers in virus gloom

SHIP repair yards should really thank the International Maritime Organization. The rush to install scrubbers and ballast water treatment systems fuelled by its new environmental rules had brought them many good days since last year — until the coronavirus outbreak and oil price collapse.

Before that, the Chinese ship repair association, known as SPCC, said in its annual report that 2019 was the best year its members had during the past decade, seeing combined revenue top Yuan22bn (\$3.1bn). Even in the virus-stricken first quarter of 2020, their total output was up 84% year on year.

A case in point was Cosco Shipping Heavy Industries (Guangdong), a major player in the sector. The company said it completed repairs or retrofits

on 44 vessels, of which 15 were for scrubber fittings and 10 for BWTS.

Compared to traditional ship repairing projects, installation of scrubber and BWTS delivers a much greater contract value, especially after prices were pushed up by the earlier surge in demand. Yard sources in China said the two devices could make up 60% of the revenue for large state-owned repairers, such as CSHI, last year and 30%-40% for their smaller, privately run Chinese competitors.

The sales bonanza and the resulting slot shortage was also used as the reason for inflating the conventional repairs, which further boosted yards' income.

However, such a boom is quickly going into reverse, even though yard workers have returned as China managed to bring the outbreak under control.

CSHI said all its workers had returned to the yard in mid-March. But SPCC and industry sources noted that many shipowners, especially owners of large containerships, had changed their mind for scrubber fittings since pump prices nosedived and bunker costs plunged. Some carriers were even said to have cancelled the orders of the exhaust gas cleaning systems, with yard retrofitting time now falling to 20 days from 45 days at its previous peak.

While the grace period given by BMTS installations delayed by the outbreak has also affected yards' business, the increased slots fail to increase utilisation via other repairing projects. The virus later developed into a global health crisis and that has made China tighten restrictions on entry of foreigners, including service engineers, and entry of foreign vessels.

The previous worker shortage at Chinese repair yards had given a short-lived boost to their main competitors in Asia, the Singaporean yards.

Statistics from the Maritime and Port Authority showed the number of ships calling at Singapore for repairs went up by two dozen to 248 in February. Sembmarine, one of the largest local players in this sector told Lloyd's List in the early March that enquiries for ship repair and upgrade work jumped 30% since the outbreak in China.

But the city state then itself fell victim to the pandemic, which was mainly triggered by the overcrowding and lack of hygiene at foreign worker dorms that spilled over to its yards.

With the confirmed infections among foreign workers continued to set new highs on a daily basis, the Singapore government has ordered Sembmarine and some small to medium-sized shipyards to stop all work on-site until May 4.

At least one of Sembmarine's yard has seen the number of confirmed coronavirus cases climb among workers there.

Keppel Shipyard, a second major player in the sector, is also said to have extended the suspension on at least part of its operations from last week on order from the government.

Its parent group, Keppel Corp, operates two dorms identified as clusters for coronavirus infections.

The predicament facing repair yards is also reflecting another layer of uncertainty from the coronavirus shockwave battering the shipowners.

Many owners, with the consent from flag states and classification societies, are forced to push back drydocking for repairs and inspections of their vessels, just as they are doing with crew changes.

Yet no one knows how long such disruption will last, and whether the virus may return especially during the winter season in the northern hemisphere if it cannot be suppressed in the next few months.

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## ANALYSIS

# With demand falling, who will pay the ferryman?

LLOYD'S List reported this month how P&O Ferries was furloughing 1,000 staff and needed £257m to keep going following the near complete loss of its passenger market on the Dover Straits.

P&O, supported by the UK Chamber of Shipping, wanted the UK government to provide £150m to support its operations, which provide "lifeline" services for the transport of medicines and food. Services were reported as being "just days away from being severely reduced".

Recently published first quarter of the year traffic data for the Strait of Dover shows the impact of the coronavirus crisis on the Dover ferry and Eurotunnel shuttle operations. The corridor lost 18% of passenger and 13% of freight volume over the quarter compared with the same period a year earlier, mainly because of the health crisis and the consequent introduction of restrictions on passenger travel and some reduction in demand for international freight in March 2020.

The Dover ferry services lost 25% of their passenger vehicle traffic compared with the first quarter of 2019, whereas Eurotunnel lost 18%.

In January and February, Eurotunnel had increased passenger vehicle volumes compared with 2019, but then lost 46% of its passenger vehicle traffic last month, highlighting the dramatic impact of the restrictions that came into force on all but essential travel between the UK and France in March.

As the Strait of Dover corridor provides the fastest route to the UK from the European Continental mainland for fresh produce, it plays a key role in helping to feed the UK population.

Nevertheless, freight volumes declined significantly in the first three months, with the Dover ferry services losing 14% and Eurotunnel losing 12% of volume compared with 2019.

The corridor had already lost some volume in January and February compared with the same two months in 2019 as a result of some shippers and freight forwarders switching to longer distance unaccompanied ro-ro routes in response to the potential disruption of a no-deal Brexit.

However, the overall decline in freight volume of 13% on the corridor is also likely to reflect a reduction in the flow of trade in non-food commodities towards the end of March. Freight traffic volumes are likely to fall even faster this month as the full effect of factory closures and supply-side disruption to the haulage market is experienced during a whole month.

With demand falling the operators would normally be expected to reduce capacity to reduce costs and maintain freight rates. Indeed, some operators in the UK-Continent ferry market have responded by reducing capacity.

Brittany Ferries, which dominates the relatively “niche” Western Channel corridor, has suspended three of its services completely and reduced capacity on other services; overall, the corridor has seen a 46% reduction in capacity.

DFDS Seaways has suspended its passenger-focused Newcastle-IJmuiden service on the North Sea corridor until May 20. However, the overall reduction in capacity in the ferry market since February has only been 3%, with the more

freight-oriented North Sea corridor slightly increasing overall capacity.

Despite the rapid fall in demand the ferry operators on the Strait of Dover have maintained their schedule and capacity, even when they could each lay up one or more ships to reduce the capacity in the market.

These commercial decisions are likely to reflect the turn-up-and-go nature of the services and the competitive dynamics of the market on the Strait of Dover. Eurotunnel, P&O Ferries and DFDS Seaways will argue they are maintaining their frequency of service to offer the same level of service to their freight customers, but may also feel there is a commercial necessity to support their market share by maintaining their schedule.

In an oligopolistic market it is easy to lose market share if an operator fails to match its competitors’ offer, but (without reducing freight rates) it can take years to regain it.

The Strait of Dover operators undoubtedly play a key role in supporting food and medical supply chains and have been subject to the impact of public sector intervention in response to the coronavirus outbreak.

The issue for the UK government is whether the existing measures to support British businesses are sufficient for ferry companies or whether the state should feel obliged to provide additional subsidy to help them, in part, to maintain their market share for when we finally emerge from the health crisis.

The competition issues for the UK are complicated given the potential distortion of competition in a market which has several lines competing on many different routes between different British and Continental ports.

A possible alternative approach would be for the operators to be allowed to co-operate in the short term to manage a reduction in capacity by sharing vessels, just as the Isle of Wight operators have done.

However, the regulatory context is more complicated because operations in the UK-Continent ferry market affects the workings of the European Union single market and therefore the European Commission would need to be consulted as well as the UK and French governments.

## MARKETS

# BHP expects double-digit steel contraction

BHP, a global miner, expects a double-digit percentage contraction in steel production around the world this year, excluding China.

That view is based on its “bottom-up analysis, informed by engagement with our customers”, it said in an operational review.

“Steel makers from a variety of regions, including Europe, the Americas, India and Japan have announced or signalled full shutdowns or curtailments” in the quarter to June, due to logistical difficulties related to the coronavirus and collapsing demand from downstream sectors such as the automobile industry, it said.

“Some of our customers are choosing to reduce production at their blast furnaces in the face of this demand shock,” BHP added.

In China, BHP observed, blast furnace utilisation rates rose to almost 79% in April from 73% earlier in the year, with daily rebar transactions currently at or above normal seasonal levels.

It expects that if China can avoid a second wave of the virus outbreak, steel production there may rise slightly in 2020.

BHP said finished inventories were being used up as downstream activity improved. Even though only 10% of China’s apparent steel demand was exported as finished products in excavators

or ships or wind turbines, the “depth of the weakness in global demand will weigh on Chinese flat products manufacturers”, BHP added.

The Baltic Dry Index, a measure of economic activity, slid 29 points to 728 points at the close on Tuesday, as all segment sizes weakened from the day before.

As part of measures to curb the spread of coronavirus, the miner has cut the number of non-essential workers across some sites.

As a result of restrictions imposed by the government, BHP has put its Cerrejon coal operations in Colombia in “temporary” care and maintenance, with full-year production guidance under review.

It expects metallurgical coal production to be at the lower end of its previous guidance range of 41m to 45m for the financial year 2020 due to impacts on operations from adverse weather conditions in January and February.

Iron ore guidance remains unchanged at 242m to 253m tonnes, which translates to 273m to 286m tonnes on a 100% basis.

The Samarco joint venture with Vale in Brazil remains suspended following the dam collapse at the end of 2015.

# ONE chief warns of rough seas ahead

CARRIERS should brace for “rough seas ahead” and “challenging times” as the coronavirus pandemic takes its toll on containerised freight volumes, says Ocean Network Express chief executive Jeremy Nixon.

“Container shipping lines have grown resilient to disruption in recent years, as we’ve often been forced to adapt to unexpected forces such as trade wars, port lockdowns, and health crisis like the spread of Covid-19,” Mr Nixon said in a message posted on the company website.

“But the financial shocks that we are experiencing now and in the coming months will expose vulnerabilities across many liner operators. This is especially true in a year where the entire maritime

industry is already expecting a huge disruption due to new fuel regulations.”

Despite falling revenues across the whole sector, Mr Nixon said he was optimistic for a strong recovery in the post-coronavirus environment and that ONE was in a healthy position.

“We have strong cash reserves, minimal debt and a resilient workforce to tide us through this unprecedented public health crisis together.”

Yesterday, the Singapore-based carrier revealed that it had seen steep falls in volumes during the first quarter of the year, particularly on the transpacific trade, where liftings were down 6.7% compared with last year.



Mr Nixon also said it was important for trade to continue and for supply chains to remain intact during the crisis.

“Ships and containers must be able to trade freely with minimal port and inland restrictions to ensure supply lines of essential products and commodities do not freeze up, while humanity and our economies battle the coronavirus around the world,” he said.

This would be key to maintaining the flow of food, medicine and key commodities to those countries that need it most, while balancing it with sensible containment policies to stem further spread of the virus, he added.

Eventually, the crisis would build further resilience in container shipping as carriers adapt to new ways of doing business.

“Quarantines and lockdowns in many parts of the world have created new ways of working, challenging us to adapt to maintain a high level of operational readiness for our business,” added Mr Nixon.

“We have seen it happening across our global business. From ensuring minimal disruptions to our daily operations through excellent e-commerce and e-payment tools, to connectivity tools an instant messaging services which enable us to respond to customer needs.”

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## IN OTHER NEWS

### **Wärtsilä chief warns of 'weakened demand outlook' in 2020**

WÄRTSILÄ, the Finnish smart technology business, has reported a drop in pre-tax profit for the first three months of the year, which it said had been a quarter characterised by a “sudden increase in uncertainty” because of the coronavirus and its longer-term impact on the global economy.

Order intake was down by 12% to €1.24bn (\$1.35bn) from €1.42bn in the same period last year. Net sales rose 2% to €1.17bn, while operating profit fell 45% to €56m compared with the same period a year earlier.

Chief executive Jaakko Eskola said measures taken to contain the spread of coronavirus had resulted in factories running at lower than usual capacity and in restrictions on travel.

### **IACS members agree to share surveyors**

THE International Association of Classification Societies has agreed a series of measures such as sharing each other's surveyors, if needed, in order to manage the unprecedented coronavirus pandemic.

In an open letter to the industry outlining actions taken, IACS chairman Arun Sharma said members “have taken a unanimous stand to the use of each other's exclusive surveyors where it would be impractical for one society to attend, but where a surveyor from another IACS member society could be utilised.”

“This measure will also help to avoid unnecessary travel in restricted areas, which in turn supports the safety of the surveyor and vessel crew concerned and the broader public health of the countries concerned.”

### **Shipowners' Club braces members for harder rates**

SHIPOWNERS' Club has warned of higher premiums ahead after recording a \$10.3m underwriting loss for 2019, as the small craft specialist's combined ratio slipped out to 105% from 104% last time round.

However, the overall surplus for the year came in at \$36.1m, on the back of an investment portfolio gain of \$48.8m.

Club chief executive Simon Swallow warned members that

rates are likely to harden in the year ahead.

### **Gearbulk renegotiates long-term charter rates with Japanese owners**

GEARBULK, the Bergen-based open-hatch bulker operator, has started to renegotiate charter rates for bulkers with Japanese shipowners who have their vessels on long-term charters to the company amid the coronavirus outbreak.

The company said in a statement that it has been impacted by the double whammy of weak dry bulk markets and interruptions caused by the coronavirus pandemic and argued that the “charter contracts made in earlier years are based on newbuilding prices and rates which are no longer sustainable going forward”.

“The unforeseen and unfortunate pandemic crisis adds further strain on an already difficult international business environment, and everyone needs to adjust their expectations and adapt to this new reality. It is adapt quickly or die slowly,” said Gearbulk chairman Kristian Jebesen.

### Mercuria and Trafigura units awarded Singapore bunker supplier licences

THE Maritime and Port Authority of Singapore has awarded two new bunker supplier licences to Minerva Bunkering and TFG Marine, forging Singapore's position as a top bunkering centre where supply permits are much sought after.

Top trading houses Mercuria and Trafigura are major shareholders of Minerva Bunkering and TFG Marine. Among, the world's largest independent energy trading companies, they have a

significant presence in Singapore.

Competing trading giant Vitol earlier in April acquired Singapore-based bunkering specialist Sinanju Tankers Holdings, which put it on a fast track to gain a licence. The latest entrants to the market brings the total number of MPA-licensed bunker suppliers in the Port of Singapore to 45.

### Eni extends Knot shuttle tanker charter

ENI Trading and Shipping has extended its charter of Knot

Offshore Partners' shuttle tanker Torill Knutsen for two years.

The subsidiary of Italian oil and gas major Eni exercised two of its one-year options to extend the charter to November 2022, New York-listed Knot said in a statement on Monday.

Knot also gave Eni the option to extend the time charter by an additional two one-year periods until 2024.

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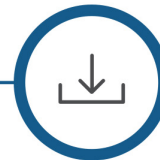
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