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Bahamas warns of crew repatriation 'challenge'

CRUISE LINES ARE expected to start to reposition their ships in Bahamas waters to help repatriate thousands of healthy crew members to their homes in Asia, Africa, Latin America, Caribbean and Europe.

There are dozens of cruiseships at anchor off the Bahamas, each with multinational crews on board. Crews will be transferred by the ships' tenders to the vessels heading to their home destination. The remaining ships will rest at anchor, with crew headcounts just large enough to meet their flag states' minimum safe manning requirements.

Dwain Hutchinson, chief executive of the Bahamas Maritime Authority, said repatriation arrangements have had to be worked out in discussions with the government and other states because travel restrictions in place for the past several weeks have closed the airports.

"Disembarkation of a ship's crew is covered by the Maritime Labour Convention 2006, as is health and safety," Capt Hutchinson told Lloyd's List. Efforts to repatriate crews have been hit by the grounding of planes. Until restrictions are eased, the Bahamas government is doing what it can to help.

There are currently 70 ships in Bahamian waters, safely at anchor, with 50,000 crew on board. Less than half of the ships are registered with the Bahamas.

They cover all the cruise brands: Carnival Cruise Line, Disney Cruise, Celebrity Cruises, Costa Cruises, Holland America Line, MSC Cruises, Norwegian Cruise Line, Oceania Cruises, Princess Cruises, Royal Caribbean Cruises, Regent Seven Seas and Virgin Voyagers.

"As an International Maritime Organization port and coastal member state with safe anchorages in our territorial waters, we developed protocols and offered the ships the opportunity to safely shelter at anchor in Bahamian waters until they could resume operations," Capt Hutchinson said.

The arrival of the cruiseships will be the first move in a repatriation exercise that will be carried out under the general approval of the Maritime Authority and Bahamas Port Department in consultation with the Bahamas medical authorities.

All are acting on behalf of the Bahamas government under the Bahamas Emergency Powers Orders that were implemented to contain the spread of the virus. The ships will be allowed to obtain provisions and bunkers under tight safety and medical protocols restrictions.

"It's only a month since all this started," said Capt Hutchinson. "The cruise ship passengers have been repatriated — it was the obligation of the operating companies to make sure that was undertaken. While this has reduced the number of persons on board, strict industry and international medical procedures remain in place."

There are 142 ships under the Bahamas flag, many of which are awaiting developments in ports around the world.

The local Maritime Authority has had to respect other states' local requirements while the ships are at anchor. Capt Hutchinson believes this situation will be sustainable for a couple of months "but will become a challenge after that."

"Every country is looking at how to ease restrictions and resume business operations," he said. "For us, the big question is how we should restart the economy with tourism, of which the cruise ships form a core part, being the Bahamas' number one industry."

Capt Hutchinson fully supports the lead taken by IMO secretary-general Kitack Lim, and works closely with the UN agency, member states and industry groups, but there have been no IMO meetings because of the virus and this has hampered global consensus and discussion on the post-coronavirus strategy.

All countries are facing the same challenges, he says, adding that it is likely the remaining cruise ship crews will be repatriated with the first easing of restrictions at some point in the third quarter of the year.

The travel industry, including the cruise sector, may not see a recommencement, aligned with restrictions easing on larger gatherings of people, before the fourth quarter — or even until 2021. The Bahamas Maritime Authority is continuing to provide a normal level of service with most of its staff working remotely.

"All the flags want to do the right thing, which is to keep crew safe and ships operating, noting that it is the core part of the coronavirus response and recovery," Capt Hutchinson concluded.

"Some decisions are difficult; however the BMA will continue to take a practical and pragmatic approach to regulatory compliance for its ships, the companies operating such ships, the seafarers onboard the ships, and the persons verifying onboard compliance."

The Bahamas had come in for criticism for refusing to let the Fred Olsen cruise ship *Braemar* dock in March during the early days of the coronavirus outbreak in order to allow healthy passengers or crew to disembark.

The ship flies the Bahamas flag and was in Bahamian waters when it was declined permission to berth. That led to claims from organisations such as the Norwegian Seafarers Union that flag states were failing in their responsibilities during this crisis. The ship eventually sailed to Cuba, where passengers were able to go ashore and take flights home, mostly to Britain.

However, Capt Hutchinson has defended actions taken at the time when the Bahamas was just establishing internal public health protocols to deal with what was to become a pandemic.

"The government took the decision to treat the *Braemar* as if there had been an outbreak on any one of the country's islands," said Capt Hutchinson.

Inter-island travel was banned as Nassau intervened to prevent the spread of the disease. The Bahamas consists of around 700 islands, of which 26 are inhabited.

The ship was subjected to the same rules that applied across the country, although provisions and bunker fuel were provided.

"It was a tough call, but it was a public health decision, not a maritime decision," said Capt Hutchinson.

Seafarers report feeling ‘trapped’ and ‘exhausted’

SEAFARERS are feeling trapped and tired due to prolonged services on board and uncertainty over repatriation, with paranoia creeping in under the threat of coronavirus infection on board.

Those are among the findings of the latest Seafarers Happiness Index, a metric that is based on seafarer surveys about their job, which drew on feedback from crew during the first quarter of 2020, with an emphasis on the impacts of the coronavirus pandemic.

Obstruction of crew changes — both from governments who are not allowing people to come onshore under national lockdown rules and from companies who have barred personnel changes to thwart the spread of the virus and to minimise disruption to their vessels — is one of the most pronounced challenges in the maritime sector today.

The survey is conducted by the Mission to Seafarers, in collaboration with the Shipowners’ Club and the Wallem Group.

Overall, seafarer happiness ranked lower in the first quarter of 2020 than it did in the last of 2019, falling from 6.39 to 6.30, the report shows.

“Seafarers reported feeling that not enough is being done to ensure the safety of those on board. They reported feeling physically exhausted, mentally disturbed, homesick and anxious,” it said.

According to the survey, 48% of respondents were from the Indian subcontinent, 24% were from Southeast Asia, and 9% were from western Europe.

Shore leave, something that seafarers felt was lacking even before the coronavirus outbreak, has also become more problematic with the pandemic.

“The pandemic has further exposed the fact that seafarers are more concerned with simply getting their contract completed and getting home, rather than expecting or anticipating any breaks from the ship,” the report said.

Crews also recognise the risks that would come with actually leaving the vessel for a break and they are thus not pursuing it.

In the first quarter, crew members also reported mental abuse from superiors, including name-calling and harassment.

Seafarers, who expressed pride in their jobs during this testing time for the world, are being asked to renew their contracts while stuck on board vessels. The prohibitions on crew changes made respondents feel forced to serve beyond their existing contracts.

While the actual workload may not have increased as much in the first quarter, prolonged service on board, coupled with the uncertainty of when that service will end, are exacerbating feelings of fatigue and burnout.

“Where there have been increases in workload, these were felt more acutely by those crew who have been charged with enhanced cleaning and disinfecting of accommodation areas,” the survey found.

The report warned that feelings of dread and paranoia are creeping in, as seafarers fear that the closed spaces on board and running air conditioning could help spread the virus.

“Seafarers are not only dealing with normal cargo operations, but are also coping with precautions, sanitising and living under a constant fear of infection. Ironically, this can make them feel even more vulnerable and susceptible to the virus,” the report said.

Seafarers are also concerned about the lack of personal protective equipment and emergency response skills on board vessels.

WHAT TO WATCH

Global shipping fleet to grow at reduced rate over next five years

THE global fleet currently stands at 128,953 vessels, with a total capacity of 2,199m dwt, according to the latest Lloyd’s List Intelligence Shipbuilding Outlook.

Of the total, the offshore and service segment has the largest share, with 27% (35,191 vessels), followed by bulker and general cargo, which accounts for 25% (32,003 vessels). Tankers is the third-largest segment, with a 13% share (17,278 vessels).

For the 2020-24 period, it is predicted that the total fleet will grow at an average annual rate of just 0.9%, adding 5,597 vessels, which is 35% or 1,964 vessels less than in the 2015-19 period. However, in dwt terms, the average growth will be much higher at 3.9% on average per year.

The tanker fleet will have the highest growth rate over the coming five-year period, with 10.1% growth over the five years, increasing the fleet to 18,941 vessels.

The container and ro-ro fleet will grow by 7.0% to 7,737 vessels. Up to 2024, the passenger fleet is set to grow by 5.7% up to 11,255 vessels. The bulker and general cargo fleet will grow by 5% to 33,485 vessels.

Some 2,279 vessels are forecast to be delivered in 2020 in total, up from 1,872 vessels in the past year but lower than the 2,312 vessels delivered in 2018.

"The coronavirus outbreak will mean lower deliveries in 2020 than originally scheduled, but since the Chinese shipyards have the majority of the orders, work has resumed quicker than in many other parts of the world," LLI said. "Another obstacle highlighted for shipyards is that owners from Europe will have problems in taking delivery of ships due to travel restrictions for both management and crew."

Contracts in China, the world's biggest shipbuilder, are forecast to shrink to 388 vessels in 2020, which is its lowest number since 2001. However, that figure will grow to 1,134 vessels by 2024.

In the 2020-2024 period, a total of 12,461 vessels will be delivered to the market, which is a decrease of about 220 vessels compared with the past five-years. Most delivered ships will be bulker and general cargo, with 3,823 ships forecast for this type. Tanker deliveries are forecast at 3,013 vessels and offshore and service at 2,428 vessels.

Of the 6,034 ships in the current order book, China has the largest number of contracts, with 2,514 ships (42% share), followed by Europe with 1,102 (18% share). South Korea has 891 vessels (15%) on order and Japan 723 (12%).

In terms of capacity, the global order book currently stands at 336m dwt, of which 49% of capacity is placed in China (164m dwt). Korean yards have 100m dwt on order (30%) and Japanese yards have 48m dwt (14%). The Other Asia order book is 11.7m dwt (3%).

This year, 1,248 vessels will be removed from the fleet, which is almost 200 vessels more than in 2019. In 2020-2024, the global removals will reach 6,864 vessels, 34% more than in the previous five years.

The increase will be driven by the tanker, passenger and offshore and services segments that will each have in excess of 500 ships removed — more than in the previous five years.

ANALYSIS

Saudi-US crude imports to reach six-year high

TWO of the 19 Saudi Arabian-loaded very large crude carriers tracked heading for the US Gulf have arrived and are at anchor off the coast of Houston, still laden with their cargo.

The 316,507 dwt *Lulu* and 320,000 dwt *Dalian* are at the Galveston anchorage lightering area, after arriving on April 26 and May 1, respectively. A third VLCC, *Maran Canopus*, is signalling it will arrive at the Louisiana Offshore Oil Port on May 4. The remaining tankers are scheduled to arrive between now and June 1.

Along with arrivals to the US Pacific coast this month, projected imports to the US from Saudi Arabia are estimated at 1.5m barrels per day in May, according to Lloyd's List Intelligence data.

That is the most since April 2014, when Energy Information Administration figures showed US imports of Saudi crude at 1.6m bpd. Saudi imports have dropped sharply to average 500,000 bpd in 2019, nearly half 2014's average of 1.1m bpd, data show, as the US becomes less reliant on imported crude as domestic shale production is ramped up.

The armada of VLCCs is sailing for the US with 38m barrels of cheap Saudi crude at the same time as domestic producers are scaling back production and refiners curtail runs threatened relations between the two allies.

Most of the VLCCs were chartered by the kingdom's national shipping company, Bahri, and were viewed as a challenge to the US, during an oil price war that erupted in March. The US, along with Russia and Saudi Arabia, is one of the top three crude producers.

Most of the vessels loaded in late March or early April, reflecting the Saudi authorities' earlier pledge to flood the market with crude to protect market share, before the scale of the coronavirus-led demand collapse fully emerged.

The VLCCs off the Texan coast are likely to join 138 tankers now seen worldwide used for floating storage of some 196m barrels of oil, according to data from Lloyd's List Intelligence.

That includes 29 in waters off Singapore and Malaysia, in addition to 26 Iranian-owned tankers mostly off Iran, which are unable to trade because of US sanctions. Some 70 are VLCCs. That figure is likely much higher when recent tanker arrivals are taken into account for which land-based storage is not yet available and delays in discharging are seen.

Floating storage, defined as laden tankers at anchor for 20 days or more, is at record levels as producers seek avenues to store surplus crude amid an estimated 30% drop in oil demand over the past two months and shortage of land-based tanks.

The "peak of the crisis" for oil storage has passed, according to oil trader Trafigura. The co-head of oil trading said in a recent newspaper interview that global production cuts were coming "faster and larger than we expected".

That is reflected in spot rates for both crude and product tankers, where spot rates have soared to records last month for all sizes on the back of the demand for rising shipments and port delays for unwanted or unsold cargoes. Spot rates have dropped from stratospheric rates of $150,000 to $200,000 per day for some tanker types over the week, and are half levels seen in late April.

Six-month period charter rates for a VLCC are at $75,000 per day but in the long term, 12-month period rates are down by $15,000 over the week at $67,500, according to shipbroker Braemar ACM. Long range tanker period charters remained steady, as gasoline, jet fuel and other cargoes remain unsold as road and air transport demand remains in the doldrums.

Coal demand tells a tale of two regions

COAL trades have been a mixed bag of fortunes recently, with European imports declining and volumes into southeast Asia increasing.

According to Braemar ACM, the coronavirus has dealt a "fresh blow to European coal demand," as end-user needs drop, from power plants to steel mills.

April coal volumes into the region slumped by 37% to less than 7.5m tonnes versus the year-earlier period, according to Braemar. That followed an "extremely poor" first quarter, which saw imports decline by 32% year on year. The figures include Turkey.

Shipments into Western Europe have been hardest hit, with the Netherlands seeing a fall of 44% in April to slightly more than 1.7m tonnes, while cargoes into Germany plummeted by 74%. Italy and Spain saw volumes decline by 55%, and 58%, respectively.

Turkey's imported volumes slid 15% in the past month from the year-earlier period.

The World Steel Association noted a 10% drop in steel production from the European Union in the first quarter to 38.3m tonnes. In March alone, the drop is 20% to 12m tonnes.

The lower volumes have impacted the bigger ships the most, Braemar said, with 93 capesizes hauling the commodity to Europe so far this year. That is 47 fewer than the same period last year. Likewise, 200 shipments were recorded on panamaxes, compared with more than 300 in January to April 2019.

While capesizes continue to suffer from lower iron ore volumes out of Brazil and the North Atlantic due to mine closures, the one respite for panamaxes has been the record volume of grains moving from Brazil, which has to some extent provided a floor to rates, Braemar's dry bulk analyst Nick Ristic said in a note.

Countries in Southeast Asia have however seen higher imports of coal in April, up 71% from a year-earlier, to about 10m tonnes, helping the small to medium-sized carriers.

Vietnam, which has previously been a coal exporter, has been the main driver, with imports surging by 156% last month. The Philippines saw the second-highest increase at 120%, while imports into Thailand and Malaysia grew by 37% and 26%, respectively.

The International Monetary Fund expects Southeast Asia to be the only region to register positive economic growth this year, Braemar said. The countries in this part of the world are thus experiencing a surge in demand for cheap power generation as their industries have not been impacted by the virus to the same extent as Europe, which faces much more limited operations.

According to the World Steel Association, Vietnam's output rose 3.5% in March to 1.8m tonnes, while China's production slipped 1.7% to 79m tonnes.

"The developments in Europe and Southeast Asia may have worked to counteract each other so far in terms of volumes," Braemar said. "But a sustained slump in steel output will continue to hammer European coal demand."

It said: "At the same time, there is only so much short-term growth potential in the Pacific, which is not insulated from a global economic contraction," adding that the seaborne trade could be weighed down further.

Even as China's coal imports have held up relatively well this year at an average of about 23m tonnes per month, buyers are reportedly retreating from the market as port stockpiles grow to beyond last year's levels.

MARKETS

Felixstowe and La Spezia bear brunt of blanked sailings

THE blanking of about one fifth of all Asia-Europe container capacity has led to a corresponding fall in ship calls at Europe's destination ports, but some have felt the impact of the collapse in volumes harder than others.

Services from Asia offered by the three major alliances usually call at 15 major ports in northern Europe and another 26 in the Mediterranean.

"Some ports are clearly being impacted significantly more than others, in terms of the number of vessels that will not arrive," Sea-Intelligence said in its latest analysis of blanked sailings.

In northern Europe, Felixstowe, Zeebrugge and Antwerp are the ports that are most adversely affected, with nearly one third of vessel arrivals being blanked from regular services in the second quarter.

However, the ports of Gothenburg, Aarhus, Gdansk and Wilhelmshaven have not yet been directly affected by the blank sailings from Asia.

In the Mediterranean, the Italian port of La Spezia has been worst hit, with almost half of its scheduled calls being cancelled.

"[Considering] the development in blank sailings for Asia to North Europe and Mediterranean, in both cases, it is clear how the pandemic impact has significantly surpassed the impact of Chinese New Year," Sea-Intelligence said.

Blankings were running at a level between 2.5 and 3.5 times the normal levels seen during the lunar new year.

But the presence of large ports such as Felixstowe and Antwerp near the top of the list was as much a sign of their connectivity and the number of services that called at those ports, Sea-Intelligence chief executive Alan Murphy told Lloyd's List.

"If you have several ship calls to Felixstowe but you are only getting 50% of the cargo, it is easy to blank a sailing and still get all your cargo there," Mr Murphy said. "But if you only have one sailing to Aarhus, you still have to keep that voyage to get the cargo there."

But any blankings would still affect the revenues of the ports in questions.

"As we have purely been analysing the Asia-Europe services, this means that every missed vessel call is a missed call from an ultra-large container vessel," Sea-Intelligence said.

"Not only does this directly affect the revenue for the port in terms of vessel handling and stevedoring, it also has a significant ripple effect."

The absence of a large number of vessel calls from ultra-large vessels would cause problems with export cargoes, which might have to wait longer, it added.

It would also lead to issues with container repositioning, with fewer calls meaning there would be less equipment available for export.

The International Federation of Freight Forwarders Associations, known as Fiata, has warned that container imbalances have reached a tipping point owing to the coronavirus pandemic.

"The impacts of such container imbalances will continue to be felt, even as economies strengthen and reinvigorate the supply chain," Fiata said.

"As backhaul (export) demand increases, for example, the current high levels of blank sailings may mean there is not sufficient vessel space or container equipment for backhaul (export) containers, and, as such, imbalances in containers and available vessels will continue to be present."

US turns spotlight on future of cruise industry

THE US is to examine the commercial measures that passenger cruise lines can take to mitigate the adverse economic impact of coronavirus.

The investigation comes as reports show that the coronavirus pandemic has severely impacted the cruise industry, as well as ports and other segments of the supply chain.

The US Centers for Disease Control and Prevention announced a 30-day "no-sail order" for all cruise lines in March; that order was extended on April 9 for up to 100 days. The order has hit the cruise industry hard.

In Alaska, nearly 70% of cruiseship sailings have been cancelled due to the pandemic, according to a report by a representative of Cruise Lines International Association Alaska.

"It is a little over 800,000 passengers that will not be coming up at this point," Mike Tibbles told the state's Board of Marine Pilots, adding that 408 cruises have so far been cancelled.

The Federal Maritime Commission has set up an inquiry — Fact Finding 30: Covid-19 Impact on Cruise Industry — to determine the economic stability of the cruise lines.

Louis Sola, left, who will lead the inquiry, said that given that the US has examined concerns related to the cargo side of the shipping industry, it should examine the impact of the coronavirus on passenger vessel operators.

"The sooner cruise companies are able to resume operations and provide certainty to the public about the lines' financial security, the sooner we can bring stability to enterprises and communities that rely on the cruise industry for their livelihoods," he said.

The inquiry has been set up as ports and operators struggle with the commercial realities of the outbreak.

Randa Coniglio, president and chief executive of the Port of San Diego, said: "Our next fiscal year is coming up and between now and the end of our next fiscal year, we think that will be $70m to $95m below what would have been our budgeted expectations — and that is on a $193m budget."

Alaska was projected to have a record 1.44m cruiseship passengers this year, spending a projected $800m in the state, making the cancellations a major blow to Alaska's economy, especially among coastal communities.

In Galveston, Texas, the port's board of trustees unanimously voted to adjust its 2020 budget under the assumption that no cruises will sail this year due to cancellations caused by coronavirus.

The vote amended the Port of Galveston's budget, reducing the amount of money officials forecast that the port will collect by $14.8m, projecting total net income of about $40m. At the beginning of this year, the port projected total net income at $54.5m.

"We basically are saying the probability is we get no cruises this year, and this is the worst-case scenario," board of trustees chairman Albert Shannon said. "We are basically eliminating those items of revenue."

IN OTHER NEWS

Singapore hands out funds to maritime tech start-ups

THE Maritime and Port Authority of Singapore has awarded seed funding of S$600,000 ($423,400) to 12 maritime digital start-ups from the 2019 edition of the city-state's Port Innovation Ecosystem Reimagined @ BLOCK71 Smart Port Challenge.

Each of the start-ups have been awarded S$50,000 ($35,280) to conduct prototype development and test-bed their near market-ready solutions.

Founded by the MPA and the National University of Singapore, through its entrepreneurial arm NUS Enterprise, PIER71 aims to grow Singapore's maritime innovation ecosystem.

US charges Iranians over Greek tanker deal

WASHINGTON has charged two Iranians with violating US sanctions on Iran by conducting a scheme to buy an oil tanker later used to illicitly transport oil in co-ordination with the country's state-owned oil company.

“These defendants purchased a crude oil tanker valued at more than $10m by illegally using the US financial system, defiantly violating US sanctions,” said US assistant attorney general for national security John Demers.

Amir Dianat and Kamran Lajmiri, both Iranian nationals, were charged in the US District Court for the District of Columbia with violating US export laws and sanctions against Iran. The two men, who remain at large, face 20 years' imprisonment if convicted.

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