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Thenamaris rules out further Venezuelan tanker trips

A GREECE-BASED tanker, bulker and gas carrier owner has ruled out further oil shipments from Venezuela while US sanctions are in force against the South American producing country.

One of Thenamaris's very large crude carriers was among four Greek-run tankers blacklisted by the US Treasury's Office of Foreign Assets Control on June 2.

Thenamaris said in a statement it placed "the highest priority on regulatory compliance," including international trade sanctions.

"In light of the evolving US sanctions policy towards Venezuela, Thenamaris has adopted a firm policy prohibiting any carriage of crude oil from Venezuela for its vessels under management for as long as US sanctions against Venezuela remain in place," it said on Friday.

It added that it was "fully co-operating" with US authorities over the blacklisting of its 2006-built VLCC *Seahero* as well as its registered owning company, the two entities that were added to Ofac's list of "specially designated nationals", known as the "SDN list."

The aim was to "work toward a prompt resolution of the June 2 sanctions designations imposed on Adamant Maritime Ltd. and M/T *Seahero* under its management," Thenamaris stated.

In the wake of the blacklisting of the VLCC and three other vessels run by compatriot Greece-based countries, Lloyd's List reported that Greek owners have continued to be the mainstay of transporting Venezuela's oil exports.

Greeks are calculated to control as much as 30% of world crude tanker capacity.

However, Greek-linked tankers accounted for about 78% of tanker tonnage calling in Venezuela in the past 12 months, with Greek-owned vessels numbering 126 out of the 161 that loaded during the period, according to Lloyd's List Intelligence data.

Thenamaris, a widely reputed shipping name, was the fourth largest Greek player in the Venezuelan crude trade over the last year, with an aggregate of more than 2.5m dwt of calls by its fleet, the data showed.

Some owners involved in lifting Venezuelan crude in the past have argued that the trade is legitimate and some cargoes in the past have been specifically licensed by Ofac.

As the Trump administration has sought to further squeeze the regime of Nicolas Maduro, it has focused increasingly on shipping and on instances of gaps in vessels' AIS transmission that may point to an intent to evade detection.

The other three tankers added to the SDN list earlier this month were managed by Chemnav Shipmanagement, Dynacom Tankers and NGM Energy.

Some experts have interpreted the move by Ofac as a warning shot to deter many reputable owners from further calls, choking off much of Venezuela's remaining ability to export its oil.

WHAT TO WATCH

Registry investigates newly flagged tankers over AIS gaps

THE Cook Islands flag registry is investigating two tankers that appear to have loaded crude or fuel oil in the Middle East Gulf region while there were gaps in its Automatic Identification Signal.

The 8,622 dtw combined chemical and oil tanker Ocean Garnet and the 73,004 dwt aframax tanker Free Sea moved to the Cook Islands registry from Panama in April and May respectively, according to data from Lloyd's List Intelligence.

Both vessels have been engaged in voyages to and from the United Arab Emirates in recent months, but the Middle East Gulf port from where both are loading cannot be determined because no AIS signals were being transmitted just before and after vessel calls to load.

Pressure is rising on flag registries around the world to use AIS and other vessel-tracking technologies to identify and determine whether tankers are using deceptive shipping practices to evade unilateral US sanctions on Iran and Venezuela.

International guidance issued by the US administration on May 14 identified missing gaps in AIS transmission, as well as flag-hopping as one of several key indicators for sanctions-busting.

The advisory urged registries and other service providers to also use Long Range Tracking & Identification Systems to help determine whether activities were illicit as part of risk-based compliance programs.

Angelos Chatzigeorgiou, the Athens-based chief executive of Maritime Cook Islands, which operates the registry on behalf of the Pacific island, said initial vetting processes for the tankers did not indicate any sanctionable activities.

He said Ocean Garnet and Free Sea had valid and current protection and indemnity insurance and other certificates were in order.

"MCI initiated an investigation that is currently in progress as input has been requested from all parties involved," Mr Chatzigeorgiou said in an emailed statement. "If the conclusion of our investigation presents evidence that any of the vessels engaged in sanctionable activities or deceptive practices the vessels will be removed from our registry."

The operator for both ships is listed as Emirates-based Aurum Ship Management FZC, while an Indian-based crewing company Aurum Marine Management Services is the beneficial owner, according to the Lloyd's List Intelligence website.

The Cook Islands Registry "recently joined" the Registry Information Sharing Compact, promoted by the US Department of State, announced in March, Mr Chatzigeorgiou said.

Panama, the Marshall Islands, Liberia, St Kitts & Nevis, Comoros, Honduras and Palau are among other registries known to have signed.

The compact aims to exchange information between registries on vessels engaged in sanctionable activities.

However, the compact's success is under question with Panama and Liberia all noted removing tonnage from their registry in past months, only to find vessels reflagging elsewhere, often under a provisional basis, and at times to other members.

UN calls for action on crew repatriation crisis

UN SECRETARY-general António Guterres has joined the chorus of voices calling on governments to address the issue of repatriation of seafarers as the coronavirus backdrop continues to prevent crew changes.

"The secretary-general is concerned about the growing humanitarian and safety crisis facing seafarers around the world," a spokesman for Mr Guterres said in a statement.

"As a result of coronavirus-related travel restrictions, hundreds of thousands of the world's two million seafarers have been stranded at sea for months. Unable to get off ships, the maximum sea time stipulated in international conventions is being ignored, with some seafarers marooned at sea for 15 months.

"The secretary-general calls on all countries to formally designate seafarers and other marine personnel as 'key workers' and ensure crew changeovers can safely take place."

The move comes as the shipping industry ramps up its own efforts to draw attention to the issue.

The European Community Shipowners' Associations and the European Transport Workers' Federation today called on European health ministers to assist in the implementation of International Maritime Organization protocols to ensure safe crew changes within member states' ports.

In a letter to ministers, the organisations said it was essential that member states take responsibility for ensuring that crew changes, medical care and shore leave for seafarers happen in their ports.

"Health ministers undoubtedly play a central role, alongside transport and interior ministers, in national efforts to implement the IMO protocols in member states," said Ecsa secretary-general Martin Dorsmand.

"We strongly urge EU health ministers to co-operate with other government departments in their member states and throughout the Union. The movement of seafarers and crew changes in their ports must be facilitated under conditions that safeguard their health and minimise the risks to them of coronavirus infection."

He added that further delays would have "severe consequences" for the safety and physical and mental health of seafarers, in addition to the safety of ship operations and the functioning of the global maritime supply chains.

Separately, Intercargo released a video message in which chairman Dimitris Fafalios said "an invisible humanitarian crisis" was occurring at sea.

"We have more than 300,000 seafarers trapped at sea, having ended their contractual term on board and absolutely desperate to return to their homes and families," Mr Fafalios said.

Most had already extended their contracts and were fatigued and stressed, but had no way to leave their vessels.

"We at Intercargo are calling on governments, health, maritime and airline authorities to promptly resolve this untenable situation," he said.

Vice-chairman Jay Pillai said that under normal circumstances, 100,000 crew members were being relieved every month.

"Crew changes have come to a standstill since early March," Mr Pillai said.

Not only were crew members anxious to return to their families during the pandemic, they were also beginning to suffer from depression and other mental health issues.

"These fatigued seafarers navigate the ships in and out of ports, which poses a severe safety risk for safe ship operations," he said.

Following an intense period of industry lobbying behind the scenes signs are emerging that the message is finally starting to reach the top echelons of political power.

A ministerial level meeting of International Labour Organization representatives is due to be convened on June 22.

OPINION

Path to smart and green ships requires more support

THE path towards building smart and green ships is littered with obstacles that can only be overcome by industry-wide efforts, according industry experts.

In the vision of Martin Stopford, the future vessel sounds like a giant version of a Tesla car, albeit without wheels.

It will feature a control centre that integrates all the functional systems, such as navigations and cargo handlings, with hot-wiring replaced by diagram messaging backed by industry protocols. The systems are also interconnected with the shore-side systems that can process the data on board.

Mr Stopford told a Marintech Innovation webinar that this will pave the way for shipping companies to run their fleet as a "transport factory" so that every aspect of the performance can be monitored and measured to boost efficiency and cut emissions.

"My vision is that when this gentleman comes in the morning and then switches on his computer, he sees the carbon footprint of his fleet yesterday; this week, the trend, the performance of each ship, any anomalies," said Mr Stopford, who is non-executive president of Clarkson Research. "That is the best way to improve the performance short of a zero-carbon propulsion system."

But there is a gap between the aspiration and reality.

The integrated solutions are not common in today's newbuilding markets, said Alf Kare Adnanes, head of Electric Solutions at ABB Marine & Ports.

Systems on the bridge have a higher integration level, but "when it comes to machinery and auxiliary systems, they are now very much standalone," he told the discussion.

Reasons behind that silo in IT are many. A big one is that different systems are developed by different companies with different standards and hence cannot communicate with each other.

The lack of such integration has significantly limited the potential of a ship with new technologies to realise its full potential in reducing cost and increasing revenue for shipowners and operators — its fundamental selling point.

It has also constrained the vessel's ability to conduct the kind of easy upgrades that provide investors with much-needed future proofing in an uncertain market, suggested Chris Chung, director of digital innovation and strategic projects of Wartsila Acceleration Centre.

"Once you get to the stage where your hardware is enabled by software, it is an iterative upgrade path," Mr Chung said. "I think that is where the economics of scale lies."

Before that, shipowners seem hesitant to jump on the bandwagon.

Mr Stopford said Greek owners, for example, are very uncertain about whether they should invest in new vessels because they have fears that they could become obsolete in just a few years and lose their value in asset trading.

Li Xin, director of the smart ship department at China State Shipbuilding Corp, also pointed to the barriers of data transmission, which should be cleared by enhanced digital infrastructure in shipowners' offices in addition to what yards can put on ships.

"I think this is not only [a task] for the shipyards or systems manufacturers, but for the whole maritime community."

Mr Stopford argued charterers should also join the efforts.

"I hear every time I give this lecture somebody says the charters will not pay," he said. "They need to be coming back into the process, and maybe giving seven-year time charters on ships with new technologies which they are a stakeholder in."

That would be extremely helpful at the time when the industry is moving into the next-generation of ships, yet the builders are struggling with a severe market downturn, he added. "We need cargo back into the equation in shipping."

ANALYSIS

Ransomware attacks on the rise

RANSOMWARE attacks targeting shipping companies have seen a big increase in the past year, according to security sources who say the industry has struggled keep up with the threat.

Vard, the Norwegian shipbuilder, suffered a ransomware attack this month bringing down servers inside the company.

While Vard's Italian parent company Fincantieri has confirmed the incideent it has not disclosed the extent of the damage, what caused the attack, or what it cost.

The company declined to comment on local reports which said staff were warned by text message of possible redundancies following the attack.

Ransomware attacks block access to computer systems until a sum of money is paid. Security sources said such attacks have increased in number and severity.

"We have seen a significant increase in operators and owners that have come to us to seek solutions and unfortunately this is all too often only after a loss is incurred," said Phil Diacon, chief executive of Dryad Global, a security consultancy.

In April, a cyber attack shut down the website and headquarters network of Mediterranean Shipping Co, the world's second-largest container line, for almost a week.

Danish pump maker DESMI reported an attack the same month. The MSC attack raised concerns about cybersecurity as companies relied on digital systems more than ever amid the coronavirus pandemic.

Norway-based OSM Maritime Group said it was attacked in May, but no data was lost. Hong Kong-based shipmanager Anglo-Eastern and Australian logistics company Toll Group have also been targeted this year, according to reports.

Lars Jensen, a maritime security adviser at Danish cybersecurity firm Improsec, said there had been more cyber attacks on shipping in recent years, but an increase was hard to gauge as many attacks went unreported.

Mr Jensen said companies were starting to take the threat seriously. But many companies he advised failed to take simple steps such as changing passwords and patching systems, he added.

Mr Diacon said shipping's complex and quick-changing supply chains could create "vigilance fatigue", while its many non-native English speakers made spoof emails harder to detect.

He said bill of lading processes could be exploited and different communication systems caused compatibility challenges. "People remain the weakest link in any environment and shipping remains heavily reliant on email for routine communication," he said.

Mr Diacon added that complex commercial arrangements in shipping made it unclear who 'owned' the risks of cyber vulnerabilities. "Someone has to feel vulnerable enough and recognise a financial impact in order to pay to enhance security," he said.

The International Maritime Organization has urged operators to address cyber risks in their safety management systems by January 1. Shipping association BIMCO noted cyber security threats change constantly while regulations tend to be static, and the nature of a regulatory process "often renders them ineffective by the time they are adopted".

A Fincantieri spokesman said yesterday none of the company's own servers were attacked but declined to comment further on the Vard attack.

How much further can VLGC rates fall?

THE Baltic Exchange's liquefied petroleum gas index is dropping towards $27 per tonne and could fall below that figure for the first time in 16 months as the list of available tonnage builds.

The index for US Gulf–Japan was hit the most with trades closing at $55.5 per tonne on Thursday, registering a decline of 6% over the week and down from $63 per tonne at the beginning of June.

The continuing build-up of vessels open for employment, cargo deferrals and narrow arbitrage rates leads market participants to suggest that further declines in freight rates are likely in the coming weeks.

"With ample tonnage, including several trader re-lets, evenly spread throughout the remainder of the month, charterers have been able to sustain the downward pressure," Gibson Gas noted in its weekly report.

"Compounding the current depression in rates further, bunker prices have risen to around $300 per tonne, dropping the overall time charter equivalent return to the mid to high teens per day and below break-even levels."

According to Braemar ACM, May export volumes from the Middle East Gulf were down almost 30% from April and freight rates have continued to tumble.

This is mainly because Saudi Aramco also cut export volumes for April, May and June liftings after it agreed to adhere to the Opec+ agreement on oil production cuts.

With time charter rates also taking a hit, Poten noted that owners appeared reluctant to charter out their vessels on longer term contracts, leaving their ships in the spot markets. This has put additional pressure on freight rates.

In the short term the trend is likely to continue, shown partly in the BLPG forward freight assessment where value for the third quarter of the year has also been sub-$30 per tonne, Braemar ACM said.

"The curve is well into contango now although it could yet become deeper as reduced volumes from East and West are taking their toll on freight."

Inventory levels point to sluggish transpacific volumes

HIGH levels of inventory and weak consumer spending are likely to put a damper on any potential return to normal US container import volumes, despite moves to reopen the economy.

With GDP estimated to have shrunk by 5% in the first quarter, and with lockdowns only really taking effect from late March, the second quarter will likely prove even more damaging for the US economy, said BIMCO chief shipping analyst Peter Sand.

Port throughput figures were already showing the impact on container volumes, with laden container imports to the US west coast down by 12.5% in the first four months of the year. At Los Angeles, the country's largest box port, volumes in May were down by a third on last year.

But higher volumes in April, when an influx of goods ordered following the factory closures in China arrived just as US consumers were going into lockdown, means that inventory levels across the US supply chain are high.

Retail sales collapsed in March and April, with clothing sales a tenth of what they were in April 2019, Mr Sand said.

The retail inventory/sales ratio in March already shows how the falling sales have left warehouses stocked up. It rose to 1.53 in March, from 1.43 in February.

"The ratio had otherwise been falling since its previous peak at 1.51 in December 2018 when inventories were being filled as the trade war meant tariffs on goods from China were due to rise," Mr Sand said. "The rise in the ratio in March comes as sales fell by $24.4bn, while inventories rose by $6.6bn from February."

BIMCO expects that the ratio will have risen again in April, as imports rose while sales fell further.

"The higher ratio illustrates that demand for shipping has been brought forward rather than growing," Mr Sand said. "This means that even as sales slowly start to recover in the US, demand for shipping will return at a slower pace as inventories are returned to normal levels."

For container shipping, the outlook was poor as the economic recession and a protracted return to 2019 sales levels, as well as high inventory levels, meant that container volumes on the transpacific trade would not bounce back immediately.

"Sales will likely bottom out in April or May as lockdown measures are eased across the US," Mr Sand said. "However, a return to 2019 levels will take much longer. High unemployment and lower consumer spending power, which are set to stick around for longer than the immediate health crises, mean that a return to 2019 sales is not just around the corner."

Itochu & Vopak plan Singapore hub for ammonia marine fuel supply

Tokyo-based Itochu Corporation said it is working with global land-based storage provider Vopak to research and develop an ammonia fuel supply network in Singapore.

Ammonia is one of the alternative fuels now being assessed by shipowners who have pledged to lower greenhouse gas emissions and meet new reduction targets.

Hydrogen, methanol and other battery-powered technology is also considered to replace established fuel oil and distillates, as well as liquefied natural gas.

Itochu's energy unit, Enex, and Vopak Terminals Singapore signed a memorandum of understanding to jointly develop the infrastructure to supply, fuel and store the alternative marine fuel.

The agreement would see a supply chain constructed as well as vessels equipped with a main engine using ammonia.

Itochu outlined a partnership on April 30 with Imbari shipbuilding and MAN Energy Solutions to develop and build ships with ammonia-fuelled engines.

The International Maritime Organisation's greenhouse gas reduction strategy, agreed in 2018, aims to cut emissions by at least 50 percent by 2050, based on 2008 levels.

Ammonia is a candidate as an alternative fuel, Itochu Enex said in a statement.

The Itochu Corp will build an ammonia fuel floating structure, Itochu Enex will cover refuelling and supply issues, while Vopak focuses on onshore storage and loading of ammonia.

IN OTHER NEWS

Decarbonisation will require more than zero emission vessels

ZERO emissions vessels will not be enough for shipping to contribute sufficiently to global decarbonisation, according to a UK study.

A University of Manchester study found how significant technological improvements of the existing fleet to decarbonise the industry and help the world meet the Paris Agreement climate goals.

The study considered the ships in the European Union's Monitoring, Reporting and Verification (MRV) database, comprising vessels of 5,000 gross tonnes and above that called at ports in the European Economic Area in 2018.

UK U-turn on border checks welcomed

THE UK has abandoned a plan for full border checks on goods entering from the European Union after mounting pressure from business not to compound the chaos caused by coronavirus.

Cabinet Secretary Michael Gove accepted that businesses could not be expected to cope with the impact of the pandemic and border disruption at the end of the Brexit transition period.

Instead of full checks, the UK government would now introduce a temporary light-touch regime at UK ports such as Dover for incoming EU goods from January 1, 2021, under a 'deal' and 'no-deal' scenario, the Financial Times reported.

Team Tankers plans Oslo Stock Exchange exit

TEAM Tankers, the chemical tanker owner, plans to delist from the Oslo Stock Exchange.

The company, which operates a fleet of 39 vessels, is not seeing any benefits from its public listing, it said in a statement citing the stock's lack of trading volume, only a few and concentrated shareholders and its low price and as parts of the problem. Team Tankers' top three shareholders own almost 65% of the firm.

JP Morgan Securities, the largest, holds 28.6% of the company, while New York-based clearing house Pershing has 19.8%. Bank of New York Mellon, which is Pershing's parent company, owns another 5.1% through two other entities.

Epic Gas chief engineer dies on board vessel

EPIC Gas has confirmed the death of one of its chief engineers on board an LPG vessel.

The seafarer fell unconscious and collapsed while having his lunch on board the vessel, the Oslo-listed, Singapore-based liquefied petroleum gas specialist said in a statement.

"It is with great sadness that we confirm the sad and untimely passing of our colleague who served on board Epic St Kitts as chief engineer," it said. "His crew members attempted to resuscitate him, but their efforts were sadly in vain."

Greek court opens door to Cosco-linked shipyard

GREECE's highest administrative court has ruled that the Cosco-controlled Piraeus Port Authority can establish a shipyard in the shipbuilding and repair zone of Perama, not far from Piraeus port.

The decision by the Council of State overthrows previous central and local government decisions barring such a development.

The ruling refers the case to the economy ministry for a new assessment of the PPA's application.

Saga LNG plans mid-sized fleet expansion

SINGAPORE-BASED Saga LNG is looking to build up its fleet to 10 mid-sized tankers to meet growing demand to ship liquefied natural gas to second-tier import terminals in Asia.

The firm has secured a three-month time charter for its first such tanker, the 45,000 cu m Saga Dawn, to transport cargoes from Singapore's SLNG terminal to Jovo Energy's Dongguan terminal in southern China.

Chief executive David Wu told Lloyd's List that the shipping firm is going after a sweet spot in the LNG shipping market.

IMO to hold virtual environmental talks

THE International Maritime Organization plans to hold informal negotiations on the reductions of emissions from the existing fleet.

The regulator announced that it will hold virtual meetings of "preliminary" discussions from July 6 to July 10 for two hours each day.

The talks follow the postponement of all IMO meetings due to the coronavirus outbreak, including two that had been expected to lead to an agreement on at least one short term measure to reduce greenhouse gas emissions from shipping. No new date for the resumption of the official meetings has been set.

Capital Link goes ahead with digital forum on ship operations

CAPITAL Link chief executive Nicolas Bornozis is known for his work within the realm of ship finance, particularly his efforts to produce international forums that highlight major trends as understood by industry leaders.

But there's a key difference in the event scheduled this year: it is now a digital event because of social distancing requirements. The real difference, though, lies in the content of this annual event, which is focused on ship operations and not finance.

The annual Capital Link Forum showcases operational excellence in the maritime sector and explores best practices across major areas: fleet management, technological innovation, crewing, energy efficiency, the environment, safety and security.