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Grimaldi calls for tougher cargo fire safety rules



ITALIAN SHIPOWNER EMANUELE Grimaldi has reissued calls for tougher safeguards for ro-ro and container cargoes after a common electrical fault was found to have caused the latest in a spate of fires.

The Grimaldi Group joint managing director told the Lloyd's List Podcast the fire on the 67,000 dwt *Cruise Bonaria* on June 18 was caused by a faulty reefer plug.

The incident was the latest in a spate of recent car fires that have highlighted concerns within the sector and despite repeated investigations, warnings and recommendations, the persistent nature of recurring casualties linked to car batteries, misdeclared cargo and electrical faults, particular with reefer units, are not being reduced.

"There must be new rules," Mr Grimaldi said.

"We are fighting and we are investing [in new safety systems]," Mr Grimaldi explained, but pointed out that this is a long-running industry issue.

Mr Grimaldi's concerns are not new. He had previously called for tightened safeguards last year following fires on two vessels, the ro-ro *Grande America*, which was lost in the Bay of Biscay and *Grande Europa*, another ro-ro to suffer from a fire breaking out in the cars it was carrying.

For his own firm, Mr Grimaldi has since hired former police investigators to tighten safety protocols around misdeclared cargo and banned carriage of reefer units with their own power supply. However, Mr Grimaldi revealed that the latest fire on board the *Cruise Bonaria*

was related to a reefer unit that was plugged in. The incident is currently under investigation.

Mr Grimaldi is by no means a lone voice in highlighting the persistent nature of these safety risks

“They are not burning as often as containerships... but certainly something needs to be done,” said Franz Evegren, safety and transport director at the Research Institutes of Sweden.

Mr Evegren is co-ordinating the four-year Legislative Assessment for Safety Hazards of Fire and Innovations in Ro-ro ship Environment (Lash Fire) study, which started in September, with €12.2m (\$13.6m) from the European Commission.

He told Lloyd’s List that there were about 37 fires on ro-pax ships in the past 15 years, or 2.5 per year, and about 20 on vehicle carriers in the past decade.

Lloyd’s List Intelligence brought up more than 20 reports relating to fires or explosion on ro-ro, ro-pax, con-ro and car carrier ships every year since 2014.

“The statistics show... that these fires are not going to diminish in size or number,” Mr Evegren said.

Mr Evegren said 90% of ro-pax fires started in the cargo and two-thirds were from electrical faults. Plastic car components gave fires more energy and dense loading made them harder to put out. CO2 extinguishing systems were lethal and required lengthy procedures before activation, which gave fires time to spread.

Mr Evegren said drencher and sprinkler systems could take up to 20 minutes to deploy and CO2 systems even longer, worsening the potential damage. Lashing holes let fires spread between decks, most of which did not have fire insulation.

Danny Harwood, deputy chief inspector at the UK’s Marine Accident Investigation Branch, said ships had little control over their cars’ condition and hazardous materials were often not declared. Once established, ro-ro fires were hard to detect and hard to put out. The ships are not easy to evacuate.

Once drenched, excess water sloshing about on the deck can cause a vessel to capsize, he added.

Rahul Khanna, global head of marine risk consulting at Allianz, said vessels ran on strict

timetables in port, putting pressure on ship masters. He said many accident investigations had revealed pre-sail stability checks had not been carried out or were based on wrong information. Another source of fault can be that cargo has not been fully secured.

But Capt Khanna said it was the master’s responsibility to ensure the vessel had enough stability before leaving port. “Too many times, commercial considerations have endangered the vessel and its crew. It is vital that this is addressed both by the shore side and on board,” he said.

Mr Evegren said operators and flag states woke up to the fire problem after the 2014 *Norman Atlantic* ferry disaster and *Sorrento* fire the following year. The International Maritime Organization’s ship systems and equipment subcommittee has brought it up yearly since 2017. It issued new guidelines for ro-pax ships last year and Mr Evegren is working on turning some of these ideas into rules.

He is also working on fixed, quick-response fire systems to buy time for the main fire suppression system. But new rules had to be fair and costs kept down, he added.

A Swedish chief engineer, who asked not to be named, said it should be mandatory for flag states to publish incident reports supervised by an independent body. He said cars on ships should be spaced further apart, their windows closed and their batteries disconnected. Crews should be trained on CO2 systems, which should be easier to use.

“In ship design, there are probably a million improvements that could be done, but many shipowners are probably unlikely to want to pay for them,” the engineer said.

Mr Harwood said it was always challenging to change international regulation: “Unless you can get buy-in from everyone, people do not want to be commercially disadvantaged.”

But he said that recommendations from the European Maritime Safety Agency’s two FIRESAFE studies on training, vessel design and evacuation methods were being rolled out, and that the industry was taking the problem seriously. “I’m very hopeful that some real changes will come from this and will help to resolve a lot of the problems,” Mr Harwood said.

WHAT TO WATCH

Hin Leong: Banks in crossfire as PwC plays hardball

THE findings of PwC's report detailing alleged fraud in Hin Leong's trades over the past decade are not at all surprising, *writes Hwee Hwee Tan*.

A leaked affidavit provided by Hin Leong's founder, OK Lim, filed in support of the now aborted bid by his family to seek debt protection, alleged the trading firm dealt with its bank lenders in bad faith and concealed massive derivatives trading losses for years.

PwC, the court-appointed administrator, has nonetheless made apparent the scale and depth of Hin Leong's malfeasance, alleging the firm's corporate officers "fabricated documents on a massive scale" to raise trade financing.

The alleged malfeasance is being investigated by the Singapore police. This would normally discourage interested parties from making much in the way of public comment.

The report was not officially released by PwC. However, the market was alerted to the fact that PwC would be conducting an independent probe when the accounting firm was first appointed as Hin Leong's interim judicial manager.

The contents of the leaked report, and an overlapping development, also suggest a build-up in tension between PwC and Hin Leong's owners. This could have serious ramifications for the restructuring of the Lims' larger trading and shipping empire.

PwC has proposed that Hin Leong be merged and restructured together with its asset-holding and operating associates.

These include the so-called Xihe Group, which owns 140 of the fleet of over 150 vessels operated by Ocean Tankers, and the entity holding the Lims' 41% share in the Universal Terminal on Jurong Island.

The Lims, on the other hand, have also moved to wrest control over a third of Xihe's shipping tonnage with Ocean Tankers, which has been placed under the care of interim judicial managers from Ernst & Young, according to informed sources.

The value of the Lims' empire lies with these contested assets, not in debt-laden Hin Leong, as highlighted in the PwC report.

US law firm Gibson & Dunn partner Robson Lee pointed out that insofar as the trading firm is a separate, registered entity from Xihe, the Lims appear to have the right to hive off tankers from Ocean Tankers' fleet.

This move, however, is open to the risk of legal challenges. It is important to consider whether the Lims have extended personal guarantees to Hin Leong's loans, he further clarified.

Seen in this light, it is reasonable to expect PwC would want to press the Lims to bring their assets to the table and the key to doing this is to get enough lenders to back this proposal.

But one senior banker said that lenders generally prefer a more consensual approach.

This may explain why just two out of 12 lenders exposed to Xihe are said to have turned aggressive against the shipowning group of entities.

The same could not be said for Hin Leong, however, which headed into JM with the Lims apparently having lost trust among lenders to the trading group.

Whether it be with Xihe or Hin Leong, however, banks want expediency in the recovery of loans from the borrowers that are either embroiled in or tainted by insolvency proceedings.

It would not help PwC's cause that JM proceedings in Singapore have typically not led to significant debt recovery thus far.

But the clock is ticking fast also for the Lims as volatility in the oil market has already been seen leading to souring sentiments in the tanker market.

Bank lenders are far from the only ones caught in the crossfire.

Hin Leong's malfeasance being aired publicly has tarnished Singapore's reputation as a trading hub.

A drawn-out tug-of-war between the Lims and PwC clearly does not serve the interests of the larger trading and financial community.

Shipping's commitment to seafarer welfare challenged

SEAFARER welfare may have been thrust into the spotlight by coronavirus, but underlying issues have been building over many years.

A report published this week has questioned shipping's total commitment to safety and calls for a much greater understanding of the evolving relationship between seafarer welfare, health, safety, and mortality.

Nick Chubb, chief executive of maritime innovation specialist Thetius and author of the study Welfare 2.0, released this week, says there is a common narrative across the maritime sector "that the safety and welfare of seafarers is the industry's highest priority".

"Unfortunately," he adds, "the narrative is betrayed by the apparent lack of investment in relevant technology."

Research conducted for the report revealed that, since 2010, startups with a focus on human factors, crew management, wellbeing, welfare, and seafarer safety have on average attracted a total investment of \$2.2m.

That is four times less than the average total investment in startups focusing on vessel machinery performance technologies such as engine efficiency, hull monitoring, and hydrodynamic performance in the same period (\$9.6m).

Further, the report said, in the first five years in business, the revenue of startups focused on human safety and performance grew on average 25% slower than start-ups focused on vessel machinery performance.

"It is far easier to predict the behaviour of an engine or the friction of a ship's hull than it is to predict the behaviour of a human or the complex nature of relationships on board," the report observes.

Among the examples given is the growing problem of seafarer isolation and loneliness, which is commonly cited as a contributing factor of depression in seafarers.

Access to the internet on board has improved for most seafarers but this has had a major impact on the social environment on merchant ships. However, studies have suggested the problem would not be reduced by removing personal devices or reducing connectivity. Doing so might even exacerbate the problem.

"The youngest generation of seafarers today grew up being constantly connected, and the ability to communicate with loved ones at home has become an expected minimum requirement for the vast majority of seafarers. This is one area where more technology is not necessarily the answer."

The report concludes that more research is needed to establish where causation lies between anxiety, depression, sleep disorders, cardiac diseases, other illnesses, and injury risk at sea. But a clear link can be made between the welfare of the crew on board a ship and the overall safety of that ship.

"Ensuring that crews have access to adequate social and leisure facilities, enough rest hours, adequate shore leave, and ways of dealing with harassment and bullying on board, whether technologically driven or not, is crucial to improving social cohesion."

Digital solutions would prove invaluable in providing a systematic way of monitoring leading indicators of safety, mental, social, and physical wellbeing to spot emerging trends in these areas.

Welfare 2.0 was written in partnership with Inmarsat, the satellite communications business.

Ronald Spithout, president of Inmarsat Marine, said the industry "is at a point in time when lack of shore leave, unplanned contract extensions, fear of job loss and separation from family are weighing heavily on seafarers worldwide."

Technology plays a vital role "in embedding policies and practices to enhance safety and wellbeing on board," he said. "Data-based tools test what does and does not work for the human element and tracks changes over time."

The report recommends the development of an industry-wide data model for capturing, storing, and analysing factors contributing to the seafarer wellbeing; the widespread adoption of tools to help

individual seafarers and fleet managers to understand and improve health on board ships; and a campaign to raise awareness of the dangers of heart disease at sea.

ANALYSIS

Chinese steel demand supports capesize spot rates

AFTER a dramatic fall in capesize rates since the beginning of the year, increasing Chinese iron ore demand is driving a positive trend in the segment.

With business at a standstill in China due to the virus outbreak, the market went quiet — and what little activity there was pushed rates down.

However, since the start of the second quarter, sentiment has improved owing to robust Chinese steel production and an increased volume of iron ore shipments from Australia.

This was reflected in the Baltic weighted time charter average, which rocketed by more than 700% from \$3,648 on June 1 to \$29,395 a day on Thursday.

China “seems to be absorbing every seaborne tonne of iron ore available”. While steel margins are narrowing, they are sufficient for blast furnaces to ratchet up utilisation rates, said Braemar ACM in its latest weekly report.

Chinese crude steel production over May soared to a new monthly record of 92.3m tonnes, Braemar data shows, and has reportedly remained strong over June.

Meanwhile, shipment volumes from Brazil seem to be bouncing back, shoring up long-haul capesize employment.

Braemar analyst Nick Ristic pointed out that, over the past week, iron ore liftings from Brazil averaged

around 1m tonnes per day, 21% higher than May’s average. As a consequence, demand for capesizes edged up in the past week, boosting freight rates.

For the C3 route from Tubarao in Brazil to Qingdao in China, the rate climbed to \$21.71 per tonne on Thursday from \$8.26 per tonne at the beginning of the month, up 163%.

Furthermore, rates rose by 132% to \$9.74 per tonne on the benchmark route between Western Australia and China, C5, from June 1 to June 25.

“Unlike last year, Australia has been the driving force behind the recent boost in cape demand, where some producers have been especially keen to maximise sales and market share before the end of the Australian financial year and ahead of scheduled maintenance in July,” the shipbroker noted.

The major Australian miners are on track to ship a combined 78.7m tonnes in June, 6% higher than May’s volume, it added. Shipments from Canada and South Africa are also on track to increase by around 16% and 4% month on month respectively.

“July forward freight assessment contracts have soared, along with the index, although the more measured response of the further out contracts suggests participants are unsure if this spike has the legs to carry on through the third quarter,” Mr Ristic conceded.

“For now, we are likely to see continued strength as the iron ore majors keep the tonnes flowing.”

MARKETS

Pandemic accelerates change in box shipping

THE coronavirus pandemic has accelerated the pace of change in container shipping rather than altered its direction, according to SeaIntelligence Consulting chief executive Lars Jensen.

“I hold the strong view that the pandemic is not really changing anything,” he said. “What it is doing is accelerating sharply a trend that has already been under way for several years.”

Mr Jensen said the 12-month rolling average of global container demand growth had already been slowing down before the pandemic.

“As demand growth progressively declined and carriers continue to take delivery of more tonnage, they have also been increasing their usage of blank sailings,” he told a webinar held as part of the Global Liner Shipping series of events. “The carriers have already been practising for the past two years the art of trying to remove capacity to manage an otherwise over-tonnaged situation.”

This took on a new emphasis when the first stages of the pandemic emerged in China. A substantial amount of tonnage was pulled back, but this was only a continuation of what carriers usually do during the Chinese New Year shutdowns, when blanked capacity can reach 15%-20%.

“The amount of capacity blanked in addition to Chinese New Year blankings was less than what would normally be removed from service anyway,” Mr Jensen said.

“What was different was the speed and aggressiveness, which we have not seen before. Contrast this to the financial crisis a decade ago, where it took carriers months before they started pulling out capacity. This time, it was done within days of realising China would not immediately reopen after its new year.”

Carriers are still pulling capacity out, with between 5% and 17% already removed for the months ahead, depending on the trade lane.

“There is substantial removal of capacity on the key Asia-Europe trade,” Mr Jensen said. “We are

seeing slightly less on the transpacific, but carriers have not necessarily announced blankings as far into the future yet on the transpacific.”

But it was not only carriers’ fleetness of foot in cancelling sailings that was accelerating, Mr Jensen said.

“Digitalisation is a topic that has been discussed at length over the past several years,” he said. “The pandemic is not going to change anything but it will accelerate the trends we have already seen in the market. We had a large amount of digital initiatives that were already in the market being tested.”

The pandemic would prove to be the litmus test for those initiatives that were of use and those that would fall by the wayside.

“We have heard for several years that this industry is extremely far behind when it comes to digital transformation,” Mr Jensen said. “But keep this in mind: right now we still have about 50% of the carriers’ global workforces working from home. That is an improvement from a few weeks ago when it was even more than 50%. But despite this, cargo still flows. Demand has collapsed, but we are still moving 80%-85% of the normal volumes, millions of containers, uninterrupted.

“The notion that this industry was decades behind on a digital transformation path was not quite correct. When push came to shove, everyone was capable of using such tools, virtually at the drop of a hat, to transform when the need was there.”

Seanergy eyes positive capesize market

THE capesize market has the potential to hold on to its recent gains, according to dry bulk owner Seanergy Maritime.

Stamatis Tsantanis, chief executive of the only US-listed owner with an all-capesize fleet, held out hope for “a significantly improved environment”, citing strong Chinese steel demand, low iron ore inventories and a recovery in Brazil’s ore exports.

“Provided that there are no additional export disruptions during the rest of the year, the capesize market may closely track the positive second half of 2019,” he said in a statement announcing first-quarter results.

Greece-based Seanergy said it will proceed with a one-for-16 reverse split, expected to take effect on June 30, as it posted a net loss of \$8.3m for the quarter, during which its share price declined “due to the unprecedented challenges faced in our sector,” said Mr Tsantanis.

Even though Nasdaq had given the company until September 25 to resolve the minimum bid price deficiency, the company had “decided to proactively resolve this matter now,” he said. “We believe that executing a reverse split at this time will encourage institutional interest in our stock in any future market recovery.”

Seanergy was “well placed to benefit” by virtue of having “minimal” upcoming dry dockings and all its vessels either in the spot market or on index-linked charters.

Although the average daily time charter equivalent rate for capesizes in June has climbed to about \$29,400, for the first quarter the company’s vessels earned an average \$8,481 per day. Revenue fell 16.9% to \$13.3m in the three months.

IN OTHER NEWS

Class association elects Fujiwara as chairman

THE International Association for Classification Societies has elected Koichi Fujiwara as its chairman.

Mr Fujiwara, who runs Class NK, was elected by the association’s council and will take over on July 1 for one year. He succeeds Arun Sharma, who is the Indian Register of Shipping’s executive chairman. The chair rotates every 12 months among the 12 IACS members.

“My objective is to ensure that IACS continues to meet the needs of its stakeholders by providing the necessary technical leadership and guidance to facilitate the smooth introduction and harmonisation of new technologies and regulations in order to maximise the benefits of digitalisation and help accelerate decarbonisation,” Mr Fujiwara said.

Ocean Technologies acquires language-testing unit in deal with V.Group

THE coronavirus outbreak has highlighted the maritime industry’s increasing reliance on digital platforms, according to Graham Westgarth, the chief executive of V.Group, which provides shipmanagement and marine support services.

His company has entered a partnership with Ocean Technologies Group, the learning and operational technology business, to access e-learning opportunities for staff and customers.

“It is clear that distance learning will become increasingly important to companies and individuals who need to meet legislative and industry requirements,” Mr Westgarth said. “E-learning is reliable and provides continuity because it is protected from the negative impact of global events.”

Exmar receives force majeure notice

BELGIUM’s Exmar has received a force majeure notice for its floating liquefied natural gas vessel in Argentina.

The notice, issued as a result of the coronavirus, is “unlawful,” according to the company. The dispute concerns the 16,100 cu m Tango FLNG, which Argentinian energy firm YPF agreed to employ for 10 years in 2018.

The vessel was fully commissioned a year ago and the goal was for it to help export 500,000 tonnes of LNG per year.

MSC Zoe report raises risks for containerships

THE report into the loss of containers from a Mediterranean Shipping Co vessel last year has recommended that large containerships avoid the Wadden Islands when weather conditions are inappropriate.

The Dutch Safety Board found that there were route-specific causes behind the casualty, in which 342 containers were lost from *MSC Zoe* while en route to Bremerhaven in stormy northwesterly conditions along

the Dutch and German coastline in January 2019.

Tests found that the conditions experienced by the vessel caused high waves due to the shallow waters along the southern route that could put extreme pressure on the ship’s lashings.

Singapore to invest in dozens of maritime start-ups

MARITIME start-ups in Singapore are to get S\$50m (\$36m) of new investment as part of an initiative backed by the Maritime and Port Authority.

Seeds Capital, the investment arm of Enterprise Singapore, will oversee the development which aims to drive the growth of the maritime sector through technology and innovation.

With six partners, it will invest in more than 50 startups that develop solutions to improve operational efficiency and safety across the different segments of the maritime sector.

Fincantieri unit starts construction of US bulk carrier

FINCANTIERI Marine Group, the US subsidiary of state-owned Fincantieri Cantieri Navali Italiani, has started construction on the first US-flagged Great Lakes bulk carrier built in more than 35 years.

Fincantieri operates in the US via FMG, which serves commercial and government customers through three Great Lakes shipyards: Fincantieri Marinette Marine, Fincantieri Bay

Shipbuilding and Fincantieri ACE Marine.

Wisconsin-based Fincantieri Marinette Marine won the \$800m contract to build the first-in-class guided missile frigate for the US Navy, with an option for nine additional ships, in April.

ONE boosts direct China calls to Southeast Asia

JAPANESE container line Ocean Network Express has launched two new direct services connecting China and Southeast Asia.

Following on from the launch of the CID service to Indonesia in May, ONE's first direct service between China and Southeast Asia, the line is further expanding its China-Southeast Asia network by introducing China Thailand Service (CTS) and the revamped Thailand Philippines Service (TP2).

The services will add direct sailings between China and other Southeast Asian countries such as Thailand, Vietnam, and the Philippines.

Globus prices new fundraiser

GLOBUS Maritime shares plunged on Nasdaq as the dry bulk carrier owner unveiled a new fundraiser.

Greece-based Globus, the owner of five bulkers, said it had priced a registered direct offering to "certain unaffiliated institutional investors" at \$0.27 for one common share and one warrant.

The issue of up to 45.85m shares is expected to bring in nearly \$12.4m. The warrants, expiring in 5.5 years, can be exercised at a price of \$0.30 per share.

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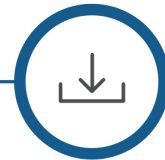
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