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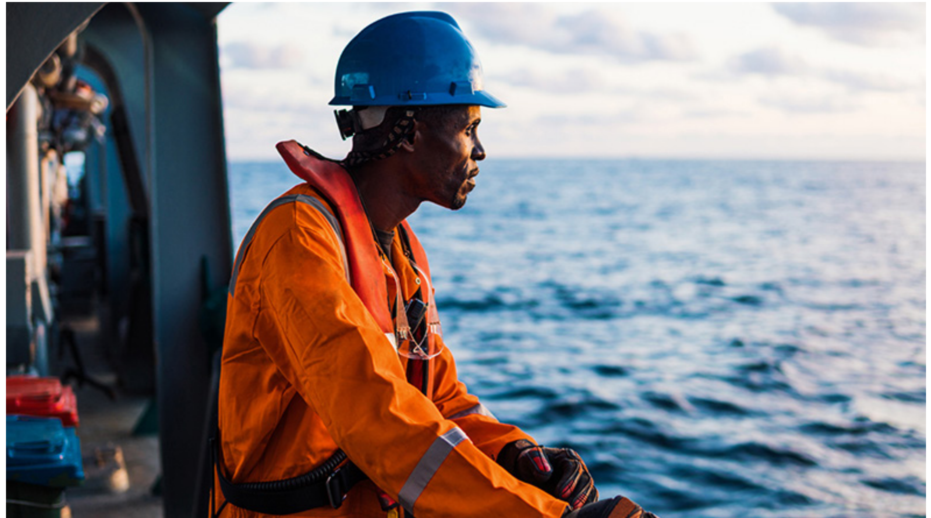
Seafarers close to breaking point, warns shipmanager



THOUSANDS OF SEAFARERS stranded at sea with expired contracts are close to quitting, according to one shipmanager.

The situation is being exacerbated by secondary outbreaks of coronavirus that is forcing crew change policies to be tightened, particularly in the key changeover hubs of Hong Kong, Singapore and Malaysia.

"Seafarers have been very responsible not to disrupt the employment of the ship and the movement of goods, but we are getting very, very close to a place where I think crew will refuse to sign the next extension of contract," said Anglo-Eastern Univan Group chief executive Bjørn Højgaard.

"As this new wave of infections have hit everywhere and especially Hong Kong and Singapore, in response you've seen a tightening of the rules for the first time since this started."

Mr Højgaard, who is also chairman of the Hong Kong Shipowners Association, told Lloyd's List of the complicated, chaotic and costly measures taking place to repatriate and replace crew.

"As long as things were easing up, albeit slowly, I think seafarers were hopeful that we are getting there, it's clearing up and we will be going home," he said.

"But now that we have got to the point where it has gone the other way in a couple of places, you are getting extremely close to the point where people say 'no I can't do this', simply because they're stretched beyond their ability to do things."

Every location came with its own set of restrictions and logistical puzzles, he said.

Anglo-Eastern currently has 16,000 seafarers on board the 650 vessels it manages, with about 1,600 to 1,700 crew overdue to leave on some 100 ships.

That number had been steadily falling since May from 7,000 seafarers with expired contracts, as countries eased lockdown restrictions or implemented friendlier quarantine and other health and immigration regulations.

The fragility of seafarers' mental health is now front-of-mind for owners and managers, amid growing concerns for vessel safety. Many crew due to leave five months ago could soon be violating international labour conventions to which a number of flags, owners or managers are signatory.

"The situation at sea is horrific," said one master who just returned to his European country of origin this week. He spoke on the condition of anonymity.

"Being master of the ship, I am not allowed to show my feelings. Everything, I have to accept it with a smile. My crew started going crazy, I mean just psycho. It is not at all a good situation."

Only a third of the crew on his ship were able to leave in the end, because of shortages of available flights, while another joiner tested positive for coronavirus as he was flying out, further delaying the changeover.

An estimated 300,000 crew are stranded at sea, with a further 300,000 unemployed and unable to replace them, affecting some 40% of the world's 1.5m seafarers.

The Mission to Seafarers' Happiness Index, published this week, revealed there was frustration, concern and stress building up, and warned of a rising mental health crisis.

Not one Anglo-Eastern employee had been infected while on board a ship, said Mr Højgaard, urging others in the maritime sector to treat those who had tested positive for the coronavirus before they joined a ship with support and not stigma.

The numbers of crew rostering on and testing positive before boarding is rising globally, with cases not only in Hong Kong and Singapore, and concerns aired that manning agents are not strictly vetting crew before they fly out to join a vessel.

A Mumbai-based crewing agent told Lloyd's List: "There is a strong need to examine the crew for the virus before they board a flight or ship. However, it is not a standard operating protocol followed in all ports in India and also there are no clear orders on who should carry out the tests — the shipmanager or the recruitment and placement services.

"Moreover, it takes almost a week for the test results to be out and the crew have to sometimes join the vessel within a week, which makes it impossible for any tests to be performed."

Some shipmanagers and owners are only hiring crew with negative tests, but as it is not required in many regions, smaller operators are not testing, according to another New Dehli-based agent.

"All countries where crew changes are happening have their own protocols and they also test the crew members before they are allowed to join ships.

"We provide services to almost all big names in the industry and we are only hiring crew who have [had their] swab test done recently."

India, the Philippines and China are the biggest suppliers of crew.

WHAT TO WATCH

Maersk Pool linked to Xihe tankers deal

MAERSK Tankers has held talks with two shipmanagement firms and the shipowning affiliates of Hin Leong Trading regarding a deal to run and market more than three dozen tankers.

A deal would see the Singapore unit of Bernhard Schulte Shipmanagement and V.Ships appointed as technical managers of 37 tankers held by Xihe Group. The ships would be marketed for work under the Maersk Pool, sources said.

Xihe Group is seeking to take redelivery of the vessels from Ocean Tankers, the shipping arm of the Lim-family owned Hin Leong, which has been managing the vessels.

The group told Lloyd's List it had "identified strategic partners to form alliances". It did not identify any potential partners.

"We will be engaging professional, internationally renowned technical and commercial managers to run and market our vessels for charters so as to ensure the highest standards of safety, quality and efficiency are attained," it said in a statement.

Maersk Tankers and V.Ships declined to comment on what they described as market speculation.

BSM has been approached for comment.

Xihe, which is seeking out-of-court restructuring, is expected to seek consent from lenders backing loans to the vessels involved in the deal that is still in the works.

One ship financier source who has been monitoring Xihe's restructuring suggested lenders were likely to welcome the appointment of "independent" technical and commercial managers for the 37 tankers.

The inclusion of these tankers in the Maersk Pool is also expected to improve visibility for the employment and earnings of the vessels involved.

But lenders will seek clarity on the terms of the deal, including earnings projections for the fleet, before giving approval.

They will also want flexibility to remove those vessels they are exposed to from the pool when such a need arises in the future, the veteran banker said.

Xihe is in talks with its 12 lenders over plans for its fleet in a bid to pursue what it described as a "consensual restructuring" following a court hearing on July 29 which was adjourned to August 13

Hin Leong became insolvent after chalking up $800m in futures losses that had gone unreported for years. Its shipping affiliate, Ocean Tankers, has already faced mounting claims tied to bills of lading issued in favour of its trades.

Xihe's tankers have been chartered out to Hin Leong and Ocean Tankers.

Hin Leong and Ocean Tankers have already been placed under court-appointed interim judicial management.

The family of Singapore-based business magnate OK Lim owns Hin Leong and Ocean Tankers. The Lims are the beneficial owners of Xihe's vessels.

Hong Kong crew change suspension dismays unions

TWO seamens' unions in Hong Kong have expressed disappointment with the government's decision to suspend crew changes at the port for vessels without cargo operations.

In an open letter to Hong Kong chief executive Carrie Lam, secretary for transport and housing Frank Fan, chief secretary Matthew Cheung and director of the Marine Department Agnes Wong, the Merchant Navy Officers' Guild-Hong Kong and Amalgamated Union of Seafarers, Hong Kong, said they were all "disappointed" with the government's decision and strongly opposed "malicious attacks and the media smear campaign towards crew change as a major source of the Covid-19 pandemic".

The two unions further said they "severely condemn those irresponsible and spiteful comments against ship crew and crew change practices".

They pointed out that since the third wave of the pandemic broke out in Hong Kong over a week ago, no infections had occurred among frontline workers who have had close contacts with ships' crews, including pick-up staff, crew from vessel transit service launches, staff at hotels providing temporary accommodation or anyone else associated with the crew change process.

Noting that only a small number of new infections came from the list of groups exempted from quarantine, which include air crew as well as cross-boundary truck and coach drivers to Macao and the mainland and certain categories of business people with manufacturing operations on the mainland, among others, the unions said it was unfair to blame seafarers and crew change operations for the recurrence of the pandemic in Hong Kong.

"Our unions expect the government to improve the current policy and advocate the appropriate crew change in Hong Kong, under the principle of securing public health and safety," they added.

The two seafarers' representative bodies strongly appealed for the "timely review" of the crew-change policy and testing and quarantine arrangements as soon as the outbreak situation improves in Hong Kong.

Hong Kong suspended crew changes for vessels not undergoing cargo operations in the port on July 27 as the government came under increasing pressure amid a third wave of coronavirus infections that have seen more than 100 new infections a day for over a week.

South Korea sees more coronavirus cases from Russian crew

MORE cases of coronavirus infections among Russian seafarers arriving in South Korean ports have been confirmed, with the local Yonhap news agency reporting that 12 new cases from a ship docked in Busan had brought the total number of related cases to 91 from nine vessels since June.

Yonhap cited South Korean health authorities as saying that these new cases add to the 32 already confirmed to be infected on the vessel last Friday, bringing the total to 44 of its crew.

South Korea has been conducting onboard quarantine checks of Russian ships arriving in Busan ports since late June.

In addition, one Russian crew member on board a cargo ship docked in Incheon has also tested positive for the virus. The remaining 19 crew members tested negative for the virus.

Lloyd's List Intelligence data shows this is the 1998-built, general cargo vessel *Orange Dream*.

The Sierra Leone-flagged,11,042 dwt vessel departed from Vladivostok on July 21 with 20 crew on board and entered the Incheon port on Sunday.

Yonhap added that infections traced back to Russian ships arriving in South Korea had become a new source of cluster infections in the country since June, with 19 virus cases tied to two Russia-flagged vessels that docked in Busan.

This is prompting South Korea to consider adding Russia to a list of countries, currently comprising Bangladesh, Pakistan, Kazakhstan, Kyrgyzstan, the Philippines and Uzbekistan, requiring stronger quarantine checks. These enhanced checks involve arrivals being required to submit a negative test certificate.

ANALYSIS

More action needed to prevent container losses

RECENT container losses from vessels is a cause for concern and an issue that still needs to be resolved, according to TT Club risk management director Peregrine Storrs-Fox.

"They are almost always an aggregation of issues and the sum of the parts," he said during a webinar.

Nevertheless, there were certain key elements that the industry could address.

Among these were the proper implementation of the Safety of Life at Sea Convention amendments on the verification of the gross mass of containers.

"VGM enforcement has at best been patchy," Mr Storrs-Fox said. "Incidents that have been reported reveal that some problems still exist in terms of how the information is used and validated through the system."

Neil Gardiner, managing master mariner at maritime consultancy Brookes Bell, said verification of the gross mass enforcement had been poor to date.

"Typically, around the world there is a 2%-5% error tolerance being allowed but it is not being uniformly enforced," he said. "In the UK, the tolerance is +/- 5%, or 500 kg, whichever is the greater. In a recent case where 109 containers were weighed, 34% were found to be above the VGM figure."

The UK Maritime and Coastguard Agency performs audits of documentation and procedures to ensure compliance, he said.

"There have been fines imposed in the UK, but the responsibility relies on Solas-contracting governments and I do not know how well other countries are implementing this."

Mr Storrs-Fox added that there were reports identifying that incorrect masses were being declared.

"There is no doubt that the industry has understood that they need to provide a figure and communicate that in a set way, but the integrity of calculating or supplying that valid figure has been called in to question," he said.

"What is problematic is that it isn't always happening and isn't happening consistently. In terms of enforcement agencies, there is probably less attention to this detail on the assumption that the industry is going to self-regulate. I think that might be a misplaced assumption of the ability of the carriers to govern that process.

As well as incorrect verification of the gross mass declarations, stowage planning and lashings also needed to be addressed, Mr Gardiner said.

Shoreside checks of the weight distribution and vertical tier weight distribution were either not being done or not being acted upon. This could then cascade to wider problems when the vessel was at sea.

"Lashing force calculations are dictated by class and assume that the ship is rigid," he said. "But recent studies have shown that ships twist and flex at sea, which can provide a whipping action that increases additional motion at the extremities. This isn't allowed for in standard lashing calculations."

These whipping actions can increase the dynamic forces on the container stow by up to 50%.

"There needs to be a change to accommodate these more dynamic forces in the calculations," he added.

Mr Storrs-Fox said that while the findings of the 2010 Lashings at Sea report by the Maritime Research Institute of the Netherlands (Marin), which had led to the introduction of the verification of the gross mass rules, had been partially adopted, other recommendations had not.

These included the availability of dynamic performance information for crew and updating the cargo securing manual to make it more interactive.

"One of the telling results from the Marin research was that these things happen at sea and this may smack of accepting a certain level of loss or even complacency," Mr Storrs-Fox said. "We need to reduce to an absolute minimum what could or should be avoidable losses."

Global economy faces further harm from a second wave

THE International Monetary Fund estimates the global economy will contract by 4.9% in 2020, which is 1.9 percentage points below the World Economic Outlook forecast from April.

Growth in the advanced economy group is projected at -8% in 2020, also 1.9 percentage points lower than the April estimate, while China is the only major economy that could see any growth in 2020.

The reason the IMF has cut its forecast is because the coronavirus pandemic, with accompanying lockdowns and travel restrictions, has had a more severe impact on global activity in the first half of 2020 than originally anticipated, while the recovery will be more gradual — particularly if any second wave of the virus is nearly as bad as the first.

The IMF's inflation projections have generally been revised downwards as well, with substantial cuts in 2020 and even more so for the more advanced economies. This usually reflects a combination of weaker activity and lower commodity prices, although in some cases this is partially offset by the effect of exchange rate depreciation on import prices.

In China, inflation rose to 2.5% in June 2020 from a 14-month low of 2.4% in the prior month. The annual inflation rate in the euro area picked up to 0.3% in June 2020 from a four-year low of 0.1% in May.

In Germany, the consumer price increased to 0.9% year on year in June 2020 from 0.6% during May. Brazil's annual inflation rate rose to 2.13% in June 2020 from a more than 21-year low of 1.88% in May.

These economic developments obviously have a knock-on effect on global trade and decreased trade means lower revenues for shipowners, as well as impacting other operations, from reducing capacity to lower new ship ordering.

Total seaborne trade volume in 2020 is forecast to fall by 3% versus 2019 and represents the first year-on-year decline since 2009.

For 2021 though, under current forecasts, growth will rebound to 5% and in 2022-2024 Lloyd's List Intelligence forecasts a yearly growth of 3%. That gives a compound annual growth rate over 2020-2024 of 2.4%, compared with 3.7% in the 2015-19 period.

Dry bulk will fare slightly better than others in 2020, only decreasing by 1.9%, mostly due to China's dominance as an importer of dry bulk.

For liquid bulk, 2020 volumes will be 4% lower than in 2019, held up by floating storage of crude oil. Container volumes are set to decrease by around 4% as well, but that is again dependent on a less severe second wave of the virus outbreak than the first one.

Longer term, annual crude oil trade is expected to continue to increase but at a modest 0.8% until the end of 2024 — compared to 3.7% in the previous five years. The refined product trade is expected to grow by 2% on average per year, compared to 5.5% yearly in 2015-2019.

According to the International Energy Agency, oil demand may not recover to pre-pandemic levels until 2022 at the earliest.

The IEA suggests that oil demand in 2020 will fall by 8.1m barrels per day to 91.7m bpd, the largest drop in history, before recovering by 5.7m bpd in 2021.

Reduced jet and kerosene deliveries will impact total oil demand until at least the year after next. Transportation fuels will remain under pressure during 2020 as lockdowns in the US, Europe, India and the Middle East reduce demand for gasoline and jet fuel, as air travel and distances travelled are expected to decline compared with a year earlier.

On top of that, the reduction in manufacturing activity will limit industrial fuel demand compared to 2019. However, the agency said China's "strong withdrawal from the lockout measures" brought China's demand back to almost normal levels.

Global oil supply fell by 11.8m bpd in May, driven by a record Opec-plus group cut and the shutdowns in the US, Canada and elsewhere.

The IEA estimates that after dropping by 7.2m bpd in 2020, global oil output is set for a modest 1.7m bpd recovery in 2021, assuming that the Opec-plus cuts ease. US supply is forecast to fall by 900,000 bpd in 2020 and a further 300,000 bpd in 2021 unless higher prices unlock new investments in the shale patch.

Libya's National Oil Corporation briefly lifted the force majeure at the oil port of Es Sider in early July, allowing tankers to load crude oil from storage. However, exports were only able to resume for a single day before a blockade, which has lasted more than six months, was swiftly reimposed by the Libyan National Army.

Parties are negotiating again the reopening of the oil terminal and the restarting of oil production, which has gone down to 100,000 bpd compared to 1.2m bpd before the blockade.

The potential return of Libyan barrels on the global oil market is set to give the Opec-plus group another challenge, as its record 9.7m bpd collective cut is set to ease to 7.7m bpd from August 1.

Most eyes in the shipping industry will be on China for signs of the global economy bouncing back.

The country's economy suffered its first contraction in 28 years in the first quarter of the year as it grappled with the pandemic through extensive lockdowns and travel restrictions.

The world's second-largest economy shrank 6.8% in the opening three months of the year compared to a year earlier.

However, China's industrial output rose 3.9% in April from a year earlier, improving from a 1.1% fall in March, as the country got back to work.

The recovery from that sharp early contraction continues as well and economic growth is projected at 1% in 2020, supported in part by policy stimulus, followed by an 8.2% uplift in 2021.

Imports of key commodities by the country such as iron ore and crude oil, as mentioned above, are also stabilising and showing signs of a return to normality at a time when demand is subdued elsewhere.

One factor that may weigh on China's recovery is its deteriorating relationship with the US.

Relations between the US and China have worsened in recent months, and the countries have fought over many issues, including the origin of the coronavirus and the autonomy of Hong Kong.

At the end of June, the US Senate passed a bill that would impose sanctions on Chinese officials who undermine Hong Kong's semi-autonomous status, as well as the banks and state entities that do business with them.

Hong Kong has a special trading relationship with the US. However, Washington has started to cut back some of the city's privileges under US law.

In addition, on July 22, the US ordered China to close its consulate in Houston, which the Chinese foreign ministry described as an "unprecedented escalation" in tensions.

Middle East

Meanwhile, tensions are still high in the Middle East, with Iran accused of running a secret shipping network to avoid US sanctions. Iran's oil and refined product revenues are critical to the economy.

The security issue with Iran will continue until a new deal with the US is signed, which is unlikely to happen for as long as Donald Trump is US president.

The Democratic Party's candidate in the US election in November, Joe Biden, has previously stated that he is ready to discuss a mark two version of the Joint Comprehensive Plan of Action deal signed by his Democrat predecessor, Barack Obama.

One potential economic bright spot is the gradual reopening of borders for summer travel.

The European Union recently finalised its "safe" travel list, with citizens of 14 countries, including Australia, Japan and Canada, allowed to enter the bloc from mid-July. However, the US, China and Brazil are excluded.

Chinese citizens will be permitted entry to the EU if Beijing counters with access for EU citizens. In the EU, tourism is critical to the economy and 11% of gross domestic product derives directly from tourism.

Cruise lines, which have been severely harmed by the pandemic, are also aiming to restart activities in the second half of 2020 and there have been collaborative efforts to develop new safety guidelines and recommendations to persuade their usually loyal customer base to return in numbers.

The cruise industry has overcome a variety of health challenges in the past, including norovirus, Sars and Mers, and has experience of getting back to business.

However, Covid-19 is far from gone. At the time of writing, infection figures in the US were increasing and Melbourne in Australia was once again introducing lockdown measures in metropolitan areas.

In Serbia, the government tried to impose a weekend lockdown amid a surge in coronavirus cases, but after many protests, they decided to opt instead for social distancing measures.

More worryingly, in Central Asia, there are signs that a second wave of the pandemic is emerging and if this spreads across the globe, economic forecasts will likely need to be revised again.

MARKETS

Contango trades shield oil majors from epic losses

THE second quarter of the year crude price shock that delivered record freight rates for the crude and tanker sector is also providing record profits for oil majors' trading divisions that hired the vessels.

Royal Dutch Shell and Total indicated their profitable trading divisions shielded them from further losses amid the pandemic-related oil price volatility, while reporting results for the second quarter of the year.

Both companies do not directly break out trading units' results but were regularly seen chartering tankers for floating storage at the height of the oil price crash.

Shell's oil products division, in which the trading division operators, reported adjusted earnings of $2.4bn, which is 89% higher than the same period in 2019.

This reflected "very strong contributions from oil and oil products trading", it said.

There have been anecdotal reports from London-based oil brokers that Shell jet fuel traders correctly called the massive market decline when the coronavirus pandemic first put China in lockdown, contributing to profits.

Shell and Total both chartered aframax tonnage for periods of 30 to 120 days to store oil products during

April and May, shipbroker records show, as well as taking other positions relating to crude oil trading.

The oil price contango — when the future price is higher than the spot price — allowed them to buy refined products and crude for storage and take futures positions for later sale at a profit.

Shell is the world's second-largest spot charter for crude tankers, while Total is number eight, according to the half-yearly figures compiled by New York-based shipbroker Poten & Partners.

Total, Europe's biggest refiner, reported utilisation levels of 60% over the second quarter of 2020, but said poor margins were offset by "very good performance of trading activities" for its Refining & Chemicals division.

Chief executive Patrick Pouyanne said the company's $3.6bn in cashflow reflected the "outperformance of trading activities".

Total also noted a $6bn impairment for its Canadian oilsands projects, which it declared stranded assets. Shell reported a net loss of $18.4bn, of which $16.8bn was an impairment charge based on its reassessment of future oil price estimates.

Italian oil major ENI showed refinery margins were 35% lower, while throughputs were down 40% year on year at its Italian refineries. The utilisation rate of 60% was in line with Total's figures.

ENI reported an adjusted net loss of €714m ($839m)

Rates for the largest tankers, including very large crude carriers and suezmax tankers soared from as low as $10,000 a day to as high as $264,000 a day from mid-March, as volatile crude prices that followed March's short-lived oil price war boosted tonnage demand.

Shell reported oil products sales 39% lower year on year, with sales volumes forecast to be 4,000–5,000 barrels per day for the next quarter and refinery utilisation at 68% to 76%.

Losses for its oil products division were at $3bn, including a $4bn impairment charge as medium and long-term price outlook assumptions were adjusted lower

Is dry bulk over the worst?

THERE can be no doubt in anyone's mind that the second half of this year will be stronger than the dismal levels seen during the first six months.

That is, if no new wave of infections forces key consuming countries such as China into calamitous lockdowns again.

The biggest driver for the July-December market is a recovery — albeit small — in China, where iron ore inventories are lower than usual. Long-haul shipments are keeping freight rates buoyant for the larger sizes, while some bright spots in certain regions are keeping smaller-sized bulkers busy.

Elsewhere, however, things do not look so rosy. Slowing economic activity, following coronavirus closures, is looking likely to lead to a contraction in global demand for dry bulk commodities this year, by up to 3%.

"The economic damage from Covid-19 now — and in the coming months and years — leaves a huge hole," said BIMCO's chief shipping analyst Peter Sand.

"China's stimulus packages, announced after its lockdown restrictions were lifted, are unlikely to boost the dry bulk market as they did a decade ago," he said, adding that the higher spot rates expected in the second half will not be enough to offset the heavy losses experienced earlier in the year.

Fleet growth, meanwhile, is expected around the 3% to 4% mark this year, which, when combined with lower demand expectations, makes for a toxic cocktail.

The uncertainty in the market right now is feeding into investor sentiment, with most publicly listed dry bulk companies trading below net asset values. Banking analysts, who have a bullish view on the market for the coming months, say this is a good time to invest in the sector.

However, while the outlook for the second half is encouraging, full-year earnings estimates will most likely sit below the 2019 average in all segments, according to analysts, who envisage brighter prospects in 2021 on even lower fleet growth — around 2% — and an anticipated rebound in demand.

US bank Jefferies, as well as Norwegian outfits Cleaves Securities and Torvald Klaveness, are all

positive for a stronger second half due to sequential growth in demand from the halted first half amid relatively low fleet growth.

Combined with that is an historically low orderbook, while about 7% of the fleet is over the age of 20 years, making these vessels ideal demolition candidates.

London-based consultant Maritime Strategies International also forecasts higher figures for the third and fourth quarters versus the first half, although the earnings are well below the same periods last year.

MSI forecasts average spot capesize rates at about $19,000 per day in the third quarter. That is some $10,000 below the same time last year, while the final quarter should average about $15,500, down from $21,900 in the year-earlier period.

Panamaxes, meanwhile, are forecast at $9,000 per day, moving up to $9,700 by the year's end. That is 25% to 50% below the corresponding periods in 2019.

Supramaxes and handysizes paint a similar picture, with the fourth quarter being their strongest months.

Supply and demand fundamentals look weak for the full year and, according to some analysts, will start showing signs of being overtonnaged.

Lloyd's List Intelligence's Shipbuilding Outlook pegs dry bulk and general cargo fleet growth at 4% this year. Other analyst estimates range from 2.3% to 3.6%.

June was the busiest month for new deliveries since the start of the year, while high spot rates in recent weeks will have quashed demolition activity.

Coal

Meanwhile, dry bulk trade could contract by 1.9%, according to Lloyd's List Intelligence. Other analysts expect negative growth in the range of 2% to 3%, based on the effects of the coronavirus pandemic and rising protectionism.

Specifically, coal faces the steepest fall — especially of the thermal or steam coal variety — due to lower manufacturing output. Overall, brokerage Howe Robinson expects a 6.8% drop in global seaborne imports to 1.2bn tonnes.

Although China's imports were strong in the first half, up about 13%, there was talk of a possible import quota as Beijing tries to incentivise domestic producers.

A heightening political spat with Australia may hit shipments going forward, with the slack taken up by Indonesia or Russia.

Cement and steel products are also expected to see falls due to the slowdown in global economic activity. The World Steel Association expects that steel demand will shrink by 6.4% this year, recouping some losses next year.

Bauxite may be one commodity that props up the market as the long-haul trade from Guinea in West Africa to China has somewhat helped the capesize segment so far. Sugar trades, too, are seen as a boost to the smaller bulkers in the coming months, as Brazil elevates its exports.

However, overall trade volumes are expected to slip by 2.7% to 1.9bn tonnes, according to Howe Robinson.

On a positive note, grains should provide a necessary boost to the market, with Black Sea and Brazilian volumes faring well. Smaller-sized bulkers benefit from this, as well as panamaxes.

The US exports season, which begins in September, also looks positive, with a 24% rise expected, according to the US department of agriculture. However, with China and the US still at loggerheads over policies, it is unclear where cargoes could be diverted.

Howe Robinson expects a 4.2% rise in global grains trade to 602m tonnes this year versus 2019.

Iron ore trade, meanwhile, could increase by 1.1% to 1.6bn tonnes, the brokerage said.

Australian exports to China have been strong in the first half, with shipments from Port Hedland reaching a record 235.8m tonnes, official figures show. That is a 10% rise over the same period last year.

Volumes from Brazil should be in line with last year, MSI said, if Vale, the largest Brazilian miner, can ramp up supplies sufficiently to meet its full-year guidance of 310m to 330m tonnes, following a weak first half due to heavy rains and coronavirus shutdowns.

There is potential for strong iron ore shipments in the second half, it added.

The recent capesize rally may not hold at the $30,000 per day rate through the rest of the year though, as the drivers that led to the spike were deemed to be short-term tonnage tightness.

In short, fundamentals remain unfavourable in the dry bulk market this year as fleet expansion continues amid a backdrop of what will prove to be a demand contraction given the pandemic that closed off much of the world. Brewing political tensions around the world are also a risk factor to any meaningful recovery.

There is hope, however, that next year's earnings will sit comfortably above 2020, provided there is no second or third wave of coronavirus infections that will lead to renewed lockdown measures.

Talk of a containers crisis is off the mark

If 2020 has taught us anything, it is the utter irrelevance of forecasts.

Six months ago, the main concerns in container shipping were the impact of the Sino-US trade war and whether carriers would be able to pass through the increased costs of low-sulphur fuel to their shipper customers while still maintaining freight rates.

That was 180 days ago. It may as well have been a lifetime ago.

Since then, the darkest of black swans has descended on container shipping and a big disease with a little name has changed the forecasts beyond recognition.

The coronavirus pandemic that has wreaked social and economic devastation on nearly every economy in the world has seen containerised freight fall by the largest amount since the global financial crisis of 2008-2009.

The most recent figures from Containers Trades Statistics show laden box volumes were down by 7.7% in the first five months of the year. Drewry's port throughput tracker expects a 7.3% decline across the year.

Yet these figures are better than some initial projections, which had seen volumes falling by 10% or more.

It is true that the worst may be over, but as the past has shown, that "may be" is doing a lot of work. No one can any more tell the course of the pandemic now than they could in January, when Chinese authorities closed down a market in Wuhan.

While the worst of the volume decline may have occurred during the severe lockdowns of April and May, for container lines, these are the inconsequential months that follow the Chinese New Year factory closures.

What is of consequence is the summer peak season, as retailers stock up for the back-to-school sales in September and the Christmas spending frenzy.

Some have looked at the spike in rates on the transpacific trade as a sign that demand is returning and that a peak season could soon be upon us.

However, that has more to do with a sharp reduction in capacity by container lines that may have gone beyond what was strictly required.

Shippers, seeing blanked sailings announced on an almost daily basis, paid over the odds to secure their cargoes on limited sailings, pushing up rates. Yet port throughput figures show no corresponding surge in demand.

According to SeaIntelligence Consulting chief executive Lars Jensen, the traditional peak season has already been discounted and any rebound is unlikely to come until 2021 at the earliest.

"The peak season exists because that's when we ship the goods for Christmas," Mr Jensen said. "In order to have a rebound in the peak season, it means that we need to believe a scenario where all the importers in Europe and the US sit down in the next month and decide there will be a strong Christmas sales season, and order goods accordingly.

"I cannot see a realistic scenario where a lot of companies now would believe in strong Christmas sales."

Drewry analyst Simon Heaney is also doubtful of a recovery in volumes any time this year.

"Our assumption is that activity will improve through the second half of the year as lockdowns are lifted and stimulus packages kick in," he said. "But the quarterly year-on-year growth rates are going to remain negative until at least the beginning of next year as the world adjusts to the new rules of living that we're all getting used to."

He is forecasting no return to growth until 2021 at the earliest — and even then, a 10% increase in volumes next year would only take liftings to where they were in 2019.

Mr Jensen also sees a return to form in 2021.

"There are many different opinions out there, but mine is that when the rebound comes, it will come extremely hard and extremely fast," he said. "It always does. That happens when inventories need to be revamped."

However, as Drewry warns, it will be the pandemic that calls the shots. Its baseline scenario is based on the pandemic subsiding.

"No one is in control of the pandemic and the economy will go as the virus does," Mr Heaney said. "If there is a failure to contain the virus this year or a fresh outbreak next year, then you will quickly see the forecast for next year slip into negative territory."

If there is one forecast the carriers will have been happy to prove wrong, it was of their imminent demise following the collapse of global economic growth, on which they depend.

Early assessments forecast that carriers could lose as much as $20bn collectively this year, if rates followed the same trajectory they had in 2009.

However, not only have the leading lines failed to collapse, but also they appear to be taking the business school advice of turning a crisis into an opportunity.

Box lines have shown an unprecedented fortitude in managing capacity since the outbreak of the pandemic.

By pulling capacity out of the market as a group, they have avoided the price war and rates collapse that has characterised every other container shipping crisis over the past 60 years.

That has been attributed to both the smaller number of lines now competing with each other, as well as the existential threat they face individually.

Yet now there are hints of if not a recovery, at least a bottoming out of the collapse in demand, it remains to be seen if they can keep their collective wits about them or whether the age-old drive for market share will lead to capacity being added to the market before the demand is fully realised.

Drewry expects that as volumes increase over the next few months — albeit from the lows of April and May — rates will come off the boil as more capacity is added.

Yet still they come.

Carriers' ability to control capacity during the crisis has surprised many industry observers, not least because rampant overcapacity has been the name of the container shipping game for a decade.

The pandemic has seen new orders shrink to virtually nothing this year, but ships ordered before the crisis are still coming into service — albeit with delays.

Drewry reckons that only 65% of the ships due for delivery will actually join the fleet this year, but this is still more than is warranted.

"The containership fleet continues to grow, even though most carriers would prefer that it didn't," Mr Heaney said. "Covid-19 has exacerbated the industry's longstanding oversupply problem. By the end of this year, the fleet will have grown by about 2.6%, which is about 9% above our port handling forecasts, which is adding to the existing oversupply pressure."

There was likely to be more slippage of deliveries over the next 18 months, he added.

"Essentially, we are just pushing some of this problem down the road until it is less of a problem."

However, the delivery of up to 30 ultra-large containerships a year in the latter part of the decade has left a shadow of overcapacity over the market, limiting the potential growth for freight rates and highlighting the importance of cost cutting, according to BIMCO shipping analyst Peter Sand.

"As in the other shipping sectors, the past decade saw a worsening of the fundamental balance in the shipping market," he said. "With demand set to fall this year, while the fleet continues to grow, 2020 will prove a painful year for carriers, even if freight rates are held up by record high containership idling."

Nevertheless, it appears the lines will come out of the crisis chastened but not unduly disturbed, at least for this year.

IN OTHER NEWS

Pacific Basin looks to upgrade to larger handysizes

PACIFIC Basin, a Hong Kong-based bulker owner and operator, is looking to upgrade its smaller, older handysizes to the larger versions as it booked a hefty impairment in the first six months.

It is targeting the disposal of those handysizes reaching 20 years of age, the company's chief executive Mats Berglund said on a conference call. It will be looking at selling two-three ships per year based on opportunities.

It is a strategic decision as those handysizes smaller than 30,000 dwt, which are becoming less interchangeable in the market, earn about 20% to 25% below the bigger sizes, chief financial officer Peter Schulz said on the same call.

Australia bans Chinese dry bulker over underpaid crew

A LIBERIA-flagged, China-owned dry bulker was banned from entering Australian ports this week, concerning accusations of wage exploitation made by a group of Burmese seafarers on board, according to the local maritime authority and the shipmanager.

The Australian Maritime Safety Authority put a 12-month ban on TW Hamburg, having boarded the vessel in Gladstone, Queensland on July 24, according to a press release.

It said that some seafarers claimed they had been underpaid, with evidence collected by the inspectors showing they were owed about A$42,000 ($30,160).

Zhuhai bids $270m for rival Chinese port

PORT of Zhuhai, a major feeder port in southern China, has proposed to take over a smaller rival in the east of the country as part of its expansion plan.

State-owned Zhuhai Port Holding Group has offered to acquire 100% of privately run Xinhua Port Holdings for a cash payment of HK$2.1bn ($273m), according to an exchange filing.

Listed in Hong Kong, the target company owns and operates two multi-purpose terminals at the port of Changshu in the Yangtze River Delta region.

Keppel O&M's pandemic disruption drags on parent

KEPPEL Offshore & Marine said it had reduced the workforce at its yards by almost 75% after outbreaks of the coronavirus at staff dormitories.

The yard operating arm of Singapore-listed Keppel Corp now has about 5,000 workers on site, compared with 24,000 in March, though the numbers have climbed from a low of about 1,200 during the second quarter of the year.

Two foreign worker dormitories managed by the yard group's affiliate, Keppel Housing, have been converted into isolation areas because of the outbreak.

Port of Venice says first-half volumes down 12%

VENICE has become the second Italian port in a week to announce a sharp drop in throughput due to the economic impact of the health crisis.

It said first-half of the year incoming and outgoing traffic was down 12%.

The news comes after the Genoa port complex owned up to a "heavy setback" across all classes of cargo in the wake of the pandemic.

Performance continues run of profits after tanker switch

PERFORMANCE Shipping has continued its profitable run since refocusing its activities on the tanker market and jettisoning a fleet of boxships.

The Nasdaq-listed shipowner, formerly named Diana Containerships, posted $4.6m of net income for the second quarter, reversing a $1.6m loss attributable to common stockholders for last year's second quarter.

Charter revenues reached $16m compared with $4.5m in the same period in 2019. The company now owns four aframax tankers with just one remaining panamax container vessel, the 2001-built *Domingo*, which has been on charter to MSC.

D'Amico chief eyes deleveraging company

THE strategy of d'Amico International Shipping, an Italian owner of product tankers, is to deleverage the company by paying off debt.

One of the ways to achieve this is by continuing to sell off older tonnage, the company's chief executive Paolo d'Amico said, targeting a disposal of up to four vessels over the age of 15 years between now and some time next year.

"We firmly intend to be financially conservative and continue deleveraging our balance sheet, as we strongly believe that having a sound financial structure will increase our strategic and operational flexibility going forward," he added.

Navios Acquisition takes on container assets as tanker profits boom

NAVIOS Maritime Acquisition has posted a sharp rise in profits against a backdrop of strong second-quarter tanker rates and has – at least temporarily – become a containership owner.

The Navios Group tanker owner acquired seven feeder containerships, as well as receiving $8.9m in cash, following the liquidation of joint venture vehicle Navios Europe II at the end of June.

The cash and ships equated to $37.7m in receivables the company was entitled to for its stake in the vehicle.

Co-operation helps keep US ports on track

CO-OPERATION between maritime employers and longshore workers has been essential in keeping the Port of New York-New Jersey fluid since the outbreak of the coronavirus, according to New York Shipping Association president John Nardi.

But co-operation extends well beyond the coronavirus, as employers and labor have settled into a six-year agreement, signed in 2018, that sets port productivity goals which each side can live with and prosper from.

Regarding the coronavirus, "we spent countless hours between management and labour", said Mr Nardi, whose organisation negotiates labour contracts on behalf of ocean carriers and marine terminals that operate in the Port of New York-New Jersey.

New Hill Dickinson Singapore office head to drive future growth

THE founder of one of world's biggest maritime law firms has taken over the running of its Singapore offices, from where he plans to make a "renewed and continued push" for growth and market share.

Andrew Lee is a partner in the marine and trade team at Hill Dickinson. He is taking over the running of the office he helped set up in 2009, as current lead Tony Goldsmith is returning to London after being promoted to head of the marine and trade division.

Hill Dickinson Singapore has seen a period of rapid growth under Mr Goldsmith, who has expanded the practice from only two lawyers to 15.

Classified notices follow

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For EMEA please contact **Maxwell Harvey on +44 (0) 20 7017 5752**
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For APAC contact **Arundhati Saha - Mobile: +65 9088 3628**
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Vacancy Notice:

Associate Professor, Port Management and Operations

Job title Associate Professor, Port Management and Operations

Organizational Unit: Faculty, Port Management

Grade: P3

Duty Station: Malmö, Sweden

Duration of contract: Two-year fixed-term appointment

1. Organizational setting

The World Maritime University (WMU) is a postgraduate and research university established in 1983 by the International Maritime Organization (IMO), a specialized agency of the United Nations. WMU's mandate is to build global capacity in maritime and ocean areas. The University offers M.Sc. and Ph.D. programmes, Postgraduate Diplomas, and Professional Development Courses (PDCs) with the highest standards in maritime and oceans education and training. WMU also has a highly respected research programme and a strong record of publications across the maritime and ocean fields.

The Associate Professor position falls within the Faculty Unit at WMU's headquarters in Malmö, Sweden.

2. Main purpose

The incumbent will work under the supervision of the Vice-President (Academic Affairs), and functionally under the Head of the Specialization Port Management. As a faculty member at WMU, the Associate Professor is expected to provide teaching/mentoring/supervising, conduct research in the fields of shipping/port/logistics, publish outputs at internationally recognized outlets, and promote collaborative research with other institutes and universities.

As a member of the faculty and professional staff at WMU, the incumbent will work to keep WMU positioned as an academic institution of excellence, help advance the institution and build its reputation in the relevant field of expertise. Furthermore, the incumbent is expected to help the University accomplish its mandate and therefore to contribute to the capacity building efforts and missions of WMU within the framework of cooperation between the University, the IMO and other UN and international organizations.

3. Working relationships

Internal contacts – Incumbent liaises and interacts with all faculty members on a regular basis as well as with support staff as required.

External contacts – Incumbent liaises with scientific and industry communities, research organizations, intergovernmental organizations, non-governmental organizations, and engages with scientific journals and publishing entities.

4. Duties, responsibilities

Responsibilities

The Associate Professor is expected, under the supervision of the Vice-President (Academic Affairs) to be engaged in:

- Teaching, including engagement in the MSc teaching programs in Malmö, and other locations as needed and assigned;
- Coordinating and participating in student field studies;
- Mentoring of MSc and PhD students and supervision of research theses/dissertations in the area of port management, operations and logistics;
- Maintaining scholarship in the form of publications in peer-reviewed journals, books, book chapters, etc.;
- Developing research projects, submission of project proposals, and delivery of such projects;
- Participating in international missions of the University and capacity building projects;
- Presentation of research findings at professional conferences and meetings;
- Being engaged in distance learning (e-learning) programmes, PDCs, and capacity-building courses as required, and
- Serving on WMU committees and work groups, and active participation in administrative, academic, and curriculum duties.

5. Minimum requirements – education, experience and language skills

Education

Essential

- PhD in a maritime business, management and operations related disciplines (e.g. Port Economics, Management, Operations, Logistics, and/or Engineering).

Experience

Essential

- A minimum of five years of experience, after obtaining a PhD, in teaching at the post-graduate level, preferably within the areas of port management, operations and related areas,
- Demonstrated teaching and research experience in such areas as port logistics, container terminal management, port KPI, analysis of port related risks, automated and digitalized port/terminal management and operations,
- Recognized involvement in areas related to automation of ports and skills needed for the future of work in the maritime and port sector
- Proven focus and demonstrated abilities in econometrics and/or quantitative methods,

- Good understanding of the United Nations system and demonstrated involvement with international organizations in capacity building projects and similar,
- Demonstrated ability to raise research funds and to develop research/consultancy/capacity building projects,
- A strong record of scholarly publications in the field of economics, management, port management, operations and logistics.

Desirable

- Experiences in curriculum development and teaching at the executive level,
- Professional experience in the maritime transport sector,
- Experience in organizing conferences and seminars,
- Software programming skills in developing terminal operating systems (for example with ARENA) and port/terminal simulations (with MATLAB).

Languages

Essential

- Fluency in spoken and written English.

Desirable

- Knowledge of another UN language would be an advantage.

6. Knowledge and skills

Knowledge and skills

Essential

- Excellent communication skills,
- Ability to work independently and as part of a professional/academic team,
- Effective organizational skills to manage time and priorities in teaching and administrative duties as appropriate,
- Ability to act as point of contact for problems/enquiries from students in your areas of expertise,
- Ability to work in a multicultural environment and to demonstrate gender-sensitive and non-discriminatory behaviour and attitudes,
- Ability to deal with administrative matters as appropriate to status and with reference to other colleagues within WMU.

This vacancy is open to male and female candidates. WMU seeks to increase the number of women at all levels and, therefore, qualified women are particularly encouraged to apply. WMU will make every effort to facilitate the employment of persons with disabilities.

Application

The position offers an attractive salary (P3 Grade of the ICSC salary scale), free of income tax in Sweden, a benefits package and relocation expenses. Applicants must fill in the application form, which can be found at http://wmu.se/vacancies. Should send a letter of interest, a complete CV, and the contact information of three referees to Marco Batista, Head of Human Resources (mb@wmu.se).

Deadline for Applications: 31 August 2020.

M/V MAERSK HONAM – FIRE ON 6 MARCH 2018
NOTICE OF GENERAL LIMITATION DECREE

In The High Court of Justice of England and Wales
Business and Property Courts
Queen's Bench Division
Admiralty Court

AD-2020-000024

BETWEEN

MSC Mediterranean Shipping Company SA

Claimant

and

(1) Becton Dickinson Medical (S) Pte Limited

(2) All other persons claiming or being entitled to claim damages by reason of the fire on board the "MAERSK HONAM" in the Arabian Sea on or about 6 March 2018

Defendants

BY A GENERAL LIMITATION DECREE made on 15 July 2020, the High Court of Justice ordered that by reason of the provisions of the Merchant Shipping Act 1995 (as amended) the Claimant is not answerable in damages beyond:

a) **123,308,412** Special Drawing Rights or GBP **138,430,128** in respect of loss of life or personal injury; and
b) **61,654,206** Special Drawing Rights or GBP **68,206,267** in respect of all other claims (including, but not limited to, any claims in respect of the loss, damage and delay to any property or to the infringement of any rights);

caused through its act or omission or through the act or omission of any person on board the vessel "Maersk Honam" in the navigation or management of the "Maersk Honam", when she suffered the casualty in international waters on or about 6 March 2018.

The Court also ordered that all further proceedings in any claim against the Claimant arising out of the aforesaid casualty be stayed.

The Claimant was not the operator of the "Maersk Honam". A Limitation Fund has already been constituted in respect of this casualty by the provision of a Letter of Undertaking from the vessel's owners' P&I Club, the Standard Club, to the Court in accordance with the Order of Mr Registrar Kay, dated 10 September 2019 in case number AD-2018-000156.

TAKE NOTICE THAT in accordance with the Decree parties intending to file a claim against the Limitation Fund or to issue an application to have the Decree set aside have until **30 September 2020** (being a date at least 56 days after the publication of this advertisement) to do so. Any such claims or applications must be filed in The High Court of Justice (Queen's Bench Division – Admiralty Court), Ground Floor, 7 Rolls Building, Fetter Lane, London EC4A 1NL (Claim No. AD-2020-000024). Attention is drawn to the provisions of CPR Part 61, including rule 61.11(15) which concerns service of any statement of case.

For the avoidance of doubt, this advertisement and the Decree are without prejudice to the question of liability for the casualty and their contents are without prejudice to, and do not affect, any and all rights that the Claimant may have, including in relation to limitation and/or time bar.

Ince Gordon Dadds LLP
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2 Leman Street
London
E1 8QN
IanChetwood@incegd.com; CharlesOConnor@incegd.com
Reference: IAC/CRKO'C/8295/8837

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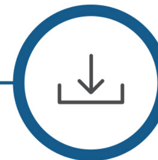

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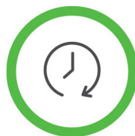

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