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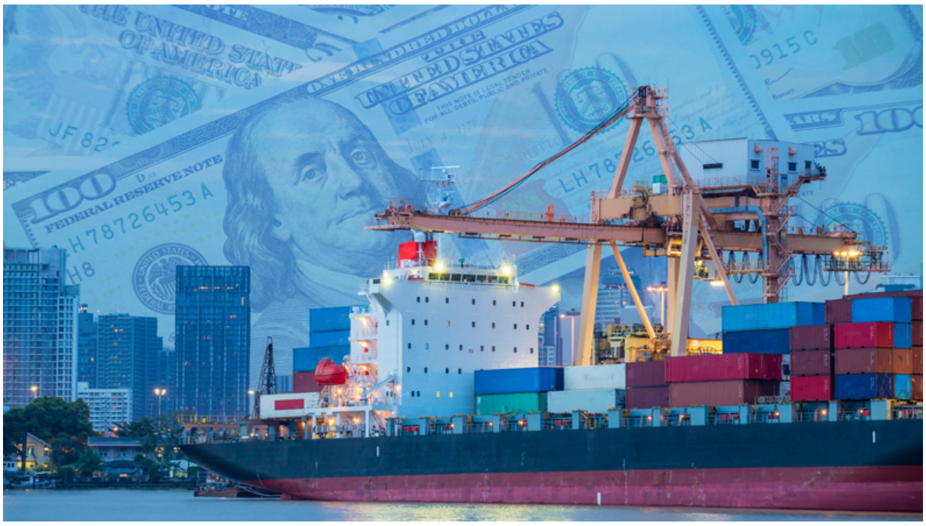
Chinese leasing houses weigh options amid uncertain outlook



JACK XU, DEPUTY head of shipping at CMB Financial Leasing, said his company is cautious about the impact from the ongoing viral pandemic, worsening Sino-US relationship and burgeoning anti-globalisation trend.

But he was also careful not to let such caution lead to any suggestion of a retreat, or that the lessor is just a fair-weather friend for its shipping borrowers.

“We did conclude new deals this year, including dry bulkers, tankers, containerships and also some gas carriers.” Mr Xu told the Capital Link forum. “What we have done is to try to keep our commitment to the industry to stay with our clients, to go through this tough time.”

Striking such a delicate balance is, perhaps, a big task for all major leasing houses from China — an indispensable force in today's ship finance arena — facing an increasingly murky outlook in shipping.

Part of the options being weighed by the Chinese shipping lessors is reflected in their drawdown, which refers to the accessed part of a credit line extended to their borrowers.

That portion of lending expanded by 25% from 2018 to $15.8bn in 2019, according to data compiled by Smarine Advisors, an expert in facilitating vessel leasing deals.

There was year-on-year flat growth for the first half of 2020, however, Lloyd's List understands.

Mr Xu said his division's drawdown had also palpably slowed in the six months.

Behind that anaemic growth is a combination of causes: slack market demand, the coronavirus disruptions, and the higher dose of circumspection taken by the lessors.

They primarily lend via newbuilding projects, where funds are normally allocated in parallel with the shipbuilding instalments spanning about two years, and via sale and leaseback transactions for existing fleet, in which sellers often receive the payments en bloc.

The ordering appetite for fresh tonnage has been dulled for several years amid uncertainties about future marine fuels. Now the coronavirus backdrop has made it more difficult for vessel delivery, upon which a newbuilding owner usually draws the last but also the largest tranche of his borrowing.

"Sometimes, it is because the pandemic-hit yards lack the required workforce to complete the vessels on schedule," said another shipping executive from a major leasing house. "Sometimes, it's the owners who want to push back the handover owing to poor market conditions."

In some rare cases, the lessors had to halt the credit line when their clients' liquidity dropped below the level stipulated in the covenants, he told Lloyd's List.

On the other hand, the leaseback deals are now subject to more stringent screening amid heightened market volatility and concerns about insufficient project cashflows, according to Bocomm Financial Leasing head of shipping Fang Xiuzhi.

"Risk control are getting stricter than before," he said.

The extra caution exercised was showcased recently, when Chinese acrylic acid producer Zhejiang Satellite Petrochemical was seeking to sell and lease back six very large ethane carriers linked to US imports.

At least two large Chinese leasing lenders were approached yet turned down the offer, Lloyd's List has learnt.

"Satellite Petrochemical is not deemed as a top-tier charter because it is privately-run and a newcomer to shipping." said one person familiar with the matter.

"Also, the vessels will be used to import cargo from the US to China, which the lessors think contains high risks given the current Sino-US relations."

As a "natural response to uncertainties", the leasing companies now preferred counterparties with a strong balance sheet and liquid assets, said Smarine director James Chen.

But at the same time, the quantitative easing policy prevailing in the developed economies has brought some western banks back to the shipping table with abundant funds in hand.

"The Chinese lessors are aware of the competition." Mr Chen said. "They will achieve a balance between how to remain competitive and how to manage the risks."

Maintaining that competitiveness sometimes requires bold innovations.

Bocomm Leasing recently made the headlines with a $650m contract signed with Shell for a dozen dual-fuel long range two tankers.

What makes the deal stand out is not just its environmental feature, but also an attached time charter agreement — rather than the traditional way of a bareboat charter — with the vessel user.

The lessor said it proved capability to offer tailor-made, packaged solution to its commodity and transport clients.

In fact, the deal has also further developed the lessor's attributes as a shipowner, despite the tremendous extra efforts it must spend on commercial operations and ship management.

"Chinese lessors have done time charters for dry bulkers and containerships before, but this is the first tanker case I've ever seen in the market." said the previous leasing executive.

It was more complicated to operate and manage tanker ships for safety reasons, such as the oil spill risks, the executive explained.

"But ship lessors definitely see the time charter between them and cargo interests as a trend. They are now more active in doing that, at least in the other two segments." he said.

Like his colleague at CMB Leasing, Mr Fang at Bocomm Leasing is also a master of balanced speech.

He told the Capital Link audience that the challenge for his company now was to find enough good projects. But he then quickly turned to optimism.

Vessel supply was reined in while asset price was kept low, he pointed out. "It was still a good time for us develop our portfolio."

WHAT TO WATCH

Yard Talk | Why China is looking to China to support its shipping strategy

COSCO Shipping Bulk chairman Gu Jinsong recently said that Chinese companies along the shipping industry chain should look to one another for comfort.

The remarks come against the backdrop of a new strategic axis of China's economic development, a dual-cycle pattern centred on domestic demand and facilitated by foreign trade.

Economists and analysts see this policy shift as partly a pivot of the "world's factory" towards economic self-sufficiency amid the coronavirus pandemic and rising geopolitical uncertainties.

Is it related to shipbuilding? Of course it is.

The focus of domestic cycle has heightened the importance of energy and food security for China, said Mr Gu. His company, a subsidiary of state conglomerate China Cosco Shipping Corp, owns the world's largest dry bulker fleet.

"Our country still largely relies on imports for commodities such as iron ore, oil and grains," he told a Capital Link forum. "Chinese shipping companies should seize the opportunity as well as take the responsibility to help guarantee the supply of those resources."

That led to his key conclusion that more Chinese cargo should be carried by Chinese ships, or *guohuo guoyun*, as it is often referred to in the Chinese language.

The idea is not new, though. Policy makers in Beijing have been trying to achieve that goal for many years, while the progress has not been impressive.

For example, the Ministry of Transport in 2003 set a target that 80% of the country's oil imports should be hauled by China-owned tankers by 2015. The reality is that ratio has never exceeded 40%.

But the old topic now seems just the right fit for China's new norm envisaged by Beijing.

If China does increase the *guohuo guoyun* ratio, domestic cargo owners and traders will hire more ships from domestic owners, who in turn will need to order more ships with compatriot builders. And bear in mind that most of the major players in these sectors are state owned.

To a certain degree, this has already happened.

Most of the valemax bulkers used to help fill China's demand for Brazilian iron ores are either owned by Chinese shipowners or leasing houses and built at Chinese yards.

A similar structure may be applied to the up to 16 large liquefied natural gas carriers booked at Hudong-Zhonghua Shipbuilding, part of China State Shipbuilding Corp, for importing the fuel from Qatar.

Earlier this year, the same yard also won orders for another three LNG tankers linked to US exports from a joint venture between Cosco and state oil and gas giant PetroChina.

The latest talk from the newbuilding market seems to suggest that compatriots' affection and ties will only strengthen.

These include the newbuilding project between China Minsheng Trust, Cofco and Chengxi Shipyard for eight kamsarmax dry bulkers, and a deal involving orders for a maximum of 30 very large crude carriers that are being discussed by Shenzhen-listed Rongsheng Petrochemical and its partner CSSC.

Some analysts think Cosco's recent fleet expansion plan to build seven more 23,000 teu containerships is also partly driven by Beijing's policy goal to safeguard supply chain stability.

The company, following a consultation between the government and liner carries, took the lead in withdrawing the markup on transpacific trade and replenishing vessel capacity to help reduce the shipping costs of Chinese exports.

For the first seven months of 2020, Chinese shipbuilders won orders for 164 vessels, of which 100 were ordered by domestic owners, according to Clarksons data.

This is an extremely high proportion compared to the past level, or rather just a starting point for future.

Recycling rise needed to support tanker market as demolition hits 29-year low

TANKER demolition is set to hit the lowest level in 29 years, focusing attention on recycling prospects for 2021 as the coronavirus pandemic keeps exports for refined products and crude at much lower than projected levels.

Scrapping volumes for tankers over the first eight months of 2020 reached 1.9m dwt on 48 ships of 10,000 dwt or over, according to Lloyd's List Intelligence.

That puts demolition on track with levels last seen in 1990 and 1991, when 709,000 dwt and 2.2m dwt respectively was scrapped, data shows.

Owners and operators of publicly listed companies have hyped the low scrapping numbers this year, along with the ageing fleet and low orderbook, as factors that will offset any tepid rebound in demand for tankers next year.

Just two years ago tanker recycling was at a record, reaching 20.3m dwt. High steel prices offered by scrapyards in east Asia fuelled this scrapping, at the same time as earnings were low.

Owners examined the extra costs involved in keeping older tankers trading ahead of incoming international ballast water and marine fuel regulations that would weigh on operating expenses.

The crude tanker fleet stood at 2,225 ships, or 429m dwt, as of August, the LLI Shipbuilding Outlook calculated.

Almost 60% of this comprises the very large crude carrier fleet of 823 vessels. The average age of the crude oil fleet is 10.8 years.

The chemical and product tanker fleet was assessed at 202m dwt for 10,100 ships. Some 2,990 are vessels that are 20,000 dwt and over account for 83% of this tonnage.

Data shows some 713 crude, product, chemical and floating storage tankers over 10,000 dwt, which were built between 1990 and 2000, are still trading and could be potential scrapping candidates.

When vessels registered in flags used for cabotage purposes are removed, such as Nigeria, Canada, Indonesia and the US, the number is a smaller 588 tankers comprising 44.6m dwt.

Of these, VLCCs account for 60 vessels and 40% of all scrapping candidates, followed by aframax or long range one tonnage at 20% by deadweight, covering 85 ships.

Some 24 of the 47 tankers scrapped this year were built after 1990.

Record-breaking spot tanker rates in the first half of 2020 kept owners from considering recycling, as well as a healthy market for older tonnage to be used for storage.

Alongside these conditions crude and product tankers enjoyed record quarterly earnings in April to June.

Demand was first buoyed by an oil-price war between Saudi Arabia and Russia which flooded the market with crude exports, followed quickly by the pandemic-induced collapse in crude demand, which led to up to 10% of larger tankers used for floating storage amid a shortfall of land-based tanks for surplus crude and refined products.

Alongside elevated freight rates, recycling yards across the continent faced protracted closures because of the pandemic, followed swiftly by seasonal monsoon conditions.

Scrapping rates were also poor, further hindering recycling economics, but steel values have gained over the past month, improving numbers.

The threat of a second wave of coronavirus has now dampened crude demand, and along with it, tanker rates and earnings.

These are now hovering around operating expense costs for smaller tankers, with larger sizes barely breaking even, leading many to question whether increased scrapping can compensate for an oversupply of tankers amid lower crude and refined product export volumes next year.

Crude exports from the Middle East Gulf, a major employer of VLCC tonnage, were tracked at 65.6m tonnes on 291 tankers in August, the lowest in records going to back 2012, according to Lloyd's List Intelligence.

Similar declines were seen during July and August for West Africa loadings, which drives demand for suezmax vessels. August loadings at just over 3m barrels per day, or 13m tonnes, were 25% lower than the same period a year ago.

International Energy Agency forecasts for 2021 crude demand are around 97.1m bpd, compared with around 100m bpd in 2019, and 91.7m bpd for this year.

Lloyd's List Intelligence measured global 2019 exports at 52.6m bpd, representing 52% of demand.

If 52% of the estimated 97.1m bpd is exported in 2021, then that represents 50.4m bpd in exports, some 2.2m bpd less than 2019.

That extrapolates to removing one VLCC a day from the market, or 365 fewer VLCC loadings in 2020 than in 2019.

Such a figure does not account for tonne-mile demand but does indicate why scrapping volumes are shaping up as an important measurement to the health of the tanker markets.

Alongside demand for crude and slowing newbuilding orders and deliveries, market conditions that support the removal of older vessels from trading will help existing owners and operators more easily digest the shock to global crude markets and the global economy.

ANALYSIS

Coronavirus resurgence weighs on oil demand and tanker earnings

HOME working and air travel restrictions underpin fresh pessimistic forecasts about oil demand growth for the remainder of 2020.

This leaves floating storage deployment as the biggest driver of fourth quarter of the year tanker earnings, amid stalling consumption of land and air transport fuels that will deepen crude and refined product contango spreads.

The International Energy Agency lowered its second half of 2020 oil demand forecast for a second consecutive month in its monthly report, saying 2020 demand would be 91.7m barrels per day.

That is 400,000 bpd below its prior estimate in August, and 8.4m bpd lower than 2019 levels.

The crude market outlook was "even more fragile" than a month ago and "the path ahead is treacherous amid surging Covid-19 cases in many parts of the world," the Paris-based agency added.

"We expect the recovery in oil demand to decelerate markedly in the second half of 2020, with most of the easy gains already achieved," it said. "The economic slowdown will take months to reverse completely, while certain sectors such as aviation are unlikely to return to their pre-pandemic levels of consumption even next year."

The report makes grim reading for owners and operators of the global fleet of crude tankers, which last year shipped about 50m bpd of the world's estimated supply of 100m bpd of crude and condensate.

Along with refined products, total international seaborne tanker trading was estimated at nearly 3.2bn tonnes in 2018, out of total 11bn tonnes, according to the United Nations Conference on Trade and Development.

At the height of lockdown restrictions in April and May, demand for refined products slumped by one third, while oil prices plunged to a 21-year low, triggering contango market conditions that saw tankers deployed for floating storage at record levels through to August.

Contango trades arise when the future price is higher than the spot price, typically when immediate demand for a product is very weak.

When the difference in the two prices is wide enough, traders can buy and store oil for later sale at a profit. Tankers can be typically used if land-based storage is not available or the chartering costs make such economics work.

Contango trades helped shield tankers from the worst of the lockdown-induced demand downturns by deploying as much as 10% of the trading fleet of panamax-sized ships through to very large crude carriers for floating storage.

But with these trades unwinding and Chinese port congestion easing, earnings had hovered near operating expenses for nearly six weeks by mid-to-late September, even as oil exports had rebound from some of the lowest levels seen in nearly 30 years through June.

The IEA's assessment also places doubt over any seasonal rise in oil demand because of the northern hemisphere winter and increased need for gasoil and heating oil that usually accelerates tanker spot earnings at the beginning of October.

The key this quarter will be in the pace of demand for transport fuels, and one of these indicators will be teleworking, according to the IEA.

"Teleworking is now a significant component in assessing the level of oil demand," it said, estimating public transport worldwide is down around 25% to 50% from January levels.

At least 20% of trips were work-related, the IEA said, citing monthly fuel statistics for Organisation for Economic Development and Co-operation countries, and Google data.

From this, home working was extrapolated to account for 600,000 bpd of the 2.2m bpd fall in gasoline consumption and for 600,000 bpd of the 900,000 bpd fall in diesel in OECD countries during June, according to the data.

The agency lowered its demand forecasts for gasoline by 450,000 bpd and by 260,000 bpd lower for diesel, as a result of workers not travelling to the office.

Large product stocks will take another two to three months to absorb excess stocks from April and May, it said, with bearish fundamentals for refineries and crack spreads, especially for middle distillates which include gasoil, diesel and jet fuel.

Owners and operators of product tankers, already digesting hurricane-related refinery shutdowns at the exporting hub of the US Gulf, are likely to see further falls in regional business.

Whether contango trades for gasoil and diesel will shield them from further collapsing earnings is doubtful.

"Liquefied petroleum gas, ethane and naphtha demand is forecast to fall little this year on resilient petrochemical feedstock demand and residential use for LPG," the report said.

"Fuel oil demand, which includes marine bunker as well as power generation and industrial uses, is forecast to decline by only 400,000 bpd or 6.3% in 2020.

DNV GL backs LNG for the decarbonisation journey

DECARBONISING shipping is a voyage that begins with gas, according to Knut Ørbeck-Nilssen, chief executive of DNV GL's maritime division.

Introducing the class society's fourth edition of its Maritime Forecast to 2050, he said neither LNG nor LPG would be the carbon-neutral solution.

"We must not allow the perfect to be the enemy of the good," he said, quoting the French philosopher Voltaire.

"LNG is the way to get where we want to be," he told Lloyd's List. "We talk about 20% savings on CO_2 emissions for LNG and a little less for LPG, but add that to the more general energy efficiency gains and it becomes a considerable step in the right direction.

"Looking at the alternatives, there are very few that are available or at a suitable price, or even fit deep sea shipping. This makes LNG a natural choice to explore further."

He described the discussion around methane slip as more of a technical challenge.

"I know many of the big engine manufacturers are working on ways to reduce it. In some cases that will come with an extra capital expenditure. But it is a problem that can be dealt with, or at least be reduced quite significantly.

"That's why we are pretty firm on gas as a first stepping stone on this journey."

DNV GL stressed the importance of developing a new generation of carbon-neutral ships over the coming decades, with ammonia and methanol the more promising of the alternative fuels. Ship owners are advised that installing a dual-fuel LNG engine is "a robust choice enabling future flexibility".

Mr Ørbeck-Nilssen also highlighted the need for the industry to collaborate to achieve the goal of decarbonisation.

"The challenge we are up against is not so much about an individual shipowners' competitiveness. It's about adapting to a future scenario where there is not only regulatory pressure to improve on emissions but also pressure from financiers, insurance, wider stakeholder groups, shareholders if they are publicly-listed, and customers."

He said there is untapped potential in academia, not only their knowledge but also the talent pool of graduates from these institutions.

"It's similar to the safety dimension," he suggested. "Shipowners are not competing on safety: good safety benefits the whole group of ship owners whereas when something goes wrong everyone suffers."

The core of the challenge, he said, is getting first movers to try new technology.

"There is a natural hesitance to share it with others, but the Green Shipping programme supported by Norwegian authorities has created an environment in which more than one company can benefit.

The shipowner should not have to drive the decarbonisation initiative but coming together in new entities, and some public funding, will help this along.

MARKETS

Tanker owners focus on sustainability

TANKER owners are focusing on fuel-efficient, environmentally friendly assets, although newbuilding activity remains muted due to uncertainties related to the development of new fuel types, a Marine Money panel event heard.

For AET Tankers, owned by Malaysia's MISC, its main aim was to meet the International Maritime Organization's 2050 zero emissions target with oil majors appearing to be on an energy transition path.

Tan Chor Yang, the company's head of group finance, said it would "continue to invest in eco-friendly, fuel-efficient vessels" in its fleet rejuvenation drive. It believes in liquefied natural gas as a transition fuel.

"For us, energy transition is a space we are monitoring," he said, adding that in his view, scrapping would increase in the coming years.

There are merger and acquisition opportunities out there, and smaller players will find it hard to compete, Mr Yang said.

The company has 80 vessels in its fleet.

Singapore-based chemical tanker owner Foreguard Shipping prefers the secondhand market to newbuildings for growth.

Its managing director Alan Hatton said there is value in the second-hand market when a three- to four-year-old vessel is trading at a 30% discount to ordering a new vessel. In addition, there were no working capital requirements.

He added that debt financing was available for the "right" projects. The company has five vessels in its fleet.

Earlier this month, First Ship Lease Trust, also in Singapore, secured financing for its pair of long range two product tanker newbuildings being constructed at a Cosco yard in China. The deal, with a Chinese leasing firm, was for the sale and leaseback of the two vessels.

FSL Trust's chief financial officer Markus Wenker said on the panel that the company had been in talks with international banks but was increasingly "looking to the east" for financing, or the Oslo market, rather than the US.

With most publicly listed companies trading below net asset value, it was hard to raise money in the capital markets, he said. Those who come in with unrealistic promises were "destroying" the industry's reputation, putting investors off.

"Ship finance is becoming more global," he added.

Currently, there was a disconnect between financial performance and stock price performance, Mr Hatton of Foreguard noted. Green finance was an area that was gaining traction.

Dimitris Belbas, managing director and head of shipping finance at Seafin, said refinancing was the current focus for many companies to "clean up" balance sheets. There were few new investments, he said.

The biggest challenge facing the shipping industry this year amid the health crisis has been crew change restrictions, the executives said.

That has been the more immediate priority for all three companies, with deviations and forced off-hire to facilitate crew changes.

How to meet sustainability obligations and how to attract talent to the industry were also cited as challenges.

Euroseas hails strong boxship market amid unpredictability

EUROSEAS, the Nasdaq-listed containership owner, has agreed charter extensions for two vessels against an improved market backdrop, but has underlined the "high" degree of uncertainty in its outlook on the market.

"We are encouraged with the recovery of the charter market starting in late July 2020," said chief executive Aristides Pittas. "But we still believe that the economic uncertainties remain high due to both the possibility of recurrence of the pandemic and the continuing trade tensions between the US and China, which affect the containership market."

Mr Pittas said that the improved strength of the market for intermediate boxships was reflected in a charter extension for the company's 5,610 teu *Akinada Bridge* at a rate that would "significantly contribute" to Euroseas' cashflow for the next year at least.

The charter for the 19-year-old vessel has been extended for 12 to 13 months from October 30 at a daily rate of $17,250, with a charterer's option for an additional 10 to 12 months at $20,000 per day.

Akinada Bridge is Euroseas' largest vessel in a fleet that also includes another four intermediate vessels of more than 4,000 teu capacity and 10 feeders.

Mr Pittas said the company is focusing its growth strategy on these segments, hoping to "leverage our position as the only US public platform of smaller containerships".

The fleet has been reduced to 15 vessels by a recent deal to sell the 30-year-old 1,169 teu feeder *Ninos* for scrap. The ship fetched just under $2.4m and is due to be delivered before the end of this month.

Greece-based Euroseas also said that charterers of its 4,253 teu *Synergy Oakland* have exercised an option to extend the charter by another eight to 12 months at the Contex-4,250 index rate minus 10%.

At September 17, the index stood at $15,369 but it is adjusted twice a week.

Mr Pittas said that the company remained "cautiously optimistic about the prospects of the containership market across all segments", citing low fleet growth projections over the next couple of years.

IN OTHER NEWS

Insurers respond to piracy risk in Gulf of Guinea

LLOYD's of London has expanded its Gulf of Guinea listed area further south and east because of an increase in piracy attacks.

The group's Joint War Committee listed area was last changed in 2013 and previously covered only the exclusive economic zones of Togo, Benin and Nigeria north of latitude 3° north.

It now extends between Lome, Togo (6° 6′ N, 01° 12′ E) to a point (0° 40′ S, 03° 00′ E), about 340 nautical miles west of Cape Lopez, Gabon in the south (0° 40′ S, 08° 42′ E).

CMA CGM containership sets US east coast record

THE South Carolina Ports Authority underscored the big ship readiness of Charleston on Monday, heralding the arrival of the 2020-built, 15,128 teu *CMA CGM Brazil*, the largest boxship yet to call the US east coast.

"We welcome *CMA CGM Brazil* to Charleston and extend a big congratulations on this landmark record ship," said SCPA president and chief executive Jim Newsome.

"This points to the success of our long-term strategy of investing in port infrastructure and deepening our harbour to accommodate the largest vessels visiting the east coast. We have planned well for our customers' growth."

Salvage of capsized Golden Ray clears hurdles for October start

THE salvage of car carrier *Golden Ray* has been delayed due to technical challenges, legal issues, the impact of the pandemic and the weather, the International Union of Marine Insurance has heard.

The vessel — owned and operated by Hyundai Glovis and entered with the North P&I club — capsized in St Simons Sound near the US port of Brunswick in the state of Georgia last September.

It was carrying more than 4,000 predominantly Hyundai and Kia cars manufactured in Mexico, as well as some other marques, for export to the Middle East.

First LNG-fuelled deepsea boxship enters service

CMA CGM has celebrated the entry into service of its iconic *CMA CGM Jacques Saadé*, the first of its series of nine 23,000 teu, LNG-fuelled, ultra-large containerships.

The vessel will join the line's FAL Asia-Europe service, where its rotation will include Pusan, Tianjin, Ningbo, Shanghai, Yantian, Singapore, Southampton, Dunkirk, Hamburg, Rotterdam, Algeciras and Port Kelang.

The event in Marseille has a special resonance for the family-run company as the vessel is named after its founder, who died in 2018. His children, chief executive Rodolphe Saadé and company director Tanya Saadé Zeenny, who is godmother to the vessel, attended a virtual launch event with the shipyard in Shanghai.

Keppel OM seals deals worth $147m

SINGAPORE yards continue to see orders trickle in with Keppel Offshore & Marine securing a floating storage and regasification unit conversion project and its US subsidiary picking up a dredger newbuilding, although altogether worth only about S$200m ($146.8m).

Keppel O&M said its Keppel AmFELS unit in Brownsville, Texas had won a Jones Act dredger contract from Manson Construction, its first such project.

The high-specification trailing suction hopper dredger will have a hopper capacity of 15,000 cu yards and will operate primarily in the US Gulf Coast and US Atlantic coast.

Maersk Tankers appoints Holth and Brennan to board

MAERSK Tankers has appointed a former DNB shipping chief and an oil market veteran to its board.

The appointments of Kristin Holth and Michael Brennan came as company chairman Robbert Uggla announced that vice-chairman Paul Reed will retire by early 2021.

The pair "hold extensive and insightful experience from commodity trading, the energy related capital markets, the maritime industries and the global supply chain of fuels," Mr Uggla said in a statement.

Seattle and Tacoma see reduced containerised throughput

THE Northwest Seaport Alliance of Seattle and Tacoma saw reduced containerised throughput during August, with year-to-date container volumes falling by 20%.

The figures come as rivals along the US Pacific Coast all report surges of throughput and as shipping line Maersk reported "strong demand and volumes" in the Asia-North America transpacific trade with imports into the US.

NWSA handled 276,407 teu in August, a 13.8% decline compared with the same period a year earlier. Full imports reached their highest monthly volume for the year at 107,890 teu, but were still down 3.9% year on year.

South Africa plans green ship recycling yard

SOUTH AFRICA is planning an environmentally friendly ship recycling facility on its west coast.

The facility, in the Saldanha Bay Industrial Development Zone, would use a ship lift to transfer vessels into an uncontaminating decommissioning facility rather than the beaching method, which has been heavily criticised for causing pollution

Named 34South, the site would offer a convenient location for end-of-life ships rounding the Cape of Good Hope, removing the requirement to pay tolls through the Suez Canal.

Classified notices follow