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LEAD STORY:
CMA CGM confirms ransomware attack

WHAT TO WATCH:
Newbuilding tankers accelerate clean trading

OPINION:
One Hundred People 2020: Who would you recommend?

ANALYSIS:
Port delays could see cargo damage claims rise

IN OTHER NEWS:
Cosco names new deputy president of container unit

Oldendorff reports more coronavirus cases on bulker off Australia

West of England hires head of loss prevention from Polarcus

BIMCO lines up Laeisz chief as future president

CMA CGM confirms ransomware attack

CMA CGM, THE FRENCH container line, is working to reverse the impact of a ransomware attack that has shut down many of its online services.

The cyber attack was launched using Ragnar Locker, a data encryption malware that has affected companies elsewhere. It is similar to an incident involving Portuguese energy firm EDP Renewables earlier this year.

In an email sent on Sunday and seen by Lloyd's List, the hacker requested the French carrier to contact it within two days "via live chat and pay for the special decryption key".

The exact price was not disclosed.

In a customer advisory, CMA CGM said the websites of the company and its two subsidiaries — ANL and CNC — had become unavailable alongside its IT applications "due to an internal IT infrastructure issue".

Staff in Europe have been told not to use any company IT equipment, according to sources.

CMA CGM initially denied it had been hit by a cyber attack. However, vice-president Joël Gentil has now confirmed a security breach.

"The CMA CGM group, excluding CEVA Logistics, is currently dealing with a cyber attack on peripheral servers," he said. "Now that we have identified this problem, we have interrupted the access to our system to prevent the malware from spreading. Now our information system is resuming."

He said the container line's network remained open for bookings.

"We are progressively resuming connectivity so in some instances bookings can be taken online, but where customers cannot get online they can call their local offices. The situation is coming back to normal. It will take a few hours."

An investigation was now under way into how the systems were infected.

The company said further information would be issued later.

Industry sources said services run by the container line at several Chinese offices, including Shanghai, Shenzhen and Guangzhou, had been disrupted.

"It seems the booking system is down," said one container terminal manager at the port of Shanghai. "Cargo loading could be affected."

Hong Kong port sources said CMA CGM's operations both at the container terminal and on its vessels are normal.

CMA CGM has a joint venture with PSA, CMA CGM-PSA Lion Terminal, that operates four mega container berths at Singapore's Pasir Panjang terminals.

PSA declined to comment on operations at the terminal.

The Ragnar Locker attack would make CMA CGM the fourth major container shipping carrier known to have fallen victim to such a major cyber incident.

In July 2018, Chinese giant Cosco Shipping was hit by a cyber attack that disabled its IT systems in the US.

Maersk Line sustained a severe blow from a ransomware attack in 2017, which cost the Danish carrier up to $300m.

Mediterranean Shipping Co suffered a shutdown from a cyber attack earlier this year.

WHAT TO WATCH

Newbuilding tankers accelerate clean trading

NEWLY launched very large crude tankers and suezmax tankers are being diverted to transport and store clean products, adding further pressure to the product tanker market as the larger vessel sizes cannibalise trade.

At least 12 tankers built in 2020, including seven VLCCs, are laden with clean products and tracked sailing to their next destination in the Atlantic or storing middle distillates.

The vessels loaded an estimated total of 21m barrels of refined products on their first voyage from ports in Asia or the Middle East Gulf.

Anchorages off Southwold, UK and Lome, West Africa are charterers' favoured destination. Both areas are used a transhipment hub and for floating storage in the Atlantic basin, especially as demand for jet fuel, gasoil and diesel remains moribund in the Atlantic basin.

The use of larger-sized tankers for clean storage requires certain market conditions to make it practical, because the vessels are designed to ship crude.

The transport of refined products is technically possible for a first voyage only. The 2m-barrel capacity of a VLCC is nearly eight times the capacity of a medium-range tanker, and more than three times a typical aframax-sized cargo.

The oversupply of diesel, gasoil and jet fuel, alongside market contango conditions is driving a resurgence of newbuilding tankers trading clean.

Weakening demand means the spot price for low-sulphur gasoil is much lower than the future price, making it profitable for traders to buy and store middle distillates — either in land-based tanker or on tankers — for later sale at a profit.

In all, 13 suezmax tankers and 26 VLCCs have been launched in 2020, according to data from Lloyd's List Intelligence.

Seven newbuilding VLCCs and five suezmaxes have loaded clean cargoes on their first voyage in the first nine months of 2020, so far. Not all have continued with the practice and after discharging the distillates cargo were subsequently deployed to load crude.

Overall clean product floating storage is tracked at some 19.2m barrels on 17 tankers from panamax to VLCCs for 20 days or longer, according to Lloyd's List Intelligence data.

Only one of these tankers is built in 2020, indicating that clean floating storage volumes could rise quickly if the existing cargoes on the newbuilding VLCCs and suezmaxes are not discharged and tankers are used for storage instead.

Traders have been active in chartering tankers for short-term periods of six months or less, as difference in price between spot and future gasoil futures deepens.

The contango reflects a muted rebound in demand for land and air transport fuels remains amid a secondary outbreak of coronavirus across Europe.

The use of VLCCs and suezmaxes has displaced medium-range tankers that would normally transport middle distillate cargoes to the Mediterranean and northwest Europe from east-of-Suez locations.

Newbuilding VLCCs were last used in early 2019, as well as 2018 to ship middle distillate cargoes from Asia to Europe when an oversupply of tankers led to cheap rates, alongside favourable contango market conditions to make it profitable for traders to make the voyage.

This time, it is the oversupply of refined products driving the trend, with VLCCs commanding about $40,000 daily for six-month period charters, roughly double the earnings seen back in 2018 and 2019.

The vessels are:

VLCC
Elandra Denali — diesel cargo in floating storage Southwold

Elandra Kiliminjaro — middle distillates cargo in floating storage off Southwold

Silverstone — storing clean off West Africa

Hunter Disen — loaded jet fuel Ruwais, UAE, off Lome, West Africa

Hunger Frigg — loaded Singapore, sailing around Cape of Good Hope

Hunter Idun — loaded Singapore, at anchor off Freeport, Bahamas

Babylon — loaded Fujairah, at anchor off US East Coast for three weeks (cargo unconfirmed)

SUEZMAX
Ayse C — loading off Singapore/Malaysia

Bella Ciao — off Lome, after loading middle distillate cargo at Jamnagar, India

Maran Orpheus — sailing around Cape of Good Hope, after loading refined product cargo, South Korea

Resilient Warrior — storing crude off northeast Europe

Yuandong Hai — loading clean off Singapore (unconfirmed)

OPINION

One Hundred People 2020: Who would you recommend?

LLOYD'S List is busy compiling its annual listing of the 100 most influential people in shipping, spotlighting those that at the forefront of industry thinking, the head honchos making their mark and the individuals shaping shipping today.

The occasion has become a firm fixture on the maritime calendar that celebrates excellence, while going some way to soothing the egos of shipping's hierarchy.

Make no mistake, the One Hundred People series has drawn plenty of attention over the years, with several eye-catching — or some might say "controversial" — inclusions.

Our inbox is also prone to receiving the odd disgruntled shipowner demanding an explanation for his or her listing downgrade post-publication.

However, we strive to ensure ranking positions and entries are backed up with compelling arguments and justification — even if a “disgruntled shipowner” may disagree.

With the deadline for One Hundred People 2020 fast approaching, our editorial team is busy compiling and comparing notes; reflecting on the year that was; pinpointing shipping’s main protagonists; and making a case for who will be setting the agenda heading into 2021.

Last year, Xu Lirong and Li Jianhong — the respective chairs of China Cosco Shipping Corp and China Merchants Group — claimed top spot in recognition of how the success of the two companies has been intertwined with the rise of China to an economic and maritime powerhouse over the past four decades.

So, who to elect this year? It has been 12 months like no other thanks to the global coronavirus pandemic, which will certainly have a notable impact on the 2020 rankings.

As such, we will be looking to recognise those who have gone above and beyond the call of duty, and the unsung heroes that have steered shipping on a steady course through this period of untold upheaval.

The 2020 rankings, as well as our regular sector top 10s, will be revealed in December.

However, we are also looking to our readers for input. If someone has escaped our attention, or you think of an individual who you feel simply cannot be ignored in this year’s list, please send your recommendation to: linton.nightingale@informa.com

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ANALYSIS

Port delays could see cargo damage claims rise

PORT delays related to coronavirus congestion could lead to a rise in shipowners looking to recover losses, in addition to demurrage, when cargoes become spoiled or damaged.

A recent ruling in the English Commercial Court found in favour of the owners of bulker *Eternal Bliss* after soyabeans dispatched from Brazil became mouldy.

The cargo showed signs of caking following a 31-day delay in discharge at a port in China in 2015, because of congestion and lack of storage space.

“This is a significant decision, which brings welcome clarity to the law and puts the principles applicable to the scope of a demurrage provision on a coherent footing,” said Quadrant Chambers, who was representing K Line, the owner, in the case *K Line Pte v Priminds Shipping*.

“Where a shipowner has suffered a different type of loss arising from a failure to load or discharge the vessel within laytime (such as cargo claim liabilities), there should be no need for the owner to establish a separate and independent breach of contract to recover damages in addition to demurrage,” it said.

The owners had settled the cargo interests’ claim for $1.1m and then sought to recover the costs from the charterers.

The ruling by Judge Andrew Baker, which states that it is unnecessary to prove a separate breach, settles a long-standing legal debate, questioning a shipowner’s right to damages, over and above its right to demurrage. A ruling has remained uncontested for almost 30 years.

In 1991, the judge in the *Bonde* case ruled that it was necessary to identify a separate breach of contract and that the loss incurred needed to be different to the loss of use of the vessel. This case has been largely uncontested until now.

In the *Eternal Bliss* case, Justice Baker found that the Bonde case had been “wrongly decided”.

“This is an important decision and paves the way for owners to now recover separate losses from charterers following delay and where, previously, this was not possible,” Skuld said in a notice.

“Given the recent delays we have seen in ports around the world due to Covid-19, one might expect that that we will see an increase in the number of owners seeking to make such a recovery,” it said.

But, despite this legal avenue "now being open to an owner, there will still be causation hurdles to overcome", it advised.

An example of the sort of issues that may arise would be where, in addition to a lengthy delay, there were breaches of owners' obligations to care for the cargo, perhaps by the introduction of sea water into the cargo via a leaky hatch coaming.

In 2018, the Supreme Court firmly established that shipowners have to show they meet duty of care rather than cargo interests' showing negligence in the case *Volcafe v CSAV* involving a cargo of coffee beans.

"This result will come as a nasty surprise to voyage charterers and it is expected to proceed to the appeal stage in view of the implications," according to law firm BDM.

"Arguably, this case puts the risk of liability for cargo claims arising as a result of deterioration through unavoidable delays on the charterer (and on their liability insurers) rather than on the owner and his P&I insurers, while still allowing the owner to claim demurrage," it said.

IN OTHER NEWS

Cosco names new deputy president of container unit

COSCO Shipping Holdings' deputy president Erxin Yao, a container shipping veteran, has retired from the company, according to an exchange filing.

Mr Yao, 63, assumed the position in 2018 when the Chinese state giant took over its smaller Hong Kong-based rival Orient Overseas Container Line, where he had worked since 1993.

His name has also disappeared on OOCL's webpage of senior management.

Oldendorff reports more coronavirus cases on bulker off Australia

OLDENDORFF Carriers, a German owner of dry bulk vessels, says one of its ships faces a deep clean after an outbreak of coronavirus among the crew.

The company said 17 cases have been confirmed on a bulk carrier anchored of Western Australia's north coast.

The master of the Liberian-flagged, 114,753 dwt *Patricia Oldendorff* (IMO: 9464584) notified authorities at Port Hedland when two crew members fell ill and later tested positive.

More cases were later confirmed. Of those, seven crew are still on board the vessel, 10 are in hotel quarantine and another four have tested negative.

West of England hires head of loss prevention from Polarcus

WEST of England has appointed former master Simon Hodgkinson as global head of its loss prevention department.

Capt Hodgkinson joins from offshore services provider Polarcus, where he was head of marine operations, with responsibility for that company's fleet of seismic vessels.

He previously served on the DNV GL technical committee Middle East for six years and is a member of the Honourable Company of Master Mariners and the Nautical Institute.

BIMCO lines up Laeisz chief as future president

BIMCO's board of directors has nominated Nikolaus Schües to stand for election as a future president.

Mr Schües, chief executive of Germany's Reederei F Laeisz, is a member of the shipping association's executive committee and a former vice-president.

"I am honoured to accept the nomination by the board and recognise the trust it indicates. I very much look forward to taking up the role as president designate," Mr Schües said in a statement.

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