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InterManager seeks to clarify virus measures after infections

INTERMANAGER, THE TRADE association for the shipmanagement industry, is proposing a tweak to quarantine measures to avoid further cases of coronavirus infections on board vessels.

Two outbreaks have been reported on bulkers arriving in Australia's Port Hedland in recent weeks after taking on crew in the Philippines who tested negative on departure.

Japan's Mitsui OSK Lines said that seven crew out of 20 tested positive on its capesize *Vega Dream*.

MOL said that one of the seven crew had boarded the vessel in mid-August, while the others had joined the ship on September 24. They had all complied with protocols as required by the country of embarkation.

According to InterManager, the ship underwent "stringent health and safety protocols" during the crew change and all rules were followed. Upon reaching Australia, one crew member "turned positive" with the virus, while another developed fever.

"It may be that at the time they were swabbed on departure, the virus was just starting, and only manifested after the fifth day," the group's secretary-general Kuba Szymanski said.

At the end of September, Oldendorff Carriers said that 17 of its crew on *Patricia Oldendorff* tested positive for the virus after a crew change in Manila.

InterManager is strongly advising its members that seafarers need to be quarantined for 14 days ideally before their coronavirus tests rather than five days being observed in some quarters, Capt Szymanski said. "If the seafarer is tested within five days, we don't have 100% assurance that he/she is Covid-19 free."

He added: "We have about 50% of our principals that have agreed to do this and we are working on getting that percentage up."

However, this may be met with opposition from shipowners who push ship managers for a shorter time in quarantine to drive down costs, especially if they are being kept in a hotel, he observed.

Lloyd's List understands that InterManager is discussing these measures in a meeting today with industry stakeholders including the United Nations, World Health Organization, the European Union, the International Maritime Organization and its non-governmental representatives such as BIMCO and the International Chamber of Shipping, among others.

Current industry protocols, which are on their third version since being introduced in May, do not stipulate a unified period of quarantine, stressing the necessity instead to observe local requirements.

According to Australian media, Western Australia's health minister Roger Cook has called on the federal government to take action, to make sure that the Philippines was adhering to crew change arrangements.

"These poor crew are having to join these vessels under very arduous circumstances and conditions," Mr Cook said. "The fact that they are put on the vessel in a manner that potentially gives them the coronavirus is really of great concern."

Pilbara Ports Authority, which runs Port Hedland, Ashburton and Dampier, issued a marine notice about steps to be taken for vessels intending to call at its facilities.

"Vessels will generally be considered for berthing on completion of the 14-day quarantine period since departing the last international port, subject to no crew having fallen ill or showing Covid-19 symptoms" during that period, it said.

Maritime Industry Australia chief executive Teresa Lloyd urged the government to send a team to the Philippines to assess quarantine standards and facilities, according to local media reports.

"At the moment Australia has not communicated what we think is acceptable, and we are just receiving what other nations are prepared to give," Ms Lloyd was quoted as saying. "I think we need to be quite clear. We need to help them and we need to make sure they know what it is we think is acceptable."

WHAT TO WATCH

Downgraded UK shipping firms need stricter checks to access government relief

MARITIME companies seeking access to a UK government scheme offering emergency business loans face stricter checks if their credit rating has fallen below investment grade since March.

The surprise move, which may limit financial relief, includes a cap of £300m ($389m) in drawings and forms part of the Treasury's Covid Corporate Financing Facility, which began in March.

The fund, operated by the Bank of England, buys commercial paper issued by firms "making a material contribution to the UK economy" for a 12-month period.

It has already been tapped by the UK division of Royal Caribbean Lines, a Chamber of Shipping member and the world's second-largest cruise company.

RCL Cruises Ltd issued £300m in commercial paper, Bank of England data shows.

Carnival Corporation's UK arm, Carnival UK, another member, does not have any current commercial paper. The Southampton-based company, which incorporates the historic P&O Cruises and Cunard brands, is among those larger maritime and aviation companies that has not yet drawn on some or all of its CCFF liquidity and is potentially affected by these new rules.

The cruise sector generates some £10bn for the UK economy and 88,000 jobs, but has been paused since March, according to the Chamber of Shipping.

The facility forms part of a series of coronavirus relief measures drawn up by the UK government for larger and mid-sized companies. So far 59 companies have accessed £15.9bn via outstanding commercial paper.

Airlines, aerospace, as well as some of the biggest hospitality and consumer names are on the list, including Nissan Motor with £600m in commercial paper and BASF SE with £1bn.

The nominal sum of CCFF drawing capacity of businesses approved for CCFF issuance is £86.37bn, according to the Bank of England report. This comprises a further 161 businesses approved but yet to draw. Some 64 have been approved as eligible in principle but have yet to be fully approved. It is this category that are thought to be most affected by the sudden change.

If companies have fallen below investment grade "the issuer will have the option to pursue a review that will be conducted by HM Treasury", that will take at least four weeks, the Bank of England said on October 9, noting outstanding drawings were not affected.

Treasury officials referred questions about maritime companies affected to the central bank, which said through a spokesperson that it does not comment on individual cases.

The request to ask for more information for companies whose ratings have fallen below investment grade since March because of the impact of the coronavirus pandemic does not necessarily preclude access, Lloyd's List understands.

The CCFF changes follow a report from the National Audit Office that 80% of small businesses that have borrowed money under several lending programmes will default on payments, costing as much as £26bn.

The UK is bracing for a series of tiered lockdown restrictions from tomorrow to combat an increase in coronavirus, with infection rates and hospitalisation levels now seen near March's peak.

Maersk cuts 2,000 jobs and raises full-year guidance

MAERSK, the world's biggest container company, raised its full-year guidance because of better than expected volumes and freight rates, but will cut 2,000 jobs as part of its restructuring.

"Maersk is on track to deliver a strong third quarter of the year with solid earnings growth across all our businesses, in particular in ocean, and logistics and services," said chief executive Søren Skou.

"Volumes have rebounded faster than expected, our cost have remained well under control, freight rates have increased due to strong demand and we are growing earnings rapidly in logistics and services."

The outlook for the fourth quarter of the year was "solid" and the company was "able to upgrade our expectations for the full year", he said.

The company reported unaudited revenue of $9.9bn and earnings before interest, taxation, depreciation and amortisation of $2.4bn in the third quarter of 2020.

This was before restructuring charges that the carrier expects will amount to $100m, relating to approximately 2,000 job cuts linked to the integration of Damco into the Ocean Logistics business and the removal of the separate Safmarine brand.

This figure is at the low end of the number potentially affected and amounts to 2.5% of the 80,000-strong workforce.

Up to a third of the company's staff worked in divisions that were affected, but the final number is lower than previous redundancy programmes the company has been through in recent years.

Maersk said with the results in the third quarter of the year and the current earnings momentum, its full year 2020 ebitda was now expected to be in the range of $7.5bn–$8bn, before restructuring and integration costs, up from an earlier estimate of $6bn–$7bn.

Nevertheless, Mr Skou warned that the outlook beyond the end of this year remained clouded by the coronavirus pandemic.

"The positive impact from stimulus packages may be less strong in 2021, potential new lock downs will impact demand and the timing and effectiveness of a potential vaccine will impact 2021," he said.

Maersk will publish its third quarter of the year results on November 18.

ANALYSIS

Pavilion Energy in pursuit of decarbonised LNG

PAVILION Energy is mooting an incremental approach to decarbonisation, which it expects to back up the viability of liquefied natural gas as a greener ship fuel.

The Singapore-based company held that the marine application of LNG, which is now a predominantly fossil-based fuel, can still go the extra mile to help shipping decarbonise.

It is pressing on with efforts to profile the greenhouse gas emission of the supercooled fuel it sourced for the purpose of supplying to shipping and other sectors.

Alan Heng, the company's managing director, said that as one of Singapore's only two licensed LNG bunker players Pavilion Energy believes LNG remains "the most viable fuel" to adopt for international shipping to reduce its carbon footprint.

Sceptics would have challenged Pavilion Energy's bid to perpetuate this view, which is aligned with its business interests as a purely LNG play.

Yet as Mr Heng suggested, shipping and the wider economy cannot afford to be sitting still on decarbonisation.

Moreover, there are several pathways being mooted for decarbonisation — lowering carbon intensity and sequestering carbon emissions, for instance.

Chevron recently laid claim to having captured and stored 3m tonnes of carbon dioxide underground at the site of its giant Gorgon LNG plant in Western Australia.

Some International Maritime Organization member states have thus far pushed for a life-cycle approach to assessing emission profiles of the next-generation marine fuels.

That would have imposed additional demand to profile and assess the carbon dioxide emitted during the production of the fuels that are ultimately consumed.

Pavilion Energy has set out to help its clients in shipping and elsewhere do just that. It has sought, through a tender floated in March, commitment from participating suppliers to jointly develop and implement a greenhouse gas quantification and reporting methodology.

That methodology will cover emissions from the wellhead through which natural gas is produced through its liquefaction process and the point when it is discharged as LNG from the terminal.

"Once we are able to measure the carbon dioxide emitted, we can think about the next step, that is what to do to offset it," Mr Heng said in an interview in conjunction with SIBCON 2020.

The tender, which was due to attract its first bids in June, is for up to 2m tonnes per annum of LNG to be delivered from 2023 over a five-year period.

MARKETS

China reported to have blocked Australian coal

CHINA is reported to have imposed restrictions on imports of Australian coal, leaving the dry bulk market concerned about the potential impact on freight rates for the larger bulkers that ply the route.

Capesizes have taken a hit, with the average weighted time charter on the Baltic Exchange dropping to $27,333 per day on October 12 compared with a 13-month high of $34,896 on October 6.

Pricing agencies S&P Global Platts and Argus Media were first to report on the unofficial ban, citing sources at state-owned Chinese utilities and steel mills who said they had received verbal notice from authorities to stop purchases of Australian coking and thermal coal.

The Australian government was reported to be seeking confirmation from Beijing.

“This is a big shocking news,” said one Singapore-based broker, who has ships on contracts of affreightment. “Although not a formal declaration, I am sure it would see authorities not clearing the vessels at customs even if they have been waiting before the ban.

“Already, there is a huge congestion issue in all Chinese ports and many cargoes have been diverted to India.”

The broker, who noted the potential for rates to crash, said that a Chinese state utility had cancelled 12 cargoes of Australian coal that had been due for delivery in November and December.

A second broker said he had not seen any bids for Australian coal during the past few weeks.

“There was huge stockpiling before the Golden Week holidays, which also resulted in congestion at Chinese ports,” he added.

The broker said that since there was no formal notification from China, it was difficult to know how long the restrictions would last.

In any case, he expected rates to nosedive, with no indications of an improvement until the first quarter of next year.

Cleaves Securities said the import restrictions were not a new phenomenon.

“We have previously seen Chinese authorities seemingly creating politically motivated bottlenecks in customs clearing of Australian coal,” the Oslo-based finance provider said.

Chinese authorities have also curbed coal imports towards the end of the year in both 2018 and 2019 to not exceed import quotas, according to Cleaves analyst Joakim Hannisdahl.

“The ban on Australian coal imports could fit into this seasonal pattern, but it is unclear whether such a ban will then be lifted from January or maintained for political reasons,” he said, adding that this could potentially be negative for capesizes and panamaxes.

About 44% of Chinese coal imports are from Australia, but China has leeway in adjusting domestic production, and can source coal from other destinations such as Indonesia, South Africa and Mongolia.

IN OTHER NEWS

DSME wins order for six LNG newbuilds

SOUTH Korea’s Daewoo Shipbuilding & Marine Engineering has won contracts to build six new liquefied natural gas carriers.

DSME announced two separate contracts worth a total of Won2trn ($1.7bn), listing the client only as “European shipowners”.

The vessels are to be delivered by July and December 2023.

UK turns to EU ferry companies for post-Brexit cover

FOUR ferry companies have received UK government contracts to ensure freight capacity after the country leave the European Union.

Contracts worth £77m ($101m) have been agreed with Brittany Ferries, DFDS, P&O and Stena, according to the Department for Transport.

The companies are all subsidiaries of larger French, Danish, Swedish and American corporations. The deals will be in place for six months from January 2021, when the transition period ends.

US ports boost throughput as global economy rebounds

US PORTS showed increased throughput of containerised imports and exports during August, underscored by recent government trade figures and an improving global economic outlook.

Economists say the increased imports have been fuelled by some $1trn of fiscal support that the US government has given households through enhanced unemployment insurance, stimulus checks and tax cuts in the six months since March.

US ports surveyed by Lloyd’s List showed the growing increases as they moved 2,895,714 teu of loaded import and export teu in August 2020, up by 8% compared with the 2,680,573 teu moved in July, and 2.2% more than the 2,833,022 teu handled in August 2019.

Cosco agrees terminal consolidation deal in southern China

COSCO Shipping Ports has agreed to acquire a 26% stake in Guangxi Beibu Gulf Terminal, the operator of an important container handling facility in southern China, according to an exchange filing.

The acquisition is part of a new share issue by the terminal company, currently a joint venture between Beibu Gulf Port Group and Singapore-based PSA.

After the capital increase, the equity stakes held by the port group and PSA will be reduced to 44% and 25%, respectively, from 51% and 49%. That will make CSP, the port arm of state conglomerate China Cosco Shipping Corp, the second-largest shareholder in the venture.

China Navigation launches project cargo division

SWIRE Group shipping unit the China Navigation Company has launched Swire Projects to expand its project cargo business.

The new division will provide specialist shipping services to the energy, resources and infrastructure sector, leveraging on the many Swire Group marine service activities to develop an independent global strategy in the multipurpose vessels and heavylift segment, CNCo said.

In addition to using CNCo's fleet of 180 vessels operating in a global dry bulk network as well as dedicated MPP services, Swire Projects will also operate specialised tonnage tailored to individual project requirements.

UK Royal pays tribute to shipping sector

MARITIME UK patron Princess Anne has paid tribute to the resilience of Britain's maritime industries.

The Princess Royal described Britain as a true maritime nation during an online speech to launch London International Shipping Week for 2021.

The event will be held between September 13–17 next year, with continuing uncertainties about coronavirus meaning it is most likely to be organised as a hybrid event, with both physical and online meetings.

Classified notices follow

CR-2020-000103

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
COMPANIES COURT (ChD)

IN THE MATTER OF THE UNITED KINGDOM MUTUAL STEAM SHIP ASSURANCE ASSOCIATION (EUROPE) LIMITED

AND IN THE MATTER OF UK P&I CLUB NV

AND IN THE MATTER OF PART VII OF THE FINANCIAL SERVICES AND MARKETS ACT 2000

NOTICE

NOTICE IS HEREBY GIVEN that on 20 August 2020 The United Kingdom Mutual Steam Ship Assurance Association (Europe) Limited (**'UKE'**) and UK P&I Club NV (**'UKNV'**) applied to the High Court of Justice of England and Wales pursuant to section 107(1) of the Financial Services and Markets Act 2000 (**'FSMA'**) for:

1. an Order sanctioning an insurance business transfer scheme providing for the transfer to UKNV of certain of the insurance and reinsurance business of UKE (the **'Scheme'**); and

2. an Order making ancillary provisions in connection with the Scheme pursuant to section 112 of FSMA.

If you are in any doubt as to whether your policy is affected by the proposed transfer or if you are a policyholder and have any questions about the proposed transfer, please contact UKE by email at contactus@thomasmiller.com. Alternatively, you can write to 'UKE Part VII Transfer' at The United Kingdom Mutual Steam Ship Assurance Association (Europe) Limited, 90 Fenchurch Street, London EC3M 4ST or call +44 (0)20 7283 4646 between 10am and 4pm UK time.

Copies of a report on the terms of the Scheme prepared by an independent expert as required under section 109 of FSMA, a summary of that report and a statement setting out the terms of the Scheme can be obtained free of charge from UKE's website at www.ukpandi.com or by sending an email to contactus@thomasmiller.com, writing to the 'Part VII Transfer' address or calling the telephone number given above.

UKNV is regulated by the De Nederlandsche Bank NV and the Autoriteit Financiële Marketen, and any policy which is transferred to UKNV pursuant to the Scheme will be subject to a broadly equivalent regulatory regime.

If (i) the Scheme is approved, (ii) you meet the criteria to benefit from the dispute resolution services provided by the Financial Ombudsman Service (**'FOS'**) and (iii) your policy transfers to UKNV, you will maintain the right to bring a complaint to the FOS in relation to the acts and omissions of UKE prior to the Scheme taking effect but you will not have any such rights in relation to the acts and omissions of UKNV from the Scheme taking effect. The qualifying criteria to bring a complaint to the FOS can be viewed at https://www.financial-ombudsman.org.uk/faqs/using-service.

If (i) the Scheme is approved, (ii) you meet the criteria to benefit from protection by the Financial Services Compensation Scheme (**'FSCS'**) and (iii) your policy transfers to UKNV pursuant to the Scheme, the protection currently available from the FSCS will cease.

The Scheme is inter-conditional on the approval by the Court of a proposed insurance business transfer scheme providing for the transfer from The United Kingdom Mutual Steam Ship Assurance Association (Europe) Limited (**UKL'**) to UKE of the whole of the insurance business of UKL (the **'UKL Scheme'**). If the UKL Scheme is approved by the Court, the UKL Scheme will take effect at noon UK time on 30 December 2020.

The application is directed to be heard before a Judge of the Business and Property Courts of the High Court at **The Rolls Building, 7 Rolls Buildings, Fetter Lane, London, EC4A 1NL** on 17 December 2020. If approved by the Court, it is proposed that the Scheme will take effect at noon UK time on 31 December 2020. **Any person who alleges that he or she would be adversely affected by the carrying out of the Scheme is entitled to appear at the hearing and/or to make representations in person and/or to instruct someone to appear at the hearing and make representations on his or her behalf and/or to make written representations about the Scheme without appearing at the hearing**.

If anyone intends to appear at the hearing in person, or to instruct someone to appear on their behalf at the hearing, we would request that he or she give notice of their intention to do so setting out the reasons why he or she would be adversely affected (but please note that he or she is not obliged to do so). In addition, any person may make written representations about the Scheme without appearing at the hearing (or without instructing someone to appear on their behalf at the hearing). Such notices and representations should be sent to UKE and UKNV in writing by email to contactus@thomasmiller.com or by post to the 'UKE Part VII Transfer' address given above, or they can be given over the telephone by calling the telephone number given above, in each case as soon as possible and no later than close of business on 10 December 2020. All representations will be provided to the Court at the hearing.

DATED this 14th day of October 2020

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Ref: PMT/JH/767268.00012

Solicitors for UKE and UKNV

CR-2020-001581

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
COMPANIES COURT (ChD)

IN THE MATTER OF THE UNITED KINGDOM MUTUAL STEAM SHIP ASSURANCE ASSOCIATION (LONDON) LIMITED

AND IN THE MATTER OF THE UNITED KINGDOM MUTUAL STEAM SHIP ASSURANCE ASSOCIATION (EUROPE) LIMITED

AND IN THE MATTER OF PART VII OF THE FINANCIAL SERVICES AND MARKETS ACT 2000

NOTICE

NOTICE IS HEREBY GIVEN that on 20 August 2020 The United Kingdom Mutual Steam Ship Assurance Association (London) Limited (**'UKL'**) and The United Kingdom Mutual Steam Ship Assurance Association (Europe) Limited (**'UKE'**) applied to the High Court of Justice of England and Wales pursuant to section 107(1) of the Financial Services and Markets Act 2000 (**'FSMA'**) for:

1. an Order sanctioning an insurance business transfer scheme providing for the transfer to UKE of the whole of the insurance business of UKL excluding certain assets and liabilities (the **'Scheme'**); and

2. an Order making ancillary provisions in connection with the Scheme pursuant to section 112 of FSMA.

If you are in any doubt as to whether your policy is affected by the proposed transfer or if you are a policyholder and have any questions about the proposed transfer, please contact UKL by email at contactus@thomasmiller.com. Alternatively, you can write to 'UKL Part VII Transfer' at The United Kingdom Mutual Steam Ship Assurance Association (London) Limited, 90 Fenchurch Street, London EC3M 4ST or call +44 (0)20 7283 4646 between 10am and 4pm UK time.

Copies of a report on the terms of the Scheme prepared by an independent expert as required under section 109 of FSMA, a summary of that report and a statement setting out the terms of the Scheme can be obtained free of charge from UKL's website at www.ukpandi.com or by sending an email to contactus@thomasmiller.com, writing to the 'UKL Part VII Transfer' address, or calling the telephone number given above.

The Scheme is inter-conditional on the approval by the Court of a proposed insurance business transfer scheme providing for the transfer from UKE to UK P&I Club NV (**'UKNV'**) of the whole of the EEA insurance business of UKE (the **'UKE Scheme'**). If the UKE Scheme is approved by the Court, the UKE Scheme will take effect at noon UK time on 31 December 2020. Those policies which transfer to UKE under the Scheme which are EEA policies will transfer to UKNV under the UKE Scheme.

The application is directed to be heard before a Judge of the Business and Property Courts of the High Court at **The Rolls Building, 7 Rolls Buildings, Fetter Lane, London, EC4A 1NL** on 17 December 2020. If approved by the Court, it is proposed that the Scheme will take effect at noon UK time on 30 December 2020. **Any person who alleges that he or she would be adversely affected by the carrying out of the Scheme is entitled to appear at the hearing and/or to make representations in person and/or to instruct someone to appear at the hearing and make representations on his or her behalf and/or to make written representations about the Scheme without appearing at the hearing**.

If anyone intends to appear at the hearing in person, or to instruct someone to appear on their behalf at the hearing, we would request that he or she give notice of their intention to do so setting out the reasons why he or she would be adversely affected (but please note that he or she is not obliged to do so). In addition, any person may make written representations about the Scheme without appearing at the hearing (or without instructing someone to appear on their behalf at the hearing). Such notices and representations should be sent to UKL and UKE in writing by email to contactus@thomasmiller.com or by post to the 'UKL Part VII Transfer' address given above, or they can be given over the telephone by calling the telephone number given above, in each case as soon as possible and no later than close of business on 10 December 2020. All representations will be provided to the Court at the hearing.

DATED this 14th day of October 2020

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