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IMO agrees emission-cutting proposal despite reservations

THE INTERNATIONAL MARITIME Organization has drawn up a new short-term measure on greenhouse gas emissions, but the agreement does not have the unanimous backing of all involved in this week's talks.

Several delegations have been disappointed and even angered by the lack of ambition over a base text that combines technical and operational efficiency requirements starting from 2023.

The draft proposal brings closer new energy efficiency regulations for shipowners. But operational requirements for carbon intensity reductions could end up becoming mandatory only in 2026, with less aggressive enforcement than originally envisaged.

It will be put before the virtual IMO Marine Environment Protection Committee next month.

Its progress has not been smooth, with environmental groups openly calling for delegates to walk away from the negotiations.

Some participants have expressed their dissatisfaction with the levels of ambition in the current text. Views diverged even between countries that had put forward a joint proposal.

Some countries even discussed potentially leaving the talks due to insufficient progress, Lloyd's List understands.

The level of dissent suggests that negotiations will continue at the November meeting and the current text could undergo more amendments.

Japan, China, Denmark and several other nations had proposed combining technical and operations measures to impose energy inefficiency and carbon intensity requirements, as well as a reporting and rating system.

However, the draft compromise agreement, seen by Lloyd's List, shows changes on several points, including lower than proposed levels of energy efficiency improvements for the existing fleet, known as EEXI, for some type of vessel, such as large bulkers and tankers, as well as some ro-ro ships.

The EEXI regulation would be in force from 2023. The IMO would review it for a potential revision in 2026.

Elsewhere, among the other main elements that have changed, the consequences of falling foul of new regulations have been adjusted.

Ships of 5,000 gross tonnes and above will have to meet an annual carbon intensity indicator based on annual reduction factor and annual reference point, which the IMO will need to develop through guidelines.

This measure would become mandatory only in 2026, according to the current preliminary timeline.

To enforce it, the original proposal had suggested that one option would see ships that have a low carbon intensity performance rating lose their statement of compliance, and therefore their licence to operate, from 2029 or 2030.

That point has been eliminated from the compromise agreement. Instead, ships that receive a D rating for three consecutive years, or an E rating, will need to produce a plan on how they plan to correct their shortcomings.

China was among those pushing hardest for the reduction of the EEXI rates as well as the deletion of the state of compliance revocation, according to sources.

The UK, the Netherlands, Belgium and Germany, which was a co-sponsor of the measure, are among those who expressed their dissatisfaction with the text.

Denmark was also disappointed with the lack of ambition in the measure, Lloyd's List understands.

Faig Abbassov, shipping officer at Brussels-based non-governmental organisation Transport & Environment, said the agreement would allow emissions to keep rising for another decade, reiterating a fear the environmental lobby has raised over the past two weeks.

"The UN maritime agency again showed the world it can only deliver cosmetic changes. European Union countries should work through the European Green Deal to fill the gap left by the IMO," he said.

The Clean Shipping Coalition, Pacific Environment and World Wildlife Fund — the three environmental groups who had already said that the combined proposal was too weak — called on countries to walk away from the negotiations due to the weakened proposal.

"Climate leadership countries must stand their ground and refuse the weak J/5 proposal, both to push for an improved short-term measure and to ensure that the future negotiation of mid and long-term measures are not subject to the same dynamics and low ambition," they said in a statement.

The groups said the current text fails to reduce emissions before 2023 and will not set shipping on a pathway consistent with the Paris Agreement goals.

All of these would be in violation of the 2018 IMO initial greenhouse gas strategy, they said.

WHAT TO WATCH

Counterparty scrutiny spikes as supply chain risks rise

COUNTERPARTY risks across the supply chain have increased as coronavirus exacerbates the existing trend of exiting liquidity, leaving many companies on the borders of financial viability, struggling to meet increasingly forensic due diligence and corporate governance requirements.

"Appetite for funding for shipping has been drying up and the liquidity crunch caused by the pandemic over cash, credit and the insurance market continues to present strong headwinds globally for marine businesses," said Cockett Group chief executive Cem Saral.

"Basically, counterparty risks of the entire supply chain have increased across the board," he told the Lloyd's List Maritime Risk Briefing.

According to Lloyd's List Intelligence's Credit Report business, this year has seen a spike in demand from clients reviewing credit lines and ramping up due diligence checks in the face of increased volatility and market uncertainty.

Just over 10% of the companies reviewed have been given secured cash terms because of their financial condition or lack of verifiable information about their operations or ownership.

In 20% of the companies reviewed by LLI, the credit report team flagged areas of concern, classing the financial condition of the company as either weak or severe.

Fears of a liquidity crunch, particularly in the bunker sector, are nothing new and European lenders have been withdrawing from commodity and trade finance for some time.

But recent financial scandals including the sudden collapse of Singapore-based bunker trading firm Hin Leong, increasing complexities of exposure to international sanctions risk and a general perception of poor corporate governance across the sector, coupled with the pandemic-induced market volatility have combined to generate something of a perfect storm in terms of credit risk.

Whether real or perceived, increased counterparty risks have required a step change in corporate governance and a tightening of lending criteria that is increasingly locking out those unable to provide forensic evidence of risk management across businesses.

"This is a trend that we see continuing for the foreseeable future and the lending criteria will continue to require increasing levels of due diligence and much more probing questions to be asked of businesses," said Sebastian Otterstad Villyn, Head of Risk & Compliance Data Lloyd's List Intelligence.

What complicates the matter is that quite a few traders and bunker suppliers had a strong 2019 performance that previously would have supported increased credit lines, however the pace of the change in the market means that even relatively recent past performance is not a sufficiently reliable indicator of current financial health.

"A strong 2019 record doesn't mean that as of October 2020 a company is not feeling the pinch. Companies need to be able to prove sound corporate governance and compliance procedures, access to capital and a record of strong cash discipline," said Mr Otterstad Villyn.

"Our view of how much credit a company can sustain needs to be based on up-to-date intelligence and data — past performance is not enough."

Scrutiny has fallen specifically on the bunker sector in the wake of the Hin Leong scandal, where recent memories of OW Bunkers' collapse and revelations of undisclosed and unsecured credit and long positions on oil proving fatal, have reignited calls for more stringent oversight and governance.

But according to Mr Seral the risk of default, financial difficulties and access to liquidity is by no means a bunker-specific issue and such examples are not isolated incidents that can be pinned on a single mistake or bad transaction.

"The risk perceived by the financial community is not exclusive to marine fuels, this applies to the wider shipping and maritime community," he said. "If you look at the root cause of all these problems you find a lack of proper governance, either in terms of how the organisation is run, or how it is communicating with lenders or the oversight and governance that has been executed by the auditors or lenders.

"These companies have shown multiple years of similar behaviour, so these are not the result of an isolated big loss or single incident — they are the result of an organisation that is behaving and operating without the proper corporate governance required."

No need for alarm as container lines return to the shipyards

SHIPBROKERS' circulars revealing several top container lines are in talks with shipyards about newbuilding projects would have set off alarm bells in industry circles.

Why start ordering again now, just when boxship owners finally seem to have their house in order after decades of market volatility driven largely by supply and demand imbalances?

One of the biggest surprises of the pandemic has been the ability of container lines to behave with uncharacteristic discipline.

Rather than try to fill ships at any cost, with the inevitable price war, they have removed capacity where necessary, and so managed to sustain good rate levels.

The result has been a year that is likely to produce bumper profits, in stark contrast to dire predictions in the early weeks of 2020 that carriers were heading deep into the red.

The recovery has been helped by strong volumes over the summer months as consumer spending recovered in key economies such as the US, and as inventories were replenished.

Underpinning market fundamentals has been the slow pace of ordering over the past year or so. Clarkson Research estimates that boxship capacity ordered in 2019 was more than one third down on 2018 levels, while the figure for 2020 is running at around a 70% decline.

And that is the way it should stay, say some industry leaders.

George Youroukos, executive chairman of Global Ship Lease, said lines' strategy of not ordering new ships would keep capacity under control.

That, in turn, should ensure that carriers are able to keep producing "these amazing returns," he told a recent Capital Link forum.

Others have said much the same and, with the exception of Hyundai Merchant Marine and its controversial series of 23,000 teu ships that have been delivered this year, the global players have shown impressive restraint. Helping industry sentiment has been the absence of speculative newbuilding activity in recent years.

But is that situation about to change? Are container lines slipping back into their old habits of ordering new ships within weeks of producing better financial results?

Mediterranean Shipping Co is now in talks with both Chinese and South Korean yards about a series of six 23,000 teu vessels, according to brokers.

Hapag-Lloyd and Ocean Network Express have also been making inquiries, while Cosco subsidiary OOCL is another line this has been linked to an order for 23,000 teu ships.

Evergreen is also in talks with yards, this time for 15,000 teu tonnage. So too is Zodiac Maritime, which is in preliminary discussions with South Korean shipbuilders about an order for four 13,000 teu-15,000 teu units. These sizes provide much greater flexibility than the 23,000 teu class.

All prospective buyers are being tempted by some attractive prices as South Korean and Chinese yards vie for new business. A 23,000 teu ship, for example, would probably cost between $143m and $148m, depending on country of build and specifications.

Prices are lower than those being quoted in the summer, while yards would have charged in excess of $170m when vessels of this size first entered service about seven years ago.

If the reports of renewed ordering activity are correct, does this demonstrate a highly irresponsible attitude on the part of those lines apparently prepared to risk market stability for market share? Not necessarily.

To put the rumoured newbuildings into perspective, the world orderbook right now is estimated to be around 8% of existing fleet capacity. That compares with more than 20% a decade ago and over 60% prior to the 2008/09 financial crash.

New ships will be needed, and anything ordered now will not enter service until 2022 or2023, and then will be required to meet demand up until around 2050.

Of course, there are all sorts of pitfalls to ordering new containerships right now. In addition to unprecedented economic uncertainty, there is also the question of what fuel to burn and how to design ships that will be able to meet as yet unknown emission requirements, and adapt to technological innovations.

But when to order new ships is not an exact science, given the almost endless number of variables that need to be taken into account. Few shipowners are likely to get their timing absolutely right.

The mark of success is to be counter-intuitive in many ways, be prepared to take risks, and to look well into the future rather than be driven by short-term market conditions.

So there is no reason to suppose that these new orders will send the container trades into another tailspin, as long as older tonnage is scrapped, and the additional capacity is kept roughly in line with projected cargo growth.

State aid for shipping nears $10bn during pandemic

AT LEAST 13 countries are offering some sort of state aid to the shipping industry, often with few or no strings attached.

Cruise and ferry operators have been the biggest recipients of aid packages, the International Transport Forum said in its Covid-19 Transport Brief report.

Of the 17 support packages it identified, nine were related to passenger shipping.

Over €8.3bn ($9.8bn) in state support to shipping companies was identified ranging from the reduction of port dues to tax reductions and liquidity support.

But the report warned that the support was being granted on the basis of the pandemic and had few conditions applied to it.

“Aid schemes usually include safeguards to avoid that firms will be overcompensated,” it said. “Beyond that, however, governments rarely impose conditions designed to achieve public policy objectives other than the immediate goal of mitigating economic losses for the shipping sector due to Covid-19.”

The “missing link” between coronavirus-related subsidies and broader policy goals was part of a larger phenomenon, it added.

“State aid for the maritime sector in general is subject to limited conditions only. Like aviation, the large majority of support measures for shipping include no conditions on economic, social or environmental objectives. Most countries do not even report on the impacts of their maritime state aid scheme.”

Container shipping is called out for what the ITF refers to as “shadow subsidies”, which are the result of constraints on competition.

“Confronted with reduction in demand for containerised trade, the main container carriers jointly withdrew ship capacity by cancelling scheduled voyages,” it said.

“Between February and June 2020, approximately 20%-30% of the container ship capacity on the main trade lanes was idled. The artificially created scarcity pushed up the price to ship a container. Freight rates rose particularly strongly on the transpacific trade lane, but many other routes also saw increases despite the drop in containerised trade volumes.”

The rise in rates drove carrier profitability to its highest levels since 2010, but could be seen as a subsidy paid for by consumers, the report said.

“By managing to push up the price above its level under competitive conditions, carriers have in effect reduced consumer welfare. This shadow subsidy comes on top of state support in some cases: at least four of the main container carriers have also benefited from the Covid-19 aid.”

State aid for the maritime sector during the pandemic mitigated the economic impact of the crisis on the shipping sector but also raised questions regarding the stringency of government policies.

The forum recommended increased monitoring of competition in the shipping industry.

“The recent joint efforts of container lines to eliminate capacity through a coordinated strategy of

blank sailings raises many questions of concern to competition authorities and merits investigation," it said.

It also called for a "greening" of competition policy.

"Maritime competition policy has often been narrowly focused on the price for customers. It should also take account of market power vis-à-vis suppliers and a wider set of indicators related to service quality, connectivity and environmental performance," it said.

ANALYSIS

Emissions progress at IMO is cause for concern

THE International Maritime Organization's working group on greenhouse gas emissions has agreed on a compromise version of a new short-term measure that would impose new energy efficiency requirements for existing ships starting in 2023 and mandatory carbon intensity improvements starting in 2026.

After much contention and in need of something to show for another week of talking, governments agreed on what some have seen as weaker energy efficiency requirements for large bulkers, tankers and ro-ros.

They also decided to ditch an option to revoke operating licences from ships that have received sub-par carbon intensity ratings.

Poorly performing vessels will instead just have to come up with a plan about how they will rectify the deficiency.

Many governments were hardly impressed by this level of ambition; the UK, Germany and the Marshall Islands were among those left disappointed.

There are major outstanding issues that the agreement leaves unresolved, such as how will each individual ship's carbon intensity improvements be measured. These will need to be figured out down the road.

The IMO Marine Environment Protection Committee will consider the compromise agreement next month and although it may decide to make more amendments, pressure to deliver a new measure means it will likely approve this proposal.

A shipowner reading the IMO decision may instinctively think that is a good result; less stringent regulations with more lenient enforcement is a good thing. All things considered, a relatively benign move.

The industry got some more clarity on what some of its regulatory obligations will look like over the next decade.

But a weakened version of what some observers were arguing was already a weak proposal does not convey to shipowners that the IMO is the place that will define shipping's decarbonisation trajectory and the real demands will come from elsewhere.

The IMO and its member states are under tremendous pressure to act on climate much more convincingly than they have in the past and where those governments are able to do so, they may take action in other forms.

By 2026, when the carbon intensity improvements become mandatory, not only will the IMO have revised its greenhouse gas strategy — most likely with higher decarbonisation targets — but corporate expectations will be much more strict and the major charterers and customers will expect shipping companies to achieve more than what the IMO has pushed out today.

The IMO has to co-ordinate the desires of often very diverging countries and therefore is certainly the best common denominator available. The lower the bar it sets, the smaller the bare minimum shipping has to do is.

Dissent among governments and organisations is hardly a new thing at the IMO. It has dealt with far more controversial and impactful issues than a short-term measure. Take, for example, the rejected imposition of a market based measure and the successful introduction of energy efficient design requirements for new ships.

And yes, there is still the all-important MEPC in November that allows space for changes. But radical change will be difficult to achieve unless dissenting parties unite to demand a more aggressive strategy and stricter enforcement.

Everything around the IMO, however, is changing.

This time, shipping's inclusion in the EU's carbon market looms large and is far more likely than it has ever been. This week's IMO agreement will hardly do anything to convince sceptics in Brussels that the IMO can take ambitious measures and should thus be left to govern maritime regulation alone.

The US, which has a presidential election in 10 days, could be next particularly if Joe Biden wins the election and the Democrats manage to gain control of the House of Representatives.

A new proposal to set up a shipping CO2 emissions data collection in the US suggests there is appetite from across the Atlantic to take some ownership of regional emissions regulation.

Yes, this would only be a data collection exercise. But data is the foundation of strong regulation and it would be unsurprising if this data did indeed lead to more regulation in the future.

Of course, the overwhelming majority of this industry still staunchly detests the prospect of regional regulations, as Union of Greek Shipowners chairman Theodore Veniamis reminded us in recent days.

But cracks are starting to show there too. Shipowners at the recent Global Maritime Forum called for the active support of the regional regulations, to help push global progress. Without sufficient action from elsewhere, that sentiment may grow as expectations for a greener shipping do too.

The IMO will celebrate whatever agreement it can get in November at the MEPC.

The industry should think twice about how much weight that will really carry over the next decade.

MARKETS

Eastern Pacific wins ethane carrier deal as US-China trades rise

EASTERN Pacific, the Singapore-based shipmanagement company, will build and operate four 98,000 cu m very large ethane carriers for a Chinese petrochemical company that is about to start shipping regular cargoes of the refrigerated gas from the US Gulf.

The 15-year deal with Zhejiang Satellite Petrochemical underscores China's rising dominance in US ethane export trades.

Zhejiang Satellite Petrochemical is poised to ship its first cargo from the newly constructed 175,000 barrels per day Orbit Ethane Export Terminal, at Nederland, Texas, in November.

US-based Energy Transfer owns the Orbit terminal in partnership with the US subsidiary of Zhejiang Satellite Petrochemical.

The deal will see as much as 150,000 bpd of ethane heading for two ethane steam crackers in China.

The first steam cracker comes online in the second quarter of 2021.

Ethane exports have kept the lowest profile in the US shale oil evolution that is still reshaping crude and liquefied natural and petroleum gas trade flows.

Ethane is the lightest natural gas liquid, used as a petrochemical feedstock for steam crackers that produce ethylene, propylene and other products. It is also mixed into the NGL stream in various volumes, depending on the price at which it can be sold.

The deal with Eastern Pacific is part of a 12-ship fleet of VLECs being established for Zhejiang Satellite Petrochemical to ply the US Gulf-China ethane trades.

Six VLECs are either on the water or under construction to Malaysia-based MISC Berhad, also under a 15-year time charter deal. Another two VLECs will be delivered to Tianjin Southwest Maritime.

The Eastern Pacific-owned ships will have dual-fuel ethane propulsion like the other eight VLECs, with delivery scheduled in the first half of 2022.

This suggests these vessels will be used for supplying the second steam cracker, which is not due to come into operation until then.

Two VLECs will each be built at South Korea's Hyundai Heavy Industries and Samsung Heavy Industries. These yards also received orders for other vessels in the fleet.

The first ethane exports from the US began in 2016, with two terminals now established for the trade. One in Houston and another near Philadelphia on the Atlantic east coast.

Houston-based energy consultant RBN Energy estimates ethane exports at the Energy Transfer facility averaged 31,000 bpd in 2018, rising to 51,000 in the first eight months of 2020.

Exports from the Enterprise terminal on the Houston ship channel were tracked at 129,000 bpd in 2019, falling to 110,000 bpd so far this year,

The Orbit terminal once commissioned in November adds at least 75,000 bpd to export volumes over the next year, rising to 150,000 bpd in 2022. It will also catapult China to become the largest buyer of US ethane. At present, China is behind India, the UK, and Norway (see table below).

About 290,000 bpd of ethane is exported from the US, RBN Energy estimates, of which about a third is sent via pipeline to Canada and the rest compressed or refrigerated for shipping.

"Our understanding is that China's petchem sector is very open to importing a lot more US ethane, but that the ongoing trade war between the two countries has been a hindrance to those plans," RBN Energy said in a recent report.

"Delivering those volumes from the new Orbit terminal will involve the regular shuttling of a half-dozen VLECs from the Gulf Coast to China and back. When the second cracker starts up and Zheijian's ethane needs double to 150,000 bpd, the company's fleet of 12 chartered VLECs will be needed."

The ethane is for the Lianyungang ethylene plant for Zhejiang Satellite Petroleum. Another ethane-to-ethylene plant in Taixing, also in Jiangsu province, is owned by Singapore-based SP Chemicals sources US ethane too.

This is provided under a long-term deal with Ineos, which also uses a specialised fleet of VLECs, and supplies ethane to two refineries it owns in the UK and another in Norway.

US ethane production reached a record 2.2m bpd in July, the last month for which Energy Information Administration figures are available.

Some 13% is exported, while US cracker demand comprises of 1.6m bpd of the total 1.9m bpd in demand.

Demand rose by 600,000 bpd since 2016, RBN Energy calculates. About 38% of total supply is 'rejected', a term that means the ethane goes into the natural gas stream at processing plants.

While US production of shale oil has yet to return from record pre-pandemic volumes, NGL supply "has surprised with its resilience", the International Energy Agency said in its October Oil Monthly Report.

NGL output reached a record 5.37m bpd in July, although the IEA expected this to ease back in coming months.

"The majority of the increase stemmed from ethane, of which production in July was 500,000 bpd or 30% higher than a year ago," the report said.

US ethane exports

India	63,000 bpd	(Reliance Industries)
UK	36,000 bpd	(Ineos-operated tankers)
Norway	32,000 bpd	(via Evergas tankers)
China	22,000 bpd	(since Sept) via Ineos
Sweden	5,000 bpd	(supplied by Borealis)

Source: RBN Energy

Container freight rates remain near record highs

SPOT freight rates for container cargoes have gained slightly on the major east-west trade lanes as this year's extended peak season continued.

The composite Shanghai Containerised Freight Index rose by 1.4% during the week.

The transpacific trade was largely static, rising by just $24 per feu on the Asia-US west coast route. But at $3,865 per feu, they remain just $2 off the record high set in September.

The Asia-US east coast rate rose $6 per feu, or just 0.1%, putting it on a par with its previous highest point again.

Stronger increases were seen on cargoes destined for Europe. Asia-northern Europe picked up 1.5% to 1,100 per teu, while the Asia-Mediterranean trade lane saw a hike of 1.8%, or $22, to $1,261 per teu.

A combination of strict capacity control and strong consumer demand has helped maintain rates beyond Golden Week, which traditionally marks the end of the peak season.

Rates on the Asia-US west coast headhaul are up 185% compared with the year-earlier week. Other trades have not seen such a dramatic rise, but still remain well above where they were a year ago.

The current rates environment comes as carriers benefit from a strong consumer rebound following the lockdown phase of the coronavirus backdrop.

"A strong comeback in US retail sales has replaced the 14.7% drop seen in April," said BIMCO chief shipping analyst Peter Sand. "US retail sales have been up since June compared with the same months last year, and only three months this year have seen lower retail sales than the corresponding months in 2019.

"Over the first three quarters of the year, accumulated retail sales in the US have risen by 2%."

That compares with 3.5% growth in 2019 and 4.3% growth in 2018.

But while headhaul rates were remaining strong, backhaul was softening, according to analysts at Platts.

"Backhaul rates on transpacific legs continued to show downside, with the large number of containers currently in North America leaving many more empties to be repositioned, following the recent glut of imports from North Asia," it said.

Weaker imports to China showed the differing nature of government pandemic support packages, said Mr Sand.

"While China opted for heavy spending within the area of infrastructure, boosting the dry bulk shipping market, the US focused on protecting personal income," he said.

"The latter, combined with the fact that consumers are spending less on services and travel, means that demand for goods was strong once shops reopened, boosting demand for container shipping and contributing to the current strength of the transpacific trade."

Capesize index falls 26% in a week but market stays optimistic

THE capesize index has continued to slip since the beginning of this week, extending an easing in the market that began more than a week ago.

But the North Atlantic market is providing the segment with some impetus, reversing a potential erosion in near-term freight rates.

Overall, freight rates fell across all the major routes, with the Baltic Exchange Capesize Index dropping to 2,235 points on Thursday, down 26% week on week.

"The market finally found some support and today we see better freight for both Brazil-China and West Australia-China, the two major routes for iron ore," Norwegian Brokerage Fearnleys said in its weekly report.

"This has turned the sentiment positive and the cargo list has increased especially in the South Atlantic region.

"That said, not everyone is convinced we are set for

a new upturn, so it is still vessels pricing decent freight levels though at higher prices," it added.

A Singapore-based broker sees little prospect of an imminent cooling in the coming week and said that a big appetite by charterers for short period fixtures would support rates.

Braemar ACM noted that there was a bit more interest to buy at mid $7 for forward cargoes within November from the operators but owners appear to be holding off for the time being.

"As we move onto speculative buys in December, we do see selling interest at $8 suggesting a cap. It is positive to see more periphery trade emerging from Malaysia, west coast Canada and the Philippines."

China, which is of course the most important economy for dry bulk demand, especially capesizes, remains the shining star for the coming year as the economy has fared relatively well over the past few months, with official figures showing swift control of the virus.

Following a 6.8% economic contraction in the first quarter of the year, China has demonstrated something of a V-shaped recovery, bouncing back quicker than the International Monetary Fund have initially expected.

According to IMF's updated World Economic Outlook, China is in the process of its multi-facet "rebalancing," from export- and investment-led growth to more consumption-driven growth, and is expected to have "a smooth handover" from publicly generated growth to private demand-driven growth beyond the near term.

China's growth is having a positive spillover effect on commodity prices, in turn providing encouragement to dry bulk freight rates.

IN OTHER NEWS

NYK buys out LNG shipmanagement unit from Total

JAPAN'S NYK Line has made Gazocean its fully owned subsidiary, having acquired a 20% stake in the shipmanagement unit from French's energy firm Total.

"The move will strengthen NYK's shipmanagement system and expand the company's [liquified natural gas] transportation business in France," said the shipowner and operator in a release.

Based in Marseilles, Gazocean manages six LNG carriers. It will also operate an 18,600 cu m LNG bunker vessel being built at China's Hudong-Zhonghua Shipbuilding, jointly with MOL.

Ocean freight rollovers causing supply chaos for shippers

WITH container vessels still full from Asia to the US and Europe, shippers and forwarders are not only struggling to secure slots, but are also wrestling with supply chain disruptions caused by cargo rollovers.

The failure of container lines to notify shippers when cargo is delayed due to rollovers is continuing to cause chaos in ocean shipping supply chains, according to Jordi Espin, policy manager at the European Shippers' Council.

"It is imperative that cargo owners know where the cargo is at all times," he said. "Cargo should have its own rights, the same way passengers currently have. It is inconceivable that customers lack information just because transport flows are rescheduled.

Australia detains Japanese car carrier with overdue crew

AUSTRALIAN authorities have detained a car carrier for having overdue crew on board as the coronavirus outbreak further complicates the crew change situation in the global maritime industry.

The International Transport Workers' Federation said the Australian Maritime Safety Agency detained NYK-operated, Panama-flagged *Metis Leader* at the port of Melbourne after it drew attention to the vessel when it became aware the vessel was employing seafarers working beyond statutory limits.

ITF assistant co-ordinator for Australia Matt Purcell said the international body and its affiliates detected the car carrier as having seafarers on board beyond acceptable limits.

OOCL boosted by surging rates

ORIENT Overseas Container Line reported a jump in the top line and cargo volume in the third quarter.

Benefiting from a sizzling peak season for liners shipping carriers, the Hong Kong-based company reported 16.3% increase in revenue year-on-year to $1.9bn, according to an exchange statement.

Liftings rose 9.5% to more than 1.9m teu in the three months to September 30.

Scorpio Bulkers continues fleet-sale programme

THE sale of yet another vessel owned by Scorpio Bulkers is raising questions about whether the company will continue to be involved in the dry bulk market.

The US-listed owner said it has entered into an agreement to sell *SBI Hyperion*, a 2016-built ultramax, for about $17.5m.

Delivery to the new owner, only identified as an unaffiliated third party, is expected to take place this quarter.

South Korea touts world's first large liquefied hydrogen carrier design

SOUTH Korea's largest shipbuilding group has developed potentially the world's first large-size liquefied natural gas hydrogen carrier.

Hyundai Heavy Industries Group's two shipbuilding units, Korea Shipbuilding & Offshore Engineering and Hyundai Mipo Dockyard, announced yesterday that their new design for a 20,000 cu m liquefied hydrogen tanker has won approval in principle from the Liberian Registry and Korean Register.

Handling liquefied hydrogen involves cryogenic technology given that the gas turns into liquid at -253°C.

Port of Savannah stays ahead of the curve

THE Georgia Ports Authority is stepping up efforts to boost its growth trajectory at Savannah by increasing throughput capacity in several sectors, officials said in an online state of the port message.

"We are making strategic expansions to ensure cargo fluidity as Savannah's container trade increases," said Will McKnight GPA board chairman. "Our long-term infrastructure investments ensure GPA is ready when our customers are ready to grow."

Helping to bring new business to Georgia is part of GPA's central mission — and a main reason the authority is stepping up its capacity, Mr McKnight said.

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Our VIRTUAL 2020 Awards Ceremony is dedicated to Greek shipping's virtues

For the first time, the 2020 Lloyd's List Greek Shipping Awards, the world's best-supported shipping awards event, will unfold excitingly before an even larger, worldwide online audience.
The Greek Shipping Awards is used to attracting audiences of 1,000 or more guests and has become an unmissable annual event for the Greek shipping community and its partners. Our aim is to ensure that this year is no exception.
Accordingly, we are holding our 2020 event as a Virtual Awards Ceremony, guaranteeing the quality of the event and protecting the health of our many friends, colleagues and supporters in the maritime community.
This is a boundless opportunity to attract greater attention than ever before to the achievements of Greek shipping, comprising both industry leaders and unsung heroes as well as emerging talent from a new generation involved in the business. Don't miss it !

JOIN US AT 18:00 TBC (GREEK TIME) ON FRIDAY, DECEMBER 4, 2020
FOR THIS YEAR'S VIRTUAL GREEK SHIPPING AWARDS,
LIVE STREAMING ON WWW.GREEKSHIPPINGAWARDS.GR

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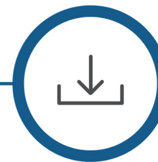

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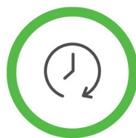

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