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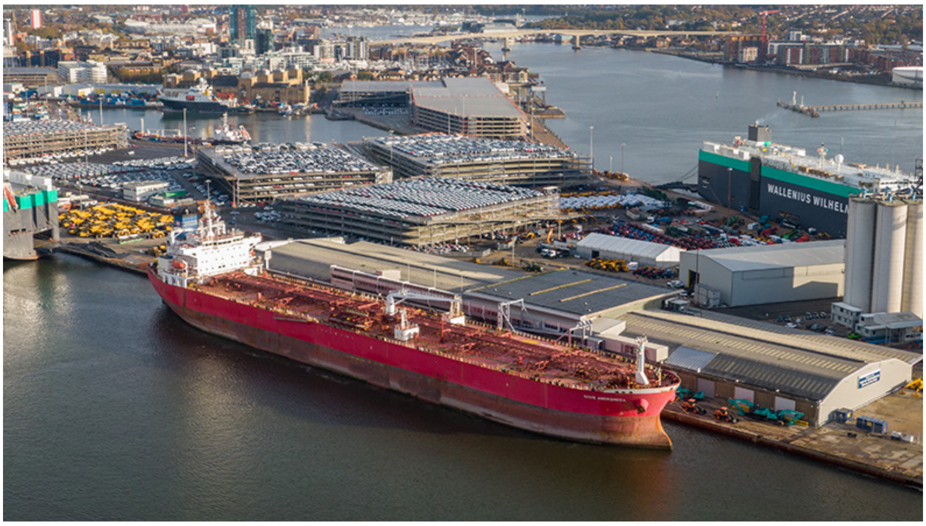
Stowaways' tanker was denied port access by France and Spain



FRANCE AND SPAIN refused a request by the master of an aframax product tanker to allow seven Nigerian stowaways found on board to disembark.

The appeals were made just days before the incident on board *Nave Andromeda* that resulted in the vessel being boarded by British special forces and the arrest of seven men at gunpoint.

The Liberia-flagged tanker, operated by Greece-based Navios Maritime Holdings, sailed from Nigerian waters on October 5, and spent 24 hours off the French coast near the Donges refinery from October 20, before sailing north, vessel-tracking data show.

It then spent a further two days off the Spanish and Portuguese coasts before arriving in waters off the south coast of England on October 25

Lloyd's List understands that French authorities refused *Nave Andromeda's* master permission to berth and disembark the seven stowaways.

It has also emerged that Spanish authorities denied the tanker entry to Las Palmas port.

"The vessel didn't dock at Las Palmas port. *Andromeda* anchored in front of the port and informed La Palmas Police about the stowaways," a Civil Guard spokesman told the British newspaper The Times.

"Due to this circumstance local authorities refused permission to dock and disembark them.

"If the vessel is docked, local authorities must allow the disembarkation of the stowaways, but not if the ship is anchored according to international sea law," the spokesman said.

Lloyd's List has approached Navios and authorities in France and Spain for comment.

The disembarking denials throw fresh light on the circumstances surrounding the actions of the UK's armed Special Boat Service.

The naval arm of the British special forces descended from helicopters on ropes after dark on October 25 to seize the stowaways in a reportedly seven-minute operation authorised by the UK defence secretary and the home secretary.

The action to regain control of the ship, six miles off the southern England coast, was in response to threats to crew amid a "suspected hijacking", the Ministry of Defence said.

The master of *Nave Andromeda* had raised the alarm when stowaways surrounded the control room in a day-long stand-off, according to a Times report, citing anonymous sources familiar with the Mayday call.

He requested immediate assistance, after alleging the stowaways became aggressive.

Four people were port side, midship, near the manifold and two of them were on the starboard side on the bridge but were unable to enter, according to the newspaper.

The master remained in control at the bridge and the chief engineer was locked in the engine room, sources familiar with the event told Lloyd's List. The remaining 20 crew retreated to the citadel during the incident.

Maritime lawyers contacted by Lloyd's List said the chain of events are a reflection of frustration and aggression on the part of stowaways rather than any serious attempt to hijack the vessel.

This was likely because they were concerned they would be unable to leave the ship and claim asylum, while the master was following protocols in protecting this crew.

The vessel is now detained by UK authorities as part of the police investigation, rendering the product tanker off-hire.

It was in ballast and did not have any cargo on board.

The stowaways have been arrested on suspicion of seizing or exercising control of a ship by use of threats or force under the UK's Aviation and Maritime Security Act 1990.

Such an approach recasts the incident as a criminal issue and not an immigration or deportation matter.

Whether UK authorities also refused permission for the stowaways to disembark has not been revealed, nor the date at which the stowaways were discovered on board *Nave Andromeda*.

How authorities dealt with the *Nave Andromeda* stowaways thrusts the Greece tanker operator Navios Maritime at the centre of debate in Europe and the UK over tougher treatment of asylum seekers who arrive by boat.

It also raises questions over whether ports' refusal to disembark stowaways in line with international conventions and recommended guidelines imperilled the safety of the 22 seafarers on board the product tanker.

European Union and UK authorities have hardened their treatment of migrants rescued at sea in recent months, flouting international conventions that provide for them to be disembarked at the vessel's next port of call. In some cases, they have been held in cabins while arrangements are made to deport them to their country of origin.

More than 7,500 migrants arrived in the UK from France through crossing the English Channel by inflatable or small boats over the last 12 months, figures show. Monthly arrivals over the summer were 10 times higher than previous years' figures, UK figures show.

Wall and waves

Home secretary Priti Patel pledged to crack down on the small boat crossings to quell criticism the government was doing too little to address undocumented arrivals.

Last month she personally contacted a representative from Maritime UK to inquire whether it was legally possible to build some sort of inflatable wall or create artificial waves in one of the world's busiest shipping channels to discourage or deter migrants from making the voyage.

She was told such action would not be feasible and also contravened a number of international regulations to which the UK was signatory.

The Home Office declined to comment on whether *Nave Andromeda* had requested to disembark the seven stowaways in the UK, referring the matter to local police who are conducting a criminal investigation.

Hampshire Police said on October 27 that more time had been granted by the courts to question the seven stowaways.

Under UK law police must charge arrested persons within 24 hours or release them, or apply to hold them for up to 36 or 96 hours if they are suspected of a serious crime.

Hampshire Police has not responded to requests for further comment.

Police in France declined to confirm whether French authorities had denied a request for the disembarkation of the seven stowaways.

When stowaways are discovered the master of any vessel has to notify appropriate authorities at the port of embarkation, the next port of call and the flag state, according to recommended practices issued by the International Maritime Organization in 2018.

"It is the responsibility of the state of first port of call according to the voyage plan after the discovery of the stowaway to accept the stowaway," the guidance says.

The revised guidelines were part of the Convention on Facilitation of International Maritime Traffic.

When the disembarkation of a stowaway has not been possible at the first port of call, it is the responsibility of the state of the subsequent port of call to allow the person to leave the ship, the guidance adds.

Previously, European countries have declined to follow this protocol. In September, Maltese authorities refused permission for the product tanker *Maersk Etienneto* disembark some 27 migrants the vessel rescued from a sinking vessel in the Mediterranean that had sailed from Libya. There was a six-week stand-off.

The impasse ended only when the Denmark-flagged tanker was given permission to offload the migrants onto another vessel that took them to Sicily after protracted negotiations amid concern that countries were exploiting gaps in the UN's International Convention for the Safety of Life at Sea to avoid compliance.

UK shipping groups have welcomed the special forces' action.

UK Chamber of Shipping chief executive Bob Sanguinetti told the Financial Times the UK government action sent a clear message that international shipping would not get caught up in the plight of asylum seekers and economic migrants.

WHAT TO WATCH

US sanctions more key Iran parties for illegal shipments

THE US has imposed more sanctions on Iran, this time targeting the National Iranian Oil Company, National Iranian Tanker Company and Iran's Ministry of Petroleum and various individuals and entities linked to them.

The US Department of the Treasury's Office of Foreign Assets Control said in a press release that it is designating the ministry, NIOC, and NITC for their financial support to Iran's Islamic Revolutionary Guard Corps-Qods Force.

"The regime in Iran uses the petroleum sector to fund the destabilising activities of the IRGC-QF," said Treasury Secretary Steven Mnuchin.

Ofac added that in the spring of 2019 an IRGC-QF-led network employed more than a dozen NITC vessels to transport nearly 10m barrels of crude oil, mostly destined for the Assad regime in Syria.

Noting that all these shipments amounted to sales of more than $500m, Ofac said that the latest action targets those who supply and transport the oil that generates revenue for the IRGC-QF.

Ofac said that senior NIOC and NITC personnel have worked closely with senior IRGC-QF official and former Minister of Petroleum Rostam Ghasemi. In addition, Ofac is designating four persons involved in the recent sale of Iranian gasoline to the illegitimate Nicolás Maduro regime in Venezuela.

Mr Ghasemi was himself designated in 2019, and he has assumed a portion of former IRGC-QF commander Qasem Soleimani's role in facilitating shipments of oil and petroleum products for the financial benefit of the IRGC-QF.

Among the key individuals sanctioned are the managing director of NIOC's Switzerland-based subsidiary Naftiran Intertrade Company, Ali Akbar Purebrahim; Minister of Petroleum Bijan Zanganeh; NIOC managing director Masoud Karbasian; NITC managing director Nasrollah Sardashti and National Petroleum Company managing director Behzad Mohammadi.

Key affiliates also designated include the National Iranian Oil Refining and Distribution Company, National Iranian Oil Products Distribution Company, Iranian Oil Pipelines and Telecommunications Company, National Iranian Oil Engineering and Construction Company, Abadan Oil Refining Company, Imam Khomeini Shazand Oil Refining Company, and the National Petrochemical Company.

In addition, Ofac also identified the vessels *Longbow Lake* (IMO: 9237539) and *Wu Xian* (IMO: 9102239) as property in which NIOC has an interest. According to Lloyd's List Intelligence the former vessel is a very large crude carrier beneficially owned by Petrochina and commercially operated by Kunlun Shipping, which has also been sanctioned previously while *Wu Xian* is another VLCC with China links.

To obfuscate its involvement in shipping activity, NITC set up United Arab Emirates front companies Atlas Ship Management and Atlantic Ship Management Company. These two companies have also been designated.

As recently as last week, the US State Department sanctioned six Chinese entities linked to container line Islamic Republic of Iran Shipping Lines.

Another individual and three entities have also been designated for helping to facilitate shipments to Venezuela. UAE-based Mobin International was designated for entering into an agreement earlier this year with PdVSA to ship gasoline obtained from NIOC to the illegitimate Maduro regime in Venezuela while Mahmoud Madanipour was designated for acting for Mobin.

Two UK-based companies of Mr Madanipour, Mobin Holding and Oman Fuel Trading were also designated.

Tanzania de-flags tankers for 'illicit transfers' of Iranian crude

THE Tanzanian registry has removed four flag-hopping tankers detected shipping sanctioned Iranian cargoes.

The quartet includes vessels that joined just weeks ago after being de-flagged by another maritime administration.

The four tankers are 2003-built very large crude carrier *Anahi* (9273337), 1999-built aframaxes *Xenia S* (9165542) and *Elisa Sea* (9199828), and 1996 product tanker *Simba* (8617055).

Most have changed names, flags and ownership at least three or four times this year, data from Lloyd's List Intelligence show.

The removals followed letters from the US-based non-governmental organisation United Against Nuclear Iran to Tanzania's Zanzibar Maritime Authority showing satellite imagery of tankers undertaking ship-to-ship transfers with Iranian-owed ships.

The removals are a further sign of intensifying pressure on a subterfuge fleet of some 120 tankers identified by Lloyd's List as shipping sanctioned crude, refined products, and liquefied gases using various practices to evade detection.

A number of smaller flag administrations including Cook Islands, Gabon, St Kitts and Nevis and Tanzania have removed the vessels from their registries this year.

Most vessels had joined after being removed by larger registries including Panama and Liberia for their Iran links.

So-called flag-hopping was identified by the US Department of State, Treasury Department and US Coast Guard as one of many deceptive shipping practices used by Iranian-linked vessels to avoid unilateral sanctions on the Islamic Republic's shipping and energy sectors by disguising the origin and destination of cargoes.

UANI has engaged in a campaign of letter-writing to maritime administrations after its research detects tankers linked to subterfuge Iranian shipments.

Many of these tankers have switched off vessel-tracking transponders for various periods of time when transferring Iranian cargoes but can be tracked using other forms of satellite technology that UANI has accessed.

Tankers were shown in images near Kharg Island, Lavan Island, and Bandar Mahshahr port in images that accompanied a letter from UANI to the maritime registrar.

Zanzibar Maritime Authority, which manages the registry, said its investigations subsequently confirmed the tankers were "involved in illicit petroleum or petrochemical transfers" in letters seen by Lloyd's List.

Flag registries targeted by subterfuge ships include not only Tanzania, but Cook Islands, Cameroon, Gabon, Sao Tome & Principe, Honduras, Samoa, Palou, Sierra Leone, Cormoros, Dijibouti and Belize, data compiled by Lloyd's List's shows.

Two of the de-flagged Tanzania vessels were removed from Gabon's registry last month after UANI also wrote to the registrar in that country.

Amjan-based Intershipping Services, which manages the registry on behalf of the Gabonese government, also de-flagged other Iranian-linked tankers in February.

AIS tracking shows that the four tankers are active mostly in the Middle East Gulf, with cargoes being shipped from Iran to Fujairah, and also to offshore Malaysia for further STS transfers.

Iran previously used the Tanzania/Zanzibar registry to reflag its National Iranian Tanker Co-owned tankers during the previous round of sanctions.

Charterers criticised for 'no crew change' clauses

CHARTERERS risk making the crew change crisis worse by using 'no crew change' clauses in charterparties, the International Maritime Employers' Council says.

Cargo owners' unwillingness to share the extra crew change costs forced on the industry by the coronavirus was contributing to the lack of progress resolving the crisis, said Francesco Gargiulo, chief executive of the council.

"A lot of charterers are saying 'I'm not going to charter your vessel unless you sign a no-crew-change clause,'" he said. "It is not how it should work. And that is why the crisis is still what it is."

Mr Gargiulo said many shipowners and operators lacked the clout of big charterers to convince governments to help resolve the crisis.

"But instead of helping, [the charterers] are doing the opposite," he said.

No oil major or big charterer would make such a demand in writing but would act through brokers, who passed the demand to rule out crew changes on to employers, he added.

"The good operators are usually unwilling to do so, but the industry is full of not-so-good operators desperate for business which will not think twice before jumping at the chance, no matter the cost to the welfare of seafarers."

BIMCO, the shipping trade group, has drafted a diversions clause to address the problem, but says it has "unfortunately not been widely adopted — especially the cost-sharing part".

Grant Hunter, its head of contracts and clauses, said such clauses were technically unnecessary, because if the charterers did not agree to BIMCO's crew change clause, owners would not have the right to deviate a ship to make a crew change anyway.

Mr Hunter said there had been "significant push back" from charterers who feared delays caused by crew-change deviations.

Dry bulk shipowners' group Intercargo said dry bulk charterers "do not understand or wish to take responsibility for the concept of the common venture which exists under a time charter".

"Any bulk carrier changing crews in Singapore, Hong Kong or Manila is toxic to charterers for 14 days after that change — they will not touch it," Intercargo said.

It said this refusal to allow crew change showed "a lack of sensitivity in the face of the ongoing humanitarian crisis" and was "a matter of basic corporate responsibility".

Seafarers continue to face a bleak future, according to the latest Seafarer Happiness Index report by charity The Mission to Seafarers.

The index reported hopes of progress have faded with the second wave of coronavirus between July and September, while social tensions between seafarers have increased after long stretches at sea.

Seafarers unable to join ships, meanwhile, faced "careers jeopardised and livelihoods lost".

OPINION

'We Greeks strive for shipping's common good' — Veniamis

THERE are no stronger believers in globalism and a level playing field in shipping than Greek shipowners.

The bulk shipping trades in which they have excelled have often been called the perfect markets, influenced by countless global factors, large and small, but regulated only by supply and demand.

Under such conditions, reason Greeks, success is properly and fairly determined — by acumen and competitiveness. Anything else — such as protectionism, national or regional rule-making, or subsidies — threatens to violate this delicate natural order and annoy them.

So it is no surprise to find that Union of Greek Shipowners president Theodore Veniamis is ticked off.

Shipowners have become used to less than ideal regulations being imposed on their industry, but the European Parliament's move just last month to include shipping in the European Union's Emissions Trading Scheme is still very fresh.

The industry internationally, including the UGS, has repeatedly warned that a carbon market is unsuitable for shipping, especially for the itinerant bulk trades on which the world depends for energy and food.

The grievance is magnified by the fact that the European Union appears intent on foisting its own measures upon ships trading in a global market.

To add insult to injury, it has became evident that not all national shipping communities are as solidly behind opposition to the measure as had been hoped.

Speaking in the final plenary session of the Global Maritime Forum, a prominent Danish shipping executive advocated bowing to political realities and actively pushing for regional and even national regulation to promote decarbonisation of the industry.

"Not all of our colleagues in other countries understand that shipping operates in international waters and under international rules," Mr Veniamis said in an interview. "Unfortunately, this only provides food for political interests that do not understand shipping."

Collectivity is a principle that has deep roots for Greek shipping and Mr Veniamis personally. It is something that has become ingrained over 32 years of being involved with the union, the last 12 of these as president.

"You grow to appreciate the value of collectivity," he says. "It's never 'I'; it's always 'we'. It's a collective effort."

That accords, too, with the nature of Greek shipping. While it includes some very large individual fleets, it has always consisted of hundreds of smaller and medium-sized owners, almost all of which have hands-on operating experience.

This makes a contrast with some apparently representative bodies that in reality are dominated by one or two large corporations.

"We favour unifying our voice with others and supporting common proposals," says Mr Veniamis. "We believe that what we strive for is also good for others."

A recent example was the compromise proposal to the International Maritime Organization's Marine Environment Protection Committee to introduce mandatory engine power limitations to cut carbon emissions from shipping.

The proposal had backing from Greece, Japan and Norway, among others, as well as the International Chamber of Shipping. "It was a collective proposal from major shipping nations," he says.

Major corporations and outside speculators

The IMO has been "making huge strides" in coming up with "workable and effective solutions" to the emissions challenge, according to Mr Veniamis. Meanwhile, European pressure to bundle shipping into the ETS is "commercially motivated — that is clear — and murky in how it operates".

"An ETS does not reduce emissions. It allows you to pay to pollute," he said. As a measure, he is convinced that it will damage not only the industry but also the consumer while doing little, if anything, for the environment.

Meanwhile, the price of carbon will effectively be set by major corporations and outside speculators, to the disadvantage of smaller owners, he fears.

Greeks along with most other corners of the shipping industry accept that a carbon tax will have to be paid, but want this to be under a global levy that preserves a level playing field among international competitors and between big and small.

They want the proceeds to come back to the industry to fund research into new technology and, particularly, new fuels. "Because at the moment there is no solution for 2030 or 2050," Mr Veniamis says.

Shipping gets treated differently from other modes of transport — land transport has been left out of the EU ETS, and from aviation only intra-EU flights are included — and he connects this to a pervasive negative image of the industry.

"Instead of seeing the progress that we are trying to make, we are seen as the polluters and for some reason all the pressure is turned on us owners. But we operate the ships that are out there and ships that meet regulations. Shipyards construct ships and two or three companies manufacture the engines.

"We are in 2020 and we have seen nothing new from the engine manufacturers, yet still everyone is looking at us! If you want to reduce land transport emissions you don't go to the drivers and ask them what to do," he says. "The responsibility falls on the vehicle manufacturers."

The lack of support for shipping has become even more evident during the coronavirus pandemic.

Despite the scale of the crisis, Mr Veniamis contends that there are senior EU officials with responsibility for the sector that have declined to have a discussion with the UGS leadership since the start of this year.

Let that sink in for a moment. Greek owners are so collectively big that the UGS effectively speaks for 53% of the EU's entire shipping capacity.

"We are concerned that Europe does not lose shipping like it lost the shipbuilding industry. Our message is that Europe should embrace shipping, provide a home for it. Until now shipping remains off their radar because in bulk shipping we are not branding ourselves. But that does not make us any less important," he underlines.

Since the outbreak of the coronavirus, the UGS has asked the EU "only two things." One was to "help shipping work safely through coronavirus and enable us to change our crews."

The other was a proposal to oblige European banks on request to defer principal repayments by all European shipping companies for a period of two or three years to assist liquidity during the crisis. The proposal related to performing loans only and to principal not interest payments.

Out of all the European agencies approached, only the European Banking Authority responded positively, but with guidelines for banks, not a mandate.

To Mr Veniamis, "it was the least they could have done to recognise European shipping for what it has done.

``After doctors and nurses, the health workers, I would say that seafarers and also the shipping companies have been the heroes of the Covid crisis. Passenger shipping has been outright subsidised. But as usual we are not given any consideration, despite the huge amount we are offering."

As Mr Veniamis contemplates the last months of his lengthy watch at the UGS, however, it is not all gloom and doom.

Give young Greeks a chance

On the home front, the UGS is sometimes as vexed with public negativity as it is outside Greece, but the Greek government, as well as the broad swathe of opposition political parties, now generally recognise the importance of the industry.

During the summer, the government introduced legislation allowing shipping companies to employ lower-ranked crew on international labour union contracts, leaving owners to choose either International Transport Workers Federation terms or International Bargaining Forum agreements.

The two-fold intent of the new measures is to restore the lost competitiveness of the Greek flag, which now accounts for no more than one fifth of the Greek-owned fleet, but also to give young Greeks more of a chance to find work on board ships.

This is seen as a potentially valuable lifeline thrown to the nation's young people, among whom unemployment remains high as a legacy of the country's fiscal meltdown over the last decade.

Mr Veniamis is clear that he considers this a key part of his own legacy as UGS president.

"We are bringing back Greek seamanship," he says. The new legal framework needs a couple of minor tweaks and then the UGS intends launching an industry recruitment campaign aimed at young unemployed Greeks.

"By next year, under the new regime the Greek flag can be competitive with other European flags and I am sure that in the next decade we will see the majority of Greek ships come back to the flag. If we succeed with seamanship, Greek shipping can look forward to happy and successful years ahead."

Just a couple of days earlier, a fellow shipowner had given him a copy of a US immigration manifest from 1955 that showed the 30-man, all-Greek crew of a Livanos-owned Liberty vessel, *Aliakmon*, for a call at Portland at the end of a voyage from Yokohama.

Not only were the crew all Greek, but the overwhelming majority hailed from the island of Chios, including the master, Eleftherios Veniamis, and two other family members employed as a ship's fireman and steward, respectively. Also on board was Mr Veniamis himself, aged five, and his mother Irene.

It's a poignant reminder of the importance of seagoing knowledge and tradition to Greece's shipping business, and the document underscores the how genuine is Mr Veniamis' commitment to trying to restore some that bond.

"We lost that in the 1980s when unfortunately unions rendered Greek-flag vessels uncompetitive.

"I have read letters written by UGS presidents in the 1930s and the only thing they wanted then was for their shipping to be competitive. This is what has been handed down to us and this is my vision, too," he says.

When he steps down, another achievement that Mr Veniamis will look back on is creating the Greek Shipowners' Social Welfare Company, or Syn-Enosis.

Shipowners always contributed to Greece's social needs but on an ad hoc basis. The non-profit entity created in 2016 has put the community's social contribution on a structural and collective footing, although there will always be scope also for individual help such as some extraordinary donations of protective masks and other equipment made in the early stages of the coronavirus crisis.

Syn-Enosis has gathered huge sums for helping Greek society through the latter years of the financial crisis, but also for emergencies such as last year's Greek wildfires and the current pandemic.

"Greek shipowners love our country," Mr Veniamis says. "The focus of our business is completely outside Greece, but we are first in line to help out."

This article is part of a special report on the Greek shipping sector, which will be published online this week. The report is also available now to subscribers via the Lloyd's List magazine

ANALYSIS

Slowing Italian oil demand signals tougher times for tankers

ITALY is giving a first indication at how a second wave of coronavirus spreading across Europe has affected transport fuel consumption to stall any regional oil recovery.

Earnings for product tankers involved in Mediterranean, northern Europe and cross-Atlantic trades have fallen on the back of reduced shipments, barely covering operating expenses on key routes for the past two months.

Spot-rate volatility followed the dramatic plunge in global crude demand in April as lockdown measures worldwide paralysed land and air transport.

The resulting price falls saw larger product tankers booked for floating storage but this unwound from July and August, sending rates lower.

Owners and operators are closely watching demand numbers in key European consuming countries to see whether the size and scale of any demand downturn matches the 33% drop in March and April.

Italy's demand for gasoline was 21.3% lower in September than the year-ago period, while diesel used for transport was down 18.1%, according to government data.

The figures signal a very slow recovery for land transport fuels in northern Europe and the UK with numbers likely repeated across other major economies also suffering a second-wave coronavirus outbreak.

September's numbers suggest that although the scale of year-on-year demand declines are diminishing each month, the pace of recovery is slowing.

In April, May and June, at the height of the first lockdown across Italy, demand for motor gasoline was down between 31.9% to 33.7% on the same time 12 months ago.

In July, gasoline demand was 26.8% lower, falling to 24% in August.

In September motor gasoline demand was 21.3% down on the year-ago period at 6.9m tonnes. Month-on-month increases haven't been seen since July.

Jet fuel demand in Italy remains unchanged, with September figures showing that the 1.52m tonnes consumed is 62.3% lower than the same period 12 months ago. That scale of decline is more or less the same over the past six months.

Daily government statistics show more a peak of more than 21,000 cases registered in Italy last weekend as cases surged in late October, prompting bars, restaurants and gyms to close early and night curfews in some regions.

Falling crude demand has seen refinery utilisation across Europe plunge, with throughput running at 74% of capacity in August, latest data from the International Energy Agency show.

Greek ferries feel the full brunt of pandemic

TO SAY that a year has not quite played out as expected is something of an understatement when it comes to the experience of the Greek ferry industry in 2020.

Companies entered the year braced for the challenge of compliance with the global sulphur cap and the market shakeout that this would surely trigger as some players suffered the full brunt of higher fuel costs — all too often the sector's undoing.

Of the major operators, Minoan Lines seemed to have stolen a march on its competitors by installing scrubbers last year on its three 37,000 gt ro-pax ferries serving Crete and Santorini.

The debt-free subsidiary of Italy's Grimaldi Group seemed well-poised to benefit from an expected further round of consolidation in the sector once fuel costs started biting.

The market's largest owner, Attica Group, started the year with some fresh liquidity after issuing a €175m ($207m) bond that, after repayment of €99m of debt, had proceeds left over towards investing in scrubbers for certain ships.

By July, it had completed installation of scrubbers on two of its ships, *Superfast XI* and *Blue Star Patmos*.

However, the spread of the coronavirus pandemic upended most expectations and, by all accounts, has halved passenger volumes in the course of the year so far.

Many vessels remained idle during the first half of the year and, despite a resumption of activity during the summer months, the market has remained depressed.

According to a recent report by XRTC Business Consultants, which has been covering the sector for many years, the industry is unlikely to survive the shock without support from public funding, either from the Greek state or the European Union.

The 2020-2021 winter would be "exceptionally difficult for the sector, as the revenues from the first half of 2020 and from the summer will not suffice to cover the operating costs", it said.

"The only way for the ferry companies to meet their obligations on a financial as well as an operating level would be a direct state or European grant to ensure their unhindered operation."

While the focus of the ferry sector has mainly been on applying new operating procedures to ensure the health of its passengers during the coronavirus crisis, as well as surviving the financial damage wrought by the pandemic, future challenges are not being entirely ignored.

The Hellenic Chamber of Shipping has instigated an analysis of the renewal challenge facing the industry, with the help of consultancy PwC.

The coastal maritime sector is estimated to contribute more than 9% of the country's gross domestic product, based on 2016 levels when it generated €16.1bn.

It serves 116 islands — the vast majority of them without an airport — and an island population of 1.4m inhabitants, as well as the country's tourism industry.

However, three-quarters of the fleet of 105 ro-pax vessels is already more than 20 years of age, with conventional ships the oldest, aged 28 on average. Of these, 13 are more than 40 years old.

The Chamber has called for the renewal process to begin immediately, given a likely development period of two to four years.

The analysis estimates that at least €4.5bn will be needed, based on preliminary estimates of two of the tranches of renewal, although the overall figure is likely to be much higher.

"The ageing fleet and the need for renewal are a vital issue for Greek and EU transport, which must be addressed," says the Chamber.

Replacement of the oldest vessels will have to be done through constructing new ferries of energy-efficient design and green technologies, while only vessels of less than 20 years old are likely to be candidates for retrofitting.

The Chamber will be exploring potential funding with EU officials, with an eye on grants under the Connecting Europe Facility and the Cohesion Fund's support for transport infrastructure projects, as well as loans from the European Fund for Strategic Investments and the European Investment Bank's Green Shipping Guarantee programme.

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MARKETS

Marine insurance sector faces turbulence from climate change

CLAIMS due to typhoons, storms and hurricanes which are a result of global warming and climate change, are now the biggest concerns for insurers, according to Standard P&I club.

"Based on the claims analysis we did, we see a notable increase in the number of yearly claims due to heavy weather," the club's senior surveyor Akshat Arora said in an interview with Lloyd's List.

He warns that the frequency and ferocity of storms are increasing year-on-year causing much more damage and generating very large and complex claims for marine insurers.

The club notes that there has been a 46% rise in weather-related disasters since 2000.

The impact of these events is wide ranging, Mr Arora said, adding that most of the P&I claims arise because of late delivery of cargo or potential losses to cargo.

Typhoon season typically sees disputes connected with damage or delays which either happen onshore or on board ships, the club's regional underwriting director Jack Marriott Smalley added.

This can either be caused by damage to infrastructure or sometimes due to port closures, Mr Smalley said. Consequently, ships may end up losing time as a result of not being able to berth, resulting in disputes.

Cyclone Amphan — a category 5 super cyclonic storm — in the Bay of Bengal earlier this year is a good example of a marine loss event, he said, where major ports on the West Bengal coastline were forced to cease operations ahead of the cyclone in the interests of safety.

There was huge damage to port infrastructure, and rail and sorting yards were affected by flooding, as well as mines inland causing significant backlogs in the weeks afterwards.

This resulted in cases where it was not possible for a ship to load or discharge cargo at an agreed place as specified in the contract of carriage or huge delays as berthing was not possible resulting in delay risks, Mr Smalley said.

"There are also ships which have to reroute to avoid bad weather conditions, this could lead to the late delivery of cargo."

The club's Strike and Delay Class which provides cover to offer protection from costs caused by 29 different delay risks has also proved popular.

Meanwhile, the director of loss prevention at The Standard Club Captain Yves Vandenborn noted that crew fatigue can also lead to an increase in incidents at sea.

"First and foremost, there is the fatigue for crew for being on board much longer than what their contract should be and then there is an additional risk that they are not paying proper attention to what they are doing whether its navigation or cargo."

Scorpio to exit dry bulk in shift to offshore wind

SCORPIO Bulkers, a US-listed dry bulk owner, looks set to exit the space as it accelerates the sale of its fleet.

The company had said it would remain committed to the dry bulk market when it announced its transition to the offshore wind sector. But it now seems clear that a disposal of all its vessels is on the cards as it wants to focus solely on its new core business.

Once it has finalised its newbuilding order for a wind turbine installation vessel, due in a matter of days, it will have more clarity as to "how quickly we will exit the dry bulk market," said chairman Emanuele Lauro.

"Our Environmental Social Governance strategy starts here," he said, adding that the world needed greener energy, demonstrated by Europe's commitment towards renewable electricity. The US was also planning 28 gigawatts of wind power by the end of the decade.

The new strategy would make it the only US-listed wind turbine installation company. It intends to build up the portfolio organically with a team of five.

"The benefits of doing this (now) is so that we can concentrate on our renewable shareholders who do not need the extra worry about what dry bulk is doing," said Scorpio's president Robert Bugbee. "It is also easier to model for the finance side."

"We are really committed to becoming a market leader in this space," he said. "The opportunity is tremendous."

The company has sold eight dry bulk vessels for about $143m in the space of about a month.

These initial sales have generated interest, Mr Lauro said, adding that it would consider block sales as well as individual sales for the rest of the fleet.

The company is refining aspects of its newbuilding order, expected to close in the coming days, for its first installation vessel, being built by Daewoo Shipbuilding and Marine Engineering, and due to be delivered in 2023. It has options for three other vessels.

The total cost of the build is estimated at around $280m to $290m, according to a presentation on the company's website. That compares with a previous estimate of $265m to $290m.

The offshore wind sector is forecast to grow at a compound annual rate of about 15%, and improving technologies makes it the lowest cost source of electricity in some regions, the company said, adding that daily current contract rates of about $220,000 make it an attractive return on investment.

Compare that with average daily time-charter equivalent rates for its kamsarmaxes of $12,740 in the fourth quarter of this year and $11,226 for ultramaxes.

David Morant, head of Scorpio UK, who is in charge of seeing the transition through, said the returns for shareholders would be higher and more predictable as there is better visibility about projects being developed. He expects that its new asset will qualify for lending from the European Union.

The company reported a net loss of $37m in the third quarter versus a loss of $2m in the year-earlier period. It recorded a writedown of $19.6m related to two kamsarmaxes held for sale and expects to book an asset writedown of $45.2m in the fourth quarter.

The company said a "significant reduction in manufacturing and other economic activities has and is expected to continue to have a materially adverse impact on the global demand for raw materials, coal and other bulk cargoes that our customers transport on our vessels," Scorpio said in its earnings statement.

"This significant decline in the demand for dry bulk tonnage may materially and adversely impact our ability to profitably charter our vessels."

It added: "Our transition continues, and our conviction towards offshore wind is validated constantly. We are witnessing an unprecedented alignment of scientific, political, and commercial forces, leading to accelerated plans around the world to develop wind energy."

As of October 26, the company completed the installation of scrubbers on 17 ultramaxes and 10 kamsarmaxes. It expects a further retrofit on an ultramax in November.

It said it has managed to postpone the scrubber fittings on 13 vessels until at least 2021 at no additional cost to the company.

IN OTHER NEWS

Boxship collides with Greek minesweeper off Piraeus

A BOXSHIP has collided with a Greek minesweeper off Piraeus, causing the navy ship severe damage and injuring two of its crew.

The 2005-built, Madeira-flagged, 4,045 teu *Maersk Launceston* collided with minesweeper *Kallisto* at about 0730 hrs, according to Lloyd's List Intelligence. It is not yet known what caused the collision.

Photos show *Kallisto* cut in two, with the two halves towed separately to the nearby island of Salamina. Two of its 27 crew were taken to hospital and the rest were rescued with by the coast guard.

Malaysian work boat sinks offshore Sarawak

A MALAYSIAN offshore work boat sank at Baram Field offshore Sarawak after reportedly colliding with an oil platform in bad weather, resulting in one death.

According to Lloyd's List Intelligence, the 2012-built, Malaysian-owned *Dayang Topaz* sank around 7.7 nautical miles from Kuala Baram, Miri early on Tuesday morning. A search and rescue operation has found all the crew, and one body.

The Malaysian Maritime Enforcement Agency confirmed that offshore support vessel *Sapura Constructor* reported that it had received an emergency signal from *Dayang Topaz* and immediately sailed to its location to offer assistance.

West weighs in with 7.5% surcharge

WEST of England P&I Club has weighed in with a 7.5% surcharge on all members at the next renewal round, with more to pay on top of that for owners with poor safety records.

The move comes after the P&I

club's annual report — published in August — dropped strong hints of a third successive rate hike. It confirmed an earlier-announced combined ratio of 107% thanks to an overall underwriting deficit of $13.2m.

"The results of the past three years demonstrate premium rates need to increase if operating results are to return to a positive position," chief executive Tom Bowsher said.

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