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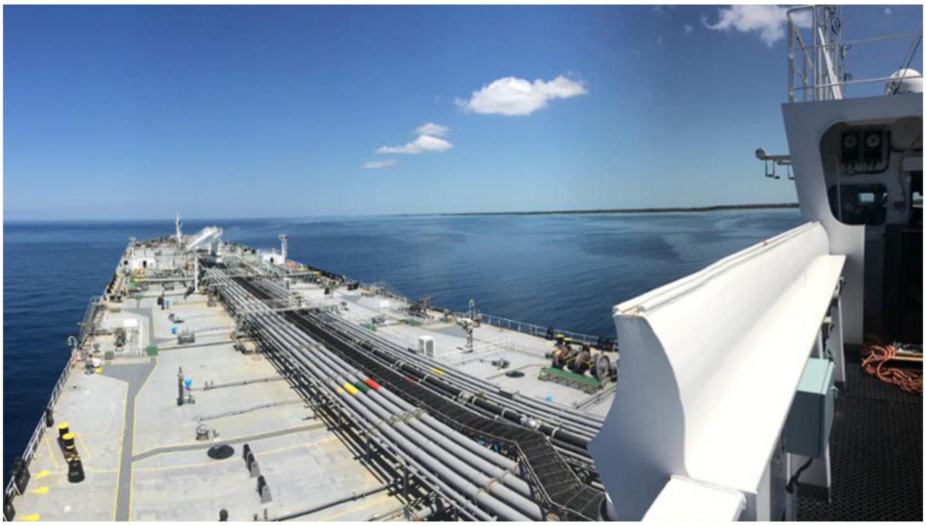
Rates rout for product tankers lengthens as pandemic hits transatlantic trades



AN EARLY START to reverse-arbitrage winter diesel flows to the US east coast from Europe has failed to arrest declining transatlantic earnings for medium range tankers, which have plunged nearly 40% this month.

At least six product tankers were reported chartered over October to ship middle distillates from Mediterranean and northwest European ports to the US east coast, a rarely seen alteration in transatlantic refined product flows for this autumn.

Product tankers normally ship gasoline from the European continent to the US coast, which does not produce enough of the motor fuel to meet domestic demand. European countries import some 50m tonnes of diesel annually to compensate for their own domestic shortfalls, including from the US Gulf.

These Europe-to-US reverse-arbitrage diesel trades are briefly seen each year, normally occurring at the height of the northern hemisphere winter and mostly when a storm or exceptionally cold weather spikes the price for gasoil used for heating in New York.

The October charters are yet another sign that the coronavirus pandemic is changing winter trading flows of refined products as lockdown restrictions across Europe to combat a second wave of coronavirus decimates demand for middle distillates.

A rising surplus of gasoil, diesel and jet fuel has dragged low sulphur gasoil futures trading on London's ICE Futures Europe exchange 11% lower over the past month. This has opened up the arbitrage that allows traders to buy middle distillates and ship to the US for sale at a profit.

Freight rates have remained unresponsive to the unusual trade flows, which traders say reflects too many product tankers in the Atlantic Basin.

On-shore inventories of transport fuels including gasoline, diesel and jet fuel have built in the exporting hub of the US Gulf even as refineries curbed output, signalling poor demand from markets in Europe and Latin America.

Time charter equivalent rates for medium range tankers to New York from Rotterdam dropped 38% over the month to $4,260 daily, according to assessments from the London-based Baltic Exchange.

“Even if you put hurricanes aside, there are simply too few cargoes in a very oversupplied market,” said lead freight analyst Arthur Richier from oil data analytics firm Vortexa on a webinar on Thursday. Several hurricanes have temporarily disrupted production at coastal refineries along the US Gulf coast over the past six weeks.

Falling gasoline stocks held in the US Atlantic coast also lowered gasoline shipments from Europe.

Some 200,000 tonnes of gasoil or diesel is forecast to arrive on the US east coast this month, according to Vortexa, at least two months earlier than normal. Each cargo is normally about 37,000 tonnes.

The sustainability of such flows is unknown. There is speculation this winter may see sales from refineries based east of the Suez Canal that typically supply Europe may be made and product tankers sailing for New York, another rarely seen middle distillates flow.

Vortexa highlighted one shipment from Nigeria to New York that demonstrated the change. A single cargo of GTL gasoil, used as a blending component for winter-specification diesel, recently left Escravos.

“To see this kind of product not head towards Europe but instead to PADD1 [the US east coast] shows the difficulties in finding homes for products such as these,” Mr Richier said.

“Given the lockdowns we see in Europe and rising cases (of coronavirus) we could see more unusual movements of this kinds transpire.”

Shipments to the US east coast are seen from Russian Baltic ports on tankers that would sail and discharge in northwest Europe including Germany and the Amsterdam-Rotterdam-Antwerp hub.

Charters tracked by Lloyd’s List also include middle distillates transferred from a flotilla of tankers, including newbuilding very large crude carriers, now used for floating storage of jet fuel and ultra-low sulphur diesel off Southwold on the UK eastern coast.

A further three fixtures have been seen in the past three weeks to load gasoil from Sarroch and Augusta ports, suggesting that Italy — under heavy lockdown measures — is seeking to sell an oversupply of middle distillates as demand wanes.

Low-sulphur gasoil was trading at $303 per tonne at 1500 hrs London time on Friday, tracking lower with Brent, which hit the lowest levels since May, at $37.50 per barrel.

WHAT TO WATCH

Europe container freight rates push ahead

THE record-breaking increases in capacity on the main lane trades have failed to put a dent in container spot freight rates, as demand continues to remain strong, particularly on the Asia-Europe trade.

The comprehensive Shanghai Containerised Freight Index rose by another 4% this week. The biggest main lane mover was the Asia-Mediterranean, which saw rates rise 5.4%, or $68, to $1,329 per teu.

A $40 per teu rise on the Asia-northern Europe trade lane lifted rates 3.6% to $1,140 per teu.

Asia-northern Europe is down slightly from its peak of $1,168 per teu at the end of September, but on the Mediterranean trade, rates this high have not been seen since early 2015.

The rate hikes come despite moves in many European countries this week to bring in further lockdown measures as the Covid-19 pandemic's second wave spreads throughout the Continent.

What impact this will have on consumer demand remains to be seen, but the imposition of strict lockdowns during the first wave of the pandemic saw a sharp fall in volumes to Europe in the second quarter.

At the time, this was mitigated by carriers rapidly removing tonnage from the fleet. According to data from Sea-Intelligence, capacity fell to levels not seen since 2012 in the second quarter of this year.

"The subsequent ramp-up of capacity does lead to positive growth rates towards the end of 2020, however it is also clear that the level of capacity offered in the market is mainly in line with the market as it was in 2018 and 2019," it noted.

"From this it would therefore appear that the European markets have clearly not picked up demand-wise in the same way as the North American markets, and consequently the carriers have not had to scramble to the same degree to pile in more capacity."

It was a more static affair on the transpacific this week, with Asia-US west coast falling half a percent, or $16, to $3,849 per teu. That same $16 was added to the Asia-US east coast, which rose by 0.4% to $4,641 per teu.

The US west coast has been struggling with congestion as large volumes continue to be brought in to the country's ports. This has led to some diversion towards the US east coast, as retailers continue to restock inventory and meet strong consumer demand.

Transpacific capacity is already one fifth higher than it was last year, but here too carriers face the risk of a potential slowdown. The US election, being held next Tuesday (November 3), will bring significant uncertainty to demand, and the country's Covid-19 response is still failing to prevent a surge in cases in many states.

With warnings being issued that the full economic impact of the pandemic has not yet been felt, the current rate bonanza may not be maintained for much longer unless carriers again take steps to reduce available capacity as soon as signs of slowing demand emerge.

But others are more optimistic. Jefferies analyst David Kerstens said container demand was expected to be supported by record-low US retail inventories for the next two to three quarters.

"Idle container capacity fell to 1.8% on Oct 12th, the lowest reading year-to-date, down from a peak of 11.6% in May," he wrote.

"Upcoming fixed-price contract renewals will likely be at materially higher rates, as we estimate current spot rates are 30% higher than Asia-Europe contract rates, and more than double the transpacific contract rates."

China tells ships to raise vigilance in Gulf of Guinea

BEIJING has asked Chinese ships to step up their vigilance in the Gulf of Guinea, where pirate attacks are ramping up.

Wu Chungeng, a spokesperson of the Ministry of Transport, told a press conference that the ministry has established "an ad hoc working group" to lay down a series of precautionary measures to ensure the security of ocean-going vessels and seafarers.

These include strengthening the ability to collect safety information in areas with high risks, and to broadcast piracy activities and alerts via mutual channels.

Mr Wu particularly warned that Chinese-flagged vessels "should further enhance precautions against piracy" when sailing in the Gulf of Guinea.

China is one of the largest exporters of goods to the African countries in that region, where it also imports raw materials such as crude oil.

The remarks followed a statement by the Chinese embassy in Togo last week, which issued a similar warning and said that several sea robbery incidents had happened this year involving Chinese ships or citizens in and around Togo waters.

In July, five Chinese crew members on Singapore-flagged general cargo carrier *Kota Budi* were reportedly kidnapped by armed robbers who boarded the vessel off Benin.

Kidnappings in West Africa's Gulf of Guinea soared 40% in the first nine months of this year compared with the same time in 2019, the International Maritime Bureau earlier reported.

Security experts said pirates in the region are launching attacks across a wider area and against more vessel types, with transnational organised crime groups playing a role in the region's kidnap and ransom trade, and stopping them requires more co-ordinated action.

Meanwhile, the incidents tend to flare up towards the end of the year as the weather improves.

According to Lloyd's List Intelligence data, Panama-flagged chemical carrier *Errina* has become the latest vessel to fall victim to an attack in the Gulf of Guinea.

Six armed pirates boarded the 16,500 dwt vessel about 190 nautical miles west of Sao Tome on October 22, ransacked the crew's cabins and destroyed some bridge equipment. All crew members were reported to be safe.

That came shortly after two boarding incidents in the same area of the gulf, one of which resulted in a kidnapping.

OPINION

Fate of Nave Andromeda stowaways rests on law with origins in Achille Lauro tragedy

THE dramatic intervention by elements of the UK's Special Boat Service onto *Nave Andromeda* outside the port of Southampton offered a diversion from stories about Covid-19 and highlighted again the vulnerability of crews on the high seas, *writes Stephen Askins*

However, it is also a human story and we don't know what the seven Nigerians were running from (or to) and why they risked stowing away on an ocean-going tanker.

Given the significant civil unrest in Lagos in recent weeks, the apparent calm of a European country may have appeared a better option.

However, when the actions of the stowaways threaten the crew and the safe navigation of a vessel then there are robust laws in place to deal with that.

What happened on board remains subject to an ongoing police inquiry led by the local police, whose jurisdiction extends into UK territorial waters.

It is the police who would have called for military assistance to deal with the situation on board. Matters were no doubt escalated because of the threat being outlined by the master, whose cry for help is now in the public domain.

He needed urgent help to deal with seven stowaways who, it seems, had become threatening and could not be managed.

Once the military intervention was over, the men were handed to the police and arrested under the Aviation and Maritime Security Act 1990 ("AMSA 1990").

This is the legislation in the UK that brings into force the Convention For The Suppression of Unlawful of Violence Against the Safety of Maritime Navigation Acts at Sea Convention 1988, otherwise known as the SUA Convention.

This had its origins after the incident involving the cruise ship the *Achille Lauro* in 1985, when the vessel was seized by terrorists who were on board as passengers.

After that was resolved, it was realised that an attack from those within a vessel did not fit into the classic definition of piracy, which requires an attack at sea from another vessel.

A new international law was required and the SUA Convention came into force.

The SUA Convention has been signed by most, if not all maritime countries, including the UK and France. Under its provisions it gives the master of a vessel the right to detain anyone on board who is being violent and then to ask a signatory state to take that person into its charge.

That "Power of Delivery" is provided for at Section 15 of AMSA. That, of course, assumes that the master is able to take control of those causing the violence.

In the case of the *Nave Andromeda* the master did the right thing when, on approaching Southampton, he sent out a mayday.

The crew took refuge in the citadel, which was a precautionary move that, if nothing else, kept them out of any harm's way.

It helped that the Special Boat Service unit tasked to respond was, in terms of flying time, only minutes away. An operation that will have been practised many times in those very waters, will have been quickly planned and smoothly executed in the best traditions of the SBS.

In terms of the criminal investigation the arrest under S.9 (1) of AMSA means the police's initial focus is on the very serious offence of "hijacking".

To be guilty, the prosecution will need to establish that the offence happened in the UK and that the men had seized or were exercising "control" of the ship by the use or threat of force.

The media reports suggest that the men were on deck and the master was in the bridge. It seems he was able to respond to the instructions of the harbour master and so what constitutes "control" will no doubt be central to any prosecution.

Section 11 of AMSA is a more general provision and is aimed at those offences where someone intentionally damages a ship or commits an act of violence that is likely to endanger the ship.

Section 13 extends that to threats which compel the master or crew to do or not do something which then interferes with the safe navigation of the vessel.

All offences have a maximum sentence of life in prison.

We shall see how the authorities react and whether these men are prosecuted or returned quickly to Lagos.

For the shipping industry, there is the wider and perennial question as to how to deal with stowaways in an efficient and humane way particularly in the context of the pandemic.

Stephen Askins is a partner at maritime solicitors Tatham & Co

The decarbonised future hangs in the balance between Trump and Biden

IF the maritime industry is looking for an explicit policy on decarbonisation from either US presidential candidate, it will not find much, *writes Eric Watkins*.

Donald Trump clings to the oil era, while Joe Biden hopes "to lock in enforceable international agreements to reduce emissions in global shipping".

That is about the extent of their comments on decarbonisation in the maritime industry and determination of their policies requires teasing out implications of their positions on broader issues such as the Paris Climate Accord.

"I took us out because we were going to have to spend trillions of dollars and we were treated very unfairly," Mr Trump said at the October 22 presidential debate regarding his decision to leave the Paris Climate Accord.

Announced in 2017, Mr Trump's decision will come into effect formally on November 4 this year, the day after the presidential election.

"When they put us in there, they did us a great disservice, they were going to take away our businesses. I will not sacrifice tens of millions of jobs, thousands and thousands of companies because of the Paris Accord. It was so unfair," Mr Trump said.

"They" is a reference to Mr Biden and former US president Barack Obama who championed the Paris Climate Accord and the US entry into it in 2016.

Unsurprisingly, Mr Biden has announced that on "day one, I will immediately rejoin the Paris Climate Accord" and he has plans to bring other nations into it as well.

Those plans include "carbon adjustment fees or quotas on carbon-intensive goods from countries that are failing to meet their climate and environmental obligations".

Fees on carbon intensive goods sounds suspiciously like tariffs, and the maritime industry will clearly wonder what manner of goods these might be, what the “fees or quotas” would look like and how they might affect the number of boxes on ships.

During the last debate, Mr Trump underlined the geopolitical value he places on the revival of the US petroleum industry, prioritising that over environmental concerns.

“We are energy independent for the first time. We don’t need all of these countries that we had to fight wars over because we needed their energy,” he said, referring to oil-rich Middle Eastern countries such as Saudi Arabia and Iraq.

“We saved our oil industry and now it is very vibrant again and everybody has very inexpensive gasoline. Remember that.”

While fully supportive of the US oil and gas industry, especially with an eye to its political support and scant regard for its carbon footprint, Mr Trump also tried to portray Mr Biden as opposed to petroleum.

“He is going to destroy the oil industry. Will you remember that Texas? Will you remember that Pennsylvania, Oklahoma?” referring to key oil-producing states in the country — again eyeing their voters.

Mr Biden denied any attempt to ban oil and gas, saying he would use them — and fracking in particular — to “transition” to a carbon-free future. But he also said: “It has to be replaced by renewable energy over time”.

Mr Biden said there would be an end to federal subsidies for the oil industry — a key insight into his policies. By phasing out subsidies, Mr Biden would make oil and gas more expensive to use, aiming to price them out of the market or, at least, to reduce the price gap for renewables.

Mr Biden soon came under criticism from Democratic candidates in oil drilling states who were quick to distance themselves from his comments about moving the US away from a reliance on oil.

From Texas to Montana, Democrats locked in tight congressional races in the November 3 general elections took to Twitter to affirm their support for the fossil fuel industries and workers in their states.

“I will always stand up to my party when it is out of touch with our Montana way of life,” Governor Steve Bullock, a candidate for the US Senate, tweeted the day after Mr Biden’s comments.

Still, it is the same sort of criticism Mr Trump faced in 2019 when considering the possibility of ignoring the onset of IMO 2020, fearing it would boost heating oil prices for voters in states hard-hit by a cold winter.

At the time, 14 US senators — all fellow Republicans — urged the White House to let the IMO’s tougher international marine fuel sulphur standards take effect without interference, telling Mr Trump that US refiners and the US trade balance both stood to benefit.

“Any attempt by the United States to reverse course on IMO 2020 could create market uncertainty, cause harm to the US energy industry, and potentially backfire on consumers,” the senators said.

Mr Trump’s reversal had nothing to do with the IMO or its eventual decarbonisation efforts. His decision was based on the financial benefits that would accrue to the US oil and gas industry as a result of the new standards.

Both Mr Trump and Mr Biden are clearly beholden to the US oil and gas industry. The difference between them is also clear: Mr Trump is content to remain beholden while Mr Biden would like to transition away from it.

With Mr Trump there is no policy that would move the maritime industry towards meeting the International Maritime Organization’s emission goals of reducing the shipping industry’s total greenhouse gas emissions in 2050 by at least 50% from 2008 levels, and CO2 emissions per transport work by at least 40% by 2030.

With Mr Biden, there is at least a general commitment towards those goals — but there are also concerns that his commitment could be thwarted by a petroleum industry determined to stave off a decarbonised future.

Ursula von der Leyen, president of the European Commission, last month told the UN general assembly that “the year ahead of us will determine the fate of the Paris climate agreement”.

She is surely correct in that assessment, and the year ahead will actually begin on January 20, 2021 with the inauguration either of Donald Trump, who withdrew from the Paris Climate Accord, or Joe Biden, who was one of its architects.

As the Paris Climate Accords go, so might the decarbonisation goals of the IMO, too.

ANALYSIS

Newbuild demand may boost scrubber fittings

SCRUBBER investments will continue to grow, albeit at a slower pace, even as the fuel oil price spread has narrowed more than expected amid the oil market disruption triggered by the worst pandemic in recent years.

Shipowners are also seen as more inclined to consider scrubbers for newbuildings, rather than just for retrofits of existing tonnage, which may well set a different tone for the next wave of investments.

Many observers viewed the shrinking of fuel oil price spreads as being triggered by the havoc the pandemic has wreaked on the oil market.

The spread, calculated as the differential between 3.5% sulphur fuel oil, or high-sulphur fuel oil and 0.5% sulphur fuel oil, or very low sulphur fuel oil, has fallen since a brief surge at the start of this year.

At the time of writing, HSFO, which is mainly used in scrubber-fitted ships, traded at $250.59 vis-à-vis VLSFO at $318.22 per tonne.

This points to a spread of under $100, nowhere close to the $200 level previously seen as supporting a payback within three years for a scrubber installation.

But most scrubber fittings appear to have gone ahead following coronavirus-led yard disruptions and a spate of order cancellations.

Wood Mackenzie's research analyst Chen Qiaoling attributed a 12% quarter-on-quarter rise in HSFO demand in Singapore seen in the three months from July to September to more scrubbers being installed on board ships.

Adrian Tolson, a marine fuel expert with Blue Insight, pointed to scrubber-fitted fleet size and the use of HSFO as a marine fuel beating earlier guidance.

DNV GL has raised its estimate for scrubber-fitted fleet by the end of this year to 4,340, up from 3,701 it guided last year.

This prompted Mr Tolson to up his projection for HSFO share of global marine fuel sales this year to 18% from 12-15%.

HSFO has also traded at prices ranging below those of VLSFO at major bunkering hubs most of this year.

Former Asia region manager for the International Bunker Industry Association Simon Neo contends that scrubbers are still viable at today's spread for tankers of aframax size and above.

Similar dynamics may play out in the bulker and container segments that have led the way in scrubber investments so far.

Very large ore carriers and mega container ships have lifted 8,000 tonnes and 4,000 tonnes of HSFO respectively at one go, one physical supplier told Lloyd's List.

These numbers appear to stack up in favour of substantial savings even at a fuel price spread of $50 per tonne.

The analytics unit of leading energy pricing agency S&P Platts held that scrubber fittings are still economical for large, newbuilding cargo vessels.

This view is supported by the fact that the abatement technology has now gained an established track record with shipowners.

Independent container shipping consultant Tan Hua Joo thus far expects major container lines, including Mediterranean Shipping Co and Evergreen, which have already retrofitted some ships with scrubbers, to also fit planned newbuildings with such equipment.

How the fuel price spread has failed to meet expectations so far this year certainly does not support assumptions of nearer-term payback of two to three years the market seemed to have made with scrubber retrofits committed before January 1.

Platts Analytics attributed the narrowing of price spreads this year to the kneejerk reactions of the oil and refinery markets to a drastic coronavirus-led slowdown.

International crude benchmark Brent has recently hovered at about $40s after clawing back from sub-$20s seen in April.

Lower crude prices lead to a narrower HSFO-VLSFO spread.

Cracks for gasoil have also narrowed, ensuring blending materials for VLSFO are cheap and plentiful, according to Platts Analytics.

On the other side of the equation, non-marine demand has also bolstered HSFO prices while supply of this fuel type tightened.

Mr Tolson pointed to higher demand for HSFO as feedstocks to refineries for coker units.

Older and inefficient refineries that tend to pump out more HSFO have also been the first to cut output amid demand destruction.

He viewed this situation as temporary and argued that a widening of the fuel price spread may soon follow from as soon as the end of Saudi Arabia's summer season, when the country tends to draw heavily on fuel oil for power generation.

Others suggested however, suggested that future fuel price spreads will still fall short of matching the level once widely thought to be behind a spike in scrubber orders during the run-up to the new global sulphur cap regulations on January 1, 2020.

"We do not see the HSFO-VLSFO price spread recovering to $200 per tonne before 2022 due to ongoing weak refining margins, surplus refining capacities and reduced crude runs," Platts Analytics said.

MARKETS

Braemar sees silver lining for grain trade

WHILE the coronavirus pandemic has had a catastrophic effect on shipping markets in general, the dry bulk trade has fared much better than its counterparts.

Although supply chain disruptions and port closures vexed the segment, those issues have since dissipated, and in terms of prices, many of the key dry bulk commodities have outperformed other goods, according to Braemar ACM.

"This is in part down to supply disruptions but is also due to sustained demand for raw materials and 'essential' goods, such as grains."

Citing the United States Department of Agriculture's revised forecasts for the 2020-21 season, Braemar analyst Nick Ristic sees the grain trade growing by almost 4% compared with the previous season.

This marks an improvement of more than 2% on previous forecasts, he noted.

"Converting these to calendar-year estimates, we forecast soyabean shipments from the major exporters to grow by 13% year on year over 2020 as a whole, with growth accelerating to almost 19% in in the first half of next year."

That is largely driven by continued growth in harvests in Brazil, Argentina and the US.

Demand for this supply is underpinned by China's enormous appetite, which seems to have fully recovered from the swine flu outbreaks of a couple of years ago.

Mr Ristic believes that Chinese imports from the US are set to improve over the coming months, following healthy sales activity between the two countries.

Other grains that sustain demand for dry bulk carriers include wheat and coarse grain, which continued to grow over the forecast period, backed again by healthy volumes from the US and by greater production in the Black Sea.

Meanwhile, China's steel market has outperformed this year as the economy recovered swiftly from the first quarter of the year, following apparent containment of the pandemic, and a round of stimulus spending earlier in the year has helped to buoy construction and manufacturing activity.

"We also saw speculative interest in China's steel market increase steel producers' margins, as investors betted on a V-shape recovery through the commodity markets."

However, China has mandated greater use of scrap steel and stricter pollution controls in its next five-year economic plan.

This and several other factors are leading to a plateau in Chinese iron ore imports, although the strength in steel output this year has raised the baseline from which demand will soften, he added.

Meanwhile, coal has been the commodity that has seen the greatest level of demand destruction this year. As a result, Braemar revised downwards its forecasts of demand from the coal trades in the future.

"We forecast global seaborne coal trade to contract by nearly 8% over 2020 as a whole, followed by a 2% recovery in 2021."

Within this, there are some positive stories, such as growing demand in Southeast Asia, but these are not enough to offset declines seen elsewhere, Braemar added.

IN OTHER NEWS

Britannia rate hike will be 'in same ball park' as other clubs

BRITANNIA Club members are facing similar mid to high single-digit percentage point premium rises as members of other clubs, despite the marine mutual's eschewal of general increases, according to senior executives.

West of England chief executive Tom Bowsher earlier described his club's 7.5% surcharge as "fair and reasonable", while Steamship is imposing a 5% GI, and Standard has gone even higher, opting for 10%.

Britannia chief executive Andrew Cutler revealed that owners of entered tonnage should brace themselves for rises of similar magnitude, saying: "We'll be in that ball park. Members won't be surprised by that."

The broad justification for asking for more money is continuing real-terms erosion of rate levels over a number of years, with the situation exacerbated by falling investment returns and a spate of major casualties that has seen pool claims for the first six months of 2020/21 hit an all-time high for the halfway stage.

Columbia's O'Neil calls for technology that respects uniqueness

DIGITAL technology's role should be to enhance the optimisation of ship operations, Columbia Shipmanagement president Mark O'Neil told a Seatrade Maritime webinar on Thursday, but there are also other factors to consider.

"Digitalisation is only one part of the optimisation process," he said, adding that shipping remains fundamentally a people business.

In 2018 Columbia partnered with Tototheo Maritime, another Cyprus-based company, to develop a Performance Optimisation Control (POC) Room. This facility enables Columbia to optimise fuel consumption, weather, port availability, navigation, safety, crew rotation and maintenance.

Mr O'Neil commented: "I wouldn't have wanted to go into the second wave of the Covid pandemic without having that tool available to me."

However, he revealed that the experience of setting up the POC Room had been a steep learning curve.

Søren Toft prepares for one of the biggest jobs in shipping with move to MSC

SØREN Toft is expected to formally begin his new job as chief executive of Mediterranean Shipping Co's container shipping and logistics operations in a month's time, a year after resigning from Maersk where he had been a member of the executive board.

His decision to quit the world's largest containership operator and move to its 2M alliance partner MSC sent shockwaves through the industry, and appears to represent a strategic rethink within the Aponte family that owns the Geneva-headquartered group.

MSC has not officially confirmed the exact start date, other than to say it will be before the end of the year. But Lloyd's List understands it will probably be December 1. Mr Toft and his family are already thought to have moved to Geneva.

He will report to Diego Aponte, MSC president and chief executive, and his father, group chairman Gianluigi Aponte, who founded the group 50 years ago.

US increases sanctions on Iran's petrochemical sector

WITH just days to go before the US presidential election, the US Department of the Treasury's Office of Foreign Assets Control further broadened its sanctions on Iran, designating eight entities for their involvement in the sale and purchase of Iranian petrochemical products brokered by Triliance Petrochemical, which it had previously sanctioned in January.

Ofac said these entities, based in Iran, China, and Singapore, had engaged in transactions facilitated by Triliance or otherwise assisted Triliance's efforts to process and move funds generated by the sale of those petrochemical products.

Singapore-based Jiaxiang Energy Holding and a string of

Chinese companies were among the parties designated for links to Triliance as well as Iranian petrochemical firms Morvarid Petrochemical and Arya Sasol Polymer.

The latter two have a substantial presence in the Iranian petrochemicals market and used the services of Triliance to broker the sale of petrochemicals, Ofac said. Jiaxiang was a customer of Arya Sasol, and purchased petrochemicals through sales brokered by Triliance.

Risks, but also rewards, await those who act early on decarbonisation
DECARBONISATION is increasing shipping's risk of stranded assets but rewards are also possible for companies willing to act early, a Danish Maritime Days webinar was told.

Christopher Rex, head of innovation and research at Danish Ship Finance, said owners were "extremely exposed" and the risk of stranded assets was worse for newer ships than for older ones.

He said many owners would choose to retrofit their ships and adopt zero-carbon fuels only when a clear pathway had emerged.

This could be profitable in coming years and shipping's low average return on invested capital since 2009 made fleet renewal hard to justify. The need to reduce emissions was also raising costs and left revenues vulnerable to overcapacity, Mr Rex added.

Former IMO head William O'Neil dies, aged 93
WILLIAM A. O'Neil, former secretary-general of the International Maritime Organization, has passed away at the age of 93.

Mr O'Neil, who was from Canada and is the second-longest serving IMO secretary-general, led the global regulator from 1990 to 2003. He died on October 29 and is survived by his wife Olga, his children and grandchildren.

During his leadership, the IMO made several major decisions with long-lasting impacts on the shipping industry.

He oversaw the adoption of the International Ship and Port Facility Security Code following the September 11 attacks. He also oversaw the adoption of regulations for the prevention of air pollution from ships, which has since been expanded to include energy efficiency requirements.

He was also in charge while efforts were ongoing in the IMO to phase out single-hull tankers.

Cosco confirms more super-sized boxship orders
COSCO Shipping has confirmed orders for seven 23,000 teu containerships worth $1.1bn in total.

Orient Overseas International Ltd signed the shipbuilding agreements on Friday with two Chinese yards, said its Shanghai- and Hong Kong-listed parent Cosco Shipping Holdings.

The ordering plan was first revealed by Lloyd's List in early September, when the state conglomerate was said to be aiming to combine the newbuildings with the quintet of the same size already on order to form an independent loop on the Asia-Europe trade.

According to Friday's announcement, Nantong Cosco KHI Ship Engineering Co will build three of the vessels for $157.7m apiece, while Dalian Cosco KHI Ship Engineering Co will construct the rest at almost the same price. Deliveries are scheduled for between the third quarter of 2023 and the same quarter of 2024.

Second-quarter profit boosts ONE's full-year forecast
OCEAN Network Express has published its belated full-year forecast, predicting a significant improvement in the bottom line against the backdrop of coronavirus disruption.

The Singapore-based container shipping carrier expected net profits for the 12 months ended March 31, 2021 to reach $928m, a more than eightfold increase compared with the year-ago period.

The forecast was beefed up by an exuberant second quarter for the company between July and September, during which freight rates surged on the main east-west routes amid a surprisingly strong peak season.

ONE reported $515m net profits in the three months, up more than 400% year on year.

Hafnia eyes coal waste to help cut greenhouse gas emissions
HAFNIA, a product tanker owner, has signed up for a waste-derived marine fuel as an energy source that is seen as an option to help the shipping industry to achieve decarbonisation targets.

The Oslo-listed company said it has formed a technical partnership with energy venture Arq, which has developed a novel and patented technology that transforms coal waste into a micro-fine hydrocarbon powder for low-sulphur bunker blending.

The agreement follows a series of successful tests that have demonstrated Arq Fuel's performance as a marine fuel component that can be used without any changes to the existing supply chain and ship engines, Hafnia said in a statement.

As part of the agreement, some of the Hafnia-operated vessels will conduct trials of Arq Fuel — the blended component for marine fuels.

Bulkseas confirms Japanese kamsarmax purchase

GREECE-based Bulkseas has confirmed the acquisition of the *Ikan Bagang* without stating the price. This was previously reported by brokers as being $12.5m.

The Sanoyas-built 83,651 dwt vessel is said to have passed special survey and to have ballast water treatment system installed.

The vessel has already been delivered to its new owner and has been renamed Vela Star.

Classified notices follow

Enforcement Officer Risto Sepp sells a vessel named **"OCEAN SPIRIT" IMO 8325793** (seismic, Drill/Supply vessel with dynamic/survey capability), located at Bekker Port, Tallinn, and belonging to "IMG ehf" of Island at an oral auction.

Claim of DAN Bunkering serves as grounds for conducting the auction. The auction begins on **09.12.2020 at 11:00**. The auction shall be conducted in the offices of "Ühinenud kohtutäiturid" at Rävala pst 5, Tallinn, VII floor. Starting bid of auction is 422 000euro.

Persons having the right to claims ensuing from maritime claims are to submit such claims no later than on 05.12.2020 with substantial grounds.

The Enforcement Officer proposes to all persons having rights in regard to the vessel being sold or rights that would obstruct the conduction of the auction, to achieve a closure or halt of the auction before the day of division of earnings on the basis of an agreement with the claimant or a ruling of the court.

Any additional information concerning auction or vessel details or inspection of the vessel sold at the auction is possible on arrangement with the Enforcement Officer. A request must be submitted by **e-mail** buroo.sepp@taitur.net or by **phone +372 53 48 34 83**.