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First Iran-linked tanker reflags to Samoa

AN IRAN-LINKED tanker has switched flag to Samoa, the latest registry of refuge sought by a subterfuge fleet of some 50 ships engaged in deceptive shipping practices to evade unilateral US sanctions.

The 2001-built, very large crude carrier (IMO 9203277) has been renamed *Dazzle* since the flag switch from Comoros to Samoa on October 26, according to data from Lloyd's List Intelligence.

This is the fourth change of name and flag registry since beneficial owners, listed as Dubai-based Royal Express Shipmanagement and Operation purchased the elderly tanker in July 2019 from the Nicolas Moundreas Group of Companies, data shows.

The registered owner is a single-ship shelf company in Belize.

Vessel tracking shows the VLCC *Dazzle* has shuttled between floating storage off the Malaysian coastline and the Middle East Gulf. There have been protracted periods in the latter region without Automatic Identification System signals

Since June 24, AIS signals shows the VLCC off Malaysia in the Sungai Linggi anchorage in Malacca Strait. It is classed by Lloyd's Register, but its P&I cover was removed by West of England Mutual Shipowners P&I club in January, and current coverage is unknown.

The vessel has undertaken two ship-to-ship transfers since July, with the 2000-built suezmax tanker *Nordic Sirius* and the Cook Islands-flagged, 1995-built, 47,627 dwt *Cavalier*.

The latter has been owned by the Singapore-based Tan group of families since April, via its Ritz Group according to the Lloyd's List Intelligence database.

Nordic Sirius is owned by Nordic American Tankers. Nordic American Tankers was approached for comment.

"I have no information about what you mentioned," a spokesman said when asked to confirm the STS. Ritz Shipmanagement in Singapore was also asked.

There is no suggestion any of these shipowners breached sanctions.

Dazzle's pattern of behaviour — flag hopping, widespread AIS gaps, unknown P&I cover, long-term floating storage, ship-to-ship transfers while plying the same trade route to Singapore without port calls — match those identified by the US administration as indicating deceptive shipping practices.

Samoa is the latest flag registry targeted by a shadowy fleet of some 50 tankers tracked by Lloyd's List that have been linked to shipments of Iranian crude, fuel oil, condensate and liquified petroleum gas during the past two years.

There an additional 60 tankers, all flagged in Iran and owned by its national shipping company, that have undertaken the same tactics, and are supporting the flow of crude and products via the subterfuge fleet.

During 2020, the Iran-linked fleet sought out smaller flag registries managed on behalf of Tanzania, Gabon, Comoros, Palau, St Kitts & Nevis, Dijibouti, Cook Islands, Sao Tome & Principe, Honduras, Vietnam and Belize.

This followed a clean-out of tonnage linked to Iran by Panama and Liberia under pressure from the US administration.

Gabon and Tanzania have deflagged vessels for links to Iran over the past three months. Cook Islands has investigated others although the outcome of these checks is unknown.

The Samoan international registry is linked to a UK, Ruislip-based Samoa International Ship Register, according to its website. The telephone numbers are not linked to any such business.

Samoa has previously been linked to fraudulent registries in the Pacific, including Fiji and Micronesia.

The International Merchant Marine Registry of Belize said it has been designated by the Samoa Maritime Authority as its representative in the Ukraine. Calls to that office were unanswered.

There are 41 vessels trading and registered with the Samoa flag according to Lloyd's List Intelligence data. *Dazzle* is the largest vessel at just under 300,000 dwt, followed by a 1983-built, 1,500 dwt cargo vessel.

WHAT TO WATCH

MSC Cruises presses ahead with huge newbuilding programme

MSC Cruises is pressing ahead with its sizeable newbuilding programme, even though most of its fleet is currently at anchor.

The news will come as a relief to Europe's shipbuilding industry that has seen much of its business lost to Asia during the past couple of decades. The company's ships are built either by French or Italian shipyards.

Part of the Aponte family's huge conglomerate, which also includes Mediterranean Shipping Co's container shipping and terminals business, MSC Cruises is planning to expand its portfolio by another five cruiseships over the next four years.

That will bring its total fleet to 22 vessels by 2024, while there are options in place for more that are valid through to 2027.

Confirmation that its ordering schedule remains unchanged follows a torrid year for the whole cruise industry, which was forced to suspend operations as coronavirus infections spread. Several outbreaks were reported on cruiseships.

The world's largest privately owned cruise operator had to anchor its fleet of 17 vessels in March, but now has two ships back in service, *MSC Grandiosa* and *MSC Magnifica*. Both have reduced passenger capacity to 70% of the usual level to achieve social distancing requirements.

Despite the pandemic, the company remains confident about prospects.

“Our plans for the future remain undiminished and our future bookings indicate there is a demand for cruises,” it said in a statement. “Our new shipbuilding programme is unchanged.”

Two vessels that are under construction at European yards, the 181,000 gt *MSC Virtuosa*, and *MSC Seashore*, are due to be completed in time for the 2021 summer season.

The former is being built by Chantiers de l’Atantique in St Nazaire, and the latter by Fincantieri. A sister ship to *MSC Seashore* will be completed by 2022.

Two further ships, to be powered by liquefied natural gas, are scheduled for delivery in 2022 and 2023, including the first of the World Class series, the 200,000 gt *MSC World Europa*.

Affirmation of its continued cruiseship newbuilding plans coincides with reports that MSC is also in talks with shipyards in China and South Korea about an order for six 23,000 teu containerships. It has declined to comment.

Delays in signing a firm order reflect financing issues, according to brokers. The world’s second-largest containership operator has also been active in the sale and purchase market in recent weeks.

MSC Cruises stated at the handover of the $900m *MSC Meraviglia* in 2017 that the ship was the first in a $10bn newbuilding programme that would virtually double its fleet size and consolidate its position as one of the leading players in this sector.

MSC Group chief executive Diego Aponte said at the ceremony that, despite the ambition of the cruiseship expansion plan, there was no intention of scaling back its container shipping interests.

The cruiseship industry looked set on non-stop expansion until the pandemic stalled the global economy. During 2020, while cruiseships have been left at anchor all over the world, container lines have performed well and are expected to produce good profits this year.

Of MSC Cruises’ 17-strong fleet, 15 are currently in warm lay-up in the Mediterranean, South America, the Caribbean, the US Gulf region and South Africa.

The goal is to bring these back into operation in the coming months as relevant approvals are obtained. MSC Cruises said the aim is to have 19 ships in service by summer 2021, including the two new arrivals.

MSC Cruises’ expansion programme has provided much-needed support for Europe’s shipyards.

The operator’s ships have been built either by France’s Chantiers de l’Atantique, or by Italy’s Fincantieri-Cantieri.

Export credit guarantees have been provided by both France and Italy which are understood to have given a moratorium on both capital and loan repayments during the pandemic.

ANALYSIS

Shipping faces taxing questions about state support

SHIPPING has paid on average just 7% of its revenues in taxation during the period from between 2005 and 2019, according to new analysis.

“Based on an analysis of our dataset of 157 shipping companies over the period, we find that shipping firms pay approximately $1.9bn in corporate income tax per year, including tonnage taxes,” said International Transport Forum ports and shipping administrator Olaf Merk.

“Over the same period, the global shipping sector enjoyed net profits (before tax) of around $27bn per year. This means that the effective tax rate for the shipping sector is currently around 7%.”

Shipping had a long history of subsidies in one form or another, he said, but in recent years these had been replaced by tax subsidies as the main vehicle by which governments supported the industry.

"Shipowners have massively used [flags of convenience and open registries] as a possibility for tax avoidance by registering their ships under these flags," Mr Merk wrote.

"This provoked the established maritime nations to offer similarly generous tax exemptions to shipping companies to make it attractive to shipowners to reflag their vessels under the flags of the countries where they are genuinely linked."

These schemes included the introduction of tonnage tax regimes that allowed for an exemption from corporate taxation.

Shipping had a "considerably more favourable" tax regime than other parts of the maritime supply chain. Port operators had average tax rates of 20%, while logistics and forwarding companies paid 27%.

"Global tax revenues from shipping would amount to $4.4bn if there would be a minimum tax of 12.5%," said Mr Merk. "In the case where shipping would be taxed like the port terminal sector, that is 20% on average, total global tax revenues would amount to $5.4bn."

A third scenario, that would see shipping pay the average corporate tax rate in the OECD, would raise $6.5bn from the sector.

"Based on these three scenarios, one could consider that the corporate tax subsidies for shipping (in the form of tax revenue foregone) range from $2.5bn per year for scenario one, to $3.5bn per year for scenario two and $4.6bn for scenario 3. In other words, the shipping tax revenue foregone over 2005–2019 represents $38bn–$69bn."

But between different sectors in shipping there is a wide range of tax levels.

"Only the cruise shipping sector pays virtually no corporate income taxes," Mr Merk said. "Most other shipping sectors pay some taxes, although to a considerably lesser extent than many other economic sectors."

Container shipping, for example, paid a higher rate on average of 19%, but this could be partially attributed because they had taken up additional activities that are normally taxed, such as logistics ventures.

"In almost all financial statements, these logistics activities are presented as part of container shipping activities and not as distinct categories," he said. "In the rare cases where they are presented separately, the tax expenses are not assigned to logistics and container shipping separately."

Moreover, in both box shipping and dry bulk, there was a clear distinction between non-operating owners and those that managed their own fleets, with non-operating owners able to incorporate in zero-tax jurisdictions while operators had closer ties with higher tax jurisdictions.

While many Asian countries were found to offer large direct subsidies to their shipping and shipbuilding industries, they also imposed the highest effective rates of tax.

"Maritime subsidies in Asia might be distorting competition in shipping, but one could wonder whether these are of the same order of magnitude as the tax subsidies provided by the likes of Marshall Islands, Liberia and Bermuda," added Mr Merk.

"The complaints of shipowner associations vis-à-vis maritime subsidies in South Korea and China seem to be selective and possibly misdirected."

MARKETS

Precious Shipping expects volatile recovery for dry bulk

THE dry bulker market will remain highly volatile against the backdrop of the coronavirus situation despite the recent recovery of rates, according to Precious Shipping.

The forecast is grounded on the balance of supply and demand in the sector that was already delicate before the coronavirus outbreak, and which can now be easily broken.

"Any small change in demand or supply would have a disproportionate impact on the BDI and profitability," said the Bangkok-listed company's chief executive Khalid Hashim in a results announcement.

One case in point is this year's capesize market, he pointed out. The vessels' daily earnings had shot up from about $2,000 on May 14 to nearly $35,000 on October 6, but then went down to less than $14,500 per day on November 6.

One of the biggest variables is unsurprisingly the development of the pandemic, which remains largely uncontrolled and a big threat to the global economy.

Precious Shipping appears rather optimistic for the future, however.

"If this threat dissipates by the end of 2020 and does not pose a significant threat in 2021 then shipping companies would be back to normal by the [second half] of 2021," said the announcement.

Owners' discipline on vessel ordering amid stricter emissions control rules has been a big positive, in addition to recent optimism about finding a vaccine.

Transactions of secondhand ships have increased dramatically, showing strong faith in the market while high newbuilding prices and uncertainties regarding future marine fuels has dulled the appetite for fresh tonnage, the company said.

Precious Shipping expected "a reasonable year" in 2021, provided its prediction of a 1.7% expansion in the global dry bulker fleet is proven accurate and a 5.2% growth in world economy indicated by the International Monetary Fund pans out.

Mr Hashim said: "If the supply side gets a dividend by the recycling of the very old ships, slow steaming by the rest of the owners who are using [low-sulphur fuel oils], and forced down time in dry docks for those owners passing special surveys on 20-year-old or older ships, then the market would further benefit from this tightening of available ships on the supply side."

The Thai dry bulker operator, which runs a fleet of more than 30 ships ranging from handysizes to ultramaxes, posted a net loss of $71,000 in the third quarter of the year.

The result represents a significant improvement compared with $37.3m in losses in the previous quarter between April and June, as spot rates rebounded.

Precious Shipping also noted that last month it managed to obtain $26.6m in prepayment of one-years' worth of charter hire on five ships backed by long-term charters from a client.

Describing the finance as a "thinking out of the box" approach, the company said about $19.7m of the proceeds have been used to redeem corporate bonds, with another $4.9m used to pay banks the outstanding principle on those vessels.

"Capital markets continue to remain frozen in 2020. We do not expect a rapid reopening of debt/equity capital markets any time soon," said Mr Hashim.

Anglo American to add LNG-fuelled capesizes to fleet

ANGLO American, a global miner, will be adding four capesizes fuelled by liquefied natural gas to its chartered fleet.

The 190,000 dwt vessels, being built at the Shanghai Waigaoqiao Shipbuilding yard in China, are expected to be delivered in 2023. It will be the first time that Anglo will be using LNG to power its global fleet.

The 10-year charter contract is with owner U-Ming Marine Transport.

The vessels, which will be flagged and registered in Singapore, are expected to carry up to 5m tonnes of iron ore per year from Anglo's operations in Brazil and South Africa.

Singapore will be the primary bunkering port for the fleet.

"Anglo American is committed to reducing emissions from its ocean freight operations and to playing a leading role in shaping a more sustainable future for the maritime industry," said the miner's head of marketing Peter Whitcutt.

"Today's agreement is aligned with Anglo American's goal to be carbon neutral across our operations by 2040 — as we work to reduce emissions not only at our production sites but also along our entire value chain — and builds on our track record of implementing concrete actions to deliver on the targets set by the International Maritime Organization," he said.

He added: "LNG is a readily available, commercially viable, lower emission solution which, combined with innovative technology designed to eliminate unburnt methane, will allow these newbuildings to provide a much improved environmental and more efficient performance."

Using LNG offers a reduction of about 35% in CO2 emissions compared with standard marine fuel, according to Anglo. It also eliminates sulphur oxides, and cuts nitrogen oxides and particulate matter from vessel exhausts.

"Designed to be larger than, but remain as flexible as, a conventional capesize vessel, the newbuildings will optimise cargo transport by increasing load and improving overall cost effectiveness," the miner added.

In October, Anglo, which is a partner in the Global Maritime Forum, was among the founding signatories of the Sea Cargo Charter, aimed at establishing a standard methodology and reporting framework to allow charterers to measure and align their emissions from ocean transportation activities.

Last year, it joined the Getting to Zero Coalition, an alliance committed to developing commercially viable zero-emission fuels by 2030.

IN OTHER NEWS

CMA CGM says Nicolas Sartini departs group

NICOLAS Sartini has left CMA CGM after more than three decades with the French group, during which time he held senior positions and gained respect across the container shipping industry.

CMA CGM, which has not formally announced his departure, issued a brief statement to Lloyd's List confirming he had left the group.

Mr Sartini had been the most senior non-family member within the Saadé-controlled group for many years.

PIL seeks court-sanctioned debt revamp

PACIFIC International Lines has filed an application for a debt revamp process anchored on a cash injection from a Temasek Holdings unit, invoking legislation that extends the shipping line's protection against creditor claims.

The Singapore-based container shipping line has sought leave from the Singapore High Court to convene a meeting with its creditors to consider a proposed scheme for the reprofiling of its debts, according to a Tuesday disclosure on the Singapore Exchange.

Executive chairman SS Teo said: "The scheme allows PIL to continue to operate smoothly without disruption to our business and paves the way for our new investor to inject fresh finance into the company."

Braemar and V.Group team up to offer advisory services

BRAEMAR Naves Corporate Finance has signed a co-operation agreement with V.Ships Leisure to offer cruise and ferry operators ship finance and associated services.

The joint team will offer consultancy and advisory services spanning operational and technical issues, health, safety, environment and quality standards, financial and business plan due diligence and assessments, as well as a stakeholder advisory service and assistance with capital raising, a joint statement said.

The move comes at a time when the cruise sector has been left reeling by the impact of the coronavirus pandemic, which has forced the lay-up of the majority of the world's fleet.

New green bond rules seek to push shipping into $1trn market

NEW criteria for green financing in shipping will seek to promote zero-emissions vessels while shutting out crude oil tankers and liquefied natural gas carriers.

The Climate Bond Initiative, an international not-for-profit organisation pushing for development of green bond markets, has published its first certification criteria for shipping "climate bonds".

Shipping has been absent from what according to some estimates is the $1trn global green bond market that has grown since 2007. The hope is that the new CBI criteria will help establish a uniform and credible set of rules for green investing in this sector while promoting those projects that can mitigate climate change.

IG pool contract broker Miller bought by private equity

MILLER Insurance Services, the London market broker that places the International Group's annual $3bn-plus reinsurance contract, has been acquired by private equity outfit Cinven and Singapore sovereign wealth fund GIC for undisclosed consideration.

The firm is currently 85% owned by broking giant Willis Towers Watson, after predecessor company Willis Group acquired the stake in 2015. The remainder is held by Miller partners.

Completion is set for the first quarter of 2021, with the new owners promising to speed both organic growth through the recruitment of specialist brokers, and incremental growth through the purchase of selected bolt-ons.

Uncertainty clouds tanker outlook until winter 2021, says DHT

TANKER markets are not expected to return to normal until the 2021 northern hemisphere autumn or winter, crude tanker owner DHT Holdings told investors on a call.

"There is more uncertainty out there than normal, with Covid-19, peak oil and propulsion technology being the biggest factors," said co-chief executive Svein Moxnes Harfjeld.

The company remained on the fence about expanding its fleet of 27 very large crude carriers with new ships, despite the low orderbook-to-fleet ratio, and did not think the time was right to buy secondhand, he added.

Qatar Petroleum enters green LNG pact with Pavilion Energy

QATAR Petroleum and Pavilion Energy have signed a multi-year liquefied natural gas offtake agreement that will see cargoes being delivered with emissions profiles attached to them.

Qatar Petroleum will deliver up to 1.8m tonnes per annum of LNG over 10 years from 2023 until 2032 to Singapore.

Each cargo will be accompanied by a statement of its greenhouse gas emissions, measured from wellhead to the point of discharge at the sea port.

Strong retail sales drive port of Charleston throughput

SOUTH CAROLINA's port of Charleston has announced throughput figures for October showing a continued recovery and strength in containers, much in line with burgeoning national figures released by the retail industry.

SC Ports president and chief executive Jim Newsome said his facility's business continues to "rebound with better than expected volumes" in the container segment, with further improvement expected.

"Retail companies are seeing explosive growth during the pandemic, and this boom presents a great opportunity for SC Ports," said Mr Newsome.

Infected MOL bulker crew return home

A MITSUI OSK Lines bulker crew that tested positive for the coronavirus while off Western Australia has returned home, the Japanese company said.

Last month seven of *Vega Dream's* 20 crew tested positive off Port Hedland after changing crews in the Philippines. They crew had all tested negative before boarding.

The ship was one of several to report coronavirus outbreaks off Western Australia, fuelling local concerns the Philippines' quarantine rules were too lax.

First movers urged to assemble consortiums in decarbonisation quest

SHIPPING's first movers will need to collaborate to break the main barriers for the development of zero emissions fuels and markets, according to a new report.

Getting to Zero Coalition, a global initiative launched last year with the aim of commercialising zero emissions vessels by 2030, calls for creation of a new green value chain with the support of a first wave of commercial scale zero emission shipping projects to test new technologies and business models

Over the next three to four years companies should join forces to fast-track technology trials and regulatory approvals, co-invest in "critical equipment" such as bunkering assets and vessels, and form consortiums with other actors in the value chains to establish voluntary offtake agreements and allocate the cost across the value chain to the end-consumer.

Classified notices follow

HM GOVERNMENT OF GIBRALTAR

Official Notice

Applications are invited for appointment as Maritime Administrator with the Gibraltar Maritime Administration. Applicants must by virtue of their citizenship, be entitled to take up employment in Gibraltar. The successful applicant will lead and manage all aspects and functions of the Gibraltar Maritime Administration. The post holder will require sound analytical skills, mature judgement, the ability to effectively lead and direct staff as well as the capacity to carry a significant work load, achieve targets and promote the services offered by the Gibraltar Maritime Administration.

Applicants would need to be:

a) A valid Master Mariner Unlimited STCW II/2 with at least 5 years' sea service or
b) A Chief Engineer STCW III/2 certificate of competency (Unlimited), with at least 5 years' sea service, or
c) A Naval Architect accredited by a recognised society, or
a) A holder of a relevant maritime-related university degree and have properly trained and qualified as a ship safety inspector.

<u>In addition to the above prerequisites, applicants must have completed at least 5 years' service in a senior position with an internationally recognised maritime safety organisation.</u>

The post holder will be familiar with the workings of the EU, International Maritime Organisation and the International Labour Organisation, the Classification Societies and all the responsibilities of a modern shipping register and must be familiar with the legislation aspects of merchant shipping.

The post holder will also be required to supervise all matters relating to EU legislation (including Conventions and Treaties), Port State Control, Flag State Control and Common Areas.

The appointment is on contract terms, initially for three years. Salary will be competitive and commensurate with proven experience and relevant training. Further particulars may be obtained from the Ministry of Business, Tourism, Transport and the Port via email on mbtt@gibraltar.gov.gi.

Application forms may be obtained from the Human Resources Department, 82-86 Harbour's Walk, New Harbours, Rosia Road, Gibraltar, (Tel No. +350 200 71911, email: humanresources.recruitment@gibraltar.gov.gi and from the Gibraltar Maritime Administration web site at www.gibraltarship.com.

These should be returned to the Human Resources Department via email together with a brief career resume to arrive not later than **Thursday 19th November 2020**.

Virtual Greek Shipping Awards 2020

17th Annual Awards Ceremony

Friday 4 December 2020

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 !

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