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Vaccine respite for tanker markets 'at least nine months away'

A VACCINE FOR CORONAVIRUS is unlikely to offer any respite for global tanker markets until late in 2021, as renewed lockdown measures across Europe halt any global recovery in demand for transport fuels.

Two influential oil groups this week revised down their crude demand estimates for the fourth quarter and 2021 on a resurgence in infections in Europe and the US.

The International Energy Agency expects crude demand to be 8.8m barrels per day lower than 2019, at 91.3m bpd — 400,000 bpd below month-ago forecasts.

Demand in 2021 will then rise by 5.8m bpd to 97.1m bpd.

"Vaccines are unlikely to significantly boost demand until well into next year," the Paris-based agency said in its monthly oil report.

"It is far too early to know how and when vaccines will allow normal life to resume. For now, our forecasts do not anticipate a significant impact in the first half of 2021."

The Organisation of the Exporting Petroleum Countries also revised its global outlook 300,000 bpd lower in a monthly report published on November 11.

Demand in 2020 was forecast to contract by 9.8m bpd to 90m bpd. Opec expects a rise of 6.2m bpd in 2021.

"Oil demand will be severely hampered and sluggishness in transportation and industrial fuel demand is now assumed to last until mid-2021," its monthly report said.

Even though oil supplies are rising, the latest assessments provide a pessimistic backdrop for the tanker sector, which ships about 50m bpd for day, or half of all crude produced.

Crude and product tanker earnings have been sliding since August, reaching levels barely above operating expenses on many routes for all vessel sizes over the past six weeks.

The supply of tankers has outpaced demand as the pace of recovery for gasoline, diesel and jet fuel slows. Oil production cuts and lower refinery utilisation in Europe and the US due to hurricanes, maintenance and sharp falls in the consumption of refined products, added to pressure.

Tankers used for floating storage also came off time-charters from October, adding to the oversupply.

Agreed Opec production cuts to control plunging prices slashed crude exports, especially from the Middle East Gulf, where shipments were down by as much as 4m bpd over June and July, equivalent to two very large crude carriers daily.

The IEA estimated fourth-quarter oil demand was trending 1.2m bpd lower than anticipated than a month ago, amid a mild start to the northern hemisphere winter.

Additional crude is normally needed to produce additional gasoil and kerosene for heating, providing a seasonal uplift in crude shipments to refineries, and generating product cargoes for the Japanese, north-west Europe and east coast US markets.

First-quarter demand in 2021 would be down a further 700,000 bpd from the year-ago period "on the lingering impact of the pandemic," the IEA report said.

This was despite higher-than-expected demand in India and China, which would not offset the lower figures for countries in the Organisation for Economic Co-operation and Development.

China is expected to post year-on-year growth, with crude demand at 13.9m bpd in 2020 and 14.6m bpd in 2021.

Transportation and industrial fuels would remain "adversely affected" throughout this quarter, according to Opec.

The coronavirus resurgence adds to speculation that members of the Opec-plus group will scrap plans to add a further 2m bpd to oil production from January when they meet to discuss the issue on December 1.

The IEA expects crude demand in Europe to fall by 2.1m bpd in November, compared with the 4.1m bpd drop in April during the first lockdowns.

WHAT TO WATCH

Shipping finance costs to rise after health crisis

VACCINE treatments for coronavirus will boost economic activity and shipping in its wake, but ship finance is likely to get more expensive as a result, says Andy Dacy, global head of transportation at JPMorgan.

He highlighted ongoing polarisation in the ship finance market, with big players still able to borrow cheaply from banks, and small to medium borrowers increasingly forced to turn to alternative lenders.

Despite being an arm of an investment bank, Mr Dacy's JP Morgan Asset Management arm sees itself essentially as a major shipowner, and borrows money from third party banks rather than funding itself internally.

Most of its deals are not in the public domain, although it did reveal late last year that it is involved in a deal that will see energy major Shell charter eight newbuilding LNG carriers underway at Hyundai Heavy Industries in Korea.

"If the vaccine gets disseminated and we see a return to normalcy over the next nine to 12 months, borrowing costs will go up generally speaking," he said. “That will likely put more pressure on all types of borrowing, whether you’re a well-capitalised company or a smaller company.”

Levels of transaction activity certainly did slow up as the pandemic spread in spring and summer, with few buyers or sellers emerging.

Key factors here included uncertainty over where things were heading economically, and restrictions on travel that made it impossible to inspect vessels personally.

Such deals as were done mainly involved older ships with relatively small price tags attached, often with cash buyers who did not require finance.

A big pick up has been evident since September, most evidently in containers. Banks are open to conversations, and loans can be had for viable deals, Mr Dacy believes.

“We still have the winter to get through, from a coronavirus perspective, and all that this might entail in walkdowns and depressed economic activity. Once we do see vaccine getting disseminated, there will be a big uptick in general economic activity. I would imagine the shipping market would follow.”

More broadly, Mr Dacy has also noted a tendency for the minority of banks that remain active in shipping to prefer larger companies with bigger balance sheets. Realistically, others will have to look to Asia or to alt lenders.

Bank margins are still competitive for those who make the cut, but advance rates have contracted to the 50%-60% range, well below the far more permissive loan to value ratios seen in the early 2000s.

Higher leverage opportunities are available, but that will entail eating into returns on equity, which is a big downside.

“From what we have seen at least, it seems there is a bit of a barbell out there. You have the traditional lenders, focused on larger and more well-capitalised companies. Then you have the alternative lenders, focused on smaller companies at higher margins, and more structuring in terms of asking equity kickers or participation in the profitability.”

Supply chains near break point amid service disruptions

A FAILURE to forecast the massive demand swings during the pandemic is now pushing maritime supply chains to breaking point, and there is little clarity on when the situation will improve.

“In the space of a couple of months we went from a complete collapse in demand, and requests from customers to delay cargo in transit because the shops were closed, to a situation where there are almost no ships idle,” said Drewry senior consultant Stijn Rubens.

But that had led to a breakdown of the “conveyor belt” of ships and containers, and the return flow of empties.

“What we are seeing today is the emergence of congestion spikes and equipment shortages,” Mr Rubens said in a webinar.

In the UK, the situation at the country’s major container terminals has become so dire that the Department for Transport has reconvened a container transport task force, which had been set up during first lockdown then suspended over the summer, in an effort to reduce congestion and ease the flow of cargo through the supply chain.

The impact of the disruption was making life unbearable for those in the supply chain, said Jens Roemer, managing director of Hamburg-based forwarder a.hartrodt.

“If this is a new normal, shippers and forwarders alike will fill hospital beds with heart attacks and burnouts,” he said. “It is neither a sustainable way to work or to co-operate among the stakeholders.”

Drewry calculated that direct costs of current unreliable networks, made up from higher freight rates, detention and demurrage fees, increased booking costs and longer times, were up by almost a fifth on last year, representing $900 per feu.

“That signifies a true danger, where not only the service you are able to provide is spiralling downwards, but at the same time your costs are spiralling upwards,” Mr Rubens said. “That is an undesirable situation.”

But on top of the direct costs, there could be longer term effects on the entire supply chain, Mr Roemer said.

"A good organised supply chain has the goal of matching demand to supply subject to the least possible inventory, with just-in-time delivery," he said.

"A reliable, predictable and resilient supply chain with fast lead times adds value. But due to the current crisis the maritime supply chain has become extremely unreliable and is a nightmare for every supply chain manager."

The current situation should be temporary and must be resolved as soon as possible, he added.

"It is in the interest of all stakeholders to ensure that the maritime supply chain becomes more attractive again by ensuring more predictable, reliable and faster lead times. Otherwise there is a risk that trade will be lost for good."

But Hapag-Lloyd senior corporate development advisor Pyers Tucker said that container lines were doing all that they could to resolve the situation.

"This is not a new normal but an extraordinary situation we are in with the pandemic," he said. "It is in everybody's interest to return to a more normal, stable way of doing business."

To do that would require better demand forecasting throughout the supply chain, however.

"What we have seen over the past 10 months is more variation in demand than ever," Mr Tucker said. "It has been even more volatile than during the global financial crisis."

No one had forecast the forecast the massive change in consumer spending habits that had reversed the steady move from goods consumption to spending on service virtually overnight.

"Who, when the pandemic started, would have believed that demand for physical goods would go up by 6%-7%? The pandemic meant people were sent home but still had cash in their pockets through government support schemes. This mean there was income without the production of economic benefit so consumers still had cash despite GDP declining."

That cash could not be spent on holidays or eating out, so was spent on physical, containerised goods.

"No one foresaw that," Mr Tucker said.

"All of our customers back in March through to May were trying to cancel orders from Asia as fast as they could. We now know with hindsight that demand picked up."

Warehouses, that were no longer getting additional orders, were emptied out, he said.

"We then had growing demand, warehouses that needed restocking and the holiday peak season on top of that. It was a perfect storm."

Carriers had been able to arrange blank sailings, change deployment patterns and then reintroduce capacity, relatively easily, Mr Tucker said.

Capacity was now around 10% higher than it was last year, so there was no effort to reduce services now.

"What is a lot more difficult is getting the containers in the right place when there are these massive swings in demand," he said.

"For Hapag-Lloyd, the cost of repositioning empty containers is about 10% of our total costs. Getting our container positioning and demand forecasts wrong is massively expensive and difficult."

Moreover, demand for empties had been moving quickly, but it takes around two months to get an empty to the right location.

"A change we decided today will only have an impact in two months' time," Mr Tucker said. "But in two months' time, what will demand be?"

Uncertainty about demand next year remained higher, however, and there was little clarity on how long the current disruptions would last.

"The challenge we have is knowing what shippers are forecasting for their demand, which is then what freight forwarders will forecast for their demand, and therefore what carriers will need to provide. This is still massively up in the air."

Concerns over the progress of the pandemic and the removal of economic support programmes also added uncertainty.

UK container transport task force gathers as crisis deepens

THE UK has reconvened regular meetings with ports and deepsea container lines as unprecedented disruption engulfs the country's supply chains.

Amid widespread reports of extreme congestion at terminals preventing ships from unloading and loading containers in a single call, the Department for Transport has held talks with senior industry representatives in recent days.

However, the government has made it clear that it is not planning to intervene, arguing that this is a commercial matter between the ports and their customers along the supply chain.

The container transport task force was first put together during the UK's lockdown earlier in the year, when it was unclear how supplies might be affected by the fall-out from the pandemic.

Those invited to attend included senior representatives from Felixstowe, DP World's London Gateway and Southampton, Peel Ports. Maersk, Mediterranean Shipping Co, Evergreen, HMM, ONE, UK Major Ports Group, and the British Ports Association.

At that stage, however, transport systems continued to function fairly efficiently, and talks were suspended.

With the situation now rapidly deteriorating, the DfT called a meeting last week to review matters, and these are expected to be held every two weeks while the emergency persists.

As recriminations continue to fly about who is to blame for the gridlock, Felixstowe remains at the centre of the storm.

Moves per crane have dropped from about 120 an hour to less than 70, according to one source, partly reflecting labour shortages.

Consequently, container lines say they are no longer able to move cargo off and on a vessel in a single call because there is not space on the terminal which is seriously over-crowded.

"So ships have no choice but to cut and run," said a leading carrier that has told customers that during November, it can no longer collect empties that need to be returned to Asia.

With some shippers and forwarders diverting cargo to London Gateway and Southampton because of gridlock at Felixstowe, the congestion problems have spilled over to the two DP World facilities.

A severe shortage of truck drivers is compounding the crisis.

OPINION

Recognising maritime's unsung heroes

UNSEEN by most, but vital to everyone in the UK's lives, our merchant seafarers have always played an integral part of the fabric of this country, *writes UK Maritime Minister Robert Courts.*

Aiding us every day — but especially vital during times of war or crisis — these men and women are our unsung heroes.

As an island nation up to 95% of our imports and exports move across our high seas. That is why, to remember the sacrifices of the maritime heroes of the past and to recognise the incredible achievements of seafarers today, every year we award the Merchant Navy Medal to outstanding individuals who have gone above and beyond the call of duty.

This year, I want to shine a light on just a few people who have gone the extra (nautical) mile for the UK's maritime sector and are receiving this year's award.

First, there is Max Bingle, the youngest ever recipient of the reward. Despite the odds being against him and his crew mates, he saved three fellow sailors out at sea.

When he received the distress call, he drove out to rescue in rough waters in pitch black. It is thanks to his quick thinking where — in line with the highest maritime traditions — he put the lives of others before his own, that they are alive today.

We recognise Fazilette Khan for her passion for the environment. If there is one thing we all have in common it is that we share one planet, one ocean and it is our shared responsibility in maintaining clean, healthy coastal environments both for today and future.

Thanks to Fazilette's vigour, determination and creativity in designing ways for everyone to think about cleaning our beaches, picking up our litter before we leave our shores through specially nautically themed designed recycling bins, our beaches are cleaner.

We can hope that if others join her in this mission, our children might an inherit a healthier world than the one we live in.

We recognise Guy Platten, Secretary General of the International Chamber of Shipping, for a lifetime of outstanding service to the sector.

A lifetime of never accepting the status quo, but pushing the entire sector, from lifeboat services, to cadet training, to central Government during the crew change crisis to challenge 'how can we do things better?

Because thousands of seafarers — key workers who kept the country supplied during the coronavirus crisis — have been caught in a sea of bureaucracy. Countries closed their borders to stop the spread of coronavirus leaving seafarers stuck at sea, unable to return home to their families and loved ones.

To ensure their swift repatriation, we worked with individuals such as Guy to hold an International Crew Change Summit with the UN — securing international agreement on how to repatriate stranded seafarers swiftly and international recognition of crew members as key workers.

Its thanks to people like Guy and our partners across the sector, that we have worked together seamlessly to achieve this change. And we will continue to push forward to bring home the 400,000 seafarers who remain stranded.

These are just three names of 20 men and women receiving the medal this year. They are just 20 of thousands more unsung heroes who make up the fabric of our brilliant, selfless, skilled industry.

An industry without whom we would not have made it through the pandemic — and for whom we will continue fighting to make sure they get the protection and recognition they deserve on the international stage.

ANALYSIS

Coal trade on track for growth next year

COAL trade should see growth return in 2021 following a contraction this year as the coronavirus pandemic slowed manufacturing, while supply lines were shut in.

Economic activity is expected to at least start to get back to normal, even if the virus continues to impact daily life, according to consultant Drewry.

There will be a "robust" growth in coal trade in 2021, with increases in imports in several countries, mainly in Asia. Even the European Union is forecast to see imports rise to 87m tonnes from 71m tonnes this year, said maritime research analyst Rahul Sharan.

Thermal coal imports, for power generation, are projected to rebound by 5% to 991m tonnes, according to Drewry estimates. That compares with a 10% drop this year to 943m tonnes.

Coking coal imports, for steel-making, will meanwhile recover by 6% to 275m tonnes, compared to the 14% drop to 259m tonnes envisaged for 2020.

Maritime Strategies International also sees growth of about 9% next year to 1.265bn tonnes, underpinned by a recovery in Indian and European demand, which is at risk from further coronavirus restrictions and government policy shifts. Without this recovery, trade growth would be closer to 3%, the London-based consultancy said.

The increased trade flows should support the bulker market, especially panamaxes and capesizes, and to a lesser extent supramaxes.

Torvald Klaveness likewise believes global coal imports "are likely to record quite a positive growth" next year as global economies recover from the black swan event of Covid-19.

The company's head of research Peter Lindstrom noted that coal's share in the total dry bulk trade mix had dipped to 21% in the first nine months of the year from 24% in 2019, using its deadweight tonne-by-duration metric, which takes into account trade inefficacies. Measured by volume, coal's share was 27% in 2019 and 25% year to date.

Thermal coal was under "heavy pressure" he said in an outlook report, as investors pull out of coal-related companies in "fear of association, whilst local pollution together with global warming, is affecting the public's and policymakers' attitude towards coal negatively".

However, rumours about the death of coal have been "greatly exaggerated in our view", he added.

The sentiment was echoed by BIMCO's chief shipping analyst Peter Sand who said that "the end of coal will not be anytime soon".

Although peak demand was in 2019, coal has been stable over the last five years and would have seen growth this year had it not been for the pandemic.

He does not expect a "massive comeback" next year, but restocking efforts will stimulate trade as the world, excluding China, gets back to normal.

Brokerage Braemar is also a bit more on the bearish side, forecasting growth of just 2% next year, from a contraction of 8% this year.

Weaker demand in Europe, India, Japan and South Korea shape this year's slump, combined with protectionist policies from China, which has seen it ban coal imports from Australia amid a trade brawl.

Vietnam is one of the few bright spots, owing to both healthy steel production and growth in coal-fired power generation, Braemar's dry bulk analyst Nick Ristic said. "But, in the grand scheme of things, it is not enough to buck the global trend."

"We still see growth into other developing countries such as the Philippines, Bangladesh, and Pakistan, but these forecasted volumes have been trimmed pretty heavily due to the pandemic," he said, with Bangladesh, for example, scaling back its coal power ambitions.

Longer-term view — impact from shift to renewables

With the pipeline of new coal-fired power plants slowing over the coming years, and capacity closures in the developed world keeping pace, coal is facing some pressure, according to Klaveness.

"However, while we do believe that the net growth in coal fired capacity will slow down — both in percentage terms and absolute terms — we are less confident that we will see negative growth in the coming years," it said.

While developing countries in Asia are adding capacity, as is Turkey, Japan and South Korea should at least be stable given their project pipeline.

"Taken together we are quite confident that thermal coal imports outside of China and India will grow in the coming 3-5 years as the growth in Emerging Economies more than offsets the falling imports in developed economies, mainly the EU," it said, adding that the swing factors will continue to be China and India, that boast vast domestic reserves.

The move away from coal as investors and the public turn to greener energy sources will hurt trade, although renewables will not completely eat into coal's share as electricity use is forecast to increase by 50% in 20 years' time, according to BIMCO.

Demand for coal in power sectors could drop from 3,854 terawatt hours to 2,990 TWh, equal to a compound annual growth rate decline of 1.3%, which is "no drama" and reflects a gradual change in the making, it said.

The International Energy Agency said that renewable power is growing "robustly" around the world this year, contrasting with sharp declines for oil, gas and coal.

The Paris-based agency said that new capacity additions, namely wind and solar, in China and the US, will increase output to a record 200 gigawatts this year.

The pandemic "has catalysed a structural fall in global coal demand", it said, adding that its share in the 2040 energy mix is estimated to fall below 20% for the first time since the industrial revolution. About 275 GW of coal-fired capacity is expected to be retired by 2025.

LNG demand to 2040 needs $2trn in capital, says WoodMac

ALMOST $2trn in upstream investments will be needed to meet future liquefied natural gas demand until 2040, but this figure could be reduced by 65% if gas demand peaks earlier owing to increasing calls for decarbonisation, according to consultancy Wood Mackenzie.

Asia Pacific vice-president Gavin Thompson said: "We estimate almost $2trn of capital is needed to deliver this growth in supply." A scenario with an increased emphasis on decarbonisation, however, dramatically alters this outlook, with just $700bn of new investment required.

WoodMac's base case outlook projects some 200bn barrels of oil equivalent of new gas resource developments needed to meet demand during the forecast period, with the so-called 'Big 4' producers Qatar, the US, Russia and China accounting for 60% of it.

"Sustainable investment is booming and investor activism on carbon has gone mainstream as more fund managers embrace ESG [environmental, social and governance] screening," said Mr Thompson, adding that increasing scrutiny of LNG's carbon intensity is shaping investment decisions on future supply.

"The industry is at a critical juncture," he reiterated, pointing out that "investors are demanding project returns stay attractive at lower oil and gas prices just as companies are looking to address multiple challenges on carbon."

While maintaining that gas has a bright future and is an important transitional fuel, Mr Thompson said addressing the issue of emissions and carbon exposure is vital. "The gas industry of the future must become synonymous with ESG," he emphasised.

Wood Mackenzie believes developers and investors need to consider three key areas — investing in sustainability, increasing competitiveness, and embracing new sources of capital.

With sustainability becoming the mantra across the industry, carbon mitigation and ESG are increasingly at the heart of decision making, the consultancy said.

Meanwhile, to raise competitiveness, future portfolios must be founded upon the best assets, with suppliers needing to keep a sharp eye on costs as well as considering divestment and alternative ownership of assets. Developing innovative contracting and enhancing trading capabilities will also help.

Finally, the sources of capital are also seen evolving along with the gas markets. These include non-traditional and more diverse players who can also potentially help with gaining access to growth markets. These possible future sources of capital and ownership include China, sovereign wealth funds and equity funding.

MARKETS

Australia LNG exports boosted by winter demand

AUSTRALIA saw fewer delays to its liquefied natural gas shipments in October, a sign of winter demand picking up from the slump seen in the commodity market during the height of the coronavirus pandemic.

Australia-focused consultancy EnergyQuest estimated that 19 cargoes experienced delays in receiving final destination orders this month, including a dozen loaded from LNG export projects in the country.

This is out of 98 cargoes shipped from Australia in October and lower compared with 41 cargoes EnergyQuest assessed as delayed in June and another 35 in August.

Affected tankers were either spending time at anchorages or steaming around in circles.

The 174,000 cu m *Cesi Wenzhou* called at Australia's east coast Curtis Island on November 8 and is now heading back to Gladstone without having discharged its cargo, Lloyd's List Intelligence vessel tracking data showed.

The 136,000 cu m *Trader* called at Dampier along the west coast to load a cargo on October 25 after spending a couple of days at anchorage.

It was anchored off the port for another two days before making its way to Himeji, Japan.

A third tanker, the 170,000 cu m *Flex Amber*, left Barrow Island on October 28 laden with a cargo from Chevron's Gorgon LNG project, and is now at China's Weihai port, waiting for its final destination order.

The reasons for these delays remain unclear as at press time but Australia's LNG sector appears to have rebounded from a severe demand downturn triggered by the pandemic.

This coincided with a seasonal upswing for LNG demand in line with peak gas heating demand during winter in the northern hemisphere.

EnergyQuest estimated that Australia exported 6.7m tonnes of LNG or 98 cargoes in October, up from 6.2m tonnes or 91 cargoes for the same month a year ago.

China, Japan and South Korea accounted for a combined total of 82 cargoes from Australia, making up the bulk of the country's exports.

Almost all export projects in the country — mainly on its west coast and east coast — saw shipments stabilise or increase month on month in October, according to EnergyQuest.

Japan's Inpex-operated Ichthys LNG shipped 11 cargoes in October, down from 12 in September.

Shell's Prelude LNG, which has suspended operation, did not deliver any cargo.

The seasonal demand uptick, however, has led to a tightening in shipping tonnage available for spot trades.

One spot cargo initially meant to be fixed with Japan's Jera on delivered ex-ship terms, was eventually sold on free-on-board basis.

"Vessel availability fell sharply and Ichthys decided to sell the cargo on FOB [free on board] as Jera could easily secure a tanker," EnergyQuest noted, citing a third-party report.

Gard to hike premium volume by up to 5%

GARD is seeking to push up premium volume between 2.5% to 5% on last year's total of $442m, chief executive Rolf Thore Roppestad has confirmed.

The move would address current strains on the International Group pool and an underwriting deficit that almost hit $100m last year.

However, the blow to members of the world's largest P&I club — which covers more than a fifth of the world fleet by gross tonnage — will be cushioned by a 5% cut in estimated total calls for 2019, he went on.

The higher pricing will be imposed on a ship by ship basis rather than through a general increase.

The decision places Gard at the bottom end of the range of price increases so far announced by IG clubs, which include 5% at Steamship, 7.5% at West, 10% at Standard, and higher ship-by-ship pricing at Britannia, likely to hit high single digits in terms of percentage points.

The clubs see price jumps as necessary in light of the real-terms erosion of rate levels over a number of years, combined with falling investment returns and a spate of major casualties that has seen pool claims for the first six months of the current year hit an all-time high for the halfway stage.

Mr Roppestad stressed the ETC rebate will include a 5% reduction on calls for the 2019 policy year both this year and next. Effectively, that will reduce calls by $18m for two years in succession, keeping $36m in members' pockets, which will be welcome to shipping companies facing the challenge of coronavirus.

This giveback can be justified, even in the face of a hefty deficit at the moment, because it is only a few years since Gard earned more than $200m for two years in a row, he said.

The club's capital strength is well within the target zone designated by members, and that dictates the premium adjustments.

"Regarding the results, the main driver is a relatively limited number of large claims from the International Group pool," said Mr Roppestad.

Gard itself is on the hook for the total loss that followed a catastrophic blaze on board car carrier

Höegh Xiamen in July, as well as a proportionate share of major losses at other clubs.

"This is a volatile market, sometimes we have large claims and sometimes we have very few large claims," he said. "This is just random variation. July and August are normally very quiet claims months, but this year we have had a number of large claims hitting us in this period."

In general, owners are still doing a good job in keeping claims relatively low. Nevertheless, there will be an increase of between 2.5% and 5%, and this strategy has been decided without reference to pricing at other IG clubs.

"We are focusing on getting the pricing right for Gard, and we don't worry too much about what other clubs are doing," said Mr Roppestad.

Skuld's Ståle Hansen, Mr Roppestad's counterpart at Norway's other P&I club, recently expressed the opinion that the number of IG affiliates will fall from 13 at present to around six or seven in five years' time, as the result of a process of consolidation.

Mr Hansen even described Skuld as open to dialogue on the question.

Mr Roppestad took a more subdued stance, saying: "I would go for a coffee with any International Group CEO, definitely. But Gard has no plans to actively drive any consolidation.

"We already have a market share we are comfortable with. We are by far the largest club in the group. There might be some consolidation among other clubs, but we will not drive consolidation within the group, at least within the short term."

IN OTHER NEWS

Alliance formed to advise maritime start-ups

CORPORATE innovation and venture development firm Rainmaking has launched a maritime innovation advisory network for Southeast Asia with more than 30 industry leaders called Ocean Ventures Alliance.

The executives on board include Bahri chief technology officer Chakib Abi Saab and Klaveness Asia director Punit Oza.

"Ocean Ventures Alliance comes at a timely juncture in Southeast Asia's maritime history," said Rainmaking director Shaun Hon. "Coronavirus has shown that innovation is critical across global supply chains and establishing a global alliance with the right legacy and entrepreneurial minds will not only spark fresh ideas but catalyse change through strategic implementation.''

Chinese lessors urged to embrace green ship finance

CHINESE leasing houses have been challenged to put more emphasis on decarbonisation initiatives as the need to build emission-free ships becomes a greater priority.

Lessors should join banks in the Poseidon Principles, which obliges signatories to regularly report on how their portfolios align with global reduction targets for greenhouse gas emissions, according to two major finance institutions.

"The lessors will play a very important role in the environmental issues." said James Tong, head of global Shipping and logistics of Asia Pacific and Japan at Citi.

D'Amico optimistic amid product tanker downturn and vaccine hopes

PRODUCT tanker owner d'Amico International Shipping believes it is well equipped with ongoing market downturn as the coronavirus hinders its prospects.

New lockdown restrictions being imposed by governments in Europe are presenting further headwinds for the product tanker market in the near term, said chief executive Paolo d'Amico.

"These developments will negatively affect oil demand and are likely to postpone the freight market recovery and the decrease in inventories (both on land and floating), required for a sustainable market recovery," he said in the company's third quarter report.

Greek tanker collision death toll rises

THE death toll from a collision this week between a Greek oil tanker and a Turkish fishing boat has risen to five.

The fishing boat *Polat Bey 1* and Greek-flagged, 164,732 dwt *Ephesos* collided about 15 nautical miles south of Karatas, in Adana province, at 0550 hrs on November 11.

A search with four Turkish coast guard boats, a team of divers and a reconnaissance plane belonging to the General Directorate of Security has been called off.

Indian crew caught up in China's Australian coal row

A BULK carrier with 23 Indian crew on board has been stuck at a Chinese port for almost five months waiting to discharge Australian coking coal.

The 179,250-dwt post panamax carrier *Jag Anand*, owned by Indian owner Great Eastern Shipping, loaded cargo in Gladstone in Australia on May 25 and arrived at the port of Jingtang in North China on June 13 this year, according to Lloyd's List Intelligence vessel movement data.

Jag Anand has been waiting at anchorage ever since, and the delay in berthing has been attributed to the Chinese customs authorities not granting import clearances.

Safe Bulkers eyes acquisitions to renew fleet

SAFE Bulkers, the Cyprus- and Greece-based dry bulk carrier owner, is eyeing fleet renewal with vessels that will meet new reduced emission standards.

The company underlined its intentions as it reported better-than-expected financial results for the third quarter and three weeks after agreeing to acquire a kamsarmax newbuilding to be delivered by a Japanese shipbuilder in 2022.

The quarter saw New York-listed Safe eke out net income available to common shareholders of $75,000, or breakeven on an earnings per share basis, compared with analysts' consensus expectation of a $0.04 loss per share.

Teekay Tankers predicts challenging months ahead

TEEKAY Tankers, the Canadian owner, expects a challenging few months ahead citing the potential for uncertain virus conditions to temper a seasonal rise in spot rates.

The company said an expected rise in Libyan crude production from 0.1m barrels per day to 1m bpd in the fourth quarter of 2020 could be offset if lockdowns in key economies reduces demand.

Tanker demand would continue to recover next year as the oil market returned to normal, but this depended on how the pandemic evolved, it added. But scrapping could pick up with low spot rates and the return of breakers to full operation, and the tanker orderbook was expected to stay low.

Yang Ming names new president after profitable quarter

YANG MING Marine Transport has appointed Patrick Tu as its president as part of a management reshuffle.

The Taiwanese carrier said Mr Tu will also serve as its chief operating officer.

He joined Yang Ming in 1992 and held various senior positions. He became chief strategy officer and vice executive president earlier this year.

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.

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.

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**.


29
31
39