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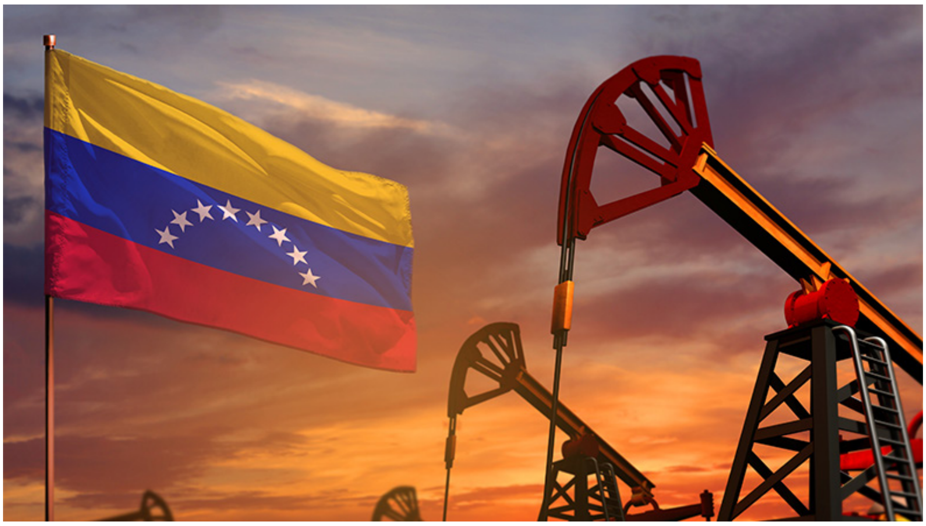
Resold China-flagged tankers lift first Venezuelan cargoes in six months



TANKERS FLYING FLAGS of China and Vietnam have resumed shipping sanctioned Venezuelan crude, often switching off vessel-tracking signals to obfuscate the cargo's origin and destination.

The China-flagged very large crude carriers *Xing Ye* (IMO 9590058), *Yong Le* (IMO 9623257) and *Thousand Sunny* (IMO 9623269) are among at least a dozen tankers known to have been quietly sold on the sale and purchase market during the past six months to anonymous or unknown owners, who then immediately sail them to Venezuela to load.

The VLCCs were formerly owned by China's National Petroleum Corp, known as PetroChina, and changed ownership between July and October, Lloyd's List Intelligence data shows.

"The three PetroChina tankers are the first Chinese ships picking up crude in Venezuela since the Russians, via Rosneft Trading, stopped acting as a cover for China deliveries and pulled out of Venezuela in March," said Russ Dallen, head of Miami-based Caracas Capital Markets.

Xing Ye and *Thousand Sunny's* most recent Automatic Identification System signals were in Venezuelan waters near Puerto La Cruz and the Jose terminal 10 days ago, where the vessels were presumably loading and then sailing for the Pacific region.

They had arrived after spending several days around the coast of Dutch Caribbean islands, areas where national oil company PDVSA is known to have oil storage tanks and has undertaken ship-to-ship shipments previously.

Xong Le is in the Indian Ocean sailing past Mauritius and presumed sailing for Venezuela.

The Vietnamese-flagged *PVT Aurora* (IMO 9508938), a handysize tanker, loaded in Venezuela on November 20 and is now sailing for Curacao.

Unlike other tankers, *PVT Aurora* and *PVT Athena* (IMO 9208136) have not been sold and remain owned by Petrovietnam, since last November, Lloyd's List Intelligence data shows.

PVT Athena appears to have undergone an STS transfer on November 21, off Malaysia's Sungai Udang anchorage area and sailed for the South China Sea, switching off its AIS two days ago.

OT Helene (IMO 9143532) and *OT Kristina* (IMO 9169512) are aframax product tankers sold in August, again to unknown owners and reflagged to St Vincent and the Grenadines before sailing to Venezuela or nearby regions to load.

OT Kristina was signalling in waters off Trinidad and Tobago, before sailing laden on November 11 and is now in the south Atlantic and heading around the Cape of Good Hope. *OT Helene* is in the Strait of Singapore with a cargo of Venezuelan crude.

Sales and purchase brokers have noted the trend of elderly tonnage being bought for opaque trading purposes, at the same time as scrapping rates for tankers is at the lowest in 23 years.

The prices paid are higher than owners can receive for scrapping, keeping the global fleet inflated at a time when a tonnage surplus has spot rates on many routes at levels around operating costs.

Sale and purchase brokers said Middle East and Chinese buyers were known to pay inflated prices for elderly tankers in some of the 2020 deals, with the vessels later undertaking sanctions-busting business.

Lloyd's List revealed yesterday that Greece-owned tankers, including five from the fleet of the Gotsis family's Eurotanker management group were also sold to anonymous owners before loading sanctioned Venezuelan crude cargoes in the past eight weeks.

The development is the latest sanctions evasion technique to circumvent strict US monitoring of crude exports from the South American country, and mirrors those also used by Iran to maintain flows of crude and fuel oil in the Middle East Gulf.

The US imposed sanctions on Russian traders earlier this year, which Mr Dallen said were being used by Venezuela's PDVSA as an intermediary and "a beard" to disguise sales to China.

Sanctions were briefly imposed on four Greece-owned tankers in June owned by prominent Greek families, which had shipped 80% of Venezuelan crude until then.

WHAT TO WATCH

Starved shipbuilders offered ray of light

ORDER-thirsty shipbuilders have seen a glimmer of hope recently, with a strong undercurrent of business activity. Yet that is still not enough to brighten their prospects.

One beam of light comes from the sizzling container shipping markets as owners, emboldened by stellar financial results this year, are returning to the yards.

"New orders have increased based on profitability. In particular, large-scale [containership newbuilding] projects that were suspended for a time have been restarted," said Daewoo Shipbuilding & Marine Engineering in its latest presentation to investors.

The Seoul-listed builder recently confirmed a contract from Zodiac to build six 15,000 teu ships worth about $650m.

Brokers have reported more pending deals, including a batch of newbuildings of similar sizes from Evergreen and Zim, as well as a series of 23,000 teu vessels from Mediterranean Shipping Co and Hapag-Lloyd.

They also foresee orders in the smaller neo-panamax boxship segment. That was echoed by DSME's domestic rival, Samsung Heavy Industries.

"Replacement demand for [10,000 teu] containerships with eco-friendly technology is expected," the company said.

Yard sources in China said they are competing fiercely against the Korean and Japanese builders, with everyone having a burning desire to grab at least a slice of the ordering bonanza.

And buyers' appetites appear to go beyond just box shipping.

This was highlighted in the tanker sector by the 10 very large crude carriers placed at Hyundai Heavy Industries and its affiliate, which "came as somewhat of a surprise, given the prolonged bearish mode from the side of freight earnings", said Allied Shipping Research.

Tanker markets are not expected to return to normal until the 2021 northern hemisphere autumn or winter, DHT Holdings co-chief executive Svein Moxnes Harfjeld said recently, citing uncertainties created by "Covid-19, peak oil and propulsion technology".

However, the orders, said to be backed by Chinese venture capital, have reflected that some investors still see potential in this market.

After all, many believe China's demand for crude will continue to bolster trade in the commodity in the next decade, while the age of the tanker fleet means that much of the old tonnage will soon be scrapped and need to be replaced.

According to Lloyd's List Intelligence data, more than 25% of the crude tanker fleet is 15 years or older. The tally for VLCCs is about 22%.

Dry bulker orders

Elsewhere, quite a few orders for dry bulkers have also been reported, most of which were clinched by Chinese yards. It is perhaps worth noting, though, that the low-lying ship price is also a key driver behind the latest rise in ordering momentum. That is a risk for shipyards.

"The reported contracts... do not reflect the underswell of activity. Yards are busy trying to fill the last slots that can be signed up within this year," said shipbroker Braemar in a report. "Prices are still low, especially where early slots are being filled."

DSME's filing shows that the Zodiac newbuildings are only $108m apiece. That is not much different to the level that its Chinese rivals, known for their price competitiveness, can offer.

The attractive pricing is probably also a big reason for the Chinese fund money to flow into tanker shipping at the moment, as it reduces the risks of holding the assets.

Xu Gang, chairman of Sumec Marine, a state-owned Chinese builder, grieved over the current value for fresh tonnage in a recent ship finance conference in Shanghai.

Describing yards as "running nakedly", he suggested the price level is far too insufficient to cover the shipbuilding costs.

Low-priced orders are a palliative move, making shipbuilders' annual sales targets look better than expected and offering a cushion in the otherwise still thin orderbook. Yet they are also a slow-acting poison that can lead to losses.

And this time, the risks could be significantly amplified by the weakening US dollar.

The devaluation of the greenback literally reduces yards' revenue, as most of their costs are based on local currencies.

China-based, Singapore-listed Yangzijiang Shipbuilding, for example, reported a foreign exchange loss of about Yuan367m ($56m) in the third quarter from translation of US dollar bank deposits and dollar-denominated shipbuilding construction contracts.

While a bet can be always made on an appreciation of the dollar in the next two to three years upon vessel deliveries, there are great uncertainties.

A recent forecast by Citi Bank that the availability of vaccines to combat the viral pandemic and ongoing monetary easing could cause the dollar to weaken by as much as 20% next year sent out no good signals.

Even with the price incentives and owners' returning confidence underpinned by improved freight markets, newbuilding markets for next year are likely to remain lacklustre.

The uncertainty about new emission rules and future marine fuels seems like the Sword of Damocles that hangs over owners' heads. It keeps reminding them of the risks that any newly delivered vessels today can become obsolete in the next five years — and that can result in a sharp decline in asset value.

As a key to a profitable newbuilding venture, owners should, when ordering, incorporate the liquefied natural gas-fuelling system into the vessels — or, "at the very least, prepare new ships for future easy conversion in future".

Yet the brokerage was surprised by "how few of the orders this year are truly flexible to enable future conversion to alternative fuel use".

Perhaps it is small wonder that most owners have been reluctant to go down that path. Apart from the extra cost and lack of infrastructure readiness, LNG is still viewed as a temporary solution to shipping's decarbonisation problem before the cleaner fuels become available.

Until that picture becomes clear, the shipbuilding industry may remain struggling to expand its backlog and break even.

And it must keep trimming excess capacity while gearing up for the development of zero-emission ships.

Offshore wind needs $12bn of investments in new vessels

OFFSHORE wind is garnering a lot of attention, pegged at the fastest-growing energy source.

While Europe has been active in the space for two decades, several projects off the east coast of the US await permitting, while countries in Asia such as Taiwan are also looking to wind for future power generation needs. China is expected to dominate the trend up to 2030.

For maritime, current vessels deployed, which have been used in the oil and gas sectors, are not sufficient for future wind needs, providing an opportunity for shipowners to get in on the action.

"It is super-exciting yet highly complex," said Frederik Colban-Andersen, head of offshore renewables at Clarksons Platou. "It is not your everyday shipping and offshore segment."

Demand for wind turbines, which are growing ever bigger, will outpace the vessels needed to install and maintain them over the next 10 years, according to his estimates presented in a recent Marine Money virtual forum. By 2025, there will be a deficit of 10 wind turbine installation vessels worth more than $2bn alone.

The current fleet of about 450 vessels of all types is estimated at €11bn ($13bn), of which 150 are heavylift vessels, while the rest are made up of smaller types of support vessels.

Foundation installation vessels amount to 18, with six on order, while there are 16 wind turbine installation vessels in operation, with about four firm on order, and about three potential.

Very few vessels can cater to the new larger wind turbines being built in deeper waters and reaching higher up in the air to capture the superior wind streams.

New vessels are needed to cope with the expected increase in demand, said Oslo-based Mr Colban-Anderseno. About $12bn in investments will be needed for the next generation of wind-related vessels over the next five years.

Twenty-five thousand wind turbines are expected to be produced by 2030 from 6,000 today, he noted.

Financing for infrastructure-related projects might be easier to come by, industry sources said, but wind projects have green credentials which are attracting more and more investors.

"The offshore wind market is massive," said Karatzas Marine Advisors head Basil Karatzas.

Some private equity funds have raised about $10bn for green technology, clean vessels this year alone, he said, adding that banks can get credit from central banks for green vessel projects.

"People are trying to find good green projects to finance," he said. "There is appetite for these types of investments."

In recent months, a couple of companies have successfully listed on the Oslo exchange's Merkur market.

OHT, which listed at the end of September, raised NKr542m ($60.6m) through a private placement to finance new custom-built semi-submersible offshore wind foundation installation vessels. The placement was said to have attracted strong interest.

Swire Blue Ocean, a unit of Swire Pacific Offshore, rebranded as Cadeler ahead of an expected launch this quarter.

The well-reported new player in the space is Scorpio Bulkers, which said in August it would transition to the offshore wind sector in which it saw opportunities. By September, it had started selling off its bulker fleet to concentrate solely on wind. It will look to exit the dry bulk market by the first half of next year or sooner.

The company had signed a letter of intent with Daewoo Shipbuilding and Marine Engineering in

South Korea for a next generation wind turbine installation vessel at a cost of up to $290m, including cranes, with an option for a further three of similar specifications.

The first vessel, which was due for delivery in 2023/2024, required no significant payments for the next two years, it said, adding that it had several options for financing, including export credit agencies in South Korea.

David Morant, managing director of Scorpio UK said returns for investors would be “more predictable” than in dry bulk, in the region of 15% to 20%.

According to Clarksons, day rates for a wind turbine installation vessels was between $100,000-$200,000 per day, against operating costs of $30,000 per day, and a construction cost of up to $320m. Foundation installation vessels could fetch more on the upper end, while smaller vessels could fetch up to $50,000 per day.

With the US seen as a frontier market, Mr Morant said it was a natural place for it to operate in, as it was US-listed, with senior management stationed there.

But the US is bound by the Jones Act, which means vessels have to be built there. However, the cost of building in the US was double or triple that of Asian yards, providing a potential bottleneck.

Legal sources said it was possible for joint venture companies to take part in the new market provided that 75% of the business belonged to a US citizen. The vessel could be chartered out to foreign projects, provided they were not on bareboat charter.

Some in the finance world were attuned to the risks associated with the new sector, however. The higher risks would therefore command higher interest rates.

New vessels would need to have long-term contracts attached for them to be considered, rather than speculative ordering, they said.

OPINION

We’re driving to zero carbon, not zero humanity

SHARED goals demand shared effort, *writes Christopher Wiernicki, chief executive of the class society ABS*.

That is especially true of the decarbonisation of the maritime industries, where the goals are so complex, multidisciplinary and long-term that they can only be achieved through co-operation across generations as well as across business sectors. In that sense, the effort of reaching our industry’s environmental goals for 2030 and 2050 can be likened to a team sport.

And yet ours is a highly competitive industry where sharing information is not the norm and true co-operation is not easy to come by.

One hard look at the history of the Common Structural Rules, the reformation of the tanker sector or the evolution of any significant IMO convention will tell you that.

This makes the decarbonisation journey rather like an all-star game, in that it calls upon competitive stakeholders to contribute their best talents and team up against a common enemy; in this case, the foe is a technology challenge and the prize a sustainable footing for shipping.

It is fortunate, then, that the paths of decarbonisation and digitalisation have now crossed and begun running together. The analytical and knowledge processing capabilities needed to develop alternative fuel technologies are direct products of the evolution of digital technologies.

Indications today are that the 2050 challenge will likely have a hybrid solution driven by four primary levers: development of alternate fuels; progress in technology improvement; greater focus on operational efficiencies; and the impact of policy.

In the case of alternate fuels, ABS has broken this down to three distinct pathways forward: the light gas pathway, which runs from LNG to methane and, ultimately, hydrogen; the heavy gas or alcohol pathway, which starts with LPG or methanol and ends at ammonia; and the middle path, where we see biofuels and synthetic fuels.

In all likelihood, the fleet of the future will be fuelled from a basket of choices, including oil, that will be selected depending on the owner's operational preferences.

Still, the only thing that's certain about the future is that it will surprise us. Innovation, invention and the accumulation of knowledge and experience change our reality on an almost daily basis.

Whatever lofty future goal we pursue, it's important to remember that policy and technology are only part of the solution. No policy, no technology, no system can deliver a better industry without the right people on the front lines living the changes and making it happen.

That means properly trained and educated crew, operating in a safety-first atmosphere and strictly following clear and well-thought-out procedures.

That formula of crew training, leadership support for safety and vigilant adherence to sound procedures by all parties has been a core principle in the maritime trades for centuries.

Today, with the Safety of Life at Sea Convention as the regulatory cornerstone, I expect the IMO will need to update the convention to account for the many and complex human element challenges presented by alternate fuels, new technologies and onboard digitalisation.

Further, I think the industry will, out of necessity, come to see the International Safety Management Code as both the safety framework of the future and a pillar of the decarbonisation journey.

As we focus on industry sustainability objectives through the digital lens — that is, on the speed and efficiency with which solutions are developed, targets met and results produced — we can lose sight of the people involved in those tasks.

When that happens, when we forget about hard-to-quantify performance factors like morale, fatigue and motivation, we unintentionally sow the seeds of a future human element-related disaster.

So, in reaping the benefits of the enhanced efficiencies and operational streamlining that digital technologies make possible, we must never forget that we're driving towards zero carbon, not zero humanity.

ANALYSIS

Marine insurance outlook in two words — more expensive

THE outlook for marine insurance in the year ahead can be summarised in just two words: more expensive.

There is no need to even consult a crystal ball for P&I. At the time of writing, the majority of International Group affiliates had already revealed their hands, and almost all are seeking increases in the range of 5% to 10% at the next renewal round, which finishes on February 20, 2021.

The outlook is even worse for hull and machinery, with brokers predicting that hull rates will go 10%, 15% or even 20% higher, according to Insurance Day, the sister publication of Lloyd's List.

It is important not to over-simplify here. There will be extensive adjustment by loss records, with owners whose records are deemed adverse likely to find themselves asked for even more than that.

On the other hand, reaching insurance contracts is a two-way process, especially for those whose fleet size gives them bargaining clout. Insurers are prepared for pushback, especially on double-digit asks.

A rule of thumb — confirmed privately by one P&I club chief executive — is that clubs often only achieve around one-half to two-thirds of the increases for which they ask.

That was born out by practical experience last year, when the going rate for announced P&I increases was 7.5%. The outcome, in the words of one broker "more like three, three and a half-ish" in the real world.

It is also difficult to translate percentages into real money, given the wider variance between vessels. But the rule of thumb is that it equates to at least one dollar in every ten bucks an owner spends on opex, and often more, making it a major overhead.

What we know so far is that announced P&I club GIs run from 5% at Steamship and the American Club to

7.5% at West and as high as 10% at Standard, the UK Club and North.

In addition, two clubs have said they will seek additional premiums via ship-by-ship pricing, with Gard aiming between 2.5% to 5%. Britannia has confirmed that it is seeking high single digits in terms of percentage points.

The basic case is the real-terms erosion of rate levels over many years, combined with falling investment returns in a period in which markets were spooked by coronavirus, which will see free reserves take a hit.

There has also been 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.

Marine hull has been a perpetual loss-maker for the past two decades, and recent years have been marked by the sentiment that firmer pricing was only a matter of time.

One catalyst has been the Lloyd's Decile 10 programme, essentially a shakeout of underperformers that saw dozens of hull insurers pull out of hull, significantly reducing capacity.

So far, expectations of dramatic hardening have been confounded. A presentation at the virtual International Union of Marine Insurance conference in September revealed that global ocean hull premiums in 2019 reached $6.9bn in 2019, a gain of only 0.2% on 2018.

But this year, the process has been given added impetus by the coronavirus pandemic and subsequent economic downturn, as well as ongoing natural catastrophe losses, which have added to the pressure on the insurance market as a whole.

Rising reinsurance rates will also add to the pressure on primary writers to increase prices.

"Many underwriters are still complaining that they are not making money on the portfolio, so I expect to see rises continue globally, but perhaps levelling off in 2021," said Marcus Baker, global head of marine at broking giant Marsh JLT Specialty.

He also expects the impact of the behavioural analytics and data providers will come to the fore, leading to greater accuracy in pricing.

MARKETS

A grain of hope for supras and handies

AUSTRALIA's wheat exports to Southeast Asian countries is expected to significantly benefit demand for supramaxes and handysizes, partly offsetting the negative from the Chinese coal ban.

The first shipment of grain from this year's bumper New South Wales wheat harvest is set to leave the port of Newcastle on Tuesday, bound for Vietnam.

This is the first major export volume of the product since 2018, following a prolonged period of drought across the Port of Newcastle catchment area.

Lloyd's List Intelligence vessel tracking data shows that the 2015-built, 37,503 dwt vessel *Ince Point* is scheduled to reach Ho Chi Minh City on December 10.

"After two days loading at the National Agri Terminal in Carrington, the ship departs for Vietnam as the first of what could be up to 60 ships carrying wheat to global markets," Port of Newcastle said in a statement.

The next wheat shipment is due to depart by the end of November, with the peak expected in early 2021, it added.

According to data from the Australian Bureau of Agricultural and Resource Economics, Australia is set to produce 28.9m tonnes of wheat in 2020–21, up 90% from the previous season, on the back of favorable weather.

The forecast is similar to one the US department of Agriculture had made earlier, which suggested an increase in production by 27.5m tonnes, with total production being 28.4m tonnes in 2020–2021. The Australian wheat marketing year runs from October through to September.

Meanwhile, wheat exports for 2020–21 are put at 17.9m tonnes, up from 10.1m tonnes the previous year.

With China expected to ban imports of Australian wheat because of the escalation of tensions between the two countries, Australia is now looking towards other markets in Asia — Indonesia, Vietnam, Japan, the Philippines and South Korea.

Australian wheat exporters could also benefit from the Indonesia-Australia Comprehensive Economic Partnership Agreement, which came into effect in early July and offers a zero-import tax for 500,000 tonnes of Australian feed grains, including wheat, for the first year of the agreement.

Europe's box ports still suffering from lower volumes

NORTHERN Europe's major box ports are still suffering from reduced volumes and have yet to benefit from the recovery that has provided a large financial boost to their container line customers.

Figures from Hamburg show container volumes came in at 2.3m teu for the three months to the end of September, taking the total for the first nine months to 6.3m teu, down 9.9% from 7m teu last year.

Developments in container traffic in the first three quarters of 2020 varied among the Port of Hamburg's 10 most important trade partners, but positive developments in trade with other countries could not make up for the 11.3% drop in volumes from China, the port said.

"We have seen a stabilisation in the development of throughput since July and with it a lower overall decrease in seaborne cargo handling in Hamburg," Port of Hamburg Marketing joint chief executive Axel Mattern.

"The reasons can be found in the lower rate of infections during the summer and the resulting easing of measures to check the pandemic, along with shipping to fill up stockpiles for the Christmas trade."

Co-chief executive Ingo Egloff said there had been surprisingly positive developments in container trade with the US, despite the effects of the pandemic there, and that there had been a surge in traffic with the UK ahead of the end of the Brexit transition period.

But these alone were not enough to repair the damage done earlier in the year.

"Despite the recovery since mid-year, we will not be able to reach the high level achieved last year," Mr Egloff said. "But developments since July give reason to hope that we will show just single-digit losses at the end of the year."

In Rotterdam, chief executive Allard Castelein warned that it was still too early to determine whether the worst was over for the port in economic terms.

The multipurpose port complex saw total throughput across all sectors fall by 8.8% in the first nine months of 2020, mainly driven by lower crude and dry bulk imports.

Other segments, however, were showing stronger performance, with a "clear increase" in container volumes in the third quarter compared to the preceding quarter.

Nevertheless, container throughput for the first nine months was down 5.7% to 5.5m teu.

"I am heartened by the revival of international trade flows and the resilience of our economy, in which the rate of recovery naturally depends to an extent on further developments in the pandemic," said Mr Castelein.

"The Port of Rotterdam Authority, the Dutch government and companies in our port will be able to give our economy a kick-start by stepping up their joint pace of investment."

Antwerp has also seen an uptick in container volumes in the third quarter of the year, with volumes hitting 1m teu in September for the first time since April.

"Container traffic remained almost unchanged on an annual basis, down 0.2% in teu compared to last year," it said. "The number of blank sailings has been declining since August. Shipping companies are also organising extra runs outside the regular sailing schedules, which is largely compensating for the effect of the blank sailings."

Antwerp chief executive Jacques Vandermeiren said the impact of the standstill of the global supply chain as a result of the pandemic could still be felt, however.

"The prospect of Brexit also leads to uncertainty in the market," he said. "Thanks to container traffic picking up, the impact on the total throughput in Antwerp remains limited. This year will certainly not be a record year like the past seven years, but thanks to our resilience and container handling we are able to limit the damage."

Over the first nine months, Antwerp reported the least decline in container volumes after handling 8.8m teu, down only 0.1% on the corresponding period in 2019.

More P&I clubs weigh in with general increases

TWO more International Group affiliates have announced their pricing intentions for the next renewal round, with North seeking a 10% general increase and the American Club opting for 5%.

North said the move was necessitated by the likelihood that its combined ratio will top 110% this year, and in addition unveiled a 5% GI for freight, demurrage and defence cover.

The American Club — which is also putting 5% on FD&D — argued that its increase represents the minimum required to bring premium volume into line with potential exposures.

The decisions place the marine mutuals at opposite ends of the range that has emerged as the going rate for 2021, which runs from 5% at Steamship and 7.5% at West to 10% at Standard and UK Club.

In addition, two clubs have said they will seek additional premiums via ship-by-ship pricing, with Gard aiming between 2.5% to 5%. Britannia has not specified a target but confirmed will that the hike likely to hit high single digits in terms of percentage points.

The clubs see tougher pricing as necessary in light of the real-terms erosion of rate levels over several 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.

In a circular to members — available on its website — North said that pool claims by aggregate value were at their highest for 25 years, and the ongoing erosion of premium rating had reached a level that is no longer sustainable.

In addition, the impact of the coronavirus on markets meant that the club could no longer anticipate the same returns on investment seen in previous years, and a projected technical underwriting deficit topping 110% would hit free reserves.

"Corrective action to increase premium rating levels to a sustainable standard will be required to halt any longer-term decline in capital and to preserve the financial equilibrium of the club," it added.

Members can therefore expect a 10% GI and any adjustment necessary on account of changes to the cost of pool cover, and those with adverse loss records can expect to pay more. FD&D rates will be upped by 5% for both mutual and fixed premium insureds.

In addition, all owned deductibles below $25,000, apart from those relating to crew and other people-related claims, will be increased by a minimum of $1,000.

The rise in the value of crew and other people-related claims during the past two years requires these deductibles below $25,000 to be increased instead by a minimum of $2,500.

The American Club has told members it is also going with a deductible hike, with deductibles in all classes of $10,000 or less jumping by $1,000 on February 20, and deductibles above that threshold rising 10%, subject to a cap of $15,000. Its underwriters may also decide on fleet-specific deductible increases.

A statement from the mutual offered similar justifications to other IG clubs, pointing to the deleterious impact of the coronavirus on world trade and the high level of pool claims, even though it has not itself brought a pool claim since 2016.

Against this backdrop, the club's fixed premium facility Eagle Ocean Marine had done well, with premium growth of 16% compared with the same point last year, which was itself a record.

IN OTHER NEWS

UK shipping backs IMO market-based measures talks

THE UK Chamber of Shipping wants regulators to begin discussing market-based measures for shipping emissions as soon as possible. But it also warned the priority should be setting up the industry-backed $5bn research and development fund.

The chamber's policy director Peter Aylott said the measures, which could include carbon tax, a bunker levy or other measures, would likely be very complex and would thus benefit from more time for their consideration by governments at the International Maritime Organization.

"There is always an advantage to starting the debate early because there is a long way to go with market-based measures," he told a media briefing.

Containership runs aground in Singapore Strait

A WELL-KNOWN rock just off the eastbound lane of the Singapore Strait is living up to its name with a second vessel grounding there in six months, late on Sunday.

Technomar-owned 5,500 teu containership *Tina 1* ran aground close to Batu Berhanti Beacon and in the process also hit the stern of the sanctioned Iran-flagged containership *Sharaz*, which had run aground in the same spot just off Indonesia's Batam Island in May, according to Lloyd's List Intelligence. "Berhanti" means stop and "batu" typically refers to a stone or rock in Indonesian.

No oil spill was reported. Indonesian authorities also initially dispatched two patrol boats to monitor the grounded vessels and redirect passing vessels in the busy strait.

Habben Jansen and Nixon to co-chair World Shipping Council

THE World Shipping Council has named Rolf Habben Jansen and Jeremy Nixon as joint chairmen of the organisation, filling the role being vacated by Ron Widdows.

The organisation, which represents the interests of the major container lines announced Mr Widdows retirement from the role in October, saying he would step down following the election of his successor.

Mr Habben Jansen, chief executive of Hapag-Lloyd, and Mr Nixon, chief executive of Ocean Network Express, will take up their position with immediate effect.

Hong Kong well positioned but dependent on external forces

HONG Kong has always been dependent on free and open global trade for its future and will need to rely on as well as balance the role it plays in relation to mainland China.

That was the view of panellists at the Lloyd's List Hong Kong Ship Finance & Law online forum, which emphasized the city's strengths but also acknowledged that as a small, open trading economy, much of its fate depended on the external environment.

A slew of geopolitical developments as well as recent policy moves are seen having an impact on Hong Kong's role as an international maritime centre.

Noble Corp debt restructuring clears path to US bankruptcy exit

A US court has approved offshore drilling contractor Noble Corp's Chapter 11 restructuring plan, clearing its path out of bankruptcy.

Noble Corp filed for bankruptcy in Texas on July 31 with about $4bn in bond debt as low oil prices and the coronavirus pandemic battered an industry already struggling with too many rigs and too much debt.

Judge David Jones approved its plan to swap its bond debt for equity last week, with bondholders to put up $200m in second-lien notes and a $675m secured credit facility.

Singapore Strait thefts on the rise

SINGAPORE's piracy watchdog has reported a rise in thefts from vessels on the Singapore Strait.

There were 33 incidents reported in the year to November 20 — 10 more than for the same period in 2019, according to the Regional Co-operation Agreement on Combating Piracy and Armed Robbery against Ships in Asia. That compared with 31 incidents in total reported last year.

Most incidents were unarmed thefts with no harm to crew, but ReCAAP was "seriously concerned with the continued occurrence of incidents in the Singapore Strait".

Classified notices follow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