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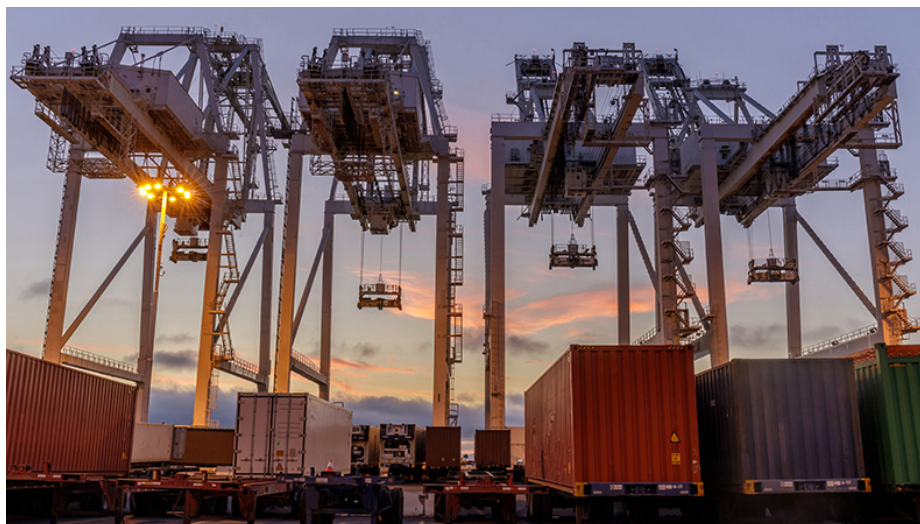

CHINA'S MINISTRY OF Transport has defended carriers' reasoning when responding to a shipper's complaint about skyrocketing container shipping costs, but has said it will tighten its scrutiny on carriers' pricing practices.

The move followed a September meeting held by the Chinese regulator and participated in by a slew of container lines, which had attempted to curb freight rates. This effort largely failed amid a pandemic-disrupted market.

While the last "consultation" had led to increased sailings on long-distance trades, such as China-US, rates on Southeast Asia routes had kept rising, a Guangdong-based trader wrote in a message left on the government website recently. "Hope the state will stabilise the shipping rates," the person said.

In response, the transport ministry said the mark-ups were partly because of a rapid growth in shipping volume since June last year, with drivers including the restoration of China's production level and the recovery of buying demand in large consumer countries.

"The short-term mismatch between vessel supply and demand remains despite carriers' measures to reinstate blanked sailings, improve the density of services and replace smaller vessels with bigger ones," said the ministry.

Port congestion in foreign countries due to continued coronavirus disruptions and the resulting shortage of empty containers in China were also cited as main reasons that have constrained the carrying capacity.

These arguments are largely in line with what carriers have offered to explain the record-high rates on multiple international trades.

The Shanghai Containerised Freight Index in recent weeks, for example, saw transpacific spot rates exceed $4,000 per feu, Asia-Europe rates top $4,000 per teu, West Africa rates above $6,000 per teu and East Coast South America rates breach the record of $8,000 per teu.

The transport ministry, nevertheless, said it will step up efforts to examine whether carriers have performed their rate reporting duties properly, while also pledging to prompt them to further increase vessel supply and container availability.

Sources close to the ministry said it and other related government departments are gearing up to hold another discussion with box shipping carriers amid mounting pressure from the country's shipper community.

Lloyd's List has approached the ministry for comments.

In a joint letter sent to China's Ministry of Commerce last month, the China International Freight Agency Association and the China Shippers' Association said carriers' illicit pricing measures have "significantly affected and disrupted" the country's foreign trade and the international logistics markets.

The pair accused container lines of imposing and misreporting excessive surcharges, for example when shippers delayed the delivery of cargo or reporting of the verified gross mass, among other incidents.

Some shipping companies even requested additional fees of $350 per teu after the slot booking was confirmed, or forced customers to accept bundled road transport services, to take advantage of the shortage of vessel space and equipment, they added.

The two concluded the letter by suggesting that government authorities, including the Ministry of Commerce, the Ministry of Transport and the State Administration for Market Regulation should launch an antitrust investigation into such practices.

A Shanghai-based shipper remained doubtful about how much the government could alter the direction of the freight markets this time.

"The previous consultation didn't stop the soaring rates. I don't think another one will bring about a miracle," he said.

However, carriers seem to be cautious this time about pulling back capacity.

Only a handful of void sailings have been announced six weeks from the Chinese New Year, with 2-4% of the total three-week holiday capacity cancelled on the transpacific and 6-13% on Asia-Europe routes, according to Sea-Intelligence.

To match the average level between 2017 and 2020, carriers need to blank an additional 48-56 sailings on transpacific and 18-21 on Asia-Europe, the consultancy estimated in a report.

It said the uncertainties from the virus impact has made it difficult for carriers to plan their capacity deployment.

"There does not seem to be any consensus forecast of the production impact of CNY 2021, with scattered reports of some Chinese factories offering bonuses to workers to work through the holidays to support the demand boom, while there are contradicting reports that CNY 2021 shutdowns may be longer and deeper than in previous years, due to coronavirus travel restrictions and a flare-up of coronavirus in Hong Kong in December."

The number of domestic infections has ramped up over the past week in China, with new cases found in multiple cities.

WHAT TO WATCH

Shippers call for container line pricing scrutiny

GROUPS representing European shippers and freight forwarders have called on the European Commission to examine box carrier pricing and booking practices amid continuing disruption in the containerised supply chain.

In a joint letter to the commission's competition directorate, the European Freight Forwarders Association, known as Clecat, and the European Shippers' Council said there had been violation of existing contracts, the establishment of

unreasonable conditions for accepting bookings and rate increases above those agreed in contracts.

“Carriers have been reserving for themselves the ability to change rates whenever they see fit, notwithstanding the specific rates and charges agreed,” they wrote. “Carriers are continuing to top their rates with surcharges [and] general rate increases.

“Similarly, shippers and forwarders are being confronted with refused bookings and rolled cargo if carriers deem it more profitable to accept higher rated cargo for a particular sailing.”

Other “unacceptable” practices also included imposing extra fees to accept cargo at a new tariff charge, refusing to accept bookings at all, and forcing a customer with contract rates to move to spot rates at much higher price.

Supply chain disruption had come about as a result of carrier moves to reduce capacity during the initial pandemic-driven demand slump in the second quarter of 2020, the ESC and Clecat argued, with blanked sailings and unreliable schedules leading to a shortage of available empty containers.

“Carriers are trying to ship containers back to China as fast as possible, simply because there is a need and profits are extremely attractive,” they said. This had resulted in “a domino effect in as far as there is general shortage of equipment for European exports.”

This had prompted carriers to introduce new fees, such as equipment imbalance surcharges.

“If carriers decide to ship empty containers back to China for commercial reasons, is it doubtful whether it is justifiable to implement an equipment imbalance surcharge,” the groups said.

Containerised freight rates have soared to record levels in recent months, with the Shanghai Shipping Exchange last week reporting spot rates of more than $4,000 per teu on Asia-Europe services.

Clecat and the ESC, which will meet the commission to discuss the issues, have called on the regulator to take actions similar to those of other competent authorities around the world.

China’s Ministry of Transport has said it will tighten its scrutiny on carrier pricing practices. It will step up efforts to examine whether carriers have performed their rate reporting duties properly. It also pledged to prompt them to further increase vessel supply and container availability.

The US Federal Maritime Commission is examining potential responses following reports that ocean carriers are not supplying containers to the country’s agricultural exporters at inland locations.

In November, the commission approved a supplemental order that directs commissioner Rebecca Dye to investigate practices of ocean carriers operating in alliances and calling at the ports of Los Angeles, Long Beach, or New York-New Jersey.

Venezuela’s crude oil exports slow to a trickle

VENEZUELA’S crude oil exports have slumped to a trickle amid US sanctions.

The South American country, led by Nicolas Maduro, shipped just 500,000 barrels per day in 2020, according to provisional data by Lloyd’s List Intelligence. That is the lowest since 1990, when records began. Last year’s figure is almost half that of 2019 and compares with a high of 2.29m bpd in 1997.

The 2020 export figure equates to 189 ships employed compared with 334 in 2019, Lloyd’s List Intelligence data shows. In 2016, when 1.93m bpd was exported, 948 tankers were used for the trade.

Currently, there are 12 shipments on the water, for a total of 14m barrels, Lloyd’s List Intelligence’s latest crude tracker data shows. The cargoes are heading to the United Arab Emirates, Singapore, Malaysia and China, with one shipment to Cuba.

In January last year, 26 ships were used for the crude oil exports, the data shows, dropping to about 13 in August.

Greek and Iranian tankers have been involved with the trade as the heavy oil headed to European and Indian refineries. China began importing Venezuelan crude using its own ships late last year.

Sanctions by US president Donald Trump have crippled the nation, which has historically relied heavily on revenues from oil exports. Shipments have thus been on the decline since 2016 when sanctions on Venezuela’s state oil company PdVSA designed to oust President Maduro began to bite.

The US Office of Foreign Assets Control has been adding companies, individuals and ships to its ever-increasing sanctions list. It recognises opposition leader Juan Guaido as rightful leader, while declaring the Maduro regime "illegitimate".

Without money for investments and maintenance, oil production has been affected, dropping to 1m bpd in 2019 from 3.7m bpd in 1970, according to the Organisation of the Petroleum Exporting Countries.

Refining capacity in Venezuela has slumped due to under-investment and mismanagement, leading to fuel shortages. Gasoline cargoes from Iran have been seen in recent weeks.

Companies have been using methods to circumvent the tightening sanctions, such as switching off Automatic Identification Systems, so their positions cannot be detected. Ship-to-ship transfers have also been widely used, while using names of scrapped vessels to disguise shipments is on the rise.

According to reports, the exports by Venezuela, which is an Opec member, are the lowest since the 1940s, when it first began to ramp up production from its vast reserves of crude oil.

OPINION

Will carriers control shipping's digitalisation?

THE Digital Container Shipping Association last month published data and process standards for the issuance of an electronic bill of lading, *writes August J Braakman, a European maritime antitrust lawyer.*

The initiative, which is supported by nine of the world's largest container carriers, aims to facilitate acceptance and adoption of this bill by regulators, banks and insurers and to unify communication between these organisations and customers, carriers and all other stakeholders in the shipping industry.

In order to explore this process, the Digital Container Shipping Association has joined forces with its sister company TradeLens.

However, the creation of this joint venture has raised concerns over several antitrust issues that may emerge.

In January 2019, Maersk, Mediterranean Shipping Co, Hapag-Lloyd, CMA CGM and Ocean Network Express entered into the Digital Container Shipping Association Agreement. DCSA is non-profit oriented and was set up for the development and free availability of common IT standards for the benefit of the entire shipping industry.

In December 2019, the same contractual parties entered into the TradeLens Agreement. TradeLens is profit-oriented and was set up for the development and commercial marketing of a cloud service that enables participants in the international ocean transportation supply chain to exchange data by means of a blockchain-enabled digitalised solution for the benefit of global trade.

Both the DCSA and TradeLens appear to have yielded very good results. With the exception of Cosco-OOCL, all major carriers have given their support to DCSA and are involved. All in all, more than 170 companies have joined TradeLens. They include the nine major carriers that support DCSA and represent a capacity equivalent to more than a third of the world's capacity.

In order to manage a cloud service that operates by means of a blockchain-enabled platform, all participants must conform to the same IT standards and they must use computer programs that are semantically interoperable with the business intelligence and analytics system deployed by that platform.

When using the TradeLens cloud service, carriers are required to use the DCSA IT standards exclusively. Consequently, all companies that want to do business with these carriers through the TradeLens cloud service are obliged to provide the necessary data, using computers equipped with DCSA IT standards. The advanced state-of-the-art features of the logistics solutions deployed in the computer programs of these companies make it very difficult, if not impossible, to disassociate strategically non-sensitive from strategically sensitive data. Thus, by necessity, the data received and stored by TradeLens in its database also contains strategically sensitive data.

DCSA has exclusive access to the TradeLens database and uses it for further development and improvement of its IT standards. It is particularly this access to strategically sensitive data that, if put to use, will give DCSA a major advantage over its

competitors. More likely than not, in the occurring event this advantage will put DCSA in a dominant position, indeed if not a monopoly, on the IT standards market.

The ensuing ever-growing difference in quality between DCSA IT standards and IT standards originating from other suppliers would make it extremely difficult for other companies to offer a cloud service that operate a blockchain-enabled platform not equipped with DCSA IT standards and competitive to the TradeLens cloud service.

As a result, the DCSA IT standards will more likely than not put TradeLens in a dominant position, indeed if not a monopoly, on the IT information market.

The electronic Bill of Lading, which DCSA intends to issue, constitutes the connecting link between the IT standards market and the IT information market. Therefore, the market power generated by DCSA IT standards for DCSA and TradeLens on their respective relevant markets is key to the antitrust issues that the shipping industry will face as a result of the adoption of the DCSA eB/L by regulators, banks and insurers.

The DCSA Agreement and the TradeLens Agreement were filed with the Federal Maritime Commission on March 14, 2019 and on February 6, 2020, respectively, and have since been given approval.

A core function of the FMC is the monitoring of agreements by ocean carriers, filed with the agency after a filed agreement has taken effect. The FMC is obliged to assess key economic indicators and mutations of underlying market conditions in order to detect any joint activity that might raise anti-competitive issues. Section 710 of the US Shipping Act as amended by the 2017 Federal Maritime Commission Authorization Act provides the legal basis for this obligation.

The DCSA eB/L is a key economic indicator that more likely than not will fundamentally change conditions on the IT standards market and the IT information market. In its review of the DCSA and TradeLens Agreements the FMC has identified these conditions.

However, the FMC has given its consent on the basis of a solitary assessment of the antitrust issues emanating from the impact of each individual agreement on its relevant market, but it has failed to assess the antitrust issues emanating from their conjoint implementation on each of the relevant markets concerned.

This violation of its legal obligations has very serious consequences indeed for a proper assessment of the antitrust issues emanating from the adoption of the DCSA eB/L.

Therefore, the FMC should do what it should have done in the first place, and examine the antitrust issues emanating from the conjoint implementation of the DCSA and the TradeLens Agreement both on the IT standards market and on the IT information market.

The outcome of this examination will be decisive for the question whether this conjoint implementation will give the DCSA eB/L an anti-competitive charge, jeopardising the system of open and competitive markets and the right of all stakeholders in the shipping industry to fair competition and a level playing field, which US antitrust law is supposed to guarantee.

Remote surveys are the new reality — but we will meet again

ONCE again, shipping has turned adversity into advantage, *writes DNV GL Maritime chief executive Knut Ørbeck-Nilssen.*

Faced with the devastating effects of a pandemic, the maritime community has responded with what I have called a renaissance for shipping, driven by broad adoption of digital solutions to enhance safety, sustainability and efficiency. Remote surveying, already booming pre-coronavirus, has shown perhaps the sharpest spike in demand among digital services.

This is in response to global travel restrictions but is also due to the increasing accessibility of the technology, and a growing willingness among stakeholders to embrace remote surveys as part of the new shipping reality.

The majority of our surveys still utilise in-person inspections, although remote solutions are steadily gaining ground. Where the percentages eventually settle is less important than achieving the optimal application of both methods, ensuring both thoroughness and efficiency.

We work with many progressive shipowners who are eager to perform more verification work remotely. They naturally want as little disruption and as much flexibility as possible while at the same time ensuring safe operations. We support this, in spirit and in service.

As a classification society with responsibility for verifying the good working order of a vessel, we will always put safety, and quality, first. Remote surveying not only allows us to meet these demands in many situations, it also offers the additional element of enhanced efficiency that is critical to our customers' success.

We have been delivering fleet-wide remote surveys since October 2018, with more than 20,000 performed to date. Experience has taught us that thorough preparation is indispensable in the execution of successful remote surveys. This applies to all the participating parties, and every bit as much to vessel preparation, with connectivity standing out as the main issue.

In response to this challenge, the new Digital Features chapter in DNV GL's class rules covers remote witnessing preparedness on network and connectivity.

Known as REW, it lays out the requirements for systems and solutions used in remote witnessing, including onboard arrangements for live streaming throughout the vessel in order to enable remote interaction with technical experts.

Our first remote Annual Survey was performed in the spring of 2020, in response to a combination of coronavirus travel restrictions and a pressing need from the shipowner to avoid a major disruption in vessel operations.

While this represents an attractive option for shipowners, we believe it is important to visit all ships at least once a year if possible, and the Annual Survey provides a natural opportunity to obtain in-person verification of the vessel's operational condition.

Inspections that are better performed in person can also be bundled into that time on board. In addition, annual visits allow us to maintain personal contact with vessel and crew. This means not just looking, but listening, sharing experience and building our overall knowledge of the running of the ship, beyond the steel.

I want to emphasise that we are still expanding the options for remote surveying, testing out new applications and seeking the optimal combination of in-person and remote.

We believe the industry is best served by fully leveraging the advantages of remote surveying, while maintaining the peace of mind for crew, owners, insurers, and flag states that in-person inspections ensure.

ANALYSIS

California ports hold up as rising volumes put system under pressure

THE San Pedro Bay ports of Los Angeles and Long Beach are coming in for some closer scrutiny these days as the number of ships awaiting berths extends along the coast for nearly 30 miles.

The problem is not, as in years before, stemming from issues within the twin ports — issues as in 2014-15 when the Pacific Maritime Association and the International Longshore and Warehouse Union began negotiations for a new labour contract. That caused a nightmare of front-loading as shippers feared the ports could close at any minute.

This time, the problem is the other way around: It is the growing number of ships that are coming to the US west coast as the country's demand is growing — along with increased output from China.

Indeed, the problem today is much like the front-loading that took place ahead of the imposition of tariffs by the Donald Trump administration back in 2018 — front-loading that saw the two ports bulging at their seams.

Today's situation has been well summed up by Weston LaBar, chief executive of the Long Beach-based Harbor Trucking Association — an organisation that represents thousands of drayage drivers in ports up and down the Pacific Coast.

"It's like trying to pour five gallons of water into a one-gallon container," he told Lloyd's List in a recent interview. Mr LaBar stressed the supply side nature of today's situation — a stress that most observers see clearly.

If there is an explanation for the supply boost, it can perhaps best be found in the changed buying habits of Americans as they adjust to stay-at-home orders and buy goods online instead of spending their cash on services outdoors.

That means more goods, more containers, and more ships — a point underlined by the National Retail Federation on Monday, drawing attention not only to the change in buying habits but also the cash behind the purchases.

“We expect retail sales spending to see a boost from the new round of stimulus,” said the NRF’s chief economist Jack Kleinhenz. “Consumers responded quickly to last spring’s stimulus cheques, and distribution of the new cheques will come at a critical time that will help carry 2020’s momentum into 2021.”

He was referring to legislation signed by Congress on December 27 that will provide one-time $600 stimulus cheques to individuals making up to $75,000 a year and extends $300 weekly cheques for the unemployed for almost three months.

Rising wealth from increasing home values and stock prices have supported additional consumer purchases of retail goods, and the new stimulus cheques should encourage consumers to “re-engage” on non-durable goods and services.

In a word, more goods, more boxes and more ships — at least for the immediate future.

At the same time, though, the NRF cautions that while consumer spending and retail sales have largely returned, results have varied among retail sectors and economic uncertainty is very prevalent and at near-record levels.

Indeed, according to the NRF, overall economic activity is not expected to return to pre-pandemic levels until late 2021 and employment at pre-pandemic levels is unlikely to return until well into 2022 or possibly 2023.

That is very much in line with a comment by Walmart executive vice-president and chief financial officer Brett Bigs during a recent earnings call as he played down predictions for the months ahead: “The health crisis continues to create both tailwinds and headwinds for our business.”

That brings us back to the current situation in Southern California’s ports and a comment by John McLaurin, president of the Pacific Merchant Shipping Association, which represents shipping lines and terminal operators along the US west coast.

“After cargo volumes crashed in the spring at the start of the pandemic, cargo volumes have now been squeezed into the last remaining months of 2020,” Mr McLaurin told Lloyd’s List by email on Monday.

“Despite the efforts by all sectors of the supply chain, the pandemic continues to dramatically impact on the goods movement system in California and nationally,” Mr McLaurin said, adding that US imports, normally spread throughout the year, have been “packed” into the second half of the year.

“This shortened, concentrated resupply period, more than any other factor, has caused problems throughout the goods movement system,” Mr McLaurin said.

Not least, he noted that “workers contracting the virus, mandatory quarantines and sanitising equipment and work sites impacted the ability of the system to respond to a record influx of goods”.

That’s an excellent point and one that has to be underlined as fears grow over the mounting number of infections and deaths that are occurring in Southern California — especially in the Inland Empire.

Located about 60 miles east of the San Pedro Bay ports, the Inland Empire is home to what industrial real estate firm CBRE sees as prime turf in the world of US warehouses and distribution centres.

“The Inland Empire continues to lead because it is basically five years ahead of any other market in the nation,” said Kurt Strasmann, executive managing director based at CBRE’s office in Newport, California.

“It is the destination for especially large users due to the amount of quality product. Every industrial developer is here because of our strategic location close to the ports, our business infrastructure and our large local consumer base,” Mr Strasmann said.

“It all started here, will continue to be here, and it will remain to be ahead of any other US region for the foreseeable future,” he said.

Yet the pandemic intrudes even in the Inland Empire, threatening disruption in the supply chain both now and in the future, a disruption that could quickly clog the supply chain and impact ships arriving at the ports 60 miles to the west.

A Los Angeles Times analysis of coronavirus case rates in communities for which data are available this week found that, of the top 50, about half were in the Inland Empire, which includes the towns of Riverside, San Bernardino, Perris, Moreno Valley, Jurupa Valley, Bloomington, Barstow, Colton, Rialto, Victorville, Fontana, Highland, Adelanto and Hesperia.

Kareem Gongora, a board member of the Centre for Community Action and Environmental Justice in Fontana, was not surprised to hear that report. "Those are all minority communities," he told the paper. "They are predominantly Latino, black and low-income."

He said many people in the region work at warehouses and live in multi-generational homes under crowded conditions. Importantly, he noted that the region is home to a "booming logistics industry that has created tens of thousands of warehouse jobs".

An increased infection rate is something no one wants to see anywhere, but especially not in the Inland Empire with the loss of life and the potentially large adverse impact it could have on that crucial landside link in the international supply chain.

That is a headwind no one wants to contemplate and it makes concerns over the number of ships riding at anchor off the ports of Los Angeles and Long Beach pale by comparison — especially given the words of Kip Louttit, executive director of the Marine Exchange which manages the ports' vessel traffic.

On Monday, Capt Louttit told Lloyd's List that "18 vessels are scheduled to arrive and anchor in the next three days but 26 are scheduled to shift from anchor to a berth during the same period — something that should help reduce the ship count at anchor".

In a word, he said: "All's well with the marine transportation system!"

MARKETS

Panama Canal moves to support VLGC market

GAINS in the very large gas carrier freight market are being propped up by policy changes at the Panama Canal that will further increase the waiting times.

Congestion at the Panama Canal due to high traffic and seasonal fog has been one of many reasons aiding healthy profits for the segment in the past months. Higher waiting time at the canal has kept vessel availability tight, keeping the rates up.

With the Panama Canal Authority reserving the booking period one for full neopanamax containerships, passenger ships and liquefied natural gas carriers, transiting the canal becomes even more challenging for VLGCs.

The liquefied petroleum gas carriers can only transit the canal again in booking period two, which begins from January 19.

The uncertainty caused by the abrupt change is likely to support the spot market as forward freight assessment rose across the curve on January 4, said Poten's LPG consultant Shantanu Bhusha.

"The freight market will further benefit as more ships will route via the Cape and Suez Canal on both laden and ballast passages to avoid uncertain length of delays."

The Suez Canal has also extended its rebate system for LPG carriers.

According to Cleaves Securities, 17 VLGCs are currently awaiting Panama Canal transit, of which 10 are laden vessels on the Caribbean side and seven ballasters on the Pacific side. There are four vessels under transit.

That compares with a total of 14 vessels waiting on average in December and five in November.

"With some vessels now using more than 13 days to transit the canal (normally around two days), many opt for the ~12 days longer voyage around Cape of Good Hope, adding around 39% more time to the US Gulf to Far East voyage," the investment bank said.

It estimates that net effective fleet capacity will reduce by 6.7% due to recent canal policy changes.

VLGC spot rates continue to strengthen. They earned a time charter equivalent of $101,000 a day on January 4.

January forward freight assessments increased 5% to $115 per tonne, February 15% to $105 per tonne,

April 20% to $90 per tonne and June 30% to $82.5 per tonne as LPG traders became nervous about being caught short shipping in a red-hot market, Cleaves Securities added.

Croatia receives first LNG shipment

CROATIA has imported its first liquefied natural gas cargo.

The ship-to-ship transfer of Croatia's maiden LNG import shipped from the US took place from New Year's Day through to Sunday, Lloyd's List Intelligence vessel-tracking data showed.

The 152,000 cu m LNG carrier *Tristar Ruby* (IMO: 9333606), arrived on Friday at Omisaji laden with a cargo from the Cove Point terminal along the US east coat.

It departed two days later after the cargo transfer to floating storage and regasification unit *LNG Croatia* (IMO: 9256767) was completed.

LNG Croatia, which was converted from the LNG tanker *Golar Viking*, has been on station since early December.

New York-listed Golar LNG has a sale-and-leaseback arrangement with CSSC (Hong Kong) Shipping for the newly converted FSRU, which is expected to be deployed at Omisaji for 10 years.

Croatia has sought to diversify its sources of natural gas supply by importing LNG via the FSRU.

The eastern European country has long relied on piped gas from Russia to meet the bulk of its domestic needs.

World's largest ethane carrier makes maiden call at US terminal

THE world's largest ethane ship, 98,000 cu m *Seri Everest* (IMO: 9864954) is all set to make its maiden voyage from the newly constructed Orbit ethane export terminal in Nederland, Texas.

The 60,000 dwt very large ethane carrier, on charter to China's Zhejiang Satellite Petrochemical Company, arrived at the Orbit terminal on December 30 to take on its maiden cargo, according to Lloyd's List Intelligence vessel movement data.

The vessel is scheduled to load 955,800 barrels of ethane and the operation will be the largest transportation of ethane on an industrial scale to date. The cargo is expected to head to Zhejiang Satellite Petrochemical's upcoming ethylene steam cracker in Lianyungang on China's east coast.

Seri Everest is the first of six VLECs to be delivered to MISC from 2020 to 2021 and chartered back to Zhejiang Satellite Petrochemical, earmarked to feed its cracker with US ethane.

MISC sealed a 15-year sale-and-leaseback deal for the six vessels with Zhejiang Satellite Petrochemical last year.

US-based Energy Transfer owns the Orbit terminal in partnership with the US subsidiary of Zhejiang Satellite PetrochemicalCompany.

The deal will see as much as 150,000 barrels per day of ethane heading for two ethane steam crackers in China.

The Orbit terminal adds at least 75,000 bpd to export volumes this year, rising to 150,000 bpd in 2022. It will also catapult China to become the largest buyer of US ethane. At present, China is behind India, the UK, and Norway.

Meanwhile, Lianyungang is expected to consume up to 75,000 barrels per day of ethane, equivalent to three VLEC loadings a month. The Chinese petrochemical company is scheduled to lift up to 150,000 barrels a day of ethane from Nederland under a long-term, demand-based agreement.

Last year, Eastern Pacific Shipping entered a 15-year deal with Zhejiang Satellite Petrochemical to build and operate four 98,000 cu m VLECs.

IN OTHER NEWS

Japanese lines to focus on social responsibility in 2021

LOOKING back at 2020 as well as into the year ahead, the three major Japanese shipping lines have put a high emphasis on green issues while also renewing their focus on safety.

Referring to the highest-profile of accidents among them, outgoing Mitsui OSK Lines president and chief executive officer Junichiro Ikeda used his New Year's message to emphasise that the group had spent four months mapping out measures to prevent a reoccurrence of the grounding and oil spill incident involving its chartered-in capesize bulker *Wakashio* (IMO: 9337119), which badly affected the environment and people of Mauritius.

A key element of this is improving the quality of chartered vessels and reviewing shipmanagement, which underpins the duties of a ship operator, Mr Ikeda said.

Demand grows for greener shipping, says survey

CUSTOMERS are overwhelmingly demanding that companies improve their carbon emissions performance, according to a new survey of Danish shipping executives.

Industry body Danish Shipping's survey of 28 shipping leaders found 93% have customers who want their products to be shipped with a lower carbon dioxide footprint.

Eight out of 10 also disclosed that customer demands are driving their efforts to make their operations greener.

UK ports gain breathing space after Brexit deadline

BREXIT has so far gone smoothly at major UK ports, with most of the cliff-edge predictions of chaos from midnight on December 31 missing their mark.

But it is early days, and industry sources observe that trade is traditionally low in the first week of January, with the real test of just how prepared the UK is to come later this month.

Some observers also expressed private doubts on whether UK customs infrastructure will be in place by the government's intended roll-out date, and believe that inspections may fall short of target.

South Korea demands release of tanker seized by Iran

SOUTH Korea has demanded the release of a tanker detained by Iranian forces in the Strait of Hormuz.

South Korea summoned the Iranian ambassador over the seizure of the South Korea-flagged chemical and oil tanker *Hankuk Chemi* (IMO: 9232369) and its 20 crew by the Revolutionary Guards.

It has also sent its Cheonghae antipiracy unit to the Strait of Hormuz aboard a destroyer in response to the seizure.

Uggla takes personal stake in Maersk Tankers

MAERSK Tankers chairman Robert Uggla has taken a stake of between 20%-25% in the company through his personal vehicle Agata ApS, according to Danish media reports.

Maersk Tankers had been 100% owned by AP Moller Holding, the main holding company for the Mc-Kinney Moller family, of which Mr Uggla is chief executive. Mr Uggla is the grandson of founder Maersk Mc-Kinney Moller.

"There is really nothing to say," an AP Moller spokesperson was cited by the website finans.dk as saying. "The family has personal ownership in all Maersk companies, and the changes do not affect either AP Moller Holdings or Robert Ugglas' involvement in the company."

Social interaction seen as fundamental to seafarer health

SOCIAL interaction among seafarers has a positive impact on mental and physical health, adds to general wellbeing and is important in promoting safety at sea.

That is the key finding of research carried out on behalf of the International Seafarers' Welfare and Assistance Network, known as ISWAN, which forms Phase One of the Social Interaction Matters SIM Project.

The project was initiated with the primary objective of encouraging social interaction on board. This was achieved by conducting research that examined the relevant drivers and barriers to the promotion of social interaction and specific activities which seafarers around the world identified as helping to engage people.

Grimaldi takes delivery of first of three newbuildings due in January

ITALY'S Grimaldi Group has taken delivery of the first of three ro-ro newbuildings scheduled to join its fleet this month.

The company said *Eco Barcelona* (IMO:9859545) was handed over on Monday, to be followed by *Grande Texas* and *Eco Livorno* (IMO: 9859557).

The Italy-flagged *Eco Barcelona* is the second of the 12 hybrid units of the new Grimaldi green fifth generation (GG5G) class ordered from the Chinese shipyard Jinling in Nanjing.

Classified notices follow

FORTH PORTS LIMITED
NOTICE OF INCREASE IN CHARGES
HOUND POINT MARINE TERMINAL

Notice is hereby given that from the first day of January 2021 the charge levied on all ships berthing at the Hound Point Marine Terminal will be as follows:

Charges on ships berthing at the Hound Point Marine Terminal, Firth of Forth:

Ships inward and outward - per call - 47.56p per deadweight tonne

Conditions:
Conditions applicable to charges on ships in the Published Schedule to Port Charges operative from 1st January 2021 shall also apply to all ships berthing at the Hound Point Marine Terminal.

**The Secretary, Forth Ports Limited, Prince of Wales Dock,
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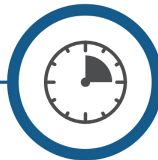

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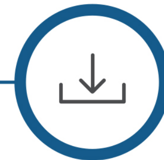

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VIRTUAL EDITION

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