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Industry heavyweights reignite crew change crisis efforts



OVER 300 COMPANIES from across the maritime supply chain have signed up to the latest industry initiative to tackle the persistent problems preventing crew changes that has grown into a humanitarian crisis at sea affecting hundreds of thousands of seafarers globally.

The Neptune Declaration on Seafarer Wellbeing and Crew Change, launched under the auspices of the increasingly influential coalition of companies aligned under the Global Maritime Forum, sees 314 signatories representing shipowners, shippers, unions, non-governmental organisations and some governments pledge a series of actions to facilitate crew change and keep global supply chains functioning.

The commitments included in the Neptune Declaration in large part reprise key elements from existing industry initiatives and protocols, albeit with a tightened approach to consistency promised to tackle perceived gaps in implementation.

The significant difference promised in this latest high-profile effort, launched to coincide with this week's World Economic Forum for maximum publicity, is the volume and influence of those involved and the headline commitment to tackling crew change as "a shared responsibility" across the supply chain.

High profile names including AP Moller-Maersk, BP, BW, Cargill, COSCO, Shell, Trafigura, Unilever and Vale will ensure the declaration's visibility and add some much-needed corporate heft to a problem that has struggled to sustain a political profile outside of industry circles for more than a few news cycles.

The companies backing the Neptune Declaration have also promised to

“increase collaboration between ship operators and charterers to facilitate crew changes”.

While the detail included in the declaration contains minimal commitments beyond well-established industry best practice, the inclusion has proved controversial due to several major charterers still either refusing to fix ships with imminent crew-change requirements or demanding that crew changes are postponed in order to avoid costly disruption to voyages.

As Lloyd’s List reported last week tension has been rising in industry circles over the balance of responsibilities between owners who employ crew and charterers who contractually bear no responsibility for the ship operations.

While the Neptune Declaration is intended to present a united industry front on the crew change issue and promote “a shared responsibility”, the notable absence of several large charterers from the launch group of 314 companies is “disappointing”, according to several officials directly involved in the Neptune project.

Those charterers represented in the initial list of 314 companies argue that the declaration is encouraging step forward, bringing together leading industry leaders who are committed to taking action and there is some optimism that others may join the initiative.

“I was a little bit disappointed to see that we were one of the few who’s actually willing to stick our neck out on this,” conceded Jan Dieleman, president, Cargill Ocean Transportation. “But we believe it is essential that all parties in the supply chain — industry, government and non-governmental organisations — work together to find solutions that support the wellbeing of seafarers during the Covid-19 pandemic... Our top priority remains not only getting crews off board but also ensuring they are able to travel home safely,” said Mr Dieleman.

Following the initial splash of publicity created by the launch, attention will quickly turn to lobbying efforts and renewed pressure to prove that

seafarer crew changes can be conducted safely. Here the declaration will in large part be reinforcing the messages already being consistently issued by a united coalition of industry bodies and the International Maritime Organization.

However, while high-quality health protocols have already been adopted internationally, they have not been consistently implemented in practice, argue members of the Neptune task force who coordinated the declaration. This has led authorities to perceive seafarers as a Covid-19 risk, which has limited the possibilities of crew changes.

“The real crux of the issue is that crew change is difficult and risky and that’s what we wanted to address,” explained Jeremy Nixon, chief executive of ONE and one of the principal backers of the Neptune effort.

“The industry has collectively done a reasonably good job to date, but no crew change is perfect and there have been cases of Covid amongst crew. So we’ve got to put some real structure together to make sure the crew change works every time — that’s what the Neptune Declaration is all about,” said Mr Nixon.

“We have to do this because are witnessing a humanitarian crisis at sea,” said Mr Nixon.

“Throughout the coronavirus pandemic, seafarers have kept the world supplied with food, energy and other vital goods, with no line of sight of when to go home to their families. They have become hostage of the situation and unable to disembark from their ships. Yet, we can put an end to the crew change crisis without any risk to the general public health,” he said.

The full text of the Neptune Declaration and the complete list of signatories can be accessed at: <https://www.globalmaritimeforum.org/content/2020/12/The-Neptune-Declaration-on-Seafarer-Wellbeing-and-Crew-Change.pdf>

WHAT TO WATCH

Indonesia probes suspected illegal Iran oil transfers

AN alleged illegal oil transshipment has been identified by Indonesian authorities in their

domestic waters, and the vessels involved seized.

The Indonesian Maritime Security Agency said it had seized the Iran-flagged *Horse* (IMO: 9362061) and the Panama-flagged *Freya* (IMO: 9180164) suspected of conducting illegal ship-to-ship transfers in the waters off Pontianak in West Kalimantan when automatic identification systems signals were not transmitting, according to Lloyd's List Intelligence.

The coastguard said that the tankers are suspected of a variety of violations, including not displaying national flags, shutting off their AIS, anchoring illegally and spilling oil.

"The tankers, first detected at 5:30 am local time (2130 GMT on January 23) concealed their identity by not showing their national flags, turning off their AIS and did not respond to a radio call," Indonesian agency said in a statement.

Authorities were escorting the two tankers to Batam island in Riau Islands province for further investigation, it added.

Lloyd's List Intelligence vessel movement data shows that the 2000-built *Freya*, managed by Bernhard Schulte Shipmanagement, had called at Singapore port on January 17 and left port after two days. Since then, the 306,307 dwt vessel's AIS transponder, which transmits location and current draft, has been switched off.

One seafarer dead, 15 missing after pirate attack in Gulf of Guinea

PIRATES attacked a Turkish ship, kidnapping 15 of its crew and killing one in the Gulf of Guinea.

The Liberia-flagged, 2007-built, 2,824 teu *Mozart* (IMO: 9337274) was attacked about 100 miles northwest of Sao Tomé and Príncipe early on Saturday as the ship sailed from Lagos to Cape Town.

Turkey's Maritime Directorate identified the murdered seafarer as Farman Ismayilov, an Azerbaijani engineer and the only non-Turkish crew member.

Lloyd's List Intelligence reports four armed pirates boarded the panamax and eventually forced entry to its citadel. Reuters reported they may have done this with explosives.

Reports said the pirates beat crew members and one crew member had shrapnel wounds.

Vessel movement data shows that prior to arriving in Singapore, the very large crude carrier had last called Bayuquan in northeast China, one of the regular discharge ports for liquid bulk. Also according to Lloyd's List Intelligence data, the tanker has been making regular round trips between Southeast Asia and northeast China ports during the past few months.

Meanwhile, the 2008-built *Horse*, owned by Iran's state-controlled tanker company NITC, last called at a port in Iran at the end of December and was supposed to be bound for Incheon port in South Korea. But the 317,367 dwt VLCC has since also turned off its AIS. Lloyd's List Intelligence data shows the vessel currently still signalling Incheon as its destination with an ETA of January 19.

Horse has been involved in sanctions-busting activities previously.

Iranian crude and condensate exports have plunged by more than half the levels seen before the US reimposed sanctions on the country's oil and petrochemical sector.

Last month, Iranian exports were measured at some 350,000 barrels per day, Lloyd's List Intelligence data shows.

Security consultancy Dryad Global said it was "an exceptional incident for both its severity and distance from shore".

Turkish President Recep Tayyip Erdogan's office said he had spoken by phone with officer Furkan Yaren, one of the crew still on board after the attack, and had told authorities the crew must be rescued.

The vessel's Istanbul-based operator, Boden Denizcilik, reportedly confirmed the crew were kidnapped at gunpoint.

Turkish media said the pirates disabled most of the ship's systems, leaving only the navigation system for the remaining crew. Three remaining crew directed the ship toward Port-Gentil, Gabon on Sunday.

Haber Turk identified one of the 15 kidnapped as electrical technician Gokhan Burhan, 37, a married father of two.

The International Maritime Bureau reported 130 crew were kidnapped from the Gulf of Guinea in 22 incidents last year. Incident tallies vary but attacks are happening further from shore and more crew are being taken per incident.

EOS Risk Group chief executive David Johnson told

Reuters the death of a crew member and apparent use of explosives made this attack “a potential game-changer” and could force Nigeria to do more to protect shipping.

“It is clearly quite sophisticated and if pirates have decided to use munitions it is a big move,” he said.

ANALYSIS

End to box shortage may be in sight

AN END to the exceptional container equipment shortage experienced in recent months could be in sight, according to container monitoring specialist Container xChange.

It highlighted a “positive trend” observed on its Container Availability Index (CAx) that it says could make Chinese New Year the turning point, with values for both 20 ft and 40 ft dry containers improving to 0.34 and 0.37, respectively, indicating much higher availability of empty containers than last month.

A figure of 0.5 describes a balanced market, and below 0.5 a shortage of containers.

Although the latest figures for January are still well below 0.5, representing a shortage of available containers, the figures for 20 ft and 40 ft boxes are beginning to resemble the ‘normal’ level of container shortfalls experienced for major Chinese export markets, said Container xChange.

“With a growth of 37.5% for high cubes and even 200% for 40 ft dry containers in January compared to December 2020, the Container Availability Index finally shows a positive trend for shippers and forwarders who are looking for equipment in Shanghai,” said its head of data insights, David Amezquita.

The monitor noted that that “for months, containers were extremely scarce across China, and prices have skyrocketed to record highs — mainly as a consequence of unexpected demand for containerised goods created in the wake of global social lockdowns.

“How bad the situation was can be seen in the Container Availability Index (CAx). For Shanghai, a city traditionally known for a deficit of containers, the index reached record lows in December 2020 of 0.13 for 40 ft boxes and to an even lower 0.08 for 40

ft high cube containers,” said chief executive Johannes Schlingmeier.

As a side effect, pickup charges for one-way containers skyrocketed to \$1,850, and prices for used containers climbed up to \$2,493 for 20DCs across China, according to Container xChange.

With Chinese container factories now working at full production, and due to the aggressive repositioning of empties back to China by the shipping lines, Chinese New Year “stands to become the turning point of equipment shortage”, it said.

“With the vast increase we’re seeing in the container availability, Shanghai is on its way back to normal levels. A similar development is happening across other ports in China. Qingdao, for instance, even reaches index values of 0.5 for standard equipment — which represents a balanced equipment situation.”

For some of the other major hubs across Asia such as Singapore, Nhava Sheva and Port Klang, the Container Availability Index shows the same trend, Container xChange said.

“Compared to December 2020, container availability is up 58% in Singapore, 35% in Nhava Sheva and 54% in Port Klang across standard container types in January 2021.”

The indications are that the equipment situation will remain stable in the coming weeks, it added.

It highlighted that the average availability of containers in Shanghai for 2019, a “normal year” for the shipping industry, puts the recent development into perspective. “Average index values show that Shanghai used to be a deficit location” even before the pandemic.

“The positive container availability trend for Shanghai proves that actions taken by the shipping

lines are working. The aggressive repositioning, which has grown by 125% in December and the

increased number of newly built containers contribute to normal availability levels again.”

Container lines tread fine line on freight pricing

CONTAINER lines’ approach to pricing during the current supply chain crisis could be putting future relationships with both customers and regulators at risk as some shippers find themselves priced out of the market.

A new report from Sea-Intelligence argues that while the months’ long rise in containerised spot freight rates has been caused by multiple factors, many of which are outside the control of carriers, lines did have a choice in how they responded to the surging demand and shortage of both container and vessel capacity.

The Shanghai Containerised Freight Index, which serves as a proxy for global spot freight rates, remains near its all-time highs, with transpacific eastbound rates just under \$4,000 per feu and Asia-Europe rates at over \$4,300 per teu.

On the Asia–Europe trade, rates have increased by more than 300% since they broached the \$1,000 per teu level as recently as the end of October 2020.

“The cumulative price increases seen lately are in a category of their own, substantially larger than anything seen before,” Sea-Intelligence said. “And this has, of course, been a carrier choice; they set the prices in a very tight market.”

They have been able to do so on the back of demand from shippers with high-value cargoes that can stand the increase in ocean freight.

But for those with low-value cargoes, the increase in rates has been crippling.

“For shippers with very low-value commodities, the development is nothing short of a disaster,” the analyst said.

For cargoes with a value of \$10,000, freight rates have gone from being 30% of the cargo value to now being 80% of the value.

For a container carrying \$250,000 of goods, however, the ocean freight element has increased from 1.2% to 3.2% of the value of goods.

“This clearly shows how shippers of relatively low-value commodities will find their entire profit margins completely wiped out by the development. It also shows how high-value commodity shippers are much less impacted.”

It meant that some shippers had a greater willingness to pay than others.

“Those with high-value commodities stand to lose a lot if the product does not arrive, and the relative cost of the ocean freight is relatively quite small,” Sea-Intelligence said. “Hence, they price the lower-value commodity shippers out of the market. If this were an auction, they would simply outbid the lower-value shippers.”

It was, however, the carriers’ decision to use the increasing demand and shortage of containers to allow rates to surge, it added.

Lines could have maintained their prices and simply sold on a first-come, first-served basis for the spot cargo, preventing rate increases, but leaving some shippers unable to move cargo, irrespective of the value of the cargo.

“It is clear what the carriers have chosen — and given their past financial performance, it is entirely logical that this was the path chosen — at least from a short-term financial perspective,” Sea-Intelligence said, adding there may be “a large intangible price” to be paid by the carriers.

“The current approach has severely strained many customer relationships, and this will come back to negatively impact the carriers as a starting point in any contract negotiations taking place after the market has rebalanced itself,” it said.

More long term, this choice in pricing strategy may also turn out to weaken the support the carriers have among regulators in relation to anti-trust exemption rules.

“Not that we are in any way suggesting that the carriers might be abusing such exemptions in the current setting — but the mere fact of the

coincidence that the market has consolidated, and we now see the largest increase in record spot rates

ever, would likely serve to create added concern among regulators,” the analyst said.

MARKETS

South Korea supplements ad hoc box capacity to help exporters

THE South Korean government is providing ships and funds to domestic exporters to alleviate logistics issues when shipping their containers.

One 4,600 teu ship operated by HMM and three vessels — two 3,400 teu and one 6,500 teu — run by SM Line have been deployed on routes to the US from January 23, according to an announcement by the Ministry of Trade, Industry and Energy.

In addition, another HMM ship of 5,000 teu will be put on the European trade from the end of this month.

The ministry said discussions were also being held with domestic and foreign shipping lines about further provision of vessels on those trades.

The plans came after a meeting held between government officials, carriers and shippers last Friday to discuss solutions to the insufficient carrying capacity and rocketing rates.

Freight rates normally start to decline a week before the Chinese New Year, when local factories are halted for holidays.

But this time around, the correction is not expected to be significant due to the pandemic-led disruptions

that are continuing in 2021, including the logjams at ports and on the road in consumer countries, according to the ministry’s release.

The latest Shanghai Containerised Freight Index published on Friday showed rates largely unchanged. Spot rates on the China–Northern Europe trade dipped slightly by 0.4% to \$4,394 per teu, while China–Mediterranean freight rates for a laden 20 ft box remained at \$4,296.

On the transpacific routes, the SCFI showed rates to the US west coast from China at \$3,995 per feu and at \$4,750 per feu to the US east coast, down 1.5% and 1% on the respective trades.

As a result, government authorities in Seoul said they will continue their supportive efforts

These include increasing the Won55bn (\$50m) budget used to fund small and medium-sized South Korean shippers for their international transport expenses.

Those companies, which find it difficult to secure vessel space, are also provided with secured slots on a weekly basis backed by government policies on routes to North America. Such a measure will now be extended into February.

IN OTHER NEWS

Castor clinches largest loan to fund growth

CASTOR Maritime, the dry bulk carrier owner, has sealed its largest borrowing deal to date as it eyes further acquisitions.

It said the \$15.3m loan is intended “to support the company’s growth plans”.

Petros Panagiotidis-led Castor said the senior term facility is with a European financial institution. It will have a tenor of

four years from the drawdown date, with annual interest at London Interbank Offered Rate (Libor) plus 3.3%.

Global Ship Lease share sale raises \$70m to grow fleet

CONTAINERSHIP owner Global Ship Lease has grossed more than \$70m from an underwritten public offering of common stock intended to fund fleet expansion.

The New York Stock Exchange-listed company priced the

offering of 5.4m shares at \$13 per share.

The offering is expected to close on January 26, but underwriters have 30 days to exercise an option to purchase up to 810,000 additional shares that, if taken up in full, would boost gross proceeds to \$80.7m.

Hong Kong enables larger boxships to transit key waterway

HONG KONG has approved the long-awaited lifting of air draft

restrictions for mega-ships using a key waterway, creating an opportunity for the Asia shipping hub to allure more liner services.

The height limitation at the Tsing Ma Bridge will be relaxed from 53 m above sea level to 54.6 m at any time and 57 m during a period of specified hours, effective from January 28, the city's marine department said.

Vessels taller than 57 m will need to seek prior permission from the authority if they wish to enter or sail through the area during low-tide period.

Yilport names Sartini as co-chief executive

FORMER CMA CGM stalwart Nicolas Sartini has been named as co-chief executive of Yilport Holdings, the terminal operating business of Turkish conglomerate the Yildirim Group.

"I am excited to join Yilport's journey towards ranking among the top 10 global container terminal operators by 2025," Mr Sartini said in a statement.

Yilport is planning to widen its terminals ownership over the next five years as it seeks to expand its footprint as a niche global container terminal operator.

CTM says supramax pool outperforms market again

A RECORD 582 supramax and ultramax fixtures were concluded by C Transport Maritime (CTM) during 2020, a "very challenging year on many different levels."

The Monaco-based commercial management company said the vessels in the CTM supramax revenue sharing agreement (RSA) carried a total 29m tonnes of cargo, with the main cargoes being coal, agricultural products and iron ore.

The cargo tally represented an increase of more than 5.5m tonnes compared with the amount transported by member vessels in 2019.

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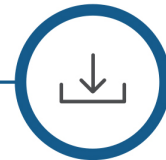
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