

**LEAD STORY:**

Panama de-flags five tankers for sanctions-evading practices

**OPINION:**

Sanctions-busting tankers are an issue for the industry as a whole

**ANALYSIS:**

Red hot box rates show first signs of cooling

**MARKETS:**

US Atlantic ports see surge in container traffic

**IN OTHER NEWS:**

Fears for Filipino jobs as crew deployments crash

Eagle Bulk buys three more supramaxes

Eneti sells another five ultramaxers

CMA CGM airfreight takes off with own aircraft

ONE eyes biofuels as decarbonisation pathway

Qatar on track to be largest LNG producer by 2030

Castor Maritime further diversifies with first tanker buys

Okeanis 'bullish' on tanker recovery

## Panama de-flags five tankers for sanctions-evading practices



PANAMA'S REGISTRY HAS de-flagged five tankers and is investigating missing vessel-tracking signals for a further 17 suspected to be involved in shipping US-sanctioned Venezuelan or Iranian crude.

Aframaxes *Blue Pearl* (IMO: 9192260), *Kutch Bay* (IMO: 9169536) and *Teseo* (IMO: 9038866), 18-year-old very large crude carrier *Phoenix X* (IMO: 923389) and 72,714 dwt product tanker *Petion* (IMO: 9295098) are no longer with the flag or the process has begun to remove them, Panama Maritime Authority general director Rafael Cigarruista said in an email.

*Blue Pearl* was removed for links to Iran and “acts that affect national interest”. Others were de-flagged for reasons covering missing Automatic Identification System or Long Range Tracking and Identification signals.

Missing AIS signals, when tankers switch off vessel-tracking for protracted periods, were listed by US authorities last May as a key indicator of deceptive and evasive shipping practices to obfuscate shipping of sanctioned crudes.

Like open-source AIS, LRIT is mandatory on vessels to comply with international safety conventions but can only be accessed by each ship's flag state authority and viewed as confidential.

Vessels were also removed following reports from port state control under Memorandum of Understanding agreements, links to sanctioned Venezuelan national oil company PDVSA, and absence of third-party liability certificates.

Some 26 tankers flagged by Panama — the world's largest registry, with 7,900 ships — that demonstrate links to a subterfuge fleet of some 130 vessels totalling 19.5m dwt that has evolved over the last two years to ship Iranian and Venezuelan crude.

Most are elderly vessels bought on the second-hand market by unknown owners for sole deployment on trades involving a network of ship-to-ship transfers from Iran to China via anchorages off Fujairah, Malaysia and Indonesia.

The maritime authority said it was conducting an internal investigation on a further 17 because the vessels "reported intermittent transmission" of LRIT and AIS vessel-tracking data.

Under international conventions, these may only be switched off for safety reasons when the vessel is in danger, such as when sailing through high-risk piracy areas.

In addition to Panama, another three quarters of the 130-tanker subterfuge fleet has registered in some of the poorest countries in Africa, the Pacific and Caribbean including Togo, Tanzania, Cameroon, Djibouti to amplify trading opacity.

Togo's international flag registry has notified the owner of aframax tanker *Ella IX* (IMO: 9246138) that it was cancelling its registration.

This followed representations from Washington-based non-governmental organisation United Against Nuclear Iran.

The group emailed the head of the registry providing details of how the vessel, and another Togo-flagged tanker *Rossoneri* (IMO: 9242120), undertaking STS transfers off Iran while AIS transponders were switched off.

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## OPINION:

# Sanctions-busting tankers are an issue for the industry as a whole

THERE are somewhere around 2,200 very large crude carriers, aframaxs and suezmaxs in the world fleet, and as a Lloyd's List investigation revealed this week, approximately 150 of them are engaged in clandestine circumvention of US sanctions on oil exports from Iran and Venezuela.

Were that number lower, it would be possible to mount the classic 'few bad apples' defence. But the tally amounts 8% of relevant vessel types, or to put it another way, one tanker in 12.

So yes, it's a minority practice. But equally clearly, the phenomenon goes well beyond a miscreant fringe of ardent hardcore scofflaws.

Motivation to engage in this illicit trade — on penalty, remember, of being frozen out of the dollar-dominated world economy — will vary.

No doubt some organisers will be patriotic Iranians and Venezuelans, acting in the perceived national interest. But others will view such activity as a calculated gamble for high roller stakes.

As our series of stories documents in detail, many of them go to great lengths to cover their tracks, not

least through regular flag-hopping and class-hopping.

Their odds on getting away with it are enhanced by an extraordinary privilege according to shipowners, in the shape of anonymous vessel ownership for those that wish it.

It is still common practice for single-ship companies to be registered to brass plate addresses in the capitals of tax havens with no corporate disclosure requirements whatsoever.

It is not against the law to change a vessel's name, classification society or P&I insurance provider; while it's not a good look, it's not even against the law to do so several times a year.

Nor is Washington the universal legislator for humanity; citizens and corporate entities of other sovereign states are not compelled to accept its decrees, especially if they are willing to submit to such strictures as the US has the capacity to impose when caught out.

Even the efficacy of sanctions is open to question. Slow economic strangulation is felt more in the

barrios of Caracas and the shanty towns of Tehran than the meretricious nightclubs of the gilded elites.

But ultimately, the fallout from the actions of the few will be visited on the many, namely the owners of the nine out of 10 tankers that do abide by US stipulations.

Legitimate shipping companies are not knowingly looking to test American resolve. But few have the resources to perform the requisite degree of due diligence to unravel the highly complex networks that support proscribed ventures.

The potential of inadvertently falling foul of US scrutiny on account of unverified third-party providers should be keeping more owners up at night.

Those trying to do the right thing face the prospect of still-tighter regulation and invasive inspection, and the widespread disapprobation that will inevitably flow in terms of the public image of shipping as a whole.

Flag states have responsibilities too, the mighty Panama as much as the smallest island state in Micronesia. If they can't enforce the norms expected of international registers, they shouldn't be in game.

Reputable classification societies and P&I clubs have real skin in the game. Were they to be held to willingly facilitate these deeds, their entire business could be on the line.

In addition, some of the insurers ostensibly providing P&I cover are unknown quantities. Outside the International Group pool, they may prove unable to fulfil their obligations in the event of a major casualty.

The welfare of seafarers, already under the spotlight as a result of the crew change crisis, also comes into consideration. Is anyone policing the employment rights of 2,000 or so officers and ratings?

The issues surrounding secrecy in shipping have been on the regulatory agenda for literally decades. No firm action has yet been forthcoming, even in the face of concerns about terrorism and the smuggling of narcotics.

But surely it cannot be long before transparency standards expected of every other major global industry in the twenty-first century are applied to our industry as well.

That development will be for the common good.

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## ANALYSIS:

# Red hot box rates show first signs of cooling

SKY-HIGH spot rates have been sustained on container shipping's trunk trades in 2021 so far, but there are finally signs of respite ahead of the post-Chinese New Year period.

The latest Shanghai Containerised Freight Index, forecasting rates for Chinese exports for the coming week, shows spot prices weakening slightly on both the transpacific and Asia-Europe trades.

Spot rates on the China-northern Europe route dropped back 5% to \$4,109 per teu, while China-Mediterranean prices fell 1.2% to \$4,109. Although rates to the US east coast from China held firm at \$4,800 per 40 ft box, US west coast rates slipped 2.6% to \$3,969 per feu.

The post-Chinese New Year period marks a traditional slowdown in demand as factories close across China and manufacturing grinds in the country to a halt. Historically, this has also triggered a softening of the spot market.

The situation this year is far from normal. Whether rates will remain on a downward trajectory and to what extent is difficult to judge.

Demand for containerised goods remains high, while an equipment shortage continues to choke supply chains globally. Carriers have earmarked the holiday season in the Far East as an opportunity to speed up container recirculation by limiting blanked sailings.

Slot space on services though is still at a premium. Analysts Xeneta noted this week how shippers were still being quoted surcharges of \$1,500-\$2,500 per 40 ft box on transpacific services, while some carriers had stopped bookings altogether.

Although demand is still expected to tail off in the coming weeks, whether this will be enough to bring rates down significantly from their current highs remains to be seen.

Drewry analysts have said there is no expectation that carriers can fully get to grips with the equipment shortage in the short term, with “some sort of normality coming back to the system sometime in the second quarter.”

Maersk, the world’s largest carrier, said it expects demand to be stronger across the first quarter of 2021 than in the final quarter of last year. According to Container Trades Statistics, volume growth in the final three months of 2020 was up 5.7% on-year.

Moreover, with carriers’ recent form of better matching supply with demand they too will

undoubtedly look to prolong this trend and preserve rate highs for as long as possible.

Even with spot rates falling back slightly this week, prices are still way above comparatively to 2020.

Average Asia-Europe rates on the SCFI in 2021 so far are more than double and indeed triple on routes to northern Europe against last year.

Spot rates on the transpacific are also tracking comfortably above 2020 levels. The China-US west coast average is up by more than 150%, and China-US east coast more than 60%.

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## MARKETS:

# US Atlantic ports see surge in container traffic

US PORTS saw an increase in container traffic in January, a developing trend that is visible along the Atlantic coast, with Virginia, South Carolina and Florida all reporting higher numbers.

The import volume of US east coast ports in the first half of the year is forecast to surge by 17.9% compared with the year-earlier period. The forecast import volume for 2021 is a 5.2% increase over 2020, according to the National Retail Federation.

That trend is evident in the port of Virginia, which set a new record for monthly containerised throughput, rising 19.2% to 271,000 teu compared with January 2020, including 130,777 teu of imports and 84,699 teu of exports.

Stephen Edwards, the authority’s chief executive, expects the port’s volumes to remain steady through the winter.

“This year, many of the Chinese factories will be operating during the New Year celebration and this move will help mitigate some of the traditional slowdown in trade that industry normally experiences in late February,” he said.

“Volumes will also be dependent upon the health of the global economy, the distribution of the coronavirus vaccine and the ability of people to return to work. There are very good foundations in place here to handle the changes as they come.”

The Global Port Tracker — produced for the federation by Hackett Associates — sees a 4.6% decrease in Virginia’s imports between January and June, compared with the last six months of 2020.

But that still compares well to a 15% drop between the same two periods of the past year, representing a 10.4% uptick in traffic.

GPT forecasts Virginia’s import volume in the first half of 2021 to surge by 15.9%, with 694,000 teu. It put 2021 import volume at 1.4m teu, a 6.6% increase over 2020.

The South Carolina Ports Authority reported steady volumes in the past month, handling 216,265 teu, an increase of 2.5% year on year. It has handled more than 1.43m teu so far in fiscal year 2021, which began on July 1.

“Our major infrastructure projects are coming online at the right time as we grow and diversify our cargo base in the booming Southeast market, ensuring South Carolina remains globally competitive for decades to come,” said chief executive Jim Newsome.

GPT sees growth in the coming year for Charleston, predicting a 2.6% gain in imports between January and June 2021, compared to July-December last year. That tops the 12% drop between the same two periods of last year, and — coming out of negative territory — amounts to a 14.6% increase in traffic.

Charleston’s import volume in the first half of 2021 is forecast to surge by 17.9% to 567,000 teu compared with the equivalent period of 2020. The forecast import volume for 2021 is 1.13m teu, a 9.7% increase over 2020.

Florida’s Jacksonville Port Authority also saw its container volumes rebound during the first quarter

of the port's new fiscal year, which began on October 1.

Its container volumes are up 5% year-to-date in the fiscal year 2021, with some 353,400 teu moving through the port during the first three months of the year, making it one of the busiest first quarters for container volumes in the history of the port.

GPT forecasts Jaxport's import volume "to surge" by 11.9% to 165,000 teu in the first half of 2021 compared with the same period in the past year. It puts the port's import volume for 2021 at 328,000 teu, a 3.2% increase over 2020.

"As consumer trends continue to shift, and

ecommerce grows, efficiency becomes increasingly important," said chief executive Eric Green. "The investments we are making in our facilities ensure we can maximise all of the efficiencies Jacksonville offers, including our fast access to the growing Southeast consumer market."

Two key investments include deepening of the port's shipping channel to 47 ft, as well as improvements at its Blount Island container terminal.

The improvements include construction of a new vessel turning basin to allow larger ships to pivot at Blount Island berths and investment of more than \$100m in berth enhancements to allow the terminal to accommodate two post-panamax ships.

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## IN OTHER NEWS:

### **Fears for Filipino jobs as crew deployments crash**

FILIPINO seafarer deployments fell by almost 60% last year, prompting fears the country is in danger of losing its market share as a crew provider.

Figures from the Philippine Overseas Employment Administration show 300,000 fewer seafarers were deployed, a 58% drop compared with 2019, as pandemic travel curbs prevented crews from joining ships.

There were 217,241 deployment last year, compared with 518,519 in 2019. Monthly deployments crashed in March and April and recovered slightly later in the year, but not to previous levels.

### **Eagle Bulk buys three more supramaxes**

EAGLE Bulk has announced it has bought three more supramaxes, taking its fleet above 50 bulk carriers.

The US-based company paid a total of \$21.15m and 329,583 common shares for the three 2011-built ships, built by China's Yangzhou Dayang.

While the seller was not disclosed, Lloyd's List understands it is US financier Alterna Capital.

**Eneti sells another five ultramax**  
ENETI, the successor to Scorpio Bulk, is selling another five ultramax.

The \$88m deal sees the continuation of a plan to offload of dry bulk assets in favour of investing in offshore wind.

Eneti said it was selling the Chinese-built ultramax to an "unaffiliated third party" but did not disclose its identity.

**CMA CGM airfreight takes off with own aircraft**  
CMA CGM, the container shipping group, has added four freight aircraft to its fleet to expand its airfreight logistics services.

"In response to the growing demand from our customers for agile logistics solutions, we are creating a new division within the CMA CGM Group dedicated to air transport: CMA CGM Air Cargo," said chief executive Rodolphe Saadé.

"This division will launch with four Airbus A330-200F aircraft and will leverage commercial partnerships with airlines in order to deliver global coverage. This is a major milestone in the development of our logistics services."

### **ONE eyes biofuels as decarbonisation pathway**

CONTAINERSHIP carrier Ocean Network Express has identified biofuels as a viable decarbonisation pathway after a successful trial on one of its vessels.

Its 4,803 teu *MOL Experience* (IMO: 9333838) completed the trial voyage from Rotterdam to US on February 7, running on biofuels that offer 80%-90% reduction in well-to-exhaust carbon dioxide emissions.

"The success of the trial proves the viability of sustainable biofuels which will help ONE to meet its carbon reduction targets in 2030 and 2050 respectively," said the company, which has committed to reducing its fleet's CO2 emissions in terms of grammes per teu-kilometre by

25% by 2030 and by 50% by 2050 compared with its 2018 baseline.

### **Qatar on track to be largest LNG producer by 2030**

QATAR's recent move to sanction the \$30bn North Field Expansion project puts it on track to be the world's largest liquefied natural gas producer by 2030, according to Rystad Energy.

Qatar's liquefaction capacity will rise to 110m tonnes per year, or 18% of the global total, which is for now estimated at 600m tonnes per year at the end of the decade.

Still, even more projects are expected to be sanctioned as LNG demand will grow faster than supply. Utilisation rates will

not necessarily match the producers' capacity in 2030.

### **Castor Maritime further diversifies with first tanker buys**

CASTOR Maritime, the dry bulk owner, has diversified into the wet market with a deal to acquire two aframax long range tankers for \$27.2m.

The Nasdaq-listed company said the 2005-built tankers, both constructed in South Korea, come with time charters to a "reputable" charterer.

Each will be earning a minimum daily hire of \$15,000 for the remaining term of about one year, although there is a formula for 50% profit sharing if the market rises to a higher level.

### **Okeanis 'bullish' on tanker recovery**

OKEANIS Eco Tankers has voiced confidence in a stronger tanker market over the next two years after posting profits for the last quarter and full-year 2020.

The Oslo-listed, Greece-based company said that the 23-nation Organisation of the Petroleum Exporting Countries was estimated to restore production by 3m barrels per day during the rest of 2021, growth that equates to 64 very large crude carriers.

Executives said they were optimistic about tanker prospects for "the next couple of years."

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## Container Tracker

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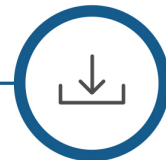
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