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Is shipping ready to follow Maersk's 'carbon neutral' lead?

THE BIGGEST CONTAINER shipping company in the world has sent a clear message of what should be expected by the industry in the near future.

Maersk has announced that by 2023 it will have a dual-fuelled ship running on either e-methanol or sustainable bio-methanol and that its newbuildings from then on will also run on carbon-neutral fuel sources.

These decisions are a watershed for shipping, but not because of any technological milestone that underpins them. A dual-fuel engine that can use methanol is hardly an engineering feat.

Rather, it is the implementation strategy that matters; the commitment to an alternative fuel, without anything else guaranteed. No yard, no fuel supplier, no clear supply chain and no region of operation. All that is to be found and determined.

Yes, it is for a feedership. Yes, the container line industry has predictable schedules and can predetermine reliable fuel supply. Yes, in an ideal future scenario dual fuel ships should not be needed. And, yes, it is Maersk and it can afford to take those kinds of steps.

But this is exactly how the roll-out of the next generation fuels and ships was supposed to happen. The sector with the big bucks and the fixed routes was always going to take the lead.

Few were expecting this level of commitment to happen so soon. In climate change terms, deploying carbon-neutral ships seven years before your original commitment, as Maersk's original target for this milestone was 2030, can amount to a generational difference.

There are still fundamental questions Maersk will need to answer in order to give this announcement some substance. What exactly does carbon-neutral mean? Where will this carbon-neutral methanol be found? Why is it opting for carbon neutrality instead of net zero emissions?

Nevertheless, Maersk's decision sets the precedent for the industry and puts undeniable pressure on its peers. Soon enough, its competitors will follow, because they will have to.

If Maersk can take the plunge, leaving the crucial questions about supply and geography for the future, why can't CMA CGM, MSC, Hapag-Lloyd or any other of the containership guild do the same? How will customers look at those not making these commitments? How will shareholders respond? And how will the public judge you, especially after such a lucrative financial year?

And don't forget cruise lines either.

Don't expect tramp shipping to jump on the bandwagon immediately. But don't expect a big delay either. Euronav recently reported it is buying two suezmaxes and wants to ensure they could run on ammonia in the future. This is another indication that the more prudent companies are already looking ahead,

But Maersk's decisions beg further more difficult and more profound questions that will make some in the industry uncomfortable; is the minimum 50% cut in greenhouse gas emissions by 2050 that the International Maritime Organization set for international shipping in 2018 really an ambitious target?

Maybe it was three years ago when the advent of zero-emission ships seemed very distant.

It does not feel like that anymore and it will get harder and harder to justify it as such. The world has changed radically since. Shipping companies are calling for carbon taxes, customers have elevated green demands and energy producers are competing for who has the best decarbonisation pathway.

Maersk hardly reflects the state and capabilities of the rest of the shipping industry, but it is still a big part of it. Defining choices by first movers such as Maersk markedly raise the expectations for regulators because they raise the bar.

The IMO will revise its GHG emissions strategy and its targets in 2023. By then, the impact of Maersk's decision, the precedent it has set for the industry and the acceleration in decarbonisation that it could lead to should be evident.

Maersk Tankers steps up calls for regional carbon levies

MAERSK Tankers is stepping up pressure for immediate action to reduce ship emissions, even if that requires regional measures while waiting for a global decarbonisation strategy to be agreed.

"The time to act is now," said chief executive Christian Ingerslev as he maintained that the shipping industry "could not wait for a perfect solution".

Instead Maersk Tankers, which currently manages more than 230 product tankers of all sizes for 38 shipowners but does not have any vessels of its own, is one of the companies at the forefront of an unprecedented campaign in support of a carbon levy.

"The industry is asking to be regulated, this is completely unheard of," Mr Ingerslev told Lloyd's List. "We are saying, please tax us."

A green fund backed by a carbon tax was proposed at the Global Maritime Forum summit in 2019, and then followed up last year when Mr Ingerslev and other industry cohorts called for regional measures. This represents a considerable break from the once entrenched position of global regulation through the International Maritime Organization. The move has not been received well in certain maritime circles even though some form of regional regulation is widely regarded as probably inevitable.

While Mr Ingerslev acknowledged that in an ideal world, he would prefer the IMO "to step in and take charge", he said the industry could not stand by until a global set of regulations had been drawn up.

With the European Union now becoming involved in green shipping and clean fuel initiatives, Mr Ingerslev said the industry needed to engage in a dialogue with Brussels.

"We cannot afford to say that this is not what we want," he said in an interview.

"As long as the solutions created regionally do not hinder an overall global solution in time, then I feel we have to support it."

Rarely are global regulations in any industry perfect from day one, he continued, but regional decarbonisation initiatives could act as a catalyst and help to shape an eventual global framework.

"We need to be willing take a leap of faith because our stakeholders expect it, our investors expect it, and the general public expects it," Mr Ingerslev urged.

"I can absolutely support a global carbon levy and I also want a level playing field, but I am not willing to sacrifice progress for perfect. We need to do something now."

Maersk Tankers has already made considerable progress in reducing emissions from the fleet it manages on behalf of partners that include Maersk Product Tankers, an asset play company that currently owns 73 ships.

Maersk Tankers has emerged from the shadows of container shipping giant Maersk Line since it was sold by their parent company AP Moller-Maersk in 2017 as the conglomerate withdrew from energy related activities.

The tanker business was bought by AP Moller Holding, the majority shareholder in AP Moller-Maersk, and now as its own dedicated board and simplified ownership structure.

Subsequently, Maersk Tankers has been established as an asset-light company providing a one-stop shop range of commercial management services for product tanker owners operating in the spot market. Ships were placed in the ownership of Maersk Product Tankers, a joint venture between AP Moller Holding and Mitsui & Co. Mr Ingerslev is chief executive of both companies.

The need to respond to climate change concerns was identified as one of the core goals after Maersk Tankers changed hands.

Maersk Product Tankers, which currently accounts for about 30% of ships under Maersk Tankers management, saw its fleet emissions drop by 3.3% in 2020, as measured by the Energy Efficiency Operational Indicator. This is an industry-measure of carbon emissions per unit of cargo expressed in tonne-miles.

Overall, Maersk Product Tankers has achieved a 28.7% drop since 2008, the base year, and the decline is thought to be a fair reflection of all ships on the Maersk Tankers platform. The goal is to reduce carbon emissions by 30% in 2021 and 45% by 2030 compared with 2008 levels, which would be ahead of IMO targets.

Maersk Tankers believes the scale it has achieved via its new business model will enable it to help develop industry-wide decarbonisation solutions through digitalisation and other tools that would be out of reach of smaller players with neither the resources nor expertise to invest and innovate.

OPINION:

From the News Desk: Unsafe passage

SHIPPING's transition to a greener, more digital future also incurs safety risks, and these must be accounted for if it is to reap the benefits.

DNV GL has warned the industry it must address a "looming safety gap" as regulation lags innovation in fuels, digital tech and automation.

Hydrogen and ammonia offer huge potential emissions savings, but also significant safety risks. These are not impossible to solve, but they add costs which are important to tally if a future fuel is to be truly sustainable.

It's not just fuels, either.

This week the industry was warned its firefighting standards and training are unfit for the age of ultra-large containerships.

Cyberattacks on operational technology have soared, prompting fears hackers could threaten a ship's control systems as well as its data.

Safety threats also lurk in older vessels, with a hazmat firm claiming asbestos is being found even on newbuildings.

Law firm HFW warned vessels certified as asbestos-free may still contain significant amounts of the deadly building material. Owners must act before an EU ban comes into force, and to prevent legal action further down the line.

UK P&I Club head of loss prevention Stuart Edmonston said shipping is increasingly focused on the human element, seen as responsible for about 70% of casualties.

He urged shipping to look to aviation's far stricter safety culture and higher training standards. He welcomed RightShip's new bulker safety standards.

But there is a long way to go. Remember the damning report from November into falsified work and rest hours and the chronic mistrust between ship and shore it revealed.

And if anyone knows the risks of owners skimping on safety, it is kidnapped seafarers. Time and again we report ships are sailing through the Gulf of Guinea without proper protection.

Proper use of BMP measures will not stop a ship being boarded, but it could be the difference between an attack's success or failure.

ANALYSIS:

Between the Lines: Boom or bust — carriers hard-pressed to ignore rate rewards

THE global ocean supply chain has been under a lot of stress for most of 2020, and in the case of most cargo owners, also financially stressed.

The current state of the industry is such that the demand has increased immensely, and while capacity deployment is at maximum, it is still struggling to meet demand.

Freight rates are breaking all previous records, port congestion is widespread, schedule reliability has plummeted to record-lows and vessel delays are at record highs. Customer relations between carriers and cargo owners are strained to the point of breaking. All in all, the outlook is pretty bleak.

How long will it last is anyone's guess. Our guess? Not until the demand-side of the equation returns to the pre-lockdown levels.

There are a few important questions that we will attempt to answer in this column. The first is a particularly important issue that is slowly simmering under the surface; that of the freight rates, and the perception that carriers are artificially driving up the spot rates, either by choice given the current demand boom, or by using blank sailings as an instrument to further limit capacity in an already stressed supply-side equation.

Second, whether the carriers are price gouging, and what impact the current freight rate environment is having on the low-commodity value shippers.

Are carriers price gouging?
With container spot rates far exceeding all past records in most trades, container carriers and their pricing behaviour has come under increased scrutiny, and the carriers are increasingly being accused of price gouging.

Long-term container shipping spot rates are very volatile, and week-on-week spot rate increases of more than 15% are quite common. Perhaps surprisingly, the week-on-week price changes over the past six months are not out of the norm, and far below the increases seen during the market crash of 2015-2016, where massive rate increases were pushed through, only to be eroded in a matter of a few weeks.

What is different this time is that the spot rate increases started at a higher base, and have been expanded over several weeks, rather than the traditional price erosion.

As container shipping is a voluntary business-to-business market, and as the weekly price increases are in line with long-term averages, and as the price increases are driven by a clear rise in demand not by the abuse of a dominant position, it would be hard to argue that the carriers have engaged in price gouging. This term has traditionally been applied to consumer prices during civil emergencies.

There have been many calls for regulators to get involved, but it is hard to see a legal basis for regulators to step in solely on the basis of the rate increases, at least in a US and EU context.

What is clear, though, is that carriers in their pricing behaviour have prioritised short-term profitability over customer relationships. For cargo owners with low-value commodities, the development is nothing short of a disaster, as they are effectively being priced out of the market.

For cargo with a retail value of $10,000 per teu, spot rates have gone from being 8% of cargo value at the start of 2020, to now being 20% of cargo value on the US west coast, and from 11% to 44% on North Europe.

For lower-value cargo, the increase in spot rates has been even more devastating, while the relative effect for higher-value cargo has obviously been much less.

When there is a shortage of containers, the higher-value goods will crowd out the lower-value goods, as the cost of not getting the higher-value goods to market far exceeds the increases in spot rates.

So, while it would be hard to argue that the carriers have engaged in price gouging, at least from a legal perspective, it is still obvious that the carriers had a clear choice. Either to capitalise on a sub-group of cargo owners with high willingness to pay, and hence drastically improve short-term profitability, or maintain somewhat more stable prices, benefitting low-value shippers as well, but in the process forego the largest price boom in recent history.

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. But it also means that there is a large intangible price to be paid by the carriers in the future. The current approach has severely strained many customer relationships.

Are carriers 'artificially' boosting spot rates through blank sailings?

From a strictly factual perspective, there are two key conclusions.

First, that carriers have indeed blanked sailings. This occurred in the last few months of 2020 and at the beginning of 2021, when spot rates rose. However, more importantly, carriers have more than compensated for the blank sailings by an injection of additional capacity. This has resulted in a net growth in offered capacity, not only in the last few months of 2020 but, in some cases, since as far back as July last year.

There is no basis for saying that simply because the carriers are blanking sailings, then the spot rates are going up. The starting point has to be that the carriers have — substantially — increased the total capacity in the markets.

Of course, one could then argue that the carriers should have inserted even more capacity, but that would in practice be extremely difficult, as essentially all available capacity is already being deployed. But if carriers are not holding back capacity (as practically all vessels are deployed), then why cancel any sailings at all?

There are two explanations for this. On the practical side, there is a sizeable amount of capacity that is deeply delayed through port congestion, with some vessels waiting for weeks to be handled in Los Angeles/Long Beach. When the vessels become this much delayed, they can obviously not complete their backhaul journey in time, and the carriers have no choice but to cancel a sailing.

On the commercial side, when there is simply not enough capacity to service all trades, it might be that certain specific port-pairs cannot fill "their" allocation, while other port-pairs are overflowing. This would lead to a re-allocation of a vessel, to make sure that, in the aggregate, as much cargo as possible is shipped.

While this is positive from a total perspective, this might seem quite problematic locally.

Overall, the data does not support the notion that blank sailings are being used by carriers to drive the current spike in spot rates. Hence, the notion that the current problems are entirely due to blank sailings is a myth.

World boxship fleet update: Tonnage providers return to yards

CONTAINERSHIP tonnage suppliers are making a foray back into the boxship newbuilding market as the historically low orderbook begins to look attractive again.

Figures from Lloyd's List Intelligence put the aggregate capacity of the global fleet at 23.1m teu at the end of January, up a mere 64,000 teu on where it stood at the end of 2020.

And with only 2.4m teu on order, the ratio of orders to the existing fleet is just 10.6%.

That may seem like a large amount of capacity, but it needs to be seen in the context of demand. The past year, which has seen the worst economic conditions since the global financial crisis in 2008-2009, led to a fall in containerised volumes of just 1.2%.

Recent carrier results and forecasts indicate that there is unlikely to be any significant slowdown in demand in the near future and they have already utilised nearly every ship on the water. Lay-up figures recorded by Lloyd's List Intelligence put the amount of capacity sitting idle at just 1.4% of the fleet.

Against that supply and demand background, it is unsurprising that carriers would start to return to the yards in search of more capacity.

But it is not only the carriers buying on their own books.

Recent orders and announcements have seen tonnage providers moving back into the market, particularly when those orders can be backed by long-term charters.

It emerged earlier this week that Seaspan had ordered 10 15,000 teu dual-fuel liquefied natural gas containership newbuildings at Samsung Heavy Industries on the back of a 12-year charter with Zim.

This is Seaspan's first investment in LNG-powered containerships. The deal value was not disclosed but Samsung said it had signed a deal to build five vessels worth Won781bn ($707m).

Separately, Seaspan has also been linked to a deal with Yangzijiang Shipbuilding that includes two of a four-ship 24,000 teu order, with China's CDB Financial Leasing taking the other pair.

Although it has not been confirmed, sources close to the deal pointed to Geneva-headquartered Mediterranean Shipping Co as the vessel charterer. The carrier ordered a similar sextet financed by Chinese lessors in the past year.

But it is not just charter-linked ships that are being ordered.

Greece-based owner Minerva Marine is understood to be behind a pair of 13,000 teu newbuildings from Samsung Heavy Industries, which are thought to be options taken out by the owner

And compatriot owner Capital Maritime has also exercised options for two more 13,000 teu ships.

Lloyd's List understands that Capital has contractual options for further ships of the same size.

In a recent webinar, Jerry Kalogiratos, chief executive of Capital's New York-listed affiliate Capital Product Partners, said the market had reacted reasonably to the current crisis.

"We have seen the orderbook move from historical lows of 8% to 10%, which is a very small increase and a reasonable orderbook historically speaking," he said.

The majority of those orders had been ultra-large containerships ordered by container line companies.

MPC Container Ships chief executive Constantin Baack also pointed to the size range of ships ordered to date as another reason to be positive about the orderbook.

"We need order when we look at the supply and demand situation," he said. "We will see demand growth and the orderbook has been increasing, but between 1,000 teu and 10,000 teu there is negative growth."

With the slow lead time of shipbuilding, however, this was not likely to be resolved soon, but non-operating owners would do well out of the shortage of capacity in the meantime, said Euroseas chairman Aristides Pittas.

"One thing that has happened is that we do not have enough ships for the current situation," Mr Pittas said.

"Supply for at least the next two years is constrained. Growth at just 10% of the fleet is not that much with scrapping and slippage factored in. If demand develops as people expect, we should be in for a couple of good years."

MARKETS:

China's mega ports strengthen grip on box trade

CHINA'S centrality to global trade was further emphasised in 2020 when its leading container hubs continued to record volume growth, despite all the lockdown-led supply chain disruptions.

Chinese ports occupy six of the top eight spots in Alphaliner's ranking of the world's top 25 container ports by volume in 2020, although some of the country's second-tier ports did see volumes slide.

The analyst calculates that Shanghai, which retained its position as the world's largest box port in 2020 ahead of Singapore, saw volumes expand 0.5% in the past year, while the ports of Ningbo-Zhoushan, Shenzhen, Qingdao and Tianjin saw year-on-year throughput increases of 4.4%, 3%, 4.7% and 6.1%, respectively.

"With booming transpacific trade volumes, Qingdao moved up to sixth place during the year, while number one Shanghai pulled further ahead of its nearest competitor, Singapore, increasing its lead by nearly 10% to 6.7m teu," noted Alphaliner. Shanghai's throughput rose to 43.5m teu compared with Singapore's 36.9m teu, a drop of 0.9%.

Apart from China, Malaysia (Port Kelang and Tanjung Pelepas) and the US (Los Angeles/Long Beach and New York/Newark) were the only countries with more than one port in the top 25.

Overall growth across the 25 largest container ports in the world "was flat-to-slightly positive in 2020 despite the impact — both positive and negative — of coronavirus", according to Alphaliner.

The top 25 container ports handled a combined 395.7m teu, a rise of 0.55% versus the 393.5m recorded in 2019.

"Throughput increased for 13 ports on the list — seven in China and two in the US — reflecting strong western consumer appetite during the pandemic," reported Alphaliner.

Antwerp (1.4%), Tanjung Pelelas (8%) and Ho Chi Minh (an estimated 4.9%) recorded positive growth in 2020; but while Europe's largest box destination, Rotterdam, retained 11th position in the top 25, its was estimated to have seen volumes contract 3.1%.

"Among the top 25 ports, Tanger Med recorded the highest overall growth at 20%," said Alphaliner. "It has risen rapidly up the rankings since 2018 when it was placed 48th in terms of volume.

"Conversely, notable losers during the year included Jakarta, Kaohsiung, Colombo and Laem Chabang; and, overall, 12 ports recorded a decline in volumes in 2020.

"Hong Kong also slipped one position after volumes fell nearly 2%."

Antwerp added 170,000 teu in volume during the year, a 1.4% increase in throughput, with the port retaining its 14th place ranking. "Apart from being a 'fortress hub' of the growth-hungry MSC, Antwerp in early 2020 profited from overflow volumes redirected from Le Havre, where labour unrest slowed down work for a number of weeks," said Alphaliner.

"By contrast, Rotterdam saw an approximate 3% decline in volumes, with the final 2020 figure yet to be confirmed by the port authority."

Dalian, meanwhile, was "arguably the big loser during the year", slipping from 19th position in 2019 to 29th position in 2020, said Alphaliner.

"It handled 5.1m teu in 2020 versus 8.6m the previous year and was severely impacted by the rise of competitor ports elsewhere in the region," said the analyst.

"Indeed, despite China's larger ports consolidating their position, the country now has only nine ports in the Top 25 compared with 11 two years ago, and more mergers are planned to try to fight damaging competition between container hubs lower down the list. Management of Dalian and Yingkou ports was combined during 2020 as part of the effort to fight overcapacity."

Halt in force on US Gulf LNG exports

THE US state of Texas has ordered a halt in gas exports through to this Sunday to tide over supply pressure to domestic users arising from severe cold weather.

This will hurt shipping tonne-miles as the US looks set to cut shipments, including those heading to buyers in the Far East.

Lloyd's List Intelligence vessel-tracking data showed Freeport LNG terminal exported the last LNG shipment from the US Gulf of Mexico before the state order was announced.

Malaysia-flagged *Seri Balhaf*, which carried the cargo, departed from the terminal yesterday and is heading to Altamira, Mexico.

Three other export terminals — for the Sabine Pass, Corpus Christi and Cove Point projects — last shipped their cargoes between Saturday and Tuesday.

The project developer, Freeport LNG, has said that it will shut in two production units in response to the state order.

Cheniere Energy, which develops the Sabine Pass and Corpus Christi projects, also flagged its intent to temporarily cut gas and electricity consumption.

The state order will also hit exports of refined oil products from the US Gulf.

Energy giant ExxonMobil shut down its Baytown oil refinery near Houston on Monday.

"Any units that remain in operation are dedicated to exporting electricity back into Texas main power grid," it said.

US Henry Hub gas prices rose overnight, with futures tied to cargoes for delivery in March last trading at $3.276 as at 2134 hrs CT on Wednesday, up 5.6 cents.

Panamax earnings approach 14-year high

PANAMAX bulker earnings have hit their highest level in 14 years and four months as healthy cargo demand met with a lack of available vessels, especially in the Atlantic basin.

Further, icy conditions in some ports have also driven large premiums for scarce ice-class panamaxes, further fuelling a red-hot paper market, according to Braemar ACM. Time charter returns on these vessels have reportedly entered six-figure territory.

The average weighted time charter on the Baltic Exchange surged to $21,323 per day at the close on Wednesday. While this makes the earnings potential 43.7% higher than a week ago, it is also the highest since November 2005.

The Baltic Index increased to 2,518 points, up 40.1% week on week.

"Rates this week are 177% higher than their five-year average and sit considerably above their five-year range," the shipbroker said.

Panamax freight has become so expensive relative to the capes that charterers are rumoured to have considered loading panamax stems onto the larger vessels, it added.

According to Arrow Research, the underlying force behind the panamax rally is an uptick in coal demand in Europe coupled with tight thermal coal supplies in the Atlantic.

Meanwhile, robust grain shipments out of the US Gulf have also attracted an increased number of ballasters in the area, it noted.

"With the soyabean season upon us, the situation is similar in east coast South America, with 103 panamaxes currently waiting to load compared with 66 at the same period in 2020."

This has left the North Atlantic region with a tonnage deficit at a time of healthy demand for coal exports from the Baltic.

Arrow said that freight rates for the segment have been pushed up higher as sea ice conditions in the Gulf of Finland have deteriorated over the past week, leading to hefty premiums being paid for the few available ice-classed vessels or those willing to breach Institute Warranties Limits.

Meanwhile, grain shipments grew by 15% over the year, largely driven by Chinese interest in US agribulks.

According to the United States Department of Agriculture, Brazil's yearly soyabeans production in 2021 is expected to reach an all-time high of 133m tonnes.

This, of course, highlights the South American country's capacity for exports, most of which will be shipped to China. The longhaul grain trade significantly underpins further returns for panamax bulkers.

IN OTHER NEWS:

'Renewal of consolidation' for Gard

NORWEGIAN P&I club Gard regards the 2021 renewal round as 'a renewal of consolidation', according to chief underwriting officer Bjornar Andresen.

The International Group affiliate has adopted a ship-by-ship pricing strategy rather than an across-the-board general increase this year.

But with a combined ratio of 116% at the halfway stage, and facing the same sorts of competitive pressure as its peers, it is very obviously looking for more money, Mr Andresen admitted.

Panama Canal raises slot booking prices

INCREASING demand for Panama Canal transits has encouraged the Panama Canal Authority (ACP) to raise its reservation and services fees.

From April 15, booking reservation slots will rise from between $10,500 and $50,000 for the panamax locks, and for the larger neopanamax locks to $70,000-$85,000 for the largest vessels that use the canal.

The transit reservation system is an optional service offered by the ACP that gives customers the ability to transit on a specific date through the payment of an additional fee, guaranteeing a transit.

"As part of this continuous improvement process, these changes will help simplify the current structure and seek to reflect the value of the services provided by the waterway, including the reservation system, which ensures the certainty of transit on a given date," the ACP said.

"The rising demand for these slots has prompted the canal to reflect the value of this service in tariffs to meet current demand and supply."

Golden Ocean bullish on 2021 prospects

GOLDEN Ocean, the dry bulk outfit ultimately owned by billionaire John Fredriksen, expects positive market dynamics to unfurl through 2021, and beyond.

Rates during the first quarter so far have been the highest in recent years, suggesting a tight supply-demand balance in the market, the Oslo-based company said in an earnings statement.

That bodes well for the balance of the year. As a result, it will keep its vessels, particularly capesizes, trading in the spot market.

"We expect positive impacts from seasonality as well as a broader rebound in freight demand as the pandemic softens its grip on the global economy," chief executive Ulrik Andersen said in the statement.

Star Bulk reports higher operating costs on crew changes

STAR Bulk, the largest US-listed dry bulk owner, has reported higher operating costs related to crew changes.

Vessel operating expenses rose to $46.1m in the fourth quarter of 2020 versus $42.2m in the corresponding period a year earlier.

The higher expenses were mainly related to the increased number of crew changes performed during the period as a result of Covid-19 restrictions.

The average daily operating expenses per vessel for the fourth quarter amounted to $4,320, up from $3,899 in the same period of 2019. Excluding the effects of the pandemic, the average operating expense per vessel was $4,169 per day.

The company reported net income in the fourth quarter of $27.8m compared with $23.5m in the year-earlier period.

FSL Trust lines up product tanker sales

SINGAPORE-LISTED FSL Trust is divesting two product tankers that are still under construction amid weaker shipping demand from slower trades of oil and oil products.

The shipping trust has earmarked a pair of long range two product tankers, namely *FSL Suez* (IMO: 9888730) and *FSL Fos* (IMO: 9888742), for sale to an undisclosed and unaffiliated third party.

The tankers are due to be delivered from Cosco Shipping Heavy Industries' shipyard in Yangzhou.

Port of Los Angeles diverts ocean carriers to reduce cargo backlog

THE port of Los Angeles will see some incoming containerships diverted to other US west coast ports in an effort to reduce the backlog of cargo on vessels currently at anchor and awaiting berths.

The decision to divert ships from America's premier port comes as the Federal Maritime Commission steps up its enquiry into congestion there as well as at the ports of Long Beach and New York-New Jersey.

"There have been several services that have been switched so far temporarily that will come back to Los Angeles," port of Los Angeles executive director Gene Seroka told reporters on Wednesday.

"If we stopped all shipments right now, we would still have about a month's worth of work from those ships at anchor," he said. "We need to really catch our breath and go after this backlog of anchored ships with new and renewed enthusiasm."

Port of New York-New Jersey sees record throughput in 2020

THE port of New York and New Jersey saw a record year for container throughput in 2020, rising to some 7.6m teu by the end of what officials called a tumultuous time of ups and downs due to the coronavirus pandemic.

"Port volumes plunged April through June," said New York Shipping Association president John Nardi. "There were days when up to 25% of the workforce had no opportunity to work."

He said forecasts on volume were "difficult to come by" as the virus impacted the port's various worldwide trading partners and as concerns arose about second and third waves of the virus.

But volumes recovered in August, when it became apparent that with no money being spent on travel and leisure, consumers used their disposable income on retail goods causing volumes to boom.

"The result was continued growth, year over year, of up to 20% a month for the balance of the year," Mr Nardi said in the NYSA 2020 Annual Report, released on Wednesday.

Classified notices follow