

## LEAD STORY:

Not all countries should be in the flagging business

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## Not all countries should be in the flagging business



HISTORIANS DEBATE THE extent to which the Treaty of Versailles in 1919 was responsible for the subsequent rise of Nazism and the Second World War.

But a less commonly remarked upon aspect of the deal struck by British prime minister Lloyd George, US president Woodrow Wilson and French prime minister Georges Clemenceau is that is established the right of any sovereign state — even a landlocked one — to operate a ship registry, as set down in Article 273.

Yet just because a government has a right, it does not mean it should exercise it. For some of the world's worst-performing flags, it would be better for all concerned if they did not.

With rights come responsibilities, and in this instance, primarily the responsibility to make certain 'their' internationally trading vessels — however tenuous the connection with the home port — come up to scratch.

Many open registries match or better First World national flags on all relevant benchmarks; too many flags, alas, are failing.

In recent days, Lloyd's List has reported on the regulatory arbitrage some owners adopt, looking to poorly-managed or fraudulent registries to circumvent compliance with international legal, safety and pollution conventions.

Other flag states seem to forget that they do not just represent owners, but have a duty of care to the seafarers as well.

Palau, for example, dropped registration of a bulker months into a reported abandonment case in the Middle East, forcing the crew to go on a hunger strike. It walked away, leaving someone else to pick up the pieces.

Not all flag states enforce crew sizes adequate to keep ships safe. When accidents inevitably occur as a result, we have shown how some 40% of all mandatory accident investigation reports do not get published.

When Lloyd's List revealed the full extent of these failings on casualty investigations in 2018, the International Maritime Organization — the United Nations agency ostensibly tasked with keeping an eye on these things — pledged action.

To be fair to IMO secretary-general Kitack Lim, there has been a slow and slight improvement. But the reality of almost four out of 10 reports never seeing the light of day remains a woeful record.

The suggestion that this could happen to the equivalent number of airline crashes is inconceivable.

Air crash victims are international front page news regardless of where it happened. Fatal incidents involving seafarers routinely fail to make even local news, far less create sufficient political pressure for answers.

The reasons for these myriad failings vary, but often boil down to simple lack of resources.

Pressure for change is mounting. Public and investor opinion will increasingly refuse to tolerate this sort of behaviour, as ever more emphasis is placed on the mantra of environment, social, and governance criteria.

A combination of market and regulatory pressure can also be effective; reputable owners and charterers must give the worst flags a wide berth, and port state control must give them inspection hell.

But the power to enact real change sits in a brown-brick building on London's Albert Embankment. Accountability is required, and the IMO must call out governments that are found wanting.

The diplomatic niceties of the UN structure do not represent an acceptable defence against day by day shortcomings that are putting lives at risk.

As we began by pointing out, there has been nothing to stop any country running a shipping registry for the last 102 years.

But for those routinely loitering on blacklists, missing deadlines and failing to implement even the basics of the international standards they have signed up to, there must be consequences.

It is time for the IMO to help them shape up or (quite literally) ship out.

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## WHAT TO WATCH:

# Israel's 'secret attacks' on Iran's tankers not a threat to shipping, say experts

A REPORT that Israel has mounted covert attacks on Iranian tankers carrying oil to Syria will not increase the low risk to general shipping in the Middle East, according to security experts.

Israel has targeted “at least a dozen vessels” — three in 2019 and six last year — out of concern oil profits were funding extremism, the Wall Street Journal reported, citing unidentified US officials and Iranian shipping sources.

The newspaper report did not offer evidence or identify the ships said to be attacked.

Israel and the US declined to comment, the WSJ said.

Israel's Defence Ministry and the US State Department did not respond to requests for comment by Lloyd's List.

Security consultants said the action reported by the newspaper fits the pattern of tit-for-tat, limited strikes meant to create political pressure in the proxy conflicts between Israel, Iran and Saudi Arabia.

“Israel already goes to great lengths to push back Iran and its proxies all over the Middle East and attacking shipping is another way to do that,” said BIMCO head of maritime safety and security Jakob Larsen.

The WSJ report claimed Israel has used weapons including sea mines to strike Iranian vessels or

those carrying Iranian cargo towards Syria in the Red Sea in the face of US sanctions.

It reported that Iran kept quiet on the attacks to avoid appearing weak, and that US officials “provided tacit US support during the Trump administration for such attacks”.

The claims follow reports of a fire on the Iran-flagged containership *Shahr E Kord* (IMO: 9270684) on March 10. The cause was not confirmed, but Iranian media claimed the vessel was hit by a missile.

Israel has accused Iran for a blast that punched four holes in the Israeli-owned ro-ro *Helios Ray* (IMO: 9690547) in the Gulf of Oman this month. Tehran has denied the charge.

Iran has also armed and supported Yemen’s Houthi rebels, who have attacked Saudi-linked ships with waterborne improvised bombs.

Control Risks senior maritime analyst Cormac McGarry told Lloyd’s List the report did not change the risk to international shipping in the region.

Mr McGarry said Israel had the intent and the ability to carry out the alleged strikes, but there was so far no evidence that it had.

“Much of the plight suffered by Iranian vessels can as easily be attributed to their poor state of repair,” he said, since sanctions have made it hard for Iran to renew and repair its ageing fleet.

Mr McGarry said sabre-rattling rhetoric from both sides about security threats was likely to increase in the run up to elections in Israel and Iran.

Saudi-flagged tankers were at the highest risk of attacks by Iran, followed by ships linked to the US’s Middle East Gulf allies or those carrying Saudi oil.

But for ships with no obvious ownership or other perceived links to political tensions, “It’s unlikely anything is going to happen to your vessel”.

Risk Intelligence chief executive Hans Tino Hansen ranked the threat to ships from highest to lowest: Vessels directly supporting the Saudi war in Yemen, from Houthi attacks; Israeli or Iranian ships, targeted directly or indirectly; Saudi and UAE vessels, primarily tankers targeted by the Houthis; Tankers from other countries moving Saudi or UAE oil and gas; Other international vessels “in the wrong place at the wrong time”.

Ambrey senior intelligence analyst Jake Longworth said in 2019 Iran accused foreign powers of sabotaging its ships, including the tankers *Sabiti* (IMO: 9172040), *Happiness I* (IMO: 9212905) and *Helm* (IMO: 9357391).

He said any Israeli acts of aggression could increase the threat to Israeli-linked vessels.

“Commercial shipping has become an unwitting victim of a multifaceted, asymmetric regional conflict in which harassment, sanctions, seizures and covert attacks are used for diplomatic messaging and power projection,” said Mr Longworth.

He said not all covert acts were made public or reported accurately, and the risk to shipping depended on the complex interaction of regional politics, trading links and conflict developments.

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## OPINION:

# Lloyd’s List launches The Future of Shipping hub

THE shipping industry faces an unprecedented series of challenges and a future laden with increased uncertainty, complexity and risk.

Surviving the economic fallout of the coronavirus pandemic is only the beginning.

The business models that underpin shipping’s fragmented structure will need to adapt to a future requiring financial flexibility, transparency, a smarter approach to digital integration and, of

course, enough foresight to survive the clean energy transition.

The industry’s reactive tendencies have tested business resilience and been found wanting. Now is the time for every maritime business to think, plan and to act strategically with a long-term vision.

Lloyd’s List’s Future of Shipping programme will gather industry leaders, policy-makers, investors, financiers and sector experts to offer a unique

programme of informed analysis and intelligent debate that will build over the year into an industry playbook for a sustainable and profitable future.

Explore our newly launched Future of Shipping hub and register for the five webinars in the series. There will be a range of associated content including

expert focus videos, articles, podcasts, special reports and more added as the year progresses.

Sponsorship and advertising opportunities are also available. If you would like to align your brand with our expert-led content, please get in touch.

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## ANALYSIS:

# Dozens of bulkers remain caught in crosshairs of China-Australia row

A PANAMAX bulk carrier has discharged its coal cargo after waiting seven months at the Chinese port of Tangshan, according to Lloyd's List Intelligence vessel tracking data

The 2016 built, 84,904 dwt, Panama-flagged *Navios Coral* (IMO 9774264) was a victim of the ongoing dispute between Australia and China which has left dozens of vessels stranded for weeks or, in some cases, months.

*Navios Coral* had been in the Tangshan anchorage since July 21, 2020, having left Hay Point in early July. It is now heading to Abbot Point Port, in North Queensland, where it is expected to arrive within days, Lloyd's List Intelligence vessel-tracking data shows.

Another vessel, *Penelope* (IMO 9317822), has been discharging coal and is expected to head to South Korean port Yosu following a wait of seven months.

But these are just two ships allowed by the Chinese authorities to unload their cargoes among the several vessels waiting to offload Australian coal in China.

While congestion has improved in the past month, the dispute between Canberra and Beijing still holds with just a handful of bulkers carrying Australian coal allowed to discharge since December last year.

Over 40 laden bulkers still remain stranded in Chinese anchorages and ports, Lloyd's List intelligence data shows.

Coal suppliers and shipmanagers confirmed to Lloyd's List that they are unable to find new buyers for their cargo and have no choice but wait out a trade dispute that has already lasted several months. The crews of these ships are also caught in the middle of the political spat.

One Hong Kong-based owner said his vessel has been waiting in Chinese anchorages for six months. The crew could not leave Chinese waters even for changes because they were warned by the importers of the coal and the charterers that the port authority may seize the ship and arrest the crew if they did so, he said.

Moreover, Chinese ports are still not allowing foreign crew changes in their ports, he said. "There's no indication from the Chinese customs on when these cargoes can get clearances."

China's seaborne imports declined by 10% in 2020 year on year to reach 241m tonnes, Braemar ACM estimates.

This decline was in part due to the pandemic, which lowered both steel manufacturing and coal-fired electricity demand, but also protectionist policies that throttled imports of foreign coal to support China's domestic mining industry.

Over the same period, Australia's exports to China declined by 26% to 66.7m tonnes, Braemar data shows.

In terms of market share, Australia's share declined from 33% in 2019 to 28% in 2020.

Most of the replacement coal volumes into China came from Russia, with volumes growing from 21m tonnes in 2019 to 31m tonnes last year.

Australian coal, on the other hand, found renewed interest from Japan and India, among other buyers, the brokerage noted.

Although, from a shipping perspective, the most helpful way forward would be for Australia and China to settle their differences in expeditious fashion yet, the ban has likely had a positive impact on bulker demand.

“On one hand we have Australian coal travelling further distances to Japan and India. On the other hand, China has diversified its sources to further

away, importing South African coal for the first time since 2015,” Braemar said.

## Union urges release of seafarer stuck on ship for four years

A MARITIME union has taken up the case of a Syrian seafarer who has been on board a general cargo ship for almost four years.

The International Transport Workers’ Federation is appealing for the 33-year-old chief officer to be repatriated.

The seafarer was appointed legal guardian of the Bahrain-flagged, 1999-built, 5,094 dwt *Aman* (IMO: 9215517), which has been abandoned near the port of Adabiya in Egypt since November 2017.

He is not being allowed to depart, according to the federation. His passport expires this month, which will further complicate the matter if no action is taken.

The owner, Bahrain’s Tylos Shipping & Marine Services Co, has been linked to three other abandonment cases.

The seafarer, who has been alone on the vessel since August 2019, has no basic provisions and is suffering with physical and mental health issues.

“His situation is one of basic human rights,” said ITF Arab co-ordinator Mohammed Arrachedi. “It needs to be treated with maximum urgency. His life is at risk.

“We reiterate to the Egyptian and Bahrain maritime authorities an urgent solution for the seafarer who needs to be repatriated.”

The ITF is assisting with living and medical assistance, and is ready to cover the repatriation costs. It is also providing legal assistance to reclaim unpaid wages.

Meanwhile, the case of the abandoned crew on board *Ula* (IMO: 8102414) is continuing, without resolution.

The cargo will be discharged next week, according to the ITF, which has offered to provide legal assistance to the crew.

The Qatari-owned bulker has been abandoned off Shuaiba, Kuwait, since April of the past year.

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### IN OTHER NEWS:

#### **Wan Hai unveils \$1bn ordering spree**

WAN HAI Lines has said it will build nine 13,000-teu class containerships for more than \$1bn as it continues its fleet expansion mode.

The fresh tonnage is to meet the Taiwanese carrier's need for long-term operational and fleet development, it said in a stock filing, without elaborating further.

Brokers suggested the shipping line is in talk with shipbuilders, including Korea Shipbuilding & Offshore Engineering, about the construction of the vessels, which are scheduled to be delivered from 2023.

#### **RightShip expands vetting rules**

RIGHTSHIP, the vessel vetting company, plans to take a “deeper dive” into the history and safety performance of ships and will not recommend those that fail any of newly defined and expanded criteria.

The company, which is owned by Cargill, Rio Tinto and BHP — the world’s largest commodities traders, miners and charterers — said the new standards will move shipping “beyond base compliance”.

There are now 50 assessment items, compared with the original 20, making clear “binary failings”, with “no more grey areas”.

#### **Fifteen crew kidnapped from tanker in Gulf of Guinea**

FIFTEEN crew members are reported to have been kidnapped following a piracy attack on board a chemical tanker in the Gulf of Guinea.

The vessel, owned by De Poli Shipmanagement, was targeted near Benin, West Africa, according to Lloyd’s List Intelligence casualty report.

The 2016-built, 19,801dwt *Davide B* (IMO: 9721750) was boarded by nine armed persons around 210 nautical miles south of Cotonou, Benin while en route from Germany to Nigeria.

### Seattle dredging plan draws environmental challenge

NORTHWEST Seaport Alliance's plan to dredge Seattle Harbour could be delayed by a lawsuit filed by environmentalists.

The Center for Biological Diversity's lawsuit claims the

deepening project would lead to noise that drowns out the sounds used by whales to echolocate their sole prey, the Chinook salmon.

"This case challenges the failure of the US Army Corps of Engineers and the National

Marine Fisheries Service to fully disclose and evaluate the harm to Southern Resident killer whales from the Corps' decision to expand Seattle Harbour," the CBD said in its filing.

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**Enforcement Officer Risto Sepp sells a vessel named “MARMARA MARINER” IMO 9175183 (Oil tanker), located at Vene Balti Port, Tallinn, and belonging to USA RIVER SHIPPING CO. LTD at an oral auction.**

Claim of NT Bunkering AS serves as grounds for conducting the auction.

The auction begins on 16.04.2021 at 10am (EET). Auction will be held in Estonia, Tallinn, Rävåla 5 at VII floor. Starting bid of auction is 630,000 euro.

Persons having the right to claims ensuing from maritime claims are to submit such claims no later than on 10.04.2021 with substantial grounds.

The Enforcement Officer proposes to all persons having rights in regard to the vessel being sold or rights that would obstruct the conduction of the auction, to achieve a closure or halt of the auction before the day of division of earnings on the basis of an agreement with the claimant or a ruling of the court.

Any additional information concerning auction or vessel details or inspection of the vessel sold at the auction is possible on arrangement with the Enforcement Officer. A request must be submitted by **e-mail** [risto.sepp@taitur.net](mailto:risto.sepp@taitur.net) or by **phone +372 56 624 194**.

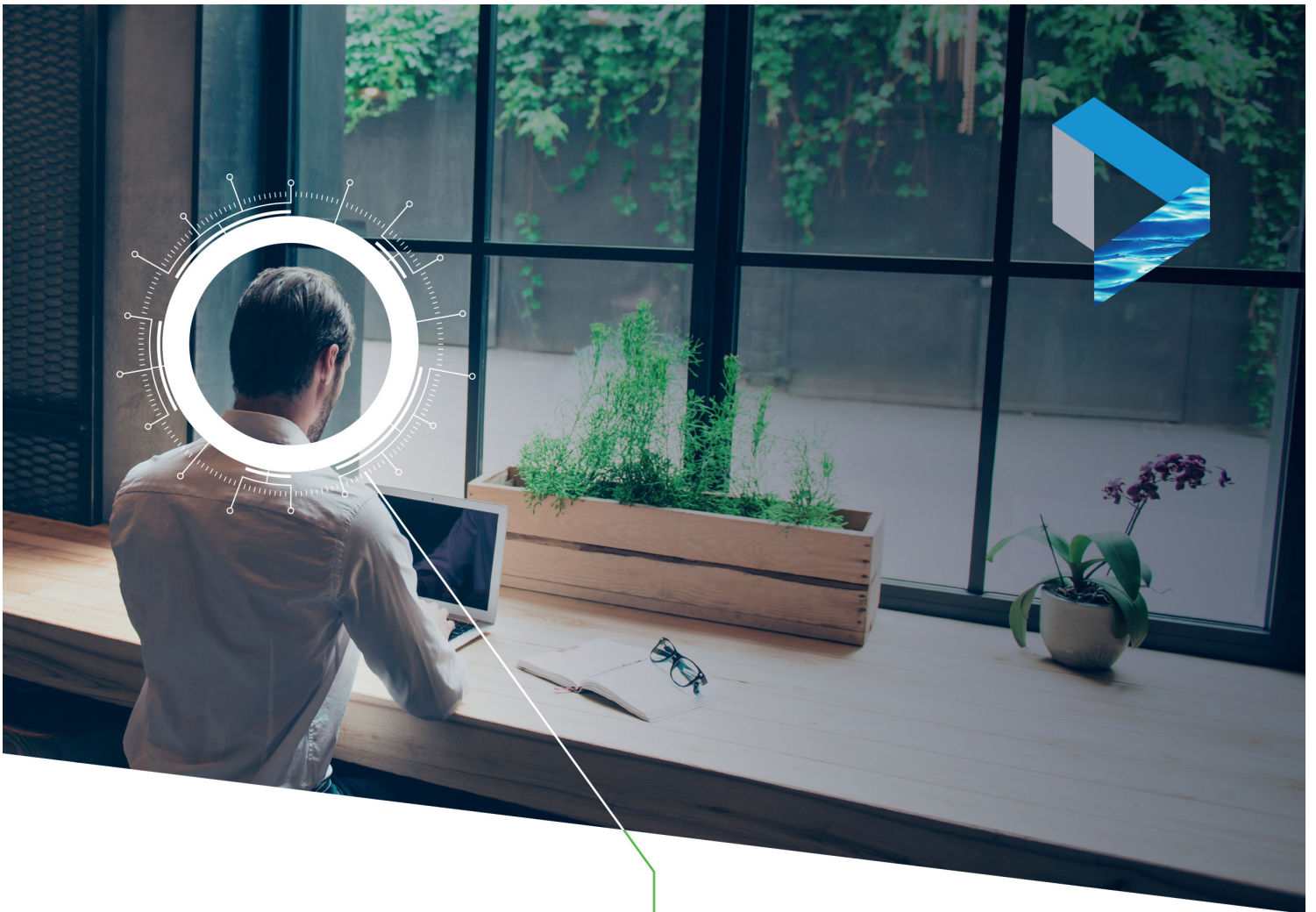
**Enforcement Officer Risto Sepp sells a vessel named “NATIG ALIYEV” IMO 9194000 (Oil tanker), located at Vene Balti Port, Tallinn, and belonging to Pal Shipping-7 Co Ltd at an oral auction.**

Claim of NT Bunkering AS serves as grounds for conducting the auction.

The auction begins on 16.04.2021 at 14am (EET). Auction will be held in Estonia, Tallinn, Rävåla 5 at VII floor. Starting bid of auction is 2,310,000 euro.

Persons having the right to claims ensuing from maritime claims are to submit such claims no later than on 10.04.2021 with substantial grounds. The Enforcement Officer proposes to all persons having rights in regard to the vessel being sold or rights that would obstruct the conduction of the auction, to achieve a closure or halt of the auction before the day of division of earnings on the basis of an agreement with the claimant or a ruling of the court.

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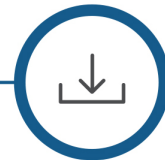
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