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Daily Briefing

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Emissions levy proposal is a major turning point for shipping

THE STRUGGLE TO reduce shipping's greenhouse gas emissions has taken an irreversible turn.

Rarely do proposals that would singlehandedly radically alter the industry's future come around at the International Maritime Organization. The 2020 sulphur cap was one. The 2018 adoption of the initial greenhouse gas strategy was another.

With their call for a $100 levy per tonne of CO2 equivalent on all ships without exemptions by 2025, the Marshall Islands and the Solomon Islands have not only accelerated an industry-defining conversation, they have now set the bar in that discussion.

How many proposals can you recall that would not only add more than $90bn in annual costs for international shipping, but also generate over $90bn for governments to spend at their discretion?

The two countries suggest that at least 51% of these annual revenues from this levy go toward countries' climate change adaptation and mitigation costs, up to 33% of it to decarbonisation research, development and deployment purposes and around 16% are earmarked for administration costs

There will be many arguments over where the revenues should go, who should handle it, how much funding the industry should get out of it and other elements which are all very crucial components of any market based measure such as a fuel levy.

From an industry perspective, the point of an emissions levy is to cut the costs between fuel oil and zero-carbon fuels and propulsion technologies, facilitating the emergence of the latter.

A level of $100 per tonne of CO_2 equivalent is now the new concrete standard for carbon price. Because this is not a corporate white paper or an academic study. It is an official recommendation from two countries, let alone two countries that are deeply affected by climate change, one of which also happens to be among the three largest flag states in the world.

Anything after it will be and should be judged against it — especially if it comes at a lower price.

It is far too early to assess whether the proposal will succeed at the IMO. The measure will be discussed at the IMO's Marine Environment Protection Committee in June, but the goal is to have it in place by 2025. That gives regulators enough time to deliberate — and to change their minds.

Given that during the MEPC meeting last November, major countries including China and Russia declined to even open talks on market-based measures, it should not be expected these same states will have a sudden change of heart in June. It may be a rough outing for the proposal at that meeting, not just because of its levy, but because of its structure.

But its reception in June is not necessarily representative of its fate over the next couple of years.

Climate change will only continue to ascend in the global political agenda and as the years pass, the willingness from governments to set a market-based measure at IMO should grow as pressure grows and the organisation revises its strategy in 2023, likely with new targets.

It is too early to speculate on what outcome could count as "successful" for the proposal. Almost every major agreement at IMO undergoes compromises and it is natural to expect that this one will too

Other proposals will emerge on the back of this one and efforts will be made to combine them to some degree.

There are also outstanding questions, most notably a fundamental conundrum at the heart of shipping's energy transition; who should pay, the charterer or the shipowner?

Whether it is successful or not it already pushes the IMO and the shipping industry into new territory forcing it to confront immediately the challenging topic of market based measures, something that many would hope they would have to do later on.

Climate change has always been a political issue and MBMs, with their added costs to trade and the revenues they generate, best encapsulate that reality.

Since adopting its greenhouse gas emissions strategy in 2018, the IMO has witnessed political and socio-economic considerations come in during almost any discussion about potential emissions measures.

This $100 per tonne of CO_2 levy will exacerbate this and the debate on how to spend the money will divide governments, flag states and other interests that permeate shipping and the IMO.

Even if this proposal never succeeds in any capacity, its very existence will force governments to finally work out how the money from a levy should be spent. That will not be quick and smooth. But it will have to end in an agreement if the IMO wants any shot at enabling shipping's energy transition.

This will also force the IMO to reconcile with the fact that its role as a technical body for the maritime sector will change. Over $90bn in annual revenues will do that.

Newfound attention will come from within governments who will look at the potential earnings to their coffers from a levy on an industry that has minimal political power or voter constituencies, except in a few countries.

Newfound attention could mean new faces, new mandates and a new sense of value bestowed on the IMO.

And then there is the shipping industry itself. The thousands of small shipowners and operators for whom even small changes in costs would be game changers and the dozens of larger companies claiming leadership in the decarbonisation field, including some that are vocally demanding a carbon levy come in.

Some of these major corporate stakeholders have criticised the IMO for inaction or slow pace in the face of an urgent problem.

This $100 levy proposal should prompt them to take a clear stand over the next few months. Yes, careful assessment is needed but after that, equivocations would be difficult to justify.

BIMCO, the largest shipping association that recently openly demanded an MBM for shipping, does not at this stage have a model for how a solution should work, or what the carbon price should be, according to its deputy secretary-general Lars Robert Pedersen.

"We believe it is premature to pick and choose specific elements from this new proposal by Marshall Islands and the Solomon Islands in terms of functionality, price levels etc," he told Lloyd's List.

Mr Pedersen did say that BIMCO notes "with some concern" the proposals' suggestion that the administration costs would take 16% of the levy's annual revenues.

"BIMCO looks forward to constructively engage in this important debate on MBMs which is a necessary enabler of shipping's transition and fulfilment of the vision declared in the IMO initial strategy," he said.

International Chamber of Shipping secretary-general Guy Platten said he had not seen the proposal yet sees a role for MBMs among other policy and practical levers that needed to scale the decarbonisation of international shipping.

"A full impact assessment will be required to ensure that the quantum is correct to deliver the change required, which is sustainable and equitable," he said on the proposed impact $100 price tag.

The World Shipping Council, the biggest liner association, said it looked forward to discussing the proposal at MEPC along with other proposals it expects will come up.

"As is often the case at the IMO, solutions are likely to emerge as hybrids that contain the best of multiple proposals," WSC communication director Anna Larson said.

These groups and the other numerous industry bodies that occupy seats at the IMO headquarters in London will need to actively engage in the discussion of the proposal not least because of its timing.

The $100 levy proposal overshadows the mandatory $500m a year research and development fund that the industry — now with the backing of some major maritime nations — want the IMO to set up.

The industry groups have stressed repeatedly that their proposal is not aimed at being market-based measure but strictly an R&D effort. Much to their disappointment many governments and observers do not take the same view and frame it, for their own purposes, as an MBM-like tool.

The next MEPC will likely see some governments conflate the two proposals and use one to dismiss or tone down the other. This will worry industry associations.

The most effective way for them to disassociate their R&D proposal from the $100 levy is to facilitate the latter. Even if they disagree with its suggestions, they need to ensure it gets its fair shot and does not just fall on the wayside in June as an ambitious proposal only backed by two countries and some non-governmental organisations.

They certainly have enough influence to do that.

WHAT TO WATCH:

Scrubbers and eco specs helping VLCCs avoid negative earnings

OWNERS of modern, fuel-efficient very large crude carriers or those with scrubbers installed have escaped negative earnings amid dire market conditions over the first quarter of the year, according to Cleaves Securities

Time charter equivalent calculations for the global fleet of 776 VLCCs are below zero on many of the benchmark routes, meaning that shipowners are effectively paying oil traders and producers to transport their oil.

But Cleaves Securities said these rates were not representative and that VLCCs with so-called "eco" specifications that consumed less fuel earned a premium of $5,485 daily, taking them out of negative territory.

Likewise, VLCCs with sulphur abatement technology installed allowing the use of cheaper bunkers, also earned $5,112 per day more than those without scrubbers.

If a tanker met both criteria and thus could operate more efficiently using cheap fuel, then time charter equivalent earnings would at least exceed operating costs, the Norwegian investment bank said in a weekly report.

Forty-nine percent of the VLCC fleet had 'eco' specifications, 40% were fitted with scrubbers and 28% had both, Cleaves Securities calculated.

Cash breakeven rates, covering both operating expenses and loan repayments was assessed at $24,000 daily with operating costs around $6,500 daily, according to the report.

Plunging exports as oil producers slashed shipments to draw inventories and support prices saw Persian Gulf shipments in February plunge to the lowest monthly figure since January 2010, Lloyd's List Intelligence data shows.

Shipbroker SSY said that March loading figures for the Middle East Gulf were on course to set a new low, according to its monthly report, emailed March 15. Some 95 to 100 VLCCs were projected to load in Marchs, SSY said., and was 70 fewer than the same period last year.

Illustrating the surplus were 25 VLCC in the area without employment, which is 10 to 15 more than usually seen.

VLCCs have recorded weakest earnings across the tanker sector throughout 2021.

The Baltic Exchange's average time charter assessment for VLCCs on March 15 was minus $11,463 per day, the lowest since September 2013.

That was the 47th consecutive day the average time charter equivalent rate has been assessed as negative.

SSY said tanker earnings across the clean and dirty sector have been the weakest since the shipbroker began assessing the routes, which in some cases dated back more than 20 years.

"Over the last six months rates have been under pressure from, sustained low cargo volumes, the return of vessels from floating storage and weak refining margins," it said in its monthly report.

"Despite the promising oil demand signals and increases in supply since OPEC+ output cuts were at their peak last summer, export volumes remain severely constrained."

Braemar ACM, has weekly rate assessments that also show similar premiums for VLCC tonnage with scrubbers and fuel efficiencies.

A VLCC with a scrubber and eco specificiations earned $2,374 daily on the Saudi Arabia-China route, compared to minus $10,443 per day for one without either, the shipbroker's weekly report showed.

On a triangulated route from the Middle East Gulf to the US Gulf, then to China and back to the Middle East Gulf, the Eco-Scrubber ship earned $21,893 daily, versus $7,791 daily without either, data showed.

Earlier this month key VLCC operators said they would not consider idling vessels to reduce surplus capacity and that slow steaming could generate savings to remove negative earnings.

ANALYSIS:

Cargo underwriters providing free trade credit cover, ruling shows

CARGO underwriters are often providing trade credit cover for free without being aware of it, according to an analysis of a lengthy commercial court judgment.

The implications of the outcome are so important that they could potentially change the nature of marine cargo insurance, a partner at one prominent firm has warned.

The issue has arisen following a 230-page plus ruling in *ABN Amro Bank v Royal & Sun Alliance Insurance* and others, including a swath of big-name Lloyd's outfits including Navigators, Brit, Talbot and Markel and prominent broker Edge.

The decision effectively reinforces case law that cargo insurers can in some circumstances be on the hook for financial losses arising from the default of an assured's customers, even where there is no physical loss or damage to the cargo.

It comes after a run of cases in which insurers disputed construction of policy terms and scope of cover, and brokers were found to have failed to protect the client from unnecessary risk of litigation.

Mr Justice Jacobs also held that a £33m ($45.9m) claim from the bank was covered, and that Edge had breached its duty to procure cover that clearly met its client's needs.

The background to the litigation is ABN Amro's role in financing several transactions for Transmar and Euromar, then two leading players in the world cocoa market, in the mid-2010s.

As is usual in the commodities sector, the traders did not fund their purchases up front, but were financed by the bank, in the expectation of repaying the price on the sale of the cocoa.

Again as is normal practice, ABN Amro took title and risk in the cargo, and purchased cargo cover to protect its position.

The policy was built on standard marine all-risks terms but contained extensions beyond ordinary physical loss and damage to cargo.

The key extension was a bespoke transaction premium clause or TPC, which had been drafted by ABN Amro's lawyers.

In 2016, Transmar went bankrupt in the US and Euromar was declared insolvent in Germany. Senior executives from both companies were subsequently imprisoned in the US for fraud committed against several banks, including ABN Amro.

Jacobs J held Edge liable to the bank for losses arising from its inability to recover from the two following market insurers.

The bank additionally argued it was entitled to recover from Edge the irrecoverable costs of pursuing its claim against all the insurers.

Edge accepted it owed duties of reasonable skill and care to procure cover that clearly and indisputably met the bank's requirements and did not expose it to an unnecessary risk of litigation.

However, it insisted that it was not responsible if the insurers rejected the bank's claim under the TPC, which had been drafted by specialist insurance solicitors. The bank should look to it lawyers to ensure its interests were protected.

But Jacobs J ruled the duties owed by the broker were not reduced because solicitors had drafted the contentious clause.

Crucially, the broker should have advised from the beginning that the credit risk market was the appropriate market for the cover sought.

As the employee who dealt with the placement did not have the relevant expertise, more experienced staff should have been involved.

The broker should have discussed the nature of cover sought in the TPC with the underwriters with which it negotiated. Had it done so, it would have avoided the potential for future disputes.

Matthew Wilmshurst, a senior associate at HFW, said that the common-sense starting assumption is that marine cargo insurance policies cover physical loss or damage.

But over the years, the range of cover has expanded well beyond Institute Cargo Clauses and now typically runs to 40 pages or more, including multiple bespoke wordings. That often makes it harder to settle claims.

It means cargo policies are no longer just cargo policies, but in reality a form of hybrid cargo/trading risk/trade credit policy.

In recent years the cargo market has hardened substantially, not least because of Lloyd's Decile 10 drive to root out underperformers.

"People are looking at these policies in a lot more detail. Big cases like this will make people look at them even more," said Mr Wilmshurst.

ABN Amro v RSA will likely crystallise thinking on whether policies are too wide in scope, and whether enough premium is coming in.

"There's an awful lot of cargo policies that provide for much wider scope than may have been the underwriter's intention or may ordinarily be expected from a marine cargo policy," he said. "This is a very clear example of that, the biggest and the best example. Because it is the biggest and the best, it is on every marine cargo insurer's mind.

"If they haven't already been trying to row back the scope of the cover, they will all now be looking at the policies they are writing and treating commodity trader accounts with a lot more caution."

Mike Phillips, a dispute resolution partner at Watson Farley & Williams, said the key point was that the TPC provided cover would extend to any situation where the bank's customer was in default.

The insurers had declined to pay, on grounds they had provided cargo cover but not credit risk cover. But the court decided that bespoke terms change the nature of the insurance being provided.

"The London market has been saying, that can't have been the intention, because it is changing a normal all-risks marine cargo policy into something completely different," he said. "They say, we don't even do that type of insurance. The judge said, that's what the clause says, so that's what you've done. All that other stuff is very interesting, but if you write 'I'm going to cover this risk', then you're bound by it."

The message for underwriters is to ensure that they are not inadvertently writing commercial credit risk insurance without being aware.

"It's a thorough reminder of what everybody should know, which is that if you sign up to a clause without having thought it through, you will change the fundamental nature of the contract."

Mr Phillips expects that most underwriters will now wish to review marine cargo policies placed for financiers on bespoke terms.

Commercial interest makes 'just in time' arrivals a tough sell

BIMCO launched its Just in Time Arrival Clause last month as a way of reassessing contractual obligations in the light of the industry's need to reduce greenhouse gas emissions.

The concept is not new: it was under consideration more than a decade ago but never took off. The driving force then was reducing costs but the imperative to improve port call efficiency and port call optimisation has put JIT back on the agenda.

The basic concept is that the speed of a ship will be adjusted to arrive at a designated place at a specified time where it can proceed immediately to a berth or terminal. To achieve this, all key stakeholders in the process need to be involved, including pilots, tugs, agents, and other service providers.

When working properly, waiting time at anchorages will be significantly reduced. In turn, this will reduce the port's own carbon footprint.

Grant Hunter, head of contracts and clauses at BIMCO, set out the requirement for a simple clause that allows all parties to focus on partnership, collaboration, and discussion that results in a solution that benefits everybody rather than the current common practice of 'hurry up and wait'.

"Why do we need a clause at all?" he asked during an Immediasea webinar. "Why can't owners just adjust speed of arrival? Because the way voyage charter parties are constructed, shipowners are under a very strict obligation to get their ship as fast but as safely as they can in between ports... that's a due despatch obligation.

It's not only an obligation towards the charterer, but also towards any third-party bill of lading holders, who own the cargo.

"If a shipowner decides to divert for cheap bunkers or do a crew change, unless you are expressly allowed to do that under the voyage charter party, it would be an unjustified deviation." There are consequences if something happens to the cargo; it would prejudice insurance cover, he said.

The wording of the clause is critical in encouraging parties to agree it, and in stipulating how benefits would be shared out.

"The owner will make savings in fuel, [sharing those savings] will be left to the commercial parties."

Essentially, the overall length of a voyage remains unchanged as the JIT regime simply absorbs into the sea passage what would otherwise be waiting time and possibly time on demurrage. What marks

JIT out as different from the Virtual Arrival concept is that the driver is reducing fuel consumption and emissions.

Mr Hunter conceded that there has been little activity involving the JIT clause so far because it was only recently launched. However, he said there had been "tremendous interest".

Despite its overwhelming good sense, uptake is unlikely to be swift — certainly in the short term.

"The concept is so simple in theory, but it has been so hard to implement," according to Andreas Greve Jorgensen, head of global operations at Torm in Denmark. "A number of Torm's clients request emissions data on their specific voyages, which we are happy to provide. We are not afraid of sharing information."

He said the company would like to automate the collection of data and send it to clients at the end of each voyage so they could see the potential of JIT arrivals. "It adds value to ESG strategy without compromising earnings of shipowners or client.

Frank Olsen, chief executive of Inchcape Shipping Services, agreed. The amount of information available to a global ship agency is staggering, "Unfortunately there are many parties who engage with us to say 'you are not allowed to use that information'."

Even when Inchcape offers to anonymise the data, "there is still a misguided attitude that 'I don't want anyone to have access to my information — I will lose competitive edge'."

Charterers have been hardest to persuade, says Mr Hunter. "There would have to be a change to long-term contracts [because] both parties would need to buy into this.

"Persuading charterers will be more of a challenge. If it's an oil cargo, and the charterer is planning to use the ship as floating storage in the port, they are not really interested in just in time arrival. There will always be a commercial aspect, so JIT arrival won't be for everyone.

"Charterers need to be persuaded there is a benefit. Larger charterers are now thinking about climate change with the Sea Cargo Charter. The JIT arrival clause is another tool to address their carbon footprint."

It will soon be possible to use the arrival clause with the BIMCO Port Call Data Exchange Clause which has been designed to encourage wider application and use of the International Maritime Organization data model framework for the harmonised exchange of ship/port information.

Tankers will benefit from India's aim to diversify crude oil imports

INDIA plans to speed up the diversification of crude oil supply sources to reduce its dependence on the Middle East after the Organisation of the Petroleum Exporting Countries decided to continue production cuts in April.

The country also plans to resume oil imports from Iran and Venezuela, and is in talks with Guyana and Mexico for short-term oil contracts as part of its objective to diversify its suppliers.

The moves are a positive development for the tanker sector, according to Gibson shipbrokers.

To act on the new government directive, state owned refiner Indian Oil Corporation has renewed its oil import contract with Russia.

The country also hopes to resume Iranian oil imports this year and will potentially return to Venezuelan supplies if sanctions are lifted.

"This may displace some volume of supplies from two of the country's largest current suppliers, Iraq and Saudi Arabia, which would ultimately support tonne-mile demand," Gibson said in a report.

The world's third-biggest oil importer currently imports about 84% of its overall crude needs with more than 60% of that coming from Middle Eastern countries.

"The combination of rising demand and refining capacity indicate growing trade flows to the country in the short, medium and long term, meanwhile a drive by the government to diversify imports will only further boost tonne-miles," said Gibson.

"Where exactly from and in what volumes these incremental barrels are sourced remains to be seen, but undoubtedly this will be a closely watched development, from both oil producers and tanker owners."

According to International Energy Agency's India Energy Outlook 2021 report, the economy's net dependence on imported oil rises to 91% by 2030 and 92% by 2040 based on today's policy settings, from 76% in 2019, as domestic production lags demand.

The rise in demand comes despite a continued fall in domestic crude production, which declines to 600,000 barrels per day in 2030 from 800,000 bpd in 2019, and then stagnates at this level until 2040.

MARKETS:

Sovcomflot to spend $4.4bn on LNG newbuildings by 2025

SOVCOMFLOT, the Russian shipowner, plans to invest $4.4bn over the next five years in its gas-focused newbuilding programme.

The programme, including 22 liquefied natural gas carriers and nine tankers worth $11bn — some under joint venture arrangements — was unveiled during the company's full-year and fourth quarter of last year results.

The ice-class LNG carriers will each cost at least $290m from South Korean shipyards, based on the company's figures.

Costs are expected to escalate further for those 15 vessels earmarked for construction at Russia's Zvezda Shipbuilding Complex under a joint venture, SMART LNG, with oil and gas producer Novatek.

These are set to become the most expensive LNG carriers built to date.

The overall order programme is second in size only to Qatar Petroleum's newbuilding plans. Most will operate on LNG fuels.

The results are the first end-of-year results delivered since Sovcomflot listed on Russia's Moscow exchange in September to raise $500m.

The Russian Federation maintains an 82.8% stake in the company, which has 145 ships on the water including tankers, gas carriers, offshore vessels and bulk carriers.

Fourth quarter of 2020 net profit was $17.4m on time charter equivalent revenues of $280.8m.

The lacklustre tanker market over 2020's second half dragged on overall profits and earnings for the year.

Net profits gained 18.4% to $266.9m, while time charter revenue at $1.35bn was 22% higher year on year.

The crude and product tanker fleet of 55 vessels, including 40 aframaxes, contributed to about half of all revenues, compared with 82% a decade earlier, according to Sovcomflot.

The company owns 31 LNG carriers, including 22 contracted newbuildings, and wants to expand LNG shipped via the northern sea route.

In February, the company's ice-breaking LNG carrier *Christophe de Margerie* (IMO: 9737187) sailed to China via this route, marking the largest cargo to traverse the Arctic.

The voyage saved 12 days and cut carbon dioxide emissions by 30%, Sovcomflot said.

The shipowner's increasing reliance on state-sponsored energy commodities projects is reflected not only in its newbuilding programme but stated ambitions to become a provider of "floating pipeline" for critical Russian infrastructure.

Reliance on Russian-owned companies is also building. Almost 40% of 2020's time charter revenue is now from customers including Gazprom, Lukoil and Novatek.

The $4.4bn outlined in capital expenditure from 2021 to 2025 includes just over $1bn for LNG carriers and $2.6bn for those that will be financed under leaseback deals.

Some $650m in the total newbuilding programme's cost is excluded in the capital expenditure outlaid, as totals were adjusted to account for equity that joint venture partners have.

Oil companies expand LNG marine fuel availability

LEADING oil companies are increasing the amount of liquefied natural gas available for use as a marine fuel in Singapore and the Mediterranean.

Singapore has granted a bunkering licence to France's Total to begin operations from January 2022, while Repsol is now supplying LNG from the Spanish port of Cartagena.

The developments in the key shipping hubs within the Mediterranean and Asia come as acceptance of the fossil fuel as a transition alternative to fuel oil increases and the number of LNG-fuelled and dual-fuelled vessels on order and in operation expands.

There are 63 LNG bunkering tankers around the world, of which 29 are based in Europe, with 17 in Asia, figures from class society DNV show.

Repsol supplied the 16,300 dwt, Sweden-flagged chemical tanker *Fure Vinga* (IMO: 9890599) with 420 cu m of LNG direct from the regasification terminal of Enagas at Cartagena on March 11.

The Spanish oil company also purchased carbon dioxide credits known as verified emissions reductions to offset the emissions from the LNG supplied to the tanker. This is the first time Repsol has done this.

Carbon offsets were also purchased for a condensate cargo purchased from Australia by Trafigura this month.

More oil traders, shippers and energy companies are using the voluntary purchase of carbon credits to "offset" their equivalent carbon dioxide emissions and meet carbon reduction targets.

As well as Cartagena, Repsol is adapting a further two regasification terminals, at Bilbao and Santander, to supply LNG as a marine fuel in the Mediterranean area. These projects are also partly funded by a European Commission project.

Total's bunkering licence which begins on January 1, is the third granted by the Maritime and Port Authority of Singapore.

The LNG bunkering tanker operated by Total Marine Fuels subsidiary is also one of three the company will be operating worldwide.

Another will begin at Marseille, France in 2022, while the Gas Agility began operating at the port of Rotterdam last November.

There were 27 bunkering LNG vessels in operation over 2020 with a further 16 scheduled for delivery in 2021 and another 12 coming in 2022, taking total operating to 44, according to DNV.

Woodside delivers first carbon offset cargo

TRADING house Trafigura has taken delivery of what could be the first condensate cargo tied to carbon offset arrangements.

The 650,000-barrel cargo was loaded on the tanker SKS Douro (IMO: 9428982) at Woodside Energy-operated Pluto LNG terminal in Western Australia.

Trafigura is also working with the vessel owner to minimise emissions tied to transporting the cargo.

High-quality carbon offsets have been sourced from nature-based projects located in the Asia-Pacific region, according to a statement.

Woodside has contributed data that go towards profiling the emissions associated with extraction and storage of the cargo.

Trafigura will collate the data used to compute the emissions from shipping the cargo.

Woodside vice-president for marketing trading and shipping Mark Abbotsford said this could be the first carbon offset condensate cargo traded globally, demonstrating opportunities for carbon offset condensate.

Pluto LNG project partners, Kansai Electric and Tokyo Gas have teamed up with Woodside and Trafigura to deliver the cargo.

Trafigura head of naphtha and condensates Dmitri Croitor said that the condensate cargo delivered from the Pluto LNG project is the trading firm's first carbon offset shipment.

"We've set ambitious targets to reduce our operational greenhouse gas emissions and by working with Woodside, which has similar ambitions, it is now possible to offset emissions associated with the cargo from wellhead to delivery," he said. "We are developing this offering for other oil products for our customers around the world."

Woodside and Trafigura have also agreed to explore opportunities for carbon management in the marketing of carbon offset condensate, crude oil and liquefied petroleum gas.

Woodside aims for reductions of 15% by 2025 and 30% by 2030 in net emissions from its operations compared with the 2016–2020. Trafigura has set a target of 30% reduction in operational emissions by the end of the 2023 fiscal year.

IN OTHER NEWS:

Antipiracy programmes fail to learn from past mistakes

WESTERN-backed antipiracy programmes too often fail for the same reasons, a researcher says.

Copenhagen University international relations professor Christian Bueger said since the Somali piracy crisis the European Union and other countries had poured money into capacity-building programmes to help African states police their waters.

"Capacity building is not that silver bullet," he told a webinar discussion. "It's complicated, it takes decades, and it hardly provides these quick fixes that a lot of people would like to see."

Double-digit fuel savings claimed from analysis of coatings performance

ACHIEVING sustainability goals in maritime will involve a range of technology and operational solutions.

However, while some technologies grab the headlines, others are not given the credit they deserve even though they are already making a material difference to shipping's environmental footprint.

Vessel paints and coatings fall into the second of these categories. Hempel, the Danish manufacturer, claims its flagship coating Hempaguard X7 delivers double-digit fuel savings compared to generic hull coatings across the docking interval.

Excelerate agrees LNG terminal study with ExxonMobil in Albania

EXCELERATE Energy has teamed up with the liquefied natural gas arm of ExxonMobil to study the feasibility of developing an import project at the Port of Vlora in Albania.

Floating regasification-focused Excelerate will conduct a study the potential of an integrated LNG to power solution involving the conversion of expansion of the existing Vlora thermal power plant and establishing small-scale LNG distribution to Albania and the surrounding Balkan region.

ExxonMobil will lead the charge in identifying opportunities to supply LNG into Albania, according to a deal signed on March 12.

InterManager to draft quality standard for growing membership

INTERMANAGER, the international trade association for the shipmanagement sector, has launched a recruitment drive ahead of the drafting of a quality standard.

"The sector is ripe for an industry standard, one that is inclusive, aspirational, and behavioural," said Mark O'Neil, the organisation's new president.

As InterManager celebrates its 30th year, it has already brought Synergy Marine and OSM on board and is in talks with others. Progress will be assessed at the end of the month, when all member companies will be consulted in drafting a basic standard of competency and quality, with a view to finalising this in June or July this year. This standard will cover issues such as anti-slavery, anti-corruption, and training.

Classified notices follow