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**LEAD STORY:**
Lawyer denies accused Israeli oil-spill tanker polluted beaches

**OPINION:**
What next for Irish sea trade?

We need a grown-up conversation about shipping's hidden heroes

**ANALYSIS:**
Chinese iron ore imports on track for record-breaking year

Libya crude output could double if peace holds

**MARKETS:**
Euroseas sees 'continuing strength' in charter market

DP World profit drops 29% in year 'like no other'

**IN OTHER NEWS:**
NileDutch deal will boost Hapag-Lloyd's Africa presence

De Poli Shipmanagement says kidnapped crew 'doing well'

Florida seaports eye share of Biden's relief bill

New Fortress Energy to convert jack-up for LNG production

Testing seafarers can be part of pandemic fightback, says consultant

Seanergy pays $55m to add capesize brace

# Lawyer denies accused Israeli oil-spill tanker polluted beaches

THE OWNERS OF an aframax tanker accused of an oil spill that tarred stretches of the Israeli and Lebanese coast last month are confident that investigators have focused on the wrong ship.

Takis Chiotelis, a Greece-based lawyer representing the Marshall Islands-based tanker-owning company Emerald Marine Limited, told Lloyd's List that together with the ship's mutual insurer, the Islamic P&I Club, the owner has compiled "solid evidence" that the 2002-built, 112,679 dwt tanker *Emerald* (IMO: 9231224) was not the culprit.

The Israeli government pointed the finger at the vessel after a two-week investigation that narrowed the list of potential culprits from a list of 35 initial suspects.

According to Mr Chiotelis, the vessel owners are cooperating with the Israeli investigation and want any evidence to be publicly shared together with the official investigators.

It is understood that the evidence being provided by the owners and the club includes elements such as monitoring by ship's cameras and crew depositions.

The vessel's owners and the club made direct contact during this week with Israel's ministry of environment and are offering a joint inspection of the vessel, probably somewhere in the United Arab Emirates "in the next few days."

Currently the vessel is seen to be anchored off Soroosh Terminal, Iran.

The owners have already sent a sample of the crude cargo for testing and matching against the oil spill and will enable investigators to do their own analysis.

Contrary to reports, Piraeus-based company Oryx Shipping was not the buyer of the Emerald. In fact, it is owned by Lebanese interests and managed from Beirut, Mr Chiotelis said.

However, he declined to provide further details about the beneficial owner. The seller of the *Emerald*, Libya's General National Maritime Co, told Lloyd's List that Oryx Shipping bought the vessel in December.

The managing director of Oyrx is Luay Mallah with Syrian and Lebanese links, Lloyd's List understands.

After its sale, the Lloyd's Register-classified tanker was then reflagged to Panama from Malta and immediately loaded a Syria-bound cargo of some 90,000 tonnes of crude in Iran, according to Lloyd's List Intelligence vessel-tracking data.

The vessel-tracking transponder was switched off when the vessel loaded in Iran and sailed through the Middle East Gulf and Red Sea.

Automatic Identification System signals briefly returned after the vessel transited the Suez Canal before going dark on February 1 for two days before reappearing in between the Cyrpus and Syrian coast.

An estimated 1,200 tonnes began to wash up on Israeli and Lebanese beaches around February 17, with satellite imagery and cargo sampling used to determine that the Emerald was responsible and that its AIS was off during this period.

The AIS is sometimes switched off for legitimate specific reasons, in certain areas, and this will be explained in due course, the lawyer told Lloyd's List.

The UAE-based Islamic P&I Club which insured the vessel has not responded to two emails and six phone calls from Lloyd's List and made over the last 10 days seeking comment on the oil spill and any liability raised as a result of the spill.

The club, which provided certificates for insurance for financial liability for oil pollution and bunker damage is not part of the International Group of 13 clubs that insure some 90% of the world's fleet.

Mr Chiotelis also declined to confirm whether the cargo carried by *Emerald* was Iranian crude, although satellite images of the vessel loading in Iran have been published when news first emerged of the vessel's alleged involvement in the spill.

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### OPINION:

# What next for Irish sea trade?

IT IS nearly three months since the end of the Brexit transition period and its impact on the Irish Sea has become one of the most hotly debated topics in the freight sector, *writes Stephen Carr, commercial director at Peel Ports Group.*

Whether it is the significant increase in direct shipping between Ireland and the continent, the growth in trade through Northern Ireland, or the switch to unaccompanied freight, the 'status quo' is clearly being challenged.

While the industry had more than four years to prepare for Brexit, it also faced a hard-hitting third wave of coronavirus coming into the start of the year, adding another challenging dimension to our transition into 2021.

The effect of this perfect storm of challenges has been seen already in England, with delays and bottlenecks in supply chains felt by traders using southern ports pre-Christmas, all in addition to the challenges which traders are now experiencing when grappling with new paperwork, rules and checks.

As a result, we are now seeing some distinct shifts in supply chain and logistics strategies here. Are these shifts merely short-term solutions to challenging times? What effect will they have longer term for trade on the Irish Sea?

Between the port of Liverpool and Heysham, Peel Ports handles half of the freight in the Irish Sea. We see containerised and ro-ro traffic to both Northern Ireland and the Republic of Ireland, as well as both accompanied and unaccompanied freight.

Before Christmas we saw a spike in container volumes, due to pandemic-related issues, as well as a spike in trailer volumes, due to stockpiling. Moving

into January, volumes were lower, but this is a drop we expected due to the normal fall in demand post-Christmas and impacts of stockpiling.

However, there was much speculation about what, if any, impact Brexit would have on volumes. With this in mind, what have we seen so far?

The first of these is the changes in profile of Irish sea volumes. We are seeing larger than normal volumes on the Northern Ireland route and lower volumes on the Dublin route.

The latest trade data for the Irish Sea suggests that ro-ro volume is down 35% along the Dublin corridor.

While a swing was expected, what we have seen is greater than expected shift towards Northern Ireland. Is this simply a Brexit-related issue, where traders have identified the route as a path of less resistance?

Certainly easements into Northern Ireland will have had an effect, but their longevity is a matter of much public debate. The temporary easements, which were meant to finish at the end of March, have recently been extended to October meaning procedures and checks are not yet fully applied.

A second trend we are seeing is an increase in traffic on direct routes from Ireland to continental Europe as hauliers choose the long sea option, coupled with more direct services into Northern Britain from the continent.

There were previously around three direct services running a week and this has risen to 15 (from December to January), as well as increasing container volumes.

The extent to which this has been caused by coronavirus remains unestablished, but what we do know is that the uncertainty caused by the pandemic, coupled with the need for new Brexit paperwork, has led to hauliers choosing the routes that best help avoid these challenges and potential delays.

We are now seeing a new trend emerge where its beneficial for companies to choose long sea routes, with shorter land journeys which is showing an evolution of the market which places resilience at the core of supply chain decisions. Peel Ports has argued for a long time that this is the most sustainable, resilient and economic model for international supply chains.

We are yet to establish whether the changes we are seeing in Irish Sea ro-ro and container services are short term mitigation strategies, or more fundamental long-term shifts.

Regardless of whether these are caused by Brexit or coronavirus challenges, or a combination of both, some will stay for the long term. Ports will therefore need to respond to these market changes and adapt to the changing demands of cargo owners, hauliers and shipping lines alike.

Now that we are well into March, we are starting to see much of the stock which was built up pre-Christmas erode and these longer-term trends should start to emerge.

Looking forward, we do have further Brexit hurdles ahead. So, in the medium term at least, we expect the benefits of using longer-distance sea route and the unaccompanied model will continue to be exploited, as they reduce the cost exposure to businesses of delays and complex paperwork.

Will the shift in trade between Northern Ireland and the Republic of Ireland continue? That depends on what happens with the Northern Ireland Protocol and that is definitely one for the politicians to decide.

# We need a grown-up conversation about shipping's hidden heroes

"ONE of our ships was asked to take a seafarer from a vessel 15 miles ahead so we could take him to shore," Capt Rajesh Unni, chief executive of ship manager Synergy Group, told a webinar discussion.

"It was a mental health issue."

Speaking at the same event, Ardmore Shipping executive vice-president Mark Cameron expressed how "incredibly frustrating it is to have a ship sitting off a port for several weeks with arrangements in place to disembark crew, only to find the ship is ordered to another port".

Shipmanagers agree the crewing crisis peaked in the first half of 2020. For three months, every vessel owning, operating, and managing company struggled to fund ways to handle a

crisis that blindsided a fragmented and siloed industry.

To its credit, the experience showed the value of collaboration, pragmatism, and going beyond contractual agreements.

While the crisis is not yet over and pressure on seafarers and shore teams remain, shipping should give itself a pat on the back, speakers said.

However, sooner or later, industry leaders will need to sit together to work out why this humanitarian crisis happened and what can be done to stop a repeat.

Roger Harris, executive director of the International Seafarers' Welfare and Assistance Network, said seafarers have "hidden lives".

Neither the public nor governments know much about seafarers, so there would be little point forcing their hand to 'stop shipping to stop shopping'. Too many commercial interests would be hurt in the process.

Nevertheless, what Nautilus International general secretary Mark Dickinson described as an "adult conversation" needs to be had.

That conversation should recognise the damage done to seafarer mental health and the successes achieved, the looming concern over vaccine nationalism as it affects seafarers — what happens if the Sinovac vaccine given to Chinese seafarers is not accepted by certain countries' health regimes? — and the impact the pandemic has had on recruitment of younger men and women and on retirement attitudes of older seafarers.

These are intensely practical questions that affect lives and livelihoods, although Anglo-Eastern chief executive Bjorn Højgaard cautioned about "the victimisation of seafarers," adding that it was dangerous to wrap them in cotton wool.

It's not the first time shipping's 'can-do' attitude has been used against the industry.

We always find a way to get the job done, and global commerce knows instinctively that — crisis or no crisis — the goods will get through. But by its success, shipping has set itself up for failure — or at least to make life hard for seafarers.

At the end of the day, said Mark Cameron, "we have called up 10 years' of building trust with ships' crews... While seafarers respect what has been done to get them home, they are disappointed by what has been achieved."

That adult conversation is incredibly important because it will focus minds on shipping leaders' attitude to seafarers, their mental wellbeing, their career prospects, their training and development.

Lessons were learnt during the coronavirus pandemic that will set the industry up for many years to come — certainly to 2030, perhaps even to 2050.

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**ANALYSIS:**

# Chinese iron ore imports on track for record-breaking year

CHINA's iron ore imports are on track for a record-breaking year, according to shipping association BIMCO.

Beijing's path towards peak emissions and then onwards to carbon neutrality will be an interesting one to watch for dry bulk shipping, as well as for the wider industry, as this engine of growth looks for new solutions, said chief shipping analyst Peter Sand.

"However, it will not be an overnight process," he said, adding that a continued push on a recovery in steel heavy industries will see record iron ore imports.

Chinese iron imports increased 2.8% to 181.5m tonnes in the first two months of 2021, BIMCO data shows. This is a rise of 4.7m tonnes compared with the year-earlier period, but not quite matching the record high of the first two months of 2018 when China imported 184.6m tonnes of iron ore.

Despite the coronavirus backdrop, Chinese iron ore imports rose to 1.17bn tonnes in 2020 — its highest annual level yet, which is equivalent to 5,851 capesize loads.

The record high Chinese iron ore imports were apparently needed for the 5.2% growth in Chinese steel production in 2020.

"This is a change from the trend in recent years when a rise in the use of electric arc furnaces, known as EAFs, and scrap steel has decoupled growth in steel production and growth in iron ore imports," said Mr Sand.

"The recovery in steel production has been driven by government stimulus measures focused on a recovery in industrial production and exports and construction, driving demand for steel and thereby iron ore."

In the long term, he believes that the shipping industry cannot count on Chinese iron ore imports to continue to grow at the current pace.

"The Chinese steel industry is very emissions heavy, and with China's commitments to peak carbon emissions by 2030, and reach carbon neutrality by 2060, the steel-making industry will not be able to escape changes."

The use of EAFs has already been increasing in recent years, lowering the need for iron ore, as scrap steel replaces coal as the major ingredient.

Furthermore, China has been making investments in African iron ore mines, indicating that it is not quite ready to say goodbye to large-scale iron ore imports.

"This is especially the case with the Simandou mine in Guinea, which, once ready, looks set to become a new 'conveyor belt' with specially ordered ships on long-term contracts," he said. "This will add tonne-mile demand if it replaces Australian iron ore, but harm it, should Brazilian exports be the ones to fall."

# Libya crude output could double if peace holds

LIBYA can reasonably expect a boost in oil exports if the newly installed unity government succeeds in bringing an end to the decade of civil war that has prevailed since the overthrow of dictator Muammar Gaddafi in 2011, experts believe.

That's a Big If, of course. But given the degree of mutual exhaustion that has set in after a decade of fighting, it does not look an unrealistic perspective, especially if the main factions can agree to an equitable distribution of oil revenue.

"There is definite progress and that's not to be sniffed at," said Hamish Kinnear, an analyst with political risk consultancy Verisk Maplecroft. "If you follow Libya, you tend to be cynical on these matters. But at the moment, things are as rosy as they get."

Output, which fell as low as 90,000 barrels per day last year, is already back at or around 1m bpd for the last three full months, according to data from Lloyd's List Intelligence.

On the forecasts being punted by local politicians, it could reach double that in the next three or four years, bringing with it increased tonne-mile demand, especially for the suezmaxes that dominate the trade

The current administration - which was sworn in earlier this week - brings together the Tripoli-based Government of National Accord, which was internationally recognised, and a rebel faction in the country's east, loyal to warlord Khalifa Hafta and his Libyan National Army.

It is primarily tasked with organising democratic elections for December this year, and hopes are high that it will meet this goal. But many challenges clearly face interim prime minister Abdul Hamid Debeibeh.

Libya as a state is essentially the creation of Italian imperialism in the early twenty century and has never quite gelled, remaining deeply faction-ridden even now.

The demobilisation of militias and the creation of a unified armed forces will not be easy, especially while foreign forces are still present on the ground, with no real indication when they plan to depart.

Mr Kinnear points out that the interim government has a clear mandate for the rest of the year, and expects it to last at least that long

The rebels seem happy with their quota of cabinet positions, and are presumably satisfied with the way the oil money is being split. The crunch will come with December's vote.

"The short-term outlook is pretty good, but then it becomes a bit of an unknown," he said.

Libya is home to Africa's largest proven reserves of oil, and its main light sweet Es Sider and Sharara grades yield a large proportion of gasoline and middle distillates, making them popular with refineries in Europe, notably in Italy, the former colonial power, and China.

Prior to the unrest, production was around 1.7m barrels per day, and remained at significant levels throughout much of the fighting.

That was made possible by a balancing act from the based Tripoli-central bank, which quietly used some of the revenues from the sales to pay civil servants in LNA areas, and even some LNA members.

But progress was set back in January 2020 when eastern tribes aligned to the LNA halted exports from five key oil terminals, pushing exports below 100,000 bpd.

The motivation seems to have been disagreement over the division of the proceeds, rather than political as such.

LLI data show stems declining to just five in each of February, March and April, and these appear to have been primarily transfers for domestic use.

The log jam was only broken after Turkish military support for Tripoli enabled the GNA to secure significant military advances against Haftar's forces the following June, leading to a subsequent ceasefire.

Libyan crude exports tentatively resumed in October, after a nine-month hiatus that may have cost as much as $6.4bn, with Lloyd's List at the time reporting positive support for suezmax demand as a result.

Output comfortably topped 1m bpd by the end of the year, with vessel calls jumping to 56 last December, and topping 40 in both January and February.

"Whenever there are shutdowns in Libya, the rebound seems to take people by surprise," said Mr Kinnear. "People are used to enforced militia shutdowns, so now all the technicians are pretty good at getting things back up and running again. It always seems to defy market expectations."

The target of state monopoly National Oil Company is to take production to 1.45m bpd by the end of this year, chairman Mustafa Sanalla said in a televised interview.

On Mr Sanalla's forecasts, that figure will be above 1.6m bpd in two years' time and 2.1m bpd in the next three to four years.

To this end, NOC has plans to open new fields in Sirte in the centre of the country, and in Ghadmis in the west.

There is also a need for extensive investment to repair damaged infrastructure, and NOC's pockets are insufficiently deep to fund the work itself.

Foreign oil producers with interests in Libya, including Total, Eni and Repsol, may be willing to come up with the cash. But that, in turn, will depend on the political outlook.

"Eni probably has the biggest risk appetite, just because it's so well connected in the country, and does have operations in areas that have been less affected by the conflict. I doubt that bigger companies will be that enthusiastic to get involved now," said Mr Kinnear.

"But it will probably hold out a big longer, just to see that the political roadmap stays on a positive path. We have seen positive developments before, then a slip back to disaster and shutdown. Sanalla's projections are not crazy. It is do-able, but to be honest, it's beyond his control. He can't just magic it up."

The transitional government has also appointed the first oil and gas minister for several years, in the shape of former Opec representative Mohamed Aoun. Offshore platforms do produce gas, most of which arrives in Italy via pipeline.

# Euroseas sees ‘continuing strength’ in charter market

EUROSEAS, a containership owner, is hoping to capitalise on charter market strength for another five of its vessels after more than doubling the earnings of two boxships.

For the 2007-built 3,091 teu feeder *EM Kea* (IMO: 9334351) the Nasdaq-listed owner has renewed the charter for 25-28 months from the end of April at a daily rate of $22,000, up from just $8,000 daily under the present charter.

Meanwhile, a new three-year charter has been lined up for the 12-year-old *Synergy Busan* (IMO: 9450571), starting mid-2021 after the 4,253 teu vessel has been redelivered by its current charterer.

The new charter, which may extend to 40 months at the charterer’s option, will pay $25,000 per day compared with a daily rate of $12,000 currently.

The new charters add at least $40m to the company’s contracted revenues and expand the number of vessels earning higher rates reflecting the market recovery to seven out of the Greece-based company’s fleet of 14.

“If the present market levels continue, renewals of the five remaining charters with legacy rates expiring in 2021 should result in significant further increase in our profitability,” said chief executive Aristides Pittas.

Five feeders in the fleet that are due to end their current employment between April and September this year are earning daily rates ranging between $6,500 and $10,200.

Mr Pittas said that any additional cash flow from securing higher rates could be used for further investment or for reinstitution of dividends “or a combination thereof.”

He said that the containership markets had enjoyed “a remarkable run over the last six months with all factors in the marketplace suggesting continuing strength”.

# DP World profit drops 29% in year ‘like no other’

DP WORLD’s full-year profit fell 29% in 2020 as the group’s bottom line was hit by the impact of the coronavirus pandemic on global supply chains.

The Dubai-based port operator, which is responsible for around 10% of port throughput worldwide, said net income was $846m, compared with $1.2bn in the year earlier period.

Despite the drop in earnings, chief executive Sultan Ahmed Bin Sulayem said the group had performed “better than expected… in a year like no other”.

Container volumes moved across its global portfolio of terminals matched 2019 totals of around 70.3m teu, ensuring the operator outperformed the market.

“We are in the right locations and a focus on origin and destination cargo will continue to deliver the right balance between growth and resilience.”

In 2020, the contribution of newly acquired facilities, including in Chile and Canada, as well as the consolidation of terminals, most notably in Australia, helped offset weaker regional performances, particularly in the UAE, home to its flagship port Jebel Ali.

Revenue rose 11% to $8bn from $7.7bn, aided largely by new acquisitions. This included the full-year contribution of Topaz Energy & Marine and P&O Ferries, and additional funds generated by last year’s 60% stake in UNICO Logistics and three of five business units of the Transworld Group.

On a like-for-like basis, DP World’s revenues fell by 7% in 2020.

Mr Bin Sulayem said the outlook for the group is remains cautious given the “continued issues surrounding the pandemic, geopolitical uncertainty in some parts of the world and the ongoing trade war”.

“We are encouraged by the start to trading in 2021 and remain positive on the medium to long-term

outlook for the industry and our business. We will continue to be selective on new investments and focus on the integration of our recent acquisitions to drive synergies."

Capital expenditure in 2020 was recorded at $1.1bn. The group expects this to rise to $1.2bn in 2021, with investment earmarked for projects in the UAE, the UK and Canada.

Last year, DP World de-listed its equity from the Nasdaq Dubai stock exchange, returning to private ownership as parent company Dubai World seeks to reduce its sizeable debt.

## IN OTHER NEWS:

**NileDutch deal will boost Hapag-Lloyd's Africa presence**

HAPAG-Lloyd's acquisition of NileDutch will be complementary to the German carrier's network and will strengthen its position in Africa, according to chief executive Rolf Habben Jansen.

"We believe it is a good addition to Hapag-Lloyd," he said. "If you look at global trade and look ahead to the future over five or 10 years, one of the markets that will grow above average is the African market.

"If you want to grow with the global market then you need to make sure you are also present in those markets that are growing above average."

**De Poli Shipmanagement says kidnapped crew 'doing well'**

THE group of 15 crew members who have been kidnapped following a piracy attack on board a chemical tanker in the Gulf of Guinea "are together and doing well under difficult circumstances," according to the owner De Poli Shipmanagement.

The company said that a contact has been established with crew members of its chemical tanker and the news has been conveyed to the next of kin of the crew members. The crew consists of Ukrainian, Romanian and Filipino nationals.

"The first contact with those holding our crew is an encouraging step in our efforts to resolve this distressing situation," the company said. "We have meanwhile entered in a dialogue with the kidnappers, with the objective to have a swift and safe release of our men."

**Florida seaports eye share of Biden's relief bill**

FLORIDA seaports could see some $260m in support from the American Rescue Plan Act following budgetary recommendations by governor Ron DeSantis in a letter to state legislators.

The federal stimulus package provides $1.9trn in new spending in response to the pandemic, including $195.3bn to the individual states and the District of Columbia.

The Act also updates eligibility for US seaports to receive emergency relief funding from the federal allocations provided to states and local governments to address the economic impact of the health crisis.

**New Fortress Energy to convert jack-up for LNG production**

NEW Forest Energy, a Nasdaq-listed energy infrastructure developer, is to build a mobile liquefied natural gas plant that will be converted from a jack-up rig.

Chief executive Wes Edens said this would be the first in a series of what would be dubbed as Fast LNG liquefiers and would be targeted for deployment by 2022.

He said the first Fast LNG, with a production capacity of 1.4m tonnes per annum, can be built for about $500m, which is a fraction of the billions of dollars previously invested in the construction of a floating LNG plant.

**Testing seafarers can be part of pandemic fightback, says consultant**

SELECTIVE use of tests for seafarers can reduce risk of coronavirus being brought on board by embarking crews or visitors, and help manage potential onboard outbreaks, according to specialist opinion commissioned by a leading P&I club.

However, testing should be employed in conjunction with, rather than instead of, other sensible measures, the article said.

The advice is said to be applicable for deepsea vessels and ships stationary at sea for any extended period of time, as well as cruiseships.

**Seanergy pays $55m to add capesize brace**

SEANERGY Maritime has agreed

to acquire two additional capesize bulkers, bringing the Greece-based company's fleet to 14.

It is expecting to fund the aggregate acquisition price of $55m initially with cash on hand but is "in discussions" with financial institutions to finance part of the cost.

The two capesizes, both described as having been built at reputable Japanese shipbuilders, will be "delivering promptly and in a rapidly increasing market environment," said chief executive Stamatis Tsantanis.

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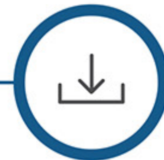

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