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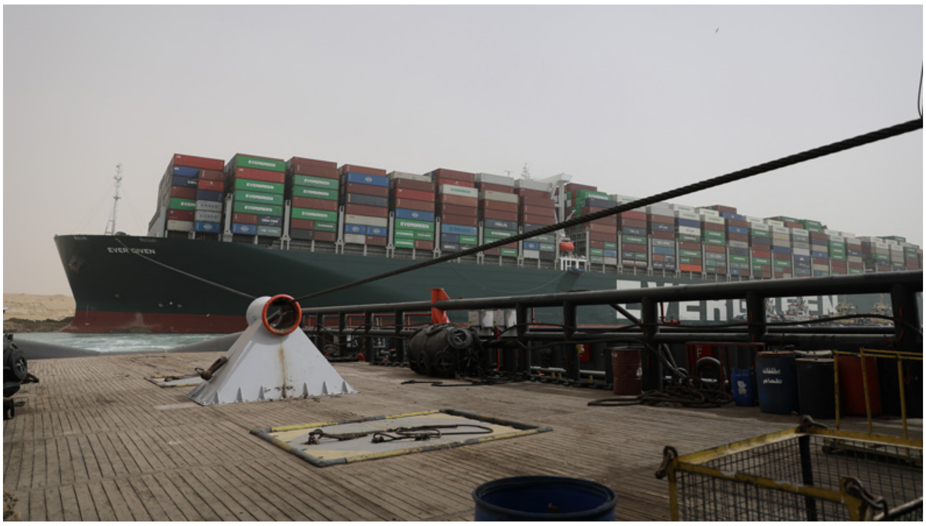
Almost all Suez tailback vessels likely lack cover for delays



THE OVERWHELMING MAJORITY of the 230-plus vessels currently tailing back from the Suez Canal in the wake of the *Ever Given* grounding will not be able to reclaim potentially sizeable out-of-pocket expenses, insurers have warned.

Only the handful that have availed themselves of delay cover — which, unlike hull and P&I, is not customary — can expect to make a recovery, they say.

It is not known what proportion of voyages are protected by such policies at any one time. But estimates by marine insurance insiders suggest that it could be in the order of just 10%.

The possibility that 90% of affected vessels are not covered will add to industry gloom over the situation, with still no word on when the key waterway will once against be able to handle transits, and projections ranging from several days to perhaps weeks.

The knock-on effects could include a deepening of container shortages already entailed by coronavirus, disruption to oil trades, and an increasing the number of port delays. Insurers are baking in a spike in demurrage costs.

Observers anticipate both extensive litigation and a significant general average claim, with *Ever Given* laden with 20,000 boxes carrying cargo for up to 20 cargo interests a box.

The impact of delays to third parties will vary widely from ship to ship, hitting different owners and different charterers in different ways.

Vessels stuck in the queue on time charters remain on-hire, as the problem is extraneous to them, legal sources said.

But while that is a positive for owners, it is conversely a negative for charterers, who are paying hire for a ship at a standstill.

Those on voyage charters or repositioning without contracts are losing out on earning potential, said Watson Farley & Williams dispute resolution partner Marcus Dodds.

The problem will perhaps be most acute for vessels operating on a container line basis, such as boxships.

Ships in the canal and unable to get out might be able to rely on blocking or trapping cover, if they have taken it out.

However, such policies typically have an excess/retention of at least seven days before the risk is insured.

William Robinson, managing director of the strike and delay class at the Standard Club, said that strike and delay insurance is available to owners and charterers alike, covering risks onshore and on the ship itself.

"That can mean financial loss to the owner, if they are responsible for running costs and are then placed off-hire by a charterer, or to the assured if they are a charterer and paying hire for a ship they can't use.

"The essence of the cover is financial indemnity for disruption that causes delay to the ship. The range of perils can be anything from a port strike to an incident like this one, or a medical emergency."

Core membership at Mr Robinson's class — historically known as the Strike Club prior to incorporation into Standard in 2018 — has been drawn from the general cargo and bulk carrier sectors.

Delay cover works on the basis of an agreed daily first-party indemnity rather than liability, with operators declaring the daily sum for which they wish to be insured, which might typically be $10,000 a day. In practice, most of this will be loss of earning and operating expenses.

A one-day deductible applies, and it is only in major incidents such as the *Ever Given* grounding that cover kicks in.

"We are starting to build a picture of the number of ships that are delayed, and the number of ships we insure that are delayed," said Mr Robinson. "We feel this is a valuable product. This kind of incident shows why it is valuable, even for those kinds of incidents people plan for but hope will never happen."

Claudio Blancardi is underwriting and marketing director at Nordic Marine Insurance, a fixed-premium specialist cover provider in which Britain's West of England P&I Club took a minority stake in 2020.

NMI's delay cover is designed to mirror the exclusions and limitations of mainstream covers.

While loss of hire cover does pay out on delays, it only does so where they are triggered by a hull claim and generally where they are in excess of 14 days.

"The quantification of the recovery is by multiplying the delay net of deductible by the daily amount. If a charterer pays $10,000 and a ship is delayed five days with a one day deductible, potentially they will recover 40,000 bucks," said Mr Blancardi.

There are regional variations. Japanese owners with Japan-flag ships often insist on a shorter deductible period, for instance. But these examples are rare.

Otherwise, there is high flexibility on just what can be insured. Some operators only want operational expenditure, others loss of earnings, and others still choose to protect estimated average earnings.

But although delay cover has been around for some time, take up is relatively low, thanks to low awareness on the part of potential clients.

"They've heard about it, but it's a largely unknown product. You decide whether to take it or not, but objectively, what we provide cover for is real. This type of loss is excluded by hull and it's excluded by P&I, and loss of hire cover does not insure it below 14 days, and the first 14 days are the most painful."

Delay cover can also be had from Gard, the world's largest P&I club by entered tonnage.

"Usually, insurance against loss of income caused by the delay or detention of a ship is triggered by physical damage," said a spokeswoman. "Gard's extended loss of hire product does not need that trigger, and the loss of income could arise from the delay in arrival or departure to or from scheduled port. This could be the situation that has arisen in the Suez Canal."

This extension to the regular loss of hire on specific perils includes many other named risks, for example a cargo dispute leading to the arrest or the vessel or imposed quarantine restrictions, she added.

Suez blockage extends as salvors fail to free stuck containership

THE latest attempt to refloat the grounded *Ever Given*, currently blocking the Suez Canal, has failed and salvors have warned that the operation may take several days.

The latest attempt to move the fully laden 20,000 teu containership started at 0800 hrs local time, but sources close to the operation have confirmed that the Smit-led team on site will need larger suction dredgers before their next attempt at 1400 hrs begins.

Eight tugs, the largest of them with a towing power of 160 tonnes, have been trying to push and pull *Ever Given* free of the canal's banks, the Suez Canal Authority said in a statement.

However, given the multiple failed attempts at high tide points it is looking likely that the vessel will have to be lightened and dug out at the ends, an operation that could add several days to the blockage.

"After 48 hours of proactive efforts to re-float *Ever Given*, the time chartered vessel's grounding situation has not been resolved," conceded Evergreen in its latest statement to the press on the grounding.

The setback comes as over 200 vessels have now joined the queues at either end of the canal awaiting transit and shipowners start to weigh up options of costly rerouting.

Peter Berdowski, chief executive of Dutch company Boskalis, which is trying to free the ship, said it was too early to say how long the job might take.

"We can't exclude it might take weeks, depending on the situation," Mr Berdowski told the Dutch television programme Nieuwsuur.

Lloyd's List Intelligence tracking data indicates that 213 vessels of 16.9m dwt are now stalled at either end of the canal, up from 165 vessels yesterday.

The current traffic awaiting transit include:

• 63 bulk carriers (4.3m dwt) including eight capes and 34 panamax and supramaxes. Two bulk ore carriers

• 28 crude tankers, including four VLCCs and 12 suezmaxes

• 41 boxships, including six of 197,000 dwt-plus (including Ever Given) which puts them in the 20,000 teu category, representing a total 3.5m dwt

• 18 LPG or LNG carriers

• 15 product tankers including three long range two ships. These are likely carrying 90,000-tonne cargoes of jet fuel or diesel to Europe or the Mediterranean.

• 15 vehicle carriers.

About 12% of global trade passes through the 193 km-long (120-mile) canal, which connects the Mediterranean to the Red Sea and provides the shortest sea link between Asia and Europe, which means that the traffic will continue to build until shipowners calculate that rerouting will be necessary.

The cost of delays is increasing by the day, particularly in the container sector where supply chains are already strained.

Around 70-90 containerships would generally be expected to transit the canal weekly and box traffic represents about half the canal's tonnage.

Containerised goods represent around 26% of total Suez traffic and in value terms, delays will be significant. Rough calculations suggest westbound traffic is worth around $5.1bn daily while eastbound traffic is worth $4.5bn.

While *Ever Given* (IMO: 9811000) is one of the larger vessels to transit the canal, it is by no means an anomaly.

According to Lloyd's List Intelligence, there are 150 boxships of 180,000 dwt and over (17,000-plus teu capacity), many deployed on Asia -Europe trades. In 2021, 115 transits have been made by vessels this size through the Suez Canal to Europe — 114 of them apparently without incident.

For the oil trades, brokers are now predicting significant diversions to begin imminently.

Rates for long range two, aframax and suezmax tankers in the Mediterranean have already reacted as the market starts to price in fewer vessels being available in the region.

According to Braemar, significant diversions are likely for the LR2s that might have been headed towards the Suez from the Atlantic basin but are now likely to be evaluating a passage around the Cape of Good Hope.

In addition, Brent prices have firmed. The trigger is likely to have been a rising demand for Atlantic basin crudes by the European refiners.

"This will, in our view tighten the aframax and suezmax markets in the west," said Braemar in its latest research note.

"For VLCCs, rising Brent will hit the west to east crude arbitrage flows. Though this may well be offset by more crude flowing from the Mid-East via the Cape to Europe."

Boxships begin to divert from Suez Canal

WITH the Suez Canal set to remain blocked for at least another day or two, shipping companies are being forced to confront the spectre of taking the far longer route around the Cape of Good Hope to get to Europe or the east coast of North America.

Data from Lloyd's List Intelligence AIS tracking indicates that the first containership to do this, Evergreen's *Ever Greet* (IMO9832729), a sistership to *Ever Given* (IMO: 9811000) the vessel that ran aground in the canal on Tuesday.

The Suez Canal-bound *Ever Greet*, a containership of the same size and capacity as the blocked *Ever Given*, is now appearing to divert around the Cape of Good Hope.

The diversion was noted around 1030 hrs London time on March 25, just hours after attempts to refloat *Ever Given* at the Suez Canal failed.

Ever Greet appears to be the first containership seen changing course as the vessel tailback lengthens at both entrances of the Suez canal, reaching more than 216 ships after three days' closure.

The route around the Cape takes an additional 12 days to Europe, with any diversion based on calculations that delays to clear the canal will take more time than the longer voyage.

Nevertheless, Maurice Storey, honorary chairman of Evergreen Marine (UK), told Lloyd's List that discussions were still taking place in Taipei about whether or not to divert Europe-bound ships round southern Africa.

He said he would not be surprised to see ships re-routed.

However, by late Thursday afternoon UK time, "no decision" had been made, Mr Storey said.

Earlier today, a number of other container lines indicated that they had not yet decided whether to divert or not.

Maersk, which has nine of its own vessels affected by the closure of the canal, along with two of its 2M alliance partner Mediterranean Shipping Co, said estimated times of arrival would be "jeopardised" as salvage efforts continued.

"We are closely following the refloating operations and will do our upmost to mitigate the delay as best as we can," the carrier said.

Hapag-Lloyd, which has five vessels directly affected, said it was monitoring the situation to follow the implications on its services.

"We are presently looking into possible vessel diversions around Cape of Good Hope," it said.

Evergreen's Ocean Alliance partner CMA CGM also said it was monitoring the situation daily, and had two ships waiting to enter the canal.

"We are closely following the steps taken by the Suez Canal authorities, who are doing their utmost to resolve the situation quickly," it said.

"For the time being, the group is not considering rerouting ships".

Additional reporting by Janet Porter and Michelle Wiese Bockmann

WHAT TO WATCH:

Cosco board eyes order for 10 dual-fuel megaships

ORIENT Overseas International is expected to join the latest ordering spree of containerships, with the Cosco Shipping unit said to be considering an investment in 10 dual-fuel 15,000 teu vessels.

People familiar with the matter said the newbuilding project was pending the board approval of the Hong Kong-listed company before being finalised.

China's Hudong-Zhonghua Shipbuilding and Jiangnan Shipyard were considered strong contenders to clinch the deal.

Both yards were the builders of nine 23,000 teu ships, which can be fuelled by liquefied natural gas, ordered by CMA CMG in 2017. Six have so far been delivered.

Meanwhile, two Cosco affiliates, Nantong Cosco KHI Ship Engineering Co and Dalian Cosco KHI Ship Engineering Co, might also have a chance to grab a slice of the orders. The pair won a septet of 23,000 teu tonnage placed by OOIL in October in the past year.

While financial details have yet to be disclosed, brokers currently price a dual-fuel 15,000 teu newbuilding at $130m-$135m, around $15m-$20m lower each than those equipped with conventional propulsion systems.

An OOIL spokesperson declined to comment on market speculation.

"In line with our consistent and established direction of measured and intelligent growth, we will continue to monitor the needs of our group in terms of vessels, container boxes or indeed any other capital expenditure that may be necessary," it said in an e-mailed statement.

State giant Cosco, which owns 73.7% of OOIL, has been reluctant to burn LNG on its new vessels out of concern that the supply and infrastructure of the super-cooled fuel is not yet mature.

That view was highlighted by company chairman Xu Lirong in an interview with Lloyd's List.

Being able to match up with the vessel deployment of CMA CGM, its Ocean Alliance partner, is one of the main reasons behind the consideration of the dual-fuel engines, according to one of the sources.

The French carrier is forming a sizeable fleet of LNG-fuelled 15,000-teu class ships on Asia-Europe and transpacific trades via ordering or chartering in newbuildings.

Linerlytica analyst Hua Joo Tan said Cosco's change of mind, if true, would be more of a product of China's decarbonisation target. The country aims to hit peak CO_2 emissions before 2030 and aims for carbon neutrality by 2060.

"The decision would appear to be driven more by political considerations rather than economics or alliance unity," said Mr Tan.

The alleged ordering plan also comes with owners' rising appetite for investing in fresh tonnage since the past year, fuelled by a combination of factors.

Those include a lockdown-led boom in freight rates and the resulting explosion in carriers' earnings, the demand for more efficient vessels when facing the stricter emission rules, and a rosy outlook about future market conditions.

Taiwanese shipping line Evergreen, another Ocean Alliance member, unveiled a plan earlier this week to build 20 15,000 teu containerships worth up to $2.6bn.

That was followed by an announcement by compatriot Wan Hai Line about an agreement with Hyundai Heavy Industries to build five of the nine 13,000 teu ships the intra-Asia specialist planned to order to expand its transpacific presence.

The company told a recent results conference that it was "cautiously optimistic" about the market prospects, with smooth contract negotiations with US shippers and strong consumer demand expected to be supported by US's $1.9trn economic stimulus plan.

OPINION:

Questions raised over cause of Ever Given grounding

AS THE number of ships waiting to access the Suez Canal increases, questions are being asked over how a large, modern containership could end up skewing off course and blocking the channel, *writes James Baker*.

Initial reports have included engine failure and strong winds as the causes behind *Ever Given* (IMO: 9811000) becoming wedged across the canal but neither of these is entirely convincing.

BSM, the ship's manager, has denied there was any loss of power.

The vessel, which was built in 2018 at Japan's Imabari Shipbuilding, did have a previous incident in February 2019, when it experienced an engine blackout on the Elbe off Blankenese.

The vessel lost manoeuvrability and veered off course, and despite tug assistance, came in contact with a vessel berthed at the ferry pier.

Nevertheless, none of its six sisterships have reported anything similar, according to data from Lloyd's List Intelligence so it seems unlikely there is any serious design flaw in the vessel.

Evergreen, which operates *Ever Given*, pointed to wind gusts of up to 30 kts pushing the vessel off course, but BSM was unable to confirm that the ship had been hit by strong winds.

Weather reports on the day showed wind strengths of only F5-6 on the day, and those predominantly from the southwest.

It is feasible that gusts could have reached F6-7, but even this should not have been sufficient to cause a fully laden 20,000 teu vessel to deviate from its course.

Ever Given was in a convoy and no other ships before or after it were affected in the same way, and containerships this size routinely transit the canal without incident.

Perhaps more plausible is the less-well known bank effect that can occur in canals.

When a vessel sails close to a river or canal bank, the flow of water around the ship is altered when the proximity of the bank causes pressure differences.

This can lead to the stern of the ship being sucked in towards the river bank, while the bow is pushed away into the middle of the channel.

Animated footage of the ship's AIS track shows *Ever Given* appears to have drifted towards the western bank of the canal just before it turned sharply towards the east bank and embedded its bow.

This behaviour would be entirely consistent with the bank effect, and discounts the wind theory, as it shows the vessel initially steering to windward.

The hydrodynamics of the bank effect, known colloquially as sucking and squatting, are well understood and there is little chance *Ever Given* would have been allowed that close to the bank intentionally.

Until *Ever Given's* vessel data recorder is analysed, the causes of the incident will remain a matter for speculation only, but it seems plausible that initial suggestions may paint only part of the picture.

If it does turn out to be the bank effect, questions will need to be answered over how a ship that was under the control of a Suez Canal pilot was allowed to get so close to the shore.

Seafarer training falling behind as tech accelerates

YOU have to feel sorry for those involved in seafarer training. Despite education and training being a critical part of maritime safety, it is probably last on the list of to-do items, *writes Richard Clayton*.

In a world where technologies are offered to the maritime business with the relentlessness of a digital data stream or an air lubrication flow, by the time you get your head around what the new tech brings and have started to train seafarers in its correct usage, it has been amended, replaced, or transformed.

The International Maritime Organization is losing the battle of keeping up with technology when it comes to training, Mayte Medina as much conceded during an International Chamber of Shipping webinar.

Ms Medina is chief of the Office of Merchant Marine Credential at the US Coast Guard as well as the IMO's Human Element, Training and Watchkeeping sub-committee.

While she accepts that IMO is comfortable with technology and understands there will be a delay between introduction of new tech onto the market and the publication of the necessary regulatory requirements, she believes technology is moving too fast.

In the case of Ecdis, she recalls, training came two years after the equipment was installed on board.

"The model of how training is done is: we wait for other groups within IMO to develop their performance standard. Then comes the training — it's the last thing that is developed," she said. "Most of the time we are running frantically to try to develop training requirements and to implement them in time for the requirements to come into force."

Institutions develop their training, the administration approves that training, then the training is carried out mostly in classrooms — or it was until the pandemic struck.

On-the-job training appears to be working well, but shipowners should take responsibility for familiarisation with equipment on board a vessel to make sure seafarers know how each piece of equipment works.

Because training must be to a global standard, change is hard to implement. Ms Medina proposes a general level of training that would cover the basics needed for seafarers on every ship in every trade, with specific training for a particular sector. "We'll then need to figure out how we can transition from one sector to another.

However, the elephant in the virtual room is the STCW Convention (the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers, 1978, which entered into force in April 1984).

Although the convention is not obsolete, outdated requirements should be removed and changes made to address technologies coming now and in the future.

STCW makes the traditional divide between deck and engine. With the advent of automation, it will be critical to decide which functions within these divisions will be automated. It will also impact levels of competency as the current training models do not suit the need for multipurpose crews trained to work alongside machines.

Ms Medina called for seafarers to be "more technically savvy" as technology develops.

"The basis of certificates of competency is always that seafarers need to have sea service. There are several studies and anecdotal information showing that simulator training can be equivalent to sea service. This has not been addressed," she said. "Simulators can be used for sea service, for training and assessment."

Changes to training must take into account seafarer mobility, the needs of incoming technology, updates to international regulations and their implementation. This can only be achieved with the involvement of all stakeholders.

Therefore, the question to be asked is: should technology businesses take a greater role in seafarer training?

Currently, the boys and girls at the cutting edge appear to show little regard for those struggling to keep up, in training, in regulating, in implementing. As this is a significant safety issue, perhaps they should.

ANALYSIS:

Off-peak season to ease Suez Canal strain on LNG shipping

TRAFFIC congestion along the Suez Canal is not expected to affect liquefied natural gas prices and shipping rates as much as the disruption at the Panama Canal late in the past year.

At least 15 LNG tankers could not transit Suez Canal on schedule due to the blockade of the busy waterway, which services about 8% of global LNG trade, according to an estimate from energy and commodity research agency Wood Mackenzie.

However, this incident is taking place during the shoulder season for the LNG market, which will cushion commodity prices and shipping rates against any significant disruption, WoodMac's principal analyst Mark Williams suggested.

He noted that only a handful of LNG cargoes were near Suez Canal when traffic in the area first ground to a halt.

Boxship *Ever Given* remains stranded along the busy waterway connecting the Mediterranean with the Red Sea.

Five laden LNG vessels have been waiting for the traffic jam to clear at the Suez Canal southern anchorage since then, Lloyd's List Intelligence data showed.

Floating storage regasification unit *Golar Tundra*, which recently called at ExxonMobil's Papua New Guinea LNG terminal, has been hovering around the area for more than a week now.

Three other tankers seen in the same vicinity, *Al Areesh* (IMO: 9325697), *Rasheeda* (IMO: 9443413[THH1]) and *Corcovado LNG* (IMO: 9636711), are ferrying cargoes from Qatar.

"The disruption to the LNG market will be limited if the congestion in Suez Canal is resolved in a day or two," said Mr Williams.

But he warned of shipping tonnage tightening up should the jam persist, which will lift average tonne-miles and rates.

There are already signs pointing to a further build-up of traffic along Suez Canal in the next few days.

Woodside Charles Allen (IMO: 9859753), which arrived with a shipment from the Sabine Pass Terminal, has spent more than a day now off Port Said.

At least half a dozen more tankers are destined to call at the vicinity over the coming weekend.

These include *Cool Voyager* (IMO: 9636785), which is also holding a Sabine Pass cargo, and five due to arrive soon at Port Said.

Drawing on the market responses to Panama Canal congestion late last year, Mr Williams said that shipping rates may well rise to reflect increasing tonne-miles should the jam persist in the Suez Canal.

But any increments will build up from a much lower base as rates have already fallen off the cliff to range around $30,000 and are not expected to match rises following on from Panama Canal's recent bottlenecks.

In December, the average waiting time for LNG vessels for Panama Canal transits ranged up to almost two weeks.

Shipping rates subsequently spiked as tonnage tightened while the average tonne-mile jumped, contributing to a record surge in LNG prices amid a seasonal uptick in commodity demand.

MARKETS:

Suez Canal's red light puts brake on new car deliveries

VEHICLE carriers with a combined capacity to transport 85,000 cars are stuck at the Suez Canal, worsening a global logistics logjam that has delayed manufacturing and delivery of new stock worldwide.

While the spotlight remains on the 44 boxships carrying billions of dollars' worth of consumer goods stalled at the waterway, there has been little focus on the specialised fleet of car carriers that ply global trades.

These distinctive vessels, with their unattractive block-like shape, are the backbone of the world's car manufacturing sector, delivering thousands of new vehicles from factories to customers via shipment to distribution and sales centres.

There are 13 vehicle carriers, or ro-ro ships, which are delayed, according to Lloyd's List Intelligence data, alongside a further 200 ships, including tankers, gas carriers, containerships and bulk carriers.

Oslo-based Wallenius Wilhelmsen, one of the world's largest owners of specialised car transporters, said 11 of its 77 vessels were so far affected by the three-day closure of the 193-km long canal.

"The Suez Canal blockage has already created a significant queue of vessels awaiting transit and will cause delays to all vessels and their consignments currently on routes between Europe and Asia," said company spokesperson Fredrik Tangeraas.

"We are constantly monitoring the situation to assess the accessibility of the canal to both south- and northbound services, and to review the possibility of diverting vessels on the longer route via the Cape of Good Hope."

Customers in Europe or the UK who has a new car on order will already be well aware of significant delays caused by pandemic-related disruptions in the global manufacturing and car logistics sector.

Delayed arrival of car parts, including computer chips, has temporarily closed factories in Asia and elsewhere and resulted in four-month backlogs in vehicle orders for popular cars in Europe, especially electric vehicles.

The global fleet of vehicle carriers above 10,000 dwt numbers some 165 ships, with the largest capable of shipping as many as 15,000.

The biggest car carrier awaiting transit at the canal is *Morning Laura* (IMO 9445992), owned by Wallenius Wilhelmsen, with capacity to carry 8,500 vehicles.

The vessel had sailed from various northwest Europe ports earlier this month and was mid-transit southbound when the *Ever Given* incident happened on March 23.

While it is not possible to determine whether all car carriers at the canal are laden, the total capacity of 85,000 is enough to interrupt an already stretched logistics chain and interfere with inventory management.

Delays have cascaded down the car manufacturing chain over the past 12 months on pandemic-related factory closures.

Initially many shipowners idled car carriers and scrapped older tonnage as Asian factories shut down in 2020's first quarter, curbing demand to transport new stock.

Wallenius placed 16 vessels into cold lay-up but at the beginning of 2021 returned nine to service amid rising demand for short-term charters as consumer demand for new electric cars surges.

Tankers to feel limited impact from Suez Canal shutdown

WHILE tanker markets have navigated the Suez Canal blockage thus far, the disruption may affect delivery schedules if the situation is not resolved soon, according to market participants.

The boxship grounding that forced the shutdown of the Suez Canal has resulted in a build-up of vessels waiting to transit the canal at both the northern and southern anchorages and has mostly affected the container sector.

"For tankers, it is a smaller percentage of trade, as out of the total European crude oil imports, only about 5% is shipped directly from the Arabian gulf to Europe via the Suez Canal," said Ralph Leszczynski, head of research at brokerage Banchero Costa.

Most European crude imports come from Russia, West Africa, Turkey, and for those from the Arabian gulf, a majority actually goes through the Sumed pipeline, he added.

"In this sense, the Bosphorus these days is more crucial for tanker shipping to Europe than Suez is."

Wood Mackenzie estimates that there are a total of 16 laden crude and product oil tankers expected to transit the canal, which are now delayed by the incident, amounting to 870,000 tonnes of crude and 670,000 tonnes of clean products.

Its principal analyst Mark Williams said these ships are currently in the canal itself or waiting at either the north entrance to the Suez Canal (Port Said anchorage and Great Bitter Lake anchorage) or at the Southern Suez Anchorage.

"There are several vessels that are located to the south of the canal entrance, which we believe are scheduled to discharge at various southern Suez ports. Our data suggests that there have been no cargoes diverted to alternative routes such as around the Cape of Good Hope."

If the blockage is prolonged, oil product trade flows from Europe and the Mediterranean to East of Suez will likely suffer a greater impact, reducing availability of naphtha, petrochemical feedstocks and fuel oil to Asia, says Mr Williams.

"This would be supportive for Asia product prices and widen the west-east arbitrage in the near term."

As the Sumed pipeline between the Red Sea and the Mediterranean is used to divert Middle East crude oil flows to Europe around the Suez Canal, there should be minimal impact on such flows, he said.

"Russian Black Sea crude exports beyond the Mediterranean will be limited by the blockage of the Suez Canal, so will need to be processed within by Mediterranean refiners."

Oil prices rose by about $2 per barrel on the news of the blockage, Wood Mackenzie vice-president Ann-Louise Hittle noted, but stocks of both crude and products are high in the Atlantic basin.

"A few days of delays in crude or product travelling through the Suez Canal to the west should not have a prolonged impact on the Atlantic basin market."

IN OTHER NEWS:

Global LPG exports to rise as petchem demand grows

LIQUEFIED petroleum gas exports are expected to rise to 120m tonnes a year by 2022 from 112m tonnes a year in 2020, according to Poten & Partners.

"The 7% increase in global exports is supported by incremental growth from several smaller exporters like Algeria, Canada, and Australia," the consulting group said. It added that exports from US will see an increase by 3.2m tonnes during the period, while Middle East shipments are expected to see some moderate growth and return to levels seen before 2018.

Crude prices have risen in recent months on hopes that demand will return in the second half of the year, while the production cuts from the Middle East will continue at least through April.

Israeli-owned boxship damaged by 'missile'

AN Israeli-owned boxship has been struck by a missile in the Arabian Sea, according to reports.

The Liberia-flagged, 2013-built, 3,610 teu *Lori* (IMO: 9631125) was underway from Dar es-Salaam, Tanzania, to Mundra, India.

No crew were harmed and the damage was not significant, Israel's Channel 12 news reported.

Classified notices follow