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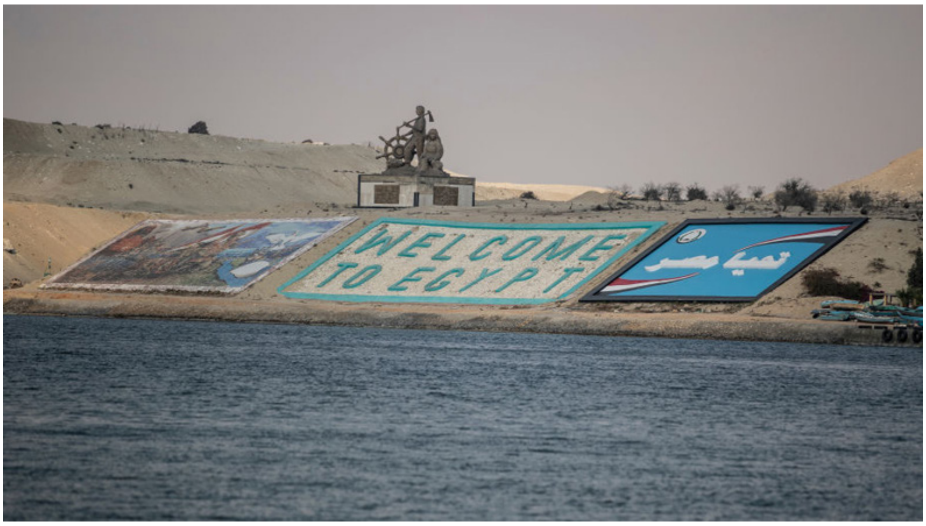
After Ever Given, what now for marine insurance and ship finance?



THE *EVER GIVEN* grounding will have a big impact not just on the physical shipping and ports business, but on the whole maritime white-collar services sector as well, according to sources in marine insurance and ship finance.

Like everyone else, professionals in these areas are still watching how developments roll out in real time. But the likely payout is already being assessed as likely to hit nine-figure dollars.

Hull and machinery and cargo claims could be mercifully limited. The ship itself, as far as is known, is not badly damaged, and again as far as is known, the cargo is largely unscathed.

The big-ticket exposure will be for liability, especially if the Suez Canal Authority decides to impose penalties on operator Evergreen, or decides to seek compensation for its loss of revenue.

That, in turn, boils down to Egyptian politics. But the country's military ruler Abdel Fattah al Sisi has little motivation to go easy.

The canal is a major earner of hard currency for the regime, and its importance has only been bolstered by the downturn in tourism income that has inevitably come as a corollary of the pandemic.

Marine liability is insured by P&I clubs, in this instance the UK Club, which is not offering media comment on the matter at this time.

Any claim from the Suez Canal Authority will easily bust the $10m retention layer, and could even exceed the $100m collective retention provided by the International Group of P&I Clubs, to which the UK Club is affiliated, thus hitting the reinsurance layer.

Ratings agency Fitch has flagged the casualty up as a large loss event for the re market, on a scale sufficient to hurt reinsurers' earnings, but not to the extent that credit ratings are imperilled.

Meanwhile, shipping law firms have the prospect of extensive litigation on behalf of cargo interests, especially if general average is declared on the casualty.

Most them are declining to discuss the matter on the record, on the grounds that they expect to be taking on a share of that workload.

Lars Lange, secretary general of the International Union of Marine Insurance, stressed that the extent of eventual claims was still unknown, but described the nine-figure estimate as likely.

But he qualified that by adding: "When it comes to concrete numbers, I have no idea and nobody has any idea."

Marine insurance is already having to contend with challenges such as fires at sea and the recent spate of container stack collapses, but is managing to cope.

Hull and cargo insurers, and their reinsurers, will have no issues about paying out, because that is what they are there for.

"This single case does not put our markets under pressure. The bigger picture is liability, and this is where it could get desperate. This is very bad news for the P&I clubs, that's for sure."

He declined to comment on the prospect of the liability claim hitting the reinsurance market, in line with Fitch's prognosis, although he conceded that it was possible.

Peregrine Storrs-Fox is risk management director at the TT Club, a specialist marine mutual providing insurance to transport and logistics companies.

One of its mainstays is insuring containers, which inevitably means that it has exposure to an incident involving one of the world's largest containerships, operated by Taiwanese boxship outfit Evergreen.

"We cover the containers themselves, and while they won't all be Evergreen containers, we are substantially exposed to all the partners who are involved with Evergreen.

"But apart from general average, we are not going to see much exposure there, and the general average exposure from the containers will be mitigated by the value of cargo in laden boxes," he said.

At this point, GA has not been declared.

TT also provides cargo cover for freight forwarders and logistics operators, which will come into play if there is damage to cargo, and for contractual liabilities if contractual liabilities are proven in relation to forwarders and NVOCCs.

But extensive cargo damage appears unlikely, at least at this stage, so again, exposure will probably prove minimal.

"For most players in the industry, this will be just another claim that goes in the mix over the span of the year, and will be evened out over the year. The much greater impact will be on trade rather than insurance itself."

Marcus Baker, global head of marine and cargo at leading broker Marsh JLT Specialty, said: "The claim could be significant. But it all depends on how the economic loss of the other ships, damage to cargoes and additional expense is looked at. Where do you draw the line on this?

"Without this element, I would expect the claim to be in the low hundreds of millions, a pool claim for sure and probably a reinsurance claim."

Andreas Povlsen, a managing director of Hayfin and head of the firm's Maritime Funds team, said everybody had a common interest in the resumption of normal trade flows, and predicted a regulatory shake-up in the wake of the Ever Given incident.

"The Suez Canal is big business for Egypt. It's about $200,000-$400,000 for vessels to go through [depending on their size and on the prevailing cost of rounding the Cape of Good Hope], so it's big bucks."

One real possibility now is tighter regulatory stipulations, especially for the biggest vessels most at risk of blocking the canal.

Another question is how insurers are going to price the prospect of the recurrence of such an event, especially for the big ships, and whether that factor might impact on routing decisions.

More broadly, the course of the pandemic has seen shipping rates go from a position where all segments were in a horrific state, with earnings low all round, to a surprising rebound, not least for containers.

"We're all sitting at home, clicking on Amazon to buy stuff we need or don't need, and you suddenly saw a huge uptick in rates. What is certainly true is that in a logistic chain that is already under a lot of pressure, something like this is going to add to the pressure."

Supply chains need to build in more slack, he opined. Countries will find it increasingly unacceptable to be faced with the risk of disruption, especially for supplies of vaccines and personal protective equipment.

Moreover, there is the omnipresent risk in shipping that an uptick in earnings will tempt owners into orderbook folly.

That would be facilitated by greater willingness on the part of lenders to open up their purses, at least in principle.

"Everybody is earning a bit more money, especially on the container side, and you can fix your ships for two or three years to the big liner companies. From a ship finance perspective, the banks are willing to finance some of these cashflows."

Non-bank lenders are now established players, and have shown that they can both move fast and handle big tickets, which will make the market more interesting on the asset side.

WHAT TO WATCH

Bulkers detained in Australia for 'serious' breaches

TWO bulkers have been detained by Australia's Maritime and Safety Authority for several breaches, including "appalling" working and living conditions.

The Panama-flagged *Movers 3* (IMO: 9250244) arrived at Weipa in Queensland at the end of February. It was inspected by the Australian authorities on March 4 and detained for "failing to carry out six periodical surveys designed to check the ship's compliance with minimum safety and operational standards specified by its classification society".

The authority also found a defective freezer which resulted in "unsafe and insufficient food stores" for the crew.

The 2002-built, 91,765 dwt vessel's technical manager is Aswan Shipping Denizcilil of Turkey. The ultimate owner is listed as Aswan Shipping Co Group of Qatar, according to Lloyd's List Intelligence.

"AMSA is appalled by the conditions on board *Movers 3* and disappointed by Aswan Shipping's continued reluctance to fulfil its most basic of obligations to take care of the health and safety of the seafarers on board its ships," an AMSA spokesperson said in a statement.

The vessel will remain under detention in Weipa until "these serious deficiencies have been rectified and the ship is seaworthy", it said.

Lloyd's List understands that Rio Tinto, which operates a bauxite mine at Weipa, has provided financial support to source provisions for the vessel's crew.

The 2004-built *Maryam* (IMO: 9272864), which is also managed by the Turkish company and is registered with Panama, has been detained at Port Kembla in New South Wales since February 19 due to "serious deficiencies relating to equipment maintenance, working and living conditions on board".

Dozens of deficiencies were identified, including issues with the ship's engines and defective generators, which resulted in a lack of electricity on board the 97,045 dwt vessel.

"Not only is the ship deemed to be unseaworthy in its current state, the conditions on board are also substandard and in breach of the Maritime Labour

Convention," said AMSA, which added that Aswan Shipping is making arrangements to fix the engines and improve conditions, but the vessel will remain under detention until the deficiencies have been resolved.

"We have a zero tolerance for substandard ships operating in Australian waters, particularly repeat offenders and those that breach the MLC, which sets out modern working and living conditions for the estimated 1.4m seafarers who keep the flow of global trade moving," the regulator said. "Our focus right now is ensuring that the operator rectifies the serious deficiencies on both ships. We are working with all parties involved in this complex and concerning situation.

"We expect Aswan Shipping, and the flag state of Panama, to step up and fulfil their responsibility to maintain their ships and provide appropriate living and working conditions for its seafarers. We will not allow unseaworthy ships with appalling conditions on board to operate in Australian waters."

A representative from the Panama flag said it was "on top of the situation".

"So far we have concentrated our efforts on getting both vessels up to standard," he said. "Our legal department will take all appropriate measures and actions considered convenient once the entire case is been evaluated and solved."

Aswan Shipping Denizcilik did not respond to repeated requests for comment on the detained vessels. Aswan Shipping of Qatar also did not respond to emails and calls.

The International Transport Workers Federation highlighted the cases of both vessels, which also had crew working overtime and not being paid just dues.

Green groups plan next steps on black carbon regulation

ENVIRONMENT groups pushing to regulate black carbon emissions from Arctic shipping are planning their next steps amid frustration at the slow pace of talks at the International Maritime Organization.

The green lobby was dismayed when member states sidestepped their proposal last week to force ships in the Arctic to switch to distillate fuels to reduce climate-warming soot pollution, opting instead for further talks.

Clean Arctic Alliance lead adviser Sian Prior said last week's pollution subcommittee was "particularly frustrating".

Dr Prior said the shift to online meetings necessitated by the coronavirus pandemic had made the difficult job of consensus-building even harder.

She said the format cut discussion time and reduced opportunities for the side talks, held during coffee breaks or in working groups, which normally helped move negotiations forward.

"The virtual nature of meetings is seriously hampering the way in which the IMO generally operates," she said

With the matter delayed until the next pollution subcommittee meeting next year, NGOs would consider pushing individual countries to act and seek support from Nordic and Scandinavian countries.

They would also look to the European Union and the Arctic Council, a policy club of eight Arctic countries, which has set its own black carbon reduction targets.

"It will not deliver the same results, but it will deliver some results if we can persuade, let's say, the US and Canada as an example, to go for an emission control area," said Dr Prior, adding that further limiting sulphur oxide emissions would also encourage ships to switch to distillate fuels.

Bill Hemmings, a former aviation and shipping lead at climate NGO Transport and Environment, said: "When the IMO, its leadership and its members have their heads in the sand, they need to watch out for rising water."

An IMO spokeswoman said the organisation progressed "step by step based on data and necessity".

She said no member states, had submitted proposals for any concrete measure on black carbon at last week's meeting. But some member states had since signalled their intention to do so at the next session.

NGOs could engage diplomatically with member states outside the formal channels, or bring the issue to the Arctic Council, she added.

The IMO Marine Environment Protection Committee next meets in June.

OPINION:

Yard Talk | Build-and-scrap subsidy for green ships? Perhaps not

BEIJING has been advised to bring back its controversial build-and-scrap subsidy.

Dong Qiang, a member of China's top political advisory body — the Chinese People's Political Consultative Conference — raised the idea as part of the green ship proposal he made to a recent legislative session.

Decarbonisation was put in the spotlight during this year's gathering. The retired chairman of China State Shipbuilding Corp, which later merged with China Shipbuilding Industry Corp to become the world's largest shipbuilding group, fits perfectly into the trend.

However, policy makers must think carefully about the idea. It is important to keep the strategic industry competitive, yet at the same time prevent it from being addicted to government handouts.

Introduced in 2010, the build-and-scrap subsidy was once a powerful policy weapon.

The last round of distribution in 2013–17 poured billions of dollars into the country's shipping and shipbuilding industries predominated by state majors.

It not only lifted yards out of a severe order drought, but also helped build an impressive fleet of modern vessels for domestic owners.

Cosco Shipping alone had nearly 100 newbuildings, including a batch of the then largest ore carriers, oil tankers and containerships, backed by the state funds and loans from policy lenders.

Yet the subsidy has also drawn criticism that it has sabotaged market competition and prolonged shipping's overcapacity headache.

Eventually, the government decided to drop the policy at the end of 2017 and refused a request for reinstatement a year and half later.

It said it wanted to pivot to market rules to lead the country's development of more efficient and greener vessels in the longer term.

The problem is that the new strategy does not appear to have quite worked out.

As ships are facing stricter emission rules, prompted by the International Maritime Organization's decarbonisation targets, there is a "palpable gap" between Chinese shipbuilders and their competitors in aspects such as vessel design, research in new fuels and propulsion systems, as well as the domestic production of key equipment, Mr Dong admitted.

Meanwhile, Chinese owners led by Cosco and China Merchants are more cautious than many of their foreign peers about using cleaner fuels, including liquefied natural gas, in their new ships.

Financial incentives from the government are still necessary to "lower the cost burden" for companies willing to go green, said Hu Keyi, head of the technology committee at Jiangnan Shipyard.

His company, a major unit of CSSC, is prominent at constructing liquefied petroleum gas carriers and ethane tankers. It is also the builder of several 24,000 teu dual-fuel containerships ordered by French carrier CMA CGM.

However, the way in which subsidies should be designed would require greater deliberation this time, as the marine fuel transition marks a revolutionary change compared to shipping's previous emission-cutting efforts, said Mr Hu, who is also a CPPCC member.

Some experts believe that tax cuts, government incentives for research and development or investment in fuel infrastructure will be more effective ways than a vessel-ordering subsidy for the Chinese maritime sector to speed up its green ship initiatives.

"We are talking about new technologies and perhaps even new ways of operating the ships," said a China-based shipping executive.

"If, say, Beijing decides to pay for the Chinese owners to order LNG-fuelled ships at Chinese yards, it won't help them try to reduce costs and be more efficient.

"The more forward-looking approach would be for China to invest in the supply chain of LNG bunkering."

Nevertheless, the debate about subsidies can wait, Mr Hu added.

In his view, the foremost thing is for China to create a road map from the top that carefully assesses the feasibility of different fuel options and design a suitable pathway towards green shipping.

"We must first have a clear vision of our own about which technological directions we should go in the short, middle and long terms and the respective targets of emission reduction."

This sounds a sensible suggestion for the government to think about before it spends any money.

ANALYSIS:

Humble handysizes enjoy their moment in the sun

LARGER vessels may command the most attention — not least because of the blocking of the Suez Canal by a container behemoth — but humble handysize bulkers are causing their owners an unaccustomed measure of excitement as freight earnings climb.

So far this year, average daily earnings for handies have reached a time charter equivalent of $16,288, according to Allied Shipbroking research.

Not only is that more than double last year's annual average, it is the highest level since 2008 and the tail end of the dry bulk market supercycle.

Some of the factors that have pulled the market up are shared with other classes of bulker, such as a relatively low orderbook for new vessels.

For handysizes, this is estimated at a total of about 95 ships, wrote Allied research analyst Ioannis Vamvakas in a market analysis this week that noted the rare degree of enthusiasm for handysizes.

He put this into context by recalling the respective number on order at the start of 2016, which was 329.

"Given the disappointing freight earnings of past years, many in the market had lost interest in this segment, which is clearly illustrated in the declining pattern of the orderbook on a year-over-year basis over the past five years," he said.

While the constriction of the supply side had helped freight rates, today's stellar levels would not have been achieved without demand factors, too, he noted.

Trade in steel products, which is among the key cargoes for handies, has suffered in recent years but recently has shown "a robust recovery", while other commodities such as grains, wood products and agribulks rebounded in the fourth quarter of last year, said Mr Vamvakas.

He is optimistic that demand growth could be sustained "further into 2021" but owners "should be prepared for the possibility of an optimal equilibrium point being reached sooner or later".

The greater earning potential of bulkers in the 20,000 dwt–40,000 dwt band appears to rekindled greater investment interest in such vessels, which have been relatively overlooked for several years.

Allied's research suggests that 46 handysizes changed hands in the secondhand market during the first quarter of this year, for an aggregate of far above $400m.

According to the Greek shipbroking house's own numbers, in the same quarter last year just a third of that amount was spent in the segment, with 20 handysizes traded for $136m.

Bulkers across the entire spectrum of sizes have been doing much better and if handysizes are entitled to celebrate louder it is mainly because they were often uninvited to previous parties.

The surge in sale and purchase activity for the first quarter of 2021 reflects this situation, with Allied data showing more than $3bn of investment already in over 250 bulkers. That compares with about $890m spent on 91 bulkers in the same period last year.

Carrier discipline will rein in speculative newbuilding orders

THE new discipline of a much-reduced customer base means that speculative ordering by tonnage providers is unlikely to re-emerge, despite the buoyant nature of the container shipping sector.

"Today's market dynamics on the liner side are different to 10 years ago," Seaspan chief executive Bing Chen told investors. "Then we had 25 liner companies, now we have nine or 10 companies that account for 85% of the market.

"That means that today the speculative order is hard to do. You know who the players are, whereas before you had a wider range of potential customers and the market was less transparent."

From the liners' perspective, discipline had increased, he added. While 10 years ago those 25 companies were competing for market share, the 10 remaining are now focusing on quality and reliability instead.

Moreover, the orderbook was still near an historic low as a percentage of the existing fleet, Mr Chen argued.

"Even though the orderbook is higher on an absolute basis, if you look at it from the total capacity basis it is only 15%," he said. "So we don't see an increasing concern on the speculative side."

There were concerns earlier this month that a return to speculative ordering could be on the cards, when institutional investors advised by JP Morgan Asset Management UK were reported to be behind an order for 15,000 teu containerships that were not linked to a charter commitment.

Chief commercial officer Peter Curtis said that the container shipping segment remained resilient and that the supply-demand equation was in balance.

"Demand did contract for a time due to the pandemic but globally depleted inventories quickly brought the balance back," he said. "The increased volume demand has been met with discipline by an industry that has undergone significant consolidation. This underpins its stability and reliability."

The discipline exercised by both carries and owners alike had resulted in the orderbook reflecting liner needs, with little speculative ordering, he added.

"The natural result of scarcity is increased freight rates, charter rates and vessel values."

In the past this would have led to owners ordering ships in the hope that they would find charters. In the period after the global financial crisis in 2008-2009, that led to a surfeit of vessels, pushing down both freight rates and charter rates.

While Seaspan has been active in the newbuilding market recently, its ships are backed by long-term charters.

Over the past three years 71 vessels have been added to the Seaspan fleet, an increase of 80%. In capacity terms, the growth is even stronger, growing by just shy of 900,000 teu to 1.5m teu, an increase of 134%.

But that growth was driven by its customers and not by speculation, Mr Chen said. Charter periods had gone up in the same time by 1.3 years to 6.5 years.

Seaspan has also seen the nature of its fleet change in recent years.

"We have increased the highly attractive 10,000 teu-15,000 teu category of our fleet from 58% to 79%," Mr Chen said. "We now offer a full spectrum of vessel categories and specifications."

But the company was agnostic about ship sizes.

"We take a look at how markets are developing," Mr Curtis said. "A lot of the levers on the growth in demand are not the main lane trades. This brings in the requirement for sizes of tonnage reflected in our newbuilding orders. We believe these are highly versatile units for the future."

And while it was not against smaller tonnage, Seaspan now sees opportunities elsewhere.

This was noticeable in its recent order for two 24,000 teu newbuildings that will go on charter to Mediterranean Shipping Co.

But this flirtation with the largest class of containership does not mark a new direction for Seaspan.

"The Asia-Europe trade is one that has become dominated by 15,000 teu-plus ships," said Mr Curtis. "This size is now locked and loaded for Asia-Europe, which is why we have the confidence that more liners will use this size on that trade

"The contract that we have is very long term, which gave us confidence to enter that area. That said, we have been cautious with how much further we do expose ourselves to this size."

ITOPF: From oil spills to container losses

THE dramatic decline in oil spills from tankers has been one of the more tangible points of progress for the international shipping industry during the past few decades.

Last year marked a record low for oil spill volumes, serving as another reminder of how over the 50 years tanker spills have plummeted, with some noticeable exceptions such as the fatal *Sanchi* (IMO: 9356608) tanker incident in 2018 that ranks as the ninth-largest tanker spill since 1970.

The decline from 383,000 tonnes of annual oil spilt in 1970 to 1,000 tonnes in 2020, with an especially rapid decline during the 2000s, is no accident. Damning images of black shores, material environmental damage and heavy public scrutiny forced major stakeholders to take action to limit these incidents.

A crucial platform that has contributed to this decline and the containment of spill has been the International Tanker Owners Pollution Federation, a UK-based group offering response and training services for spills and other substances from ships.

The organisation was born out of the 1967 *Torrey Canyon* (IMO: 5365352) tanker casualty, which saw 119,000 tonnes of oil spilled off the UK coast. It now serves shipowners, P&I clubs, governments and intergovernmental groups.

"The main drivers for decline in spills are industry and government-led initiatives; improved safety, improved focus on crew welfare and health," said Dr Karen Purnell, its managing director.

Landmark regulatory additions by the International Maritime Organization, including the International Convention for the Prevention of Pollution from Ships (Marpol) and the requirements for tankers to be fitted double hulls in the early 1990s, also played a significant role, she added.

ITOPF, which has a staff of 35, around half of which are technical experts, offers emergency response services to spills around the world with experts ready for deployment when an incident happens. It also provides services such as training, incident damage analysis and contingency planning.

Amid the coronavirus pandemic, it has moved routine activities online or postponed them. It has also offered emergency response services remotely where it can, when onsite attendance has not been necessary and it can work closely with someone in the country in question.

"But we have had three or four cases where we have needed to respond in person so we work with our P&I contacts locally, who have, in some cases, helped us privately charter aircrafts to get us to site," said Dr Purnell.

Among the incidents it has recently assisted in is the *Wakashio* (IMO: 9337119) bulker spill off Mauritius, the *Golden Ray* (IMO: 9775816) ro-ro car carrier casualty off Georgia, US and the fire-hit *New Diamond* (IMO: 9191424) a very large crude carrier of Sri Lanka.

Dr Punrell said ITOPF experts trying to arrive on scenes this past year have had to deal with moving goalposts in terms of quarantine requirements.

"They've had to get numerous tests before they leave, tests when they land. We had someone who tested positive who had to be quarantined in hospital," she said.

Perhaps the biggest impact has been on its ability to establish initial relationships with the people involved in the response to an incident, which allows them to build trust and for ITOPF to be more quickly and effectively involved in that process.

"Where we have to sit in a hotel, waiting in quarantine and having to have meetings remotely, I think the quality of that interaction has been reduced," she said.

Though the pandemic has infringed upon ITOPF's work, Dr Purnell noted that she has not observed any uptick in spills because of the pandemic.

"The number of spills that we have had to attend is actually fewer, but the duration is just as high as any other year," she said.

The frequent attendance of incidents is due the greater attention on much smaller volumes of spills.

"It's not that volumes have increased but there is more focus on even the smallest of spills. Sometimes even an overflow can result in significant environmental damage claims," she said. "But the volume of oil spilt is significantly smaller."

As the number of big tanker incidents declines, the industry has seen several high-profile containership losses at sea in recent years.

Dr Purnell said that ITOPF is now attending more containership incidents than it did in the past. Around 40% of the non-tanker incidents ITOPF attends today are related to containerships.

While these container spills have financial ramifications, the products and boxes spread across the world's oceans can also cause environmental damage.

Spilled containers with waste plastic such as bags can lead to shoreline vegetation draped in plastic. If they contain nurdles, finding them on the shoreline is an "absolute nightmare", according to Dr Purnell. Trawling fishermen can find trainers from lost containers in their catch.

"If you have small quantities of soluble pesticides, really nasty pesticides, then locally that can cause contamination and harm," she said.

A very different problem from oil spills, container spills and the substances that they dump in the sea are forcing ITOPF experts to address increasingly what that means for their own chemistry expertise.

"It brings in a multitude of different response challenges," she said.

MARKETS:

Lifecycle emissions take centre stage at IMO

REGULATORS are under pressure to agree on how to measure the lifecycle emissions of shipping fuels, in an effort to ensure shipping's decarbonisation pursuit does not undermine similar efforts outside the sector.

In separate submissions to the International Maritime Organization, major economies and shipping nations are seeking guidelines for assessing the lifecycle greenhouse gas emissions of shipping fuels.

One proposal is being made by Australia, Japan, Norway, South Korea and the International Chamber of Shipping. The other is sponsored by all 27 European Union member states and the European Commission.

They will be discussed by the IMO's intersessional working group on greenhouse gas emissions, a preparatory group, that meets virtually at the end of May

Both were first submitted in February 2020 but have not been discussed owing to coronavirus delays and the urgency of finalising the short-term greenhouse gas measures.

Since then, expectations on the pace of decarbonisation action by the IMO have accelerated among some member states and there has been demand for more rapid action in terms of stricter measures to incentivise development and adoption of low-carbon fuels and reduce greenhouse gas emissions

Developing these guidelines on what are known as well-to-wake emissions could have a major impact on the adoption of future fuels by shipowners giving the industry both a clear signal on the significance of lifecycle emissions and a global tool on how to assess them.

The guidelines could also have direct implications on existing regulations, such as mandatory fuel consumption reporting and energy efficiency requirements for ships.

Both submissions recognise that the IMO cannot regulate any emissions outside of those caused by the ship, which are known as tank-to-wake or tank-to-propeller emissions.

However, IMO guidelines are often adopted as the industry standard by technical experts who advise shipping companies on important decisions, like fuel use.

Although the two proposals have some similarities, the EU's is geared towards incentivising the uptake of low and zero-emissions fuels while the other proposal focuses more on how the IMO could set up an inventory for lifecycle emissions.

The EU submission suggests guidelines include a methodology that would allow ship operators to compare the well-to-wake performance of various alternative fuels.

"Well-to-tank emissions should be taken into account to complement the existing tank-to-propeller approach and assess the overall greenhouse gas implications of alternative fuels when incentivising the uptake of sustainable low-carbon and zero-carbon fuels by international shipping," the submission said.

Australia and its co-sponsors suggest that the IMO develop a fuel lifecycle label for each fuel that would categorise it based on its source and other sustainability criteria.

For example, fuels based on renewables would be labelled "zero carbon", while those based on fossil energy sources would be labelled "fossil".

The IMO's intersessional working group, which meets at the end of May in private, negotiates without making final policy decisions.

The Marine Environment Protection Committee, which meets in June, deliberates the conclusions from the intersessional and often uses them as the basis of its decisions.

Proposals to the intersessional meetings are not made public, unless the sponsors decide to publish them themselves.

Lloyd's List understands that so far there have not been other submissions on lifecycle emissions to the intersessional or the MEPC 76.

AGL LNG terminal decision marks setback for Höegh charter

AGL Energy's plan to build a liquefied natural gas import terminal in Australia has been rejected on environmental grounds.

The decision by the state of Victoria in connection with the proposed facility at Crib Point puts at risk Höegh LNG's charterparty with Australia's AGL for a floating regasification storage unit.

The state government cited "unacceptable effects on the environment in Western Port, which is listed as a wetland of international significance" for the decision.

"AGL is reviewing and considering its position in relation to the minister's determination," the company said in a statement. "An update in relation to the impact on the project will be provided once this assessment is complete."

It throws into doubt a 10-year FSRU charter on *Höegh Esperanza* (IMO: 9780354), which was projected to run from the first half 2022.

The FSRU lease is subject to charterer, AGL reaching a final investment decision on the Crib Point regasification project.

AGL has committed or incurred to date around A$130m ($99m) of expenditure on the proposed project, a statement from the Australia-listed energy firm said.

The proposed Crib Point regasification terminal was previously deemed as one of Australia's first two LNG import projects that are likely to enter operations from mid-2020s.

Australia's most populated states, New South Wales and Victoria, have contemplated importing LNG to stave off gas supply shortfall once seen as emerging as early as from 2024 or 2025.

Banking on among others, the Port Kembla Gas Terminal coming online before the winter of 2023, the Australian Energy Market Operator has forecast an improved outlook for gas supply until at least 2023 across eastern and southeastern gas systems including those supplying to New South Wales and Victoria.

Port Kembla and Crib Point were widely seen as the front runners among seven proposed LNG import and regasification projects so far for the two southeastern states.

In February, Höegh LNG's holding company Leif Höegh unveiled a joint bid with Morgan Stanley Infrastructure Partners to take the vessel owner-operator of 10 FSRUs and two LNG tankers private.

IN OTHER NEWS:

Biden plans to grow US offshore wind industry

PRESIDENT Joe Biden has announced an action plan aimed at boosting US offshore wind projects while creating spin-off benefits for other areas of the nation's maritime industry.

The announcement came ahead of legislation expected this week for nearly $4trn in infrastructure development as part of the Build Back Better programme he campaigned on last year.

"The president recognises that a thriving offshore wind industry will drive new jobs and economic opportunity up and down the Atlantic coast, in the Gulf of Mexico and in Pacific waters," the White House said in a statement.

Globus Maritime posts reduced loss

GLOBUS Maritime, a Nasdaq-listed dry bulk carrier owner, cut losses in 2020 despite a drop in revenue compared with 2019.

The Greece-based owner of eight bulkers reported a full-year loss of $17.4m, down from $36.4m in the previous year.

The main difference was that it took an impairment loss of $4.6m on its five older vessels after writing down the value of the same vessels by $29.9m in 2019.

MOL will develop wind-powered bulker with Enviva

MITSUI OSK Line and US wood bioenergy firm Enviva have agreed to co-develop environment-friendly dry bulkers.

They have signed a memorandum of understanding to reduce the greenhouse gas emissions in shipping wood pellets, which provide a low-carbon alternative to fossil fuels, said MOL in a press release.

Initial co-operation will include developing and deploying bulkers fitted with a hard sail wind power propulsion, dubbed the Wind Challenger.

Classified notices follow

PAKISTAN NATIONAL SHIPPING CORPORATION

STATUTORY CORPORATION, ESTABLISHED UNDER THE ORDINANCE, XX OF 1979

INVITATION TO BIDS
INTERNATIONAL TENDER FOR PROCUREMENT OF ONE (01) USED AFRAMAX VESSEL

Tender No: **PLG/AFMAX/2021/070**

Pakistan National Shipping Corporation invites bids for the **"Procurement of One (01) Used AFRAMAX Vessel**" as per Public Procurement Rules, 2004.

Bidding Documents can be downloaded from PNSC website: www.pnsc.com.pk till **06th May, 2021**. This advertisement is available on PPRA website www.ppra.org.pk. The Bids on prescribed forms should be sent at E-mail Address: vessel.purchase@pnsc.com.pk title of Tender is **"Tender for Procurement of One (01) Used AFRAMAX Vessel**" latest by (1400 PKT/ 0900 GMT) **07th May, 2021.** Bids will be opened on the same day at (1430 PKT/0930 GMT) in the presence of bidders, who wish to attend.

PNSC reserves the right to accept or reject any or all the bid(s) as per PPR, 2004.

Manager (Planning),
Special Project & Planning Division,
12thFloor, PNSC Building, M.T Khan Road, Karachi, Pakistan.
Ph: +92 21 99203967 Fax: +92 21 35610780
Email: sandp@pnsc.com.pk&khurrum.mirza@pnsc.com.pk

PAKISTAN NATIONAL SHIPPING CORPORATION

(Statutory Corporation, Established under the ordinance, XX of 1979)

INVITATION TO BID
DRY DOCKING AND REPAIRS OF AFRAMAX OIL TANKER M. T. "QUETTA"

Tender No. MRD/18752

Pakistan National Shipping Corporation, invites bids for the DRY DOCKING AND REPAIRS OF AFRAMAX OIL TANKER M. T. QUETTA, as per clause, 36 (a) of PPRA, 2004from Shipyards/Dockyards.

Bidding documents can be downloading from PNSC website www.pnsc.com.pk till 03rd May 2021. This advertisement is available on PPRA website www.ppra.org.pk. The Bids should be sent at E-mail Address **only quetta.drydock@pnsc.com.pk** latest by (1100 hours PKT/0600 GMT) 03rd May 2021. Bids will be opened on the same day at 11:30 PKT/0630 GMT) in the presence of bidders, who may wish to attend.

Moreover Pre-Bid meeting shall be held on 15th April 2021 (11:00 hours PKT/0600 GMT) at Board Room 14th Floor, PNSC Building. However international bidder can join through video-link for which they will have to sent on email at masood.ahmed@pnsc.com.pk and estankers@pnsc.com.pk at least 2 days prior to Pre-bid conference for coordination.

Haris Manzoor Siddiqui
General Manager - MR&S Department, 1st Floor, PNSC building, M. T. Khan Road, P.O.Box : 5350 Karachi-74000 Pakistan
Ph : 92-21-99204060, Fax : 92-21-99203974 – 35683892 Mobile : + 92-305-2588468/+92-306-0894161
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