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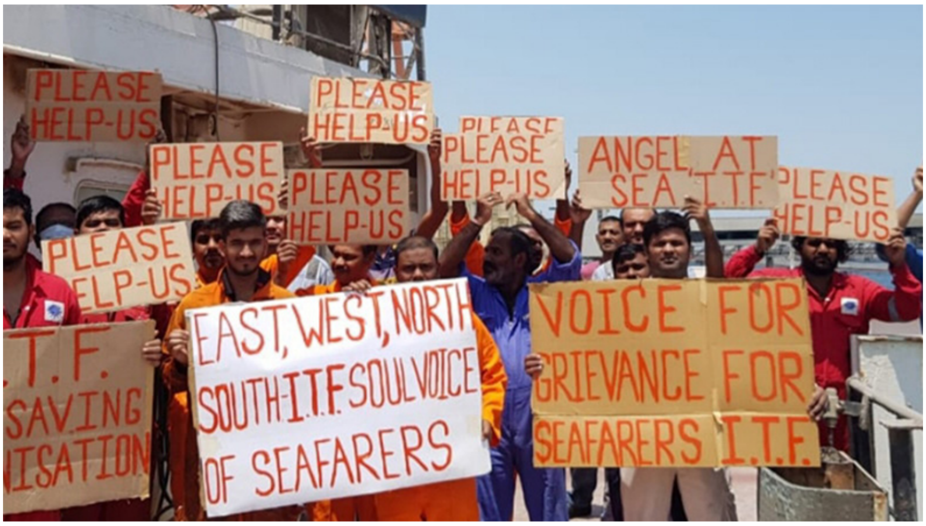
The LL view: End the scandal of seafarer abandonment, now and forever



SEAFARERS HAVE KEPT world trade going during the pandemic. They should be widely hymned and then properly rewarded, not callously ditched on the other side of the planet.

Yet too many endure a fate that speaks poorly of our industry.

Malevolent owners and operators know that they can get away with managing those who work for their profit with less than the dignity they merit.

Leave aside, for now, the ongoing repatriation crisis, a shocking state of affairs in itself.

Consider the rising number of cases in which crews are cut loose on literally stinking tonnage, tied up to rot endlessly in forgotten ports.

Sometimes, human beings linger on board these vessels for months and even years on end, scraping around for food and clean water, living in the dark, subsisting on the charitable handouts of concerned souls.

Regulations and guidelines — some of them ostensibly binding — are designed to make such outcomes impossible.

But not all states have ratified the Maritime Labour Convention 2006, which at least offers the hardly excessively generous stipulation of four months' back pay and four months of provisions for survival, including the cost of repatriation.

Even where the convention applies, bad apples freely shrug off its letter and spirit alike. And they can gamble on getting away with it, because enforcement is too often relegated to mere afterthought.

Actual numbers involved might be small, but these are real lives and real livelihoods, and we are failing in our duty if we walk away. Allow us to set out a few examples.

In one instance, a vessel has been left for five years and is now starting to fall apart. Are those on board expected to sink with the ship?

In another, a young officer has found himself sole legal guardian of a ship left in Egypt for four years already, and must swim ashore for provisions, sometimes in freezing waters.

No one is willing to relieve him of this duty. This young man has been reduced to squalor, in what should be the prime of his life.

Or contemplate instead a bulk carrier in Kuwait, neglected for almost two years. Family funerals have been missed and the crew are on hunger strike until their plight is resolved.

Primary responsibility for the welfare and wellbeing of seafarers lies with shipowners. Under the MLC, seafarers are considered abandoned when a shipowner fails to cover the cost of the seafarer's repatriation, leaves the seafarer without maintenance and support, or breaks ties with the seafarer — including failing to pay wages for at least two months.

Flag states must ensure there is a financial security system in place to assist seafarers in cases of abandonment. If the flag state fails to repatriate seafarers, the port state may arrange for their repatriation and recover the cost from the flag state.

Crew-supply countries also have responsibilities, including ensuring recruitment agencies have a system of protection to compensate seafarers.

These countries must assist when all else fails; seafarers are citizens too.

Yet somehow, when companies are in financial trouble, seafarers find themselves at the bottom of the pile. They are last to be paid.

Regulators are nowhere near tough enough, even on repeat offenders. Until there are meaningful financial penalties, this abhorrent behaviour will continue.

Our seafarers deserve better. No one in shipping should have to plead for justice.

Plight of abandoned seafarers is 'very critical'

THE situation on board *Ula* (IMO: 8102414), a bulk carrier abandoned since July 2019, is bleak for the 19 seafarers left fighting for their rights and lives.

The crew, mostly from India, have been on hunger strike since early January this year, with no resolution in sight. They are surviving on water with several taken to hospital for treatment.

"The situation on board is very critical," a crew member told Lloyd's List. "Everybody is depressed and our families are suffering many problems because of no money."

At this stage, the crew have not been paid, in some instances, for 12 to 18 months.

They are unfortunately not alone, as abandonment cases continue to mount, developing into a rather worrying trend.

So far this year, 26 cases of abandonment have been reported, according to the International Maritime Organization and International Labour Organization. A further eight that occurred in 2020 have been registered this year.

That compares with a total of 85 recorded in 2020, which is more than double the cases in 2019.

The cases, which involve hundreds of seafarers whose lives are in limbo while resolutions are found, are often complicated. While some are resolved in a timely fashion, others have dragged on for many years.

Primary responsibility for the welfare and wellbeing of seafarers lies with shipowners, followed by flag states and port states, according to the IMO. Labour supply countries are also expected to assist in resolving cases when all else fails. Countries of crew have a duty to ensure that seafarers are adequately protected.

According to the International Transport Workers' Federation union, each case "turns on its own facts".

Some cases are resolved quickly following a report to the UN agencies, as P&I clubs generally want a swift resolution to reduce costs, said ITF's seafarers' section co-ordinator Fabrizio Barcellona.

"However, some cases can take longer because the financial security has expired (or never existed) so the cost of repatriation will fall to the flag and/or crew may not be willing to leave the vessel without wages, which may require legal proceedings," he said, adding that another common problem is that some port states will not allow the crew to leave without replacements being provided.

"When the owner has disappeared and a buyer cannot be found, or a mortgagee bank will not step in, there is no party prepared to pay the incoming crew. This means that the existing crew can be stuck for months."

Neglected and helpless

The 1982-built bulk carrier *Ula* was abandoned in Assaluyeh, Iran, in July 2019, according to a database run by the IMO and ILO, which has documented cases since 2004.

The 37,227 dwt vessel, which was carrying a clinker cargo, was reported abandoned by the ITF in September that year. It was described as being in blackout with no fuel and with "a constant lack of provisions".

At the time, there were 25 crew on board. Wages had not been paid for up to seven months.

While six seafarers were repatriated, 19 remained.

They went on hunger strike on January 7 this year after becoming "helpless and hopeless" regarding the non-payment of owed wages and repatriation. The owner of the vessel, Qatar-based Aswan Trading & Contracting, reportedly went bankrupt last June.

Its chairman, Nasser Hamed Al Nuaimi, is apparently wanted by police, the government of Qatar said in an update to the joint ILO/IMO database that catalogues cases.

Several calls and emails to Aswan Trading & Contracting and to its branch Aswan Shipping requesting comment have been unanswered.

"We are all on hunger strike and we will continue until we receive our pending salaries and then sign off. We feel completely neglected. It's not good to keep us in the dark," the seafarer said. "We are all fighting for our basic human rights and we all demand justice on humanitarian grounds."

Two crew members — an oiler and bosun — lost one of their parents each while they have been trapped indefinitely on this vessel. They were unable to attend the funerals.

"What we have received is false promises which hurts us even more," according to the seafarer, who preferred not to be identified

According to Lloyd's List Intelligence, the bulker was listed as heading for breakers in Alang, India, in February 2020 but that did not materialise. It was, at this stage, in Sharjah anchorage.

Ula, which was flagged with Palau International Ship Registry, based in Houston, then moved into Kuwaiti waters, finally berthing at Shuaiba port in April 2020. Flag certificates expired in May that year.

By mutual consent, Palau de-registered the vessel in September 2020, leaving it "stateless" to allow any other state, in this case Kuwait, as port state, to step in with the aim of expediting a resolution, the IMO said.

The International P&I club, in a filing to the joint database, said that the Palau administration that "granted registration services to the shipowner and approved the insurance provider, may now wish to review its list of approved insurers if they have grounds to believe that the insurer has evaded its obligations under the MLC".

"That is a matter entirely in the hands of the flag administration."

British Steamship, which had been insuring the vessel, said it cancelled cover in May 2019 due to "a breach of premium payment warranty".

Lloyd's List has approached Palau for comment.

According to the IMO, Kuwait has been working hard to facilitate a public auction of the ship. While a potential buyer for the vessel had come forward, negotiations fell through. The cargo has however recently been sold and is thought to currently be offloaded.

Abandonment on the agenda

"The *Ula* case has only drawn public international attention because the remaining crew have taken what must be classed as an extreme stand in putting their health, wellbeing, and lives at risk to be paid what they are contractually owed," said Human Rights at Sea founder and chief executive David Hammond.

"When looking at the monies owed versus the vessel and cargo value, they are truly insignificant in the big picture, again highlighting that people's lives are second to financial and asset positioning."

The IMO and ILO have been working to plug any gaps, with further meetings to be held later this year.

"We are extremely concerned by this ongoing case and the situation of the seafarers on board *Ula*," an IMO spokesperson said.

"The IMO and ILO have been active in raising the issue, together with ITF, on numerous occasions with the relevant authorities, including most recently with Kuwait (port state) and Qatar (state of shipowner)."

The IMO said that the pandemic has probably exacerbated the situation, due to travel restrictions as well as difficulties with offloading the cargo.

"The issue of abandonment is serious and is on the agenda of both IMO and ILO," the spokesperson said. "The ILO and IMO are doing what they can with the tools they have to bring cases to the attention of the relevant authorities so that action can be taken to resolve them."

The International Chamber of Shipping's director of employment affairs Natalie Shaw also expressed concern at the increasing number of abandonments and the extended time it appears to be taking to get the cases resolved.

Seafarers should check details of ship and company in advance of accepting a contract to make sure owners can fulfil their obligations, she said.

Industry sources said the IMO should be tougher on flag states for repeatedly failing in their obligations towards crew welfare.

Under the MLC, seafarers are only allowed four months of outstanding wages and four months of other costs incurred such as for food, clothing, medicines and repatriation.

Seafarers who stay on board longer in the hope of seeking greater remuneration may be doing so in vain, putting their lives at risk, the sources said.

The ITF said that flag and port states need to be reminded of their respective obligations to carry out and facilitate repatriation as per the MLC.

"Flag and port states should also impose penalties on owners who abandon vessels," Mr Barcellona of the ITF said. "At present, flag states, especially flags of convenience, do not do enough to dissuade owners from abandoning vessels.

"It is too common that owners are allowed to see the welfare of the crew as the lowest priority when financial difficulties arise," he said, adding that the union has witnessed financial security being cancelled on several occasions, with the flag state failing to ensure that it is replaced, essentially allowing the vessel to operate outside of MLC compliance.

Vessels should also not be allowed to reflag to avoid replacing cover when it is cancelled, he noted.

In addition, labour providing countries could become more involved in the process to assist their abandoned citizens and defend them from exploitation, he concluded.

WHAT TO WATCH

Nauru flag targeted by sanctioned shipowner

A US-sanctioned shipowner has reflagged an elderly tanker to Nauru, a southwestern Pacific island previously identified with fraudulent and false vessel registrations.

Nauru is the latest flag targeted by the owners of 137 tankers involved in subterfuge shipping of Venezuelan and Iranian crude and products, defying 28-month US sanctions on both countries' energy and shipping sectors.

The 21-year-old, 76,002 dwt crude tanker *Angel* (IMO: 9176773) was changed to Nauru from Cameroon on April 5, according to Lloyd's List Intelligence data.

The vessel is one of four tankers owned by Fides Ship Management LLC, based in Odessa, Ukraine and designated by the US Treasury Department's Office of Foreign Asset Control on January 21 for evading Venezuelan sanctions.

This is the first tanker involved in shipping Iranian or Venezuelan crude that claims to be registered with the Nauru flag.

Over the past 18 months owners involved in subterfuge shipping have engaged extensively in so-called flag hopping, registering tankers over multiple countries for a short period of time.

Most of the 16 flag administrations targeted are small countries in the Pacific or Caribbean islands, or on the African continent.

Little technical expertise

Most of those targeted are not directly controlled by governments, have little history or technical expertise, and contract out registry functions to private companies.

Of the 137 tankers in the subterfuge fleet, 75 are currently flying the flags of these countries including 21 very large crude carriers, data shows.

Flags involved during the past two years include Belize, Cameroon, Comoros, Cook Islands, Djibouti, Gabon, the Federated States of Micronesia, Honduras, Kiribati, Palau, Samoa, São Tomé and Príncipe, St Kitts and Nevis, Tanzania and Togo, multiple Lloyd's List investigations have found.

In the case of Samoa and Micronesia, where five tankers are currently flagged, both countries do not have international registries, meaning those registries flagging the tankers are fraudulent or owners' claims are false.

The Republic of Nauru was one of several countries, along with Micronesia and the Democratic Republic of the Congo identified as being linked to fraudulently registered vessels back in 2015.

That prompted action from the International Maritime Organization which subsequently established a database of registries and recognised organisations to help stamp out the practice.

However, the latest round of flag-hopping has raised concerns about high numbers of elderly, uninsured tankers plying busy seaways.

Nauru joined the IMO in 2018 but the UN shipping agency's database does not list any registries for international shipping for the island. Lloyd's List has contacted the London-based honorary consul for comment.

The republic flags 48 vessels according to the Lloyd's List Intelligence database, with Angel nine times larger than the only other tanker registered. The others are mostly related to fishing or are tugs.

The shipowner, Fides Ship Management, also owns the Cameroon-flagged suezmax tankers *Domani* (IMO: 9041057) and *Freedom* (IMO: 9018464), also involved in subterfuge shipping.

Vessel-tracking shows all three shipped several cargoes of Venezuelan crude to Singapore or Malaysian anchorage areas during the past 12 months for subsequent ship-to-ship transfers to other tankers for onward voyage to Asian destinations, usually China.

Nauru is *Angel*'s third flag since February 2020. The tanker was previously flagged in Palau and Cameroon.

ANALYSIS:

Lower rates expected for Qatar LNG shipping tender

LIQUEFIED natural gas shipping contracts to be awarded from Qatar's massive tender for perhaps over 100 ships may eventually be fixed at lower rates compared with those that Nakilat's current fleet could be attracting, according to a Drewry research note.

Qatar Petroleum is looking to contract tankers smaller in size than the Q-Flex and Q-Max tankers operated by Nakilat, the Middle East country's national carrier.

Factoring in the decline in long-term LNG charter rates over the past 10 years, Drewry projected rates of around $75,000 for the new ships sought mostly to ferry cargoes from the North Field expansion project.

These will be well below the implied rates of $90,000 for Nakilat's operating and wholly owned fleet.

The maritime intelligence provider drew on reported charter terms offered in the tender to arrive at these numbers.

Qatar Petroleum is said to have invited bids for term charter hire of 10, 12, 15 or 20 years, with options to extend up to 25 years.

Drewry noted the time charters offered are for shorter time frame than the firm 25 years granted to Nakilat's existing tankers, which also come with options to extend for up to 10 years.

"We believe this highlights the declining useful life of LNG vessels due to technical advancements and environmental regulations," the research note said.

Ships are expected to come with ME-GI propulsion or X-DF engines.

Technical offers are due in mid-April and commercial bids in July. Contracted shipowners need to build ships using yard slots assigned by Qatar Petroleum.

The national oil company has already reserved slots in China and South Korea.

Yard delivery for these vessels is expected to occur between 2024 and 2026.

Flexible tonnage set to access untapped LNG demand

OPPORTUNITIES are ripe for the picking in the small-scale liquefied natural gas market for flexible shipping assets that are capable of satisfying demand across segments at one go.

Three well-known shipping names — Stolt Nielsen, Golar LNG and Höegh LNG — took this stance when they chose to back the now London-headquartered Avenir LNG as its foundation shareholders three years ago.

Avenir has already mobilised its first pair of 7,500 cu m tankers for work in Southeast Asia and Latin America.

The vessels, which were originally placed by Stolt Nielsen with Keppel Nantong shipyard, can carry seagoing freight and refuel ships with LNG.

Avenir Advantage (IMO: 9830898) as the first of the two sister vessels, has gone on time charter with Malaysia's national oil company, Petronas on its delivery from the yard in October 2020.

Avenir chief executive Peter Mackay said this first tanker, which is primarily intended for LNG bunkering purposes, has so far performed gas up or cool down operation and supported commissioning of a floating regasification storage unit.

The second tanker, *Avenir Accolade* (IMO: 9830903), now anchored off Indonesia's Batam island, will go on a three-year charter with a unit of Hygo, which is being acquired by Nasdaq-listed New Fortress Energy in a transaction with Golar LNG.

It is expected to be deployed mainly for breaking up LNG cargoes imported via an FSRU into smaller parcels for delivery to users located along the coastline of Brazil, Mr Mackay said in an interview.

Avenir is due to take delivery of four other tankers commissioned with Nantong CIMC Sinopacific Offshore & Engineering during the second half of this year

Its third tanker will support a small-scale LNG project the intrepid shipowner is developing in Italy's Sardinia and looking to commission by the end of May.

This project acts as the base load for the newbuilding joining Avenir's fleet in July.

Mr Mackay is optimistic the same vessel can secure work as a bunkering unit in the Mediterranean, where marine fuel demand for LNG is growing rapidly, before it sets sail for the region. He suggests that the geography in which the vessels are serving, determines how they will eventually be deployed.

Supermajor Total has already named Marseille-Fos as a key port for ship-to-ship bunkering of CMA CGM's fleet of LNG-fuelled containerships.

Proactive investment

Still, Avenir is conceived precisely because its shareholders and management take the view that by proactively investing in supply chain development ahead of demand, they can overcome the chicken and egg issue holding back LNG from expanding its global footprint.

Avenir has taken this approach with its Sardinia project, which aims to proactively create infrastructure needed to open up access to latent demand in the area.

Importing LNG for power plants switching from coal or more expensive liquid fossil fuels is one major demand source in such geographies.

But Mr Mackay argued that marine demand for LNG has also reached a tipping point.

"The past 18 months have seen a dramatic acceleration of people moving into LNG bunkering," he said, noting that newbuilding orders have significantly grown both for LNG-fuelled ships and LNG bunkering tonnage.

Korea Development in a joint report released two years ago, projected six in every 10 ships placed with yards will run on LNG by 2025.

This projection seemed on track to come to fruition with major container shipping lines, including CMA CGM and Hapag Lloyd, investing in LNG-fuelled tonnage.

But LNG bunkering demand, which is growing from a very low base and in most cases, is unlikely to justify utilisation of small-scale LNG tankers.

"Most tonnage active in Europe are mobilised on average just once a week for bunkering purposes," LNG Shipping Consultants founder Eduardo Perez Orue told Lloyd's List. "Owners of small-scale LNG tonnage are taking a long-term view on the LNG bunkering market, which has yet to take off significantly to support fleet utilisation."

The vast economic disruption spilling over from the pandemic has not helped lift the adoption of LNG as a marine fuel.

"Cruise operators, which were the first to commit to long-term LNG bunkering contracts, were badly hurt by the drastic slowdown in tourism," said Mr Orue.

The pandemic-triggered slowdown has already held back a ship-to-ship LNG bunkering supply deal between Shell and Carnival from delivering its full promise.

Mr Orue said it is nonetheless worthwhile for aspiring small-scale LNG shipowner/operators to invest in flexible tonnage. "It costs just tens of thousands more to equip a newbuild LNG tanker for bunkering operations."

Between 20 and 30 small LNG ships now in operation and on order can serve seagoing trades and bunker other vessels, he said.

Box growth data lays bare impact of pandemic

GLOBAL container volumes rose nearly 16% in February compared with the year-earlier period, revealing the sheer extent of the impact on box trade in early 2020 during the initial coronavirus outbreak.

Volumes on the major deepsea trades for February were at 12.7m teu, representing a 15.8% increase on last year when volumes were dented significantly by the extension of the Chinese New Year Holiday to limit the spread of the virus, figures published by Container Trades Statistics show. Factories remained closed and Chinese exports had ground to a virtual standstill.

Fast forward 12 months and the situation could not have been more different.

February is usually one of the slower periods for container shipping, signalling the closure of factories in China, the world's principal exporter, during the country's lunar new year festivities. Cargo volumes on east-west services tail off significantly as factory production slows.

In 2021, the scenario in February was far from typical. Not only was the container shipping industry struggling with operational congestion brought on by the volatility and unpredictability of cargo flows during the pandemic, but also surging demand for consumer goods in western markets. No to mention shippers still playing catch-up in restocking inventories spilling over from last year.

"More factories in Asia remained open to keep up with demand and other services reopened earlier," said CTS. "Carriers, too, blanked fewer sailings than usual in a bid to keep cargo and equipment moving."

However, volumes were down on January, following at least to some extent the pattern of weakening demand over the Chinese holidays.

Nevertheless, February's teu tally was the highest on record and helped lift year-to-date volume growth through the first two months of 2021 to 9.2%, following somewhat muted growth in January.

Amid unprecedented demand and continued imbalance of market fundamentals the CTS Global Price Index, weighted on spot and contract freight rates on the major deepsea trades, rose to yet new highs in February, climbing three points to 110.

"That's 40 points higher than a year ago," said CTS. "Price Indices generally fall in February or at least remain unchanged. Last year, only about a third of our 49 region-to-region indices saw increases, and only small ones at that.

"This year, around two thirds are up on January, some of which by quite a margin."

Included in this number is the transpacific, up four points to 144 points, and the Far East-Europe, rising two points to 169.

"This, despite volumes on both trades dipping by 15.5% and 22% (month on month) with totals of 1.62m teu and 1.16m teu, respectively," said CTS.

MARKETS:

Suez fallout slows supply chain recovery

THE blockage of the Suez Canal may have lasted for less than a week, but the fallout on container line schedules and equipment is set to last up to two months.

"The Suez situation came on top of already strained supply chains," said Hapag-Lloyd chief executive Rolf Habben Jansen. "If that had not been the case, we would have been able to recover this quicker. We are in the midst of trying to recover from the crisis.

"We are doing many things to try and navigate our ships through northern Europe as smoothly as we can."

Equipment availability is expected to remain tight for the next six to eight weeks due to containers being stuck on ships outside ports and from extended dwell and transit times on the land side, which has been further exacerbated by the Suez incident.

"Productivity at some of the ports and on the land side is still impacted by the Covid-19-related labour shortages and other restrictions, which makes it difficult to handle the volumes that is being put into that infrastructure," Mr Habben Jansen told a press conference.

"The situation in northern Europe is fairly critical, mainly at the large ports like Rotterdam, Southampton and Felixstowe. But there are some places where it is better and the Mediterranean is facing less congestion."

Hapag-Lloyd had only nine ships affected by the blockage but was 24-48 hours away from starting to divert ships around the Cape of Good Hope. None were in a position to do so while the canal was closed, but a number of ships operated by its The Alliance partners did divert south of Africa.

"The obstruction on the canal has had a major impact on service from Asia-Europe and some of the US services," he said. "The situation has been resolved quickly but we're not fully back to normal yet. There is still a longer waiting time than normal."

Despite the relatively swift removal of Ever Given, the closure of the canal added more pressure on carriers that are already struggling to maintain schedules and provide capacity.

"Port congestion in the US and Europe, and to some extent in Asia means we are losing a lot of time, and that means that lines need significantly more ship capacity to transport the same number of boxes," said Mr Habben Jansen. "In simple terms, if you want to continue to offer a weekly service, you would need one or two ships more per service."

Congestion is expected to remain an issue in US and European ports at least into the third quarter.

"When we look at Europe, the congestion issues will be quite significant in the next four weeks. We do expect that most services will miss one or two sailings, which will impact available capacity and missed sailing means that ships arrive back in Asia too late."

Nevertheless, he was more optimistic that things would return to normal in Europe sooner than in the US.

"The US situation will improve only slowly, which will mean more sliding of sailings returning to Asia. We are still targeting a return to normalcy for the end of the second quarter or early third quarter."

But with little sign of demand diminishing, there was a risk that congestion could continue through into the peak season.

"If you look at underlying demand, the real spike we saw in the second half of last year is flattening a bit and we just need to work ourselves out of the congestion issues now," he said. "But with a 12-14 week rotation on some services, being out of schedule today means it will take a full cycle to get back into schedule.

"On the majority of services it will be during the course of the third quarter."

Container spot freight rates see Suez impact

CONTAINER spot freight rates have showed signs of a post-Suez increase for the first time since the reopening of the of the canal following the *Ever Given* grounding last month.

After peaking at nearly $4,500 per teu ahead of Chinese New Year, spot rates on the Asia-Europe trade lane had slipped back following the holiday.

Rates reported in the Shanghai Containerised Freight Index initially showed no reaction to the Suez closure, rising by just 2% while the canal remained closed, then retreating again following the reopening.

But after dipping to $3,651 per teu last week, rates to northern Europe, this week saw rates gain 8.6%, or $313, to $3,964 per teu.

The rise comes as supply chain disruption caused by the closure is expected to see a shortage of empties being returned to ports in Asia, reducing available freight capacity at a time when demand remains strong.

Figures released by Container Trades Statistics showed that in the first two months of the year, volumes were up by over 9%, and there are few indications that there has been any slowdown in demand since then.

Rates to the US east coast, which is also served by vessels transiting the Suez, as well as by transpacific services via the Panama Canal, saw the sharpest percentage increase this week, with rates breaching the $5,000 per feu mark for the first time, after surging 11% to $5,334 per feu.

This compared to the standard transpacific route for Shanghai to US west coast ports, which slipped back 3.1% to under $4,000 per feu.

Containerised freight volumes and rates traditionally fall steeply following Chinese New Year, before picking up again in the lead up to the third-quarter peak season.

But figures released by Xeneta this week showed that the post-new year decline in rates this year had been far smaller than on average, and that itself seems to have now gone into reverse already.

Secondhand bulk carrier values see biggest gains in a decade

THE values of secondhand bulk carriers are showing a clear rising trend this year compared with 2020 amid an increasingly bright outlook for this market.

The surge in secondhand activity for the first quarter of 2021 reflects this situation, with the Baltic Exchange dry bulk sale and purchase index at 25,402, up 20% from 21,176 a year ago.

As earnings in most segments in the dry bulk market have shot up, investors' optimism over the longer-term prospects has greatly improved, resulting in a surge in secondhand sales in stark contrast to the lack of activity during the first half of last year, according to Braemar ACM.

In percentage terms, values of older vessels have seen the greatest gains over the past 12 months and the differential to scrap value has also widened since the beginning of the year.

Braemar estimates prices of 10-year-old ships across sectors are at their highest levels since 2014.

Ten-year-old capes have gained 45% in value at $27.5m since March 2020, while prices of handysizes of the same age have soared by 58%, it said.

At the end of last year, 20-year-old vessels of any size were attracting offers from buyers on a scrap value basis plus a small premium, Allied Shipbroking research noted.

George Iliopoulos, its sales and purchase broker, said panamax units built in 2001 with special surveys passed and ballast water system installed are fetching above $9m. Those levels were last seen for units of similar size in 2011 — surpassing the 2017-2018 momentum, when the market was on an upward trend.

"Naturally, asset values for older vessels have been further supported by the increase in scrap prices at multi year highs above $480 per light displacement tonne over the past two weeks, after briefly retreating at $420 per ldt earlier in February."

Meanwhile, owners of younger ships have nonetheless enjoyed significant appreciation in the value of their fleets too.

Braemar research data suggests that prices of five-year-old capes and newcastlemaxes have gained 26% over the last year, while handies have gained 29%.

Other, more modern, sectors, such as the ultramaxes and kamsarmaxes, have not registered such growth rates, though again, this is likely due to the relatively strong performance of these asset classes in the months prior.

The shipbroker recorded 203 sale and purchase transactions in the first quarter of the year, an increase of 46% compared with the year-earlier period.

IN OTHER NEWS:

'Extraordinary reduction' in hull claims' cost and frequency

THE cost and frequency of ocean hull claims in the Nordic market has declined sharply in the wake of downturns in some high-value vessel shipping segments, according to new research.

Average claim costs dropped to $204,809 from $301,116 in 2019, even though half of all claims were still below $10,000, the latest annual statistics from regional marine insurance trade association Cefor show.

Claims frequency by date of loss was cut from 19.4% to 16.9% year on year. This is below the percentage point levels of the high 20s and low 30s that prevailed in the 1990s and 2000s, and the low 20s levels typically seen in the 2010s.

Trafigura opens carbon trading desk

TRAFIGURA, the leading commodity trading company, has launched a carbon trading desk as part of its foray into the carbon offset market, which is expected to grow exponentially in volume and value during the next decade.

"Trafigura believes its entry into this market will bring increased liquidity by connecting producers of offsets to its global network of oil, metals and minerals customers including producers and end users," the company said.

Carbon offsets allow companies to compensate their operations' own emissions by financially supporting external sustainability projects through the purchase of carbon credits that are issued by these projects.

Court intervenes in US port crime watchdog dispute

THE US Supreme Court has asked the government to determine if New Jersey can legally withdraw from an agency established to combat organised crime on the docks of New York Harbour.

The Waterfront Commission of New York Harbor is seeking a "writ of certiorari" or, requesting that the Supreme Court order a lower court to send up the record of an earlier case for review.

It wants the Supreme Court to review the ruling of a lower court last year that a state such as New Jersey could dissolve an agency created under federal law and, as New Jersey wishes to do, transfer the agency's functions to itself.

Florida's Jaxport offers solution to US port congestion

FLORIDA'S largest container facility is placing itself as a viable alternative for shippers looking to avoid the vessel congestion that continues to adversely impact US ports.

Jacksonville Port Authority is one of the nation's top vehicle-handling venues and a significant US point of entry for the import and export of bulk, breakbulk and other cargoes.

Eric Green, its chief executive, is proud of that diversification, citing a report by ratings agency Fitch that said, "Jacksonville and Houston are the two most diversified ports in our nation."

Iran releases seized South Korean tanker

IRAN has released the South Korean tanker Hankuk Chemi (IMO: 9232369) and its captain, according to South Korea's foreign ministry.

Lloyd's List Intelligence showed the ship departed Bandar Abbas at about 0600 hrs on Friday, ahead of further talks between Tehran and world powers over reviving the Iran nuclear deal.

The Islamic Revolutionary Guard Corps navy seized the South Korea-flagged, 2000-built, 17,424 dwt vessel in January amid a row over South Korea's freezing of $7bn in Iranian oil funds in two South Korean banks because of US sanctions.

Tiger Gas ships first bulk LNG cargo to China

TIGER Gas, led by former Seaspan chief executive Gerry Wang, has shipped its first bulk liquefied natural gas cargo to China.

The vessel *Fan Zhou 6* (IMO: 9833357), carrying 200 International Organisation for Standardisation tanks containing its first cargo, arrived at Longkou on April 7, Lloyd's List Intelligence vessel tracking data showed.

Loading of the shipment took place at Bintulu, Malaysia's only gateway port for LNG exports, in January.

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