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Tributes to Greece's shipping 'giant' John Angelicoussis

GREECE's prime minister Kyriakos Mitsotakis has led the tributes to John Angelicoussis for his contribution to the national shipping industry as well as to health causes.

Mr Angelicoussis, president of the Angelicoussis Group, died on April 10, aged 72, after a severe heart attack last month.

The reins of the business now pass to his daughter Maria, 39, who joined the group 12 years ago after initially training as a doctor in the UK.

"John Angelicoussis honoured the maritime tradition and our homeland in every way," said Mr Mitsotakis. "Greek shipping is mourning its top captain."

The prime minister hailed the shipowner specifically for raising the Greek flag on his vessels, moving his group's headquarters to Greece and supporting the national maritime education system.

He was also a quiet supporter of Greece's health system with donations "whenever needed, as in the recent pandemic."

Mr Mitsotakis expressed confidence that Mr Angelicoussis' legacy was in "strong hands" and that Maria Angelicoussis would take the group forward.

Ioannis Plakiotakis, the minister of Shipping and Island Policy, said shipping was mourning "a great Greek".

The late owner was "an iconic personality in global shipping, with work and action that brought him for decades in the first places around the world," Mr Plakiotakis said.

Mr Angelicoussis served for more than two decades on the board of the Union of Greek Shipowners and the body's president, Theodore Veniamis, also paid tribute to him at the weekend.

"Greek shipping is mourning one of its brightest personalities," said Mr Veniamis. "We have lost one of ours, a dear friend and peer.

"John Angelicoussis was a worthy follower of the traditions of the Greek shipping family and grew up in an intensely competitive international environment.

"He was recognised internationally for his successful business decisions and achievements."

The International Chamber of Shipping offered "heartfelt condolences" and hailed Mr Angelicoussis as "a bold visionary" and "without doubt a giant, not only of Greek shipping, but of the global industry as well."

ICS chairman Esben Poulsson said that "he created an iconic group of companies synonymous with quality and operational excellence.

"He devoted a lifetime to the industry he so passionately embraced, and on which he will leave such an enduring impression."

According to multiple sources, Mr Angelicoussis' funeral was due to take place on Monday, attended by "only a limited number of close family members in compliance with prevailing Covid restrictions."

The family requested others to avoid going to either the church or cemetery "even from afar."

Instead of flowers or wreathes, it asked instead for donations to the state Nikea hospital close to Piraeus which was "supported by John and close to his heart".

The family said that it was establishing a portal on the company website on which messages of condolence or memories of Mr Angelicoussis could be posted.

The deceased shipowner leaves a privately-held group of 151 vessels including newbuildings across its dry bulk, tanker and liquefied natural gas carrier divisions.

The order book currently consists of 13 LNG carriers and six very large crude carriers. Of these, six of the new LNG carriers and two of the tankers are scheduled for delivery later this year.

While Greek shipping has gone from strength to strength in recent decades, the national ship registry has struggled and has been shored up by a limited number of major owners, the Angelicoussis Group chief among them.

The group's fleet accounts for a third of the Greek-flagged fleet on the water and on order in terms of capacity.

WHAT TO WATCH:

Cause of Suez blockage likely due to variety of factors

THE blockage of the Suez Canal following the *Ever Given* grounding demonstrated the importance of the canal in international trade, but the incident is likely to have been an isolated event and should not be seen as a reason to change how passages are conducted.

"The Suez Canal will remain the safest and most efficient waterway to connect the west and east," said Winterthur Gas & Diesel Middle East managing director Ibrahim Behairy. "The percentage of incidents in the canal compared to how many ships pass is minor. Nothing will affect the importance of the Suez Canal."

He warned that all navigation included some element of risk, including transiting canals, but that the *Ever Given* (IMO: 9811000) casualty should not be used to designate the canal as an area of special risk.

"Ever Given is one of the biggest ships being used today, but many of these ships have passed through the canal without incident," Mr Behairy told a webinar on the causes and consequences of the canal closure.

The full cause of the incident would not be known until the investigation was completed, but it was already apparent that weather had played some role in driving the ship off course.

"One thing that is known even before the investigation is complete is that the wind was strong," said Mr Behairy. "Investigators will also want to know what happened in the engine room. Power is critical for steerage and if there was a problem with any of generators that power such a large ship it could have been a factor.

"We don't know if that happened, but it takes just a few seconds in this type of wind with the loss of the steering motor or a generator in a small narrow passage and anything can happen."

Kuwait Oil Co port operations team leader Lafi Al-Murtaji ruled out human error as the primary cause of the incident.

"No one can deny highest degree of competency from the master of Ever Given or the pilots of the Suez Canal," Capt Al-Murtaji said. "The pilots are qualified and capable of handling all types of vessel in all types of conditions. The statistics from 2010 to 2019 show that there were only 75 incidents, despite 19,000 vessels transiting the canal each year."

He pointed out that with wind gusting to 45 kts, the windage forces on the high freeboard and container stacks on *Ever Given* could have amounted to up to 270 tonnes, equal to the forces applied by five harbour tugs.

This, combined with a following current, would have incentivised the master and pilot to increase the ship's speed to ensure steerage.

"Increasing speed was the correct decision to reduce the effect of wind and current," he said. "But higher speed would have led to the ship squatting, thereby reducing the draft and reducing steerage."

Any loss of steering control was likely to have put the vessel away from the deeper centre of the canal channel and led to the introduction of bank effect, which would have pushed the bow across the canal, he added.

Mr Behairy also praised the actions of the master and pilot, who had reduced and minimised the potential damage

"In this type of incident you would normally expect huge damage but the only damage we can see so far was just the time during which the canal was closed," he said.

The ship itself appeared to have suffered minimal damage for its size and the speed it was going.

"Everybody has done a great job in my opinion," he said.

He added that the size of *Ever Given* had never been an issue. "Even bigger ships have transited with no trouble."

Nevertheless, Julian Oggel, managing director of Novatug, which has been involved in efforts to remove similar sized ships from grounding before, warned that the Ever Given incident fitted a trend since the emergence of ultra-large containerships.

"This size of ship is unprecedented," he said. "These ships need speed for control. A ship that is dead in the water doesn't steer but speed is vital for these large ships when facing wind, as the faster the ship is moving the less grip the wind has on the ship and the better it steers."

He said that although *Ever Given* had a beam of 59 m, when affected by a drift angle of just 5°, the measurement between the bow and stern across the beam could be as much as 100 m.

Given that the canal's navigable channel is only around 150 m, this was pushing the limits of the infrastructure.

"The growth of these ships has gone so fast that it has outpaced the infrastructure it is in," Mr Oggel said. "It used to be that a port or a canal was a danger to a ship, as it had to slow down and risk losing steering. But now a ship is also a risk to a port or canal because these things are so big."

Changing Lanes: Suez disruption is far from over

THE unexpected closure of the Suez Canal by a grounded containership has revealed the critical role played by the shipping industry in keeping European business and consumers afloat.

The blockage of the Suez Canal for six days last month by the 20,000 teu *Ever Given* highlights the dependence of the global economy on a small number of deepsea shipping lines and on the few alliances they have formed.

In 2020, a fleet of around 5,000 container ships moved approximately 150m loaded teu around the world, down by approximately 1% on 2019 despite the pandemic with trade supported by western governments' fiscal strategies.

Of the 150m teu, 108m teu were 'deepsea', or intercontinental, of which approximately 90% was moved by just nine shipping lines, organised into three alliances and with other vessel-sharing agreements in place to manage capacity.

For the European market, we estimate that in 2020 approximately 12% of volumes and 20% of the value of goods imported by the North European and Mediterranean market arrived from countries east of the Suez Canal.

Putting the supply offered by the shipping lines together with the cargo received into the European market, we estimate that the vessels are pretty full — as the pictures of Ever Given suggest.

A high increase in demand accompanied by a lower number of services also means an increase in freight rates — and this was another headache for shippers during much of 2020.

The shipping industry might be back to being 'out of sight, out of mind', but the domino effect of what happened on the Suez Canal at the end of March is in progress.

With a barrage of ships previously stuck in the Suez region heading for Europe this means port congestion, especially in the Mediterranean, with shippers likely to suffer new equipment shortages and delays in delivering goods to consumers.

In the meantime, carriers might decide to stop or reduce their booking intake as they will need time to sort out their network options.

Based on our data available at the beginning of April, we estimate that for the month ahead there could be a cut of more than 12% in the capacity scheduled to be deployed for April on the services offered on the Asia-Europe trade lane including services calling in the Middle East Gulf and Indian subcontinent.

These blank sailings are likely to worsen the reliability and punctuality of the services on these routes, already at very low level as reported in the Container Shipping Market Quarterly Review for the fourth quarter of 2020 released by MDS Transmodal and the Global Shipping Forum last month.

Based on the announcements of the shipping lines for April, we expect Italian ports, for example, to see a partial/total cut in four of the seven services scheduled, accounting for 12% of the expected deployed capacity for the month

In terms of deployed capacity, however, the biggest reduction in percentage terms is anticipated for French and German ports where the blank sailings announced by the lines for the month ahead could affect capacity by 16%.

It is worth noting that these are the reductions announced by the shipping lines, but more reductions both in terms of blank sailings as well as skipped calls could materialise during the course of the month as carriers will need to adjust their network options.

Among the services that will be most affected by the reduction in supply made available by the shipping lines are:

• The Alliance: FE2 deploying 13 vessels of an average size of 20,700 teu operating on the Far East – North Europe trade lane. It announced two blanked sailings in April 2021

• Ocean Alliance: FAL6/LL6/CEM deploying 11 vessels averaging 19,200 teu operating on the Far East – Middle East Gulf & Indian Subcontinent– North Europe trade. The service on which the Ever Given is deployed has scheduled in a blanked sailing during April.

• 2M Alliance: SHOGUN/AE1 deploying 10 vessels of around 14,400 teu operating on the Far East – Middle East Gulf & Indian Subcontinent - North Europe & Mediterranean. A blanked sailing was scheduled in for April.

The closure of the Suez Canal also caused a delay in the usual April network adjustment (although less pronounced this time) made by the three east-west alliances.

For instance, the new Far East – North America East Coast Alliance – EC6 service operated by The Alliance will see Ocean Alliance member Evergreen join as a vessel provider and is now expected to begin in early May rather than April.

Another concern that shippers and consumers have is how much is this event going to cost them?

It is difficult to assess with certainty, but freight rates are moving upwards again. Spot rates on the latest Shanghai Containerised Freight Index show the rate for Far East-Northern Europe is up by 8.6% to $3,964 per teu and for Far East-North America east coast up by 11.4% to $5,334 per feu on the week before.

It is also difficult to say that these increases are linked to the interruption in the operation of the Suez Canal, but shipping lines are already anticipating some spikes in freight rates in the coming weeks.

Should further increases materialise, it would not come as a surprise, as indicated by Olaf Merk (International Transport Forum) in one of his recent analyses.

"The Suez blockage has reduced effective ship capacity, so will likely lead to further increases in ocean freight rates. Customers and ports will pay the price instead, and maybe a few insurers," he said.

Mr Merk also highlights that "the current disruption of the maritime supply chain is not about a mega-ship stuck in the Suez Canal, and it is not about lack of adequate infrastructure in ports — ultimately, it is about a lack of effective competition policy for global liner shipping."

With the European Commission's Consortia Block Exemption Regulation renewed until April 25, 2024, the Directorate General for Competition would not be expected to start the regulation's review until mid-2023.

Among other parties in the shipping industry, the Global Shippers Forum is asking the European Commission to engage closely with users of liner shipping services in the meantime, in view of the dramatic and unforeseen changes in the market brought about by the global health emergency — changes which the closure of the Suez Canal seems likely to only exacerbate.

ANALYSIS:

Shipowners lobby EU over rules for CO2 measure

EUROPE's proposed shipping emissions measure should protect the sector from carbon dioxide price fluctuations and ensure charterers are held responsible for the emissions their ships generate, the European Commission has been told.

The Union of Greek Shipowners, the Swedish Shipowners' Association and Brussels-based non-governmental organisation Transport & Environment are pushing for the key elements of the EU's market-based measure for shipping emissions.

The European Commission is set to publish in June its proposal for a revised emissions trading system, the bloc's carbon permits trading market, that will also include shipping.

It is still unclear at this point what exact rules will apply to shipping as the commission has not finalised its proposal.

Despite their broad opposition to such a regional measure coming in, industry groups have accepted its inevitability and continue to lobby the commission for their interests to be incorporated in its proposal.

In a joint letter to commission executive vice-president Frans Timmermans and commissioner for transport Adina Valean, the Union of Greek Shipowners, the Swedish Shipowners' Association and Transport & Environment argue that due to the structure of the shipping industry, the current Emissions Trading System may not be appropriate for the shipping industry.

"The largest part of the global and European fleet are owned and/or operated by small and medium enterprises with limited administrative capacity. Complying with a classical ETS could create administrative bottlenecks for these companies," they wrote.

Industries bound by the ETS have a specific amount of CO2 permits available each year and companies and traders can buy and sell and these permits to each other. At the end of each year, a company must hold enough permits to cover its emissions for that year or could suffer fines.

The price of CO2 in the system has reached record highs this year, trading at over €43 ($51.2) per tonne of CO2 last week, as the expectation is that with stricter EU regulations the numbers of permits could decrease.

The three groups asked the commission for the proposed measure for shipping to be backed by a CO_2 price stabilisation mechanism through a dedicated maritime fund that would protect shipping companies against CO_2 price fluctuations.

They also want the revenues from the maritime ETS to be reinvested into the sector to help it decarbonise.

Other outstanding questions for shipping's inclusion in it include what will the geographical scope of the new rules be and who will pay the cost?

The industry groups told the commission that the commercial operator, which is most often the charterer and is the one responsible for the operational performance of the ship, should contribute to the costs brought on by the new measure.

They said the "maritime ETS should ensure that the commercial operators of the vessels also bear responsibility for carbon pollution charges in order to incentivise them to operate the vessels in the most environmentally efficient way".

Greek shipping is primarily made of tramp shipping owners who charter out their ships. The union wants to ensure that charterers pay the cost of the EU market-based measure.

Union president Theodore Veniamis said including shipping in the EU system without creating this fund and without making the commercial operators responsible would "unnecessarily disrupt the industry".

"Carbon trading is susceptible to distortion, profiteering and speculation" he said in a statement.

In terms of the geographical scope, the commission is considering four options; the carbon market could cover either just intra-European Economic Area voyages, all voyages to and from EEA ports, all inbound or all outbound voyages, or 50% of the total of both inbound and outbound voyages.

The industry groups urged the commission not to apply just an intra-EU ETS, because that would effectively penalise short sea shipping and leave deep sea shipping unaffected.

"Applying the EU ETS to intra-EU shipping only would unfairly put most of the burden on shortsea shipping operators and reduce the environmental effectiveness of the measure," they wrote.

This point comes in direct opposition with the wishes of the liner industry, which has been among the strongest advocates of a domestic-only Emissions Trading System.

The European Community Shipowners' Associations has published its own positions on the ETS, taking some similar ones, including reinvestment of the generated funds back into the maritime sector.

However, it did not take a position on who should pay the costs and though it asked if the ETS has a limited scope, it did not specify what that means.

The Union of Greek Shipowners, the Swedish Shipowners' Association and Transport & Environment warn against granting free emissions allowances to the shipping sector.

"In addition to diminishing environmental effectiveness, the provision of free allowances to the shipping industry could create a two-tier market and punish SMEs that have less administrative capacity to take advantage of the system," they said.

Danish shipowners have told the commission that shipping companies be given free allowances based on energy efficiency benchmarks.

"Also, there is a huge risk that the largest, wealthiest and most emitting companies would accrue all the free allowances and the smallest companies are left to carry the burden," the three groups told the commission.

While the commission issues free allowances for sectors such as aviation, it is seeking to phase them out completely.

MARKETS:

‘Impressive' steel trade likely to continue for months

THE “impressive” steel trades that led to a rally in dry bulk freight rates, along with coal and grains, is expected to continue as the global economy recovers following the pandemic.

“We expect steel trade to remain elevated as long as certain regions struggle to regain lost output,” according to ship brokerage Braemar ACM: “This process will likely take a few months, provided industrial demand remains strong.”

“Continued stimulus and a global recovery from Covid-19 is likely to sustain manufacturing activity, but the recent surge in cases in some countries presents a significant risk to this trend,” research analyst Nick Ristic said in a note.

March was a strong month for most dry bulk trades, he said, with flows of steel products particularly impressive, helping to boost rates to decade-highs.

The brokerage recorded 15.5m tonnes of steel goods loaded onto bulk carriers in March, excluding scrap steel. That is a 30% rise year-on-year.

Volumes carried on supramaxes grew by some 60% last month to 9.3m tonnes versus the same period last year, according to Braemar data, while liftings on handysizes were flat at 5.5m tonnes, and steel cargoes on panamaxes rose by 19% to 700,000 tonnes.

In the first three months of this year, trade amounted to 38.5m tonnes, a gain of 25% on-year and the highest quarterly volume on record.

Trade into the US was particularly strong, rising by 38%, with growth coming from supramax cargoes from countries that did not cut capacity during the pandemic such as South Korea, Ukraine, and Japan.

“With an average laden leg of around 30 days, the sharp rise in steel volumes into the US has played a significant role in the recent rally in freight rates,” Mr Ristic said.

In Europe, imports rose 13% to 2m tonnes in March versus a year earlier, with supramaxes seeing a 34% boost in demand, and handysizes enjoying an 18% gain, he said, adding that sellers in Turkey, Russia and Ukraine were the top suppliers to this market.

Longer-haul trades from China, Vietnam and South Africa, mostly made up of supramax voyages were also recorded.

Further upside for shipping may be limited however given anti-dumping duties and quotas.

Elsewhere, industrial activity in Southeast Asia and the Indian subcontinent has been resilient through the pandemic, boosting steel imports from other Asian countries.

A jump in demand in Vietnam, Thailand, Indonesia and Bangladesh has helped to push Chinese exports to their highest levels since 2016, Braemar said.

Pandemic adds to Singapore maritime sector’s costs

SINGAPORE’S maritime value chain is grappling with the rising operating costs that have piled up since the start of the draconian lockdown policies imposed on key global economies.

Still, some sub-sectors seem better positioned to weather the storm than others.

Crew changes have been one of the “mind-boggling” cost components imposed on ship operations, according to Singapore Shipping Association president Caroline Yang.

Ms Yang told a press briefing for Singapore Maritime Week that shipping rates have recently increased for some assets, which should help players exposed to these segments withstand the cost rises.

Container shipping is one segment to have benefited from discipline in capacity management, which helped to buffet rates through a drastic slowdown in global trade during the early months into the lockdowns in key global economies.

Boxship rates have rebounded since the second half of the past year, not least because carriers have proactively adopted blank sailings to cap capacity.

But Singapore's offshore sub-sector, comprising both owners and builders of offshore shipping tonnage, is still struggling to stay afloat.

Association of Singapore Marine Industries president Simon Kuik conceded that productivity at the yards will not recover to pre-lockdown levels for as long as segregation of workers is enforced.

"Singapore's yard workforce has also reduced by 20% to 30% given that some foreign workers have returned home and there were no replacement headcounts," he said, adding that yards and other affected offshore players have benefited from government grants that they would have tapped to offset the higher business costs.

These trade-offs were deemed necessary to stem the risks of possible second or future waves of pandemic-linked disruptions.

On this front, Singapore has taken the proactive step of prioritising vaccinations for maritime front-line workers.

The Maritime and Port Authority of Singapore estimates about 99% of these front-liners who need to go on board ships have received vaccinations to date, said chief executive Quah Ley Hoon.

Singapore has strict protocols imposed on ships calling its port for crew changes.

Ms Yang flagged the mandatory polymerase chain reaction test requirement as one such protocol that can pose challenges to shipowners

One protocol called for crew to be certified negative through a polymerase chain reaction test taken at the port of call just prior to departing for Singapore

She noted that this is one requirement shipowners face difficulty complying with, even though it is understandably enforced to ensure safety of crew change operations in Singapore.

IN OTHER NEWS:

Navigator to absorb Ultragas fleet

NAVIGATOR Holdings has signed a non-binding letter of intent with Naviera Ultranav of Chile to merge its Ultragas fleet of 18 liquefied petroleum gas carriers with Navigator Gas.

"The transaction would unite two leading gas shipping companies with similar culture and mindset," the US-based company said in a statement, adding that the combined fleet would total 56 vessels valued at about $1.3bn, based on preliminary broker estimates.

Navigator is expected to issue about 21.2m new shares to Ultranav, and assume Ultragas' net debt of around $197m, as well as its net working capital.

ICS cautiously optimistic on security outlook

THE International Chamber of Shipping is cautiously optimistic about the industry's preparedness for security threats.

The shipowners' group has published a new guide with advice on how to assess voyage risks, harden vessels and protect crews from piracy and armed robbery.

John Stawpert, its environment and trade manager, said the world fleet was overall "much better prepared" than it was in 2008, at the onset of the Somali piracy crisis, but there was always room for improvement.

Eastern Pacific Shipping starts maritime scholarship fund

EASTERN Pacific Shipping, a Singapore-based shipowner and shipmanagement company, has launched a $149,000 maritime scholarship fund in Singapore.

A foundation set up by company owner Idan Ofer and his wife, Batia, will provide full-term and mid-programme academic scholarships for an initial period of three years to Singaporeans wanting to pursue a career in the shipping industry, both on shore and at sea.

The Eastern Pacific Shipping Scholarship Fund is part of the company's "commitment to future generations by providing students with an opportunity to become the maritime leaders of tomorrow", according to a statement.

New US terminal opening 'at right time'

THE South Carolina Ports Authority has added sorely needed throughput capacity to the US east coast ports.

The launch in the past week of the first phase of the Hugh K Leatherman Container Terminal at the port of Charleston will add 700,000 teu of throughput capacity and an additional berth.

"We have invested in the right infrastructure at the right time to handle growing cargo volumes and bigger ships, ensuring SC Ports remains a top 10 US container port," said port authority chief executive Jim Newsome.

Castor acquires bulker after $125m fundraiser

CASTOR Maritime is showing no signs of calling a halt to a secondhand purchasing spree that has just seen it snap up its ninth vessel so far this year.

The latest acquisition comes hard on the heels of a new fundraiser that is estimated to have grossed $125m for the Cyprus-registered owner.

The direct offering placed 192m common shares in Castor with certain unaffiliated institutional investors at a price of $0.65 per share.

Total finalises crude oil deal in Uganda and Tanzania

TOTAL has finalised a deal to lead a crude oil production and pipeline construction project in Uganda and Tanzania.

The French energy major said project participants had signed the final agreements for the Lake Albert development, which comprises upstream oil production in Uganda and the construction of the pipeline in Uganda and Tanzania.

The project will see up to 230,000 barrels of crude oil produced per day in Uganda, which will then be transported to the Tanzanian port of Tanga through the upcoming East African Crude Oil Pipeline (EACOP).

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