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## \$34trn investment to modernise fleet by 2050, says Stopford



SHIPOWNERS WILL NEED to invest around \$3.4trn in fleet renewal and expansion by 2050, according to Dr Martin Stopford.

The non-executive president of Clarkson Research Services said during a presentation at the Capital Link decarbonisation forum on Thursday that this “very crude” estimate shows owners would have to spend around \$2.2trn in renewing the existing fleet amid decarbonisation pressures and about \$1.2trn in expanding amid increased global trade.

Containerships and bulkers would each claim around 15% of this total spend, while gas tankers would take another 12% and tankers just 6%.

Dr Stopford's projection is based on a scenario of “soft” global growth that he had produced in April 2020 and which estimated that global shipping emissions would decline from around 900m tonnes of CO<sub>2</sub> in 2008 to 324m tonnes in 2050. That meets the IMO's requirements of a minimum 50% reduction in GHG emissions between the two time periods.

But the problem is that shipping's historical earnings suggest that shipping companies alone will not be able to generate anywhere near this required money, Dr Stopford noted. To be able to do that, owners will need help from charterers.

“In a sense, the characters have to take the lead in deciding what sort of technology they to get involved in,” he said.

Shipbuilders will also have to take a lead in building ships that can deliver those charterer demands and emissions savings.

As for shipowners, Dr Stopford believes they are the ones who will have to take the lead in building organisations and structures that will give charterers a sense of security in terms of getting value for the money they are investing.

“Today’s companies and regulatory systems were not designed to tackle the problems that lie ahead,” he said.

But Dr Stopford also made it clear that for the next few decades it is the existing fleet that will play the biggest role in terms of emissions and therefore

efficiently managing this fleet will be crucial.

He said that the three future scenarios he developed in his analysis last year show that on average the ships built before 2020 will account for around 50% of all shipping emissions by 2050. Another average 22% of emissions will come from post-2020 built diesel ships and 28% will come from gas and hybrid ships.

“The great thing about the existing fleet is that it has a relatively low capital value and therefore you can afford to trade the ships more slowly,” he said.

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## WHAT TO WATCH:

# Ever Given casualty places crisis communications under the spotlight

WHEN the boxship *ONE Apus* lost nearly 2,000 containers in the middle of the Pacific a few months ago, the vessel’s owner immediately contacted its crisis media response advisers.

Within an hour, a dedicated web portal had been set up that provided details about the ship and the incident, with updates added regularly as and when more information was received. Social media was used to alert the press, customers, and other interested parties about the site. This was quite separate from websites of the ship’s manager, Japan’s NYK, or the container line charterer Ocean Network Express, whose customers’ cargo had been washed overboard.

There was no need for anyone to scramble around trying to piece together what had happened, or speculate in the absence of any official statements about the accident.

Similarly, when the car carrier *Golden Ray* (IMO: 9775816) capsized in Brunswick in 2019, a new website was established to cover the grounding and subsequent wreck clearance work, which remains active as the salvage operation continues.

In the case of the *ONE Apus* (IMO: 9806079) casualty, the accident happened well away from any cameras. It would almost certainly have been forgotten by the mainstream media within a few days, despite the huge number of boxes that were swept into the sea or badly damaged. However, the shipowner still felt it was important to be as transparent as possible about the mishap and was praised by sections of the press for doing so.

In contrast, when the 20,000 teu *Ever Given* (IMO: 9811000) blocked the Suez Canal for almost a week, the ship’s owner, manager, charterer, insurer, and salvor seemed ill-prepared for the media frenzy that ensued.

Why?

Crisis management training and exercises are crucial for any company these days, but shipping, more than most, needs to be fully primed to cope with the unexpected. This is probably true now more than ever. Long gone are the days when a daily faxed or emailed update would suffice. Immediacy is vital in the era of 24-hour rolling news, Twitter, Facebook WhatsApp, and suchlike.

From dawn raids to a cyber attack; a collision to an oil spill; an onboard fire to a ferry sinking with multiple casualties; shipowners and other key figures must be ready to face the outside world when something goes wrong. And that, in most cases, means the chief executive or a very senior manager, not the company’s PR firm or trade association.

There are many examples of both good and bad crisis communications over the years.

Back in 1996 when the suezmax tanker *Sea Empress* ran aground, spilling 72,000 tonnes of crude oil in the Milford Haven estuary, neither owner John Fredriksen nor Peter Cooney, managing director of shipmanager Acomarit, shied away from the press.

Indeed, Mr Cooney memorably stood on the cliffs overlooking the scene and proclaimed: “It grieves

me to think that a ship like this with a cargo like this should end up in this situation, it's absolutely disastrous for us, of course more importantly disastrous for the community here, it's disastrous for the fishermen, the whole thing is disgraceful."

Such frankness did no harm to either men, or their respective companies, and that example of how to handle an emergency is still cited a quarter of a century later.

Much more recently, Stena Bulk chief executive Eric Hånell was widely praised for the way he stepped forward when the product carrier *Stena Impero* was seized by Iran's Revolutionary Guard.

So why did the *Ever Given* incident appear to catch out those responsible for the ship?

How to respond to a large containership blocking a major waterway must be high up the agenda of any scenario put together for a crisis training exercise.

Yet neither charterer Evergreen, owner Shoen Kisen Kaisha, manager Bernard Schulte Shipmanagement, nor Boskalis/Smit Salvage seemed ready to face the public personally as events unfolded, opting instead to issue a sporadic series of statements via third parties. That left the media to consult "industry experts" of various quality and to speculate on what may have happened.

In other words, they lost control of the message as all sorts of fake and increasingly bizarre "news" circulated on social media. Even mainstream news outlets occasionally referred to the ship as a tanker, or made other fundamental errors that could have been avoided with a single source of reliable and accurate information.

At times like that, shipping is its own worst enemy, with Evergreen insisting that as charterer, it was not responsible for the ship or crew. Yet there, in plain sight, was a huge ship with Evergreen emblazoned on the hull, wedged in the Suez Canal. That needs some explaining to the general public and mainstream media that are often ignorant of shipping's complex ownership and operational structures.

## Tanker market eyes gasoline to lift stagnating rates

THE tanker market is relying on improved global gasoline demand — led by the US summer driving season — to lift spot rates and earnings from levels

At the same time within the industry, it would be a pity if this incident discouraged lines from attaching their names to long-term chartered tonnage, and drove them even further into hiding.

And it should be said that Evergreen has kept its customers fully informed, and spoken to shareholders, even if the Taiwanese line only released limited press updates on its website. The whole response to the media was reactive rather than proactive, with Evergreen opting to deflect queries about the accident to the ship's owner.

What is needed, surely, is a co-ordinated crisis communications plan agreed in advance for all ships, but especially for ones the size of *Ever Given*, which may so easily find themselves at the centre of global attention in the event of a serious accident.

That, of course, already happens in many cases, but not all.

Shipping companies need to distinguish between public relations, which promotes them, and crisis management, whose role is to protect their interests.

But that protection does not mean ducking for cover. It means leading from the front.

No-one really expects immediate answers about the cause of a casualty, but customers, staff, partners, vendors, governments, and maritime regulators, as well as the general public, want to see someone taking charge. Do not let lawyers get in the way of some simple messaging.

That is what crisis communications should be about. Good crisis management experts do not tell their clients to go into hiding when something goes wrong.

They expect senior management to be prepared to go on the record, face the cameras, or tour the TV and radio studios, even if it is only possible to make fairly bland comments in the early stages of any emergency. Surely that should be part of the job spec of any shipping industry high-flyer.

of stagnation that one shipbroker described as a 'new normal' for the sector.

Winter earnings have hovered at the lowest in a decade on a surplus of tankers as the global pandemic stifled oil demand and cut exports, amid high levels of refinery maintenance.

Crude and product tanker spot rates remain below daily operating costs on 18 of the 20 dirty routes and nine of the 16 clean routes, according to assessments from the London-based Baltic Exchange.

“Has the tanker sector yet to find a floor?” asked Alibra Shipping in its quarterly report on the tanker shipping sector.

“Until demand recovers it is possible that this period of stagnation is the ‘new normal’ for tankers although this market can be unpredictable,” the report said, adding that future geopolitics could increase rates volatility.

“With ongoing lockdowns in Europe putting pressure on demand, despite forecasts the market could remain at current levels for the next six months.”

Latest monthly demand forecasts from the International Energy Agency and Organisation of the Petroleum Exporting Countries this week revised annual oil demand growth slightly higher from prior estimates.

But that pace of growth remains fragile and uncertain on renewed outbreaks of coronavirus across Europe, as well as the subcontinent and Brazil, even as vaccination rollouts accelerate in the US.

The bulk of oil growth will take place between April and September, according to Opec.

“Gasoline is projected to be the key driver for oil demand recovery, beginning with the onset of the summer driving season,” OPEC said in a monthly report published this week.

“Diesel will also provide support mostly based on economic improvements stemming from the implementation of fiscal stimulus programmes.”

Transport fuels including gasoline, diesel and jet fuel account for some 60% of oil demand in 2021. Demand is now forecast at 95.5m bpd by OPEC and 96.7m by the IEA.

Those figures are some 6m bpd higher than 2020.

The Alibra report also suggests any rebound in crude and product tanker rates relies on increased gasoline demand in Europe and the US.

“China has been sustaining the market for some time, but an uptick in demand levels is required if we are to see an improvement in rates,” Alibra said.

The IEA monthly report highlighted lingering concerns about the pace of recovery as Covid cases surged in Europe, as well as major oil consuming countries of India and Brazil.

But the organisation upgraded demand estimates for the remainder of 2021 based on improvements seen in the US and China.

Personal mobility was rising in the US, IEA analysis showed, citing figures from the Department of Transportation showing fewer people staying at home in March and early April.

In China, gasoline demand was expected to rise from this quarter supported by reluctance of many people to use public transportation and instead turn to cars, according to the IEA’s April report.

Motor gasoline consumption is forecast to surpass 2019 levels, to reach 3.4m bpd in China this year, the IEA estimates.

The global trading fleet of some 870 very large crude carriers, which largely determine rates direction, has been hit hardest by Opec production cuts and high crude inventories over winter.

Clean and dirty exports from the Middle East Gulf were nine percent lower year-on-year over the first quarter according to preliminary data from Lloyd’s List Intelligence.

Some 72% of exports are lifted on the largest carriers from the region.

Shipbrokers SSY also cautioned that the recent Opec decision to increase crude production may not translate to increased tanker rates.

High crude stocks continue to curb imports, and Opec producers may divert increased crude to their refineries rather than boost exports, the shipbroker’s monthly report said.

Increased Opec output — which adds just over 2m bpd to the market between May and July — was equivalent to just over 15 VLCCs monthly, the report said.



“While this is an improvement, it is unlikely to create a significant shortfall in tonnage supply,” according to the report.

“There is reason to be optimistic that over the next three months tanker rates will continue to increase on first quarter levels.”

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## OPINION:

# What the plethora of green partnerships has overlooked

“DON’T we have enough alliances already?” asked the moderator of a Capital Link session this week. Far from it, responded one of the panellists. “We need more.”

Shipping’s drive for decarbonisation has been the momentum behind a plethora of partnerships, a multitude of alliances, and a collection of collaborations. No European bank, charterer, shipowner, class society, or technology provider can be seen to shun an invitation to become a partner.

If this particular panel reflects the current state of the industry, every player is now a member of five or six initiatives, each focusing on the ‘E’ in ESG. There is skin in the game, at long last. It shows deep commitment to the cause.

Or does it?

How many initiatives can any stakeholder meaningfully join before human resourcing becomes stretched for no real purpose? The sheer size and complexity of shipping’s decarbonisation challenge suggests that — to borrow from a parallel crisis — no company is green until all companies are green.

So any business leader who has signed up the Poseidon Principles, become a partner at the Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping or joined the Getting to Zero Coalition, and is filling the time before the next Global Maritime Forum by setting up discussions with the Smart Green Shipping alliance... should beware burn-out.

There is a danger that too many coalitions will compromise all the good intentions.

When the Capital Link session moderator asked about the criteria each panellist used to decide which alliance they would join, the list sounded reasonable. They join alliances that are well-structured, have the right level of ambition, and have already signed up senior industry leaders.

But the consequence must be that well-run alliances compete for research and development resources and investment funding in a race to be first to a solution. It’s traditional maritime fragmentation that leads to duplication of effort, hardly the best use of our time.

A second concern is that these well-run, well-supported alliances will inevitably focus on what can be achieved, not on where the gaps lie between projects.

These gaps are significant. The success of the industry’s push for decarbonisation depends on identifying obstacles, barriers, and missing links. Finding the gaps and bridging them can only be done by way of a global overview.

Alliances will not see the gaps because they are not looking for them. On the basis that this industry will only be green when all parts are green, it’s surely time for a global audit of shipping’s decarbonisation journey. The alternative, competitive approach will only end in tiers.

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## ANALYSIS:

# World containership fleet update: New world orders

FIGURES from Container Trades Statistics have shown that demand for box shipping has remained strong throughout the lockdowns in key global economies.

If the slump in demand in the second quarter of the past year and current supply chain disruption are discounted as anomalies generated by the pandemic, the longer view shows container freight

demand has continued to grow at around 2.6% from 2019-2021.

It is this relatively healthy long-term trend that investors in container ships will be looking at when making decisions about ordering, which is why the recent spate of orders is less concerning than it otherwise may have been.

After a sharp decline in newbuilding orders in the past year as the industry waited to assess the full impact of the pandemic, carriers and non-operating owners have returned to the yards with gusto since the fourth quarter of 2020.

Figures from Alpaliner show that just under 1m teu of capacity was ordered in the fourth quarter of last year, with another 1.2m teu added in the first quarter of 2021.

In March alone, orders were placed for 45 ships of 15,000 teu or larger, according to BIMCO, with another 27 smaller ships taking the total capacity ordered to 866,060 teu.

But while the raw numbers may seem large, as a percentage of the existing fleet, the additional capacity has moved from under 10% to around 15%.

Moreover, most of that new tonnage will not be entering service for at least another 18 months, with some not arriving until 2024.

Assuming the demand curve stays on its trajectory of 2%-3% growth per year, much of that capacity will be absorbed.

But there are notes of caution over the current surge of orders. Drewry said that while the ratio of orders to the current fleet was well down on the peaks of 2008, the active fleet was now twice as large as it was then.

“Owners, both operating and non-operating, are understandably scrambling for as many containerships as they can find, but these new orders won’t arrive in time to cash in on the boom time,” it said.

“These ships are being ordered as if they are for today, not what the market will look like when they are ready for delivery in two to three years. Owners are risking paying top dollar for assets that will potentially end the container upcycle.”

But also playing a part in the orders is the fact that a large part of the fleet is ageing and needs replacing.

A slowdown in scrapping, particularly last year, has seen an increase in the number of older ships trading. These will eventually need to go to the breakers’ yards.

This is particularly true in the old post-panamax class of vessels between 6,000 teu and 12,000 teu. Clarksons puts the average age of this class of vessel at 9.7 years, but there are 125 units over 20 years old that will be coming up for replacement.

Nevertheless, according to Lloyd’s List Intelligence figures there are very few orders for this size of ship.

“This raises the question whether the segment will soon be of short supply, or whether newbuildings of this size bracket are no longer needed,” Alpaliner said.

“The latter could be the case since larger ships will cascade into the sector as services are upsized and fairly modern ships of above 10,000 teu are replaced by increasing numbers of larger neo-panamaxes.”

Alpaliner believes that some replenishment of the mid-sized market is needed. Many of the former top-of-the-market ships in the 7,000 teu to 9,000 teu range date from the early 2000s and will reach retirement age in the second half of this decade.

But that replenishment may itself come from larger vessels, which carriers are increasingly turning to.

Although there have been orders for ultra-large tonnage in the 24,000 teu category, which has become the default for the largest ships, much of the recent order spree has been for vessels in the 15,000 teu size range.

“In October and December last year, orders placed were almost exclusively for ships with a maximum capacity of 23,000-24,000 teu, with only four out of 23 orders for ULCs outside that range,” BIMCO said.

But in 2021, only four out of 81 orders for ships with a capacity of at least 11,800 teu were larger than 15,500 teu, it added.

“We have seen some of 20,000 teu plus vessels, but not anything signalling a buying spree,” said Sea-Intelligence Consulting chief executive Lars Jensen.

“Carriers like Evergreen have ordered 20 15,000 teu vessels. That is a sizeable order but also a step down in vessel size. It does not signal a massive growth, but does signal a different trend.”

He said that the ultra-large tonnage, which is only viable on the extended Asia-Europe trade lane, was inflexible.

“As it has had to absorb the larger vessels, it has come at a cost of reduced flexibility over how many weekly services can be deployed,” he said.

By using more, smaller ships, it was easier to pull a vessel from a loop if demand fell short of expectations.

But 15,000 teu ships were also deployable on other trades as well, with compact narrow-beam designs able to transit the Panama Canal for services to the US east coast.

HMM, Zim, CMA CGM and Evergreen have all been behind orders for this new midrange of vessel. Mediterranean Shipping Co is also reported to have signed contracts for 13 16,000 teu units, to be built at Dalian Shipbuilding Industry Co and Guangzhou International Shipyard.

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## MARKETS:

# China's steel production cut may weigh on capesize market

CHINA'S clampdown on steel production has added a layer of uncertainty to this year's iron ore trade, a shipping conference was told.

That might put pressure on the relevant dry bulker market, despite a prevailing optimism about the segment.

As part of its efforts to decarbonise the Chinese economy, Beijing this month vowed to curb domestic output of crude steel, targeting a year-on-year decline in 2021. The volume reached a record high of 1.05bn tonnes in 2020, while China's imports of iron ore also reached a new high of 11.7bn tonnes.

The uptrend continued into this year as the country experienced a strong recovery from the coronavirus impact.

“We estimate that the crude steel production increased more than 10% from the year-ago period in the first quarter,” said Ren Hong, a ship chartering director at Baosteel, part of China's largest steel producer China Baowu Steel Group.

“If the policy is strictly carried out, there will be a substantial production cut in the remaining three quarters,” he told the Dry Bulk Shipping Summit held by Enmore in Shanghai.

To hit the government target, Mr Ren suggested a 5% reduction is required in the second half of 2021, enough to weigh on the demand for iron ores and the capesize bulkers used to ship the commodity.

China's purchase accounts for about 70% of the global iron ore imports. The tally was even higher

last year when the country became the first economy to emerge from coronavirus lockdown measures.

Some have argued the production cut could be a tall order for Beijing, with high domestic demand for steel and a dilemma faced by policymakers of trimming emissions while keeping the economy motoring on.

Zhang Yongfeng, an analyst at Shanghai International Shipping Institute, a government think tank, expected state-backed infrastructure investment to accelerate this year, helping provide a firm support for the iron ore demand.

He said one case in point was the many infrastructure projects, such as the construction of new satellite cities, scheduled to launch in 2025 that have been fast-tracked to 2021 by the Shanghai municipal government under its 14th five-year development plan.

The construction and infrastructure sector is the largest consumer of steel in China, making up 56% of the volume in 2020, according to official statistics cited by Mr Zhang. The equipment manufacturing industry ranks second with a proportion of 16.6%.

“Bear in mind that the Chinese shipyards and container makers have also won lots of orders last and this year,” he said.

Mr Ren added that the already high steel price could ramp up further by efforts to remove steel mill capacities, which in turn will cause pain for downstream industries, such as shipbuilding.

“In that case, China might reduce steel exports and increase imports to meet domestic demand.”

But he remained optimistic about the prospects of the capesize market this year, with the expectation of a worldwide recovery from the lockdowns in key

global economies, which will improve the overall supply and demand for iron ore.

He expected capesize earnings to average more than \$20,000 a day in 2021 compared with about \$13,000 in 2020.

## Freight rates for LPG carriers bounce as market hopes rebound

LIQUEFIED petroleum gas trades out of the US coupled with continued inefficiencies in the very large gas carrier market should lift the overall freight market this year, according to Poten & Partners.

The Baltic Exchange Liquefied Petroleum Gas Index slipped to \$27.86 per tonne on March 5 from \$119.43 per tonne on January 11 — the highest level so far this year. The index measures the benchmark route from the Middle East Gulf to Japan.

However, after recording the lowest for the year, BLPG1 has been recording weekly gains over the past month and stood at \$51.71 per tonne as of April 14.

US- Asia voyages, the biggest contributor to tonne-mile demand growth this decade, have been reportedly done at \$83.21 per tonne on April 14.

Increased demand from Far Eastern buyers, along with healthy demand from India, provided support to the benchmark index throughout March, firming sentiments significantly, said Poten & Partners' LPG consultant Shantanu Bhushan during a webinar on Thursday.

“Demand growth is expected to be strong in Asia driven by both the petrochemical and retail sector and also in northwest Europe,” he added, pointing that the “key concern is whether or not supplies will be able to support such growth at affordable prices”.

At current rates of production, growth in supplies is small relative to expectations of the growth in demand, he argued.

“Recovery in the oil market would mean LPG becoming more competitive relative to naphtha as a feedstock. This dynamic would also support better

arbitrage economics between the US and northwest European and Mediterranean regions.”

Meanwhile, Chinese propane dehydrogenation plant margins have been supportive of their high utilisation rates in recent weeks.

“LPG demand from China is expected to rise further if capacity addition plans see the light of day in time,” Mr Bhushan noted.

According to Poten data, more than 2m tonnes per annum of PDH capacity were added in China in 2020.

Wanhua's 1m tonne per annum propane-based cracker and Bora's 1.1m tonnes per annum ethylene cracker also started operations. These PDH plants and crackers are expected to ramp up to their full capacity this year.

Mr Bhushan estimates additional demand from these crackers and PDH units to be around 5m-6m tonnes of LPG, assuming an 85% utilisation rate.

So far this year, Oriental's 660,000-tonne capacity PDH plant in Ningbo has begun operations.

According to Poten, around 2.7m tonnes per annum of additional PDH capacity is expected to start operating during the rest of the year with at least 82% of the planned addition relying on imported propane.

Indian LPG consumption, meanwhile, registered a growth of 3% year-on-year in the first quarter of 2021. However, domestic production reduced largely due to lower refinery runs.

As a result, India's LPG import volumes grew by 11 % on year in the first quarter of 2021.



# Shipping stocks see record quarterly gains

THE Jefferies Shipping Index, which tracks the returns from all sectors, had a record first quarter, with an average gain of 39.7% and a median gain of 29.4%.

In total, 31 of 32 stocks under coverage advanced, with container shipping and dry bulk names leading the charge, the US investment bank said.

“Shipping equities should continue to outperform as rates increase, asset values climb, and the rotation from momentum/growth stocks into economically sensitive/value stocks continues,” its lead equity analyst Randy Giveans said.

“After a strong start to 2021, we expect shipping rates to remain robust throughout the year as ongoing economic recovery boosts demand growth well above supply growth, which is set to remain minimal as order books are at decade lows,” he said, adding that upcoming environmental regulations and technological uncertainty should exert downward pressure on ordering.

“While a general improvement in the global economy will certainly benefit shipping markets, there can also be interesting price arbitrage opportunities and other factors which arise due to regional imbalances or various speeds of economic recovery by region,” he added.

In the dry bulk market, high steel prices and expanding margins are driving increased steel output and exports from China, which, in turn,

translates into increased import demand for iron ore and coal.

Jefferies expects bulker freight rates will continue to firm, although the biggest wild cards are iron ore production by Brazil’s miner Vale and whether China’s steel output can hold.

Containership rates continue to hit record highs with liners now securing tonnage for longer periods, extending average charter durations to 24-36 months, according to Jefferies, which added that it expects the market to remain tight as demand for containerised goods remains robust, “easily outpacing fleet growth” in the coming quarters.

Tanker weakness is expected in the coming months, followed by a more sustained recovery in the back half of 2021, as the vessel supply picture looks “extremely positive” given an orderbook-to-fleet ratio of just 9%.

Liquefied natural gas rates are expected to strengthen going into the autumn and winter inventory-building season, following current seasonal weakness, while liquefied petroleum gas freight rates, which have weakened as the US-Asia arbitrage window closed, is expected to improve through the year as tonne-mile demand growth will outpace LPG carrier fleet growth.

The market should be supported by new export opportunities as terminals begin operations in the coming months.

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## IN OTHER NEWS:

### Industry study claims LNG cuts emissions by up to 23%

LIQUEFIED natural gas can reduce ship emissions up to 23% depending on the technology used, according to a new study commissioned by the gas lobby.

Sea-LNG and the Society for Gas as a Marine Fuel said the well-to-wake (lifecycle) study by sustainability consultant Sphera (formerly Thinkstep) updated 2018-19 research and compared

LNG with very low sulphur fuel oil and marine gasoil.

It was based on primary data from engine makers and oil majors and was independently reviewed in accordance with ISO standards, Sea-LNG said.

The emissions reductions were 14% to 23% for two-stroke, slow-speed engines (which power bigger ships) and 6% to 14% for four-stroke, medium-speed engines (which power smaller ones).

“There will be some tremendous reductions to be observed in coming years,” author Oliver Schuller told a webinar on Thursday.

LNG backers have argued for years that shipping should switch to LNG to reduce carbon dioxide emissions, saying it has no other choice with future fuels still far from ready.

Industry bigwigs are lining up behind LNG. On Wednesday

Shell's manager of downstream LNG, Tahir Faruqui, told a webinar it was "unacceptable" for owners not to choose the fuel for newbuilds.

But environment groups argue LNG engines are no better for the environment because they emit unburned methane, a far stronger greenhouse gas than CO<sub>2</sub>.

Once emitted, a tonne of methane causes 86 times more warming than CO<sub>2</sub> over 20 years, and 36 times more warming over 100 years, since it does not hang in the air as long as CO<sub>2</sub>.

Researchers say this methane slip should be regulated and accounted for when measuring shipping's climate impact.

International Council on Clean Transportation marine programme lead Bryan Comer told Lloyd's List the 23% headline figure related to the engine with the lowest methane slip — responsible for just 8% of LNG consumption in 2018.

Dr Comer, who co-authored the International Maritime Organization's fourth greenhouse gas emissions study, said that study found the worst engine type for methane slip made up 32% of consumption that year.

But big two-stroke LNG engines — the type that power deepsea ships — emit less methane than the smaller four-strokes in coastal ships. Their share is expected to grow in coming years as owners order bigger ships.

"If you look at the orderbook, it's just dominated by the two-stroke engines," Sea-LNG general manager Steve Esau said.

He called IMO data "backward looking" as it does not reflect changes in LNG newbuilds.

Sphera sustainability consulting director Dr Schuller added that 70% of LNG bunkered was for deepsea and 30% for coastal shipping.

Sea-LNG chairman Peter Keller said methane slip would be "virtually eliminated" by 2030 as technology improved. He said the lifecycle emissions of alternative fuels also needed further study.

"LNG is the most viable opportunity today for shipowners because there is no other fuel that is ready yet for primetime," he said.

On Wednesday, Shell's Mr Faruqui said the oil major had decided to charter more than 60 dual-fuel LNG ships to move its products around the world.

"It is absolutely, in my mind, unacceptable to not choose LNG if you're building a new vessel," he said.

Mr Faruqui said LNG was not perfect but was "cleaner than anything that's available today".

#### **Turkish shipping has green ambitions but lacks financial clout**

THE Turkish shipping community has ambitions to go green, but lacks the necessary funding, a Marine Money forum heard.

Turkish Chamber of Shipping's assembly president Salih Cakir said the main issue was "long-term project financing to build in our shipyards" as steel and engine prices were not attractive.

"When new technology and new regulations come in, money will talk, but who will compensate?" he asked.

At the moment, new engines for a 6,000 dwt vessel cost about \$1m, but if battery or liquefied natural gas was sought, the

cost was triple that, he said, adding that the industry needed to work together for a global solution.

#### **Kidnapped crew of Davide B released**

PIRATES have released 15 officers and crew kidnapped from a Dutch-owned chemical tanker in the Gulf of Guinea.

The Malta-flagged, 2016-built, 19,801 dwt *Davide B* (IMO: 9721750) was attacked about 212 nm south of Cotonou, Benin on March 11.

Nine pirates armed with AK-47 assault rifles boarded the ship, kidnapped the crew and left before a Nigerian security vessel could respond. Six were left on board to sail the tanker to port.

The kidnapped crew were from Ukraine, Romania and the Philippines.

#### **BHP pilots biofuel use on ocean-going bulker**

MINING giant BHP has teamed up with shipping firm Oldendorff Carriers for the first biofuel bunkering operation on an ocean-going dry bulk carrier in Singapore, the world's top bunkering hub.

The 2020-built *Kira Oldendorff* (IMO: 9867566), which BHP has on hire from Oldendorff, was refuelled with a blend comprising conventional fossil fuels and a drop-in biofuel supplied by GoodFuels on April 4, a joint statement said.

The biofuel used in this pilot operation is produced from sustainable waste and residue streams. It is touted as being capable of slashing carbon dioxide emissions by 80%-90% on a well-to-exhaust basis compared with heavy fuel oil or very low sulphur fuel oil.

This emission profile potentially fits in with BHP's expanded Scope 3 goal of reducing 40% carbon intensity of direct and indirect emissions from its ship chartering activities.

#### **Singapore imports first carbon-neutral LNG cargo**

TEMASEK-backed outfit Pavilion Energy has imported Singapore's first carbon-neutral liquefied natural gas cargo.

The associated well-to-tank emissions, including the

extraction, production, transportation and regasification of the cargo, will be offset against carbon credits sourced from two projects in the portfolio, Pavilion Energy said in a statement.

The first is the Evio Kuinaji Ese'Eja Cuana in Peru and the second the Liangdu Afforestation in China.

**Trafigura to co-sponsor MAN ammonia engine**  
COMMODITY trader Trafigura

Group and MAN Energy Solutions are co-sponsoring the development of a new ammonia-fuelled engine designed specifically for ships.

The fuel-flexible, two-stroke model is expected to be commercially available for large-scale oceangoing vessels by 2024, and will be followed by a retrofit package to make existing maritime vessels capable of running on ammonia by the following year.

## **Classified notices follow**



### **Looking to publish a judicial sale, public notice, court orders and recruitment?**

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**THE “Liva Greta”**  
**ADMIRALTY COURT SALE NOTICE**

Notice is hereby given that the Admiralty Marshal has sold the ship “**Liva Greta**” of the port of Latvia, by the order of the Admiralty High Court in an action in rem against the vessel by The Mersey Docks and Harbour Company Limited in action AD-2020-000159. The gross proceeds of sale of the “**Liva Greta**” in the sum of £55,000 has been paid into Court.

The order of priority of the claims against the sale of the ship will not be determined by the Court until after the expiration of two months from this notice.

Any person with a claim against the ship or proceeds of sale thereof, on which he intends to proceed to judgment, should do so before the expiration of the said period.

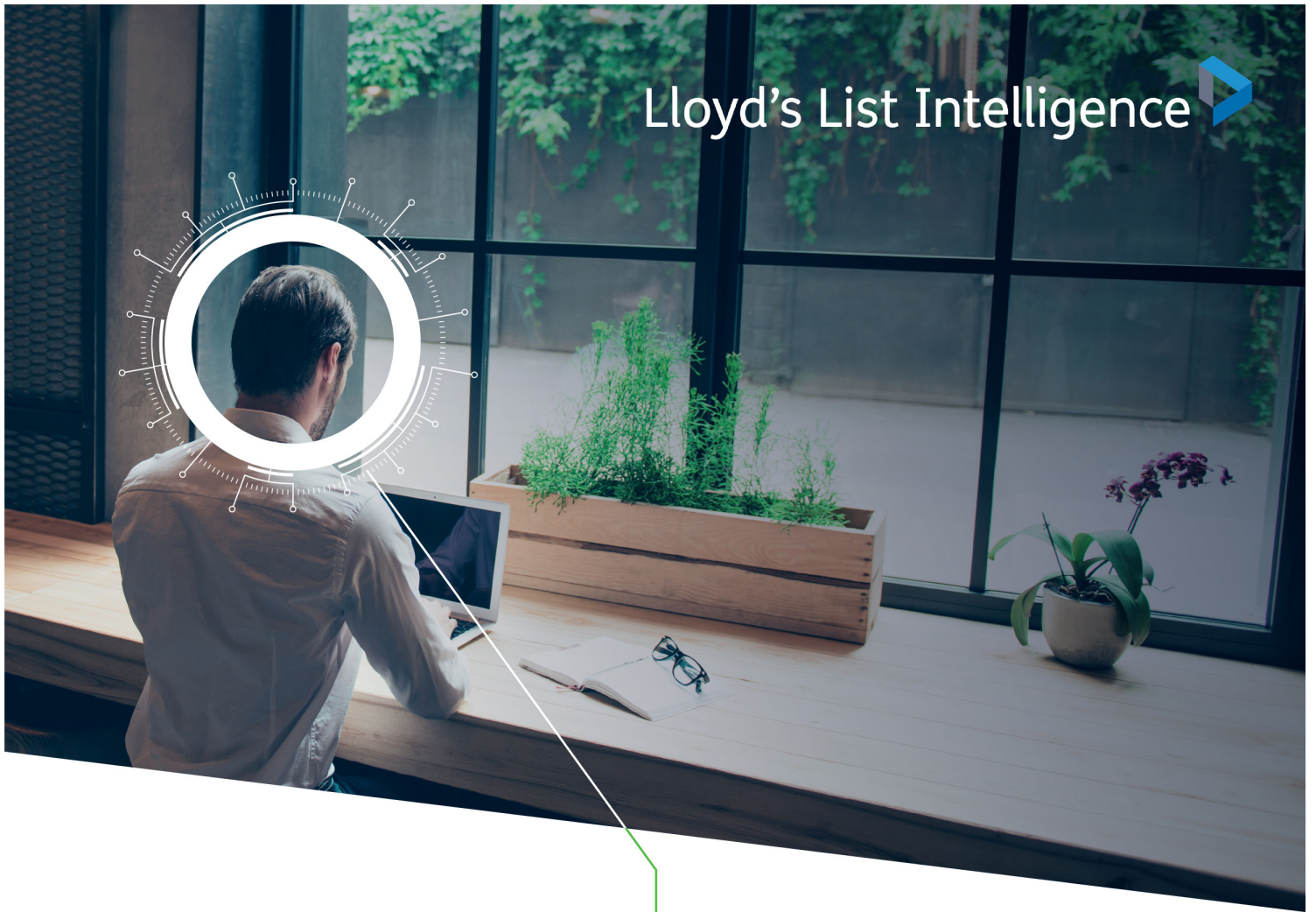
Such claims should be directed through the Admiralty Court and NOT by way of application to the Admiralty Marshal.

W. Orton  
14 April 2021

Deputy Admiralty Marshal  
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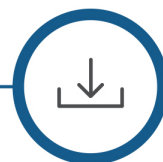
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