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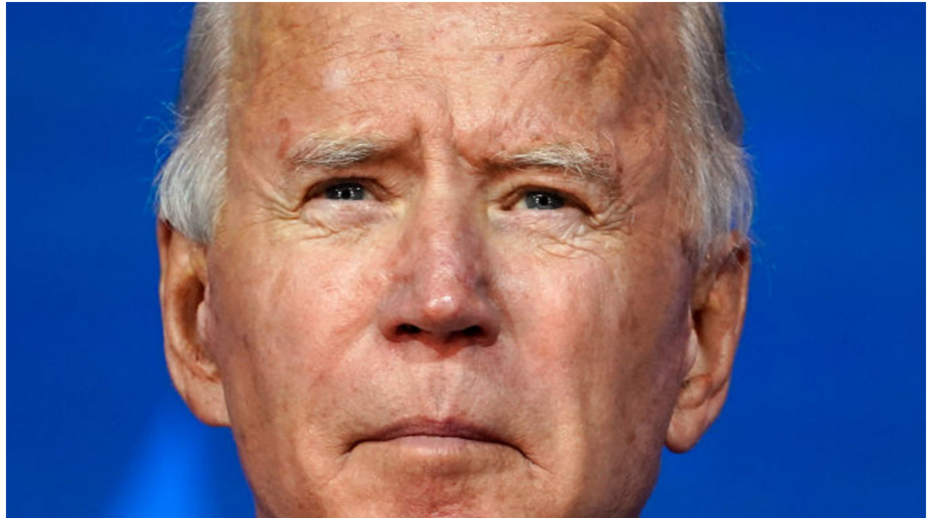
US green shipping ambitions hint at emissions target battle



THE WORLD HAS radically shifted over the past couple of years to a point where 2050 net zero emissions commitments by governments and even corporations are now the expectation.

The US is one of the countries with such a target. President Joe Biden has committed to putting the country onto a pathway to achieve net zero greenhouse gas emissions by 2050, joining the European Union, Japan and South Korea which have set similar goals for the next 30 years.

These net zero targets envisage a world in which emissions have fallen drastically. But they also allow room for at least some emissions to continue.

That is what the "net" in "net zero" is for; it implies that the same amount of emissions a country or a business produces is removed from the atmosphere, leading to a "net zero" result.

Washington's ambitions for shipping are more stringent than the ones it has for itself; the US declared this week that it wants the International Maritime Organization to adopt a target for zero emissions from international shipping by 2050.

The goal, unveiled by US special president envoy for climate John Kerry, would mean the sector would have to cut its emissions completely by 2050.

This "zero" target would not allow for any kind of emissions, even if those are accompanied by an equal removal of emissions, as is the case under a "net zero" target. Ships will need to use completely emissions-free fuels and technologies throughout their operations.

The IMO's current target for 2050 is to reduce greenhouse gas emissions by at least 50% compared to 2008. It will revise its strategy in 2023.

Speculation about how the US will pursue this exactly and whether the IMO will ever agree to it is futile this early on in the process, considering the single most important priority at the IMO these days is to finalise a package of short-term measures that has been lingering in one form or another since late 2019.

The significance of the US position, however, cannot be overlooked.

Putting aside for a moment the influence the country holds, the very concept it has put forward could be course-altering for shipping, if indeed countries at the IMO went along with it.

Yes, first and foremost it would mean a shipping company could only sail zero emissions ships in its fleet by 2050.

It would also be unable to meet this target by using "negative emissions technologies" that can remove already-produced emissions, such as direct air capture and bioenergy with carbon capture and storage, something which would be acceptable under a net zero target.

But there is another important implication of a pure zero emissions target; it would mean that shipping companies would not be able to use carbon offsets to claim emissions reductions.

Carbon offsets allow companies to compensate for their own emissions by financing external sustainability projects. A firm essentially buys a certain level of carbon credits from such a project based on the amount it has emitted. Each credit equals to a tonne of CO2 equivalent that it has emitted.

Proponents back carbon offsets as a way to act on emissions reductions and climate preservation today in the absence of widely available and affordable low carbon fuels and technologies, while supporting projects that would have had a difficult time existing without issuing credits.

Critics believe carbon offsets are a greenwashing tool and question the entire process, from the low cost of credits to whether many of these projects really need credits.

Carbon offsets may be a small market today but in no way should they be thought of as fringe mechanisms that won't play a role in the battle against climate change in one way or another; the voluntary carbon offset market's value is expected to grow from around $400m in 2020 to up to $25bn in 2030, according to Trove Research and UCL.

In recognition of its shortcomings, there are high-level efforts to revamp the carbon offset market, which is also a sign of the commitment major policy actors such as the United Nations have in the system — provided it is reformed.

Big corporations have made offsets part of their decarbonisation strategy too; Shell, for example, has said it wants to use 120m tonnes of nature-based carbon offsets annually by 2030.

Carbon offsets have a role to play in a net zero future; net zero emissions targets allow for emissions and require their removal. Those in favour of carbon offsets believe they can contribute to the removal part.

Opponents vehemently reject the idea and have at times expressed concerns that net zero emissions targets will allow for the use of carbon offsets.

This prospect will not materialise in shipping if the current US administration gets its wish; zero carbon emissions from international shipping simply means no emissions from ships, no removals, no compensating and therefore no carbon offsets.

There is still some way to go to 2050 and a zero emissions target would not necessarily mean offsets would not be allowed until then. That will be up to future regulations to facilitate the target being reached.

But it could nonetheless devalue carbon offsets in terms of both public and investor perception and of future use potential by shipping companies.

Those in the IMO who will fight against an absolute 100% reduction target for shipping emissions, as the US wants, will have these impacts in mind.

But the prospect of worthless carbon offsets in 30 years should give pause to shipping companies considering whether and how they should use carbon offsets in their decarbonisation pursuit.

WHAT TO WATCH:

Shipping gets another warning for sluggish decarbonisation move

THE US proposal for shipping to adopt a zero emissions target by 2050 has given the industry another stark warning — brace yourself for stricter decarbonisation demands and the resulting fallout.

Shipping has already been warned for moving too slow in the battle against climate change.

Some member states — including the Marshall Islands — and lobbyists have urged the International Maritime Organization to fast-track the discussion about market-based measures, such as a carbon tax.

Some expect such pressure to climax at the 26th United Nations Climate Change Conference (COP26) to be held in Glasgow, Scotland, in November.

One major concern raised during a recent Marine Money session in Singapore was that the IMO could be forced to introduce an abrupt and high carbon tax. And this will lead to a rise in costs for vessels that burn fossil-based marine fuels.

The successful implementation last year of the new sulphur cap bolstered owners' confidence that a large chunk of the extra fuel bills can be passed onto their customers and even the end consumers.

But past experience also suggests owners will need to deal with significant upfront costs to make their fleets not only compliant with environmental measures but also more competitive in the market.

If a "heavy-handed" market-based measure is adopted, shipping companies would take much more seriously the process of retrofitting the existing fleet to trim carbon intensity and take up solutions such as CO2 capture, said Jeremy Nixon, chief executive of Ocean Network Express.

"[This is] because the economic value of running the ships will be so heavily impacted," he said.

The transition to the use of cleaner and eventually zero-emission fuels is bound to be an expensive and long journey

René Piil Pedersen, managing director at AP Moller Singapore, is among those who believe the industry is likely to spend the next 10 years exploring different green fuels and technologies, before various ideas could converge into a few optimal choices.

His company, which controls the world's largest boxship fleet, has demonstrated its own green initiatives by ordering a small methanol-powered ship scheduled for delivery in 2023.

"But it is by no means necessarily the solution. It's a start," said Mr Pedersen.

BW Group chairman Andreas Sohmen-Pao likened the exploration process to navigating a "minefield," during which many investors might "lose their shirt."

The Singapore-based conglomerate itself has experimented with different fuel solutions, including liquefied gas, biofuel and batteries.

"As a private company at a holding level, we have the luxury of being able to dabble and make mistakes," said Mr Sohmen-Pao.

But not every shipping company has that luxury.

It is difficult for small-to medium-sized shipowners to become familiar with those fuel technologies owing to a lack of support from financiers, according to Transport Capital deputy managing partner Joshua Politis.

The mainstream shipping lenders, ranging from major western banks to Chinese leasing houses, do not lack enthusiasm for funding green ship projects — as long as they regard top-tier, large shipowners.

Alternative fuel vessels today — other those in very niche markets — have almost exclusively been ordered by large players.

"[There is a lot] of capital chasing very few opportunities," said Mr Politis.

While it was good to have the big players as the first movers, medium-sized owners, which represent over a third of the global fleet, also needed to be brought on board with the backing of the charterers, he added.

"We need to find a way to channel sustainable finance to them, who are one of the key parts to decarbonise the maritime industry."

The value of collaboration, emphasised by Anglo American head of shipping Peter Lye, has once again become the note on which the session ended.

As trite as the remarks might have been, collaboration is arguably what shipping needs the most to fulfil its decarbonisation task, which Mr Lye described as the biggest challenge ever to face the industry.

Shipping demands market-based measures debate at IMO

SHIPPING industry associations have told governments to start discussing potential market-based measures for the sector as soon as possible.

A new submission to the International Maritime Organization by eight industry groups says the measures, which aim to reduce the price gap between fuel oil and alternative fuels and could take the form of a carbon tax or a fuel levy, should be taken up urgently by its Marine Environment Protection Committee.

"Shipping leaders believe that now is the time for the IMO member states to consider the role of MBMs so that measures can be developed and implemented to facilitate the adoption of zero-carbon technologies and commercially viable zero-carbon ships," the groups said in submissions.

Market-based measures are a controversial issue at the IMO as they would mean both added costs for the shipping of products and commodities as well as new revenues that countries would need to agree on how to share and spend.

The Marshall Islands and the Solomon Islands have proposed to the next MEPC meeting in June that the IMO introduce a $100 per tonne of CO_2 levy on all ships by 2025.

The IMO's initial greenhouse gas strategy says that market-based measures should be discussed and finalised between 2023 and 2030. However, it also recognises that some measures should be discussed before 2023.

These two points have left countries arguing over when is the right time to start the process.

"To expedite development, the committee is requested to commence discussions on MBMs as soon as possible and before 2023, with a view to taking some decisions," said the industry groups, which include BIMCO, the International Chamber of Shipping and the World Shipping Council.

The proposal came on the heels of the US announcement that it wants the IMO to commit to absolute zero emissions from international shipping by 2050.

The eight industry groups also argued the discussion of market-based measures should take place in parallel with the finalisation of short-term measures and the industry's proposal for a new IMO research and development fund.

"The ability to consider different candidate measures in parallel will be critical if the organization is to move forward with the urgency that the challenge of decarbonising shipping requires," they said.

ANALYSIS:

Shippers warned of continued high freight costs

SHIPPERS have been warned not to expect a return to the freight rates of the past even when the high-volume demand in the market tails off.

Although rates have come off their historic highs over the past two months, they remain well above the average of the past decade and there is little indication that they will reverse soon.

The pandemic-driven increase in volumes is likely to continue for at least the next few months, Jochen Gutschmidt, vice-president of Sea-Intelligence, told

a webinar discussion hosted by rates specialist Xeneta.

"The equipment problem is now a global problem," he said. "It is caused by certain geographies, but the impacts are everywhere. The capacity constraints are predominantly seen on transpacific and Asia-Europe trades, but right now the problem is still there.

"Since demand is expected to remain strong into the mid-term, so too will the equipment and capacity shortage. I expect the situation will remain unchanged for the foreseeable future."

While vaccine rollouts would see the labour and productivity issues improve at congested ports, the volume challenges would remain, he added.

"We still have 20-plus vessels waiting at anchor off the US west coast and this will take some time to work through."

Poor schedule reliability, which had reduced to the point where less than a quarter of vessels arrived within a day of their scheduled arrival, would also persist, further frustrating shippers.

But neither the service levels nor the rates were sustainable long term, said Mr Gutschmidt.

"While carrier shareholders have a smile on their faces, realistically I don't think they would ever have long-term targets that equal the profitability they have today," he said. "No one would expect that and it would not reflect what will happen when supply and demand come back together."

But when rates do again come off the boil, the question is what the fair market rate will be.

"Carriers will try to keep the market at this level for as long as possible," he said.

Figures from Xeneta show a spread of $5,500 between the lower end of the contract market to the top of the spot market. And even though they are substantially cheaper, the lowest rates have themselves risen 85% over the past 12 months.

"Some of these really big volume players that deliver bulk of the volumes in the vessels are seeing substantial increases," said Xeneta chief executive Patrik Berglund. "New contracts are being written at historically high levels. Even a 12-month contract comes with a risk that rates could fall back."

Even so, some carriers are offering multi-year deals at rates significantly lower than those offered for shorter terms.

"This is a strong indication that even the sellers expect the market to come down," he said.

Mr Gutschmidt said that multi-year contracts should give an indication of where fair prices could end up in the longer term.

"Carriers have not been making any significant money over the last decade or so, so now they are taking whatever they can achieve in the market," he said. "In the long run, however, this is not the reality we will see in a year from now or even in six months.

"It is difficult to say what a fair price is, but carriers need to generate a return for their operations, and that is the hit that shippers will take now. It will level out when supply and demand comes together."

Equipment shortages push up container prices

CONTAINER equipment shortages across the main trade lanes look set to continue, despite efforts by carriers to reposition and bring additional capacity into the market.

"The relentless pace of container shipping trade since the summer of 2020 is not easing and this is reflected in equipment shortages in Asia, and elsewhere," said Johannes Schlingmeier, chief executive of container trading platform Container xChange.

"We expect markets will tighten even further in the coming weeks as the ripple effect of the Suez Canal closure at the end of March further disrupts container shipping services and equipment availability."

Average prices for used 20 ft containers in China have risen 94% since last November from $1,299 to $2,521. The latest Container Availability Index data shows shortages also driving up prices at major Indian ports.

The price was being driven by the "urgent demand" for equipment in the ocean freight market, taking second-hand prices higher than those previously considered normal for newbuilding containers.

"It always depends on the exact equipment type, but before shortages became critical a standard used container which was a few years old would cost around $1,000 in China, while a brand-new

container would be about double the price," said Dr Schlingmeier.

"However, in the current market, used containers are selling at $2,300-$2,600 across China, while prices for brand-new containers at Shanghai, for example, have skyrocketed by 64% in 2021 to an average of $3,390."

In a note to customers, Maersk also warned that container shortages would continue to be a concern.

"Given the extraordinary market conditions triggered by both the global pandemic as well as the vessel blockage at the Suez Canal, we are accelerating the injection of new dry containers into our fleet," the company said. "By the end of the second quarter we will have added around 260,000 teu.

"This comes after the 400,000 teu already added to our fleet from July 2020 to January 2021."

The shortage of containers already meant that the carrier was only accepting short-term bookings based on equipment availability.

"The new normal is still being determined, but we expect the situation to remain tight into the third quarter," it said. "Ports and infrastructures remain bottlenecks and because of this, ocean and inland delays are likely to continue in and out from high demand locations."

German carrier Hapag-Lloyd has said it will spend $550m on 150,000 teu of dry and reefer containers, and 8,000 specialist containers, to help ease conditions in the supply chain.

'Synthetic Libor' under consideration for legacy shipping loans

THE London Interbank Offered Rate could be replaced by a 'synthetic Libor' yardstick after it is axed completely, minimising disruption to legacy contracts including the vast majority of extant shipping loans.

But the methodology for the calculation of the new benchmark, flagged in a regulatory announcement from the UK's Financial Conduct Authority last month, remains even more obscure than original Libor itself, say critics.

Synthetic Libor, it is said, won't be synthetic and won't be based on Libor, and will rely instead on the emergence of some sort of market consensus on what should take its place.

In most cases, it will build on a risk-free rate chosen by the applicable Libor currency area, adjusted for the relevant term of the contract, with the addition of a fixed credit spread adjustment.

Libor, originally introduced in 1986, is in widespread use in many countries for everything from consumer credit, including domestic mortgages, to ship finance. One way or another, its level has a big impact on most shipowners.

But it is in the process of being scrapped after revelations of systematic rigging by bankers acting in their own self-interest. A range of alternatives has been touted.

As a corollary, all existing contracts, not least those pertaining to the shipping industry, will need to be rewritten once Libor is gone in two years' time.

While there is as yet no universally-accepted 'one size fits all' replacement, the Secured Overnight Financing Rate (SOFR) is starting to pull ahead of the pack, largely thanks to its dollar denomination.

For the US dollar Libor market, the most important for shipping borrowers, synthetic Libor will essentially constitute SOFR plus an applicable modifier.

The Financial Conduct Authority has confirmed that the Libor rate for tenors of one week and two months will cease publication at the end of 2021. Remaining tenors will continue to be published at least until the end of June 2023.

But consideration is being given to requiring the ICE Benchmark Association, which currently administers Libor, to publish a synthetic form of one-month, three-month and six-month dollar Libor settings for a further period after that date.

This is mainly for the benefit of so-called 'tough' legacy contracts, the term used to refer to contracts where there is no realistic prospect of renegotiation or amendment to switch to one of the alternative benchmarks now on offer.

Use of synthetic Libor by UK-regulated firms in regulated financial instruments will be prohibited for new deals, and continued use by regulated firms in legacy financial instruments will be subject to FCA restrictions.

The development highlights the complexity of the transition for ship finance, with the risk of lenders adopting varying approaches.

“Different lenders are so far adopting different approaches on new deals. We are not yet seeing loans documented using SOFR from day one, but that is surely only a matter of time,” said David Osborne, a partner at law firm WFW.

Some lenders are requiring a switch before the end of 2021, while others are more relaxed and are looking at the end of 2022 or even as far out as June 2023.

“Since most shipping loans are in US dollars, the timing can be more relaxed than for loans in sterling, for example. The sense of urgency will however only increase rather than the reverse and is likely to be affected by further regulatory and market announcements,” Mr Osborne said.

In the US, the Federal Reserve Board, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have issued supervisory guidance encouraging banks to “cease entering into new contracts that use US dollar Libor as a reference rate” by the end of this year.

However, the Alternative Reference Rate Committee, charged with finding a replacement for dollar Libor, has confirmed that it will not be able to recommend a SOFR term rate by mid-2021.

Market participants are instead being encouraged to transition from Libor using tools available now, such as SOFR averages and index data, rather than wait for a forward-looking term rate for new contracts.

For its part, the FCA is markedly less keen on forward-looking term rates, seeing them as more vulnerable to manipulation.

Documenting transition will be facilitated by the Loan Market Association’s publication of its multicurrency rate-switch agreements as recommended forms rather than as exposure drafts. The LMA has also published recommended forms of day one risk free rate-based facility agreements.

Although intended to be used for other Libor currencies, including US dollars, the mechanics follow the recommendations of the sterling working group. Therefore they diverge from the recommendations of the ARRC.

A further potential problem is that the commercial issues left unaddressed in the exposure drafts — including break costs, market disruption, cost of funds and some rounding conventions — remain to be agreed by the parties.

Another body, the Loan Syndications and Trading Association, has published a multicurrency facility agreement as a concept document.

It includes day one risk free rate-based facilities that use the ARRC’s preferred option of simple SOFR as opposed to the LMA’s compounded rate, in contemplation of a future switch to a SOFR term rate when available.

WFW reports that it is increasingly seeing requests to include a switch to SOFR using the wording from the LMA rate switch agreement, adapted for US dollar-only facilities.

“The need to amend mortgages for Liberian, Marshall Island and Panamanian flag vessels, the ‘big three’ registers, which all have prescriptive requirements, has not yet started in earnest,” said Mr Osborne. “There is perhaps a sense of the calm before the storm as regards what many industry participants will regard as a troublesome chore.

“The issue can hopefully be worked around in relation to new facilities by documenting now detailed rate switch language, even if it will not be triggered until a date in the future.”

MARKETS:

Capesize rates increase by 10% in a week

FREIGHT rates for capesize bulkers in various trades have risen to their highest levels since last October, with continued cargo flows from Brazilian and Australian miners supporting the recent rally in the iron ore price.

The bullish momentum can be seen in both the Atlantic and Pacific Basins, where vessel supply was tightening amid continued fixtures of May-loading cargoes, said a Singapore based capesize broker.

The average weighted time charter on the Baltic Exchange was $28,652 per day at the close on April 20, from $26,055 a week earlier — an increase of 10% and the highest in six months.

The Baltic Capesize Index, the industry benchmark, gained 313 points to 3,455 points.

Breakwave said a continued strong global recovery in steel demand would benefit the dry bulk sector, with iron ore volumes for seaborne transportation remaining strong and supporting freight rates, especially for the larger tonnage.

"Output from the world's top iron ore producer, Brazilian Vale, is expected to recover to normal levels during the latter part of the year, following earlier mining accidents, contributing to a higher tonnage demand," the shipping consultants said in a report.

Recent Chinese customs data have also shown a healthy increase in iron ore imports by the world's largest steel producer as output picked up, with volumes surging to a five-month high in March.

Meanwhile, plenty of tangible short-term factors are currently keeping things tight in the capesize market, according to Braemar ACM.

One of these is the minimum ballast requirement that is still in place on some trades. Ships must be at sea for 14 days from their last port before they are allowed to call at an Australian port.

This has been in place since early last year to limit the spread of coronavirus in the country.

"The result has been a sustained increase in time spent ballasting or waiting to load for ships performing C5 trades," Braemar analyst Nick Ristic said in a note.

"This is the single most important route for the capesize market, accounting for almost a third of employment last year, so inefficiencies here can have great implications for the wider market."

Carriers push charter market to new highs

WITH container lines seeking to deploy any available capacity they can get their hands on, tonnage providers are witnessing a surge in demand in the boxship charter market that is pushing rates to new highs.

"Non-operating owners continue to fully profit from the current demand bonanza, getting charterers to accept ever-higher charter rates and longer-than-ever period employments," said analysts at Alphaliner.

They noted a 9,000 teu vessel that had fixed for a five-year term at around $50,000 per day and even a 4,300 teu classic panamax achieving $41,000 per day for 28 months, a rate level they said had not been seen for 17 years.

The analyst's own charter rate index, meanwhile, was at its highest point since 2005.

"There is no end in sight to the current strong market, with the squeeze of supply showing no sign of easing in the medium term, while demand remains robust across all ship sizes," Alphaliner said.

This would put pressure on carriers, which would continue to struggle to find the tonnage they required at least until the summer. There were few choices but to accept the terms offered to fix the few ships that did become available.

"This suggests continuously rising charter rates and ever-longer period employments for the fixtures concluded in the coming weeks," said Alphaliner.

Higher demand for charter tonnage had also seen the idle fleet fall back again to 2.8% of the fleet, of which 2% was in yards for survey or repairs.

"Strong cargo demand and high freight rates see carriers keen to use all available tonnage for revenue-generating services or for the evil necessity of empty box repositioning," Alphaliner said. "Hence, the inactive fleet today mainly consists of ships that were involved in accidents, affected by sanctions, or stuck on slightly longer waiting periods to join upcoming service assignments.

"Furthermore it includes ships undergoing urgent repairs or regular maintenance."

Bunkerers struggle to get finance in tighter market

BUNKERING companies are finding credit harder to come by amid fluctuating markets, green pressure and fallout from past fraud scandals.

Lenders have tightened compliance checks and about 10% of financing in the market has been withdrawn, mainly from French and Dutch banks, an International Bunker Industry Association webinar was told.

"There are some German banks showing interest in maybe entering the game, but I think new players will definitely be significantly more expensive than we've been used to," said BMS United Bunkers executive group director Lars Holmberg Nielsen.

"We've seen the prices increase. If they stay or continue to go up, there's definitely going to be a liquidity squeeze in the market."

Mr Nielsen said credit checks had tightened since the OW Bunker fraud collapse in 2014.

Al Ghurair Energy head of bunker trading Jonathan Mcilroy said smaller companies were less reliant on banks since they could turn to family or other trusted networks in hard times.

He said the pressure fell mainly on mid-sized bunkering companies with expensive global networks to maintain. Such companies had other, costlier credit options, but their higher 7% to 8% price tag meant companies relying on them were at a significant competitive disadvantage.

Monjasa senior credit manager Sinan Utlu said clients were more transparent about their business than before, in what he called a positive sign for the industry.

Fratelli Cosulich Group head of credit Joe Zhou said he was optimistic for the bunker market amid the expected post-Covid economic recovery. He hoped higher infrastructure spending would boost demand for raw materials.

Mr Nielsen said the market was looking better after a period of low activity in winter and autumn.

But Mr Mcilroy warned it was "entirely too early to be optimistic".

"Shipping is very capable of snatching defeat from the jaws of victory," he said, adding that companies had started ordering at the first sign of green shoots.

He warned there could be an "avalanche of tonnage entering the market" in the next few years at a time of rising unemployment in Europe and North America:

"It could be a return to the 1970s with regards to where shipping is."

IN OTHER NEWS:

ITF demands Ever Given seafarers be allowed off ship

THE International Transport Workers' Federation has demanded that around two dozen Indian seafarers still on board *Ever Given*, the vessel whose grounding caused a six-day shutdown of the Suez Canal last month, be allowed to leave the ship.

The call from the seafarer trade union umbrella organisation comes after the Egyptian government allowed two of the crew to go in what it called a humanitarian gesture. It is not clear on what grounds the two were selected.

Ever Given and its cargo have been arrested by the Suez Canal Authority as a means of gaining leverage in support of a $916m compensation claim widely considered in the marine insurance community to be inflated.

Maritime decarbonisation centre gets $90m funding

BW GROUP and Ocean Network Express are among seven maritime groups agreeing to fund a decarbonisation centre in Singapore, the Maritime and Port Authority said.

The two companies, along with Eastern Pacific Shipping, Sembcorp Marine, mining giant BHP and class society DNV, will each commit S$10m ($7.5m) towards the centre. The MPA will further inject S$60m to bring the initial funding set aside for the centre, up to a total of S$120 m.

The backers are responding to a recommendation from the first

decarbonisation report by a 30-member panel to the government of Singapore.

Baltic Dry Index hits its highest in more than 10 years

THE Baltic Dry Index, a measure of economic activity, has hit its highest level in more than 10 years.

The index was assessed at 2,710 points at the close on Wednesday on the London-based Baltic Exchange. That is the highest since October 27, 2010, when it was at 2,784 points.

The dry bulk market has seen unseasonal strength in the first quarter, which has continued into April, as demand for commodities has continued apace.

Shell to trial hydrogen fuel cells in ships

SHELL said it would pilot the first use of a ship powered by a hydrogen fuel cell in Singapore.

This trial, involving Sembcorp Marine, the Singapore-based shipbuilder, and marine craft provider Penguin International, is the first of its kind for the oil company.

The joint pilot project calls for a ro-ro vessel owned by Penguin and on charter to Shell to be retrofitted with a hydrogen fuel cell, which will replace one of two generators now on board.

Marine casualties drop 18% in pandemic year, says Emsa

THE total number of marine casualties has declined by almost a fifth, according to preliminary findings by the European Maritime Safety Agency.

There were 2,632 casualties last year, a drop of 18% compared with 2019.

The positive result “should be considered within the context of the ongoing coronavirus pandemic, which has been impacting the intensity of global shipping,” the agency said.

US state bans fully automated cargo handling equipment

US PORT workers in Washington state have welcomed legislation banning the purchase of “fully automated” container cargo handling equipment.

The new law, which has been signed by governor Jay Inslee, says “moneys available to a port district or a port development authority shall not be used to purchase fully automated marine container cargo handling equipment.”

While focused on Washington, the new law precedes coast-wide contract negotiations scheduled for 2022 between the International Longshore and Warehouse Union and the Pacific Maritime Association, which represents ocean carriers and marine terminal operators in all west coast ports.

Avance Gas expands newbuilding programme

AVANCE Gas, an owner of very large gas carriers, has increased its newbuilding order to six dual-fuel vessels being built at the Daewoo Shipbuilding & Marine Engineering yard in South Korea.

The two new vessels, which will run on liquefied petroleum gas and will be ammonia-ready, were scheduled to be delivered in the second half of 2023, the John Fredriksen unit said in a statement.

Earlier in the year, the company ordered two 91,000 cu m vessels. The order subsequently rose to four and is now at six, according to the Norwegian company.

Enesel orders LR2s at SWS

ENESEL, the Lemos brothers-controlled shipping company, has signed contracts with Shanghai Waigaoqiao Shipbuilding (SWS) for up to three long-range-two tankers.

Two firm 114,000 dwt tankers are scheduled for delivery in June and September 2023, with an owner’s option for a third unit.

The tankers are estimated to be costing about $50m each.

Classified notices follow

PAKISTAN NATIONAL SHIPPING CORPORATION, KARACHI

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

PRE-QUALIFICATION NOTICE

Supply of VLSFO 0.50 % M/M Marine Fuel Oils at International Ports

Tender Number: PRCD/PQ/BUNKER/2021/070

1. Pakistan National Shipping Corporation (PNSC) requires supply of IMO 2020 compliant Marine fuel oils as per ISO 8217 compliance at International ports for PNSC Managed Vessels from reputable international Bunker Suppliers under Open framework contract.

2. Therefore, applications are invited for the "***Pre-Qualification of Bunker Suppliers***" as per Rule 15 & 16 of PPRA Rules 2004. This pre-qualification process shall be open (Ongoing) for any bunker supplier/applicant who possesses minimum qualification mentioned in the pre-qualification documents.

3. Pre-qualification documents are available free of cost at below address from Monday to Friday during office hours (0930 Hours to 1630 Hours PKT) till ***27th May ,2021*** and may be obtained free of cost Or can be downloaded from PNSC website **www.pnsc.com.pk**. This advertisement is also available on PPRA website **www.ppra.org.pk**

4. Pre-qualification documents duly filled-in signed & stamped must be received through E-mail only on **bunker.pq@pnsc.com.pk** by 11:00 A.M on ***28th May ,2021*** shall be opened on the same day at 11:30 A.M. Applicant who miss present deadline may send their application on same E-mail **bunker.pq@pnsc.com.pk** which shall be opened on first working day of every Month, and the list of qualified bidders shall be updated accordingly. Applications received through any other mode of submission shall not be entertained or accepted.

5. PNSC reserves the right to accept or reject any or all Bids as per PPR, 2004.

ALI IMAM QADRI
General Manager (Procurement)
Procurement Department, First Floor, PNSC Building, M.T Khan Road,
Karachi, Pakistan.
P: 92-21-99203980 to 99 (20 Lines) (Ext. 353 & 390), 92-21-99204043
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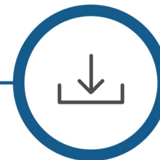

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