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Shipping leaders disagree on future of LNG in shipping

SHIPPING'S HEAVYWEIGHTS HAVE continued the contentious debate over the use of liquefied natural gas as a decarbonisation option for the sector.

During a Lloyd's List webinar on decarbonising shipping, leaders from shipping technology provider Wärtsilä, classification society DNV and Maersk, a shipping company that has not invested in LNG while its arch-rivals have, traded views on what the future of LNG is in shipping.

Jacob Sterling, head of decarbonisation innovation and business development at Maersk, said LNG did not have a role in shipping's decarbonisation.

"It is being portrayed as a transition fuel, but a transition fuel towards what?" he asked, referencing the commonplace characterisation of LNG by its supporters.

Mr Sterling questioned why anyone would spend money on more expensive vessels and new infrastructures only to secure marginal lifecycle emissions gains at best and even higher emissions at worst.

He acknowledged that there could be a commercial case for LNG but not an environmental one.

"I think it is borderline greenwashing to call LNG a transition fuel towards the decarbonisation of shipping," he said.

Wärtsilä marine power president Roger Holm disagreed, arguing that LNG propulsion can offer more flexibility to future conversions on ships to run on low carbon fuels.

He said there were ongoing efforts to minimise the methane slip level as much as possible.

DNV principal consultant Linda Sigrid Hammer also said dual fuel engines offered flexibility to use other fuels, once they are available.

Mr Sterling questioned this rationale, pointing out that engine retrofits were expensive.

LNG is a fossil fuel that can eradicate sulphur, nitrogen and black carbon emissions and reduce carbon dioxide emissions compared with conventional fuel oil.

But it also carries the risk of unburned methane escaping into the atmosphere, known as methane slip. Methane is a greenhouse gas that is 36 times more warming than CO_2 over a 100-year period.

LNG has been a contentious topic for several years but the subject has re-emerged in recent weeks with the World Bank suggesting that governments should not support LNG on environmental and economic grounds.

The discussion on fuel flexibility and adaptability was not limited to just LNG.

Mr Holm said that one of the key conversations Wärtsilä was having with its customers was about how to maintain the asset value and make vessels capable of being upgradable during their lifetime to capitalise on the development of fuels in the future.

"The whole discussion about future fuels has accelerated enormously in a fairly short time and we are on a totally different level of discussions than we were six to 12 months back," he said.

DNV is also seeing an increase in customer flexibility, especially regarding newbuilds, according to Ms Sigrid Hammer.

There, the focus from DNV is also on implementing basic future fuel preparations that could ease a ship's engine conversion to run on future fuels at a later stage.

But today's concerns are still mainly on complying with upcoming carbon intensity reductions, which the International Maritime Organization is expected to finalise in June.

"Because everything boils down to how the fleet and each ship can stay below the relevant carbon intensity reduction trajectory," said Ms Sigrid Hammer.

With the IMO expected to adopt short-term emissions reductions measures in June, the regulatory focus could soon shift to more lasting action.

Mr Sterling echoed previous Maersk comments, saying that the IMO had been too slow to act and told the audience shipping could not depend on the IMO to set the pace for shipping's decarbonisation.

"If we decarbonise too slowly, the whole concept of global trade, where you produce in one end of the world and consume in another end of the world, might be challenged by consumers in five, 10, 15 years' time. And that's the yard stick we need to use. It's not the IMO and the pace of the IMO," he said.

Mr Sterling also said Maersk welcomed the EU's upcoming move to include shipping in its Emissions Trading System, in the absence of sufficient decision-making at the IMO.

"We see challenges when it [regulation] is regional, but we also see a necessity to get started," he said.

The IMO will next month discuss a proposal to impose a $100 per tonne of CO_2 levy on all ships.

Mr Sterling reiterated that Maersk supported a carbon levy as soon as possible and that the proposed levy was probably the minimum required to make future fuels cost competitive.

WHAT TO WATCH:

MSC linked to Minsheng Leasing newbuilds order at Chinese yard

DALIAN Shipbuilding Industry Co has won orders for a pair of 16,000 teu containerships from Minsheng Financial Leasing.

The Chinese yard, part of state conglomerate China State Shipbuilding Corp, said the fresh tonnage is a duplicate of the seven newbuildings agreed in March.

They will be fitted with scrubbers and adopt the so-called LNG-ready design, meaning their propulsion systems can be converted to burn liquified natural gas if needed in future.

Sources familiar with the deal said the vessels would be chartered to Mediterranean Shipping, which is in talks with the Minsheng Leasing and yard to order four more.

The Geneva-based carrier and the Chinese lessor have been approached for comment.

MSC was reportedly also behind the March orders — consisting of a total of 13 16,000 teu ships, including seven at DSIC and six at its sister firm Guangzhou Shipyard International — although the shipowner has not confirmed or denied the claim.

Brokers say Minsheng Leasing may have picked up the optional vessels held by MSC in the previous deal.

The order binge comes as the world's second largest container shipping carrier is on track to move up another rung in the sector.

It operates a fleet of 591 boxships comprising nearly 4m teu. That compares with 707 ships run by the current number one Maersk, with an aggregate capacity of 4.1m teu, latest figures from Alphaliner show.

However, MSC boasts an order book of 34 ships, or 635,888 teu, compared with Maersk's 15 ships of 39,388 teu on order.

Lloyd's List reported that MSC is also to charter 11 dual-fuel 15,300 teu ships for 18 years from Singapore-based owner Eastern Pacific Shipping.

The move represents a significant shift in strategy for the world's second largest container shipping carrier, which had resisted the accelerating trend towards LNG-fuelled tonnage.

Grimaldi to drydock ships early as chip shortage stalls global car production

GRIMALDI Group is preparing to drydock a number of its vehicle carriers ahead of schedule as a worldwide shortage of computer chips severely disrupts automobile production.

With numerous car plants forced to temporarily shut until the supply of semiconductors recovers, shipowners are facing the imminent prospect of idle or under-employed tonnage.

Grimaldi, one of the leading operators of pure car and truck carriers, is now in negotiations with several shipyards in Europe about drydockings that would normally be undertaken in July and August when car factories close for annual holidays.

This year, however, the big motor manufacturers are expected to remain open during the summer, assuming electronic components are available, in order to catch up on lost production.

Grimaldi joint managing director Emanuele Grimaldi is planning to send up to six ships for drydocking in the coming weeks rather than wait another two or three months, given the unexpected slowdown in ocean vehicle shipments. Otherwise, the vessels would soon be inactive.

Yards in Turkey, Poland, and Malta have been invited to bid for the work.

"This is a very big and totally unexpected problem," Mr Grimaldi told Lloyd's List.

However, the Italian operator has been able to transfer some of its ships that are deployed on badly-hit European, Mediterranean, and North Atlantic routes to its long-haul division, which has seen strong demand in the South American and African ro-ro trades.

The setback caused by the microchip shortage comes at a time when the PCTC trades were rapidly recovering from the severe downturn that began about a year ago as the Covid-19 pandemic spread, and many counties went into lockdown. As demand for cars slumped in 2020, Grimaldi had as many as 25 ships idle at one stage. Some older tonnage was scrapped, while a number of chartered units were returned to their owners.

The group, which operates about 120 ships in the ro-ro trades that carry vehicles and other wheeled traffic, containerised cargo, and passengers, reported a drop in turnover of nearly €400m ($482.9m), from €3.12bn in 2019 to €2.76bn last year. That mostly reflected much smaller passenger and automotive numbers, plus lower bunker surcharges.

However, net profit held up relatively well, declining from €285m in 2019 to €272m in 2020, helped by higher volumes of perishable cargoes as well as a €200m fall in fuel bills. Travel expenses were also down, as was promotional spending aimed at the holiday market.

In recent months, Grimaldi has benefited from the surge in demand for containerised freight. This has created such a shortage of boxes that some cargo is being moved in breakbulk form on ro-ro decks.

Mr Grimaldi admits the fall in revenue last year was smaller than he had been expecting.

"We weathered the crisis better than I had anticipated," he said in a telephone interview. "Although there is still Covid around, we have learned how to live with it." No jobs were lost.

Despite the current disruption to the global car trades, Mr Grimaldi acknowledged that the situation is nowhere near as serious as 12 months ago.

"I am confident that 2021 will be a much better year and we will get back all the turnover that we lost," he said.

The group's performance is being achieved without any government support, unlike some of its competitors. Mr Grimaldi has complained on numerous occasions about unfair state aid in certain countries, although the Italian government has now conceded that intervention in support of some lines was unnecessary as the market continued to function.

A more modern fleet is also starting to make a considerable difference.

The Naples-headquartered company embarked on a $2bn renewal programme a few years ago, and has already taken delivery of a number of newbuildings, with another 17 units, worth $1.4bn, still in the pipeline.

These ships are far more efficient than the ones they replaced, with fuel consumption more than halved thanks to a huge range of new technologies incorporated in them.

OPINION:

Greensill collapse highlights counterparty risk in shipping

GREENSILL Capital became the world's biggest supply-chain finance company over the last decade or so, *writes Søren Høll of KPI OceanConnect*.

Its clients numbered two container majors, while former UK prime minister David Cameron served as one of its advisers, and it received billions from investors such as Softbank.

Despite this, Greensill's business model has left it insolvent and created serious cashflow challenges for those who used its products. Many have been left scrambling to fund their employees' salaries and operations.

It remains unclear what Greensill's departure will mean for the maritime sector.

What we do know is that it comes as a timely reminder of several pressing credit lessons.

Greensill's core service was, in short, the exchange of customer IOUs for immediate access to cash at a discounted rate.

In shipping this practice is often described as 'pledging invoices', and that service played a key part in the legal and financial aftershocks of the collapse of OW Bunker.

The OW bankruptcy created huge issues for its clients and partners. The costs were massive, and litigation is still ongoing seven years later.

I was recently talking to a KPI OceanConnect client, and the subject of risk management arose. She noted the ignominious history of invoice pledging, and asked why it kept happening.

Perhaps more pertinently, she also asked what questions she should be considering so that she could ensure that her company is protected from the next OW or Greensill.

Due diligence is one of the most effective forms of defence to shield your company from risky financing and disreputable counterparts.

Finding the right answer begins with the right question, and once you know what to ask, you can proceed with greater confidence and comfort.

Any reputable counterparty will be happy to answer your questions, and able to guide you efficiently and effectively through the process.

This is important, because supply chain finance comes in many forms, and not all of them will be suitable for your company.

What works well for someone else in your sector might be unsuitable for you, and it's a timely reminder of why it pays to work with experts you trust. This is especially the case for fuel procurement, which is often a ship's biggest variable cost.

In the aftermath of OW Bunker, BIMCO created a list of eight questions that it recommended marine fuel buyers ask their counterparty before contracting with them.

For me, the most important one remains, 'does the counterparty pledge its invoices?'

But the other seven on that list are all important and equally sensible: Who are you dealing with and who is the legal entity? What terms and conditions will you enter into? Does the counterparty have credit insurance? Is the counterparty covered for product liability and professional indemnity? Does the counterparty have a compliance programme? And, is the counterparty financially strong?

The reality is that if you ask your prospective counterparty those questions and get credible answers, you're unlikely to be dealing with a suspicious player.

Moreover, by undertaking this exercise you'll be improving your risk management and ultimately creating a more efficient operation, a healthier bottom line, and protecting your colleagues, investors and partners from preventable challenges.

From my experience after 35 years in the industry, it will also improve the level of trust in your company, enhance staff retention and create employees that are invested in better client outcomes.

Over the next few years there are going to be major changes in the marine fuel supply chain. We're going to witness a transformation, and IMO 2020 was only the start of it.

This metamorphosis will pose no shortage of challenges, but counterparty risks don't have to be one of them. Time spent investing in risk management and understanding what forms of supply chain finance will work best for your business will be rewarded many times over.

ANALYSIS:

Easing oil surplus seen lifting crude exports

THE International Energy Agency says the global oversupply of crude and refined products that depressed demand for tankers has gone, but it has revised down 2021 consumption forecasts as coronavirus cases surge in India, Brazil and Southeast Asia.

Seaborne exports of crude and products slumped over the past nine months as the pandemic's demand shock built up inventories and led to significant cuts in crude production.

The Paris-based agency said crude stocks from Organisation for Economic Co-operation and Development member states grew by 1.1m barrels per day since March while oil product inventories fell by double the normal rate.

However, any recovery in global oil demand remained fragile, according to the IEA's monthly oil market report. Demand was estimated to rise by 5.4m bpd to 96.4m bpd this year, which was 270,000 bpd lower than the February forecast.

Oil production cuts, renewed coronavirus outbreaks, as well as refinery maintenance and inventory drawdowns have curbed demand for tankers throughout 2021 and weighed on charter rates, which are below operating expenses on many benchmark routes.

Spot rates for crude carriers equate to earnings that are below operating expenses on 12 of the 20 routes assessed by the Baltic Exchange and at negative levels for a further six, data show. Fuel-efficient tankers, or those sailing at slower speeds or using scrubbers, may not report negative figures.

Rates are below opex or at negative levels for nine of the 16 assessed routes for shipping clean products.

IEA forecasts for 2021's second half as vaccination roll-outs gather pace indicate improvements may be seen for tanker rates.

Global refinery runs are expected to ramp up sharply in the next four months to peak in August, with 2021 overall intake to be 4m bpd higher than last year's level.

World oil supply also gained by 330,000 bpd over April, according to the IEA, as the 19 countries that agreed to an Organisation of the Petroleum Exporting Countries pact to lower output began to ease cuts.

Opec cuts by member countries in the Middle East led the rates downturn since the second half of 2020 but have stabilised, with exports now expected to rise.

Tonne-mile demand from the Opec producers in the Middle East Gulf plunged 18% over the first quarter compared with the prior-year period, data from Lloyd's List Intelligence show. Voyages dropped to 1,182, down 150 from the first quarter of 2020.

Tonne-mile demand measures distance travelled multiplied by volumes carried and is a proxy for tanker demand.

"While the market looks oversupplied in May, stock draws should resume in June, even with global oil supply on the rise," the IEA said. Supply will not rise fast enough to keep pace with the expected demand, the agency said.

Opec is set to restore some 2.1m bpd to production in the May-through-July period but volatility is expected to continue until the pandemic is brought under control.

Exports from Saudi Arabia, whose voluntary production cuts of 1m bpd have underscored poor tanker earnings, are already seen rising by 600,000 bpd in May, according to the IEA, to 6.3m bpd.

World oil production will expand by 1.4m bpd in 2021, after falling 6.6m bpd last year, according to the IEA.

Indian total product demand in 2021 was forecast at 4.8m bpd, 4% lower than 2019 figures.

Efficiency index will prolong boxship bull market, says owner

CONTAINERSHIP owners with qualms about how long the current bull market for chartering may last can take comfort from new energy efficiency standards that should help offset a rising orderbook, a leading boxship owner has said.

"The market is in an excellent position with both freight rates and charter rates continuing upward," said George Youroukos, executive chairman of US-listed Global Ship Lease, an owner of 50 containerships.

Mr Youroukos said that the newbuilding orderbook for vessels below 10,000 teu remained "negligible" with further shipyard capacity scarce.

The founder of Greece-based Technomar Shipping also highlighted the importance of emissions regulations taking effect in early 2023.

"We believe this will shrink effective capacity as ships are forced to reduce speeds to achieve compliance," he said, referring to the new energy efficiency existing ship index (EEXI).

Mr Youroukos told analysts during a first quarter earnings call for Global Ship Lease that he estimated about 85% of the boxship fleet was "classic" and would therefore would have to slow down to meet the new EEXI requirements, compared with about 15% of the fleet that would be able to comply by virtue of being modern vessels of more efficient design.

"So, 85% of the fleet will have to slow down by a couple of knots, which means roughly a reduction in the fleet capacity as of today of 6% to 10%," he said.

This picture is closely reflected by the company's fleet of 50 vessels, of which nine are of new technology and will not have to reduce speed to comply.

Global Ship Lease focuses on mid-sized and smaller containerships, sectors that it believes will be disproportionately affected by the need for speed reductions and therefore likely to continue benefiting from constricted supply of tonnage.

With confidence that healthy rates are going to be available for a good while, owners will want to hold on to their ships for longer and scrapping was likely to be limited.

"As a rule of thumb, you always make a lot more money in containers by retaining the asset rather than selling the asset. You make more money with the cashflows you can lock in than selling the asset," Mr Youroukos said.

With charters willing to lock in tonnage for increasingly long periods, the company intended to charter its vessels for "as long as possible at as high rate as possible".

Currently, two to three years was "normal" for vessels of around 2,500 teu while "the norm" for larger vessels was longer — three to five years for mid-sized vessels and "at least five years" for large boxships.

Global Ship Lease has just doubled its quarterly dividend to a "sustainable" $0.25 per share but this would not be at the expense of growth, according to company chief executive Ian Webber.

"Crunching the numbers led us to reassess that $0.25 was a sustainable dividend," Mr Webber said during the earnings call. "We should return that capital to investors but it is worth noting that we retain substantial investment capacity.

"Nobody should think that we've given up on growth. We see plenty of growth opportunities there as well, and we have capital to execute upon them.

"Hopefully, we will be able to add additional vessels on an accretive basis to the GSL fleet and we can look at increasing the dividend if the indications are that that's the right thing to do."

MARKETS:

Newbuild VLGC orders already double 2020 total

WITH a wave of optimism surging over the liquefied petroleum gas shipping market, owners are seeking new ships to replace those coming to the end of their economic life.

Investments in LPG-fuelled very large gas carriers and medium range gas carriers are helping push the orderbook-to-fleet ratio to its highest level in four years.

Around 16 new very large gas carriers were placed in the first four months of this year, compared with 13 for the whole of 2020. The latest VLGC orderbook consists of 56 vessels as of end-April this year.

The large number of newbuilding contracts, however, is necessary in order to replace ships that will be older than 25 years.

Around 10% of the VLGC fleet was over 25 years of age and required replacement, said Poten & Partners LPG consultant Shantanu Bhushan.

"The age of these vessels is often a regulatory barrier as these vessels are sometimes considered unfit for international trade. Many charterers will not use older ships, while many terminal operators do not allow vessels over 25 years to call at their terminals," he said.

MSI gas shipping analyst Stuart Nicoll believes that the new orders are unlikely to be in the form of direct replacements as most of them are being placed by owners who do not own ships that are over 15 years of age.

"Although the arrival of these new vessels will accelerate the removal of aged tonnage, it isn't clear that the primary driver is direct replacement," he said.

In contrast, ordering for the smallest ships under 23,000 cu m remains very low, which is unsurprising given the ongoing consolidation in the sector. A recent example is the deal between Navigator and Ultragas, which will result in a substantial combined fleet of semi-refrigerated and ethylene ships, with a wide geographical footprint.

Meanwhile, a key feature of recent contracting was the focus on LPG-fuelled vessels and the relative efficiency of these ships, said Mr Nicoll.

LPG as a bunker fuel is a relatively new development, with the first vessel entering into service in January this year.

But the trend is expected to rise steeply, according to the latest market review by Danish Ship Finance.

In numbers, vessels with LPG-powered engines (including ethane) account for 61% of the orderbook. Once the orders were delivered, 15% of the fleet would be powered by LPG, it noted.

For the VLGCs, the trend is even more astonishing — 91% of the orderbook is for vessels powered by LPG. This translates into 16% of the fleet or 28% of vessels younger than 10 years, the report said.

Fearnleys analyst Martin Kjendlie said the newbuilds were an opportunity to meet stronger global demand as well as balancing the fleet.

The rise in US exports, including increasing shipments to Asia, has contributed to higher tonne-mile demand in recent years and propelled the demand for bigger vessels.

In the near to medium term, a major share of incremental Asian demand is expected to be met by US barrels providing further employment to ships.

Playing into this uncertainty was a degree of discrimination against LPG carriers in terms of access to the Panama Canal, where the authorities were looking to boost LNG carrier transits, Mr Nicoll said.

This suggests that periods of strong Asian demand for US LPG will continue to be accompanied by delays and will remain one of the key factors affecting VLGC supply-demand balance, exaggerating the spot rate impact.

Torm buys LR2s as recovery looms

TORM, a Danish product tanker owner and operator, is confident of a recovery in oil demand over the coming quarters.

Oil demand "will recover through a normalisation of mobility" which will change the dynamics of the product tanker market, said company executive director Jacob Meldgaard.

But for that to happen, there needs to be a greater uptake of coronavirus vaccines.

"At the moment, the picture is uneven, with the US leading the charge, offering vaccines to 16-year-olds, while India is at low levels on a relative basis, and Europe is somewhere in between," he said.

The product tanker market, which had continued to see end-year weakness filter into this year, managed to see pockets of strength due to the Texas winter freeze which supported demand and the Suez Canal disruption, which saw rates for long-range two tankers break the $20,000 per day mark at the end of March.

The Colonial Pipeline closure in the US has also supported rates, and Torm attained $30,000 per day for a medium range tanker this week, about double previous fixtures.

The market is, however, pricing in a re-opening of the pipeline by the end of the week, with forward rates back to where they were before the incident, Mr Meldgaard told Lloyd's List in an interview.

Should the outage be extended, the stronger rate environment will stay for longer, but the fundamentals in the product tanker market have not changed, he said.

The company posted a first-quarter loss before tax of $21.1m versus a profit of $56.8m in the year-earlier period. The result includes an unrealised loss on freight derivatives of $7m.

It achieved time-charter earnings of $13,493 per day in the first three months versus $23,642 per day in the same period last year.

Torm bought three 2015-built, scrubber-fitted long range two vessels from Okeanis Eco Tankers for a total consideration of $120.8m.

It has obtained commitments for $60m from Danish Ship Finance for two of the vessels, while the third is expected to be financed through a sale and leaseback agreement with a Chinese financial institution for proceeds of $32.2m.

Torm said it expected to enter into two additional sale and leaseback agreements which will provide $24m in net liquidity.

The vessels, which are due to be delivered over the coming months, are the *Nissos Schinoussa* (IMO: 9701566), *Nissos Heraclea* (IMO: 9701554) and the *Nissos Therassia* (IMO: 9694646).

"We felt it was an opportune time to build the fleet," Mr Meldgaard said.

Once the vessels are delivered, and including the two newbuildings due to be delivered in the fourth quarter of this year and the first quarter of next year, the company will have its biggest fleet ever, totalling 85 vessels, precluding any potential sales, compared with 72 owned tankers at the end of the peak cycle in 2020.

Torm has sold the 2003-built *Torm Carina* (IMO: 9263708), which will add $6m in liquidity, net of debt repayments. The vessel is expected to be delivered to its new owner this quarter.

Meanwhile, the company's exposure to India, which is seeing a rapid rise in coronavirus cases, is threefold, Mr Meldgaard said.

It calls at the country's ports, has offices in Mumbai and Delhi, where a third of all employees are based, and a third of its seafarers are from India.

The company had donated 10 oxygen concentrators to its employees, their families and the communities in which they live, and was "doing everything we can to help those a sea," he said.

However, crew changes are getting more difficult, with tighter restrictions, leading to a spike in prolonged contracts.

While the company was implementing additional precautionary measures in the region with the aim of safeguarding shore-based staff as well as crew, none of the measures would impact Torm's overall operations, it said.

Hapag-Lloyd reports strong start to year

STRONG freight rates and lower bunker costs lifted German container line Hapag-Lloyd to a $1.5bn profit in the first quarter, despite a fall in the number of boxes lifted during the period.

"On the back of the high demand for container transport, we have benefited from better freight rates, especially in the spot market," said chief executive Rolf Habben Jansen.

"On top of that, bunker prices have been lower than in 2020. As a result, we concluded the first quarter with a very positive financial result and look back overall on a solid start to the year."

He warned that the disrupted supply chains that had contributed towards a 2.6% decline in volumes to 3m teu would continue to affect the market.

"While we remain optimistic for 2021 as a whole, the ramifications of the Covid-19 pandemic and the congested supply chains continue to present a huge challenge to all market participants," he said.

"We will do everything in our power to help normalise this difficult market environment as quickly as possible and make as much capacity available as possible.

"We will also double down on our efforts to provide the best possible service quality to our customers — as we know that we can and must still do better on that front."

The company reported earnings before interest, tax depreciation and amortisation of $1.9bn, up from $517m in the first quarter of 2020, on revenues of $4.9bn.

This was up by a third on the corresponding quarter last year and driven by an almost 40% increase in average freight rates to $1,509 per teu.

Hapag-Lloyd expects that ebitda for the 2021 financial year will surpass last year's level, but added that it expected a "gradual normalisation" in the market in the second half of the year.

"This forecast remains subject to considerable uncertainty due to a number of factors, including the above-average volatility of freight rates at this time; operational challenges, such as infrastructural bottlenecks; and the inability to predict the future course or economic impacts of the Covid-19 pandemic," it said.

IN OTHER NEWS:

BW Epic Kosan cautious about LPG shipping prospects

BW Epic Kosan, a leading gas carrier, remains cautious about the outlook for liquefied petroleum gas shipping despite a recovery in demand and a profitable first quarter.

"For the balance of 2021 we expect the challenges of 2020 to remain with us," the recently merged Singapore-based company said in its earnings report.

It noted strong pockets of residential LPG demand, and signs of increased activity in European refining and petrochemical plants.

Eneti goes greener with offshore wind vessel order

ENETI, a company focused on marine-based renewable energy, has advanced its aim of entering the offshore wind industry with the addition of up to three wind turbine installation vessels, including one for the US market.

The announcement by Eneti — formerly known as Scorpio Bulkers — came as the US Interior Department approved the country's first large-scale offshore wind project, setting the stage for a major shift in the US energy landscape.

"Since last August, we have been unequivocal about our intention to enter the wind turbine installation sector," said Eneti chief executive Emanuele Lauro in a statement.

MOL joins hydrogen supply chain study

MITSUI OSK Lines, the Japanese shipping group, and a unit of tank terminal operator Vopak have joined a study to evaluate the feasibility of developing a supply chain to bring liquefied hydrogen to Singapore.

The project focusing on supplying the next generation fuel to data centres run by Singapore-based conglomerate Keppel Corp is expected to be completed by the end of this year.

Keppel is one of five industry leaders taking part in the study. The two others are Kawasaki Heavy Industries and Linde Gas.

Italian bunker group bets on marine LNG growth

FRATELLI Cosulich, an Italian marine fuel supplier, has commissioned construction for its first liquefied natural gas bunkering tanker and is in talks with lenders for a second, said marine fuel chief executive Timothy Cosulich.

The World Bank's rejection of LNG as a marine fuel has not held back bank lending for this fast-growing segment, Mr Cosulich said in an interview.

The second tanker being considered by Fratelli Cosulich has attracted interest from more banks spanning across a wide geography from Asia to Europe, he said.

US considers Jones Act waiver amid pipeline crisis

THE administration of US President Joe Biden is considering a temporary waiver of a key US shipping law to offset any potential supply crunch sparked by the cyber attack against the country's largest fuel pipeline system.

The Department of Transportation said the Maritime Administration initiated a survey of Jones Act-qualified vessels to begin the process of evaluating what assets are available to carry petroleum products within the US Gulf, and from the Gulf up the Eastern seaboard.

A ransomware cyber attack on May 7 forced the closure of Colonial Pipeline's main network. It has said it will not restore full operations until the end of the week.

Okeanis to distribute dividend after selling trio of LR2s

OKEANIS Eco Tankers, the Oslo-listed tanker owner, expects to make a $45m profit on the sale of three long range two tankers after repaying vessel and scrubber debt for the trio.

The Greece-based owner said it intends to distribute the majority of net proceeds from the transaction to shareholders.

Okeanis has clinched an agreement to sell the three vessels, all built in 2015 at Hyundai Heavy Industries, for a total of just over $120m.

Safe Bulkers orders two more post-panamaxes in Japan

SAFE Bulkers has placed orders with a Japanese shipbuilder for two additional post-panamax bulker newbuildings as its fleet renewal programme gathers pace.

The Cyprus- and Greece-based dry bulk owner said it would use its own cash reserves to finance the new vessels, which are due for delivery in the first and second quarters of 2023.

The new bulkers, of about 87,000 dwt, will meet the Energy Efficiency Design Index (EEDI) 'Phase 3' requirements as well as complying with Tier III requirements for NOx emissions.

Maersk opens distribution centres in Vietnam

MAERSK is expanding its contact logistics and distribution capacities in Vietnam to benefit from rising exports.

The world's largest container line, which is converting itself into an integrated logistics player, will open three new distribution centres to capture the country's "future growth".

Two are located in Song Than, 25 km from Ho Chi Minh City, with a warehouse area of 10,000 sq m and 9,700 sq m, respectively.

Wallenius Wilhelmsen sees 'favourable' supply-demand balance in mid-term

WALLENIUS Wilhelmsen, a Scandinavian car carrier, said car volumes and revenue grew in the first quarter, but the higher costs of emerging from lockdown weighed on profits.

The company revived eight car carriers from lay-up and said it would bring another eight ships back into service this year.

But rising volumes led to inefficiencies, tight capacity, parts shortages and "ramp-up costs" for manufacturers and logistics companies.

MPC Capital takes hit from Wilhelmsen Ahrenkiel tie-up

MPC Capital has seen a significant improvement in profitability despite a decline in revenue arising from the book-keeping treatment of its recently-launched Wilhelmsen Ahrenkiel Ship Management joint venture.

The Hamburg-based asset manager reported revenues of €7.8m ($9.4m) in the first three months of the year, compared with €11.4m in the year-earlier period, of which €7.1m was generated from recurring management services.

Revenue from transaction services fell from €800,000 to €700,000, with the low level described as typical for the first quarter. Transaction activity usually increases significantly during the course of the year, said MPC.

Britannia books $20m underwriting loss and confirms record level for International Group pool

BRITANNIA P&I Club returned a deficit of $20.5m on underwriting in 2019-20, although the loss was more than offset by strong investment returns, resulting in an overall surplus after tax of $37m.

Net claims were significantly in excess of net premiums, with total calls and premiums marginally lower than the previous year, the International Group affiliate said.

Pool claims hit an all-time high of close to $500m, almost but not quite as bad as earlier predictions from brokers.

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