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## Shipping needs its regulator to show up



THE RAPID PACE of change in climate ambitions outside of shipping, and in some cases even within it, can make it easy to forget the basics of this industry, *writes Anastassios Adamopoulos.*

Shipping is a network of diverse, disparate and often very opaque actors who are all collectively bound by one single authority, the International Maritime Organization.

First movers and market leaders are necessary to break barriers. Individual voluntary initiatives can make a massive contribution and regional regulation can stimulate consequential action.

But whether one likes it or not, the collective global movement that is required for a sectoral-wide change still depends on the IMO and its member states.

Much has been made recently through mainstream coverage about the IMO's structure and its decision-making, and rightfully so. Reform has been pushed for some years now. It will take several more before meaningful progress is achieved, but it must be made a priority. Without a quantum leap in transparency the institution will remain the subject of damaging attacks that will ultimately weaken the industry.

For now, it needs to look at its very short-term challenges and deal with them decisively. The industry it regulates not only needs clarity for the regulation it faces over the next year, but also it is demanding transformative policies such as market-based measures that will accelerate the adoption of low-carbon fuels.

The Marine Environment Protection Committee, which meets virtually for a week beginning on June 10, must close the book on tedious issues that have been on the table for the past couple of years and are draining participants of valuable time and energy.

If there is one thing that the MEPC has proven beyond doubt over its past few sessions, is that it is pressed for time. The virtual component of the negotiations only exacerbates this problem.

The controversial, much-debated short-term emission measures targeting operational and technical efficiency of ships need to be finalised. Progress on this issue has left many member states and environmental groups deeply dismayed in the levels of ambitions and enforceability of the measures.

Yet at this point, prolonging this discussion further will only mean delaying negotiations on a carbon levy or some other market-based measures which most actors recognise will be significantly more challenging than the ones on these short-term measures.

Spending on decarbonisation research and development in the maritime sector is falling, as the International Chamber of Shipping highlighted yesterday. The group is part of a large coalition of industry bodies and governments pushing the MEPC to adopt a \$5bn research and development fund.

Despite its broad support base, it also faces significant opposition; developing countries have demanded a completely different revenue-generating method, thereby effectively opposing the proposal in its essence, while environmentalists believe it is simply too little too late.

This is the second time the MEPC will discuss the research and development fund. And in this

insurance, it needs to make a decision on whether to move forward with it and develop it or to abandon it.

The MEPC will also have to broach the uncomfortable issue of market-based measures. The Marshall Islands and Solomon Islands have proposed a \$100 tax per tonne of CO<sub>2</sub> on all ships.

This proposal is unlikely to receive any definitive ruling either way, but it is important that the MEPC establishes a clear and concise pathway to negotiate market-based measures over its next sessions.

In a very rare confluence of interests, the pressure and momentum from both industry and environmental groups in favor of a market-based measure is too strong to be ignored by governments who would rather not deal with a very politically contentious matter.

When the MEPC meets again in November they need to start full on deliberations, on a carbon levy, an emissions trading system or some other market-based measure, not continue to debate whether and when they should start these negotiations.

The next seven days will be long, especially for delegates calling in from their homelands in the middle of the night, relying on a decent internet connection to make their point.

Recurring criticism and growing disappointment in recent IMO progress have made it easy to forget that its 2018 greenhouse gas strategy has been a fundamental catalyst for a shift in the mindset of the shipping industry, bringing about corporate environmental strategies and pledges most of which would have been laughed at three years ago as fantasies.

The MEPC has a chance to remind observers of its influence. It also has an obligation to move forward and not languish in making difficult choices.

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## WHAT TO WATCH:

# China ports throughput hit by supply chain chaos

CONTAINER throughput growth at major Chinese ports slowed last month highlighting the impact of the coronavirus crisis on the country's southern export hubs and the disruption in the global supply chain.

Boxes handled by China's eight leading gateway

ports — led by Shanghai, Ningbo-Zhoushan and Shenzhen — rose 4% between May 21-31 year on year, the latest data released by the China Ports and Harbours Association shows. Among those, export and import container volume was up 3.9%.

That compares with a 13.3% and 16.8% increase, respectively, from May 11-20, and 15.8% and 24.2% during the first 10 days of the month.

The slowdown is partly a result of the situation at Shenzhen's Yantian Port, where operations have been largely halted since the first infection case was confirmed on May 21. The congestion has spilled over to nearby Chinese hubs, including Shekou and Nansha.

Industry experts warn that the ripple effects from the logistics bottleneck will put further pressure on an already fragile supply chain.

As a key export facility in China's Guangdong province, foreign trade container throughput at Shenzhen surged about 50% for the first 20 days in May, according to the China Ports and Harbours Association.

The association suggested the growth issue lies more on the supply side rather than the demand side.

"According to port feedback, trade demand remains strong, with a rebound in the shortage of vessel slots and empty containers for export cargo," it said.

The situation comes as China posted a lower-than-expected result for May exports, despite a 27.9% growth year on year in US dollar terms.

Chinese investment bank CICC reckoned in a report that the serious supply chain disruptions appear to have negatively affected the export performance.

"The May global PMI suppliers' delivery time continued to slow at record levels, freight rates remain surging and the pandemic fallout has further reduced the operational efficiency at some ports in China and Southeast Asia. The breakdown of export/import data has also shown the impact from the [tight] supply of bulk commodities and chips."

## Shippers renew call for block exemption to be removed

THE Global Shippers' Forum has used the current disruptions in the supply chain to renew its call for the removal of the consortia block exemption regulation.

Chief executive James Hookham said that shippers were bearing the brunt of the broken supply chain.

But the bank is optimistic about China's exports for 2021, expecting a full-year growth of 18.4%.

It said that while demand for personal protective and home office equipment will drop as the lockdowns abate, the bloated household savings overseas are expected to bolster the sales of Chinese products. What is more, the reinstatement of factories globally will also perk up procurement of capital and intermediate goods.

"China's exports will remain at high levels in terms of absolute value in the coming months. However, the growth rate might become weaker."

On the other hand, concerns are mounting about a further spike in shipping rates amid the logistics chaos exacerbated by the ongoing port congestion.

CICC said small manufacturers with less bargaining power are bearing the brunt of increasing costs, with some of them now less active with regard to taking in orders.

In comparison, container line shipping carriers have seen their earnings and share prices shoot through the roof.

Han Jun, a transport analyst at China Securities, revised up the target price of Shanghai-listed Cosco Shipping Holdings to Yuan38 (\$5.95) per share. The stock closed at Yuan22.75 on June 9, up from Yuan3.47 a year ago.

Mr Han estimated that the ports' logjam has consumed about 6% of the existing boxship fleet capacity, although it is offset by the faster steaming of vessels by 4%.

He expected the freight rates, which are already at historical highs, "to continue breaking records", with considerable scrapping of old tonnage to be sparked by stricter emission rules and another round of inventory replenishment to be fuelled by massive government stimulus packages in major economies.

"We're not happy is the bottom line," he told a webinar following the release of the latest quarterly market review by the GSF and MDS Transmodal, which seeks to monitor the box shipping sector in order to inform regulators of its performance.

“Clearly we are the victim of the circumstances in this terrible pandemic but shippers have long been dissatisfied with the shipping industry’s apparent magical ability to cooperate in ways that would land any other business owner in jail.”

The real crunch point for shippers was that the service performance, the predictability of delivery of boxes so that shippers can collect boxes and get goods to consumers, had plummeted.

This was leaving a “very nasty taste in the mouth” for shippers who were paying record freight rates for a service that was increasingly declining in performance, Mr Hookham said.

“Supply has appeared to match demand a bit too closely and the co-ordination that is permitted by the block exemption has clearly allowed the lines to manage capacity such that pre-pandemic capacity was running slightly ahead of demand it has now dropped behind.”

The demand for space was now exceeding what was available. While that may correct itself as demand eases, the broader picture was that if demand stayed high there was no short-term fix.

He warned that this could lead to inflationary pressures on recovering markets.

“If this is going to continue, not only will consumers see product shortages, but it will start to lead to higher prices.”

Shippers and exporters were feeling “frustration and anger”, particularly in Asia, at not being able to get reliable and predictable accommodation of their goods onto services, and then having to pick up the bills for demurrage and storage because goods cannot be shipped.

## Shipping urged to form zero-emissions strategy with the UN

CLIMATE experts are calling on more shipping companies to develop zero emissions strategies and pledges ahead of the biggest UN climate meeting since the Paris Agreement.

Nigel Topping, the UK’s High Level Climate Action Champion for the COP26 climate conference to be held in Glasgow in November this year, and the Chilean Gonzalo Muñoz, who was the climate action champion for COP25 in 2019, are urging shipping companies to join a UN-backed initiative that seeks

What frustrated shippers was the ability of lines to work as one entity, he said.

“The industry does not exhibit any great distinguishing features in the service it offers,” said Mr Hookham. “It is a commodity service and if it is a commodity, then the feeling is it should be regulated as a utility would be, a utility that provides a unique commercial and national interest provided by, effectively, one supplier.”

That would provide greater oversight, increased transparency and a restoration of confidence in the markets that rates and costs were the product of fair competition and not the construct of a “special privileged arrangement that on the face of it just appears to be enriching the shipping lines”.

He called for a system closer to that which regulates airline code-sharing agreements.

“Effectively, they are vessel sharing agreements for the aviation industry, but they are able to do that through the development of specific agreements between the lines, which are regulated, reviewed and transparent,” he said. “It is understood what information is exchanged.

“Rather than give a blanket block exemption, we should actually get some visibility over what information is going to be shared and passed between them, and have that more regularly scrutinised.”

The current exemptions that are provided, not just by the European Union, but by jurisdictions all around the world were unprecedented, he added.

“There is a presumption in favour of renewing the block exemption, not just in Europe, but a number of jurisdictions have started to look hard at exactly why the shipping industry has behaved in the way it has.”

to mobilise non-state actors to take emissions-reducing actions.

The initiative, called Race to Zero, is aimed at making these to contribute to the halving of global emissions by 2030 achieving net zero emissions as soon as possible and by 2050 at the latest.

Affiliated companies are meant to take actions that will reduce their emissions in line with the Paris

Agreement targets of keeping temperature increases to well below 2°C and aim for 1.5°C in this century.

Of the 2,000 companies that have signed up to the initiative, Maersk is the only one from the shipping industry.

Mr Muñoz and Mr Topping recognised that companies including CMA CGM and DFDS and industry groups such as the Norwegian Shipowners Association have made decarbonisation pledges.

But they argued that regulators and governments need clear signals from industry that more ambitious and stringent policies are required.

“Shipping companies, fuel producers, investors and other actors in the shipping ecosystem with an ambition to be in business through the coming decades, must crystallise that ambition in a detailed strategy, and should turn their ambition into an official commitment by joining the Race to Zero,” they said in a statement.

They also argued that despite the minimal share of shipping in the total product cost and the falling cost of renewables and electrolyzers, closing the

competitiveness gap between zero emission fuels and heavy fuel oil will need new regulatory policies.

“This requires further regulation, either through the IMO or through a coalition of regional regimes such as the EU’s Emissions Trading Scheme.”

They warn that in industries like shipping, with long asset lives, simply waiting for regulatory action is not a viable option for companies.

“The risks to companies are too great if they fail to understand the direction of travel in society and regulation, and the risks to whole sectors are too great if progressive companies do not help the whole sector to align with that direction,” they said.

COP26 will see governments presenting elevated ambitions for their contributions to combating climate change, as well as negotiating aspects such as a global carbon emissions reducing mechanism and uniform emissions reporting.

The outcome of the meeting should directly affect shipping, as new agreements and ambitions should translate into new mandates for climate targets for the sector.

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## OPINION:

# Why Nautilus backs global minimum tax for shipping

AS THE world begins to plan for a future beyond coronavirus, the time has come for a fundamental reappraisal of our maritime sector, *writes Nautilus International general secretary Mark Dickinson.*

For us, the answer is clear; any plan to tackle the enduring issues the industry faces must be built on a foundation of fairness and continuous improvement.

That is why we are backing the proposal for a global minimum tax as envisaged by the Organisation for Economic Co-operation and Development, which recently won support from the G7 group of nations at a meeting in London.

The OECD proposal would ensure that large corporations pay taxes and participate in the common societal restart and recover effort regardless of where they base their operations.

This will be achieved by giving states the right to ‘tax back’ where other jurisdictions have not

exercised their primary taxing rights, or the payment is otherwise subject to low levels of effective taxation.

These proposals could have a profound effect on the shipping industry, where companies use the global nature of the sector to base themselves and register their ships in tax havens. Or as we know them, flags of convenience.

Nautilus believes that a global minimum tax would erode the business model of FoCs and encourage companies to base themselves and their ships in bona fide flag states that abide by the United Nations Convention on the Law of the Sea.

The message from the G7 is clear: Time is up for tax havens. This proposal would help end the 70-year plus nightmare that is the corrosive FoC system. A system that feeds a deregulatory race to the bottom which dominates today’s maritime industry.

Ending the FoC system has never been more vital. The coronavirus crisis clearly highlighted ships that have no genuine link to the flag state cannot be effectively controlled nor can they abide by their obligations to seafarers, or shipowners for that matter.

FoCs are unable to fulfil their administrative, technical, and social obligations over ships flying their flag despite their obligation to do so under Articles 91 and 94 of Unclos.

Instead of simply flying the flag of the nation where the ship is owned or controlled, shipowners shop around and hire the flag of another country which offers preferential conditions.

The global top three ship registers, Panama, Liberia and the Marshall Islands, are all declared FoCs by the International Transport Workers' Federation because of the lack of a genuine link.

They alone account for over 40% of the world fleet. If you take all FoC registers, the total is over 50%.

The shipowners are from the US, Greece, Japan, and UK. The crews are sourced from lower-income countries such as the Philippines, India, Indonesia, Ukraine and China.

When the regulator is from a state that sells its flag, the shipowners are from another, and the crews from yet another the jurisdictional quagmire is self-evident. The resulting lack of responsibility and accountability was brutally exposed by coronavirus.

This is the stark reality of the global shipping industry. You do not need to take my word for it.

Lloyd's List quoted Euronav's Hugo de Stoop as saying at the start of the crewing crisis: "At the heart of the problem is the way we have built this industry in the past. We have tried to live in the shadows, tried to be discreet, tried to be forgotten.

"Nobody wanted to pay tax or be heavily regulated. We have chosen tiny jurisdictions like Panama, Bahamas, Marshall Islands."

This led editor Richard Meade to reflect that this was one of the most honest statements he had heard from a shipowner in a long time, when he noted that shipping is "struggling with the transparency that is increasingly required from responsible businesses".

In this time of international crisis, the system of governance and the structure of the industry were found to be fundamentally lacking. FoCs were unable to support seafarers or shipowners to facilitate crew changes or access medical care ashore.

These same shipowners then sought succour from the state in which they are ultimately owned or controlled.

Many found the doors to power and influence closed. Some were reportedly told, you don't pay any tax here, so don't expect any help from us.

Including shipping in the OECD global minimum tax proposal would encourage shipowners to choose bona-fide flag states, which comply with UNCLOS, and still access favourable state aid systems.

Ultimately this will contribute to giving workers access to decent work in the most strategic sector involved in global trade. This would support and enhance national and regional maritime resilience.

The vaccine rollout allows many of us to hope for a return to some form of normality, but we cannot allow a return to the 'business as usual' and a 'race to the bottom'.

We need greater transparency, better governance, and to promote continuous improvement in social and environmental standards. A build back better for sure, but a build back fairer would be best. This is the least key workers should expect from responsible businesses.

If we are to recruit and retain the key workers to keep the world moving, the shipping industry must understand this and promote reform and embrace a better and a fairer future for all.

## ANALYSIS:

# Cosco's Hamburg move is commercial pragmatism, not a political play

A PROPOSED minority stake in a Hamburg container terminal would not normally spark the interest of competition regulators and security hawks testing relations between Beijing and Brussels.

But Cosco Shipping Ports' pitch to invest in Container Terminal Tollerort, a wholly owned subsidiary of Hamburger Hafen und Logistik AG (HHLA), comes amid interesting times for port investments and competition authorities, port operators and lines are all watching careful to gauge the outcome.

The European Commission last month unveiled proposed legislation to counter market-distorting subsidies from state-supported foreign companies, notably those from China. The anti-subsidy tool, which is currently awaiting formal approval, is just the latest in a long list of European Union initiatives targeting Chinese enterprise.

Anti-dumping and anti-subsidy duties have been significantly sharpened over the past year, as has screening of inward foreign direct investment under the guise of national security protocols.

These have all been happening at the EU, rather than state level, where national security screening would generally reside. The significance of this escalation is important because China's traditional bilateral approach of carrots and sticks has generally resulted in little national resistance to FDI approaches, particularly in the port sector.

Quite the contrary, in fact. China's steady stream of investment into European container ports has grown from nothing to approximately 10% of total volumes in the past decade.

The vast majority of these stakes have been taken by just two state-owned giants — Cosco and China Merchants Group. According to one estimate cited by *The Economist*, since 2010 well over \$20bn of Chinese money has been poured into foreign ports.

While the detail of the anti-subsidy powers and much of the recent competition overhaul remains ambiguous towards ports specifically, competition lawyers are unanimous that any Chinese investment

in critical state infrastructure is now going to receive additional scrutiny within EU member states.

And the EU is not alone in tightening scrutiny of foreign investment.

The UK's National Security and Investment Act entered into law last month with ports specifically called out as one of the sectors where government approval of investment will be required.

President Joe Biden's order last week banning US investment in certain Chinese companies, including Chinese shipbuilders, is broader than a similar one signed by his predecessor Donald Trump and has a lower bar, making it easier to add more companies later.

Given this context, the fact that a Chinese state-owned entity is buying a stake in Germany's largest container gateway could be considered a test case for Europe's willingness to continue accepting an influx of Chinese control in assets. The fact that negotiations are now underway, albeit for a minority stake, has raised eyebrows among some analysts.

When the Organisation for Economic Co-operation and Development produced a paper examining the potential future scenarios for continued Chinese investment in European ports last year, the analysis excluded the possibility of Chinese interests acquiring an HHLA terminal on the grounds that it would be considered a "national champion" in the mindset of the relevant public authorities and therefore highly unlikely to happen.

So why then, is HHLA apparently unconcerned about the political context of this proposed deal?

"We are in constructive talks with the relevant ministries in Germany as well as with the EU authorities," a spokesman for HHLA told *Lloyd's List*. "As things stand so far, the deal is not being called into question because it is a minority stake.

"This means that HHLA will retain control in the future. There will also be no access to system-critical IT data. We firmly expect that the deal will not fail due to resistance from Berlin and Brussels."

The minority status if the deal is of course relevant here, but not the whole story.

“In most cases, when these big state-owned companies like Cosco and China Merchants acquire shareholdings in ports you would usually assume it to be part of an overarching geostrategic Chinese government interest. But I would say in this case, it’s purely a commercial deal,” said Jan Tiedemann, a senior analyst at Alphaliner.

Cosco is already the biggest user of the CTT and it regularly sends 20,000-plus teu ‘megamax’ vessels to the facility. A few years ago, CTT was upgraded to accommodate such ships and Cosco now has an estimated traffic share of 50% at the terminal.

“There’s not much strategic interest in a minority share, but this is Cosco’s favourite European terminal, so if it was even partly owned by them they would be paying the terminal and handling fees to themselves in the long run,” said Mr Tiedemann. “It would also make sense as a protection against sudden rate hikes... The current situation has shown that contrary to what many believed for many years, there can be a capacity shortage in European ports.”

Hamburg is something of an anomaly in the European ports market in that the major international port operators have no interests, but rumours of Cosco’s interest have been circulating for the past decade so a potential deal is not entirely unexpected.

The timing also makes some sense.

As Alphaliner’s most recent note mentioned, the talks between HHLA at CSPL come at a time that

the German terminal landscape might see change in the air: APM-Maersk appears keen to offload its shares at Wilhelmshaven and HHLA is said to be in ‘open talks’ with Eurogate to potentially form a ‘German Container Port Alliance’ — with little tangible progress so far.

The rationale makes sense for both parties.

“For Hamburg, it certainly wants to tie up with a large carrier and a shipping alliance; for Cosco, it does need to strengthen its port presence in north Europe,” explained one China-based port analysts. “The company has a controlling interest in Zeebrugge, but the port’s location was not ideal. In the Rotterdam terminal, it only has a minority stake.” said the analyst.

While arguably it would benefit Cosco more to acquire a controlling shareholding in CCT or a stake in HHLA, the opportunity to negotiate port fee discounts or berthing priority rights while gaining a small foothold in the right place has advantages.

“Cosco has said it wants to increase the proportion of controlled terminals in its port portfolio as part of its expansion strategy, so it would seek control wherever it can. However, given the current geopolitical environment and prime geographic position of Hamburg, I think it’s still a good deal for Cosco to mark its footprint fist. There might be a chance to expand it in future,” said the port analyst.

Given the political context of the deal, a small but commercially pragmatic deal first would seem to make sense for both sides.

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## MARKETS:

# Equipment shortages increase at southern China hubs

CARRIERS are likely to blank more sailings from southern China as increased dwell times and a shortage of equipment increase at the congested ports of Yantian, Shekou and Nansha.

Figures from project44, a supply chain visibility development company, indicate vessel delays have increased sharply at Yantian over the past week following controls brought in to contain an outbreak of Covid-19 among port workers.

By June 7, median dwell times at Yantian International

Container Terminal had increased to 18 days.

Port congestion in the South China Sea area surrounding Yantian has also been severe.

As of June 7, 47 vessels were approaching the port with upcoming ETAs, including 22 vessels with ETAs already in the past.

“With roughly 32% of all vessels approaching Yantian delayed already, the congestion is expected to exacerbate over the next few weeks,” project44 said.



Several container lines have announced rerouting their vessels away from the Shenzhen port cluster to preserve their schedule reliability.

Hapag-Lloyd on Tuesday released a list of another 16 The Alliance transpacific voyages that will not call at Yantian.

“The recent rise in Covid-19 cases in China has resulted in a shutdown that may add to the already record cost of shipping goods out of China,” said project44 vice-president Josh Brazil. “The delays have already resulted in pressurising soaring shipping prices within China due to a lack of containers and increased export demand.”

Data from equipment positioning specialist Containers xChange shows a “significant slump” in container availability at southern China’s ports over the past two weeks.

“Far fewer empty boxes are arriving back to

## Capesize sentiment remains positive as market loses ground

THE capricious capesize market is still an enigma, particularly in comparison with soaring panamax rates that have been supported by thriving grain trades.

But, on the ground, brokers are talking of a strong market for capesize ships, and as a result, futures prices have recently been trading at record premiums compared with the spot index, thereby reflecting such optimism.

Although sector volatility does not preclude such a scenario, the contango has been stretched quite a bit and thus the risk-reward calculation has tilted somewhat towards a riskier near-term development for the futures, according to Breakwave Advisors.

The company said: “We are also of the opinion of a bottoming process for the capesize spot index relatively soon, but our confidence of a strong rebound that will bring the index to the 30,000+ mark fast enough as the futures prices imply, is low.”

The Baltic Exchange capesize index dropped to 2,393 points at the close on June 8, down 20.7% from the week before and 55.7% lower than a record high of 5,404 points on May 5.

“The Atlantic market was somewhat dull as compared with the Pacific, with a burgeoning

southern China as container lines skip calls and many shippers will likely face long delays or higher prices for equipment if they can’t avoid using the affected ports,” said chief executive Johannes Schlingmeiner.

Yantian saw a 19% drop in incoming containers between Week 17 and last week. Nansha’s drop in incoming containers over the same period was 16.4%, while at Shekou the decline was 29.6%.

“Our forecasts suggest container availability at these ports in southern China will not increase in the coming weeks as more container lines cancel calls,” said Dr Schlingmeiner. “We expect container prices in those areas to increase and many shippers will likely turn to shipper-owned containers.”

Importers in the US and Europe should “remain wary” over the deterioration of maritime trade originating from China, and plan accordingly, said project44.

tonnage supply,” according to the broker, who suggested that unless demand for Brazilian iron ore increases, freight rates may come under further pressure.

Brazilian iron ore exports amount to 10m tonnes so far this year, which is approximately 8% higher on the year, while expectations are for shipments to increase by 25m-30m tonnes for the whole year.

Translating that to sequential increases, Breakwave Advisors expect around 54m tonnes of additional Brazilian iron ore exports in the second half of the year versus the first six months of 2021.

As a result, “the fact that capesize freight futures are trading at a premium versus the spot does indeed make sense by looking at such an increase in tonne-miles,” it added.

Meanwhile, China faces a significant shortage of coal ahead of the peak summer season, potentially indicating that the country will look towards seaborne coal to offset the domestic supply crunch following Beijing’s informal ban on Australian coal.

This might fuel some activity into the capesize market, encouraging some firm levels.

## IN OTHER NEWS:

### **Global Ship Lease to buy 12 boxships from Borealis**

GLOBAL Ship Lease says it has agreed a \$233.9m deal for the acquisition of 12 boxships from Borealis Finance.

The containership owner is funding the acquisitions without issuing any additional common stock, said executive chairman George Youroukos.

It will be meeting the purchase price through drawing on cash on hand, new bank loans and the issue to Borealis of \$35m of its existing 8% unsecured bonds.

### **International Group warned of difficult reinsurance renewal**

THE International Group of P&I Clubs has been warned that the 2022 renewal of its reinsurance contract will come at a particularly difficult time for reinsurers.

Marine brokers with Marsh and Guy Carpenter said a series of factors means the year-end renewal will take place in "one of the more challenging reinsurance markets that any of us on this call have seen for a number of years", and the market is "pretty dreadful".

The International Group's annual group general excess of loss reinsurance programme attaches at the pool ceiling of \$100m, and provides up to \$2bn of reinsurance cover in a three-layer structure. A two-year placement on this layer was secured in 2020.

### **Diana prices new \$125m bond in refinancing exercise**

DIANA Shipping, the Greece-based dry bulk carrier owner, has said it has refinanced outstanding Norwegian bonds on more favourable terms.

A new \$125m private placement of senior unsecured bonds has been priced with a fixed-rate coupon of 8.38%, the company said.

Arctic Securities and Nordea acted as joint bookrunners for the issue that was "significantly oversubscribed."

### **McQuilling partners with Vertis to enter carbon market**

SHIPBROKER McQuilling Partners and Vertis Environmental Finance, a Hungarian emissions trading house, have joined forces to form a new carbon offsetting and advisory company.

The new venture will offer its clients access to carbon offsets via a partnership agreement to address their environmental sustainability and carbon-neutral shipping needs, as well as their future environmental compliance requirements.

McQuilling chief executive John Schmidt said the move would "provide clients, including integrated oil companies, oil traders and shipowners, with a seamless process of securing carbon neutrality on their marine transportation requirements".

### **Pavilion Energy signs LNG offtake deal with BP**

TEMASEK-BACKED Pavilion Energy said it signed a long-term agreement with BP for the sale and purchase of liquefied natural gas cargoes.

The deal is for about 800,000 tonnes of LNG annually to be delivered to Singapore over 10 years from 2024.

Both parties have also agreed to co-develop and implement a

methodology to quantify and report the greenhouse gas emissions tied to the LNG supply, from the wellhead to the point of discharge at Singapore's LNG terminal.

### **Pembina Pipeline buys 50% stake in Canada's FLNG project**

PEMBINA Pipeline Corp is injecting equity into a proposed floating liquefaction plant under a deal with a Canadian indigenous group that will deliver a much-needed shot of confidence into that country's fledgling liquefied natural gas sector.

The company will buy a 50% stake in the Cedar LNG project anchored on a facility of 3m tonnes per annum in capacity.

The project is envisaged to load LNG on up to 50 carriers a year for export to gas-hungry Asia.

### **Samsung Heavy to develop nuclear-powered ships**

SAMSUNG Heavy Industries, a large South Korean shipbuilder, says it will develop nuclear power technologies as a source for zero-carbon energy.

It has signed an agreement with the Korea Atomic Energy Research Institute for the research and development of molten salt reactor, a type of small module reactor using molten fluoride salts as the primary coolant at low pressure.

"MSR is a carbon-free energy source that can efficiently respond to climate change issues and is a next-generation technology that meets the vision of Samsung Heavy Industries," said company president Jintaek Jeong.

**US west coast ports sign deal with inland port to improve cargo flow**

A SECOND west coast port has signed co-operation agreements with a US inland port authority to facilitate the movement of containers, reduce terminal congestion and boost railroad transport over trucks.

US west coast gateways are seeking to alleviate clogged marine terminals and backlogs of ships that have anchored outside the ports for days or weeks awaiting berths to unload their cargo.

Port of Long Beach executive director Mario Cordero said the

agreement with Utah Inland Port Authority is vital to his port's goal to "diversify exports" and will help alleviate the "unprecedented cargo surge" experienced since last summer.

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## Classified notices follow



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## Container Tracker

# Save time. Stay compliant.



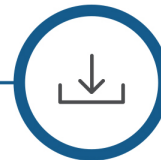
Track containers,  
not just ships

Simplify transshipment tracking with end-to-end downloadable data trails on containers – by container number or Bill of Lading.



Complete checks in  
minutes, not hours

Save time, with all the data you need in one interface, supported by tracking intelligence from over 600 Lloyd's agents worldwide.



Download  
the evidence

Downloadable reports ensure you have the necessary documentation to prove compliance, including specific end-to-end transshipment reports and more.

Request a demo:

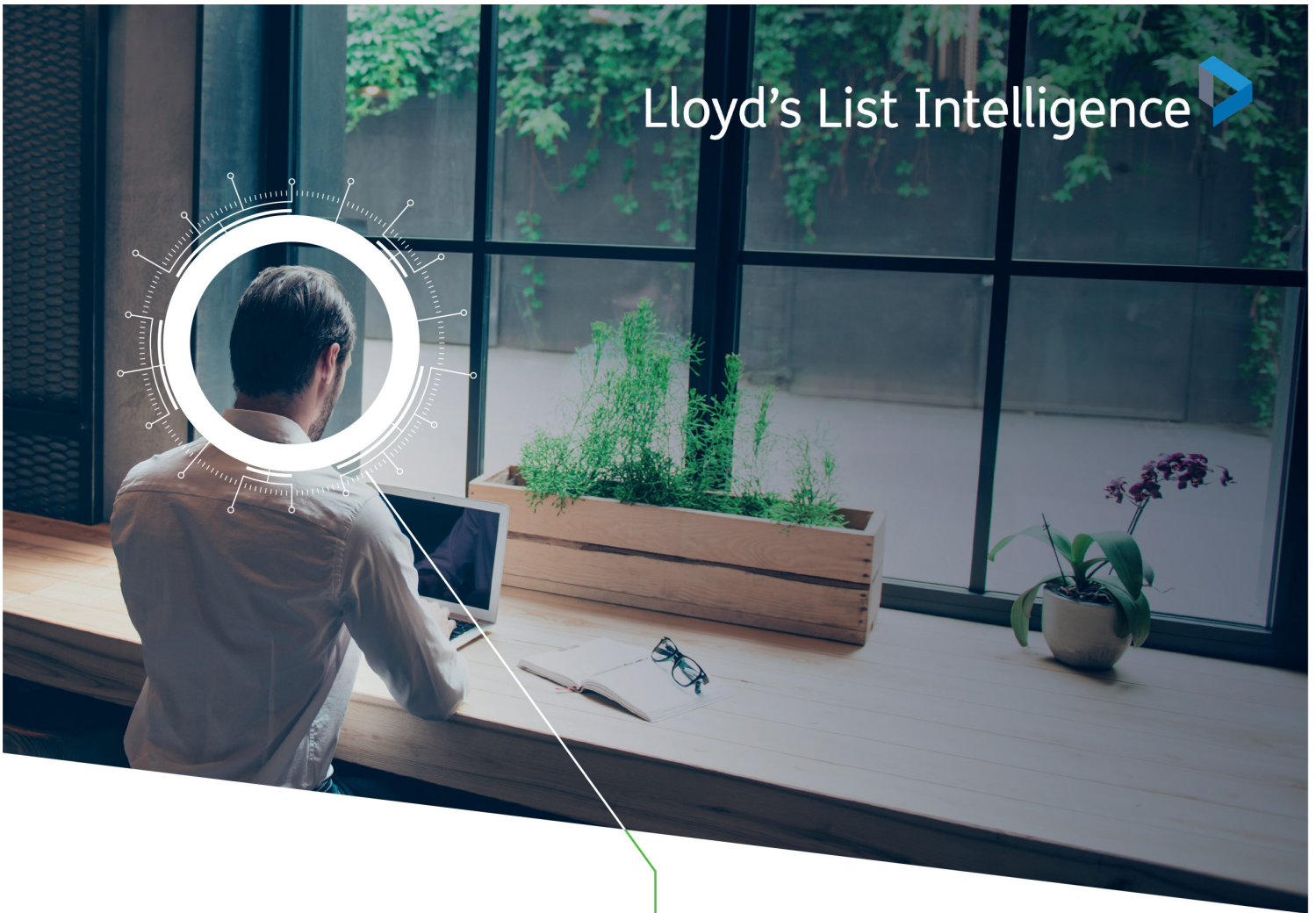
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