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Daily Briefing

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IMO chief warns failure not an option on cutting emissions

THE HEAD OF shipping's regulator has warned governments that "failure is not an option" in crucial talks to cut the industry's carbon emissions.

International Maritime Organization secretary-general Kitack Lim issued the stronger-than-usual warning at the opening of the Marine Environment Protection Committee, where countries are discussing a range of efficiency and emissions rules.

Mr Lim alluded to the threat of the European Union stepping in to regulate shipping if the IMO was seen to be making insufficient progress in curbing pollution.

"Let me be blunt: Failure is not an option," Mr Lim told the MEPC. "If we fail in our quest, it is not unreasonable to conclude that we run the risk of having unilateral or multilateral initiatives.

"But I have full confidence that you will demonstrate that the IMO can be trusted to deliver on commitments it has already agreed."

He said that finalising the short-term emissions measures and agreeing how to structure future talks would demonstrate that the IMO was on the right path toward the Paris Agreement climate goals.

"It will also reinforce the message that the IMO is the only global organisation to address climate-friendly maritime transport to any sceptic who might think otherwise," Mr Lim said.

The statements come amid heightened scrutiny from outside shipping of the IMO's track environmental track record.

In a lengthy investigation last week, the New York Times reported the IMO has "repeatedly delayed and watered down climate regulations, even as emissions from commercial shipping continue to rise".

The newspaper said the short-term measures to be decided this week "do not cut emissions, have no enforcement mechanism and leave key details shrouded in secrecy".

"No additional proposals are far along in the rule-making process, meaning additional regulations are likely five years or more away," it added.

A European documentary released online last month, which has sent shockwaves through the industry, also showed a journalist ambushing Mr Lim outside his home to question him on the IMO's environment record.

Besides greenhouse gas emissions, the MEPC is set to discuss topics including Arctic shipping, a green research and development fund, and scrubber-water discharge.

WHAT TO WATCH:

Abandoned crews languish as cases drag on

SEAFARERS are continuing to languish as abandonment cases fail to get resolved in a timely manner, if at all.

Of 272 cases of abandonment recorded in an industry database in recent years, only 74 have been closed, while 90 remain unresolved. A further 100 are being disputed by one or more parties, while the rest are in an "inactive" state. Several cases date as far back as 2015.

While some or all crew were repatriated in a number of cases, they remained open due to outstanding wages due either in full or part. Some cases involved legal matters, which were taking a long time to get through the judicial systems of the countries in which the vessels were abandoned.

The pandemic has also caused some problems.

Cases of abandonment reached a record high last year, a trend that has continued into 2021, as owners increasingly face financial strain owing in part to the pandemic, combined with increased costs. Other factors may also be at play

In the 15 months to the end of March this year, 111 cases were reported, according to the International Maritime Organization, which runs the database with the International Labour Organisation. Since April, a further nine have been reported, bringing the total to 35 for this year alone.

In total, the database now holds 509 abandonment incidents since it was established in 2004, concerning 6,933 seafarers. Of those incidents, 244 cases were resolved, 121 cases were disputed, and 50 cases were categorised as inactive.

Abandonment occurs when shipowners fail to pay wages for at least two months, or when they fail to cover the cost of repatriation, or they leave the seafarer without maintenance and support.

The situation has even drawn mainstream media attention, given the appalling conditions the crew on board these vessels have had to endure.

In one instance, a young seafarer was appointed as sole legal guardian of a ship that had been left in Egypt. He was on board for four years, with no hope of being relieved. He had to swim to shore for meagre supplies, and was living in squalid conditions.

The International Transport Workers' Federation union appealed publicly for his release in March this year. The ITF managed to secure his release, and the 33-year-old was on his way home to Syria a little over a month later.

In another case, 19 crew members on board the vessel *Ula* (IMO: 8102414) went on hunger strike earlier this year. The vessel they were working on was abandoned in July 2019.

The ITF says it has recovered $45m in owed wages last year alone; a substantial amount given the challenges associated with travel caused by the pandemic. It was involved with 60 of the 85 cases reported last year to the ILO and the IMO's joint industry database. That involves hundreds of seafarers.

The number of cases officially reported and recorded "is just the tip of the iceberg", said the ITF's inspectorate co-ordinator Steve Trowsdale, with many more happening under the radar.

"The pandemic has proven genuinely difficult for some shipowners who were already running marginally viable operations "some have struggled to pay for more expensive repatriation flights than those they are used to in order to get seafarers home, and the new cost of quarantine," he said.

"But financial challenges faced by companies are no reason to suspend the payment of wages or not uphold seafarers' human rights," he said, adding that every dollar recovered is income that the seafarers and their families are counting on for their survival.

"This is money they earned, need and deserve. The ITF family won't let employers rip seafarers off if we can stop it."

Another factor contributing to the rise in abandonment cases is that flag states are not standing up to their responsibilities to seafarers, Mr Trowsdale added. "Flag states are supposed to ensure that ships that fly their flags are paying seafarers on time, repatriating them at the end of contracts, and providing the necessities of life".

According to maritime law, flag states must ensure there is a financial security system in place to assist seafarers in cases of abandonment. When a flag state fails to repatriate seafarers, the baton is passed to the port state.

Of the unresolved cases, Panama, the largest registry by tonnage, was responsible for 17, Togo had 10, Liberia had seven and Malta had six. Tanzania and Belize registered four each.

Togo, Tanzania and Malta registries were approached for comment.

A representative from Panama said that owners, P&I clubs, and local authorities are part of the problem.

"We try to solve each situation as fast as possible, but sometimes, it is impossible," such as when local authorities do not allow travel or even disembarkation, he said, while admitting that the number of unresolved cases was indeed high.

A representative from the Liberia flag says that it took the situation "very seriously".

It requires proof of "repatriation coverage policy" plus "evidence of conventions compliance" when registering a vessel, he said, adding that not all flags carry this out.

For the cases it is linked to, it made sure that all seafarers were repatriated, albeit with some monies owed. Until all payments are made, the cases will remain open.

Although the vessels were no longer flagged with it, the registry keeps on "pushing to get solutions for the crew; we put a lot of resources into this".

The registry recently cancelled 10 vessels from one European owner for Maritime Labour Convention breaches and wage issues. The owner then re-flagged with one of the other large registries.

And that is also part of the problem.

In some instances, vessels are left stateless, which adds to the complexities.

"The issue of stateless vessels, the scale of which is unknown and unrecorded in the global commercial fleet, should be a cause for concern because if there is no jurisdiction emanating from the flag to be applied on board, there is no immediate ability to enforce against abuses while transiting at sea," said Human Rights at Sea founder David Hammond.

Often, the crew are unaware that the vessel has been de-flagged.

The charity fighting for seafarers' rights has published a briefing note to raise international awareness about this particular issue. It has also issued legal and practical guidelines for seafarers who face abandonment.

Cases include the asphalt tanker *Sea Princess* (IMO: 8607634), which has now been scrapped. It had been registered with the Cook Islands up to January 10, 2021, but was de-registered at the request of the owner as the vessel was due to be demolished.

Following de-flagging, a young Indian seafarer had taken his own life. While the detailed circumstances for the tragic incident which took place towards the end of January remain unknown, the emergence of the stateless nature of the vessel arguably added to the difficulty to arrange for repatriation of the body, according to Mr Hammond.

A representative for the Cook Islands registry says that it was notified by the owner on January 31 that there had been a misunderstanding and the vessel had to be delivered to India, therefore it requested Cook Islands to reinstate registration for the single delivery voyage.

On February 6, the vessel was re-registered and allowed to carry out the voyage “only after verification of compliance with all applicable standards”. Two months later, it was again deleted from the register at the request of the owner.

In the case of the vessel *Ula,* this bulker with 19 mostly Indian crew on board was de-flagged by Palau by mutual agreement to allow Kuwait, as a port state, to step in to try to resolve the issue.

Palau has been approached for comment.

The bulker *Aizdihar* (IMO: 8906846), abandoned in February 2020, was de-registered by St Kitts & Nevis, and re-flagged with Tanzania

A spokesman for St Kitts said the registry was not informed of the abandonment until October that year, some months after the vessel had been de-registered for “failing to pay flag state dues for two years”.

“We did attempt to rectify the situation with the vessel’s P&I club, but we were informed there was a problem with the Maritime Labour Convention repatriation documents and that the club was not carrying the risk at the time of our enquiry.

“Like the vast majority of the maritime industry, we abhor the abandonment of any vessel, which we strongly feel is both a practical and moral problem when it occurs.”

A spokesman for the Tanzania flag said it had asked the vessel’s owner to ensure the constant supply of provisions, food and water.

According to a recent communication, the vessel has apparently been sold, with the new owner promising to pay outstanding salaries and ensuring sign-off of the crew, he said.

Barrister James Turner QC of Quadrant Chambers in London said it was not really fair to say that flag states are failing in their responsibilities towards the crew if they have signed and implemented the Maritime Labour Convention.

“The problem is under-resourced shipowners, based in jurisdictions with few barriers to entry and fewer regulatory controls on employment, trying to make a few last bucks from ageing tonnage,” he said. “You could theoretically introduce capitalisation requirements, but that would be anti-competitive, hard to police and open to corruption.”

“What, in short, the regulations are not terribly good at regulating — and states are reluctant to pay for — are the consequences of non-compliance, where shipowners simply walk away or disappear.

“I am sure that there are unscrupulous villains out there who should not be allowed to run a shoe shop, much less a ship. It’s just I do not see how one can legislate against or police those who operate at the margins of any industry.”

Iran’s crude convoys to Syria continue apace

THE latest in a recent string of Iranian tanker convoys suspected to be delivering 1.7m barrels of crude oil for Syria’s refinery in Baniyas has exited the Suez Canal and immediately ‘gone dark’, ceasing signalling Automatic Identification System positions.

According to Lloyd’s List Intelligence AIS tracking data, two Iran-flagged aframax tankers, *Arnica* (IMO: 9187643) and *Argo 1* (IMO: 9187667), entered the Suez Gulf on June 7 carrying an estimated 1.4m barrels between them, having loaded at Kharg Island and Siri Island in the past month. Both tankers then transited the canal, exiting on June 9, heading toward Syria before ceasing signalling at 1710 hrs GMT.

A third combined chemical and oil tanker, *Daran* (IMO: 9080493), also Iran-flagged, is currently under way through the canal, having loaded 300,000 barrels at Kharg Island on May 17.

A suezmax, *Sam 121* (IMO: 9173745), is understood to have loaded 1m barrels of crude at Kharg Island on May 28 and is expected to follow the rest of the tankers to Baniyas shortly.

The tankers followed what is now an established pattern of only switching on their AIS signals for the brief period before, during and after their Suez Canal transits.

Lloyd’s List Intelligence data analysis reveals that around one third of the sanctioned Iranian fleet were 'dark' for more than 50% of the past two years, only turning on signals for brief transits, particularly through the Suez.

The latest series of shipments is part of a now monthly series of convoys employing Iranian tankers, most of them sanctioned by the US, to deliver crude to Baniyas, amid a severe fuel shortage in Syria.

After a brief disruption to the shipments due to the Suez Canal blockage and subsequent congestion, Iran's latest convoy in May saw four tankers *Arman 114* (IMO: 9116412), *Sam 121* (IMO: 9173745), *Daran* (IMO: 9080493) and *Romina* (IMO: 9114608), following the same pattern of turning on AIS briefly to transit the Suez Canal before going dark again en route to Syria.

While precise volumes are not known and shipments cannot be tracked via AIS signals, the New York-based United Against Nuclear Iran regularly tracks shipments of Iranian oil using satellite imagery and estimates 1.05m barrels were exported to Syria in May, 1.63m barrels in April and 4.05m barrels in March.

The measurement of total Iranian exports has been muddied by the tendency of tankers to turn off their AIS transponders. However, Lloyd's List analysis of Lloyd's List Intelligence data suggests that Iranian crude exports have risen to around 750,000 barrels per day in recent months, mostly destined for Chinese independent refiners in addition to the now regular Syria runs.

Those figures are generally said to be higher than levels seen mostly throughout 2020 when estimates roughly coalesced at between 400,000 bpd and 600,000 bpd.

"Syria has been dependent on Iran for oil supplies since the outbreak of the civil war," said Claire Jungman, chief of staff at UANI.

"Over the past three months, we have tracked an estimate of between 1.05m-4m barrels of Iranian oil exported to Syria per month.

"The latest method Iran has been using is to send its tankers to Syria in a pack. Using satellite imagery, we have seen the tankers depart Iran and then huddle up near *Saviz* in the Suez Canal before ultimately heading to Syria via the Suez Canal."

The emergence of Iranian tankers operating in convoys is a relatively new pattern, thought to be partly in response to the increased threat of attack.

A series of publicly unexplained explosions on Iranian-linked vessels that began in 2019 is thought to be part of a carefully calibrated shadow war between Iran and Israel.

In April, an explosion damaged an Iranian cargo ship *Saviz* (IMO: 9167253) anchored off Yemen's Red Sea coast. The US Naval Institute published a report in October 2020 that asserted that *Saviz* was a covert military ship operated by the Revolutionary Guard.

Officially, *Saviz* is nothing more than a commercial general cargo vessel, albeit one that is sanctioned by the US. The vessel has remained anchored in the Red Sea off the Saudi Arabian coast since 2018, an ideal position to provide constant surveillance of maritime traffic.

It is also noteworthy that several of the Syrian-bound convoys have been seen pausing next to *Saviz*.

According to several security analysts, the Iranian convoy system makes some sense, particularly if there is an exchange of security personnel via the vessel *Saviz*.

"A convoy in general is more secure in the sense that there is better all-round visibility between the ships. They can observe and record any incoming threats more efficiently. And it is a bigger task to single out one vessel amid a convoy," explained one leading maritime security analyst.

Iran's regular convoys to Syria come as discussions continue between Tehran and the White House to pave the way for the US to return to the 2015 Joint Comprehensive Plan of Action nuclear deal. This could lead to an easing of Washington's commercial sanctions against Iran.

Iran's presidential elections will take place on June 18.

ANALYSIS:

Crewing crisis is 'manageable, but not sustainable'

THE crewing crisis is at a manageable level compared with a year ago, but that does not make it sustainable in the long run, says Bjoern Sprotte, head of shipmanagement at V.Group.

The number of seafarers at sea beyond their contract ending peaked in June 2020, declined steadily to November, and has remained stable in the months since then, Mr Sprotte told Lloyd's List.

About 8% of V.Group's seafarers are working beyond the contract, the majority of which are within the acceptable one-month extension and will be repatriated quickly. Only a handful are on board beyond the extension, usually because they have opted to remain at sea.

Among the reasons for the progress over the past year was the acquisition in February 2019 of Global Marine Travel from Inchcape Shipping Services. GMT was combined with V.Travel to expand resources offered to move seafarers to and from their ships.

In addition, Mr Sprotte praised the work of the V.Group shore team in repeatedly rebooking flights, finding ways around closed visa offices, and "running the business in a resilient way."

Less than 10% of V.Group's seafarers are Indian nationals, which has softened the blow as infections spiked across the subcontinent. The company's seafarers are sourced from many countries, so there is no dominant supplier.

Some competitor shipmanagers draw heavily from one country, which has left them vulnerable in this crisis.

Mr Sprotte joined V.Group in January from OSM Maritime Group in Singapore. He was previously with Carnival Maritime in Hamburg and Rickmers Shipmanagement in Singapore.

"The key to crew repatriation is local knowledge," he said. "You have to be creative in your solutions."

The pandemic has emphasised the importance of the human element in shipping "in spite of all the technology" because "this is a people business, after all."

V.Group's senior leadership has placed great store on regular contact with all ships under management since the pandemic began, which has had a "huge impact" on the seafarers' mental wellbeing.

The company has worked closely with ISWAN, the UK-headquartered International Seafarers Welfare and Assistance Network, to train more than 50 mental wellbeing champions around the world.

In addition, V.Group offers a confidential 24/7 support line for both seafarers and shore staff.

"Uncertainty is one of the biggest concerns," Mr Sprotte said. "Seafarers are used to travel plans slipping, with ships arriving late and flights missed, but constant change is frustrating."

However, he does not expect the seafarers employed on V.Group's managed ships to leave the sea.

"Seafarers are passionate about their work and will put up with frustrating travel changes if they are given the right support."

Thinking ahead, he said it will be important to upgrade the quality of the seafarer data matrix.

"It used to be simple to find an engineer for a certain ship; in future, it will be harder with so much new technology and different fuels on board." The pool of seafarers available to fill vacancies might stretch to those already serving at sea, meaning a small rise in ship-to-ship transfers of seafarers.

The crewing crisis has shone a light on corporate culture, said Mr Sprotte.

"We have always believed in diversity when it comes to the crew. Now we have to make sure the culture filters from the boardroom to every ship, and that we continue to see the family behind every seafarer.

"Although we have managed to get the number of seafarers on board beyond their contract to a small number, this is still a problem for the individual seafarers involved. It has been a challenge for senior leadership just as much as for everyone else."

Brexit and pandemic hit UK port throughput volumes

THE twin impacts of Brexit and the pandemic have had a negative effect on UK port throughput in the first quarter of 2021.

Statistics released by the Department for Transport show that total freight tonnage fell 9% year on year between January and March to 103.9m tonnes.

Total imports were down 8% to 67.2m tonnes and exports down 11% to 36.6m tonnes.

Despite signs that more freight is shifting modes towards shortsea containerisation to avoid driver shortages and other disruptions, volumes of unitised cargo, which includes ro-ro volumes under DfT calculations, also fell during the quarter.

The total volume of unitised traffic fell by 13% to 4.2m units during the first three months, with imports down 17% to 2.2m units. Outbound volumes fell by a smaller margin of 8% to 2m units.

"This is the first time the industry as a whole has been able to see the aggregate impact of Brexit on port volumes," said British Ports Association policy manager Phoebe Warneford-Thomson.

"Due to the timing of the Brexit deadline falling at the same time as the third national lockdown, it is challenging to truly separate their impact and draw firm conclusions on which had a more harmful impact on trade in the first quarter."

The first national lockdown had caused a more severe downturn in volumes, she added.

"We know from other data sources such as the ONS Trade Report, that January saw a fall in goods imports and exports that was the largest month-on-month drop since records began, which was ultimately driven by the Brexit deadline at the very end of 2020.

"Today's figures are consistent with other reports from trade statistics that suggest that businesses stockpiled ahead of the Brexit deadline in the fourth quarter, which led to a quieter first quarter than usual."

This also indicated why inward unitised freight faced a larger fall than other categories, as there were concerns about ro-ro traffic ahead of the end of the transition period, she added.

The DfT said that freight levels were lower across all four quarters of 2020 when compared to 2019 due to the impact of the pandemic.

"The gap reduced in the fourth quarter, and then increased again in the first quarter of 2021," it said.

"Traffic remains lower than levels expected pre-pandemic. The fall in imports and exports is consistent with the unwinding of stocks seen in January and February 2021 ONS trade statistics, after businesses stockpiled in December."

MARKETS:

Supply chain crisis frays shipper-carrier relationships

THE fraught relationship between carriers and beneficial cargo owners driven by the disruptions in the supply chain could last for at least another 12 months before the backlogs in the system are worked out.

"The is a lot of heat in the air because shippers are not used to this sort of market," said Sea-Intelligence vice-president Jochen Gutschmidt. "For a decade it was the other way around but right now carriers have the upper hand as the market has swung into their favour."

Speaking in a BIMCO webinar, Mr Gutschmidt, who has previously worked on both sides of the debate, as a shipping executive at Hapag-Lloyd and Maersk, and then as head of global logistics procurement for Nestlé, said this year's contract negotiating season would not be the final determination of how the relationships would end up.

"There is a lot of anger and disbelief on the BCO side but how the relationship evolves will be seen next year," he said. "Transport is still a relationship business despite the automation and digitalisation.

"But there is a lot of anger on the demand side, over the insane prices. Budget increases of over 100% on some of the key east-west trades are a difficult thing to explain to the board."

But he pointed out that for most of the previous decade the situation had been reversed, to a "similar extreme".

"There was a process of offering the volumes and playing the market," he said. "The relationship was about getting the lowest rate. This has changed and both the BCOs and carriers have had to get used to it."

But BIMCO chief shipping analyst Peter Sand warned that little would change before the congestion in the market could be worked through.

"What is needed right now to ease the pain of the supply chain is breathing space, particularly for the stressed-out ports and hinterland connectivity on the US west coast," Mr Sand said. "They could remain busy for several months without a single ship arriving, but ships are arriving 24/7.

"The disruption could easily last for another 12 months, not necessarily with freight rates this high, but before we get back to a global logistics at a pre-pandemic normality."

Moreover, BCOs were adding more pressure to the system through bring forward orders to avoid congestion.

"We already have the next traditional peak season coming up during the third quarter where retailers build up for the Christmas season," he said. "A part of the resilience that some BCOs are putting into their supply chains is bringing around higher volumes before they would normally arrive to build inventories beforehand because they fear just in time will be too late."

Cargo owners were facing two separate problems, Mr Gutschmidt said.

On top of the commercial challenge of "incredibly increased" freight rates were the operational difficulties of delays and unreliable schedules.

"A lot of the problems that supply chains are suffering from are Covid-related and beyond the carriers' control," he said. "But BCOs get a bad deal; rates are high and even before the Yantian and the Suez Canal, schedule reliability was poor."

Nevertheless, Mr Sand offered one ray of hope for cargo owners.

Despite the crash and rebound of the past 14 months, annualised growth was still what was expected before the pandemic, he said.

"At some point in time the stimulus cheques will run out and personal consumption in the US and Europe will ease. "If we look what the industry balance looks like in a couple of years from now, with carriers making bucket loads of money and channelling that back into shipyards for more capacity, 2023 may see the comeback of the BCOs.

"They will be spoiled for choice with tons of capacity being underutilised, bringing back the spot rates BCOs were accustomed to."

US container imports from China at risk from new retail act

THE US Senate has voted to adopt an approximately $250bn bill to counter China's growing economic and military prowess, with a stealth provision that could have adverse implications for container shipping from China.

Known as the Country of Origin Labeling Online Act, or COOL Act, the provision would require country-of-origin labelling for any product sold over the internet.

Trade tariffs imposed by the Donald Trump administration were intended to reduce Americans' purchases of goods made in China. But there is little sign the tariffs worked as the Sino-US trade imbalance has barely been affected.

Americans, perhaps not knowing the source of their purchases, have continued to pour money into goods made in China. But that is something the new legislation hopes to correct.

Goods sold in person are required by law to display their country of origin, but current laws do not force online retailers to include this information about their products.

The US Department of Agriculture said the act would require any person engaged in the business of supplying a covered commodity to a retailer, whether directly or indirectly, to provide information to the buyer about the origin and method of production of the covered commodity.

"In the case of muscle cuts of meat, suppliers must include the production step information (born/hatched, raised, and harvested)," it said. "This information may be provided either on the product itself, on the master shipping container, or in a document (for example, invoice, bill of lading or shipping manifest) that accompanies the product through retail sale."

The measure has the backing of manufacturers and marketers that make goods in the US who say it would help them capitalise on growing consumer interest in domestically made products.

James Stuber, co-chair of the Coalition for a Prosperous America's Buy America Committee, said recent polling showed that 40% of all consumers will no longer buy anything made in China.

"This is good news for America's manufacturers since the poll also found that nearly 80% of consumers would be willing to pay more in order to see production move from China back to the United States," he said.

But big retailers and others, including the electronics, furniture and toy industries that put so many boxes on ships, are opposed to the measure and have tried to have it removed from the legislative package, saying it would add an onerous regulation for online sellers.

"The provision will create a new liability for retailers and sellers to not only post the information but certify the accuracy of the information provided by product vendors," more than two dozen industry associations wrote in a letter last month to the US Senate Commerce Committee, which reviewed the proposed legislation.

"Determining the country of origin is an extremely complex issue that is determined through our trade laws and enforced by US Customs and Border Protection. Despite how the provision was described during markup, it does not create parity between brick and mortar and online stores," the associations said.

For proponents of the measure, the value is decidedly clear. In a letter, five industry groups in favour of the COOL Act took on the retailers' objections.

"The groups opposed to this effort apparently do not share the concerns of American consumers about importing counterfeit, unsafe, and shoddy goods from countries like China," the proponents said.

"Their attempt to prevent the COOL Online Act from becoming law undermines the actions of policymakers on both sides of the aisle. More importantly, it harms millions of American consumers who want to know where the products they buy are made."

Despite retailers' reservations, the legislation passed the Senate Committee on Commerce, Science, and Transportation and went on to be included in the bill passed by the Senate in a 68-to-32 vote, showing strong bi-partisan support.

Known as the United States Innovation and Competition Act, the bill passed this week in the Senate is directed largely at defence and technological issues — but also very clearly at China.

While defence and technological issues may have some bearing on ocean shipping, the COOL Act could have a decidedly key impact, especially given the alleged strong antipathy of US consumers towards goods made in China.

The Senate bill must now go before the House of Representatives which has a similar bill pending. But given the strong bipartisan support the Senate bill enjoyed, the implication is that it also will meet with House approval or, at least, a compromise that satisfies both sides.

The same piece of legislation has to be passed in both chambers of Congress before it is signed into law by the president.

Trafigura expects higher metals volumes in transition to low-carbon future

TRAFIGURA, the global commodities trader, said it handled higher volumes of oil, refined products, metals and minerals during the first six months of its financial year than in the same period a year earlier.

As the global economy started to recover from the pandemic, the company's oil and petroleum products unit traded an average of 6.4m barrels per day, a 14% increase, while its metals and minerals unit saw volumes rise 7%, according to chief financial officer Christophe Salmon.

The oil division struck a number of substantial supply agreements with producers and refiners, including the exclusive agreement with the Prax Group, which will enable it to optimise crude supplies to its UK refinery, he said.

In metals, supply agreements were concluded with Enterprise Générale du Cobalt, under which Trafigura will provide funding towards the "creation of strictly-controlled artisanal mining zones to enable responsible sourcing of cobalt" from the Democratic Republic of the Congo, and an investment in and off-take agreement for nickel from Prony Resources in New Caledonia.

Non-ferrous concentrates, refined metals and bulk minerals saw increased demand, with copper leading the way, due to its role as "a key component of the electrical infrastructure that will be needed to enable the transition to a low-carbon economy," Trafigura said.

Gross profit from the oil unit amounted to $2.8m, representing 65% of the total, while the metals unit contributed $1.5m, or 35%, of the total.

Company chief economist Saad Rahim said the global economy was "not out of the woods yet" and that inflationary pressures were becoming a "major concern" for the markets.

Base metals were the first to rebound from the impact of the pandemic, with manufacturing continuing to operate at high capacity.

Stimulus measures from various governments helped boost infrastructure and construction, he said, adding that the most striking aspect about the recovery in metals demand was that, for the first time in a decade, it was "not just a China story".

"If anything, China's demand has been a bit softer than anticipated. But this has more than been made up for by demand across the rest of the world, with manufacturing output and end-use demand in the US, Europe, Japan, Korea and many emerging markets recently reaching record highs."

While copper has been the standout performer, demand for aluminium, zinc, lead and nickel, has remained robust, as the "global recovery picks up steam and we see greater transition to light-weight transportation (aluminium), electric vehicles (nickel) and infrastructure spending (zinc)," he said.

IN OTHER NEWS:

IMO faces call for stricter protection for Arctic

GREEN groups are mounting pressure on the International Maritime Organization to take more stringent environmental action to protect the Arctic region.

Austin Ahmusak, marine advocate for Kwarmek, a non-profit organisation serving the Bering Strait Region, told the IMO's environmental committee that the world looks to the organisation to protect the Arctic from shipping pollution.

"An increase in marine traffic heightens the risk of major events like oil spills and whale strikes and introduces millions of gallons of wastewater, chemicals, trash and noise pollution," Mr Ahmusak told delegates.

Suez Canal Authority says Ever Given's master was responsible for speed before blockage

THE Suez Canal Authority has rejected a UK Club claim that the vessel whose grounding caused a six-day shutdown of the key waterway in March was under the charge of local pilots when it entered the southern channel.

The issue could play an important role in talks over the SCA's claim for compensation, now reduced to around to around $600m from an initial claim of over $900m, to which the marine mutual must contribute as liability insurer.

In a statement this month, the club acknowledged that the master is ultimately responsible for the vessel. The SCA responded by saying *Ever Given* had exceeded set speeds in the canal, which is the sole responsibility of the master.

Australian watchdog launches legal action against shipbuilder

AUSTRALIA's Securities & Investments Commission said it has started Federal Court proceedings against shipbuilder Austal and its former chief executive David Singleton, for alleged failure immediately to disclose a material change in its prior earnings guidance.

The company said it expected its US shipbuilding business to be profitable in the 2016 fiscal year, but subsequently become aware that it would likely generate a significant loss, according to the regulator.

The ASIC alleges that from at least June 2016 the company was aware that a writeback of at least $90m would be required, which would generate a significant loss to Austal USA and/or Austal.

Nigeria's anti-piracy initiative wins shipping's approval

SHIPPING groups welcomed the launch of Nigeria's Deep Blue Project but cautioned that more fundamental changes were needed to solve Gulf of Guinea piracy in the long term.

Nigeria's President Muhammadu Buhari was launching the $195m programme in Lagos on June 10.

The project, officially called the Integrated National Security and Waterways Protection Infrastructure, has been talked about since 2019. It is meant to boost military co-operation and coastal surveillance with new training and anti-piracy kit.

HFW hires former master for Singapore office

HFW has hired industry veteran Mark Myles, a former master marine and Reed Smith lawyer, for its Singapore office.

The prominent shipping law firm now has nine master mariners on its payroll, in what it claims is the world's largest specialist marine casualty practice, with more than 35 lawyers based in offices across the Americas, Europe, the Middle East and Asia-Pacific.

The team operates as part of HFW's global shipping group, which comprises almost 200 specialist lawyers around the world.

NYK joins carbon capture think tank

NYK Line, the Japanese shipping and logistics group, has joined an international think tank promoting the use of carbon capture and storage technologies.

The Global CCS Institute membership comprises more than 100 companies and organisations, including some of the world's major shipowners and charterers, such as Mitsui OSK Lines, BHP and Shell.

NYK said joining the institute will enable the company to monitor "the development and expansion of CCS and will aim to contribute to the realisation of a decarbonised society by participating in CCS projects in the areas of offshore transportation of compressed, liquefied CO2 and the injection of CO2 from offshore facilities into undersea rocks."

One crew member dies amid coronavirus outbreak on bulker off Spain

ONE crew member has died and two others have been hospitalised after an outbreak of coronavirus on a Pavimar bulker off Spain.

According to a Lloyd's List Intelligence casualty report, the 2013-built, 58,000 dwt bulk carrier *Alis* (IMO: 9630743) has been moored under the south anchorage of Algeciras for quarantine and awaits permission to dock.

One crew member was disembarked in Motril and this seafarer tested positive for coronavirus. He later died and this was attributed to cardio-respiratory arrest. Two more crew members were taken to hospital in Malaga. These two also tested positive for coronavirus.

Vitol Bunkers makes an early move on green fuel offsets

VITOL Bunkers has started offering carbon offsets, prompting some industry players to ask whether such a move could pay off in the near future given the lack of any outright regulatory support.

The unit of the Vitol commodity trading company said it would offer a range of offset solutions to enable it to align with its broader emissions reductions programme.

"Shipowners are keen to be part of the climate solution,'' said Chris Young, global account manager for Vitol Bunkers. "Offsetting will be key to enhancing the sector's environmental performance and we are delighted to be able to combine our expertise in two core areas and launch this compelling offering."

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