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No regrets on Marenave liquidation, says Daus-Petersen

by David Olser



GERMANY'S Marenave Schifffahrts took a hard-headed decision to go into liquidation, rather than struggle on with debts it had no realistic chance of ever meeting, the industry veteran hired to sort the company out has insisted. Ole Daus-Petersen — the Danish-born former J Lauritzen and Simpson Spence & Young man brought in to replace founder Tobias König in 2013 — spoke to Lloyd's List ahead of a planned major announcement about its future, which could

Daus-Petersen: "There is ample opportunity and know-how to create something anew in Hamburg."

come as soon as Monday.

In line with regulatory requirements that forbid material disclosures other than to the market as a whole, made via the financial authorities, he emphasised that he was unable to answer questions with regard to Marenave's future.

But speculation in Hamburg shipping circles, which has made it into the German media, is that its fate will be to serve as a shell company to secure a listing for Claus-Peter Offen interests.

In any event, the one-time KG house no longer has any ships, after being forced to part with its 13-strong fleet earlier this year, after a deal struck with most of the banks that financed the single-ship companies behind the vessels.

The agreement was built on a full release from financial liabilities, and left sufficient cash in the kitty for the company to finance itself as a going concern.

Such an outcome raises the obvious question, why even bother to keep Marenave on life support? And the obvious answer is that there is residual value in its listing, which could be of use to Mr Offen right now.

In addition, Offen-linked CPO Investments and German insurer DEVK last February pumped in low single-digit million lifeline investments, which have widely been read as an expression of interest.

After the perimeters of the interview were set out, we asked how Marenave found itself in the mess Mr Daus-Petersen is now charged with cleaning up. His answers read like a classic morality tale that could describe the behaviour of many in the industry in the years prior to the global financial crisis.

Essentially, the company's difficulties stem from investment in ships in the 2006 to 2008 period, fuelled by finance provider HSH Nordbank, which created "an open ticket to buy vessels in a hot market", he said.

The last ship was purchased in 2009, although tonnage ordered earlier was still coming through in 2010 and 2011, at prices that were simply not sustainable in the market conditions of the time, and which have broadly persisted until now.

"The story is that, no matter how we try to optimise or restructure organisationally, we will never be able to redeem the

debt,” he admitted.

“At a very early stage — as early as 2014 — we made it clear to the lenders that we would not be able to fulfil those obligations, and we needed a solution.

“Since then, we have been working to find a solution, which we believe we are close to having now. But we are not there yet.”

Many of Marenave’s peers faced difficulties by throwing themselves on the mercy of their bankers. But Mr Daus-Petersen said that loan extensions were already in place when he arrived, and even at the end of the extended tenors, there was still little prospect of viability.

Initial contacts with possible investors found that while there was some interest in the platform, there was no appetite whatsoever for the assets. Thus the key to survival was seen as freeing what had been a KG house from corporate guarantees towards its single-ship companies.

Small investors had in any case already been forced to take the pain when the balance sheet was cleaned up in 2014, with the fleet marked to market and Marenave taking a big impairment hit.

By the middle of 2016, Marenave was stating publicly that it would part with its fleet, with Mr Daus-Petersen himself approving the move as a necessary precursor to recapitalisation.

At the time of interview, talks with Marenave’s bankers had not been concluded, and talks with CPO Investments and DEVK cannot proceed until those matters have been resolved.

All questions about future strategy were met with a no comment response. However, at the philosophical level, he expressed confidence on the outlook for both Hamburg as a whole, even after the Rickmers collapse, and for Marenave itself.

“There is ample opportunity and know-how to create something anew in Hamburg. This is one of the aims I have with this company, to rid it of the legacy and then recapitalise it, to create something new.”

Marenave, which has been engaged in debt restructuring talks since March 2016, lost €11.6m (\$12.9m) during the first nine months of 2016, after losing €7.57m in the same period of 2015.

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CMES to acquire four Sinotrans & CSC subsidiaries

by Cichen Shen

Assets include ro-ro carriers, dry bulkers and very large crude carriers



CHINA Merchants Energy Shipping, the dry bulker and tanker unit of China Merchants Group, has announced a plan to acquire at least four companies from Sinotrans & CSC Holdings, in an effort to consolidate the shipping assets under its parent conglomerate.

The Shanghai-listed company said on Friday that it would buy the entire equity of CSC Roro Logistics Co, Shanghai Changhang Shipping Co, Hengxiang Holdings and Sinomarine Shipping (Hong Kong) Co.

CSC Roro, specialising in domestic car shipping, has

CMES president Xie Chunlin told Lloyd's List in May that the halt on trading in the company's shares would lead to some noteworthy events.

about 20 ro-ro carriers, while Shanghai Changhang has a fleet of more than 50 ships including multi-purpose vessels, specialised ships, dry bulkers and chemical tankers, according to their official websites.

Hengxiang Holdings owns 49% of China VLCC, of which the other 51% is owned by CMES.

All four companies are under the umbrella of Sinomarine Shipping Co, which was established by Sinotrans & CSC in November 2015 to oversee its Yuan40bn (\$5.8bn) worth of shipping business.

CMES said it would acquire the stated assets via issuing new shares, but detailed plans had yet to be finalised. It added that its acquisition targets could also go beyond the four companies.

Units under Sinomarine Shipping Co also include the Hong Kong-listed dry bulker and containership wing Sinotrans Shipping and the NEEQ-listed wet bulk arm Nanjing Tanker.

No binding agreement or letter of intention had been signed yet, CMES said.

Lloyd's List reported in May that CMES and Sinotrans & CSC Holdings were looking at a major asset restructuring, which was tipped to involve significant ownership changes between the fleets of the two affiliated state-owned giants. The moves come as Beijing is pushing for further integration between China Merchants Group and Sinotrans & CSC. The former, which is larger in size, took over the latter en bloc in 2015, yet the two parties have remained largely independent until recently.

A halt on trading in CMES's shares, initiated on May 2, was expected to continue for no more than one month starting from July 2, the company said, as more time was required to negotiate with related parties, and to conduct other necessary affairs including due diligence and auditing.

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Braemar opts for rose-tinted spectacles

by Hal Brown

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London-listed shipbroker Braemar focuses on improvements made in face of industry challenges



BRAEMAR Shipping Services delivered an optimistic and upbeat view of its shipping industry sectors at its annual general meeting on Thursday.

Geeing up staff and shareholders, chief executive James Kidwell said trading for the first quarter in the shipbroking division had been good and results showed a significant improvement on last year.

Tub-thumper-in-chief James Kidwell hails advances made since last year

He singled out the tanker desk

— the largest sector in Braemar's shipbroking business — saying it has achieved improved trading volumes despite lower freight rates.

Adding to the upbeat stance, the sale and purchase and projects desks have started the year strongly and, "most pleasingly", the company has concluded some significant newbuilding and long-term project business which will bear fruit in the future, he said.

Even dry cargo has a rosier hue. The dry cargo desk has shown "a marked improvement in performance reflecting its recovering market", said Mr Kidwell.

The offshore desk is ahead of last year, with some increase in activity, but the offshore market remains low due to asset over-capacity, he conceded.

He admitted that challenges across the sectors exist but improved performance "at this early stage of the financial year is encouraging".

London-listed Braemar is confident enough to keep the door open to expansion.

"The group is well financed with a strong balance sheet and we continue to actively seek opportunities to invest in complementary activities which will augment our service offering and deliver long term growth," said Mr Kidwell.

Braemar will release its interim results for the six months ending August 31 in October.

Bimco's tanker industry outlook is that — as cargo volumes are not expected to grow that much in 2017 — the increase in demand must come from longer sailing distances.

As for dry bulk's prospects, if a flood of new ship orders materialises, it will kill the ongoing recovery of freight market earnings, warned Bimco chief shipping analyst Peter Sand.

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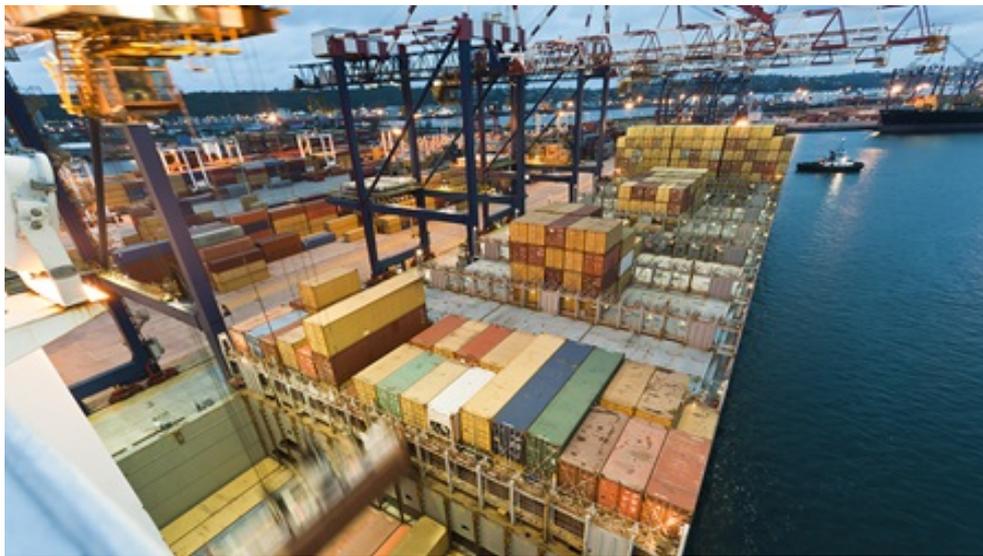
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South Africa shoots down Japan's big box merger plan

by Wei Zhe Tan

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History of collusion comes back to bite Japanese names in South Africa



THE Competition Commission of South Africa has turned down the proposal from NYK Line, Mitsui OSK Lines and Kawasaki Kisen Kaisha to combine their container shipping line businesses and operate their joint venture in the region. It noted that NYK handles its shipping business via an agent called Mitchell Cotts Maritime in the region, MOL operates through units MOL South Africa (Pty) Ltd and MOL ACE South Africa (Pty) Ltd, while K Line operates via K Line Shipping South Africa (Pty) Ltd.

South African competition commission says merger could also create a platform for collusion in the car carrier market

The commission considered the effect of the proposed merger on the South African market for container shipping services as well as the impact on the car carrier transportation market where all three Japanese firms compete. It concluded that a merger of the three companies' container shipping line businesses could lead to collusive behaviour in the market, judging from similar activity in other regions.

"The merger increases the likelihood of co-ordination as it creates further structural linkages in the container liner market," the commission said.

The authority also said the planned business combination might create an opportunity for the three shipping companies to co-ordinate operations in the car carrier market where collusive activities have occurred.

It said the three Japanese companies had already been prosecuted in some jurisdictions, with investigations taking place in others.

"The commission is of the view that the proposed transaction is likely to increase the scope for co-ordination in the container liner shipping market, while creating a platform for co-ordination in the car carrier market. The commission further found that there are no efficiencies that outweigh the anticompetitive effects of this transaction and that there are also no remedies sufficient to address these effects," it said.

"The commission also found that there are no public interest issues that could outweigh the anticompetitive effects arising from the proposed transaction."

A MOL spokesman told Lloyd's List that "the parties are continuing the preparation work aiming for the commencement of the joint venture's global operations in April 2018 as scheduled."

The Japanese carriers are considering the reasons for the commission's decision, but did not feel the door had been closed completely, the spokesman added.

"In South Africa, the competition tribunal has the power to review and reconsider the decision of the competition commission. We will continue to engage with the commission in the course of the proceedings," he said.

An NYK spokesman made similar comments to Lloyd's List, saying that the company would continue to seek a review and reconsideration of the commission's decision.

Lloyd's List has also reached out to K Line for comment on the issue.

Alphaliner executive consultant Tan Hua Joo shared similar sentiments, saying that, "the South African Competition Commission has not provided full reasons for its decision but it would appear that there is sufficient grounds to appeal the decision."

The commission in April referred 10 more charges of alleged collusive activities against K Line to the country's Competition Tribunal for adjudication and was seeking administrative penalties of 10% of the company's annual turnover for each of the charges.

In 2015 and 2016, NYK, Wallenius Wilhelmsen Logistics and Eukor Car Carriers admitted to colluding on shipping tenders with a number of car manufacturers in South Africa and paid the administrative penalties to the commission. MOL was not fined as it had been the first to reach out and co-operate with the commission on the investigations. The commission added that MOL, NYK, WWL and Eukor were co-operating in the prosecution of K Line.

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Shipping associations propose to IMO aspirational objectives for cutting CO2 emissions

by Cichen Shen

One aim is to reduce CO2 emissions by 50% by 2050



BIMCO, Intercargo, International Chamber of Shipping and Intertanko have made a joint proposal to the International Maritime Organization, with goals to substantially reduce CO2 emissions in the global shipping sector.

In a submission, the four industry bodies have proposed two “Aspirational Objectives” for IMO Member States to adopt: first, to keep international shipping’s annual total CO2 emissions below 2008 levels;

Aspirational objectives however would not have a binding character

and second, to reduce the industry’s average CO2 emissions per tonne-kilometre by at least 50% by 2050, compared to 2008.

They have also suggested that the IMO should consider an additional long-term objective to further drive down CO2 emissions from shipping by an agreed upon percentage by 2050 from 2008 levels.

The move comes as the IMO Marine Environment Protection Committee will meet in London next month to develop a strategy for reducing shipping CO2 emissions, in a response to the 2015 Paris Agreement’s call for ambitious targets to combat climate change.

The shipping industry associations highlighted that substantial and sustained research on new propulsion technologies and clean marine fuels is needed in order to achieve the ambitious goals.

An analysis of whether the proposed two aspirational objectives can be achieved with technical and operational measures should be included in IMO’s initial strategy for CO2 reduction, which is for adoption in 2018, according to the proposal.

A final decision on whether or not to agree the objectives and additional measures to assist their delivery can be made by IMO in the final strategy to be adopted in 2023.

However, the industry bodies pointed out that the ‘aspirational objectives’ would not have a binding character, and the term was chosen on purpose to reflect the possibility that they might not be fully achievable within the time frame agreed.

They also emphasised the importance for the IMO to “remain in control of additional measures to address CO2 reduction by international shipping and to develop a global solution, rather than risk the danger of market-distorting measures at the national or regional level.”

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FMC allows New York/New Jersey and OCEMA agreement to come into force on Sunday

by Wei Zhe Tan

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Move comes despite commissioners being deadlocked over the agreement



FMC commissioners Doyle and Maffei voted to allow the agreement to start discussions on the cargo facility charge.

shipping lines held at the Port of New York & New Jersey. They had requested additional information to help the commission to make a more detailed assessment of the impact and consequences of the agreement on competition. The other two commissioners voted to let the agreement come into effect without additional information for now. Technically, a majority vote is needed for the commission to act on the agreement, the FMC said.

Of the two who voted for the agreement, Commissioner William Doyle said both parties were sophisticated enough and should meet to carry out talks on the cargo facility charge straight away with the authorities stepping aside to allow negotiations to take place.

"The FMC's time would be better well spent addressing other matters such as chassis pooling problems and detention and demurrage issues that detrimentally affect American businesses including exporters, beneficial cargo owners, truckers and the shipping public," said Mr Doyle.

He added that if jointly operated programmes were to be enacted, the parties would then have to submit an amendment to the FMC for further scrutiny before implementation.

He noted the substantial investments made by the port authority such as the harbour deepening project costing \$1.1bn, the raising of the Bayonne Bridge costing \$1.6bn and \$1.3bn in other capital needs which have benefited all in the industry including shippers, beneficial cargo owners, terminal operators and ocean carriers. The investments were not

THE US Federal Maritime Commission will allow the Port of New York & New Jersey/Ocean Carrier Equipment Management Agreement Discussion Agreement to come into force on Sunday, June 25, and start discussions on the cargo facility charge.

The decision comes despite the commissioners being deadlocked on a decision. Two commissioners noted concerns over the substantial market share that the OCEMA members and its individual

funded from any cargo facility charges.

CFC is a cost recovery programme to finance key port roadway, rail and security projects that benefited port users and the region, he added.

Commissioner Daniel Maffei also voted for the agreement to go ahead, as he thought it was not “likely that the agreement would violate Section 6(g) of the Shipping Act of 1984. The purpose of the agreement is to allow the port and ocean carriers, through OCEMA, to discuss alternative approaches for the port to use when collecting the cargo facility charge.”

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China MSA conducts special investigation into bulk carriers

by Inderpreet Walia

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The investigations will continue until the end of December this year



CHINA'S Maritime Safety Administration is conducting a special investigation campaign for bulk carriers over 10,000 gt (approximately 25,000 dwt) and over the age of 15 years. MSA began the campaign on June 15 and the investigations will continue until December 31 this year.

The campaign will focus on the structure and operation of bulk carriers, including loading manuals and cargo documents, loading instruments, structural conditions and maintenance of

Move comes after recent incidents involving large and older bulk carriers with structural deficiencies.

upper decks, damage stability, condition of cargo holds and ballast tanks, as well as the weather-tightness of hatch covers.

The MSA said in an advisory to ship owners and operators that it had made the decision after a special inspection campaign on old and large bulk carriers, "in order to ensure that [they] are in compliance with related international conventions and requirements".

"This campaign will combine both flag state inspection and port state control," it added.

The special investigation comes in the wake of recent casualties and incidents involving large and older bulk carriers that have been found to have structural deficiencies.

In March this year, Polaris Shipping-owned very large ore carrier *Stellar Daisy* sank in high seas off Uruguay with a crew of 24 on board.

Two seafarers were rescued while 22 are still unaccounted for.

According to the survivors, the ship listed, split in two and sank after cracks on the main deck led to water ingress.

Lloyds List earlier reported that *Stellar Daisy* was checked by port state control inspectors in Tianjin, China just a month before it capsized and was recorded to have six deficiencies related to watertight and weather-tight doors.

In early April, *Stellar Unicorn*, also owned by South Korea's Polaris, was found to have hull cracks and was sent for repairs in Cape Town, South Africa.

In another incident, in early May, another vessel from Polaris, *Stellar Queen*, was found to have cracks in its deck plating at the time of loading its cargo in Brazil.

All the ships were converted from very large crude carriers to VLOCs in the last decade at Chinese yards.

The incidents fueled concerns about the safety of these converted vessels and have also prompted calls to phase them out from the global trading fleet due to what are seen to be technical issues with their conversions.

Meanwhile, port authorities worldwide are cracking down on converted VLOCs, forcing them to undergo rigorous safety inspections ahead of berthing.

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Phaethon charters panamax from Diana Shipping at higher rate

by Wei Zhe Tan

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Diana is expected to bring in \$3.3m in gross revenue from the deal

NEW York-listed Diana Shipping has signed a time charter deal with Phaethon International Company for one of its panamax bulk carriers.

Under the agreement, the 2005-built 73,691 dwt *Clio* will be employed at a gross charter rate of \$8,550 per day minus a 5% commission paid to third parties over 13-16 months.

With conditions in the dry bulk sector continuing to improve, it is no surprise that the rate is higher than the \$5,350 per day rate previously paid by Transgrain Shipping.

The vessel is expected to commence its charter by July 3 this year and generate around \$3.33m in gross revenue for the minimum duration of employment.

Earlier in the week, the dry bulk operator signed a time charter agreement with Hudson Shipping Lines for its panamax dry bulk carrier, the 2004-built 73,630 dwt *Protefs* at a higher gross charter rate of \$7,900 per day minus a 5% commission paid to third parties.

The company has been chartering out its vessels at increasingly higher rates over the past year as overall industry sentiment remained upbeat.

Last week, it secured a time charter contract extension as well as new contracts for five of its vessels at higher rates as well.

Amid the more optimistic industry backdrop, the company narrowed its first-quarter net loss from the year-ago level, with an improved operating performance.

Confidence in prospects for the shipping industry hit a three-year high in the three months ending May 31, 2017, according to Moore Stephens' Shipping Confidence Survey, with the number of respondents expecting dry bulk rates to rise by 14 percentage points to 58%.

Additionally, 52% of respondents thought that the Baltic Dry Index would reach 1000-1499 in 12 months' time, while 25% expected it to rise even higher to 1500-1999.

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Mark Buzby to fill Marad administrator post

by Wei Zhe Tan

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Retired rear admiral spent 34 years in the US Navy



PRESIDENT Donald Trump has chosen a retired US Navy rear admiral to take the top job at the transportation department's Maritime Administration (Marad).

Mark Buzby is currently the National Defense Transportation Association's president and chief executive. He spent 34 years in the navy, serving on mainly cruisers and destroyers, and held key posts on the Navy Staff, the Joint Staff and a number of fleet staffs. He also served with the Surface Warfare Officers School

Buzby: Currently the US National Defense Transportation Association's president and chief executive.

Command, Joint Task Force Guantanamo, and the Military Sealift Command. He has received the Navy Distinguished Service Medal, the Bronze Star and a number of other personal and unit awards.

Mr Buzby is a graduate of Admiral Farragut Academy and the US Merchant Marine Academy. He holds Master's degrees from the US Naval War College and Salve Regina University.

He takes over the post from Marad executive director Joel Szabat, who has been acting administrator ever since the previous administrator Paul "Chip" Jaenichen left the department to join HMS Global Maritime as chief operating officer on January 12 this year.

HMS Global Maritime is the owner and operator of the American Queen Steamboat Company.

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In the same bit of sea

by Michael Grey



AMID all the larger tragedies in recent days, the fatal collision between the US warship *USS Fitzgerald* and the containership *ACX Crystal*, 56 miles off the Japanese coast, has been widely covered in the international press.

Pictures of the damage to *USS Fitzgerald* indicate that the bow of the containership hit the warship almost beneath the starboard side of the bridge, substantially crushing the lightly-built superstructure. The bulbous bow also inflicted grievous damage beneath the warship's waterline, reports

The cause of the collision should not be difficult to determine, assuming that both vessels had a working vessel data recorder.

Source: US Navy via AP

indicating that more than one compartment was breached, with the pictures showing a pronounced starboard list. There has clearly been smart damage control on board the warship to contain the flooding, although this would be practised regularly by the highly trained crew of a front-line warship. It would appear that all of the seven missing US Navy seafarers have been found dead in the severely damaged ship, with its commanding officer badly injured. Both ships made port reasonably promptly after the emergency was declared.

Reports in the immediate aftermath of the collision commented with some surprise at the contrasting sizes of the two ships, although the warship was a medium-sized vessel and the 2008-built Philippines flag containership was, at 2,858 teu, what might be described as a medium-sized vessel working Asian regional trades, on the Asia Container Express service. It was also noted that a powerful warship was probably more manoeuvrable than the larger container vessel, although the latter has a 25-knot service speed.

As with every collision involving modern vessels, the first question which is always asked will be how on earth two ships, especially one fitted with some of the most sophisticated radar equipment available, could end up sharing the same bit of sea.

The contrast between the manning on board the two vessels could not be greater. The bridge watch on the warship would have involved at least one officer of the watch supported by radar technicians, navigator, several ratings and a working operations room. At 0230, when the collision occurred, the containership, with a crew of 20, could probably count on a single officer of the watch and hopefully a lookout, on a routine passage.

And as always, even suggesting actual causation at this early stage will be premature, but should not be difficult to determine, assuming that both vessels had a working vessel data recorder, with the data actually saved and available

for playback. We can only guess at the sequence of events, or the circumstances surrounding the scenario as the two ships approached one another. These are notoriously busy waters, with the commercial traffic often complicated by great fleets of fishing boats, which are not there to make for any watchkeeper's peace of mind, and tend to wear their fishing signals even when tied up in port.

Basic failure

Ships collide less often than they did, before those on board had the benefit of good, reliable radar. But even the briefest analysis of contemporary collisions reveals that the causes of them have rarely been anything other than a basic failure to keep a good look-out, obey the prescribed rules for the avoidance of collision and operate at a sensible speed. Of these three, it is possible the last that is most generally ignored, in an age where precision is demanded and any excuse for not arriving on time is unwelcome.

Perhaps the need to save fuel and reduce costs in a profit-free sector has resulted in ships not operating at their maximum designed speed, but there is nothing unusual, in congested waters, to see ships blasting along at high speed. In fog in the English Channel, heavy traffic in the Singapore and Malacca Straits or the congested, fishing boat-infested eastern waters, stories of containerships rushing along at an injudicious speed are legion. Most of the time they get away with it, sometimes they come unstuck.

Deepsea pilots boarding containerships inbound for European ports are not infrequently handed a pilot card instructing them to keep the engines at full revolutions until a few miles off the Rotterdam approaches, regardless of visibility. There is also a lot of information that is entirely wrong about the "difficulties" of using the ship's engines at anything other than slower, manoeuvring revolutions. Hence people will do almost anything rather than slow down, effectively removing one useful prescribed strategy for avoiding a close quarters situation.

But we shouldn't, at this stage, even hint that one ship was guiltier than the other in their violent meeting. It takes two ships to collide and the rules clearly prescribe the action to be taken in the event that the "give way" ship fails in its obligations.

People say that the rules ought to be simplified so that both ships, in all circumstances, are required to take action and the "stand on" vessel no longer has this obligation until its own action becomes inevitable. But that, as previous debates on this subject have shown, opens up a whole extra dimension for fierce professional argument and we shouldn't go there. It will take a bit of time, but the causes of this sad collision will be identified.

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PAKISTAN NATIONAL SHIPPING CORPORATION

TENDER NOTICE FOR DRY DOCKING & INTERMEDIATE SURVEY OF BULK CARRIER "SIBI"

MRD/18785

Tenders are invited from reputable/well established Shipyards/Dockyards to carry out dry docking of our Bulk Carrier "SIBI" whose particulars are as under:

Length Over all	:	169.37	Meters
Breadth Over all	:	27.20	Meters
Maximum Draft	:	09.819	Meters
Dead Weight	:	28,442	M.Tons
Gross tonnage	:	17,018	M.Tons

Tender Documents and other details are available on PNSC/PPRA Website on the following link:

<http://www.pnsc.com.pk/tenders/Sibi-Drydock-2017.zip>

Last date for submission of tender on the following email only is (Monday) 24th July, 2017 @ 1100 Hrs PST. The tender shall be opened on same day (Monday) 24th July, 2017 @ 1130 Hrs PST. All Participants can attend tender opening meeting at PNSC Head Office, Karachi. All Participants are advised to send their quotation on the attached excel formate without making any changes in description/units. Please do not leave any item unquoted.

PNSC reserves the right to accept/reject any or all tenders.

Pakistan National Shipping Corporation

PNSC Building, Moulvi Tamizuddin Khan Road

P.O.Box: 5350, Karachi, Pakistan

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