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Lloyd's List
Maritime intelligence | informa

Daily Briefing
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Clarksons says computer system targeted by hackers

SHIPBROKER CLARKSONS HAS said its computer system has suffered a cyber breach.

The company said in a statement that it was investigating the attack by unknown hackers and that stolen "confidential" data could be published imminently.

"Our initial investigations have shown the unauthorised access was gained via a single and isolated user account which has now been disabled," the London-based company said without disclosing details about the affected data.

OUTLOOK 2018

Prologue of a new era

THE global financial crash of 2007-2008 is considered by many economists to have been the worst financial crisis since the 1930s. Beginning with the US sub-prime mortgage debacle in 2007, it turned into a full-blown international banking disaster with the collapse of the investment bank Lehman Brothers on September 15, 2008.

Shipping freight rates fell off a cliff before the end of that year. For the past 10 years, the industry has been dreaming of a revival of pre-crash 'normal' cyclical conditions.

As shipping enters 2018, and prepares to mark a dismal decade, there is evidence aplenty that 'the new normal' will be significantly different in character and aspiration. Shipping will continue to be the engine of globalisation even though the relentless flow of goods from Asia across the Pacific to North America and through the Suez Canal to the markets of Europe is slowly being chipped away by rapidly strengthening intra-Asia trade lanes.

The past decade has seen the Chinese economy grow so inexorably that some analysts believe it will overtake the US in 2018. Others are ambivalent. Even so, the Belt and Road Initiative — Beijing's long-term plan connecting east Asia with east Africa and west Europe — has set the stakes very high indeed for shipping and the broader supply chain.

Shipping companies now face competition from two, very different, perspectives. Maritime sector rivals continue their traditional daily fight to secure cargo every which way, while the government in Beijing refuses to be restricted by quarterly financial statements and thinks a decade or more into the future. For this reason, in 2018 the circumstances that pushed freight rates to all-time highs in 2007 and all-time lows in 2008 will become much less relevant than what is driving the agenda through to 2028.

What is driving that agenda? And how will this forward-thinking affect the coming year?

Smart shipping

Much has been written about the fourth industrial revolution and the concept of smart shipping that is likely to emerge from it. The characteristics of 'smart' include ubiquitous connectivity; data analytics; automation in everything from navigation to shipbuilding and surveying; virtual and augmented reality; digital twinning; and blockchain. All these capabilities are under development — some for five years or more — yet it is still unclear which, if any, will take off in the year ahead.

In mid-2017, Maersk Line completed a 20-week proof-of-trial for blockchain insurance. The company partnered with Ernst & Young, Microsoft, Willis Towers Watson and several insurance companies to try to share shipping data on a blockchain in a secure environment. Maersk is one of several major companies testing blockchain, including beneficial cargo owners Walmart, Unilever, Nestlé and Dole.

Perhaps ironically, Maersk Line was among a handful of companies to be hit in July 2017 by a NotPetya ransomware virus. The size and scale of this attack — the company acknowledged a loss of revenue of up to $300m — revealed the extent of the need to beef up security. BW Group admitted unauthorised access to its computers in the same month, but declined to divulge information on financial or data loss.

AP Møller-Mærsk, now focused on its container shipping and supply chain logistics businesses that include Maersk Line, thrives in its early-adopter status. Its liner competitors are growing through mergers and acquisitions, yet Maersk alone has both scale and aspiration to stand alongside external threats in the form of Amazon and Alibaba. However, as Maersk has discovered since it launched *Emma Maersk* in 2006 — at 11,000 teu, the largest containership ever built at that time — competitors will not stand idly by in 2018 to watch Maersk succeed with blockchain.

Autonomous trials

Meanwhile, the concept of autonomous shipping continues to develop. Trials involving a harbour tug in mid-2017 will be extended in 2018, while digital tech and satcoms providers work on their own versions of connectivity. Many questions must still be answered; these will become more clearly expressed in 2018. They cover legal (who is ultimately responsible for an incident?), employment (what skills will the workforce of the future require?), insurance (are the right solutions available?), and regulation (why should fast-developing technology be hampered by slow-moving regulators?).

The development of connectivity linking ship with shore will start to pay dividends in 2018 as shipowners, operators, and managers reassess their operating profiles based on detailed analysis of data. Although greater efficiency should be the result in the medium term, there are environmental initiatives about to be imposed as shipping tackles its footprint. The big issue of 2016 was investment in ballast water treatment systems, and, with standards phased in over time after the convention entered into force in September 2017, albeit with a two-year grace period, it is likely to be high on the agenda again in 2018.

Alongside the ballast water issue runs the International Maritime Organization's 2020 global sulphur limit, which was agreed in order to significantly reduce the amount of sulphur oxide emanating from ships. Although the UN agency's Marine Environment Protection Committee decided in October 2016 that the limit on sulphur content on ships' fuel oil should be cut from 3.5% to just 0.5%, there was a great deal of talking and not much action in 2017.

With just two years to go before the regulation goes live, provided IMO member states' own legislation is set up, shipping cannot wait much longer before taking decisions as to whether to install exhaust gas cleaning systems ('scrubbers') while continuing to burn heavy fuel oil, switch to a low-sulphur compliant bunker fuel, or use an alternative fuel such as methanol or liquefied natural gas.

Bunker analysts expect shipowners in developed countries, listed owners, and owners carrying goods for compliance-conscious customers to be most exercised about which option to take. Refiners also have strategic investment decisions to take ahead of January 1, 2020. Three issues are highlighted here: stability, compatibility, and availability of fuels. Given how few scrubbers have been installed (350 by end-2016, with an estimate of 1,350 by 2020), and how little LNG will be available outside the bunker hubs, it appears most owners of tankers and bulk carriers are expecting to take on compliant low-sulphur fuels. One fuel supplier warns of the industry sleepwalking towards a bunker crisis.

Fuel monitoring

Meanwhile, Marpol amendments to make mandatory the data collection system for marine fuel consumption of ships has been adopted and are expected to enter into force on March 1, 2018. They require data collection to start from calendar year 2019. The agenda for MEPC 72, set for April 2018, will also include the development of measures to reduce risks of use and carriage of heavy fuel oil as fuel by ships in Arctic waters. The use and carriage of HFO is banned in Antarctic waters under Marpol and the IMO Polar Code recommends that states follow the same practice in the Arctic.

The year 2018 is also expected to see a transformation in shipbuilding.

Reduced levels of newbuilding orders after the 2008 crash were softened by an active offshore sector, an increased number of larger containerships, and shipowners' belief that the anticipated cyclical upturn was just around the corner. New order spikes in 2010 and 2013, feeding through to deliveries in 2012 and 2015, proved illusory. The plunge in the price of oil in late 2014 left shipyards high and dry.

A depressed dry bulk sector, an over-tonnaged container sector, a cautious tanker sector, and a moribund offshore sector all conspired to trim newbuilding orders to a trickle in 2016 and 2017; Lloyd's List Intelligence analysis reveals few signs of resurgence in 2018. South Korea and Japan will be hit hardest, and have already announced plans to restructure their shipyards in 2018. China's intentions for state-owned enterprises, including shipbuilding, saw little detail emerge from the 19th National Congress of the Communist Party of China in October 2017.

All of which suggests the year ahead will be a year of decisions. Even if elements of smart shipping such as virtual reality, autonomy and blockchain fail to make much headway at corporate board level in 2018, there is little doubt of the urgent need to embrace cyber preparedness. As shipping becomes more comfortable with digitalisation, and with all the benefits of improved efficiency, reduced emissions, and greater levels of safety generated by data analytics, the side effects must also be understood.

Cyber preparedness

Cyber preparedness follows on from a willingness of victims to share their experience. Maersk Line has been exemplary in this respect, acknowledging its own vulnerability. Other victims will be expected to follow suit in 2018.

Then there are decisions about how to comply with the global sulphur cap, ballast water treatment, and monitoring, reporting, and verification of fuel consumption. Further, as smart technology shifts from science fiction to everyday reality, decisions will need to be taken about crew competence, upgraded training and certification. And as the shipbuilding sector undergoes consolidation into a leaner, meaner, and nimbler heavy industry, expect the most progressive businesses to secure partnerships with the most forward-thinking builders.

Nostalgia for 2008 is over; 2018 will be the first year of a new era, an era in which 'smart' comes of age.

NEWS

Nissin Kaiun to order 40 new vessels

JAPAN's Nissin Kaiun plans to order a total of 40 new vessels from Oshima Shipbuilding, China's Jiangsu Hantong Ship Heavy Industry and Nantong Xiangyu Shipbuilding and Offshore Engineering by 2020, according to a report.

Yayoi Fujii, chairman of Nissin Kaiun said the company plans to order 20 kamsarmax bulk carriers and 20 supramax vessels designed to meet the International Maritime Organization's nitrogen oxide Tier II emissions requirements.

For the new orders, Nissin Kaiun has teamed up with Shanghai Merchant Ship Design and Research Institute and a Japan-based propeller manufacturer to improve the quality of ship propellers, it was reported.

Scorpio Tankers plans sale of 30m shares

NEW York-listed Scorpio Tankers is looking to issue about 30m shares to be sold via an underwritten public offering to beef up its liquidity.

The deal will see related party affiliate Scorpio Services Holding Ltd buy up to $20m worth of shares at the yet to be determined offering price, it said in a filing to the US Securities and Exchange Commission.

Scorpio Tankers has also given the underwriters of the transaction a 30-day option to acquire an extra 4.5m of its shares.

Box lines post best results in over two years

HIGHER demand saw container lines post markedly improved third-quarter earnings, according to analysis by Alphaliner, although falling rates were expected to weigh down the earnings performance of carriers in the fourth quarter.

Out of the 16 leading carriers, 11 reported third-quarter results and these revealed an average operating margin of 5%, compared with 2.8% in the second quarter of this year and — 7.8% in the third quarter of 2016.

"The latest quarterly performance was the carriers' best showing since the first quarter of 2015," reported Alphaliner.

MARKETS

Data Hub: Load Factors

LOAD factors on the westbound transatlantic trade will likely weaken in the fourth quarter of 2017, as new capacity comes on stream and demand growth begins to taper off.

OPINION

Opec will not play role of saviour for tanker markets

THE Organisation of Petroleum Exporting Countries is on Thursday scheduled to announce an extension to its production cut through to the end of 2018, although Russian participation remains unclear.

The current limits on Opec production were set in November 2016, with Russia and others agreeing to dial back output in December, 2016. That deal's announcement correlated with a rise in the returns for very large crude carriers, which was likely owing to normal seasonal factors rather than changes in trade flows.

Maersk's takeover of Hamburg Süd marks passing of an era

MAERSK is expected to soon say it has closed the deal to take over Hamburg Süd.

The announcement, which could be made as soon as Thursday, will mark the end of one era and the beginning of another.

For Maersk, the acquisition will bring ships, capacity, services and customers. These are all necessary if Maersk is to retain its position as the world's largest container carrier. For Hamburg Süd, it is the end of the road as an independently owned German operator.

NEWS IN BRIEF

Shipping boosts year-to-date performance at HSH Nordbank

SHIPPING contributed to an improved year-to-date performance at privatisation candidate HSH Nordbank.

Unhappy ending for Ardmore's original investor

PRIVATE equity firm Greenbriar, Ireland-headquartered Ardmore's original financial backer, has sold its remaining 17.2% stake in the company via subsidiary GA Holdings.

KEB Hana Bank's shipping loans halved amid industry restructuring efforts

SEOUL-based KEB Hana Bank's shipping loans have been halved over the past year to the lowest level since 2013.

Teekay Offshore exercises options for two shuttle tankers at Samsung Heavy

NEW York-listed Teekay Offshore Partners has exercised options to construct two more shuttle tankers with Samsung Heavy Industries to bolster its fleet operating in the North Sea.

Wista seeks mentors in new initiative to encourage women into shipping

THE Women's International Shipping & Trade Association is calling for volunteer mentors as part of a new initiative to be launched in 2018.

Noble Group to trim debt with bulk carrier disposals

HONG Kong-based Noble Group said it is looking to offload four kamsarmax bulk carriers as part of its strategy to lower debt levels.

Wärtsilä to equip LNG bunker barge being built for Q-LNG

Q-LNG Transport has inked a contract with Wärtsilä to provide equipment that will be installed on the liquefied natural gas bunker barge newbuilding it has chartered out to Shell.

For classified notices please view the next page.

SECTION 56, PLANNING ACT 2008

PORT OF TILBURY LONDON LIMITED

PROPOSED PORT TERMINAL AT FORMER TILBURY POWER STATION - 'TILBURY2'

PLANNING INSPECTORATE REFERENCE: TR030003

NOTICE OF ACCEPTANCE OF APPLICATION FOR A DEVELOPMENT CONSENT ORDER BY THE SECRETARY OF STATE

Notice is hereby given that on 21 November 2017, the Secretary of State accepted an application by Port of Tilbury London Limited ("PoTLL") of Leslie Ford House, Tilbury Freeport, Tilbury, Essex, RM18 7EH, for a development consent order ("DCO") under the Planning Act 2008 ("the Application"). The Application was submitted to the Planning Inspectorate ("PINS"), on behalf of the Secretary of State on 31 October 2017 and was given the reference number TR030003.

Summary of the Project

The proposed DCO would authorise the construction, operation and maintenance of a new port terminal and associated facilities (known as "Tilbury2") on land that previously formed the western part of the Tilbury Power Station site in Tilbury, Essex, with an "infrastructure corridor" (to incorporate road and rail access arrangements) to the west of the site ("the Project"). The Project includes the following main elements:

- a new Roll-on/Roll-off ("RoRo") terminal;
- a new facility for importing and processing bulk construction materials;
- improvement of and extensions to the existing jetty in the river Thames;
- dredging of berth pockets and immediate approaches in the river Thames;
- external storage areas;
- a new warehouse;
- a new link road;
- a new rail spur and sidings to provide rail access to the site; and
- improvements to the 'Asda roundabout' to the west of the site.

Environmental Impact Assessment

Due to its nature and size the Project is classified as "EIA development" for the purposes of the Infrastructure Planning (Environmental Impact Assessment) Regulations 2009 (which apply to the Application). The Application is, therefore, accompanied by an Environmental Statement setting out the likely significant effects of the Project.

Copies of Application documents

A copy of the Application and its accompanying documents, plans and maps (including the draft DCO and the Environmental Statement) are available for inspection free of charge from **28 November 2017** until **8 January 2018** at the locations and times set out below (although please note the Christmas and New Year period may affect these times):

Venue	Days	Times
Tilbury Hub Civic Square Tilbury, Essex RM18 8AD	Monday, Wednesday and Friday Tuesday, Thursday, Saturday and Sunday	**10:00am – 5:00pm** **Closed**
Thurrock Council Civic Offices (Public Counter) New Road Grays, Essex RM17 6SL	Monday – Friday Saturday and Sunday	**9:00am – 4:30pm** **Closed**
Gravesham Borough Council Civic Centre Windmill Street Gravesend, Kent DA12 1AU	Monday – Friday Saturday and Sunday	**9:00am – 5:00pm** **Closed**
Reception of the offices of Port of Tilbury London Limited Leslie Ford House Tilbury Freeport Tilbury Essex RM18 7EH	Monday to Friday Saturday and Sunday	**8:00am – 5:00pm** **Closed**

Copies of the Application documents can also be viewed online through the PINS website: https://infrastructure.planninginspectorate.gov.uk/projects/south-east/tilbury2/

Paper copies of the Application documents can also be provided on request by email to T2applicationresponses@potll.com or by post to Port of Tilbury London Limited, Tilbury2 Project Team, Leslie Ford House, Tilbury Freeport, Tilbury, Essex, RM18 7EH. A reasonable copying charge will apply for hard copies (up to a maximum of £3,625 for the full set of the Application documents).

Making representations about the Project

Any representations (giving notice of any interest in, or objection to, the Application) must be made on a PINS Registration and Relevant Representation form which can be accessed and completed online by following the instructions at the relevant link:

https://infrastructure.planninginspectorate.gov.uk/projects/south-east/tilbury2/

Alternatively, you can request a hard copy of the form by telephoning 0303 444 5000 and quoting the name of the Project. Completed forms should be sent to: The Planning Inspectorate, National Infrastructure, Temple Quay House, Temple Quay, Bristol BS1 6PN. The PINS reference number (TR030003) should be quoted in any correspondence.

The PINS Advice Note 8.2: *How to register to participate in an Examination* (December 2016) provides further guidance on how to register as an interested party and make a relevant representation on the Project, and can be accessed via the following link:

https://infrastructure.planninginspectorate.gov.uk/wp-content/uploads/2013/04/Advice-note-8-2v3.pdf

Please note that representations must be received by PINS no later than 11:59pm on 8 January 2018

Representations will be made public.

28 November 2017

Pinsent Masons LLP
Solicitors and Parliamentary Agents for Port of Tilbury London Limited