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Daily Briefing
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Rickmers is set to make a comeback

Bertram Rickmers looks set to make a remarkable comeback just months after his business empire folded when protracted efforts to put together a rescue plan finally collapsed.

The iconic German shipping group headed by Mr Rickmers announced on Thursday that a solution had been found that would enable it to stay in business.

A consortium comprising the Zeaborn Group, which acquired Rickmers' multipurpose operator Rickmers Linie, and Mr Rickmers, said it had won the bidding process for the shipmanagement division. Much of the once diverse group has already been sold off, with Navios Maritime Containers buying the fleet of panamax boxships formerly operated by Singapore-listed Rickmers Maritime Trust which ceased operations earlier in the year.

The end came for the Hamburg group when it failed to reach agreement with bondholders on its €275m five year notes that had sunk to junk status, and then HSH Nordbank rejected its restructuring proposal despite coming to the rescue of other distressed owners.

But Mr Rickmers, one of the most high-profile shipowners in Germany, had always vowed to use his own money to save the business he had built up, if possible.

Now he has teamed up with relative newcomer Zeaborn Group to revive a company that many had assumed was defunct.

Bunk out at Briese, reopening succession question at heavylift giant

Hamburg young gun Lucius Bunk is to step down as chief operating officer at Briese at the end of this month, little more than a year after taking the job.

The move will reopen the question of the succession at the Leer-based heavylift outfit, whose founder Roelf Briese is now 72.

A source close to Mr Bunk told Lloyd's List that the split was amicable, and resulted from the two men not seeing eye to eye on future strategy at Briese.

Moreover, Briese will hold on to its existing shareholding in Auerbach, the Hamburg shipmanager established by thirtysomething Mr Bunk in 2010, which it purchased when Mr Bunk's appointment as COO was unveiled in August last year.

The stated aim of the deal was for the two companies to co-operate more closely in the areas of project development and shipmanagement, strengthening what were said to be complementary corporate profiles.

But the disproportion between an established big name with 150 vessels on its books and a young entrepreneurial concern with a fleet of just eight multipurpose units was readily apparent.

Until now, the universal assumption has been that the real logic was to line up Mr Bunk, famed for his open neck shirt business approach and his ease on social media and television chat shows, to take over if and when Mr Briese decided to call it a day.

Maritime UK has called on the government to keep trade flowing

Frictionless trade with the European Union after Brexit must be the priority for the UK government, Maritime UK chairman David Dingle has stressed in advance of London International Shipping Week. Negotiations between the UK and the EU are scheduled to conclude in March 2019, but Mr Dingle, who is also chairman of Carnival, warned that a transition period must last as long as is necessary to ensure a smooth implementation of the new trade regime and the two sides' readiness to deal with a new reality to avoid disruptions. Border controls will be a challenge for the ferry and cruise businesses, he added, noting that immigration issues could prompt cruiseship owners to drop the UK from their schedules.

Mr Dingle also welcomed potential Chinese investment into the UK.

He said the UK should be looking to capitalise on its leading role in the provision of maritime services and export these to China, which is interested in acquiring them.

Mr Dingle, along with British port operators, Asian and European shipowners, is scheduled to meet UK Prime Minister Theresa May, the International Trade Secretary Liam Fox and Transport Secretary Chris Grayling in London on Monday.

Guangzhou is under pressure to curb coal imports

South China's key shipping hub port Guangzhou has dismissed rumours that it has been banned from handling foreign coal, but market sources have suggested that the port is facing government pressure to reduce import volumes.

A statement from the port was issued in response to news circulating in Chinese social media that customs authorities had instructed Guangzhou not to handle imported coal between this coming Sunday and January 1, 2018. It was also reported that the port was expected to reach this year's coal import quota of 7.2m tonnes by September, leading to serous congestion at Xinsha terminals, where vessels had to wait for seven to eight days before discharging.

The import quota is about 5% lower than the 7.6m tonnes of foreign coal that Guangzhou handled in 2016, in line with the central government's plan to reduce coal imports to shore up loss-making domestic producers.

While the statement denies media reports that Guangzhou had already stopped accepting foreign coal shipment, sources have told Lloyd's List that the port is slowing down handling. The cut on imports, mainly low-grade coal from Indonesia, is expected to knock demand for dry bulkers, especially panamaxes and smaller vessels.

MARKETS

VLGC

VLGC rates firm up in Middle East and US Gulf after Harvey

Freight markets for very large gas carriers are firming up in both the Middle East and US Gulf in the wake of Hurricane Harvey, as Asian buyers seek to lift cargoes from the two key export regions ahead of the winter peak demand season.

The VLGC freight rate for shipping liquefied petroleum gas on the Middle East-Japan route rose to $24.21 per tonne on Wednesday, up 7.6% on week and the highest since end-June, according to the Baltic Exchange.

Brokers reported a shortening tonnage list in the Middle East, where charterers have been booking ships to lift cargoes to fill the earlier LPG supply gap caused by Harvey.

"I wouldn't say there has been a massive rush for cargoes... this market strength could be because much tonnage is still tied up in the US," said a London-based analyst, who preferred not to be named.

"It's a case of how long that backlog can be solved."

CAPES

Supramax bulker earning hit four and half month high

Capesize earnings have climbed this week on healthy cargo flows coal and iron ore. According to Fearnleys, earnings for the "big ships keep up nicely, as dips are moderate and short-lived". Coal and iron ore volumes from main areas Australia, South Africa and Brazil all appear robust which, combined with a modest presence of prompt units, gives close to market equilibrium, and is the reason for continued short-term improvements. Capes need to earn about $15,500 per day to be profitable. The average weighted time charter on the Baltic Exchange gained 14% to $19,449 per day at the close on Thursday. A deal at $19,750 per day was the highest achieved for delivery to South China, loading in Australia, and discharging in the Singapore-Japan range, while the lowest was seen at $16,000 per day from the US East Coast to the Middle East Gulf.With carriers filling their alliance quotas at the start of the summer, owners feared that they could be in for a quiet few months. However, unprecedented volume growth on the main liner trades, including on north-south routes, has ensured brisk business.

Braemar swoops into the German financial market with NAVES deal

Braemar Shipping Services is to buy Hamburg-based NAVES Corporate Finance as it looks to form a new financial division focused on corporate finance advisory services in the maritime industry.

The company will pay €24m ($28.7m), which may increase to €35m if performance-based earn-out terms and conditions are met. The deal offers Braemar access to the maritime financial advisory market via an established player to increase client services and revenues, but also strength sales and purchase capabilities.

Shipping attacks off Africa have prompted a new naval transit corridor

Shipping security around the Horn of Africa has become sufficiently concerning to have prompted a multi-lateral naval effort to protect ships with a new Maritime Security Transit Corridor. The Combined Maritime Forces naval partnership says that recent attacks on merchant ships in the Gulf of Aden and Bab Al Mandeb require a more focused approach, given the numerous risks and vast expanse of oceans where attacks might occur. The MSTC will be a combination of the Internationally Recommended Transit Corridor, the Bab Al Mandeb Traffic Separation Scheme (BaM TSS), the Traffic Separation Scheme West of the Hanish Islands and a two-way route that directly links the IRTC and the BaM TSS. The corridor will provide an advised merchant traffic route on which naval forces can concentrate their patrols.

HMM just joined the blockchain revolution with a reefer voyage to China

South Korea's Hyundai Merchant Marine has pulled off a landmark test run of a reefer voyage from Busan to Qingdao applying blockchain technology not only to shipment booking, but also to cargo delivery. The shipment is the latest in a recent flurry of blockchain shipping test applications. A Japanese consortium of 14 companies launched a test to develop trade data sharing platform last month, while Singapore-based Pacific International Lines inked a memorandum of understanding with PSA and IBM in early August to test supply chain business network solutions, based on blockchain technology. Maersk has also partnered IBM in March this year to use blockchain technology to digitise supply chain paperwork. Forecasts predict blockchain technology could help the global shipping industry save around $27bn a year by reducing delivery costs, as well as securing data.

Mercator Lines Singapore will be wound up today

Mercator Lines Singapore has decided to shut up shop, with the judicial manager of the Singapore-listed shipping line submitting an application to court for the company to be wound up.

Plans to transfer its listing on the Singapore exchange's main board to the secondary board via a reverse takeover failed after the shareholders involved failed to meet conditions for the deal to go through. The Singapore court will preside over the winding-up application today.

Dynagas says the LNG market is 'on right path'

Liquefied natural gas carrier owner Dynagas Partners believes the LNG shipping market is "on the right path" towards higher long-term charter earnings as demand edges up owing to greater production. Speaking in a company earnings call chief executive Tony Lauritzen forecast a 54% increase in LNG production by 2021 compared with a 24% growth projection for shipping capacity.

Meyer Turku doubles shipyard upgrade investments

Finland's Meyer Turku has pledged to ramp up the investment it is making in shipyard facility upgrades to €185m ($221.6m) from a previously-announced €75m in a bid to meet its 2024 orderbook commitments. The investment is part of a long-term strategy to triple the production from 2014 levels, when the Meyer family assumed control. Upgrades include a new plate cutting line, a new profile cutting line and a new panel line in the steel work production halls of the yard. The upgrades are expected to be operational by end-2018 or early 2019.

Lloyd's List expands Asia coverage

Lloyd's List has appointed a new container shipping reporter in Hong Kong, further developing its coverage of box shipping in north Asia. Tae-jun Kang, an award-winning business reporter, has joined us from the Financial Times Group, where he was working first in Seoul and latterly in Hong Kong, covering finance stories across the Asia-Pacific region.

OPINION

Michael Grey's Viewpoint : Removing coastal roadblocks

US politicians are likely to shoot down the attempt to abolish the Jones Act, which means American coastal shipping will remain stagnant

ONCE in every US presidency, people raise their heads above the parapet to question the continued rationale of the Jones Act, that fiercely protective and now ancient legislation securing US maritime jobs. It is a talking point at present, with a bill before Congress seeking its abolition on the grounds of its cost to the country. This has coincided with some research from Tufts University, which has been considering the prospects for coastal shipping and which has concluded that the dear old Jones Act might be considered a "roadblock" to any large-scale use of the coastal waters for the movement of freight. A more accurate term might be "sea-block".

If we just considered the logic of logistics in the US, there would be no arguments against the development of a large and healthy coastal shipping industry. The coast is long, the ports are available and the sea is empty. The interstate coastal highways are bunged up with freight traffic and getting ever more congested. Only a few years ago, the government put some thought into the US coastal shipping prospects and even developed a range of useful ship designs which, if anyone wanted them, could be dusted off and constructed in a trice.

But despite all the positive arguments for repeal of the Jones Act, and the manifest advantages it might bring, there are no signs whatsoever that the objections to this might in any way be ameliorated. There is no breakthrough in sight that might see the maritime unions or organised labour in the shipyards, backed up by the powerful road haulage lobbies, agreeing to cut coastal shipping a bit of slack.

If anything, their resistance to any weakening of the Act is hardening, not least because of the examples they see around the world in which local industries have been damaged by cheap labour and imported ships, with the inexorable movement towards those who can run ships cheapest. Where would the US Merchant Marine end up if its remnants, now almost exclusively in Jones Act trades, were to be undercut by cheap foreign seafarers and their open register ships? The same as Australia, the UK or the high-cost countries of Europe — is that what those who challenge the Jones Act really want?

There is no question the potential is there for the modal shift of colossal quantities of cargo from road to the sea. The US Marine Highway Programme offers a blueprint for this transfer, which sees a realistic track to real growth, if only the "roadblocks" could be moved. There are a few signs some brave souls are making an effort. Atlantic Coastal Services, for instance, is to launch a weekly ro-ro service between Miami and Newark, supported by the programme, and it will be interesting to see if this can prosper.

But as has been found in Europe, it is a struggle to build up coastal services, which depend on changing the logistic habits of a lifetime of the potential users. The European Union's Motorways of the Sea scheme helped to do just that, aided by the willingness of the ports to invest and the bravery of a few operators who have grown trade and changed shippers' habits.

In an ideal world, rather than building expensive new ships to inaugurate US coastal freight services, it would be made possible to charter suitable tonnage at a fraction of the cost and test the waters. But that will not happen when there is an absolute prohibition on any imports of foreign-built tonnage and very little available in the US.

Compromise

Might it be possible to persuade the supporters of the Jones Act to think rather more long-term and compromise on their fierce stance against any weakening of the legislation? Might such a compromise be to agree a long-term arrangement that would see domestic construction of "replacement" ships once a service using imported, chartered tonnage, albeit with US crews, had been established and was regarded as viable?

But arguments over the operational costs of US ships would not disappear in a hurry. In a country in which operators are forced to use tug-barge units instead of "proper" ships, it would be argued that the high costs of operating US coastal tonnage would remain prohibitive when compared with the costs of cheap road haulage. Sadly, the costs of congestion, road accidents and pollution rarely enter into these comparisons, as is the case in many other countries in which coastal shipping ought to play a far larger role.

And for all his pronouncements about deal making and the importance of business, it seems most unlikely that President Donald Trump would risk the wrath of many of his supporters by freeing up US maritime industry from its Jones Act constrictions. The US Marine Highway Programme will probably stagger on, assisting a few brave operators, but any real breakthrough seems unlikely. Years ago, it was said that only when the costs of congestion and pollution on the US highway system become insupportable will America look to its coastal seas for salvation. That may take a little while yet. game', with gains for all in the industry.

The world had benefited tremendously from the internet, which was eventually made free for public use and development by the US federal government.

Perhaps shipping too could take a page from this and come up with its own 'internet moment'.

Classified notices below

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