

**LEAD STORY:**

Baltic Exchange eyes new revenue model

**WHAT TO WATCH:**

The Interview: Michael Khouri

US-sanctioned Cosco tankers unit gets two months' grace period to complete voyages

**OPINION:**

Shipping must contribute to a greater understanding of the oceans

**ANALYSIS:**

Vessel-operating costs continue decade-long decline

**MARKETS:**

Safe Bulklers stays in the black despite drydockings

Bulker newbuilding orders at second-lowest level on record since 2001

DHT to postpone scrubber fittings given tanker spot market bull run

**IN OTHER NEWS:**

OOIL completes \$1.78bn Long Beach terminal sale

Scrubber installations face delays into 2020, Wärtsilä warns

POSH Terasea to be wound up after loan defaults

Norden drops full-year profit guidance on calculation error

Emas Offshore goes under judicial management

OOCL posts mild growth in peak season

Two MR tankers stuck in San Francisco as fire-hit ethanol terminal stops operations

Trade war weighs on HPH Trust results

ExxonMobil to supply natural gas for proposed new Alaskan LNG venture

## Baltic Exchange eyes new revenue model



THE BALTIC EXCHANGE is prepared to remunerate shipbrokers who provide it with freight and time-charter assessments, ending the centuries-old practice in which data was freely supplied as part of membership of the London bourse.

Chief executive Mark Jackson told Lloyd's List the Baltic Exchange was talking with shipbrokers, acknowledged they sought a better deal, and was discussing options.

The Singapore Exchange completed its \$108m purchase of the 275-year-old London exchange in November 2016. Brokers, also known as panellists, signed a three-year deal to continue providing assessments for the world's largest shipping indices provider. That was in exchange for free membership and exclusive indices distribution rights, Mr Jackson said. The agreement comes up for renewal in mid-November, covering more than 30 panellists worldwide.

In addition to providing physical freight benchmarks, indices are also used to settle the growing freight derivatives market for dry bulk, crude and refined products.

"What is coming towards us is a situation whereby the panellists are saying: 'Well, we can go now,' but they haven't actually said that to me yet," Mr Jackson said.

"There's lots of positioning; the panellists are saying: 'Look, the indices are encroaching more and more on our business.' We feel that there is a balance here at all times, whereby indices help markets to grow, then brokers then have more fixtures to do because the traders are doing more business.

“They [the panellists] are saying: ‘We want a piece of the Baltic’s revenue stream.’ Our position is that we’re saying: ‘Let’s work together and see how we can monetise the data that we have in new ways and sharing that.’

“I think that’s the easiest way to say what the position is at the moment... that’s what we’re trying to work together on now: to monetise the data.”

Despite grievances, key shipbrokers remain committed to the Baltic Exchange, amid new indices challenges. S&P Global Platts, which provides energy, freight and commodities price assessments worldwide, has added two freight indices, including one that directly challenges the Baltic’s busiest route by volume.

“Platts is a definitely a credible threat,” said Mr Jackson. “As an organisation, it’s very experienced in producing benchmarks.

“The thing is, they’re applying a methodology that works in high-volume markets, based upon this close-of-market price for freight, which doesn’t have that same level of transaction.”

On September 30, Platts launched a weighted index for capesize vessels. A year earlier, the group also launched a freight index for rapidly evolving US Gulf-China very large crude carrier route, beating the Baltic.

This included a swap for forward freight agreements and some trading is now done on this swap. Open interest on the Platts swap on the ICE Futures Europe exchange remains small (as of October 23), at 430 lots for January and February by October 24.

The capesize assessment is a bigger, more serious challenge. Some 60% of FFA dry bulk trades in 2018 were settled against the Baltic capesize time charter equivalent index, data shows.

### **Multinational threat**

With big miners such as BHP Billiton testing online freight platforms, shipbrokers fearing disintermediation have rallied around the Baltic. Their assumption: the Baltic is more invested in their survival than a multinational provider of thousands of indices across hundreds of commodities that uses deals done by miners, oil companies and traders, not only brokers, for price discovery.

Having shipbrokers alone assess freight rates on the route rather than market participants gives an arm’s-length, impartial approach, Mr Jackson said.

The Platts assessment-on-close methodology for freight takes into account fixtures reported to the market not only by brokers but by market participants. However, Platts has asked some panellists to be involved in their rival freight indices.

Eleven of the world’s largest shipbrokers formed lobby group Competitive ShipBrokers Ltd, which is currently in talks about an historic change in relationship between shipbrokers and the Baltic Exchange.

“We’re looking at it in its entirety,” said the group’s founder Pierre Aury. “It’s impossible [to put an exact financial value on it]; it depends on the brokerage firm. Small firms are, in relative terms, putting in a lot of time compared to larger firms [to provide assessments].

“What we want is to work with the [exchange] board to make sure that these (indices) have got legs and can be existing in 10 years’ time. As an element of remuneration, it is a fixed fee, is it a lump sum, it is through creating a joint stock company, which is something that the Baltic proposed to us... in which case the brokers would get some dividends out of that? I don’t know.”

Nobody is making a separate profit and loss assessment from panellist activity, Mr Aury added.

“The Baltic has put forward some good ideas and we’re looking at them,” he said.

“After three years, one party is realising it’s not got a very good deal and then that party is asking for changes,” Mr Aury added. The biggest threat is any “market disruption” or the perception of market disruption, which damages trust in the indices for market participants.

Shipbrokers were shareholders in the Baltic Exchange until its sale to SGX, so this reframing of their relationship is not unexpected. Mr Jackson said the Baltic wants to “champion and support” brokers who are necessary for accurate, credible freight indices.

“We are in a business relationship with panellists,” he said. “In any business relationship, people want to put up their prices or renegotiate the terms and

they will use certain trigger dates which will push this forward.

“So the November date is one that everybody knows about. It’s an easy thing to cluster around. The main thing here is that it’s fair to say that we are talking.”

The Baltic is also introducing new indices, for ship operating costs and shipping emissions — projects that extend well beyond the exchange’s traditional remit.

“We can take on bigger projects, because we’ve got the SGX balance sheet behind us now,” Mr Jackson said.

“Whereas before there might have been a lot more reticence under the old board to spend shareholders’ money in something that seemed like a project with

no earnings to it, now we look at these projects and say: ‘This is about cementing the Baltics brand in the shipping market.’ This is about us, not necessarily looking at it as a business stream.”

Work is under way to establish a fixture repository for back-testing indices’ robustness, as well as forthcoming indices for shipping emissions and vessel-operating costs.

“Of course, we want to get the money to justify maintaining that database, but it’s not seen as a major profit scheme,” Mr Jackson said.

“The higher our standing is in the shipping community in the world, the more people trust us. By default, they trust our indices as well, which is our core business. So we’ve got to always be looking to how much we can put back into the industry.”

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## WHAT TO WATCH

# The Interview: Michael Khouri

FEDERAL Maritime Commission chairman Michael Khouri finds himself in the unusual position of being a regulator committed to deregulation.

“The FMC’s mission is to ensure a competitive and reliable international ocean transportation supply system that supports the US economy and protects the public from unfair and deceptive practices,” Mr Khouri says. “In short, our job is to ensure competition and integrity in America’s ocean supply chain.”

That purpose, mandated by Congress, would at first glance appear to require the iron fist of bureaucracy rather than the invisible hand of the market, but Mr Khouri disagrees.

“I’m a conservative and I firmly believe less regulation is better,” he tells Lloyd’s List in an interview. “We have a fundamental mission to carry out and that’s what we’ll do, but when given reasonable choices I’m going to fall off the log on the side of reducing burden to businesses. We should get out of the way and let businesses do what they’re designed to do as long as they’re playing fair.”

Ensuring that fair play is tricky, however, particularly given the huge consolidation of the container shipping sector that has occurred over the past decade.

“The ocean transportation industry has changed over the last few years,” Mr Khouri says. “The number of major global container shipping companies decreased from 21 to 12. Both worldwide containerised trade volumes and containership capacity continue to grow, with over 5,300 vessels deployed globally providing over 22 million teu of carrying capacity. The size of ships serving the US market has grown dramatically in the last decade and, at the end of 2018, the three global alliances controlled 86% of vessel capacity in the two largest US trade lanes, the transpacific and the transatlantic.”

The FMC has responded to these structural developments with new alliance agreement negotiation practice that narrows agreement authority, restricts operational scope, and provides for enhanced monitoring programs, he adds.

“For all agreements, our staff maintains a careful watch on industry trends, being alert for indications of anticompetitive behaviour.”

### A functioning market

Nevertheless, he believes the market is working as it should.

“Am I comfortable with how the market, as we sit here today, is working? The answer is ‘yes’. And I base that answer starting with my chief economist

and her team, and the measures they are applying to all the data they see.”

The FMC gathers huge amounts of confidential data on ocean carriers from the service agreements they are required to file with the commission.

That data indicates that the lines are beginning to stabilise their operations, Mr Khouri says

“Are the carriers beginning to show some level of sustainable life? Are they generating some level of profitability? We’re not where we were eight or nine years ago when they were all in the red. That was not sustainable. We need a sustainable industry.”

That became hugely apparent following the collapse of Hanjin Shipping, which left shippers struggling to find cargoes, either on Hanjin ships or on the ships of its alliance partners.

“If the banks would have fully appreciated that pulling continuing support in such a sudden way would have such an impact, I don’t think they would have made that decision,” Mr Khouri says.

“That was complicated by all the slot-share agreements Hanjin had in place. Some 90% of carriers had at least one Hanjin box on board.”

But while the FMC has no statutory authority to do anything about that, it did look at the after effects.

“Things got sorted out,” Mr Khouri says. “SM Line came in and bought that equipment out of bankruptcy. That’s business. Sometimes some companies go out of business.”

Carriers often argue that competition rules are too stringent and that if there were any collusion they would surely be doing better financially.

When put to Mr Khouri, he has a straightforward response to the reason lines are not making money: “Felony stupidity.”

But he adds that one of the commission’s stated missions is to implement a rigorous deregulation programme.

“We’ve moved a number of regulations from our books, and I’m proud to have done that,” Mr Khouri says.

This has included removing the requirement for freight forwarders to file service contracts.

“They didn’t move a box by themselves, and we already had the carriers’ service contracts, so we asked ourselves why it was necessary to duplicate.”

### **Secure environment**

Moreover, he argues that under the US regulatory system, carriers are protected from further investigation under antitrust laws.

“From a carrier perspective, when you file your agreement and it passes muster, and you follow the rules, then the other antitrust laws in the US do not apply,” he says. “The Department of Justice cannot come in and investigate the agreement between Maersk and Mediterranean Shipping Co by law.”

He points to the ro-ro antitrust case that saw a number of major car carrier operators having multi-million dollar fines imposed.

“The four big players split the market between them,” he says. “They made an agreement without filing it with the commission. They also violated the Shipping Act because they were operating with an agreement that they had not filed.”

Because of that, they did not enjoy the protections of the Act so the DoJ could come in and charge the carriers.

“It’s hard to see how that agreement would have been accepted, but if they had, DoJ would not have been able to come in, nor could private third parties.”

The regulatory framework actually assists carriers by giving them some certainty that they may not otherwise have.

“Under our system lines have the certainty for their long-term multi-million dollar investments,” Mr Khouri says. “It gives them a level of assurance in an industry that requires very large investments with very long timelines.”

Under the European system, in which carriers have to self-assess whether they are within the limits of competition law, they don’t have the same level of security, he adds.

“The rationale is that they will be careful and conservative when they self-assess.”

The system has not always worked perfectly for the lines, however. In early 2017, the Box Club, a group of the chairmen, presidents and chief executives of the world’s major carriers, was meeting in the US



when the DoJ served subpoenas on the lines during a raid.

Mr Khouri keeps a diplomatic silence over the DoJ investigation, preferring not to discuss another government agency.

For carriers, while the investigation was disruptive, they were effectively exonerated when the DoJ took the rare step of publicly ending it. While not every investigation ends up with an indictment, most are just shelved, but in this case the DoJ did inform all parties that the investigation had concluded, without making a comment as to why. For observers from the outside, the logical conclusion was that nothing had been found.

### **Back to strength**

It was less than 18 months ago that the outlook for the FMC looked uncertain after Commissioner Daniel Maffei resigned after the White House declined to renominate him, leaving just Mr Khouri, then as acting chairman, and Commissioner Rebecca Dye.

Since then, however, Mr Khouri's chairmanship has been made permanent, Mr Maffei has been reappointed, and Commissioner Louis Sola has been appointed. The fifth and final appointment to the commission, Carl Bentzel, has been nominated but is still awaiting Congressional approval.

Despite fears that the commission would have been unable to do its work with just two members, Mr Khouri is confident that it is back on the right track.

"We need three for a majority, and if I can convince two of my colleagues to do something, then we have effected a change in a very large industry," he says.

"We had a period where we just had Commissioner Dye and myself as chairman, where all I had to do was convince one person, so that required even a greater level of humility."

And he points out that the commission is far more than just the commissioners.

"What we act on fundamentally is the process where the professional staff, the lawyers and economists, are the ones that do the investigation and research and prepare the papers, Mr Khouri says.

The commissioners are then briefed and vote on the outcome. The value add that the commissioner bring to that is being able to raise questions, he says.

"So the issue is not having enough commissioners but having enough economists," Mr Khouri says. "Another commissioner is just one more cat to herd, or one more person to vote with me."

## **US-sanctioned Cosco tankers unit gets two months' grace period to complete voyages**

THE US Treasury Department has issued a sanctions waiver until December 20 this year in relation to China's Cosco Shipping Tanker (Dalian) to wind down all transactions related to Iranian oil under US sanctions.

The leeway does not apply to Cosco's other sanctioned affiliate, Cosco Shipping Tanker (Dalian) Seaman and Ship Management.

The blacklisting of the Cosco tanker unit and another two companies shipping Iranian crude and gas by the Trump administration rocked the very large crude carrier market, driving up freight rates as the sanctions created a scramble among charterers that had to replace vessels on short notice.

The Baltic Exchange Dirty Tanker Index, which works as an aggregate of global shipbroking assessments, rose to 1,958 points on October 15, around a 15-year high.

However, the index has fallen around 37.3% since then and closed at 1,227 points on Thursday.

Cosco owns about 6% of the global VLCC fleet, comprising about 50 VLCCs, making them the second-largest owners in the segment.

"The document is fraught with legalese and therefore difficult to fully comprehend, opening the content up to possible misinterpretation," Evercore analyst Johnathan Chappel said in its latest note.

### **Tanker shipping stocks plunges**

Shortly after the note was released, the share prices of tanker companies dropped substantially — Nordic American Tankers fell nearly 10% to \$3.18, Top Ships was down 6.7% to \$3.19, DHT Holdings slid 4% to \$7.38 and Euronav dipped 3.6% to \$11.15.

"Not surprisingly, tanker stocks are getting pummelled on the initial read of this document,

down 2%-10% across the board, as the Cosco sanctions were widely viewed at the catalyst that stoked the parabolic rip in spot rates over the last month,” Mr Chappel noted.

“However, and we caveat the next comment with the obvious fact that we are not lawyers, upon our 10th-20th read of this document, it appears that the intent of the update is to enable voyages/ transactions that are already under way to be completed by December 20, 2019, and it does not end or place a waiver on the current sanctions.”

He said that the stock market reaction to the headline is an “overreaction”, not just for the likely misinterpretation of the intent, but “also because of the somewhat stale views on the actual market impact of these sanctions”.

“Although it is certainly possible that this Office of Foreign Assets Control note is a precursor to a US-China trade deal, which of course should benefit oil and tanker demand, at face value it does not change either the impact of present sanctions.”

The US levelled sanctions against the Cosco affiliates for continuing to trade oil with Iran, the Treasury Department said on September 25.

US Secretary of State Mike Pompeo said the companies “knowingly transported oil from Iran contrary to United States sanctions. We are telling China and all nations: know that we will sanction every violation of sanctionable activity”.

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## OPINION

# Shipping must contribute to a greater understanding of the oceans

WHY should merchant shipping care about the seabed? Provided there is sufficient under-keel clearance, master mariners should be keeping an eye on what's at about the same level relative to the ocean's surface, not what lies beneath, *writes Richard Clayton.*

So this week's Nippon Foundation-GEBCO supported conference on the Seabed 2030 Project might be a hard sell. The International Maritime Organization wants us to reduce, and subsequently eradicate emissions into the waters and the air, yet the research scientists, academics, retired navy commanders, and assorted hydrographers who gathered at the Royal Society in London are looking down. Deep down.

The need, as explained by Read Admiral Shepard Smith, director of Coast Survey at the National Oceanic and Atmospheric Administration, is to “reverse the longstanding lament that we know more about the surface of Mars than about the seabed.”

People care more about what they know than about what they don't know; and they don't know enough about the oceans. One of the most famous maps covers the World Ocean Floor. It was created by two scientists in 1977, a matter of months after plate tectonics had become accepted science. However, observed Rear Admiral Smith, this 42-year-old map owes more to art than science.

While geologists might be drooling over a more accurate map of the seabed, there's another reason why the study of the oceans should interest the maritime sector: understanding the oceans will provide clues as to the future of climate change.

Among the many secrets that have yet to be revealed is what exactly is happening to the Gulf Stream which, it is claimed, has a flow thought to be 100 times more than all the world's rivers combined. Changes to the temperature of the waters in the Gulf Stream and alterations to direction of flow affect the oceanic flora and fauna significantly.

Measuring, recording, and monitoring not just the shape of the seabed but also the characteristics of the waters between the floor and the surface is a responsibility for all users of the seas and oceans. Industry, commercial, and academic leaders should be collaborating to share data, not squirrelling it away on the spurious grounds of commercial sensitivity.

Climate change has prompted a transition in ship fuels that will transform the industry over the next 30 years. The scientific community needs input from merchant shipping: it is no excuse to say we are only interested on what happens at the surface.

## ANALYSIS

# Vessel-operating costs continue decade-long decline

VESSEL-OPERATING expenses have continued their 10-year-long slide as the industry works hard to keep costs under control, according to the latest OpCost survey from business consultancy BDO.

Figures for 2018, revealed by Richard Greiner, a partner in BDO's shipping and transport team, saw operating costs for bulk carriers fall by 2.8%, and for tankers and containerships by 1.3%.

Current costs remain above levels reported when the OpCost survey was launched 18 years ago, however the gap is narrowing.

OpCost covers 22 vessel types, 12 cost categories, and now 3,000 ships. Shipowners and managers are strongly represented among survey respondents, with Europe and Asia-Pacific are the main regions.

The full cost of crewing vessels remains at about 50% of total cost — although bunker costs are excluded. Crew costs for tankers fell by 1.8% in 2018, but remain significantly higher than for bulkers and containerships. There was little movement in crew costs in either of these sectors.

The cost of lubricants and stores fell in the year by more than 5%, attributed by Mr Greiner to “more efficient use of lube oils”. Repair and maintenance costs were higher for containerships in 2018, for which a 3.2% increase was attributed to funds being

available after years of diminished resources. Repair costs for both bulkers and tankers saw no change.

The largest fall in costs for 2018 was for insurance, which has seen a significant decline since 2008. The biggest decrease was for bulk carriers, down 8.5%.

The cost of drydocking did not include expenses related to the retrofitting of scrubber solutions or ballast water treatment systems. Respondents reported that the time taken to retrofit scrubbers in larger tankers was 22 or 23 days, much higher than anticipated.

Speaking earlier, Steve Gordon, managing director of Clarkson Research Services, commented there are currently 200 ships in, mainly, Chinese shipyards having scrubbers installed. He said the time currently spent off-hire for scrubber installation is edging towards 35 days, even to 50 days, as shipyard slots are becoming congested.

This removal of these ships from the freight markets is having a small, yet noticeable, impact on charter rates.

Looking ahead, respondents believed that existing and future regulations would be the most significant factor in cost increases, with finance and crew costs far behind.

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## MARKETS

# Safe Bulkers stays in the black despite drydockings

SAFE Bulkers, the Greece- and Cyprus-based bulk carrier owner, has posted a third-quarter profit despite being in the throes of a significant drydocking and exhaust gas cleaning system retrofit programme.

The Poly Hajioannou-led company reported net income for the period of \$5.2m, a 36% drop from its third-quarter profit last year, and an adjusted net profit of \$5.9m.

Net revenues of \$50.7m were slightly higher than in the year-ago quarter but daily vessel operating expenses rose by 7% to \$4,448.

However, the majority of the increase came from drydocking expenses and pre-delivery expenses.

“We had a profitable quarter despite the down-time of several vessels due to scrubber retrofitting,” said company president Loukas Barmparis.

The company “remains focused” on installing scrubbers on half of the fleet, which currently numbers 41 vessels, and on completing tank-cleaning for the other ships, he said.

Dr Barmparis told Lloyd’s List that the schedule of retrofits had been pushed back a little compared with the original plan which foresaw completing all the installations except one by the end of 2019.

By the end of this month nine of the company’s bulkers will be scrubber-fitted with another six expected before the end of the year. Now the number slated for the first quarter of 2020 has risen to five vessels.

Dr Barmparis said that there was “a lot of pressure” on the yards carrying out the retrofits. At the same time Safe Bulkshippers saw it as an opportunity to minimise down-time in the current favourable dry bulk market, he noted.

## Bulker newbuilding orders at second-lowest level on record since 2001

DRY bulk carrier orders have hit multi-year lows, according to Braemar ACM, which says just 232 bulker orders have been placed so far this year, down 30% compared with 2018.

“2019 is so far the second-weakest year for ordering since 2001, stronger only than 2016, which saw an exceptionally low 127 orders,” it said in a weekly report.

Within each bulker segment, ordering this year was focused heavily on the larger designs. Though contracting has been low on-year for almost all sub-sectors, those at the lower deadweight tonnes end within each class have seen the greatest drop-off in orders, the brokerage noted.

By number of ships, ultramaxs have received the most orders this year, accounting for nearly a quarter of total contracting. Yet ordering this year has still been 46% lower as compared with a year ago, standing at 50 vessels.

In the panamax sector, about 37 kamsarmaxes were ordered this year versus 85 over the same period last year. But new orders for ‘traditional’ panamaxs

dropped disproportionately from 14 last year to just two this year.

The capesize segment showcased a similar trend, with the demand for newcastlemax newbuildings showing some resilience in 2019. A total of 31 vessels were ordered in 2019 versus 45 last year, however the smaller standard capes only saw five new orders, almost half of the previous year’s orderbook.

Braemar noted that freight market uncertainty accompanied by short- and long-term costs from regulations are the main reasons restraining owners from ordering new ships.

“In the near term, the trade war is one of the more salient bearish factors, with its effects on the dry market over the next few months proving difficult to gauge.”

In the longer term, a Chinese economic growth slowdown is forecast. This means the epicentre of dry bulk demand growth will need to shift.

Amid this uncertainty and despite yard slots still being available, newbuilding prices have held up, making the decision to order still harder, it conceded.

## DHT to postpone scrubber fittings given tanker spot market bull run

DHT Holdings, a US-listed owner of very large crude carriers, will likely postpone the remaining scrubber installations while the spot market is on its bull run.

The company installed eight retrofits as of the end of the third quarter, with a further two due from the yard next week, co-chief executive Svein Harfjeld said in a conference call. On average, the retrofits have taken 37 days to complete.

The remaining six scrubber installations will be deferred, he said, adding that there was flexibility with the yard as it could use DHT’s slot to fit in other customers.

“We are committed to the [scrubber] programme,” he said. “Our game plan is to go ahead with it but not at this point in the spot market.”



With the spread between high-sulphur and compliant fuels widening, the company expects to reap the benefits from its scrubber investment in about 12 months, the executive said.

The VLCC spot market has been on fire in recent weeks as strong supply and demand fundamentals received an additional boost in the form of US sanctions on vessels owned by China's Cosco for violations combined with attacks on vessels in the Middle East amid heightened geopolitical tensions.

DHT's other co-chief executive, Trygve Munthe, said: "We have entered an exciting bull market in tankers. It has far exceeded even the most optimistic rate forecast for this winter."

While the market was quoting rates in excess of \$200,000 per day during what was seen as a frenzy, DHT said those failed. The highest price it got was \$190,000 per day, which was "a real transaction".

The higher levels "weren't doable" because at those levels, it would be difficult for refiners to make money, he said, making them consider pulling back on runs.

In the third quarter, the company's VLCCs earned \$33,700 per day in the time charter market and \$24,300 per day in the spot market, while so far in the fourth quarter, the spot average has been \$61,700 per day.

The company, which has a fleet of 27 VLCCs with a total capacity of 8.4m dwt, expects the bullishness to continue into next year.

It will return \$7.3m to shareholders in the form of a cash dividend of \$0.05 per share, payable in mid-November, it said in a statement. The company posted a net loss of \$9.4m in the third quarter versus a loss of \$21.5m a year earlier.

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## IN OTHER NEWS

### **OOIL completes \$1.78bn Long Beach terminal sale**

ORIENT Overseas (International) Ltd, now part of China Cosco Shipping Corp, has completed the sale of its Long Beach Container Terminal to a consortium led by Macquarie Infrastructure Partners, almost six months after the agreement was signed.

The deal was closed on October 24, the Hong Kong-listed company said in an exchange filing on Friday.

Macquarie emerged from the other bidders, including EQT Infrastructure and Yildirim Group, as the winner of the terminal assets for \$1.78bn, having signed a sale and purchase agreement in late April.

### **Scrubber installations face delays into 2020, Wärtsilä warns**

SCRUBBER installations pencilled in for the fourth quarter face delays and risk being pushed into 2020, due to installation capacity issues and high tanker rates, says Wärtsilä's marine chief.

The Finnish company's marine president Roger Holm told Lloyd's List on Friday that he has seen some postponements over the past few months and identified a risk for scrubber retrofit deliveries in the fourth quarter, with some potentially moving to next year, after the 2020 sulphur cap has come into effect.

This is primarily due to shipyard installation capacity and the timing of the installations.

### **POSH Terasea to be wound up after loan defaults**

SINGAPORE-BASED offshore marine services provider, PACC Offshore Services Holdings continues to restructure its businesses with the winding up of its POSH Terasea joint venture with Ezion Holdings.

POSH Terasea, a 50:50 joint venture between POSH and a joint venture of Ezion and Seabridge Marine Services.

POSH had signalled in September that the JV was in trouble after it

defaulted on servicing a loan facility.

### **Norden drops full-year profit guidance on calculation error**

NORDEN, a Danish owner and operator of bulkers and tankers, has lowered its full-year earnings guidance due to a calculation error affecting its tankers business.

It expects its overall adjusted result to fall within a \$10m to \$45m range, from previous estimates of \$25m to \$60m, the Copenhagen-based company said in a statement.

The miscalculation relating to the IFRS 16 accounting standard was uncovered as it was preparing its third-quarter results report, which will be published on November 6.

### **Emas Offshore goes under judicial management**

INDEBTED offshore services company Emas Offshore application to be put under judicial management has been granted, with Goh Thien Phong

and Chan Kheng Tek from PricewaterhouseCoopers appointed as the judicial managers.

Emas Offshore said in a stock market announcement that the process would seek to achieve the survival of the company, either wholly or partially as a going concern, come to an arrangement with its creditors, and/or produce a more advantageous realisation of its assets than by a winding up action.

The company applied in July to be put under judicial management after several rescue attempts fell through. Emas Offshore has previously been linked with Philippines conglomerate Udenna Corp as well as compatriot offshore firm Baker Technologies.

### **OOCL posts mild growth in peak season**

HONG KONG-based Orient Overseas Container Line has reported mild growth in the third quarter of 2019 amid a weak peak season on long-haul trades.

Total revenue in June-September increased 5.8% year on year to \$1.6bn, while liftings rose 4.1% to 1.8m teu.

Affected by the US-China trade conflict, the carrier's transpacific volume only expanded 3.5% in the three-month period. However, revenue on this trade grew at a faster pace by 7.1% as the sector displayed discipline in capacity management while having secured higher contract rates.

The picture on Asia-Europe trade was slightly reversed. Volume increased 11.4% whereas revenue edged up only 3.1%, a reflection of more pressure on the vessel supply side.

Elsewhere, OOCL posted a relatively strong performance on transatlantic services, with the revenue and liftings up 5.8% and 12%, respectively.

### **Two MR tankers stuck in San Francisco as fire-hit ethanol terminal stops operations**

THE closure of a northern California oil and gas facility has left two product tankers carrying ethanol from Brazil out in the cold in San Francisco Bay, unable to discharge their cargoes and looking for new buyers.

A fire last week forced the closure of a NuStar Energy terminal in Crockett, California, the only one in the San Francisco area that can take ethanol imports. NuStar, which has declared force majeure, said the medium range tankers are reviewing other commercial options.

The 50,290 dwt *Eco California* arrived from Brazil via Los Angeles on October 12 and the 49,734 dwt *Sadah Silver* came directly from Brazil on September 28, according to Lloyd's List Intelligence.

The company said its force majeure notice remains in effect until further notice and operations at the terminal remain suspended, but it is working with the authorities to assess safety before reopening.

### **Trade war weighs on HPH Trust results**

SLOWING global trade and the ongoing dispute between the US and China have led to a 1% fall in overall throughput at HPH Trust's ports in the nine months to the end of September.

"In the third quarter of 2019,

outbound cargoes to the US declined by 8%, while outbound cargoes to the EU grew by 6% when compared with the past year," HPH Trust said in a statement.

Despite lower revenues when compared with the past year, operating profits were up 1% to HK \$2.6bn (\$331.7m) but a higher tax bill meant net profit fell by 5% to HK\$1.4bn.

HPH Trust warned that trading conditions were unlikely to get better soon.

"Global trade remains sluggish due to intensifying trade tensions and slowing manufacturing and business activities," the company said.

"Elevated geopolitical and economic risks and uncertainties, including the no-deal Brexit and potential for the escalation of tension in the Middle East stymie the global economic growth."

### **ExxonMobil to supply natural gas for proposed new Alaskan LNG venture**

EXXONMOBIL Alaska Production Inc has signed a heads of agreement for the potential supply of natural gas to the proposed Alaska North Slope liquefied natural gas export project of Qilak LNG, a subsidiary of Dubai-based Lloyds Energy.

"ExxonMobil sees the development of the Qilak LNG 1 Project as an opportunity to develop Alaska's gas resources," said Darlene Gates, president of ExxonMobil Alaska.

"As the largest holder of discovered gas resources on the North Slope, ExxonMobil has been working for decades to tackle the challenges of bringing Alaska's gas to market."

The agreement has ExxonMobil providing at least 560m standard cubic feet per day of natural gas from its

Point Thomson gasfield on the North Slope to Phase 1 of the Qilak LNG 1 Project.

Production of four million tonnes a year of LNG for 20 years is planned.

## Classified notices



# POOMPUHAR SHIPPING CORPORATION LIMITED

692, Anna Salai, IV Floor, Nandanam, Chennai - 600 035, India

Telephone No: 044-24330505 / 807 Fax: 91-44-24344593, E-mail : [pscship@dataone.in](mailto:pscship@dataone.in) / [pscship@gmail.com](mailto:pscship@gmail.com)

### GLOBAL TENDER

### TENDER NO.H/OP/LTPG/151/005/19-20

Notice inviting tender for time chartering of one self trimming Panamax gearless/geared (offered as gearless) bulk carrier of about 70000-78000 DWT

Sealed tenders are invited from the owners / disponent owners of Indian / Foreign flag vessel or through their authorized brokers for time chartering of one self trimming Panamax gearless/geared (offered as gearless) bulk carrier with a minimum loading rate of 3000 MTs per hour for a period of 6 months + 3 months +/- 10 days choption with the lay days from 22.11.2019 to 05.12.2019 for coastal transportation of thermal coal in East Coast of India (Paradip / Dhamra / and Kakinada Ports to Ennore), for NTECL's Vallur Thermal Power Station, North Chennai.

**One Self Trimming Panamax gearless/geared (offered as gearless) with the lay days from 22.11.2019 to 05.12.2019.**

#### **TENDER NO. H/OP/LTPG/151/005/19-20**

Period	-	6 months + 3 months +/- 10 days choption
Tender box to be closed at	-	on 14.11.2019 at 15:00 hours
Tender box to be opened at	-	on 14.11.2019 at 15:30 hours
Cost of tender document	-	Rs.5,000/- each for Indian flag vessel USD 100/- each for Foreign flag vessel
EMD	-	Rs.10,00,000/- for Indian flag vessel USD 17,000/- for Foreign flag vessel

Tender document is available in our website [www.tamilship.com](http://www.tamilship.com) / [www.tntenders.gov.in](http://www.tntenders.gov.in) from 29.10.2019 & the same may be downloaded free of cost.

For more details visit our website [www.tamilship.com](http://www.tamilship.com) / [www.tntenders.gov.in](http://www.tntenders.gov.in)

DIPR/ 3861 /TENDER/2019

**GENERAL MANAGER (OPS)**

**REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE**  
**GROUPE ALGERIEN DE TRANSPORT MARITIME ET AUXILIAIRES**



**CNAN MED SPA**  
**NIF: 000516096875634**

**CALL FOR TENDERS INTERNATIONAL OPEN**  
**WITH MINIMUM CAPACITY REQUIREMENT**  
**CNAN MED SPA / N ° 02/2019**  
**ACQUISITION OF TWO (02) CONTAINER SHIP NEW AND /OR IN SERVICE**

CNAN MED SPA is issuing an open international tender with minimum capacity requirements for the acquisition of two (02) Container Ship new and / or in-service the acquisition of two new container vessels or under two years old at the date of delivery and distributed as follows:.

- Lot No 01: one (01) container ship type ship from 1100 TEU to 1900 TEU available between 1 February 2020 and 30 April 2020.

- Lot 02: one (01) container ship type ship from 1100 TEU to 1900 TEU available between 1 June 2020 and 30 September 2020.

Only ship-owners and construction sites, owners of vessels proposed on the day of delivery, may bid. The mandated maritime brokers may withdraw the tender documents and submit the tenders on behalf of the tenderers.

The specifications can be withdrawn from:

**In Algeria :**  
**CNAN MED SPA**  
**SECRETARIAT OF THE DIRECTORATE GENERAL**  
**N ° 14, AVENUE AHMED TERKOUCHE - EL-HARRACH**  
**ALGIERS ALGERIA**

**Abroad :**  
**ITALY:**  
**CNANITALIA SRL**  
**VIALE ITALIA NO. 33-19124**  
**LASPEZIA -ITALIA**  
**TEL + 390 187 258 644 / FAX + 390 187 734 788**  
\*\*\*\*\*

**FRANCE :**  
**NAVIMED SAS**  
**52 RUE EMANUEL EYDOUX 13016**  
**MARSEILLE, FRANCE**  
**TEL + 33 491 14 27 80 / FAX + 33 491 56 65 05**  
\*\*\*\*\*

**SPAIN:**  
**TRANSCOMA SHIPPING**  
**CARRER OF THE ATLANTIC 112-120**



**08040 - Z.A.L BARCELONA - SPAIN**  
**BARCELONA-SPAIN**  
**TEL + 34 932 62 41 70 / FAX + 34 932 62 41 71**  
\*\*\*\*\*

Against proof of payment of a non-refundable amount of:

- In Algeria: thirty thousand (30,000) Algerian Dinars to the following bank account: 004 00146 4010000586 06 Crédit Populaire d'Algerie (CPA) Bab Ezzouar, for withdrawals in Algeria.

- Abroad: Three hundred (300) Euros by transfer to the bank account or by payment at the level of the agency fund against delivery of a receipt.

➤ **CNAN ITALIA LA SPEZIA Italie**  
Carispezia Credit agricole- Piazza veri, 43- 19121 LA SPEZIA  
CNAN ITALIA srl  
IBAN : IT06D0603010702 000046474228  
SWIFT:CRFIIT2SXXX

➤ **NAVIMED MARSEILLE FRANCE**  
SOCIETE MARSEILLAISE DE CREDIT  
CODE BANQUE/ 30077  
Code agence/ 04881  
Numero de compte:223400000200  
CLE RIB: 53  
IBAN: FR76 3007 7048 8122 3400 0020 053  
CODE BIC: SMCTFR2A

➤ **TRANSCOMA BARCELONA ESPAGNE**  
  
BANCO DE SABADELL  
Via Laietana,47  
08003 BARCELONA  
IBAN: ES03 0081 0603 09000105 5216  
SWIFT/ BSABESBBXXX

Similarly, for foreign countries, the specifications can be sent by express mail or by email on request to the following address:

**Plannededveloppement@cnanmed.dz**

Against transfer of the sum of 300 (three hundred) Euros or 360 (three hundred and sixty) USD to the account:

**CNAN MED SPA**  
**CREDIT POPULAIRE D'ALGERIE**  
**RIB: 004 00146 4010000586 06**  
**SWIFT: CPALDZALXXX**

Tenders must reach the following address, in anonymous envelope, as indicated in the specifications

**SECRETARIAT DE LA DIRECTION GENERALE**  
**CNAN MED SPA**  
**14, Avenue Ahmed Terkouche**  
**El Harrach- ALGER**  
**ALGERIA**

The tenderer must insert the application file in a first sealed envelope indicating the purpose and lot number of the invitation to tender and the mention (application file).

**<<APPEL D'OFFRES INTERNATIONAL OUVERT AVEC EXIGENCE DE CAPACITES MINIMALES N°02-2019>>**

**<<ACQUISITION DE 02 NAVIRES PORTE CONTENEURS NEUFS ET/OU EN SERVICE >>**

**« DOSSIER DE CANDIDATURE »**  
\*\*\*\*\*

\*\*\*\*\*

The tenderer must place his technical bid in a second closed envelope indicating the subject of the call for tenders, the lot number of the call for tenders and the mention "TECHNICAL OFFER" as follows:

<<APPEL D'OFFRES INTERNATIONAL OUVERT AVEC EXIGENCE DE CAPACITES MINIMALES N°02 /2019>>

<<ACQUISITION DE 02 NAVIRES PORTE CONTENEURS NEUFS ET/OU EN SERVICE >>  
« OFFRE TECHNIQUE »

\*\*\*\*\*

He must also place his financial offer in a third closed envelope indicating the subject of the invitation to tender, the lot number and the words "FINANCIAL OFFER" as follows:

<<APPEL D'OFFRES INTERNATIONAL OUVERT AVEC EXIGENCE DE CAPACITES MINIMALES N°02 /2019>>

<<ACQUISITION DE 02 NAVIRES PORTE CONTENEURS NEUFS ET/OU EN SERVICE >>  
« OFFRE FINANCIERE »

\*\*\*\*\*

The three (03) envelopes will be put in a single closed anonymous envelope containing only the mention:

« A n'ouvrir que par la commission d'ouverture des plis et d'évaluation des offres»

<<APPEL D'OFFRES INTERNATIONAL OUVERT AVEC EXIGENCE DE CAPACITES MINIMALES N°02/2019>>

<<ACQUISITION DE 02 NAVIRES PORTE CONTENEURS NEUFS ET/OU EN SERVICE >>

\*\*\*\*\*

Each inner envelope will contain two (02) copies of the offer, one marked "ORIGINAL" and the other "COPY".

The closing date and time for the submission of tenders is fixed on November, 26th at 12 noon, corresponding to the last day of the thirty-day period granted for the preparation of tenders.

The opening of the folds will be the same day at 13 hours. If this day coincides with a statutory holiday or legal day of rest, the submission of offers will be extended until the next business day.

Bidders will remain committed to their bids for a period of ninety days from the deadline for submission of bids.

# **NOTICE OF SALE**

**IN THE HIGH COURT OF THE  
HONG KONG SPECIAL ADMINISTRATIVE REGION  
COURT OF FIRST INSTANCE  
ADMIRALTY JURISDICTION  
ACTION NO. 13 OF 2019**

**NOTICE UNDER ORDER 75 RULE 22(3) OF  
THE RULES OF THE HIGH COURT OF HONG KONG**

**The ship or vessel “BRIGHTOIL GALAXY”**

NOTICE IS HEREBY GIVEN THAT:

- (1) the ship or vessel “BRIGHTOIL GALAXY” has been sold on 21 October 2019 by order of the Court in an action in rem against the vessel in action HCAJ 13 of 2019;
- (2) the gross proceeds of sale of HKD 479,153,359.80 for the ship or vessel, and USD 298,792.10 for bunkers, have been paid into court;
- (3) the order of priority of the claims against the said proceeds will not be determined until after the expiration of the period of 30 days from, and including, 21 October 2019; and
- (4) any person with a claim against the ship or vessel “BRIGHTOIL GALAXY” or the proceeds of sale thereof, on which he intends to proceed to judgment should do so before the expiration of that period.

(S. KWANG)  
Registrar  
High Court  
21 October 2019

# **NOTICE OF SALE**

**IN THE HIGH COURT OF THE  
HONG KONG SPECIAL ADMINISTRATIVE REGION  
COURT OF FIRST INSTANCE  
ADMIRALTY JURISDICTION  
ACTION NO. 16 OF 2019**

**NOTICE UNDER ORDER 75 RULE 22(3) OF  
THE RULES OF THE HIGH COURT OF HONG KONG**

**The ship or vessel “BRIGHTOIL LEAGUE”**

NOTICE IS HEREBY GIVEN THAT:

- (1) the ship or vessel “BRIGHTOIL LEAGUE” has been sold on 21 October 2019 by order of the Court in an action in rem against the vessel in action HCAJ 16 of 2019;
- (2) the gross proceeds of sale of USD 22,200,000.00 for the ship or vessel, and USD 157,788.20 for bunkers, have been paid into court;
- (3) the order of priority of the claims against the said proceeds will not be determined until after the expiration of the period of 30 days from, and including, 21 October 2019; and
- (4) any person with a claim against the ship or vessel “BRIGHTOIL LEAGUE” or the proceeds of sale thereof, on which he intends to proceed to judgment should do so before the expiration of that period.

(S. KWANG)  
Registrar  
High Court  
21 October 2019



# **NOTICE OF SALE**

**IN THE HIGH COURT OF THE  
HONG KONG SPECIAL ADMINISTRATIVE REGION  
COURT OF FIRST INSTANCE  
ADMIRALTY JURISDICTION  
ACTION NO. 15 OF 2019**

**NOTICE UNDER ORDER 75 RULE 22(3) OF  
THE RULES OF THE HIGH COURT OF HONG KONG**

**The ship or vessel “BRIGHTOIL LEGEND”**

NOTICE IS HEREBY GIVEN THAT:

- (1) the ship or vessel “BRIGHTOIL LEGEND” has been sold on 21 October 2019 by order of the Court in an action in rem against the vessel in action HCAJ 15 of 2019;
- (2) the gross proceeds of sale of USD 22,070,000.00 for the ship or vessel, and USD 159,759.70 for bunkers, have been paid into court;
- (3) the order of priority of the claims against the said proceeds will not be determined until after the expiration of the period of 30 days from, and including, 21 October 2019; and
- (4) any person with a claim against the ship or vessel “BRIGHTOIL LEGEND” or the proceeds of sale thereof, on which he intends to proceed to judgment should do so before the expiration of that period.

(S. KWANG)  
Registrar  
High Court  
21 October 2019

# **NOTICE OF SALE**

**IN THE HIGH COURT OF THE  
HONG KONG SPECIAL ADMINISTRATIVE REGION  
COURT OF FIRST INSTANCE  
ADMIRALTY JURISDICTION  
ACTION NO. 14 OF 2019**

**NOTICE UNDER ORDER 75 RULE 22(3) OF  
THE RULES OF THE HIGH COURT OF HONG KONG**

**The ship or vessel “BRIGHTOIL LUCKY”**

NOTICE IS HEREBY GIVEN THAT:

- (1) the ship or vessel “BRIGHTOIL LUCKY” has been sold on 21 October 2019 by order of the Court in an action in rem against the vessel in action HCAJ 14 of 2019;
- (2) the gross proceeds of sale of USD 22,200,000.00 for the ship or vessel, and USD 163,371.30 for bunkers, have been paid into court;
- (3) the order of priority of the claims against the said proceeds will not be determined until after the expiration of the period of 30 days from, and including, 21 October 2019; and
- (4) any person with a claim against the ship or vessel “BRIGHTOIL LUCKY” or the proceeds of sale thereof, on which he intends to proceed to judgment should do so before the expiration of that period.

(S. KWANG)  
Registrar  
High Court  
21 October 2019

## The Next Generation Lloyd's List Intelligence

Uniquely powerful vessel tracking, characteristics, ownership and incidents data.

At the centre of Lloyd's List Intelligence is our online vessel tracking system, Seasearcher. This gives you access to the transactional and analytical data required to make a measured difference to your business, whether you are trying to increase operational efficiencies, manage risk, or develop new business opportunities.

The new Next Generation platform was launched earlier this year to offer our customers a greatly improved service and some fantastic new features including:

- ▶ A modern, simplified search and mapping interface
- ▶ Streamlined operational workflows and geospatial tools
- ▶ Enhanced visibility of port, terminal and berth activity including new alerting and filtering tools
- ▶ Increased vessel tracking data granularity with improved AIS capabilities
- ▶ Raw data manipulation through Excel downloads

To find out more about Lloyd's List Intelligence services, please email [info@lloydslistintelligence.com](mailto:info@lloydslistintelligence.com), call **+44 (0)207 7017 5392** or visit [info.lloydslistintelligence.com](http://info.lloydslistintelligence.com)



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