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DVB quits shipping finance

DVB BANK HAS BECOME the latest major European shipping bank to signal its definitive withdrawal from the industry.

The Frankfurt-based transport finance specialist has already halted any new lending to shipowners and has told shipowner clients about its decision, but has made no public announcement about the move.

News of the decision to quit the industry will dismay shipowners, given DVB's status as a Top 10 ship financier as recently as two years ago.

But it does not come as a complete surprise, as Frankfurt-based parent DNZ last year was looking to sell the bank and had also considered seeking buyers for the shipping portfolio.

Apart from its Frankfurt head office, DVB has an international network with offices in Amsterdam, Athens, Hamburg, London and Oslo, and outside Europe in New York, Curaçao, Singapore and Tokyo.

Key markets for shipping have included Greece, where at the end of last year, it was still ranked second-biggest lender to Greek owners after Credit Suisse, Germany and the Far East.

Staff have already been informed of the move that will see the shipping locations closed by the end of next year. Some may be closed earlier, depending on the speed with which the local book of loans can be reduced.

After the end of 2020, the Amsterdam office will be tasked with handling the residual book of loans.

At present, the shipping portfolio stands at about $7.5bn, which represents about half the exposure compared to DVB's heyday as a ship financier only a few years ago.

A source with knowledge of the bank's strategy confirmed to Lloyd's List that there will be no more lending to the industry and that clients had been "encouraged to look elsewhere" for financing needs.

The portfolio has been sharply reduced in recent months due to a combination of natural repayments and clients taking the opportunity to refinance with other lenders as the writing has been on the wall.

Another well-placed source said that there could be very rare exceptions to the rule against more lending, but only in instances where refinancing was in the interest of "value preservation for the bank".

The move to wind down the shipping business follows the sale of its land transport business in 2017 and comes hard on the heels of the sale of DVB's aviation portfolio to Mitsubishi, a transaction that closed on November 18.

WHAT TO WATCH

MSC listed among Europe's top 10 polluters

MEDITERRANEAN Shipping Co has been listed among the top 10 polluters in Europe, with carbon emissions above those of the only airline in the list and which put it in league with some of region's largest coal-fired energy plants.

A study published by non-governmental organisation Transport & Environment found that ships operated by MSC emitted 11m tonnes of CO2 on routes to, from or within the EU in 2018.

Container shipping as a whole was responsible for 59m tonnes of shipping's total of 139m tonnes of CO2 emissions.

MSC said the raw data reflected its leadership position in Europe and should be put into context with the amount of cargo carried. It noted that its ratio of CO2 emissions per tonne of cargo moved was among the lowest in the industry.

"MSC fully supports the goals set out by the International Maritime Organization to reduce greenhouse gas emissions from international shipping," it told Lloyd's List in an emailed statement.

"MSC operates a modern, green fleet and is investing heavily in low-carbon technologies and extensive new-build and retrofit programmes to boost performance and minimise our environmental impact. Furthermore, the latest newbuilding additions to the fleet have introduced a new class of sustainable container shipping, with the lowest carbon footprint by design, at 7.49 grams of CO2 emissions to move one tonne of cargo one nautical mile."

One of the main conclusions drawn from the report was that there was a large performance gap between ship design standards and real-world maritime operations when it comes to a reduction in carbon emissions.

"Vessel CO2 intensity is an important factor having an impact both on the environment, as well as the economics of the maritime operations," said Transport & Environment. "Operational CO2 intensity of a ship, its energy efficiency operational index, is a function of the amount of CO2 emitted per transport work."

By comparing ships' energy efficiency design index or estimated index values with their EEOI, Transport & Environment found a mismatch between theoretical emissions and real-world performance.

"Due to this performance gap, half the EU cargo shipping emitted about 22m tonnes more CO2 than what it would have emitted if ships operated according to their design standard," said Transport & Environment.

"At face value, the results indicate that, apart from Cosco and Ocean Network Express, ships operated by all other major liner companies performed on average worse in real world conditions than what their design labels would promise. This means that operational efficiency promised by the design certification of these ships was not realised in the real world."

While the study did not identify the precise factors leading to this performance gap, it "recommends including EU shipping in the EU Emissions Trading Scheme via the establishment of a European Maritime Climate Fund to ensure the sector pays for its carbon pollution".

It also supported moves to mandate operational EU CO2 standards in relation to shipping to cut

emissions and drive the uptake of energy efficiency technologies and zero-carbon fuels.

The Transport & Environment study took the wind out of the sails of an MSC announcement over the weekend that it had started to routinely bunker its vessels with marine fuels of 30% biofuel blend to cut carbon emissions. This move followed successful MSC trials with marine fuels with a minimum 10% biofuel content.

Its vessels are now burning much higher 30% biofuel blends at Rotterdam. This is being done with the expectation of cutting as much as 20% in absolute carbon emission from its boxship operations.

"When using such blended fuel, we can expect an estimated 15%-20% reduction in absolute CO2 emissions," said MSC executive vice-president for maritime policy and government affairs Bud Darr. "The potential CO2 reduction in the bio component of these fuels could reach 80%-90%, which we will monitor and confirm over time."

MSC said it viewed the use of responsibly sourced biofuels as a possible way of meeting the IMO's set target for carbon emission by 2030 as well as a way of progressing towards the regulatory body's goal for 2050.

The member nations of IMO agreed in April 2018 to reduce carbon intensity of international shipping by at least 40% by 2030 and further lowering this to 70% as compared with 2008.

MSC did not indicate the source of its biofuels.

Amsterdam-based Goodfuels said earlier that it hoped to supply about 100,000 tonnes of biofuel by next year. It is also developing a new refinery in Rotterdam capable of tripling that biofuel supply volume by 2025.

A 0.1% sulphur cap in the Mediterranean Sea is coming closer

A 0.1% sulphur limit in the Mediterranean Sea is edging closer after a political agreement between countries in the region, but with the details far from complete any implementation is still several years away.

Governments from the 21 Mediterranean countries and the European Union agreed during a meeting in Naples last week to a roadmap, seen by Lloyd's List, for the possible introduction of a sulphur emission control area in the region.

The countries agreed that if they do ask the International Maritime Organization for the introduction of a SECA, it will be in 2022. However, the countries have not agreed on when the SECA zone would come into force.

A submission to the IMO in 2022, means that the earliest possible date for the 0.1% sulphur limit to apply to ships voyaging through the Mediterranean would be March 2025, as Lloyd's List reported last week.

France was the first to publicly champion the Mediterranean Sea SECA, followed by Italy and Spain.

An agreement to agree in the future

The agreement does not mean countries have agreed they will ask for a SECA. Several points in the final text prove that.

Countries opted to use the telling description of "possible designation" attached to the SECA, having added the word "possible" during the meeting.

More substantially, the roadmap projects the countries would agree whether or not to submit a joint proposal in May 2021. They would also decide at that point, if they do submit a proposal, when the effective entry into force date of the SECA would be.

There have been studies done on the impacts of a Mediterranean Sea ECA Zone for the IMO, the European Commission and France.

But the agreement stresses "the need to complete the knowledge gathering and to carry out further studies notably socio-economic in support of the proposal for the possible designation of the Mediterranean emission control area".

These studies will likely be carried out next year and are meant to be a factor in helping countries definitively agree to ask the IMO for a new SECA zone.

Nitrogen limits?

Whereas the existing four ECAs also have nitrogen oxide limits, this Mediterranean Sea roadmap only covers sulphur emissions.

However, in a change from the draft text ahead of the meeting, the final agreement has a reference to nitrogen oxides.

"Acknowledging the existing studies on the technical feasibility of a designation of a nitrogen oxides ECA in the Mediterranean Sea, as a whole, carried out by the EU and France for consideration of further work," the text reads.

Lloyd's List understands that an intervention by the European Union led to the inclusion of the nitrogen limits in the text.

This does not mean governments intend to work on a nitrogen ECA. But it will likely be used in future negotiations by those who want nitrogen limits included.

The Nature and Biodiversity Conservation Union, known as NABU, a German non-governmental organisation that was among those calling for the introduction of an ECA that covers both sulphur and nitrogen emissions by 2023, welcomed the commitment to establish the SECA.

"Unfortunately, some players were successful in unnecessarily delaying the process and tighten the scope to only sulphur emissions, which is also way behind initial plans," NABU shipping expert Sönke Diesener said in a statement.

NABU argued that further impact studies are unnecessary given that three have already been completed, and asking for more is simply delaying the introduction of a new ECA zone.

ANALYSIS

Liquefaction experts join forces to combat losses

LIQUEFACTION experts are teaming up to try to stem losses from the phenomenon that has claimed more than 100 lives over the past decade.

This year saw the loss of the supramax *Nur Allya*, which was carrying nickel ore on an Indonesian domestic voyage when it issued a distress signal and sank in August with 25 crew on board, now presumed dead.

While the official casualty investigation report has yet to be published, there is widespread belief that the cargo liquefied.

A person close to the investigation told Lloyd's List that, from initial findings, it looked as if a number of holds contained cargo that had exceeded its Transportable Moisture Limit, while others were below the recommended TML. An average of the TMLs was then taken and the vessel set sail.

According to Dr Angus Skinner, an engineering consultant who has spent decades advising on ground engineering and soil mechanics problems, the TMLs "tell nothing about the pore liquid flow of a cargo; it is not a measure of potential liquefaction".

"Liquefaction doesn't depend on a single variable," he said at a liquefaction seminar hosted by Informa last week. It depended on many variables such as collapsible grain strength, specific gravity, bulk density, and degree of saturation. He added that it was also important to know how the loading was carried out.

Dr Skinner participated in the International Maritime Organization's correspondence group on the transport of iron ore fines as an adviser to the Maritime and Coastguard Agency's environmental policy branch studying liquefaction, and was an expert witness in the inquiry into the loss of *Bulk Jupiter*, among others.

"IMO guidelines are not a measure of liquefaction potential," he said. "No one is vetting them directly."

He added that there was therefore a need to log the data about near misses.

Southampton University's joint industry initiative

Professor Emily Reid at the University of Southampton believes the IMO regulation is fit for purpose, but there are questions around compliance because the language is often difficult to follow or because of complacency or a lack of education and enforcement.

The university's Marine and Maritime Institute has received funding from the Lloyd's Register Foundation for a three-year research project to develop an evidenced understanding of the nature

and causes of solid bulk cargo liquefaction, with the aim of identifying proposed solutions or innovations or changes to manage the risk and address the problem.

The ultimate aim is to reduce losses, both of life and of vessel, through a best practice guidance note issued to the industry, she told attendees at the seminar in London.

"Understanding the risks would allow shipowners to be proactive, not reactive, in terms of controlling risk," she said, adding that there should be a requirement to report, even anonymously on an app, in case of near-misses.

The initiative, which will look at the limits of the current regulatory regime, both the IMO's International Maritime Solid Bulk Cargoes code, and more broadly, has 22 partners so far, but Prof Reid would like more to join. It will also try to understand the reasons for lack of compliance to inform the future regulatory framework.

Businesses as regulators?

James Davey, a professor of insurance and commercial law at the University of Southampton, said that businesses could act as regulators, blacklisting companies who don't comply with regulations.

A representative at a European shipowner told the seminar that his company turned down two requests to carry bauxite recently due to paper work that had not been filled out correctly. Shippers had no idea what the IMSBC code was or how to use it, he ventured.

While that may work in Europe or other jurisdictions that follow code of ethics, it may be more difficult in places that have lax compliance standards or less rigorous educational systems.

More than half of the reported liquefaction incidents involved nickel ore from Indonesia over the past 10 years, with the loss of 101 lives, excluding this year, according to Intercargo, the dry bulk shipowners' association.

Darryl Kennard, partner and head of the shipping team in London at Penningtons Manches Cooper, formerly Thomas Cooper, said enforcement was the big issue with liquefaction cases, since there were no criminal charges.

A change in attitude came about when ship recycling began to be penalised, he noted.

Could the same be applied to liquefaction-related incidents?

While the IMO's code was fit for purpose, it is not being properly applied, so perhaps needs to be set out differently, he said, adding that amendments to any IMO code is however not a quick process.

Top 10 in regulation 2019

WHILE regulation has always been a fundamental pillar in maritime, the people that decide, shape and enforce regulations today can determine the fortunes or miseries of the industry. Decarbonisation and sanctions in particular exemplified this point in 2019. There is little evidence 2020 will be much different

01 / Kitack Lim, International Maritime Organization

FOR what could be thought of as a transitional year — after a hectic 2018 and ahead of a crucial 2020 — the IMO was nonetheless still, by some margin, the most influential in maritime regulation, dominating both safety and environmental policy.

In 2019, it finalised preparations for the 2020 global sulphur cap and moved on with applying its initial greenhouse gas strategy.

This still requires significant work but has already had a clear impact, with business taking it as a sign shipping is on an irreversible decarbonisation footing.

Next year will be a moment of truth for the IMO as it deals with the implementation of the 0.5% sulphur limit and tries to bring in a new short-term measure to reduce GHG emissions.

Kitack Lim was reappointed as secretary-general to run the IMO for another four years, which could be even more consequential than his fourth year.

02 / Andrea Gacki, US Office of Foreign Assets Control

IF environmental regulation is what will define shipping's future, sanctions are perhaps the biggest challenge today.

The intensification of US sanctions surrounding Iran and Venezuela have shaken up the industry this year, with far-reaching effects.

Aside from having market impacts, like the sanctioning of Cosco tanker units that sent tanker rates soaring, OFAC has put pressure on the marine insurance industries and flag states to comply with US sanctions, adding a greater degree of scrutiny.

This year was proof of just how much international disputes — both physical and financial — and willingness from the world's largest economy to enforce penalties can affect global shipping.

Andrea Gacki became director of OFAC in 2018.

03 / Ursula von der Leyen, European Commission

THE new European Commission president Ursula von der Leyen could turn out to be one of the most important actors in maritime in 2020.

She has explicitly tasked her Commissioners to work on including shipping within the EU Emissions Trading System, a move that would effectively regulate greenhouse gas emissions of vessels using EU ports.

Shipowners globally detest the move — as does the IMO — but the political momentum behind it and its place within a broader decarbonisation agenda means reversing course may be difficult.

Ms von der Leyen's decisions and speed on regulating shipping emissions next year could define every aspect of the future of this industry for years to come.

04 / Esben Poulsson, International Chamber of Shipping

THE head of the world's largest shipowning lobby, Esben Poulsson, had another busy year as regulatory demands on owners continue to grow.

The organisation has helped prepare the industry for the 2020 sulphur cap and will be expected to take a lead in improving it during its first implementation year, based on early experiences.

In 2020, the ICS will be significant in the development and approval of short-term decarbonisation measures from the IMO.

Chairman Mr Poulsson and his secretariat will also have to contend with the new European Commission and its goal to regulate shipping emissions, a move the ICS highly opposes.

05 / Sadan Kaptanoglu, BIMCO

OFFERING the most diverse services among industry groups, BIMCO continues to be a leading voice for businesses collectively speaking to regulators.

Its work covers all regulatory aspects and, with a firm proposal on reducing emission though engine power cuts, it has already put its stamp on next year's GHG debate.

The 0.5% sulphur cap, though going fully ahead, is an operational and financial challenge that will generate new insights. It will be upon groups like BIMCO to translate those into action.

2020 could be transformative for BIMCO, where Sadan Kaptanoglu is president, as it will be the last year with Angus Frew as secretary-general. He has been in this role since 2013.

06/ Green movement

THE significance of environmental policy in shipping today means that those influencing regulation are not always a singular or structured body.

Civic society, activists and politicians with a broader environmental agenda all scrutinise and weigh on regulators as they attempt to deliver policies that can reconcile these concerns with technical feasibility and commercial interests.

Organisations such as the Clean Shipping Coalition, Transport & Environment and the International Clean Council on Transport are among those pressuring the industry to act faster on emissions than others are willing or claim to be able to.

Groups such as Extinction Rebellion targeting IMO meetings are raising the profile and showcasing just how visible shipping regulation has become. That is unlikely to change any time soon.

Our photo, supplied by the United Nations, shows climate activists, from left: Greta Thunberg, Bruno Rodriguez, Wanjuhi Njoroge and Komal Karishma Kumar. They opened the first Youth Climate summit, hosted by the UN, in September.

07 / Dimitris Fafalios, Intercargo

THE leading dry cargo association emerged in 2019 as one of the few leading groups that still publicly criticises the shortcomings of the 2020 sulphur cap

and the threats it presents, particularly for tramp shipping.

While the cap is coming, Intercargo is one of those groups we expect to provide evidence and data of what implementation has looked like for these trades in 2020 and beyond.

Depending on what they find, it could have an impact on the regulation in the future.

Intercargo, led by chairman Dimitris Fafalios, is also vocal on safety issues, especially the perils of liquefaction, which continue to claim seafarers' lives.

08 / Paolo d'Amico, Intertanko

TANKER shipping has been a target this year, whether it be through financial sanctions or due to geopolitical tensions that lead to vessel harassment and seizures.

Under chairman Paolo d'Amico, Intertanko tries — as much as is possible in this context — to protect this sector and speak for its interests.

The group must also juggle this with being the leading tanker voice in the IMO.

During the past year, Intertanko played a key role in shaping the new energy efficiency targets for tanker newbuildings.

As the IMO attempts to craft new greenhouse gas-reducing measures, the group will seek to have just as strong an impact there.

09 / Arun Sharma, International Association of Classification Societies

THE IACS remains the industry's designated technical expert. Its voice is one of the most influential in terms of guidance.

Next year, the IACS could have an even bigger role as its members help implement the 2020 sulphur cap while the IMO works on addressing some of the outstanding concerns around compliant fuel safety and availability.

Beyond that, however, the industry will likely expect the organisation to make greater interventions as technologies and intended solutions for vessel decarbonisation come to be promoted.

Chairman Arun Sharma's plan to focus on data-driven policy could also have significant impacts in the realm of policy-making.

10/ Peter Stokes, Global Maritime Forum

ONE of the key goals of the IMO's initial greenhouse gas strategy was to spur business into action.

Perhaps the grandest manifestation of that is the Global Maritime Forum, the industry non-governmental organisation that is vying for a concerted industry approach to major challenges and trends such as decarbonisation.

Under chairman Peter Stokes, the GMF has already had a clear impact in 2019; it led to the birth of the Poseidon Principles that tie climate change considerations to future lending policies.

It is also one of the founding members of the Getting to Zero Coalition, which brings together dozens of companies, non-governmental organisations and institutions with the aim of developing commercially viable zero-carbon vessels by 2030.

Pressure and appetite for a decarbonised shipping means the GMF is likely to increase in significance over the coming years.

The Top 10 in regulation list is compiled by the Lloyd's List editorial team and considers people in a position to influence large-scale change in shipping industry regulation or whose actions in regulation directly influence the industry

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OPINION

The customer should pay for cleaner shipping

AMONG the many issues raised in last week's Outlook 2020 webinar, one concern seems never to be addressed, *writes Richard Clayton*.

It's important if shipping is to do more than survive in the post-IMO 2020 world. It is: how on earth can shipping get its customers to contribute financially to the surge of regulatory compliance that is about to overwhelm a significant proportion of the industry?

Customers come in many shapes and sizes. They are in all the nations of the world, and they range from traditional heavy industries to one-person start-ups.

And they all have one thing in common: they need to control costs. That means paying as little for services, including shipping, as they possibly can. It's the established model of the business world.

But it's a very large part of the reason why shipowners are resisting the complete transition to digitalised, optimised, zero-emission transportation. Customers demand it but they don't want to pay more for it; shipowners know it's coming but they don't want to put themselves in an uncompetitive position.

Meanwhile, high-profile environmental lobbyists have seized on the proportion of global CO2 and greenhouse gas emissions accounted for by shipping to make the case for shipowners to clean up their act. Whatever shipping does is never likely to be enough, and the more shipping invests in cleaner technology the less finance there is to invest in compliance elsewhere.

The answer is simple, yet unpalatable. If shipping services are already far too cheap, then pass on the additional cost to customers in the form of an environmental surcharge, or an efficiency extra. Spreading the cost wouldn't make that much difference to the end-user — who would notice an additional $100 on a new car or $3 on a pair of sneakers? But it would make all the difference to the shipowner.

Getting the customer to pay more shouldn't be a headache for the shipowner alone. This a flaw in the global business model that has come to accept low-cost as the mantra of efficiency when it is in fact the generator of inefficiency. This is where the maritime industry must come together with the inland logistics chain to speak with one voice.

There's a cost to be paid for getting your package from factory to doorstep in a more environmentally-friendly way; that cost must be paid by the customer, not the carrier.

Free trade does little to boost India's exports

ON NOVEMBER 4, India decided to withdraw from the Regional Comprehensive Economic Partnership, a mega-regional trade agreement that aimed to bring together almost half of the global population and to account for nearly 28% of the world trade, *writes Antonella Teodoro.*

The Indian decision was influenced by a multitude of stakeholders including farmers' organisations, trade unions and industry associations who expressed their concerns about how this agreement would have affected domestic manufacturing.

India has three free trade agreements with the members of Association of Southeast Asian Nations, South Korea and Japan, all parties of the RCEP negotiations. These FTAs were expected to boost Indian exports. This expectation did not materialise. On the contrary, imports from these countries grew, thereby negatively affecting Indian manufacturing.

By joining the RCEP, India would have had to offer preferential duties to China, the largest trade partner and the largest source of imports for India. This was not appealing to India's manufacturing sector.

Looking at the latest trends concerning the trade relationship between India and the existing FTA partners among the RPCs (ASEAN, South Korea and Japan), the gap between imports and exports has not improved since the agreements were undertaken, as shown in the following figure.

This gap is significant because it has contributed to the overall deficit for India. These results indicate India's inability to capitalise on the increased market access opportunities that should have been gained from the lower tariffs offered by the partner countries. The reason why the government has not succeeded in reverting the trends is beyond the scope of this analysis.

China has gradually increased its penetration in the Indian market. At the beginning of 2000, the Indian deficit with China equated to $300m. This has risen to $57bn in 2018, with imports increasing from $3bn in 2000 to nearly $76bn in 2018 and exports increased from $3bn to $19bn during the same period.

Although it is impossible to establish with certainty what India could have gained from the RCEP, this analysis shows that India has been unable to exploit the market access opportunities derived from the FTAs suggesting that India needs to address the reasons why the FTAs have not been successful before it can convince the country's stakeholders to sign for new FTA.

MARKETS

Carriers slow to remove capacity ahead of Chinese New Year

WITH this year's early Chinese New Year just six weeks away, container lines have begun reducing capacity to account for the slowdown in demand in the weeks surrounding the holiday period.

To date, however, announced capacity reduction has been relatively small, leading to fears that further blank sailings will need to be introduced with short notice, according to analysts at Sea-Intelligence.

"If the relative capacity reduction of 2019 is to be matched, carriers need to blank an additional 11-23 sailings on the transpacific and six to nine sailings on the Asia-Europe trade," Sea-Intelligence said. "Given the potential scale of these reductions, we might end up in a similar situation to 2019, where 45 blank sailings were announced three weeks before Chinese New Year."

Chinese New Year, which marks the start of holidays across most of Asia, and especially so in China, will fall on January 25 in 2020, the earliest in the year it has fallen since 2012.

With this holiday period strongly impacting manufacturing output, container shipping demand to and from Asia decreases substantially, forcing shipping lines to cull supply to meet their expectation of demand, by blanking sailings.

On the Asia-North America west coast trade lane, Chinese New Year capacity reductions have not followed a distinctive pattern, with capacity reductions spread over a three-week period in both 2016 and 2017, while in 2018 and 2019, the brunt of the Chinese New Year reductions fell in the two weeks following Chinese New year.

So far, the majority of the capacity reductions planned for 2020 are for first and third week following the new year, which also means that currently, the offered capacity in week 2 is to be the highest for that week across the entire analysed period.

"Capacity offered in the week before Chinese New Year in 2020 is also slated to be the highest for that week across the analysed period," Sea-Intelligence said. "This will change as more capacity cuts are potentially announced as we move closer to Chinese New Year."

In 2019, 29 sailings were blanked in the week three-week period. In 2020, eight blank sailings have so far been announced, equating to 62,000 teu of blanked capacity, or 6.9% of the total capacity for the three-week period in 2020.

"If carriers wish to blank capacity in 2020 in line with 2019, then an additional 180,400 teu needs to be blanked, which, with an average vessel size of 8,100 teu on the trade lane, means the blanking of an additional 22.3 average-sized sailings," Sea-Intelligence said.

"On the other hand, if the relative capacity reductions of the past three years are a better guide for how much capacity needs to be blanked, then the carriers need to blank an additional 137,000 teu of capacity, which equals to an additional 16.9 average-sized sailings."

To date, only 19 blank sailings are slated for Chinese New Year 2020 across the combined Asia-Europe and transpacific trades, which is considerably lower than the 57 and 67 sailings that were blanked in 2018 and 2019, respectively.

In 2019, however, until four weeks before Chinese New Year, only 20 blank sailings had been scheduled, with an additional 45 blank sailings announced only three weeks before the holiday.

"Given the seasonality of the previous years and the overall weak demand growth environment, capacity reductions so far for the 2020 Chinese New Year are significantly muted, and shippers should expect carriers to announce a considerable number of blank sailings in the coming weeks," Sea-Intelligence said.

"However, we hope that the industry is not put in a similar situation to 2019, where such large scale disruptions are announced at such very short notice."

IN OTHER NEWS

Angelicoussis inks new tanker and LNG 'package' at DSME

GREECE-based Angelicoussis Shipping Group has ordered a brace of very large crude carriers and a liquefied natural gas carrier newbuilding with a combined value of about $380m.

The orders went to favoured builder Daewoo Shipbuilding & Marine Engineering, which announced the deals on Monday.

Lloyd's List understands that group tanker arm Maran Tankers has an employment opportunity for two VLCCs, while the LNG carrier represents exercising of Maran Gas Maritime's last option with the yard.

The builder will have been keen to land the trio of ships as a package.

No price breakdown has been given for the vessels but it is believed that the VLCCs are costing about $95m apiece.

While that may be higher than some current benchmarks, the vessels are of the 318,000 dwt class and have a higher than standard specification. They will also be delivered with exhaust gas cleaning systems installed.

The tankers are scheduled for delivery in summer of 2021 while the 174,000 cu m gas carrier is due in early 2022.

AET signs off Shell charters for newbuild shuttle tankers

AET Tanker Holdings, a Malaysian-owned global shipping company specialising in the ocean transport of crude oil and refined product, has won three long-term time charter contracts valued at $245m from a unit of Shell for newbuilding suezmax shuttle tankers with dynamic positioning capabilities.

AET said the charters would start from 2022 and the tankers would operate in international and Brazilian waters.

The charters have been announced about 16 months after the unveiling of AET's first time charter contract with Shell, which was also for a DP shuttle tanker to be constructed for operation in Brazil.

AVIC quits shipbuilding after China Merchants' takeover

STATE conglomerate China Merchants Group has completed the acquisition of AVIC Maritime, signalling a further consolidation of the country's shipbuilding sector.

Hong Kong-listed AVIC International Holdings, which owns 73.87% of AVIC Maritime, said in an exchange filing that it had sold the stake to China Merchants Industry Investment for S$31.6m ($23.2m).

CMII is a wholly owned subsidiary of China Merchants Industry Holdings, the shipbuilding and offshore engineering arm of CMG.

AVIC International is ultimately controlled by Aviation Industry Corp of China, the country's state-owned aerospace and defence giant.

BW LPG chief Martin Ackermann steps down

MARTIN Ackermann has resigned as the chief executive of BW LPG, part of BW Group, after more than four years at the helm, citing family reasons.

The announcement came after the Olso-listed gas shipping arm posted its highest-yet quarterly results in June-September and remained optimistic for the sector's prospects.

Before assuming the BW LPG position in August 2015, Mr Ackermann was in the same role at Danish shipowner Evergas. "It has been a privilege to lead BW LPG through some challenging years and to see it continue as a strong platform for the future," he said in a statement.

Canada approves Chevron's bid to export LNG from Kitimat project

CANADA has approved an application by Chevron to export liquefied natural gas from a major facility in Kitimat to Asian markets for a period of 40 years.

Chevron Canada said it intended to export up to 18m tonnes a year of LNG from the proposed Kitimat LNG project in British Columbia to markets in the Pacific Rim, including China, Japan and South Korea.

Approval by Canada Energy Regulator effectively doubles the timeline of a licence agreed earlier. In 2011, the regulators approved a 20-year licence to export 10m tonnes a year of natural gas.

During the export licence application hearing, the CER heard from opponents of the project who claimed two large LNG projects — LNG Canada and Kitimat LNG — would consume so much natural gas that higher prices would result for domestic use.

In the autumn of 2018, the rival LNG Canada consortium, led by Shell Canada, said it would proceed with its $40bn, 14m-tonnes-a-year project, also to be built near Kitimat. That project is expected to be operational by 2024.

ADMIRALTY COURT PUBLIC AUCTION SALE

Jack Up Rigs Decus, Fortius, Impetus, Laurus and Primus

All five jack up rigs were previously on long term contracts to PEMEX. The rigs have been configured for PEMEX requirements and are capable of drilling wells up to 30,000 feet

	Decus	Fortius	Impetus	Laurus	Primus
					
Design	Pacific Class 400	Pacific Class 400	Pacific Class 400	KFELS MOD V-B	KFELS MOD V-B
Builder	PPL Shipyard Pte Ltd.	PPL Shipyard Pte Ltd.	PPL Shipyard Pte Ltd.	Keppel FELS	Keppel FELS
Year Built	2013	2013	2014	2013	2012
Classification	ABS	ABS	ABS	ABS	ABS
Flag	Panama	Panama	Panama	Panama	Panama
Water Depth (ft)	400	400	400	400	400
Drill Depth (ft)	30,000	30,000	30,000	30,000	30,000
BOP	1 x Hydrill 15,000 psi	1 x Hydrill 15,000 psi	1 x Hydrill 15,000 psi	1 x Cameron 15,000 psi	1 x Cameron 15,000 psi
Top Drive	NOV TDS-8A	NOV TDS-8A	NOV TDS-8A	NOV TDS-8A	NOV TDS-8A
Mud Pumps	3 x NOV 2,200 hp 7500 psi	3 x NOV 2,200 hp 7500 psi	3 x NOV 2,200 hp 7500 psi	3 x LEWCOW-2215, 2,200 hp, 7,500 psi	3 x LEWCOW-2215, 2,200 hp, 7,500 psi
Derrick	NOV 1,500 kips	NOV 1,500 kips	NOV 1,500 kips	Lee C Moore 1,500 kips	Lee C Moore 1,500 kips
Draw Works (HP)	3,000	3,000	3,000	3,000	3,000
Accommodation	150	150	150	150	150

All five jack up rigs are currently warm stacked at Freeport, Bahamas where they are under the control of the Admiralty Marshal of the Courts of the Bahamas. They are to be sold by open auction, "as is where is" at the time of sale. For more information, or to arrange inspection, please contact the Admiralty Marshal at the address below.

The auction is now open, and offers may be submitted by email at any time. The auction shall close at 1200 hrs midday on

10th December 2019

Admiralty Marshal
Port Department Administration Building
Prince George Wharf
Nassau, N.P., The Bahamas
Phone: 1 (242) 322-8832 Email: bernewright@rbdf.gov.bs and bronyataylor@bahamas.gov.bs

For additional information on the rigs please contact the Admiralty Marshal and AMA Capital Partners:

Paul Leand
Phone: 1 (212) 682 2310
Email: pleand@amausa.com

Ken Becker
Phone: 1 (212) 682 7549
Email: kbecker@amausa.com

Disclaimer: The above information and any further particulars provided by the Admiralty Marshal are provided in good faith but no responsibility is accepted for their accuracy. Purchasers must make their own independent enquires.