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US likely to widen sanctions on shipping, lawyer warns

MORE SHIPPING COMPANIES can expect to find themselves at the sharp end of Washington's retribution for trading with Iran, Venezuela and other countries, according to a US lawyer.

Washington has in recent years sought to restrict shipping links as a means of ramping up the pressure on US sanctions targets, according to Daniel Pilarski, a partner at New York-based Watson Farley & Williams, who specialises in sanctions issues.

Cases in point have included China's Cosco Dalian, the tanker wing of Cosco, which found itself in the Office of Foreign Assets Control firing line last September for its activities in Iran.

Some two dozen Cosco Dalian very large crude carriers were blacklisted until resolution was reached earlier this year, on terms that are not in the public domain.

More recently, some vessels on charter to Rosneft Trading have effectively been forced to stop lifting in Venezuela, following the imposition of sanctions on the Geneva-based unit of the Russian oil major.

A small degree of leeway is sometimes granted, by way of waivers for consignments in transit. But otherwise the bans appear to have been applied strictly.

"The entire shipping community is on notice that Ofac is very willing to go after significant players in the market for purposes of enforcing US sanctions," said Mr Pilarski.

Much of the context here is political; Cosco Dalian and Rosneft Trading may have fallen into the spotlight thanks to US trade tensions with China and policy clashes with the Kremlin.

But even being based in a country with friendlier ties to the US is no real protection, he added.

"It's quite possible that the decision as to which companies to put on the sanctions list may have larger geopolitical considerations. But certainly there are some companies in Europe without any significant nexus that could find themselves on the sanctions list."

The most likely trigger is port calls in Iran and Venezuela, which are the focus of what the Trump administration has called its maximum pressure campaign.

Given that oil is the major export commodity in both instances, tightening the noose on tankers is an obvious easy option.

OFAC seems to be particularly keen to stop ship to ship transfers, which are seen as offering an opportunity to evade sanction by disguising the origin or destination of the of the cargo. But the vast majority of STS transfers are entirely legitimate.

However, there is no reason in principle for them not to go after other vessel types if it were to decide that was an effective tactic, Mr Pilarski said.

North Korea and Syria have also attracted US ire, but are less important in light of the relatively small size of their economies, while Cuba has faced a US boycott for decades.

Russia as a whole is not subject to broad sanctions, although there are numerous sanctioned Russian individuals and entities.

"Other shipping companies will be named in the next few months before the end of this year," he said. "If shipping companies continue to deal with the with the Iranian or Venezuelan oil sector, I would not be at all surprised if they found themselves on the sanctions list."

A deterrent effect also has to be factored in. Penalties include restrictions on US dollar banking transactions, which for most shipping operators is the ultimate dealbreaker.

With examples already made of Cosco Dalian and Rosneft, other operators have likely already decided not to risk landing in the same boat.

WHAT TO WATCH

Decline in oil demand likely to boost tanker floating storage

TANKERS used for floating storage may protect the sector from the anticipated drop in spot rates during second half of the year.

The International Energy Agency has said it expects global oil demand to drop by a record 9.3m barrels per day this year compared with 2019. Demand in April and May is expected to decline by 29m bpd and 26m bpd, respectively. The projections represent the lowest global oil demand level in 25 years.

The IEA report came after this weekend's agreement by the 23-nation Organisation of the Petroleum Exporting Countries-plus alliance to reduce supply by 9.7m bpd effective from May 1 until June 30, followed by more, but smaller monthly cuts, throughout the rest of the year. Market observers have underlined that these agreed cuts will not be sufficient to counterbalance diminishing demand.

The IEA acknowledged the Opec-plus commitments on oil supply reduction will not rebalance the market, but will still play an important role in easing the pressure.

It also said that China, India, South Korea and the United States have either offered their strategic storage capacity to industry to temporarily store unwanted barrels or are considering increasing their strategic stocks to take advantage of lower prices

Meanwhile, it estimates that the output from non Opec-plus producing nations will cut production by 3.5m bpd in the coming months due to unfavourable economics.

"The loss of this supply combined with the Opec-plus cuts will shift the market into a deficit in the second half of 2020, ensuring an end to the build-up

of stocks and a return to more normal market conditions," it said.

The IEA clarified that it was still awaiting details on the strategic use by the four countries.

"If the transfers into strategic stocks — which might be as much as 200m barrels — were to take place in the next three months or so, they could represent about 2 mb/d of supply withdrawn from the market," it said.

If all these pieces fall into place, oil demand will exceed supply in the second half of 2020.

Overall, while the IEA expects a gradual recovery in demand in the second half of 2020, it nonetheless anticipates demand in December to be 2.7m bpd lower than what it was in the same month of 2019.

Euronav chief executive Hugo De Stoop expects tanker spot rates to continue at elevated highs as oil continues to require movement and storage.

"The next two months is an assurance that we are going to have a lot of jobs to do, a lot of storage, but also transportation to storage places and to refineries that have not completely shut down. Most of them have done cuts in their refinery runs but not shut down completely," he said.

Oil prices have been hovering at historical lows over the past month, as a dramatic demand slowdown due to the coronavirus has been exacerbated by a growth in supply, due to the until recent disagreement between Saudi Arabia and Russia on supply cuts.

Oil prices sunk further after the IEA's announcement, with Brent crude dropping as low as $27.99 per barrel before recovering slightly during the day and the West Texas Intermediary also fell below $20 per barrel, hitting its lowest point in 18 years.

Spot rates soar

The persistently low oil prices have led to a massive spike in tanker spot rates since March as well as increased demand for tankers as floating storage venues for short-term fixtures of six months.

Spot rates in key very large crude carrier routes fell on Wednesday, but remain considerably above the $100,000 mark.

With demand for oil set for record declines and supply cuts deemed to be insufficient for the meantime, the dynamics are set to push earnings higher.

"The rates we are booking at the moment are unbelievable. We had a fantastic fourth quarter. We had a fantastic first quarter. We are well on the way to a fantastic second quarter, which will perhaps be better than the first quarter," Mr De Stoop said.

But ultimately after the second quarter, the continual accumulation of oil and limits on land storage may mean demand for tankers to transport more oil may fade.

Storage capacity

The IEA warned that the available oil logistics capacity could be saturated by the middle of the year, although this could vary, depending on location. Competition for oil pipeline space is already seeing bottlenecks, while certain qualities of crude oil cannot be stored in specific sites, the IEA added.

"Floating storage is becoming more expensive as traders compete for ships. Chartering costs for VLCCs have more than doubled since February. Never before has the oil industry come this close to testing its logistics capacity to the limit," it said.

Mr De Stoop said that the first wave of demand for tankers for storage was by traders, mainly because they are playing the contango market. Those are the ships that began their six-month contracts in March and April.

Lloyd's List Intelligence data shows that, as of April 14, there are currently 56 VLCCs and 26 suezmaxes that are being used as floating storage.

As of April 10, there were 148m barrels of oil stored on tankers globally, marking a 14.4m barrel increase from just a week earlier, according to Lloyd's List Intelligence data.

A second wave of demand for tankers as floating storage is expected, but this time it would be under circumstances where ship storage acts as a last resort. This second wave consists of vessels that would begin contracts in May and June, thus running until the end of the year.

"Which means that we will have an artificial decrease in the supply side of ships to protect us from what is going to come for the second half of the year," Mr De Stoop said.

The enigma, for Mr De Stoop is 2021, when normalcy is hopefully restored and oil demand returns to normal levels.

"Then the question is where is that oil going to come from. Is it going to come from production or storage. And if it is storage, is it already in the place where it will be refined or does it require additional travel, transportation...and therefore we will be able to do that," he said.

Euronav, which controls 45 VLCCs, including four currently under construction, and 25 suezmaxes, has thus far fixed four vessels for floating storage. When asked if the company will opt for spot charters or floating storage in the coming months, Mr De Stoop claimed it does not have a fixed preference.

"The ships that were taken by traders to play the contango were all for prompt delivery," Mr De Stoop said, meaning that a ship has already discharged its previous cargo and can load the next one within two to three weeks from the moment it is fixed.

This quick time frame allows for a direct comparison between the potential spot charter earnings and floating storage revenues of a vessel.

But that will likely change during this "second wave" of demand for floating storage, as prices will fall, primarily due to sentiment surrounding the current situation

"I feel the spot market will not be as generous as it was in the last month, and therefore the calculation between the six-month storage and what you can get in the spot market is probably going to be less close than it was in the past," Mr De Stoop said.

Ferry owners say Greek aid will not cover losses for a month

GREECE's ferry sector has criticised a €15m euros ($16.7m) package of aid announced by the government as too little.

Operators serving the country's numerous islands say much more may be required if the fall-out from the coronavirus pandemic lasts much longer.

The ministry of shipping and island policy said that 36 lines that might qualify for support had been identified under the scheme and the funds would ensure transport connections between the islands, which are home to 15% of the country's population, and mainland Greece.

Passenger traffic has been sharply reduced by travel fears engendered by the pandemic but also by lockdown restrictions on all but bona fide residents of the islands boarding island-bound ferries.

According to the Association of Greek Passenger Shipping Companies, out of 85 vessels that are enrolled in the membership only 33 are currently operating.

"Passenger traffic is 95% down and trucks are 40% down, so the situation is not good at all," president Michalis Sakellis told Lloyd's List.

He said that companies were still waiting for clarification as to how the government's scheme would apply, and which lines would be included, although it was assumed that local lines requiring small regional vessels were included as well as the mainstream ferries.

Another issue that was unclear was how long a time the funds are intended to cover, said Mr Sakellis. "If it's for the next two months that would be a joke." The association has estimated that €15m-€20m per month is needed to cover losses incurred by the fleet currently in operation.

"We need to have a very serious conversation about the future of our sector," Mr Sakellis said. "The other problem is all the vessels that are not operating now and how those companies are going to be strong enough to operate by themselves after the crisis is over."

He said ferry operators were already bracing for a 50% loss of business during the peak summer season, which traditionally offsets winter period losses when companies are obliged to maintain services to the islands.

Only "a miracle" will see restrictions lifted and consumer and tourist confidence return sufficiently to rescue the season in the time remaining, he believes.

"Passenger ships in Greece are not able to choose when they stop operations, we are obliged to keep up itineraries," Mr Sakellis said. "This is a public service obligation, so we say that the state has to help us."

OPINION

MSC shutdown throws spotlight on cyber security

MARITIME cyber security came under the spotlight over the Easter weekend when the website of Mediterranean Shipping Co went out of action, *writes James Baker.*

Although eventually restored, the fact that a leading carrier could be offline for almost a week raises questions of cyber security at a time when digital operations have become ever more critical.

"We've all now turned our businesses effectively inside out," said Joe Hancock, a partner at Mishcon de Reya who also heads the law firm's cyber security efforts.

Speaking in a webinar before the MSC incident, he added: "This presents some interesting issues. We're seeing staffing issues across businesses, and a reduction in managed service provision. If you outsource monitoring and detection facilities, can that supplier sustain those when they're headcount has been reduced?"

With the pandemic mitigation measures putting pressure on companies to do business digitally, and office-based staff working remotely, there were additional opportunities for criminals to access systems.

MDR cyber intelligence director Mark Tibbs said: "Cybercriminals never let a good crisis go to waste and have responded quickly. The methods haven't changed but the ways of enticement have."

MSC was not the only maritime company to face problems over the weekend. Denmark-based pump manufacturer DESMI also suffered a confirmed cyber attack last Wednesday night and was forced to shut down its systems.

The two incidents are instructive of the different approaches companies take to handling cyber attacks.

DESMI posted a message from its chief executive Henrik Sørensen on Friday that it had been attacked and that all systems were shut down.

Yesterday, it followed up with a statement that the attack had been a ransomware attack and that criminals were seeking payment for data recovery.

"A ransom we under no circumstances will pay," Mr Sørensen said. "We do not support criminals. It is most likely, that data has been stolen from our systems, and we predict that criminals will try to misuse these data."

By contrast, MSC put up a holding page to say that its website was down for extended maintenance. MSC initially said msc.com and myMSC were unavailable as the company had experienced a network outage in one of its data centres.

It later said through its Twitter account that had a network outage at its Geneva headquarters and added that it could not rule out the possibility of a malware being behind the fault.

MSC was able to keep its operations under way during the outage, and its agency network was fully functional on a separate network. Kuehne + Nagel head of seafreight Otto Schacht said on Twitter that MSC staff informed the forwarder "within minutes" on what to do.

Others, however, complained of having to wait for over 12 hours before being informed of any issues.

Questions also remain about what the nature of the attack on MSC was, and what damage was done to its internal systems.

"I imagine that they would have had problems with their decision tools, with their vessel deployment plans," said one expert with experience working in a container line.

"Certainly their operational systems do not seem to be affected but it speaks volumes that they couldn't get their website up and running in an hour."

The company is understood to have eschewed any cloud-based systems in favour of a server-based system centralised at its Geneva headquarters.

While this is likely to have protected it from a similar spread of a cyber attack as that suffered by Maersk in 2017, at a time when cyber criminality is taking advantage of the current crisis, MSC, along with all in maritime, will need to take a close look at its security to avoid similar events occurring again.

ANALYSIS

Marine market risks irrelevance in face of health crisis

THE marine industry has been hit hard by the coronavirus and insurers have had little to offer to mitigate the impact of the pandemic.

As a result, there is likely to be a radical reassessment of the kinds of insurance covers required in the future, and whether or not that cover should be obtained in the mainstream market.

At the moment, the full extent of the impact of coronavirus, both for insureds and insurers, is far from clear, as are any possible risk mitigation solutions that might address the issue in the future.

Marine businesses are exposed to significant delays and business interruption related to quarantines, voyage cancellations and factory closings all over the world. The prospects for marine business owners and investors are daunting, to say the least, as these delays and cancellations weaken the transport chain and create disputes and divisions between shipowners, charterers and cargo interests.

According to loss adjusters, the impact is especially acute on perishable cargo delayed in ports, particularly in China, and in cases where customers are unable to take delivery because of border restrictions or lockdowns, the severity of which varies from one country to another.

For example, travel between Holland and Belgium is currently restricted to essential transport; in France, people are expected not to leave their houses except in case of emergency; Cyprus, South Africa and the Middle East have closed their ports and are not allowing any ship or cargo to come in. Not surprisingly, there has been an exponential rise in the number of cases of product damage and container casualties caused by delays as a result of cargoes not being delivered in time, of cargoes being abandoned or as a result of shipping restrictions.

The extent of damage from abandoned cargo or delayed shipment depends on the type of goods, says Ton Schox, head of marine for continental Europe at Sedgwick.

“For certain products such as paper, it won’t have any problem; the worst and only impact is delay. However, some products need to be carried in refrigerated conditions to maintain their temperature, like perishable cargo, and any delay to its shipment will become an issue,” Mr Schox explains.

However, losses on marine policies caused by delay attributable to pandemics like coronavirus or Sars are excluded from the standard marine insurance policies. And, even in cases where there might be grounds for a claim, there are often significant grey areas.

For example, perishable food products may be covered in the event of deterioration caused by a risk, but they may not be covered in the event of market loss or deterioration caused by delayed delivery.

“We understand that in some cases, the expense of overheads would be warranted, but the shippers will have to prove their due diligence in the management of the claim. Each new claim is therefore studied by insurers on a case-by case basis and no general behaviour seems to have been adopted as yet,” says Mr Schox.

The pandemic has also highlighted business interruption-type exposures not typically associated with the marine sector such as event cancellations.

For example, the insurance industry in the Netherlands which is currently in semi-lockdown until the end of April and where all major events have been cancelled, has seen a marked increase in such claims.

Again, whether or not an insurance policy will pay out is far from clear and loss adjusters have to consider factors such as whether or not the event is in fact insured, in which market the event is insured, and policy wordings.

“Events are most likely to be insured in the marine market because they involve moving equipment. Travelling showmen and fairground ride operators for example, have traditionally always been insured in the marine market, and not the property market, due to the nature of their business,” says Mr Schox,

Sedgwick does not expect these cancellation claims to rise any further past May or June, unless, of course, the lockdown continues beyond these dates.

But given the extent to which the marine industry has already been affected by coronavirus, the pressure is mounting on insurers, despite the protection afforded them by policy exclusions. The pressure is mounting too on government. This is not least because of the critical importance of the maritime sector to the UK economy. For example, UK seafarers were recently classed as key workers by the government.

While this classification will go a long way to help the sector continue to operate during these uncertain times, and allow UK ports to continue functioning at 95% capacity, the emergency Coronavirus Bill does permit the government to close ports if required, says Gemma Pearce, head of marine at London law firm BLM.

"We have already seen numerous big ferry operators seeking financial assistance from the government owing to a decline in passenger footfall, although their cargo/freight business continues to thrive due to the ongoing demand for consumer products, predominantly food goods and essential supplies," she says.

The issue for the insurance industry is not that the challenges facing the maritime sector are huge, but the growing sense that there is not much the insurance industry can offer, or is willing to offer, by way of a solution.

The maritime sector is facing the prospect of an unprecedented number of vessels at anchor, as well as unprecedented congestion at ports. Thousands of containers lack the relevant paperwork and cannot be landed, because of the loss of staff and lockdown procedures.

There is also the potential loss of shipping routes, as well as the loss of smaller coastal vessels servicing remote locations due to economic reasons. "Vessels will then have to be sold and the sale price will likely be less than pre-outbreak costs," Ms Pearce adds. "Another consequence could be construction delays, in terms of delivery of new vessels, of both small and mega build."

In the ports and terminals sector, most insurance policies appear to provide even less coverage for coronavirus-related losses than they do in other marine sectors. Where they do, there is a requirement for a governmental authority to mandate closure of the business in order to trigger policy coverage.

The latter is unlikely to occur, says Robert Iremonger of Abingdon Risk Consulting, a marine claims advisory firm which advises port authorities and marine businesses.

"Very few have a contagious disease clause, which would trigger coverage should there be an outbreak of an infectious disease within a set distance from the insured's premises," he said. "Currently, I know of no claims which have been submitted to any marine underwriter."

A few port or terminal-based marine businesses have non-physical damage business interruption cover in the form of denial of access clauses under their policies, which would trigger policy coverage irrespective of whether there is a specific damage event. An infectious disease clause would, similarly, not require physical damage to occur.

But, whatever the merit of the broader distribution of such covers in the future, most ports and terminals are at present focusing on formulating their future business strategies, including enhanced risk mitigation strategies such as captives and risk pooling arrangements, Mr Iremonger says.

To what extent this process of strategising by the managements of ports and terminals involves or relies on the insurance industry is not clear. "They are only focusing on insurance to the extent of requesting their insurers to provide a premium return at the time of the next renewal, to reflect the reduction in turnover in the preceding (that is to say, the current) policy period," says Mr Iremonger.

In terms of marine underwriters' response to coronavirus, his sense is that there will be a renewed examination of policy wordings and the exclusions built into wordings, to prevent any type of claim relative to a pandemic being covered in the future. "Due to the potential aggregated exposures, underwriters are very unlikely to offer any coverage in this regard," he says.

MARKETS

Singapore uses tech to plan for rainy economic days

IN AN exceptional year,in which a dramatic turn of events has caused massive upheavals in the global economic environment, Singapore's developments in the maritime space have stood it in good stead to weather the proverbial storm, *writes Vincent Wee*.

The moves, made to prepare the maritime centre for the future, and drawn up way before any indication of the dark clouds now over the industry, highlight the way Singapore operates and drives its success.

Led by the Maritime and Port Authority of Singapore, the industry has invested heavily in digital innovation and infrastructure, as well as in strengthening regulatory and trading conditions.

For example, the Eastern Pacific Shipping MaritimeTech Accelerator, powered by Techstars, aims to cultivate planning for the rainy days that must be expected in any industry. It wants to mentor the next generation of maritime technology entrepreneurs by helping to cultivate start-ups that can leapfrog the maritime industry forward into the digital age.

Among the digital disruptors being encouraged to bring change to the industry are companies trying to increase fuel efficiency, as well as others that will enable maritime enterprises to automate business workflows by using cloud-based technologies and the internet of things.

This, however, is part of a broader initiative by the MPA and the Singapore government to develop digitalisation.

The MPA has its own schemes whereby it provides seed funding to technology start-ups under its Maritime Innovation and Technology Fund.

At an even more macro level, the Sea Transport Industry Digital Plan, a joint initiative with Infocomm Media Development Authority, enterprise development agency Enterprise Singapore and skills training agency SkillsFuture Singapore, aims to help small and medium-sized enterprises in the industry to adopt new technologies. In the event, the move towards greater digitalisation is proving to be prescient.

While the flagship Singapore Maritime Week itself has been partially delayed to later in the year and partially postponed to next year, events focusing on Singapore and what it can offer are continuing — ironically in the digital realm.

This will not only use the new technologies to overcome a serious physical and logistical issue as the coronavirus outbreak puts a major brake on all travel, but also use the opportunity to discuss how the very same technologies can improve the wider industry.

In addition to the digital sphere, Singapore also stands out in the regulatory space, where it has built a strong reputation in various segments of the maritime business.

In the bunker space, the steps Singapore has taken to develop its marine fuel sector are a shining example of how to better regulate bunkering operations at ports worldwide and how it can benefit the industry.

Building on the lead it took back in the 1990s, rolling out a bunker licensing scheme to better regulate a notoriously opaque industry, Singapore has since gone on to overhaul the industry's set-up.

In addition to the digital sphere, Singapore also stands out in the regulatory space, where it has built a strong reputation in various segments of the maritime business standards by introducing metered pipes to replace the arbitrary sounding method. In the process, tightening regulatory controls have enhanced Singapore's standing as it forged ahead to become the world's top bunkering centre.

However, perhaps the example of the Singapore Exchange's acquisition of and subsequent work to help build up the Baltic Exchange in Asia best illustrates the collaborative and insightful approach of the city to growing its maritime industry.

Taking the best of both worlds to combine the venerable institution's esteemed reputation and the access to big new markets in Asia that the city offers, new products have been created to meet clients' needs.

The development of Singapore as an international maritime centre is, like many other things in the city, a carefully planned process building on its strengths as well as the opportunities at its disposal.

In times of turmoil, as we are currently experiencing, this is proving a clear advantage.

Singapore leads by example as tech start-ups make their mark

CHARLES Darwin once said it was "not the strongest of the species that survive, nor the most intelligent, but the ones most responsive to change".

For shipping, technology has evolved to the point where change is nigh impossible to avoid.

Digital disruption has already shaken the status quo of this notoriously conservative industry, with shipping's plodding giants now racing toward greater technology adoption, phasing out legacy operational processes from vessel operations to ship design to shipbroking, as the sector seeks greater efficiency and output.

Singapore-based operator Eastern Pacific Shipping, led by Idan Ofer, has been at the forefront of these digital advancements, joining hands with Techstars in 2019 to launch the world's first global maritimetech start-up accelerator, the EPS Maritimetech Accelerator powered by Techstars.

The first batch of digital disruptors, which gathered in EPS's Singapore headquarters in Singapore in November last year, held an online demonstration day for the nine companies that took part in its effort to back technology development in shipping.

The start-ups attracted a lot of attention. Some obtained significant contracts, as well as offers of funding.

Eastern Pacific Shipping head of open innovation Gil Ofer said: "We knew that by partnering with Techstars, this would be a mentor-driven programme whereby our staff would be in constant close communication with the start-ups."

"What we did not expect was the amount of openness and collaboration from the wider maritime community. More than 160 external mentors came in to meet and establish relationships with the teams — who were all aligned in the desire to bring the shipping industry to technological relevance."

Under the programme, the start-ups were granted access to develop products in an onboard and onshore environment to innovate and solve problems such as fuel consumption, operational efficiency, fleet performance and improving life at sea for seafarers.

The batch had nine start-ups. They included C-Log, which recently moved its global headquarters to Singapore; US-based Volteo, which has spun off Volteo Maritime as a Singaporean company; and Nautilus Labs, which is also establishing a permanent office in Singapore while keeping its headquarters in New York City.

Other start-ups include Cyberowl, Enermo, F-Drones, QuantShip, Saara and SeaMiles.

"The key to innovation is collaboration," Mr Ofer stressed. "Gone are the days of working in silos and behind closed doors. If we want to move forward as an industry, we need to be willing to discuss pain points and challenges openly. By being transparent, we can identify problems and develop solutions instead of wasting time on solutions for problems that do not exist."

Although not everyone is convinced that digitalisation is going to transform the shipping world beyond all recognition, it seems clear that this time around, shipping companies will have to adapt to stay in business.

New York based Nautilus Labs, a software company focused on increasing shipping fuel efficiency and one of the nine start-ups under the EPS Maritime Tech Accelerator, noted that the industry has become fatigued with flash-in-the-pan "disruption".

"What we are finding is that our clients do not want disruption; they want co-operation, partnership and evolution," chief executive Matt Heider said.

Nautilus Labs has a unique platform that provides decision support based on vessel-specific machine-learning models and customises recommendations for each ship.

"More and more, owners and operators are trusting us with their assets because we have not only proven that we can generate actualised savings but because

we develop and release feature updates to our platform based on their continuous feedback," said Mr Heider.

In April 2019, Nautilus Labs secured $11m in Series A funding from M12, Microsoft's venture fund, and Root Ventures. Together with other investors including Quiet Capital, Trail Mix Ventures and Amplifier, Nautilus Labs has raised a total of $14.5m.

Quantship chief Kaushik Reddy said: "It is challenging for sure, but we observed that if you are solving the right problem, the resistance is not that bad."

Quantship has developed a price-prediction technology for freight and charter rates for bulk shipping companies and helps in fixing the freight and chartering the vessel at the right time to maximise revenue by leveraging volatility and market inefficiencies.

EPS MaritimeTech Accelerator start-ups have developed an entirely different way to handle the process of serving the maritime industry by providing valuable additions to shipowner's toolbox.

Most of these maritime tech start-ups believe disruption is not the only way forward; they are also about helping the sector evolve into a better version of itself.

"We focus exclusively on maritime shipping, because ocean vessels consume as much fuel in a single day as Tesla has saved in that company's lifetime," Mr Heider acknowledged. "That presents a massive opportunity to affect meaningful change by driving efficiency and creating competitive advantage for our clients."

He said the start-ups worked in direct partnership with the owners and operators that comprised their growing global client base, by deploying state-of-the-art machine-learning technology in a user-friendly data platform that can interoperate with any existing shipping hardware or software.

Another EPS MaritimeTech Accelerator programme start-up is Volteo, which offers technology solutions to enable maritime enterprises to automate business workflows leveraging the cloud, the internet of things and mobile maritime.

Ships and terminals across the globe still rely on manual and paper-based processes, resulting in countless wasted hours, escalated costs and poor experience.

Volteo Maritime, a Singapore firm specifically set up to address this massive problem, built Wayship as part of Techstars' programme.

Wayship is a smart digital workspace, delivered via several handheld devices, that reimagines ship operations management.

With Wayship, ships' crew can save hundreds of collective hours enabled by intelligent data sourcing, bringing ease in capturing electronic logs, checklists, drills, inspections and crew work-rest hours in ways that adapt to their work patterns.

"We believe digital workflows deliver great experiences and can unlock productivity for the entire maritime trade," said Volteo.

Shipping is still a very fragmented industry and the real challenge is to overcome the inconsistency in how different owners and operators approach decisions.

The key ingredients for a shipping entrepreneur are "deference and respect", according to Mr Heider.

"Shipping is still — and will continue to be — the backbone of the global economy. It is a modern miracle of physics, engineering and human endeavour to get a vessel from one port to another, every day, while keeping crew safe and cargo intact," he told Lloyd's List.

"Without an appreciation for the difficulty, sacrifice — and, frankly, danger — involved, entrepreneurs will be disconnected from the spirit, mission and evolution required to participate."

IN OTHER NEWS

Economou eyes scrubber programmes completing in full

SCRUBBER investment programmes launched before the fall in oil prices are likely to be completed regardless of the less lucrative price spread between very low-sulphur fuel oil and traditional heavy fuel oil, according to the shipowner George Economou.

Mr Economou's installation programme for his TMS-managed dry bulk and tanker fleets is one of the industry's largest, alongside other major investors in exhaust gas cleaning

systems such as Oldendorff Carriers and Star Bulk Carriers.

He said he expected the vast majority of programmes to be completed because of front-loaded payments for the systems.

MSC restores websites and booking systems

MEDITERRANEAN Shipping Co has recovered its websites, which went offline in a suspected cyber attack late last week.

"We are pleased to update you that all our systems are up and running again in Geneva," the container shipping carrier said in a customer advisory on Wednesday.

"This means that we successfully reactivated msc.com and our primary e-business platform myMSC.com, as well as Direct EDI, known as Electronic Data Interchange, for the few customers that were affected."

Jaxport eyes diversification to counter falling volumes

THE coronavirus pandemic continues to ravage cargo throughput among ports around the US, with the latest downturn coming in the port of Jacksonville, Florida, which saw its March container volumes drop by 14%.

A further decline of 15% to 20% is expected through April, as shelter-in-place orders dampen domestic demand for consumer goods, according to Jaxport director and general manager of business development Robert Peek.

An expected drop in February volumes linked to the lunar new year slowdown in Asian manufacturing unexpectedly extended into March as factories and exporters stayed closed due to coronavirus, Mr Peek told Lloyd's List.

Keppel OM in research tie-up with Singapore's energy authority

MAJOR offshore yard Keppel Offshore & Marine is tying up with Singapore's Energy Market Authority to come up with innovative energy solutions in the marine sector and develop energy solutions in the areas of distributed energy resources, digitalisation and emerging low-carbon alternatives.

As part of the S$10m ($7.1m) partnership, EMA and Keppel O&M are launching a grant call for solutions relating to energy storage systems and smart power grids for the offshore and marine environment. These will seek to reduce overall energy usage and carbon footprint while enhancing overall operational efficiency.

The grant call serves to encourage innovation and build for the wider industry ecosystem in Singapore. Shortlisted participants will have the opportunity to testbed their solutions through Keppel O&M's Floating Living Lab, known as FLL, the first-of-its-kind offshore floating testbed in Singapore.

China Merchants Port posts coronavirus hit in first quarter

CHINA Merchants Port Group has seen its bottom line in the first quarter of this year contract sharply owing to the market disruptions caused by the coronavirus outbreak.

The Shenzhen-listed port giant forecast a slump in net profit of 80%-86% to Yuan111.1m-Yuan166.5m ($15.8m-$23.6m) compared with the same three-month period in 2019.

It said in an exchange filing that its business volume had dropped in January-March from last year as a result of the public health crisis, although the results still outperformed the market average.

Seanergy Maritime fundraisers gross $13.7m

CAPESIZE owner Seanergy Maritime has raised gross proceeds of $13.7m from recent share offering.

The only pure capesize shipowner publicly listed on US markets said that following a full take-up of an over-allotment option for nearly 5.3m additional units, a Maxim Group-managed public offering resulted in gross proceeds of $6.9m.

The upsized offering was priced at $0.17 per unit with each unit consisting of a common share and a warrant for a further share exercisable at the same price.

BV opens Piraeus remote survey centre

Bureau Veritas has opened a new remote survey centre in Greece that it says is the latest in others being opened in major shipping centres worldwide.

The centre is part of the classification society's Hellenic, Black Sea and Adriatic (HBSA) zone office in Piraeus.

Through the centre, remotely-located surveyors, using imagery and real time video, can connect with ships, shipyards and experts "in total confidence," BV said.

China forecast to lead autonomous shipping sector by 2025

CHINA is forecast to lead the push towards autonomous shipping over the next five years, according to a new report.

An analysis of 2,500 patents relating to autonomous shipping technology found that 96% of

them were registered in China, according to the study published by Thetius, the UK-based emerging technologies analyst.

The number of patents in this sector has grown from 55 in 2014 to 824 in 2018, with the vast majority registered by six Chinese universities and two private companies, PowerVision and DJI. Data for 2019 is not yet complete.

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