Thursday July 2, 2020

Lloyd's List
Maritime intelligence | informa

Daily Briefing
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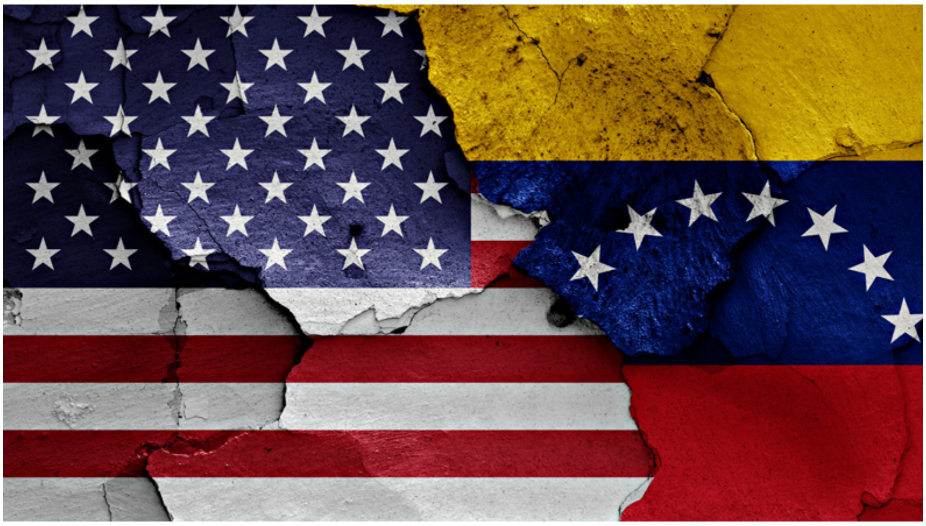
Class withdrawn from sanctioned ships linked to Venezuela



LLOYD'S REGISTER SAID it has withdrawn class for eight sanctioned vessels linked to shipping Venezuelan cargoes in a further sign that US pressure on marine service providers has extended beyond insurers, flag registries and shipowners.

The classification society, along with Bureau Veritas, were the remaining members of the International Association of Classification Societies providing services for vessels connected to sanctions on Venezuela's oil, energy and shipping sectors, according to the Lloyd's List Intelligence database.

The US is intensifying pressure on global shipping to implement and police its 18-month-old sanctions policies against the South American country, after blacklisting vessels linked to prominent Greek shipowners in recent weeks.

Many shipowners are now avoiding charters that involve Venezuelan calls as a result, while marine insurers and flag registries already severed ties with Venezuelan ships over the past 12 months.

The US administration issued guidance in mid-May for marine service providers to use vessel-tracking and other technologies to detect deceptive shipping practices to identify sanctions evasion.

"LR does not, as part of its function, monitor vessel movements or the switching on or off of Automatic Identification Systems," Lloyd's Register said in an emailed response to questions.

"We survey the physical condition of the vessel almost exclusively in port, or anchorage, against the statutory safety requirements in the classification rules and international conventions.

"However, in accordance with our programme for complying with sanctions' laws, where we become aware of vessels operating in breach of relevant sanctions' laws, LR classification has been withdrawn."

The Lloyd's List Intelligence database showed that LR had classed 10 sanctioned vessels, including five owned by Venezuelan national oil company PDVSA.

Of the 10, class was withdrawn on eight. A ninth was operating under licence from the US Office of Foreign Assets Control with the agreement of the authorities, according to LR. One vessel is being further investigated. LR did not detail when class was withdrawn.

Excluding Iran, Syria and North Korea-flagged vessels, there are 103 ships listed in the Lloyd's List Intelligence database as sanctioned.

LR classed 10 (more than 5,000 dwt), while Bureau Veritas was showing as providing services for three tankers, including two flagged in Cuba. These two were not classed by Bureau Veritas according to an emailed response from Patrick Le Dily, vice président of legal compliance and risks, Bureau Veritas Marine & Offshore.

The third, the Liberian-flagged Euroforce was classed by BV and has an Ofac licence to operate he said.

"The BV Group is fully compliant with trade sanctions programs, including Ofac sanctions. We have a wide range of procedures in place to ensure a comprehensive monitoring of sanctions lists in order to respond swiftly to additions vessels and companies," the statement said.

The Polish Register of Shipping, also an IACS member, has provided classification services for some of the National Iranian Tanker Co fleet of tankers since March of 2019, without penalty.

Asked about IACS' position on Iranian and Venezuelan sanctions, Secretary General Robert Ashdown said that enquiries about its members' operational and commercial activities were best addressed to them individually.

WHAT TO WATCH

J. Lauritzen chief steps down as business units are split

J. LAURITZEN, a Danish owner and operator, has split its tanker and dry bulk business units into separate entities.

As part of the changes, group chief executive Mads Peter Zacho will be stepping down, the company said in a statement.

Mr Zacho, who has served as chief for more than four years, will be available to the group for the next two months, after which he will seek other opportunities, either an operational job within shipping or outside the sector.

"I don't have anything lined up," he told Lloyd's List in an interview, adding that he rather enjoyed his time in shipping.

"When we made the decision to separate the units, it was a natural solution that I step down — there are no surprises there," he said, adding that while he is free over the summer, he plans to enjoy a family holiday, either within Europe or in Denmark, as some normality is returning following lockdown measures to contain the global pandemic.

Speaking from his home, Mr Zacho said the split has been linked to the fact that potential investors will want a pure exposure to the gas tanker market.

"For quite some time, we wanted Lauritzen Kosan to consolidate in the gas tanker segment. There have been numerous discussions but these are on the back-burner now due to the financial crisis and the coronavirus crisis," he said.

"There is nothing concrete at the moment to announce," he added.

The tankers unit (Lauritzen Kosan) and the dry bulk unit (Lauritzen Bulkershave different needs and organizational setups, so it made sense to split them.

Both companies, which are “hugely engaged and experienced,” have now been refinanced with long-term financing from four core Nordic banks, the company said.

They have “a strong footing going forward,” Mr Zacho said. “I am proud of the strength of the organisation and platform.”

Thomas Wøidemann, head of the tankers unit, and Niels Josefsen, who leads the bulker division, will report to newly established boards for each company. J. Lauritzen’s current general counsel Dorte Rolf will become managing director of a new holding company.

“I am pleased that the plan we have worked on since last year has been successfully implemented,” Mr Zacho said in the statement. “We have refinanced the group in the middle of the corona crisis, which shows the strength of J. Lauritzen’s relationships to our core banks.”

J. Lauritzen’s chairman Tommy Thomsen said: “As owners of both Lauritzen Kosan and Lauritzen Bulkers, we are pleased to see these plans fall into place and we give thanks to Mads Peter Zacho for leading this strategy to completion.

“We now have a clear and durable structure, where each of the two businesses can use their strong market presence to compete efficiently and grow in their respective segments.”

• Separately, J. Lauritzen announced the death of Rolf Andersen, fleet manager at the company’s Lauritzen Kosan unit. Mr Andersen, who was a J. Lauritzen board member, passed away last week, according to a statement.

Contships makes offer to buy 19 vessels from MPC Containerships

CONTSHIPS Management has made an unsolicited offer for 19 vessels belonging to MPC Containerships.

The offer comes amid intense talks between MPCC, which trades on the Norwegian over-the-counter market, and its bondholders.

The beleaguered Germany-based owner of 68 boxships has said it needs a $15m equity injection and a restructuring of its $200m bond debt, in order to avoid imminent covenant breaches and potentially to ward off the risk of bankruptcy.

It also said that it was eyeing raising up to $7m from asset sales but wanted to avoid a “fire sale” of the fleet.

Greece-based Contships, which was established by Greek shipowner Nikolaos Pateras in 2015 and has grown to 40 feeder vessels, is interested in the smaller-sized feeders that have been financed through the 2017 bond, rather than the larger units also in the 39-ship bond fleet.

The targeted fleet ranges in capacity from a pair of 966 teu vessels, *AS Laetitia* and *AS Laguna*, up to four vessels of 1,496 teu, namely *AS Ragna*, *AS Riccarda*, *AS Romina* and *AS Rosalia*.

The value of the offer is unknown but is said to be all-cash and subject to vessel inspections. Aggregating the individual values of the vessels provided by online valuer VesselsValue.com gives a value of $63m for all 19 units.

It is understood that Contships’ offer has already been rebuffed by MPCC but this may not be the end of the matter, depending on the outcome of imminent meetings of the German owner’s bondholders and shareholders.

The bondholder meeting has been called for July 3 to amend the bond terms and push maturity back from September 2022 to March 2023. A two-thirds majority of voting bonds will be needed to endorse the proposals.

MPCC has also called a virtual extraordinary meeting of shareholders for July 13, with the objective of gaining approval for a private placement of shares and authorisations for a number of additional measures, including a subsequent “repair offering”, an issue of convertible debt and a reverse share split.

A Contships executive said the company was “offering MPCC an alternative… which can possibly assist with their restructuring plan.”

The targeted vessels “are a similar size to our fleet and would ideally fit our expansion plans”. Contships has made no secret of its goal to expand to at least 50 feeders.

An MPCC spokesperson said: “MPCC is approached regularly with unsolicited sale and purchase interest, whereof many are of insufficient substance and quality. At present, we have no intention to sell vessels, and certainly not at distressed prices that are detrimental to our stakeholders."

OPINION

Pandemic is a reminder that crews lie at heart of shipping

THE coronavirus pandemic has forced significant change on crews, with many facing extended periods at sea without the chance to go ashore or unable to fly home to family and friends at the end of their contracted period, *writes Richard Clayton*.

The crew change crisis is huge. Some estimate 150,000 seafarers are delayed; soon it will be 200,000 if the pace of repatriation does not improve.

Another 200,000 men and women wait for the chance to join their ships and serve the industry at the sharp end. In addition, there are hundreds of crew managers at specialist agencies, from Manila to Mumbai, working long into every night seeking a way to get health and immigration officials to assist.

Even the Pope has found time to pray for stranded seafarers. In mid-June, the Holy Father in Rome expressed his gratitude to them for continuing to supply the essentials of life, despite the challenges of the high seas.

It has become fashionable to focus on technology in maritime. Digital solutions are the answer to all our problems. We need a deeper dive into the data, improved connectivity, innovative engineering.

Yet shipping is technophobic. Compared to the world of gaming and simulation, where millions of players compete on a single online platform, shipping resembles a dinosaur. If aviation enjoys the speed of the hare, shipping plods along like Æsop's turtle. He's somewhere in the distance, somewhere in the past.

That is, until coronavirus interrupts the relentless pace of change. Now the aeroplanes are grounded, but the ships still trawl around the world carrying the essentials, earning the praise of the pontiff.

The health crisis has reminded this industry of the importance of the human element. Because about 99.7% of all seafarers went home on or close to the day there were expecting, no-one thought about the 0.3%. Now 99.7% are frustrated, the 0.3% who make it home on time are considered lucky.

The human element is overlooked. During a coronavirus webinar on remote surveying, one of the speakers recalled how, as a young surveyor, he walked on a ship.

"The first five minutes are so important. You use your eyes and your ears, you touch things, and talk to the crew; you get a good impression of how a ship is run, even before you get to the master's cabin," he said.

Another former surveyor told me of a night he spent on a ship crossing the Bay of Biscay, terrified for his life as the vessel pitched and rolled on its beam ends. He learned deep respect for that particular crew, and for all seafarers who risk their all to supply the essentials.

Anyone who has read Rachel Slade's Into the Raging Sea, a human-element account of how El Faro was overwhelmed by Hurricane Joachim, will have experienced a similar respect.

It is not that the world's seafarers have been entirely forgotten. A handful of airlines have spent time and effort in finding seating solutions, ensuring each individual seafarer remains healthy and safe; and a handful of ports have gone out of their way to assess difficult situations from the seafarers' perspective. The problem is that when digital solutions break down, the seafarer is on his own. The computer says no — and that's the end of it.

The coronavirus pandemic has forced a reassessment of what is important in shipping.

Safety at sea, insists one class society chief executive, is "a condition, a living thing rather than a protective layer"; it flows "from the top down", said another. "It's what is done when no-one is watching."

The reason why mental health has rocketed up the agenda is because distracted, listless, undernourished seafarers are a safety concern at the centre of a multi-million-dollar asset.

The human element remains at the heart of shipping: perhaps it needed a global pandemic to remind us of that.

And whatever your position on the digitalisation of shipping, the dramatic events of spring 2020 have underlined the significant role played by seafarers.

Pandemics rarely drive trends; they merely accelerate what was there before. The trends in maritime have been digitalisation, decarbonisation, sustainability.

We must now strengthen the foundation on which all these are based: the human element.

Are vessel-sharing agreements fit for purpose in a digital age?

THE European Commission has decided on unamended prolongation until April 24, 2024, of the regulation outlining the conditions under which container line shipping consortia can provide joint services without infringing European Union antitrust rules that prohibit anti-competitive agreements between companies, *writes August J Braakman, an advocate specialising in European maritime antitrust law.*

This so-called Consortia Block Exemption Regulation was adopted in the pre-digital era of 2009. It allows, under certain conditions, container line shipping operators that possess a combined market share of less than 30% to enter into co-operation agreements to provide joint liner shipping services.

It can be argued that these conditions are not fulfilled with regard to vessel-sharing agreements equipped with logistics solutions with advanced state-of-the-art features that are available in the current digital era.

A VSA is an agreement concluded between lines, whereby the parties to the agreement discuss and agree on operational arrangements relating to the provision of liner shipping services, including the co-ordination or joint operation of vessel services and the exchange or chartering of vessel space.

They are usually reached among various partners within a shipping consortium who agree to operate a container line service along a specified route, using a specified number of vessels.

It is not necessary for each of the partners to have an equal number of vessels. The quantum of space obtained by each partner may vary from port to port and could depend on the number of vessels operated by the various partners. So the space available for loading and unloading at each of the ports-of-call is shared among the partners.

Agreements ensure reliable schedules and higher frequencies of service. The required co-operation is only for operational purposes. Each party retains its own market identity and pursues its own market strategy.

This implies that, from a commercial point of view, the parties to an agreement operate entirely separate from one another. Competition among them must remain unaffected.

Slot-reallocation is the hard core of VSAs. A party to an agreement that has a temporary lack of capacity can purchase slots from another party. The purchase price is set in addition and is based solely on the operational costs. All other costs, inclusive of initial pricing, are included in the formation of the tariffs that were determined by each party individually.

The market value of a VSA is determined by the quality of its co-ordination of the various operational issues.

The only way to achieve a perfect co-ordination is to make use of logistics solutions with the most advanced state-of-the-art features. Therefore, when deciding which line will be used, customers will choose for the line — and as such for the agreement to which it is a contracting party — that is best able to realise this degree of co-ordination. The decisive criteria are the service features, quality of service and functionality; not the price.

Most lines have moved from supply chain models to commodity-driven logistics solutions, incurring high costs. It follows that they will extend the scope of these logistics solutions to all VSAs to which they are party.

The core element of each agreement that makes use of logistics solutions with the most recent and advanced state-of-the-art features is the semantic interoperability of the computer programmes used by all the participating lines and possible other actors involved, both towards one another and towards the business and analytics, known as BI&A, system, which stores and processes Big Data and ensures a proper and smooth operation of the logistics chain.

Semantic interoperability can only be achieved if all parties to the VSA use the same information technology standards. This would imply that all computer programmes should either be written in the same language, or be able to process each other's standardised output. These conditions having been met, all the agreements and arrangements, as well as the underlying data that govern the operation of a VSA form an indissoluble legal entity, in other words, an entity that disintegrates once one of its constituting elements is being removed.

The data that is being exchanged is both structured and unstructured. Structured data follows a model that defines the various stages of the transportation process, the type of data these stages contain and the way in which they relate to each other. Traditional platforms for the aggregation of structured data are electronic data interchange, known as EDI, enterprise resource planning. known as ERP, systems and extensible mark-up language, known as XML.

Unstructured data does not conform to a specific model. It flows outside the normal channels and is mined from multiple sources. As a rule, structured data is confidential, whereas unstructured data is not, unless bound by strict confidentiality provisions. BI&A systems blend structured data with unstructured data. The Holy Grail is to present the data in high-quality visualisation formats that help laypersons understand what they are looking at, and (ideally) make the better decisions based on hard information.

The Consortia Block Exemption Regulation

Article 101(1) of the Treaty on the Functioning of the European Union, known as TFEU, catches agreements or practices that make it possible to foresee to a sufficient degree of probability future developments that may have a substantial effect, direct or indirect, actual or potential, on the pattern of trade between member states, thus forming a sufficient basis for each participating company to concert its market conduct.

The CBER ordains that the cartel prohibition of Article 101(1) TFEU shall not apply to activities that have the sole effect of promoting competition and do not affect the separate identity and/or the separate sales, pricing and marketing functions of the parties to a VSA. Exemptions relate to the following activities:

"1. the joint operation of liner shipping services including:

(a) the co-ordination and/or joint fixing of sailing timetables and the determination of ports-of-call;

(b) the exchange, sale or cross-chartering of space or slots on vessels;

(c) the pooling of vessels and/or port installations;" and

"4. any other activity ancillary to those referred to above which is necessary for their implementation, such as:

(a) the use of a computerised data exchange system."

The CBER contains a per se prohibition for "hard core" restrictions of competition. These restrictions include activities which, directly or indirectly, in isolation or in combination with other factors under the control of the parties, have for their object:

1. the fixing of prices when selling liner shipping services to third parties;

2. the limitation of capacity or sale, except for capacity adjustments in response to fluctuations in supply and demand;

3. the allocation of markets or customers.

Application of Article 101(1) TFEU presupposes that restriction of competition is an "object or effect". The "hard core" prohibition of the restrictions of competition, which are mentioned in the CBER, only refers to arrangements that have this for their object. Pursuant to the established case law of the European Courts, circumstances surrounding the attainment of fair and undistorted competition may also be used in interpreting the wording of arrangements for those areas, which are unclear. This means for example that, apart from the fixing of prices, price recommendations and tariff impositions by any person on transport users fall within the scope of the "hard core" prohibition of the CBER, provided they have a similar anti-competitive impact.

Arrangements that do not have a restriction on competition for their object may also be caught by the cartel prohibition because they have it for their effect. This effect does not need to have actually occurred. It is sufficient for it to appear likely in the near future. This second alternative for application of the cartel prohibition therefore permits the Commission to intervene to prevent distortions of competition at an early stage.

Lines argue that the exemption, which the CBER provides for computerised data exchange systems in support of activities it exempts from the cartel prohibition, allows for the use of BI&A systems with their current state-of-the-art features.

This implies that, in their view, the use of this technology does not prevent lines that are party to a VSA that calls at a port situated within the EU/EEA (i) from maintaining a separate identity, (ii) from having separate sales, pricing and marketing functions and (iii) from having the sole object of promoting competition. This argumentation cannot be upheld.

All lines are party to one or more of the vast number of conference and discussion agreements that exist worldwide. These agreements serve as vehicles for exchanging strategically sensitive data. They are exempt from the application of antitrust laws in the United States and some Asian countries, like Singapore, but they were never exempt from application in the EU.

There can be no doubt that the data exchanged between lines within the framework of these agreements on the key parameters for the non-EU leg of the route provides an important indicator, if not the basis indeed, for the key parameters for the EU-leg of the route. In the occurring event, lines participating in a VSA would not meet the criteria of the CBER pertaining to the promotion of competition and the maintenance of a separate identity and/or separate sales, pricing and marketing functions.

The effects of the exchange of strategically sensitive data within the framework of conference and discussion agreements are significantly reinforced within VSAs that make use of advanced state-of-the-art logistics solutions and the ensuing semantic interoperability of the computer programmes used by participating lines and possible other actors involved, both towards one another and towards the BI&A system that governs the logistics chain.

Semantic interoperability is needed to enable machine computable logic, inferencing, knowledge discovery, and data federation between information systems in human readable language.

It is therefore concerned not just with the packaging of data (syntax), but also with the simultaneous transmission of the meaning together with the corresponding data (semantics).

It seems inconceivable that this exchange of data between lines participating in a VSA has the sole effect of promoting competition and does not add further strength to the co-ordination of their sales, pricing and marketing functions already resulting from their participation to one or more conference and discussion agreements.

The above demonstrates that, without having reached the stage where an agreement properly so-called has been concluded, VSAs equipped with logistics solutions with advanced state-of-the-art features serve as a vehicle substituting practical co-operation for the risks of competition.

Therefore, I take the view that, irrespective of whether the participating lines have a combined market share either exceeding or under 30%, VSAs of this kind cannot benefit from the CBER and are fully exposed to the prohibition of Article 101(1) TFEU.

ANALYSIS

Many shipowners likely to miss EU recycling deadline

THE clock is ticking for shipowners to prepare a so-called inventory of hazardous materials if they want their ships to call a port or anchorage in the European Union.

Regardless of the flag, all ships of 500 gt and above will have to be surveyed and certified. Failure to do so may result in a penalty.

However, with prevailing travel restrictions and lockdowns due to the coronavirus outbreak preventing site visits and in-person inspections to carry out the work required to compile inventories, it is likely that shipowners' efforts to meet the deadline will fail.

Also, the high number of vessels that will require expert assistance to get an inventory of hazardous materials means the risk of vessels failing to comply with the EU regulation by the end of this year looks inevitable.

According to Watson Farley & Williams, approximately 35,000 vessels will be required to comply with the EU Regulation by December 31. However, almost a third have not yet begun the work required to prepare an inventory and have it certified.

An inventory of hazardous materials is a detailed document listing all potentially hazardous material on board a vessel. It includes details of the locations and approximate quantities of hazardous materials.

The reports are generally prepared by hazmat experts, based on document analysis and onboard investigation through sampling and visual checks, according to the Standard Club.

The club's senior surveyor Akshat Arora said: "These reports are subjected to review and approval from a Recognised Organisation (RO), which is usually the classification society acting on behalf of the flag state. This is followed up by an initial survey and verification onboard, after which, if everything is in order, the IHM certificate or statement of compliance can be issued."

Mr Arora conceded that the entire process could take up to three months or longer, depending on the ship's size and construction, and the review process.

The few inventory service providing companies with global networks of hazardous material experts are awaiting the relaxation on travel restrictions imposed as a result of the coronavirus lockdowns, said Anand Hiremath, an Alang-based lead co-ordinator for responsible ship recycling.

"With only five months remaining in hand, those shipowners who have still not taken decision on IHM of their fleet are going to be under the scanner of port state control officers," said Mr Hiremath, who works for GMS, which buys ships and floating offshore assets for recycling.

EU port state control officers will control the certificate and the quality of inventory of hazardous materials and in case of non-compliance, ships may be warned, detained, dismissed or excluded from the ports or offshore terminals under the jurisdiction of a member state.

Although the International Association of Classification Societies allows desktop reviews for surveys, followed by onboard verification at a later date, the process is subject to flag administration approval.

Mr Arora suggests that in order to avoid any compliance-related issues caused due to administrative backlog, inventories should be submitted before the end of October.

Europe is the world's second-largest shipowning region after China. There are 41 yards in the world that are considered acceptable for ship recycling by the EU, including 34 within the bloc and Norway, six in Turkey and one in the US.

Shipping plays catch-up on road to carbon neutrality

THE shipping industry's attempts to reduce its climate impact have mostly taken place out of the public eye.

In contrast, the auto industry's environmental struggles are centre stage of humanity's push to go green.

Yet both industries face similar technological and economic challenges. So what can shipping learn from its land-based cousins?

When it comes to decarbonisation, shipping is where the automotive sector was in the 1990s, according to Faig Abbasov, shipping manager at the Transport & Environment group. All the major car manufacturers have electric models lined up — and the question is, how quickly to deploy them, he says.

"This is just making sure we produce them in huge quantities and replace the diesel and petrol versions with electric versions. That is the only question," he said.

Lionel Mok, a policy manager at the Climate Bonds Initiative, which creates 'FairTrade-like' quality labels for green bonds, says although the two industries faced political hurdles, "the technological challenges of going net-zero in shipping are much greater".

"Some of the technologies will be available in the middle to end of this coming decade. Until they're available, it's very hard," he said.

Mr Mok's point speaks to the industry's broader problem. While there is widespread acceptance that zero-emission fuels are necessary, the debate over crucial operational aspects — such as the safety of the candidate fuels — is far from settled.

The industry's commercial goal of zero-emission vessels by 2030 shows how far it lags behind cars. Few sustainable ships are conceived — and fewer are built. Those that do are limited to shortsea shipping.

On the other hand, the International Energy Agency reported in June that last year, 2.1m electric cars were sold, pushing the global fleet to 7.2m. China alone accounted for 47% of this total.

These 2019 figures made up just 2.6% of the year's global car sales and about 1% of global car stock. Nonetheless, this represents a big jump from the 10,000 electric vehicles on the market in 2010.

Is there space for direct collaboration between the two industries?

Mr Abbasov notes the operational differences: "Shipping's decarbonisation does not — or should not — rely on replacement of the fleet. As opposed to cars, it should rely on retrofitting the existing fleet."

A study by the University of Manchester showed that technological improvements to the existing fleet would be necessary for shipping to meet the Paris Agreement climate goals. If these were not made, existing ships would blow the carbon budget.

Mr Abbasov believes the reason that the automotive industry is so far ahead is its more stringent and broader-based regulation.

The European Union has long taxed car and truck emissions indirectly through fuel levies. This levy helps reduce the gap between conventional and low-emission fuels, but it is not enough to completely close it, Mr Abbasov said.

That is where the technical requirements imposed directly on manufacturers, known as CO_2 standards, come into play. These put the onus of sustainability on the source, rather than the end-user.

The EU is this year phasing in an fleet-wide average emission target for new cars of 95g of CO_2 per km, down from 120g achieved in 2018. Manufacturers will be the ones responsible for meeting the target.

The closest thing shipping has is the Energy Efficiency Design Index, which stipulates minimum requirements for newbuildings.

However, Mr Abbasov does not believe these requirements are nearly as stringent as those for cars.

Unlike in maritime, there is also no global regulator for cars. Yet Mr Abbasov noted that early CO_2 standards for cars were far from stringent. Manufacturers complied by making cars more aerodynamic, like shipping is doing now with vessels and voyage optimisation. Mr Abbasov says these measures are not enough and maritime should follow the car sector's lead.

"We need to have stringent operational CO_2 standards that cannot be met with conventional tools," he said. Yet the automotive sector still faces obstacles that sound frustratingly familiar for anyone following maritime's decarbonisation timeline.

The European Automobile Manufacturers' Association told Lloyd's List a carbon-neutral road transport network by 2050 would require "seismic shifts and a holistic approach".

The group said the EU needed a denser network of charging points and refuelling stations suitable for cars and commercial vehicles, and incentive schemes to support the use of pricier low-emissions technologies.

It must also consider "well-to-tank" emissions, not just those coming from the vehicles, and ensure road transport stays affordable, ACEA said.

The trucking industry shares many of shipping's challenges. Big trucks, like big ships, need far more power than today's batteries in general can supply. Sustainable vessels, like trucks, cannot operate in areas that lack the infrastructure to support them.

However, Mike Roeth, director for industry and heavy transport at the Rocky Mountain Institute, a sustainability non-profit organisation, says his industry is using lessons learned from cars to cut emissions.

"We're seeing automation help with energy efficiency; we're using computers to help the driver drive more efficiently," he said. "We can use less fuel in internal combustion engines while we're figuring out how to take advantage of battery, electric and maybe hydrogen down the road."

Trucking has learned other lessons from cars. Mr Roeth said he was surprised how much people charge their electric cars at home — a sign fewer charging stations may be needed on highways than previously thought.

Mr Roeth also pointed to growing pressure from customers on big shippers such as Walmart, Amazon and Pepsi to make their operations more sustainable, which freight companies were starting to feel themselves.

Fuel price falls from the coronavirus pandemic were hampering sustainability efforts, but industry players were "not letting the current fuel price, whether it's high or low, drive them like they used to".

Economic stimulus packages rolled out by governments in response to the virus could help put more money into green transport, Mr Roeth added.

Chris Moore, a research analyst at the Confederation of British Industry, said that as with shipping, there was uncertainty over which alternative fuel source the trucking industry should pursue.

He said the upfront cost of infrastructure could put policymakers off some technologies in land transport, even if they showed promise long-term.

Mr Moore cited the example of the Siemens eHighway, on which trucks connect to overhead wires like trams.

"They're actually relatively low investments… in the longer term, but there's bigger capital costs in terms of implementing them, which leads to a bit of a pushback on how widespread they are.

"But it's an interesting example of freight that would probably genuinely be low-carbon, rather than just talking about batteries, which are developing fast but it's a bit less clear what stage they're at."

Mr Roeth said scaling up new battery technology to progressively bigger machines had let to the development of electric trucks, which he said would have been unthinkable years ago. Tesla unveiled plans for its futuristic Semi, and the big automakers scrambled to follow it.

Mr Mok hopes that battery technology on Scandinavian ferries may one day be scaled up to cargoships in a similar way. He is working on green bond criteria to help hasten this.

And some of the challenges apply on land but not at sea. Mr Mok said the biggest for him was how to cover the "last mile" of a person's journey when mass transit could not — and the complex web of "intermodality" needed to knit different modes of personal transport together.

Decarbonising aviation was even harder, he added. "Compared to aviation, shipping looks pretty good," he said. "But that's not saying very much."

MSC strives for online documentation in search of the 'holy grail'

THE move to online documentation has received a huge boost during the coronavirus pandemic, as container line customers try to release their goods.

"The biggest change that we saw was that customers were anxious to get their documents, especially the bills of lading," said Mediterranean Shipping Co chief information officer André Simha.

"We saw a flurry of homemade solutions where people were sending pictures of the BoL from their phones and trying to convince the banks and customs to accept that."

While these techniques had worked to some degree, the issue had woken people up to the need to resolve the documentation issue, particularly for BoL, Mr Simha told Lloyd's List. "It is the holy grail of documents," he said.

While MSC has piloted a number of solutions, Mr Simha admitted there were few available. However, he said there appeared to be a sea change in attitude from banks and customs organisations over paperless documentation.

"The biggest change I saw was that people in customs and banks that were not really prepared to talk to us before they woke up and started asking if we had a solution because they were stuck in the documentary process," Mr Simha said.

MSC had worked with the Digital Container Standard Association on developing an electronic BoL standard.

"That would be a start for the various companies to develop new solutions," Mr Simha said. "That would also help the customs organisations. Some of these have a financial interest to continue to process data on documents but at the same time everybody understands that if they want to go fast, and exchange between countries, then they need to speak the same language."

While there would be obvious efficiencies for carriers and their customers in utilising electronic documentation, external organisations were also beginning to see the benefits.

"I'm really hoping that coronavirus is going to give a push," Mr Simha said. "But we have a lot of customers that are multicarrier and they are not going to want to use 12 different solutions."

Mr Simha was speaking as MSC joined the ranks of container lines that now offer instant quoting services to allow customers to get real-time freight rates for container bookings.

Until now, the majority of MSC's bookings have been done offline, a more time-consuming process, but Instant Quote, which is available through the company's MyMSC e-business platform, can generate quotes in less than a minute.

Bookings can then be made from the generated quote through the platform.

Initially available for shipments from Asia and North America to Europe, more trade lanes are due to be added during this year.

"This upgrade of MyMSC is a clear illustration of our continuing efforts to invest in digital business transformation with the aim to improve efficiency and transparency, and to give our customers more options," Mr Simha said.

MSC was also forging ahead with smart container investments, Mr Simha said.

"I think that is going to change visibility and transparency a lot," he said. "We have 20,000 containers with smart devices, but that is not enough. You have to reach that critical mass for it to make sense and work on the operability to get data when the box is on someone else's ship."

MARKETS

Cruiseship deliveries may be extended with orders at record high

PRIOR to the coronavirus outbreak, the Cruise Lines International Association industry group predicted 32m passengers would travel on cruiseships this year, up from 30m in 2019 and a record year.

It was against this backdrop of heightened demand that orders for new cruise vessels accelerated in recent years and why the current orderbook for the sector currently stands at a record high, according to the latest figures from Lloyd's List Intelligence's Shipbuilding Outlook.

At present, there are 160 cruise vessels on order and scheduled for delivery in 2020-24, which is an all-time high and 107% more than the 83 deliveries in 2015-19. The orders are spread evenly with 80 being more than 1,000 berths, and 80 below 1,000 berths. The strong orderbook will mean an increase in deliveries to an average of 32 vessels per year until the end of 2024.

However, six months into the year, with cruise operations suspended indefinitely and many lines putting ships into layup, those deliveries as well as those in the long-term order book could be brought into question. It is expected many deliveries of new cruise vessels will be delayed in 2020 and there will instead be 26 deliveries, of which eight will be large ones.

The pandemic "has put pressure on travel and tourism businesses ahead of the summer season in the northern hemisphere. And even though the cruiseship companies have an unusually loyal customer base, eager to travel again, the risks of catching coronavirus and the added impact of social distancing rules at sea place a significant burden on operators," Lloyd's List Intelligence said.

"The industry not only faces the maintenance costs of keeping ships in good shape for when holidays can restart but also significant cash outflows as customers claim refunds for cancelled trips."

The cruise fleet currently consists of 638 vessels with total capacity of 805,036 berths, according to

Lloyd's List Intelligence. Even with the expected delays in deliveries, the fleet will grow too fast, given that the demand all but disappeared with the pandemic. New orders will therefore be few.

Removals from the fleet, however, will likely be firm due to a combination of decreased demand and the fact that the average age of cruiseships globally is quite old, particularly for smaller vessels.

Newly launched VLCCs return to clean trading

OIL traders are using newbuilding very large crude carriers to ship middle distillates to on their first voyage from Asia to destinations in the Atlantic, a sign of an over-tonnaged tanker market and stagnant demand for transport fuels.

The Hong Kong-flagged *Landbridge Wisdom* sailed from the shipyard in South Korea at the end of May and then loaded a diesel and gasoil cargo for oil company BP off the United Arab Emirates, according to oil analytics firm Vortexa.

The tanker is now sailing off the coast of Somalia to go around the Cape of Good Hope and is expected to signal for Rotterdam in northwest Europe, arriving in about four weeks' time.

The vessel is the second VLCC in six weeks laden with middle distillates heading around the Cape.

The newly launched *CSSC Liao Ning* has just sailed around the Cape with a jet fuel and gasoil cargo loaded off Singapore for Trafigura oil trading sources said. Its trajectory suggests the vessel is likely heading for storage facilities off the Bahamas.

A third VLCC, *Elandra Denali*, owned by Vitol's shipping subsidiary, is storing a middle distillates cargo off the UK's southern coast after arriving a month ago. The vessel loaded via ship-to-ship transfer off Singapore.

Europe's 28-member countries imported some 57.2m tonnes of 10 ppm diesel (diesel with sulphur content of 10 parts per million) in 2020 as refineries there do not produce enough to meet local demand. Russia is the largest provider, supplying 46% of all diesel, followed by Saudi Arabia and the US.

Newly delivered VLCCs, which can hold up to 2m barrels, are irregularly used to trade clean depending on the state of the crude market and demand for transport fuels.

Four of the 19 VLCCs delivered in the first half of this year have loaded refined products, vessel-tracking data show. The first, *Elandra Kilimanjaro,* stored clean products off the coast of West Africa over April before loading a dirty cargo off West Africa.

Up to six were used in the first quarter of 2019 when VLCC rates were low, although stronger and volatile crude tanker rates in the year's final half discouraged oil traders from continuing the practice.

Arbitrage and price economics are unlikely to have encouraged these voyages, which more likely reflect the impact the coronavirus pandemic has on diesel, gasoil and jet fuel demand in Asia.

The use of VLCCs for clean trading also cannibalises the market for smaller tankers dedicated for transporting refined products, at a time when earnings are falling rapidly as demand fails to rebound as quickly as expected.

Global refined product demand is estimated to be 66.7m barrels per day over 2020's second quarter, compared with 82.8m bpd for all of 2019, according to the International Energy Agency.

Supply over the period outpaces supply by more than 5m bpd over this period, the IEA estimated in its monthly report, leading to the diesel, gasoil and jet fuel surplus.

Secondhand market for product tankers drops 15.7%

SALE and purchase activity in the oil product tanker market has slowed to the lowest level since 2016 with the second-hand price for a five-year-old medium range tanker down by 15.7% year-to-date, according to BIMCO.

Just 2.8m dwt of oil product tankers swapped hands in the secondhand market during the first five months of 2020, down 45% versus the same period last year, according to data from VesselsValue.

The low appetite for secondhand oil product tankers, despite spiking spot earnings, partly indicates that the medium-term outlook remains clouded by uncertainty, says BIMCO chief shipping analyst Peter Sand.

"This is also indicated by the one-year time MR charter rates that have started to feel the heat in June with substantial declines in a matter of weeks," he said.

Mr Sand said oil product tanker expectations had been set high for the International Maritime Organization's sulphur cap, with shipowners contracting for new tonnage and buying up ships in S&P market, pushing up secondhand prices by 20%-25% from 2018 to 2020.

"Some of these expectations were met, but for entirely different reasons than what was initially bet on," he said. "At the end of the day, it does not matter. Product tanker owners and operators have profited greatly in the first half of 2020 and hopefully bolstered their liquidity buffers for the murky waters that lie in the many months ahead."

Meanwhile, the current oil demand scenario suggests a gradual recovery, with asset prices likely to continue to lose steam in the coming months.

However, asset prices are likely to settle at a price floor at some point, as the asset play investors eye opportunities and enter the market.

"The asset-play strategy is essentially a game of patience and timing, where investors patiently wait for asset prices to depreciate and then strike when prices are perceived to be sufficiently low."

Oil product tanker asset prices have generally appreciated in recent years on the back of expectations ahead of the IMO 2020 sulphur rules.

"Now, with the demand shock of the Covid-19 pandemic, the tables have turned in favour of the buyers. Oil product tanker asset prices have come under substantial pressure and asset-play investors are now likely to emerge in the market," Mr Sand added.

IN OTHER NEWS

Date set for key summit to tackle seafarer crisis

AN INTERNATIONAL summit called to address the crew change crisis brought about by coronavirus pandemic lockdowns will be held in London next week.

The July 9 event has been arranged by the UK government and aims to involve political and business leaders from across the globe.

It is designed as an opportunity "to reflect on the impact of the pandemic on the global shipping industry, and what governments and industry must do to protect the welfare of crew workers around the world", according to the Department for Transport.

Shipping gas emissions decline as fleet shrinks — EU study

SHIPPING emissions across the European Union have declined 6.3% as the number of vessels calling at the region's ports shrank, according to latest data.

Total C02 emissions in 2019 came to 133.5m tonnes, compared with 142.5m tonnes in 2018, the EU's annual Monitoring, Reporting and Verification database showed.

The figure of 10,843 vessels emitting CO2 registered by the database was 600 less than in 2018.

Diana Shipping head makes history at Greek maritime body

DIANA Shipping's acting chief executive has been elected as the first woman to chair the Hellenic Marine Environment Protection Association.

Semiramis Paliou will head the organisation, also known as Helmepa, for a two-year term, replacing George Gratsos.

The association was launched in 1982 by shipowner George P. Livanos and has been widely praised and emulated as a beacon of voluntary action taken by the industry to counter pollution long before it became fashionable.

DNV GL study says C02 emission peaked in 2019

GLOBAL energy demand will fall sharply as virus-hit economies contract, but not by enough to save the planet, according to a study.

Reduced economic activity this year as a result of the cornavirus outbreak meant humanity would need 8% less energy than pre-pandemic forecasts suggested and CO2 emissions probably peaked in 2019, the energy transition outlook by DNV GL said.

But the overall change was "utterly insufficient" to meet the

Paris Agreement goal to keep global warming below 2°C above pre-industrial levels.

Southern California port fee rise threatens business, say truckers

THE leading association of drayage drivers on the US west coast has criticised a 4.2% rise in a so-called traffic mitigation fee to be imposed on August 1 at the San Pedro Bay ports of Los Angeles and Long Beach.

"The death by a thousand fees approach has hurt our gateway," Weston LaBar, president of the Harbor Trucking Association, told Lloyd's List. He reported a 19.4% loss in market share for the west coast container ports since 2006.

The new fees are imposed by PierPass, a not-for-profit company created by the 12 marine terminal operators at the San Pedro Bay ports to address issues such as congestion, air quality and security.

Thailand to ramp up LNG imports

THAILAND's state-run power company will more than double its liquefied natural gas imports over the next two years.

The Electricity Generating Authority of Thailand imported 65,000 tonnes of LNG between last December and April of this year. It expects to take delivery of another 600,000 tonnes later this year, the Bangkok Post reported, citing company chairman Kulit Sombatsiri.

Mr Kulit said it expected to import 1.9m tonnes of LNG next year and another 1.5m tonnes in 2022.

Classified notices follow

Department for Business, Energy and Industrial Strategy

THE THANET EXTENSION WIND FARM CONSENT ORDER

THE PLANNING ACT 2008 AND THE INFRASTRUCTURE PLANNING (ENVIRONMENTAL IMPACT ASSESSMENT) REGULATIONS 2017

NOTICE OF A DECISION ON AN APPLICATION FOR DEVELOPMENT CONSENT

The Secretary of State for Business, Energy and Industrial Strategy ("the Secretary of State") gives notice under regulation 31(2)(c) and (d) of the Infrastructure Planning (Environmental Impact Assessment) Regulations 2017 that a determination has been made on an application by Vattenfall Wind Power Limited ("the application") for an Order granting development consent under the Planning Act 2008.

The application was for the construction and operation of an offshore wind generating station of up to 340 Megawatts, formed as an extension to the existing operational Thanet Offshore Wind Farm in waters adjacent to the entrance to the Thames estuary in Kent.

The Secretary of State has decided, following consideration of the report of the Examining Authority who conducted an examination into the application, that development consent should be refused for the proposed Development.

The statement of reasons for the Secretary of State's decision under section 116(1)(b) of the Planning Act 2008 and regulation 31(2) of the Infrastructure Planning (Environmental Impact Assessment) Regulations 2017 and information regarding the right to challenge the decision and the procedures for doing so, is published on the Planning Inspectorate's website:

https://infrastructure.planninginspectorate.gov.uk/projects/south-east/thanet-extension-offshore-wind-farm/

Hard copies of the decision documentation will also be available to inspect at the Planning Inspectorate's offices (by appointment using the contact details below).

The Planning Inspectorate
National Infrastructure Directorate
Temple Quay House
Bristol
BS1 6PN

To make an appointment for inspection of the documents contact the Planning Inspectorate on 0303 444 5000 or email NIEnquiries@planninginspectorate.gov.uk .

Copies of the Secretary of State's decision letter can be obtained by writing or sending an e-mail to the Planning Inspectorate. No charge will be made for this service.

It will not be possible to inspect hard copies of the decision documentation at the Planning Inspectorate's offices, or to receive a hard copy by post, until the Planning Inspectorate's office has re-opened.