International shipping faces full inclusion in EU carbon market from 2026

THE EUROPEAN COMMISSION will propose a phased-in inclusion of shipping into the bloc’s Emissions Trading System, culminating in full compliance in 2026 and covering some international voyage emissions, Lloyd’s List has learned.

The proposal, which the commission is set to unveil on July 14, will suggest that emissions from intra-European Economic Area voyages as well as those from either a ship’s full incoming international voyage or 50% of emissions from the incoming voyage and 50% of the emissions from the outgoing voyage are included in the European Union emissions marketplace, people familiar with the proposal said.

While DG Clima, the commission’s directorate general for climate action and responsible authority for the ETS, has suggested the inclusion of full incoming voyages, during consultations with other departments, others expressed their desire to adopt a 50%/50% inbound-outbound model for international voyages, one source said.

Regardless of which option it ultimately chooses, the commission appears intent on regulating international voyages, according to multiple sources. The move would directly affect the pollution cost for international trade.

The liner industry has been vocally against an EU ETS beyond intra-EU voyages, while key stakeholders in the tramp sector, such as Greek owners, have shown a willingness to see a more expanded scope that covers some international voyages.
The proposal by the commission will only be the starting point for further negotiations.

Once it is published, EU member states and the European Parliament will deliberate to deliver the final format of shipping’s inclusion in the Emissions Trading System, which is the largest carbon market in the world. Its prices have almost doubled over the past 12 months and are around €55 ($65.6) per tonne of carbon dioxide.

If the EU agreed to this geographical scope, it would mark the first market-based measure on international shipping emissions.

The International Maritime Organization has also agreed to start negotiations for a global market-based measure, but several countries are opposed to the prospect.

The commission’s proposal will also suggest that the Emissions Trading System begins to gradually apply to shipping from 2023, when companies will have to pay for 20% of their vessels’ emissions, Lloyd’s List understands. That would be ramped up annually to reach 100% coverage beginning in 2026.

This phasing in would not include allocating to companies’ free emissions allowances that they can then trade.

Shipping companies must already report their annual CO2 emissions on voyages to and from ports in the European Economic Area, through the Monitoring, Reporting and Verification regulation.

The proposal will likely include that the responsible entity remain the shipowner, in accordance with the current EU MRV rules, not the commercial operator, according to one source.

Who should pay for ship pollution is a significant contesting point in the industry and for some will be the most significant aspect of shipping’s inclusion in the Emissions Trading System.

Tramp shipowners have vehemently argued that it should be commercial operations, which are often the charterers, paying the cost because of their control of operations. The containership sector widely prefers that it is the shipowners who foot the bill.

The proposal does not include a suggestion by European owners and environmentalists for the creation of a new unique payment system, where shipping companies would pay directly into a dedicated maritime fund rather than joining through the existing structure in the current ETS marketplace.

Companies bound by the EU ETS buy emissions allowances from a limited pool issued by the commission annually. They can then keep these allowances to cover their own emissions or sell them to other companies if they do not need them.

The idea behind the dedicated maritime fund was it would both spare small shipping companies and infrequent users of EEA ports from the administrative burden of joining the system and collect revenues that would then be redeployed for maritime research and development.

However, the proposal will seek to expand the mandate of the Innovation Fund, the EU’s financing scheme for low-carbon technologies, to include the uptake of low-carbon shipping fuels, people familiar with the matter said.

The commission’s emissions proposal that will be published next month is part of a broader legislative package targeting the EU’s climate ambitions labelled “Fit-for-55”.

The directorate general for climate and mobility will also propose introducing controversial fuel emissions standards for bunkers that have been criticised by both environmentalists and industry interests.

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**WHAT TO WATCH:**

**Carriers’ response to Yantian crisis avoided ‘bigger problems’**

A SWIFT response by carriers to the ongoing congestion issues at Yantian port has contained the impact, according to a leading liner shipping consultancy.

The partial closure of the major Chinese export hub for a month has added pressure to the already stretched global supply chain.
While port operations resumed last week, the ripple effect is expected to continue into the coming month.

Based on its data about liners’ weekly sailings on Asia-Europe routes, Sea-Intelligence said vessel capacity on the trade lanes which Yantian serves declined slightly in the first few weeks following the port closure, and it then increased significantly and “is presently planned to increase even further”.

That contrasts with the Suez Canal incident, after which the trade lane capacity saw no material increase in the subsequent months with even a secondary “dip” at a time.

Hence, the Yantian event’s impact is only “local,” said the analyst.

“It is highly disruptive to South China cargo, but it has not led to an overall negative impact on the capacity offered on the entirety of the Asia-Europe trade,” it said.

Cosco Shipping Holdings, which controls the world’s third-largest containership fleet, said the Yantian disruption would impact more than 200 sailings in the sector overall.

It added that some shipments might be forced to go through eastern China, where major ports such as Shanghai and Ningbo are located.

About 20%-25% of China’s seaborne exports to the US were handled by Yantian before the incident, the Shanghai- and Hong Kong-listed company’s management told an investor meeting.

“So, any omissions to the port will easily cause congestions at other ports as demand remains high,” said CSH. “We’re observing when Yantian will fully recover its productivity.”

Nearby ports, such as Nansha and Shekou, used as an alternative to Yantian by carriers, have already been clogged due to the massive shift of cargo flows.

Latest figures from Lloyd’s List Intelligence show 99 boxships comprising 426,924 teu in the anchorages nearby the two ports as well as Hong Kong.

The queue is not getting much smaller when compared to 85 ships, or 441,337 teu, seen on June 23.

Sea-Intelligence, however, pointed out that carriers’ quick reaction to the Yantian crisis — by introducing hundreds of vessel omissions with only a few turned into replacement calls at neighboring ports — has managed to prevent the fallout from bursting into a broader logistics chaos.

As a result, there has been no big reduction in vessel capacity on the trade lanes, despite the logjam at the Chinese ports.

Its analysis on transpacific trade shows the capacity experienced a similar short-term decline followed by a surge after Yantian’s operation was halted.

“The carriers have developed an operational ability to be extremely responsive in changing their tactical vessel schedules, in responses to market changes,” said Sea-Intelligence. “This action is of course highly detrimental to shippers to and from South China.

“For all other shippers across Asia, this swift and decisive action prevented much bigger problems.”

**OPINION:**

**Shipping can achieve carbon neutrality by working together**

I DON’T like the phrase ‘race to zero,’ writes DNV Maritime chief Knut Ørbeck-Nilssen.

I understand the urgency of the situation confronting us and the requirement for bold action. Who doesn’t?

But ‘race’ invokes a sense of competition, of winners and losers, when what we really need is a movement that enables us all to cross the line together.

We need a dugnad.

A dugnad is a Norwegian phenomenon. They happen throughout the country and involve everyone, from all strata of society. It’s where communities or groups gather together to achieve local goals — whether that be maintaining communal areas, raising money, or improving facilities like children’s nurseries or sports grounds.
There’s no incentive (financial or otherwise) other than completing the project.

Everyone is expected to play a part. Everyone works and benefits from the end result.

And that’s what we need for maritime’s essential energy transition — a global dugnad.

The start must be pragmatic.

Our industry has been built on a platform of hydrocarbons, and we can’t change that overnight. It would be fantastic to wave a wand to enable us to switch to alternative fuels with impeccable green credentials, such as hydrogen, ammonia, and sustainable biofuels.

But that wand would have to work its magic on supply chain availability, infrastructure, technical maturity and understanding, and price, among other factors. These fuels might be the future, but there is real work to be done before ambition becomes reality.

That’s why I believe we need to turn to gas.

Liquefied natural gas and liquefied petroleum gas can get this dugnad up and running.

Before I continue, let me calm those proclaiming this ‘isn’t good enough’ or ‘lacks ambition’. Doing nothing isn’t good enough. Arguing over potential solutions, leading to inaction, isn’t good enough.

But gas, thanks to a combination of availability, technological maturity and price, allows us to take positive action now with a practical solution that makes a tangible impact on industry greenhouse gas emissions.

DNV has worked with owners to develop and class advanced dual-fuel gas tankers that, together with onboard energy-reducing systems, can bring CO2 emissions down by between 15% and 25%.

That isn’t the end game, but it’s an excellent, attainable, realistic start.

While some roll their sleeves up to work with gas, others can get sweating on the pilot projects necessary to develop the solutions, technology and infrastructure our carbon-neutral future demands.

Industry needs to collaborate, internally and with a broad range of external stakeholders, to initiate R&D projects, form partnerships, and begin testing real-world solutions, with real-world commitment.

Safety issues need to be thoroughly investigated, analysed, and addressed to ensure confidence in future fuels from both industry and society, while seafarer competence must evolve in line with technological development.

In the same way as class and flag states have come together in The Maritime Technologies Forum — which conducts shared research to deliver guidance on alternative fuels and increased automation — our industry needs to gather individual resources and competence to work towards the same, uniform objectives. Class, as always, will be on hand to help.

Dugnads are successful when everyone lends a hand and understands one another’s strengths and challenges. This is critical now.

The gas adopters and R&D partners are just two elements in an ecosystem of change that requires cargo owners, energy companies, regulators, governments, ports, and a diverse array of stakeholders, including society itself, to get the job done.

There’s a great deal of discussion about how best to do this, but we won’t do it at all if we don’t start. Gas provides the means to make real gains from the outset, while we collaborate on, and pilot, solutions that will turn grand ambition into achievable reality.

We have the most important job of our lifetimes in front of us.

So, let’s get to work. Together.
ANALYSIS:

More than a year at sea puts home life at risk, survey reveals

SEAFARERS who are absent from home for a year or more are likely to lose touch with their children and communities, while their wives and partners become distant, a survey conducted during the pandemic has found.

The greatest satisfaction comes from going ashore with colleagues, talking to loved ones online, and leaving the ship at the end of the contract, according to new research into crew expectations and frustrations.

This provides context to the disappointment of banned shore leave, limited internet access, and most of all not being able to return home, according to Cardiff University’s Seafarers International Research Centre director Professor Helen Sampson.

Her research heard from 1,500 seafarers together with human resource managers and P&I clubs, which had raised concerns about mental health among seafarers.

It was found that shorter periods on board, such as two or three months’ duration, followed by a similar time ashore brought the greatest job satisfaction and best work/life balance.

“But where seafarers are on board for between nine and 12 months — and in the coronavirus crisis seafarers have been on board for longer than that — they find their work/life balance becomes distorted and uneven,” Prof Sampson told a wellbeing and mental health webinar hosted by Royal Museums Greenwich.

“Theyir relationships at home suffer considerably,” she said, while urging shipping companies to tackle the repatriation crisis.

Focusing on facilities on board, almost all seafarers (96%) enjoyed watching films and DVDs, but only 78% had a DVD library on board. Reading is also very popular among seafarers, although only 62% sailed on a ship with access to a book library.

And even though 82% of seafarer respondents said swimming in a pool on board made them happy, only 35% had access to a pool. During the past 20 years, ships have had crew swimming pools designed out, and health and safety protocols mean this tremendous benefit for seafarers is on the wane.

There are plenty of gyms on board ships, but these are solitary pursuits and offer no opportunity for crew social interaction.

Prof Sampson’s research revealed that the argument about internet access encouraging seafarers to retreat to their cabins is flawed.

“Our research indicates that the spaces on board where people can socialise and facilities such as the swimming pool have been squeezed,” she said. “Seafarers have very few places to go to but their cabins. The internet is the only thing keeping them sane.”

Similarly, many companies have tried to improve the quality of food during the pandemic crisis to help seafarers, but the reduction in staffing had already had an impact.

“Food is incredibly important,” Prof Sampson underlined, “especially where there’s a good cook and a bigger galley.”

There often used to be four cooks, now there are only two, so cooks have much less flexibility to prepare things like birthday cakes and treats.

“Those things make a big difference to morale on board.”

Another tremendously important aspect that is often overlooked is relationships on board.

“I’ve come across younger seafarers who have been on board, who have been traumatised by what’s happening to them, to the degree that they will never go back to sea again,” she said.

It is usually about bullying, sexual harassment, and assault, as well as lesser issues which do not have to be that bad for seafarers to have a really miserable time on board.

Companies should select officers regarding their emotional intelligence ratings, Prof Sampson added, and train officers to think about their broader management responsibilities — not just getting the job done but looking after the crew.

The Seafarers International Research Centre has been taking the temperature of life at sea since 1995,
watching changes over time. While focusing in this survey on applying the research to modern shipping, SIRC made it practical.

“You have to design into the research process ways of doing things that will resonate with industry. We know people trust quantitative research more but it’s qualitative research that gives us a better understanding,” said Prof Samson.

Everyone experiences delays, she said. “Working conditions have improved [during the past 40 years] but change is nuanced. Commercial imperatives have driven out things like swimming pools and basketball courts.

“Seafarers’ lives get worse during times of economic stress as the industry goes in search of ever-cheaper labour.”

MARKETS:

**Eastern Pacific orders up to six car carriers from Jinling shipyard**

EASTERN Pacific Shipping, the Singapore-based shipowner and shipmanagement company, had ordered up to six dual-fuel vehicle carriers in China, a move that underlines its continued expansion mode.

The company has signed an agreement with Jinling Shipyard for four firm pure car/truck carriers and options for two additional new buildings. The deal marks the shipowner’s first order with China Merchants Group.

The 7,000 ceu car carriers are scheduled for delivery in 2024 and will be able to run on both liquefied natural gas and conventional marine fuels.

Lloyd’s List understands the shipowner paid around $90m each for the dual-fuelled ships.

Eastern Pacific declined to comment.

A company spokesperson said the vessels will be the “most environmentally friendly PCTCs on water, making them a main driver of our sustainability agenda”.

They are scheduled to be delivered in 2024 when the shipping industry will need to renew the rapidly ageing existing fleet of car carriers, the person said.

The deal brings the total number of newbuilding orders under construction at shipyards for Eastern Pacific to 60 ships worth $6bn and a total fleet value $12bn.

The company, owned by Idan Ofer, has 50 dual-fuel vessels using several alternative marine fuels such as liquefied petroleum gas, LNG and ethane, across many shipping segments.

In June, it placed orders for four containerships, each worth about $70m, with New Times Shipbuilding, with options for two more.

Eastern Pacific has 126 vessels on the water, of which seven are car carriers — four managed from UK and the rest from Singapore.

Earlier this year, Jinling shipyard received an order from NYK for four similar dual-fuel car carriers.

**Wisdom Marine orders three kamsarmaxes for $100m**

WISDOM Marine, a Taiwanese dry bulker owner, said it has ordered a trio of kamsarmaxes at Tsuneishi Group (Zhoushan) Shipbuilding for about $100m.

The 82,400 dwt newbuildings, priced at no more than $34m per ship, are scheduled for delivery between 2023 and 2024, according to a stock filing.

They could be used to ship grains in South America and coals from Australia.

Taipei-listed Wisdom Marine earlier disclosed a 10-ship newbuilding plan, including the three kamsarmaxes and seven supramaxes.

It said these eco-design vessels would be equipped with the third-generation main engines and able to meet the Phase 3 of the Energy Efficiency Design Index standards.

The owner has a fleet of 138 vessels, of which 70 are eco-designed. It plans to expand that number to 95
vessels by 2024 using its existing orderbook and the
addition of new orders.

Allied Shipbroking expects the record high freight
earnings and current positive outlook to prompt
further appetite for fresh tonnage, despite a
slowdown in ordering activity seen since mid-
June.

“At the same time, the gap between secondhand
asset prices and newbuilding prices has diminished
considerably, which should eventually lead to further
focus being placed on new ordering options by
many,” said the brokerage.

However, some industry experts have warned that
the lack of restraint when it comes to ordering could
derail the current bullish market trend.

Wan Hai adds another dozen ships to orders

WAN HAI, the Taiwan-based container line, has
added an order for another dozen 3,055 teu ships
at Japan’s Nihon Shipyard and Japan Marine
United as it continues with its fleet improvement
plan.

A spokesperson for the company said that the order
was additional to one that it announced in January
at the same yards for the same number of slightly
smaller vessels.

The contract was signed today, with deliveries
beginning at the end of July 2023.

“This new shipbuilding contract is the company’s
latest fleet renewal plan, so as to ensure that the
company’s vessel fleet is able to maintain
competitiveness and support continuous market
development,” Wan Hai said in a statement.

“Eventually, the company hopes to deliver better
service quality to its customers by more efficient
vessel fleet.”

Currently, Wan Hai Lines operates a fleet of 86
owned vessels and 64 chartered ships.

The new vessels come on top of a $700m spending
round announced earlier this year for smaller
tonnage and new equipment.

The company then upped the ante with a $1bn order
for nine 13,000 teu-class vessels from South Korean
yards.

This was later followed with another four 13,100 teu
ships from Samsung Heavy Industries, taking its
order value up to $1.5bn.

Wan Hai also agreed to acquire a quartet of 13,100
kteu ships worth $445.6m, which were originally
placed by Greek owner Capital Maritime & Trading
at the same South Korean yard.

According to figures from Alphaliner, the carrier’s
existing capacity is 410,512 teu as from the beginning
of June, with and additional 224,898 on order.

IN OTHER NEWS:

Pioneer Marine management in buyout talks

THE management of Pioneer
Marine, a Greece-based owner of
bulk carriers, is in negotiations to
buy out its biggest shareholder.

The company, which specialises
in the handysize segment, told a
special meeting of shareholders
it was decided that if no
agreement was found all vessels
would be sold and the company
would be dissolved.

Garrison Investment is the
largest shareholder in the
company, according to a
representative.

CMA CGM suspends Le Havre calls amid congestion

CMA CGM said it plans to stop
calling at the French port of Le
Havre for three months, citing
congestion.

The French container line said
the move was to maintain the
quality of its Eurosal service,
which connects northern
Europe with the west coast of
South America and the
Caribbean.

CMA CGM told customers that
heavy congestion and lack of
productivity had affected the
route’s reliability.

Union agrees deal with Hutchison over pay dispute at Australian ports

UNIONS have agreed a workplace
agreement for container
terminals in Sydney and Brisbane
after three years of talks with
Hutchison Ports Australia.

The Maritime Union of Australia
said under the deal workers will
receive five 2.5% pay rises over
four years, 20 days’ paid
domestic violence leave, permanent rosters and a clause that lets workers find alternatives to redundancies.

“This agreement not only brings to an end three years of hard-fought negotiations, it sets new industry standards, not only for Australia, but around the world,” said union deputy national secretary Warren Smith.

Classified notices follow

Looking to publish a judicial sale, public notice, court orders and recruitment?

Contact Maxwell Harvey on +44 (0) 20 7017 5752
or E-mail: maxwell.harvey@informa.com
SPECIAL NOTICE

MT. KUCH BAY
Action in Rem No. 15/2020

The subject public Auction originally scheduled on Friday 11th June 2021 was later postponed due to travel restriction imposed by the Government of Sri Lanka.

In terms of the Order given by the Commercial High Court (Admiralty) Colombo, now the auction will be held on Friday 2nd July 2021 in the Court room number 03 of the Commercial High Court Colombo premises.

By Order of the Commercial High Court (Admiralty) of Colombo, Sri Lanka
Marshal of High Court
HYPROC SHIPPING COMPANY, located at ZHUN USTO, BP 7200, ES-SEDDIKIA, 31025 ORAN, is seeking for a qualified shipyards interested in the Design, the procurement, the construction, the commissioning and the delivery ready for service of ONE (01) Oil Product Tanker, ranging from 38 000 to 40 000 DWT on firm basis + one (01) sister ship on option in one batch.

Once the Tender Call advertisement is published on two daily newspapers and BAOSEM, interested companies may obtain a copy of the tender documents and specifications from “HYPROC S.C. SPA, Cellule Centrale des Marchés de l’Entreprise”, ZHUN USTO - BP 7200 Es-Seddikia- Oran 31025, Algérie against presentation of Power of Attorney and bank voucher for tender fees of Two hundred US Dollars (200 United States Dollars) for International Bidders or Twenty thousand Algerian Dinars (20 000 D.A) for National Bidders net of bank charges for the Beneficiary:

HYPROC SHIPPING COMPANY at following bank account:

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RIB number: 002 00081 081 22000 36/49
SWIFT: BEXA DZ AL 081.

The bidder can request to receive the tender book by electronic mail (mail: ccme@hyproc.dz), after delivery of payment vouchers.

The bidder shall present the technical offer under two sealed envelopes. The external envelope should be anonymous with only the following indications:

"National & International Open Call for Tender
N°03 / HYPROC S.C / PMD / 2021
Technical offer – Do not open”.

The internal sealed envelope shall contain the indication “Offre Technique», the name, the logo and the bidder stamped.
The offers should be couriered to:

Hyproc Shipping Company

La Cellule Centrale des Marchés de l'Entreprise

ZHUN USTO - BP 7200 Es-Seddikia- Oran 31025, Algérie,

or directly handed to Bureau d'ordre General (BOG) of Hyproc SC.

The bidder must provide all the documents and appendixes laid out in the tender book.

Non transmission of one of the following documents will lead to systematic rejection of the submission:

1. Declaration to be signed.
2. Tender submission bond or the swift (the swift is provided by the bidder, in the case of the impossibility to produce the tender submission bond).
3. Technical offer.

The deadline for the reception of bids at BOG (Bureau d'Ordre Général) is fixed for the August 16th, 2021 at 9h.30 a.m (L.T).

Submission reception date is to be considered according to Hyproc's BOG (Bureau d'Ordre Général) stamped date of receipt by post or by hand delivery.

Bids opening ceremony will be held to the same day at 10.00 a.m (L.T).

If the date of deposit of the bids coincides with a public holiday or a legal rest day, this date is extended until the next business day.

Any submissions received after the closing date will not be considered.

Bidders shall be committed through their offers for 180 days from the closing date.

Technical offers will be opened in a public session at HYPROC SHIPPING COMPANY headquarters as per date and address indicated here above.

The present call of tender is considered as an invitation letter to bidders who have already sent their Technical offers to attend the opening ceremony.

After the evaluation of the technical offers, the bidders whose their offers are declared eligible technically will be invited by mail to submit a financial offer.

The opening of the financial offers will take place, in public session, at the headquarters of HYPROC S.C on the fixed date in the invitation letter.
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