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Cyprus axes ships as EU targets Dubai Sovcomflot operations

THE EUROPEAN UNION will consider a proposal from the Netherlands to sanction the activities of Russian tanker giant Sovcomflot's Dubai-based operations despite Sovcomflot's insistence that its vessels are operating entirely legally.

Sun Ship Management, which was known as SCF Management Services (Dubai) until last July, is the Dubai-based operational arm of Sovcomflot with 92 crude oil, LNG and chemical tankers under its management.

The vessels are largely flagged by Liberia and Panama, but four are flagged by EU member state Cyprus.

That looks likely to change within a matter of days as Cyprus has told Lloyd's List that at least three of those vessels are already scheduled to be deleted from the flag.

None of the vessels are trading with European states and none are insured by western insurers.

Sovcomflot, which is already sanctioned by the EU as well as the US and UK, remains the ultimately beneficial owner of all vessels managed by Sun Ship Management.

The move to strengthen measures against Sovcomflot comes as representatives of the 27 EU member states meet in Brussels to discuss further sanctions against Russia.

According to Reuters, the proposed measures against Sun Ship Management have been tabled by the Netherlands. The bloc aims to both extend its measures against Russia and close loopholes in existing sanctions.

Sovcomflot has continued to trade internationally despite sanctions. Its fleet is legally flagged and operates in jurisdictions not restricted by sanctions. Much of its fleet diverted to Russia's eastern coast in the wake of sanctions to load crude from ports there for direct shipment to China.

Sovcomflot moved technical management of 113 of its vessels to SCF Management Services (Dubai) Ltd over a 24-hour period starting on April 21 last year, however the ultimate control and ownership of the vessels continued to lie with Sovcomflot.

In a statement issued to Lloyd's List, Sovcomflot said: "Sun Shipmanagement (D) Ltd is part of SCF Group and has been providing ship management services for the SCF owned vessels since 2012. SCF Group's vessels continue to be operated under the original names. SCF Group and all of its subsidiaries operate in line with all applicable national and international legislation. Activity of Sun Shipmanagement (D) Ltd is completely legitimate as no vessels are carrying their cargoes into the EU unless expressly permitted by EU respective regulations".

Sovcomflot also clarified that a website purporting to be controlled by Sun Ship Management featuring Sovcomflot branding, was "fake".

"[The website] has not been created by SCF Group and has no relation to the company," said a Sovcomflot spokesperson, who added, "We've checked the origin of the website and it leads to Ukraine".

Regardless of the origins of the website, Sun Ship Management is legitimately registered at an address inside the Dubai International Financial Centre.

While major European and US classification societies withdrew services from Russia, the majority of the fleet was taken on by the Indian Register of Shipping or the Russian Maritime Register.

Flagging arrangements were largely continued over from Sovcomflot with the majority of vessels still flagged by Liberia and Panama.

Three of the four remaining Cyprus-flagged vessels are scheduled to be deleted from the Cyprus ships' register by February 20, the Cyprus shipping deputy ministry has confirmed.

They are the oil-chemical tankers *RN Arkhangelsk* (IMO: 9384435), *RN Murmansk* (IMO: 9384447) and *RN Privodino* (IMO: 9384459).

Sources said that the tankers were being deleted as it has been determined that ultimately they belong to a sanctioned entity.

They were under the management of Sun Ship Management until early last October but then put under a different entity.

There has been a flurry of recent deletions of Sovcomflot-linked tonnage from the Cyprus flag, with 11 vessels deleted in the period between November 18 and December 5 alone.

Those ships are understood to have been deleted for a variety of reasons but mainly linked with the implementation of EU sanctions, including the prohibition on carriage of Russian crude.

When the trio of chemical tankers is gone, the last of the Sovcomflot-linked fleet under Cyprus flag will be the LNG carrier *Christophe De Margerie* (IMO: 9737187).

However, Lloyd's List has been told that the process for the deletion of that vessel may be initiated soon.

P&I Clubs inside the International Group all withdrew cover from Sovcomflot and the vessels are understood to have been covered since by Russian insurers, with state-controlled Russian National Reinsurance Company thought to be the largest provider of cover.

Sovcomflot also sold over 20 vessels in the wake of sanctions, with many of them also ending up controlled by Dubai-based entities.

The move to add Dubai-based Sun Ship Management to the list of EU-sanctioned companies is likely to garner significant member country support, although Cyprus' action to delete vessels may reduce the practical impact of such a step.

WHAT TO WATCH:

EU port authorities detain three tankers linked to Russian oil trades

PORT state authorities in Spain, Greece and Belgium have detained three tankers engaged in shipping Russian oil, indicating rising impatience with ship-to-ship transfers of Russian energy commodities taking place in international waters on their doorstep.

The Vietnam-flagged *Melogy* (IMO: 9247376) and *Elephant* (IMO: 9374868) were detained in recent days at Kali Limenes in Crete and Ferrol in Spain, respectively, according to the Paris Memorandum of Understanding port state control database.

A third tanker, Liberia-flagged *HS Arge* (IMO: 9299745) has been held at Antwerp, in Belgium, since February 7.

The *Melogy* is a suezmax tanker long engaged in US-sanctioned Venezuelan trades that shifted to Russian oil trades last December.

The tanker sailed directly to the Greek island on February 12 after transiting the Suez Canal in ballast. The circumstances of the detention remain unknown.

Vessel tracking shows 2007-built *Elephant*, an aframax tanker, was engaged in ship-to-ship transfers in international waters off Ceuta, near Gibraltar, between February 2-6, a popular zone used to consolidate Russian cargoes for onward sale.

The vessel then sailed north up the Spanish and Portuguese coasts, reporting its next destination was Tallin, but arrived in Ferrol on February 11 and was reported detained on February 14.

Separately, maritime authorities in Spain have refused permission for Maersk Tankers-operated product tanker *Maersk Magellan* (IMO: 9447732) to discharge its diesel cargo at the port of Tarragona.

The Ministry of Transport, Mobility and Urbanisation (Mitma) said Maersk Magellan had received its cargo from Elephant via a ship-to-ship transfer in the Alboran Sea, in the vicinity of El Estrecho.

A certificate of origin on board the vessel showed the diesel had originally been transferred to *Elephant* from the Cameroon-flagged *Nobel* (IMO: 9105114), a medium range product tanker, formerly linked to Russian owners but resold last July to a single-ship owner in the Seychelles.

Owner of the *Elephant* is Ho Chi Minh City-based Hung Phat Maritime Trading Service JSC, which is also the beneficial owner of Panama-flagged medium range tanker *Ocean Jupiter* (IMO: 9308170).

Melogy's owner is Hanoi-based Thang Lang Gas Co Ltd, which owns two other tankers including 2003-built aframax *Legend* (IMO: 9258882), which loaded a cargo from the Russian Baltic port of Ust-Luga on January 22 and is now sailing via the Suez Canal for Yanbu.

Like *Melogy, Legend* was previously used to ship Venezuelan crude.

The 2006-built *HS Arge* is one of 10 tankers purchased in the last four months by newly incorporated Dubai ship operator Hennesea Tanker Corp but whose management and ownership is obscured behind an Indian ISM manager, Maritas Fleet Private Ltd, which gives its address in part as "behind Police Station Kalayan".

The aframax is the latest addition to the fleet, which includes one very large crude carrier, one suezmax and six aframax ships, changing ownership details on February 9, according to shipping databases. The tanker arrived at Antwerp on January 28 and after discharging its cargo was berthed at two separate places before its reported detention.

International waters off Kalamata and Ceuta are now used by dozens of tankers to consolidate Russian cargoes from smaller or larger vessels for onward shipment to their final destination. They take place in international waters outside port state control jurisdiction, vessel tracking shows.

Saverys appeals to Euronav shareholders to vote for a sustainable future

COMPAGNIE Maritime Belge chief executive Alexander Saverys has set out a vision of diversified new investments for Euronav as he sought to convince fellow shareholders to buy into his strategic vision for the tanker giant's future ahead of a crunch board vote on March 23 that will likely define the future direction of the company.

While he deferred detailed plans until after the shareholder vote, all asset classes are on the table as a route to accelerating the decarbonisation of shipping, and tankers will not be Euronav's sole future if he wins the argument next month.

But he also stressed that this would not amount to an overnight U-turn for Euronav.

"We are not a bunch of crazies that will sell the whole Euronav fleet today to reinvest in whatever one day later, but frankly, we've been in this for seven generations," he said on February 15. "We know how to ride cycles. We're not always right and we've made our mistakes, but the fact that we're still here proves that we know how to run a shipping company."

Mr Saverys' opposition to the current supervisory board's strategy has been well documented in the wake of a disruptive shareholder battle with competing visions for the future of the company.

But having called a live press conference with his brother Ludovic, who between them represent the Saverys family's collective 25% shareholding in Euronav, he sought to set out an alternative vision and answer any questions from rattled investors and shareholders.

Short term, the changes are not so dramatic. CMB believes that Euronav should continue to be run as a top-class tanker company, focusing on riding the tanker cycle, paying dividends, buying back shares, rejuvenating its fleet and using its balance sheet to take advantage of business opportunities.

Where the CMB vision parts company with the views of the current supervisory board is on scale and mergers.

Euronav chief executive Hugo De Stoop has made clear that even if a merger with John Fredriksen's Frontline is now off the table for good, a fact he seemed unsure about earlier this month, new deals would be sought and scale was inherently attractive.

"The current supervisory board wants to pursue mergers becoming bigger to become better," said Mr Saverys. "Respectfully, we disagree. Simply owning the assets does itself create value."

CMB believes that Euronav should remain a stand-alone company and does not need to merge with another tanker company to create added value for its shareholders.

Looking longer term, however, the Saverys vision differs significantly from the current Euronav plan. If Mr Saverys manages to win the vote and oust the current Euronav supervisory board, installing a new board aligned to his way of thinking in the process, a more revolutionary future beckons.

"We would like to have a discussion about a possible new medium- to long-term strategy, which in our view should be centred around diversifying the fleet, diversifying into other shipping assets and investing meaningful amounts of money into the decarbonisation of the shipping industry to create long-term shareholder value," he explained.

While equities analysts on the call repeatedly quizzed him on the specifics of capital allocation and timing of proposed diversification, Mr Saverys would not be drawn on detail, arguing that was for the board to decide after the vote.

Incremental changes or fleet-wide deals would be assessed on the economics of the deals, he explained. But ultimately he kept returning to the strategic vision of decarbonisation and the trust he was asking for from shareholders to future proof the company strategy.

"When we say that we think it's a sound strategy Euronav to diversify. We're not saying diversify at any cost and do it right now. We're saying do it intelligently, at the right point in the cycle," he said. "We talk about decarbonisation, and it's actually nothing to do with the asset values of ships. It has to do with a future proof strategy of a company, making sure that you build assets that your customers will want, not in one year from now within 10 years from now — that doesn't happen overnight."

ANALYSIS:

Maersk's aim to shake up supply chains has further to run

THE way supply chains have operated over the past few decades is no longer fit for purpose, and Maersk's integrator strategy is seeking to remedy this by creating a "network of networks" that will better provide for customers, according to the company's Asia-Pacific region president Ditlev Blicher.

"Our view is that today's supply chains are under-served," he told a briefing in Singapore. "We've seen it particularly during the pandemic but also before that. Supply chains were starting to falter in response to increasing degrees of volatility."

Current supply chains operate as independent slices, with each optimising for cost rather than value. But this is not viable in an environment of increasing volatility, whether that volatility comes from technological developments or geopolitics.

"In a normal supply chain there are thousands of players contributing that are not connected in any meaningful way," said Mr Blicher. "They are not agreeing on a language or digital platform, which is hampering the ability to bring the promise of digitalisation. We believe we can solve for that by integrating the physical roles of the supply chain with the digital worlds."

Maersk's intention is to leverage its position as an ocean carrier into integrated networks with physical flows of goods as well as digital flows of information.

"The real value is to be found in inventory optimisation, around reducing loss of sales and addressing the challenges of decarbonisation," he said. "These are challenges that require an integrated approach."

Extending the physical flow of goods was behind the acquisition of companies such as LF Logistics.

"LF is an example of fulfilment where we can get close to the customer. We didn't have that capability in Asia so we acquired it and are now fully integrating it into our other services."

The Asia market, with its multitude of currencies, customs regulations and standards, is an example of where Maersk believes it can add value.

"As a customer seeking to get access, it is a very complex theatre in which to operate," he said. "Through integrating and simplifying the services to our clients, we can simplify access to those markets, which is why we think what we are doing globally as an integrator will have an even larger impact in Asia."

While Maersk has strong deconsolidation capabilities in some markets, LF offered expertise in in Asia that it did not have, according to Maersk regional head of logistics and services Chris Pollard.

"There are parts of these networks were we have to augment what we have or have to build the scale in new markets," he said. "In ocean we have a very mature extensive network, but in airfreight or brokerage, we have parts of those networks at scale and in other areas we have very little. We need to get to the point where all these networks are at scale so we can be cost competitive. When we look at the current capabilities, sometimes the gap is so big that we make the decision that acquisition is only way to get there in aa meaningful time frame."

For inbound fulfilment to Asia, Maersk realised that building a capability would take too long so LF was an example acquiring a capability it did not have.

"We're not here buying LF because we want to become another 3PL offering contract logistics," Mr Pollard said. "It is part of our journey to get to the integrator value proposition."

But there is still a long way to go, according to Mr Blicher.

"It is hard to put a specific number on how far through the process we are. I would say around we are 40% of the way there. The first couple of years were kind of rough because we started from having an idea and zero credibility. But in the past two years it has really accelerated."

Maersk believes it can achieve what others have failed to do in the past in terms of connecting logistics services to ocean services. In the past, efforts to do similar things have been "a typical asset play," he said. "What we have done is shift it around and make it outcome based. The shift is to become much more client-centric. The big component is the investment into the digital sphere."

This meant giving customers visibility and the capability to reroute inventory when necessary.

"The differentiator there is the technological platform and then having the physical capability to execute it," he said.

Control over the network was another important factor, and one that was behind the decision to unwind the 2M alliance with MSC.

"For many decades, ocean networks were designed around cost efficiency at the expense of quality," Mr Blicher said. "The average timeliness of vessels was terrible, even before Covid. If you're dependent on goods arriving on time, the only way to deal with that is to have buffer inventory. That adds complexity and costs.

"What we're doing with our ocean design is changing how this operates. We want to build agility into the network. Instead of a static ocean network that is designed once or twice a year, we will build it to be agile so that when there are changes in demand we can shift to meet those."

Customers were not interested in the port pairings but in solutions that got goods from the factory to the customer.

"If we want to shift from selling a service to selling an outcome, we need to be able to deliver it, whether or not something happens. To get there we need flexibility in our networks, and mode optionality."

And that required control of the network.

"We believe we have the capacity that is required. What we're investing in is building quality. Agility comes at a cost but we believe there is more value in building quality into the network."

China and India among developing countries seeking delay in revision of shipping's emission strategy

A DOZEN countries have called for a five-year delay in finalising and adopting revised shipping decarbonisation targets.

In a submission to the International Maritime Organization ahead of an intersessional working group in March, the 12 countries — including Brazil, India, China and Saudi Arabia — are seeking to keep any revised strategy agreed in 2023 under review until 2028 when it will be adopted.

A proposed text strikes out the year 2023 as the year of adoption and replaces it with wording to keep the revised strategy under review until 2028 in the annexed revisions to the revised draft.

The submission not only calls for an effective five-year delay to finalising the revised strategy but argues for only "very necessary changes" in the 2023 revision, noting that it was also "problematic" to align any revised goals to the Paris Agreement, which was adopted at the UN Climate Change Conference and aims to align all climate change strategies to limit global temperature increases to 1.5°C from pre-industrial levels.

The position taken by the countries underscores the entrenched divisions over shipping decarbonisation targets that remain between western countries and oil producing and developing nations, including China.

Other countries that sponsored the submission are Angola, Argentina, Bahrain, Bangladesh, Ecuador, Jordan, South Africa and the United Arab Emirates.

The intersessional working group on the reduction of greenhouse gas emissions on ships that begins on March 20 is one of two scheduled ahead of a crucial July meeting of the Marine Environment Protection Committee.

There, the revised and updated strategy to tackle greenhouse gas emissions in shipping must be agreed by all 175 member countries, based on the current timetable. The strategy was first agreed in 2018.

The submission, which reiterates the countries' unaligned goal of reducing greenhouse gas emissions in shipping by 50% by 2050, contrasts sharply with the shipping industry view and those of Europe, the US, Canada and other western economies.

The US, UK and Canada are calling for zero emission targets by 2050, and a 96% reduction in annual greenhouse gas emissions (measured on a lifecycle basis) by 2040, compared to the 2008 baseline.

Greenhouse gas emissions intensity targets should be set to be 65% lower by 2030 and 98% lower by 2040 based on the same 2008 baseline, the UK, US and Canada submission said.

The International Chamber of Shipping said it supported a "net zero" or "carbon neutral" target by 2050 and an interim decarbonisation goal in 2030 but not 2040 as proposed by the European Union, European Commission, US, UK and Canada.

The chamber represents shipowner representative groups covering 80% of the global fleet, incorporating a wide section of views as future fuels and technology for decarbonising the maritime sector are yet to become commercially viable.

Zero-emission targets with absolute emission reductions were "not realistically practical" when measured on a "tank to wake" basis, the ICS submission said.

Tank-to-wake measures emissions aboard a ship, with green methanol and synthetic fuels ruled out because of carbon dioxide emissions at combustion, according to the ICS.

The submission from China and delegates from other countries who have spoken out against tougher targets at the IMO for at least two decades also sought to strike out reference to accommodating specific indigenous communities as well as excluding black carbon cuts from any revision.

The IMO also wants to establish mid-term decarbonisation measures alongside the revised strategy that must be signed off this July. The mid-term measures are scheduled for agreement in 2023 and adopted between 2026 and 2030.

Ten countries including China, the UAE, India, South Africa and Brazil, added further details about how best to select which financial mechanism could be used to raise money to fund the green transition, and support the least developed countries.

The submission wants UN agency Unctad (United Nations Conference on Trade and Development) to further analyse them for their feasibility, effectiveness and potential impacts. No timetable was given.

The technical and economic elements contained in four proposals labelled as market-based measures canvas carbon emissions trading, and so-called fee-bate schemes or levies on fuel consumption to raise money.

The World Bank's submission proposed how carbon revenues could be spent. Fleet upgrades and renewals, alongside subsidies for the production, storage and use of zero-carbon fuels, plus financing maritime transport infrastructure were aligned with shipping decarbonisation goals, according to the submission.

But the report also concluded that not all countries would directly gain from revenues raised via a tax on carbon in international shipping, echoing concerns expressed by developing countries.

"The analysis suggests that using carbon revenues exclusively for maritime transport-related spending is likely to limit some countries' ability to access carbon revenues due to limited spending opportunities," it said. "Using a share of carbon revenues to finance broader climate aims in these countries could thus help to support an equitable transition. When broadening carbon revenue use for some countries, financing broader climate aims could also help to achieve maximum climate outcomes."

The World Bank proposed a distribution network that favoured least developed countries under different financing terms.

Methanol-fuel bulk carrier orderbook boosted by ultramax newbuilding contract

TSUNEISHI is set to build a third dual-fuel methanol bulk carrier and will follow an order last month for two kamsarmax bulk carriers which will utilise the same carbon-neutral fuel.

The Japanese shipbuilding group's latest newbuilding order is for a single 65,700 dwt ultramax and will utilise a modified version of the shipbuilder's existing Aeroline 66 standard design. It is due for delivery in 2025.

The ultimate operator behind the contract has not been disclosed, however shipbuilding sources told Lloyd's List that the vessel had been ordered for the account of the shipyard's shipowning division, Kambara Kisen, while industry insiders have linked the order to Hong Kong's Pacific Basin Shipping.

While interest in ordering methanol-fuelled cargo vessels has surged in the past few months, in particular from the container sector, Tsuneishi is the only shipbuilder so far to have booked orders for bulk carriers capable of utilising green methanol.

The ultramax newbuilding will utilise a six cylinder MAN ME-LGIM dual-fuel main engine for operation on methanol, in addition to conventional fuel.

It will be built by MAN Energy Solutions' licensee, Mitsui E&S Machinery. The engine is based on its current well-proven ME-series, of which 8,500 are in service.

"In a market that has seen a rapidly increasing demand for decarbonised transport from its major players, the interest in methanol as a fuel has surged and — at this moment in time — represents more than 30% of all our current, open pipeline projects across a broad range of vessel segments," said Bjarne Foldager, head of low-speed at MAN Energy Solutions.

"As such, seeing bulk carriers now also entering this fuel segment is completely in line with our expectations and these newbuildings will benefit greatly from the option to operate either on methanol or conventional fuel with equally high fuel efficiency."

In January, Mitsui & Co contracted the first ever methanol dual-fuelled bulk carriers from Tsuneishi.

The landmark order was for an initial two 84,000 dwt kamsarmax ships which have been contracted for long term time charter to Cargill.

They are set for delivery in late 2025 and early 2026.

MARKETS:

Russian oil revenue fell sharply in January on crude price discounts, says IEA

RUSSIAN oil export revenue fell 36% year-on-year in January to reach $13bn on the back of Russian crude oil trading at wide discounts to benchmark grades, according to the International Energy Agency.

Russian crude oil traded at more than a $30 per barrel discount to benchmark North Sea Dated crude in January at $49.48 per barrel, resulting in a sharp fall in oil revenues, the agency's monthly report said.

The Group of Seven leading economies and Australia set a $60 per barrel price cap on Russian crude oil in December, suggesting the product traded more than $10 per barrel below that level in January.

Russian crude oil exports rose by 300,000 barrels per day on the month to 8.2m bpd in January ahead of the European Union ban on Russian refined products, the Paris-based agency said.

"Russian oil production and exports have held up relatively well despite sanctions. The country has managed to reroute shipments of crude to Asia and the G7 price cap on crude appears to be helping to keep the barrels flowing," it said.

Russia might reduce oil production to shore up prices, the IEA said, citing Russia's deputy prime minister Alexander Novak, who said Moscow would cut production by 500,000 bpd in March.

Global oil demand is set to rise by 2m bpd to a record high of 101.9m bpd in 2023 owing to higher Chinese demand, following a slight contraction in the fourth quarter of 2022, the report said, adding that supply will likely exceed demand through the first half of this year.

"World oil supply held largely steady in January at around 100.8m bpd. The pause comes after a sharp 1.2m bpd decline at the end of 2022 led by the US and Saudi Arabia. We expect global output to grow 1.2m bpd in 2023, driven by non-OPEC+. Supply from OPEC+ is projected to contract with Russia pressured by sanctions."

The IEA said new refinery output in Africa, the Middle East and China will be key in meeting firmer oil demand as well as the impact of the EU ban on Russian refined products.

"If the price cap on products is half as successful as the crude cap, product markets may well weather the storm — but more crude supplies would be required to prevent renewed stock draws later in the year."

Leading box lines agree to digitalise bills of lading by 2030

NINE of the top 10 carriers in the world have signed up to move all bills of lading to electronic format by 2030, the Digital Container Shipping Association has announced.

The DCSA, which was formed by the carriers to find common digital formats to which all lines could adhere, said the carriers had committed to converting half of original bills of lading to digital within five years, and 100% by 2030, in an effort to accelerate the digitalisation of the sector.

"The digitalisation of international trade holds vast potential for the world economy by reducing friction and, as trade brings prosperity and the eBL will further enable trade, helping bring millions out of poverty," said DCSA chief executive Thomas Bagge. "This heralds the start of a new era in container shipping as the industry transitions to scaled automation and fully paperless trade. Document digitalisation has the power to transform international trade and requires collaboration from all stakeholders. I applaud the leadership of our members in coming together to achieve this important milestone."

The DCSA estimates that moving from paper to digital bills of lading could save as much as $6.5bn in direct costs, and enable $30bn-$40bn in annual global trade growth.

Bills of lading function as title documents, receipts for shipped goods and as a record of agreed terms. Carriers issue around 45m each year, but under 2% of these were electronic in 2021.

"Manual, paper-based processes are time-consuming, expensive and environmentally unsustainable for stakeholders along complex supply chains," the DCSA said. "Paper-based processes break down when cargo in ports cannot be gated out because original bills of lading, or title documents, fail to arrive or cannot be manually processed in time. In contrast, digital processes enable data to flow instantly and securely, reducing delays and waste."

In a joint statement announcing the decision, Mediterranean Shipping Co, Maersk, CMA CGM, Hapag-Lloyd, Ocean Network Express, Evergreen, Yang Ming, HMM and Zim said the digitalisation of documents had "fundamentally transformed" other industries.

"International trade has improved its digital capabilities, but has yet to scale standardised automation," the statement said. "The bill of lading is often still reliant on the physical transfer of paper records and manual work. Customers are often required to send and receive paper, obtain stamps and signatures to execute the physical transportation from origin to destination. This represents a time-consuming and environmentally expensive process for customers."

The DCSA has been working on a standard for eBLs for several years, and last year released a beta version of the standard for review by the industry.

MSC, which has been a strong supporter of the move towards digitalisation, said the adoption of a standardised eBL by 2030 takes the journey one step further.

"By "standardised", we mean that our eBL solution will be compliant with the DCSA's data, process, and interface standards for the digital submission of shipping instructions and issuance of electronic bills of lading," MSC said.

Chief executive Søren Toft said: "Our industry needs to accelerate digitalisation to help make shipping more efficient, more secure and a better experience for our customers. On top of these benefits, moving to 100% eBL will contribute towards our climate goals, as we move towards net-zero 2050."

Maersk chief executive Vincent Clerc said that the need for digialtisation in logistics was urgent, and the industry needed to speed up the process. "This is an important step in the journey towards creating a digital standard of one of the most cost heavy and troublesome components in the shipping industry. A fully digitised bill of lading enables a more seamless customer experience across the supply chain and in turn it will help democratise trade and reduce time and costs for all involved parties."

Cosco Shipping boosts capacity at Quanzhou terminal

COSCO Shipping Ports has launched two new container berths to strengthen the position of Quanzhou Pacific Container Terminal, which it operates in Fujian province, southeast China.

The fifth and sixth berths, when they become fully operational once supporting facilities are ready, would boost the terminal's annual handling capacity to 3m teu from the current level of 1.8m teu, said the Chinese port giant.

Cosco Shipping Lines and Orient Overseas Container Line had also started two new services to Southeast Asia to drive volumes at the terminal, according to the statement.

One connects to Ho Chi Minh City in Vietnam via Singapore, while the other links to Klang, Malaysia and then Surabaya, Indonesia.

These routes could pave the way for Quanzhou to further extend its reach to other countries in China's "Belt and Road" infrastructure project, including Europe, Middle East and Africa, said CSP.

Located in between Fuzhou and Xiamen, two other large port cities in the province, Quanzhou is a major exporter of agriculture products, such as tea. Other important industries include textiles, footwear, fashion and apparel, ceramics and machinery.

Domestic trade accounts for most of the port's throughput volume, which stood at about 2m for 2022.

The Cosco terminal, a joint venture with state-owned Quanzhou Habour Group, is the largest container handling facility there, and saw handlings increase 6.8% to 1.3m teu last year.

It has joined the growing number of Chinese box terminals to have deployed autonomous tractors using 5G-backed high-precision positioning technologies in order to enhance efficiency and shore power to reduce emissions at quay.

Smaller carriers see shake-up as market turns

THE surge in demand and sky-high freight rates recorded in 2021 and 2022 pulled a significant number of new container lines into the lucrative Asia-Europe and Asia-North America trades.

These lines, which had previously only operated on regional services, built up substantial capacity in order to make the most of the surge in profitability.

But as the market cools, they are now facing the reality that scale matters in container shipping.

"It does not come as a surprise that smaller carriers, which ventured into the east-west trades when these were booming during the Covid-19 pandemic, have been the worst hit by the collapse in cargo demand from China to Europe and North America," said analysts at Alphaliner, which noted a major changes in capacity offered in the past 12 months among the carriers ranked between 11 and 30 by size.

While having little effect on the overall fleet — these carriers make up less than 10% of global capacity — smaller carriers had also failed to grow in line with the market.

"The medium-sized operators have not gained market share as their combined growth since January 2022 stands at only 2.1%, which is about half the growth registered by the overall container fleet," it said.

Nevertheless, some had done far better than others.

CU Lines, one of the first out of the block to take on the transpacific trade, registered the biggest fleet reduction year-on-year. After closing its Asia-Europe service and reaching an agreement with Antong Holdings for early redelivery of a series of chartered classic panamax ships, the fleet size of CU Lines has fallen 35% from 87,160 teu early last year to 56,960 teu this week, according to Alphaliner figures.

Wan Hai and Matson had also been hit by the downturn after expanding their capacity during the boom times on the transpacific.

"Despite taking delivery of its first two 13,100 teu newbuildings, Wan Hai's current fleet is only 12,940 teu, or 3.1%, larger than at the beginning of 2022," Alphaliner said. "Matson's fleet contracted 2.1% and dropped two ranks in our top 30 to the 28th spot."

Not all carriers in the 11-30 ranking contracted, however.

"The biggest winner among the medium-sized carriers is Pacific International Lines" it said. "Its fleet is currently almost 30,500 teu larger than on January 1, 2022."

In percentage terms, the largest growth was seen by Emirates Shipping Lines, which grew by 55% as it boosted its growth with a focus on Middle East trades, which have proved more resilient than the east-west trades.

Zhonggu Logistics, which grew its capacity by 14.5%, also no longer focuses solely on its core Chinese domestic services, but has grown on intra-Asia trades.

IN OTHER NEWS:

Russia using grain deal as 'weapon', says Ukraine official

UKRAINE has accused Russia of "destructive actions" which are delaying and hindering the success the of the Black Sea Grain Initiative.

The UN-brokered deal enables the export of grain and certain foodstuffs from the ports of Chornomorsk, Odesa and Yuzhnyi.

Oleksandr Kubrakov, deputy prime minister for the restoration of Ukraine, and foreign affairs minsiter Dmytro Kuleba have appealed to the global community, in particular the United Nations and Türkiye, to end what they call Russia's deliberate obstruction of the grain initiative.

Their social media statement alleges that Russian representatives are systematically delaying and slowing down the inspection of vessels that are participating in the deal.

CMA CGM in talks to acquire French ferry operator La Méridionale

CMA CGM Group has confirmed it is in talks to acquire French ro-pax ferry operator La Méridionale.

"The CMA CGM Group announces that it has entered into exclusive discussions with the STEF group to acquire 100% of La Méridionale, a maritime company for mixed freight and passenger transport in Marseille," the owner of the world's third-largest operator of containerships said in a statement.

"The CMA CGM Group wishes through this acquisition to continue its development on the Mediterranean, while strengthening the position of the port of Marseille and the French maritime industry."

Any deal would be subject to consultation with employee representatives and regulatory approval.

Variety of funding sources needed for shipping to decarbonise

SHIPPING needs a variety of funding sources to invest in fleets that will lower emissions, a webinar hosted by the European Community Shipowners' Associations was told.

While sizeable companies may have access to traditional bank funding, small and medium-sized enterprises, which make up the bulk of shipping, also require a hand, with private lenders open to those with sound business models.

In Europe, public money could also be made available to bridge the funding gap and the European Council is reviewing proposals to include shipping in a specialised funding scheme, with a decision expected later this year.

Governments could also step in with export credit such as with the green corridors schemes, was one suggestion.

Massive investment is needed in newbuildings as well as retrofits, and financiers need to take a long-term view, said Roxana Lesovici, cabinet member in the transport office of the European Commission.

Boxship fuel-saving device gains traction

CMA CGM has added the first windshield to the bow of one its ultra-large containerships in an effort to improve fuel consumption and thus reduce emissions.

According to Alphaliner, the 16,000 teu capacity, 2012-built, *CMA CGM Marco Polo* (IMO: 9454436) had the fuel-saving structure retrofitted during its second special survey at the Yiu Lian Dockyard in Shekou, China, from mid-November to mid-December.

The addition of aerodynamic windshields to large boxships was pioneered by Ocean Network Express partner Mitsui OSK, which trialled the device on the 6,724 teu capacity *MOL Marvel* (IMO: 9475612) during 2015, to demonstrate the potential for reducing wind resistance and consequently fuel consumption and CO2 emissions.

Ardmore to install carbon capture scrubbers on some vessels

ARDMORE Shipping, a US-listed tanker owner/operator, is planning to install carbon capture-ready scrubbers on a portion of its fleet.

An initial six vessels would be installed with the abatement technology during scheduled drydocking this year, the company said in an investor day presentation.

The $10m capital outlay this year was expected to generate an internal return rate of about 60% based on current fuel spreads, it said, adding that the system would reduce water discharge to one third of the amount of a standard scrubber.

Newly acquired bulk carrier spotted in Sevastopol

HANDYSIZE bulk carrier *Matros Shevchenko* (IMO: 9574195) was docked in Sevastopol's grain terminal and loading cargo, with its automatic identification system shut off, on February 13, according to a satellite image from Planet Labs PBC.

The satellite image shows the Russia-flagged 28,000 dwt bulker docked in the Crimean port. A group of trucks loaded with grain and a train are also visible northeast of the silos.

Russia's illicit grain operation involves the stealing of Ukrainian grain from farmers, transporting it via truck and rail to Crimea, and loading the cargo onto vessels to be shipped internationally.

The last AIS message received from *Matros Shevchenko* was on February 10 at 0750 hrs local time while it was transiting the Black Sea. A name and flag change on January 29 indicates the vessel has come under new ownership.

Danaos chief sees difficult times ahead as boxship bonanza ends

DANAOS said fourth-quarter net income declined 8% amid a softer container market.

Operating revenue increased 17% in the three months ending December 31 due to higher charter rates, which remain above pre-pandemic levels despite their precipitous falls, but charter durations rarely exceed 12 months.

Chief executive John Coustas said in a statement: "The decline in box rates to pre-pandemic levels across all sailing routes foreshadows difficult times ahead… Fortunately, we are insulated from current market conditions as 93% of our available days are already contracted for 2023, providing us with excellent visibility for the year ahead."

Net income for 2022 declined by almost half to $559m, although on adjusted basis, which excludes certain one-time events, it nearly doubled to $710.9m. Full-year operating revenue rose 44% to $993.3m.

Safe Bulkers buoyed by scrubbers and capesize period charters

CAPESIZE period charters helped protect Safe Bulkers' revenues and contributed to higher-than-expected fourth-quarter profit.

Net revenue in the three months ending December 31 fell 6% to $86.7m, the Cyprus- and Greece-based owner said in a statement. Net income was $34.9m, down from $65.2m in the year-earlier period.

On an adjusted basis, the net profit equated to $0.29 per share, beating an analysts' consensus by $0.05 while revenues came in more than $15m higher than expectations.

SIPG former chairman Chen under anti-graft investigation

THE former head of Shanghai International Port Group is being investigated by anti-corruption authorities in China.

Chen Xuyuan, who is currently chairman of the country's football association, left the state-owned port group in 2019.

He was suspected of "serious violation of party disciplines and laws," the General Administration of Sport of China said in a statement, adding he had been placed under investigation by the Central Commission for Discipline Inspection. No further details were disclosed.

Classified notices follow


Lloyd's List