

Lloyd's List



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The editor's letter

LINTON NIGHTINGALE

Nobody said it would be easy

As the new decade heralds a greener future with the implementation of the sulphur cap regulations, the transition has not been completely seamless

When proposals for a sulphur cap first came to light, the implementation date of January 1, 2020, seemed a long way off to many.

Yet here we are. A new decade has begun, and with this date passed, the shipping industry has taken what many see as its first tentative steps towards a greener future.

Cause for celebration? Not quite.

International Maritime Organization secretary-general Kitack Lim admitted initial adoption would not come without its challenges.

In the days leading up to the regulation's implementation, he acknowledged to Lloyd's List that concerns over safety, fuel availability and quality still existed.

A good few weeks in, concerns remain. However, there is also the scrubber debate to consider and the subsequent fuel price spread that has transpired.

It was recently reported that 'eco-type' very large crude carriers utilising scrubbers were commanding daily rates some \$20,000 per day more than 'non-eco' VLCCs without the exhaust-cleaning technology.

Although the price spread has narrowed since the early weeks of January, as BIMCO pointed out, shipping companies either way are still faced with a massive uptick in fuel oil costs.

Meanwhile, in the container shipping sector, shippers are also trying to get their heads round baffling baf's, where carrier fuel surcharges have varied by as much as \$280 per 20 ft box on the same trade lane.

Nobody said it was going to be easy. Yet the IMO will be hoping these teething problems remain just that and do not escalate further.

At this stage, those — including me — pinning hopes on a conference season where the sulphur cap no longer dominates proceedings will be left disappointed.

New decade, new title

While the industry ushers in a new era, Lloyd's List is also welcoming in the new decade with changes of its own.

The eagle-eyed among you will have noticed that this publication has been rebranded under our long-established name Lloyd's List, reflecting the merger of our two former print products (The Intelligence and Lloyd's List Containers).

However, the important message for readers is that, unlike the sulphur cap, it will be a seamless transition to an all-encompassing monthly publication.

Finally, our inaugural edition also reveals the victors of the first Lloyd's List Global Awards, chosen from the winners from each of our regional awards in 2019.

Congratulations to all those selected.

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**ANASTASSIOS
ADAMOPOULOS**
Reporter

Sulphur cap complications offer cautionary tale

As regulators impose decarbonisation rules, they need to carefully consider what the likely side-effects of these emissions controls could be elsewhere and try to address those

The developments of the first month of the 2020 0.5% sulphur cap have been rapid and with potentially long-lasting implications.

The price spreads between high low-sulphur fuel oil and very low-sulphur fuel oil have been considerably steep, making investors of scrubbers cheerful and, from a financial perspective, vindicated — at least for the time being.

How long this price discrepancy will last and what effect it will have on the creation of a two-tier tanker market remains to be seen.

Amid this fanfare, VLSFO suffered a separate setback. Initial results from a study submitted to the International Maritime Organization suggested that certain VLSFO blends contribute even more to black carbon emissions than HFO does.

As a result, four non-governmental organisations are proposing to the IMO to ban the VLSFOs that have this effect.

Shipping interests have refuted some of the claims of this study. Governments are unlikely to be willing to explore introducing another disruption in the shipping market by banning certain VLSFO blends.

However, another very real issue re-merging from this conversation is how

governments and IMO craft regulations. It speaks to an often-levelled complaint that certain rules appear to be created in isolation, leading to unforeseen impacts elsewhere.

Lowering the sulphur limit for shipping emissions is no doubt a beneficial feat for global human health and a major achievement for the shipping industry; but are there other environmental costs emanating from it?

Pertinent question

This is an especially pertinent question, given the work that needs to be done on decarbonisation. As regulators impose decarbonisation rules, they need to carefully consider what the likely side-effects are and try to address those. Not doing so is, quite simply, not good enough.

Can regulators be confident that the measure with which they intend to mitigate shipping's emissions impact does not have negative implications for the aquatic environment, for example?

Getting decarbonisation policy right will define the IMO for decades to come. To do so, it will need all the assistance it can get from those who hold the knowledge and means to do something about it.



Lowering the sulphur limit for shipping emissions is no doubt a beneficial feat for global human health and a major achievement for the shipping industry; but are there other environmental costs emanating from it?





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RICHARD CLAYTON
Chief correspondent

Focus on long-term threats, not spats and spikes

The WEF's Global Risks Report 2020 has identified that the real threats to our future are likely to be climate issues, rather than geopolitical and geo-economic turmoil

The year 2020 is expected to be characterised by continuing political polarisation. Economic growth has turned to slowdown, trade networks are breaking apart, globalisation has lost its allure.

The two largest economies now account for 40% of global GDP; how well they work together will influence every trade agreement signed in the coming year.

There will be wars, skirmishes, media spats and fallings-out. These are the headlines. They affect charter market and fuel prices; they demand a response, a strategy, both a Plan A and a Plan B. However, are they what shipping should focus on in 2020?

Consider the World Economic Forum's Global Risks Report 2020, which formed the basis of conversations at the WEF annual meeting in Davos at the end of January.

The report acknowledges the geopolitical and geo-economic turmoil but places these items squarely among the short-term threats. They must be accommodated; however, the big-ticket threats lie elsewhere.

The real threats increasingly focus on climate issues. The report was drawn up from the responses of about 800 experts, who identified the five biggest threats in terms of likelihood as: extreme weather; climate action failure; natural disasters; biodiversity loss; and human-made environmental disasters.

In terms of impact, climate action failure will hit hardest. The problem for the WEF is that businesses are concentrating on working through the unsettled geopolitical landscape and have little appetite for tackling extreme weather events or biodiversity loss.

This is a mistake for two reasons. Firstly, because the accumulated cost of inaction far outweighs the cost of action; and secondly, because stakeholders from investors, employees, customers and suppliers are steadily becoming aware of a company's sustainability agenda.

This matters to the schoolgirl in the classroom, so it should matter to the executives in the boardroom.

Cyber security issue

There are other concerns that will become mainstream in 2020. These include cyber security.

While digital technology has brought tremendous benefits — it is estimated that half the world's population is online — the lack of global governance and cyber insecurity must be tackled. The more data becomes available, the more vulnerable we are to the unscrupulous.

The WEF's risk report is not a forecast of what could happen; it's a perception of what might happen. As such, it draws heavily on what has happened in the recent past. Geopolitical turmoil over the past decade will continue.

This time, the survey respondents were asked whether they were born before or after the year 1980. Apparently, those aged 40 and younger are much more focused on threats to the environment. They will be the business leaders and managers at the end of the decade, so their views today will influence the businesses they run in 2030.

The WEF Risks Report might not be a forecast but it's certainly forward-looking.



Stakeholders are steadily becoming aware of a company's sustainability agenda. This matters to the schoolgirl in the classroom, so it should matter to the executives in the boardroom



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SMV 4531 TC5



Reachstacker
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 Capacity 24T
 4 High Telescopic

Kalmar RT240



Reachstacker
 Year 1999
 Capacity 45T
 Barge Handler

SMV SC4545 TA



Reachstacker
 Year 2013
 Capacity 42T
 5 High Telescopic

SMV 4535 TB6



Empty Container Handler
 Year 2014
 Capacity 9T
 6 High Stacking

SMV 5/6 ECB90



Empty Container Handler
 Year 2012
 Capacity 10T
 6 High Stacking

SMV 5/6 ECB100DS



Empty Container Handler
 Year 2011
 Capacity 9T
 6 High Stacking

Hyster H22.00XM-12EC



Heavy Forklift
 Year 2017
 Capacity 12T
 3500mm Duplex

Linde HT120DS/600



Heavy Forklift
 Year 2011
 Capacity 14T
 5000mm Duplex

Kalmar DCE 140-6



Heavy Forklift
 Demo Unit
 Capacity 16T
 5000mm Triplex

SMV 16-1200C



Heavy Forklift
 Year 2010
 Capacity 20T
 4500mm Duplex

SMV 20-1200B



Heavy Forklift
 Year 1996
 Capacity 25T
 5590mm Duplex

Hyster H25.00F



Heavy Forklift
 Demo Unit
 Capacity 33T
 4000mm Duplex

Kalmar DCG330-12



Yard Tractor
 Year 2015
 Capacity 27T

Terberg YT182



Yard Tractor
 Demo Unit
 Capacity 30T

Terberg YT222 (4x2)



Mobile Harbour Crane
 Year 2005
 Capacity 23T
 Lifting Height 31000mm

Mantsinen 140 RHC

Lloyd's List Global Awards 2019:



CELEBRATING SUCCESS IN SHIPPING

Over the past 23 years, the Lloyd's List Awards have sought to promote innovation, excellence and leadership in shipping.

The international nature of the maritime sector has required us to take a regional focus and our annual programme of events from Asia and the Middle East to Europe and the Americas are now well-established waypoints in the industry calendar. The creation of an over-arching Global Shipping Awards this year marks the next step in the evolution of that programme.

Winners from each of our regional awards were independently judged by a panel made up of senior Lloyd's List journalists and members of the Lloyd's List Editorial Board to find the overall global winner from key categories. We think that is important because although tough conditions and tough choices come as standard in shipping right now, we also know from our awards programme that some companies are shining through innovative thinking, skill and determination. They are showing us the way forward.

The Lloyd's List Awards are more necessary than ever, precisely because they identify and reward successful endeavour in the face of seemingly intractable problems. Our winners are the companies and individuals whose success makes for a safer, more environmentally friendly, and a more inspiring industry.


By making our Excellence in Shipping Awards programme truly global we want to create a platform to promote and share the ideas required to navigate the industry through turbulent waters. Our hope is that we can help build on the successes we have celebrated in the Lloyd's List Awards this year, but also create opportunities through our events for collaboration and a space where shipping's brightest and best can come together as industry leaders. We need your award-winning mentality more than ever.

Our hearty congratulations to all the winners this year and our thanks to all our sponsors and judges who have made the Lloyd's List Awards programme possible.

Richard Meade
Managing Editor, Lloyd's List

showing the way forward

The Winners

Lloyd's List 
Global Awards | 2019

Excellence in Supply Chain Management and Innovation
CargoSmart

Excellence in Safety and Training
Philippine Center

Excellence in Port Management and Infrastructure
Rotterdam World Gateway

Excellence in Maritime Law
HFW

Excellence in Environmental Management
DryDocks World Dubai

Excellence in Data and Technology Innovation
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Deal of the Year
MOL Chemical Tankers

Company of the Year
Eastern Pacific Shipping



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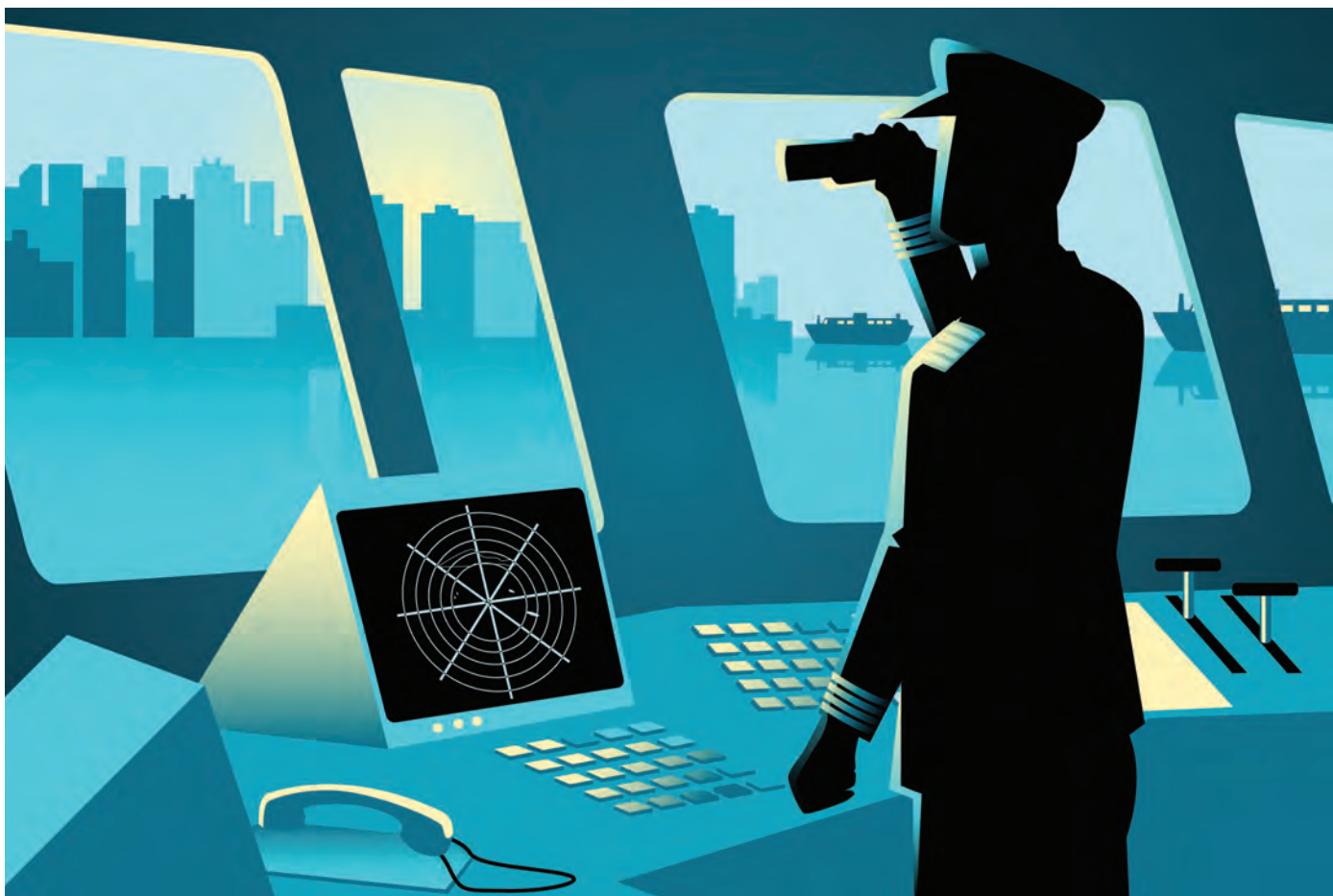
- Container Terminal
- General Cargo Terminal
- Liquid Terminal
- Bunkering

Value Added Services

- Container Freight Station
- Container Repairs
- Warehousing
- Trucking

Training

A special report



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Viewing a maritime career: educators are providing courses from shipboard operations to leadership ashore.

Investing in the next generation

With the rise of digital technology and training in cutting-edge skills, a career in maritime should prove more appealing to young candidates, **Richard Clayton** reports

There has never been a better time to get involved in maritime. And there has never been more support for men and women who seek a career in the broad maritime sector, whether they have years of experience at sea or new tech skills.

However, as this special report makes clear, there are some myths to correct and some obstacles to overcome before skills are fully aligned with demand.

Among the many reasons for this positive outlook is the impact of digital technology, which is gender- and ethnicity-neutral. And, as maritime becomes increasingly driven by data and data analysis, there is every expectation that sustainable shipping and efficient port operations will generate new skills that are open to all the talents.

“*The key to retention is training, so the key to retaining skills and talents both at sea and on shore is to regard training as an investment*”

Meanwhile, educators are providing courses from shipboard operations to leadership ashore that not only meet current requirements but also anticipate future needs.

That means the traditional career path from ship to shore across much of the shipping business will be challenged by candidates with softer human resource skills and cutting-edge artificial intelligence or virtual reality skills.

With such a range of non-traditional skills suddenly available to the maritime sector, it should no longer be acceptable for recruitment officers to bemoan a lack of competence anywhere in their business.

The emphasis will turn to attracting skilled professionals, giving them the tools to do the job, enabling them to

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Carrier Contact Office Telephone B/L Issue Place
Service Type Place of Receipt Cargo Ready Date Service Mode
Place of Receipt i-Dispatch e-Doc No. Telephone Contact Person
Carrier Contact Office B/L Issue Place Company Name i-B/L Service Mode Contract Party i-B/L
Telephone Carrier Contact Office B/L Issue Place Telephone B/L Issue Place i-B/L e-Doc No. i-Dispatch
Service Contract Allow Partial Load Telephone i-B/L e-Doc No. i-Dispatch
Service Mode Contact Person
B/L Issue Place Cargo Ready Date
Place of Receipt Contact Person
Cargo Ready Date Service Contract i-B/L Service Contract
Place of Delivery i-Dispatch B/L No. Telephone Contact Person Company Name
e-Doc No. Carrier Contact Office e-Doc No. i-Dispatch e-Doc No. B/L No.
B/L Issue Place Place of Delivery Service Contract
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stretch their role and retaining their services through a mixture of salary, motivation, work/life balance and good leadership.

The maritime industry also needs to switch from short-term thinking — which lies behind company executives regarding seafarers as a cost to the business — to a longer perspective in which both sea- and shore-based skills are seen as an investment to be developed for the greater good of the enterprise.

This will not be easy. While many seafarers served their employers loyally for their entire careers, it will be much harder to get IT engineers and HR managers to commit to five years' service, let alone 35 years.

The key to retention is training, so the key to retaining skills and talents both at sea and on shore is to regard training as an investment.

This applies from the Asian shipmanager “striving to create a culture where talents can thrive” to the shipowner who believes “when top talent is fully engaged, not only do they stay with us but they become our best brand ambassadors”.

One chief executive comments that “a maritime academy education provides... personal development and leadership training that results in a career of contributions to the profession and the nation”.

Another chief executive says having more women in the labour force means “more dynamism, a better working environment and better opportunities for more nuanced decision-making”.

In transition

Training itself is in transition. Companies are offering digital learning in a variety of ways, including gaming, apps and bite-sized learning packages to suit students' needs.

Perhaps the biggest myth to be corrected is that it is harder to recruit for the maritime sector than for anywhere else.

According to Henrik Jensen at Danica Crewing Services, crewing reports suggest demand and supply of seafarers is in balance but that hides the real position.

The real problem, he says, is a shortage of competent people — and that is a consequence of failure to invest in training.

“Companies must ensure they have the right people on their ships,” Mr Jensen urges, adding: “When I look over the landscape, I think a long-term strategy may have been missing in many cases.”



Anglo-Eastern

The traditional career path will be challenged by candidates with cutting-edge AI or VR skills.

“*With such a range of non-traditional skills available, it should no longer be acceptable for recruitment officers to bemoan a lack of competence anywhere in their business*”

By taking the long view and recognising the value of training, shipping company executives will be creating that culture where talents can thrive. It will sweep away the myth that maritime is an unattractive industry in which to work.

The biggest obstacle to overcome is that maritime is not an attractive option for women. Tradition has it that men go to sea, so men progress to shore jobs.

That attitude is long gone, although the fact that only a small percentage of women are fully licensed maritime officers is a reality.

It will take more than a decade before women take the 50% of seafarers that the talent pool offers. Yet momentum is building.

Danish Shipping chief executive Anne Steffensen believes “there has definitely been a transformation in our work towards getting more women into the shipping industry”.

The shift has gone from ‘nice to have’ to ‘need to have,’ she says.

“The right talent needs to be groomed now in order to stay competitive and have a strong and growing industry in the future,” she adds.

There is no real reason why maritime should struggle to attract the brightest talent to what is increasingly a data-driven technology business.

The contributions to this special report suggest the future for maritime is positive. However, a longer-term perspective must be taken together with an understanding that training is an investment, not a cost.



There is no shortage of available crew, but companies must still invest in training.

Training and development key to recruitment and retention

Reports of a staffing shortage are greatly exaggerated, although training remains a challenge, **James Baker** reports

It is a truth, universally acknowledged, that it is difficult to recruit seafarers or shore-based staff in shipping companies. Scratch below the surface of this truth, however, and another story emerges.

“There is a myth that we need to bust about recruitment,” says InterManager secretary-general Kuba Szymanski.

“It is a problem floated by owners. But if you look at the last pay rise seafarers got, it was in 2007. So for 14 years, owners have not increased salaries.

“If there is a shortage of any commodity, the price goes up — and if there is an abundance, it stays down.”

What is missing, Capt Szymanski says, is proper training.

Danica Crewing Services founder and managing director Henrik Jensen agrees.

“Crewing reports show the demand and supply of crew is in balance. Maybe they are in balance by numbers but not by competences. The real answer is that there is a shortage of competent people.”

Mr Jensen says training of seafarers is a key issue that many owners and operators overlook.

“Companies need to have a strategy to ensure they have the right people on their ships,” he says.

“When I look over the landscape, I think a long-term strategy may have been missing in many cases. There are companies where all this is in place but many smaller and medium-sized owners do not have the resources to set up such a strategy.”

This will become more critical in the future as ships become more technologically advanced. “Today, you have ships that are pretty much standardised,” Mr Jensen says.

“But with new fuels and technologies, the fleet will become much more diversified. In the future, it will not be so easy to take a chief engineer from one vessel and employ them on another.”

Part of the problem with seafarer training is the way it is funded, Capt Szymanski says.

“If we look at the UK, there is absolutely no shortage of seafarers. As soon as people learn they can go to maritime college and not end up with £36,000 (\$47,000) of loan debt at the end of the course, they join up.

“This is the only career that will get you through college without loans and pay you £800-£900 per month for studying.”

However, elsewhere, seafarers must fund their own education, then face the Catch-22 of getting sea time to validate their certification.

“To become a seafarer requires 12 months’ sea time to graduate and get your certificates,” Capt Szymanski says.

“That is a problem, because young people have no leverage over owners to employ them to give them the sea time they require.”

That problem was exacerbated, he says, by the introduction of the Maritime Labour Convention.

“It was fine until we had the MLC,” Capt Szymanski says.

“Owners would pay pennies but give the sea time. But under MLC, owners have to pay salaries for an unqualified seafarer that they see as a liability.”

Shore-side recruitment can also be difficult, he adds.

“When it comes to shore-side roles such as IT, HR and finance, shipping is no different from other industries,” he says.

“Either you compete on price, which means giving better salaries, or you give better conditions.”

In Cyprus, one of the world’s centres of shipmanagement, there are a limited number of IT specialists.

When foreign exchange companies entered Cyprus en masse following government incentives, they began hiring IT staff at high salaries, with which shipmanagers could not compete.

“Efforts to bring in cheaper workers from countries like Poland failed when they were poached by foreign exchange employers, so shipping was forced to respond by off-shoring IT services to India or Poland,” Capt Szymanski says.

Hapag-Lloyd addresses its shore-side staffing through an apprenticeship programme that supplies the organisation with new staff each year.

“What we’ve seen over the past few years is that there is so much competition for the young people from other industries and employers that might seem more sexy,” says Hapag-Lloyd director of talent sourcing Anna Adam.

“People need to get the idea that becoming a shipping clerk is an option and that it is an interesting field. So we’ve been promoting the job around Hamburg and Germany so that people know about it in schools.”

However, with more pupils staying on at school to complete the abitur, the equivalent to UK A-levels, many are



Hapag-Lloyd is taking steps to digitalise its business and is recruiting around 110 people in Poland, where it is not a household name like in Hamburg.

“
It is easy to retain them
after the apprenticeship.
The challenge is to get
them here in the first place
”

Anna Adam
Director of talent sourcing
Hapag-Lloyd

heading towards university instead of taking the classic apprentice route.

“You have to convince them that this is a very attractive option, not just to come to Hapag-Lloyd, but also to come into shipping,” Ms Adam says.

“Once they are here, they are convinced. They are excited and very often stay with the company. It is easy to retain them after the apprenticeship. The challenge is to get them here in the first place.”

Hapag-Lloyd, like many shipping companies, is taking steps to digitalise its business and is building a second base for IT in Gdansk, Poland.

“We are recruiting around 110 people in Poland, where Hapag-Lloyd is not a household name like it is in Hamburg. In the same building, we have a number of other big companies, so that doesn’t help. We need to create an active employer brand to make people excited about joining this company.”

Ms Adam admits that Hapag-Lloyd will not be able to compete with some of the high-paying, high-profile employers that can throw a lot of money towards recruitment.

“But what we’ve seen with our centres in India is that if you treat people well, have the right programmes and attitude and make the work worthy and exciting, it makes all the difference,” she says.

However, one of the risks of training staff is that a good employer ends up being the training camp for bad employers.

“While there are some good owners and managers out there, there are too many taking a wait-and-see approach — or worse, poaching staff from other owners,” says Capt Szymanski.

The increasingly specialised nature of shipping may, however, put a stop to this, Mr Jensen says.

“The good thing for seafarers is that when you get more specialised ships, owners will have to invest more in training again,” he says.

“The seafarer then becomes an asset and it is in the company’s interest to keep that seafarer. This should lead to better internal development.”

And for Hapag-Lloyd, that virtuous circle pays off for its shoreside staff too.

“There is a risk of having apprentices poached once they have been trained but we have the advantage of being Hapag-Lloyd in Hamburg, which is considered the best employer of any,” Ms Adam says.

“The vast majority want to work for Hapag-Lloyd.”



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Managing the transition from sea to shore



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The difference between sea and shore skills must be understood; failure to recognise this disparity will make the transition challenging.

Seafarers are trained in technical skills when on board ship, while management looks for soft skills. Moving from one to the other appears much less structured than the industry would like, **Richard Clayton** reports

The worlds of seafaring and shore-side management are not exactly chalk and cheese.

However, while the first is characterised as closer to science, the latter is more akin to art.

In terms of employment, the difference between sea and shore skills must be understood because failure to recognise this disparity will make the transition challenging for both the seafarer and management.

Training for seafarers focuses on specific aspects of shipboard operations. Mariners are given significant technical and operational skills, which primarily focus on improving productivity and efficient operations.

Training for certificates of competence for shipboard ranks comprises mainly of technical and operational aspects.

Some companies might offer bespoke training for shipboard management. However, this is insufficient for a smooth transition from ship to shore.

Training requirements for shore staff are somewhat different and will continue to change as technology evolves and the maritime landscape changes.

As seafarers move from sea to shore,

technical skills give way to soft skills and, as they climb the corporate ladder, the use of technical skills declines and the use of soft skills and management skills increases.

Knowledge of technical skills and the seaborne environment does not necessarily provide commercial awareness of shipping or any instruction in how to operate or manage in an environment that is less structured than on board a ship. A different skillset is required in terms of people management.

“It took three years for me to be really effective as a manager,” one senior executive told Lloyd’s List, “and that entailed ‘unlearning’ some things I had learned during my seagoing career.”

How well this transition is managed depends on the shipping company involved and the employment relationship it has with its seafarers.

The most progressive companies have programmes in place that bring licensed officers ashore for periods of time to place them in shipmanagement positions.

In some cases, these initiatives are only open to the senior officers (masters and chief engineers), although others are open to any licensed officer.

“The best programme I have seen has senior officers sail for a couple of years. Then they are brought ashore for a period of one year and moved around in ship operations positions, such as port captain, HSQE [health, safety, quality, environment] and human resources,” explains another executive.

“Then they return to sea for a couple of years before bringing them back ashore for a year.”

This gives the company an opportunity to identify talent that could fill a position ashore when one comes open and allows the seafarer the chance to see if they like the “fit” for shore-based employment.

This type of programme is typically seen in companies that employ their seafarers directly, rather than through crewing agencies.

Crewing agencies supply seafarers to work on board ship. There is no obligation for agencies to train them for work on shore. For these seafarers, the onus is on each individual to upgrade himself or herself to transition on shore.

Another executive put it bluntly: “I don’t think crewing agencies are interested in what happens to seafarers when they come ashore.”

For shipping companies using seafarers from crewing agencies with no regular placement on the same vessel or on ships of the same fleet, and where there is no training programme running, any identification of talent would be on an ad hoc basis.

What is clear is that there is no form of industry-wide training for the move ashore. Some companies invest heavily in transition management; others seem to believe no training is required or it can be achieved in a week or two at head office, depending on the seafarer’s acquired skills.

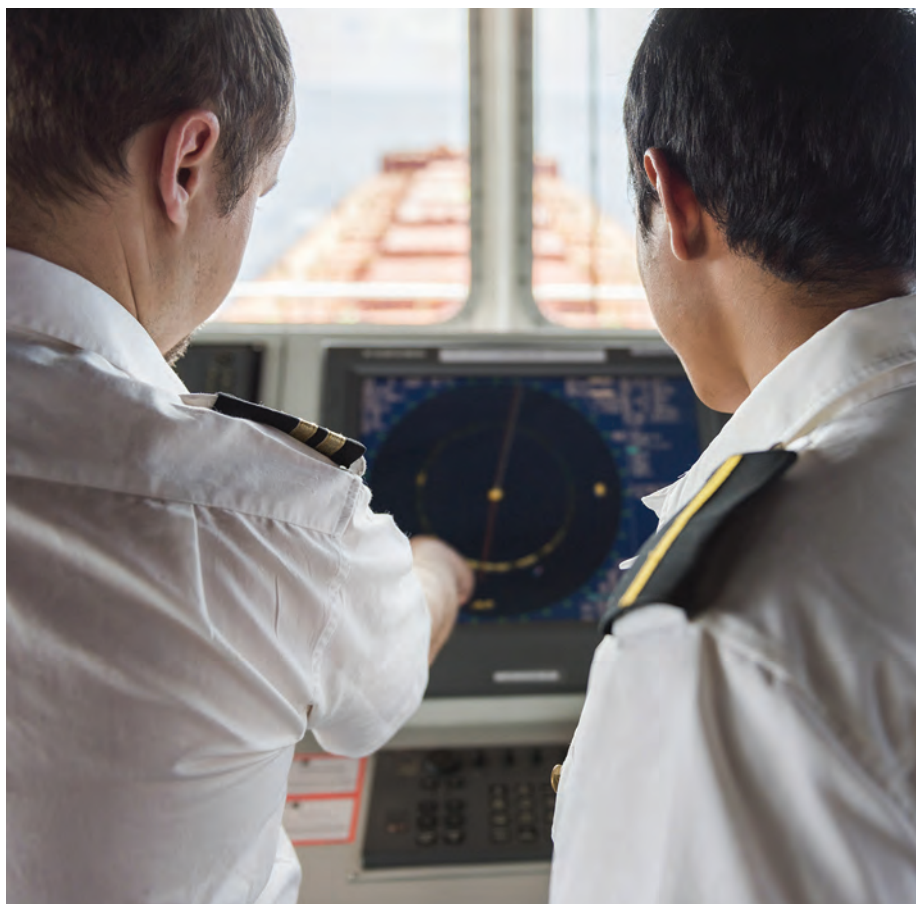
The general level of training is influenced by several factors.

One of these is senior management’s vision for the company and the size of the pipeline of skilled professionals they anticipate coming ashore to fill vacancies.

Another is seafarers’ understandable desire to spend more time with their family, and their preference to stay with their existing employer ashore.

Another might be the financial hit seafarers would take when they come ashore, and their need to quickly progress up the corporate ladder or be lost to the industry.

An often-overlooked factor relates to the forecast of a shortage of experienced mariners in the medium term. This might spur companies to retain senior officers



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Training for seafarers focuses on specific aspects of shipboard operations.

“*What is clear is that there is no form of industry-wide training for the move ashore. Some companies invest heavily in transition management; others seem to believe no training is required*”

at sea. However, that would stop the flow of maritime skills coming ashore into management positions.

Where shipping company managers have taken an interest in seafarer skills and tried to marry these skills with the requirements on shore, the transition can be an engaging and happy experience for both parties. Lower wages ashore can be managed, so can the working environment, expectations and benefits.

The key, one executive suggested,

is not only to have competitive salaries and conditions; the most compelling attraction is providing opportunities for advancement and offering a broader role.

Many seafarers who make the transition do so at a financial loss in the beginning, therefore their motivation is more for career advancement into more senior management roles.

However, where the company has invested little in transition management, the experience can be traumatic.

Senior officers may find real demand for their skills, although openings for junior seafarers might be limited. They are expected to stay close to their unions and crewing agencies, reach out to head-hunter firms and tap up personal contacts, friends and family.

In conclusion, management of the transition from sea to shore can be described as inconsistent or inadequate for many shipping companies.

Some companies regard the pipeline of officers as an opportunity to bring fresh talent to the ranks of management.

Others seem willing to recruit seafarers in a more or less haphazard way. That latter way of thinking is much more likely to see seafarers walking away from the industry.



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Internet connectivity ensures seafarers can stay in contact with loved ones, though sometimes it can make them feel even more isolated.

Human after all: waking up to mental health

Stress, anxiety and depression can be all too common among those who spend a long time at sea, away from family and friends; but there is help available, **Linton Nightingale** reports

Working at sea can be a lonely affair. Seafarers are often subjected to months away from home, friends and families in relative seclusion.

It is perhaps unsurprising that in such an environment, issues of stress, anxiety and psychological trauma are commonplace. Indeed, the statistics are alarming.

Research from Yale University and charity the Sailors' Society in 2018 revealed that more than a quarter of seafarers suffered from depression, while a survey last year conducted by Yale once more, in conjunction with the International Trade Federation Seafarers' Trust, showed 20% had either considered suicide or attempted suicide.

Fortunately, the shipping industry is waking up to this all-too-common affliction amid increasing social and cultural awareness on the issues surrounding mental health and its repercussions.

On the day of writing this article,

January 20, it is the aptly named 'Blue Monday'. The third Monday of January is said to be the 'most depressing' day of the year, as the reality of ordinary working life dawns with the festive season and New Year celebrations well and truly over.

Bleak as it is, Blue Monday is an example of how we as a society are starting to get to grips with mental health — or at least beginning to understand its severity.

Several organisations from within the shipping industry marked the occasion with a timely reminder of seafarers' susceptibility to mental health-related illnesses.

This included Nautilus International, which, along with the RMT Union and the UK Chamber of Shipping, has previously issued guidelines for shipping companies on how to adopt policies to protect the mental wellbeing of seafarers.

Yet this is exemplative of an increasingly tactile response from the wider shipping community. Although there is still plenty of work to be done

in tackling the issue of mental health, the fact the industry is recognising the problem is a major plus point.

The International Maritime Organization too has been increasingly pro-active. Mental health will be one of the core themes addressed during this year's 'Day of the Seafarer' — a day co-ordinated by the IMO to celebrate and recognise the contribution of seafarers globally, which, in 2020, falls on June 25.

Further, the IMO will be holding a sub-committee on 'human element training and watchkeeping' earlier the same month, when, once again, mental health will be high on the agenda.

The UK P&I Club's crew health programme director Sophia Bullard explained to Lloyd's List how the issue of mental health is finally getting the attention it deserves.

Ms Bullard said more and more of its members are approaching the club asking questions about mental health, requesting information about what help is available and best practice for preventative measures to ensure crew are healthy and happy on board.

This, she said, could be anything from ensuring seafarers are vetted beyond their traditional physical health screening to shipowners seeking advice on the best way forward following a suicide or attempted suicide on board a vessel.

The UK P&I Club has been at the vanguard of raising the profile of mental health issues in recent years, working closely with charities, including the Sailors' Society, Mission for Seafarers and Human Rights at Sea, campaigning for greater seafarer protection, providing sponsorship, encouragement and PR support for their various initiatives.

Indeed, the support of charities has been integral in creating mental health awareness — but, more importantly, the care and assistance seafarers need.

Although some shipowners are making significant strides, adopting in-house training and HR programmes, others evidently are failing their crew.

A recent survey conducted by Cardiff University, as part of research funded by the Institution of Occupational Safety and Health, showed that 55% of employers polled admitted they had not introduced any policies or practices to address mental health for a decade or more.

Thankfully, charities are helping to plug this gap.

One such initiative the UK P&I Club has helped get off the ground is the Sailors' Society's Wellness at Sea programme. Launched in 2015, the programme is an



“*[The Wellness at Sea e-learning course] is a journey companion they can take with them, which empowers and entertains users, with plenty of resources they can access and helpful information on where to get help*”

Sandra Welch
Deputy chief executive
Sailors' Society

holistic approach to tackling the issue of mental health, coaching seafarers to think about their own wellness in five key areas: social, emotional, physical, intellectual and spiritual.

The Sailors' Society's deputy chief executive Sandra Welch explains this comprehensive face-to-face programme is available for seafarers before deployment, but also training is on offer for employers, who can relay teachings to crew members in the future.

In addition, seafarers can access an e-learning course, providing 20 hours of training on the five areas underpinning the programme. The e-learning tool is also downloadable as a mobile app, while UK P&I Club members can access the training for free.

“It is a journey companion they can take with them, which both empowers and entertains users, with plenty of resources they can access and helpful information on where to get help,” says Ms Welch.

Fellow UK-based charity Mission for Seafarers also offers a training programme known as WeCare, which the UK P&I Club also helped develop and has continued to lend its support.

WeCare addresses not only the crew's mental health but seafarers' families, offering guidance on how best to contact crew while on the ship.

Internet connectivity — and with it access to emails and social media — ensures seafarers can stay in contact with loved ones and up to date with life and events back home.

Access to the internet is now a must among crew. A recent survey by Hamburg-based crewing specialist Danica found that as many as 80% of seafarers

who do not have online access would change jobs.

Naturally, engagement with friends and family while at sea via online social channels and networks can be of considerable comfort — but it can also have the opposite effect, making seafarers feel even more isolated.

As WeCare project manager Thomas O'Hare explains, having this access can make you dependent on wanting to receive affirmation from home that everything is OK — and vice versa.

“At first, this can be a good thing for seafarers and those who are used to it; but then after a while, homesickness becomes a much more prominent thing,” Mr O'Hare tells Lloyd's List.

This online connection can also bring added pressures from home. It creates a channel for those dependent on a seafarer's wages — which often extends beyond close family — to relay their wants and needs, or share information that an individual may find difficult to process or manage while at sea.

“So, for instance on social media, we've talked to the seafarers and their families about what are the best ways to communicate, what are the best words/phrases to use, and what's the best way to form a conversation,” adds Mr O'Hare.

The WeCare programme also offers bespoke advice on how to discuss financial issues.

“There may be an instance where 100% of your ship money has been spent by the family for an emergency. I mean, how will you deal with that? What methods can be put in place before you are deployed in order to safeguard yourself in this scenario?”

Having internet access on board also

restricts time to mingle and interact in the mess with fellow crew members during non-work hours. Whereas breaks were previously a much more social affair, often crew spend spare time locked in their cabins speaking to friends and family at home, on Skype, Facebook or via email.

These, though, are just a handful of examples of the help on offer for seafarers. There is more — and it is worth reiterating the work undertaken by charities is admirable.

However, as Mr O'Hare states, there is plenty of scope to ensure seafarers suffering from depression, anxiety or other forms of mental illness can get the support and care they need.

He is also concerned that some ship operators do not freely promote the help on offer as best they could.

Having been on board several ships during his time with the Mission for Seafarers, Mr O'Hare was surprised to learn that SeafarerHelp, a 24-hour telephone helpline service offering free and impartial advice, was unbeknown to crew.

"I find it strange that these types of support networks aren't advertised more widely," he says.

Ms Welch echoes these sentiments. Although she stresses that the industry has made significant strides in tackling the issue since she joined the industry six years ago — when shipping was essentially "doing nothing" — seafarers still require more guidance on the issue.

That is why she is so passionate about the Sailors' Society's 'Not on our watch' campaign, which is central to the work the charity is carrying out on the subject of mental health.

Harrowing image

The campaign began after Ms Welch came across a photo of a young seafarer who had hanged himself off the side of the ship. The harrowing image struck a chord with Ms Welch. This was not something she could ignore.

"I was really upset. Somebody loved this guy, whether his mother, his wife, kids, or someone else... but if there had been people able to help him, this could have been entirely preventable."

Off the back of the incident, a campaign was launched for wellbeing/ mental health training to become compulsory before seafarers are

deployed at sea, in a similar vein to physical health checks.

The Sailors' Society is calling on the UN's International Labour Organization to make this procedure mandatory. So far, the campaign has received around 3,000 signatories.

However, Ms Welch says despite the ILO being open to the idea, if it is to gain traction, then backing from other organisations, unions and industry stakeholders is a must.

Nevertheless, it is campaigns and initiatives such as these that continue to educate the industry on what remains a sensitive issue — which, it must be remembered, encompasses a vast spectrum of conditions.

There is no one quick or easy fix. Mental health research and preventative measures are therefore vital to help struggling seafarers.

Yet it should not be forgotten that the mental wellbeing of crew is also beneficial to employers.

For seafarers, it is key to get the message out that there is help available, and that it's OK not to be OK. We're only human, after all.



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Women in shipping initiative steps up a gear

The campaign to get more women into shipping is transforming from a “nice to have” to a “need to have”, according to the head of Danish Shipping. **Nidaa Bakhsh reports**

The movement to get women into the maritime industry has been around for a while. And although progress has been made over the years, it has been slow.

Now, with the new year and new decade upon us, the momentum is building.

Following on from various new initiatives that began in earnest in 2017, more is planned for 2020 and beyond.

To kick-start things, Danish Shipping, an owner-oriented organisation based in Copenhagen, held an event on January 23 at which at least a dozen company heads — including those from Maersk, Norden and Torm — signed a “charter for more women in shipping”.

The Danish minister for equal opportunities Mogens Jensen was also present at the event.

The goal for Danish Shipping is to have at least 75% of companies signed up to the charter by the start of 2021.

“There has definitely been a transformation in our work towards getting more women into the shipping industry,” says chief executive Anne Steffensen.

“In short, we have gone from ‘nice to have’ to ‘need to have’.”

“The reason we are getting more aware and taking action on this issue is to tap into half of the talent pool,” she says, adding that in order to stay competitive and have a strong and growing industry in the future, the right talent needs to be groomed now.

Ms Steffensen admits the industry has not done a good enough job of highlighting opportunities in the maritime sector for women thus far.



Women such as Adriana Angulo Rincon, a deck cadet with Colombia, could act as role models for the younger generations and attract more females into the industry.

Out of 24,000 employees working in Danish shipping companies, only 14% are women.

Among seafarers, the figure is even smaller — just 7% of seafarers working on Danish-flagged ships are women, or just 2% if excluding those employed on ferries.

Danish Shipping set up a taskforce that identified three areas that needed particular attention in order to attract and retain a female workforce: culture in the workplace; career path planning; and conflict management.

At least 10 recommendations emanated from the year-long study.

In a letter to chief executives, pre-empting the charter, Danish Shipping said studies have shown that having more women in the labour force means “more dynamism, a better working environment and better opportunities for more nuanced decision-making”.

That ultimately leads to greater profitability.

Other initiatives

Last year was a busy year in terms of campaigning.

The International Maritime Organization, with support from member states, adopted the theme ‘Empowering Women in the Maritime Community’, while Day of the Seafarer in June, under the banner #IAMOnBoard, also supported the UN’s Sustainable Development Goal 5, calling for equality for women.

“There has never been a more exciting time to be in shipping,” says the IMO’s head of its gender programme Helen Buni.

She adds the IMO has offered more fellowships for women at the World Maritime University as half the talent pool cannot be ignored.

“Change needs to come from the top,” says Ms Buni, adding that advances in technology will open up further opportunities for women.

“The new decade will be a decade of action,” she foresees.

The IMO is formalising its work with the Women's International Shipping and Trading Association, the non-governmental organisation that has been given consultative status at the 174-member UN agency.

That means it can make proposals to the global maritime governing body, helping to shape regulations.

Given the lack of concrete numbers for global employment of women in the maritime sector, the two are initiating a study to collect the necessary statistics.

Despina Theodosiou, president of Wista, says the industry is moving with the times, with women having a growing voice.

"Things have started to shift towards more diverse, inclusive and tolerant working environments," she says, adding there is still some way to go.

Wista's goal is to ensure women are hired and evaluated on an equal platform and they are part of not only the solution to the challenges facing shipping, but also the future of shipping itself.

The association, which has 50 national bodies, has several other initiatives and projects running simultaneously, including being part of the International Chamber of Shipping's women in shipping panel and diversity panel.

It also signed a memorandum of understanding with the World Ocean Council and last year co-published a booklet to help improve onboard conditions for women with seafarer welfare organisation ISWAN and shipmanager Anglo-Eastern.

"There are still preconceptions and prejudices, which often become hurdles to women who want careers in shipping, trading and logistics," Ms Theodosiou says. "We are overcoming them, slowly but steadily."

More women are acting as role models for the younger generations, she adds, with "open-minded men and women in the industry who understand that diverse businesses have a greater chance of success".

Global grains trading company Cargill, which joined Wista last year, said it would no longer participate at any events that have male-only panels.

Honoured for role

Director of the Institute of Chartered Shipbrokers Julie Lithgow was on the new year's honours list, recognising her role in the Women in Maritime Taskforce and promoting the Women in Maritime Charter to tackle the lack of diversity in the UK maritime sector.

The charter was launched in early 2018,



“If quotas are the sledgehammer that we use to crack the nut of built-in bias, then maybe that’s the way to go”

Julie Lithgow
Director
Institute of Chartered Shipbrokers

after lobby group Maritime UK established the taskforce. By May that year, 110 companies had signed up to the pledge.

Ms Lithgow says the taskforce would now try to establish data on the number of women working in the sector. She has noted seeing more women in meetings who are engaged and being listened to.

And although she does not necessarily agree on quotas, she says there is no better way of solving the gender imbalance.

"If quotas are the sledgehammer that we use to crack the nut of built-in bias, then maybe that's the way to go," she says.

Ms Lithgow adds some companies mandate that shortlists for job applicants must include 50% of women to reflect inclusion and diversity — an idea she liked.

Industry progress

Karen Purnell, managing director at International Tanker Owners' Pollution Federation, an organisation that applies emergency response in case of oil and chemical spills, says the industry has made good progress, with far more women in leadership positions.

When she joined 25 years ago, Ms Purnell was the first woman to be appointed as technical advisor. Now at least 50% of the workforce are women.

"We have made our working practices much more flexible to facilitate retention of staff by creating opportunities for a better work/life balance, particularly for those with carer responsibilities," she says.

Better maternity/paternity provisions, introducing working from home and flexible hours or part-time working are just such incentives.

"It seems like there is more focus on diversity in general, with the industry working hard to change its image in order to attract good candidates.

"That said, I think we need to be careful to get the balance right and pushing the 'women in shipping' theme too hard could undermine its objectives."

Ms Purnell's view is that to attract talent, the industry needs to start sooner — in schools — to make sure young girls know that the maritime industry is an attractive one in which to work.

Rewarding career

Susan Cloggie-Holden, who is chief officer responsible for the day-to-day running of ships in the Royal Fleet Auxiliary, says she was introduced to the sea cadets at the age of 13 by a family friend and enjoyed it so much, she wanted to make a career of it. She has not looked back.

Winner of the Lloyd's List Seafarer of the Year category at the Europe awards ceremony in December, Ms Cloggie-Holden recalls how when she joined the Glasgow College of Nautical Studies in 2000, she was just one of six women from an intake of 100.

However, the knowledge that she was entering a male-dominated environment did not faze her.

"Now the situation is slowly improving, but we are nowhere near where we could be," she says. "Having said that, we are doing a lot more."

Her top tips to the younger female generation: "Give it a go, stick at it. The first time you are on a ship, it seems so alien and you may ask yourself: 'What am I doing here? What have I done?'."

"I can't think of a better job — the career prospects are fantastic. It is so rewarding."

Informa Connect will be hosting a Women in Shipping event at Singapore Maritime Week in April. To book your place, go to: <https://www.informacconnect.com.sg/event/women-in-shipping>



Anglo-Eastern

Anglo-Eastern has started using virtual reality in its training programmes.

Anglo-Eastern drives towards digitalisation

Anglo-Eastern believes in adapting its teaching style to any current industry situation; this now involves a major transformation to the digital age as it endeavours to engage the younger generation that will form the crux of future seafarers, **Vincent Wee reports**

A commitment to doing things right from the outset sets the tone for Anglo-Eastern Ship Management's business approach. However, this has also filtered down to a commitment to crew training and welfare.

The most striking example of this is the creation of Anglo-Eastern Maritime Academy, its training institute in Karjat, India, which celebrates its 10th anniversary this year.

What started as an admittedly bold move has developed into a top-notch maritime education facility that not only provides quality training but is also being used as a testbed for the latest technology for instruction purposes.

While explaining Anglo-Eastern's training philosophy and approach towards technology adoption, group managing

director for quality, health, safety and environment management Pradeep Chawla says the company had put in place the genesis for e-learning as early as 2006, even before AEMA was set up; it was operating virtual classrooms from as early as 2008.

Likewise, the leading shipmanagement company was among the first to adopt simulator training and had invested in facilities at its various training centres from the early 2000s.

This trend has continued into the digital age. Capt Chawla highlights how Anglo-Eastern started exploring possibilities in using virtual reality for training three years ago.

Developments here "are moving at a very fast pace", he said, adding a new company had been set up by

Anglo-Eastern in the Philippines about six months ago to look solely at developing this technology in the maritime training sphere.

At the heart of Anglo-Eastern's approach is the fundamental idea that the instructor must adapt a teaching style reflective of the current industry situation. For the large part, this now involves a major transformation to the digital age, which it recognises and is addressing.

Ever on the leading edge, Capt Chawla reels off statistics and buzzwords about how to engage the younger generation that will form the crux of the seafaring community in the future.

"The maritime industry has also made great strides in the use of technology. Daily life on board ship has changed significantly from what it was in the 1980s and 1990s," says the ex-seafarer.

Speaking of the technology habits of the 18 to 30 age bracket, he says "the younger generation is growing up with it" and adds: "We have seen that learning styles have changed over the years."

This means applying concepts such as micro-learning or putting lessons into "bite-sized" packages of about 30 minutes each.

Meanwhile, latching onto the same trends, Capt Chawla says the next educational tool Anglo-Eastern plans to incorporate is to introduce gaming into its programmes.

It has already started a trial gaming app that helps in identifying port state control deficiencies and is working to develop other similar games for other areas of competence that can be downloaded by its staff.

Capt Chawla says he also sees some potential to expand into the use of augmented reality in training, although this may be limited to applications where motor control skills are being taught, rather than the much broader areas where virtual reality can be used.

Looking ahead, he says: "In 2020, we see strong growth in virtual reality and gaming and exponential growth in micro-learning."

However, Capt Chawla reiterates the fact there is a huge physical presence at the academy as well.

It practises what he calls "blended learning", which combines multiple delivery media that are designed to complement each other and promote learning as well as application-learned behaviour.

"In 2020, technology use for Anglo-Eastern will move in all these areas without giving up the traditional



While technology use for Anglo-Eastern will move into a variety of areas, the shipmanagement company will not be giving up traditional ways of instruction.

“
In 2020, we see strong growth in virtual reality and gaming and exponential growth in micro-learning
”

ways of instruction," he says, adding that research has shown these new technologies have nearly doubled engagement levels among candidates.

In moving towards the greater use of technology and digitalisation in training, Capt Chawla notes that the areas of competence required of seafarers in the future will also change.

He lists these as being able to process large amounts of data from various man-machine interfaces; focus on critical issues; work with remote teams; be more assertive within the context of ship operations; be able to manage change and learn continuously; cope with increased stress and communicate effectively; and be able to understand the limitations and

recognise the changes that need to be made to automation.

And finally, more than ever, there is a need for good leadership.

"The seafarer of the future will need to be tech-savvy, adaptable, analytical and a rational manager, who will be able to do a lot more with better technology and shore-based support," he says.

"There is no doubt that human factor competencies are critical for progressing in our industry."

Anglo-Eastern's use of technology is not limited to just in the training sphere. Recognising the importance of mental health and crew welfare issues, the shipmanager has also launched an app-based mentoring platform to which cadets can sign up and continue when they get their first onboard assignments.

Anglo-Eastern's belief in doing the right things the right way is at the heart of its crew training programme and application of technology. This ensures it does not just blindly jump on to the digitalisation bandwagon.

Instead, the group makes a concerted choice between the best combination of new technology and proven traditional teaching methods.

West African pirates hijack larger vessels to maximise ransom returns



Mohamed Dahir/AFP via Getty Images

Large vessels with high crew numbers are attractive to pirates who want to set a ransom for their release.

West African gangs are extracting \$30,000 to \$50,000 per kidnapped crew member from insurance companies, **Michelle Wiese Bockmann** reports

nsurers are making ransom payments to West African gangs of \$30,000 to \$50,000 per kidnapped crew member, amid warnings that changing piracy tactics have placed vessels at risk of increasingly violent attacks in the Gulf of Guinea over coming months.

Stephen Askins, a London-based maritime lawyer who specialises in piracy at Tatham & Co, where he is a partner, says Nigerian pirate gangs are now “maximising returns” by seeking to seize larger vessels in order to abduct higher numbers of crew. The spotlight is now on the Nigerian navy’s response, he said.

In a soon-to-be published paper, Mr Askins said pirates in the Gulf of Guinea are at greater risk of discovery by the military or other gangs, limiting the amount of time crew can be held. “They have no desire to hijack and hold a vessel. Unless they have immediate access to the crew, they leave,” the paper said.

This is unlike the piracy model seen in Somalia eight years ago, when hijacked ships and crew were held hostage for months, even years, off the country’s coast before their release was negotiated and a multi-million-dollar ransom paid.

“Without the luxury of time, with more

attacks being repelled, then the obvious answer to maximise returns is to take more people,” Mr Askins said in his paper ‘Nigerian Piracy – have we reached a tipping point?’.

The Gulf of Guinea is the world’s most violent and dangerous maritime region, with the numbers of hijacked vessels and crew abducted for ransom soaring in the last month of 2019.

In December, 39 crew were kidnapped during attacks on two vessels, the very large crude carrier *Nave Constellation* and product tanker *Duke*. A further suezmax tanker and liquefied natural gas carrier successfully repelled armed attacks.

The actions of the Nigerian navy – which freed three crew from the dredger *Ambika* after a three-hour gun battle on January 13 – will be watched carefully, Mr Askins told Lloyd’s List in a separate interview.

“It’s going to be interesting to see whether this is a tipping point – whether the navy really do now feel they’ve got to increase the risk [for pirates]. From *Ambika*, you can see that they clearly were resolved to do something about it.”

During the interview with Lloyd’s List in late January, Mr Askins said there had

been a hijacking attempt on a vessel in the Gulf of Guinea, *MSC Grace*, less than 24 hours earlier and pirates were still active.

Crew from the last remaining vessel being held hostage were likely to be released shortly. This would leave the pirates without any further income and incentivise them to kidnap more crew.

“The January, February, March months are a busy period. You will see a lot of activity over the next seven to 10 days until they have caught another one,” he said.

Sizeable ransoms paid for kidnapped crew perpetuate the cycle, said Harry Pearce, intelligence manager for UK-based Ambrey, a maritime intelligence and security company. Attacks were staged against “soft targets routinely trading within West Africa and plying established [predictable] routes”, he told Lloyd’s List.

“These latest attacks fit a trend. For consecutive years since 2017, attacks in the Gulf of Guinea have been further offshore Nigeria and have been increasingly dispersed. It is this, and target diversification, that is making the operating environment increasingly difficult to secure.”

Mr Askins said the odds of piracy success “very much favour a determined

group against a vessel transiting the area without an armed escort vessel”.

Gangs in and around the Niger Delta were being fed information about vessel movements, which were then confirmed via automatic identification system signals.

“Those vessels that are preventing pirates from boarding are relying in particular on the use of citadels and occasional intervention by local naval forces and embedded security teams provided by the Nigerian navy,” he said.

Weak governance and widespread corruption, as well as an inability to use armed maritime security guards at all times, has hampered piracy prevention in the region. The Niger Delta has been a piracy and robbery hotspot for many years. It used to be the case that the cargo would be stolen, rather than the crew kidnapped for ransom.

Violent attacks on seafarers and the extremely poor conditions in which they are being held have further raised the stakes for shipowners and charterers.

Two crew died during their ordeal over December, both from illnesses contracted while being held hostage in a remote jungle location.

Attacks on vessels off West Africa (November 2019-January 2020)

Date	Incident	Fate of crew
Nov-02	Nine crew abducted from supramax bulk carrier Bonita off Cotonou, Benin	Crew released Dec 10
Nov-04	Tanker Elka Aristotle attacked while at anchor off Lome, Togo. Four of 24 crew members abducted	Three released mid-December, a fourth died from illness
Dec-03	VLCC Nave Constellation, fully laden, attacked and 19 of 26-member crew kidnapped	All released on Dec 22
Dec-15	Twenty crew kidnapped in piracy attack on product tanker Duke	Nineteen released on Jan 19, another died while being held captive
Dec-24	Fully laden suezmax tanker Istanbul fights off two attempted attacks by armed pirates	-
Dec-28	Attempted attack on LNG carrier BW Lokoja	-
Dec-29	Eight crew abducted from product tanker Happy Lady while anchored off Cameroon. One crew member shot and wounded	Crew released on Jan 22
Jan-06	Trailing suction hopper dredger Ambika taken by pirates. Four of the crew employed as guards killed during attack and three crew member taken hostage	Crew freed after three-hour gun battle with Nigerian naval task force on Jan 13
Jan-22	Fifteen armed pirates chase and fire on containership MSC Grace 19 nautical miles off the Nigerian coast. Onboard security team thwart attack	-

Source: Lloyd's List



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Bearing a heavy burden

The International Maritime Organization's secretary-general, elected for a second term to the end of 2023, will see even more challenges over the next four years, **Anastassios Adamopoulos** reports

It is difficult to deny that a lot has changed over the past four years — especially considering how old this business is.

The slew of new international regulations that have been given the green light will reverberate across the industry for decades to come.

Since 2016, the International Maritime Organization has agreed a 0.5% sulphur cap for January 1, 2020; it adopted — and then partially delayed — the Ballast Water Management Convention; it agreed to explore how it could regulate autonomous vessels; and it adopted a landmark greenhouse gas emissions strategy.

Sitting down to talk with Lloyd's List, IMO secretary-general Kitack Lim describes the overview of his first four years at the helm as a success that has left him satisfied.

The South Korean former president of the Busan Port Authority believes the progress he sees has been underpinned by the conscious deployment of certain strategies from the IMO.

These include fostering greater communication and collaboration among member states and industry; increasing capacity building for developing countries; and engaging in outreach activities.

He also sees improved data management as a central part of his strategy, having pushed for the review and strengthening of the IMO's database known as the Global Integrated Shipping Information System.

"This will enable us to use data more effectively. Data is critical to how we operate and move forward," he says.

While these things could all contribute to the way the industry is regulated, Mr Lim's next four years — and perhaps his legacy — will primarily be defined by one issue in particular.



Lim: "If the IMO does not finalise GHG, it will be a burden to the IMO and a burden to myself."

The IMO agreed back in April 2018 to several commitments regarding the industry's greenhouse gas emissions, including to reduce them by at least 50% by 2050 compared with 2008.

This strategy secured plaudits the world over and has helped to push the industry to act through initiatives, pledges and even concrete regulatory proposals toward this direction.

The hard work, though, has barely begun. As the regulators gathered in London try to deliver a short-term emissions reduction measure to begin with, the other measures they have in mind will be works in progress for years — if not decades — to come.

Since April 2019, the IMO has, at times, been frustrated by slow, drawn-out talks and has been criticised for not acting quickly enough.

Like other industries, combating climate change on an international level is a highly political endeavour and one of the central points of contention will be the different burden developing and developed countries should carry.

The problem may become especially acute as discussions about emissions-reducing measures heat up and governments try to assess potential impacts on different countries.

As secretary-general, Mr Lim does not decide on what governments should do; nor is he expected to support one measure over another.

However, he will bear much of the weight of keeping the strategy intact and bridging the anticipated differences between the various sides in this argument.

"The UN says 'no-one left behind'. I know the sentiment of developed countries. I know the sentiment of developing countries. I want to connect both sides," he says.

The final year of his tenure, 2023, is also the year the IMO will revise its GHG strategy. That date — though still distant in terms of the progress the IMO and its members have to make by then — is not lost on Mr Lim.

"By 2023, we have to finalise GHG. At any cost, we have to finalise. If the IMO does not finalise, it will be a burden to the IMO and a burden to myself," he says.

Research and development will be necessary to develop alternative fuels. The IMO is encouraging contributions and collaboration — something that Mr Lim acknowledges will cost a lot of money and effort.

All this pressure on the IMO will be going on as it works against the shadow of

interference from the European Union; the European Commission and the European Parliament want to regulate shipping's emissions — a move the shipping industry strongly opposes.

An outspoken critic of the move in the past, Mr Lim has recently warned against undermining progress at the IMO and insists it has progressed sufficiently.

Whether he will be able to convince EU regulators and governments that progress is enough to restrain the urge for EU action amid a reinvigorated political drive in Brussels will be one of his major challenges in 2020.

"As always, I would reiterate that global regulations are essential for the international shipping sector. This has always been the key message emanating from the IMO," he says.

Avoiding a chaotic delay

Making the IMO's case in the face of a backlash is hardly unfamiliar to him.

Mr Lim has spent a considerable part of the past three years pushing the message that the January 2020 0.5% sulphur limit would not be delayed.

Promoting the sulphur cap date came amid calls for it to be put on hold. There was, at times, confidence — yet usually private — speculation that it would be postponed.

His organisation did not make life easy for itself. In the summer of 2017, it offered a partial two-year reprieve on compliance with the Ballast Water Management Convention, raising questions about the IMO's ability to stick to its own deadlines and offering hope for many in the industry that the same would happen with the sulphur cap.

It didn't. The diplomatic shutdown of a 2018 proposal for an experience-building phase all but ended the potential for some kind of phasing-in of the new rules.

Nonetheless, as dissenting voices appeared to subside, Greece, one of the most important of maritime nations, suggested delaying the sulphur cap rule, in late November.

Stated fears about the global availability of compliant fuel oil — especially pertinent for tramp sectors — the compatibility of new compliant fuels and their safety implications for crew continued to be raised throughout 2019 by certain corners of the industry.

Among the powerful voices stressing the dangers of the regulation was the Union of Greek Shipowners, which is one of the most influential lobbies in the business. Joining in with the dissent was Intercargo, the global dry bulk association, which

“*As always, I would reiterate that global regulations are essential for the international shipping sector. This has always been the key message emanating from the IMO*

has a strong Greek presence. The Greek government also made protestations.

Mr Lim accepts there are still safety, availability and quality issues. In the early days of the regulation taking effect, he expected challenges in implementation.

However, postponing the sulphur cap was not an option.

"I know a lot about the sentiment of the Greek shipping community. But we couldn't change it [the date]," Mr Lim says.

He says he informed the Greek authorities directly that there was no way the regulation could be postponed, on either legal or procedural grounds.

"If we postponed, it would have been chaos," he claims.

In the face of continued concerns about the implementation of the 0.5% limit, Mr Lim says his secretariat put in an extraordinary effort in 2019 to assist member states and the industry with outstanding questions.

He says he sympathises with shipowners who are confused about what technologies to invest in and how to comply with all the incoming environmental regulations.

However, Mr Lim believes he has helped to eliminate some of that uncertainty. He has tried to do this by working with external partners, such as the International Organization for Standardization and the International Energy Agency.

There will be tremendous public scrutiny surrounding the implementation of the 0.5% sulphur cap this year. Shipping industry observers will be keen to find out the extent to which these fears were accurate or inflated.

Lag on casualty reporting

Environmental regulation will certainly be among Mr Lim's biggest priorities in the IMO's next four years.

However, he will urgently have to address an especially worrying trend relating to gaps in the way serious accidents are being reported. This rise in the failure to submit mandatory reports is something he has already pledged to reverse.

An investigation by Lloyd's List last year showed that flag states have submitted less than 50% of mandatory reports relating to very serious casualties that have occurred over the past five years. The secretary-general told Lloyd's List he wants to raise that to more than 80% by 2022.

Work on safety, which has been the IMO's traditional point of interest, will also need to continue elsewhere, in tandem with stronger environmental policy.

In 2017, the IMO adopted the Polar Code. This sets out rules for ships voyaging through the Arctic. However, Mr Lim believes there has been little attention paid to the region since then and the IMO needs to do more.

"We developed the IMO Polar Code, but we have to know more about the Arctic," he says.

Elements that require a closer look are regional rescue operations and combating issues relating to pollution, as well as the conditions of the seafarers working there.

He anticipates that in 10 years' time there will be two — perhaps even three — times the number of vessels operating in the region today.

"We have to look at the safety aspect of the Arctic more comprehensively," he says.

Mr Lim is also targeting greater collaboration with the port industry and wants to promote information sharing, to enable the development of harmonised single windows.

Recent regulatory changes from the IMO have made it mandatory for ships and ports to exchange data electronically, preferably through single windows, according to the secretary-general.

"In the years to come, I believe this will help ships pass more efficiently in and out of ports from the administrative perspective — something the IMO has been increasingly keen to support and promote," Mr Lim says.



Lloyd's List's Friday interview slot features some of the biggest names in shipping, sharing insight and foresight on the big issues shaping and driving the industry



Compliance comes to the fore

Compliance will become increasingly crucial in the 2020s, not just from an environmental standpoint but in relation to sanctions and areas of safety. How to stay compliant is a question our analysts are frequently asked – and there are several ways to ensure your organisation is better prepared, writes **Sebastian Villyn**

On January 1, 2020, shipowners, operators and bunker suppliers found themselves subject to new International Maritime Organization regulations banning ships from using bunkers with a sulphur oxide (SOx) content of more than 0.5%.

The IMO was unyielding; the ban and its enforcement were to be effective immediately. As Lloyd's List's Cichen Shen reported, Dalian Maritime Safety Administration was out early imposing fines on boxships with non-compliant fuel.

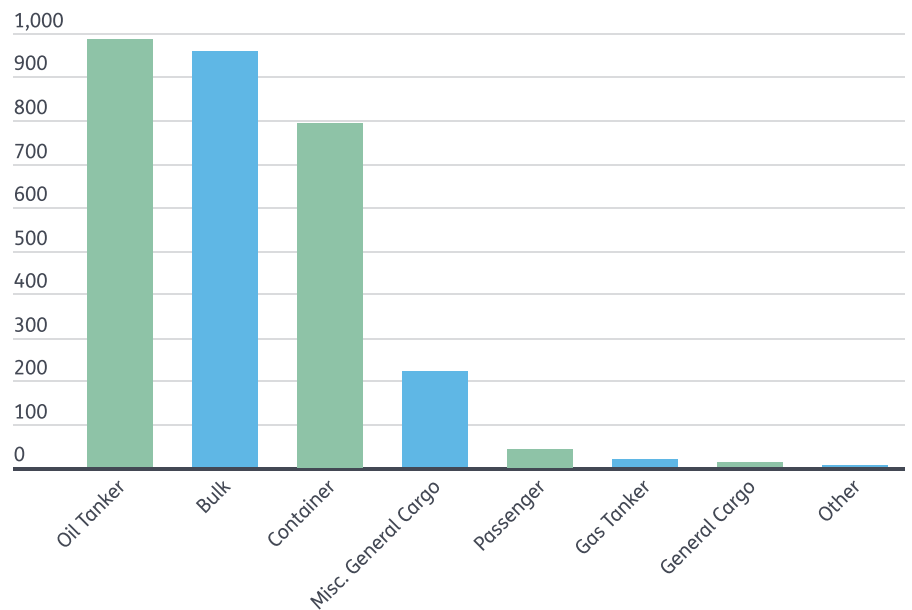
Maritime authorities at the ports of Qingdao, Ningbo, Xiamen and Weihai also identified violations of the sulphur cap in January.

Few cases have been recorded elsewhere so far but the Chinese maritime authorities' firm stance sends a clear message to shipowners: clean your tanks, knock the SOx off your bunkers and comply with the regulations.

The first weeks of January also answered some core questions. There is no delay. Key trading nations will adhere to the ban. And if you are looking for leniency, China isn't the place to sail to.

In the run-up to January 1, 2020, Lloyd's

Scrubber retrofits by vessel type



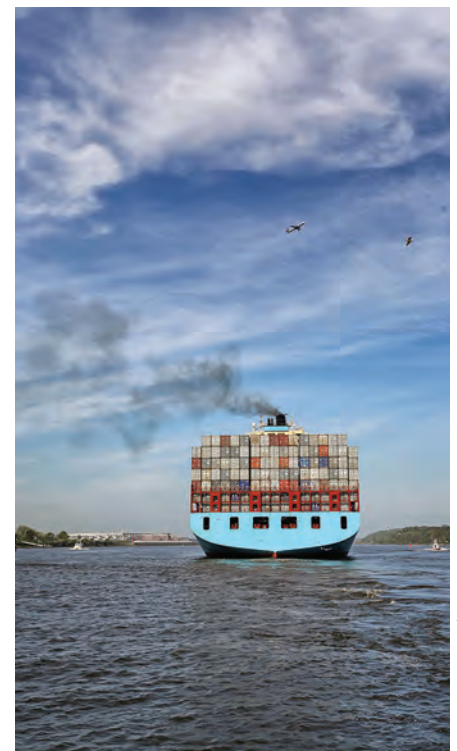
Source: Lloyd's List Intelligence

“*The Chinese maritime authorities' firm stance sends a clear message to shipowners: clean your tanks, knock the SOx off your bunkers and comply with the regulations*”

List Intelligence was tracking the uptake of exhaust gas-cleaning systems, simply known as 'scrubbers', on vessels and is making this available to the market.

From March 1, ships without exhaust gas scrubbers installed will not be allowed to carry fuel exceeding 0.5% sulphur content in their fuel tanks.

Our dataset on which ships have scrubbers installed can help charterers and suppliers identify vessels to proactively target.



From March 1, 2020, ships without scrubbers will not be allowed to carry fuel exceeding 0.5% sulphur content.

Navigating sanctions

Meanwhile, the US attack on Iranian General Qasem Soleimani and the subsequent downing by Iran of a passenger plane shortly afterwards saw tensions in the Middle East rise once more at the turn of the year.

The escalation was a stark reminder of the volatility that remains in the region, but also prompted another barrage of US-imposed sanctions against Iranian industry.

While no direct shipping-related companies were targeted during this round, the metal and textile companies subjected to sanctions would likely seek to export some goods by sea.

One of the key questions Lloyd's List Intelligence's analysts received in 2019 was: "What is the relationship between sanctioned entity A and the wider company group?"

As such, in 2019, Lloyd's List Intelligence began mapping sanction records to vessels and companies and implementing alerting systems for tracking vessels that entered 'high-risk areas' (ie, ports or countries that are exposed to sanctions).

The latest sanctions against Iran, effective on January 10, entered Lloyd's List Intelligence's vessel-tracking system that day and, by the evening (UK-time), they were processed by our sanctions monitoring team, who investigated and matched the entries to any company records on our database or associated ownership linked to ships.

Knowledge of how sanctions affect your direct counterparts is now imperative — and more importantly, thorough due diligence, is now also expected throughout your supply chain.

One key case was COSCO Shipping Tanker (Dalian) Co Ltd (referred to as Dalian Tankers), which was sanctioned by OFAC on September 25, 2019, together with its affiliate COSCO Shipping Tanker (Dalian) Seaman & Ship Management Co Ltd.

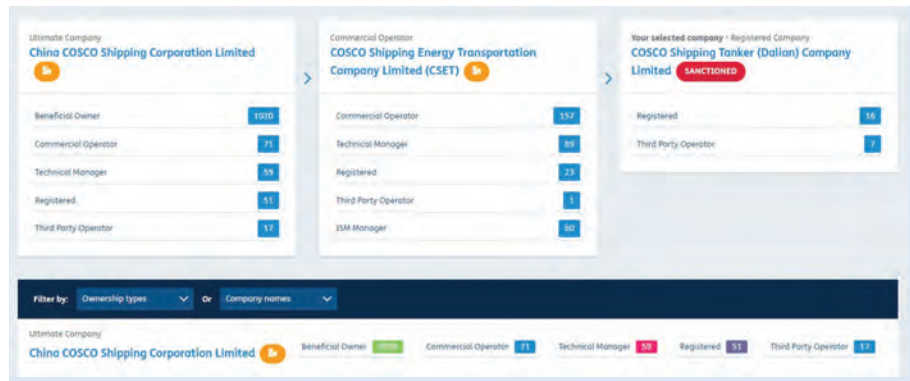
Dalian Tankers' parents, however, COSCO Shipping Energy Transportation Co Ltd, which in turn is ultimately beneficially owned by China COSCO Shipping Co Ltd, were not.

The sanctions prohibit Dalian Tankers from conducting transactions in foreign exchange, banking and property that are subject to the jurisdiction of the US.

Any US person is also prohibited from investing or purchasing significant amounts of equity or debt of Dalian Tankers. Importing goods, technology or services from Dalian Tankers into the US is also restricted.

The US Treasury Department issued

Ownership summary for COSCO Shipping Tanker (Dalian) Co Ltd



Source: Lloyd's List Intelligence

The amber warning indicators attached to COSCO Shipping Energy Transportation Company Limited (CSET) and China COSCO Shipping Corporation Limited on the Lloyd's List Intelligence website highlight a link to sanctioned entities within the same group, namely Dalian Tankers.

“*Staying compliant and ensuring you have conducted sufficient due diligence on your partners in the logistics and supply chain will only increase*”

a two-month waiver for companies to wind down transactions with COSCO Dalian on October 24, 2019. This waiver was extended to February 4, 2020. The waivers applied to COSCO Dalian or any entity owned 50% or more by the company.

Following the sanctions, the Lloyd's List Intelligence credit reports team updated the credit report for Dalian Tankers, whereas the ownership team continue to investigate any potential changes to the fleet ownership structures.

It is common after a company or a vessel has been sanctioned that a group restructure is carried out to isolate the sanctioned entities, or that a vessel identification is changed.

Sanctions are also resulting in an increasing amount of AIS manipulation, which is transpiring into multiple vessels using the same MMSI number to disguise their flag, as recently reported by Lloyd's List's Michelle Wiese Bockmann.

Staying compliant and ensuring you have conducted sufficient due diligence on your partners in the logistics and supply chain will become increasingly integral.

Shipowners and operators cannot escape the sulphur cap (although they might be able to dodge it for a while), nor can they escape the ever-stringent compliance framework that extends to transacting with entities engaged in sanctionable behaviour.

Sebastian Villyn is an entity analysis manager at Lloyd's List Intelligence

Marine insurers win fraud case

Chris Zavos, Anna Haigh, Suzy Oakley and Jake Hooper, at Kennedys, consider a recent case involving an attempted marine insurance claim

In a notable victory for the marine insurance market, in October 2019, the English High Court handed down judgment in *Suez Fortune Investments Ltd v Talbot Underwriting Ltd (The M/V Brillante Virtuoso)* [2019] 2 Lloyd's Rep 485.

On the evening of July 5, 2011, *Brillante Virtuoso* was drifting 10 to 12 miles off Aden carrying a cargo of 140,000 tonnes of fuel oil. Earlier that day, underwriters were told (and agreed) the vessel was to call 'OPL Aden' to embark a team of three unarmed security guards to join the transit through the Gulf of Aden/Indian Ocean. 'OPL' was an acronym for 'outer' or 'off-port limits'.

Shortly before midnight, a small boat approached the vessel containing seven armed and masked men. The armed men told the crew they were "security" and the master, who was not expecting them until the next morning, gave the order to let them on board. The initial reports to underwriters suggested the crew had understood the armed men to be Yemeni "authorities" — but it transpired subsequently that this account was untrue.

Once on board, the armed men secured the crew in the accommodation — save for the master and chief engineer — and demanded that the vessel proceed to Somalia.

The master sailed for an hour and a half in the wrong direction before the main engine stopped. Apparently, it broke down and would not restart. An improvised explosive incendiary device was then detonated in the purifier room, resulting in an oil fire.

The crew (save for the chief engineer) abandoned ship and were picked up by a US warship in the vicinity (see photo). The armed men left by the small boat in which they arrived, although no-one saw them go. None of the crew attempted to fight the fire.

An Aden-based salvor, Poseidon, attended the casualty early on the morning of July 6. The photographic record shows that the oil fire had gone out by mid-morning on July 6 and all that remained was non-oil embers, which would shortly go out. Yet by mid-afternoon on July 6, there was a major



Sailors assigned to USS Philippine Sea approach a lifeboat to rescue crew members from the vessel *Brillante Virtuoso*, burning in the background.

engineroom oil fire, which subsided again. By the afternoon of July 7, the accommodation and wheelhouse had been destroyed by fire.

The vessel was insured for \$77m under a war risks policy, to include the risk of piracy. The owners and their mortgagee bank (Piraeus Bank) commenced proceedings against underwriters in 2012.

In January 2015, judgment of the Commercial Court, [2015] 1 Lloyd's Rep 651, found the vessel to be a constructive total loss on figures, with owners entitled — subject to the question of underwriters' liability — to an additional \$8m in expenses (some of which are still subject to appeal).

In May 2015, underwriters formally alleged that the vessel had been destroyed with the privity and connivance of the owner and, in particular, the beneficial owner, Mr Iliopoulos — that is, wilful misconduct within the meaning of section 55(2)(a) of the Marine Insurance Act 1906.

In May 2016, the owners' claim was struck out for a "contumelious" refusal to hand over a crucial repository of documents.

Notwithstanding, the bank's claim continued — as co-assured under the war risks policy in its own right and as assignee

of the owners' claim. The bank vigorously denied the allegation of fraud. The claim was originally advanced as a loss by Somali piracy attack; it was said the armed men were Somali pirates, who deceived their way on board the vessel by pretending to be the Yemeni authorities.

Some five years later, the bank accepted the underwriters' assertion that the armed men were not Somali pirates at all, but renegade members of the Yemeni coastguard. A key issue between the parties was whether these renegade members were acting on their own account or on the instructions of Mr Iliopoulos to stage the attack to commit fraud.

After a lengthy review of the evidence, Teare J concluded Mr Iliopoulos was the "instigator of the conspiracy" to destroy the vessel to commit insurance fraud. He was not "left in any doubt as to [that] conclusion". The judge found that the master, chief engineer and Mr Vergos, the owner of Poseidon, were party to the conspiracy.

The original fire caused by the IEID had all but gone out and was deliberately reignited with the help of Mr Vergos while the vessel was in the control of Poseidon.

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i-law is a vast online database of commercial law knowledge. It contains thousands of pages from many trusted legal sources. Sources that top lawyers and companies rely on daily.

The judge held that the evidence as a whole must be considered to decide whether there was, on the balance of probabilities, a substantiated plausible innocent explanation for the fire, or whether the evidence suggests the truth lay elsewhere. Events are to be considered cumulatively: “The improbable can happen. But when a number of improbabilities occur consecutively within a short period of time, it is very difficult to accept that they are coincidences.”

Viewed within this framework, the bank’s account of events in their totality and when “tested in the light of the probabilities and the evidence as a whole” amounted to “an account which [the judge] ‘simply cannot swallow’”.

The bank maintained that even if underwriters established fraud, then a fake piracy attack by the owners still amounted to loss by an insured peril under the war risks policy: “piracy”, “persons acting maliciously”, “vandalism and sabotage” or “capture and seizure”.

The bank alleged that an attack on the vessel by owners was an attack on their proprietary interest in the vessel as mortgagee. The bank also relied on the composite nature of the war risks policy to say the bank’s claim was not tainted by the owners’ (ie, the bank’s co-assured’s) fraud.

The judge found as follows:

- **Piracy:** A group of armed men acting on the instructions of the owner and permitted to board the vessel by the master in order to set fire to it were not pirates. The armed men did not intend to steal or ransom the vessel or steal from the crew but were motivated to assist the owner to commit a fraud on underwriters. Armed men pretending to be pirates are not pirates in the popular or business sense. Mr Iliopoulos’s insurance fraud was not an act of piracy against the bank’s proprietary interest.
- **Persons acting maliciously:** Following the UK Supreme Court decision in *Atlasnavios-Navegação Lda v Navigators Insurance Co Ltd (The B Atlantic) [2018] 2 Lloyd’s Rep 1*, “persons acting maliciously” requires an element of “spite, ill will or the like”. The vessel was not lost or damaged because the armed men desired to harm the vessel or the owner. The vessel was lost or damaged because the armed men desired to make money from their actions. Whatever threats were made to the crew in carrying out the plan, that element of ill-will was not sufficient to colour the operation as a whole.



From left: top, Chris Zavos and Anna Haigh; below, Suzy Oakley and Jake Hooper, of global law firm Kennedys.

• **Vandalism or sabotage:** The vessel was not sabotaged or vandalised. The armed men did not damage the vessel so as to frustrate its use; nor did they cause wanton or senseless damage in the ordinary sense of vandalism.

• **Capture, seizure, and so on:** The owners were not deprived of possession of the vessel, nor the ability to direct the vessel’s movements. The armed men were acting on the owners’ instructions and there had been no capture, seizure etc.

The bank therefore failed to establish loss by an insured peril. Underwriters also succeeded in other defences. The vessel was off risk at the time of the alleged “attack” because in drifting 10 to 12 miles off Aden, it was well outside the protection of the port. The vessel was not ‘OPL Aden’, as had been told to and agreed by underwriters, in permitting the vessel to call outside the geographical limits of the war risks policy.

Underwriters had also validly avoided the extension of cover to permit the call ‘OPL Aden’, because the true purpose had not been disclosed and the stated purpose had been misrepresented. The purpose was not to pick up a security team, but rather to stage a fake piracy attack. Plainly, no underwriter would have agreed the ‘OPL Aden’ call, had the true purpose been disclosed.

The bank argued that by not raising this defence until 2016, underwriters had lost the

“*When a number of improbabilities occur consecutively within a short period of time, it is very difficult to accept that they are coincidences*”

right to avoid by way of affirmation. The bank said the underwriters had known of the real purpose of the call yet left their avoidance too late. This argument failed, because whatever the underwriters may have suspected, they did not have actual knowledge that the purpose of the call at or near Aden was part of an elaborate fraud.

There was also breach of a warranty requiring compliance with best management practice anti-piracy precautions. There had been no attempt to follow the guidance in good faith. This is plainly sensible: where compliance with an advisory regime is warranted, although that does not require rigid compliance, there must be a good faith attempt to ensure that the underwriters receive the protection the warranty is designed to confer.

This case stands out on its extraordinary facts. With more than 150 witness statements served, 27 experts across 14 disciplines, 7,500 photographs and disclosure on top, the judge has conducted an impressively thorough and careful analysis of the evidence, delivering his judgment less than three months after finishing two weeks of oral closing argument (and some 1,500 pages of written closing submissions).

Wilful misconduct is plainly a very serious allegation. It is one thing to suspect, but another to prove those suspicions in court, when it is inherent in a scuttling case that the real picture is deliberately concealed from underwriters as an integral part of the fraud.

Chris Zavos is a partner, Anna Haigh a senior associate, Suzy Oakley an associate and Jake Hooper an associate at global law firm Kennedys

This article was first published in MRI, an Informa publication: www.maritime-risk-intl.com



Yard Talk with Cichen Shen

A regular column that looks behind the news headlines, adding analytical value to coverage of the big Asian shipbuilders and yards around the world

No end in sight to state subsidy

Shipbuilding nations advocating market-based rules, such as Japan, have been disappointed by continuing government handouts from competitors, but the frustration is unlikely to go away any time soon

The newly merged China State Shipbuilding Corp — now the world’s largest company of its kind — recently presented a reasonable financial performance for 2019, given the slack market conditions.

Revenue was Yuan380bn (\$54.7bn) while pre-tax profit came in at Yuan14.5bn — although Beijing’s navy orders certainly helped this figure.

Yet along with the satisfactory results, there are also a string of unsettling numbers, especially for the state giant’s opponents from the private sector.

Five major CSSC yards have received capital increase worth about Yuan16.9bn in the form of debt-to-equity swaps since 2018, according to exchange filings. The latest of these, in the sum of Yuan6.7bn, was poured into Jiangnan Shipyard in April, 2019.

Almost all these funds were made by investors backed by Chinese governments or large state-owned enterprises, which could hardly turn down Beijing’s previous request to deleverage the country’s economy.

Including an earlier but similar injection of Yuan21.9bn for yards under China Shipbuilding Industry Corp, now part of CSSC, total bailouts have topped Yuan38.8bn, or \$5.6bn based on the current exchange rate.

With the money, the Chinese conglomerate managed to cut debts and interest payments, replenish its working capital and keep the collapsing yards afloat.

“Five major CSSC yards have received capital increase worth about Yuan16.9bn in the form of debt-to-equity swaps since 2018”



That was part of the reason why a group of shipbuilding nations under the Organisation for Economic Co-operation and Development parted in discord after a meeting in Paris in December.

Other member states led by the European Union and Japan wanted to introduce a new competition regime, including disciplines to regulate state subsidies and ship prices. Yet South Korea vetoed the proposal, citing concerns with China.

Matching Beijing’s generosity

Delegates from Seoul, whose government also has a well-known habit of subsidising domestic shipbuilders and views the Chinese as the largest competitor in this sector, may well have explained why it has to match Beijing’s generosity.

However, the shipping industry “cannot restore its health” until market mechanisms reduce shipbuilding capacities and resume fair price competition, argued The Shipbuilders’ Association of Japan chairman Tamotsu Saito.

“In particular, the government support issue is beyond the private sector’s control, and we can only hope that the governments of the [respective] shipbuilding nations, who are the very parties in charge, will act responsibly and quickly,” Mr Saito said in a statement.

Unfortunately, his peers in China have yet to show any signs of refraining.

Shanghai-listed CSSC Holdings, which is in a restructuring plan to take several CSSC yards under its wing, is pressing on with a private offering to raise up to Yuan3.8bn. No subscribers have been revealed yet, but most of them — if not all — are expected to be state-backed players, based on past experience.

Compared with these tallies, the Yuan77.1m government subsidy reported by the listed unit in mid-January, which may be a large sum to some privately run yards, is merely a drop in the bucket.

In its 2019 market review, Danish Ship



“The shipping industry ‘cannot restore its health’ until market mechanisms reduce shipbuilding capacities and resume fair price competition, argued Tamotsu Saito”



Finance noted that “few new vessels are likely to be ordered in the coming years until there is more clarity on future propulsion systems, fuel composition and the overall blueprint for next-generation vessels”.

Time appears not to be on the shipbuilders’ side. And the few exceptions with relatively healthy orderbook demand today, such as liquefied natural gas carriers and product tankers, are far from the most competitive products of the Chinese yards compared to their South Korean rivals.

Most of the ships built in China, as well as by CSSC, are still dry bulkers, a sector where owners are generally more price-sensitive and less eager to try out new fuel technologies.

If, as predicted, the market slump prolongs, one can only expect CSSC to tap more public finances. Some are straightforward means, such as research and development subsidies; some are more veiled handouts in the form of the debt-to-equity swaps, share offerings or low-interest loans that are partly used by the shipbuilder’s leasing arms to order vessels at its own yards.

While Mr Saito surely has a point in his upholding of a level playing field driven by market rules, his frustration seems unlikely to go away any time soon.



Wojciech Wrzesien/Shutterstock.com

Qatar Petroleum has floated a newbuilding tender for 40 liquefied natural gas carriers plus options for another 40 vessels.

Qatar hopes to work with Chinese yard on LNG carriers

A recent visit of a senior Qatargas executive to Hudong-Zhonghua Shipbuilding has reignited speculation the Chinese yard will grab a slice of the tender for up to 80 liquefied natural gas carriers.

Qatargas very much hopes to co-operate with the shipbuilder to roll out the world's most competitive LNG carriers, the gas giant's chief operating officer of commercial and shipping Alaa Abujbara was quoted as saying in a yard release.

Mr Abujbara added the future of the LNG market was in China as the country's demand for such energy remained robust and its market for the relevant transport and storage equipment appeared promising.

The comments were made during his meeting with Hudong-Zhonghua's chairman Chen Jianliang in Shanghai on January 14.

Qatargas's parent Qatar Petroleum has floated a newbuilding tender for 40 firm LNG carriers plus options for another 40 units.

A large majority of these ships will haul LNG from the US Golden Pass project, with other volumes from an expansion lined up for Qatar's giant LNG complex.

Chief executive of the state-owned oil

giant and Qatar's energy minister Saad Sherida al-Kaabi told reporters in October last year the company would conclude some contracts with three "determined" bidders by the end of 2019.

The minister visited the Beijing headquarters of China State Shipbuilding Corp, parent of Hudong-Zhonghua, the following month and held talks with the former's chairman Lei Fanpei.

No reports have emerged of deals being signed for the touted orders yet, although the South Korean big three — namely Hyundai Heavy Industries, Daewoo Shipbuilding & Marine Engineering and Samsung Heavy Industries, which dominate the LNG carrier building sector — are widely viewed as the frontrunners in the bidding.

Nevertheless, Mr Chen at Hudong-Zhonghua said the Qatargas project is one of the projects that draws the most attention from his company, according to the release.

It has delivered 22 large LNG carriers during the past 20 years, being the only Chinese yard with experience of building such sophisticated tanker vessels.

A CSSC executive said the chance

for Hudong-Zhonghua to win the Qatar newbuilding orders would depend on the slot availability at South Korean yards and the owner's delivery schedule.

Ahn Young-kyun, a researcher at the Korea Maritime Institute, was earlier quoted by local media as saying that Qatar officials requested the three South Korean builders to deliver about 40 ships between 2023 and 2026, or about 10 units per year.

Another executive from a leading classification society expected the Qatar newbuilding orders to be a multi-country shipyard project because of its sheer size.

"I can't imagine that all the ships will either be built in South Korea or China," the executive said, "and I heard Qatar's timescales are pretty tight, so they will have to spread the work out."

The involvement of Chinese shipowner or charterer interests was another important factor, as they will back compatriot yards when ordering, the CSSC official said.

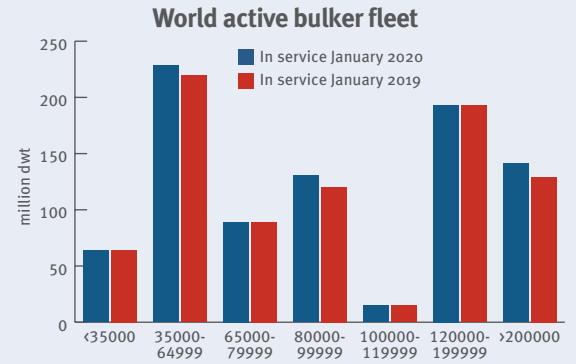
"Almost all the large LNG carriers built or being built at Hudong-Zhonghua so far have Chinese investment in them," the official added.

The global active fleet of bulkers totalled 11,846 vessels comprising 861.2m dwt in early January, according to Lloyd's List Intelligence. In terms of carrying capacity, this represented a rise of 3.8% against last year.

Ships with a capacity greater than 20,000 dwt remain the principal driver of fleet growth, up by more than 9% on the year-ago level. This was in addition to

an 8.7% jump in smaller dry bulk units in the post-panamax sector, or between 80,000 dwt and 99,999 dwt, on 2018 levels.

The dry bulk orderbook stood at 1,033 units with a combined capacity of 102.7m dwt at the start of January. In 2020, 810 ships are due for delivery. Next year, an additional 207 are due to hit the water, with a further 16 vessels from 2022 onwards.



Grains trades at risk from US-Iran conflict

As tensions between the US and Iran escalate following the killing of Iran's senior military official, grains trades could be at risk, hurting an already weak dry bulk market, **Inderpreet Walia and Nidaa Bakhsh** report

Grains trades may be at risk from escalating tensions between the US and Iran following the US assassination of Iran's top military official in early January.

Tensions in the Middle East flared after a US drone strike killed Qasem Soleimani, the head of the Islamic Revolutionary Guards Force, who was considered the second-most powerful figure in Iran after the country's supreme leader, Ayatollah Ali Khamenei.

Iran retaliated with missile strikes on two US bases in Iraq, which claimed no victims. US President Donald Trump backed away from threatening further strikes, announcing more sanctions on Iran and calling for negotiations.

At least 20m tonnes of annual grain imports into Iran, Iraq, Kuwait and the United Arab Emirates are "at risk of further uncertainty and trade flow disruptions" from the action by the US, according to Danish consultancy Bull Positions.

"Based on the origins of Persian Gulf grain imports, east coast South American and Black Sea exporters are likely to feel most of the potential pain related to any rippling effect from the US drone strike," the consultancy's



At least 20m tonnes of annual grain imports into Iran, Iraq, Kuwait and the UAE are at risk.

managing director Jesper Buhl said, adding 75% of the monthly average arrives from Brazil, Argentina, Russia and the Ukraine.

However, the 16m tonnes of wheat, barley and corn imported into Saudi Arabia every year are less at risk from the tensions as volumes are mainly shipped to ports along the Red Sea, he added.

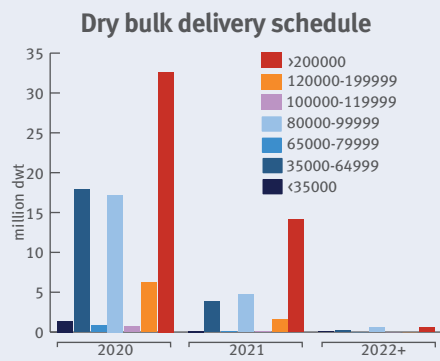
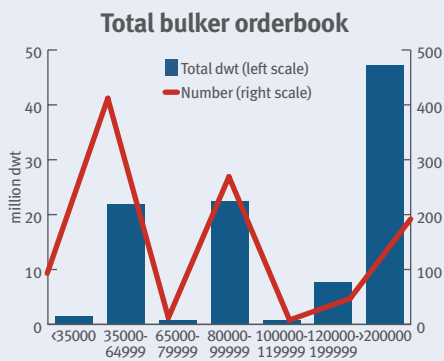
Iran imported 13m tonnes of grains in 2019, of which 7m tonnes originated in Brazil, data from Norwegian shipping company Torvald Klaveness shows.

Iran is not a big player in the

dry bulk arena, representing only 0.3% of global dry bulk trade. So any disruptions in trade flows as a result of the heightened tensions — specifically looking at Iran — is not a big event, said Peter Lindstrom, head of research at Klaveness.

Both countries have longstanding trade ties with well-established barter arrangements that include exchanges of Brazilian corn for Iranian urea. A back-of-the-envelope calculation suggests the trade (corn and soyabans) accounts for around 1.6m dwt of vessel demand, Maritime

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Strategies International estimates. It seems unlikely that Iran will stop buying Brazilian corn, MSI's analyst William Tooth said.

The US is the only country expected to export more corn than Brazil this trade year, with forecasts of 45m tonnes, according to the US department of agriculture. That compares with Brazil's 36m tonnes.

However, Iran will most likely not buy corn from the US, given the escalating tensions.

"Iran may compete for corn from Argentina (forecast to export 34m tonnes) or Ukraine (31m tonnes), but with such a poor crop in the US this year, global supply is restricted. Iran won't want to limit their options," Mr Tooth conceded.

Besides this, Iran took a significant 13% of Brazilian corn exports in 2019. Mr Tooth expects Brazil to fight hard to convince Iran to continue buying from them.

Still, the effect on grains trade between Iran and other countries should be minimal. Iran is heavily reliant on grains imports, as are other Middle Eastern countries — even though, in 2019, they produced more wheat than they consumed for the first time in more than a decade. Mr Tooth believes it is unlikely Iran would take any steps to jeopardise grain imports to the region.

One caveat to this is that, although food is officially exempt from US sanctions, there are numerous reports of difficulties trading grain with Iran. For example, two Iranian vessels were held in Paranagua, Brazil, last June when Petrobras refused to provide fuel for fear of US sanctions. Only

“*The effect on grains trade between Iran and other countries should be minimal. Iran is heavily reliant on grains imports, as are other Middle Eastern countries — even though, in 2019, they produced more wheat than they consumed for the first time in more than a decade*”

after a Brazilian Supreme Court ruling were the vessels bunkered and released.

In a similar vein, there are reports that Cargill and Bunge are refusing to deal with Iran due to concerns over processing payments, he added.

BIMCO's chief shipping analyst Peter Sand acknowledged "geopolitics is one of the factors to watch out for this year".

"Naturally, this is an escalation [of tensions], which is bad for shipping and puts volumes at risk," he said, adding panamax would largely be affected, but also supramaxes and ultramax active in the trades.

Shipowners heading to the region are on maximum alert, he said. The dry bulk market has started the year on a weak note, with rates tumbling across all segments.

All types of dry bulk vessels are loss-making at the moment, Mr Sand noted.

"We see this as not only seasonal — the weakness is also due to high fleet growth," he said, adding that falling rates would continue after the Chinese New Year at the end of January.

Dry bulk owners will face a "challenging" first half of the year, according to Cleaves Securities, which downgraded six of nine dry bulk stocks.

Head of research Joakim Hannisdahl said in a report he expected a further slide in dry bulk rates, with capesizes likely to slump to \$7,000 per day and the Baltic Dry Index to slip to 750 points ahead of the Chinese New Year.



Dry bulk market sheds more value

There may be better times on the horizon following the signing of the much-anticipated phase 1 of the US-China trade truce. The agreement bodes well for agricultural shipments and tonne miles

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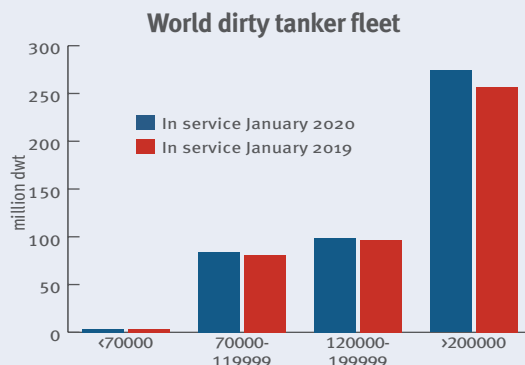
CRUDE TANKERS

The active crude carrier fleet comprised of 2,414 ships, equivalent to 460.8m dwt, at the start of January, according to Lloyd's List Intelligence. This represented a 5.3% increase over a year ago.

Very large crude carriers, of 200,000 dwt and above, continued to lead the way in terms of growth, with numbers up 6.7% on year to 273.9m

dwt. Aframax tankers, between 70,000 dwt and 120,000 dwt, continued to drive advances in the fleet, up nearly 4% on 2019 levels to 796 vessels, representing 84.2m dwt.

The global orderbook was comprised of 284 ships in early January, with a carrying capacity of 54.1m dwt. In 2020, deliveries are scheduled to hit 30.5m dwt.



Scrubbers sweeten first-quarter lull as sulphur cap hikes fuel costs

As tanker rates collapsed in January from seasonal, fourth-quarter highs, fuel oil costs have risen 46%, eroding profits for vessels using compliant, lower-sulphur bunkers, writes **Michelle Wiese Bockmann**

Scrubbers have sweetened the first-quarter seasonal lull for some tanker owners, with earnings premiums exceeding \$22,000 per day for larger vessels with exhaust gas-cleaning systems installed.

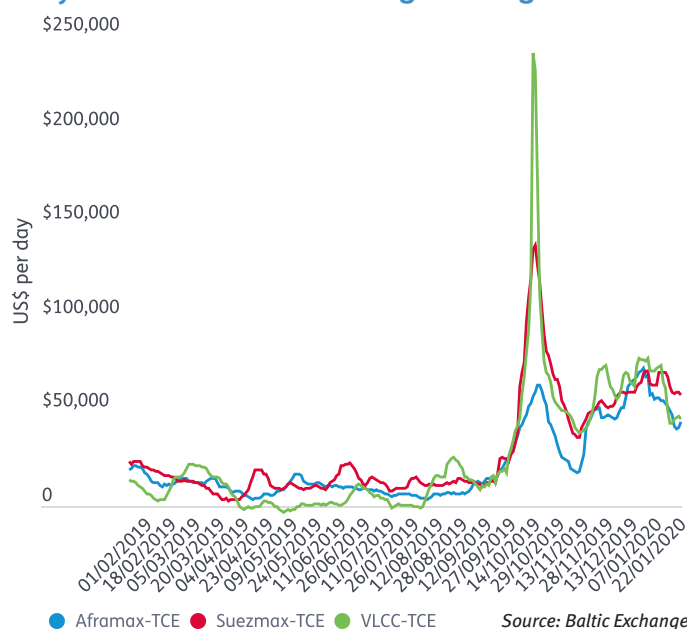
Scrubber-fitted very large crude carriers will recoup costs within six to seven months, based on the difference in price between higher-sulphur and lower sulphur marine fuel, assessments showed in late January.

A VLCC using sulphur abatement technology cuts \$5.1m a year in fuel costs, compared to the \$3.2m outlay for a scrubber, Norwegian investment bank Cleaves Securities analysis shows. The bank's time period for scrubber payback was based on a fuel oil spread of \$311 per tonne.

The spread is calculated as the difference in price between cheaper, 3.5% sulphur bunkers that can be used by ships fitted with scrubbers and compliant 0.5% very low-sulphur fuel oil.

The lower-sulphur fuel became mandatory for the 60,000-strong commercial fleet on January 1 under global regulations promulgated by the International Maritime Organization.

Dirty tanker time charter average earnings



Futures trading for the month of January indicates 0.5% fuel oil is \$274 per tonne higher in cost than 380 Centistoke fuel in Singapore. The differential in Rotterdam was some \$254 per tonne, based on ICE Futures Europe contracts on January 22.

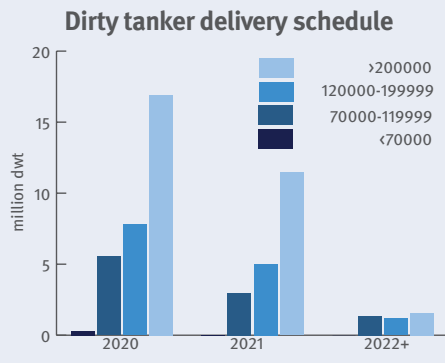
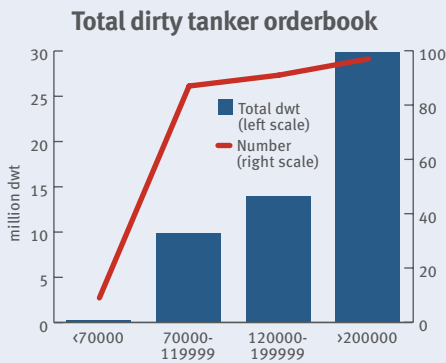
With a fuel oil spread of around \$300 per tonne, calculations showed the scrubber investment for a VLCC is paid off in six months. It would take just over a year for a suezmax tanker and some 15 months for an aframax, according to the Cleaves report.

Favourable scrubber economics were generating significant earnings premiums through January, as rates collapsed from the fourth-quarter highs.

An 'eco-type' VLCC with a scrubber was earning nearly \$78,000 daily on the benchmark Middle East Gulf-to-China route for the week ending January 17, according to shipbroker Braemar ACM.

That compared to \$56,000 daily for a 'non-eco' VLCC without a scrubber, the weekly rates assessment showed. The term 'eco' is largely used to delineate younger, more energy-efficient tankers.





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Suezmax earnings for eco-type, scrubber-fitted tankers shipping crude to northwest Europe are at \$61,000 daily — which is \$12,000 more than non-eco ships using VLSFO instead. On triangulated voyages, that premium is even more significant: earnings are \$32,000 daily versus \$10,000.

The earnings premium for aframaxes averaged \$12,000 daily based on current market rates, according to Braemar ACM. Premiums for medium range tankers in the clean market were not as great. The average daily earnings for a non-eco MR vessel was assessed at \$21,242, compared to a scrubber-fitted tanker at \$26,599.

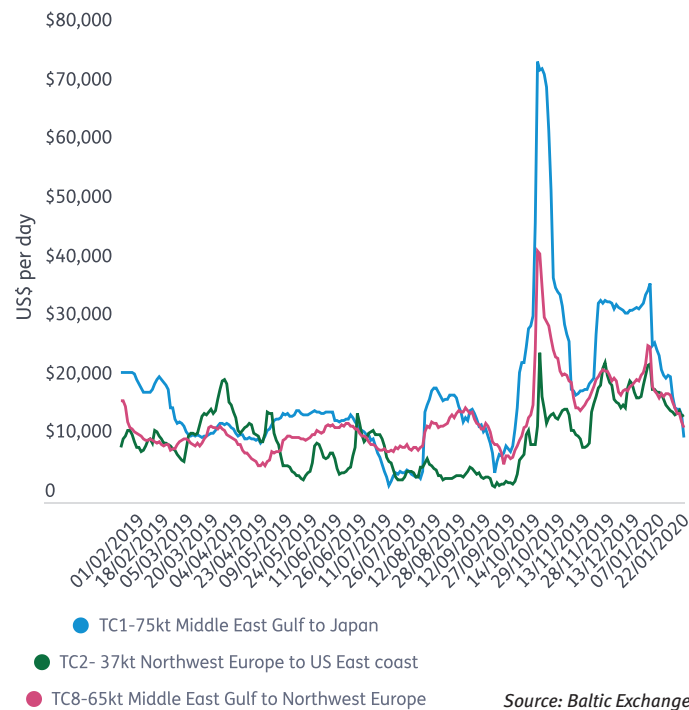
The regulatory change in fuel use increased marine fuel oil prices for the 4m bpd market and injected further uncertainty to the tanker sector outlook.

Spot rates abruptly plunged as anticipated as the year-end seasonal uplift ended. Rates for VLCCs are down from the \$120,000 daily seen at the end of 2019 — and these falls are cascading down to smaller tanker types.

However, clean earnings are gaining, again reflecting seasonal fortunes. Triangulated MR tanker earnings for the clean sector were assessed at \$24,500 in early January but rose by some \$10,000 daily to finish higher by the month's end.

This reflects greater demand for gasoil in the northern hemisphere over the winter months in both the Atlantic and Pacific trading basins.

Clean tanker time charter average earnings



Between 2,500 and 3,000 of the largest tankers, bulk carriers and containerships are estimated to have scrubbers installed.

Some 239 VLCCs, 140 suezmaxes, 113 aframaxes and 229 MR tankers either have scrubbers or will be fitted with them by the end of 2021, based on data from class society DNV GL.

There are currently 896 MR tankers trading and 760 VLCCs, giving some context to the considerable scrubber update.

Assuming the average aframax tanker uses 45 tonnes of marine fuel daily, non-scrubber owners are now paying 45% more for their fuel (\$26,901 versus \$14,575), based on prices in Singapore, the world's biggest bunkering hub.

There, VLSFO prices are much higher than Rotterdam, where supply is not as squeezed. Prices are assessed lower as a result.

VLSFO contracts in Rotterdam closed at \$527.36 per tonne on January 22, compared to \$597.81 for comparable contracts in Singapore. July 2020 contracts were valued at \$468 per tonne and \$495.25 per tonne, respectively, signalling that these issues are not seen by traders as resolving imminently.

The fuel oil spread between 3.5% fuel oil and 0.5% VLSFO in Rotterdam was \$253 per tonne in late January, narrower than the \$292 spread seen eight weeks earlier. The caveat remains that these futures are not very liquid, with limited volumes trading.

Given bunker throughput in Rotterdam is just over 10m tonnes, this represents a very small fraction of the physical market.

“ Assuming the average aframax tanker uses 45 tonnes of marine fuel daily, non-scrubber owners are now paying 45% more for their fuel (\$26,901 versus \$14,575), based on prices in Singapore, the world's biggest bunkering hub ”



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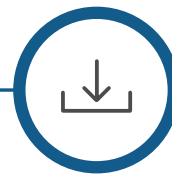
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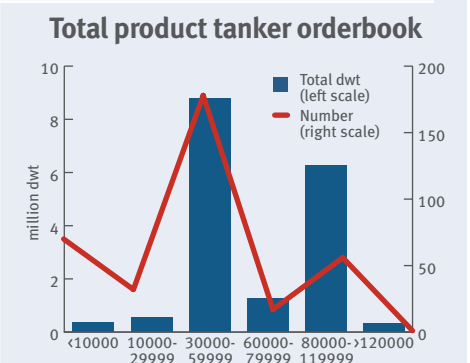
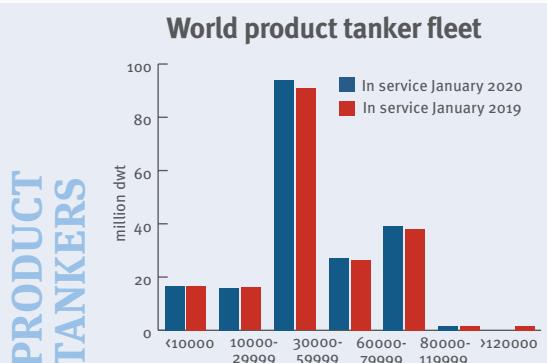
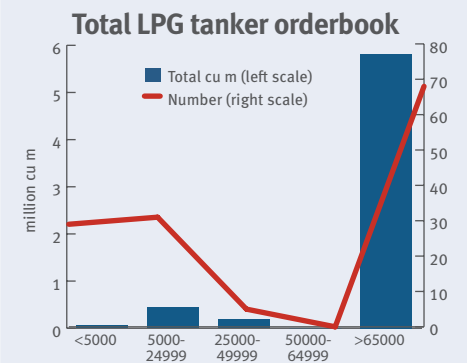
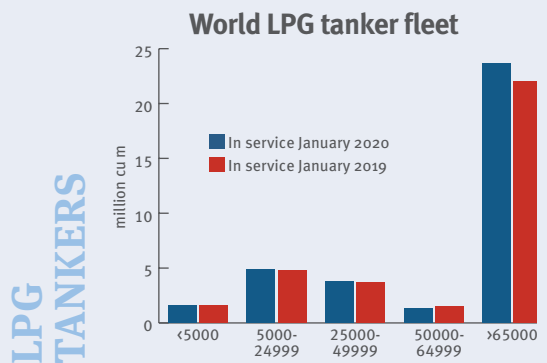
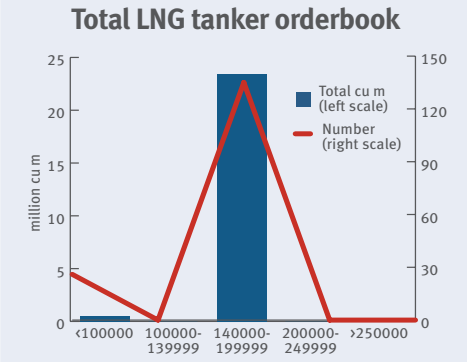
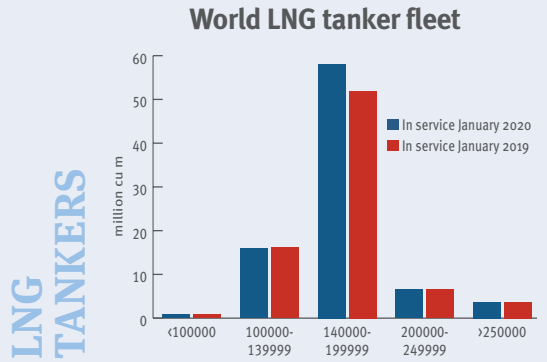
The global active fleet of liquefied natural gas carriers comprised 561 vessels, totalling 85.2m cu m, as of early January, up 7.6% on year, according to Lloyd's List Intelligence.

The LNG orderbook at the start of January stood at 161 units, representing just under 24m cu m carrying capacity. Of this, 8.5m cu m is scheduled for delivery in 2020 and a further 15.5m cu m in 2021 and beyond.

For liquefied petroleum gas tankers, the active global fleet comprised 1,554 ships, with a carrying capacity of 35.3m cu m, up 5.3% on year. The LPG orderbook continues to be dominated by very large gas carriers, with 69 of the 133 vessels on order in this class.

The global fleet of product tankers in early January comprised 8,766 vessels, with a carrying capacity of 194.3m dwt, up 2.5% on year. The orderbook was recorded at 354 ships, totalling 17.5m dwt, of which 178 were MR vessels, 17 LR1s and 56 LR2s.

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Contrary orderbook view challenges tanker 'bulls'

The steep rise in marine fuel costs come as owners seek to maintain market optimism about earnings prospects for 2020.

The outlook for sustained rates recovery is clouded by the uncertain orderbook and global economy.

The consensus is that the tanker orderbook is the lowest in some 20 years, allowing demand to catch up with supply and redress the glut of vessels that have depressed rates over the past four years.

However, some new figures have emerged from Lloyd's List Intelligence's consulting group that challenge this accepted wisdom.

Total new orders to the crude carrier fleet over 2019 amounted to 107m dwt, according to Lloyd's List

Intelligence's head of consulting Christopher Pålsson.

Mr Pålsson offers a contrary view to the so-called tanker "bulls" convinced that 2020 and beyond offer higher returns.

He says western-based sales and purchase shipbrokers have only captured some 75% of all orders — and the fleet to orderbook ratio is much higher than conventional statistics show.

Mr Pålsson's figures show the crude carrier orderbook at 521 ships and 98.7m dwt. The deluge of new deliveries over the past two years and huge scrapping volumes in 2018 means there are very few candidates in the trading fleet up for retirement.

"We see more ships on order

than seems to be the general idea of what has happened out there," Mr Pålsson said during an episode of the Lloyd's List podcast in January.

"We have found more ships ordered predominately by Chinese interests at Chinese yards that I don't think they [western shipbrokers] have started to realise. You don't need to go through brokers in the west any more.

"Our orderbook to fleet ratio is some eight percentage points higher than what seems to be the general consensus — and that is, of course, a massive difference.

"Whenever you stick out like that, you scrutinise all the data that you have, really, really hard,

but it seems to be generally true. We believe what we have in front of us until we can prove there is something wrong with it and we have not managed to do that yet."

Some nine crude tankers entered service in the first three weeks of January, according to Lloyd's List Intelligence data. That included six VLCCs, two suezmax tankers and one aframax, data shows.

ACM Braemar estimates scheduled deliveries for these types to be at 42, 20 and 15, respectively (the latter being for uncoated aframax).

Based on these statistics and the shipbroker's scrapping assumptions, net tanker fleet growth will be zero.

Boxship numbers swelled to 5,254 ships, representing 22.5m teu, at the start of January, according to data from Lloyd's List Intelligence.

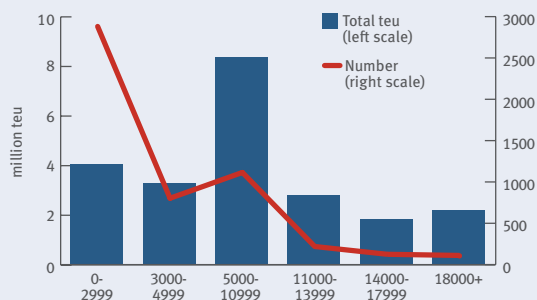
Five vessels were added to the total fleet over the course of December, including two 22,000 teu units by Mediterranean Shipping Co destined for the Asia-Europe trade lane.

The orderbook stood at 404

ships at the start of 2020, which will add another 2.5m teu of capacity to the water. This represents approximately 11.5% of the existing container fleet.

Although the influx of newbuildings is low by historical standards, high charter rates continue to hold back demolition and demand growth remains subdued.

World active containership fleet



World boxship fleet update: no new orders in new year's sales

Scrubber retrofits continue to take capacity out of the fleet but high charter rates hold back demolition, writes **James Baker**

The global containership fleet now stands at a record 5,254 ships comprising 22.5m teu.

The fleet grew by an additional five vessels in December, adding another 55,861 teu of capacity, at a time when further capacity is the one thing container lines do not particularly need.

Figures from Lloyd's List Intelligence show the recent growth spurt was largely driven by the delivery of two ultra large containerships for Mediterranean Shipping Co, the 22,000 teu *MSC Febe* and *MSC Sixin*.

There are still another 404 ships on order, which — when completed — will add another 2.5m teu and represent 11.5% of the existing fleet.

While that number is historically low, it comes at a time when questions are being asked about the demand growth in international trade. Last year's increase of just 1.1% was not healthy for container lines, which already have a raft of other issues to manage.

However, despite the increase in the fleet size, the picture may not be as gloomy as it looks on the surface.

World containership fleet December 2019*

TEU Size Range	In Service No	In Service TEU	On Order 2020 No	On order 2020 TEU	On Order 2021 No	On Order 2021 TEU	On Order 2022+ No	On Order 2022+ TEU	Total No	Total TEU	%Total Fleet
0-2,999	2,881	4,047,278	231	436,542	20	23,678	0	0	251	460,219	11.4%
3,000-4,999	803	3,304,941	20	68,388	0	0	0	0	20	68,388	2.1%
5,000-10,999	1,115	8,353,479	9	48,900	0	0	0	0	9	48,900	0.6%
11,000-13,999	219	2,797,564	28	326,320	15	173,500	2	23,700	45	523,520	18.7%
14,000-17,999	125	1,836,571	20	297,856	15	227,784	4	60,256	39	585,896	31.9%
18,000+	111	2,197,048	31	693,530	6	137,000	3	69,400	40	899,930	41.0%
Total	5,254	22,536,881	339	1,871,536	56	561,962	9	153,356	404	2,586,853	11.5%

*Excluding newbuilding postponements and cancellations under negotiation

Source: Lloyd's List Intelligence

A recent report by Clarksons noted while the headline figure of 2.6% forecast demand growth and 3.4% supply growth did not indicate a rebalancing, the outlook over the longer term was "cautiously positive", with IMO 2020-related factors set to continue affecting the sector through 2020.

"Vessel time out of service for scrubber retrofit is projected to have absorbed 1.5% of boxship fleet capacity across full-year 2019 and 2.1% across 2020," Clarksons said.

"Furthermore, operating speeds could decrease further as part of operators' efforts to limit increases to fuel costs."

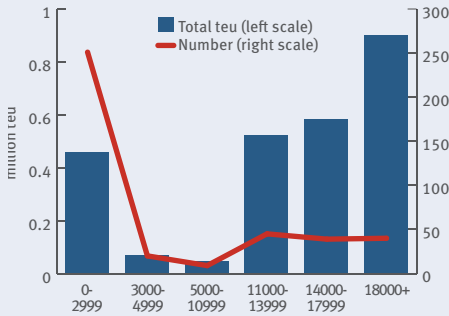
Trade war

Containerised trade is expected to remain subdued by the ongoing trade war between the US and China and wider weak global economic indicators.

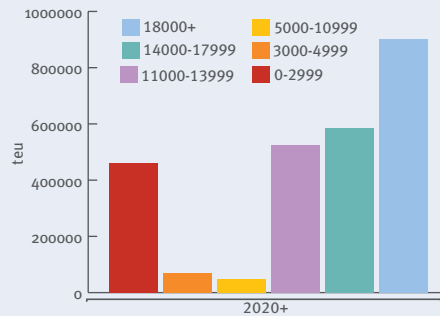
"Global container trade growth in teu-miles is projected to pick up slightly to 2.6% in 2020," Clarksons said.



Containership orderbook



Containership delivery schedule



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CMA CGM

On the supply side, the boom days of boxship orders are now far in the past.

“However, most of the risks to the forecast are on the downside, with a significantly uncertain world economy.”

On the supply side, however, the boom days of boxship orders are now far in the past.

Lloyd's List Intelligence recorded no new orders signed in December, although Cosco was forced to deny rumours that it was in discussions with yards for a series of 15,000 teu and 23,000 teu containerships.

Manageable expansion

“Boxship fleet expansion is expected to remain manageable in the short to medium term, with capacity growth of 3.2% currently projected in 2020 and 2.8% initially estimated for 2021,” Clarksons said.

“So, boxship ordering has now remained relatively subdued for four straight years, with a range of factors at play.

“While this has clearly created challenges for

“*Vessel time out of service for scrubber retrofit is projected to have absorbed 1.5% of boxship fleet capacity across full-year 2019 and 2.1% across 2020. Furthermore, operating speeds could decrease further as part of operators' efforts to limit increases to fuel costs*”

containership builders, it does at least appear encouraging for the containership sector that supply-side growth looks set to be moderate and likely to remain under control over the next few years.”

Analysts at Maritime Strategies International also see a “broad continuity” in supply-side trends, with a closer balance between deliveries and demolitions.

“In the three months to February, MSI expects 199,000 teu of deliveries, against 62,000 teu of scrapping,” MSI said.

“In the three months to May, the equivalent figures will be 220,000 teu and 80,000 teu.”

Lloyd's List Intelligence put the December figure of tonnage sent to scrap at 9,000 teu, so the pace of recycling still needs to pick up.

Higher rates for charter tonnage have, to date, held back any uptick in demolition, MSI said.



Trade tensions cast shadow over container trade growth

Container shipping outlook remains ‘soft’ as protectionist policies remain in place, says Drewry

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How the world looks from our correspondents covering the news as it breaks

Clear strategy for Maersk; not so for MSC

The recent departure of Maersk's chief operating officer to Mediterranean Shipping Co could mark the start of a radical shake-up within the group's container shipping business

A stream of high-profile departures at AP Moller-Maersk has set tongues wagging. Is there some deep-seated unrest within the organisation as it forges ahead with the transformation into an integrated transport and logistics business after jettisoning its energy-related activities?

Certainly, the move of chief operating officer Søren Toft to Mediterranean Shipping Co is seismic for the whole industry.

However he fares within the Aponte group, Mr Toft will soon arguably be the best-informed top executive within container shipping, with an intimate understanding not just of Maersk and its inner workings, but also of MSC, one of the most successful yet secretive groups in the entire industry.

So it would have been hard for Mr Toft to resist such an offer, regardless of the challenges that he will face at MSC, where the Apontes are hands-on owners who may find it hard to take a step back and let the new chief executive of cargo operations run the show, however good their intentions.

With news of Mr Toft's defection followed by the resignation of chief financial officer Carolina Dybeck Happe and some other top-level departures, there has been plenty of industry talk that all was not well at Maersk.

However, the company has had frequent clear-outs over the years, the last in 2015 when chief commercial officer Stephen Schueler was one of around 4,000 casualties as the headcount was culled over a couple of years.

In the interim, there have been several more senior executive lay-offs, most notably group chief executive Nils Andersen in 2016, while Jakob Stausholm quit as chief financial officer in mid-2018.

None of which should be particularly surprising in a group that is going through such a huge restructuring by merging separate standalone businesses into a single company. Not every face fits in the new set-up.

This latest round of redundancies appears relatively modest in comparison with previous staff cuts. It is said to involve only around 200 people from head office and elsewhere, out of a total worldwide workforce of some 80,000.



Toft: move from Maersk to MSC is seismic for the whole industry.

Maersk has always been able to attract and then nurture talent. Yet there is only room at the top for a handful of the original intake.

However, a testament to that early training is that former Maersk employees now hold senior maritime industry positions around the world.

Take liner shipping alone. Hapag-Lloyd chief executive Rolf Habben Jansen came from Maersk's logistics arm Damco, while Ocean Network Express chief executive Jeremy Nixon had a spell in Copenhagen after Maersk bought his former employer P&O Nedlloyd.

If the past is anything to go by, most of those who have worked at Maersk remain loyal to the group that gave them such a head start in the industry. So the current round of job losses at Maersk should not necessarily be seen as anything more than another session of cost-cutting that seems to happen at regular intervals.

Mr Toft's resignation is somewhat different, though. He was tipped by many to eventually take over from Søren Skou as chief executive of AP Moller-Maersk, yet instead he has chosen to join arch rival MSC.

The real question here is why MSC took the almost unprecedented step of inviting an outsider to join the inner sanctum.

MSC president Diego Aponte, the son of founder Gianluigi Aponte, will already know Mr Toft well from time spent putting together — and then operating — the 2M alliance between the world's top two containership operators.

At MSC, a fresh injection of younger talent is probably needed at the top, considering some of the senior executives at the Geneva-based group have worked with the Apontes almost from the start and must be close to retirement.

Mr Toft will be able to provide the Aponte family with the support and expertise needed to tackle the new challenges faced by container shipping, from decarbonisation and digitalisation to trade wars, automation, future fuels and more; but is there another factor behind his recruitment?

There has been talk in recent years that the younger generation of Apontes, notably Diego and his sister Alexa Aponte Vago, would prefer to concentrate on passenger shipping, where MSC Cruises is the world's largest privately owned cruise line.

In contrast, container shipping remains a low-margin business where lines are, for most part, price-takers rather than price-makers. Yet European lines, at least, are constantly under the regulatory spotlight and also frequently caught up in intense competition with state-backed carriers.

One line of thought is that the Aponte family is considering an eventual scaling back of its container shipping interests and that Mr Toft is there to orchestrate that.

Could an IPO, for example, be on the cards?

This is all hearsay. There are those in the industry who know the Apontes well and who very much doubt MSC would ever bring in outside shareholders.

Yet Mr Toft's every move will be closely watched for clues as to MSC's intentions as he takes over the reins in Geneva.

If it all goes wrong, who knows, he may return to Copenhagen armed with all that inside knowledge that the rest of the industry would love to get its hands on.



On climate change, it's good to talk

When it comes to environmental issues, lessons can be learned from agriculture, which is taking steps to change for the better

A new industry — but it's a familiar story. For the past 12 years, I've written about the agriculture sector and the policy and regulation that surrounds it.

As I step into a new challenge in shipping and maritime, it is immediately clear that some issues are universal — no matter in which industry you work. Uncertainty about what the future holds is one and, more recently, your environmental credentials.

Much has been written in these pages about the first; but for the second, there is a lesson that I feel can be learned from agriculture.

Up until a few years ago, farmers would have scoffed if you suggested the survival of the livestock industry would be in jeopardy due to the rise in veganism; and that in the very near future, people could be eating 'meat' that has been grown in a laboratory, as it is considered more environmentally friendly.

Yet here we are, in 2020, and climate activists have agriculture firmly in their sights, claiming farming practices pollute the land and contribute greatly to global greenhouse gas emissions.

It should not be a surprise that agriculture is a target. It contributes around 25% of the world's total greenhouse gas emissions — second only to transport — while widespread use of crop-protection products has been linked to environmental degradation such as ecosystem damage on land and in the water.

The "people need to eat" defence is no longer viable when large swathes of the Amazon rainforest are being set ablaze by beef and soyabean farmers looking to expand acreage.

And despite the protestations from farmers in Europe that they are all being tarred with the same brush, it is difficult to shake off the association.

Agriculture is making great strides in adopting new technology and methods that could dramatically alter food production for the better.

However, adoption is often slow and,



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Climate activists have agriculture firmly in their sights; it contributes around 25% of the world's total greenhouse gas emissions, while some soyabean farmers destroy Amazon rainforest.

with the fragmented nature of the industry — standards differ greatly around the world — it lacks a unified voice to communicate the progress being made.

In truth, every industry knows it needs to do better when it comes to addressing climate change.

The International Maritime Organization's introduction of a global sulphur cap for shipping and new regulations around ballast water treatment are welcome signs that environmental issues are being addressed head on.

However, it must be seen for what it is: the start of a journey that will require open, transparent dialogue, as well as collaboration and compromise, to find long-term sustainable solutions. Certainly not The Last Word.

Lloyd's List

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