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Fears for Filipino jobs as crew deployments crash

12 Feb 2021 Declan Bush

Filipino seafarer deployments fell by 300,000, or 58%, in the past year. The decline mirrors the imposition of draconian travel curbs, prompting fears the country may lose seafaring jobs to other crewing nations

FILIPINO seafarer deployments fell by almost 60% in the past year, prompting fears the country is in danger of losing its market share as a crew provider.

Figures from the Philippine Overseas Employment Administration show 300,000 fewer seafarers were deployed, a 58% drop compared with 2019, as various global travel curbs prevented crews from joining ships.

There were 217,241 on deployment in the past year, compared with 518,519 in 2019. Monthly deployments crashed in March and April and recovered slightly later in the year, but not to previous levels.

Faced with this shortage, shipping companies turned to the Ukraine and India for crews. The worry for Filipinos is that by the time travel curbs are lifted, this shift may be permanent.

"Projects that were meant to have Filipino ratings are replacing them with other nationalities," said International Maritime Employers' Council chief executive Francesco Gargiulo. "Once their jobs are gone, they're gone."

Mr Gargiulo said cruiseship crews accounted for some of the numbers. But deployments were already below their yearly average of 500,000-550,000 before the pandemic, and coronavirus was not the only reason.

He said extra costs by imposed by the Philippines government and money agents, as well as a "claim culture" by ambulance-chasing lawyers in the past 10 years had made Filipino seafarers more expensive to employ relative to other nationalities, even though wages were similar.

The Philippines government was "looking at maritime employers as a cash cow," said Mr Gargiulo, adding it had recently frozen increases to health insurance payments for overseas workers, possibly in response to the threat.

InterManager secretary-general Kuba Szymanski said the decline in deployments reflected the Philippines government being "extremely cautious" allowing foreigners or returning workers, adding that the British government was moving the same way with its draconian hotel quarantine rules.

He said the Philippines was not the only country to impose extra costs on employment and "ambulance-chasing" had diminished with new laws in recent years. Its government had also been more flexible with testing and crew change than others had.

Filipino ratings also spoke better English than Ukrainian or Polish seafarers and their lower costs meant the industry would return to them when it could. "Capitalism is going to win again," said Capt Szymanski.

The Philippines' Maritime Industry Authority was not immediately available to comment.

Sanctions-busting tankers are an issue for whole industry

12 Feb 2021

THERE are somewhere around 2,200 very large crude carriers, aframaxes and suezmaxes in the world fleet, and as a Lloyd's List investigation has revealed, approximately 150 of them are engaged in clandestine circumvention of US sanctions on oil exports from Iran and Venezuela.

Were that number lower, it would be possible to mount the classic 'few bad apples' defence. But the tally amounts 8% of relevant vessel types, or to put it another way, one tanker in 12.

So yes, it's a minority practice. But equally clearly, the phenomenon goes well beyond a miscreant fringe of ardent hardcore scofflaws.

Motivation to engage in this illicit trade — on penalty, remember, of being frozen out of the dollar-dominated world economy — will vary.

No doubt some organisers will be patriotic Iranians and Venezuelans, acting in the perceived national interest. But others will view such activity as a calculated gamble for high-roller stakes.

As our series of articles documents in detail, many of them go to great lengths to cover their tracks, not least through regular flag-hopping and class-hopping.

Their odds on getting away with it are enhanced by an extraordinary privilege according to shipowners, in the shape of anonymous vessel ownership for those that wish it.

It is still common practice for single-ship companies to be registered to brass plate addresses in the capitals of tax havens with no corporate disclosure requirements whatsoever.

It is not against the law to change a vessel's name, classification society or P&I insurance provider; while it's not a good look, it's not even against the law to do so several times a year.

Nor is Washington the universal legislator for humanity; citizens and corporate entities of other sovereign states are not compelled to accept its decrees, especially if they are willing to submit to such strictures as the US has the capacity to impose when caught out.

Even the efficacy of sanctions is open to question. Slow economic strangulation is felt more in the barrios of Caracas and the shanty towns of Tehran than the meretricious nightclubs of the gilded élites.

But ultimately, the fallout from the actions of the few will be visited on the many, namely the owners of the nine out of 10 tankers that do abide by US stipulations.

Legitimate shipping companies are not knowingly looking to test American resolve. But few have the resources to perform the requisite degree of due diligence to unravel the highly complex networks that support proscribed ventures.

The potential of inadvertently falling foul of US scrutiny on account of unverified third-party providers should be keeping more owners up at night.

Those trying to do the right thing face the prospect of still-tighter regulation and invasive inspection, and the widespread disapprobation that will inevitably flow in terms of the public image of shipping as a whole.

Flag states have responsibilities too, the mighty Panama as much as the smallest island state in Micronesia. If they can't enforce the norms expected of international registers, they shouldn't be in game.

Reputable classification societies and P&I clubs have real skin in the game. Were they to be held to willingly facilitate these deeds, their entire business could be on the line.

In addition, some of the insurers ostensibly providing P&I cover are unknown quantities. Outside the International Group pool, they may prove unable to fulfil their obligations in the event of a major casualty.

The welfare of seafarers, already under the spotlight as a result of the crew-change crisis, also comes into consideration. Is anyone policing the employment rights of 2,000 or so officers and ratings?

The issues surrounding secrecy in shipping have been on the regulatory agenda for literally decades. No firm action has yet been forthcoming, even in the face of concerns about terrorism and the smuggling of narcotics.

But surely it cannot be long before transparency standards expected of every other major global industry in the twenty-first century are applied to our industry as well.

That development will be for the common good

Panama de-flags five tankers for sanctions-evading practices

12 Feb 2021 Michelle Wiese Bockmann

PANAMA's registry has de-flagged five tankers and is investigating missing vessel-tracking signals for a further 17 suspected to be involved in shipping US-sanctioned Venezuelan or Iranian crude.

Aframaxes *Blue Pearl* (IMO: 9192260), *Kutch Bay* (IMO: 9169536) and *Teseo* (IMO: 9038866), the 18-year-old very large crude carrier *Phoenix X* (IMO: 9233789) and 72,714 dwt product tanker *Petion* (IMO: 9295098) are no longer with the flag or the process has begun to remove them, Panama Maritime Authority general director Rafael Cigarruista said in an email.

Blue Pearl was removed for links to Iran and "acts that affect national interest". Others were de-flagged for reasons covering missing Automatic Identification System or Long Range Tracking and Identification signals.

Missing AIS signals, when tankers switch off vessel-tracking for protracted periods, were listed by US authorities last May as a key indicator of deceptive and evasive shipping practices to obfuscate shipping of sanctioned crudes.

Like open-source AIS, LRIT is mandatory on vessels to comply with international safety conventions but can only be accessed by each ship's flag state authority and is viewed as confidential.

Vessels were also removed following reports from port state control under Memorandum of Understanding agreements, links to sanctioned Venezuelan national oil company PDVSA, and absence of third-party liability certificates.

Some 26 tankers flagged by Panama — the world's largest registry, with 7,900 ships — demonstrate links to a subterfuge fleet of some 130 vessels totalling 19.5m dwt that has evolved over the last two years to ship Iranian and Venezuelan crude.

Most are elderly vessels bought on the second-hand market by unknown owners for sole deployment on trades involving a network of ship-to-ship transfers from Iran to China via anchorages off Fujairah, Malaysia and Indonesia.

The maritime authority said it was conducting an internal investigation on a further 17 because the vessels "reported intermittent transmission" of LRIT and AIS vessel-tracking data.

Under international conventions, these may only be switched off for safety reasons when the vessel is in danger, such as when sailing through high-risk piracy areas.

In addition to Panama, another three quarters of the 130-tanker subterfuge fleet has registered in some of the poorest countries in Africa, the Pacific and Caribbean including Togo, Tanzania, Cameroon, Djibouti to amplify trading opacity.

Togo's international flag registry has notified the owner of aframax tanker *Ella IX* (IMO: 9246138) that it was cancelling its registration.

This followed representations from Washington-based non-governmental organisation United Against Nuclear Iran, which emailed the head of the registry providing details of how the vessel, and another Togo-flagged tanker, *Rossoneri* (IMO: 9242120), were undertaking STS transfers off Iran while AIS transponders were switched off.

The week in charts: Pool claims to top $500m; cooling box spot rates and dim tanker hopes

12 Feb 2021 Linton Nightingale

HAVING topped $450m for 2020 already, International Group pool claims will almost certainly eclipse the half billion dollar mark as the year progresses.

Industry sources told Lloyd's List that P&I clubs are also feeling the pressure from earlier claims years, which are developing adversely.

While clubs will probably be able to eat up losses as things stand, if necessary by dipping into free reserves, another bad claims year in 2021 risks putting the system under intensified strain, reported David Osler.

Even with the current picture, owners recently described by broker Aon as 'going ballistic' in the face of current 5%-10% P&I price rises can look to at least the same again next year. On the upside, supplementary calls appear unlikely.

There is also now a real chance that ratings agency will downgrade one or more currently A-rated club, with several already on negative outlook.

One senior executive at a P&I club, who asked not to be named, said the numbers across the industry suggest it is going to be in for a bit of a shock.

"The past three years have been very bad for the pool. Is this a trend, or is this just a three-year spike? Who knows? But if we have another bad year next year, you're going to see the clubs starting to really struggle."

Dim tanker prospects

New forecasts for the tanker market have done little to lift the mood for the beleaguered sector.

Latest reports by the International Energy Agency and the 23-nation Organisation of the Petroleum Exporting Countries-plus alliance reveal slightly lower expectations for a recovery in the global demand of oil.

There were hopes that global oil demand would bounce back in 2021, but with the coronavirus backdrop lingering in the background, mooted extension of the lockdowns is having an effect on the rate of that recovery.

The IEA estimates crude oil demand will increase by 5.4m barrels per day in 2021, to 96.4m bpd, which is 200,000 barrels short of the forecast it made in the past month.

"A more positive global economic outlook and the start of large-scale vaccination campaigns in much of the developed world will reinforce stronger oil demand growth in the second half of the year," the IEA report said.

While tanker activity rose by 5% month on month in January owing to stronger US crude and product exports and a rise in floating storage, especially Asia, overall activity in tonne-miles transported per day was down by 3% year on year.

Although the global oil supply rose in January by 590,000 bpd in January, to 93.6m bpd, as the supply restrictions by the Opec-plus group of countries eased and other producers also increased output, the IEA warned that in February, global output is set to fall as Saudi Arabia implements its voluntary cut of 1m bpd in February and March.

"Depressed tanker activity reflects Opec-plus production cuts and the particularly deep reduction announced by Saudi Arabia for February and March," the IEA said.

Cooling freight rates

Sky high spot rates have been a firm fixture on container shipping's trunk trades in 2021 so far, but there are finally signs of respite ahead of the post-Chinese New Year period.

The latest Shanghai Containerised Freight Index, forecasting rates for Chinese exports for the coming week, shows spot prices weakening slightly on both the transpacific and Asia-Europe trades.

Spot rates on the China-northern Europe route dropped back 5% to $4,109 per teu, while China-Mediterranean prices fell 1.2% to $4,109. Although rates to the US east coast from China held firm at $4,800 per 40 ft box, US west coast rates slipped 2.6% to $3,969 per feu.

Whether rates will remain on a downward trajectory and to what extent is difficult to judge amid unrelenting demand and container shipping's ongoing equipment shortage.

Eneti sells another five ultramaxes

12 Feb 2021 Anastassios Adamopoulos

Eneti, formerly known as Scorpio Bulkers, is continuing the divestment of its dry bulk assets by selling five more ultramaxes for $88m

ENETI, the successor to Scorpio Bulkers, is selling another five ultramaxes.

The $88m deal sees the continuation of a plan to offload of dry bulk assets in favour of investing in offshore wind.

Eneti said it was selling the Chinese-built ultramaxes to an "unaffiliated third party" but did not disclose its identity.

The five ships are *SBI Thalia*, (IMO: 9704843) and *SBI Athena* (IMO: 970482), both 63,500 dwt and built in 2015, as well as the 62,235 dwt *SBI Perseus* (IMO: 9712151), the 63,650 dwt *SBI Pisces* (IMO: 9721982) and the 63,314 dwt *SBI Hercules* (IMO: 9705342), all of which were built in 2016.

"The transaction remains subject to definitive documentation and delivery of the vessels is expected to take place in the second quarter of 2021," it said.

Scorpio Bulkers began selling its dry bulk vessels at the end of September 2020 at a time when it had 49 wholly-owned or finance-leased dry bulkers. Its most recent deal was the sale of seven vessels to Star Bulk.

The latest agreement to offload the five ultramaxes means that Scorpio Bulkers, now Eneti, has confirmed the sale of 42 of those ships

Company chairman Emanuele Lauro has said it plans to have sold all of its dry bulkers by the end of this month.

Qatar on track to be largest LNG producer by 2030

12 Feb 2021 Eric Watkins

QATAR's recent move to sanction the $30bn North Field Expansion project puts it on track to be the world's largest liquefied natural gas producer by 2030, according to Rystad Energy.

Qatar's liquefaction capacity will rise to 110m tonnes per year, or 18% of the global total, which is for now estimated at 600m tonnes per year at the end of the decade.

Still, even more projects are expected to be sanctioned as LNG demand will grow faster than supply.

Utilisation rates will not necessarily match the producers' capacity in 2030.

A Rystad Energy Report expects Qatar's actual production in 2030 to reach 107m tonnes per year, about 22.5% of the so far sanctioned global supply of 476m tonnes per year at the end of the decade.

The US will likely produce 98m tonnes per year of LNG by 2030, equivalent to a yearly utilisation rate of 91% of its total capacity, while Australia is expected to see a significantly lower utilisation rate, averaging 86% of currently sanctioned capacity, and produce about 76m tonnes in 2030.

Qatar's NFE project makes the Middle East the world's top region for oil and gas project sanctioning in 2021.

Rystad Energy expects rising oil prices to trigger sanctioning of global projects worth about $100bn this year, of which the Middle East is set to contribute almost 40%, or $40bn.

More than 26 Middle Eastern projects worth a total of about $50bn have been delayed over the past year, with NFE making up the lion’s share as it was pushed to 2021.

As the year got under way, the region had projects worth $98bn due for sanctioning from 2021 to 2023.

With NFE now sanctioned, further investment commitments largely depend on developments in the United Arab Emirates, where ADNOC aims to boost oil and gas production capacity and has a $40bn project pipeline till 2025, Rystad said.

In Saudi Arabia, the oil price downcycle has hit ongoing bidding processes and the giant Zuluf oil development, worth $12bn, is expected to be sanctioned in 2023.

Recovering prices are also likely to spur sanctioning activity in other parts of the region, especially in Oman, Iraq and Iran.

Among global LNG producers, Australia currently has the largest operating capacity of 88m tonnes per year but will be surpassed by Qatar and the US in the coming decade as new liquefaction capacity is commissioned.

The only Australian project Rystad expects to reach a final investment decision in 2021 is Woodside’s 4.5m tonnes per year Pluto Train 2 project, which would be developed together with the Scarborough upstream asset.

The US currently has 107m tonnes per year of sanctioned LNG capacity, including 36m tonnes per year under construction.

Capital Maritime ups 13,000 teu boxship orders to 10

11 Feb 2021Nigel Lowry

GREEK shipowner Evangelos Marinakis has doubled down on his latest containership orders as the boxship charter market continues to encourage owners.

His Capital Maritime & Trading, which placed orders for at least four 13,000 teu vessels to be built at Hyundai’s Samho shipyard at the end of the past year, has exercised options for two more sister vessels and has also added another four of similar capacity at Samsung Heavy Industries.

Although the Samsung order was initially for two firm vessels plus two options, these have now been declared, bringing the company’s order book at the two yards to a total of 10 firm vessels.

Lloyd’s List understands that Capital has contractual options for further ships of the same size at both yards.

Separately, the owner has sealed a deal to acquire six 14-year-old panamax containerships on the secondhand market.

The sextet of ships have been under a joint venture between the US-based Apollo Fund and Germany’s Rickmers Group that bought them from Hamburg Süd in 2014.

They are the *Spirit of Auckland* (IMO: 9360752), *Spirit of Hamburg* (IMO: 9391660), *Spirit of Melbourne* (IMO: 9362413), *Spirit of Shanghai* (IMO: 9362401), *Spirit of Singapore* (IMO: 9362396) and *Spirit of Sydney* (IMO: 9391672).

All were built by Daewoo Shipbuilding and Marine Engineering in 2007 and have capacities of 3,752 teu.

They are currently under charter to Maersk with varying durations of six months or more left under the current employment. Delivery of the vessels is said to be imminent.

All 10 of Capital's 13,000 teu newbuildings in South Korea are scheduled for delivery between August 2022 and early in the first quarter of 2023.

Vessels of this size appear to be in increasing demand and industry sources relate that slots for second-half 2023 deliveries at many of the leading shipbuilders are fast disappearing.

Part of the reason why Capital has captured advantageous delivery times for the vessels is that it has been looking into ordering in this segment since about October 2019.

Altogether the series as it stands represents an investment of more than $1bn and some or all the vessels may be considered for drop-down to Nasdaq-listed affiliate Capital Product Partners if sufficiently steady employment is lined up.

The owner also has a reputation for being opportunistic in its outlook and Capital may also consider selling some units if prices continue climbing as they have recently.

All the newbuildings are to be fitted with plugs for 2,200 reefer containers and are said to be hybrid scrubber ready.

Capital is known to have options to configure at least the Hyundai Samho vessels to use liquefied natural gas as a fuel, but it appears that may stay on hold and the owner is leaning towards conventional propulsion.

An insight into why was offered in a recent 2020 results presentation for Capital Product that mentioned the Hyundai Samho newbuildings as potential dropdowns for the public company.

The company disclosed that the ships will be designed to meet Phase 3 of the Energy Efficiency Design Index and will have a number of built-in efficiencies allowing them to achieve a reduction of about 52% in CO_2 energy efficiency per tonne mile, compared with most ships built as recently as 2013-2015.

GALLIPOLI SEAWAYS (Turkey)

Experienced fire on its deck, west of Bozcaada Island, 11 Feb 2021. Extinguished fire on the evening of 11 Feb & the cooling operation completed during the night hours, same day. Stationary at Akcansa port ferry pier, as of 12 Feb.

12 FEB 2021 Istanbul, Feb 12 -- Roll on roll off with container capacity *Gallipoli Seaways* : Fire was extinguished on the evening of Feb 11 and the cooling operation completed during the night hours, same day. A detailed damage survey is under progress. The vessel cargo discharge procedure and voyage plan schedule depend on surveyor initial findings. Coastal Safety tugs standing by at scene for safety reason. The vessel remains stationary at Akcansa port ferry pier, as of 1000 hrs, today. -- Correspondent.

11 FEB 2021 Istanbul, Feb 11 -- Roll on roll off with container capacity *Gallipoli Seaways*: Coastal Safety tugs attended the scene and helped with firefighting operations. Later, the vessel berthed at the Akcansa port ferry terminal, Turkey, under supervision of coastal safety tugs, as of 1730 hrs, local time, today. Firefighting operation are still being carried out by the crew on board and coastal safety tugs. Akcansa port fire brigade teams are standing by. Fire has been controlled and cooling operation are underway. An incident investigation file has been placed by the Harbour Master in order to investigate the cause and to determine the extent of damages. Surveyors and technical experts will be appointed to conduct detailed technical inspections. Statements from the crew will be collected by the Harbour Master incident investigation desk. As of 1800 hrs, today, the stricken vessel emains stationary at Akcansa port ferry pier. -- Correspondent.

11 FEB 2021 Istanbul, Feb 11 -- Roll on roll off with container capacity *Gallipoli Seaways* experienced fire on board, off Bozcaada Island, Turkey, today. Two Costal Safety tugs started spraying water to extinguish the fire. It is unknown whether any one on board were injured. -- Lloyd's Agents (Vitsan Mumessillik ve Musavirlik AS).

11 FEB 2021 Istanbul, Feb 11 -- Roll on roll off with container capacity *Gallipoli Seaways* (26469 gt, built 2001), en route from Tuzla, Turkey to Trieste, Italy in a laden condition with 22 crew members, two passengers, and 220 long trucks onboard, experienced fire on its deck, west of Bozcaada Island, in position lat 39 40 00N, long 025 47 30E, at 1400 hrs, local time, today. Subsequently, an initial fire extinguishing operation was done by the crew and urgent assistance was requested. The coastal Safety tugs and technical team were appointed to provide further assistance. The incident location was declared as a temporarily restricted zone for all types of marine traffic. -- Correspondent.

PAGLIA ORBA (France)

Ran aground & sustained hull breach & propeller damages on 25 Jan 2021. According to Lloyd's List Intelligence AIS, vsl arrival at Port of Bastia 25 Jan left Port 8 Feb. Vsl estimated to arrive at Bizerte 10 Feb.

11 FEB 2021 Kiel, Feb 11 -- Passenger ro/ro *Paglia Orba* (29,718grt, built 1994) which allided with the quay upon its arrival at the port of Bastia on Jan 25, arrived in Bizerte, Tunisia in the morning of Feb 10. It left Bastia on Feb 9 after the first securing work has been carried out in order to plug the breach and secure the shaft and the propeller. The ferry company did not yet know how long the repairs will take and to determine the extent of the work to be carried out. -- Correspondent.

09 FEB 2021 London, Feb 9 -- According to Lloyd's List Intelligence AIS, passenger ro/ro *Paglia Orba* which had allided with the quay upon its arrival at the Port of Bastia, on Jan 25, left the Port on Feb 8. The vessel is estimated to arrive at Bizerte on Feb 10.