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Industry mulls compulsory seafarer vaccination

13 Sep 2021 Michelle Wiese Bockmann

SHIPMANAGERS, owners and flag states are considering compulsory vaccinations for seafarers once global rollouts have given all crew the opportunity to be jabbed against coronavirus.

An estimated 25% of the world's 1.4m crew have been vaccinated while about a third are reluctant, industry representatives told two conferences in London for London International Shipping Week.

The rollout for seafarers has been slow-going and complicated, in part because most are from countries with low vaccination rates or limited vaccine availability, including India and the Philippines.

Others received Sinopharm or Sputnik jabs, developed in China or Russia respectively, which are not recognised by some countries.

The call to consider compulsory vaccination came amid rising concern about the inability of shipowners and crew managers to provide emergency medical care and basic treatment for seafarers because of restrictive quarantine and immigration requirements.

In Asia, seafarers were prevented by some countries from receiving life-saving treatment when they fell ill.

Some had even been forced to sail around with their dead colleague in the ship's cold room, said Phil Belcher from the tanker owners lobby group Intertanko.

Japan, China, the US, Singapore, Australia and New Zealand do not treat vaccinated seafarers differently, Marshall Islands flag registry's director of business operations Theofilos Xenakoudis said at a virtually held seminar covering crew changes.

"Even if we do make it compulsory will that allow seafarers to travel freely, will a (compulsory) vaccination programme open the borders? There is no incentive at the end of the day," he said.

"Things have changed a lot and things are happening very fast and each month is different," said Capt Faouzi Fradi, director of crewing operations for Columbia Ship Management, on the rapid introduction of fresh measures at ports.

Although vaccinating all seafarers may not open borders worldwide, they offered a degree of protection to seafarers becoming very ill, and crew health was the most important consideration, he said.

Some countries already offered free vaccinations to seafarers when they called at those countries, including Norway, Belgium, the Netherlands and the UK.

"It's still a big issue to get crew vaccinated, even when there is a willingness," said Hans Boers, the Netherlands-based director of Boers Crew Services.

If somebody fell ill on a ship with fully vaccinated crew, the likelihood of lighter symptoms meant ships could continue operations, and the risk that all seafarers would be forced to disembark and be replaced was lower, said Capt Fradi.

“This should be a very good motivator to the whole industry and seafarers themselves to get fully vaccinated,” he said. “They know that if even if there is an outbreak on board, they are not going to lose their jobs and have to go back home.

“And there’s also a cost that comes from all the disruption to the operation. The health of the seafarers is the most important. There is no other priority.”

Although crew changes are easier to organise than a year ago, flight costs are more than double or even triple pre-pandemic rates and quotas in some countries, such as Australia and the Philippines, and there is limited availability.

Countries such as Australia were “impossible” to travel to, the conference heard.

Others, including the US, did not allow transits, so flights were only useful if the country was the crew’s final destination.

Problems have now developed repatriating Chinese nationals, who require codes from the embassy to return.

China and countries in the Far East were difficult in relation to organising crew changes Capt Fradi said, while Europe had vastly improved by comparison.

If crew got sick while on board “the whole thing was full of surprises, like you are living in a horror movie, you don’t know when it will end”.

“The whole vaccination discussion is a very delicate issue,” said Mr Xenakoudis. “It is not easy to put a person in this dilemma: Keep your job or lose your job, depending on the vaccine.

“The truth is that we would have a very less destructive travel environment and social environment and business environment if everyone would be vaccinated.

“But I just do not see the governments putting incentives out there, especially for seafarers to get vaccinated.

“Yes, it would save a lot of money for the for the shipping company, it will save lives. I fully agree that the life of the seafarer is a priority.

“For me, it is a very difficult decision to make it compulsory. But I will definitely think on incentives for the vaccinated seafarers versus the non-vaccinated and that is what the regulators should think about.”

‘Green-obsessed' shipping needs strategy overhaul, says Stopford

13 Sep 2021 Anastassios Adamopoulos

MARITIME economist Martin Stopford has urged the shipping industry to work on managing its future challenges across the board and not just try to tackle decarbonisation alone.

“We must not obsess over decarbonisation, which is a goal, but one of many goals,” he said during a presentation at a Capital Link forum.

Rather than targeting decarbonisation in isolation, Dr Stopford, who has previously warned shipping will need over $3trn in decarbonisation investments by 2050, said that the sector needs to focus on developing a better industry through a concentrated strategy.

"I think if we can develop the key element in the industry strategy in a balanced way, decarbonisation will come along with other things," he said, adding that shipping needs an "inning model" comprising four algorithms that address key elements of the business.

These begin with the management of changes in global trade, whose state he expects to be completely different by 2050, underpinned by factors such as climate change, geopolitical developments and broader economic growth trends.

Companies will also have to manage fleet technologies upgrades and the replacement of 100,000 vessels over the next few decades, Dr Stopford said.

He sees radical fleet changes happening in waves, with diesel ships dominating the fleet make-up into the mid-2030s, while gas-powered and hybrid ships beginning to claim a notable share from just after 2030.

From 2035 onwards zero-carbon ships rapidly raise their stake in the global fleet, according to Dr Stopford's modelling.

He stressed that given the prevalence of diesel-built ships for more than a decade and the resulting emissions, the industry must aim today to improve the existing fleet.

Likewise, shipping will have to better manage the overall fleet performance, a process that covers the different stops in the value chain; the industry will need protocols to standardise systems, for example.

Finally, the sector needs to evolve its corporate governance to give people the information, skills and authority to work better, he said.

"My concern is that the companies that we have today were not really designed for this purpose."

Mangrove cashes in with $242m boxship sale to MSC

13 Sep 2021 Michelle Wiese Bockmann

MANGROVE Partners has cashed in an investment in four boxships, selling the panamax vessels to Swiss container line company MSC for $242m, shipbroker reports show.

The purchases are the latest tracked by MSC as the container continues its multibillion-dollar spending spree on tonnage.

The enbloc sale adds to the 90 ships already bought by the world's second-largest container line company over the past 12 months, based on data compiled by Lloyd's List.

MSC bought *MP The Brady* (IMO: 9289972), *MP The Edelman* (IMO: 9287924), *MP The Gronk* (IMO: 9289960) and *MP The Belichick* (IMO: 9317937) from the US investment fund, which acquired the 2006 and 2005-built ships from Rickmers Reederei in August 2017, Lloyd's List Intelligence data show.

The vessels' value has accumulated sharply over the past five years; two years ago, the ships would be worth little more than scrap. Now, despite their age, values in the sought-after panamax sector have more than doubled in less than two years.

Mangrove Partners owns another three boxships of similar age and capacity — *MP The Brown* (IMO: 9403396), *MP The McGinest* (IMO: 9442172) and *MP The Law*(IMO: 9401776) — and has four capesize vessels on order, according to Lloyd's List Intelligence databases.

Mount Street Group, a UK-based investment and management company, has reportedly bought its second boxship from Bremen-based Zeaborn in as many months, paying around $43.5m for a 19-year-old vessel with 5,762 teu capacity.

Shipbrokers reported the sale of the *E.R. Sweden* (IMO: 9231262) — at a price more than double its value less than a year ago — as the red hot second-hand containership market showed little signs of cooling.

Mount Street recently bought the sister vessel *E.R. Denmark* (IMO: 9231250), according to shipbroker reports. The group, which has offices in Germany and specialises in credit, structured and asset-backed finance, bought both vessels from Zeaborn, which beneficially owns some 15 ships, data show.

Mount Street had in inauspicious investment in product tanker ownership when it became involved with handysize product tanker *Banyan Pride* (IMO: 9223265) in a sale and leaseback deal announced in May 2020, just months before the market collapsed.

Underscoring the record-breaking second-hand values are timecharter rates for boxships, which have gained for 61 consecutive weeks, investment bank Jefferies shipping analyst Randy Giveans told a Baltic Exchange seminar.

Rates would continue their "remarkable ride" through the rest of 2021 and into 2022, he said.

That longevity is reflected the charter rates agreed for periods well into 2022, with $40,000 daily agreed for 58 to 60 months by Unifeeder's Feedertech group for the 2008-built *Northern Guard* (IMO: 9348455), a 4,319 teu ship owned by Norddeutsche Vermogen.

Last week, another 4,253 teu vessel grabbed headlines after Singaporean freight and logistics company Vasi Shipping paid $200,000 daily for the vessel *Synergy Oakland* (IMO: 9450583) for up to three months. The charter begins in mid-October.

Tax changes required to lure shipowners back to UK flag

13 Sep 2021 Janet Porter

TAX incentives will be required to win back tonnage that left the UK flag because of Britain's departure from the European Union, the Maritime and Coastguard Agency has acknowledged.

Katy Ware, director of UK maritime services at the MCA and the UK's permanent representative at the International Maritime Organization, said on Monday that the fiscal situation was one of the biggest challenges faced by the UK Ship Register, which lost a great deal of business as a result of Britain leaving the EU, and the consequent double taxation threat.

Speaking on the opening morning of London International Shipping Week, Ms Ware said the flag had taken “a big hit” because of Brexit, with tonnage tumbling to about 10.6m gt. At LISW four years ago, the government had confirmed a target to almost double the size of the flag from around 16m gt to 30m gt.

Ms Ware said there had been some small recovery this year, “so I think we are over the EU hurdle”.

Nevertheless, “there is no doubt that to attract those people back, there have to be fiscal opportunities, we can’t shy away from that,” she added. That is the largest barrier to growth.

Fiscal options are being reviewed but the final decision rests with HM Treasury, she said.

One of the high-profile owners that reflagged ships because of Brexit was Grimaldi, which moved ships of its Atlantic Container Line subsidiary to the Malta register. That reflected the fact that ACL is a Swedish company and under EU rules, would have faced a double tax bill without a UK-EU treaty. But co-owner Emanuele Grimaldi made it clear at the time that he held the UK flag in high regard and would like to return if fiscal penalties were removed.

In the meantime, the UK’s goal is to remain the best-performing flag,

“That doesn’t mean being at the top of all league tables, but is about adding value to customers,” said Ms Ware.

In future as the shipping industry faces some huge challenges led by decarbonisation, “I believe the choice of flag is not always going to be about the price tag but the value the flag can add to shipowners’ businesses in making strategic decisions”.

The MCA also swung into action to support the cruise industry, which was brought to a standstill by Covid-19.

At its height, 32 cruiseships spent an average of 12 weeks in UK ports as over 13,000 crew from 112 countries had to be repatriated. No vessel was every turned away from the UK. Yet of those 32 cruiseships, only 11 were on the UK register.

“So in a time of crisis, the UK flag effectively became flag blind for cruiseships and supported everybody for the sake of the seafarers,” Ms Ware noted.

She pointed out that the UK was the first country in world to grant key worker status to seafarers during the pandemic.

Ship queues in US at record high as berth waiting times lengthen

13 Sep 2021 Janet Porter

US PORT congestion has scaled new heights in key hotspots, placing global supply chains under even more pressure.

The number of containerships in the ports of Los Angeles and Long Beach, and at anchor in San Pedro Bay waiting to berth, reached record highs over the weekend.

Delays and disruption are being experienced at nearly every port along the North America west, east and Gulf coasts.

The unprecedented number of ships caught up in logjams is effectively reducing capacity, one of the factors behind the massive spike in freight rates as shippers scramble to book space during what is traditionally the busiest time of year for container shipping.

The peak period, which usually runs from about mid-July to late September, is when merchandise is shipped from Asia to North America and Europe for the Thanksgiving and Christmas shopping seasons.

Shipping patterns have been distorted this year by the increase in retail spending during lockdowns and other restrictions, plus local port disruptions associated with the pandemic.

The number of ships of all types at the adjacent ports of Los Angeles and Long Beach climbed to 134 on September 10, according to the Marine Exchange of Southern California.

That compares with a previous record of 129 set in late August. Of those, containerships accounted for 86, breaking the previous all-time high of 79 just a few days earlier.

Another 55 boxships were at anchor or in drift areas, surpassing the former peak of 49 on September 9.

But nearly all North American ports are struggling to cope with the wave of inbound cargo, with Kuehne+Nagel's Seaexplorer reporting heavily disrupted operations at both coastal ports and inland distribution centres.

In Seattle, for example, ship waiting times of between 10 and 12 days are being experienced, while average waiting times of around four days have been reported at Canada's Prince Rupert.

For Oakland, the figure is four to six days, while ports on the other side of the country are suffering similar jams. One of the least congested appears to be Norfolk.

The Marine Exchange said over the weekend a "huge" 56 vessels were scheduled to arrive over the coming three days, which is 19 more than the "normal" level that would have been expected in pre-pandemic days. Containerships account for 22 of the new arrivals, which is also above normal.

Some of the biggest ships at anchor outside Los Angeles/Long Beach include the 14,000 teu *ONE Eagle* (IMO: 9741396) that has been waiting since August 28 and the 13,000 teu *Maersk Elba* (IMO: 9458078), while the 14,000 teu *APL Raffles* (IMO: 9631979) was among those that berthed on Sunday after spending time in the anchorage.

The ship that has been waiting the longest is the 1,700 teu *A Fuji* (IMO: 9833383),which has been waiting to berth since August 23.

Some container lines, led by CMA CGM, said in the past week that they would put a cap on freight rates as cargo interests struggle with rocketing price rises.

Time to order tanker newbuilds?

13 Sep 2021 Cichen Shen

THE timing may be right now for shipowners to order new tankers, according to Gibson Shipbrokers.

While newbuilding prices remain at high levels, the freight markets are likely to have turned the corner and bring decent earnings when the ships are delivered, the brokerage forecast in a report.

Since December of the past year, costs of ordering a new tanker have climbed by around 15%-25%, depending on the vessel segments.

Shipbuilders in China, for example, now offer about $98.5m for contracting a very large crude carrier compared with $82.6m at end-2020, according to China Newbuilding Price Index, which tracks ship prices at domestic yards based on inputs from 21 broking houses.

But the markups have neither been driven by lucrative tanker rates, nor by strong appetite for the type of fresh tonnage.

The doldrums in freight markets, caused by a pandemic-led oil demand collapse, has led to tepid ordering activities this year.

As of August 1, the number of tanker vessels of 25,000 dwt or above ordered in 2021 account for less a quarter of the sum for 2020, according to Lloyd's List Intelligence data. That ratio for crude tanker is just 16%.

The real culprit behind the price hike was the yard slot shortage resulting from the order spree in containerships and dry bulkers as well as the surge in costs of raw materials, especially steel plates.

And it seems that both factors will continue to play their role in the foreseeable future.

"Intense ordering activity in other shipping segments means that yards are under no pressure to reduce their prices in the short term," said Gibson.

"Steel prices may continue to be supported by robust demand from the construction and manufacturing sectors powered by various fiscal stimulus programs designed to aid the recovery from the pandemic, while governments are also under little pressure to ease inflationary concerns."

Gibson suggested that owners who want to order should perhaps wait no more, as it expects a market recovery to await the delivery in 2024 and onwards.

On the vessel supply side, crude tankers' orderbook-to-fleet ratio currently stand around 10%--a healthy level, while that of product tankers is even lower, it said.

"As ageing tankers on average consume around 20-25% more bunker fuel than the latest designs, the approaching [International Maritime Organization's Energy Efficiency Existing Ship Index and Carbon Intensity Indicators] will only speed up the removal of the least completive and least efficient tankers."

The two requirements, which will come into effect in 2023, are part of the short-term measures passed by the United Nations agency tasked to decarbonise the shipping sector.

Lloyd's List Intelligence data shows that crude tankers and product tankers of 15 years old or above make up make up 29% and 21%, respectively, of their total existing fleet.

Moreover, the slack oil demand will pick up again as the pandemic will end.

"As the world eventually recovers from the pandemic and with so many candidates to scrap, the newbuilding market which offers a benefit of delayed delivery is perhaps not a bad option after all, despite higher yard prices." said Gibson.

However, some of its peers have expressed doubts over how long the uptrend of newbuilding prices can last.

With the slowing Chinese economic recovery and the rising inflation concerns that is pushing the Federal Reserve to scale back its easy money policies, commodities prices have already fallen, a CNPI member broker pointed out.

Price for iron ore, for instance, has slid to just about $130m per tonne from its peak in mid-July of $210.

“Does it mean the latest wave of cost-driven surge in ship price has started to reach a tipping point?” the broker said.

Port operations in Shanghai and Ningbo halted by Typhoon Chanthu

13 Sep 2021 Cichen Shen

PORTS in Shanghai and Ningbo, the world’s largest and third-largest container hubs, have closed for the second time due to the impact of a typhoon this summer.

China’s National Meteorological Centre has issued an orange alert, the second-most serious level, for the Typhoon Chanthu, which is expected to make landfall in the Zhoushan Archipelago, Zhejiang province on Monday with strong gales and heavy rainfall.

Terminal operators at the nearby Yangshan Deepwater Port, which accounts for about 45% of Shanghai’s throughput, have suspended all box pickup and delivery operations from September 13.

The two main port areas, Waigaoqiao and Wusong, will halt the entry and exit of containers at the same time.

Storage yards were also closed.

At the major terminals in Ningbo —including Ningbo Beilun Container Terminals, Daxie China Merchants International Terminal and Meishan Container Terminal —closer to the landfall point, operations are being phased out at an earlier time from September 12.

The suspension is similar to the suspension hen Typhoon In-fa hit the two Chinese gateway ports in July.

Shanghai and Ningbo are no stranger to the visits of typhoons each year, which normally leads to some delays to vessel schedules.

The disruption this year, however, has rubbed salt into the wound of an already badly stretched global supply chain, with unprecedented port congestion and logistics bottlenecks triggered by the coronavirus pandemic.

The Meishan container hub, for example, had been shut down fore more than two weeks after a dock worker tested positive for coronavirus in the past month.

According to Lloyd’s List Intelligence data, there were already 86 containerships at anchor off Shanghai and Ningbo as of Friday before the closure and a further 55 off the US ports of Long Beach and Los Angeles.

The boxships waiting to load in waters off the two Chinese gateway ports total nearly 385,700 teu, with similar capacities waiting to discharge off the two ports on the US west coast — suggesting more than 3% of the fleet capacity is tied up at these two destinations.

UK calls for zero global shipping emissions by 2050

13 Sep 2021 Declan Bush

THE BRITISH government has called for shipping to cut its emissions to zero by 2050.

Transport secretary Grant Shapps announced the UK would support the climate target at the start of London International Shipping Week today.

"As a maritime nation with a rich history, and host of COP26 [the United Nations Climate Change Conference of the Parties] this year, we are proud to be at the forefront of the greener era for maritime, charting an international course for the future of clean shipping," Mr Shapps said, referring to the UN climate meeting in November.

Mr Shapps said there could be zero-emission commercial vessels in UK waters by 2025 and green Channel crossings within a decade.

"Taking action now allows us to lead the charge on this global shift, creating highly-skilled jobs for British workers and shaping the landscape for what clean shipping and trade will look like for future generations," he said.

The target is far more ambitious than the International Maritime Organization's current one, to halve emissions by 2050 from 2008 levels.

But it is not new. US President Joe Biden made the same point in April, while the Pacific islands of Kiribati, the Marshall Islands, and the Solomon Islands demanded the same target of shipping back in August.

Adopting the target would require the agreement of the IMO's 174 member states. The IMO is due to review its greenhouse gas strategy in 2023.

Tristan Smith, of the UCL Energy Institute, told Lloyd's List the only chance to align the IMO with the ambition to limit global warming to 1.5C was to make the commitment sooner.

He said several countries had made a submission to the Marine Environment Protection Committee's 77th meeting to do just that and the UK should support them.

"Grant Shapps missed an opportunity to express specific support for this, and a much stronger and more meaningful signal than something which instead just sounds like posturing," he said.

"Countries need to work together, developed countries like the UK and US need to support those without the capacity to present a unified voice on this – not sound like they're trying to steal their thunder."

But Dr Smith said adoption of a zero-emissions-by-2050 target at MEPC 77 was appropriate, possible, and should be likely, if the UK and other countries put their diplomatic weight behind it.

"A strong outcome of COP will place a lot of pressure on IMO, given the weak outcome at MEPC 76 and the questions this asks of that organisation," he said.

“After a strong COP 26, including criticism of shipping/IMO’s efforts, it would look very odd for the IMO to reject the resolution proposal and say ‘no, we won’t go to zero by 2050’, given how clearly the United Nations Framework Convention on Climate Change is expressing this needs to be a whole-economy objective.”

The UK Chamber of Shipping separately said it backed a target of net-zero emissions by 2050.

“With COP26 only a short time away, the world needs to come together and deliver real change for the future of our planet,” said Chamber chief executive Bob Sanguinetti.

“We can’t kick the can down the road anymore.”