

## Thursday 18 February 2021 Lloyds List

### Another Maersk boxship loses containers in north Pacific storm

17 Feb 2021 James Baker

WEATHER conditions in the north Pacific have led to another Maersk containership losing containers overboard.

The 2010-built, 13,000 teu *Maersk Eindhoven* (IMO9456771) suffered from an engine stop in “harsh weather near Japan, while en route from Xiamen to Los Angeles, Maersk said in a customer advisory.

“Our preliminary reports indicate that a number of containers have been lost overboard,” the company said.

“Unfortunately, we do not yet have the visibility into which of our customers’ containers have been lost or damaged. We are awaiting further updates from the vessel regarding potentially lost or damaged containers and will share the details once available.”

All crew members were reported to be safe and the ship’s propulsion had been restored, it added.

Maersk said it was assessing the nearest suitable port options in Asia to berth the vessel.

Another of the Danish carrier’s vessels, the 13,000 teu *Maersk Essen* (IMO9456783) suffered a similar fate last month and was reported to have lost 750 containers overboard while sailing eastbound north of Hawaii.

Due to congestion at Los Angeles, where it was destined, the ship was redirected to Lazaro Cardenas, Mexico, due to the need for a “lengthy stay” at port to remove damaged containers and repair the ship.

Ocean Network Express’s *ONE Apus* (IMO9806079) late last year recorded the worst loss of containers from a north Pacific weather-related incident, when 1,900 containers were lost overboard.

From gCaptain

### More Cargo Loss for Transpacific as Maersk Ship Loses Hundreds of Containers in Storm

February 18, 2021 A Maersk Line containership has lost a significant number of containers overboard while en route from China to Los Angeles, the latest in series of container loss incidents to hit the trans-pacific trade.

Maersk confirms that *Maersk Eindhoven* experienced an engine failure in severe weather off the coast of Japan on February 17, resulting in a number of containers being lost overboard. The ship was underway from Xiamen, China, to Los Angeles, California at the time.

The company's partner in the 2M Alliance, MSC, reports that preliminary information from Maersk indicates that several hundred containers may have gone overboard.

An update from Maersk said the ship lost **260** containers overboard.

*Maersk Eindhoven's* crew is reported safe and power has been restored to the vessel. Meanwhile, Maersk said it is working to make arrangements for the vessel to return to a port in Asia, the details of which are yet to be determined, including timing and location.

"Our preliminary reports indicate that a number of containers have been lost overboard," Maersk said in a statement. "Unfortunately, we do not yet have the visibility into which of our customers' containers have been lost or damaged. We are awaiting further updates from the vessel regarding potentially lost or damaged containers and will share the details once available."

The *Maersk Eindhoven* incident is the latest in a growing container loss incidents to take place in the trans-Pacific trade since early November ( (*One Aquila, One Apus, Ever Liberal , Maersk Essen, MSC Aries*), the most severe being the loss of nearly 2,000 containers from the *ONE Apus* on November 30. It also comes just a little over a month after the *Maersk Essen* lost some 750 containers as it was also underway from Xiamen to Los Angeles.

Similar to the *Maersk Essen, Maersk Eindhoven* is also deployed on Maersk's TP6 loop and MSC's Pearl service.

By our count, the string of incidents this season has resulted in nearly 3,000 containers lost overboard, more than double the yearly average number of containers lost.

According to the World Shipping Council, an average of 1,382 containers have been lost at sea each year since 2008, however the actual number each year can be vary greatly because of major incidents where a large number of containers are lost in a single event – like the *One Apus, El Faro* (2015), *MOL Comfort* (2013), *Rena* (2011), etc.

The Danish-flagged MV *Maersk Eindhoven* was built in 2010 and has a carrying capacity of 13,100 TEUs, which is similar in size to the other ships that have suffered container loss incidents in recent months.

"We continue to take the situation very seriously and are in the process of conducting an investigation of the incident. Preliminary findings indicate that an engine stop and loss of maneuvering in rough seas led to severe rolling as the reason for the accident," Maersk said in its update.

## **Covid-19 takes its toll as oil majors post record losses in 2020**

18 Feb 2021 Eric Watkins

THE downturn brought by the Covid-19 pandemic and the accelerating energy transition has created a new reality for the world's oil and gas industry, whose production will peak lower and earlier than expected, according to Rystad Energy.

The five integrated supermajors – ExxonMobil, BP, Shell, Chevron, and Total – posted a combined record loss of \$76bn in 2020.

Most of the loss, \$69bn, can be attributed to asset impairments and write-offs as the supermajors re-evaluated strategy to become less dependent on petroleum.

Their combined oil and gas output dropped by nearly 5% in 2020 from the year before, or 900,000 barrels of oil equivalent per day.

Lower emission targets and demand for cleaner energy have significantly impacted the long-term production outlook for the supermajors.

Rystad Energy forecasts that their net production will be around 17.5m boepd in 2025 and peak at around 18m boepd in 2028, based on latest revisions.

For context, internal forecasts in February 2020 — before the Covid-19 shockwave – stood at 19m boepd for 2025 and 20m boepd in 2028.

“Last year has certainly tested oil and gas majors like never before. Some recovery can be expected in the near future as demand rebounds and oil prices cross the \$60 mark,” Rystad Energy upstream analyst Rahul Choudhary said.

However, Mr Choudhary added that the key to success for the five majors over the next decade will be “to strengthen their business in more resilient regions, restructure and resize to match the market needs, and pay back their high debt levels.”

The majors’ net income declined sharply last year as low oil prices, OPEC production cuts, collapsing refining margins and weak chemical margins left no business segments unscathed.

The five majors reported net losses in 2020 with ExxonMobil reporting the largest at \$22.4bn, followed by Shell and BP which also incurred losses of more than \$20bn. Total and Chevron fared better, reporting net losses of \$5bn to \$6bn.

Before Covid-19 and the price crash, most companies assumed an oil price of \$70 to \$80 per barrel, which allowed them to pursue higher-cost projects.

After the price slump and with continued uncertainty around future oil demand, companies have reduced price assumptions to \$55 to \$70 per barrel, making high-cost projects unviable.

European majors Shell and BP accounted for the largest year-on-year drop in production with about 300,000 boepd each, while ExxonMobil and Total cut production by 200,000 boepd and 150,000 boepd, respectively.

Chevron was the only major to increase its production in 2020, largely due to its \$13b acquisition of Noble Energy that partially offset the production curtailments.

At the end of the year, total spending cuts stood at \$26bn, or 32% of the five majors' initially announced guidance.

Most of the capex cuts relate to greenfield development projects as the majors wait for a recovery in prices and demand before moving ahead with new projects.

Rystad Energy estimates that the five majors approved \$30bn less in greenfield investment in 2020 than they did the year before — a 90% decline.

## **World boxship fleet update: Tonnage providers return to yards**

18 Feb 2021 James Baker

CONTAINERSHIP tonnage suppliers are making a foray back into the boxship newbuilding market as the historically low orderbook begins to look attractive again.

Figures from Lloyd's List Intelligence put the aggregate capacity of the global fleet at 23.1m teu at the end of January, up a mere 64,000 teu on where it stood at the end of 2020.

And with only 2.4m teu on order, the ratio of orders to the existing fleet is just 10.6%.

That may seem like a large amount of capacity, but it needs to be seen in the context of demand. The past year, which has seen the worst economic conditions since the global financial crisis in 2008-2009, led to a fall in containerised volumes of just 1.2%.

Recent carrier results and forecasts indicate that there is unlikely to be any significant slowdown in demand in the near future and they have already utilised nearly every ship on the water. Lay up figures recorded by Lloyd's List Intelligence put the amount of capacity sitting idle at just 1.4% of the fleet.

Against that supply and demand background, it is unsurprising that carriers would start to return to the yards in search of more capacity.

But it is not only the carriers buying on their own books.

Recent orders and announcements have seen tonnage providers moving back into the market, particularly when those orders can be backed by long-term charters.

It emerged earlier this week that Seaspan had ordered 10 15,000 teu dual-fuel liquefied natural gas containership newbuildings at Samsung Heavy Industries on the back of a 12-year charter with Zim.

This is Seaspan's first investment in LNG-powered containerships. The deal value was not disclosed but Samsung said it had signed a deal to build five vessels worth Won781bn (\$707m).

Separately, Seaspan has also been linked to a deal with Yangzijiang Shipbuilding that includes two of a four-ship 24,000 teu order, with China's CDB Financial Leasing taking the other pair.

Although it has not been confirmed, sources close to the deal pointed to Geneva-headquartered Mediterranean Shipping Co as the vessel charterer. The carrier ordered a similar sextet financed by Chinese lessors in the past year.

But it is not just charter-linked ships that are being ordered.

Greece-based owner Minerva Marine is understood to be behind a pair of 13,000 teu newbuildings from Samsung Heavy Industries, which are thought to be options taken out by the owner

And compatriot owner Capital Maritime has also exercised options for two more 13,000 teu ships.

Lloyd's List understands that Capital has contractual options for further ships of the same size.

In a recent webinar, Jerry Kalogiratos, chief executive of Capital's New York-listed affiliate Capital Product Partners, said the market had reacted reasonably to the current crisis.

"We have seen the orderbook move from historical lows of 8% to 10%, which is a very small increase and a reasonable orderbook historically speaking," he said.

The majority of those orders had been ultra-large containerships ordered by container line companies.

MPC Container Ships chief executive Constantin Baack also pointed to the size range of ships ordered to date as another reason to be positive about the orderbook.

"We need order when we look at the supply and demand situation," he said. "We will see demand growth and the orderbook has been increasing, but between 1,000 teu and 10,000 teu there is negative growth."

With the slow lead time of shipbuilding, however, this was not likely to be resolved soon, but non-operating owners would do well out of the shortage of capacity in the meantime, said Euroseas chairman Aristides Pittas.

"One thing that has happened is that we do not have enough ships for the current situation," Mr Pittas said.

"Supply for at least the next two years is constrained. Growth at just 10% of the fleet is not that much with scrapping and slippage factored in. If demand develops as people expect, we should be in for a couple of good years."

TEU Size Range	In Service No	In Service 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	2,901	4,148,376	212	363,161	35	64,006	248	427,167	10.3%
3,000-4,999	793	3,255,421	16	56,484	0	0	16	56,484	1.7%
5,000-10,999	1,102	8,281,281	8	43,600	2	12,000	10	55,600	0.7%
11,000-13,999	227	2,881,674	33	388,970	2	23,700	35	412,670	14.3%
14,000-17,999	136	1,997,155	26	393,056	19	281,940	45	674,996	33.8%
18,000+	129	2,614,282	19	422,030	18	417,064	37	839,094	32.1%

TEU Size Range	In Service No	In Service TEU	On Order 2021 No	On Order 2021 TEU	On Order 2022 + No	On Order 2022 + TEU	Total No	Total TEU	%Total Fleet
Total	5,288	23,178,189	314	1,667,301	76	798,710	391	2,466,011	1

## Firefighting standards are not fit for the age of ultra-large containerships

17 Feb 2021 James Baker

FIRES on containerships are often significant events that fall well outside the experience and ability of ships' crews to fight them, calling into question the standards of training offered to crew.

Speaking in a webinar, Nick Haslam, principal master mariner at marine consultants Brookes Bell, warned that requirements for firefighting training established in the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers was insufficient to meet the requirements of modern ultra-large containerships.

"Fires may often involve significant quantities of chemicals, often highly reactive with high risk of explosion," Mr Haslam said.

"The use of simple fire hoses and jets in such cases may prove to be ineffective in nature and may place the seafarers at significant risk. The skills required for specialist firefighting fall outside of the STCW basic training requirement."

The problem was compounded by the nature of the materials that can potentially cause and fuel a fire.

Not only were there declared dangerous goods on board, but there was a risk of misdeclared or undeclared dangerous goods, which in some circumstances could be aggravated by normal firefighting processes.

But even without these, containerised cargoes were often both flammable and toxic.

"The majority of containers carried aboard a ULC are not classed as DG, however they may pose a similar threat in terms of firefighting," Mr Haslam said.

"The volumes of plastics and other combustible material is significant. The process of combustion often produces extremely toxic gasses which may pose a significant threat to those boarding a casualty even after the fire is extinguished."

The exponential growth in boxship sizes, which has seen container carrying capacity almost double in the past decade alone, had made firefighting even more difficult, particularly when trying to access and control a fire in a particular container before it can spread.

"Containers may now be stored 11 high below and above deck and 23 rows across," Mr Haslam said. "Access to specific containers is seriously hampered and accessing a particular container would be dangerous and time consuming."

But despite the increase in size, with few exceptions, containerships of any size are treated the same way under the Safety of Life at Sea Convention.

“There is little to differentiate the Solas requirements of a 10,000 dwt general cargoship and a 24,000 teu ULC, capable of carrying significant quantities of highly volatile cargo,” Mr Haslam said.

“Given the very significant growth of container capacity on modern ULCs, and despite the numerous amendments to Solas and STCW, it may be questionable whether the standards have kept pace with this growth.”

While a ULC could carry 20,000 tonnes of mixed chemicals as part of their everyday cargo, seafarers on board were only required to undertake basic firefighting training.

“If this is compared to a 20,000 dwt chemtanker, where the training requirements are higher and are specific to that type of vessel due to the potential nature of the cargo on board, it may be seen that, despite similar cargo carrying capacity, the standards of training differ significantly,” Mr Haslam said.

“Given that history has shown us what can happen on containerships, is it not time that the construction of these vessels and the training of their crews is revised to reflect the devastating nature of these fires?”

### **WAKASHIO (Panama)**

Ran aground 2 NM SE of Mauritius, 25 Jul 2020. The dismantling of the stern of vsl has finally kicked off in Pointe d’Esny, Mauritius, on 15 Feb 2021. The parts will be transported to Port-Louis’ harbour.

18 FEB 2021 London, Feb 18 -- A press report, dated Feb 14, states: On Feb 17, the Chinese crane barge *Hong Bang 6* moored near the stern of bulk carrier *Wakashio*, on the reefs of Pointe-d’Esny for dismantling the 7500-ton stern. Three tugs were deployed for this operation. About 50 salvage workers have been dispatched for this operation which should last three months and was carried out by the Chinese firm Lianyungang Dali Underwater Engineering. The Ministry of the Environment was planning daily monitoring and report to ensure the protection of the marine environment during this operation.

17 FEB 2021 London, Feb 17 -- A press report, dated today, states: Six months after scuttling the bow of bulk carrier *Wakashio*, the dismantling of the stern has finally kicked off in Pointe d’Esny, Mauritius. The parts will be transported on a special barge to Port-Louis’ harbour before being handed over to a local scrap metal recycling specialist. The operation kicked into gear on Monday with experts from the Chinese company Lianyungang Dali Underwater Engineering on-site for the dismantling of the 75-metre bow of *Wakashio*, which has been stuck on the reef since last July. The operation, which is expected to be completed by the end of March depending on weather conditions.

16 FEB 2021 London, Feb 16 -- A press report, dated today, states: Salvage operations to remove the stern of bulk carrier *Wakashio*, which had run aground off Mauritius on Jul 25, 2020, got underway this week. The delicate operation to remove the stern from a coral reef is being undertaken by a Chinese salvage firm, Lianyungang Dali Underwater Engineering, who have deployed a crane barge *Hong Bang 6*, to move it. In the meanwhile, the vessel’s captain is reappearing in court today. His chief officer had told the court last week that the Master had diverted the ship’s course to get closer to the Mauritian coastline, in search of a

WiFi internet connection, something he did regularly around the world. After the grounding, the bulk carrier spilled about 1,000 tonnes of bunker fuel, resulting in the worst ecological disaster Mauritius had experienced. *Wakashio* subsequently split into two.

15 FEB 2021 Kiel, Feb 15 -- Bulk carrier *Wakashio* : Chinese crane barge *Hong Bang 6* of the salvors Lianyungang Dali Underwater Engineering Co. Ltd. sailed from Port-Louis today, en route to the location of bulk carrier *Wakashio* , whose stern is still embedded on the reefs of Pointe-d'Esny. It will be anchored next to the stern and will need to be stabilized before the operation can begin. It was feared that the coral reef would suffer enormous damage, as the barge will have to be resting on the reefs. However, in the international tender, the emphasis was on protecting the environment and that the successful bidder should take important precautions to avoid further pollution or damage to the coral reef. However, the way the stern of *Wakashio* has sunk into the reef indicated that further ecological damage cannot be completely avoided, when the structure is dismantled. The other difficulty Chinese salvors might encounter is that the wreckage is in an exposed area. As a result, sea and weather conditions could delay the progress of the operation. Polyeco, with its specialized marine pollution control equipment, will assist during the dismantling. Anti-pollution booms will be placed to prevent any spillage. The Chinese salvors have time until April to dismantle the stern of the bulk carrier. -- Correspondent.