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HSH fire sale sees owners pick up trading vessels for scrap prices

by David Osler

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Bargain basement deals may delay recovery, rivals fear

HSH Nordbank was until 2014 the world's biggest lender to shipping.

HSH Nordbank has in recent weeks sold off, at little above scrap value, more than a dozen vessels with potentially a decade or more of trading life left in them, Hamburg sources have pointed out.

While the move may make sense in clearing the decks of non-performing loans ahead of the Brussels-mandated deadline for the bank to be privatised by next year, critics maintain it hampers recovery for the smaller boxship sector as a whole, by failing to address the current crippling supply/demand imbalance.

In particular, they point the finger at two recent transactions, namely the disposal of nine former Rickmers Maritime Trust vessels to Navios Maritime Containers earlier this month, and the recent sale of four vessels associated with ALM, HSH's warehousing platform.

Together, the ex-RMT units — which ranged between 3,450 teu and 4,250 teu, and were all built in the mid-2000s — fetched $59m from the Greek buyer, which has built a strong relationship with HSH in recent years.

At that level, it is estimated that the consideration recouped fractionally more than 12% of what was owed to a syndicate of banks led by HSH.

But at the $390 per tonne price available from scrap yards at the time, a back-of-an-envelope calculation suggests that the vessels would have made $56m from breakers, yielding a modest premium of $330,000 per ship.

Scrap prices have since risen, and as of last week, they would probably have been worth $60m as scrap.

As a footnote here, a further six RMT vessels went to Navios at a more substantial price, given that they came with long-term charter backer.

The entire sale was always controversial, with other RMT creditors at one stage threatening legal action to scupper the deal.

Meanwhile, brokers' reports suggest that four warehoused 5,000 teu vessels of similar vintage — *ALM Wodonga*, *ALM Crystal*, *ALM Zurich* and *ALM Vietnam* — were sold last month for $30.8m, again more or less the scrap rate when the deal was done.

Of course, no owner can be blamed for buying ships at advantageous prices. Indeed, this is precisely the sort of savvy asset play for which Greek owners are justly famed.

And HSH Nordbank, until 2014 the world's biggest lender to shipping, may also have sound reasons for the transactions, with the European Union demanding privatisation by early next year as quid pro quo for a massive regional government bailout.

One justification might be that guaranteed sales, with money on the table, were preferable to hawking the vessels around breakers' yards, which may have driven a hard bargain given the fire sale conditions.

But the bank's policy towards shipping debt has attracted considerable stick in its home town, after hundreds of millions of dollars of debt forgiveness were extended to the likes of Columbia Shipmanagement parent Schoeller Holdings and Bernd Kortüm's Norddeutsche Vermögen Holding in the past year.

At the time of writing, HSH had not responded to a request for comment from Lloyd's List. Nevertheless, its moves have left some Hamburg players unhappy.

"With the big German banks having huge exposure in this segment of the container market, it is surprising and annoying to see that there doesn't seem to be any strategy from a portfolio point of view," commented one medium-weight shipowner.

Navios representatives were not immediately available for comment.

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Private equity dabbles in dry bulk again

by Nidaa Bakhsh

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A rosy outlook for a dry bulk recovery and the opportunity to buy distressed loan portfolios lures funds back

Some argue that private equity mentality being aggressive does not meld well with the traditional shipowner model

PRIVATE equity and hedge funds are dabbling in dry bulk again, hoping for double-digit returns in a relatively short space of time.

The interest comes on the back of a promising outlook for a sector that is getting back on its feet, combined with the opportunity to acquire loans at a discount from banks looking to exit the space.

"Private equity may get double-digit returns in a relatively short space of time as they get huge discounts for taking over the loans," said an industry

participant.
“It is not just private equity, but other investors that are getting back into shipping because of the limited ordering amidst strong demand,” said Clarksons Platou equity analyst Herman Hildan, adding that there were good reasons for why investors were getting back into the space.
Other market participants echoed the views, even outgoing ones.
Rory Hussey, who covered shipping at Citi and most recently ING before deciding to retire, said there was a difference in what lenders were looking for this time.
“Last time they were looking at newbuildings, which was not what the industry needed,” he said in July. This time round, they’re investing in companies or loan portfolios, which is “a more intelligent way of doing things.”
Nord/LB shipping analyst Thomas Wybierek said there was a lot of money available to shipping, including in the form of private equity, investors in Scandinavia, Chinese leasing companies and well-heeled Greek shipowners.
Many traditional ship financing banks will continue to decrease their portfolios, resulting in a “shift from classical loans to other investment forms,” he said. The opportunity to acquire existing loan portfolios could serve as a buffer against ordering new ships. Many people in the industry had blamed private equity and hedge funds for providing the loans for newbuildings, which created an oversupply situation and caused the dry bulk market to hit historic lows last year.

JP Morgan's shipping fund

JP Morgan Asset Management has been quite active in the dry bulk space, ordering new vessels and purchasing secondhand tonnage at low prices from distressed companies.
It said in a statement in June that its shipping fund had raised $480m from international institutional investors, including pension funds, insurance companies, endowments, and health care organisations.
Of the total amount raised, $312m was deployed through the acquisition of 14 assets, JP Morgan said, without elaborating.
According to VesselsValue, in the year to end-July, JP Morgan bought a capesize from HOC Shipping, a supramax from Doun Kisen and one from Daiichi Chuo, a panamax and a supramax from the United Ocean Group, three capesizes and a panamax from the now-defunct Hanjin Shipping, and five ultramax vessels from Setaf Saget.
It also placed four standard capesize orders with Shanghai Waigaoqiao Shipbuilding for delivery in 2019 for $45m each, according to the online data provider.
“The distressed shipping opportunity is a small part of a broader transportation capital requirement, which has intensified following the departure of traditional funding sources such as banks,” JP Morgan said.
With more than $4.5trn needed to finance global transportation assets over the next 10 years, this is a “large-scale and wide-ranging investment opportunity," said JP Morgan Global Alternatives managing partner Anton Pil in the statement.
"In the shipping space, investors have the potential to capitalise on an historic opportunity to acquire quality assets at very favourable prices," said the unit’s head of global transportation Andy Dacy.
"Our established and dedicated transportation investment team with an extensive industry network has been able to acquire vessels at distressed purchase prices, achieving opportunistic-level returns," he added.
According to the Baltic Exchange, secondhand prices are up by as much as 39% for a five-year old panamax as of mid-August, while handysizes are up by 31% and capesizes are 24% more expensive than at the start of last year.
The Baltic Dry Index, an industry indicator, shot to 1,266 points, signalling the bottom of the cycle is over as fundamentals come together. It hit a low of 290 points on February 10, 2016.

Italian Story

But in shipping, where a number of companies are still family-owned and have been through generations, having outsiders dictate how to run things may not go down well.
Some argue that private equity mentality being aggressive does not meld well with the traditional shipowner model.
A case in point is Italy, where recent developments have impacted two dry bulk and tanker owners.
Pillarstone, a unit of US private equity KKR, in July took over shipping loans from Banco MPS and Intesa Sanpaolo, lenders to Italy’s bulk and tanker owner Rizzo de Bottiglieri de Carlini Armatori.
The move will likely see the company's chief executive Giuseppe Rizzo ousted.
A new board of directors comprising Corrado Gatti, Enrico Laghi, and Andrea Zoppini has been appointed in order to

"prepare and file a new plan for an agreement with creditors" that will enable the company to continue operations.
Although Mr Rizzo will likely no longer be the head when the appointment takes effect, the new directors will still benefit from his contribution, according to a statement by the Naples-based company.
Head of Italy's shipowners' association Emanuele Grimaldi denounced the "aggressive" manner in which private equity took on non-performing loans, saying the phenomenon was potentially "dangerous" for the Italian merchant fleet.
According to Italian media reports, Bain Capital may take on Giuseppe Bottiglieri Shipping's debt after the Naples-based family-run bulker and tanker owner filed for the equivalent of bankruptcy protection several months ago.
Representatives from Bain and Giuseppe Bottiglieri Shipping declined to comment on the reports when contacted by Lloyd's List.
A lawyer in Italy said he expects the involvement of private equity to increase going forward.
But there will not be any traditional shipping companies left in the country if the aggressive private equity firms are successful, he said, as most are looking for short-term gains.
Lambros Papaeconomou contributed to this article.

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Les Chapman appointed as new UK Sosrep

by James Baker

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Will assume role from Hugh Shaw later in the year

Chapman: Served in both the Royal Navy and the Royal Canadian Navy, and has worked for Associated British Ports, DNV and The Maritime Group.

Source: Maritime & Coastguard Agency

THE UK Maritime & Coastguard Agency has appointed Les Chapman as the new Secretary of State's Representative (Sosrep) Maritime Salvage & Intervention, overseeing the response to casualties at sea.

Mr Chapman will work alongside the existing Sosrep Hugh Shaw for several months, to allow a substantial transition period, and will not assume the role and responsibilities of the Sosrep until an agreed time later on in the year.

The Sosrep is responsible for reducing the risk to safety and the environment arising from accidents at sea. Recent incidents which were overseen by the current Sosrep Hugh Shaw include the Transocean Winner rig grounding off the Isle of Lewis in 2016 and the *Höegh Osaka* car carrier incident in the Solent in 2015.

Mr Chapman has a naval background, graduating from the Royal Military College of Canada and serving in both the Royal Navy and the Royal Canadian Navy. He has also worked for Associated British Ports, DNV and The Maritime Group.

"The Sosrep role can be a difficult but very rewarding one as it's all about providing protection and safety in the maritime world," Mr Chapman said. "I'm looking forward to working alongside Hugh Shaw as I familiarise myself with all aspects of the job."

MCA chief executive Sir Alan Massey said: "Les brings highly relevant skills and experience with him and I am sure he will be an excellent successor to Hugh Shaw, who has done a superb job over the years in growing the effectiveness and influence of the Sosrep role."

The Sosrep's role is to represent the Secretaries of State for Transport and for Business, Energy & Industrial Strategy by removing or reducing the risk to persons, property and the UK environment arising from accidents involving ships, fixed or floating platforms or sub-sea infrastructures within UK waters, within the remainder of the UK Pollution Control Zone and on the UK continental shelf.

"We are committed to safety of life and the environment at sea through safer lives, safer ships and cleaner seas," Sir Alan said. "As we have seen from many serious incidents in UK waters over recent years, the Sosrep has a unique and critical role in rapidly and effectively marshalling the resources of all parties to achieve the best possible outcomes."

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Chinese shipping leasing reaches $12bn in 2016

by Cichen Shen

Data collected from 10 major Chinese lessors shows China's big lenders

New shipping lending from Chinese leasing houses came to $12bn last year

NEW shipping lending from Chinese leasing houses amounted to $12bn in 2016, according to industry consultancy and deal arranger Smarine Advisor.

The total is based on data collected from the country's 10 major lessors. Bank-backed players appeared to lead the group.

Bocomm Financial Leasing topped the list, with $2.9bn exposure last year added to its shipping portfolio.

The leasing offspring of China's Bank of Communication appears to have sped up the momentum this year, having already signed inked $500m and $1.35bn financing agreements with Hapag-Lloyd and Trafigura.

Earlier this month, it acquired two valemax carriers from Vale for $178m in total, and is close to inking the other two.

The deal has marked Bocomm Leasing the second Chinese lessor involved in the 400,000 dwt ore carrier sector, following ICBC Financial Leasing's investment between 2015 and 2016.

ICBC Leasing, a subsidiary of Industrial and Commercial Bank of China, lent out $2.7bn to shipping and ranked second.

Industry sources, nevertheless, pointed out the leasing giant—China's largest in shipping assets—has been more cautious about its expansion in 2017, partially affected by its heavy investment in the ailing offshore sector.

This article includes an interactive data tool. Please click below to view it.

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The two were followed by Minsheng Financial Leasing, a unit of China Minsheng Bank, and CMB Financial Leasing, a subsidiary of China Merchants Bank, which recorded $1.8bn and $1.5bn new lending, respectively.

In a recent interview with Lloyd's List, Minsheng Leading Chairman Zhou Wei said the company was to base its overseas ship leasing business in Singapore this year, in order to make the business more efficient and specialised.

The fifth position with $1bn fresh exposure, however, was taken by CSSC (Hong Kong) Shipping Leasing, which mainly serves shipyards of its parent conglomerate China State Shipbuilding Corp.

Between the sixth and tenth places are CDB Financial Leasing, owned by China Development Bank; CCB Financial Leasing, owned by China Construction Bank; privately owned China Minsheng International Financial Leasing; AVIC International Leasing, owned by the Aviation Industry Corporation of China; and CIMC Financial Leasing, owned by China International Marine Containers. (See pie chart)

Meanwhile, policy bank the China Export & Import Bank booked shipping lending to the amount of $3.5bn in 2016, while the banking sector of ICBC reported $500m.

This is the first time that Smarine has released statistics of this nature, said Eric Wang, an ex-Cexim shipfinance banker who founded the company in 2014. He added that the 2017 data was being collated.

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Attica beats Grimaldi to control of Hellenic Seaways

by Nigel Lowry

Union of two largest Greek domestic ferry operators to be considered by competition authority

Attica owns 12 ropax vessels under its Superfast Ferries and Blue Star Ferries brands.

AN impending merger of Greece's two largest domestic ferry operators remains to be endorsed by the country's competition commission.

Attica Group unveiled a deal "in principle" to acquire a majority stake in Hellenic Seaways a few days ago, apparently thwarting the ambitions of Italy's Grimaldi Group to take over the reins of the Greek company.

Minoan Lines, the Crete-based Grimaldi carrier in Greece, has long owned a significant chunk of HSW and has spent more than €30m ($35m) in the last two years to raise its stake to 48.5%, falling just short of control.

When HSW's second-largest shareholder — Piraeus Bank — put its holding up for sale earlier this year, Minoan duly bid for the shares but its offer has been rejected.

The only other player publicly identified as vying for control of HSW was Eagle Mind Shipping, a vehicle of Marios Iliopoulos — the founder of Seajets, an expanding operator of 12 mainly fast ferries on Aegean routes. He, too, appears to have lost out.

Attica, which owns 12 ro-pax ferries under its Superfast Ferries and Blue Star Ferries labels, has agreed to acquire more than 39m shares of HSW, equivalent to just over 50% of the share capital. This includes the 40.4% stake owned by Piraeus Bank and shares from "other minority shareholders".

The consideration will consist of €30.6m in cash and more than 24m new shares to be issued in Attica Group. The day that the move became public, Attica's share closed on the Greek stock market at €1.44.

Surprise greeted the triumph of Attica in the race for HSW but Piraeus Bank already indirectly controls Attica via a 31% holding in Marfin Investment Group, which in turn owns 89% of the ferry group.

The move will see the bank consolidate rather than dispose of its key interest in the country's ferry market.

Questions hang over Minoan's continued participation in HSW, which operates a 20-strong fleet of ro-paxes, catamarans and hydrofoils, mainly on Greek island routes.

Minoan declined to immediately comment on the development, although sources close to the company told Lloyd's List that it will wait for the verdict of the competition authority before responding.

Opponents of the deal say that on certain routes, but not others, Attica will have a virtual monopoly after acquiring the HSW operation.

HSW carries more than 3m passengers annually as well as 300,000 vehicles and more than 60,000 trucks.

The company increased its net profit to €6.7m last year on turnover of €131m.

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VLCC owners scrap and slow as earnings near three-year low

by Max Tingyao Lin

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Measures to control ship supply might be moot point in the face of severe oversupply

WITH spot earnings around their lowest level in three years, owners of very large crude carriers are increasing scrapping and slowing down vessel speed to curb oversupply.

A total of four VLCCs have been recycled in August, bringing the total number of demolished VLCCs so far this year to seven, data from VesselsValue showed. In comparison, only three VLCCs were scrapped in 2016 and two in 2015.

The pick-up in scrapping activity is a result of higher rising recycling prices, according to some market participants, with dismal freight earnings providing further incentive to scrap aged ships.

On the Baltic Exchange, the Middle East-Japan VLCC spot rate closed at Worldscale40.96 on Monday, versus W42.83 a week ago. Daily time charter equivalent earnings were assessed at $10,478, down 11.5% on week and the lowest since September 2014.

The demolition rate for dirty tankers in South Asia was assessed by the Baltic Exchange at $405.5 per ldt on Monday, the highest since April 2015. Cash buyer GMS said in a note that the recent bullishness in recycling markets was due to strong local currency against the greenback and an increased steel price.

Independent analyst Court Smith said: “Baseline TCE earnings are paltry, and certainly not at sustainable levels for many market participants. One solution to this is scrapping, which has accelerated amid a rising dollar per tonne offered price in the [Indian] subcontinent.”

Another way to deal with oversupply is slow steaming, which would reduce total tonnage available. Data from Mr Smith suggested the sailing speed of VLCCs had often been below its five-year average this year. Clarksons observed owners were cutting ballast speed to 9-11 knots recently.

However, main benchmark crude future contracts are moving into backwardation, a market structure in which prompt cargo is more expensive than cargoes for later delivery dates.

This means charterers will ask owners to deliver their cargoes quicker in laden voyages, said Mr Smith, adding that voluntary demurrages will also be reduced. There is a limit as to how much owners can cut their vessel speed — thus slow steaming is “not a panacea”, Mr Smith said.

The measures owners adopt to control vessel supply might be a moot point, though, unless being applied on a much larger scale.

Thirty-six newbuilding VLCCs have been delivered this year, according to Lloyd’s List Intelligence, and another 27 are due for the rest of the year.

Coupled with slowing Chinese imports during heavy refinery maintenance this quarter and lower exports from Saudi Arabia due to the Organization of the Petroleum Exporting Countries supply cut, large newbuilding tonnage has pointed continued bearishness in spot VLCC markets.

As market focus shifts to September loading programmes, most players remain pessimistic over earnings prospects.

“There are too many ships than necessary,” said a Singapore-based broker. “And everything is relatively slower [on the demand side].”

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Libya's El Sharara woes hit suezmax and aframax owners

Instability in oil producing nations hurts tanker earnings in an oversupplied market

THE closure of Libya's largest oil field, the El Sharara oil field, has rubbed salt into the wounds of aframax and suezmax tanker owners, while spot earnings remain at dismal levels due to oversupplied tonnage in recent weeks.

Libya's National Oil Corp on Sunday declared force majeure on exports of Sharara crude from the Zawiya terminal, according to media reports and Arctic Securities, caused by a blockade on its pipeline by militants. NOC could not be reached for comment.

The development has dealt a blow to the North African nation, whose oil production, reached 1m barrels a day in July compared with the 2016 average of 390,000 bpd, according to the Organisation of Petroleum Exporting Countries.

The El Sharara field, which reopened in December 2016 after a two-year closure, was key to Libya's oil production revival even as it was shut down several times this year due to local protests, Arctic Securities said. It was producing 280,000 bpd until last week, the brokerage added.

Libya has been exporting 72.1% of its crude on aframaxes and 27.6% on suezmaxes this year, according to Lloyd's List Intelligence, and shipowners are already feeling the chill from this latest outage.

In the week to August 20, Libya only exported 210,000 tonnes of oil on two vessels, the lowest volume this quarter, LLI data showed.

"With the position list getting longer and longer, rates could only go in one direction," said brokerage house Banchero Costa, referring to the Mediterranean aframax market.

Libya's woes have come amid worsening oversupply of crude tankers in the Mediterranean and other main markets, with spot earnings pressured below operating costs.

On the Baltic Exchange, suezmax timecharter equivalents closed at $7,364 per day on Monday, down by 0.9% on the week, while aframax TCE earnings were $1,605 per day — close to a six-year low.

Brokers reported the West African suezmax market as showing resilience due to continued fixing activity, while a long tonnage list is still pressuring the Middle Eastern market.

However, even the positive sentiment in West Africa in the suezmax market could turn sour later. Arctic Securities estimates that Nigeria's exports could fall to 1.7m bpd in October from 1.9bpd in August-September based on recent loading programmes.

"Unreliable crude output and exports from Libya and Nigeria have had a detrimental impact on tankers, particularly suezmax and aframax vessels," Arctic Securities said.

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Panama fights for backhaul with reduced tolls

by James Baker

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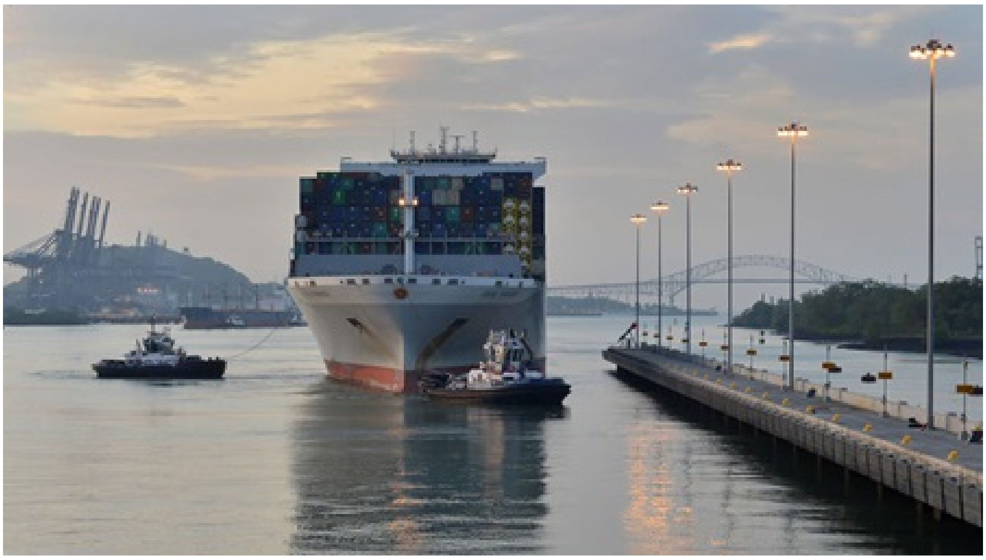
Discount competition heats up between Suez and Panama canals



Panama is seeking to win more backhaul trade from Suez.

Source: Canal de Panama

JUST over a year on from the opening of the third set of locks on the Panama Canal, the government has approved proposals to modify canal tolls in an effort to attract more boxships on the backhaul leg to Asia.

The Panama Canal Authority (ACP) will introduce new tolls from October 1 that will be $10-$15 per teu cheaper on the backhaul leg.

"The quick adoption of the widened canal by container lines was expected, given that the $5bn project enabled them to upsize vessels from a maximum of around 5,000 teu to nearer 14,000 teu; in the process adding a new release valve for the cascade of ships from other over-tonnaged lanes," analyst at Drewry said in a report on the new toll structure.

"As we said prior to the canal expansion, the vessel upgrade process would be gradual as at the time there was insufficient demand, as well as physical restraints at US east coast ports, to enable all services to immediately deploy the maximum ship size available."

Carriers adopted a cautious approach to the expanded canal initially, upgrading vessel sizes on the Asia-US east coast via Panama route slowly, while simultaneously reducing Suez Canal transits, Drewry added.

There are now 14 weekly Panama loops, the same as before the canal expansion, whereas the number of Suez-routed services has shrunk from nine to five.

"This process has seen overall capacity (ignoring the temporary impact of void sailings) deployed across the two routes broadly stay put in the past year or so," Drewry said. "Effective capacity in July 2017 was actually down by 1.5% on the same month last year."

The upgrade in the size of ships used on the Panama Canal has risen by 60% since May 2016, from 4,900 teu to 7,900 teu as of July 2017. The average ship size is now larger than those transiting the Suez Canal, making Panama now on a par with Suez in terms of vessel economies of scale.

But while the Panama Canal proved popular on the headhaul to the US, only eight of the 14 services make backhaul using the same route. Three return via Suez, which has been offering competitive backhaul discounts, and three have been routing south of Africa to avoid any canal tolls on the backhaul.

However, Drewry noted that while the savings available to carriers from the new toll structure would increase according to the size of ship deployed, they might not be sufficiently attractive to immediately change carriers' routing plans.

"Based on the eight services that currently go through the Panama Canal in both directions with an average ship size of 6,900 teu, the round-voyage saving will only be around $30,000 per ship," Drewry said. "That means that for the 80 ships that will qualify the total annual discount will amount to nearly $13 million, given that each ship will make about five round-voyage transits in a year."

The Suez Canal, however, has extended to the end of the year its own toll rebates of 45%-65%, depending on the direction and port coverage.

"If that offer is repeated for next year the cost-benefit of ACP's discount is unlikely to lure many carriers across," Drewry said.

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Hutchison to operate Basra box berth

by Linton Nightingale

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Hutchison Ports Basra unit established as Hong Kong operator follows ICTSI into Iraq

HPH has partnered with local operator NPM to operate Basra's container terminal. *Source: HIT*

HUTCHISON Ports Holdings has signed an agreement to manage and operate container activities at the port of Basra in Iraq.

The Hong Kong-based firm, with 49 port facilities currently under its stewardship, will join forces with terminal operator North America Western Asia Holdings Port Management, or NPM, operating under the name of Hutchison Ports Basra.

NPM was launched in partnership with the Moosawi family of Basra 2012 to establish a modern container berth at Basra, also known as the port of Al Maqal. The port of Basra is located on Iraq's Shatt Al Arab waterway in the southeast of the country.

According to HPH, NPM caters for a full spectrum of customers from across Iraq — from large, multinational companies to local Iraqi merchants, while its locale, favouring the city, and proximity to oilfields gives it a "key competitive advantages versus other ports in the region".

"We view NPM's operations at the Port of Basra as an integral piece of our expanding Middle East strategy," said Andy Tsoi, Hutchison Ports' managing director — Middle East and Africa.

NPM and HPH have not disclosed the terms of the transaction. HPH will join fellow global operator International Container Terminal Services Inc, which operates the port of Umm Qasr's Basra Gateway terminal further south to NPM on the Kuwaiti border.

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US Navy divers begin rescue mission

by Wei Zhe Tan

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Divers also carrying out damage assessments of warship's hull and flooded areas.

Singapore and Malaysian naval vessels and aircraft are continuing with search and rescue efforts

DIVERS from the US Navy and the Marine Corps have started their search for 10 seafarers still missing after the collision between the *USS John S McCain* and oil tanker *Alnic MC* which happened early on Monday. Rescue personnel from the US Naval Ship Repair Facility at Yokosuka and Commander, Logistics Group Western Pacific alongside the 15th Marine Expeditionary Unit, are equipped with surface-supplied air rigs and have accessed some sealed compartments situated in the damaged areas of the US warship. The teams will also carry out damage assessments of the hull and flooded areas.

Meanwhile, two US Navy Sikorsky MH-60 Seahawk helicopters from the *USS America* continue with search and rescue operations concentrating in the area east of the Malacca Strait and Singapore where the collision happened.

Royal Malaysian Navy vessel *KD Handalan*, two coastal patrol boats *Petir 12* and *Pang Alang 39* as well as two Malaysian Maritime Enforcement Agency ships are also helping with the search and rescue. The Singapore Navy Fearless-class patrol vessels *Noble Pearl* and *Noble Knight are also on hand to aid efforts.*

With both the damaged warship and the *USS America* now both at Singapore's Changi Naval Base, the latter is handling meals, berthing and other support to the crew of the *USS John S McCain*, as well as assisting in damage limitation measures such as dewatering the warship and restoring backup systems.

The US Navy's 7th Fleet said in a statement: "The incident will be investigated to determine the facts and circumstances of the collision."

The oil tanker involved with the incident, *Alnic MC,* is presently at the Eastern Anchorage in Singapore for inspection, according to Lloyd's List Intelligence data.

Greece-based Stealth Maritime Corporation which manages the tanker said in a statement that the vessel sustained a gash to the starboard side of the bow above the waterline though there were no injuries to the crew or reported pollution of the Singapore Strait.

The company said: "Stealth Maritime Corporation is co-operating fully with the Maritime Port Authority of Singapore and the Transport Safety Investigation Bureau (TSIB) in their investigations into the collision. Our thoughts and prayers are with the families of the missing US Navy sailors and we hope the injured personnel make a speedy and full recovery."

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