29 Aug 2017 | **Opinion** | Tankers and Gas | North America | US States

Growing clout of US energy sector magnifies Harvey's market impact

by Eric Yep

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Harvey is first major storm to hit Gulf Coast energy hub since shale boom began, says Barclays Capital

All six refineries in the Corpus Christi area and four by Houston-Galveston remain shut following Hurricane Harvey. *Source: Philip Lange/Shutterstock.com*

Perhaps the most significant impact of the emergence of the US as an energy exporter was that global markets would be less exposed to the geopolitical turmoil of the Middle East.

Lesser risk exposure would mean fewer supply disruptions, reduced price volatility and greater energy security. This has been true to the extent that energy markets are now relatively better insulated from Middle East conflict than in previous years.

But as Hurricane Harvey has shown, stability of supply is merely an illusion and when one supply risk is eliminated, it is often replaced by others.

In the case of the US energy sector, Hurricane Harvey coincided with the boom in petroleum exports from the US Gulf Coast. This has had the effect of magnifying the disruption to energy markets and trade flows.

Market exposure to natural disasters in the US even five years ago would have been considerably lower.

For future customers of US energy, the so-called US hurricane season will now feature prominently when conducting risk assessments, with ample room for arranging alternative supplies (and vessels) when storm clouds gather.

For participants in the supply chain, such as tanker operators and ship brokers who place more and more vessels in the US Gulf, the hurricane season must be accounted for as a seasonal fixture, much like peaks and troughs in summer and winter demand.

Factoring in a new risk to tanker markets

Hurricane Harvey is the first major storm to hit the Gulf Coast energy hub since the shale boom began, and the impact of flooding on oil refineries, port facilities, and onshore oil production should not be underestimated, Barclays Capital said in a research note.

It said the US Gulf Coast was a key energy hub, currently exporting twice as much petroleum as it did in 2012, and global demand is twice as dependent on exports from the US Gulf Coast than in 2012, having increased to more than 6% from less than 3%.

"As of 2017, the 29 petroleum refineries in Texas had capacity of over 5.4m barrels of crude oil per day and accounted for 30% of total US refining capacity," Barclays said. All six refineries in the Corpus Christi area and four refineries in the Houston-Galveston currently area remain shut.

The bank estimated that almost 3m bpd of oil refining capacity has been affected, and the number could increase by 20% if the Motiva Port Arthur refinery goes offline this week as floodwaters cause more damage.

The growing potential for disruptions is not restricted to oil and product tankers, although the key LNG export terminal of Sabine Pass has been relatively unscathed by Harvey this time around.

Barclays said that “shifting geographic fundamentals mean severe storms will be increasingly bearish for natural gas prices” in coming years.

On one hand, the US has seen a major shift from offshore production to onshore production, with the share from offshore Gulf of Mexico falling to around 4% in 2016 from 26% in 2011. This means that storm damage to offshore facilities will have less impact on trade flows.

But more importantly, the US is still on its way to becoming an even larger gas exporter in coming years.

The US will have the third-largest LNG export capacity in the world after Australia and Qatar by 2020, according to the International Energy Agency. A large amount of the export capacity will be located in the US Gulf, and risk exposure to hurricanes.

“We expect the US global LNG market share to increase from just 1% in 2016 to 14% by 2020, meaning any disruptions will play a larger role globally in disrupting the supply and demand balance,” Barclays said.

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Ernst Russ takes Marenave stake to just below takeover threshold

by David Osler

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Mahnke out to scupper Offen, Hamburg sources believe

Hamburg insiders suggest Jens Mahnke might be trying to prevent rival Claus-Peter Offen from resuscitating Marenave.

ERNST Russ has picked up a further 4.96% in Marenave, according to a regulatory disclosure, taking its stake in listed-but-liquidated Hamburg KG house tantalisingly close to the takeover threshold.

The development has left those in Hamburg shipping circles wondering about the Jens Mahnke-led company's game plan, with some suggestions that the motivation is to block moves by rival owner Claus-Peter Offen to resuscitate or perhaps even acquire Marenave himself.

Building on an existing interest of just over 25%, Ernst Russ now holds 29.98% of Marenave shares. Under German law, there is a statutory requirement to mount a formal offer once the 30% level is triggered.

While exceptions can sometimes be made in the case of restructurings, securing exemption requires application to the Federal Financial Supervisory Authority, known as BaFin by its German acronym. The bureaucratic nature of the process is regarded as a deterrent factor.

Ernst Russ had not responded to a request for comment at the time of publication, leaving its exact intentions unclear.

With no vessels or other substantial assets to its name, Marenave is not exactly the shipping equivalent of prime real estate. In effect, its only real value is its stock market listing.

Mr Offen, partnered by insurer DEVK, has for some time indicated a readiness to come up with a relatively small beer cash injection, if a final settlement can be reached with the banks who called time on the concern earlier this year.

Putting two and two together, the usual assumption has been that Mr Offen — widely known by the nickname CPO — is out to engineer a reverse takeover by his private holding company, as a cheap way of getting onto the main board.

Extrapolating further from the same logic, the consensus in Hamburg seems to be that Mr Mahnke wants to stop him from doing that, although there is less clarity as to why. Some have even hinted that the matter is personal.

One major Hamburg owner told Lloyd's List: "They [Ernst Russ] appear to have no major strategy behind their move, but want to avoid CPO taking control. Jens was involved in setting up Marenave years ago, so has a personal attachment to this company."

What is known is that even at its earlier 25% level, Ernst Russ had accumulated sufficient clout to scupper plans for a capital reduction at the forthcoming Marenave annual general meeting on September 15, and has stated that it will do so. That alone would be enough to put any restructuring on ice.

The AGM will also see it seek to remove Klaus Meyer from the supervisory board, and to have him replaced with Mr Mahnke.

In addition, it wants the number of places on the board to be expanded from three to four, with the additional slot filled by Stuttgart-based lawyer and business consultant Hans Michael Schmidt-Dencker.

Holding two of the four directorships would give the Mahnke camp, at the very least, veto rights on all strategic decisions affecting Marenave's future, and thus de facto control without ownership.

Marenave went into liquidation earlier this year, after creditors led by HSH Nordbank forced it to sell its entire fleet.

By parting with 13 vessels legally owned by its associated single-ship KG companies, it was able to secure full release from its financial liabilities.

For its part, Ernst Russ has shown signs of having designs on the big league. In November 2016, Mr Mahnke told an industry conference in Hamburg that his company was planning a new shipping-oriented investment fund as a joint venture with Oslo's Pareto.

In June this year, it launched a joint venture with Ecofin, an investment manager specialising in utilities and infrastructure, which trades as Elbe Financial Solutions.

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SS Teo says PIL is not for sale

by Cichen Shen

Chairman asserts Cosco Shipping has not approached him with a bid for the business

Teo: Recent mergers in the industry show consolidation has become increasingly expensive.

PACIFIC International Lines chairman Teo Siong Seng, also known as SS Teo, has dispelled talk that his Singapore-based shipping line will be China Cosco Shipping Group's next acquisition target.

"Absolutely not," Mr Teo told Lloyd's List on the sideline of a press conference in Hong Kong.

"It's a 50-year-old family business that I inherited from my father, and we want it to be carried on."

He added that there were only a few Singaporean shipping companies left nowadays, and PIL would like to stand its ground.

Mr Teo was 13 when his father formed PIL in 1967 with two secondhand Dutch coastal ships. He joined the firm in 1979 after graduating from Glasgow University.

Today, the carrier has a live fleet of 372,402 teu in capacity, ranked 12th in Alphaliner's Top 100 container lines.

Analysts have argued that a mid-scale player such as PIL would not be a favourable bet in the liner shipping industry, which is increasingly dominated by large carriers and alliances that are only set to become bigger.

But its focus on emerging markets, its smaller size and being alliance-neutral would only make PIL more flexible and cost-effective, Mr Teo said.

PIL has built a dozen 3,900 teu containerships known as africamax — designed specifically for the Africa trade. These are some of the most efficient and environmentally friendly vessels in their class.

"Without joining any alliances means that we can collaborate with more carriers, for example we team up with Maersk

Line, CMA CGM and Cosco Shipping in Africa routes," Mr Teo said, adding that the company was also in talks with many other lines for joint services.

Earlier this year, PIL and Taiwan's Wan Hai also revamped their two Asia-US West Coast strings, which are jointly operated with Cosco Shipping.

Moreover, PIL is scheduled to take delivery of 12 11,800 teu ships, built and financed in China, later this year.

Mr Teo declined to comment on how the new tonnage would be deployed. But Alphaliner said in an earlier report that the vessels, targeting transpacific trades, were expected to "rely heavily" on Cosco Shipping to find work, including a scheduled entry into the US East Coast next year.

"We are good friends," Mr Teo said of his relationship with Cosco Shipping, but denied that the Chinese conglomerate had approached him with a bid.

However, the close ties between the independent Singaporean line and the Chinese state-owned giant, as well as the former's reportedly worrisome financial conditions, have fueled speculation that a takeover could happen.

Alphaliner said the privately-owned line had recorded heavy losses for 2016.

Earlier this year, the company sold two bulkers and borrowed $180m in bridging loans from DBS Bank, Bangkok Bank and Pudong Development Bank to pay off its S$300 ($219m) bonds in Singapore due in July, by pledging its vessels and its 41.12% equity stake in Hong Kong-listed Singamas Container.

Mr Teo said he had options to either redeem the bond or to refinance it by issuing another bond. But the company walked away from the second option as investors in Singapore's bond market still link shipping with the besieged offshore sector.

He added that PIL had improved its performance "remarkably" and was capable of repaying the loans.

Looking at the broader picture, the PIL chairman said the latest two mergers in the industry — Maersk Line's acquisition of Hamburg Süd and Cosco Shipping buying OOIL — had proved that consolidation had become increasingly expensive.

"The next bride who will get married will be the one who wants to get married, not has to get married," he said.

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Hapag-Lloyd rules out new orders

by Linton Nightingale

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German carrier is focusing on completing integration of UASC, which is expected by the third quarter

Habben Jansen: There is sufficient capacity to carry the volumes we expect over the coming years.

FOLLOWING the news that French rival CMA CGM is contemplating orders for ultra-large containerships, Hapag-Lloyd has confirmed that it has no intention of adding new tonnage to its existing fleet.

Speaking shortly after Hapag-Lloyd announced that it had dramatically cut its losses in the first half of 2017, chief executive Rolf Habben Jansen said that the German carrier was more than happy with its current offering, having recently merged with Middle East line United Arab Shipping Co.

He stressed that, with UASC's fleet of 18,000+ teu ships, the 20,000 teu units of MOL (a fellow member of The Alliance), as well as the 13,000 teu-15,000 teu vessels of Hapag-Lloyd and other Alliance members, this already allowed for a "very adequate network" on the Asia-Europe route.

"Whilst 20,000 teu are efficient, they are not suited to every loop," he added.

Nevertheless, he is not surprised that other carriers have approached the yards over possible new orders.

"There have not been any significant orders over the last two years, so it is not illogical that at some point some orders will come," Mr Habben Jansen said.

News emerged that CMA CGM was in discussions over potential newbuilds back in June. Last week, sources familiar with the situation confirmed to Lloyd's List that the French carrier had employed the Export-Import Bank of China to take the lead role in financing newbuilding orders of up to nine 22,000 teu containerships.

Rumours also surfaced that Mediterranean Shipping Co was in the market for new ships, but Lloyd's List understands that the line is looking to retrofit ships rather than negotiate newbuilds, as highlighted by Mr Habben Jansen, who added that he had heard nothing to the contrary.

"I don't expect the order book to grow very rapidly because people like us and some others have declared that they have no intentions to put in any orders anytime soon," he said.

Furthermore, Mr Habben Jansen feels it is unnecessary, as "there is sufficient capacity to carry the volumes we expect over the coming years".

He did admit, however, that while he did not expect a surge in orders, nothing was ever certain.

Hapag-Lloyd currently has two 15,000 teu vessels on its orderbook from UASC, due for delivery later this year.

For Hapag-Lloyd the focus now is to complete the integration of UASC following their merger, a move that Mr Habben Jansen said was already nearing completion.

"Things are moving swiftly. The main integration components are well on track, and we expect the commercial integration to be completed by the end of the third quarter," he said.

"We have already migrated near to 100% of all the bookings to the Hapag-Lloyd system, which is probably the most complex part."

Following the merger, Hapag-Lloyd has increased the number of services within its global network from 118 to 129, and in the process has vastly enhanced its presence on the Asia-Europe and Middle Eastern trade lanes.

"Here we have been previously under-represented…. the combination of the two [lines] will see Hapag-Lloyd have a fairer representation of the overall global market and give us a more competitive asset base," said Mr Habben Jansen.

Moreover, with a combined average vessel age of 7.1 years and average ship capacity of approximately 7,110 teu, this also makes the group very competitive in terms of unit costs, he explained.

"We believe that the synergies are genuinely there, making us a stronger alliance partner whilst providing us with a stronger shareholder base."

Hapag-Lloyd announced early on Tuesday that it had slashed losses in the first half of 2017 by more than two thirds, reporting a net loss of €46.1m ($55.2m) for the six-month period, compared with a €158.5m loss in the corresponding period of last year.

The figures were the company's first to encompass the business activities of UASC, which Hapag-Lloyd says will generate annual savings of $435m annually from 2019 onwards. The group expects the majority of these savings to be achieved by next year.

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Largest neo-panamax on the US east coast calls Virginia first

by Lambros Papaeconomou

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CMA CGM Theodore Roosevelt stops at Virginia before officially inaugurating the new Bayonne Bridge

After Virginia, CMA CGM Theodore Roosevelt will call at Savannah and Charleston, before arriving at the Port of New York and New Jersey.

Source: Courtesy of the Port of Virginia

THE port of Virginia reached a milestone on August 28 when it became the first port on the US east coast to receive the largest containership crossing the Panama Canal.

The newly built 14,400 teu *CMA CGM Theodore Roosevelt* transited the new locks in Panama on August 22 on its maiden voyage from Hong-Kong and Shanghai. After Virginia, it will call at Savannah and Charleston, before arriving at the Port of New York and New Jersey.

It is scheduled to officially inaugurate the opening of the new Bayonne Bridge on September 7, 2017. 18,000 teu *CMA CGM Benjamin Franklin* became the largest containership to call at any US port in December 2015 when it arrived at Los Angeles.

The big-ship era at the Port of Virginia began in May with the arrival of 13,100 teu *Cosco Development,* said Virginia Port Authority chief executive John Reinhart. He highlighted the port's $670m investment to enhance the big-ship readiness at Virginia International Gateway and Norfolk International Terminals.

"This vessel is taking full advantage of our 50 ft channels, but its arrival also highlights our deeper, wider safer effort," Mr Reinhart said. "Our goal is to widen our channels and add 5 ft of depth. This would allow for two-way ship traffic and create the necessary depth — 55 ft — for these ships to load heavy and safely operate with the necessary river-floor clearance."

Mr Reinhart added: "The port that successfully moves ships at deep drafts will act as a magnet for international commerce. Every additional foot of draft on a containership represents millions of dollars' worth of cargo."

Virginia Port Authority last week ordered four new ship-to-shore cranes for Virginia International Gateway, which will further expand the terminal's capacity.

CMA CGM Theodore Roosevelt is one of 11 containerships, ranging in size between 11,000 and 14,000 teu, that serve on the South Atlantic Express service, a weekly Asia to US east coast service operated by the Ocean Alliance. The members of the alliance are CMA CGM, Cosco, Evergreen Line and OOCL.

CMA CGM Theodore Roosevelt is named after the 26th president of the United States, who was born in New York and who also served as governor of the state.

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Hurricane Harvey pounds US Gulf grain exports

by Inderpreet Walia

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Delay and decay threaten wheat shipments out of Texas

Hurricane Harvey over Texas, as seen from the International Space Station. *Source: Nasa via AP*

HURRICANE Harvey and the subsequent floods have cut a swathe through major oil producing state Texas, crippling US Gulf ports and disrupting grain shipments.

While the effect on the agricultural shipments is limited, the biggest repercussion is likely to be on US Gulf shipments of wheat, corn and soyabeans as upcountry logistics and ports struggle with the aftermath.

According to the US Department of Agriculture, ports in the Texas US Gulf account for about 24% of US wheat exports, as well as 3% of corn shipments and 2% of soyabeans.

“Fortunately for dry bulk, the main impact of the hurricane seems to have been on the southern Texas coast, which is home to many refineries and tanker ports, but accounts for a small part of America’s grain exports,” said Ralph Leszczynski, head of research at Banchero Costa.

“Grains tend to be exported from further east, from the Mississippi River , which seems to have not been affected as much.”

Therefore, Mr Leszczynski expects the impact on corn and soyabeans shipments to be relatively small, as very little is exported from Texas. The impact on wheat exports could be significant, withshipments delayed and cargoes perishing due to flooding of warehouses.

The US is the world's second-largest exporter of wheat after Russia, accounting for 15% of global exports, sending cargoes by ship to Asian countries such as the Philippines, Japan, South Korea, Indonesia, Taiwan and Thailand as well as to Mexico, Brazil and West Africa, Banchero Costa data shows.

Further, the US is a dominant exporter of corn with a share of 36% of world trade. Mexico accounts for 22% of US corn exports, while Japan accounts for 20%. Further cargoes go to South Korea, China, Taiwan, Colombia, Peru and Venezuela.

As for soyabeans, the US is the second-largest producer after Brazil, with more than half of its exports going to China and the rest to Japan, Taiwan, Mexico, Indonesia and western Europe.

Lloyd’s List Intelligence shows three bulk carriers currently approaching the port of Corpus Christi: the 2017-built, 60,447 dwt *Desert Harrier,* 2016-built, 41,607 dwt *Ruen* and 2016-built, 38,801 dwt *Fu Xing Hai.*

The hurricane’s disruption has the potential to boost spot market freight rates for supramax and panamax ships as vessels are tied up and unable to return to the spot market; this does not appear to be happening yet.

A broker in Singapore said that any disruption on the back of the hurricane could result in the market starting to strengthen.

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Tanker markets to remain challenging, says China Merchants Energy Shipping

by Cichen Shen

Giant VLCC owner warns that market is very cautious about the strength of the conventional rebound in the winter season

China Merchants Energy Shipping net profit tumbled 67.1% to about $78.4m.

TANKER markets will keep facing downward pressure in the second half of this year, said China Merchants Energy Shipping, one of the world's biggest very large crude carrier owners. Several factors, including the continued production cut by the Organisation of the Petroleum Exporting Countries in the third quarter and the large number of newbuilding deliveries, will lead to deteriorated market fundamentals, the Shanghai-listed company said in a financial report.

"The market is also very cautious about the strength of the conventional rebound in winter season in the fourth quarter."

It will depend on the increase in China's strategic oil reserve; the long-distance cargo volume from West Africa, the US Gulf Coast and Europe to that Far East; the contango play that might prompt the use of very large crude carriers for floating storage; and of course the scrapping level of older tonnage.

As of end June, the company's tanker fleet consisted of 42 VLCCs and five aframaxes, with 11 VLCCs on order.

At the same time, CMES also had a dry bulker fleet comprising eight valemaxes, seven capesizes and eight ultramaxes, with another 20 valemaxes and four ultramaxes sitting on its orderbook.

The company secured $977.5m in loans from the Export & Import Bank of China earlier this year, to finance 10 valemax ore carriers and five VLCCs on order.

It also announced plans to acquire several shipping units from its affiliated company Sinotrans & CSC.
For the dry bulker sector, the subsidiary of state conglomerate China Merchants said that the recovery could be fragile, as the market was still in general oversupplied with ships.
“According to past experiences, the second half is usually better the first half. But the demand for iron ore, coal and grain between January and June had performed better than expected,” CMES said.
“So we are cautious about whether the second half will once again outperform market expectation.”
It added that iron ore stock at Chinese ports was high in the third quarter, while a possible tightening of Beijing’s ban on coal imports could also dampen upward movement in rates.

First-half results
Affected by a weaker tanker market, CMES recorded a 67.1% year-on-year decline in net profits to Yuan517.1bn ($78.4m) for the first half of 2017.
The fall was exaggerated by Yuan792.2m government subsidies banked by the Shanghai-listed company for the year-ago period, whereas the tally for this year was just Yuan55m.
But even excluding the one-off gains, recurring net profit was still 32.9% lower year on year, a reflection of weaker tanker markets.
Revenue edged up by 3.3% to Yuan3.3bn.
“During the reporting period, the VLCC freight rate has dropped considerably compared to the same period of last year,” the tanker and bulker arm of China Merchants Group said in a financial report.
The aframax market was facing even stronger headwinds, amid a serous vessel glut, CMES added.
The dry bulker markets, however, had improved from the year-ago conditions, with the first quarter seeing a substantial rise in Chinese imports of iron ore and coal, the company said.
Although freight rates softened in the second quarter as the imports slowed down amid high inventory, the level was still much better than last year.
The company added that it leased-in two 61,000 dwt bulkers from CMB Leasing backed by long-term charters.
CMES also operates six liquefied natural gas carriers via its 50-50 joint venture with Cosco Dalian.
It said it remained optimistic about long-term demand for LNG, despite a short-term decline in that type of energy caused by low oil prices.

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Container prices to rise further as demand remains strong, says Singamas

by Cichen Shen

Hong Kong-listed box manufacturer reports a net profit of $16.6m versus a $36.6m net loss for the year-ago period

Container lessors are also buying more, thanks to the surge in leasing rates and the completion of retrieving boxes from bankrupt Hanjin Shipping.

DEMAND for new containers has and will continue to perk up alongside the recovery in the liner shipping industry, according box maker Singamas.

The increase in trade volume and consolidation among the shipping lines have helped to stabilise the freight market.

As financial conditions improve, carriers now have greater appetite for acquiring boxes, especially the dry freight containers, Singamas chairman Teo Siong Seng said in a results conference on Monday.

On the other hand, container lessors are also buying more, thanks to the surge in leasing rates and the completion of retrieving their containers rented to bankrupt Hanjin Shipping earlier.

“Many container leasing companies started to purchase new boxes in the second quarter,” said Singamas’s executive director and chief operating officer Chan Kwok Leung.

Moreover, many clients have rushed to order before April 1, when the Chinese government starts to enforce its waterborne paint policy for containers that are produced within the country.

The company has secured new orders up to October, and is now in discussions with clients for contracts for the remaining two months of this year, according to Mr Leung.

Between January and June, Singamas produced containers amounting to 310,070 teu, representing a 38.4% increase year on year.

While demand for new boxes is set to remain strong, production has been reduced as a result of Beijing’s environmental policy.

After April 1, most of the factories had their production lines temporarily closed and converted to use waterborne paint. Not all of them can resume working as the facilities are too obsolete to meet government standards.

Box output is expected to fall further, because the new painting materials need more time to dry and upcoming cold weather in northern China will prolong the process at factories in the region.

Mr Teo expects the box making in industry in China to shrink by 20%-30% in capacity due to the new regulations. Singamas’s production will fall by 25%. Its factory in Tianjin is yet to start the conversion to use the new paints after failing Beijing’s volatile organic compound test.

The rise in demand and decline in supply, coupled with an increase in steel prices, has resulted in new containers becoming more expensive.

Singamas’s average selling price for a 20 ft dry freight container rose to $1,902 for the first six months from $1,414 in the year-ago period, according to the company’s financial reports.

Mr Teo said the uptick in box prices would likely continue into next year, as the current trend in supply and demand, as well as steel prices, would not change in short term.

In the longer run, the prospect for container demand remains strong.

It has been 10 years since the last ordering peak between 2006 and 2007, when 10m teu of new boxes were bought.

The time for a great amount of replacement is approaching over the next two years, as shipping lines are faring better.

Although specialised containers, such as refeers, seem to have slowed down recently, a rebound will be seen in the near future, according to Mr Teo.

Supported by the rising demand and container prices, Singamas returned to profit again for the first half.
It posted a net profit of $16.6m, versus a net loss of $36.6m during the year-ago period. Revenue went up by 45% to $595m.

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Dry bulk market recovery to be slower than was hoped, says BIMCO

by Inderpreet Walia

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New vessel deliveries could hinder the recovery

There could be potentially severe consequences for dry bulk should Chinese demand stall again.

ALTHOUGH the dry bulk market rally is moving along nicely, an expert from shipping association BIMCO has said that the recovery is not substantial enough to be sustained.
As new vessel deliveries keep rolling into the global fleet with the improvement in shipping markets, BIMCO's chief shipping analyst Peter Sand reiterated the view that a market recovery would likely be slower than many are hoping for.
Mr Sand had doubts over a complete recovery in the short term, pointing out that improved demand was always followed by a reduced focus on handling the supply side challenges.
"This means less idling and demolition as well as shorter or fewer postponements of deliveries," he said in a market analysis note.

BIMCO expects around 40m dwt of vessels to be delivered in 2017, offset by 19m dwt of demolished capacity.
So far this year, 30m dwt of vessels has already been supplied while 9m dwt has left the dry bulk fleet.
As such, the fleet was estimated to grow by 2.7%, Mr Sand estimated.
Nevertheless, if demolition falls short by 5m dwt, fleet growth could spike to 3.4% this year.
“For the recovery to stay on track, the supply side must be handled extremely carefully as the demand growth is expected to be around 3.5%,” he warned.
The supply side is made up of three elements: deliveries, demolition and newbuild orders.
Thus, with faster deliveries and slower demolitions, Mr Sand said that it was worrying to note that what the association expected to happen regarding new orders was now taking place.

China changing
Still-robust demand for coking coal and iron ore to supply steel mills in China is keeping BIMCO optimistic.
But China was changing, said Mr Sand.
“Difficult to see if you only watch the dry bulk market, but several macroeconomic indicators point towards developments that may result in lower investments.”
Among them are fixed asset investments such as machinery, infrastructure and housing projects, which are huge drivers of dry bulk imports.
He noted that data indicate lower growth rates for both public and private investments.
However, it remained to be seen to what extent the Belt and Road Initiative would counter this development positively, he said.
For decades China has been an all-out growth story. But if China stalls again, potentially severe consequences for the dry bulk industry remain a concern.

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Deadline imminent for South Asia, Middle East and Africa Awards

by Abdul Hadhi
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Awards will showcase region’s notable achievements in a challenging year

Awards night will be held at the Palazzo Versace Hotel in Dubai on November 28

WITH just days to go before the August 31 deadline for the Lloyd's List South Asia, Middle East and Africa Awards (SAMEA) 2017, companies are urged not to delay submitting entries showcasing the region's excellence over the past year.
Along with the Middle East and South Asia, the expanded SAMEA awards recognise the maritime significance of rapidly-developing Africa, and we encourage African companies to highlight their achievements and take their rightful place among the region's best.
Market conditions have been volatile and challenging over the past year but maritime services players across SAMEA should set aside any reticence and showcase their achievements in a region which is at the crossroads of trade between east and west.

Among the challenges has been the wave of digitalisation sweeping the sector as it seeks to optimise efficiency and trim costs to drive revenues. With new skills increasingly in demand to move the industry forward, the search for talent which combines modern skills with traditional expertise has picked up pace.
The SAMEA awards provides an ideal platform to draw future talent to the region by highlighting regional maritime achievements as well as unveiling promising young individuals.
While digitalisation has been the buzzword across all sectors of shipping, broader geo-political developments such as China's One Belt One Road initiative has driven investments along ports in the Indian Ocean including those in South Asia, the Middle East and Africa to improve connectivity and boost trade.
The region is rich in minerals and commodities and boasts an abundance of talent which supports a strong and growing shipping community. Our independent judging panel – drawn from across the various sectors and the regions within SAMEA's reach – do not expect the decision making to be easy.
Awards for a range of categories are open to entrants. The criteria are straightforward and entries, free of charge, can be lodged here.
Supported by the Dubai Maritime City Authority and headline sponsor Lukoil, the awards night will be held at the Palazzo Versace Hotel in Dubai on November 28.

Related Content

- Finalists in Lloyd's List APAC Awards decided
- Lloyd's List launches awards for South Asia, Middle East and Africa
- Lloyd's List Americas Awards winners announced

DONG ENERGY WIND POWER A/S

THE ENERGY ACT 2004

NOTICE OF APPLICATION FOR SAFETY ZONE SCHEME DURING CONSTRUCTION AND MAJOR MAINTENANCE OF THE HORNSEA PROJECT ONE OFFSHORE WIND FARM

THE ELECTRICITY (OFFSHORE GENERATING STATIONS) (SAFETY ZONES) (APPLICATION PROCEDURES AND CONTROL OF ACCESS) REGULATIONS 2007 – STATUTORY INSTRUMENT 2007 NO 1948

Notice is hereby given that DONG ENERGY WIND POWER A/S (a company registered in Denmark (company number CVR 31849292, with its registered office at Kraftværksvej 53 Skærbæk 7000 Fredericia, Denmark) have applied for consent from the Secretary of State for Business, Energy, and Industrial Strategy (BEIS) as set out in the Energy Act 2004 and the Electricity (Offshore Generating Stations) (Safety Zones) (Application Procedures and Control of Access) Regulations 2007 (SI No 2007/1948) for safety zones as detailed below, for the consented Hornsea Project One Offshore Wind Farm, during construction and periods of major maintenance.

The following safety zones will be applied for:

- 500 metre (m) "rolling" safety zones around any wind turbine or offshore substation (including any associated or partially constructed infrastructure, e.g., foundations) whilst work is underway at that structure, as indicated by the presence of construction vessels.

- 500m safety zones around permanently manned jacked up accommodation platforms within the consent boundary during the construction phase.

- 50m pre-commissioning zones around any completed wind turbine or offshore substation prior to final commissioning.

- 500m safety zones around any wind turbine or offshore substation where major maintenance is being undertaken during the operational phase (as indicated by the presence of a large vessel, e.g., heavy lift vessel, jack up vessel).

The precise start date and co-ordinates of the safety zones will be detailed in the Notice to Mariners prior to the commencement of any construction and major maintenance operations. Copies of the safety zone scheme may be obtained by contacting BRYBR@dongenergy.co.uk, +4599515470.

Any person wishing to make representations to the Secretary of State about the application should do so in writing to the Secretary of State, c/o Rob Pridham, Energy Infrastructure Planning Team, Department for Business, Energy and Industrial Strategy, Orchard 2, Level 3, 1 Victoria Street, London SW1A 0ET, beiseip@beis.gov.uk, stating the name of the proposal and nature of their representations, not later than 28 days from the date or latest date of publication of the notice.

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CONTACT US FOR MORE INFORMATION:

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Our panellists

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Henriette Brent-Petersen
Managing Director Global Head of Shipping Offshore Research DVB Bank

Dele Adewale
Senior Trade Services Officer Zenith Bank

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The Lloyd's List Greek Shipping Awards have been recognising achievement in Greek shipping since 2004 and are established as a showcase of excellence as well as a great opportunity to review some of the year's key events and top personalities.

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For sponsorship opportunities please contact: janetwood1@icloud.com

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