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Tui offloads remaining Hapag-Lloyd stake

by Wei Zhe Tan

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Transaction took place via an open market block trade

The move helps Tui to complete the disposal of its non-core assets.

TUI Group has announced that it has sold off its remaining 8.5m shares stake in Hapag-Lloyd as it completes its non-core business disposal programme.

The transaction was executed in an open market block trade at a guaranteed minimum price that is around Monday's closing figure on the Frankfurt and Hamburg stock exchanges, the group said. Hapag-Lloyd's shares settled at €29.50 apiece on Monday, which works out at about €250.8m ($285.6m).

Before the latest announcement, Tui had already sold off a total of 6m shares in separate individual open market transactions from March this year.

“By disposing of all of its remaining Hapag-Lloyd AG shares, TUI AG successfully concludes its non-core business disposal programme as defined after the merger between Tui AG and Tui Travel PLC in December 2014, achieving its strategic objective to transform Tui AG into a pure play vertically integrated tourism group," said Tui Group chief financial officer Horst Baier.

"As announced, the revenues will be used for the transformation to an integrated tourism business with the focus in own hotel brands and cruises and to strengthen the balance sheet.”

Looking ahead to 2018 and 2019, Tui is mulling the option of allowing subsidiary Tui UK to buy cruiseships *Mein Schiff 1* and *Mein Schiff 2* from Tui Cruises in a straight cash deal.

Tui UK will subsequently add both vessels to its British fleet.

Prior to the share disposals, Tui classified its Hapag-Lloyd shareholding as a financial asset available for sale. As of March 31, 2017, the carrying value was €395m in its consolidated balance sheet.

In September 2015, Tui had said it would sell its shares in Hapag-Lloyd after the latter's initial public offering.

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Potential Opec curbs on Libya and Nigeria threaten crude tankers

by Eric Yep

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The two African countries account for bulk of Opec's oil supply growth, and suezmax and aframax demand

SUEZMAX rates posted weekly gains as West African crude flows accelerated, but growing market chatter about oil cartel moves to restrain Nigerian and Libyan crude output threatens the small and mid-sized tanker segments.

Nigerian and Libyan crude supply are key drivers for suezmax and aframax trades in those regions.

The benchmark suezmax time charter equivalent on the Baltic Exchange closed at $7,944 per day on Monday, up 28% from a week earlier, as Nigerian cargo loadings rose. Loading programmes in West Africa are expected to hit record levels in August as Nigeria's oil infrastructure recovers from waves of militant attacks.

However, the party may not last long if oil cartels have their way.

The Organisation of the Petroleum Exporting Countries has been trying to cap the oil production levels of member countries, in a last-ditch effort to boost global oil prices.

But Libya, Nigeria and Iran were three countries exempted from Opec's mandatory production caps. These three countries have accounted for the largest increases in Opec's total oil supply in recent months, jeopardising the cartel's plans.

This is evident in their failure to boost oil prices, which sank to the $45 per barrel mark in June.

Opec's oil production is estimated at 32.57m barrels per day in June, which was around 280,000 bpd more than in May, according to industry estimates. Nigeria and Libya accounted for the bulk of the gains, and the bulk of Opec's woes.

Libyan and Nigerian officials may be invited to a meeting between members of Opec and non-members on July 24 in St Petersburg, Russia, to discuss the oil market situation, Reuters news agency reported Monday citing Russian Energy Minister Alexander Novak.

The meeting could be a desperate attempt to bring the two countries into Opec's fold and for the cartel to enforce an oil production cap, which will have adverse consequences for tanker demand.
The market's confidence in Opec's ability to boost oil prices through its market management tactics is eroding rapidly, and most commentators agree that the cartel is running out of options.
"We continue to believe that there is another opportunity for OPEC to increase the cuts, but that this should be done in a "shock and awe" manner, with little public announcement," said Goldman Sachs. It said the cartel needed patience to assess its response to higher oil supply and lower prices.
Meanwhile, aframax rates have been volatile on European and Baltic trades, with some routes trending near multi-year lows as oil supply from the North Sea has been on the decline.
Forties crude loadings are set to drop by a third in August, while other European oil grades of Ekofisk, Statfjord, Gullfaks and Gudrun loadings are also heard to be lower by around one cargo in most cases, oil consulting firm JBC said.
This will also have a negative impact on crude tanker demand.

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Why the G20 talks matter to shipping

by Vanya Walker-Leigh

Leaders pledge to eliminate the use of CO2-emitting fossil fuels from energy and transport despite the US withdrawal from UN climate agreement

Nineteen of the G20 leaders reaffirmed their commitment to the 2015 Paris Agreement, while acknowledging that the US would withdraw its ratification.

Source: © 2017 Evan Vucci/AP

AT THE G20 summit in Hamburg, 19 of the G20 nations pledged to lead the transition to sustainable, low greenhouse gas emission economies, calling for communication by 2020 of their mid-century long-term low greenhouse gas emission development strategies.

The Hamburg Energy and Climate Action Plan for Growth, not supported by the US, says: "G20 governments will strive to create an enabling environment... conducive to making public and private investments consistent with the goals of the Paris Agreement as well as with the national sustainable development priorities and economic growth."

The summit endorsed wide-ranging agreements under its G20 Leaders' Declaration and a series of annexed documents, with one major disagreement — on climate change. US President Donald Trump refused to align with climate change-related texts agreed by the remaining 19 members.

The latter supported summit host German Chancellor Angela Merkel's insistence that differences must be made plain and not "papered over". The 19 leaders thus reaffirmed their commitment to the 2015 Paris Agreement on climate change, stating it was irreversible, while acknowledging that the US would withdraw its ratification.

The 19 decided to move ahead with the central goal of the Agreement — to limit global warming and thereby the impacts of climate change. They plan to do so by launching the transition to a low-carbon economy, implying the eventual elimination of carbon-dioxide emitting fossil fuels (coal, gas, oil) in energy production and land, air and maritime transport, as well as of other greenhouse emissions from agriculture and industry.

Trade

While the progressive liberalisation of rules-based international trade (much achieved for industrial goods and services, little so far for agriculture) is the basic premise of agreements concluded within the 164-nation World Trade Organisation, which regulates global trade flows, recent years have seen a crescendo of challenges and criticisms, most recently from President Trump.

Implicitly supporting the current system, G20 members agreed to keep markets open, noting the importance of reciprocal and mutually advantageous trade and investment frameworks and the principle of non-discrimination. They also pledged to fight protectionism, including all unfair trade practices, and recognise the role of legitimate trade defence instruments — a concession to President Trump, who reportedly said he would otherwise block consensus to the entire summit outcome.

The global steel capacity surplus had already been addressed at last year's G20 in China, with President Trump subsequently threatening to control US steel imports. The Hamburg G20 called on members of the OECD-facilitated 30-nation Global Forum on Steel Excess Capacity set up in 2016 to fulfil its commitments on enhancing information sharing and co-operation by August 2017.

A substantive report with concrete policy solutions to reduce steel excess capacity is invited by November 2017 as a basis for tangible and swift policy action, as well as follow-up progress reporting in 2018.

Finance

Financial sector reform has been on the G20 agenda since it was first established in 2008 in reaction to the financial crisis.

Supporting an open and resilient financial system, grounded in agreed international standards, the G20 committed to the finalisation of the Basel III framework “without further significantly increasing overall capital requirements across the banking sector, while promoting a level playing field”.

G20 leaders also committed to the implementation of the Base Erosion and Profit Shifting package to combat tax evasion. The first automatic exchange of financial account information under the related Common Reporting Standard is expected in September this year.

They pledged to support the International Monetary Fund with “adequate resources” to help ensure that the international financial architecture remained sound, with a global financial safety net. Multilateral development banks, overwhelmingly funded by developed nations’ contributions and as bond issues, running hundreds of projects in key sectors of developing countries, earned G20 support for their ‘Joint Principles and Ambitions on Crowding-In Private Finance’. The G20 also welcomed their work on optimising balance sheets and boosting infrastructure and connectivity investments.

Energy

There was another concession in the Leaders’ Declaration made to the US on energy, reflecting President Trump’s defence of the fossil fuel industry and intention to promote related technology and investment worldwide. This stated that “the United States of America [would] endeavour to work closely with other countries to help them access and use fossil fuels more cleanly and efficiently and help deploy renewable and other clean energy sources, given the importance of energy access and security in their nationally determined contributions”.

Multilateral development banks were invited to align operations to the long-term low-carbon strategies as they emerge, and to climate-resilient development.

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VLCC spot rates start week on a solid note

by Eric Yep

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Middle East to Japan route rises 21% on week to above $22,500 per day

VERY large crude carrier spot rates have kicked off this week with a strong push to above $22,500 per day for the benchmark Middle East to Japan route, on the back of strong enquiries and healthy crude demand.

Monday's benchmark Middle East to Japan route was 21% up on a week ago, and helped push the benchmark VLCC time charter equivalent on the Baltic Exchange to $9,898 per day, up 40% from a week earlier.

Up to the end of last week, the market was still largely balanced, with strong Middle East demand offsetting a long tonnage list and Chinese enquiries picking up in West Africa.

Supply-demand fundamentals had tightened following robust demand for spot cargo coverage during the first 20 days of July's Middle East programme, resulting in an expected surplus of eight vessels by the end of the month compared with 19 vessels available by mid-July, Charles R Weber said.

This week, strong enquiries for the remainder of July are helping to boost the market.

Additionally, the number of VLCCs has reached a new all-time high due to new vessel deliveries, shipping analyst Court Smith said, adding that industry data showed a total fleet size of over 720 ships, with as many as 576 steaming at the start of July.

Despite this week's gains, VLCC rates are only a third of January's levels and just a fraction of 2015-2016 levels.

Mr Smith said the current weakness in VLCC rates was due to the excess supply of ships, and scrapping would be the factor that led to a sustained rate increase, but recent trends showed that vessels older than 15 years continued to be circulated back into the market.

"This is another indication that tanker owners are making enough money to keep operating at current levels. If ships that are 20 years and older remain in service they could prevent a rate recovery in 2018," he said, adding that more than 40 VLCCs would be delivered next year.

Meanwhile, the other key VLCC benchmark rate, from the Middle East to the US Gulf Coast, has also improved, but remains in negative territory due to weak US oil imports from the Middle East. The TD1 TCE on the Baltic Exchange was at -$2,741 at Monday's close, compared with -$4,475 a week earlier.

"Only recently have imports from Saudi Arabia begun to trend lower, helping substantiate remarks by the country's energy minister, who in late May said that shipments of Saudi crude to the US would start falling," oil pricing agency S&P Global Platts said.

It said that the four-week moving average of US oil imports from Saudi Arabia had fallen below the 1m barrel per day mark for the week ended June 16 for the first time since early January, and had stayed under that mark, with imports averaging 653,000 bpd last week.

As US imports contract, Middle East crude is likely being shipped further east towards Asia, which should help boost tonne-mile demand and absorb some of the excess VLCC capacity being accumulated in the market.

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Supply growth forecast to moderate in dry bulk and containership sectors

by Wei Zhe Tan

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But the tankers segment could see a substantial rise in capacity, says Moody's

Tanker rates are forecast to soften, continuing the downtrend from the middle of 2016.

GROWTH in capacity for both the dry bulk and containership sectors may moderate over the next 12 months, according to Moody's Investors Service.

It said there were signs of a recovery in the two sectors, albeit slow and choppy, and thus it had decided to change its overall shipping industry outlook to stable from negative in May this year.

"For these two segments, we expect supply growth will exceed demand growth by less than 2%, within our parameters for a stable view."

In dry bulk, where it has a stable view, the ratings agency said, citing figures from Drewry, that a total of 51m dwt in newbuildings were expected to be delivered this year, including the 23m dwt already delivered in the first five months of the year that increased the global dry bulk fleet by 1.1% to 809.2m dwt.

These figures are seen as high and credit negative for the sector as the increased number of deliveries pressure freight rates in the next 12 months.

However, with orders placed for delivery through 2020 and beyond comprising just 7.5% of the dry bulk fleet in May 2017 versus 14.9% in May 2016, as seen in Drewry's figures, future capacity growth could moderate, which is a credit positive amid the current oversupply situation.

Additionally, China's demand for iron ore and coal imports has grown at a faster rate in 2017 so far compared with

2016, though increased domestic coal production could put a damper on demand for more coal imports and bulk carriers to transport them, Moody's said citing Drewry.

Moody's said dry bulk vessel charter rate improvements this year, compared wth 2016's record lows, were supported by China's higher iron ore and coal imports.

However, it warned that rates remained choppy and any further gains over the next 12 months would be relatively gradual.

"Dry bulk spot rates nonetheless remain below many companies' breakeven points. Unlike in container shipping, dry bulk contracts tend to be longer term. Having contracts with higher profitability from the past helps offset the recent low spot rates. Still, long-term contracts that come up for renewal in this relatively weak market will either be renewed at lower levels or not renewed, exposing the companies to volatility and losses," said Moody's.

As for containerships, the agency, quoting Drewry, said vessel deliveries gradually lessened in 2016 versus 2015 with only 60% of expected deliveries taking place, with most of the remainder likely pushed back to 2017 and 2018.

Given the slower rate of deliveries seen so far this year, Mood's expects more postponements or cancellations ahead. However, these delays would not be enough to crimp overcapacity,with supply growth to exceed demand growth by roughly 1% for the year and putting pressure on freight rates.

Boxships over 10,000 teu in size would continue to drive supply growth, the agency said, while the number of vessels of less than 8,000 teu has fallen.

It said that with all the mergers and acquisitions as well as new alliances being formed in the industry, freight rates were being negotiated at higher levels compared with 2016.

The agency noted that although it did not think bunker fuel prices would increase by a substantial amount, in the event of a rise, shipping lines would face challenges in passing on such costs to clients in a timely manner as seen in the first quarter of 2017.

It expected the worldwide boxship consolidation trend to persist as shipping lines optimised routes and capacity usage.

"In addition, economies of scale from having a larger fleet will help increase flexibility in reacting to shifts in geographical trade patterns, laddering out scheduled docking and adapting to changing regulations. Operating costs could fall on discounts on new buildings, and drydocking expenses and funding costs could decrease."

However, Moody's held a negative view of the tankers segment, with substantial newbuilding deliveries in 2017 and 2018 putting a lid on any rate increases over the next 12 months. Freight rates would often in 2017, continuing the downtrend which began in the middle of 2016, it said.

"We expect that the ballast water convention will lead to demolitions over time, but that net supply growth will exceed demand growth during our outlook horizon."

Moody's said tanker rates had always seen volatility as they were influenced by geopolitical events, seasonal factors and demand changes resulting from oil refinery maintenance shutdowns.

"Production cuts by the Organisation of the Petroleum Exporting Countries have been negative for demand thus far this year. However, with the US increasing production, [tonne-miles] should benefit as product is moved from the US to Asia Pacific, particularly for larger vessels, somewhat mitigating the reduction in Opec volumes," said the ratings agency.

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Spot rates hold firm post GRI

by Linton Nightingale

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Renewed market confidence points to bumper peak season, but rates could come under pressure in the latter stages of the year

SPOT rates on the principal east-west trades are expected to hold firm in the wake of July's successful price push, as the peak season finally kicks in.

The latest Shanghai Containerised Freight Index, forecasting rates for the week ahead, shows only minimal rate erosion on both Asia-Europe and transpacific routes.

The Asia-north Europe benchmark slipped back 4.5% to $969 per teu, while Asia-Mediterranean rates have fallen 4.7% to $906 per loaded 20 ft unit. Rates on the Asia-US west coast and Asia-US east coast trades, meanwhile, have dropped by 3.3% to $1,333 per feu and by 2.1% to $2,307 per feu respectively.

Having failed to add weight to spot market values on mainline routes in mid-June through a procession of general rate increases and new benchmark levels, carriers were forced to wait until July 1 before demand saw fit to warrant proposed price hikes.

Their success was verified upon the release of the latest Drewry assessed World Container Index, reporting actual rates traded the previous week, showing significant gains on the back of GRIs and the implementation of new benchmark pricing levels.

Spot rates on the latest Shanghai-Rotterdam benchmark shot up $284 to $1,936 per 40 ft box, as rates on the Shanghai-Genoa route climbed $97 to $1,753 per feu.

Eastbound transpacific also surged upon the successful GRIs. The latest WCI shows rates from Shanghai to Los Angeles jumping $257 to $1,390 per feu and to New York by $388 to $2,405 for a 40 ft box. Drewry's Hong Kong-Los Angeles spot rate index also bounced $400, or 37%, to $1,471 per feu, representing its highest level since May.

Drewry said that it expected spot rates to follow the SCFI by weakening slightly post-GRI, although Asia-Europe rates should hold slightly firmer.

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Cause for optimism

With the SCFI suggesting that demand is now sufficient to maintain rates at their current level and analysts anticipating a bumper peak season, there is every reason for carriers to be optimistic.

Drewry said that the recent uptick in demand on the Asia-Europe trade had forced it to radically re-evaluate its full-year demand growth forecast for 2017 from 2.1% to 4%.

“Part of our rationale is that with interest rates at ultra-low levels and falling warehousing costs in Europe, there is less pressure nowadays on retailers having to keep budget-squeezed inventories, which should smooth out some of the peaking in demand throughout the year, especially in the third quarter.”

Meanwhile, transpacific traffic had also rebounded significantly after a “sluggish” start to the year, Drewry said. Box numbers in the first five months of the year to the US west coast and US east coast from Asia were up by 2.5% and 6% respectively, the London-based analysts said, referencing the latest data published by Container Trades Statistics.

Unfortunately for carriers, this rate renaissance came too late in the year to impact contract rates as they may have hoped. However, Drewry said its research suggested that on the Asia-US west coast trade for example, lines had secured average contracts of $1,100-$1,200 per feu, a big improvement on last year, albeit low by historical standards.

Forward bookings also suggest that positive demand trends will continue through July and into August, further buoyed by the continuing recovery of European economies and positive signals in the US economy at present. While consumer confidence remains strong in the US, there is also still an expectation that President Trump will deliver on his promise to cut personal taxes, even if its enactment has been delayed, according to Drewry.

Renewed confidence in the transpacific market has also prompted lines to look for a secondary rate boost in the form of a mid-July GRI.

Hapag-Lloyd and MOL both informed customers of further rate increases of $750 and $1,200 per feu respectively.

Hapag-Lloyd also announced new benchmark prices of $1,200 per teu on the Asia-Mediterranean trade and $1,750 per teu on Asia-north Europe route. With a notable absence of lines following the German carrier’s lead though, it is unlikely it will achieve its objective.

Shrewd management

Nevertheless, in light of an improving trade environment, Drewry said that carriers had an opportunity to help rates continue their upwards trajectory — if, however, they could manage capacity shrewdly.

Whereas before, this task may have seemed beyond carriers, given the past levels of rate fluctuation, the prolonged period of rate stability so far this year suggests that carriers are finally getting their act together.

“The calmer environment is a testament to the fact that the chaos surrounding Hanjin’s bankruptcy has dissipated and because carriers are more adept at aligning tonnage supply with fluctuating demand by means of blanked sailings,” said Drewry.

Although the expectation is for spot rates on the east-west majors to remain at their current level until early autumn, there are still a large number of new ultra large containerships due for delivery before the year is out that threaten to destabilise the market.

Larger units will be rolled out onto the Asia-Europe trade and to make way for these ocean giants some smaller units will no doubt be moved to the transpacific lane. With the Bayonne Bridge lifted, this option has also become even more attractive for those lines calling terminals beyond the raised roadway with Asia-US east coast services.

To ensure the trades are not flooded with supply however, carriers’ ability to juggle capacity will be put to the test. If they fail, there is only one direction rates will head in the final quarter of the year.

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August US imports could hit record high as retailers stock up

by Wei Zhe Tan

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Forecasts attributed to back-to-school buying and subsequent holiday season stocking up

Optimism comes despite Trump administration's threats to curb global trade.

MAJOR container ports in the US are set to benefit from record high imports expected in the coming months as retailers encounter the back-to-school sales period and start stocking up for the festive season, said the monthly Global Port Tracker report put out jointly by the National Retail Federation and Hackett Associates.

“We are expecting retailers to import some of the largest volumes of merchandise ever,” said NRF vice-president for supply chain and customs policy Jonathan Gold.

“That is a good indicator of what could be ahead for consumer demand and retail sales, and it is a sign that retail is going strong despite what you might read in the headlines.”

Global Port Tracker noted that ports under its purview handled 1.72m teu in May, which was 7.3% higher than April and 6.2% higher than in May 2016. May is the most recent month for which firm numbers are available.

The report forecast June to see a 5.3% year-on-year increase to 1.66m teu, July to see a 5.1% rise to 1.71m teu, August to see a 2.2% gain to 1.75m teu, September to see a 4.3% increase to 1.66m teu, October to see a 2.2% rise to 1.71m teu, and November to see a 2.7% decrease to 1.6m teu.

Among those estimates, the number for August could be the highest monthly volume since 2000 when the NRF started tracking imports, while the teu figure for May, and the forecast figures for July, August and October “represent four of the the six busiest months in the report's history”.

The first half of 2017 is expected to see import box volume growth of 7.1% to 9.63m teu.

NRF is estimating 2017 retail sales, not including automobiles, petrol and restaurants, to grow 3.7%-4.2% year on year, an indicator of retailers’expectations.

The optimistic forecasts come even as the Trump administration threatens to introduce policies to curb global trade, said Hackett Associates founder Ben Hackett.

“Some actions to date appear to have alienated traditional allies and are causing them to work more closely together, leaving the US on the sidelines. ‘America First’ may well result in protectionist actions that will cut the US off from the benefits of the global value chain and economic growth for US importers and exporters.”

The port of Long Beach, one of the US’major ports, saw container throughput increase 9.2% year on year to 658,727 teu while in the second quarter, volumes rose 8.3% to nearly 1.9m teu. Imports increased 7% to 335,328 teu, exports

fell 7.7% to 118,304 teu and empty containers rose 26.8% to 205,095 teu
"These are good results as we move into the busiest trade months of the year," said Harbor Commission president Lori Ann Guzmán. "The US dollar remains strong and retailers are stocking back-to-school merchandise and other goods American consumers are purchasing."

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LNG bunkering alliance ropes in first Chinese port

by Eric Yep

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Port of Ningbo-Zhoushan, Port of Marseille Fos and Port of Vancouver are new members of LNG bunkering focus group

The network now comprises 11 ports and maritime administrations worldwide.

A SINGAPORE-led coalition of ports aimed at promoting liquefied natural gas bunkering has roped in its first Chinese member, the Port of Ningbo-Zhoushan.
The alliance said on Monday that along with its first Chinese port, the LNG bunkering focus group had also added the Port of Marseille Fos and Port of Vancouver as new members, taking its total membership to 11 global ports that already included Antwerp, Jacksonville, Rotterdam, Singapore, Ulsan, Yokohama, Zeebrugge and Norway.
The addition of a Chinese port is significant, not just because of the scale of shipping volume in the middle kingdom but also from the perspective of establishing global LNG bunkering standards and LNG bunker-ready ports across the

world's main shipping lanes, including the critical Trans-Pacific trades.
"With this expansion, the network will comprise a total of 11 ports and maritime administrations across Asia, Europe and North America," Singapore's Maritime and Port Authority said in a statement.
"We are confident that the inclusion of Port of Ningbo-Zhoushan will add further impetus to enable the uptake of LNG bunkering for the Far East-Europe and Intra-Asia trade routes for the future," MPA's chief executive Andrew Tan said.
AT the Norway-Singapore LNG Bunkering Forum hosted during Singapore Maritime Week, Norwegian Maritime Authority technical director Lasse Karlsen had said the ports of Hong Kong, Vancouver and Shanghai were likely to be next to join the focus group.
While Europe is expected to see the largest growth in bunkering facilities, Asia is expected to become the second-largest LNG supplying region in terms of number of projects, despite a lack of dedicated LNG-fuelled vessels in the area, according to Banchero Costa Research.
The push for LNG bunkering in Asia is accelerating.
China has tightened regulations for shipping emissions by creating three emission control areas at key ports in the Pearl River Delta, Yangtze River Delta and Bohai Sea, Singapore is implementing an LNG bunkering pilot programme and plans to be ready for LNG bunkering by 2020, and Japan is working on an LNG bunkering hub in Yokohama.
In China, river-based LNG bunkering is already fairly well developed for inland barges and small vessels.
Banchero Costa said Shanghai-based LNG Power Shipping reportedly placed an order in 2015 for 200 LNG-powered inland river vessels with China's Honghua Group and another 200 orders for LNG-fuelled vessels were reportedly placed at Jiangsu Qinfeng Shipbuilding.

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Supramax rates show few signs of reversing their decline

by Inderpreet Walia

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But newbuilding market remains active, with eight new orders this week

THERE is little sign that the decline in supramax spot rates will be arrested in the next couple of weeks, mainly due to the lack of business in both the Pacific and the Atlantic regions. Clarksons said that owners and charterers struggled to agree on rates, with the oversupply of vessels increasingly adding to the pessimism in the Pacific basin.

"There is nothing spectacular in the market," said a Singapore-based broker. "With supras suffering from soft demand conditions, rates are likely to remain flat with most of them following a negative trend in the following week."

The Baltic Exchange Supramax Index fell every single day last week and stood at 729 points on Monday, versus 751 points a week ago, washing away all the positive sentiment of a market rebound led by Black Sea grain cargoes.

The average weighted time charter rate was $8,304 per day, down 2.9% week on week.

Tepid trade volumes across freight routes weighed on rates across the globe, with all the benchmark routes registering a drop this week. The earlier strength of US Gulf trades was also diminishing.

Meanwhile, the Middle East Gulf region still remains "directionless," said Gulf Maritime brokers, who pointed out that the activity level in the region was at its lowest in several months. The brokerage mentioned the emergence of a few new cargoes this week, but conceded that a long list of spot tonnage prevented hire rates from rising.

The core business of the Middle East region, that is raw building materials, was not in good shape as the state of affairs between the Gulf Co-operation Council countries looked grey, it added.

Around 13 spot fixtures have been reported by Clarksons in the past seven days, with the most eye-catching deal being a 54,000 dwt vessel being fixed from the US Gulf to Turkey at $12,000 per day.

In the east, nickel ore trips to China maintained levels in the $8,000s basis delivery north China, or a rate in the $9,000s for any vessel open closer to the loading port in the Philippines or Indonesia, according to the Baltic Briefing.

Despite a softening market, two period fixtures were concluded in the past week for five to seven months at $9,500 per day, Clarksons data showed.

In the secondhand market, four sister vessels, all 57,000 dwt, were sold by Germany-based Marenave Schiffahrts, which recently completed its financial restructuring. However, the deal was done at an undisclosed price, according to online data provider VesselsValue.

The newbuilding market saw eight new ultramax vessels being ordered at Jiangsu New Yangzijiang in China by a Turkish company, Yasa Shipping. All the ships are to be delivered in 2019.

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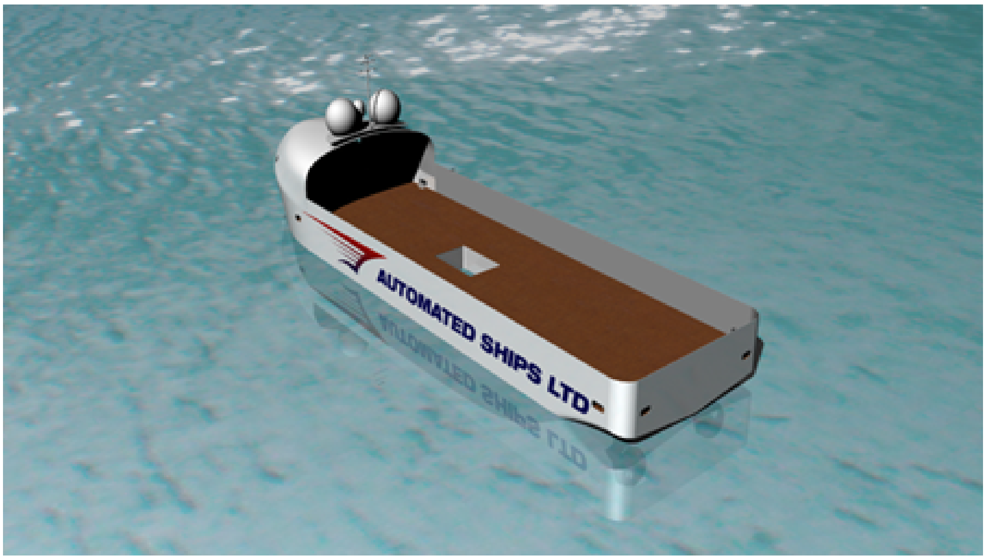
Bourbon joins bid to build world's first autonomous OSV

by Lloyd's List

French marine offshore services outfit will provide detailed input to the development and design



Hrönn is to be the world's first fully-automated offshore vessel.

FRENCH marine offshore services company Bourbon has entered into a memorandum of understanding with UK-based Automated Ships Ltd to support the building of the world’s first unmanned and fully-automated prototype vessel for offshore operations.

The project is in collaboration with Bourbon’s primary technology partner, Kongsberg, which signed an MOU in November 2016 with ASL in the contracting of *Hrönn* , the prototype vessel. Kongsberg will provide the equipment for operation, design and construction.

Bourbon’s role will be to provide detailed input to the development and design of the Hrönn project, ensuring flexibility, reliability and cost efficiency.

In the second phase of the project, Bourbon and ASL will join forces to finance the construction of *Hrönn*, a light-duty, offshore utility ship servicing the offshore energy, hydrographic & scientific, and offshore fish-farming industries. *Hrönn* can also be utilised as a remotely operated underwater vehicle and autonomous underwater vehicle support ship and standby vessel, and provide firefighting support.

Hrönn’s sea trials will take place in Norway’s officially designated automated vessel test bed in the Trondheim fjord under the supervision of DNV GL and the Norwegian Maritime Authority.

“We are pleased to be collaborating with such expert partners in the development of *Hrönn*, a vessel that will show how digitalisation and autonomy have the potential to revolutionise the offshore services market,” said Stene Førsund, EVP Global Sales and Marketing, Kongsberg Maritime.

Kongsberg expects to have fully autonomous feedership in three years.

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INVITATION TO TENDER

IN THE HIGH COURT OF THE
HONG KONG SPECIAL ADMINISTRATIVE REGION
COURT OF FIRST INSTANCE
ADMIRALTY JURISDICTION

RE: HCAJ 47 of 2017
The ship or vessel **"KY VENUS"** (the "Vessel")

Pursuant to the order for sale of the Vessel made by the High Court of the Hong Kong Special Administrative Region on the 16 June 2017 tenders are invited for the purchase of the Vessel (a general description of which is set out below) upon the following terms.

1. The Vessel is offered for sale as she lies in the waters of Hong Kong in her "as is" "where is" condition at the date of delivery without any warranties or guarantees. The Vessel is sold free from incumbrances, with everything on board belonging to her but excluding any equipment on hire.

2. No error or misdescription in this invitation or otherwise by representatives of the Government or the High Court of the Hong Kong Special Administrative Region shall entitle the successful tenderer ("the Buyer") to annul the sale.

3. Tenderers are advised to make all and any such enquiries as they think fit. Permission to inspect the Vessel may be obtained from the Chief Bailiff.

4. Tenders for the purchase of the Vessel must:
(a) be in writing addressed to the Registrar of the High Court, Hong Kong Special Administrative Region;
(b) be in a sealed envelope so addressed and marked "**HCAJ 47 of 2017 – CONFIDENTIAL**";
(c) be accompanied by way of deposit by a cashier's order or bank draft drawn by a Hong Kong bank or a bank having a branch office or banking correspondents in Hong Kong or certified cheque drawn on such a bank of 10% of the offer payable to "**Registrar, High Court**" and crossed in "**HCAJ 47 of 2017**" (the "Deposit");
(d) be expressed to be irrevocable until 2 August 2017;
(e) reach the Registrar c/o Chief Bailiff (Administration & Admiralty) at Bailiff Office, LG 3/F, High Court Building, 38 Queensway, Hong Kong not later than 2:00 p.m. on 26 July 2017, otherwise such tenders will be treated as invalid; and
(f) be expressed in Hong Kong Dollars or United States Dollars with payment of the Deposit being made in the same currency as the tender.

5. The Registrar is not bound to accept the highest or any tender.

6. If a tender is accepted the balance (plus the sum payable for bunker fuel) of the purchase price also in the form of a cashier's order, bank draft or certified cheque payable as aforesaid must be paid within 7 days of the acceptance of the tender and if not so paid the deposit of 10% will be forfeited in which event the Registrar will be at liberty to sell the Vessel to any other party or parties.

7. The Buyer shall within 7 days of the acceptance of the tender pay by the aforesaid methods the Hong Kong market price for the bunker fuel remaining on board on the date of delivery, such quantity and price to be determined by the Chief Bailiff or his agent.

8. Upon payment of the balance of the purchase price, a bill of sale will be duly executed on behalf of the High Court of the Hong Kong Special Administrative Region in favour of the Buyer.

9. The Registrar may in his discretion agree that the Vessel be sold to a nominee of the Buyer. Such nominee and the Buyer shall sign an addendum to this Invitation to Tender in such form as the Registrar may require. Any nomination shall be made no later than 3 working days prior to the delivery of the Vessel. Any nomination made by the Buyer shall be irrevocable. No further nomination is permitted.

10. Deposits will be refunded to unsuccessful tenderers.

11. Any tenderer who does not receive notice by 2 August 2017 that his tender has been accepted may assume that such tender has been rejected.

12. Should the Vessel become a total loss (or be accepted by underwriters as a constructive total loss) before delivery of the Vessel to the Buyer the sale shall be null and void and the Deposit will be refunded to the Buyer.

13. The Buyer shall be liable for any fees duties taxes or dues of whatever nature which may become payable upon the purchase and transfer of the Vessel.

14. On completion of the sale the Buyer will assume all responsibility for complying with all Hong Kong Marine Department directions regarding the Vessel.

15. This invitation and the sale of the Vessel is made and effected without any liability of whatsoever nature of the High Court of the Hong Kong Special Administrative Region or its officers, employees or agents.

(A. HO)
Registrar
High Court
3 July 2017

PARTICULARS OF VESSEL

NAME:	"KY VENUS"
IMO NO.	9478107
REGISTRY:	Jeju, Republic of Korea
TYPE OF VESSEL:	Oil & Chemical Tanker (IMO II)
BUILT:	Kwang Sung Shipbuilding Co., Ltd. Mokpo, Republic of Korea.
DATE OF BUILD:	06 May 2010
CLASSIFICATION:	Korean Register of Shipping + KRS1 Oil/Chemical, +KRM1-IGS
LENGTH:	128.60 m. (OA) 120.40 m. (BP)
BREADTH:	20.40 m. (M)
DEPTH:	11.50 m. (M)
GRT:	8562
NRT:	4095
LIGHT WEIGHT:	4450 mt.
SUMMER DEADWEIGHT:	13049 mt.
SUMMER DRAUGHT:	8.714 m.
CRANE:	SWL 5.0 t.
MAIN ENGINE:	STX-MAN B & W 6S 35 MC 4440 kW
AUXILIARY ENGINES:	Hyundai Himsen 5H 17/28
BOILER:	Miura Co., Ltd. HB-12T, Vertical Water Tube
BOW THRUSTER:	400 kW
CARGO CAPACITY:	14315.708 M3 12 tanks + 2 slop tanks
CARGO PUMPS:	FRAMO, Carso 12 x 300 M3/h, slops 2 x 100 M3/h, Portable 1 x 70 M3/h.
SERVICE SPEED:	13.5 knots