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Chinese port players to rival global giants within 10 years

by Cichen Shen

China's rapid overseas expansion in recent years is just a start, says Drewry managing director Timothy Power

Power: "Chinese port companies are involved extensively in Europe, west coast of Africa, and more extensively in the US."

CHINESE port companies are expanding overseas at a blistering pace, and will become truly worldwide players to rival the existing giants within 10 years, according to Drewry managing director Timothy Power.

While Cosco Shipping taking over Orient Overseas (International) Ltd demonstrates China's global ambition in the shipping line sector, its rapid expansion in the ports industry should not be ignored, said Mr Power during the 2017 China Maritime Forum in Ningbo.

As per his calculation, between 2007 and 2016, the country's three largest port operators — Cosco Shipping Ports, China Merchants Port and Shanghai International Port Group — have seen their total equity throughput grow from 33.7m teu to 82.6m teu.

Equity throughput is the throughput of all of a company's terminals, based on the company's equity share in its terminals.

Meanwhile, the contribution by the three port operators' overseas handling increased from about 7% to 13%.

When compared to the current top four industry leaders, Hutchison Ports, PSA, APM Terminals and DP world, the three Chinese giants' equity throughput made up 47% of that of their foreign competitors in 2016, versus just 24% in 2007.

"So the race is on, ladies and gentlemen," said Mr Power.

Only a few years ago, China's expansion in overseas ports was still quite yawn-inducing, except for Cosco Shipping's earlier exploration in Singapore and Greece. But the process has been accelerating, leading to "an explosion of activities" since 2012, the seasoned consultant added.

"Chinese port companies are involved extensively in Europe, west coast of Africa, and more extensively in the US."

To name some: Cosco Shipping Ports just announced its agreement in June to acquire a 51% stake in Noatum Ports, which operates a number of major container terminals in Spain, while in the same month SIPG sold 15% stake in itself to Cosco Shipping, which has a 67% equity of the port authority in Piraeus. Because of that, the three parties managed to sign an agreement to co-operate in project planning, staff training and information exchange.

China Merchants Port, the port arm of state conglomerate China Merchants Group, is certainly no slouch in expansionist moves. It now has investments in 49 ports across 19 countries, including the acquisition of 49% equity in Terminal Link and 23.5% in Port de Djibouti.

Many of these projects are incorporated into China's Belt, One Road initiative, the masterplan produced by the country's president Xi Jingping to promote trade and other economic ties between nations in continents across Asia, the Middle East, Africa and Europe.

"The construction of the Maritime Silk Road ports is an important carrier of the new wave of globalisation," said China Merchants Port vice-chairman Hu Jianhua, also speaking at the Ningbo Maritime Forum.

"[Our port] projects are not just for show… they will assure us of a more stable and further path in the Belt and Road initiative."

Mr Power tended to agree that the Chinese port players were not finished yet in their overseas ventures. "This, is in my opinion, is just the beginning."

However, he argued that the expansion activities were even going beyond the Belt and Road countries. "It's clear that it's a global ambition."

Another Chinese firm, Landbridge Group, could well validate Mr Power's argument. The privately owned conglomerate, whose business ranges from oil refining to hotels, acquired Panama's largest port Margarita Island in May last year, on the heels of its purchase of a 99-year lease on Darwin's commercial port in Australia.

A port expansion project on Margarita Island kicked off last month.

Opposition voice

The swelling global presence of Chinese port players has caused some anxiety.

Such views were expressed "in quite strong terms" in a recent conference in Europe where, according to Mr Power, one speaker said ports should be taken as national strategic assets and the stake that overseas investors were allowed to take in domestic terminals should be limited to below 50%.

"And if they want 51%, they will have to give us 51% when we want to invest in their markets," Mr Power quoted the speaker as saying.

This strong protectionist argument represented a number of people there, he added.

Nevertheless, port authorities that attended the European conference did not approve of such arguments.

They said the Chinese port companies were good business partners, and brought much-needed investment, according to Mr Power.

Moreover, the port authorities, which are the actual landlords of the port, contended that they were not selling the land to the Chinese investors, but the right to use the port, and hence giving out a 51% stake was "perfectly OK".

Mr Power said: "China can invest and come more. I think that is the view going to prevail."

He added: "This is just a start. We'll see the Chinese ports as truly global companies within the next 10 years."

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'More British' future seen for Hamburg

by David Osler

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German maritime cluster hopes to grab London shipping services work post-Brexit

Some of London's lucrative shipping services market could well be looking for a new home after Brexit. *Source: Samot/Shutterstock.com*

BOARDING my British Airways flight to Hamburg from Heathrow's perennially dreadful Terminal Five, I was fully expecting to find the German shipping capital in a clearly despondent state of mind.

The collapse of Hansa Treuhand, Marenave and Rickmers Holding in a matter of months would have done nothing to boost morale since my last visit, I reasoned.

Surely everyone would be asking who was next for the chop, as hitherto indulgent banks — led by HSH Nordbank, until now the most indulgent bank of the lot — started to call time on the basket cases?

Yet once again, Hamburg surprised me, as it always does. The mood I found was characterised more by sobriety than out-and-out gloom. Let us go with 'unsettled' or even perhaps 'chastened', rather than despairing.

Several of those I spoke to emphasised the positive. Hapag-Lloyd still remains the irreducible backbone of the Hamburg shipping scene, and has strengthened itself through its merger with UASC.

Nor is it finding it any particular problem to fund itself, experiencing high demand for its recent €450m ($514m) bond issue.

Other companies have this year been able to tap Norwegian money via Oslo, with MPC leading the pack and Ernst Russ teaming up with Pareto. ER has also managed to appeal to a significant investor from outside the shipping space, namely Ecofin.

It even looks like that old battler Claus-Peter Offen has a few tricks up his sleeve. It is now widely expected that he will secure a reverse listing on the German bourse by merging his holding company into what is left of Marenave.

Some have even detected hints that 'CPO' — as Mr Offen is universally nicknamed in the industry — still has his eyes on Wall Street. That is a possibility he has mentioned in the past, with most observers taking a 'believe it when I see it' stance.

I guess the lesson here is quality pays. There is money available for people with the right projects, if they are willing to think laterally to get their hands on it.

Moreover, Hamburg shipping knows full well that it enjoys strong government backing, with the current centre-right/centre-left coalition doing everything it can to support the industry within EU state aid guidelines.

This is an election year in Germany, with Angela Merkel's CDU favourite to remain the largest party come the vote in September. But whatever the outcome, the generous handling will naturally continue.

What also struck me was an increased realisation among embattled shipping players that the poor markets that have dogged the picture since 2009 are not going to go away any time soon.

On past trips, I had observed that the older generation of owners tended to see the downturn as simply a slightly more prolonged version of the many they had seen before. Hang on, things will be better in a year or two, they told me.

Not so. Germany has lost around 1,000 vessels in the last five years, with the total fleet now closer to 3,000 than 4,000, and despite the leniency of the lenders, more vessels are approaching the end of their working lives.

The penny has finally dropped, and the 'hang on in there, we will be back to our old tricks in 18 months' attitude has all but disappeared.

Sure, no recession lasts forever, and ultimately business will pick up again. But owners are realistically aware that they may have to weather another five, seven or — who knows? — perhaps even 10 lean years, and are making plans accordingly.

Some of the younger ones even have a mind to take advantage of the opportunities they find in a challenging situation, and show clear signs of impatience with the oldies who, to their mind, are holding things back.

Concretely, those with access to funds — either internally generated or with the help of family offices — are primed for bargain shopping.

Here's one development to keep an eye out for: HSH Nordbank — until 2014 the world's largest shipping lender — is in the process of privatisation, and it is not clear that any buyer will want to keep non-performing loans in its shipping book. That could mean cheap tonnage to be had, and it is obvious that some have been eyeing up the menu.

And, don't laugh, but there is even an argument that the KG system can re-emerge, provided only that it is targeted towards high net worth and 'medium wealth' retail investors.

The collapse of several hundred single-ship companies, and the resultant ruin of thousands of retired middle-class people, who have seen hopes for a comfortable retirement dashed, has been an unmitigated public relations nightmare for German shipping.

But I heard tell of innovative KG prospectuses, some issued by companies in landlocked Bavaria, of all places, offering buy-in at €200,000, rather than the €20,000 level seen in the past.

Shipping remains risky and thus 'not for widows and orphans', as the investment maxim goes. But the returns on offer, backed up by generous tax breaks, could make sense as the spicier tranche of a broad portfolio that is overweight on boring old utilities.

Another widespread expectation is for consolidation. The number of German shipowners has also dropped markedly since 2012, and is likely now closer to 300 than the 400 traditionally cited.

It is already the case that some 30-40 large and medium-sized players have pulled ahead of the pack, with the rest making up a long tail. The days of the entrepreneurial one- or two-ship 'Käpitan Reederei' seem numbered.

There is also more interest in diversity. One of the factors widely believed to be behind the downfall of Rickmers, is that it found itself with tonnage in the wrong size bracket as its liner operator clients started to look to ever bigger boxships. There is marked determination not to make the same mistake.

Finally — and here we really are thinking the unthinkable — some in Hamburg are even countenancing becoming what might be called, for want of a better term, "more British".

It has not gone unnoticed that while the UK is no longer home to any significant domestically owned shipping companies, it is still a world centre for shipping services such as law, insurance and shipbroking.

And, so the Germans reason, Britain has just shot itself in the foot by voting for Brexit. Some of that lucrative shipping services market could well be looking for a new home.

Germany would never do anything as daft as let go of all its major physical shipping companies, as the UK did in latter decades of the last century.

But it is not an either/or choice, and greater emphasis on white-collar shoreside activity is certainly on the cards. The two law firms I visited, for instance, were both expansion minded.

"We are happy for other countries to own the fleets, if they are losing money from it," one wiseacre quipped over coffee. "A little more British would not do much harm."

After all, he went on, just how German is the mighty Hapag-Lloyd itself nowadays, now that Qatar and Saudi Arabia own substantial chunks of it, and three out of four main board directors are not German nationals?

On the whole, management is also getting more professional, another source pointed out. "You cannot just leave your company to your idiot son," he joked. "Finally, something Germany can learn from Greece."

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IEA's June report boosts tanker market sentiment

by Eric Yep

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Supplies are up, inventories are down and oil prices are under pressure, says IEA — all positives for tanker markets

Oil producers have pushed up global supply in June to 97.46m barrels per day, up 720,000 bpd on the previous month.

Source: © 2017 Nabil al-Jurani/AP

THE International Energy Agency, a Paris-based energy watchdog, delivered a string of good news for tanker markets in its latest June monthly oil report, which should prop up market sentiment in coming weeks.

Oil producers, including both within the Organisation of the Petroleum Exporting Countries and outside it, have opened the taps and pushed up global oil supply in June to 97.46m barrels per day, up 720,000 bpd compared to the previous month, the IEA said.

June's oil output was 1.2m bpd more than a year ago, with non-Opec producers firmly back in growth mode and expected to expand production by 700,000 bpd in 2017 and 1.4m bpd in 2018, the agency added.

Higher oil production has a direct correlation with tanker demand as the barrels once produced have to be shipped out, either to interim storage locations or to end-user refiners, both of which require tankers for transportation.

As expected, Opec's own crude output has been rising despite curbs on most of its members that evidently have not worked as effectively as the cartel would have liked, undermining its plans to normalise the supply of oil in the marketplace.

The IEA said Opec's crude output rose by 340,000 bpd on month in June to 32.6m bpd, due to not only Libya and Nigeria, which are exempted from production caps, but also Saudi Arabia pumping more crude as well.

"Opec compliance [with the production caps] slumped to 78%, the lowest rate this year, and was overtaken by the non-Opec group, whose rate improved to 82%," the IEA said, adding that despite the lingering threat of oil sector attacks as well as technical constraints, particularly in Libya, both Libya and Nigeria have the potential to expand production.

This should continue to help aframax and suezmax demand, as the two segments are sensitive to trade routes originating in the two African countries and rates have gained due to stronger loading programmes.

The agency highlighted a distinct increase in oil demand, another key positive for tankers.

Global oil demand suffered lacklustre growth of 1m bpd in the first quarter of this year, but there was a dramatic acceleration in the second quarter to 1.5m bpd, the IEA said, adding that it was raising its oil demand projections for 2017 as a whole to 98m bpd, and even further growth to 99.4m bpd for 2018.

Oil inventories in developed countries showed a moderate reduction in June and global refinery throughput is forecast to reach a record high of 81m bpd in the third quarter, the IEA said. Lower inventories increase arbitrage trades across regions and higher refinery operations boost fuel production, which increases product tanker demand.

Finally, the decline in oil prices and forecasts that it will stay low benefit tankers, as bunker fuel prices will also remain low and oil demand will be supported by lower prices.

“Oil investors are going through a period of waning confidence with prices recently returning to levels not seen since early November. Brent prices have closed below $50 per barrel each day since early June and few investors expect a recovery anytime soon,” the IEA added.

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Spanish ports slapped with $3.4m fine

by Anastassios Adamopoulos

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European court goes easy on Spain for breaches of employment laws with drastic reduction of recommended penalty

Algeciras was among the ports hurt by labour dispute.

THE Court of Justice of the European Union slapped Spain on the wrist with a €3m ($3.4m) fine for failing to reform its port sector, a fraction of the payment proposed by the European Commission.

The fine concerns Spain’s inability to follow through with a December 2014 CJEU ruling that found its port employment laws in violation of EU law and demanded that they were amended accordingly.

Thursday’s CJEU decision followed a European Commission recommendation for a €24.3m fine against Spain.

While the Spanish government legislated reforms liberalising the stevedore sector in mid-May, after much controversy and effort, the labour unrest and port operational disruptions that followed halted the process.

Negotiations between stevedore employers and unions regarding the legislation resulted in an agreement under which employers would subrogate all of the stevedores, who in return vowed not to disrupt port operations. The two sides will have until the end of September to thrash out the rules of the new law.

“The Court finds that, although Spain has demonstrated its good faith, in particular by co-operating closely with the Commission during the pre-litigation procedure, the failure to fulfil obligations alleged against it continued for a significant length of time, given that 29 months passed between the delivery of the 2014 judgment and the entry into force of the new rules bringing the national legislation into line with the operative part of that judgment,” the CJEU said.

The European Commission’s €24.3m proposed fine reflects a €27,522 payment for each day the country failed to reform the sector.

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Short-term pricing ‘now better for shippers’ on China-Europe trade

by Mike King

Benefits to cargo owners of longer-term ocean freight contracts declining as market softens, says Xeneta

Shippers could save significantly by shifting from long-term to short-term contract rate agreements.

EUROPEAN importers sourcing from China could realise major savings by shifting from long-term ocean freight agreements to short-term shipping contracts in the months ahead, according to Patrik Berglund, chief executive of container shipping market intelligence platform Xeneta, who reported "a pattern of companies going on shorter contract durations".

He said that over the last 18 months on the China main ports-north Europe main ports trade, there had only been a brief window when it was beneficial to be in the short-term market rather than using long-term contracts — defined by Xeneta as contracts of three months' duration or more. According to Mr Berglund, this was because the gradual, although volatile, increase in rates over much of the last 18 months on China-north Europe trades had tended to favour long-term freight products.

However, with the market now trending downwards, in his opinion, he said freight buyers should consider changing their strategies. "Now the market is moving down, if you have the abilities to switch and sit in the short-term market on that corridor, that would definitely be the most competitive prices you could reach, as for now," he told Lloyd's List.

Mr Berglund claimed this was the correct strategy in the current market, even though freight rates made major gains last week — for example, Drewry's World Container Index, a composite of container freight rates on eight major routes to and from the US, Europe and Asia, was up 12.2% last week to $1,550 per 40 ft box. Spot rates for a 40 ft box on the benchmark Shanghai-Rotterdam route "shot up" last week by 17% or $284, to $1,936 — "as a result of peak season demand and the July 1 general rate increases" — although that is 4% below the same period last year. Drewry predicts that those Asia-Europe prices will hold firm this week.

But Mr Berglund said this early July spike "doesn't change the basic dynamics in any way", although the market needed to be monitored carefully — not least to see if lines' July GRIs stick in the lead up to the peak shipping season.

"If they [shippers] have the opportunity, switching to short-term would enable [them] to exploit the opportunities when the market is falling," he said. "We see that historically as well.

"But very often, larger-volume shippers/BCOs won't have that flexibility in their structure — neither operational nor from a sourcing point of view. Some do and take advantage of the different market conditions."

More generally, he also said Xeneta had seen "a pattern of more and more companies going on shorter contract durations— not necessarily month by month, but annual contracts are maybe shifting to quarterly or six month, or an annual contract with quarterly reviews".

However, Mr Berglund's predictions about pricing trends in the second half of 2017 conflict with those of container shipping analyst Drewry.

Drewry believes ocean freight rates from Asia to north Europe should continue to rise in the second half of 2017 if carriers manage capacity carefully.

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Cape earnings bounce back to over $7,000 per day

by Nidaa Bakhsh

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Steady iron ore flows from Australia lead to gains, while forward prices help improve sentiment

CAPESIZE bulker earnings started to move up in the past week on steady flows of iron ore from Australia.

The average weighted time charter on the Baltic Exchange gained 16% to $7,701 per day at the close on Thursday, while the index increased by 110 points to settle at 928 points.

There are “definite signs of improvement in the physical market at the moment with the Pacific enjoying consistent gains and the Atlantic potentially showing signs of tightening”, said GFI brokers in a note on Wednesday.

“Certainly there is a more positive feeling in the air and this has seen solid gains” in the forward freight agreement sector, GFI brokers said.
In the forward market, the third quarter was assessed at $11,600 and the fourth quarter was at $15,700, GFI figures showed.
Whether it was the forward market spurring the physical or the other way round, it was clear to see sentiment had shifted over the last seven days.

“The dead cat continued to bounce,” said the Baltic Exchange in a daily roundup on Wednesday.

“The Brazil/China run saw improved numbers and even in the North Atlantic, but so far there remained a distinct lack of fresh cargoes," it noted.

Steady flows were seen out of Australia, according to one market observer. These resulted in rates from Australia to China creeping up to $5.14 per tonne versus $4.40 a week ago.

The Brazil to China voyage also saw rates move up, to $12.11 per tonne from $10.80 on July 6.

Spot fixtures were concluded at $6,500 per day from Australia to China and at $8,700 per day from Brazil to the Singapore-Japan region, with only 12 deals reported n the week, according to Clarksons.

South Korea's Polaris Shipping was said to be in the market, fixing a 240,000-tonne ore cargo from Tubarao in Brazil to Qingdao in China at an index-linked level for loading in the second half of August, Clarksons data showed.

A couple of coal cargoes were also fixed, at $21 per tonne from Baltimore to South Korea and at $5.15 per tonne from Australia to China, the data showed.

In the period market, a charter was reportedly fixed at $10,750 per day for four to seven months, according to Clarksons. That is lower than previous fixtures.

In the asset market, a 2006-built capesize was sold for $17.2m, according to VesselsValue. That is an increase of $3m from a deal in December for a vessel of similar age.

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Shippers and forwarders highlight concerns over ocean freight no-show fees

by Will Waters

Customers link new late-cancellation charges to 'exceptional' recent capacity crisis, claiming carriers must compensate cargo owners for 'roll-overs' and void sailings

The practice of charging shippers for no-shows must be balanced, according to the ESC.

SHIPPERS and forwarders have highlighted their concerns and expressed mixed feelings on the growing practice among ocean freight carriers to charge customers no-show fees or late-cancellation penalties, claiming carriers must also compensate cargo owners when lines fail to deliver services as promised.

Representatives from the European Shippers' Council and freight forwarding bodies Clecat and Fiata accept in principle the idea that no-show fees are fair — and may benefit the ocean freight sector as a whole — but only if customers are also compensated where their cargo is "rolled over" by lines.

However, both associations also linked the recent implementation of no-show and late-cancellation fees by shipping lines, including Maersk, CMA CGM and Hapag-Lloyd, to Europe-Asia capacity shortages experienced by customers in April and May in particular. They questioned whether the implementation of late-cancellation fees was appropriate under what they regard as those exceptional circumstances that were caused, at least in part, by the lines themselves.

Fabien Becquelin, Maritime Transport Council policy manager at the ESC and director of international transport at France's AUTF, told Lloyd's List: "We have seen several announcements of implementation of this kind of surcharges that were already existing in the market under the name of 'dead freight'. As every time in the maritime industry, when a player starts a 'new' practice, it is always followed by several other carriers."

In terms of whether it was acceptable or fair, he responded: "The practice of charging shippers for no-show could be acceptable under one condition: it must be balanced. We could accept to pay for no-show fees if there is a real commitment of carriers to transport the goods from the contracted point of departure to the contracted arrival location at the correct date.

"I mean that if there is no-show fee, there must be a 'blank sailing penalty' or 'roll-over fee' on the side of the carrier. Only under these conditions, no-show fee can be swallowed by shippers."

He said more and more shippers were aware of the industrial and commercial characteristics and realities of the container transport business. "In this respect, they could understand that it may cause problems not to show up with your containers," he added.

"But on the other hand, carriers must understand that the shippers are also bound with other parties in the supply chain and if the sailing is skipped, then someone at the other side of the voyage is injured."

Those cancellations by carriers had significant and often costly implications for shippers. "If they want to avoid stock failure or customers' claims, the shippers have to go on the spot market — or even change the mode of transport — with higher cost. This is not acceptable any more."

Waits of several weeks

Speaking on behalf of both Clecat and Fiata, Clecat director general Nicolette van der Jagt told Lloyd's List: "Forwarders and shippers have suffered heavy delays in shipping goods to Asia over the last three months, with waits of several weeks for goods to be loaded, as well as blank sailings, uncertainty over which goods will eventually be loaded, and a need to find alternative carriage options at short notice. Capacity shortages led carriers to stop taking bookings and shippers had to wait up to eight weeks to load cargo."

Although the capacity situation has since normalised, Ms van der Jagt said there were various explanations for the causes of that crisis. Forwarding representatives saw it as a mix of the impact of the alliance schedule reshuffle and normal seasonal effects — the usual capacity shortage of about six weeks after Chinese New Year for European exports, because the voyage cancellations from Asia to Europe during Chinese New Year affect European exports for the back haul.
"The rearrangement of the alliances amplified this effect this year, because of more service anomalies than normal and growth in Europe was stronger than anticipated by most carriers, and demand very quickly created a big backlog," Ms van der Jagt said.

"Carriers also started to 'prioritise customers', deciding what they load, leading to a lot of chaos." She said spot rates increased significantly in line with these developments, sometimes in dramatic proportions, claiming that carriers also "misused" this situation to "overcompensate" themselves with excessive rate levels.

"As a reaction to this situation, many shippers and forwarders started booking longer ahead just to ensure bookings," Ms van der Jagt said. "As a consequence, some failed to deliver and bookings were cancelled. So, due to the situation, cancellations seem to have increased, but it was a reaction to this exceptional situation."

She continued: "In Clecat's view, cancellation fees should not be raised as a consequence of the recent situation, simply due to the fact that it was exceptional and should hopefully not reoccur. We are now witnessing more and more carriers raising no-show fees and support the argument from ESC that the same should be valid for the shipping lines in case of rolled containers."

Lack of predictability

Despite the more-normal capacity situation now in the market, she continues to be concerned by "the unreliable feeder connections and services with very different vessel sizes" at certain ports, claiming the lack of predictability these cause usually leads to cargo being 'rolled', either at origin or at transhipment points.

She said there had been huge problems recently in Antwerp and Rotterdam with regard to barge services, where terminals were apparently not capable of providing a reliable barge service because of last-minute decisions to appoint the terminals for the new alliances. "In addition to substantial delays, the cargo interest is forced to even pay for extra charges that they are not responsible for."

Clecat believes that better forecasting and proper planning by all ocean freight stakeholders involved is a solution to these problems, something that improvements in technology can facilitate. "With digitalisation, block chain etc, this should become more professional," she said.

These views were echoed by Jens Roemer, chairman of Fiata's Sea Freight Working Group and also a regional managing director for freight forwarder A. Hartrodt. "Fiata fully supports the comments made," he said, adding: "Unfortunately, problems related to container shipping lines, higher peaks due to the size of their vessels, and the aligning of the alliances continue to put serious strains on the supply chains.

"Various terminals in Europe are not able to cope with the peaks, leading to delays in the terminals," Mr Roemer continued. "The cargo interest does not only face a delay, but is expected to pay for additional charges that are caused by a delay [that is] beyond their control. These are challenging times, to say the least."

Exceptional capacity shortages

Mr Becquilin agreed that the introduction of the new late-cancellation fees was related to the exceptional capacity shortages to Asia that European shippers had faced in recent months.

"In my opinion, the two are indeed closely linked. The problem is that during the 'capacity crunch' out of Europe, shippers were invited by carriers and forwarders to overbook just to be sure to have some room inside ships. On the one hand we have some people inviting to overbook and on the other hand people invoicing for no-show — sometimes the same people.

"For ESC, the overbooking practice should be stopped, from both sides of the table, as quick as possible because it is only destabilising the market and prolonging the scarcity of space."

Mr Becquilin said discussions about this kind of balanced approach could be helpful to all concerned if applied to a variety of contractual and operational arrangements within ocean freight transport. He said this was something that ESC had been proposing for around two years now — "since the start of the new alliances' real development. But carriers are still living in their bubble and take action for their competitiveness — which is good, but without having any consideration for their customers, which is very bad."

He continued: "As there is less and less competition inside the maritime market with bigger and bigger alliances, and as there is no competition outside the market with no real alternative that can cover the needs of shippers (in terms of volume available, for example), shippers and carriers are bound to work hand in hand to make maritime transport great again."

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Mercator Lines' reverse takeover deal axed

by Inderpreet Walia

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Individual parties did not meet agreement's conditions, judicial manager says

The deal involved the transfer of Mercator Lines' listing status on the Singapore Exchange.

MERCATOR Lines Singapore has terminated a deal for the transfer of the company's listing status on Singapore's stock exchange to two individual parties.

Judicial manager Yit Chee Wah said that the deal with Nickolaos Mitropoulous and Dimitrios Podaridis was axed due to their failure to meet certain conditions, despite several extensions of the deadline.

"Accordingly, the implementation agreement will no longer have any effect, save for any accrued rights of any party or as expressly provided in the implementation agreement," Mr Wah said in a statement.

Mr Wah added that he would now restart efforts to put in place other potential investors for the transfer of the company's listing status.

In April, Mercator Lines planned to transfer its listing on the Singapore Exchange's main board to the secondary board by way of a reverse takeover, as part of its restructuring measures.

The deal would have resulted in those parties' shareholdings in Champion Commodities, Country Fresh Milk and Champion Beverages being transferred to a new company to be set up in Singapore under the name Essence Holdco.

Mercator Lines intended to transfer its listing status on the SGX mainboard to Essence Holdco to allow it to list on the Catalist secondary board, in a procedure known as a backdoor listing or reverse takeover.

The deal for the listing would have provided some recovery for shareholders and creditors.

Mercator Lines is presently under judicial management and its shares are suspended from trading.

The company, which is a victim of the last few years' dry bulk downturn, received approval to extend its judicial management period to May 29 from February 28, as it sought to give its shareholders and creditors a better deal.

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13 Jul 2017 | **News** | Europe | Greece | Switzerland

Top Ships teams up with Gunvor on two tanker newbuildings

by Abdul Hadhi

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Vessels will be on time charter upon delivery, with gross revenue estimated at $55m

Pistiolis: The partnerships will create “a lot of synergies that will be beneficial for both parties”.

EVANGELOS Pistiolis-led Top Ships has formed two 50:50 joint ventures with major commodities trading firm Gunvor Group for two 50,000 dwt product tankers under construction in Hyundai, namely the *Eco Holmby Hills* and *Eco Palm Springs*.

Upon delivery, which is expected in the first and second quarters of 2018, the tankers will enter into time charter employment with Gunvor subsidiary Clearlake Shipping for three years, with two additional option years.

The total potential gross revenue from these contracts is estimated at about $55m.

Chief executive Mr Pistiolis said that the joint ventures with Gunvor Group represented a “major milestone” for the Greek shipowner and he expected the partnerships to create “a lot of synergies that will be beneficial for both parties”.

Top Ships previously announced that it had acquired 49% of each vessel and, prior to entering into the joint ventures, had increased its shareholding to 50%.

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12 Jul 2017 | **News** | **Turkey** | **Regulation** | **Ship Recycling**

ClassNK certifies Isiksan yard in Turkey

by Inderpreet Walia

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Facility is the second in the country to comply with Hong Kong Convention for responsible ship recycling

The certificate verifies that the yard has made significant improvements in safer ship recycling.

JAPANESE classification society ClassNK has issued statements of compliance to Isiksan Ship Recycling and Trading in Turkey, verifying that the facility is in line with the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships (Hong Kong Convention).

Isiksan is the second Turkish yard to receive certification, after Leyal Ship Recycling group gained compliance in June last year. The country's yards recycled 84 ships in 2016 and 90 in 2015, according to Clarksons.

The statement of compliance verifies that the yard, located along the Aegean coast of Turkey, has made significant improvements to its facility in a bid towards safer and greener ship recycling, according to the Hong Kong Convention. It has also prepared a Ship Recycling Facility Plan, required for a competent authority's certification.

"ClassNK reviewed the SRFPs prepared by Isiksan, which comply with requirements of the HKC, and confirmed that their ship recycling processes follow their respective SRFPs, in addition to conducting on-site inspections before issuing the SoC (Statement of Compliance)," ClassNK said in a statement.

The HKC was drafted by the International Maritime Organization in May 2009 and focuses on safety during the ship recycling process. The treaty dictates specific guidelines for vessel construction, operation and preparation, among other things, as well as guidelines for ship recycling operations.

"ClassNK is glad to issue the HKC Statement of Compliance and make its first step in Turkish ship recycling facilities," said the classification society's ship recycling team project manager Junichi Hirata.

"We will keep and further strengthen involvement to encourage safe and environmentally sound ship recycling practice through our verifications," he added.

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GLOBAL NOTICE INVITING BIDS

Tender No: SCI/T&OS/ETV-Services/2017 Date: 12/07/2017

The Shipping Corporation of India Ltd invites bids on behalf of Directorate General of Shipping (DGS) for hiring of salvage equipments and personnel on board ETV on Indian Coast during the monsoon of 2017.

Interested parties are requested to visit **www.shipindia.com or http://eprocure.gov.in** for further details. The technical and price bids should reach to the Senior Vice President (OS & TS-F) at the above address **by 21st July, 2017 till 1700 hrs (IST).**

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