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The energy juggernaut - US oil and gas exports in five charts

by Eric Yep

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How much shipping demand has 18 months of US oil and gas exports generated, and where did the vessels go?

US oil exports hit a new monthly high high of 911,000 barrels per day in June this year. *Source: Anton Watman/Shutterstock.com*

THE US is on its way to becoming one of the world's largest energy exporters.

Between its exports of crude oil, natural gases including methane and propane, petroleum products like diesel and gasoline, and a whole plethora of petrochemicals, the US is making the most its shale boom.

It added liquefied natural gas to its repertoire of hydrocarbon exports in February 2016, when the first LNG cargo was loaded onto *Asia Vision* at Cheniere Energy's Sabine Pass terminal in Louisiana. Until then, its claim to LNG exports was one solitary terminal in Alaska that had operated for decades.

The US will be the world's third-largest LNG exporter by the end of this decade, after Australia and Qatar, a far cry from being one of the largest energy importers a few years ago. By the end of 2018, new US LNG export projects like Dominion Cove, Freeport and Cameron will begin operations.

"With these incredible resources, my administration will seek not only American energy independence that we've been looking for so long, but American energy dominance," US President Donald Trump bragged in a speech about unleashing American energy in June.

US oil exports were unleased a couple of months earlier in December 2015, when the Obama administration lifted a 40-year old ban on crude oil leaving its shores.

By June 2017, the US had exported 3.73 million tons or crude oil during the month, equal to 911,000 barrels per day, spread across aframax tankers, suezmax tankers and very large crude carriers, according to Lloyd's List Intelligence.

US crude oil exports are forecast to grow to 2.25m bpd by 2020, a four-fold increase from 2016, making it one of the ten largest exporters of crude oil in the world, according to Pira Energy, a unit of S&P Global Platts.

The next few charts outline the key milestones in US oil and gas exports in the 18 months up to June 2017, from a shipping perspective, with Lloyd's List Intelligence data highlighting the most notable aspects of America's energy renaissance.

The top 10 buyers of US LNG accounted for nearly 79% of its total LNG exports, with a heavy concentration of buyers in South America, mainly Mexico, Chile and Argentina.
The Asian heavyweights of Japan, South Korea, China and India were not too far behind. What is interesting are the imports by China, which does not have any direct purchase contracts of US LNG but has been procuring cargoes on the spot market from commodity traders.
India's position is also unique given the price sensitive nature of the market. LNG imports into India clearly indicate that US LNG is appropriately priced despite freight costs, which were hovering at $39,000 per day for LNG carriers on the spot market in mid-2017.
India has stepped in to fill the void created by weakening demand in Japan and South Korea. Its LNG imports rose by 26.7% to 18.2m tonnes in 2016, encouraged by low prices and falling domestic supply, according to Bancosta Research.
It said India's domestic gas production has been falling as the governmentregulated price has been too low to encourage investment and production. "With the situation unlikely to be resolved soon, the prospects for India's import demand continues to be positive as their economy grows and their energy demand increases," the brokerage said.

While Latin American countries have dominated US LNG exports, Asia is fast catching up and supporting long-haul shipping demand. Recent market fundamentals suggest that LNG shipping distances are likely to rise further.
Australia has announced January 1, 2018 as the start date for implementing controls on LNG exports as unfettered exports have affected domestic gas supply, forcing it to direct exports to local markets.
At the same time, South Korea's Kogas, which has already started imports under its agreement with Cheniere Energy, has signed two more deals for the Lake Charles project and Woodside's Port Arthur project in the US.
China was the latest major Asian entity to get clearances from the White House for investing in US LNG, which will open the floodgates for Asia's fastest growing gas market.

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Dirty tanker voyages for US crude oil exports in the 18 months from January 2016 to June 2017 included 226 aframax-sized cargoes, 90 suezmax cargoes, 35 VLCCs and 12 panamax tankers, according to Lloyd's List Intelligence.
In sheer numbers, aframaxes have dominated the trade, largely for shorter voyages to Europe and Latin America.
Asian countries dominate long haul VLCC shipments of US crude due to economies of scale and arbitrage trades.
China is the single biggest destination for spot US crude shipments on VLCCs.
In June 2017, US oil exports hit a new monthly record with 46 cargoes, including 23 aframaxes, 8 panamaxes, 13 suezmaxes and 2 VLCCs, and volumes totalling 3.73m tonnes, or 911,000 barrels per day.
The second quarter of 2017 was unique as the market swung in favour of smaller-sized tankers such as aframaxes and suezmaxes, and nearer destinations such as Europe, while long-haul shipments to the far east on VLCCs took a backseat.
This was due to the seasonal refinery maintenance season in Asia Pacific, strong oil supply from the Middle East and West Africa, and a more feasible arbitrage for US crude in European markets.
The data demonstrates the volatility and versatility of the US oil trade for tanker owners.
In April, Vitol Asia managing director Dato Kho Hui Meng said that US exports of light sweet grades of crude oil would remain sporadic and opportunistic, as traders were unwilling to sign long-term purchase agreements.
"It comes and goes depending on the arbitrage," Mr Kho said, adding that it was not always profitable to ship the crude

all the way to Asia.

Still, Pira Energy, a unit of S&P Global Platts, forecasts US crude oil exports to grow to 2.25m barrels per day by 2020, a four-fold increase from 2016, making it one of the 10 largest exporters of crude oil in the world.

The US exported 940,000 bpd of crude oil to international markets during the first five months of this year, 82% more than the 2016 average, the research house said.

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Angelicoussis orders new VLCC quartet at DSME

by Anastassios Adamopoulos
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by Nigel Lowry
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Update: Four 318,000 dwt vessels to follow trio ordered in April and will be fitted with scrubbers

John Angelicoussis and DSME President Jung Sung-pil shake hands on a deal that brings to 11 the total number of VLCCs on order between the parties.

JOHN Angelicoussis-owned Maran Tankers Management ordered four new very large crude carriers from Daewoo Shipbuilding and Marine Engineering, adding to the company's growing intake of the big tankers.

The 318,000 dwt vessels are to be delivered to the Greek shipping group in the first and second quarters of 2019, but the contracts are currently "on subjects", which remain to be cleared in the next few weeks, sources close to the negotiations have verified.

On the shipowner's side, the subjects likely relate to the finalisation of employment talks for the vessels and, perhaps, for some of the previously ordered VLCCs on the company's orderbook.

The latest quartet will bring to 11 the total number of VLCCs on order for the subsidiary of the Angelicoussis Shipping Group, all from DSME.

These include two for delivery within this year and five for delivery in 2018.

The new deal follows a $250m contract between the two parties in April for three vessels of identical dimensions to those just ordered.

While the value of the latest deal has not been disclosed, Lloyd's List understands that the price negotiated between DSME and Mr Angelicoussis, one of the yard's biggest and most loyal customers, has remained more or less steady since April.

It is believed that the seven latest Maran VLCCs will cost more than $80m apiece, which includes the cost of scrubbers.

Installing a scrubber on a newbuilding VLCC can cost between about $2.5m and about $3.5m, depending on scrubber type.

Maran is one of an increasing number of owners — including the likes of Almi Tankers, DHT, Enesel, Neda Maritime and the Onassis Group — that have opted for scrubbers for their new VLCC orders.

Major oil companies, such as Chevron and Total, now require scrubbers for new ships, while ExxonMobil is said to be looking closely at the issue.

Industry sources say that on a VLCC the cost of a scrubber can now be amortised in little more than one year.

DSME said that the new Maran VLCCS would be equipped with the shipyard's high-efficiency engines and latest fuel technologies.

Maran owns 32 VLCCs in the water, including seven on a bareboat charter to Chevron Texaco, in a relationship that began in 2000 and has periodically been renewed with newer, more efficient tonnage.

DSME, which unveiled a debt restructuring plan in March and agreed with creditors last month to launch a financial aid programme, is set to carry out a debt-to-equity swap in August.

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Cyprus approves deputy shipping ministry

by Nigel Lowry

Industry welcomes upgrade that could help draw more companies to the eastern Mediterranean hub

The parliament of Cyprus approved the measure on Friday.

CYPRUS is to create a deputy ministry of shipping, following unanimous approval of the measure in the country's parliament.

The upgrade for the present maritime administration, along with the appointment of a deputy minister, is now likely to be implemented with the start of the new government, after presidential elections scheduled for February 2018.

It is the first time that shipping will have had a cabinet position of its own in the Cypriot government.

The move was welcomed by the Cyprus Shipping Chamber, the industry trade association and lobbying group.

"This pioneering administrative structure will assist substantially towards the further development of Cyprus shipping and, by extension, the economy," the CSC said.

It conveyed "a clear message of political support" for the shipping sector, which contributes about 7% of the island's economic output.

The strong backing for the upgrade was also seen as an aid to attracting additional shipowners and shipping companies to Cyprus, the CSC said.

It said that the industry required "development strategies that meet the constantly evolving demands of the world economy and international competition".

With the creation of the new deputy ministry, the government in recent weeks has been digesting the recommendations of a new study into restructuring and strengthening the maritime administration, undertaken by global accounting and consultancy firm KPMG.

"We needed to do that," Lloyd's List was told this week in an interview with Marios Demetriades, minister of Transport, Communications and Works — a giant portfolio that traditionally includes shipping.

The study identified gaps in manpower and provided "a number of ideas that we have been implementing", Mr Demetriades said.

He cited the creation of the deputy ministry as a signal that shipping's importance to the island had been properly recognised.

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Kuehne raises Hapag-Lloyd stake

by James Baker

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Vote of confidence in carrier following Tui exit

Kuehne Holdings has lifted its stake in Hapag-Lloyd from 14.1% to 17.6%.

GERMANY's Klaus-Michael Kuehne has increased his holding in Hapag-Lloyd following travel company Tui's exit from the Hamburg-based container line.

Mr Kuehne, who owns logistics giant Kuehne+Nagle, has raised his stake in Hapag-Lloyd from 14.1% to 17.6% in a vote of confidence for the carrier.

On Tuesday, Tui, which has had an investment in Hapag-Lloyd since it bought the company in 1998, sold its remaining stake to focus on its cruise activities.

Speaking to Reuters, Kuehne Holdings executive chairman Karl Gernandt said: "The ongoing shipping industry consolidation offers Hapag-Lloyd new growth perspectives and strengthens its positions among the most important shipping companies across the world."

Kuehne Holdings has been an investor in Hapag-Lloyd since the Hamburg-based rescue mission for the company was launched in 2008 in an effort to keep it out of the hands of NOL.

Hapag-Lloyd's new ownership structure is: CSAV 22.6%, City of Hamburg 14.9%, Kuehne Holdings 17.6%, Qatar Holdings 14.4%, Saudi Arabia's Public Investment Fund 10.1%. The remaining shares are in a free float.

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Petya disruption of APMT less than feared

by James Baker
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by Will Waters

Clear impact from cyber-attack on vessel handling operations, but Maersk Line still struggling

APMT operations returned to normal after a week.

THE Petya ransomware attack on Maersk Line and APM Terminals was less disruptive than initially thought, according to analysis by SeaIntel.

"There was a clear impact in the immediate short term, but it was not far outside the normal operational fluctuations," SeaIntel said. "For the most part, APM Terminals continued vessel handling operations as normal, albeit at a slower pace for a short number of days."

SeaIntel's analysis, however, looked only at vessel handling operations, and did not consider landside terminal operations, such as container handling once the boxes were offloaded and stacked, gate procedures, intermodal operations, truck turn times or landside congestion.

"This is likely where APMT and their customers may have felt the brunt of the impact of this cyber-security breach," SeaIntel said.

Some individual terminals were severely impacted, not least the fully automated Maasvlakte II terminal in Rotterdam, where vessel operations stopped completely for a full week. But even in the worst cases, vessels were routed to other terminal facilities, as was the case in Rotterdam, where the APMT Rotterdam terminal saw average berth stays more than double for three days.

Despite the heavy impact on specific individual terminals, the overall impact was muted when viewed across all 68 APM Terminals facilities, according to SeaIntel chief executive Alan Murphy.

"We see vessels arriving late and spending longer time at berth for a few days, but overall, the impact is not outside what we see through normal operational fluctuations," he said.

The number of vessels that called APMT facilities did decrease slightly following the incident, but it was not an exceptional swing.

"We saw a three-hour average increase in the time spent at berth after the incident, but the increase is not far outside the normal operational fluctuations, and was back to normal levels within a few days," Mr Murphy said.

Meanwhile, Maersk's container shipping business continues to be affected more than two weeks after the cyber-attack on June 27, which massively disrupted the carrier's global IT systems and activities.

In an update to customers, the world's largest container line acknowledged a continuing reluctance among some customers to return their full booking volumes to the carrier, due to delays in response times, for example. It said the line was "steadily getting closer to business as normal", adding that it was "very grateful to see that so many customers are using our systems in full, and are back in contact with our customer service teams".

It added: "In case any of you are concerned about booking new shipments with us, we would like to reassure you that we are ready to handle your business through our booking channels and main customer service lines."

Maersk said it was "now fully up-to-date on the short-term quotations requested" and was looking forward to responding to all new rate inquiries, adding: "As previously advised, we honour all rates communicated and have retroactively reflected those agreements for the shipments in our custody."

In terms of recent demurrage and detention fees, Maersk told customers: "We recognise the disturbance caused to your business, and will therefore waive demurrage and detention during the period when the system outage impacted our ability to release your cargo. In most places this period covers June 27 to July 9, but there may be local variations based on when the containers were made available for import release."

Maersk said it was also "progressing on issuing invoices", noting: "You will be able to see your invoices on My.Maerskline.com under MyFinance, and invoices will be sent to customers with an EDI link. Local variances may occur and the distribution of invoices will take place over the coming days."

But Maersk acknowledged that some other processes were also still being affected by the cyber-attack last month, with some manual operations remaining in place. "For imports, the delivery process continues to be operational, although we acknowledge that the experience is slow in some locations due to manual processing," the line said. "We are working hard on improving within this week as we switch to automated solutions."

The line also acknowledged that some of these issues were affecting customers' confidence in shipping with the company.

"We acknowledge that where progress is being made, you may still encounter delays in response time and feel reluctant to return your full booking volumes with us," Maersk said. "Rest assured that no one feels more committed to alleviate your concerns, and we are diligently working through backlogs and manual processes to be able to serve you effectively again."

Maersk said the tracking facility on My.Maerskline.com was "now fully up-to-date, and maerskline.com, where you find guidance to plan your shipments, is now also live again".

Maersk said that "as we move into more normal operations", the company would be providing customers with updates three times a week.

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ER Schiffahrt takes three more Maersk vessels

by James Baker

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Shipmanager extends contract with 8,400 teu boxships

The three vessels will join six already under management.

SHIPMANAGER ER Schiffahrt has extended its management contract with Maersk Line to manage a further three vessels for the Danish carrier.

The new contract comprises the management of three 8,400 teu container vessels and includes crew and technical management, as well as additional services relating to safety and security, environmental protection and energy efficiency.

Hamburg-based ER Schiffahrt already had six Maersk vessels under management following a contract signed in 2015.

“We are pleased to manage three further vessels for Maersk Line and thus be able to deepen the successful partnership that we started one and a half years ago,” said ER Schiffahrt chief executive Nils Aden.

The 11-year-old container vessels will be bareboat chartered by Maersk and continue trading as *Maersk Saigon*, *Maersk Stralsund* and *Maersk Seoul*.

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Gard warns of surge in soyabean claims

by Inderpreet Walia

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Rains in Brazil and loading delays in China result in cargoes suffering high moisture and temperature levels

China imported 7.69m tonnes of soyabeans in June, up 1.7% from 7.56m tonnes in the year before.

Source: © 2017 Maurilio Cheli/AP

NUMEROUS claims relating to heat damage in soyabean cargoes loaded in South America, particularly Brazil and mostly for discharge in China, could be in store this year, says Gard P&I club.

The club's vice-president Mark Russell warns in an advisory that, "due to the relatively high value of soyabeans and large quantities shipped, owners may face multi-million dollar demands for security for claims."

Soyabean cargo suffers heat damage that arises from microbiologically induced self-heating, principally caused by a combination of high moisture content and elevated cargo temperatures in parts of the cargo.

The higher the moisture and temperature levels and the longer the voyage, the more prone soyabeans will be to self-heating, said Gard.

According to safety standards by different P&I clubs, soyabeans are stable below 11.5% moisture and at 25°C.

Not surprisingly, the cargo damage claims are frequent because most cargoes are shipped above the known limits for temperature and moisture content.

This year the claims issues are likely to increase due to heavy rains in parts of Brazil and delays in discharge ports in China.

"Due to the recent seasonal heavy rainfalls, a traffic jam started forming; leaving trucks loaded with soyabeans stuck fast in the mud and unable to advance or return to point of origin," Gard said.

Further rains are forecast for the entire Brazilian summer, albeit to a much lesser extent, it added.

"Another factor that may be causing delays in discharge in China is a reduction from 13% to 11% in the rate of value added tax charged on the import of agricultural products, including soyabeans," Gard noted.

The tax cut came into effect from July 1 this year and Gard believes that in order to get the benefit of the lower rate, the receivers deliberately delayed discharging, causing knock-on delays and resulting in cargo damage owing to self-heating.

China imported 7.69m tonnes of soyabeans in June, up 1.7% from 7.56m tonnes in the year before, China customs data showed.

Earlier this month Reuters reported that vessels carrying as much as 700,000 tonnes of soyabeans were lined up along China's coast waiting to discharge as huge purchases in recent months by the world's top buyer led to severe congestion and lifted stockpiles to multi-year highs.

The club calls on masters loading soyabeans at Brazilian ports to exercise extreme caution.

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14 Jul 2017 | **News** | International | Tankers and Gas | Freight rates

Product tanker markets stable on steady demand

by Eric Yep

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Refinery outages and fuel supply disruptions support clean MR tanker rates

MEDIUM range product tanker rates are holding up in both the Atlantic and Pacific basins and, although earnings are not exactly spectacular, markets appear to have bottomed out for now.

Clean tanker freight rates in June, both east and west of Suez, were higher than those of the same month a year before, the Organisation of the Petroleum Exporting Countries said in its monthly July report.

This indicates that the product tanker segment has absorbed the bulk of newbuilding deliveries and managed to keep earnings stable, helped by regional market developments such as strong South American fuel imports from the US Gulf and strong intra-Asia flows.

"The clean tanker market had an uneventful June, with mostly flat rates in different regions. Long and medium range markets lacked activity and no improvements in rates were seen, even during the days of relative tight tonnage availability," Opec noted.

However, the International Energy Agency's prognosis for stronger oil demand and heavy refinery operations in coming months is supportive for product tankers.

The agency said it expected global oil demand growth of 1.5%, or around 1.4m barrels per day, in 2017, to 98m bpd and a similar increase in 2018 to 99.4m bpd, as accelerating non-Organisation for Economic Co-operation and Development growth offsets potential price and efficiency-driven slowdowns in the OECD.

The benchmark Asia-Pacific MR tanker rate on the Baltic Exchange is hovering just under the $10,000 per day level, which is a significant improvement of 30%-40% from the start of this year, and owners appear confident of maintaining earnings for the rest of this year.

Some of the strength in Asia was driven by Indian summer diesel demand, but the latest numbers show some volatility that could impact tanker trades.

India's total oil products demand in June took a hit from the arrival of the monsoon season, falling by 180,000 bpd on-month in June, according to energy consultant JBC. It said that diesel had seen a steep monthly decline of 7% amid lower requirements for irrigation and construction, while gasoline demand fell by 11%.

Unexpected refinery outages continue to create trade imbalances and support shipping demand.
Greece's Hellenic Petroleum has declared force majeure on diesel exports from its 100,000 bpd Elefsina refinery due to technical issues, which should briefly impact on shipments in the Mediterranean.
So far, reports indicate that July cargoes have been affected, while some traders have suggested that diesel supplies could be affected until September, opening up shipments from other suppliers.
In an extension of the ongoing Qatar blockade, Abu Dhabi National Oil Company, in the neighbouring United Arab Emirates, has reportedly halted diesel exports from its refineries, warning of potential fuel shortages if the situation escalates.
This confirms market apprehensions that regional players are hurting as much as Qatar from the crisis, and energy market disruptions in coming months could be problematic.
Adnoc has temporarily halted talks with buyers for its long-term diesel contracts for loading from its Ruwais refinery over July 2017 to June 2018 because Emiratis may be setting aside the fuel as back-up for power generation needs as summer peaks, according to Reuters News reports this week.
Regionally, the biggest disruption helping MR tanker demand is the geopolitical situation in Latin America, affecting Brazil and Venezuela, and including the outage in Mexico's 330,000 bpd Salina Cruz refinery in the middle of June.

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Sembcorp Marine likely to be Singapore's only big yard next decade, analyst says

by Abdul Hadhi

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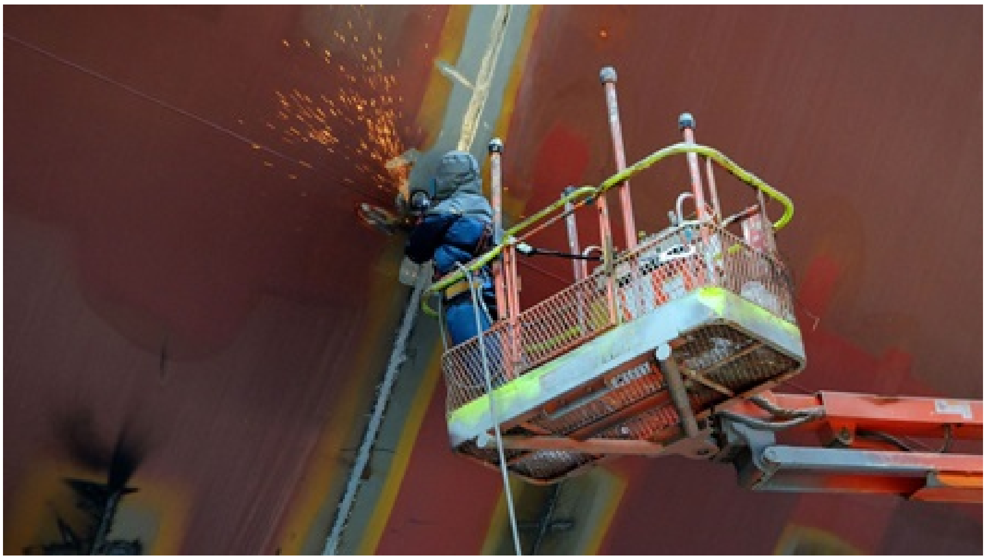
Shipbuilder stands to benefit from lower costs and new earnings drivers even as rival Keppel reduces exposure



Occupying 107.8 hectares, the Tuas Boulevard yard features seven drydocks and four finger piers.

SEMBCORP Marine is likely to be Singapore's only mega yard in the next decade able to compete with South Korean shipbuilders, CIMB Research analyst Lim Siew Khee says.

Apart from major rival Keppel Corporation pulling back and shutting down yards, she attributes Sembcorp's expected growth in the sector to lower costs as well as new businesses such as the provision of ballast water treatment systems.

Sembcorp is still about 15%-20% cheaper than Korean yards due to its reliance on foreign labour from South Asia. Even with the scheduled reduction of the foreign worker quota at the city-state's shipyards from 81.8% to 77.8% in 2018, Sembcorp may not be as affected as more of its processes are being automated.

Ms Lim also expects ship repair to drive earnings for Sembcorp over the next five years, noting that this segment typically fetches earnings before interest, tax, depreciation and amortisation margin of around 20% compared with a single-digit margin for offshore platform work.

She estimates that ship repair may bring in new revenues of S$210m-S$262m ($153m-$191m) by fiscal year 2018-2019 as ships drydock to get fitted with ballast water treatment systems. It could add S$500,000-S$3m per vessel based on Sembcorp's estimates and about 100-150 vessels may visit its yard for the mandatory drydock work.

Under the Ballast Water Management Convention, existing ships need to be fitted with BWTS by September 2019. Newbuildings from September this year have to be delivered with BWTS.

Another earnings driver for its ship repair segment may come from the global sulphur cap in 2020, where sulphur content for fuel used by ships have to be limited to 0.5%.

Ships may either consume more-expensive low-sulphur marine gas oil, or use engines that work with liquefied natural gas, or install scrubbers to continue using 3.5% sulphur fuel.

The latter option may give Sembcorp more scope for work in the coming years.

To cater to the expected increased work, Sembcorp has completed the second phase of its Tuas Boulevard yard. Occupying 107.8 hectares, the yard features seven drydocks, ample berthage of more than 5.8 km with four finger piers, and basins ranging from 210 m to 450 m with maximum draft from 9 m to 21 m.

The yard is maintaining its target of S$2bn-S$3bn worth of order wins by end-2017.

Rival Keppel appears to be scaling back and is rationalising its global network of yards amid the prolonged slump in the offshore oil and gas industry. The shipbuilder closed three of its shipyards in Singapore and paused operations at two overseas yards in 2016.

Its offshore and marine division shed another 1,250 jobs in the first quarter of 2017. The latest round of cuts reduced its worldwide workforce by around 18,000, or about 49% of the total.

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When greed was good

by Michael Grey

What if, instead of the risk of a market downturn or a bank crash, you put your life on the line to haul yourself out of poverty?

East India Company traders faced a hostile climate, unpredictable monsoons, implacable opposition by established rivals and double-dealing by the local princes and their agents.

A HEADLINE in the financial pages of my newspaper struck my eye the other day. "Four executives get £36m each in bumper City bonus", it said, going on to explain that this reward was in shares, and that the taxman would be gratefully receiving some £70m of this huge sum, which obviously makes it all right.

It is sometimes difficult these days, when most are struggling to financially survive, while a few are rich beyond our wildest dreams, to remain an enthusiastic supporter of capitalism. Life has never been fair, but you might ask how some can be so grotesquely over-rewarded for their hours of weekly toil, while others hold down three jobs and can still barely stay out of the hands of the moneylenders.

You might argue (unconvincingly) that rich rewards go to the risk-takers, except that half the time they are enjoyed by people who don't really put their own living at stake, as they move other people's money around. Their chief risk seems to be that some close to the wire deal will be investigated by the financial conduct people, so that the prosecutors come calling.

But what if, instead of the risk of a market downturn or a bank crash, you put your life on the line to haul yourself out of poverty, with the small chance, if you survived, of becoming really rich? You might suggest that thousands of "economic" refugees today are doing just that.

But for some 234 years, from 1600 to 1834, thousands of people were willing to take these risks in the employment of the Honourable East India Company, as they sailed to the east hoping to make their fortunes.

Their story has been told by our onetime correspondent Richard Woodman, who has now completed two mighty volumes chronicling the history of the Maritime Service of the EIC during its long and turbulent life. A Low Set of Blackguards the book is titled and it tells the tale of an era when unrestrained monopoly was regarded as lawful, when granted by the crown, and when this dominance could be defended by force of arms, with extreme violence, against "interlopers", or foreign companies operating under license from their governments.

What a tale it is, as these hopeful people in the ships chartered by the company set off on their long voyages to trade in the Indian Ocean. Dozens would quite routinely die on the outward voyage, which could take up to half a year, with scurvy and dysentery reducing the crews sometimes to a handful of fit men. On the coast, the “Factors” landed to undertake the trading and to gather the goods for the homeward bound ships died like flies. There was the hostility of the climate, the unpredictability of the barely understood monsoons, the implacable opposition of the established rivals – the Dutch, Portuguese, French and Spanish — and the double-dealing of the local princes and their unscrupulous agents.

Corruption runs like a broad thread through these two and half centuries, in the maintenance of the monopolies, the private trading of the commanders and officers of the ships which made the most fortunate very rich, and the vile opium trade that the company was to open up in China.

The company contended with pirates, fought its ships like warships, built up its own substantial army and navy and established a huge “private” empire in pursuit of its profits. On the “home front” the “cheesemongers” who managed the tentacles of this trading monolith attracted opprobrium and envy, as they fought to maintain their privileges against those in government who would eventually, nearly 250 years after it began, effectively “nationalise” the huge empire the EIC had built.

Amoral ocean-going hypocrites

Focusing on the company’s Maritime Service, the author’s meticulous research follows the fate of each of the hundreds of ships that maintained these trade routes over so many years. Many of their voyages were conducted in wartime, although official peace between the powers seems to have only marginally reduced the risks. I was reminded of that modern Greek shipowner’s remark that he “operated in spite of government, not with its assistance” and this very much summed up the *modus operandi* of the EIC, during most of its tumultuous existence.

They were ruthless exponents of power politics, traded under flags of convenience before the term had been coined and, afloat and ashore, were thoroughly amoral and ocean-going hypocrites. They were looked down on by the officers of the Royal Navy (whose press-gangs routinely reduced the crews of Indiamen well below the levels of safe manning) because they were “in trade”, but they taught the RN a great deal about seamanship, strategy and in some respects, diplomacy.

Their commanders, officers and crews pioneered new trade routes, helped to develop navigational standards, virtually invented modern hydrography and improved the design of ships and their rigs. They would defend their ships fiercely, whether it was against their enemies or the weather that threatened to overwhelm them, in an age of wooden sailing ships before much understanding of meteorology.

Were they blackguards? Richard Woodman answers in the affirmative, but qualifies this by suggesting they “were no more than others of their age”. But he adds “then as now, life was a gamble and the odds then were shorter...”

The East India Company died because public opinion, and early Victorian morality, turned against its self-evident greed and amorality. It is a valid question whether something of the same disapproving mood is rising today, as we rail against giant corporations that dominate the market, the ridiculous rewards of top management, the banking scandals, an obscene bonus culture, the pursuit of market share by all possible means and the convoluted methods of minimising taxes. In its sheer longevity and achievements, the EIC probably deserves more than a withering few paragraphs in the set history textbooks. It was a child of its times and we have plenty of blackguards of our own.

A Low Set of Blackguards is published in two volumes by the author, Richard Woodman and is available on Amazon as Kindle books at £4.99, or in paperback form at £50.00 inc. postage for both volumes from

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