18 Jul 2017 | **News** | Europe | United Kingdom | Classification

UK ship register to increase fees

by Anastassios Adamopoulos

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UKSR to remain under government control as it seeks expanded fleet

The MCA's Michael Parker, UKSR's Doug Barrow and MCA's Sir Alan Massey.

THE United Kingdom Ship Register should not become a government-owned company for the time being, according to UKSR director Doug Barrow, as the flag announced a 9% spike in membership over the past two years and a planned increase in fees.

The UKSR is part of the UK Maritime and Coastguard Agency and is therefore operated by the UK government under the Department for Transport. There have been calls to break the USKR away to some degree and give it more independence as a commercial body. One way toward this would be establishing a register as a government-owned company.

Mr Barrow, who took over the UKSR just over three months ago, admitted that prior to his appointment he believed in giving the registry greater independence, but that was before he could see how much change was achievable without needing to go as far as removing it from the DfT's jurisdiction.

"We are demonstrating we can meet the commercial needs of industry within the existing operating structure of a DfT executive agency. There may be a time in the future, if we are unable to provide the service to meet the needs of the industry within the current structure, that we will need to review the decision. But right now I am of the strong personal opinion that that is not necessary," he said during a parliamentary committee meeting at Westminster on Monday.

Apart from the smooth operations under the current system, the time it would take to amend the system and make the UKSR a government-owned company is also an issue. Mr Barrow said that it would take three to five years to make the change, with Brexit taking up the bulk of legislative priorities over the next two years.

Almost two years after the publication of the UK Maritime Growth Study, a government report recommending a set of changes to the UKSR and the industry, Mr Barrow expressed his satisfaction with the progress that has been made, touting the UK flag as competitive and of high quality but recognising more work needed to be done to achieve the UKSR's goals.

The UKSR manages 15.7m gt, the highest level in the past three and a half years, Mr Barrow said, although he acknowledged that this was still below the 30m gt target. The UKSR's fleet grew by 9% since 2015, primarily due to existing customers adding new tonnage.

The UK flag's high quality will be reflected in an upcoming increase of the UKSR fee structures, according to Mr

Barrow, who did not disclose the level of increase. Mr Barrow said that customers he has communicated with prioritise quality over price.

Maritime and Coastguard Agency chief executive Sir Alan Massey said that with the fees remaining steady since 2006, introducing the required increase might be difficult to manage, while the fact that any fee changes had to go through parliament also presented a challenge.

One aspect the MCA is working on is surveying. While a scheme launched in September 2016 allows recognised organisations to carry out surveys on selected ships, general inspections are conducted by MCA surveyors. It will in the future grant ROs permission to carry out general inspections.

Mr Massey said the MCA aimed to have 128 surveyors around the globe, up from the fewer than 100 that it currently employs. A set of recent changes to terms and conditions of surveyor employment that include better pay but also higher performance expectations would help, he said.

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18 Jul 2017 | **News** | **Europe** | **Greece** | **Asia Pacific**

Greece needs 'hard work' to fortify itself as maritime centre

by Nigel Lowry

EY says that within 20 years European cities may disappear from the top tier of industry hubs

EY counted around 3,270 firms in 28 shipping-related market segments active in Piraeus. *Source: Littleaom/Shutterstock.com*

PROFESSIONAL services firm and advisory EY has given a downbeat verdict on the future prospects for European shipping hubs, although a new survey has identified Greece as at least having the potential to reposition itself as a global maritime capital.

“Traditional shipping clusters in Europe are being successfully challenged by countries and cities in the developing world, primarily in Asia,” EY said in the report, which focused mainly on the pros and cons of Greece as a location for shipping.

It forecast that competition between maritime centres will intensify in coming years.

“As the shift of global trade towards the Far East continues, it is very likely that, in the next 20 years, none of the top maritime capitals of the world will be located in Europe,” EY said.

London, Hamburg, Oslo and Rotterdam, although each could boast its own competitive strengths, were “struggling” to emerge as Europe’s leading location for the industry.

Meanwhile Greece must “work hard” if Piraeus is to retain or strengthen its current standing internationally.

EY argued that while the presence of a substantial local shipowning community was a major advantage, it “cannot lead by itself in the establishment of Greece as a global maritime capital”.

Analysing the Piraeus cluster, EY counted a total of about 3,270 firms active across a range of 28 shipping-related market segments.

Of these, by far the most important segment is shipowning and shipmanagement, where 974 firms represent about 30% of the total number of enterprises comprising the cluster.

The fact that a significant part of the world merchant fleet is concentrated in Greece, plus the presence of an important port, count among Piraeus’ competitive strengths.

Weaknesses include an “unstable legal and tax framework”, while a “cluster mentality” and advanced financial and law services for shipping are among several attributes lacking and listed among Piraeus’ relative weaknesses, according to the report.

The main competitors of Piraeus’ shipping cluster were identified as Singapore, London and Dubai.

Having a shipmanagement office in Greece provides competitive advantages, according to a clear majority of 73% of respondents in EY’s survey among leading members of the Greek shipping community.

The main advantages are the availability of shore personnel, chosen by 87% of respondents, and marine engineers, chosen by 67%.

More than half of the replies also mentioned access to professional services (58%), geographic location (56%) and the tax regime in Greece (51%).

However, the tax regime was also identified as a negative by 33%. The other main disadvantages of Greece include the regulatory environment, according to 49% of respondents, its status for funding and financial institutions (40%), and infrastructure (31%).

Asked to choose which maritime centres currently offered the most attractive and complete environment for a shipmanagement office, 58% chose Greece, but it was closely followed by Singapore at 53%, with Dubai and London tipped by 29% and 24% respectively.

Hamburg, Hong Kong, Mumbai, New York, Oslo, Rotterdam and Shanghai only received single-digit support.

Cyprus, which a number of Greek shipping companies have looked closely at as an alternative location, was not included among the options.

Looking ahead

Asked to look 10 years ahead, 73% of respondents saw Singapore as a leading centre with 49% remaining confident that Piraeus would continue to be a leading hub. They also saw other Asian cities as rising in importance, with Shanghai in particular emerging as a leading capital for shipping in the eyes of 33% of respondents.

“In spite of the perceived disadvantages of Piraeus and the growing attractiveness of competing maritime centres, the Greek shipping community remains confident about the role of Greece as a maritime centre in the coming years and believes that its enhancement would strengthen their business,” EY commented.

A majority of Greeks taking part in the survey — 56% of those replying — said they would consider relocating outside Greece, with taxation and the regulatory framework cited as by far the top reasons for a possible departure.

As to where they would likely move, 52% chose Singapore and 48% London, with other choices considerably less popular.

By contrast, 36% of respondents said that they would not consider moving their shipmanagement activities from Greece.

The study also looked at a second, much smaller, cluster in the northern Greek city of Thessaloniki. There, a total of 118 maritime-related companies were active and the cluster was squarely focused on the activities of the port, the second-largest in Greece.

Based on input from respondents, EY highlighted four main areas for action to improve Greece’s competitiveness as a maritime centre:

1. Education

Marine and maritime educational institutions need to be strengthened, while young Greeks need to be encouraged to consider the option of a career in the shipping industry.

2. Regulation

A more business-friendly regulatory environment that will facilitate establishing and operating shipping-related businesses in Greece is urgently needed.

3. Infrastructure

Infrastructure needs to be upgraded in order to improve the ports’ accessibility and connectivity.

4. Closer co-ordination

Better co-ordination of private-sector initiatives aimed at establishing a competitive Greek shipping cluster will also help in promoting its image globally.

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18 Jul 2017 | **News** | **Middle East and ...** | **Somalia** | **Mediterranean S ...**

Somalia releases detained MSC vessel as internet outage dispute is resolved

by Anastassios Adamopoulos

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Details of agreement over alleged cable severing are not known

An MSC vessel was detained after Somalia suffered an internet outage.

A MEDITERRANEAN Shipping Company boxship has left Somalia after being held there for more than two weeks for allegedly ruining the country's internet services

The 2003-built, 1,729 teu *MSC Alice* was detained by Somali authorities close to the port of Mogadishu from late June on suspicion of severing the city's fibre optic cable, causing an internet outage in the whole country for over two weeks.

The vessel left Mogadishu on July 15 and has returned to its scheduled route. The next port of call is King Abdullah Port, according to Lloyd's List Intelligence data.

MSC said: "*MSC Alice* was cleared to leave Mogadishu after waiting at an approved location outside the port at the request of the Somali government, following an accident involving an underwater fibre-optic cable. MSC investigated the incident with the relevant parties and reached an agreement."

An MSC spokesperson declined to disclose any further details of this agreement. During the investigation the Somali government demanded compensation, but it is not known if MSC agreed to pay anything.

LLI cited local press, which reported that Somalia's attorney general had claimed that the internet outage resulted in daily losses of $10m for Somalia.

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18 Jul 2017 | **News** | Middle East and ... | Nigeria | Congo

Nigeria and Congo oil supply disruptions hit suezmax

rates

by Eric Yep

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UK and Baltic aframax trades also weak on lower Russian oil exports

SUEZMAX spot rates have come under renewed pressure on weaker chartering activity and long tonnage lists amid reports of oil supply disruptions in Nigeria and Congo.

The benchmark suezmax time charter equivalent on the Baltic Exchange declined 29% in the past week to $5,612 per day on Monday's close, after posting gains in early July.

Suezmax rates are likely to maintain a downward trajectory, especially if the expected increase in Nigerian loadings in August does not materialise and as Middle East markets go through the seasonal summer decline in crude exports due to domestic demand.

Until a few weeks ago, Nigeria's crude exports were widely expected to hit a 17-month high of 2m barrels per day in August, compared to initial July volumes of 1.8m bpd, but recent developments will upset those plans.

Shell Nigeria declared force majeure on Bonny Light crude oil exports effective last Thursday, due to the shutdown of the Nembe Creek Trunk Line that is one of two pipelines that transports the crude, Reuters reported last week.

The news agency also said that French oil major Total had declared force majeure on exports of Djeno crude oil from the Republic of Congo, after a minor incident at the crude terminal that has reportedly damaged a portion of the jetty.

Total did not respond to requests for comment.

In the aframax segment, spot rates continue to trend near their lowest levels this year despite a marginal uptick of 11% last week to $4,099 per day.

The worst hit aframax trades are the UK and Baltic Sea routes, as Russian crude supplies have softened, affecting cargo volumes.

Crude oil exports from Russia and neighbouring Azerbaijan and Kazakhstan in June posted the first annual decline in more than two years, partly because of higher refinery operating rates, and export curbs will be better felt in coming months as domestic requirements reduce the availability of crude oil for export, the International Energy Agency said in its latest report.

The IEA said Russian crude oil exports fell by 740,000 bpd in June from a month earlier, and down from record highs in April.

Black Sea exports from the port of Novorossiysk increased by 30% to 700,000 bpd from January to May, due to increased exports of Urals and Siberian Light grades from Russia and Kazakhstan. But the loadings schedule data suggests that crude exports from Novorossiysk declined by 8% in June and 7% in July, the IEA said.

Exports from the Baltic Sea have fallen significantly since peaking in April at 1.82m bpd, and loadings dropped in May and June as work on the Baltic pipeline reduced shipments from Primorsk, the IEA said, adding that the pipeline work is almost complete.

While loading schedules show exports picking up slightly in July, the volumes have not been enough to boost the market, and August sentiment remains gloomy.

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Congestion surcharges introduced at Rotterdam and Antwerp

by Will Waters

Lines implement new fees for barge and feeder services as terminals struggle under current demand conditions

Antwerp and Rotterdam have been affected by congestion.

CONGESTION at key western European container ports Rotterdam and Antwerp is causing lines to introduce congestion surcharges for barge and feeder services.

Forwarding sources have highlighted for some months that certain congestion issues have been affecting terminals at Antwerp and Rotterdam, particularly with regard to barge services, where there have been reliability issues since the introduction of new container shipping alliances in April.

Last-minute decisions by deepsea lines to appoint the terminals for the new alliances had led to substantial delays, forwarders have reported, but the problems have apparently continued, due in part to higher peaks in traffic caused by increased vessel sizes.

Hamburg-based container line Hapag-Lloyd last Friday informed customers that its operations in Rotterdam and Antwerp were “being affected beyond normal conditions”. With the terminals “congested and only operating with slowed productivity”, Hapag-Lloyd said it was implementing a €25 ($28.88) per container congestion surcharge with immediate effect for all cargo arriving or departing to or from Rotterdam using feeder services; and for all cargo arriving or departing to or from Rotterdam and Antwerp using barge services.

Meanwhile, European intermodal operator Contargo has introduced a congestion surcharge for Antwerp and Rotterdam of €19.50 per container, effective last Friday. It says the surcharge applies “irrespective of the navigational area of the

Rhine for all loads and terminals in the seaports of Antwerp and Rotterdam until 31 August".
Earlier this month, Contargo reported that its barges in Antwerp and Rotterdam were still faced with slow processing, with maximum waiting times of up to 120 hours.

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Tanjung Pelepas growth and potential listing to drive MMC earnings, says analyst

by Abdul Hadhi

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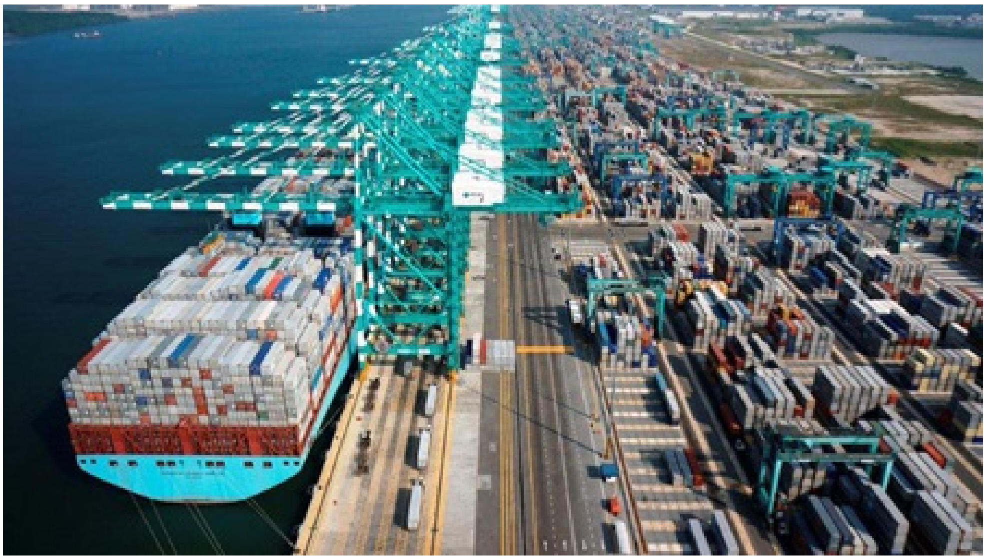
Kenanga's Steven Chan is less optimistic about other listed Malaysian companies such as MISC and Westports



Tanjung Pelepas is in the midst of a strategic upgrading programme. *Source: PTP*

THE Malaysian port of Tanjung Pelepas is expected to show growth and likely drive owner MMC Corporation's earnings, according to Kenanga Research analyst Steven Chan.
In a sector report that also covers other listed Malaysian shipping companies such as MISC and Westports, he notes that Tanjung Pelepas, which is relatively unaffected by the alliance reshuffle, mainly serves the 2M Alliance. The port's container throughput rose 7% to 9.12m teu in 2015.
Tanjung Pelepas is in the midst of a strategic upgrading programme aimed at increasing annual capacity to 13.2m teu from 10.5m teu.
Mr Chan says a potential future listing of its port operations may also boost Malaysia-listed MMC's finances. In addition to Tanjung Pelepas, MMC operates most of the major ports along the west coast of peninsular Malaysia and recently completed the acquisition of Penang Port in the north of the country.
He is less optimistic about rival port operator Westports, which has suffered lower throughput largely due to the alliance reshuffle that took effect in April this year. Westports' container throughput in May fell 3% year on year to 3.95m teu

and the terminal operator expects 2017 volume to be lower than 2016 by a single percentage point.

The reshuffle involved the previous Ocean Three transition into the Ocean Alliance, the merger of UASC and Hapag-Lloyd and volume losses from CMA CGM to PSA. Westports moves 76% of Port Klang's container volumes.

He feels a similar lack of optimism about MISC and does not see any reprieve in tanker charter rates in the near term due to refinery maintenance and higher tanker fleet growth.

Another factor expected to weigh on the market is the Organisation of the Petroleum Exporting Countries' decision to extend its production cuts for another nine months to March 2018 amid excess tonnage in the market.

While liquefied natural gas spot rates have benefited from new gas projects in Asia, Mr Chan suggests that it might not be sustainable as vessel oversupply is likely to persist, with newbuilding LNG tankers coming online this year and next.

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Disney's new cruiseships will be LNG-powered

by Eric Yep

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Move underscores cruise industry's decided shift towards the cleaner fuel

The latest ship will be the seventh in Disney's fleet.

DISNEY Cruise Line's three most recent ships on order will be powered by liquefied natural gas, underscoring the cruise industry's firm shift towards the use of cleaner marine fuels in the long term.

The entertainment giant will add another vessel to last year's order of two to be built at the Meyer Werft shipyard in Germany, according to Bob Chapek, chairman of Walt Disney Parks and Resorts.

On delivery, the latest ship will be the seventh in Disney's fleet.

The previously ordered vessels are scheduled for completion in 2021 and 2023, and the latest will be scheduled for 2022. All three will come in at 135,000 gt with about 1,250 guest staterooms.
“By the time all three new ships are sailing, we’ll have nearly doubled the size of our existing fleet,” Mr Chapek said.
There are already 106 LNG-fuelled ships in operation worldwide, and 115 confirmed LNG-fuelled newbuildings, excluding LNG carriers and inland waterway vessels, according to a report from classification society DNV GL published at the end of May.
Cruise company Carnival Corp has seven LNG-powered ships due for delivery between 2019 and 2022, while rivals MSC Cruises and Royal Caribbean Cruises have two ships each set for delivery in 2022 and 2024.
DNV GL data shows that the top segments for the adoption of LNG as a marine fuel are car/passenger ferries, chemical tankers, platform supply vessels, gas carriers and specialised vessels.

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18 Jul 2017 | **News** | **Asia Pacific** | **Singapore** | **Philippines**

Philippines crackdown on pirates gathers pace

by Eric Yep

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ReCAAP says piracy situation in the Sulu-Celebes Sea has improved this year

The crackdown on piracy has included the establishment of safe corridors at sea.

EFFORTS by Philippine authorities to crack down on pirates have helped to reduce the number of attacks on vessels, while littoral states continue to plan more anti-piracy initiatives, the Regional Co-operation Agreement on Combating Piracy and Armed Robbery against Ships in Asia (ReCAAP) said in its half-yearly report.

The number of category 1 incidents, which have the highest severity level, decreased to four in the first half of 2017, compared with six incidents in the same period of 2016, owing to the improving situation in the Sulu-Celebes Sea, the Singapore-based anti-piracy watchdog said.

It said there had also been no reports of crew abduction in May and June 2017.

“Some members of Abu Sayyaf are fighting in Marawi city, but other members of the group are based in the islands of the Sulu-Celebes Sea,” ReCAAP executive director Masafumi Kuroki said.

“The Philippines’ authorities are working very hard not only in Marawi city, but also in the neighbouring islands, and their operations are contributing to the improvement of the situation,” Mr Kuroki said at a press conference.

Manila’s crackdown on piracy has included measures, such as the establishment of safe corridors at sea for transiting vessels and the deployment of sea marshalls on board vessels.

On June 2, the Philippine Coast Guard established a recommended transit corridor for all ships transiting between the Moro Gulf and Basilan Strait.

The safe passageway is designed to reduce collisions and minimise the threat of pirate attacks, and will be monitored by law enforcement units deployed nearby. Vessels navigating the corridor must notify the coast guard at least six hours before the actual transit.

Most importantly, the passage will be open to all ships and not just Philippines-flagged vessels.

The PCG is also considering a second safe corridor in the Sibutu Passage in the Sulu Sea — which has seen an increasing number of piracy incidents — for the safety of international commercial vessels entering Philippine waters.

“The PCG is currently consulting with stakeholders, pending the resolution of legal and liability issues,” ReCAAP said.

In early June, the coast guard took over the supervision of security at all seaports, both public and private, in Mindanao, including the entry and exit of waterways, previously undertaken by the Maritime Industry Authority and the Philippine Port Authority.

It now controls the movement of all vessels at seaports and harbours, as well as port and ship identification systems; designates security zones for maritime purposes; inspects cargoes for contraband; regulates port access and waterfront facilities; and enforces security levels at all seaports in Mindanao, ReCAAP said.

Meanwhile, the much-hyped trilateral maritime patrols by Indonesia, Malaysia and Philippines that were rolled out last month are making progress.

The maritime patrols — called Indomalphi after the names of the three participant countries — are still working on the approval of standard operating procedures, and implementation rules and regulations, Mr Kuroki said.

It is not clear whether actual patrols on the water are under way.

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Supramax bulker earnings jump to 10-week high on Pacific strength

by Inderpreet Walia

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Indonesian coal exports seen as main driver

SUPRAMAX bulker earnings have strengthened over the past week, mainly due to improved chartering activity in the Pacific region, which saw a rise in coal cargoes from Indonesia.

Braemar ACM's weekly note said that the Pacific basin was full of enthusiasm with "rates continuing to improve, even with the modest rise of tonnage lists in both the Far East and Southeast Asia".

It added: "Indonesia coal exports seem to be the main driver, with most Singapore delivered tonnage now achieving around $10,000 per day for a Pacific round voyage with a premium for India redelivery."

The steady rise in freight rates throughout the week pushed the Baltic Supramax Index to 786 points on Tuesday, compared with 733 points a week earlier.

The weighted time charter average was assessed at $8,957 per day, up 7.2% from $8,358 per day in the week before and the highest since early May.

The index also rose on account of good flows of cargoes from the Black Sea, US Gulf and east coast south America, helping clear out open tonnage in the Atlantic basin, according to market reports.

Meanwhile, the tension between the Gulf Co-operation Council countries persists without a genuine resolution to the matter.

This continues to impact the raw material trade in the region, according to brokerage Gulf Maritime.

Apart from that, trivial activities were reported in the Middle East Gulf region, with the brokerage noting few petroleum coke and sulphur shipments being fixed, while iron ore from Iran for shipments to East Asia were at similar levels to last done.

Around 25 deals were reported in the spot market in the past seven days, compared with 23 in the previous week, Clarksons data shows.

The dominant interests in the spot market appear to be for the Indonesian coal trade, where a couple of spot trades were noted including a 56,000 dwt vessel fixed for $8,700 per day with delivery Thailand; a 60,000 dwt ship fixed at $9,500 per day starting from Vietnam; and a 20-year-old handymax paid $9,000 per day for delivery in Singapore, Banchero Costa reported.

The period market remained active with a fixture concluded for two years at $8,000 per day, which is below paper values, but short period fixtures have settled higher at around $9,000 per day for three to five months.

In the secondhand market, a 1999-built, 48,200 dwt vessel changed hand at $5.4m, while a 1981-built handymax was sold by a Canadian company at an undisclosed price, according to VesselsValue.

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Oil refineries unprepared to provide low-sulphur fuels by 2020

by Anastassios Adamopoulos

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Recent study shows only 15% have strategy for incoming sulphur cap legislation

Miscommunication between refineries and owners could be driving the fuel supplies problem.

ONLY 15% of the world's fuel oil refineries have a strategy in place to meet the global 2020 0.5% sulphur cap, according to a recent survey of refineries by technology-focused consulting company KBC.

Part of this unpreparedness in providing low-sulphur bunker fuels may come from a lack of clarity from the shipowners' side as to the extent of their need and subsequent demand for these fuels ahead of the cap.

"While the shipping industry expects the refiners to meet their supply requirements, the refining industry is still waiting to know to what extent the shipping industry will install emission scrubbers on board," KBC chief economist Stephen George said.

The survey comes on the heels of an IMO decision to not even consider a potential transitional period for the implementation of the sulphur cap depending on availability of compatible fuel.

During the Marine Environment Protection Committee 71 in early July, the IMO environment pollution body that took the decision, proponents of a contingent transition period were vocal in their concerns that refineries around the globe will not be ready to service the demand for low-sulphur fuels by 2020 as well as the regional imbalances in fuel availability.

"This is a wake-up call. Failure of refiners to study, agree and implement a robust strategy will leave many of the 'less complex' refineries severely economically disadvantaged," Mr George said.

At the same time, the introduction of the sulphur cap could lead refineries to adopt innovative technologies that would enable them to increase profit margins and prepare for future regulations on emissions restrictions, he added.

The IMO has its eyes set on introducing a greenhouse gas emissions reduction measure in 2023.

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IN THE SUPREME COURT OF GIBRALTAR
ADMIRALTY JURISDICTION

Claim No. 2017 ADM No.5

Admiralty Claim in rem against the Vessel known as M.V. "Sophia III"

BETWEEN

Credit Agricole Corporate & Investment Bank
Claimant

- and -

The Owners of the M.V. "Sophia III"
Defendant

Notice is hereby given as follows:-

1. The vessel herein, namely "SOPHIA III", has been ordered to be sold by order of the 19th day of May 2017, of the Honourable Mr. Justice Dudley, Chief Justice.

2. Proceeds of sale have been deposited and paid into Court.

3. The order of priority of the claims against the proceeds of sale will not be determined until after the expiration of the period of 60 days from today's date.

4. Any person with a claim against the ship, or the proceeds of sale thereof, on which he intends to proceed to judgment shall do so before the expiration of the period above described.

Dated the 17th day of July 2017.