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Körtum forced out of full control of H Schuldt

Hamburg shipping king Bernd Körtum is set to lose full control of most of the Norddeutsche Reederei H Schuldt fleet, after a vehicle owned by two German state governments ordered him to find new investors for 35 ships.

It is not immediately clear whether he is being forced to cede a majority stake or just a minority interest. But there is some suggestion that, at the very least, he may have to hand over management responsibility as part of the deal.

The development underlines how rapidly the tide is turning for many of Germany's biggest private owners, which until now have typically been under the sole control of a founding individual or his or her heirs.

H Schuldt is 100% owned by Mr Körtum's Norddeutsche Vermîgen Holding, which is in turn closely held, and under no obligation to disclose financial information. The last available accounts on its website relate to 2010.

But Hamburg shipping sources claim that it is open secret that Mr Körtum's children are only interested in the private equity and real estate elements of NVH, and would not shed too many tears at letting go of the shipping side.

It has now emerged that he has been told by HSH Portfoliomanagement AÎR, the public sector body responsible for the basket case debt of HSH Nordbank, that he has to come up with a cash shot of an undisclosed amount. Boston Consulting Group have been mandated to find somebody willing to shell out the money.

HSH Nordbank sparked controversy last year when it granted Mr Körtum a $600m debt write-off last November. Mr KortÅm shortly thereafter went on to spend several million dollars on a yacht, with the purchase predictably going down badly with the voters who ultimately picked up his debt forgiveness tab.

Mr Körtum reportedly owns 47 vessels in total, of which 45 are boxships and two are bulkers.

An upbeat statement issued by Norddeutsche Reederei H Schuldt said that German media reports that its ships were subject to a bidding process were incorrect.

"Correct is, that Norddeutsche Reederei H Schuldt, a company with 150 years of tradition in the shipping industry, is undergoing a strategic overhaul to secure its future.

"Based on the restructured financing agreement from June 2016, the company aims, with the support of the Boston Consulting Group and in co-ordination with HSH Portfoliomanagement AîR, to create a partnership which will take advantage of opportunities to grow its shipmanagement and related activities, further much needed consolidation and strengthen Hamburg's position as a centre of shipping competence."

However, Mr Körtum's fate has obvious parallels with that of Bertram Rickmers, who was forced to wind up his 100%-owned private holding company because of lack of backing from creditors led by HSH. He has since emerged with a bid to pick up some of leftovers, backed by his own money and that of allies.

NEWS

North Korea's opaque shipping network is the target for tightened sanctions

The UN Security Council has imposed its toughest measures yet against North Korea, including tightened scrutiny of its shipping activity.

Vessels going in and out of North Korea's ports will be directly targeted as part of the new sanctions regime passed on Monday in the form of Resolution 2375, which demands inspections of vessels on the open seas if there is sufficient information that the cargo on board violates previous UN directives.

However, as a recent investigation by Lloyd's List revealed, the opaque nature of these trades will make enforcement a complex business.

The Lloyd's List analysis tracked a fleet of roughly 20 small product tankers that were moving fuel cargoes sourced from Chinese refineries and Russian oil terminals, and supplied to the North Korean port of Nampo.

The vessels are several decades old with dubious trading history, mostly flagged in North Korea, but also include several Russian product tankers. So far this year, the number of product tanker shipments that can be tracked on vessel tracking systems appear to have dropped significantly.

The latest round of UN sanctions have capped Pyongyang's refined petroleum product imports and barred UN states from selling crude oil to North Korea in excess of what was sold in the 12-month period prior to the latest resolution.

Double-digit interest will kill your business, shipowners warned

Borrowing money at double-digit interest rates could be enough to send a shipping company under, and getting bigger is probably the only way to survive.

That was the conclusion during the Capital Link London Shipping Week panel debate on Tuesday.

Investors should eschew the clichÇd approach of buying distressed assets and cashing out in a couple of years, and instead look at shipping more like a long-term property market, delegates were told.

Hot money looking to own steel in the hope of a 20% return is likely to be disappointed, said Anders Meyerhoff, services team principal at Apax Partners - a firm apparently sitting on a war chest and looking for the right outlets.

"Anyone can write cheques these days. Writing cheques intelligently, that's the trick," he said.

Autonomy in shipping is happening far quicker than expected

The march towards autonomous shipping has accelerated to such an extent that operational projects will hit the water before 2020 - a full five years ahead of forecasts published only two years ago, according to the researchers behind Lloyd's Register's Global Marine Trends series of forecast reports.

The researchers say the rapid pace of technological advances coupled with shifting market demands and cost considerations have fast-tracked developments exponentially.

Their initial forecast of maritime technology trends published in 2015 anticipated that autonomous shipping technology would not be viable until at least 2025. The authors now accept that their predictions have turned out to be "somewhat conservative".

Latest from London Shipping Week

John Prescott is leading the charge for a low carbon economy

Former UK deputy prime minister John Prescott has called on the British government to designate England's northeast as a "place of growth", with a key focus on the low carbon economy.

Speaking during London International Shipping Week, he said that the UK could become a world leader in the low-carbon economy and the Humber tidal estuary, which has diversified into wind power production in recent years, could be a key driver for that growth.

The Humber has been developing a regional strategy around its ports, similar to that seen in the west of England along the Mersey.

Mr Prescott sees further opportunities for growth with improved east-west road and rail connectivity, suggesting that the transport corridor from the west coast Mersey has international significance with the opening in 2016 of the newly-expanded Panama Canal.

Put plans in place for a no-deal Brexit, urges Dover MP

A no-deal Brexit would require immediate UK-French co-operation to avoid a logistics nightmare at ports on the English Channel, and plans must be in place to deal with a potential no-deal scenario, attendees at a London International Shipping Week reception at Westminster were told.

Dover and Deal MP Charlie Elphicke said that while everyone was hoping for a new trade deal, the UK should acknowledge the possibility that there would not be a deal at all, and should prepare for the first day of this potential reality.

"If we want to get the best possible deal we need to be ready and prepared not to do a deal at all. Anyone in any negotiation will tell you that the best way to land the best deal is to walk away from the table if you need to," he said.

Shipping leaders reassured after UK government paints a positive post-Brexit picture

Brexit was one of the central topics on the agenda when maritime bosses held a meeting with ministers at Downing Street on Monday, with the top-level delegation of industry leaders coming away with the clear impression that they had the ear of government at this critical juncture.

The meeting, chaired by UK Transport Secretary Chris Grayling, took place on the first day of London International Shipping Week when Britain will be showcasing its shipping skills and services to the world.

The government has already shown strong support for LISW and looks keen to reassure business leaders about a future outside the European Union.

Leaving the EU will present an opportunity for greater foreign investment in the UK, shipping minister John Hayes said on Monday following the meeting. Earlier in the day, he had reaffirmed the UK Ship Register's goal of reaching 30m gt, about double its current size.

That will require attracting more foreign-owned vessels to the UK flag, and the Downing Street team included several international shipowners, among them Daniel Ofer of Zodiac Maritime, which operates one of the biggest UK-registered fleets, Emanuele Grimaldi, head of Italy's Grimaldi Group, and Dan Sten Olssen, chief executive of Sweden's Stena Group.

Co-operation is needed to make the sulphur cap work

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Peel Ports backs calls for boost to rail infrastructure investments

PEEL Ports has backed calls for significant investment in rail infrastructure serving England's east-west trade corridor.

Liverpool metro mayor Steve Rotheram and Manchester metro mayor Andy Burnham have been calling on leaders of the three main political parties to pledge their support for a radically improved east-west rail link.

The proposed link from Liverpool to Hull has been championed by political and business leaders, including former Chancellor George Osborne as part of the Northern Powerhouse strategy.

"It's long overdue that the east-west infrastructure was brought into the 21st century so we can expand rail freight usage and reduce the impact of longer-distance road haulage," Peel Ports strategic projects director Gary Hodgson said.

MARKETS

SUPRAMAX

Supramax trade opportunities hampered due to hurricanes Irma and Harvey

The shift in Hurricane Irma's path into Florida after laying waste to the Caribbean and the damage Hurricane Harvey caused to some ports in Texas have created significant challenges for the supramax bulker segment.

Meanwhile, a number of major ports in Texas are working to resume normal operations nearly a week after the hurricane made landfall.

Texas wheat producers said in a report that grain terminals were mostly undamaged and just required rail services to begin exporting grains again.

However, traders expect the disruptions and delays at Texan US Gulf coast export terminals to persist for the days ahead as ports and railways conduct repairs in the wake of Hurricane Harvey's landfall and the subsequent flooding.

CRUDE TANKERS

Mid-sized crude tanker rates have hit a three-month high

Mid-sized crude tanker spot rates are trending at a three-month high with both suezmaxes and aframaxes finding support in different markets, including from the impact of multiple storms and hurricanes on the US Gulf coast.

There is also evidence that owners have used suezmaxes and aframaxes interchangeably in the US Gulf when the smaller vessels faced delays due to port closures and other disruptions caused by Hurricane Harvey and subsequent floodwaters.

The situation in the US Gulf remains grim, and energy facilities are still struggling to normalise operations, indicating that support for tanker trades could last a few more weeks.

VLCC

Strong Middle East market fails to lift VLCC rates

A solid week of chartering demand has failed to lift to spot very large crude carrier rates, which continued their downward spiral on the back of excess tonnage.

This underscores the extent of oversupply that is weighing on VLCC markets and signals what could be an extended downturn for the sector, as the seasonal uptick in winter markets becomes uncertain.

And if oil market demand were to contract for some reason, there is no telling how tanker rates could fare.

IN BRIEF

Hutchison Port Holdings to refinance up to $500m with notes issue

ORTS giant Hutchison Port Holdings Trust announced the issue of $500m of notes to refinance existing debts, "which would provide an economic benefit to HPH Trust upon early repayment" according to a statement.

Proceeds not used for debt repayment will be committed to general corporate expenses and capital expenditure.

Issued through the company's finance unit and listed on the Singapore exchange on Tuesday, the five-year notes carry an annual interest rate of 2.75% paid out twice per year.

LPG carriers face a difficult six to nine months

LIQUEFIED petroleum gas is becoming a mainstream export from the US and Middle East, but faces a tough 2018, according to industry executives at a Capital Link event in London.

An influx of newbuilding deliveries is expected to put pressure on the market over the next six to nine months, with hopes of improvement in the second half of 2018 through a combination of scrapping and increased US exports.

Demand for LNG carriers to outstrip supply

A BOOM in exports of liquefied natural gas is expected to bring about a shortage of LNG carriers by the end of this decade, an audience in London was told.

With 100m tonnes of LNG due to hit the water over the next three years, executives expect the LNG carrier market to be short by 30 to 40 ships. Even if newbuildings were contracted today, delivery dates in 2019 will mean rising spot rates for LNG carriers as more cargoes are produced and fixed in the meantime.

South Korea and Russia establish arctic shipbuilding venture

SAMSUNG Heavy Industries and Zvezda Shipbuilding Complex have agreed terms for a joint venture managing Arctic shuttle tanker newbuilds.

The joint venture will provide technical support for the construction of 42,000 dwt-120,000 dwt Arctic shuttle tankers at the Russian yard to export oil from Rosneft fields and those of other oil majors, according to a statement by Zvezda.

The agreement follows a visit to Russia by South Korean president Moon Jae-In. The governance structure and establishment date of the joint venture is not yet clear.

CMES shares return to trading in Shanghai

CHINA Merchants Group dry bulk and tanker arm China Merchants Energy Shipping's shares resumed trading on the Shanghai exchange today after its acquisition plans cleared review by the exchange.

The company's share price was up 7% compared to when it suspended halted trading before announcing the $3.6bn acquisition of four shipping units from Sinotrans & CSC Holdings.

CMES said it is stool on the lookout for merger and acquisition opportunities.

PIL returns to profit

PACIFIC International Lines became the latest container line to be lifted back to profit by an improved market.

A 28% increase in revenue and 11% rise in volumes brought a $26.4m profit, up from a $131m net loss in the first half of 2016.

The container market has seen a general recovery in rates in recent months, with only two of the top 12 lines recording a net loss in the second quarter of 2017.

Global Ship Lease extends charters at reduced rate

NEW YORK-listed container ship owner Global Ship Lease extended the charter hire for two 2,200 teu vessels at a rate $10,600 per vessel lower than their existing charters.

The 2002-built Julie Delmas and 2003-built Delmas Keta will be chartered for one year to Global Ship Lease's largest customer and largest shareholder CMA CGM at $7,800 per day, compared to the previous rate of $18,465. The change will reduce operating income by around $2m per quarter.

The $34,500 per day charter for 8,000 teu OOCL Tianjin is due to expire in October.

China Merchant Port goes upstream with latest acquisition

HONG Kong-listed China Merchants Port will consolidate container terminal activities in the Pearl River Delta region by acquiring a 51% stake in Zhongshan Port Group for Yuan485m ($74.1m). The move extends CM Port's reach to upstream terminals and barge services in the area.

ZPG currently operates 23 berths in three ports - Zhongshan port, Xiaolan port and Shenwan port - which form part of the Port of Zhongshan, located in China's Guangdong province, 55 nautical miles from Hong Kong.

The Yuan485m payment will be divided in two instalments made up of buyer's resources and bank loans. A share purchase agreement is expected to be signed on Wednesday.

Coral Expeditions orders cruiseship from Vard

VARD has won a contract to build a 120-passenger expedition cruiseship for Australia's Coral Expeditions.

The order for the 93.5 m vessel follows a recent order from Silversea Cruises at Vard's owner Fincantieri for a ?310m ($372.4m) luxury cruiseship.

The cruiseship building market has been a bright spot in an otherwise gloomy shipbuilding market in the past year, with an ordering spree by major cruise lines anticipating further growth in demand for cruises.

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