Lloyd's List

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Leading maritime commerce since 1734

Getting the Goat

With some of the weakest dry bulk freight markets in memory, Lloyd's List casts some bulk carrier fortunes

ASTROLOGERS and mariners have one thing in common: they know a good yarn when they hear one, *writes Tom Leander*.

Lloyd's List (born 1734, Year of the Tiger) today offers a look at the 12 months ahead, from a Chinese zodiac point of view.

The year setting upon us, of course, is the Year of the Goat (or Ram, or Sheep, depending upon your preference). The Chinese character for the animal allows open interpretation.

A scholarly tour of popular websites yields this description of the character of the upcoming year: a goat pretty much minds its own business, chews on anything and stays sure-footed on dangerous promontories.

From these admirable qualities, astrologers are able to extrapolate a year of calm and prosperity (gotohoroscope.com) and good health, both physical and financial (astrologyclub.org).

Few dangers seem to be lurking. While emotions run high in a Goat year, fretting is ill-advised, because it always turns out well in the end (astrology.com).

Before we say "May We Always Live in the Year of the Goat!", one fly in the ointment has emerged. Week in China, a news site, offers this revelation:

"Historically, many of those who are born in the Year of the Goat are believed to be doomed. In fact, one common folk saying has it that out of 10 children who are born in the Year of the Goat, nine have bad luck."

"I don't really care what zodiac sign my baby is, but it better not be a goat," one prospective mother told CNN.

Lloyd's List believes that mother was on to something. One glance at shipping will tell you why.

We enter the Year of the Goat with one of the weakest dry bulk freight markets in memory, brought there by excess capacity introduced as a result of newbuilding orders in the Year of the Dragon (coinciding with 2012), Year of the Snake (2013), and the Year of the Horse (2014).

Those placed in 2013 were responsible for much of the orderbook growth that now threatens to maintain difficult conditions throughout this year. Bulkers entering the fleet today will be like those ill-starred goat children mentioned above. They will be underemployed, and their values will shrink.

RS Platou, in a research note on Monday, pointed out that dry bulk ship values declined 3%-5% the previous week, indicated by the sale of a four-year-old, Hyundai Samho-built kamsarmax ship for $16.5m — below current broker quotes of $18m for smaller panamax ships.

Platou saw this as evidence that panamax values could slide as much as 10% to $16m when the next secondhand ship comes up on the block.

Predictions like this are enough to make a shipowner bleat. But that's only the half of it.

The headline-grabbing dry bulk companies of 2014, Scorpio Bulkers and Safe Bulkers, have amassed huge newbuilding orderbooks.

Their stock prices have been hit by concerns that they will have difficulty funding those orderbooks in full. Both groups are backed by private equity and were in the vanguard of private equity's asset swoop into the shipping sector.

While their entry had the cunning of a snake and the high spirits of a horse, their exit may turn out to be decidedly sheepish.

Despite low asset prices, it is not inconceivable this year that we will see a great number of recently built vessels — or those still under construction — change hands at low-low prices, as owners under financial strain or facing liquidity issues seek to offload ships they can no longer afford.

Platou says this is already afoot. "Brokers say there are a growing number of buyers inspecting quality vessels from Japan/Korea with buyers hoping to find sellers prepared to sell at levels actually reflecting today's market," Platou says.

That scenario implies there are always winners, even in tough markets.

This much is certainly true of the tanker sector, where the decline in oil price has given a short-term boost to import demand for crude oil. A contango market leading to oil storage in very large crude carriers has emerged right on schedule.

These players are goats par excellence: a peaceable bunch, delivering cargo

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everybody needs, amid a crowd of likewise fortunate fellows. One danger does lurk for them — from dry bulk colleagues that, in desperation, are converting bulker orders into tankers.

Stena Bulk chief executive Erik Hånell told Lloyd's List in January that such conversions adding to the suezmax newbuilding orderbook will possibly upset the market balance when these new vessels are delivered on to the water in 2016-2017.

Newsflash: Stena Bulk was founded in 1982, a Year of the Dog, an auspicious animal.

Container shipping lines should be so lucky. They face ongoing burdens in the Year of the Goat almost as challenging as their colleagues in dry bulk, given the financial burden that many face paying off massive investments in ultra large boxships, beginning three years ago.

However, several experts, including consulting group Alix Partners, have opined the rough year behind us and the prospects of a tough year ahead has led to a broad industry restructuring. Gains from cost-cutting and alliances may now begin to emerge for the most prudent players.

So it was that on the eve of the Year of the Goat, Singapore's Neptune Orient Lines opted to sell its non-core logistics division to a Japanese logistics company in a deal worth $1.2m. The proceeds will go towards servicing NOL's debt and investing its core liner business.

Chief executive Ng Yat Cheung told reporters and analysts: "NOL does not have sufficient resources to support the growth both of the liner business and the logistics business."

Founded in December 1968, in the Year of the Monkey, NOL can be expected now to return to full character: quick-witted, intelligent, and magnetic.

Let's hope so, because if we leave it to the goats alone, it's going to be a grimly purposeful year.

Tough start to year for intra-Asia carriers

Freight rates on intra-Asia services have declined by 10% in the three months to January

CAPACITY additions and slack demand on intra-Asia services has caused freight rates on the trade to decline to their lowest levels since records began, *writes Damian Brett*.

The latest rate index from consultant Drewry shows that prices on the 90 routes that make up the intra-Asia trade fell to $900 per 40ft container in January.

This is the lowest level the index has reached since it began in March 2011. It has declined by 10% over the three months to January.

Compared with January 2014, prices are down 7% year on year.

Drewry said the declines were caused by the addition of capacity and a slowdown in demand.

Rates on the trade are expected to remain under pressure in the long term, although there could be a short-term stabilisation.

Drewry expects intra-Asian rates to stabilise once trade picks up after the Chinese New Year holiday.
glen photo/Shutterstock.com

Drewry Supply Chain Advisors' Stijn Rubens said: "[The index] is now being impacted by the slowdown in the Chinese economy and cargo demand on these key trade lanes.

"Shipping lines have also been deploying larger ships and introducing new services, which has only increased the pressure on intra-Asia freight rates.

"We expect the decline in intra-Asian rates to stabilise as trade picks up following the Chinese New Year holiday period.

"But longer term, rates on these routes will remain under pressure so long as carriers continue to cascade unwanted tonnage on these once buoyant trades."

While intra-Asian rates have been under pressure in recent months, Drewry's Global Freight Rate Index climbed 11% in the three months to January to reach $2,135 per 40ft.

The consultant said much of the rise was down to stronger rates on east-west headhaul trades, but pricing on north-south routes, particularly those serving South America and Africa, have weakened in recent months.

New CKYHE Alliance service arrangement adds to Asia-Europe capacity

Analyst Alphaliner estimates new rotations and increases in vessel sizes will add capacity to the market

The changes to the CKYHE network come in the shape of larger vessels on certain services. *Shutterstock.com*

THE new CKYHE Alliance Asia-Europe service arrangement will add around 15% to the carrier grouping's capacity on the trade lane, *writes Damian Brett*.

The alliance's new service rotation includes a total of six weekly services from Asia to North Europe and three to the Mediterranean, the same number of services as at present.

The major changes to the network come in the shape of larger vessels on certain services and the change of one of its Mediterranean services from a pendulum operation, also calling in North America, to a direct Asia-Mediterranean string.

Of the North Europe services, the NE2 service will be operated with 10 ships with a capacity of 14,000 teu; the NE3 service will use 11 ships of 13,000 teu; NE5/CEM will use 10 13,800 teu ships; NE6 will operate with 11 13,000 teu ships; NE7 will use 10 vessels of 14,000 teu; and NE8 will use 10 8,500 teu ships.

Analyst Alphaliner said the NE2 was previously operated using 8,000 teu-9,000 teu tonnage and the NE7 used 8,000 teu-9,500 teu ships.

As a result of these changes, the CKYHE has increased its capacity on services from Asia to North Europe by around 15%.

In terms of port calls, the analyst said the changes to North Europe saw Piraeus win an extra two calls, Ningbo and Shanghai gained a call each and Port Said, Felixstowe, Hong Kong and Yantian all lost a call each.

For the Mediterranean, the major change comes as the ADR service replaces the UAM pendulum service.

The ADR is a direct service to the Mediterranean, while the UAM also had North American calls. The North American leg of the service will also become a separate service.

Other changes see the MD1 loop use 10,000 teu ships instead of 8,000 teu vessels and the ADR loop will use 8,500 teu vessels instead of 5,300 teu-7,000 teu ships.

Alphaliner said these changes will result in the carrier adding around 14% to its capacity on the Asia-Mediterranean trade lane.

Data hub — World Fleet: inactive fleet falls to lowest in year

Number of ships being taken out of action now stands at just 1.2% of the overall boxship fleet

JANUARY was a month of extremes for the world cellular fleet. The number of inactive vessels fell to its lowest level in more than a year and the number of vessels demolished continued to grow, *writes James Baker*.

On the other hand, orders and deliveries remained high, increasing the capacity of vessels on the water and raising the risk of underutilisation further down the road.

Port congestion, particularly on the US west coast but also in the Philippines, has taken the blame for reducing the number of ships in lay-up as lines attempt to maintain service levels and schedules by adding ships.

The effect of this has been to cut the number of unemployed vessels to only 1.24% of the total world fleet, according to the latest figures from Lloyd's List Intelligence.

At the end of January, 218 vessels comprising 225,000 teu were sitting idle. While this is down slightly from the figure at the end of December, the more marked change is from the corresponding period last year, when 313 vessels comprising

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The biggest change of fortunes has happened in the panamax and post-panamax sectors. *Ralf Broskvar/Shutterstock.com*

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550,000 teu, or 3.2% of the fleet, was unemployed.

This is even more impressive, considering that the figure is for the traditionally slow winter period, when more vessels find themselves out of work.

The biggest change of fortunes has happened in the panamax and post-panamax sectors. Last year, 4.3% of panamax and 4.1% of post-panamax vessels were laid up. A year on those figures have fallen to just under 1% for panamaxes and just over 0.5% for post-panamaxes.

Much of this reduction in overcapacity in this segment has come from increased scrapping, rather than increased utilisation.

According to Clarksons, 2014 witnessed the second-highest level of demolition the industry has seen, just below that of 2013's record year. Lloyd's List Intelligence reports 18,000 teu was scrapped in January, more than twice that sent to scrap in December, but only one-third of the 62,000 teu scrapped in the same period last year.

Nevertheless, since 2012, more than 1m teu of capacity has been removed from the fleet through demolition, according to Clarksons.

How long demolition can keep up with market fundamentals remains unknown. The falling price of oil has been reflected in lower bunker costs, removing the financial imperative towards slow steaming that has pervaded the industry since 2009.

As a result, lines are already starting to increase steaming speeds. This is allowing operators with smaller tonnage to remove vessels from loops, and some reports suggest that up to 2m teu in capacity has been utilised through slow steaming, capacity that could become unutilised if slow steaming ends across the board.

While bunker prices are unlikely to stay low in the long term, orders for larger tonnage still dominate the orderbook. January saw the first orders for 20,000 teu tonnage recorded by Lloyd's List Intelligence, with the confirmation of four 20,500 teu vessels for MOL at Samsung Shipbuilding and Heavy Industries.

The same yard also confirmed orders for thee 19,200 teu vessels for Scorpio that will eventually join Mediterranean Shipping Co's fleet. These seven ships alone will add 140,000 teu of capacity when they roll off the slipway.

And these vessels won't be lonely. The orderbook through to 2017 has capacity representing nearly 20% of the current world fleet being added.

The majority of this new tonnage will come from the larger classes of vessels. Nearly 2.8m teu capacity in post-panamax and larger tonnage is scheduled to hit the water over the next few years, and even if record levels of demolition continue, it is unlikely that this additional capacity will either be removed or utilised.

WORLD CELLULAR FLEET

	In service January 2015		On Order 2015		On Order 2016		On Order 2017 +		Total	
Teu size range	Vessels	Teu	Vessels	Teu	Vessels	Teu	Vessels	Teu	Vessels	Teu
0-499	323	86,925	5	670	0	0	0	0	5	670
500-999	708	537,393	5	3806	2	1,247	0	0	7	5,053
1,000-2,999	1,853	3,346,804	81	150,868	62	117,058	13	26,630	156	294,556
3,000-4,999	923	381,7856	13	50,215	9	35,400	4	15,200	26	100,815
5,000-7,499	620	3,737,716	9	55,700	0	0	0	0	9	55,700
7,500-9,999	378	3,261,248	64	575,986	24	221,648	2	18,800	90	816,434
10,000-12,999	84	91,4846	16	165,800	12	122,020	1	10,000	29	297,820
13,000-15,999	151	2,037,066	22	309,350	20	282,500	15	211,850	57	803,700
16,000+	23	411,534	27	488,200	10	191,000	7	139,600	44	818,800
Total	5,063	18,151,388	242	1,800,595	139	970,873	42	422,080	423	3,193,540

***Source:** Lloyd's List Intelligence*

West coast waterfront dispute take its toll on Oakland

Volumes plummet nearly 30% as productivity slows and vessel schedules breakdown

THE impact of the ongoing labour dispute on the US west coast could be no clearer this week in Oakland, with the Californian port reporting a near 30% slump in its container throughput levels for January, *writes Linton Nightingale*.

Oakland's six terminals handled a total of 138,055 teu last month, down 29.7% from January 2014, as containerised imports and exports fell 39.1% and 26.4% respectively.

The port attributed the dramatic decline to slowdowns in productivity and a breakdown in vessel schedules arising from the failure of the Pacific Maritime Association and the International Longshore and Warehouse Union to come to an agreement over a new contract for west coast dockworkers.

Terminal operations at as many as 29 US west coast ports have been affected by the impasse, which have now entered its ninth month.

The port of Oakland said importers have started to divert containers to gateways in Canada, Mexico and the US east coast, with each region reaping the rewards of the US west coast's woes.

Meanwhile, exporters have found it increasingly challenging to ship cargo to markets overseas, due to vessel delays and diversions.

Earlier this month, Maersk and MSC also confirmed they were to drop their scheduled Oakland calls in light of the disruption.

Oakland, as with the other west coast ports, was once again feeling the brunt of the contract dispute over the weekend, after a three-day labour slowdown was implemented after yet another breakdown in talks.

Operations finally returned to normal on Tuesday, when Oakland's terminals got to work on 11 vessels berthed at the port. However, there were still as many as 19 ships at anchorage outside the Golden Gate Bridge, according to local reports.

Attempts to clear the backlog will be not be helped by the news that ILWU Local 10 has announced it will now hold its regular 'stop work meeting', when members will allay their concerns arising from the dispute, during the first shift on Thursday. With no scheduled night shift, Oakland's terminals will effectively close for business for 24 hours.

The decision has particularly angered the Agriculture

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Transportation Coalition, a trade association representing US shippers of farm produce and forest products, which only last week revealed that the dispute on the US west coast was costing the country's agricultural industry billions in lost business.

AgTC executive director Peter Friedmann said he had hoped for a more positive reaction to the news that US President Barack Obama had looked to resolve the issue by sending US Labor Secretary to San Francisco to meet with representatives from both sides to find a solution.

"Closing the Port of Oakland for a day this week, when the congestion has already backed up the agriculture supply chain and is jeopardising our ability to be a dependable supplier to global marketplace, is not helpful, to say the least," he said.

Meanwhile, in Portland, where its largest box customer Hanjin Shipping decided to drop its call at the port's container terminal last week, having grown frustrated by continuous delays, ICTSI Oregon, which is responsible for the handling of Portland's container business, has reaffirmed its commitment to recruiting replacement carriers.

In a statement, the Philippine-based operator said retaining and attracting new carriers to Portland's Terminal 6 is its number one priority, and it will be taking calculated steps, in conjunction with the port, towards seeking new carriers that can capitalise on opportunities within the market created by Hanjin's departure.

Oakland's six terminals handled a total of 138,055 teu last month. *Sheila Fitzgerald/Shutterstock.com*

More containers online

Deadline looms for container awards
There is just one month left to enter the Containerisation International Awards
www.lloydslist.com/containers

Awilco tipped to have inked two more VLCCs

HHI said to have scored new big tanker success following pair for Metrostar

AWILCO Eco Tankers, the joint venture between Norwegian owner Anders Wilhelmsen and the Wilbur Ross-controlled Transportation Recovery Fund, is believed to have inked a pair of very large crude carrier newbuildings at Hyundai Heavy Industries, *writes Nigel Lowry*.

The information came from South Korea but was difficult to reconfirm with the shipbuilder because of the Chinese New Year.

A senior executive at Awilco in Oslo declined to comment on the report.

Others, out of the office due to a Norwegian winter holiday, did not immediately respond to inquiries.

If finalised, the orders would come in addition to four VLCCs the joint venture already has on order at rival Korean builder Daewoo Shipbuilding & Marine Engineering.

Awilco Eco Tankers first popped up last summer to order a pair of VLCCs at DSME for delivery in the second half of 2016.

Last October, the company stepped into the slots vacated by John Angelicoussis's Maran Tankers when it dropped two out of a series of four VLCCs in favour of contracting further LNG carriers.

The immediately prior VLCC deal sealed by HHI was clinched only a couple of weeks ago, when Greece's Metrostar Management contracted two firm units for delivery in the second half of 2016.

Two options are also attached to the contract, which comes on top of six VLCCs the Theodore Angelopoulos-led company ordered from HHI last year.

Brokers have put a price tag of about $97m on the latest ships, although the yard claims it is closer to $99m.

Lloyd's List reported in January that the Greece-based owner was close to adding

If finalised, the orders would come in addition to four VLCCs already on order at DSME.

to its VLCC newbuilding portfolio, even while it has been entertaining offers for the original sextet since last summer.

After selling product tankers and containerships last year, asset-playing Metrostar has no active ships under its operation at present, although the group retains a stake in two drillships.

Brokers WeberSeas (Hellas) currently lists a total orderbook of 90 new VLCCs worldwide, with 24 of these due this year and 50 in 2016.

It is believed the total does not include the latest HHI orders.

Dynagas Partners boosts earnings

Partnership hints at further fleet growth by Greece-based group

DYNAGAS LNG Partners, the quoted liquefied natural gas carrier-owning spin-off of the shipping group controlled by Greece's Propkopiou family, has reported higher than expected revenues and profits for the fourth quarter of 2014, *writes Nigel Lowry*.

Unveiling the latest results, the New York Stock Exchange-listed partnership again voiced confidence that privately-held sponsor Dynagas Holding will add to its own presence in the LNG sector, expanding the potential for further dropdowns in future.

Net income for the three months ended December 31 increased 39.1% to $15.3m, while voyage revenues increased to $36.4m compared with $21.7m for the same period in 2013.

The operating results were boosted by the acquisition of the partnership's latest LNG carrier, the 155,000 cu m *Yenisei River*, which was reflected for a first full-quarter's results.

Greece-based Dynagas Partners has announced a quarterly cash distribution of $0.4225 per unit, representing an 8.3% increase over the prior quarter's payout.

Adjusted net income of $15.7m came in at $0.02 higher than the consensus of analysts' projections for the quarter.

Chief executive Tony Lauritzen said earnings for the last quarter were "positively driven by our acquisition of *Yenisei River*, which is consistent with our growth strategy".

Last year's two dropdowns had expanded the fleet by 69% in terms of capacity and, with the existing fleet of five vessels fully employed through to 2016, Dynagas Partners intended to continue to focus on further fleet growth, said Mr Lauritzen.

The fleet of five LNG carriers still owned by Dynagas Holding offer "an identified opportunity for growth," say Lauritzen.

The fleet of five LNG carriers still owned by Dynagas Holding offered "an identified opportunity for growth".

Mr Lauritzen said: "Beyond this, we believe our sponsor will continue its further commitment to the industry by ordering further LNG carriers and/or other LNG infrastructure assets."

COUNTDOWN TO THE FEBRUARY 20 RENEWALS

Owners fighting for last $50 on P&I renewals, says DGS

Fixed premium not just for problematic tonnage, argues David Skinner

SHIPOWNERS are negotiating especially hard on P&I premiums this year, in some cases haggling over the last few bucks, according to a well-known figure in the fixed premium provider sector, *writes David Osler*.

The trend is particularly acute in emerging markets, said DGS Marine managing director David Skinner.

"When the good times were around a decade ago, the owners were not as cost-sensitive as they are today. Every cent has to be accounted for," he told Lloyd's List.

"If they can get $50 off their premium, they will do. They will argue until they are blue in the face to get that $50 discount.

"If they have not had any claims on their record, obviously they are fighting hard for a reduction."

Deductibles also seen as money in an owner's pocket, and even seemingly small increases are subjected to close scrutiny, he added.

"If you try to raise deductibles by $1,000 for a cargo deductible or FFO [fixed and floating objects] deductible, they fight very hard to get the deductible down.

"Where they haven't got any claims, they will use every possibility to get their overhead reduced. If they have to be paying $15,000 for a cargo claim, where they could be paying $12,500, it all matters."

Transparency is a key selling point for fixed premiums facilities, where what you see is what you get, with no supplementary or release calls.

DGS has, in recent years, operated on a continuing credit policy, with owners — subject to their loss ratio — able to obtain an appreciable discount on renewal.

If claims are below 25% of annual premium, for instance, the rebate will be in the order of 7.5%. Some P&I clubs have also introduced no claims bonuses, but these are not automatically offered, Mr Skinner added.

There is a perception that fixed premium facilities cater for the less desirable end of the market, but Mr Skinner is at pains to deny such suggestions.

Many owners would happily switch to them if the playing field was level and restrictions imposed by International Group clubs did not apply, he contended.

He pointed out that DGS clients include such names as Emirates Shipping, Aban Offshore, Foresight Group, Zen Shipping and Qatar Bulk Shipping.

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"It's not a question of us being the providers that are taking all the problematic tonnage that all the IG clubs are throwing away — far from it," he said.

"We had an owner last week, entered with a mutual in the International Group of P&I Clubs, with five bulkers.

"He is paying, per bulker, about $100,000. We did a calculation, saying that if he entered with us, he would only be paying $80,000.

"He said 'that's great, I'll have a word with my broker'. Then he came back and said 'oops, if I'm going to leave the mutual, I'm going to have to pay release calls at 40% of my annual premium'.

"It's not to say they don't want to leave. They can't, because they are being hampered by these unfair release calls."

Unsurprisingly, fixed premium providers have been gaining ground over the past five years, despite occasional predictions to the opposite effect.

Some mutual have themselves waded into the fixed premium niche, as is the case with the American Club's Eagle Ocean Marine and Britannia's Carina operations.

"If they didn't feel threatened, why would they move?" commented Mr Skinner.

Skinner: "Every cent has to be accounted for." *DGS Marine*

More online

'Credible threat to leave club can cut P&I costs, says Marsh'
www.lloydslist.com/insurance

Japan Post bids to buy Toll in $5bn deal

Board at Toll unanimously recommends 'compelling transaction'

If the deal goes ahead, Toll will be run as a division of Japan Post but retain its own brand and management. *© Toll Holdings Ltd*

JAPAN Post has offered to buy all the shares of ASX-listed Toll Group at a price of A$9.04 a share, which is a 49% premium to yesterday's closing price and a 53% premium on the three-month volume weighted average price of Toll shares, *writes Jim Wilson.*

The proposed deal puts an implied market cap of A$6.49bn ($5bn) on Toll and an enterprise value of A$8.02bn (implied market cap plus net debt of A$1.53bn).

The board of Toll unanimously recommended that Toll's shareholders vote in favour of the deal, adding that, at the forthcoming shareholder meeting, each director at Toll intends to vote all the shares held or controlled by them in favour of the deal.

Commenting on the reason for the approach, a statement from Toll says Japan Post wishes to become a global logistics player and has "selected Toll as the key growth platform".

If the deal goes ahead, Toll will be run as a division of Japan Post but will retain its own brand and management with the Toll chief executive, currently Brian Kruger, reporting to the Japan Post chief executive Toru Takahashi.

Before the deal can go ahead, Toll shareholders will need to approve the deal by a double-majority of the number of eligible shareholders and 75% of the total number of shares voted.

The Federal treasurer Joe Hockey will need to approve the deal under Australia's foreign investment rules and there will also need to be court approval of the deal.

A shareholder meeting and vote is due in May 2015 and, if the deal goes ahead, it could be finalised by June.

Founded in 1888, Toll now provides specialist logistics services, employing approximately 40,000 people across 1,200 locations in more than 50 countries.

In the financial year ended June 30, 2014, Toll reported revenue of A$8.81bn and ebita of A$709.5m.

It is being advised by financial advisers Lazard and lawyers Herbert Smith Freehills.

Japan Post is a subsidiary of Japan Post Holdings, established in 2007 under the Postal Service Privatisation Act in Japan.

It provides postal, banking and insurance services and has announced its intention to go public with preparations with an initial public offering in or after late 2015.

Japan Post had consolidated reported revenue of Yen15.2trn ($127bn) and net ordinary income of Yen1.1trn in the financial year ended March 31, 2014.

Japan Post employs approximately 195,000 people across 13 branches and 24,224 postal locations throughout Japan.

Lloyd's List launches third sulphur survey

Latest industry sentiment survey is launched as leading shipowners make key investment decisions to meet the most recent regulatory challenges

Investment: Sweden's Stena Line has already announced it will convert a vessel, Stena Germanica, to run off methanol.

LLOYD'S List has launched its third annual survey to assess the latest industry sentiment regarding the changes to sulphur emission regulations. The regulations can be read on the Lloyd's List Regulatory Timeline, *writes Craig Eason*.

The rule changes at the beginning of this year, as well as those proposed for 2020, have been widely debated in boardrooms.

Senior executives in shipowning companies have had to make — and are still making — huge investment decisions.

This week, Canadian owner Seaspan announced it will have a pair of hybrid LNG/diesel/battery-powered ro-ro ferries built at the Sedef shipyard in Turkey to operate in Canada. The ferries will be classed by Bureau Veritas.

A growing number of owners are ordering newbuildings, and a few conversions, that will have the possibility to run off liquefied natural gas.

Another Canadian company, Quebec-based Transport Desgagnes, has ordered a pair of gas-fuelled 14,000 dwt product tankers to be built at Besiktas Shipyard in Turkey, which will also be BV-classed.

Meanwhile Sweden's Stena Line has already announced it will convert a vessel, *Stena Germanica*, to run off methanol. It has been trialling methanol for a number of months, and has indicated it may be a fuel choice for many other vessels in its fleet.

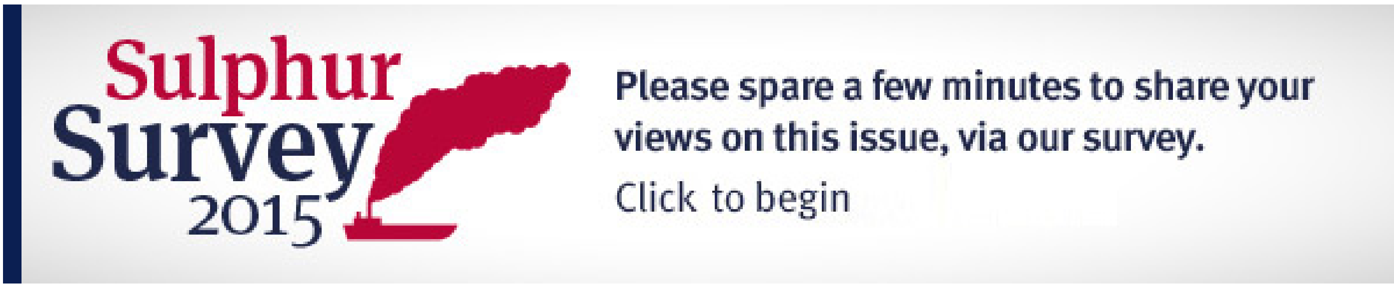
However, Gothenburg-based Stena Line has also identified some vessels that will be more suited to using exhaust gas-cleaning systems and has now confirmed the order of Wärtsilä scrubbers for a pair of ferries operating in North Europe.

Stena Transit and *Stena Transporter*, which operate between the Netherlands and the UK, will be retrofitted with the Wärtsilä scrubbers at the end of this year and early next year.

While it is clear that some owners are making these investment decisions, it remains unclear how sentiment regarding the sulphur regulations are changing.

The Lloyd's List sulphur survey 2015 will examine views on how the regulations should be enforced, the decisions that operators are making, and the way suppliers are gearing up their services.

Please take 10 minutes to fill out the survey and offer your expert opinion on these industry developments.
The survey results will be published at the end of March.



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