Lloyd's List

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Fully LNG-fuelled containership 'not in my lifetime', says Wang

Seaspan chief executive thinks the concept of LNG ready ships needs to be clarified

SEASPAN chief executive Gerry Wang has said he does not foresee commercially viable solutions for containerships fully fuelled on liquefied natural gas, mainly due to costs and supply issues, *writes Max Tingyao Lin.*

With tightening environmental regulations and low gas price, some yards have offered interested owners the option to enable their ships to fuel on LNG and received positive feedbacks.

In container shipping, Hyundai Heavy Industries is building 11 15,000 teu and six 18,800 teu vessels for United Arab Shipping Co supposed to be LNG ready — meaning that they can fuel on both gas and bunker fuel after later retrofitting. However, Mr Wang pointed out that the concept of "LNG ready" might need to be clarified: "They are ready for generators only," he said.

"If you are talking about propulsion systems, that's a whole different issue."

While Seaspan has been a believer in fuel-efficient, eco-friendly technology, having developed an in-house green specification named SAVER, Mr Wang thinks an all-LNG future for containerships could be still long time away.

"Fuel consumption of generators can account for up to 20% of a ship's total... but if we are talking about a containership whose main engine can just fuel on LNG, I don't think that is possible in my lifetime," he said.

Mr Wang pointed out prices of LNG-fuelled engines would be one-third higher than conventional ones, while owners will also need to sacrifice carrying capacity on their ships in order to install tanks and other required facilities.

Wang: If we are talking about a containership whose main engine can just fuel on LNG, I don't think that is possible in my lifetime.

"For an LNG carrier, this is easy to work out as the ship will be carrying the gas already. For container shipping, up to 10% of a ship's capacity will be gone for the facilities," he said.

More importantly, Mr Wang said, is that it remains uncertain when LNG supply systems would be developed in bunkering ports.

"The consumption of a whole vessel is huge... you need a lot of gas to fill the tanks. I don't see that kind of supply coming in bunkering ports," he said.

Seaspan to order more ships at Yangzijiang

New York-listed containership lessor plans to continue expansion in 10,000 teu and 14,000 teu sector

SEASPAN is set to order more large post-panamax boxships at Yangzijiang Shipbuilding, according to chief executive Gerry Wang, continuing expansion in the sector that the owner reckons has the most flexibility in trading, *writes Max Tingyao Lin.*

Last December, the New York-listed owner extended options to build up to six 10,000 teu or 14,000 teu vessels for delivery in 2017 and 2018 at Yangzijiang to the end of June.

In a Lloyd's List interview, Mr Wang said: "It's almost 100% certain that the options would be exercised... this type of ship is very popular."

Seaspan, the world's largest containership lessor, has bet on 10,000 teu-14,000 teu ships to remain the workhorse of container shipping, as they can be deployed in a growing

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In December, Seaspan extended options at Yangzijiang to build up to six 10,000 teu or 14,000 teu ships for 2017 and 2018 delivery.

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number of trades while enjoying lower unit cost than smaller ships.

The trading flexibility suggests more resale or charter opportunity at the expiry of their charter contracts, which typically last for at least five years for Seaspan.

Mr Wang stressed that the options would only be firmed up on the back of long-term charter commitments, though, as per usual corporate practice. While Seaspan has been in discussions with potential clients, "nothing is finalised until it is actually finalised", he said.

"Our good relationship with Yangzijiang has given us some wiggle room as to when the options need to be exercised."

Fleet size

Since 2011, Seaspan has booked 23 10,000 teu vessels at the Jiangsu-based shipbuilder, including 11 already delivered. The latest deal was for two ships fixed at $93m apiece last December, bringing Seaspan's owned and managed fleet size to 111 vessels with 860,000 teu.

Its orderbook also includes 10 14,000 teu ships at Hyundai Heavy Industries and five at Taiwan CSBC, which Seaspan ordered for charter demand from Yang Ming Marine Transport.

According to Mr Wang, Seaspan has sought to clarify with the Panama Canal Authority over whether those 14,000 teu vessels can sail through the expanded waterway after 2016, in an attempt to further increase their employment opportunities.

The so-called new panamax containerships usually have a beam of 49 m, while those Seaspan ships have a 51 m beam.

"The expanded canal will have a width of 55 m, so we think there should be enough room for our ships to pass through. But this will need to be cleared by the authority and we are still waiting to hear from them," Mr Wang said.

The Seaspan founder also pointed out newbuilding prices for large-size boxships might have limited downside, even though the shipbuilding industry in general remains plagued by overcapacity.

"Newbuilding markets won't see significant recovery in the short term, not for three to five years. But prices for large containerships will be relatively firm," Mr Wang said.

Clarksons data showed newbuilding prices for 10,000 teu ships at $99m apiece and 13,000 teu-14,000 teu vessels at $116m in February, still weak but showing minor improvement over the past two years.

Prospective containership owners now need to compete for yard slots with very large crude carriers players, many of which are placing newbuilding orders amid strong tanker rates, according to Mr Wang.

"The dimension of a VLCC is close to a large containership, so yards have alternative clients to turn to," he said.

While major South Korean shipbuilders might shift the focus in their product mixes to commercial ships from offshore shipbuilding, which is in distress after the collapse in oil prices, Mr Wang thinks such a development might not pressure down boxship prices.

"Offshore projects often take up square-shaped slots… They don't compete for space with containerships," he said.

Other sizes of ships

Over the past few years, Seaspan has been in talks with potential clients over charter projects for 18,000 teu-20,000 teu ships but not yet joined the megaship club.

Those giant ships, which can only sail between a number of ports on Asia-Europe routes, are less flexible in terms of trading, so Mr Wang has stated that Seaspan would need 15-year charter commitments to justify the risks in owning them.

The owner was recently shortlisted in Mitsui OSK Lines' project in chartering up to six megaships. However, the Japanese carrier eventually booked four 20,150 teu vessels at Samsung Heavy Industries itself and chartered two same-sized ships from Shoei Kisen for a reported period of five years.

Mr Wang said charter rates for the megaship projects are relatively unsatisfactory compared with 14,000 teu ships, but stated that Seaspan will continue to seek opportunities in this sector.

"They are bigger and more risky, but I think we can have five or six of them in our fleet," he said.

Waiting to sell

On the other hand, Mr Wang did not not shy away from the fact that Seaspan is trying to withdraw from the panamax sector, despite the pickups in rates this year.

According to the VHSS New Contex assessments, 24-month charter rates for 4,250 teu ships have increased 36.7% this year to $16,053 per day as of Tuesday and those for 3,500 teu ships rose by 23.6% to $11,470.

"I cannot complain about those rates… our panamax fleet has been offering good returns. But I think it's an open secret that we are waiting to sell the smaller ships at right prices," Mr Wang said.

"We want to focus on larger post-panamax vessels."

Hong Kong moves a step closer to low-sulphur legislation

Hong Kong's legislature will table a bill to impose requirements for lower sulphur burning fuel in Hong Kong port.

Regulation will come into force this July if lawmakers give it a go

HONG KONG gazetted its maritime emission regulation on Friday, in the hope that it will come into effect this July, *writes Cichen Shen*.

The long-awaited rules, originally announced to come out this January, require all oceangoing vessels calling at the city's ports to use cleaner bunker fuel with less than 0.5% sulphur content.

The Hong Kong government is to table the regulation at the Legislative Council next week, and will put it into force on July 1 if the legislature gives a final nod.

According to the regulation, oceangoing vessels must switch to the compliant fuel while at berth in Hong Kong, except during the first hour after arrival and the last hour before departure.

Moreover, it also requires shipmasters and owners to record the date and time of the fuel switching and keep the relevant data for three years.

However "if an OGV uses technology that can achieve the same or less emission of sulphur dioxide when compared with using low-sulphur marine fuel, the OGV may be exempted from switching to compliant fuel," said a spokesman for the Environmental Protection Department.

Violating the compulsory fuel switch could see shipmasters and owners face a HK$200,000($25,800) fine and six-month prison term, while failing to record or keep the required particulars will lead to a maximum fine of HK$50,000 and imprisonment for three months.

As the world's fourth busiest container port, Hong Kong handled 22.3m teu last year. Marine vessels have become the city's top emitter of pollution, as detailed in the China Maritime 2014 —Charge is in the Air — Hong Kong's Plan to Clean-Up Maritime Emissions.

The government report shows that oceangoing vessels are responsible for about two-fifths of Hong Kong's total SO2 emissions.

The new mandate, if imposed, will help reduce the total emissions of SO2 and respirable suspended particulates by 12% and 6%, respectively.

It will also make Hong Kong the first city in Asia to deliver such type of legislation, sending an encouraging sign to its mainland peers, such as Shenzhen and Shanghai, who may need to follow suit in the foreseeable future.

More news from Asia
China CSSC Holdings posts $7m profit for 2014
http://www.lloydslist.com/ll/sector/finance/article458705.ece

Russian oil production dips leave tankers unscathed... for now

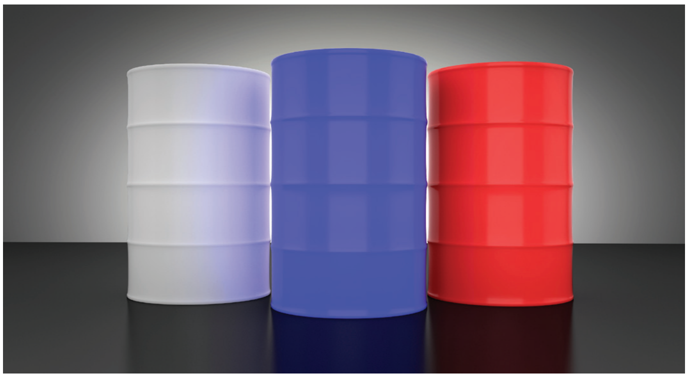
Russia's problems with sanctions mean tanker sector will keep a close eye on developments

RUSSIA's total oil production in January stood at 10.9m barrels per day, falling by about 20,000 bpd month-on-month as Russia copes with Western sanctions against its energy companies' ability to raise capital on international markets, *writes Hal Brown*.

As things stand, there has been no discernible impact on the tanker industry, but owners with vessels that carry cargoes from Russia are keeping an eye on developments, according to an owner speaking to Lloyd's List.

Preliminary data for February shows that crude production at 10.2m bpd remained roughly even with January, according to the International Energy Agency today.

Compared with one year ago, Russia's total output of all liquids is only slightly lower, but the IEA expects production to decline by about 100,000 bpd this year as Western sanctions "frustrate Russia's ability to finance greenfields, which are desperately needed to offset brownfield declines in the medium term", it said in its monthly oil report.



Preliminary data for February shows that Russia's crude production at 10.2m bpd remained roughly even with January. *kropaman/Shutterstock.com*

In the short term, maintenance will see difficulties as funds become scarce, leading to higher

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short-term decline rates. The expected declines are limited by the Russian rouble's depreciation as most production costs are rouble-denominated.

The Kremlin continues to bail out energy companies and projects in the face of Western sanctions, the Paris-based IEA said.

The latest example saw the government buy $1.2bn in bonds issued by Yamal LNG, which was financed by the National Wealth Fund.

Russian energy company Rosneft had previously received government assistance.

"Meanwhile, Russia's economy continues to head into dire straits: Moody's downgraded Russia to junk level following a recent downgrading by Standard and Poor's on the back of the continued conflict in Ukraine, oil price declines and weak currency," said the IEA.

"Massive capital outflows exacerbate Russia's current financial problems, signalling a deep recession in 2015 and possibly beyond," it added.

It's a depressing picture that chimes with forecasts told to Lloyd's List at a recent London oil conference.

"Russia is interesting and won't get better any time soon," was one comment from an oil industry insider and Russia expert.

An international tanker owner, who asked not to be named, said that, thus far, there has been no noticeable impact on his tanker cargoes carried out of Russia, but that does not mean to say it's time to be complacent.

He will be keeping an eye on how the situation develops in Russia.

Fixture lists show cargoes are still be hauled out of Russia at normal levels.

Among the fixtures, Shell has hired the aframax *Minerva Antartica* to carry 100,000 tonnes of Kozmino crude to flexible destinations on March 23, according to broker fixture lists published on Friday.

Aframaxes carrying oil cargoes from Primorsk to northwest Europe are earning around $34,300 per day on the spot market, up slightly from the previous day's reading, according to the latest Baltic Exchange data.

Russia's January exports of liquids – not just production – were 4.9m bpd in January, compared with 4m a year earlier, according to data from Lloyd's List Intelligence.

As 2015 progresses, more will no doubt be heard about Russia's impact on the tanker industry.

Opec lays into North America in new oil diatribe

Oil cartel pulls no punches as it blames North America for current oil market chaos

Shale oil: Opec blames this extra crude for international oil prices falling 50% since last summer.
Calin Tatu/Shutterstock.com

IN A caustic, but measured, swipe at North American shale oil producers, the Organisation of the Petroleum Exporting Countries has blamed North America for upsetting the "oil market applecart", which resulted in oil prices plummeting 50% since last summer, *writes Hal Brown.*

Although the price of Brent crude has experienced some rebounds in the last few weeks, the current price of $56 per barrel shows we are still way off from previous levels of around $100 per barrel.

Falling prices have been good for the tanker industry: demand for crude and therefore tankers appears to have risen, placing some negotiating power back into the hands of tanker owners putting their vessels up for hire.

The wider oil market, however, is less focused on the successes of the tanker industry.

The wider oil market remains embroiled in the tussle between the two most influential centres of global production: Opec and North America.

Stung by relentless accusations of not taking action to curb its oil supply late last year, Opec — led by Saudi Arabia — has hit back.

In a well-executed, thoughtful commentary in its news and views bulletin released today, the oil cartel has added a large dollop of caustic criticism, but has been careful to couch it in the measured tones of international diplomacy.

"This revolutionary oil source has lain dormant for decades, but today, through the use of modern technology, it has become a game-changer, albeit most probably only in the short term," said Opec, starting innocuously enough, referring to North American shale oil.

"The fact is, the advent of this new resource, which the United States and Canada, in particular, are exploiting to the full, has upset the oil market applecart, as it were," it said, warming to its theme.

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"It is primarily because of this extra crude that international oil prices have fallen by 50% since last summer," Opec said.

"This price slump, although welcomed by the consumers, has far-reaching implications for the entire oil industry and casts a huge shadow over future capacity investment."

These next passages are where it hots up. Read on if you enjoy an undercurrent of tension between two pillars of the oil industry.

Laying the blame

"Surely there has to be a rational use of any new additions, especially if their introduction has the effect of destabilising an already smooth-running market, as has been the case with tight oil," said Opec.

"Looking at developments over the last decade one can plainly see how the industry came to be immersed in its current dilemma.

"In 2005, Opec crude production stood at 29.58m bpd [barrels per day]; it then rose to around 30m bpd the following year and went on to average that level over the next eight years, in line with its current self-imposed production ceiling... stability personified.

"However, over the same time-span, non-Opec output grew from 49.6m bpd in 2004 to 55.9m bpd at the end of 2014... a rise of 6.3m bpd, or almost 13%.

"All but 200,000 bpd of this growth has come from the US and Canada — chiefly as a result of their all-out exploitation of tight oil.

"Good fortune for North America; not so good for others associated with the industry which has already seen countless thousands of workers lose their jobs as a result of the perceived downturn in activity.

"These indisputable facts notwithstanding, certain commentators persist on laying the blame for the current price demise at the doorstep of Opec for choosing to protect its market share — a stable, fair and responsible share at that — at its conference in November last year.

"Compounding this irony, others clearly expected it to cut production once again to restore market stability, a sacrifice Opec members, who are developing countries themselves, have made on several occasions in the past.

Serious dialogue

"It is at times like these that the Organisation feels compelled to remind all parties that make up the international oil sector that this is exactly why, from day one, the Organisation has been committed to establishing serious dialogue, transparency and co-operation with the other main stakeholders — especially the producers and the consumers.

"Only by openly and regularly discussing the latest market developments can such instances as the latest oil price decline be prevented from occurring. After all, ALL parties agree on one thing — an unstable oil market with wildly fluctuating prices serves no one's interest.

"It is a further irony that in producing to the maximum and effectively driving the oil price down, the future of tight oil in North America is now in question, due to the high cost of its extraction compared with the exploitation of Opec's conventional crude reserves.

"Perhaps, rational planning and a good helping of compromise would have brought a far better outcome — for everyone."

The oil – and tanker — industry can rarely be said to be dull.

Black swans and Captain Ian Finley to keep product tanker industry gripped

Fears over escalation of strikes at US refineries and new Middle Eastern capacity are sure to be hot topics at this week's conference — just watch out for grillings by the chairman

Products

THIS week the product and chemical tanker conference run by the International Parcel Tankers Association and Navigate comes to town, offering rare insight on the opportunities and risks in these tanker markets, *writes Hal Brown*.

If nothing else, the sight of the irrepressible chairman Capt Ian Finley grilling speakers *during* as well as after presentations is worth witnessing.

There will as ever, though, be plenty of meat for delegates to get their teeth into.

One talking point is likely to be how product tanker freight rates had a strong month in February, led by medium range tankers hauling 37,000-tonne cargoes from Europe to the US east coast.

The rate spiked as refinery outages in the US east coast drew in distillates from Europe, which the International Energy Agency called "a rare move" in its oil report released on Friday.

The month saw other positives for product tankers.

The 38,000-tonne trade from the Caribbean to the US east coast found some support from tighter tonnage availability as fixtures out of the region were up, largely on increased deliveries to Mexico, the Paris-based energy watchdog said.

Product loadings from Middle East Gulf to Japan in larger product tankers were just shy of 250,000 barrels per day, the highest since September 2012.

In terms of US exports rather than imports, increased refinery output and product exports from North America are forecast to hit markets in the coming months as US refiners end turnarounds towards the end of March.

Sticking with the US, the strikes at US refineries will probably creep into the discussion at some point during the conference next week.

A dispute over safety between labour unions and oil companies has resulted in strikes at 15 US refineries and chemical plants since February 1.

So far the industrial action has had little impact on actual product supplies, but fears that output will be affected unless a deal is struck are weighing on markets, warned the IEA.

The striking refineries represent nearly one-fifth of total US distillation capacity, making it the largest such dispute at oil facilities since 1980, when a work stoppage lasted three months.

Concerns exist that unless the parties can come to an agreement, the strikes could escalate, limiting the industry's ability to replace

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union workers and to offset outages at other plants.

Lower product supplies from the US in the run-up to the summer driving season "could significantly affect not only domestic but also global product markets", warned the IEA.

Middle East marvels

Moving away from the US to other refinery centres around the world with a big impact on product tankers, no new refinery capacity is expected to be commissioned in China in the near term, and India's Paradip refinery is likely to come onstream in the second half of the year, the IEA forecast.

However, the Middle East is the region that is really rocking the refinery industry and the product tanker industry at the moment.

The IEA says Middle Eastern refiners will "take centre stage in 2015" with at least 800,000 barrels per day of new refinery capacity hitting global markets.

"Saudi Arabia's Yanbu refinery has already exported several cargoes of clean products and the UAE's Ruwais refinery is on track to follow suit shortly, with a diesel and a jet cargo already scheduled for mid-March," said the IEA.

The Ruwais plant will start gasoline shipments once the residual fluid catalytic cracker comes onstream in April.

More tankers news

Capital Product Partners shelves bond offering

http://www.lloydslist.com/ll/sector/tankers/article458702.ece

Saudi Aramco announced in late February that it aims to start up the first units at its third new mega refinery, the 400,000 bpd Jizan plant, in 2017, with final completion targeted for 2018.

Some unscheduled outages in Brazil in early 2015 could create an unexpected outlet to absorb some of the additional product volumes.

These are clearly exciting times for product tankers.

As d'Amico International shipping chief executive Marco Fiori — who runs a large fleet of around 50 product tankers — told Lloyd's List this week: "We're very pleased with the freight market."

We await the sightings of any black swans that the conference sees floating silently, ominously, towards the industry.

The Navigate and IPTA product and chemical tanker conference takes place in London tomorrow and Wednesday.

Uneasy truce but no peace yet on US west coast

Negotiating process broken but what is the alternative?

The uneasy truce between longshoremen and terminal operators on the west coast of the US could be shattered at any time.

THE uneasy truce between management and labour at ports along the US Pacific seaboard could be shattered at any time, as a work stoppage at Oakland a few days ago, and recent events in Portland, have proved, *writes Janet Porter.*

Although a tentative agreement has now been signed between the Pacific Maritime Association representing employers, and the International Longshore and Warehouse Union, there are numerous hurdles to be overcome before the new contract can be ratified.

Both sides are warning that it is not a foregone conclusion that the deal covering pay, pensions, healthcare, jurisdiction and arbitration for registered longshore workers at 29 US west coast ports, will be voted through.

Should it fail to be accepted either at an ILWU caucus later this month or a ballot of rank and file members in April, the two sides would have to return to the negotiating table straight away.

What happens after that is unclear, with Washington likely to get involved again after US Labor Secretary Tom Perez brokered the provisional agreement in late January, having ended the deadlock on the arbitration process.

For several weeks, the negotiations stalled as ILWU Local 13, representing longshore workers in Los Angeles and Long Beach, demanded the removal of one particular arbitrator. The compromise is thought to be a panel of three in each area, one chosen by the ILWU, one by the PMA, and a neutral.

But there are still other unresolved issues that could derail the ratification process and bring further unrest to the west coast, persuading more shippers to spread their risks by making increasing use of rival gateways.

The ILWU is quietly confident that Los Angeles and Long Beach, the two largest container ports in the US, will not lose business, given their scale, water depth, equipment, intermodal connections and benign weather, in contrast to the threat of hurricanes in the US Gulf and southeast, and bitter winters in the northeast.

Others are far less certain that the big two can maintain market share, given the growing number

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of alternative routes for shipping discretionary cargo to the US heartlands.

For unless some other way is found between now and mid-2019, when the pending backdated contract would expire - assuming it is adopted - beneficial cargo owners, ocean carriers, terminal operators, railroads, hauliers and other parties along the supply chain could find themselves caught up in a repeat of the past 10 months.

One solution to avoid that, say some, is to bring the dockworker unions under the Railway Labor Act, which covers industries deemed vital to the national interest and now also covers air traffic controllers and some other transport sectors as well as the railroads. The law makes it far more difficult for the relevant union to call a strike or some other form of industrial action.

Extending the Act to cover the ILWU or the east coast International Longshoremen's Association would be politically difficult for the Obama administration, however.

Neither are the shipping lines in a position to lobby for a change in the law, given that all the big ocean carriers are headquartered outside the US and so have little clout in Washington. Much the same goes for many of the terminal operators.

The one group that would probably be heard are US exporters – shippers of agricultural produce such as oranges, grapes, nuts, meat, hay and wine whose businesses have been devastated by the disruption that has lost them vital overseas sales.

As the Agriculture Transportation Coalition says in its latest circular, despite the provisional agreement between the PMA and ILWU, "things are definitely not back to normal".

There is also broad consensus that the current negotiating model, under which the ILWU has the collective bargaining rights for all US west coast ports and the PMA negotiates on behalf of 72 different employers, is broken.

But even assuming a new contract is ratified, that leaves little more than four years to find an alternative.

In the meantime ports on the other side of the country, regardless of the public utterances from the ILA about not handling cargo diverted from the west coast, are relishing the prospect of new customers. They are now aggressively touting for the business of beneficial cargo owners and forwarders who are tired of the uncertainties of shipping through Los Angeles, Long Beach, Oakland, Seattle or Tacoma, or the many smaller facilities along the west coast.

There may be a provisional peace deal in place, but this battle is far from over.

More US ports news and comment online

Oakland operations resume after fresh work disruption
http://www.lloydslist.com/ll/sector/ports-and-logistics/article458650.ece

Portland dispute rumbles on
http://www.lloydslist.com/ll/sector/containers/article458679.ece

Industry viewpoint: The American Dream is still possible
http://www.lloydslist.com/ll/sector/containers/article458591.ece

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GRIs delayed as rates slide again

Carriers with services from Asia to northern Europe are now targeting price increases to come into force in April

Containers
Freight Weekly

FREIGHT rates on the main east-west trades continued to decline last week and are still below last year's level, *writes Damian Brett.*

The latest Shanghai Containerised Freight Index figures show that prices on services from Shanghai to Northern Europe declined by $108 on a week earlier to reach $708 per teu.
It is the lowest rates to northern Europe have been for 18 weeks, but prices last year also declined during March, before rallying at the end of the month in line with a general rate increase.

To the Mediterranean, there was a $178 week-on-week decline to $956 as all-in spot rates dipped below the $1,000 mark for the first time since mid-December.

Prices on both of these trade lanes are at a lower level than last year when carriers were able to command $888 per teu to northern Europe and $935 per teu to the Mediterranean.

While lower bunker prices may have had some impact on the rates, one contact remarked that while fuel prices may encourage carriers to cut rates lower, it was market conditions that set the price in the end.

On the transpacific trade lane, prices from Shanghai to the east coast declined by $171 on last week to $4,569 per feu, while to the west coast there was an $86 decline to $1,835 per feu.

Prices to the east coast are well ahead of last year's level of $3,287 per feu as congestion issues on the west coast are creating extra demand to Atlantic and Gulf Coast ports.

Prices to the west coast are behind last year's level of $1,931 per feu.
Carriers are trying to push up prices through rate rises in the coming weeks. The Transpacific Stabilization Agreement has recommended a $600 per feu rate rise on Asia-US services for April 9.

On Asia-North Europe, carriers are aiming for a rise of around to $800-$1,000 per teu. The increases were due to come into force in mid-March but are being postponed until April 1.

Broker Freight Investor Services has questioned how successful these increase will be. "The past week has seen a rush of GRI announcements of between $800-$1,000 per teu as carriers look to stop the rot on the key east-west route.

"Rates have lost $548 over the past six weeks so it's no surprise that the latest attempt to increase rates comes with such a large quantum.

"At this point in time however there are question marks as to whether the fundamentals in the market, namely utilisation, will be strong enough to support such an increase."

But with rates to northern Europe likely to continue to decline before then, they may have reached such a low level that carriers force through the increases.

More containers
Maersk Line appoints new chief financial officer
http://www.lloydslist.com/ll/sector/containers/article458711.ece

Abbot Point coal terminal gets the green light from state authorities

Final approval from Australian federal government is still required

The expansion of the Abbot Point coal terminal on the north Queensland coast has been approved by state authorities.

A CONTROVERSIAL expansion of the Abbot Point coal terminal near Bowen on Australia's north Queensland coast has been approved by state authorities, *writes David Sexton.*

But the new Queensland Labor government has also approved changed conditions for the handling of dredge spoil, notably that the spoil be dumped at the port itself, rather than near local wetlands or in the Great Barrier Reef Marine Park.

Approval from the Australian federal government still will be required for the dredging plan to proceed.

The Abbot Point expansion is a project involving Adani Enterprises and another Indian business, GVK, while the Carmichael mine is an Adani scheme.

Abbot Point, especially, was a key issue at the recent Queensland state election with green groups opposed on the grounds dredge spoil could damage the Great Barrier Reef with extra sediment and more shipping, while more coal burning could contribute to climate change.

Earlier this year, the Australian Commonwealth (federal) government moved to ban dredge dumping in the Great Barrier Reef Marine Park due to concerns the Unesco World Heritage Committee could list the Reef as "in danger".

Under the new plans approved by the Queensland government, as much as 3m cu m of spoil could be dumped at the port, albeit on a site previously for another coal terminal.

Queensland Premier Annastacia Palaszczuk released a statement saying she supported the "responsible and sustainable development of the Galilee Basin and Abbot Point".

State development minister Anthony Lynham has said the government would promote the Galilee Basin projects, albeit not to the point of funding.

Chief executive of lobby group the Queensland Resources Council, Michael Roche, said the decision was "another positive step forward to open up the Galilee Basin, which would benefit the state and the nation".

Adani Australia chief executive Jeyakumar Janakaraj welcomed the announcement, noting the project would be subject to "robust environmental standards".

Adani is looking to generate business by supplying coal to India's growing, but energy–constrained, economy.

Also getting the tick of approval was a rail line connecting Abbot Point with the giant Carmichael thermal coal mine being developed in the Galilee Basin.

Meanwhile chief executive of the industry group Ports Australia, David Anderson, welcomed the projects but also raised concerns about the viability of onshore dredging going forward.

"North Queensland Bulk Ports has put a lot of work into [onshore] solutions.

"But we have written to government outlining our concerns that an absolute policy of land disposal of [dredging spoil] is environmentally and economically unsustainable."

Mr Anderson has argued that under the original dredging plan, spoil would have been dumped at sea but many kilometres away from sensitive sea grasses and corals.

World Wildlife Fund Australia said Abbot Point was operating under capacity and existing ports could be used more, while Greenpeace and the Australian Marine Conservation Society said dredging was unacceptable.

MICHAEL GREY VIEWPOINT

High-level answers needed

The horrors that are driving hundreds of thousands of people to flee their countries in ramshackle, dangerous ships are getting worse in a worryingly unstable world

NOBODY shouted, or banged their fists on the lectern, although it was a situation of life and death, with a great deal of the latter. There had been 3,500 "known" fatalities last year and goodness knows how many that the sea had just swallowed up on their perilous passages across the Mediterranean. But it could just have been another ordinary International Maritime Organization meeting, with sober statements being given by distinguished delegates, heard in silence, or perhaps a round of muted applause, *writes Michael Grey.*

Except that this was a "high level meeting to address unsafe mixed migration by sea" which is arguably one of the great crises of our times, which accounted for the presence of senior representatives of all the UN agencies — Refugees, Drugs and Crime, Human Rights, Development, Ocean Affairs and the Law of the Sea, Migration were all present and correct. Only Interpol was absent.

IMO secretary-general Koji Sekimizu spoke with some passion of the "tidal wave" of people, the systems of search and rescue and maritime safety — which are certainly not designed to rescue hundreds

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of thousands of people — “at breaking point”. It was, he said “a huge and multi-faceted problem”.

As the high level representatives soberly gave their respective addresses, it was not difficult to register a sense of unreality at what was happening just 1,500 miles to the south, that very day, just as on every other day for more than a year, as the Syrian catastrophe unfolded, terror spread into Iraq and Libya descended into armed anarchy. Never, since the end of the Second World War, we were told, had there been so many desperate refugees on the move, driven by terror or want.

The statistics are awesome. More than 200,000 desperate “migrants” (does that word really convey what is driving them?) rescued in 2014, as they struggled to reach Europe in their mostly unsafe craft. Some 650 merchant ships diverted and rescuing 40,000 people, with even greater numbers diverting to assist. The numbers rising all the time, with 370 known deaths in the first two months of this year, with 7,500 brought to safety, in the winter season, when prudence might have suggested all the dangers are multiplied by the weather.

Forecasts frightening

The forecasts are even more frightening. The International Chamber of Shipping’s Peter Hinchcliffe pointed out that if the trajectory of increase continues, this year will see up to 450,000 people risking their lives and having to be rescued. Simple arithmetic, suggests Mr Sekimizu, would see six merchant ships in action every day, each rescuing 200 migrants.

This is the reality, multiplied hundreds and hundreds of times: A picture from the ICS guidance on safety during rescues.

Just to think about these numbers for a minute and you begin to grasp the magnitude of what we smoothly refer to as a “challenge”.

Infectious diseases

It is more than a challenge, when a big merchant ship, say a laden very large crude carrier, sights a ramshackle craft heaving with humanity and rolling around in a choppy sea. There will be around 20 seafarers on board the rescuing craft, trained to operate a huge tanker, not to drag babes in arms, women and children, the old and infirm, the panic stricken and the sick onto their ship, keep them safe and get them to land. There may be infectious diseases among their passengers, or something a good deal worse if the threats of terrorists to infiltrate into Europe are realised.

And we are approaching this crisis with no Mare Nostrum operation; the Italians unprepared to soldier on alone, despite the heroics of their navy and coastguard, and a far smaller European Union effort holding the fort, backed up by all those merchant ships, which seem likely to constitute the heavy lifting in the months to come.

We are told the smugglers are getting more violent, arms are being seen at sea, migrants shot to ensure their compliance and worrying cases of the unmanned merchant ships packed with people, running like unguided missiles across a busy sea. Some 700 people paying $5,000 per head nets a cool $3.2m, providing a convincing business case for the smugglers, who can obtain a beaten up old “ghost ship” for a fraction of this sum.

Bursting at the seams

But what can be done in the short term? Of course there is a need for data, possibly an effort to get to grips with the smugglers, but the terrible events that are pushing these people show no signs whatever of improvement. Turkey, Lebanon and Jordan are bursting at the seams with refugees from the conflict in Syria, desperate people are escaping from Africa; 9,000 every month crossing into the Arabian peninsula and the Sahara becoming a graveyard.

They are going to keep on coming; more seafarers will find themselves engaged in rescue missions, often hazarding their own lives. How can these desperate people be persuaded not to trust their lives to the smugglers and criminals, when they see no other alternative? Would an “awareness campaign” fulfil any purpose whatsoever?

Logic, sense and seamanship would suggest that if they are so desperate, so determined to escape, a civilised response would be to provide a legitimate way of reaching safety, on board ferries. When, of course, politics would immediately intrude with shouts of horror at the very notion of legitimising and civilising what people seem to tolerate as long as it remains illegitimate, hazardous beyond belief and kills thousands each year.

So, where do we go from here? All the agencies are fully aware of the scale of this emergency, which is what it is and the fact that all the horrors that drive these migrations are getting worse in a worryingly unstable world.

The ICS booklet which gives guidance on ensuring the safety and security of seafarers and rescued persons (filled with sensible and practical advice) contains within it a truly horrifying illustration of a grossly overloaded fishing boat, laden with hundreds or migrants, some of whom are jumping into the sea, appearing to be at the point of capsizing. This is the reality in 2015, multiplied hundreds and hundreds of times.

rjmgrey@dircon.co.uk

Lloyd’s List

Editor Richard Meade *+44 (0)20 7017 4636*

Deputy Editor Craig Eason *+46 858 766 232*

Digital Content Manager Helen Kelly *+44 (0)20 7017 4651*

Digital Publishing Manager Nicola Good *+44 (0)20 7017 4840*

Editor-in-Chief, Containers Janet Porter *+44 (0)20 7017 4617*

Finance Editor David Osler *+44 (0)20 7017 4628*

Senior Markets Reporter Hal Brown *+44 (0)20 3377 3956*

Editor-in-Chief, Asia Tom Leander *+852 3757 9701*

Senior Reporter, Asia Max Tingyao Lin *+852 3757 9706*

Markets Reporter, Dry Bulk David Sexton

US Reporter Alexander MacInnes *+1 212 520 2780*

Containerisation International Editor Damian Brett *+44 (0)20 7017 5754*

Markets Reporter, Containers Linton Nightingale *+44 (0)20 7551 9964*

Correspondents
Australia Jim Wilson *+61 403 455 371* jim.wilson@informa.com.au

Greece Nigel Lowry *+30 210 621 2340* lowry@otenet.gr

Sweden/Baltic Craig Eason *+46 858 766 232* craig.eason@informa.com

Shipping Movements *+44 (0)20 7017 5280*

Casualties *+44 (0)20 7017 5205*

Subscriptions *+44 (0)20 3377 3792*

Editoral and commercial inquiries
Lloyd’s List, Christchurch Court, 10-15 Newgate Street, London EC1A 7AZ
Tel: +44 (0)20 7017 5000
Fax: +44 (0)20 7017 4782
Email: editorial@lloydslist.com
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