

# Issue 36 | April 2022

# SEIZED ASSETS RAISE SAFETY CONCERNS

Seized maritime assets could pose a "significant risk" to ports, harbours and marinas if there is no requirement to ensure mega yachts detained under sanction rules are properly maintained, made safe or deactivated.

Safety concerns raised by Van Ameyde McAuslands, a global firm of marine surveyors and engineering consultants, follows the seizure by port authorities across Europe of a number of high-profile mega yachts thought to be owned by Russian oligarchs.

In London's Canary Wharf, authorities seized the US\$38M *Phi.* The US\$75M *Axiom* was seized in Gibraltar and in Italy authorities boarded the \$540M *SY A*, one of the world's largest privately owned yachts. Yachts thought to be worth more than \$16bn are being held across Europe, in Finland, France, Norway, Spain, and Germany.

"When a vessel is seized, it may no longer be in class and under flag, and any insurance, including P&I and H&M, is likely to have already been revoked," says Albert Weatherill, Managing Director, Van Ameyde McAuslands, UK.

"From that moment the yacht, by default, becomes a liability of the state. And without insurance, proper loss prevention measures need to be in place to avoid losses and claims. Potential litigation could run into millions of dollars if assets are not properly made safe or shut down correctly. These are not vessels that can be simply turned off and walked away from."

Normally, the annual upkeep of a mega yacht can exceed US\$50m, with flag state requirements calling for minimum manning and planned maintenance. But according to the surveying firm, there is confusion over who will be responsible for carrying out routine maintenance if any is being carried out at all.

"If crews are not being paid and walk away or if sanctions prohibit maintenance, what happens if there's a pollution incident? What happens if the vessel comes adrift or catches fire, if there's theft or the vessel is sabotaged? There are too many unknowns, and in this industry, unknowns often equate to litigation," Weatherill says.

Van Ameyde McAuslands believes that seizing authorities – flag states – should be aware of the need to take immediate action when a vessel is impounded. Indeed, it is thought that none of the seized yachts to date have been prepared for lay up or surveyed to prevent pollution or disruption to the port. *Continued...* 

#### INNOVEZ ONE BOOSTS UK PRESENCE

Innovez One, a world leader in port digitalisation, has appointed British software expert and entrepreneur Grant Ingram as its CEO for the UK and Europe, cementing its presence in the UK. The growing team will drive the deployment of AI-powered solutions to improve efficiency and sustainability in ports across the EMEA (Europe, Middle East and Africa) region.

Innovez One's flagship software, MarineM, uses artificial intelligence to optimise planning and automate scheduling of tug, pilot and launch boat operations. The digitalisation of these vital processes is key to unlocking efficiencies that save time, money, and reduce fuel consumption and emissions in the critical "first and last mile" of the voyage at sea.

By strengthening its presence in the UK, Innovez One aims to support more ports in the EMEA region in their transition from manual processes to digitised systems, addressing problems such as inefficient scheduling and personnel deployment, inaccurate job entries, lack of interoperability, delays in service response, and excessive fuel consumption.

David Yeo, Innovez One's founder and Global CEO, says: "With around 120 commercial ports, the UK is truly a key port nation. However, a number of ports in the UK – and the wider EMEA region – are currently facing major challenges, such as the need to improve their efficiency to tackle congestion, and the necessity to deliver the sustainability progress demanded by their customers, investors and regulators.

"By expanding our local team in the region, we consolidate our global expansion, while also demonstrating our commitment to be close to our clients, truly understand their needs and challenges, and support them on their digital journey."

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"These vessels need to be as safe as possible on the mooring," says Weatherill.

While it is difficult to predict how long these vessels are going to remain alongside, to make them safe machinery should be deactivated, systems drained down, discharge overboard valves closed, fire systems checked and engines prepared for cold lay-up in accordance with Classification Society and OEM guidelines.

"This will prevent any potential damage to machinery,

internal cabins, valuables, limiting financial exposure and liability. It will also safeguard against any potential risk to the maritime infrastructure, the environment and the public at large," says Weatherill.

"Manning, deterioration, damage, fire, theft, danger to people and property – these are all very serious issues. When vessels are dormant for long periods there is potential for things to go wrong and when there is no insurance safety net to fall back on, it's a big problem. We're in unchartered territory."

#### EXPERTS WARN ON COLLISION CONSEQUENCES

A raft of consequences faces shipowners, insurers and adjusters in dealing with the aftermath of ship collisions, speakers at the latest joint seminar in London of the Association of Average Adjusters and the International Underwriting Association made clear.

Casualties harbour potential cost implications for salvage, wreck removal, cargo damage, damage to ship, oil pollution, crew and passenger personal injury, limitation of liability, damage to fixed and floating objects, and claims from port authorities.

Alistair Johnston, partner at CJC Law, Chris Zavos, partner with Kennedys, and Michiel Starmans, director of the legal department at Amsterdam-based Spliethoff Group, set out in their talk what they called "practical aspects of collision claims". Starmans is current chairman of the Association of Average Adjusters.

The three speakers outlined how, amid the complex interplay of factors, early assessments can be made as to which ship might be to blame, the role of the Collision Regulations, and where parties might commence court proceedings if needed.

## **INSURANCE PREMIUMS SURGE**

Since the conflict between Russian and Ukraine started, insurance premiums for ships operating in the war zone have risen sharply, Drewry says, resulting in tight vessel supply in the area.

Drewry said in March: "While the war could dampen charter rates for dry bulk vessels in the short term by hampering grain and coal exports, in the medium-to-long term it will negatively impact rates even in the crude and chemical sectors because of the possible contraction in overall crude oil and veg oil trades."

Clearly, the global grain export market will be affected as both Russia and Ukraine are major players and grain trade out of the Black Sea region will therefore be affected with ongoing impact on the employment of dry bulk vessels.

Russia also supplied around 42% of the EU's total coal imports last year and 16% of global coal requirements, according to Drewry estimates.

"Due to the financial sanctions on Russia, arranging necessary finance for importing Russian cargo has become a tedious task for Asian importers. Given the uncertainty on how long sanctions will remain in force and how the war will unfold over the next few months, miners in other coal exporting countries like Australia, the US, Canada and South Africa are also unlikely to lift production to counterbalance Russia's share in the short term. Consequently, coal prices have started rising, limiting the demand in Asia."

The EU will be forced to switch to coal-fired power generation without access to Russian power supplies. Other commodities that may be affected include sunflower oil exports from Russia and Ukraine so trade will shift to soybean oil in the short term, Drewry says. This will mean long haul exports from South America to India, China and Europe resulting in higher tonne-mile demand.

"Assuming that the war halts sunflower oil exports from Russia and Ukraine for an extended period, it will be difficult for sunflower oil importers to find an alternative supply of vegetable oil as sunflower oil exports from these two countries contribute about 9% to the global vegetable oil trade. The global vegetable oil trade thus will eventually start declining, hurting tonnage demand and freight rates in the IMO-class MR tanker market."

As far as crude oil exports are concerned, in the light of sanctions, "it will be difficult for other suppliers to fill the void created by the Russian barrels. Russia accounts for about 11.5% of global supply," Drewry said.

For more information on issues resulting from the Ukraine crisis and other information, see drewry.co.uk.

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#### PORT SERVICES REGULATION ABOLISHED

The British Ports Association has welcomed moves by the UK Department for Transport to abolish the port services regulation (PSR). The BPA has consistently lobbied against the PSR since it was introduced by the European Commission 10 years ago.

A consultation has been opened seeking views on the government's plans to remove legislation regulating the provision of services at ports, such as on bunkering and towage, as well as unnecessary rules on financial transparency.

The regulations were implanted into UK law prior to the UK's departure from the European Union and ministers have consistently supported the removal of the regulations.

## ANTWERP AND BRUGES JOIN FORCES

The city of Antwerp and the city of Bruges have reached an agreement to merge their respective ports, with the merger will take place at the end of April. The Belgium competition authority approved the merger in January this year.

The ports will operate under the name Port of Antwerp-Bruges. As a result of the merger, the ports will be able to strengthen their position within the global supply chain and continue their course towards sustainable growth.

Furthermore, the unified port will be more resilient to the challenges of the future and will take a lead in the transition towards a low-carbon economy. The ambition is for Port of Antwerp-Bruges to become the world's first port to reconcile economy, people and climate.

The merged port will become the most important

container port (157m tonnes/year), one of the largest break bulk ports and the largest port for the throughput of vehicles in Europe. Furthermore, the port will account for more than 15% of Europe's liquid natural gas transited and it will of course remain Europe's most important chemical hub.

Antwerp is Europe's second-largest seaport, handling some 239.7m tons in 2021. This was 3.8% more than in 2020 – a new record level. In Zeebrugge, throughput increased by 4.6% to 49.2m tons in 2021.

Antwerp and Zeebrugge aim to become centres of green hydrogen technology. An electrolysis plant with a capacity of 25mw is already being built in Zeebrugge. This will primarily draw electricity from Belgian North Sea wind farms. In addition, large terminals for the import and use of liquid hydrogen are to be built in both ports. Major investments are also planned in carbon capture, utilisation and storage.

#### **IACS SETTLES ON REMOTE SURVEYS**

The significant impact of the covid-19 pandemic on the maritime industry resulted in an increase in the deployment of remote surveys by IACS members to ensure the maritime industry was able to continue functioning in as smooth and efficient a manner as possible.

Noting many IACS members introduced remote survey aspects prior to the pandemic, advancements in information and communication technologies (ICT), together with the experience and knowledge gained during the pandemic, means that remote surveys will increasingly form part of IACS members' operations, given the many advantages that can be achieved in terms of practical delivery while ensuring the same quality and safety levels.

A remote survey is defined as a process of verifying that a ship and its equipment are in compliance with the rules of the Classification Society where the verification is undertaken, or partially undertaken, without attendance on-board by a surveyor.

To ensure all IACS members have uniform guidance and requirements on remote surveys, it was considered essential to develop minimum common requirements for the implementation of remote surveys. This IACS Unified Requirement UR Z29 has therefore been developed to deliver the core objective that a remote survey will only be appropriate when the survey is carried out without compromising the quality and results of such survey, providing the same level of assurance as those performed by a surveyor attending onboard the vessel.

To achieve this fundamental goal, it was essential that IACS developed principles to ensure equivalency between remote survey and traditional survey by establishing a general definition, application scope, conditions and limitations of remote survey together with identification of requirements in terms of training of personnel.

# **SHORT COURSE** ONLINE

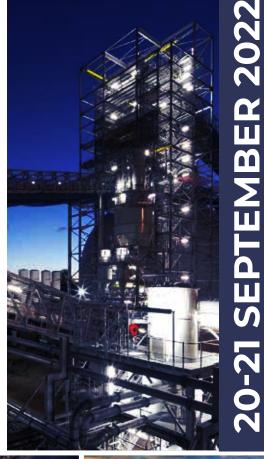
# UNDERSTANDING THE TOTAL COST **OF OWNERSHIP**

#### HOW TO AVOID FUTURE PROBLEMS AND BUY BULK SOLIDS HANDLING EQUIPMENT INTELLIGENTLY

The OBJECTIVE OF THE COURSE is to raise awareness amongst bulk terminal buyers of the need to behave in a better-informed way and equipment suppliers to understand the operational needs of the equipment they are supplying.

KEY TAKAWAYS: The course will give both terminal operators and equipment manufacturers an insight into what should be on the one side be specified, and on the other side supplied.

The course will be delivered through EXPERT PRESENTATIONS, CASE STUDIES and GROUP WORKING facilitated by The Wolfson Centre for Bulk Solids Handling Technology and the Solids Handling & Processing Association (SHAPA).



#### SUBJECTS COVERED INCLUDE:

- » Nature of the problem
- » The Hall of Shame examples of projects that have gone off the rails to greater or lesser degree
- » Quantifying how high the risk is a review of the Rand Report findings
- » Understanding why technical risk is so high with bulk solids handling projects
- » Know your enemy materials for design and for controlling technical risk
- » Practical approach to design to accommodate material characteristics
- » The virtue of the bespoke suit over prêt-à-porter
- A project management approach is not enough – understanding the true cost of a bulk solids handling system to a business
- » CASE STUDIES: Risk management in solids handling projects – examples of good practice in bulk handling project procurement and some projects that managed significant risks effectively
- » DISCUSSION GROUPS delegates break into groups under the supervision of the course tutors to discuss how well they currently apply best practice, what they can improve for the future and the difficulties to be overcome













The Wolfson Centre for Bulk Solids Handling Technology

For further COURSE DETAILS and to RECISTER please see bulkterminals.org/events/coursesand-training/understanding-the-total-cost-ofownership or contact Simon Gutteridge events@bulkterminals.org +33 (0)321 47 72 19

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#### ABP EXTENDS PETERSON AGREEMENT

Associated British Ports (ABP) the UK's leading ports group has concluded a new, long-term agreement with international energy logistics provider Peterson. The company will take over circa 1.5 acres on the northern side of the Port and will see its operational and logistics base located in Lowestoft extended to 2030.

Attracted by the Port's ideal location to support its current customer base and potential new ones, Peterson first arrived at the Port of Lowestoft in 2018.

Jason Hendry, managing director for England and Renewables Strategy at Peterson says: "Following three successful years at the Port of Lowestoft, we are delighted to extend our agreement with ABP.

"With a focus on the delivery of safe and efficient logistics services from modern facilities, this partnership has helped our Lowestoft business to grow and we look forward to further success in the years ahead as we support the energy transition and low carbon industries in the region."

The Port of Lowestoft is expanding its provision of services to the offshore energy industry and last year launched its £25m development of Lowestoft Eastern Energy Facility. ABP's ambitious plans and continued investments will ensure the Port of Lowestoft continues to be best in class, attracting new business to the region and creating hundreds of new jobs.

# **FUEL CONTAMINATION A WAKE-UP CALL**

The latest fuel contamination outbreak to hit the bunkering market, this time in Singapore, should be a wake-up call to the danger of discovering quality issues only after fuel is onboard vessels, warns marine fuel tracking expert FuelTrust

FuelTrust estimates the scale of this contamination outbreak to have spread to dozens of vessels. The disruption is widespread, with many vessels suffering blackouts, engine damage and the need to debunker. Given the additional disruption to cargo delivery, insurance claims could easily run in the hundreds of millions of dollars.

"We are seeing another fuel crisis similar to Houston in 2018," said Jonathan Arneault, Co-Founder of FuelTrust. "Four years later, the lawsuits from Houston are still ongoing and we're just realising the financial impact that a single batch of bad fuel can have on the industry. This recent incident is shining a light on a persistent global issue. Fuel quality problems cause debunkering issues every month in ports around the world, most of which never make the news." Bunkering remains a fragmented supply chain, full of "unknown unknowns". Contaminant issues may not be picked up by today's required testing. The lack of digital technology to drive transparency and traceability across the industry means greater risk of fuel quality, quantity, compatibility, and fraud issues. Early warning systems to alleviate risk exist today, at a cost that works out to cents on the barrel.

"We have analysed more than 390m barrels of fuel, looking at their exact chemical make-up," Arneault continues. "FuelTrust gives suppliers and shipowners the ability to know the content history and expected performance of fuel prior to sale or bunkering. This could reduce operational and financial risk across the industry. In this latest instance, a gas chromatography-mass spectrometry (GCMS) test would have revealed the presence of the organic chlorides contaminating the fuel.

FuelTrust keeps a GCMS lab analysis of the supplier storage fuel tanks, in a secured blockchain record and provides alerts when our AI detects anomalies or non-compliant fuels before they are bunkered."

#### **IMO OFFERS INFORMATION ON UKRAINE CRISIS**

The ongoing armed conflict between Russia and Ukraine presents a serious and immediate threat to the safety and security of crews and vessels operating in the region. The International Maritime Organization (IMO) is continuing to liaise closely with all key stakeholders in the region to contribute to efforts to address the safety and security of seafarers and shipping.

For information from IMO and communications from member states please refer to the IMO website **imo.org**.

# **NEXTGEN SEEKS SOLUTIONS FOR DECARBONISATION**

Singapore and the International Maritime Organization (IMO) have jointly launched NextGEN Connect, which aims to bring industry stakeholders, academia and global research centres together to offer inclusive solutions for maritime decarbonisation for trials along specific shipping routes. The launch was made during this month's IMO-Singapore Future of Shipping Conference: Decarbonisation.

Under NextGEN Connect, diverse stakeholders will be invited to propose robust methodologies to jointly develop, on a pilot basis, route-based action plans to reduce greenhouse gas (GHG) emissions between specific points along a shipping route in the Asia-Pacific region. These proposals can be submitted via nextgen.imo.org/challenge.

Jointly introduced by IMO and the Maritime and Port Authority of Singapore, the NextGEN Connect Challenge is the next phase of the NextGEN initiative ("GEN" stands for "Green and Efficient Navigation"). Launched in September 2021, the NextGEN database (nextgen.imo.org/) currently lists more than 150 decarbonisation projects, with more than 500 stakeholders worldwide, including IMO member states, shipowners, technology developers, classification societies and non-governmental organisations.

IMO Secretary-General Kitack Lim, who delivered the

conference's opening remarks, said: "I am pleased to welcome the launch of the next stage of the NextGEN project. The transition to a decarbonised maritime sector cuts across all aspects of shipping – from the supply and use of fuels to safety matters, port operations and training of seafarers.

"The trials on use of new technologies and zero-carbon maritime fuels will support a safe shift, and we must ensure a just and equitable transition that recognizes the need for skills and technology development in developing countries. Collaboration, information sharing, and capacity-building are key to ensuring no one is left behind in the push for the decarbonisation of the shipping sector."

Delivering the welcome address of the conference, S Iswaran, minister for transport and minister-in-charge of trade relations, Singapore, said: "It is important for public and private stakeholders to work together in a collective and inclusive manner globally to accelerate the maritime sector's transition towards a low-carbon future.

"NextGEN Connect serves as a collaborative platform that matches the challenges of sustainable shipping to diverse solution providers across borders and industries. The platform also shares innovative and successful projects that address common problems in shipping worldwide. In this way, no one is left behind on the access to creative sustainability solutions in achieving the goals of the Initial IMO GHG Strategy."

#### **BUNKER DELIVERIES FALLING SHORT**

Data collected by leading marine and energy consultancy Blue Insight has indicated that a significant number of bunker fuel deliveries made in the major marine fuel hubs of Rotterdam and Fujairah are being made below a financial breakeven point, indicating that fuel buyers are not receiving the volume of bunkers they are paying for.

The findings – which will prompt renewed calls for mass flow meters as a universal standard – indicate that short bunker supplies cost buyers, owners and charterers an estimated \$100m in Fujairah and \$150m in Rotterdam throughout 2021. These estimates are based on the delivery economics of very low sulphur fuel oil (VLSFO), but the research supports similar patterns of losses for high sulphur fuel oil (HSFO) and even greater losses for marine gas oil (MGO).

The financial data, obtained by Blue Insight for both Rotterdam and Fujairah, is based on significant inputs from suppliers, buyers and surveyors active in those locations, supported by stress testing from Blue Insight's team, which has a collective in-depth knowledge and understanding of each of these markets.

"Short delivery" malpractices, where suppliers deliver less product than appears on the bunker receipt, has been an age-old tactic for many years within the bunkering sector. In 2017, Singapore, the world's largest bunkering port, mandated the use of mass flow meters to ensure the accurate measurement of delivered fuel, a law that has been considered universally successful. However, other ports have not followed suit, and short deliveries have remained a challenge for the industry.

Blue Insight will publish a report later in the year once a global analysis has been completed on the true extent of this problem and the continuing challenge it poses to the sector's reputation.

# **EFFICIENT SHIP LOADING**

A loading and unloading system in a port must be able to handle ships quickly – with minimal dust emissions and without the loss of bulk goods. BEUMER Group provides efficient systems for this purpose, which take into account both different ship sizes as well as the space available at the port. The modular design of the BEUMER Group systems makes it possible to deliver a precisely tailored solution for every requirement.

The right loading technology is crucial for efficient and safe delivery of products to the customers. BEUMER Group offers sophisticated solutions for loading and unloading trucks, railway wagons – and ships. The modular design of the BEUMER systems allows customised solutions for every application. The system provider offers ship loading technology, including quadrant type ship loaders, rail-mounted ship loaders with a luffing and swivelling boom, as well as simple stationary loading towers. All ship loader types can of course be equipped with telescopic chutes.

Coarse bulk materials, such as clinker or lumpy ores, are loaded into bulk carriers efficiently and dust-free with belt conveying systems and a vertical telescopic tube. The loading of powdered goods is handled by fully enclosed loading machines. An emission-free operation is ensured at all times, helping protect the environment.

BEUMER Group has for example installed a ship loader at one of the largest manufacturing plants of urea in Malaysia. This ship loader receives bulk material from belt conveyors and loads ships with up to 1,000 tons of material per hour. The swivel-mounted ship loader runs on rails with a telescopic chute and a throw-off belt conveyor to ensure effective and flexible loading.



The ship loaders ensure fast and reliable loading of ships in the ports



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