Southampton SOLENT University

Global Maritime Weekly Digest

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20 February 2018 **issue 109**

*The **Global Maritime Weekly Digest**, based at **Southampton SOLENT University**, provides a regular flow of maritime news and analysis, of significance in a global context.*
Topics covered include shipping fleets and management, seaborne trade, ports, shipbuilding, ship recycling, maritime policy and regulations, and seafarers' labour.

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- Arguments pointing to a ***global shipping recovery*** in 2018 are widely accepted. An analysis by one of the top ratings agencies broadly supports the contention, although acknowledges that in the container ship sector the supply/demand balance is more fragile (item 2). Demand expansion generally is expected to exceed supply growth, resulting in rising charter rates, a recovery which could extend into next year, but shipowners' attitude to fleet influences is being closely watched.
- More attention is being focused on the ***gender imbalance in shipping*** and moves to correct it (item 4). In the United Kingdom, Maritime UK's Women in Maritime Taskforce is beginning its work with government support and will make a series of recommendations.
- Enthusiasm for ***getting a job in the shipping industry*** is not always easy to turn into success, but the probability can be improved by a systematic approach. Some useful tips on how to go about investigating employment opportunities and managing the process are contained in a check list by a commercial career service (item 6).
- The large contribution of ***China's growing commodity imports*** to the expansion of world seaborne trade is underlined in item 1. In particular, imports of iron ore, coal and oil were much higher last year and, while not mentioned in this news item, so were LNG (liquefied natural gas) volumes received, which surged..
- Concern is voiced about ***low ships' crew manning levels*** allowed by some flag states (item 7).

Richard Scott MA MCIT FICS
editor (email: bulkshipan@aol.com)

(1) BIMCO, 13 February 2018

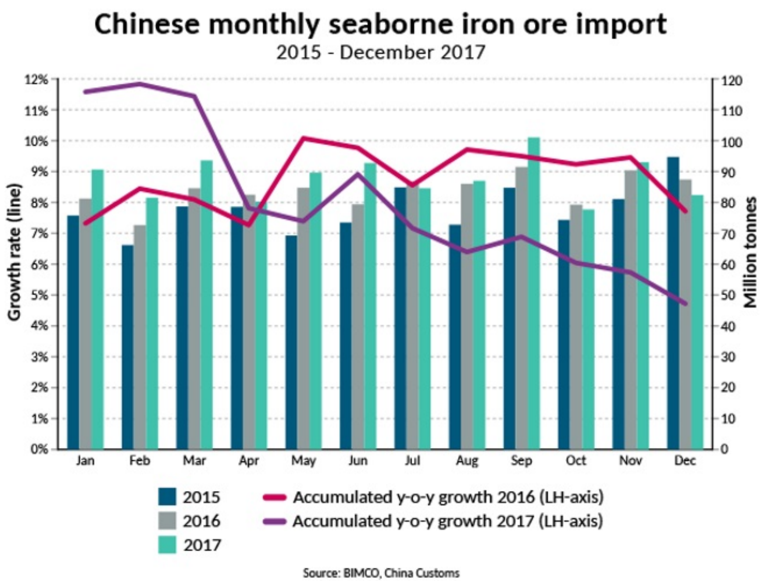
China Breaks New Ground… Again

Chinese seaborne imports of iron ore, coal and crude oil have all grown strongly throughout 2017. Both seaborne imports of crude oil and iron ore have reached the highest levels ever recorded, while coal reached the highest level in three years.

Imports of crude oil and coal have benefitted the shipping industry to the greatest extent as both volumes and distances have increased.

Iron ore imports breaks last year's record

China continues to ramp up its imports of iron ore with seaborne imports growing 4.7% in 2017 compared to 2016. This amounts to a total seaborne import of 1,054 million tonnes of iron ore breaking the record of 1,006 million tonnes from the year before. China also reported the highest imported amount of iron ore for one month, in September 2017, 102.8 million tonnes – of which 101 million tonnes was transported via the sea. Total Chinese imports of Iron ore by all modes of transportation was 1,075 million tonnes in 2017, compared to 1,023 million tonnes in 2016.



BIMCO's Chief Shipping Analyst Peter Sand comments: "Chinese imports of iron ore have been a reliable key driver in this decade of dry bulk shipping demand growth. Not only is China repeatedly importing larger volumes, it is also sourcing most of its imported iron ore from seaborne exporters with more than 98% of the imports arriving via the sea".

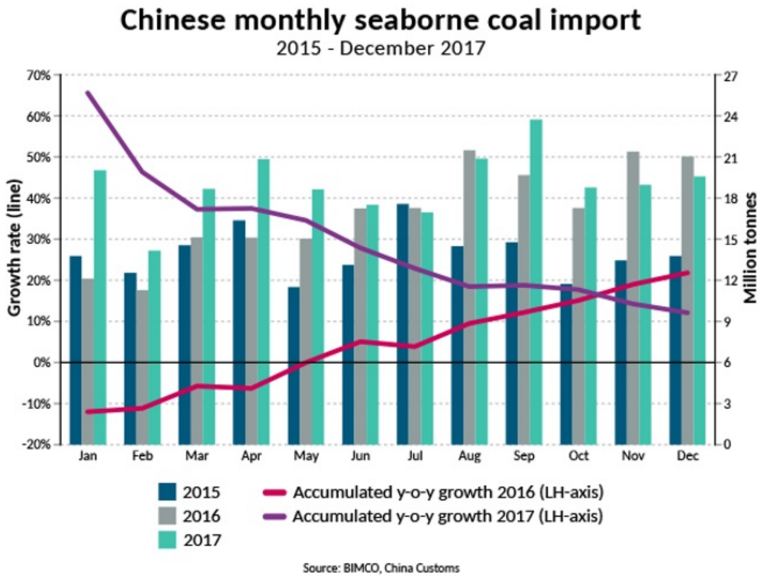
China imported 98% of its iron ore from seaborne partners in 2017, which has marginally decreased from 98.3% in 2016. The biggest exporters of iron ore to China are Australia, Brazil and South Africa. Australia is by far the largest and China imports 62% of its iron ore from Australia. China imports 21% of its iron ore from Brazil, which benefits the dry bulk shipping industry through long distances. South Africa is the origin for 4% of all Chinese iron ore imports.

China sourcing more coal from seaborne partners

Chinese seaborne coal imports have once again provided strong support to dry bulk shipping demand by increasing 12% in 2017, compared to 2016. In 2017 China imported a total of 228.5 million tonnes of coal via the sea compared to 204 million tonnes in 2016. China sourced 84% of all its imported coal from seaborne exporters which, compared to 80% in 2016, indicates that China is not only importing larger volumes but also substituting landborne coal with coal from seaborne exporters.

The total import of coal was 271 million tonnes in 2017, compared to 255 million tonnes in 2016.

The biggest exporters of coal to China are Indonesia, Australia and Mongolia, exporting 40%, 30% and 13% respectively. The rise of US exports of coal to China is largely beneficial for the dry bulk shipping industry. The 3.1 million tonnes of coal exported from the US to China in 2017, ties tonnage on long sailing distances and thereby generates high tonne-mile demand.

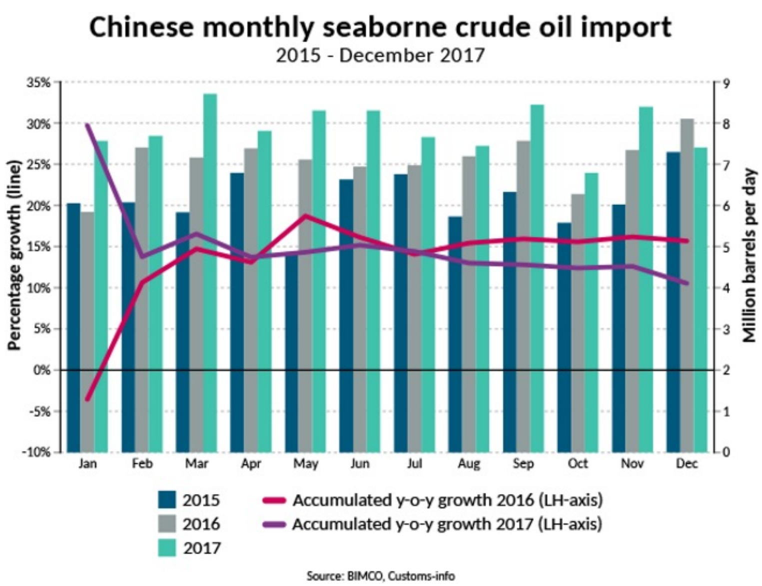


BIMCO's Chief Shipping Analyst Peter Sand comments: "The fact that Chinese imports of seaborne coal continued the growing trend seen in the second half of 2016 into 2017, provided strong support to the generally improved demand conditions in the dry bulk shipping industry.

The import of US coal is highly beneficial to the dry bulk shipping industry as it has a strong multiplying effect on demand, as it provides some of the longest possible distances. Chinese importers accept a journey of up to 45 sailing days when they import coal from Norfolk, Virginia and Baltimore, Maryland".

Chinese imports of crude oil increases in volume and distance

In April 2017, China emerged as the world's largest importer of crude oil, as Chinese imports of crude oil had been growing at two-digit speed in both 2016 and 2017. China has imported 10% more crude oil via the sea in 2017 compared to 2016, as imports have surged to 7.8m bpd in 2017 compared to 7.1 m bpd the previous year. Total Chinese imports of crude oil, by all modes of transportation, was 8.4m bpd in 2017 exceeding the US who imported 7.9m bpd.



China is importing 93% of its crude oil via the sea, with the three biggest exporters being Russia, Saudi Arabia and Angola. Russia is the largest, as 14% of all Chinese crude oil is imported from there. Saudi Arabia exports only marginally more than Angola to China, with 12.4% of Chinese crude oil originating from Saudi Arabia and 12% from Angola.
BIMCO's Chief Shipping Analyst Peter Sand, comments:" Not only is the Chinese seaborne import of crude oil growing strongly, but the distances are growing as well. With an average sailing distance around 7,600 nautical miles in 2017, compared to 7,100 nautical miles in 2016.
Thereby, the crude oil tanker shipping industry is experiencing the rise in Chinese crude oil demand to the greatest extent, with the growth coming primarily from exporters in Angola, Brazil and the US".
Peter Sand ends:" Tanker demand growth in 2018 is expected to continue the trend seen in 2017, with growing imports in the Far East, and growing exports from the US. This is expected to benefit the VLCC segment the most".
Source: Peter Sand, Chief Shipping Analyst; BIMCO
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(2) Hellenic Shipping News, 14 February 2018/ S&P Global Ratings

Global Shipping Is On Course For Recovery In 2018, But All Eyes Are On Orderbooks

S&P Global Ratings believes that, in 2018, demand in the three main segments of the global shipping industry (dry bulk, tankers, and containers) will outstrip supply for the first time in several years. The lighter new vessel delivery schedule for 2018, compared with 2017, combined with our expectation of sustained imports of commodities, and longer distances travelled, point to rising charter rates across the shipping industry this year–with the exception of the container liner segment, which we forecast will see flat rates or a slight dip. What's more, given the fundamental improvement in supply conditions, as signified by ship orderbooks being at close to all-time lows, we think recovery in shipping rates could continue beyond 2018. However, we see a risk that vessel owners, renowned in the industry for their historically poor supply discipline, could embark on an ordering spree in anticipation of better times ahead. This would disrupt the encouraging supply trend and constrain charter rates. But, assuming a typical lead-time from ship ordering to delivery of 18-24 months, we expect a slowdown in supply growth for at least the next few quarters, regardless of ordering activity.
While our base case assumes no major glitches on the demand side, underpinned by our firm 2018-2019 GDP growth forecast for all major contributors to global trade volumes, especially China, but also the eurozone and the U.S., all eyes are on the supply side and orderbooks, which will essentially shape the shipping industry beyond the likely solid 2018. If owners refrain from aggressive ordering and supply tightens further, we could see momentum in charter rates continuing into 2019. (Watch the related CMTV posted Feb. 13, 2018, titled "All Eyes On Orderbooks: Global Shipping Outlook For 2018".)

Overview

- We expect industry conditions to strengthen in 2018 for most of the 17 shipping companies we rate globally.
- While improved supply conditions will likely prop up charter rates this year, a further recovery beyond 2018 will depend on prudent capacity management decisions by vessel owners.
- Sustained global demand for commodities is essential for further improvement of dry bulk shipping rates.
- We forecast a cyclical upturn for product tanker rates following soft rates in 2017, as the new vessel delivery schedule for this year is close to historical lows.
- Given uncertainties in container liners' maintenance of supply discipline, we forecast flat to slightly negative growth in freight rates in 2018.

Stable Outlooks For Most Rated Issuers, Due To Resilient Charter Rates

Our 2018 industry outlook, which points to generally resilient charter rates, mirrors our stable outlooks on the majority of rated ship operators. We rate 17 shipping companies globally (see table 1), two-thirds in the single 'B' category, following several negative rating actions over the past few years of industry

downturn and unsustainable charter rates. Ratings stabilized in 2017, with positive rating actions outnumbering negative rating actions by ten to seven (see table 2). The vast majority of the seven negative rating actions were related to company-specific issues rather than industry conditions.
We view liquefied natural gas (LNG) shipping and passenger ferries as the most attractive shipping segments, because gas tankers typically operate under very long-term take-or-pay contracts with reputable counterparties, and ferry companies tend to face more stable demand and pricing, and lower capital intensity compared with conventional shipping. Container and dry bulk shipping are the most risky segments in our view, because of typically weak credit quality of charterers, among other factors.
Despite the overall stable outlook, a few downgrades and upgrades could follow in the next 12 months, as signified by the five negative outlooks or negative CreditWatch placements and two positive outlooks. The vast majority of negative outlooks and CreditWatch placements point to downside coming from developments unrelated to charter rate prospects, such as potential covenant breaches, increased financial leverage due to an acquisition, or a likelihood of downgrade of the sovereign rating.

Table 1

Global Shipping Companies Rated By S&P Global Ratings

Company	Shipping segment	Rating*
Nakilat Inc.	Liquefied natural gas (LNG)	A+/Negative/-- (SACP bbb-)
MISC Bhd.	Oil and gas	BBB+/Stable/-- (SACP bb+)
PAO Sovcomflot	Crude oil, oil products, and LNG	BB+/Stable/-- (SACP bb-)
Wan Hai Lines Ltd.	Container liner	BB+/Negative/--
Capital Product Partners L.P.	Oil, oil products, and containers	BB-/Positive/--
Bahia de las Isletas, S.L.	Ferries (pax and cargo)	B+/Positive/--
CMA CGM S.A.	Container liner	B+/Stable/--
Hapag-Lloyd AG	Container liner	B+/Stable/--
Moby SpA	Ferries (passengers and cargo)	B+/Watch Neg/--
Navios Maritime Midstream Partners L.P.	Crude oil	B/Stable/--
Dynagas LNG Partners LP	LNG	B/Stable/--
Global Ship Lease, Inc.	Containers	B/Stable/--
Navios Maritime Acquisition Corp.	Crude oil and oil products	B/Stable/--
Navios Maritime Partners L.P.	Dry bulk and containers	B/Stable/--
International Seaways Inc.	Crude oil and oil products	B/Watch Neg/--
Navios Maritime Holdings Inc.	Dry bulk and logistics	B-/Stable/--
Eletson Holdings Inc.	Crude oil and oil products	CCC+/Negative/--

*Ratings as of Feb. 12, 2018.

Financing Difficulties May Keep A Lid On Fleet Sizes
We note a few impediments to a significant pick-up in new vessel orders, such as the generally stretched financials and borrowing capacity of vessel owners after several years of the industry downturn, and low appetite from lenders for shipping loans. Most European banks, traditionally the dominant ship financiers, have significantly reduced their exposure to the shipping industry, or even exited it completely over the past few years. We attribute the shift to internal considerations such as scarcity of bank capital, stricter regulatory capital rules, an escalation in restructuring of shipping debt, and a material weakening in the quality of banks' shipping portfolios because of low vessel values. Funding has consequently become more scarce and selective and we expect this to remain the case during 2018. Chinese and Korean banks have stepped in to partly fill the funding gap because shipbuilding is important to their economies, but these lenders alone are unlikely to reduce credit scarcity for all ship operators.

Dry Bulk Shipping Charter Rates Should Continue Recovering In 2018
Dry bulk vessels move the raw materials of global trade–commodities such as coal, iron ore, and grain. For this segment, we forecast that demand growth will exceed supply growth again this year. A combination of supporting fundamentals bodes well for the dry bulk shipping rates in 2018, most importantly:

- Rising iron ore, coal, and grain ton-mile demand. China, the world's single-largest commodities' importer, is bringing in additional volumes from more distant places than before, such as Brazil and

North America, because of a pollution-focus-related shift to higher-grade imported commodities (most importantly iron ore and coal) and diversification of supply sources; and

- A close to all-time-low orderbook. The dry bulk vessel orderbook currently represents about 8% of the global fleet (compared with around 80% 10 years ago), and is to be delivered over the coming two to three years, according to Clarkson Research.

The sector experienced a strong rebound in charter rates last year (from rock-bottom levels) because the growth in demand for commodities exceeded fleet expansion. For example, the average time charter rate for the benchmark Capesize ship was $15,000 per day in 2017, which was double the equivalent rate in 2016, according to Clarkson Research.

We expect fleet growth will trend markedly below last year, considering the muted new vessel delivery schedule this year, including the upside coming from non-deliveries, cancellations, and delays, which we assume will be 30%-40% of scheduled deliveries (the historical five-year average rate). We therefore forecast that demand growth will outpace net fleet growth, as long as China continues its firm imports of commodities to support its economy. We forecast GDP growth for China will only marginally soften to 6.5% in 2018 and 6.3% in 2019, compared with 6.8% in 2017. This level of GDP growth, combined with Chinese regulatory pollution targets that stimulate imports of high-grade commodities, should keep the global demand growth rate in a low-to-mid single-digit range. Accordingly, we forecast that vessel utilization rates and charter rates will continue recovering this year after a rebound in 2017. Our base case in 2018 incorporates an average rate for Capesize vessels of $17,000 per day and for Panamax vessels $12,000 per day. This corresponds to the respective industry average rates seen in the fourth quarter of 2017, as reported by Clarkson Research.

But Improving Rates Are Sensitive To Global Indicators

A significant drop in global trade volumes, a key engine of shipping growth, would be damaging to the industry. We forecast solid growth in developing, mainly Asian, economies will stimulate commodities' trade in 2018, but there are evident risks in the demand outlook. A slowdown in commodity imports and consumption by China (by far the largest iron-ore and coal importer), in particular, would harm the dry bulk shipping industry, which heavily invested in new vessels a few years back believing in China's ability to deliver a consistently solid economic expansion. Furthermore, any changes to Chinese regulatory policies, for example, tougher restrictions on heavily-polluting industries, such as the steel sector, may be detrimental to international commodity markets. A renewed weakness in commodity prices, reversing the recovery in prices in recent quarters, could also disrupt improving trade dynamics in Canada and most Latin American economies. Furthermore, if aggressive ordering unexpectedly resumes and scrapping (which slowed over the past quarters) does not offset this, it will interrupt the process of rebalancing the industry and keep a lid on dry bulk charter rates.

The Outlook Is Better For Product Tankers, But Crude Tankers Will Still Struggle

We see a cyclical upturn for oil-product tanker rates just around the corner, as the new vessel delivery schedule for 2018 is historically low. Crude tanker rates, on the other hand, will likely remain under pressure this year because of OPEC oil production restrictions and a spike in vessel orders in 2017.

Tanker rates declined further in 2017, from the already soft rates in 2016. This was the result of the accelerated delivery of new tonnage outstripping relatively stable tanker ton-mile demand. Demand was constrained by the reduced oil production by OPEC and non-OPEC exporters and by high oil and petroleum-product inventories, which suppressed export volumes.

In 2018, we expect supply growth for product tankers to noticeably slow, in particular for medium-range tankers. At the same time, demand should be enhanced by tightening oil product inventories, leading to an uptick in charter rates. Crude tanker rates will have to wait longer for a meaningful rebound. OPEC recently extended its production restrictions until the end of 2018 (with a review in June 2018), which will hamper oil supply. In addition, there's a firm order book for larger crude tankers after an unexpected spike in orders in 2017. These orders were driven by attractive vessel prices, but did not take into account the weak rate conditions and gloomy prospects. And they will be only to some extent counterbalanced by enlarged vessel scrapping.

The Supply/Demand Balance Is More Fragile For Container Liners

Although the overall supply and demand conditions have shifted in favor of ocean carriers, with trade volume growth likely outpacing fleet growth in 2018, we remain cautious on the freight rates' outlook. Average freight rates on major trade lanes recovered to more sustainable levels for container liners last year, thanks to decent trade volumes, supply-side measures (such as vessel scrapping and lay-up), and streamlining of networks after yet another wave of industry consolidation. However, significant deliveries of ultra-large containerships are scheduled in 2018 and beyond. These were ordered a few years ago by ship owners looking for economies of scale to be reaped from utilizing such ships. They will pose a threat to the recent rebound in freight rates, in particular on the main Asia-Europe lane (a home for mega-containerships), despite the likely favorable supply-and-demand industry balance in general. According to Clarkson Research, the current order book for post-panamax containerships–which have a capacity of more than 15,000 twenty-foot equivalent unit–may almost double the size of the global post-panamax fleet within the next two to three years.

Bearing in mind the persistent supply burden, freight rates will ultimately depend upon how prudent the leading container liners are in their capacity management decisions. Taking into account historically poor supply discipline, we see a risk that new orders will accelerate. We are alerted to the most recent orders of 20 mega box ships by industry leaders MSC and CMA-CGM. And, given the container liners' traditional battle for market shares, new orders from other players may follow. In addition, the demolition of older tonnage remains a critical supply-side measure to help correct excess capacity and stabilize rates at commercially viable levels. However, we are mindful that the pace of scrapping has slowed in recent quarters. Given all these uncertainties, we forecast flat to slightly negative growth in freight rates in 2018, coming from the much-improved average rates in 2017.

Consolidation Has Reshaped The Container Industry And Could Lead To More Sustained Rates

During the next 12-18 months–after the most recent acquisitions have been integrated, shipping networks and customer platforms aligned, and cost synergies realized–we expect to see whether consolidation in the container industry, with capacity management decisions now in hands of fewer players, translates into more sustained profitability. The liner industry has been through a few rounds of consolidation over the past several years, as an answer to erratic rate movements and recurring operating losses, including the most recent acquisitions of Hamburg Süd by Maersk Line, United Arab Shipping Company by Hapag-Lloyd, and Neptune Orient Lines by CMA CGM. The consolidation led to a structural change of container liners' competitive landscape so that the share of the top five players escalated to around 65% this year from 30% around 15 years ago. About half of the top-20 players were either absorbed by mergers or defaulted (Hanjin Shipping), and the gap between the larger and smaller players, as measured by their total carrying capacity, has markedly widened. What's more, it appears that size in this industry matters, as reflected in the above-industry average EBIT margins reported by the largest liners, such as Maersk Line and CMA CGM, over recent quarters.

A more concentrated industry is normally more rational and efficient, but a risk of destabilization remains, with a background of historically aggressive capacity management by the largest players. Our base case assumes that, notwithstanding the consolidation efforts, the container liner industry will remain volatile because of its asset-intense, operating leverage-heavy, and network-based nature. But cyclical swings could be less pronounced and of shorter duration, and mid-cycle freight rates could trend above the operating cost breakeven. We note that the drop in freight rates toward the end of 2017, as the industry hit the seasonal trough, was followed by a quick correction in rates at the beginning of 2018, which could be a sign of more reactive capacity management and which we would normally expect from a more concentrated industry.

The Improved Supply/Demand Balance May Help Spot Operators Pass On High Bunker Prices

Because bunker (ship fuel) accounts for a large share of voyage expenses that ship operators incur, a shipping company's profitability depends greatly on its ability to pass on higher fuel prices through contracts or hedging instruments. If oil prices were to trend markedly above our current assumptions (see "S&P Global Ratings Raises 2018 Brent And WTI Oil Price Assumptions," published Jan. 18, 2018), the resulting higher cost of bunker could hamper ship operators' cash flows, and wipe away the upside coming from more favorable supply and demand conditions, unless the cost inflation is successfully passed through to customers.

Typically, dry bulk-, tanker-, and gas-carrier operators are protected from rising fuel prices because they operate vessels under bareboat- or time-charter contracts, whereby the charterer pays the bunker fuel bill as per a contractual agreement. However, spot operators–which enter into short-term charters, often for a single voyage at market rates–as well as container liners and ferry operators bear fuel risk. In general, they find it difficult to pass on bunker cost inflation, particularly if the industry is oversupplied. But improved supply and demand conditions and vessel utilization should play in the ship operators' favor this time around.

High bunker prices call for our close monitoring, with a current spot price in Rotterdam at a three-year high of $370 per ton according to Clarkson Research, compared with an average of around $300 per ton in 2017 and the three-year low of $100 per ton in January 2016.
A decision by OPEC to relax its oil supply control and increase production would likely prevent oil prices from rising, or even stimulate a fall in prices, and prop up consumption and international trade, which are key demand drivers for crude oil shipping. Most importantly, a low bunker price would support shipping companies' profits across all segments, but particularly for container liners, given their largely fixed network cost base. That said, the current OPEC-led production cuts until the end of 2018 remain the key constraint to global oil supply. If there were further unexpected cuts and a resulting surge in oil prices, this would dent demand, disrupt trade, and have an adverse knock-on effect on the crude tanker segment, in particular, which has to absorb a flood of new tonnage delivered in 2017 and some to hit the water in 2018.

Environmental Regulations Will Add Costs Over 2019-2020

International regulations to be implemented over the coming two years will increase either capital or operating expenditure for ship owners. The shipping industry will have to comply with environmental regulations, such as IMO Ballast Water Treatment System (BWTS) from 2019 and IMO 0.5% Low Sulphur Limit from 2020. Measures to comply with the regulation include, for example, installation of BWTS and scrubbers or conversion of engines to use LNG as fuel, all of which will add to capital expenditure. Operators who don't install scrubbers would need to run their fleet on a higher-cost low-sulfur marine diesel oil to be complaint, pushing up operating expenditure.
On the positive side, we anticipate that owners of older ships might view the necessary extra investment as economically unviable and send the aging tonnage to the scrap-yard through 2020, which would help to limit net fleet growth. Dry bulk ships, tankers, and containerships that are older than 20 years are close to the end of their useful life. Ships of such age account for 5%-7% of their respective global fleets, according to Clarkson Research, and are potential candidates for demolition by 2020, in our view.
Source: S&P Global Ratings
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(3) Lloyd's List, 12 February 2018

Economic outlook 'best for shipping in a decade'

But brace yourselves for massive interest rate rise, bank economist warns

SHIPPING is now experiencing the most favourable world economic outlook since the global financial crisis, with growth set to return to levels last witnessed at the turn of the century, a senior Royal Bank of Scotland economist says.
But the downside is that interest rates could rise by about 100 basis points in the year ahead, which will make borrowing more expensive, Neil Parker told a conference in London.
RBS has now stopped lending on any vessels as a matter of policy. It dramatically axed its ship finance desk, once the dominant player in Piraeus, in December 2016.
However, it still wishes to serve the shipping services market and to retain shipowners as corporate clients, officials of the bank said in a private conversation.
Mr Parker, addressing a Maritime London event on Monday, argued that the big picture for the world economy, in the wake of Brexit, the Trump election win in the US and the need for a grand coalition in Germany, was one of greater volatility driven by inflation expectations.
Moreover, the interest rate environment had become a pertinent consideration for business for the first time in perhaps six or seven years.
The UK economy proved unexpectedly resilient in the wake of the June 2016 decision to leave the European Union. It defied most prognoses by picking up for the remainder of that year.
However, it thereafter slowed in the first three quarters of 2017, and the year-end growth figure was flattered by a good finish in the final three months.
Mr Parker predicted a steady decline in domestic inflation and real average earnings growth in the coming 12 months, provided the most negative Brexit scenarios can be averted.

The problem is that the government appears to have had no real plans for EU departure in place, not having expected to lose the vote. It now faces a very tight timescale to put a deal in place.
That will mean uncertainty for both the UK economy and financial markets. But disaster is not inevitable. The performance of small and medium manufacturing enterprises, agriculture and real estate demonstrate underlying confidence.
The year ahead offers the UK an opportunity to catch the rising tide for the world economy.
Here there are distinct grounds for optimism, with Asia the key driver. Prospects for China and India in particular look robust. Elsewhere, growth on mainland Europe may hit 2-2.25%.
The US has resolved the political differences that led to shutdown of the public sector, and president Trump has enacted the biggest tax cut package seen since the era of Ronald Reagan.
Many workers will be better off as a result, and tens of millions will be taken out of the tax system altogether.
This should offer significant support for the US economy, at a time when NAFTA is up for renegotiation. The slogan ‘America First’ does not mean that the US will no longer be buying from the rest of the world, but rather that it will prioritise trade deals.
Mr Parker predicted 2018 economic growth of 3.25-3.5% in the US, adding that 4% is not inconceivable. Taking these trends together, global growth could return to levels last seen in the early 2000s, which will feed through to higher commodity and energy prices.
That, in turn, could mean the need for interest rate cuts to curb inflation. The market is pricing in a 67 basis point uptick in US interest rates this year, and Mr Parker believes that a 100bp rise is possible.
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(4) Maritime UK, 13 February 2018

Redressing the gender balance

Any industry that chooses to overlook over 50% of the population when seeking talent and expertise is making a huge mistake
Of the estimated 1.25 million seafarers in the world, fewer than 2% of them are thought to be women. This statistic reflects how, historically, maritime has been viewed as a male-dominated industry. However, with the need for sector diversity, the maritime industry is now recognising the benefits of a gender balanced workforce, with efforts being made within the sector to recruit and retain more women, including at the highest levels.
To address fairness, equality and inclusion within maritime, Maritime UK established a Women in Maritime Taskforce in 2017 to identify practical steps to increase the number of women in the industry. The taskforce will make a series of recommendations and utilise best practice from other work sectors that have taken similar action. Crucially, the taskforce also seeks to redress the balance in the number of women in senior roles across maritime’s shipping, ports, marine and business services industries.
Chaired by Sue Terpilowski OBE ─ who holds a number of roles in the industry, including that of president of the UK branch of the Women's International Shipping & Trading Association (WISTA)─ the taskforce is made up of leaders from across the maritime sector. Ms Terpilowski intends the taskforce to cover a number of key areas: The imbalance between female and males in the sector both land and sea, the career progression paths for women in the sector to address the lack of women in middle and senior positions, the gender pay gap, and recruitment of more females into the sectors.
Through her work with WISTA UK, Ms Terpilowski says she has become more acutely aware of the challenges of women in the sectors. “This has become something that I am really passionate about,” she says.
UK maritime minister Nusrat Ghani MP – who herself is only the second woman to hold the UK Department for Transport portfolio for the country’s maritime sector ─ commended the establishment of the taskforce.
“I am delighted to see Maritime UK taking action to attract more women into our maritime industries, and I welcome this Taskforce as an important first step,” she says. “In the autumn, the [UK] government challenged maritime leaders, businesses and colleges to find ways of increasing the number of women in the sector, and it is great to see them respond in this way. There is a fantastic wealth and breadth of career opportunities in maritime, and I am determined to see more women accessing these.”

Need for change

The experiences of some women in the industry testify to the need for the maritime industry to instigate change. Nicola d'Hubert, global head of brand and external relations at Lloyd's Register Marine & Offshore, recalls a time in her maritime career when she felt that her gender made a difference. She was working in China on an expat posting as part of her nautical career.

"The entire system, at that time, was built around the expat employee being male," she remembers. "Not only did that mean that you had to actively push for access to the same benefits, it was also a challenge socially as the only female expat in the management team. I am not saying that my colleagues weren't fantastic… but you didn't feel automatically accepted and part of that world as you were changing the status quo from a system and process perspective. It took a lot of extra effort although the overall experience was a positive one."

Bridget Hogan, director of publishing and membership at The Nautical Institute, started her career in the industry more than four decades ago and has held a number of different roles in the industry. When she first started her career she recalls how "daunting" it felt to consistently ─ for decades ─ be the only woman in negotiations and at events. "I have come across far too many females, who are very talented and qualified, who have been passed over for a task in favour of men who have clearly been inadequate," she adds.

Great benefits

The taskforce members are passionate about the benefits of raising the number of women in the industry. "Any industry that chooses to overlook, and fail to include, over 50% of the population when seeking talent and expertise is making a huge mistake," says Sarah Dhanda, chief officer of Membership and Services at British Marine. "It makes perfect economic sense to proactively target women across all job types and levels."

She adds that British Marine members are "always" discussing skills shortages and how hard it is for them to recruit good-quality personnel. Encouraging more women to join would help address that: "There are huge opportunities for women in the marine sector at the moment, given that almost every part of the sector is reporting skill shortages, so everybody is looking to recruit good quality candidates," she says. "There is always a challenge in overcoming some of the more old-fashioned attitudes and bias that still prevail in some quarters, but times have changed and I am pleased to say that the range of opportunities available for women has never been greater."

Shoreham Port's director of corporate services, Nicky Goldsbrough agrees that the industry has historically been male-dominated, so it is all the more important to promote the achievements and opportunities for women in the sector as a catalyst for change.

"The shipping industry is missing out on the skills and value that women can bring to the sector," she says. "Additionally, women will add a different perspective and significant expertise in a very-traditional industry which is crying out for change. Raising awareness is crucial for attracting more women into shipping and addressing the skills imbalance."

Missed opportunities

There also needs to be better understanding of what effect the lack of women in senior maritime roles is having on the industry.

"For me, it is all about our industry having access to the complete pool of talent that is available," says Ms d'Hubert. "If your industry isn't attractive or accessible, how do you expect it to benefit from the best talent in the market? I think possibly we have underestimated the impact of the lack of women in leadership positions within the industry ─ on both the environment that is created and the signals it offers to those looking to enter the industry, or those considering their options within it. We need to do more in promoting what is possible and what is in need of change."

"The UK, and indeed the whole of shipping, is ignoring a vital resource," Ms Hogan agrees. "We should look at everyone, whatever their gender or ethnic background, to see if they are high calibre and can make a contribution to the enterprise they are joining. Don't let's have a stereotype of a certain gender or ethnic group or class or background in mind for the job. Let's have the best person."

For women to be able to reach their full potential in a career in maritime, the industry needs to work to ensure that the challenges that women currently face in the sector are overcome. Ms Hogan says the drive towards the use of more automation, plus the shrinking pool of people with seafaring experience to come ashore and take jobs in shipping companies, means that women can benefit. However, in Ms Goldsbrough's opinion, women working in maritime face issues like developing leadership confidence and

having to overcome unconscious bias, as well as having to contend with a lack of prominent role models within the field.
“However,” she notes, “the industry is beginning to change, and there are many opportunities to be capitalised on. The sector needs to adapt to the modern world, and business models need to be agile and progressive enough to attract and retain women.”
It can be difficult for younger women in the marine sector to be taken seriously - particularly when discussing technical subjects, says Mrs Dhanda. “My goal for the coming year is to make sure that British Marine, as well as providing networking opportunities for women, can also work with its members and those women in the sector who have been successful to mentor and provide support to those that need help and confidence-building.”
For Ms d’Hubert, one important universal challenge for women in the maritime industry is for them to be able to work to their full potential in the sector but without giving up the option of having a family.
“We have seen more women in leadership positions,” she says, “but there is also the associated message that often comes with this that you have to make a decision between career and family. This is a decision that I don’t believe men have to make in the same way.”
Maritime UK’s Women in Maritime Taskforce will look to address this and the other challenges facing women in the sector, while making the most of opportunities to increase the presence and importance of women throughout the industry. With the recruitment of taskforce members now complete, the taskforce has already started to form connections with similar groups and has set its first official meeting next week.
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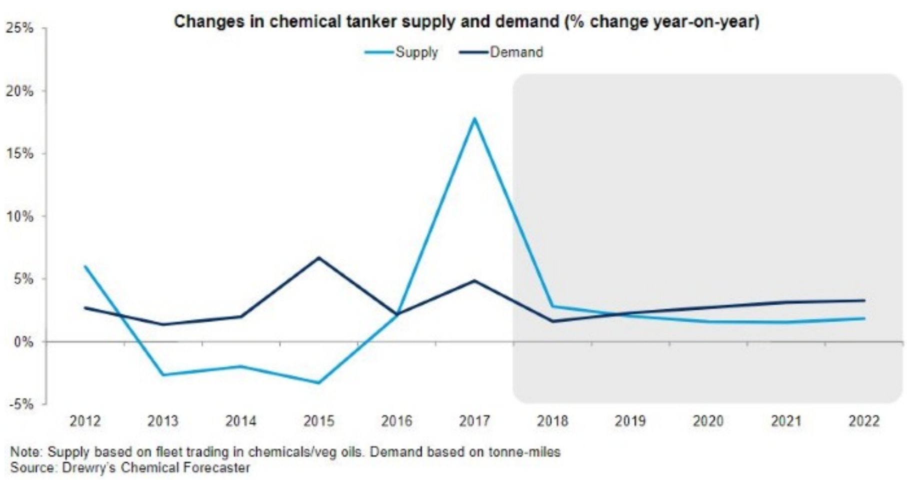
(5) Drewry, 14 February 2018

Depressed outlook for long-haul routes in chemical shipping market

Chemical shipping freight rates will weaken through 2018 due to the depressed outlook on overtonnaged long haul routes, according to the latest edition of the Chemical Forecaster, published by global shipping consultancy Drewry.
The global chemical trade grew by a little over 4% in 2017, while overall tonne-mile demand expanded by almost 5%. Despite continuing global economic growth, Drewry expects seaborne chemical trade to grow by 2.5% in 2018 and tonne-mile demand by 1.6%, reflecting a slowdown in long-haul trip growth.
Increasing self-sufficiency in base chemicals in Asian countries is a definite threat to long-haul trades.



The global chemical capable fleet increased by 3.9% in tonnage terms in 2017. However, the fleet trading in the chemicals/vegoils market expanded by 18%, while the fleet trading in CPP declined by 4% as the weakness in this market encouraged owners to switch trades. Some 200 IMO tankers aggregating 3.1 mdwt are scheduled to be delivered in 2018. Scrapping will continue to play a vital role and will increase

until 2020 when the new Ballast Water Treatment System (BWTS) and the sulphur cap regulations come into effect. However, it will not be sufficient to offset new deliveries and Drewry forecast that the fleet is likely to grow by an annual rate of around 3% this year and next year.
Drewry expect freight rates to weaken further through 2018 as newbuildings enter service. It is also the case that the future performance of the CPP market will continue to be an important factor in supply changes in the chemicals/vegoils sector.
“We expect freight rates to remain stable in 2018 on major regional routes, but they will be depressed on traditional long-haul routes because of oversupply of large vessels,” commented Hu Qing, Drewry’s lead analyst for chemical shipping.
“We forecast oversupply in the chemical sector in 2018. The fleet trading in chemicals has expanded more than demand and will continue to so in 2018. Apart from the fact that deliveries of new ships will outpace scrapping, it is also the case that the average size of the new vessels scheduled for delivery are larger than the vessels they are replacing. We therefore expect time charter rates to come under increasing pressure,” added Qing.
Source: Drewry Shipping Consultants Limited
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(6) Hellenic Shipping News, 14 February 2018/ CareerStream

CareerStream: How to get a job in Shipping

As a fundamental rule, shipping is a relationship based market! It is probably one of the most extrovert and interactive markets to engage yourself with. Especially, the process of looking for a job in this industry, can be sometimes stressful, as it requires compact, competitive and unique profiles, that can meet the demanding nature and challenges of the job.

The process

No matter if it is your first job or if you have several years of experience, the fact is that your status is changing and to adapt, you have to face the phase of uncertainty… the job search.
Remember, while you are looking for a job, somebody else is looking to hire. You need to be patient and not give up. Once the match is done and you have your first positive response for an interview, it is up to you to make it happen.
Looking for a job is all about timing.

Where to look

Keep your eyes open when you are looking for a job. There is not only one way to find a job. You need to be always alerted and follow the market. Some possible sources are:

- Shipping companies’ websites
- Recruitment agencies – i.e. CareerStream
- Social media – i.e. LinkedIn
- Your network – i.e. friends and relatives working in other companies
- Shipping press and media

Tip!
Read the shipping news and understand where the market goes. You might find valuable information hidden in articles for companies that are expanding their business and might need more staff.

The power of networking

People are more likely to do business with people they know. So often, getting a job isn’t about what you know, it’s about who you know. That’s why building a professional network is essential.
Play the long game, as networking doesn’t necessarily always provide instant gratification. In fact, it’s most useful when long-lasting, mutually beneficial relationships are formed. Make your networking moves in ways that are consistent with your long-term goals and dreams.
These tips will get you started on the right track.

- Make yourself visible. It’s a big world; go explore it!
- Don’t be afraid to talk to people; that’s what networking’s all about.

- Don’t just collect business cards and shake hands; focus your conversations and efforts on the people who can eventually help you.
- Don’t look for favors too early, as this can turn your contacts off and risk damaging any goodwill you’ve created.
- Offer something of value to your network, such as introductions to other professionals.
- Follow up and keep in touch. People are busy, but if you stay top-of-mind, your chances of success will rise.
- Communicate via email, blogging and, of course, social networking events.

The basics
When applying for a job, make sure you have your CV up to date. Send separate emails for each job and adjust your cover letter accordingly. Spend time in creating a contact list and update it regularly.
If you don’t hear back from the employer/recruiter make sure you follow up after a couple of weeks and kindly ask for an update.
Prefer to apply for a job during the morning hours, where is the most productive hours for both yourself and the employers. Avoid late applications as no one is in the office and also shows that you are not taking this process seriously.

Setting goals
Push yourself to it. In order to improve any aspect of your life, you need to set goals. Whether you’re working, in school or unemployed, the goals you set for your job search will vary.
For example, someone who is working full-time while job searching might set the following daily goals:

- Apply to at least one job per day
- Spend 30 minutes researching a prospective employer per day
- Spend 30 minutes researching job tips or career advice per day
- Spend 30 minutes reviewing your skills and experience

Keeping records
A good idea in order to optimize your job hunt and make the most of it, is to keep records.
Write down the job opening, the source, the pic, the company, when did you send the application and the feedback.
This will also help you from applying twice for the same job.

Source: Dimitris Mavrikos, Career Development Manager, CareerStream

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(7) Lloyd’s List, 15 February 2018

Racing to the bottom

by Michael Grey

Flag states and registers seem to be competing to attract tonnage by offering incentives for minimum manning

AUTONOMOUS ships will clearly remain a fixation for many people in our industry for a long time yet, or perhaps until people work out that they are unaffordable, but the race to reduce crew numbers from “conventional” ships continues.
Indeed, you would sometimes think that there was some sort of international award being offered for the most adventurous crew reductions. Perhaps this might be thought of as incremental autonomy, with one day some owner revealing that the last human being had been paid off his ship and it was now running on automatic.
The facilitators in this race to the bottom would appear to be the various ship registers, which often seem to be fighting with each other to attract tonnage by offering exciting incentives on manning arrangements.

It is not a competition we ought to be encouraging, especially if you actually speak to those on board ship who are working harder and harder, as the jobs don't disappear with the personnel no longer on the ship's articles.
It is sometimes argued that well-designed and highly automated ships really don't need much human intervention, with the crew assumed to be just sitting around overseeing the equipment and waiting for things to go wrong. It might appear to be quite boring, really. Of course, it never works quite like that.
When a ship is very new, the first voyages are spent putting right all the things the shipyard didn't and discovering new and exciting faults that require rectification.
With this all done, a well-found ship hopefully enters a sort of brief "golden age", before things start to wear out, corrode, leak or overheat. People always used to say the Japanese system, which involved selling a ship just around its second Special Survey, had a great deal to recommend it, leaving the new buyer to pick up the accumulation of rising maintenance costs.
But it might be suggested that there are a number of guiding principles that ought to dictate the manning levels.
First, there is a direct correlation between the maintenance state of a ship and the manpower available to keep it all running sweetly.
Second, there should be an assumption that things will go wrong; people, like those ashore, take days off sick and the burden on those left should be reflected in the manning level. It's not rocket science. Third, there is a social and human aspect to this level, with more to life than work.

Disgraceful flags

But let us get back to our competition between flag states and registers for the most adventurous manning arrangements, as represented by the certificates of minimum manning. There is nothing even remotely new about this.
There have always been thoroughly disgraceful flags that have operated chiefly as revenue earners with no interest whatsoever in the safety of the ship or any other standards. They were the fall-back position for equally disreputable, or perhaps just poverty-stricken, owners who failed dismally to convince more quality-driven registers of their shipmanagement arrangements.
Oblivious to all the indicators of quality or respectability; the "Qualships" and "White Lists", the useful league tables put out by the International Chamber of Shipping and others, these registers serve the down-at-heel and the ships in the autumn of their days, chiefly sailing in areas where port state control is non-existent or, let's face it, "revenue-driven".
But there are other flags, highly respectable ones, which enrage their competitors by their seemingly elastic interpretation of what constitutes reasonable minimum manning.
People operating ships in the UK probably still grind their teeth in rage at the sort of manning that is permitted in Norway, although the Norwegians always point to the role of advanced equipment as they issue certificates which appear to legitimise minuscule manning levels. They cite the role of science and technology. The arguments will continue.
But you sometimes hear of some remarkably rum cases in which flags you thought of as rather more particular have been excessively liberal with their manning certificates.
I have one in front of me as I write; a 20,000 gt general cargo ship, licensed to operate with a minimum crew of 13. This crew comprises a watch-keeping master (which is a disgrace) and two mates, three seamen and a cook, three engineers and three engine room ratings.
This is probably a ship of around 30,000 dwt, operating internationally, and you might think that the register accepted this manning proposal on the grounds of huge levels of technical sophistication.
If you thought that, you would be wrong, for this bog-standard ship doesn't even a have an unmanned machinery notation. Here is a quite large ship, crewed by people who one might guess will struggle to keep their hours of rest legal, operating with the size of crew and with a system that would have been deemed not unreasonable, a few years ago, in a 2,000 dwt coaster.
If they can convince the administrators of this flag that this is reasonable, what are you complaining about? But this undermanned ship, one might surmise, will be competing in the markets with others that are owned by more particular folk, who man their ships to reasonable levels, but who will end up being thoroughly disadvantaged.
The flag that issued this certificate is engaged in this race to the bottom and ultimately does nobody — the more particular registers, the competing ship operators and of course, the suffering overworked crew — any good whatsoever.
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(8) Hellenic Shipping News, 13 February 2018/ Global Times

Chinese cities swim toward free trade ports

China has been putting a lot of effort into building free trade zones (FTZs) in recent years. Now the efforts are going one step further, with the central government calling for the establishment of free trade ports, which will supposedly derive from the existing FTZs.

According to a report released by cs.com.cn on January 31, more than 10 provinces and cities across China said they will "actively explore [the possibilities] of establishing free trade ports."

Those regions not only include coastal cities and provinces like Shanghai, East China's Zhejiang Province, South China's Guangdong Province and East China's Fujian Province, but also include inland provinces like Southwest China's Sichuan Province.

According to a report released by the Xinhua News Agency in October 2017, the Ministry of Commerce is working toward establishing FTZs along with relevant provinces, cities and departments.

In Shanghai, the blueprint for free trade port establishment is even clearer. According to media reports, the major player of the Shanghai free trade port initiative will operate in the Yangshan port area, while the Shanghai International Port (Group) Co will work with Zhejiang companies to further develop northern Yangshan.

Yang Rongjun, a spokesman for Shanghai International Port (Group) Co, confirmed to the Global Times on Wednesday that the company is still waiting for detailed guides from the government regarding the establishment of the Shanghai free trade port.

According to the cs.com.cn report, the first batch of domestic free trade ports will likely be disclosed after the annual NPC and CPPCC sessions.

Historical update

The Chinese government's efforts to develop free trade areas started in August 2013, when the first FTZ was set up in Shanghai.

In the following years, the government has gradually updated the functions of the FTZ there, as well as set up FTZs in other provinces. So far, China has set up 11 FTZs overall.

Tao Jian, who previously worked as the director of the finance department under the Shanghai Pilot Free Trade Zone Coffee Exchange, told the Global Times on Thursday that China's FTZs benefit from government policies.

He added that not only are they restricted to special management methods like the "negative list" approach as well as free trade accounts, which facilitate overseas trade, but also, the overall environment in FTZs tends to be more risk-tolerant compared with the outside.

"Officials in the FTZs tend to give the green light to any innovative ideas. They encourage companies to trial them instead of suppressing them," Tao told the Global Times.

He also said that the government has been perfecting the FTZs in recent years.

Such improvements included tailored, government-led industrial guidance for each of the seven new FTZs set up in March 2017, preventing vicious competition among them.

The FTZ in Zhejiang, for instance, focuses on bulky commodity trade as the province is more competitive in this area.

Wu Minghua, a Shanghai-based independent shipping industry analyst, said that the construction of the free trade ports will start with updating the functions of the existing FTZs.

According to a statement published by the State Council, China's cabinet, in March 2017, the first free trade ports will be set up in the Yangshan duty- free zone and the Shanghai Pudong International Airport integrated duty- free zone, both of which are parts of the Shanghai FTZ.

"The Shanghai free trade ports will start with airports and sea ports in the Shanghai FTZ, and gradually, the whole of the Shanghai FTZ will be upgraded to free trade ports," Wu told the Global Times on Thursday.

According to Wu, compared with FTZs, free trade ports will adopt a more open management system.

"For example, in free trade ports, there won't be any restrictions on the use of foreign currencies. Also, the government won't be imposing any taxes. Those policies have not been fully implemented in the FTZs, as there is still a certain level of capital restriction and tax charges in those areas," Wu noted.

Sang Baichuan, director of the Beijing-based Institute of International Business at the University of International Business and Economics, said that there are two types of free trade ports, one specializing in offshore trade and the other having comprehensive functions.

“The free trade ports in coastal areas like Shanghai can specialize in trade, while inland cities can be the homes to free trade ports that are multi-functional, including developing financial services.”

Wu noted that the focus of setting up free trade ports does not lie in infrastructure construction like “building a new port or a new airport.” Instead, the focus is on how to embrace institutional innovation in customs, tax and investment.

Finding individuality

But the experts the Global Times talked to cautioned that it’s not necessarily a good sign that all provinces are scrambling to set up free trade ports.

“There have already been too many FTZs,” Sang said, adding that many of them have been repetitive constructions.

“For the free trade ports, I think it’s important to make detailed plans and to clarify the [different] functions of each of them,” he said.

Wu said that there will likely be three or four free trade ports established in China in the future.

“I think it’s better to set up one free trade port at first, and then expand the experience of it, if it’s successful, to other provinces and cities,” he noted.

According to Wu, it’s important that the domestic free trade ports differentiate from each other and have their own characteristics.

For example, the free trade port in Ningbo of East China’s Zhejiang Province could specialize in energy trade due to its advantages in the industry sector, Wu said.

Source: Global Times

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