Southampton SOLENT University

Global Maritime Weekly Digest

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*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.

Contents

Editorial comments

- Problems involved in ***preparing future maritime professionals*** were considered at a recent conference (item 1). Among issues discussed, it was noted that there is a resistance to human resources strategy in parts of the shipping industry.
- A sharp focus on ***ship operating costs*** reflects difficulties encountered by shipowners in many markets during the past few years (item 2). The biggest element is crew costs, comprising over two-fifths of the total. Further upwards pressure on costs, which could continue, has been exerted by new maritime regulations introduced.
- During the past seven years growth in the ***Greek-owned merchant ship fleet*** has exceeded that of any other shipowning nation, as highlighted in item 4. Consequently, the gap between Greece's top position in the world fleet and that of the number two player, Japan, has widened.
- Discussion about ***digital innovation*** in the shipping industry has gained momentum recently. In item 3 industry leaders discuss their approaches and how they think various parts of the global shipping scene will embrace these developments in the years ahead.
- Events in ***China's economy*** are watched closely, because of their clear potential for affecting how global maritime activities evolve. One aspect monitored intensely is debt. Given that debt problems were instrumental in fueling the severe global financial crisis which began almost ten years ago, rapidly mounting indebtedness in China is seen as a cause for concern.

Richard Scott MA MCIT FICS
editor (email: bulkshipan@aol.com)
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(1) Hellenic Shipping News, 25 May 2017/ Maritime HR

Maritime HR: Planning for a future generation

130 delegates from across the world gathered in London for the 11th annual Maritime HR conference from Spinnaker Global. Described by delegates as a 'well organised and engaging event', with 'great speakers and great sessions', in fact, many called it 'the best yet'!

The sessions were varied, including maritime economics, mental health in the workplace, HR strategies, gender diversity and Brexit, but the prevailing theme was: the maritime industry needs to prepare for a future workforce.

Sessions noted that a whole generation of shipping professionals will be soon leaving the industry. The supply/demand staffing issues in maritime are nothing new, however the forward planning and skills focus are becoming common themes.

Tom Hadley of the Recruitment and Employment Confederation touched on Brexit and the UK General Election. Hadley emphasised the need to be proactive when hiring people and stressed that whilst Big Data can be extremely useful, stories are more powerful – "your companies are made up of people, not numbers".

Heidi Watson from Clyde and Co discussed the issues around mental health and wellbeing in the workplace. Work styles have changed. Do you ever switch off? There is a huge stigma around mental health which has to change: create an open culture of disclosure – sea and shore. Your staff will thank you for it.

A CEO panel featuring Paddy Rodgers, Euronav, Jeremy Grose, Charles Taylor, and Michael Elwert, Elektrans chaired by TradeWinds' Julian Bray also talked about 'change' in the maritime industry and how we can learn from the experience and the mistakes as the generations move on. They discussed the important point: you want the next generation of leaders to be as well-equipped as possible. And how do we do that? Training. Upskilling talent. Recognising those shining stars to encourage them into the boardroom. To give it a maritime slant, it was raised that the word 'Captain' doesn't necessarily mean a good leader, but when it does, they're like "gold dust". The CEO panel also highlighted that the best managers understand their own weaknesses, where their skills lack, and build great teams around them to support those areas.

The issues of Diversity & Inclusion were covered by Jacey Graham of Brook Graham, who pointed out that only 8% of executives in shipping are women, compared with 65% in administrative roles. Graham said she's been in the diversity and inclusion industry for 20 years and "we really should have cracked it by now" However, how to change? Support women while you fix your culture: be self-aware (echoing the previous point about managers spotting their weaknesses), don't lapse into unconscious bias, and don't erode the confidence of women in your teams so performance suffers. The strong message was to create a level the playing field for everyone. The next generation might not see gender like previous generations have, and that might mean we'll see progress in equality. It's a hopeful thought.

To conclude, the conference delegates noted that shipping has a resistance to HR strategy. Why….? It's simply a methodology for moving forward your company's core values, and visions. It should support the business strategy. Whether it's diversity, or your mental health policy, or your leadership training, what your company puts across to its staff is a tool to both retain talent, and attract talent. And given the need for a new workforce with a different working style to the CEO's generation, communicating that is of more relevance than it's ever been.

Source: Maritime HR

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(2) Clarksons Research, 19 May 2017

Counting The Cost…OPEX Tops $100 Billion!

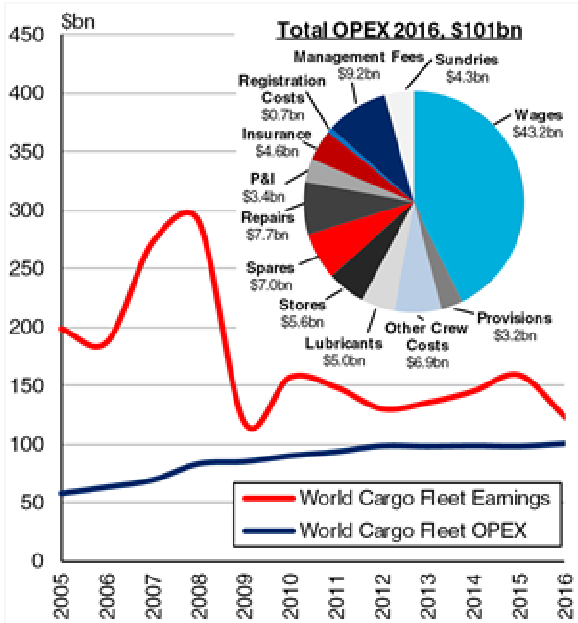
"Look after the pennies and the pounds look after themselves" goes the saying, a mantra the shipping industry has a long taken to heart. In this week's Analysis, we review trends in ship operating expenses

(OPEX) that have taken the total cost base of the shipping industry through the $100 billion barrier for the very first time.

Graph of the Week

Weighing Up The Shipping Industry's Cost Base...

The graph shows estimates of aggregate OPEX and earnings of the world "cargo carrying" fleet since 2005 (c.53,000 ships last year, excluding ship-shaped offshore units). It uses information from Moore Stephens and Clarkson Research's *World Fleet Register*. The graph inset shows an aggregate breakdown of OPEX by cost area. As non-cargo sectors such as offshore, cruise, ferry and tug are excluded, totals will underestimate global market size, i.e. P&I at excess $4bn. For more information on OPEX, please contact Moore Stephens. Please note OPEX excludes fuel and financing costs.



Source : Clarksons Research

Watching The Pennies!
Of all global industries, perhaps few have had the extreme cost focus of shipping over the past 30 years. During the 1980s recession, any operating "fat" was largely removed with the growth of open registries and a drive to outsourcing. This helped shipping, alongside its near "perfect" competitive economic model, deliver exceptionally cheap and secure freight, in turn a key facilitator of globalisation.

Nice And Lean…
OPEX response since the financial crisis has been relatively modest. Our average OPEX index (using the ClarkSea "fleet" mix and information from Moore Stephens) shows just a 1% decrease in OPEX since the financial crisis to $6,451/day in 2016. By comparison, the ClarkSea Index dropped 71%, from $32,660/day in 2008 to $9,441/day in 2016 (a record low). In part, this modest, albeit painfully achieved, drop reflects upward pressures from an expanding fleet and items such as crew and ever- increasing regulation. However it also reflects the already lean nature of OPEX.

$100 Billion And Counting…
Our estimate for aggregate global OPEX for the world's cargo fleet has now breached $100 billion for the first time, up from $98 billion last year and $83 billion in 2008. The largest constituent remains crew wages ($43 billion covering 1.4 million crew across the fleet). By comparison aggregate ship earnings for our cargo fleet fell from an eye watering $291 billion in 2008 to $123 billion in 2016!

Cutting The Fat…
One sector that has seen dramatic cost reduction has been offshore. Estimates vary, but 30% seems a reasonable rule of thumb for reductions in OPEX since 2014. While painful, this has been part of a process of making offshore more competitive against other energy sources (offshore contributes 28% of oil production, 31% of gas, and 16% of all energy) and one of the factors behind the increase in sanctioning of offshore projects.

Getting Smarter…
So shipping is one of the leanest industries around but is always under pressure to do more! It seems clear that squeezing cost in the traditional sense, offshore aside, will be pretty challenging — UK media reported on the docking of the 20,150 teu MOL Triumph, highlighting it was manned by only 20 crew!

Getting smarter, collecting and using “big data” and technology and automation are all gaining traction.
The industry’s fuel bill (accounted for outside of OPEX) is clearly a big target.
This will all require new technology, skills and perhaps new accounting approaches. Plenty of food for thought but it seems like just going on another severe diet won’t work this time.
Source: Clarksons
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(3) Lloyd’s List, 23 May 2017

Is the shipping industry ready to transform digitally?

A panel of experts assembled by Lloyd's List will discuss the industry's digital preparedness in Oslo on May 29.

We asked eight experts to identify which digital innovation they expect to have the biggest impact on their business over the next 24 months

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Ari Marjamaa: Vice-president, head of Global Market Intelligence
Wallenius Wilhelmsen Logistics

Innovation rarely happens as fast as you think, but when it comes it often brings more than you expected. The current expectations for maritime innovation are certainly welcome, but actual change to happen within the next 12-24 months will likely disappoint.

Still, the real change may be less about actual innovation and more about leadership.

Despite all the talk about digitisation, our industry is in many ways still medieval in its operations, being to a large degree paper based and often lacking co-ordination of regulations, procedures and requirements across ports, countries or regions.

Digitisation will surely have a massive effect on our industry, but before it can be fully leveraged, it is our belief that the industry needs to come together to drive initiatives that can target these inefficiencies, creating common standards and practices, supported of course by technology. Industry leadership should thus create the innovations, not the mere availability of technology.

Norbert Kouwenhove: Head of Global Trade Digitisation Deployment IBM

Global Trade Digitisation, an end-to-end supply chain visibility platform supported by blockchain technologies, will transform the logistics Industry.

Digital technologies have matured. They now allow for fast and secure data sharing across participants in a supply chain, the replacement of paper filings by digital documents, and automated workflow. These technologies will expedite processes, promote new ways of doing businesses, and force participants to rethink the business value they generate.

For some, obsolescence looms. For others, opportunities for new services and business models will emerge. Maersk and IBM lead the way with the introduction of an open, industry-wide global maritime logistics platform.

Thorsten Meincke: Vice-president Global Seafreight, Kuehne+Nagel

The biggest digital innovation impacting the business in the next 12-24 months will be blockchain technology. Data exchange is and has been the biggest driver for efficiency in Kuehne+Nagel, as it has been the key enabler to automate the processes between our customers and Kuehne+Nagel, as well as from and to all carriers and other service providers.

The blockchain technology will enable significant improvements, as this will allow the integration of additional global supply chain partners not linked via EDI today (such as customs and authorities), it will significantly increase the number of data elements, covering all data of the cargo managed, and it will include further electronic documents, replacing manual processes.

Knut Ørbeck-Nilssen: Chief Executive Maritime DNV GL

I think it will be a combination of various new pieces of technology that enables us to learn more about a vessel's performance and help to optimise it. Everything from the engines, the propeller and safety systems to the cargo on board can be fitted with smart sensors to monitor performance and catch irregularities.

Via powerful satellite connections, this information can be fed into performance management platforms, such as DNV GL's ECO Insight, which turn pure data into business intelligence. We can also combine this data with survey results and a 3D model of the ship to build a digital twin. With such a digital copy of a real object, modelled to exactly represent its properties, we can find the best design, see how the systems on board respond to cyberattacks and identify when equipment needs maintenance. And we can do all of this throughout the life of the vessel.

John Taxgaard: Vice-president Global Maritime Services, Ericsson

The evolution of satellite/cellular connectivity, combined with the revolution of automation and robotic technologies, has a tremendous potential to improve the efficiency, process optimisation, sustainability and safety for all industries, including the maritime sector, over the coming 12 to 24 months.

Further innovation within these technologies will generate new business opportunities and we expect to see new high-bandwidth applications and low latency powered Internet of Things services — combining the integration of new and legacy sensors, the use of indoor/outdoor navigation, and computer vision technologies — and advanced and predictive analytics.

This will be reliant on seamless connectivity, access to real-time data, and access to people or companies with specific business IT skills — i.e. an end-to-end ecosystem of individuals and corporations driving digital transformation using technologies such as artificial intelligence to create programs and solutions with the help of algorithms and machine learning.

Per Westling: Chief Executive, Stena RoRo

The answer is simple — artificial intelligence. It will have such a large impact on how we conduct our daily business that it will eventually become a required foundation for doing business, much like electricity is a required foundation today.

More than anything else, it will affect our organisation and the mindset we need moving forward. Artificial intelligence will empower us to do things that we previously thought were science fiction. Today, it's simply science.

Andrea Zito: Group Director, Technical, V.Group

The volume of data gathered managing more than 700 vessels provides a unique opportunity to radically change the shipmanagement activities to a highly proactive approach.

V.Group is comprehensively upgrading its shipmanagement software — Shipsure — supporting technical/maintenance, procurement, operations, crewing/recruiting and accounting as the industry's most integrated platform.

Its open architecture will facilitate easy plug-in of other applications in specialised domains such as hull efficiency and machinery performance monitoring.

Products of major suppliers, currently under test on board some managed ships, will provide the most cost effective application in the domain of hull efficiency, fuel consumption and voyage-weather routing.

By 2018 V.Ships will have, by default, a powerful decision support system for performance management on board and ashore.

This upgrade will also increase the connectivity with other V.Group services, such as condition monitoring, tech support and lube oil analysis, assuring prompt availability of decision support information to clients and internal teams.
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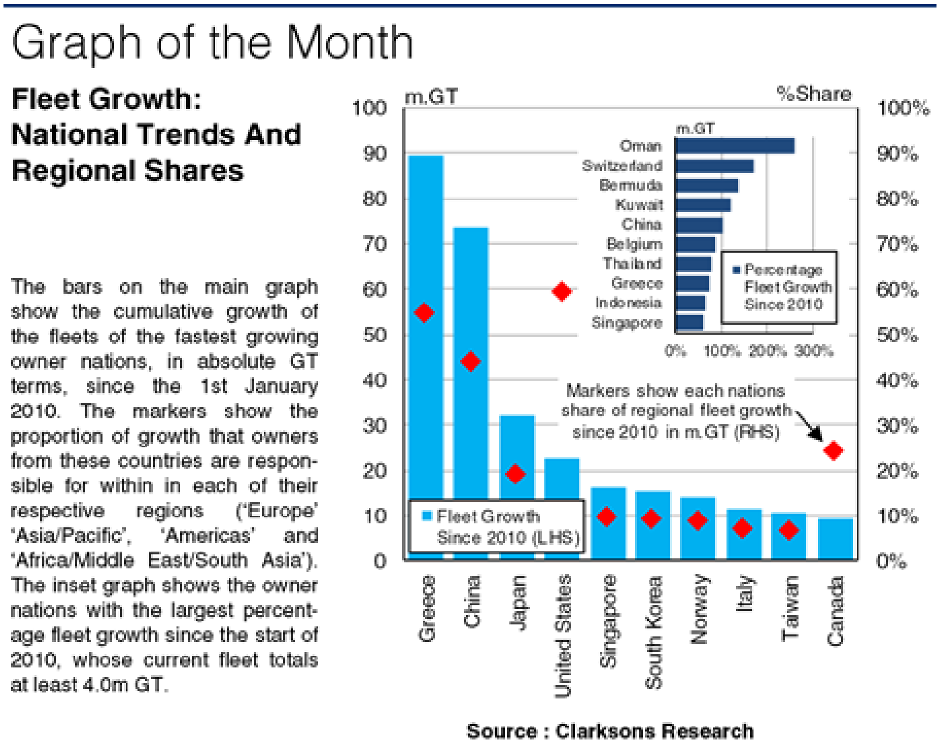
(4) Clarksons Research, 19 May 2017

Greek owners have been responsible for the largest volume of fleet growth since the start of 2010

The rate of global fleet growth has slowed since the start of the decade, from a peak of 8.6% in 2010 to 3.1% in 2016. Despite this, overall fleet capacity has still increased by 391m GT during this period, already more than the 355m GT added during the previous decade. This has been driven by owners from a select set of countries, with just ten owner nations responsible for 75% of all of the growth.



Top Nations Going Strong
Greek owners have been responsible for the largest volume of fleet growth since the start of 2010, with 89.3m GT entering the Greek owned fleet during this period. This has seen Greek owners cement their position as the largest owner nation, having overtaken Japanese owners during 2013, with a sustained level of deliveries and secondhand purchases in recent years. The Chinese owned fleet has grown by the second largest total since 2010 (73.7m GT), whilst the Japanese owned fleet has increased by 32.2m GT. Of the ten national fleets to have grown by the largest amount of tonnage since the start of 2010, nine are amongst the largest owner nations as of 1st May 2017. Only Canadian owners are not part of the ten largest owner nations (ranking 13th with 24.5m GT), highlighting that recent growth has been driven by countries with established fleets. The exception to this trend are German owners, who own the fourth largest fleet with 85.4m GT, but have experienced a 12% reduction in fleet tonnage since 2013.

Regional Growth Differences
The global fleet has increased by 44% in GT terms since 2010, with all regions seeing a sustained level of growth. The European and Asia/Pacific fleets have grown almost equally in this period, by 164m GT and 168m GT respectively. However, there have been some notable differences in the diversity of this growth. European growth has been primarily driven by Greek owners, whose fleet has grown by 74% in GT terms since 2010, equivalent to 54% of European growth. By comparison, Norwegian and Italian growth has only accounted for 9% and 7% of European growth respectively. In contrast, Asian fleet growth has been driven by a wider set of nations. Whilst Chinese owners account for 44% of total Asia/Pacific fleet growth in GT terms, Japanese (19% share of growth), Singaporean (10%), South Korean (9%) and Taiwanese (6%) owners have also experienced notable fleet growth since 2010.
Smaller Nations Stepping Up?
Outside of the largest owner countries, there have also been some notable developments amongst smaller owner nations. The Omani owned fleet has increased by 257% in tonnage terms since 2010, whilst the Swiss, Bermudan and Kuwaiti owned fleets have all more than doubled in size. With total fleet growth slowing, some of these smaller owner nations are becoming more influential in regional and global growth patterns.
So, whilst fleet growth has slowed since 2010, a significant volume of capacity has still entered the fleet, primarily owned by companies from established owner countries. However, some smaller owner nations are growing at a rapid rate, showing that fleet growth can still come from a wider range of sources too.
Source: Clarksons
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(5) Lloyd's List, 27 April 2017

What role for brokers in digitalisation era?

Brokers have time to add value to their services while online platforms catch up with complex trades

SHIPBROKERS will need to make their services more value-added as digitalisation and online platforms encroach on the brokerage sector, even in sectors where there is less of a threat.

Speaking at a panel discussion during Lloyd's List Business Briefing Singapore on Thursday, BHP Billiton's vice-president for freight Rashpal Bhatti raised the alarm that chartering brokers cannot sustain themselves just by making phone calls.

"They have to provide a bit extra, like offering vessels with the lowest cost and highest safety," he said.

The Anglo-Australian mining giant introduced an online auction system for transporting cargoes in January — an unprecedented move for a charterer of its scale — to bypass middlemen and negotiate with vessels owners and operators directly and digitally.

Such a digital portal could pan out well in the large dry bulker sector, such as capesizes, where trades are less diversified. However, in many other sectors, where market dynamics are more complicated, the old process will remain the norm, argued the other panelists.

"All chemical tankers have different courses and different voyage days," said Kenny Rogers, head of Aurora Tankers.

As a result of this complexity, in the chemical tanker industry, brokers will continue playing an important role, Mr Rogers contended. "A lot of dynamics do take place between the market elements, which the brokers have an answer to."

For similar reasons, Western Bulk chief executive Jens Ismar pointed out the kind of online platform that is feasible for large ore carriers is not suitable for smaller bulkers like supramaxes and handysizes.

Peter Lye, head of shipping at another mining giant, Anglo American, even questioned the transparency of online platforms, although he recognised it is a good start for the industry that aims to improve efficiency.

In the sale and purchase markets, more efficiency and value-add in ship brokerage is also needed, according to Ojas Doshi, managing director of Rhodium Investment. The Singapore-based trading company recently decided to move into the shipowning business.

Mr Doshi, who dealt with the S&P brokers for the first time recently, said he found little differentiation in their services. “All they did was cutting and pasting. I don’t see why [a] computer cannot replace them.”

He said brokers should have added more value in terms of meeting his requirement for vessel safety and technologies. “Those things are not just happening enough," he added.

As the only panelist representing his field, Braemar ACM Shipbrokering managing director Denis Petropoulous appeared reluctant to offer a tit-for-tat argument.

Instead, he warned that shipowners often only deal with the one broker that agrees with them. “You need to be careful not to fall into that trap,” he said.

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(6) Hellenic Shipping News, 20 May 2017

Shipping could benefit from increased world trade between East and West

China’s Belt and Road Initiative is slowly taking shape, as was evidenced over the course of the past few days. However, exactly how will shipping benefit from this colossal project is still a bit hazy, although most analysts would argue that the potential is there. In its latest weekly report, Allied Shipbroking discussed the developments surrounding the Belt and Road summit, which was held over the previous days, as Xi Jinping welcomed 28 heads of state and government in Beijing, “as he sought to further promote his most ambitious foreign policy under the banner of the “belt and road” initiative”. According to Allied, “with roughly US$ 150bn spending in investment per year in over 68 countries, there is a whole lot riding on this scheme for both China as well as all its participating partners. However, behind the scenes there is a lot of skepticism and mistrust by the West with regards to the broader motivations that China hides behind the scenes”.

According to Allied’s George Lazaridis, Head of Market Research & Asset Valuations , “a part of this weekend’s forum was for President Xi Jinping to ease concerns as well as to further enhance ties between the linking countries. China has sought out to properly take up the opportunities that have been left behind by the U.S. retreat from the Transpacific Partnership, while always trying to refrain from looking like it wants to take up a leading role in the region as a political power through its economic might. In an effort to smooth out concerns and regional objections it announced a further funding commitment of around US$ 84bn, while also announcing the creation of a China-Russia Regional Co-operation Development Investment Fund to promote links between China’s north and Russia’s far east”.

At the same time, Lazaridis noted that “China’s recent agreement with the U.S. to take action by mid-July to increase access for U.S. financial firms and expand access for certain U.S. agricultural products has helped to ease tensions between the two nations, while also pulling back concerns that U.S. President Trump would go through with his pre-election campaign promises with regards to increasing trade barriers with China. All this does help boost prospects for the whole of the Asian region, with the close trading ties and stronger trade flow likely to help boost economic growth not just for China but for the majority of the 68 countries that have signed up”.

Allied's analyst added that "furthermore, it looks as though interdependence of emerging markets to the U.S. and Europe is starting to slightly wain, with a better intra-regional trade allowing a greater portion of their export-oriented growth to be sourced by countries outside the OECD group. This impart makes for a more robust global economic growth as the whole international trade balancing act is reliant on more individual nations rather than just the few more developed countries, which in effect meant that the whole system was more prone to severe shocks. The deeper question however that still holds, is by when do we expect to see some sort of fruits bearing from this whole endeavor? The answer is slightly more complicated, especially when given the fact that a whole lot of politics is also heavily involved and a general sense of mistrust is still to be tackled. It does however help boost the overall fundamentals and with such figures being spent on infrastructure that will essentially be used in its majority to further boost trade, we should start to see a more promising picture for the future of trade slowly emerge".
source: Hellenic Shipping News Worldwide
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(7) Hellenic Shipping News, 27 May 2017/ Reuters

China's reforms not enough to arrest mounting debt: Moody's

China's structural reforms will slow the pace of its debt build-up but will not be enough to arrest it, and another credit rating cut for the country is possible down the road unless it gets its ballooning credit in check, officials at Moody's said.
The comments came two days after Moody's downgraded China's sovereign ratings by one notch to A1, saying it expects the financial strength of the world's second-largest economy to erode in coming years as growth slows and debt continues to mount.
In announcing the downgrade, Moody's Investors Service also changed its outlook on China from "negative" to "stable", suggesting no further ratings changes for some time.
China has strongly criticized the downgrade, asserting it was based on "inappropriate methodology", exaggerating difficulties facing the economy and underestimating the government's reform efforts.
In response, senior Moody's official Marie Diron said on Friday that the ratings agency has been encouraged by the "vast reform agenda" undertaken by the Chinese authorities to contain risks from the rapid rise in debt.
However, while Moody's believes the reforms may slow the pace at which debt is rising, they will not be enough to arrest the trend and levels will not drop dramatically, Diron said.
Diron said China's economic recovery since late last year was mainly thanks to policy stimulus, and expects Beijing will continue to rely on pump-priming to meet its official economic growth targets, adding to the debt overhang.
WAITING FOR IMPLEMENTATION
Moody's also is waiting to see how some of the announced measures, such as reining in local government finances, are actually implemented, Diron, associate managing director of Moody's Sovereign Risk Group, told reporters in a webcast.
China may no longer get an A1 rating if there are signs that debt is growing at a pace that exceeds Moody's expectations, Li Xiujun, vice president of credit strategy and standards at the ratings agency, said in the same webcast
"If in the future China's structural reforms can prevent its leverage from rising more effectively without increasing risks in the banking and shadow banking sector, then it will have a positive impact on China's rating," Li said.
But Li added: "If there are signs that China's debt will keep rising and the rate of growth is beyond our expectations, leading to serious capital misallocation, then it will continue to weigh on economic growth in the medium term and impact the sovereign rating negatively."
"China may no longer suit the requirement of A1 rating."
Li did not give a specific target for debt levels nor a timeframe for further assessments.

Moody’s expects China’s growth to slow to around 5 percent in coming years, from 6.7 percent last year, compounding the difficulty of reducing debt. But Diron said the economy will remain robust, and the likelihood of a hard landing is slim.

After Moody’s downgrade, its rating for China is on the same level as that on Fitch Ratings, with Standard & Poor’s still one notch above, with a negative outlook.

On Friday, Fitch said it is maintaining its A+ rating. Andrew Fennel, its direct of sovereign ratings, noted China’s “strong macroeconomic track record”, but said that its growth “has been accompanied by a build-up of imbalances and vulnerabilities that poses risks to its basic economic and financial stability”.

STIMULUS SPREE

Government-led stimulus has been a major driver of China’s economic growth over recent years, but has also been accompanied by runaway credit growth that has created a mountain of debt – now at nearly 300 percent of gross domestic product (GDP).

Some analysts are more worried about the speed at which the debt has accumulated than its absolute level, noting much of the debt and the banking system is controlled by the central government.

UBS estimates that government debt, including explicit and quasi-government debt, rose to 68 percent of GDP in 2016 from 62 percent in 2015, while corporate debt climbed to 164 percent of GDP in 2016 from 153 percent the previous year.

A growing number of economists believe that a massive bank bailout may be inevitable in China as bad loans mount. Last September, the Bank for International Settlements (BIS) warned that excessive credit growth in China signaled an increasing risk of a banking crisis within three years.

IS BEIJING MAKING PROGRESS?

The Moody’s downgrade was seen as largely symbolic because China has relatively little foreign debt and local markets are influenced more by domestic factors, with many companies enjoying stronger credit ratings from home-grown agencies than they would in the West.

Still, the rating demotion highlighted investor worries over whether China has the will and ability to contain rising risks stemming from years of credit-fueled stimulus, without triggering financial shocks or dampening economic growth.

China has vowed to lower debt levels by rolling out measures such as debt-to-equity swaps, reforming state-owned enterprises (SOEs) and reducing excess industrial capacity.

In recent months, regulators have issued a flurry of measures to clamp down on the shadow banking sector while the central bank has gingerly raised short-term interest rates.

But moves so far have been cautious, especially heading into a key political leadership reshuffle later this year.

The autumn’s Communist Party Congress is President Xi Jinping’s most important event of the year, where a new generation of up and coming leaders will be ushered into the Standing Committee, China’s elite ruling inner core.

But party congresses are always tricky affairs, as different power bases compete for influence, so the government will be keen to ensure there are no distractions like financial or economic problems or diplomatic confrontations.

Source: Reuters (Additional reporting by Ben Blanchard and Elias Glenn; Editing by Kim Coghill and Richard Borsuk)

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