



Global Maritime Weekly Digest

Publishing Director: Prof Minghua Zhao

Editor: Richard Scott

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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.*

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Editorial comments

- Many **shipbuilding yards in China** are facing severe difficulties as additional order for new ships remain scarce, reflected in vast over-capacity in the industry (item 2).
- During the past twelve months there has been a **collapse in new ship ordering** globally in the three main sectors – tankers, bulk carriers and container ships – as investors re-assessed prospects (item 5). A belief that drastic adjustments are still needed to correct shipping market imbalances became more widely held.
- Among the largest shipowning countries, much **lower newbuilding investment** was seen last year when downturns in the top three – Greece, Japan and China – reduced the annual contract value totals by between sixty-one and eighty-eight percent (item 5).
- The **liquefied petroleum gas (LPG) carriers** freight market will be tough for shipowners in the year ahead, according to analysts (item 2), based on expectations of excessively rapid growth in the fleet amid a healthy pace of global LPG trade expansion.
- A trend of **consolidation in container shipping services** became more prominent over the past twelve months, when further mergers were seen which could result in the top 10 container service operators' share of global capacity rising to almost four-fifths of the total (item 1).

Richard Scott MA MCIT FICS
editor (email: bulkshipan@aol.com)
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(1) Clarksons Research, 10 February 2017

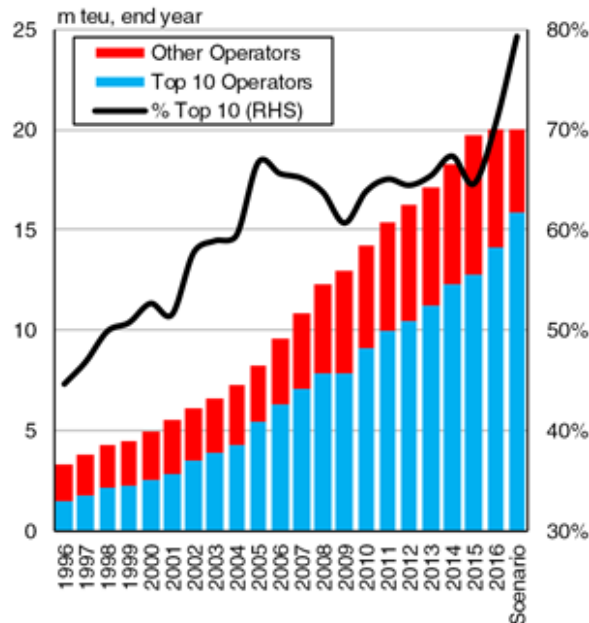
Charting The Consolidation Of Container Shipping

Last year saw a huge amount of change in the under pressure container shipping sector. In particular, the ongoing consolidation of the sector in one form or another grabbed the headlines. To put this into context, it's interesting to see how the level of consolidation relates to other parts of shipping, how it has developed over time and how it might progress looking forward.

Graph of the Week

Box Shipping's Top 10 Hits Still Climbing The Charts

The graph shows the development of containership capacity deployed by the top 10 and other operators at each end year (basis start 2017 data). The 'Scenario' is basis the completion of currently planned consolidatory activity and today's fleet capacity. Clarksons Research's ranking of the top liner companies is published on a monthly basis in the 'Tables' section on *Shipping Intelligence Network* and on page iv of *Container Intelligence Monthly*.



Source : Clarksons Research

Solid In A Fragmented Field

It's quite clear that the shipping industry is a fairly fragmented business. On the basis of start 2017 Clarksons Research data, 88,892 ships in the world fleet were spread across 24,267 owners. That works out at less than 4 vessels per owner. Although 145 owners with more than 50 ships accounted for almost 12,000 of the vessels (and 29% of the GT), it's still not that consolidated. The liner shipping business however is one the more consolidated parts of shipping, as well as being home to some of the industry's larger corporates. At the start of the year, the 5,154 containerships in the fleet were owned by 622 owner groups, about 8 ships per owner, but, perhaps more pertinently, were operated by 326 carriers, about 16 ships per operator. Each of the top 8 operators deployed more than 100 ships. But despite the less fragmented nature of the sector, recent market conditions have led to another round of consolidation in the box business.

All Change At The Big End

The three largest operators (by deployed capacity) at the start of 2017 were European: Maersk Line (647 vessels deployed) followed by MSC (453) and CMA-CGM (454). Of the remaining carriers in the top 20 all but three were based in Asia or the Middle East. However, what's really interesting is that out of the 20 largest carriers back in late 2014, 4 are now gone. CSAV was acquired by Hapag-Lloyd, NOL/APL by CMA-CGM and the two major Chinese lines merged. And of course in late summer 2016, the financial collapse of Hanjin Shipping marked the sector's biggest casualty in 30 years.

Long-Term Liner Trends

Against this backdrop, the graph shows that the latest wave of box sector consolidation is actually part of a long-term trend. Back in 1996 the top 10 carriers deployed 45% of capacity and at the start of 2017 that figure stood at 70%. The coming year is set to see Hapag-Lloyd complete its merger with UASC, and Maersk Line's planned acquisition of Hamburg-Sud is also awaiting necessary approvals. The second half of last year also saw the three major Japanese operators declare their intention to merge containership operations in a joint venture due to be established this year and start operations in 2018. The 'scenario' based on these changes would see the top 10's share at 79%, nearly twice as much as 20 years ago.

Tracking The Top Table

So, the container sector is one of the more consolidated parts of shipping, and both the long-term trend and recent developments point towards ongoing consolidation. Many hope this will help the recalibration of market fundamentals and eventually support improved conditions. In the meantime, we'll be publishing the ranking of the top containership operators every month, so watch this space.

Source: Clarksons

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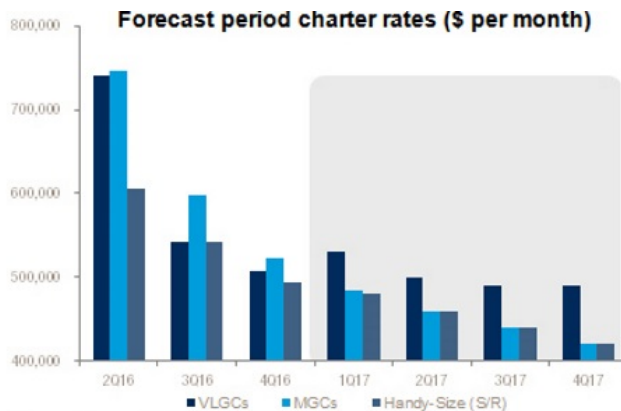
(2) Hellenic Shipping News, 16 February 2017/ Drewry

Continued oversupply to put further pressure on LPG shipping rates

The LPG shipping trade will continue to grow at a healthy pace on the back of strong Asian demand, but fleet growth will outpace it, keeping rates under pressure in 2017, according to the latest edition of the LPG Forecaster, published by global shipping consultancy Drewry.

2016 was a tough year for LPG shipping with rates coming under pressure across all size segments.

2017 is expected to be no different with the fleet set to grow by another 16%, on top of the 17% expansion seen last year.



Asia-Pacific countries have been the major drivers of the LPG trade for several years, and imports to this region have grown at a robust rate of 12% annually over the last four years. Drewry believes the region will continue to be the major driver of future LPG trade as a vast section of the population still does not have access to clean-burning LPG fuel. The LPG trade is forecast to grow at around 5% pa over the next four years.

The mismatch between fleet and trade growth will further squeeze LPG rates in 2017. Drewry expects rates for all LPG vessel segments, except the small coasters, to decline as fleet growth will be too great for the market to absorb. The strongest fleet growth will be registered in the MGCs segment at 35%,

followed by the Handy-Size and VLGC segment, where the fleet will expand at 23% and 16% respectively in 2017.

Given the widening supply-demand balance, Drewry remains bearish on all the above LPG vessel sectors and expects rates to fall further in 2017.

“Currently, the LPG market is flooded with excess vessel supply but from 2018 fleet growth will slow down. This indicates a good long-term outlook, however we expect only a modest recovery in rates in 2018 as the market will require about two years to regain its balance,” commented Shresth Sharma, senior analyst for gas shipping at Drewry.

Source: Drewry

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(3) Hellenic Shipping News, 13 February 2017/ Wall Street Journal

China’s shipbuilders go from boom to rust

Until last year the Yangzhou Guoyu Shipbuilding Company was a bustling village of 6000 workers striving to fulfil worldwide orders for new ships.

Today, in a scene repeated across China’s industrial heartlands, the yard stands silent but for the howling of stray dogs around its deserted docks. Outside the closed gates is a ghost town of abandoned workers’ dormitories, closed restaurants and crumbling internet cafes.

Much of Yizheng’s 27km stretch along the Yangtze’s northern bank 320km upriver from Shanghai is now a wasteland, where idle cranes loom half-seen through choking grey haze.

Unfinished hulks of ships are left to rust.

“The yard had been open for so many years. There seemed no way that it could all fall apart so quickly,” said Chen Caihong, one of thousands of workers who flocked here a decade ago to join China’s latest manufacturing boom. Mr Chen was laid off last year, joining tens of thousands of Chinese shipbuilding workers being sacked amid a global crash in shipping. And the downturn is far from over.

The government has warned that almost one-third of the country’s remaining shipyards must close as Beijing wrestles with overcapacity in a range of heavy industries.

Shipbuilding became a symbol of China’s industrial might in the early 2000s, when Beijing vowed to transform its modest shipbuilding sector into the world’s largest producer by 2015 — then did it five years ahead of plan.

But China’s rise to pre-eminence coincided with a slump in global trade that gutted demand for new container ships, oil tankers and bulk carriers used for transporting commodities, just as a glut of new orders placed by over-bullish shipping lines was flooding the market.

In 2015, Premier Li Keqiang identified shipbuilding as one of the heavy industries on which he said China must “ruthlessly bring down the knife” to eliminate overcapacity.

The result is that China’s private sector shipyards have been virtually wiped from the map, while Beijing is keeping only the most viable state-run yards alive with subsidies.

“China has been very badly caught out,” said Robert Willmington, a shipbuilding analyst with IHS Maritime & Trade. A large bulk carrier was worth \$US110 million (\$144m) at the peak of the market; now it would fetch only \$US45m, he said.

Chinese shipyards capable of building large ocean-going vessels have roughly halved in number since 2013 to about 70, he said, while hundreds of smaller shipyards have gone bust.

China, South Korea and Japan between them built almost all the world’s ships, and they were all suffering from a global slump that may not end until 2019, Mr Willmington said.

China’s rise and fall had been especially violent, he noted, with a much smaller, state-dominated industry now set to emerge from a sector that once welcomed private enterprise.

Mr Chen, a qualified shipbuilding engineer, said he earned 8000 yuan a month — around \$1500 today, and three times as much as China’s migrant workers earn on average — during the golden years.

A 45-year-old native of Jiujiang 500km to the southwest, Mr Chen recalled migrating to Yizheng when shipbuilding jobs were plentiful.

Mr Chen now gets by with irregular work at a logistics firm. “I’ve called 10 or 20 shipyards, but they all said they don’t need people,” he said.

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Thousands of other migrants drawn to Yizheng by abundant shipbuilding jobs have drifted away, depressing local businesses, according to residents.

A few kilometres upriver, the private Yizheng Xinyang Shipbuilding Company built 10 ships last year, down from 40 a few years ago, said Wu Qing, a yard manager with the company.

“Just breaking even is our goal now,” said Mr Wu.

“If we can feed our employees and stay afloat, that’s already something. We have to keep using the heavy equipment — it will rot if we don’t.”

Industry analysts estimate China’s shipbuilding workforce still numbers over half a million people at hundreds of yards.

Beijing has tried to cushion shipbuilding’s collapse. The Export-Import Bank of China has approved over \$US25bn in shipbuilding finance since 2013, equivalent to a third of all China’s overseas orders. Orders fell again by a third in 2016, according to the China Association of the National Shipbuilding Industry.

Li Dong, co-director of the Ministry of Industry and Information Technology, said in October that 30 per cent more shipyards would be axed on top of the 20 per cent that have disappeared so far.

Source: Wall Street Journal

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(4) DNV GL, 13 February 2017

Quality assurance for maritime training

Safety depends on proper training, which requires constant adaptation to new technologies and operating conditions.

Competence is a crucial factor in the shipping business. Through its SeaSkill certification services DNV GL helps owners and operators, maritime training providers and test centres to advance crew training and ensure the highest levels of safety on board.

The most sophisticated technologies are of limited use if not operated by people who command the appropriate skills. As maritime technology advances so do the demands on crews. Complex on-board systems, shorter turnover times in ports and the ambition to operate vessels as efficiently as possible, requires highly skilled seafarers. “Enhancing crew competence and establishing a strong safety culture is a key concern for many operators in the maritime and offshore sectors. Competence management is therefore at the heart of the SeaSkill programme,” says Nils Gunnar Bøe, Head of SeaSkill and Area Manager Norway East, Mid & North at DNV GL.

Overcoming reactive competence management

Seafarer training is subject to the rules of the IMO “Convention on Standards of Training Certification and Watchkeeping for Seafarers” (STCW). The amended 2012 version of the STCW sets forth new standards and requires all seafarers to be certified accordingly by 2017. Training organizations and their equipment also require certification under the STCW. The DNV GL SeaSkill programme with its standard for providers of maritime training was the first competence- related initiative by a classification society and is widely recognized and valued by the industry. “SeaSkill certification ensures high-quality, well-structured maritime education programmes using appropriate resources and equipment, and proper competence assessments which increase the value of licences and certificates,” says Bøe. Going beyond the basic requirements of STCW, SeaSkill certification is designed to make sure that “ships are operated by people who are fit for purpose.”

DNV GL SeaSkill certification to applicable national or international standards is available for maritime training providers, learning programmes and test centres, simulators used for training and qualification, assessment centres and competence management systems.

DNV GL SeaSkill also assists training organizations in developing competence standards and recommended practices for areas such as ice navigation, the use of LNG as a fuel or Dynamic Positioning (DP). “Our experts have also developed a voluminous library of skill standards, which have been adopted by many training providers and assessment centres,” says Bøe.

SeaSkill assessment systematics have been formally recognized by the London-based International Marine Contractors Association (IMCA), the Norwegian government and practically all relevant flag states. The German Maritime and Hydrographic Agency (BSH) has recently acknowledged the equivalence of the DNV GL standard GL-ST- 0029 with the ISO 9001 quality management standards.

The latest engine room simulators meet present and future needs in the maritime and offshore industry.

Facilitating simulator certification

Numerous companies have embraced the DNV GL SeaSkill standards and activities as a reference or source for their own activities, or use voluntary SeaSkill certification to verify the quality of their maritime-training-related products and processes. For example, over 200 DP operator certificates have been issued based on SeaSkill certification.

Kongsberg Digital, a leading manufacturer of simulators, and DNV GL have formed a partnership enabling Kongsberg to assist operators in meeting the STCW requirements. For training organizations, achieving compliance has been a challenge, says Nils Gunnar Bøe. "There have been several misunderstandings regarding the STCW requirements, which have resulted in additional costs for training providers seeking approval for their simulators."

In future DNV GL will issue product certificates based on an evaluation of documentation provided by Kongsberg and a report of the on-site acceptance test conducted by Kongsberg according to approved testing programmes. DNV GL will also perform annual tests of the training provider's equipment to ensure continued compliance. "We are very satisfied to work with DNV GL to reduce the complexities and challenges maritime training providers face when obtaining product certificates for their simulator installations," says Erik Hovland, General Manager in Maritime Simulation, Kongsberg Digital.

Safety culture inspired by airlines

DNV GL SeaSkill has certified three DP test centres in Norway, including Kongsberg's Ship Modelling and Simulation Centre (SMSC) in Trondheim, the Simsea centre in Haugesund, and Kongsberg Digital's test centre. "These centres will follow industry best practices when awarding DP operator certificates to candidates who have passed their mandatory theory and practical exams," says DNV GL project manager Lars Markusson. More test centres will follow soon.

In the Netherlands, SeaSkill is certifying Carnival Corporation's training facility CSMART in Almere. "CSMART is one of 150 education and learning providers worldwide certified by DNV GL SeaSkill according to the DNV GL ST-0029 standard for Maritime Training Providers," says SeaSkill's Nils-Gunnar Bøe.

Carnival Corporation has modelled its safety culture after an approach adopted by the airline industry as early as the 1980s. To ensure the same or higher safety standards, all technical officers from each of Carnival's brands attend one week of training at CSMART every year. Captain David Christie, SVP, Maritime Quality Assurance at Carnival Corporation, explains: "Modern cruise ship management demands the highest level of safety, and, within all of the Carnival brands, we strive to meet or exceed the applicable safety standards."

Source: DNV GL

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(5) Hellenic Shipping News, 15 February 2017/

Article by Richard Scott, GMWD editor and MD, Bulk Shipping Analysis

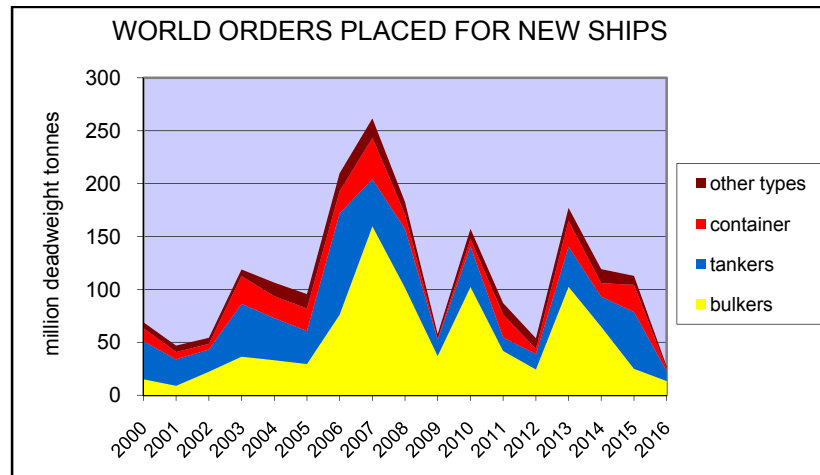
Collapsing orders for new ships set to hasten market rebalancing

Investors' confidence in market prospects dramatically weakened last year, resulting in orders for new ships in the main sectors completely collapsing. Fading optimism about future investment returns, and a more widely held belief that drastic adjustment is required to correct market imbalances, proved compelling. An implied reduction in newbuilding vessels joining the fleet will assist in restraining capacity growth.

There were variations in the scale and pace of reduced ship ordering during the past twelve months. These reflected differing circumstances in the three main sectors – tankers, bulk carriers and container ships – and among smaller categories. One visible exception to the pattern of steep falls was orders for cruise ships, which soared to a new record high level, spurred by entirely different drivers in that specialised market.

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The chart below highlights trends in the recent period and preceding years. Inevitably, the impact of the 2016 slump is emphasised by comparison with exceptionally massive contracting for new ships in 2006-2008, towards the end of the shipping markets boom. Notably, however, two subsequent secondary ordering peaks occurred in 2010 and then again in 2013 when investors' optimism, especially for bulk carriers, revived strongly.



Annual totals of contracts agreed source: Clarksons Research

Ordering new ships proves unattractive

Depressed or weaker current market freight rates, coupled with shipowners' receding confidence in future markets and potential profitability, was reflected in only minimal interest last year in buying new ships. Provisional figures compiled by Clarksons Research show that 480 newbuilding contracts were placed with shipbuilders around the world in 2016, totalling 27.4 million deadweight tonnes. This low volume represented less than two percent of the existing world merchant ship fleet.

Percentage declines in newbuilding orders placed globally in 2016, compared with the previous year, varied among the main sectors. Container ship and tanker orders fell dramatically, by 91 percent and 82 percent respectively. In both sectors however, the decline was accentuated by comparison with very strong ordering in the preceding year.

In the bulk carrier segment there was a less steep but still massive 46 percent fall after a relatively low previous total. Among other categories orders for gas carriers, both liquefied natural gas (LNG) and liquefied petroleum gas (LPG), diminished and offshore service vessel contracting remained limited.

Another feature of last year's contracting activity was prominent. Over nine-tenths of the bulk carrier orders placed, which also comprised almost half of all merchant ship orders, consisted of one type of vessel intended for employment by one user. Contracts for valemex 400,000 dwt size very large ore carriers (VLOCs) numbered 31, totalling 12.4m dwt. The majority will be built for three Chinese owners, plus one for a Japanese owner, with all ships destined for long-term charter to Brazilian mining company Vale.

Newbuilding deliveries: differing sector outlooks

How do these changes affect the overall global newbuilding orderbook profile and scheduled deliveries over the next few years? As measured at year end, the 2016 merchant ship orderbook total was down by 92m dwt or 29 percent compared with twelve months earlier, based on Clarksons Research data, from 315m dwt to 223m dwt. That reduction reflected deliveries of new ships from shipyards heavily outpacing incoming new orders.

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Significantly, looking at the potential impact on future fleet evolution, orderbooks as a ratio of the existing fleet were down sharply in all main categories. At end 2016 container ship orders were equivalent to 15 percent of the current fleet, while tankers comprised 13 percent and bulk carriers 11 percent of the respective fleets. Reductions will contribute to restraining fleet expansion, which depends also on how scrapping evolves.

The scheduled delivery date profile of global orderbooks is relevant to gauging the impact on fleets in the near future and further ahead. Orderbook delivery schedules usually stretch out over three years ahead, with some vessels due for completion later. At any point the pattern reflects vessels ordered one, two or sometimes more years before agreed delivery dates. Typically the largest proportion of the total orderbook at any given time is due for delivery within the twelve months ahead.

Current delivery schedules will affect the various fleets differently. Estimates of actual annual deliveries are based on scheduled completions, modified by adjustments to reflect orderbook 'slippage' and postponements, for which assumptions are made that are not always accurate. Calculations suggest that container ship newbuilding deliveries in 2017 may be higher than seen last year. Conversely, tanker deliveries may decrease while bulk carrier deliveries are set to fall. In the specialised sectors, LNG carrier newbuildings may increase but those of LPG carriers may decline.

Further ahead changes are less predictable. Based on current orderbooks, deliveries in the three main sectors could diminish in 2018, but there is still potential for new orders to be added for completion next year. Low newbuilding prices at shipbuilding yards are an attractive incentive, although financing has become more restricted than it was in the past when bank lending was abundant.

Fading enthusiasm of investor nations

Examining investment in new vessels by prominent countries, based on their ownership and control, reveals insights into views on future markets and potential opportunities for further involvement. Indications of differing national attitudes towards prospective returns and preferred activities are also reflected.

Global investment in orders for new ships fell dramatically in 2016, as discussed. Based on contract value the annual total is estimated to have been down by almost two-thirds compared with the previous twelve months, from \$90 billion, to under \$34 billion, using provisional figures calculated by Clarksons Research. This decline, in turn, followed a substantial fall in 2015 from much higher levels in the two preceding years.

The largest investor nation by far last year was the United States, which saw a total of \$7.6bn, a relatively modest annual reduction of 11 percent. Most of this investment reportedly consisted of ten high-value cruise ships. In the top three shipowning countries – Greece, Japan and China – by contrast, investment was massively cut. While this pattern seems an accurate guide to the direction and magnitude of change, the actual figures are likely to be revised as additional information becomes available.

In Greece, usually at the forefront of investment in newbuildings, the estimated value of 2016 orders was \$2.2bn, down by 69 percent from the previous year. One individual Greek owner ordering LNG carriers and large tankers comprised a major part. Japan's \$1.9bn total was down even more drastically, by 88 percent. In China a \$4.4bn amount was 61 percent lower, supported by the large order for valemax size VLOCs. But not all changes were negative. Notable variations in two smaller investing countries were the six-fold upsurge in Malaysia to \$3.2bn, and strong 77 percent UK growth to \$2.7bn.

A case study in unforeseen events

Among shipowners and others, there is cautious optimism that the recent collective restraint in ordering new ships will soon greatly contribute to bringing fleet growth under more control. But, as is well known, two other major influences also will have a large impact on the eventual outcome.

On the supply side of freight markets, changes in scrapping volumes could assist or counteract the effect of reduced newbuilding deliveries on fleet growth. For example, if scrapping diminishes greatly amid

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declining newbuilding deliveries, fleet expansion may remain brisk. On the demand side, changes in seaborne trade volumes and associated vessel capacity requirements could assist market rebalancing. Solid demand growth, matching or exceeding fleet growth reduces over-capacity but, if that does not occur, the imbalance (gap) between demand and supply widens.

Bulk carrier market events in the past twelve months neatly illustrate these points. A widely expected further slowing of fleet growth did not happen. However, a pickup in some elements of seaborne dry bulk commodity trade, greater than many expectations, provided assistance for the move towards reducing the market imbalance.

One element of the 2016 bulk carrier market was quite accurately forecast when the year began: newbuilding deliveries. As widely expected at the outset, an annual total of about 48 million deadweight tonnes delivered proved similar to the 49m dwt seen in the previous twelve months. This result was a notable forecasting achievement, since the orderbooks had shown a scheduled volume for delivery in 2016 which was almost twice the figure actually emerging. Much 'educated' guesswork had been required to calculate what percentage of slippage and postponements would be seen.

But other elements affecting the bulk carrier market last year were not foreseen so well, emphasising the essential unpredictability of key influences. Scrapping forecasts proved much less accurate. Soon after last year began, especially severe dry bulk freight rates weakness boosted sales to shipbreakers, leading to estimates of annual scrapping substantially exceeding the previous year's total. After the middle of 2016 though, the freight market revived and demolition sales receded, causing the annual total to decrease. The outcome was no further deceleration in fleet expansion.

While the absence of bulk carrier fleet slowing in 2016 disappointed optimists, largely unexpected additional volumes of cargo in several key trades emerged. In particular, imports of iron ore and coal into China were much stronger than expected. Iron ore import growth accelerated rapidly after a relatively small rise in the previous year. Coal imports seemed set to continue falling, but the trend reversed and a large increase was seen. These changes provided substantial freight market support.

Shaping the future market balance

Recently diminished new ship ordering unequivocally provides a sizeable contribution to future market rebalancing and restoring profitability. The impact and timing will differ from sector to sector but, assuming no resurgence of interest in newbuilding orders over the next twelve months, the result could have a powerful influence eventually.

Looking at the size and profile of current orderbooks, and likely delivery volumes in the next twelve months and further ahead, it is clear that these were partly shaped by the heavy ordering which occurred before the recent reduction. Consequently the timing effects of changes in newbuilding deliveries are likely to vary.

Bulk carrier newbuilding deliveries appear set to decline very sharply in 2017 and quite possibly again next year if ordering restraint continues. By contrast in the tanker sector, deliveries may remain high this year before decreasing, again assuming continued ordering discipline. Container ship deliveries also could remain large and it is currently unclear whether any meaningful reduction will be seen in the following twelve months.

Interactions among market forces will determine how large an impact on tonnage supply/demand balances unfolds. In the somewhat unlikely circumstances of a strong revival in global economic activity and rising expectations for trade expansion, market psychology may change. Scrapping could plummet, although that may be limited by new regulations on ballast water treatment and fuel-burning emissions due to be introduced, rendering many existing ships uneconomic. Newbuildings may again be more widely seen as an attractive investment. This illustration highlights the imponderables.

Source: Richard Scott

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(6) Clarksons Research, 27 January 2017/

Crude Trade In 2017 – What To Watch Out For...

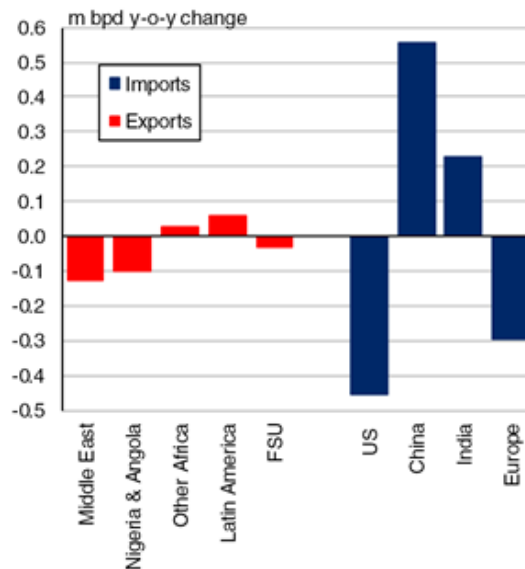
Global seaborne crude oil trade grew by an estimated 4.3% in 2016 to 39.0m bpd. However, as 2017 begins there are a number of different and important factors that may affect both crude importers and exporters, leading to a significant amount of uncertainty and a wide range of possible scenarios for global seaborne crude trade this year. So, what are the factors to watch for crude trade in 2017?

The OPEC Factor

One of the key areas of uncertainty surrounds OPEC crude exports, following the group's announcement in late 2016 that it intends to cut crude output by 1.2m bpd in 2017. However, the potential for non-compliance with cuts, given the group's historical record, creates some uncertainty. Meanwhile, Iran is exempt from the cuts as it seeks to restore output back to pre-sanctions levels, supporting expectations of Iranian crude export growth in 2017. Overall, current projections are for total Middle Eastern seaborne crude exports to fall 1% in 2017.

Graph of the Month

It Certainly Looks Uncertain: Crude Trade In 2017



The bars indicate the currently projected absolute year-on-year change in seaborne crude imports (blue bars) and exports (red bars) in m bpd for 2017 for selected countries and regions.

Source : Clarksons Research

Another key factor is Nigerian and Libyan crude exports, with output in both nations hamstrung by disruption. Both countries are exempt from OPEC production cuts, but the extent of any possible recovery in crude output is currently unclear. If disruptions were fully resolved these two nations could theoretically add 2m bpd of extra crude exports, but it is currently expected that Nigerian and Libyan crude exports will remain depressed in 2017.

Not Forgetting Non-OPEC

Additionally, several non-OPEC nations agreed to cut their oil production in 2017. Notably, Russia stated it would reduce output by 0.3m bpd. However, Russia also has a history of non-compliance with cuts, whilst it is possible that announced cuts elsewhere may be met through expected production declines, adding to the uncertainty. That being said, initial projections are for total FSU seaborne crude exports to fall 1% in 2017. Overall, as OPEC accounted for around 40% of global crude output and 60% of seaborne crude exports in 2016, the announced wider cuts are expected to have a greater impact on crude trade than oil production.

Ups And Downs For Imports

There is also uncertainty surrounding crude importers. One scenario is that OPEC and non-OPEC production cuts will support rising oil prices, boosting US crude output. However, there is significant uncertainty around the extent of possible recovery in US shale oil output given its sensitivity to oil price levels. Current expectations are for US crude output to rise, depressing US seaborne crude imports by 10% in 2017. Additionally, higher oil prices could lead to softer refinery margins and stock drawdowns, which may depress crude imports in regions such as Europe. However, total Chinese and Indian crude imports are expected to rise 0.8m bpd in 2017, partly supported by likely increased refinery activity. So, there are a number of factors to watch out for in 2017, including OPEC output cuts, US shale oil and the fortunes of Nigeria and Libya. With so many factors at play, it is hard to precisely estimate future seaborne crude trade, with initial projections for just 0.2% growth in 2017. What is clear today is that there is a lot of uncertainty.

Source: Clarkson Research Services Limited

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(7) Hellenic Shipping News, 17 February 2017/ SeaAsia 2017

Industry Leaders Call for More Big Data Experts

In a new survey released by Sea Asia 2017, maritime leaders have revealed that a severe skills shortage is preventing the industry from effectively harnessing Big Data and ultimately negating performance and cost-saving potential.

According to the survey, 63 per cent of the leaders believe the lack of access to Big Data is holding back their ability to utilise it, with only 12 per cent saying they are currently compiling, analysing and storing Big Data. The leaders also identified that the key areas where they see potential benefits from the use of Big Data are real time information on vessel performance (77 per cent) and cost savings for their respective companies (70 per cent).

The survey, conducted ahead of Sea Asia 2017, was carried out among maritime leaders to gain insights into key trends in the industry. The trends highlighted in the survey will form part of the discussions taking place at Sea Asia 2017.

Recognising the benefits that Big Data brings to the industry, Mr Oh Bee Lock, Head of Group Technology at PSA International Pte Ltd, said leaders need to start looking more closely into how data analytics can augment human decisions, while bringing the current and future workforce up to speed.

“There is no question that Big Data will transform the port and logistics industry substantially. From enabling cargo visibility to the development of self-piloting ships, the benefits are clear. With technology changing rapidly today, the industry will develop slower than others if it does not harness and use Big Data successfully.

“The next step must be for us to prepare the industry to fully integrate Big Data analytics into the working environment. We need to look into developing the skills of our current workforce to ensure that there are professionals who are trained to collect and use the large amounts of data in the industry, and make it more interesting for Big Data professionals to join the industry.

“Only with a competent set of professionals can the opportunities provided by Big Data be leveraged effectively,” said Mr Oh, who will be speaking at Sea Asia 2017.

A majority of the industry leaders surveyed also supported this sentiment. Half of the leaders (50 per cent) recognised the need for more skilled professionals, especially with the industry moving towards smart shipping, while 83 per cent highlighted the importance of focusing on developing the skills of current employees.

Mr Oskar Levander, Vice President of Innovation — Marine at Rolls-Royce, highlighted that with the global move towards smarter technologies, it is crucial that all stakeholders recognise the need to change with the times and work together to keep up.

“Big Data has the potential to change and disrupt the maritime sector, changing the way services are offered and allowing new players with new and different skills sets to enter the market. The evolution of technology means that the competitive landscape for the maritime industry is also changing quickly. It is therefore crucial for the industry to come together and collaborate with one another and the government

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to accelerate innovation, improve processes and create value. This will help us navigate challenges to come,” said Mr Levander, also a speaker at Sea Asia 2017.

Seatrade Chairman, Chris Hayman, said the results of the Sea Asia 2017 survey highlight the industry’s focus on the need to move towards Big Data and smart shipping. At the same time, it is clear that there is still a lot of work to be done to ensure they effectively harness the power of Big Data and new technology. “Some of the key discussions that will be taking place at Sea Asia 2017 include conversations around the utilisation of Big Data and smart shipping technologies. At the ‘The Fourth Industrial Revolution: Threat or Opportunity’ session, we will delve into how technology and innovation can be leveraged as strategies for the maritime industry to move forward amidst today’s challenges.

“As with previous editions, leaders from the global maritime scene will come together on the Sea Asia platform this year to also discuss and debate with one another on how the industry can leverage opportunities that come along with new trends impacting the industry,” said Mr Hayman.

Sea Asia 2017 will be held in Singapore at the Marina Bay Sands®, Singapore from 25-27 April 2017.

Source: Sea Asia 2017

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