



SPOTLIGHT CMHF

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Joint Member, Co-assured And Affiliates

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Piracy Trends And High Risk Areas

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P&I Insurance – Joint Member, Co-assured And Affiliates

It is common to find in the P&I certificates of entry, alongside the Members, there are other categories of assureds such as joint members, co-assureds and affiliates. This article will distinguish these categories and specify the coverage for different types of assureds in IG P&I Clubs.

❖ Joint Members

Joint membership arises where the vessel is entered in the name of two or more owners, operators or demise charterers. Joint members qualify membership in the P&I Clubs and enjoy all rights set out in the Clubs' statutes, such as voting at the Association's General Meeting.

❖ Co-Assured & Categories

Co-assureds are usually the companies involved in the operation of the ship or associated with the member, so likely incur liabilities to third parties. They are not Members of the Clubs, hence they have no voting rights in the Clubs. Since co-assureds are expressly named in the certificates of entry, they are undoubtedly a party to the insurance contract. A co-assured is entitled to the benefits of the insurance, but his cover is restricted under the terms of the Member's entry.

- **Typical Co-assured**

Ship managers, manning agents and mortgagees.

- **Affiliated Charterer**

A charterer is not entitled to be a co-assured on Owner's entry and must insure their interest under a separate Charterer's entry, unless this charterer is affiliated or associated with the member.



❖ Co-Assured & Categories (Cont'd)

● Affiliated Charterer (Cont'd)

As of 2022 policy year, co-assurance under the affiliated Charterer's cover is allowed, i.e. in the situation where an affiliated charterer employed a commercial manager, the latter can be a co-assured of the affiliated charterer.

Affiliated charterer as co-assured is only insured for those risks which member has cover, and subject to a combined single limit of USD500 million (effective from 2023 policy year the limit has been increased from USD350 million to USD500 million) for both pollution and non-pollution claims each incident or occurrence, each ship each entry.

● Protective Co-Assured

Members' service provider or contractor with whom they enter into "knock for knock" agreement. A member who enters into "knock for knock" agreement with his contractor may wish to give protection to the latter against liabilities for which member can recover from Club. Therefore, such contractor can be named as protective co-assured in the certificate of entry, subject to Club's approval of their agreement.

Such cover is only available for liabilities that Member should bear under "knock for knock" agreement, and not available to the liability to be borne by the contractor.

❖ Co-Assured & Categories (Cont'd)

● Co-Assured Under Misdirected Arrow Cover

Misdirected arrow cover applies to cases where a co-assured is found liable to pay in the first instance for loss which is properly the responsibility of the member. For example, in the event of that the member becomes insolvent; the claim is brought against a co-assured. If the member would have been covered had the claim been brought directly against him, then the co-assured is also entitled to cover on basis of misdirected arrow cover.

The cover for this type of co-assured is different from other types of co-assured, as misdirected arrow cover protects the co-assured from liabilities for the member's acts or defaults, while other types of co-assured are covered their own acts or defaults.

In general, members, joint members and co-assureds are jointly and severally liable for premium or calls.

❖ Affiliates

Although member has the right to name all companies that may run the risk of incurring liability during operation of the ship as co-assured in the certificate of entry, it is impractical in the case of large conglomerates where the related subsidiary companies are substantially at “arms length” from the ship operation. Therefore, members will rely on the Club's discretionary right to extend cover to such company as an affiliate, usually after occurrence of an incident.

❖ Affiliates (Cont'd)

Without being expressly named in the certificate of entry, an affiliate is not a party to the contract of insurance and is not deemed as “an insured”; therefore he is not automatically entitled to the benefit of the contract. Although a Club may agree to extend cover to an affiliate at its sole discretion, it is under no obligation to do so.

Affiliates are not liable for payment of premium or calls.

❖ Being A Co-Assured Or Not?

- Some mortgagees do not want to be named as co-assured on the certificate of entry, maybe because they do not want to be responsible for the premium and calls, or they do not want to reveal their connection to the assured in case they are being named as co-defendants in an action against the member. Some ship managers also feel it is not necessary to be named as co-assured, as they are functioning only as agent of the shipowner, and the claims will be brought against the principal instead of the ship manager as shipowners' agent.
- There may be other overriding reason why the party eligible for being a co-assured does not want to be named on the certificates of entry; however, being a co-assured can still be of benefit, as the mortgagee or ship managers can be protected from misdirected arrow claims.
- As to members, they should be careful about who is covered as co-assured on his certificate of entry, since the conduct of the co-assured may prejudice his cover or affect his loss record.

2022 Review: Piracy Trends And High Risk Areas

According to the annual report of International Maritime Bureau's Piracy Reporting Centre, the number of global piracy and armed robbery incidents decreased in 2022 by 13% as compared to 2021. The following will depict the current trend of pirate activities in different areas.

❖ Africa

- As the increased presence of naval vessels and cooperation between coastal authorities in the Gulf of Guinea continue, the piratical activities in 2022 have decreased 46%. Crew kidnapping also decreased from 57 crew members taken in 7 separate incidents in 2021 to 2 crew members taken in a single incident in 2022.
- In the Gulf of Guinea in 2022, more than two thirds of the incidents occurred while ships were anchored or berthed. 3 or more attacks were reported in Takoradi Anchorage (Ghana) and Luanda Anchorage (Angola).
- The Indian Ocean High Risk Area (HRA) was removed in January 2023 after several years without any Somali pirate attacks.

❖ Asia

- 84 incidents were recorded in 2022 in Asia, up from 82 in 2021.

- Incidents in the Singapore Strait continued to increase year on year with 55 in 2022 compared to 49 in 2021. The majority of these occurred at night in the Strait's eastbound lane, with bulk carriers being the most frequently targeted ship type.
- Incidents in Singapore Strait are predominantly reported as low-level opportunistic thefts with little physical injuries to crew, but it is not uncommon for the perpetrators to be armed with knives or other weapon-like objects.
- The negative trend in the Singapore Strait seems to continue into 2023, as by February 2023 there are 12 reported incidents.
- No incidents of abduction of crew for ransom have been reported from the Sulu-Celebes Seas and Eastern Sabah region since January 2020.

❖ The America

- A total of 24 piracy and armed robbery incidents are recorded in the South and Central America and the Caribbean waters in 2022, which shows an improvement from 2021.
- Crime of armed robbery and the perpetrators are comparatively high in the Callao Anchorage (Peru) and Macapa Anchorage (Brazil), with tendency to be armed and violent.

❖ Prevention Recommendations

- Although some regions see decreased pirate activity, it is important to stay vigilant and continue to conduct thorough threat and risk assessments, as well as adhering to industry Best Management Practices (BMP), when transiting these waters.
- As ships may be particularly vulnerable when at anchor, ship masters and crew should exercise extra vigilance when staying at high-risk ports/anchorages.
- Make the ship look harder and more challenging to rob than others, such as having visible security rounds, securing and locking all doors and hatches, ensuring the ship well-lit without obstructing the navigation lights, and posting extra lookouts on the bridge wings.
- Installing surveillance equipment such as CCTV cameras and motion sensors can help crew members to detect suspicious activities and alert them to potential threats.
- It is essential for crew members to be trained in anti-piracy tactics and prepared to respond quickly and effectively in the attack, including practicing drills and exercises, developing communication protocols, and ensuring that all crew members understand their roles and responsibilities in the event of an attack.
- Prior to entering any piracy prone area, it is important to obtain updated information from local sources and security experts.

IMO's Short Term Measure For Reducing GHG Emissions And Implications For Maritime Industry

IMO's 12th Intersessional Working Group on Reduction of GHG Emissions from Ships (ISWG-GHG 12) concluded the Short Term Measure of GHG Emission which entered into force on 1 November 2022. It included the Energy Efficiency Ship Index (EEXI); the Annual Operational Carbon Intensity Indicator rating (CII); and an enhanced Ship Energy Efficiency Management Plan (SEEMP).

❖ EEXI

- EEXI will be effective from 1st January 2023, and it relates to the technical design of a ship. It is a design index, as opposed to an operational index.
- A vessel needs to attain EEXI approval once only in its lifetime, by the first International Air Pollution Prevention Certificate (IAPP) survey after January 2023 at the latest.
- EEXI applies to all new build and existing vessels above 400 GT with conventional propulsion.
- In order to fulfill the compliance and certification requirement in EEXI, the vessel might be modified in respects such as engine or shaft power limitation, installation of energy saving devices or propulsion optimization.

❖ CII

- It is an operational indicator and will be assessed annually from 2023.
- CII is a measure of how efficiently a ship transports goods or passengers in grams of CO₂ emitted per cargo carrying capacity and nautical mile.

IMO's Short Term Measure For Reducing GHG Emissions And Implications For Maritime Industry (Cont'd)

❖ CII (Cont'd)

- The annual CII is calculated using the reported data of vessel's IMO data collection system.
- Vessels are given an annual rating from A to E. For vessels achieving a D rating for three consecutive years or an E rating in a single year, a corrective action plan would need to be developed as part of a SEEMP.

❖ SEEMP

- It is an operational measure which establishes a mechanism to improve the energy efficiency of a vessel and provide an approach for shipping companies to manage the efficiency performance of the ship or fleet.
- The guidance of the development of the SEEMP displays to owners the best practices on fuel efficient operation and the voluntary adoption of the Energy Efficiency Operational Indicator as a monitoring tool.

❖ Influence On The Maritime Industry

- It is likely to be that owners bear responsibility for compliance to the Short Term Measure, more likely than not as part of a vessel's seaworthiness obligations. Though, bespoke solution may be found to re-allocate both risk and cost in charterparties, depending on the bargain powers of the parties.
- In order to improve a vessel's CII rating, an owner may decide to slow steam, and if without reaching prior agreement, such will place owners in breach of their obligations under the charterparty or contract of carriage. Therefore, it is important to agree on clear delineation of the parties' obligations in this regard.
- A balance needs to be struck between owners' compliance obligation and the charterers' requirement, it is to be seen how the balance will be achieved through the industry drafting committees.

Loss Prevention: Entry Into Enclosed Spaces - Are You Prepared?

An enclosed / confined space can be a space without adequate ventilation, or that with limited openings for entry and exit, or a place not designed for continuous worker occupancy. Once lost regular and constant ventilation, any enclosed space would become a “dangerous space”, which may have atmospheres deficient in oxygen, and/or containing flammable or toxic fumes, gases or vapors. Accidents in enclosed spaces remains one of the most common causes of work-related fatalities onboard ships.

❖ Potential Dangerous Enclosed Spaces

Cargo tanks, double bottoms, fuel tanks, ballast tanks, cofferdams, void spaces, etc. are typical enclosed spaces, however, it shall also draw peoples’ attention that not all dangerous enclosed spaces are easily identifiable, for examples:-

- Some enclosed spaces are dangerous only temporarily, maybe due to the type of cargo carried or the work undertaken, such as toxic gases caused by cargo fumigation, or a compartment during spray painting.
- Spaces could be dangerous even not enclosed on all sides. For example, cargo holds, although with the open tops, the nature of the cargo (even some apparently harmless cargo such as wood chips, wood pellets or pulp wood) carried can make the atmosphere in the lower hold dangerous.
- Fumes and gases in paint/chemical lockers and battery rooms can make these spaces dangerous, despite being arranged with ordinary openings/doors for entry and exit.
- When entering CO₂ rooms, possibility of an oxygen deficient atmosphere should be considered.
- Or any other spaces that are usually ventilated but then found with an unexpected reduction in ventilation.

Loss Prevention: Entry Into Enclosed Spaces - Are You Prepared? (Cont'd)

❖ Loss Prevention Advice 1: Review Existing Procedures

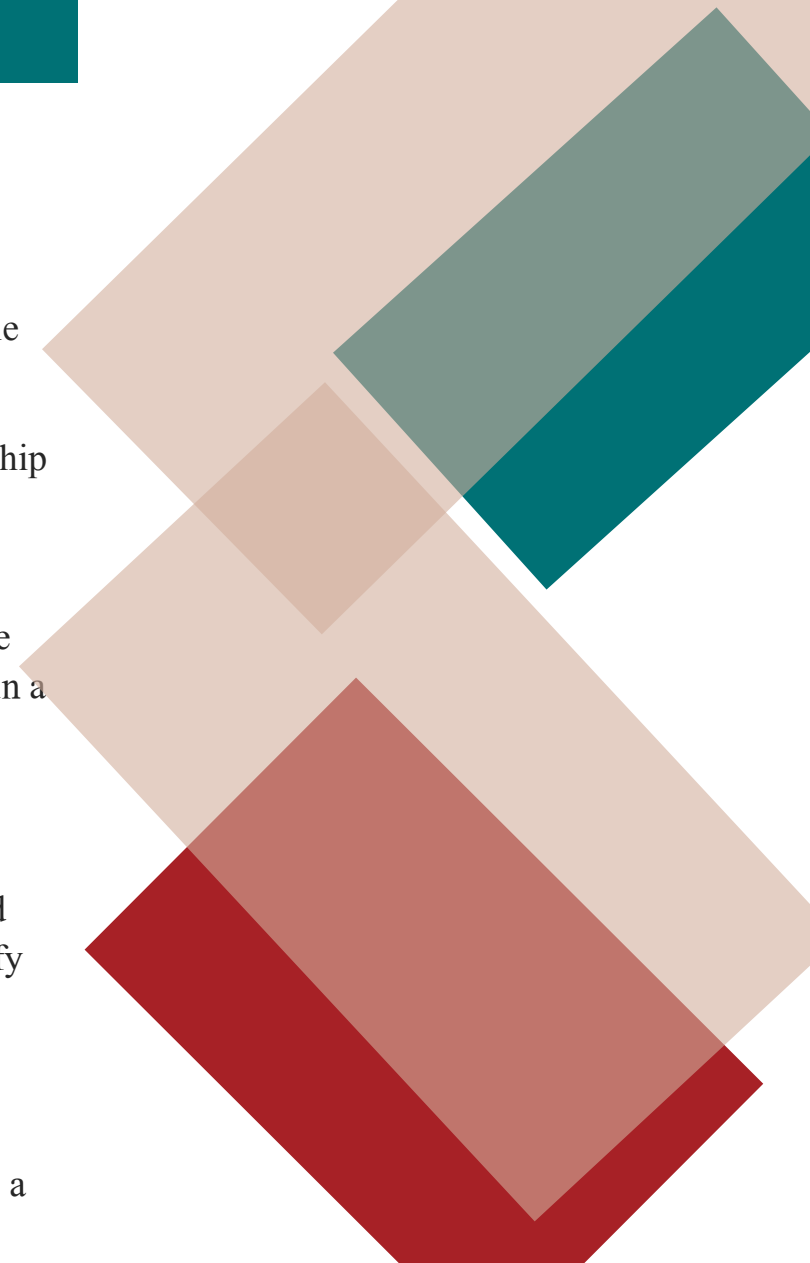
Ship managers are advised to review their enclosed space entry procedures and, if necessary, revise them to ensure they comply with the applicable requirements :-

- To include adequately prohibiting entry into enclosed spaces by shore personnel prior to the necessary precautions being implemented.
- To ensure that a risk assessment is conducted to identify all enclosed spaces on board the ship and periodically revisit the assessment to ensure its continued validity.
- To assist crewmembers in the best position to respond quickly in an emergent event, it is advisable to establish an inventory of all enclosed spaces seafarers may enter, recording the particular characteristics of the space, the likely hazard involved, and difficulties inherent in a rescue and solutions identified.

❖ Loss Prevention Advice 2: Ensure Implementation Of The Procedures

To prevent accidents occurred from enclosed spaces, it is important to ensure the purposes and procedures of above-mentioned performing tasks are fully understood, not just simply to satisfy the regulators or immediate superiors. Therefore, ship managers could consider providing a letter/bulletin to all their managed ships addressing: -

- dangers of improperly entering an enclosed space;
- how to recognize an enclosed space and examples of the different types of enclosed spaces a seafarer might encounter;



Loss Prevention: Entry Into Enclosed Spaces - Are You Prepared? (Cont'd)

❖ Loss Prevention Advice 2 : Ensure Implementation Of The Procedures (Cont'd)

- all seafarers must not enter an enclosed space without permission and then only follow the ship management's established procedure;
- who on-board is authorized to permit entry into an enclosed space;
- actions to be taken by crewmembers when it is necessary for shore personnel to enter enclosed spaces onboard, including when shore personnel refuse to comply with the entry procedures;
- the best way to assist person(s) inside an enclosed space is to immediately raise the alarm so that an organised rescue can be conducted complying with ship management's procedure.

❖ Loss Prevention Advice 3 : Provide Proper Onboard Training

- Fundamentally, seafarers should be given proper onboard training to help them recognise, evaluate and control hazards associated with entering enclosed spaces.
- Furthermore, according to SOLAS, it is mandatorily to conduct enclosed space entry and rescue drills every two months.
- The masters should also consider holding a special safety meeting imposing the responsibility on all seafarers to prevent enclosed space entry related incidents and reiterate crewmembers should resist their natural urge to immediately enter an enclosed space in order to assist a fellow crewmember.

Case Reading : Owners Not In Breach Of Charter If Refusal To Charterer Is Based On Vessel's Safety Concern

Case briefing of CM P-MAX III Limited v. Petroleos Del Norte SA (MT Stena Primorsk) [2022] EWHC 2147 (Comm)

❖ Background And Disputes

- The vessel, carrying oil from Bilbao to Paulsboro on the Delaware River, was chartered on an amended Shellvoy 6 form.
- Before approaching the discharge port, the Master sought a waiver of the under-keel clearance (UKC) policy from NMM (the vessel's technical managers), to allow the Vessel to berth albeit the vessel's draft might be equal or less than the declared safe draft of the river.
- NMM granted the waiver, subject to prompt commencement of discharge to allow the draft to reduce (during discharge) prior to low water.
- The vessel berthed on 31 March 2019, but the Terminal afterwards informed that unloading would take place at a reduced rate. Considering the slower rate might not maintain a safe margin of draft during discharging, the master decided to leave the berth and return to anchorage.

- On 1 April 2019, Charterer requested the vessel to berth and discharge at the next high tide, given that the discharge rate would be increased by the terminal. However, NMM rejected to grant the same waiver this time for safety of vessel.
- Consequently, the Master requested the vessel to lighter over 8,000MT before berthing for discharge.
- Owners claimed demurrage against Charterer for about USD143,000, Charterer denied the claim on grounds of 1) time at the discharge port had not started to run as the NOR is invalid due to lack of free pratique; 2) Owners were in breach of charter by leaving the berth on 31 March and refusing to return on 1 April. Charterer further counter-claimed the lightering cost.

❖ The Commercial Court's Finding and Decision

The court was in favour of owners' claim for demurrage in full, rejecting Charterers' defense and counterclaim, with the following reasoning:

- NOR was valid as free pratique has been granted as the port operated a free pratique by default system.
- Despite clause 3(1) of the standard Shellvoy 6 form requests the vessel to proceed with "utmost dispatch", it shall still ensure the vessel is safely afloat, and additionally clause 3(2) was amended to indicate owners' obligation to comply with voyage instruction shall be subject to such orders being safe.

Case Reading : Owners Not In Breach Of Charter If Refusal To Charterer Is Based On Vessel's Safety Concern (Cont'd)

❖ The Commercial Court's Finding and Decision (Cont'd)

- UKC policy has been set out in Q88 which is integral to the charter, it is important to comply with UKC policy for vessel safety.
- To suspend time for demurrage purpose, Charterers should establish “fault” on the owners’ part. Operating rules governing the Master’s decision are in contemplation of both parties when signing up the charter, so it is hard to establish Owners’ fault, when they act as charter authorized.
- Given the above, owners’ decision not to berth was complied with clause 3(1), with reference to consider NMM’s analysis of risks to maintain the Vessel keep safely afloat during discharge. Albeit the terminal advised discharge rate could be raised on 1 April, as safety concerns remained, no fault could be found on Owners/the Master/NMM.
- Moreover, the Court commented that if Charterers had ordered the vessel to berth, they would breach obligation to exercise due diligence to order the vessel only to safe ports/berths (clause 4 of Shelltime 6).

❖ Comments

Rarely, courts would wish to interfere with a Master’s decision concerning the safety of the vessel and the berth when calling. It is reluctant to find any safety-related decision unreasonable, once such decision was made “on the horns of a dilemma”.



Market Snapshot

Close Call in Panama Canal Locks Raises Safety Concerns

- A near-collision on 5th March between vessel “OOCL Utah” and a Panama Canal lock gate has caused safety concerns among experts. A fore-positioned tug was almost crushed between the ship and lock gate but no stern-positioned tug to stop the vessel.
- Sources doubt a lack of procedures and under-resourcing by the Panama Canal Authority ; in the meantime, there is likely a tendency that pilots often try to tackle the canal at speeds in excess of what is safe for tug crew in order to finish the assignment faster, as they are paid per vessel.
- Some other source asserted there were not enough tug crew to cover the needs of the canal – the tug crew in Panama work in excess of 16 hours a day and 7 days a week, with no mandated rest period.
- It can be expected that, if there had been a serious contact with the Panama Canal lock gate, such will put the waterway out of service for several months and cause global supply chain disruption.

UAE Bunkering Hub Falling Behind on Alternative Fuels

- Fujairah Bunkering and Fuel Oil Forum was held in mid-March, in which the development on gearing up for alternative fuel markets was discussed.
- UAE’s Fujairah is suggested to increase investments for storage and supply of green alternative fuels as these markets are still lacking traction at the world’s third-largest bunkering hub despite the urgency for maritime decarbonization.
- Fujairah has been lagging behind the hubs like Singapore and Rotterdam in gearing up for alternative fuel markets such as LNG, biofuels and methanol, although LNG and methanol are expected to take the top market share of the alternative bunker in future.
- The development of supply for alternative fuels in Fujairah is hurdled by lack of immediate demand, stakeholders’ collaboration and digitalization in bunkering operation.

Ukraine, Romania Agree To Check Depths Of Bystre Canal Of Danube To Boost Grain Exports

- Though being battered by war, Ukraine's harvest is still being an agricultural heavyweight and ranks among the world's top shippers of staples from sunflower oil to wheat and corn.
- The Black Sea Grain Initiative which should have expired on 18th March was renewed for another 120 days. Since July 2022, the agreement had allowed Ukraine to export over 24 million tons of crops out from 3 key Black Sea ports.
- In order to increase the grain exports, Ukraine was dredging Bystre Canal as an alternative route in its western border other than the 3 Black Sea ports. In February 2023, the draft of ships passing through the Bystre Canal had deepened to 6.5 meters from 3.9 meters.
- Romania was concerned as the dredging work might slice through a shared ecologically sensitive coastal region. After coordination by EU, Romania has agreed to check the depth of Bystre Canal and deploy more efficient pilotage to increase shipments.

Breakthrough In The Investigation Of Nord Stream Blasts

- On 26th September 2022, explosions on the Nord Stream Pipelines, connecting Russia and Germany, occurred in the exclusive economic zones of Sweden and Denmark.
- Authorities of Germany, Sweden and Denmark have been investigating the blasts, saying the explosions were deliberate; whilst in February 2023, Russia also submitted to the U.N. requesting to establish an international and independent investigation into the sabotage.
- German authorities recently confirmed that in January 2023 they have raided a ship which may have been used to transport explosives for the blasts, and some German media outlets reported, yet to be verified, the explosion was carried out by 6 people who once were located on a Danish island called Christiansö.
- Local administrator of the island Christiansö alleged that Danish police searched for information about boats docked on Christiansö on 16-18 Sept 2022. Danish police declined to comment.

Global Shipping Industry is in dilemma to Clean Up its GHG Emission

- International cargo and container shipping accounts for 3% of global greenhouse gas (GHG) emission, and with the trade welling, the emissions were estimated to be 30% higher by 2050 if nothing is to be done. IMO has set up the goal to cut GHG emissions by at least half before 2050 compared to 2008.
- One navigational solution can be virtual arrival, a method that the ship adjusts its speed in accordance to traffic in ports or the schedule of berth availability.
 - According to a 2020 report, bulkers and tankers spend as much as 10% of their time waiting to get into a port at anchorage.
 - Another research shows container ships can reduce fuel consumption and GHG emission by 14% per voyage if they optimize speed.
 - Study suggests that removing waiting time at anchorage can cut global shipping emission by around 20%, without huge investments into technology and infrastructure.
 - However, virtual arrival method may put Owners in breach of contractual obligation which requires “utmost despatch”, and it is complex to agree on terms that satisfy all parties.
- Similar to virtual arrival, another operational solution is Just-In-Time (JIT) arrival that will rely on ports’ coordination of all incoming vessels to ensure they optimize speed to arrive when there’s an available berth.
 - JIT arrival is only implemented in a few places such as Newcastle, Australia, where two-thirds of vessels arriving there no longer need to drop anchors; for those that need to wait in anchorage, the waiting time has dropped from 11 days to 3.
 - However, JIT cannot be applied at large scale, due to the complexity of information standardizing, exchange and coordination between the vessels and shore.
- Technological solutions include energy-saving devices such as hull coatings that reduce drag, and installing rotor sails that harness wind power.
- Green energy like methanol, hydrogen and ammonia can help to reduce GHG, but such will only be applicable on newbuildings designed with advanced engines and larger fuel tank.
- Market observers say the shipping industry calls for tougher legislative intervention in order to push the value chain to talk to all involved parties for decarbonization effectively.

Russian Oil Floods UAE's Fujairah Port

- Oil storage demand and transit volumes are poised to grow further at the United Arab Emirates' Fujairah port this year as Russian trade flows continue to flood the hub, while it was observed that the latest price caps on Russian petroleum products have yet posed any drastic impact on the trade.
- The total storage capacity at Fujairah stands at 11.1 million cubic metres currently. With the huge influx of Russian barrels coming into Fujairah, the existing storage space is already full.
- Fujairah had a record year in terms of oil cargoes in 2022, with close to 12,500 vessels calling at its offshore anchorage area. Landed stocks averaged at 1.81 million tonnes per week in 2022, climbing from 1.62 million tonnes in 2021.
- Fujairah will be commissioning a dry bulk export facility in Dibba, adding about 18 million tonnes of aggregate handling capacity.
- Market observers commented that the price cap on crude oil makes little difference as it is usually sold cheaper than the capped price; instead the price caps on petroleum products can have impact on refining margins.

Key Global Commodity Markets And Shipping

- Oil trade - Oil is coming off its worst weekly rout in mid-March since April 2020 as the turmoil in the banking sector drives further concern that the global economy will tip into recession and hit demand.
- Both crude benchmarks are down at least 15% in 2023, while natural gas futures in the US and Europe have tumbled 48% and 44%, respectively. This may spell a year of shrunk profits for the world's energy giants such as Exxon Mobil, Chevron, Shell and BP.
- LNG trade - With weather getting warm, natural gas is in demand uncertainty for shippers.
- Soybean trade - Argentina, as the biggest global exporter of soybeans, has posted forecast which is eight million tons lower than previous estimate. Any more cuts of the soybean output will risk further denting of the global trading matrix.
- Grains trade - While an agreement that safely allows Ukraine to export grains and other crops out of Black Sea ports has been renewed, uncertainty still lingers over the pact's duration.
- Shipping markets - LNG freight rates are still stuck near a six-month low. The rates for bulk ships and crude tankers have surged after the Lunar New Year holidays.

Port of Los Angeles Sees 43% Cargo Drop

- The Port of Los Angeles, the busiest container port in the US for consecutive 23 years until 2022, faced its lowest February record this year since 2009, which is a 43% decline from its record in February 2022.
- As per statistics, the port's loaded imports reached 249,407 TEUs, which is down by 41% compared to the previous year and by 32% from January; whilst figures of exports arrived at 82,404 TEUs, which is a decline of 14% compared to last year. Empty containers also faced a 54% yearly decline, with 156,035 TEUs landed.
- According to market sources, the Port of Los Angeles' February declines reflect the global phenomenon, which were exacerbated by an overall slowdown in global trade, extended Lunar New Year holiday closures in Asia, overstocked warehouses and a shift away from West Coast ports.
- As per experts' estimation, the turnaround would not come until retailers and other cargo owners clear clogged US warehouses to make room for new shipments, but the future remains unpredictable as inflation and recession are still spreading.

Offshore Wind Farms Fall Victim to Global Inflation Fight

- To get on track for net zero by 2050, sources estimate the world need to more than double the rate of investment to around USD1 trillion a year, up into 2040s to prevent the worst impacts of global warming.
- However, wind power projects are being tied down worldwide in US, Germany, Japan, Taiwan and other areas, mainly due to:-
 - Inflation caused rising interest rates, higher material and labor costs to developers;
 - Supply chain bottlenecks;
 - Weaker currency exchange rate to US Dollars in the background of inflation;
 - High tax rates on renewable-power producers in Europe;
 - The generated electricity price should have been in pace with the construction costs, but governments tend to hold developers to electricity rates set before inflation surged.
- According to market data, the Biden Administration wants to build 30 gigawatts of offshore wind by 2030, but some of the biggest projects are in turmoil; whilst EU and UK are targeting total 110 gigawatts of offshore-wind capacity tripling the current level by 2030, yet almost no new investments was input in 2022 and all tenders for subsidies in Germany were under-subscribed.
- Out of the murky macro-economic environment, the one rare bright spot is Mainland China. According to market data, in 2023, after a post-subsidy drop last year, China is expected to rebound installations and nearly double offshore wind additions, accounting for more than half of the world's total.

Happy Reading, See You In April !

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