China back in record numbers

State-owned shipbuilding giants return to Nor-Shipping as Chinese presence swells after bilateral relations with Norway warm up.

NORDIC SIX PUSH ZERO EMISSIONS
Grieg Star, DFDS, Equinor, Wartsila, Aker Solutions and Kvaerner join climate change fight with new project.

GOODBULK HAPPY IN OSLO
John Michael Radziwill says company has all it needs right now with OTC listing in Norway.

Norwegian fleet valued at $60bn

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Chinese majors return as frosty relations thaw

Record high Chinese participation will see state-owned shipbuilding giants back in their droves at Nor-Shipping

Max Ting Yao Lin
Oslo

Nearly nine years after the rupture in relations between China and Norway when the Nobel Peace Prize was awarded to dissident Liu Xiaobo, Chinese companies are back in force at Nor-Shipping.

With warming ties between China and Norway and pressure to expand shrinking shipyard order-books, a total of 15 Chinese companies will occupy 404 square metres of exhibition space at the event in Lillestrøm this week.

State-owned China Shipbuilding Industry Corp (CSSC), China State Shipbuilding Corp (CSSC) and Cosco Shipping Heavy Industry — three of China’s largest shipbuilding groups — will all be present at Nor-Shipping for the first time this year.

“This is the largest [space occupied] by Chinese companies we have ever seen,” an event organiser said.

A Chinese pavilion will have 11 exhibitors covering 204 square metres, while some other larger Chinese organisations have rented independent booths.

In comparison, the biennial event saw 22 Chinese exhibitors with a 160-square-metre pavilion in 2017, 18 Chinese firms with a 140-square-metre space in 2015, and 18 Chinese companies with a 150-square-metre pavilion in 2013.

The degree of Chinese enthusiasm has long been one of the most popular topics during Nor-Shipping.

Following its open protest against the Norwegian Nobel Committee’s decision in 2010, the Chinese government had constrained officials of state-owned enterprises from going to Norway.

However, the restriction has been relaxed since the two countries announced the normalisation of bilateral relationships in December 2016.

“The normalisation of the diplomatic relationship between China and Norway has been very important,” Nor-Shipping director Per Martin Tanggaard told TradeWinds.

“It’s part of the reason why we now are pleased to have several Chinese state-owned companies as exhibitors and also the increased number of Chinese delegates,” he said.

“In addition, we see improving market conditions in most of the shipping segments, which is positive for the maritime and shipping industry.”

Despite heightened geopolitical uncertainty, the last shipping confidence survey by Norwegian business consultants BDO showed industry participants in most regions were becoming more optimistic in their businesses.

Past Nor-Shipping participants suggested Beijing’s reported “snubbing” of the maritime event may have been more of a gesture than any attempt to create trade tension.

Private yards such as Sinopacific never had any trouble representing themselves earlier this decade, and officials from state-owned companies can still be seen in event venues on what they described as “personal tours”.

Affiliates of CSSC, CSSC and China Merchants Group still had exhibitor booths, in spite of the absence of their parent groups.

STATE MAJORS BACK

“We have been there for years ... it’s just that this year the state majors are presenting themselves,” a Chinese exhibitor said.

Bilateral trade has been growing at an unabated pace this decade, with China now one of the largest suppliers of goods to Norway.

For Chinese yards and equipment makers, Norway-based shipowners, such as Fredriksen’s group of companies, have been some of their most important clients.

With its ongoing trade war with the US, China has been keen to enhance its trade ties with European nations lately — so it may not be a surprise to see major Chinese participation at Nor-Shipping.

In April, China’s commerce ministry and the Norwegian Ministry of Trade, Industry and Fisheries held a conference to discuss how to expand bilateral trade in areas including the marine economy.

“The Chinese and Norwegian economies can complement each other, and the two countries are actively enhancing trades and investments,” Dong Fengming, the interim representative of the Chinese embassy in Norway, told Chinese news agency Xinhua.

He added that a free trade agreement was under discussion.

Flex’s Spotify listing to be followed by cartoons in contracts

Andy Pierce

Flex LNG chief executive Øystein Kalleklev has his finger on the pulse when it comes to trends in society.

Kalleklev has taken inspiration from Spotify in engineer- ing a US-listing for Flex at a time the New York Stock Exchange has not seen a shipping initial public offering since 2015.

Now, in a playful challenge on social media, he is looking to bring some life to long and wordy shipping contracts by tapping into a new fashion in the wider world.

Noting a New York Times article on lawyers using cartoons in contracts, the executive said he was excited at the prospect of shell completing time charter contracts in cartoon form.

“Lawyers, hope you take the challenge,” he wrote on LinkedIn, before tagging Wiersholm partner Karl Even Rygh and John Fredriksen’s inhouse counsel, Chris Walker, for their inventiveness on the company’s last deal. “Let’s see if you can do this,” he wrote.

Kalleklev is speaking at the TradeWinds Shipowners’ Forum at Nor-Shipping this after- noon.
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Welcome to Nor-Shipping 2019, Your Arena for Ocean Solutions.

We stand at a crossroads, for industry and the world. Environmental concerns are growing, but so too is global population and demand. In this context it can be difficult to know where to look, how to perform a seemingly impossible balancing act. But what if the world looks to you? What if the world looks to you?

Pivotal role
The ocean is our most important and precious resource and, handled with care, it can provide the food, employment, energy and growth the world demands. Approached with the right technology, competence, innovation and, most important of all, responsibility, we can unlock unique business potential sustainably, in a manner that cares for the fragile environment.

But we can only achieve this with your expertise. The maritime and ocean industries have a pivotal role to play in successful global development. You have the assets, experience, solutions and, crucially, the people to unlock future opportunity. If we work together - and that principle is as very the heart of Nor-Shipping - we can share knowledge, build partnerships and devise strategies to enable a new age of profitable, environmentally responsible development.

This may seem like a pipedream, an unobtainable ambition, but it is not. It is a necessity. And that’s the belief driving Nor-Shipping 2019.

New business landscape
So you may notice a few changes at this year’s Nor-Shipping. Shipping is still our focus – it always will be – but we’re also working to introduce new business players and activities that can help the maritime industry take advantage of the unique potential on the horizon.

For example, Hall A has been transformed into the Blue Economy Hall. This innovative, intimate and immersive space houses game-changing businesses and ideas that are committed to achieving commercial success while contributing to safeguarding ocean resources, people, assets and livelihoods. Commercial and environmental sustainability are not mutually exclusive, they can feed off and support one another – and Hall A is the place to experience this.

Leading the way
Our traditional Opening Conference has been reimagined as the Ocean Leadership Conference. We also have Ocean Now, a new initiative in central Oslo to connect the maritime industry with tomorrow’s talent – building bridges between students, large corporations and start-ups.

Add on knowledge sharing events like the Blue Talks, the DNB Ocean Stage presentations, and our Technical Seminars, mix with the social activities of Festival Street and beyond, and you have a unique programme to support our main exhibition and help build profitable relationships, understanding and collective success.

And at the end of the day that’s what Nor-Shipping is for. The ocean may set the stage for our activity, but it is you and your business that are the stars of the show.

This is your week. This is your opportunity. This is Your Arena for Ocean Solutions. Enjoy it!

Per Martin Tanggaard, Nor-Shipping Director
Setting a new standard

Nor-Shipping will this week set a new benchmark for maritime and ocean industry events. Your Arena for Ocean Solutions will be awarded with ISO 20121 certification (The Sustainable Events Management System Standard for Events Organisations) – the first time an organisation in our segment has received the standard.

The move follows a process that has seen Nor-Shipping and parent firm Norges Varemesse working to assess and improve environmental performance ‘across the board’. This has encompassed not only all event and exhibition activities, but also encouraging suppliers and stakeholders to optimise their own environmentally focused efforts.

Silje Bareksten, Nor-Shipping Head of Sustainability and Technology, has led the certification process for the organisation. She says the achievement demonstrates Nor-Shipping’s commitment to “leading from the front” in the quest for sustainable business development related to the ocean space.

Collaborating for change

Leading politicians, maritime and ocean industry executives, UN representatives, NGOs and other key stakeholders gathered in Oslo yesterday for a landmark meeting on the future of ocean development.

The United Nations Global Compact’s ‘High Level Meeting on Ocean’ saw diverse interest groups contributing individual expertise in a collective effort to map the way forward for sustainable development.

Building consensus

Led by Lise Kingo, CEO and Executive Director of the UN Global Compact, and Torbjørn Røe Isaksen, Norwegian Minister of Trade, the gathering focused on building consensus for effective ocean governance – governance that can underpin both business growth and environmental well-being.

Nor-Shipping 2019 also sees the UN Global Compact launch its much-anticipated new report, Global Goals, Ocean Opportunities.
Nordic six sets out aims for shipping to lower its emissions

Grieg Star, DFDS, Equinor, Wartsila, Kvaerner and Aker Solutions hope ZEEDS can initiate more knowledge sharing to fight climate change

Max Tingyao Lin
Oslo

Six companies in the Nordic countries have launched a joint project to share their maritime expertise in working towards an ultimate goal of low- or even zero-emission shipping.

The initiative has come as research organisations — including the International Energy Agency — warn that IMO member states need to expedite development of low-carbon fuels or risk failure to meet emissions targets.

Initiated by Finnish ship technology provider Wartsila, the consortium of Zero-Emission Energy Distribution at Sea (ZEEDS) also includes ro-ro operator DFDS, bulker player Grieg Star, energy conglomerate Equinor, engineering firm Aker Solutions and engineering, procurement and construction specialist Kvaerner.

Over the past six months, the companies have held workshops sharing knowledge related to ship emissions — including the development of low-carbon fuels such as ammonia and hydrogen.

With input from the companies from different segments, project participants hope ZEEDS can help expedite the process in cutting greenhouse gas emissions from maritime transport.

"We as a company cannot solve this alone," said Cato Espero, Wartsila’s marine sales director in the Nordics and Baltics. "We would like to bring in people. "We come together to complement each other. We come together to see if we can find solutions for each other."

Matt Duke, Grieg Star’s chief business processes officer, said: "We have been involved in terms of learning and sharing knowledge. It’s not obvious for us as a shipowner as to what will be the future engine design [for low-emission fuels]."

"So we learn quite a lot with the technology partners to understand what are the opportunities out there."

Experts have suggested that joint efforts in developing low-carbon fuels are necessary, as it is expected to be time-consuming to develop the required bunkering infrastructure and vessel engineering.

Using 2018 emissions levels as a baseline, the IMO aims to reduce international shipping’s carbon intensity by 40% before 2030 and halve its total greenhouse gas emissions by 50% before 2050.

However, DNV GL has pointed out that the “carbon-neutral” fuels required to meet the decarbonisation targets have not yet been developed.

Espero, also the spokesperson for ZEEDS, has called on governments to shape policies that support the development of clean-energy infrastructure — including a tax on carbon. He has urged regulators to provide a framework for the infrastructure.

In the long run, Espero says green shipping also has to be commercially viable.

"So far, we, the partners, have financed the [ZEEDS] process ourselves," he said.

"And now we need to get the authorities onboard to show it’s possible to have clean shipping.

"We have to look at what’s possible to solve. You need to look at what’s possible [in terms of vessel operations]. It has to be profitable."

Should the public or private sector bear the main costs in developing low-emission shipping?

Duke suggests governments should provide incentives — but there is no “black and white” answer.

“There should be a combination — it could be a carrot-and-stick approach,” Duke said.

With the development of new marine energy sources at a very early stage, ZEEDS hopes to broaden the knowledge-sharing base. Academics, investors, fuel producers, investors, logistics firms, governments and more shipowners are all welcome to join the initiative, according to Espero.

"I hope this can lead to partners all over the world," he said.

Cato Espero:
"We as a company cannot solve this alone. We would like to bring in people. We come together to complement each other. We come together to see if we can find solutions for each other."

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GoodBulk happy with Oslo listing amid whipping around of stocks

The company is paying out money to shareholders, chief executive John Michael Radziwill told TradeWinds

Andy Pierce
Oslo

As the shipping spotlight fell on Athens for Posidonia last summer, John Michael Radziwill was the talk of the town as his dry bulk venture, GoodBulk, pushed for an initial public offering in New York.

Fast forward 12 months, the industry’s gaze is now on Norway for the biennial Nor-Shipping exhibition — and Radziwill’s GoodBulk remains listed on Oslo’s over-the-counter (OTC) market.

Oslo has seen a run of shipping equity raises in the past couple of weeks, with Tor Olav Troim’s 2020 Bulkers completing a private placement and soon to upgrade its own OTC listing to the Oslo Stock Exchange. However, GoodBulk is unlikely to follow suit right now.

Radziwill says the public market valuations and GoodBulk’s fully delivered fleet on the water mean he is content with the company’s present position for now.

Since icing the New York listing plan last July, GoodBulk has been returning capital to shareholders, bought back its own stock and has raised capital via a private placement and soon to upgrade its fleet on the water.

Radziwill says the public market valuations and GoodBulk’s fully delivered fleet on the water mean he is content with the company’s present position for now.

“PRICE FOR EVERYTHING”

“There is a price for everything, but I’m not so enthused by the way the capital markets are valuing these businesses so, for me, we are better off keeping these businesses the way they are for the time being, returning cash and paying out a dividend.”

He noted with the OTC listing in Oslo that GoodBulk had a currency it could use for the benefit of its shareholders.

“For us, we are pretty happy where we are,” he said. “There is a price for everything but, the way the public market stocks are getting whipped around, it does not look so palatable for us. We never needed the money we and still don’t, so we are happy. We are paying out money, we are not taking it in.”

GoodBulk remained in the black in the first quarter of this year, despite the dry cargo market being buffeted by Donald Trump’s trade war and the collapse of a dam in Brazil, which curtailed exports by mining giant Vale.

“I think the two headwinds are temporary and once we are through them the market should definitely have a coiled-spring effect to the upside,” Radziwill said.

“We are pretty positive. If the trade wars sort themselves out and Vale production comes back online, and the supply of ships looks the same, I think we could see a very strong market for freight pricing.”

The crash in rates this year has dragged down asset values in GoodBulk’s core capesize market.

“We are always looking for value,” he said.

“It’s sort of a holding pattern market for us as I’m not sure things have got cheap enough for us to buy again, and I don’t think they have got expensive enough for us to sell anything either at the moment. But we are in the market every day.”

Norwegian tanker club OTF toasts 25th anniversary in Oslo

Trond Lillestolen

The tradition-rich Norwegian tanker club OTF has celebrated its 25th anniversary with the luxurious Feinschmecker Restaurant in Oslo.

25th anniversary at the luxurious Feinschmecker Restaurant in Oslo

The club, whose name is an acronym for Old Tanker Farts, has raised capital via a private placement and soon to upgrade its fleet on the water.

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Fredriksen top dog as Norwegians own fleet worth $60bn

Billionaire ahead of rivals with collective fleet of 16.21 million gross tons as Norway flexes its muscles across most sectors

Andy Pierce
Oslo

Billionaire John Fredriksen leads the Norwegian shipping community, which leads to Nor-Shipping with a combined fleet worth almost $60bn, according to the world's largest shipbroker Clarkson.

It counts almost 3,000 vessels in the hands of Norwegian owners, with the nation boasting the sixth-largest fleet globally by gross tons and with the world-leading position in chemical tankers.

In addition, Norway is a hub for insurance, broking and finance, with more than one-quarter of all capital markets last year flowing from the Oslo system.

Steve Gordon, managing director of Clarkson Research, told TradeWinds: "Norway remains an important maritime cluster across ship ownership, ship finance, insurance, equipment and offshore." Fredriksen, with 218 ships of a collective 16.21 million gross tons across his various companies, is by far the largest shipowner in Norway — a nation in which almost half of the fleet by capacity is owned by the largest five owners.

Car carrier giant Wallenius Wilhelmsen is ranked in second spot by gross tonnage, with Leif Hoegh & Co, Tor Olav Troim's Goliat LNG and Trygve Seglem's Knutsen NTK making up the top five.

NEARING HALF OF FLEET
Collectively, the quintet owns 376 ships of 22.7 million gross tons — 46% of the total Norwegian fleet.

Bunker; Nordic American Tankers, Kjell Inge Rokke's Aker companies, Gearbulk and Stolt-Nielsen complete the top 10, according to Clarkson.

In all, Gordon said Norwegian shipowners have 2,932 vessels of 60.4 million gross tons and worth $60bn.

Globally, the Norwegian-owned fleet lags only behind world leader Greece, China, Japan, Germany and the US, and is ahead of South Korea, Singapore, Italy and Denmark, the Clarksons data shows.

Oslo is the largest shipping cluster in Norway, with 105 different shipowners owning 660 vessels on the water and a further 42 under construction, according to Clarkson.

This places the Norwegian capital as the 14th largest city globally in a list heading by Athens and its 883 separate shipowners.

Norway's second shipping hub of Bergen is ranked 23rd globally in terms of gross tons owned. However, in terms of shipowners, it is almost level with Oslo, with 131 shipowners and 668 ships owned from the west coast city.

Norwegian shipowners have a long history in the tanker market and their 536 tankers today still account for the largest slice of the fleet at 29% in gross tons. This includes its pole position in chemical tankers, backed by major names Stolt and Odfjell.

Bulkers, of which 338 are owned from Norway, make up a further 29% of the capacity, alongside 463 cruise and passengerships, 112 gas carriers, 75 containerships and 24 ro-ro's, according to data provided to TradeWinds.

CAPITAL MARKETS PROWESS
The ability of Norwegian shipowners to invest in tonnage is helped by the country having one of the world's best capital markets systems, with approaching $50bn in new equity raised this decade, Clarkson figures show.

The number includes $7.2bn 2018 and a further $1.6bn so far this year. "In 2018, 28% of global capital market shipping equity was raised in Oslo, albeit it was a weak year overall for the capital markets," Gordon said.

With access to capital at speed, Norwegian shipowners have been among the most active globally in the sale-and-purchase market in the past 12 months, Clarkson said.

The 3.3 million gross tons purchased, and an equal amount sold, placed Norway behind just Greece, China and Japan, the shipbroker calculates.

Despite the sharp downturn suffered in the past few years, offshore remains a major area of interest, with 595 offshore vessels owned by Norwegians.

Across offshore, Norwegian owners are the fourth largest by number, behind the US, the United Arab Emirates and Singapore, the Clarkson numbers show.

However, Norwegian owners hold a leading market share positions in subsea support and large anchor handling tug supply vessels above 8,000 bhp, Gordon said.