



# SPOTLIGHT CMHF

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# The “Win Win” Case: English Court’s Decision On The Marine War Risk Peril Of Detention And Fair Presentation Under The Insurance Act 2015

*Case briefing of Delos Shipholding SA & Ors v Allianz Global Corporate and Specialty SE & Ors [2024] EWHC 719 (Comm)*

## ❖ Background And Disputes

- Described by the judge as “illegal parking”, the capesize bulker carrier “Win Win” (the Vessel) anchored inside Indonesian territorial waters off Singapore on 14<sup>th</sup> February 2019. On 17<sup>th</sup> February, the Vessel was boarded by Indonesian Navy and the ship master was told that the Vessel was detained because she anchored illegally without a permit. Despite the minor nature of the infraction, the vessel was detained by the Indonesian authorities for almost a year, and the ship master was prosecuted under the Indonesian Shipping Law.
- In parallel with the ongoing legal process, attempts were made over the following weeks to engage in discussion with the Navy and the Indonesian authorities to see whether there was any way of getting the Vessel released earlier. It eventually became apparent that the Vessel would only be released in exchange for a bribe, and assureds pulled out from such negotiation around 11<sup>th</sup> April 2019. No bribe was paid.
- The Vessel was insured by the defendant insurers for war risks, with a Detainment Clause in the Policy which has the effect of deeming the insured vessel as constructive total loss (CTL) if it is subject to detainment over a continuous period of 6 months.
- Insurers broadly accepted that the requirements to constitute a CTL were met, but denied the claim on essentially 4 grounds: (1) The detainment is not fortuitous as ship master should have known that the Vessel had anchored in territorial waters and the arrest was the consequence of their voluntary conduct in doing so; (2) the claim falls within an exclusion to the Policy; (3) the delay was materially caused by assureds’ unreasonable conduct in breach of their duty to sue and labour; and (4) insurers are entitled to avoid the Policy for material non-disclosure.



# The “Win Win” Case: English Court’s Decision On The Marine War Risk Peril Of Detention And Fair Presentation Under The Insurance Act 2015 (Cont’d)

## ❖ The Commercial Court’s Decision

Issue 1: Whether the detainment is fortuitous.

Defendant insurers mainly relied on *The Wondrous* [1991]. In that case, a vessel was chartered to load cargo in Iran. She loaded cargo by 14<sup>th</sup> August 1987 but wasn’t able to leave port until 17<sup>th</sup> October 1988, as she was unable to obtain clearance. Under Iranian law, owners were responsible for the port dues and taxes, but the charterparty allocated this responsibility to the charterer. The charterer failed to do so, thus depriving the owners of the opportunity to earn hire. The owners claimed under their War Loss of Hire policy which covered detainment but excluding detainment by reason of infringement of customs regulation. It was held that the entirety of the detention was excluded by the customs regulation exclusion.

In *The Wondrous*, the owners made a deliberate and conscious choice not to pay the port dues and taxes, without which the vessel could not be cleared. This is the ordinary and inevitable consequence of non-payment, therefore the detention was not fortuitous because it was brought about by assured’s voluntary conduct.

The judge stated in obiter of *The Wondrous* that “...where a situation comes about as a result of the voluntary conduct of the assured, it would not normally be described as fortuitous. It did not happen by chance but by choice of the assured. ... a policy should not be construed as covering the ordinary consequences of voluntary conduct of the assured arising out of the ordinary incidents of trading; it is not a risk.”

# The “Win Win” Case: English Court’s Decision On The Marine War Risk Peril Of Detention And Fair Presentation Under The Insurance Act 2015 (Cont’d)

## ❖ The Commercial Court’s Decision (Cont’d)

### Issue 1: Whether the detainment is fortuitous. (Cont’d)

The Court held the loss is fortuitous. It distinguished *The Wondrous*, and identified two aspects relating to the obiter:

- (a) There must be some choice by the assured;
- (b) The consequences must be such as to flow in the ordinary course of event.

As to aspect (a), in *The Wondrous* the loss was bound to result from conduct “*by choice of the assured*”, and the concept of choice implies awareness that a decision is being made between two or more options which are different in some relevant sense. But the judge found in this case, the assureds were not subjectively aware that they were choosing to anchor inside the territorial waters rather than the outside, hence it cannot be said to have made a choice to anchor in the sense same to *The Wondrous*. The judge stated that, if an assured is unaware that it is making a choice which carries legal significance, then even if it ought to have known, that is at most mere negligence. Negligence of assured is not wilful misconduct of assured, such does not fall into Marine Insurance Act 1906 Section 55(2)(a).

As to aspect (b), inevitability is required in order for a loss to be regarded as an ordinary consequence of the assured’s conduct in the ordinary course of trading, i.e. non-fortuitous. Once it is established that a particular consequence is inevitable, the risk is not fortuitous regardless of the subjective awareness by the assured. Nevertheless, it was found that before February 2019, arrest and detention were not ordinary incidents. The responses of Indonesian Navy were wholly unprecedented and extraordinarily heavy-handed in February 2019. This also distinguished from *The Wondrous*, as in latter case it is universal practice that a vessel will not be allowed to leave port until all port dues and local taxes are paid.

# The “Win Win” Case: English Court’s Decision On The Marine War Risk Peril Of Detention And Fair Presentation Under The Insurance Act 2015 (Cont’d)

## ❖ The Commercial Court’s Decision (Cont’d)

Issue 2: Whether the detainment falls within exclusion (e) of the policy.

The war risks policy is based on American Institute Hull War Risks and Strikes Clauses, and its exclusion provides:

*“This insurance does not cover any loss, damage or expense caused by, resulting from, or incurred as a consequence of:*

...

*e. Arrest, restraint or detainment under customs or quarantine regulations and similar arrests, restraints or detainments not arising from actual or impending hostilities...”*

The policy incorporated Addendum to American Institute Hull War Risks and Strikes Clauses – December 1, 1977 (April 1, 1984):

*“... this Addendum is attached are amended as follows:*

...

*3. in the event that the Vessel shall have been the subject of capture, seizure, arrest, restraint, detainment, confiscation or expropriation, and the Assured, by reason thereof, has lost the free use and disposal of the Vessel for a continuous period of [six (6)] months (even though condemnation has not occurred), then for the purpose of ascertaining whether the Vessel is a constructive Total Loss, the Assured shall be deemed to have been deprived of the possession of the Vessel without any likelihood of recovery.”*

# The “Win Win” Case: English Court’s Decision On The Marine War Risk Peril Of Detention And Fair Presentation Under The Insurance Act 2015 (Cont’d)

## ❖ The Commercial Court’s Decision (Cont’d)

**Issue 2: Whether the detainment falls within exclusion (e) of the policy. (Cont’d)**

The insurer denied the claim by relying on exclusion (e) on the basis that, although it was not an arrest, restraint or detainment under customs or quarantine regulations, it was nonetheless a “*similar arrest, restraint or detainment not arising from actual or impending hostilities*”.

The judge pointed out the critical question is the meaning of the word “similar”. In his judgment an arrest, restraint or detainment is “similar” for the purpose of exclusion (e) if the underlying purpose or objective of the arrest is materially the same as the underlying purpose and objective of an arrest under customs or quarantine regulation. The effect of “similar” is to include arrest for breach of any regulation which in substance equates to a “custom regulation” as construed under English law, whether the arrest itself is made under a custom regulation or some other law.

Interestingly, the Court compared this exclusion (e) to its counterpart under Institute War and Strikes Clauses 1983 clause 4.15 which reads “*arrest restraint detainment confiscation or expropriation under quarantine regulations or by reason of infringement of any customs or trading regulations*”. The judge substantially accepted that the exclusion (e), properly construed, should have arrived in a different way at the same result as clause 4.1.5 under the English Institute Clauses.

Based on above construction of exclusion (e), it comes to the question that, whether the arrest of the Vessel under Indonesian Shipping Law was similar to an arrest under customs or quarantine regulations.

# The “Win Win” Case: English Court’s Decision On The Marine War Risk Peril Of Detention And Fair Presentation Under The Insurance Act 2015 (Cont’d)

## ❖ The Commercial Court’s Decision (Cont’d)

**Issue 2: Whether the detainment falls within exclusion (e) of the policy. (Cont’d)**

The defendant insurer submitted that there was a close relationship among the provisions in Indonesian Shipping Law and the Indonesian Customs Law and Quarantine Law, hence the detention was accordingly similar within the meaning of exclusion (e).

This submission was rejected by the judge, who considered that many laws could be said to be related, but the suggested unifying factors among Indonesian Shipping Law did not have specific reference to customs or quarantine regulations in exclusion (e). The express designation of these two types of regulation, and only these two types, necessarily meant the objective intention of the exclusion (e) was to identify a similarity with one or other of those types of regulation specifically, instead of some similarity which might be shared with all sorts of other general regulations.

The judge accepted that the unprecedented activity of the Indonesian Navy was prompted by a change of policy on the part of the government with a view to asserting sovereignty, and the provision in Indonesian Shipping Law under which the Vessel was detained were primarily directed at controlling navigation in territorial waters, which had nothing to do with customs or quarantine regulations which regulate smuggling, the flow of goods, import duties or quarantine etc.. It was held that the detainment did not fall within exclusion (e).



# The “Win Win” Case: English Court’s Decision On The Marine War Risk Peril Of Detention And Fair Presentation Under The Insurance Act 2015 (Cont’d)

## ❖ The Commercial Court’s Decision (Cont’d)

**Issue 3: Were the Claimant in breach of their duty to sue and labour by unreasonably and improperly instigating in “commercial settlement” discussions with the Indonesian Navy regarding the release of vessel.**

Defendant insurer submitted that the Assureds and their agents initiated and pursued a series of contacts with the Indonesian authorities with a view to exploring whether a “settlement” with the Navy, on a “commercial” basis was possible. Insurers alleged that the assureds knew or should have known that an illicit payment (or bribe) would be demanded, and should either not have instigated discussions at all, or at least should have terminated them much sooner. By pursuing the discussion for long but pulling out at the last minute, the assured only managed to antagonise the authorities and caused the Vessel’s detention being prolonged. Insurers said such conduct amounted to unreasonable conduct in breach of assureds’ duty to sue and labour.

Based on the facts and evidence, the judge stated that to explore every single way for getting the Vessel released is an entirely normal and reasonable response of the part of any prudent uninsured, and the initiation of discussion was not unreasonable in the circumstances. It was also found that, there was no indication that assureds would be any worse off if the discussions failed. During the process of the discussion, the assureds heavily relied on the Vessel’s P&I Club which was also working with other respected IG Clubs attempting to release a few other arrested vessels. Based on these facts, the judge found the assureds were not in breach of their duty to sue and labour.

# The “Win Win” Case: English Court’s Decision On The Marine War Risk Peril Of Detention And Fair Presentation Under The Insurance Act 2015 (Cont’d)

## ❖ The Commercial Court’s Decision (Cont’d)

**Issue 4: Are insurers entitled to avoid the Policy because the charges against Mr. Bairactaris were not disclosed?**

The registered owner of the Vessel - Delos Shipholding SA is an SPV registered in the Marshall Islands, the sole nominee director was Mr. Bairactaris. In March 2018, around 3 months before the vessel’s policy renewal, criminal charges were brought against Mr Bairactaris for financing of the drug trafficking through another vessel. Insurers alleged this circumstance was not disclosed to them prior to conclusion of the Policy.

Section 3(1) of the Insurance Act 2015 imposes a duty on an assured to make a fair presentation of the risk to the insurer before the contract is entered into. Section 3(4) provides a fair presentation includes “*disclosure of every material circumstance which the insured knows or ought to know*”, and a circumstance is material “*if it would influence the judgement of a prudent insurer in determining whether to take the risk and, if so, on what terms.*” Insurers have a defence to the claim if they can prove (i) knowledge; (ii) materiality and (3) inducement.

As to whether such circumstance is material, the judge held that the charges were material on the basis that a prudent underwriter would have wanted to consider imposing a condition. However, for whether the assureds have this knowledge of Mr. Bairactaris’s charges, it was found based on evidence that such was not known to other assureds who arranged the insurance, hence there was no breach of the duty of fair presentation. Also, the insurers also failed in establishing on a balance of probabilities that they were actually induced to write the Policy by the non-disclosure of the charges.

All in all, the Court held that assureds’ claim under the Policy succeeded.

# In A Nutshell: The EU's Emissions Trading System

The European Union's emission trading system (EU-ETS), aligned with the EU climate targets to reach net-zero GHG emissions by 2050, is an emission cap-and-trade system which imposes a limit or cap on GHG for certain sectors of the economy. Starting from 1 January 2024, the EU-ETS was extended to shipping sector.

## ● How EU-ETS works

The EU issues a limited number of EU allowances (EUAs) each year for each sector, and the companies have to purchase sufficient EUAs to offset their annual GHG emissions which are subject to EU-ETS.

Each EUA gives a company the right to emit an amount of GHG equivalent to the global warming potential of 1 metric tonne of CO<sub>2</sub>. Methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O) will be included in EU-ETS from 2026. Methane and nitrous oxide are said to have global warming potential of 28 and 228 times of the CO<sub>2</sub>, it means 28 EUAs will be surrendered for emission of 1 metric tonne of methane, and 228 for 1 metric tonne of nitrous oxide.

## ● EU Allowances (EUAs)

In 2024, EU issued 80 million of EUAs for shipping industry. This number will be reduced by around 4% year on year. Shipping companies will have to work out how many EUAs they will need to

surrender or offset their company's emission. EUAs can be acquired in following ways:

- From the primary market through auctions arranged by the European Energy Exchange (EEX) where the EUAs can be purchased at a fixed price.
- From the secondary market where EUAs are traded, and the price fluctuates according to supply and demand.
- From the futures market, if the EUAs purchased are for future surrender obligations. The EUAs' price again will fluctuate according to market expectations.

## ● Which ships are subject to EU-ETS

- Cargo and passenger ships of 5,000 GT and above. From 1 March 2024, these vessels must start reporting data to the EU's Monitoring Reporting and Verification system (MRV), and surrender their first EUAs by 30 September 2025 for emissions reported in 2024.
- Offshore ships of 5,000 GT and above must start reporting data to EU MRV from 1 January 2025, and will be included into the ETS from 2027.

# In A Nutshell: The EU's Emissions Trading System (Cont'd)

## ● Which ships are subject to EU-ETS (Cont'd)

- Offshore and general cargo ships of 400 – 5,000 GT must start reporting data to EU MRV from 1 January 2025 with their inclusion in the ETS to be reviewed in 2026.

The EU-ETS applies to all ships as categorised above as long as they enter EU ports, regardless of the flag they fly.

## ● The emissions which count towards EU-ETS

Not all emissions are subject to EU-ETS. For intra-EU voyages, the 100% of emissions is counted in EU-ETS. For voyages arriving at an EU port from a non-EU port, or vice versa, 50% of emissions will count. For the emissions generated at berth in an EU port, 100% will count.

The offset requirement of the GHG emissions to EUAs will be introduced incrementally:

- 2025: 40% of emissions reported for 2024 to offset with EUA;
- 2026: 70% of emissions reported for 2025 to be offset with EUA;
- 2027 onwards: 100% of reported emissions to offset with EUA.

If, for example, in 2025, a cargo ship emits 100 tonnes of CO<sub>2</sub> from Shanghai to Rotterdam, 50% of the CO<sub>2</sub> will count under EU-ETS, and for the 50 tonne of CO<sub>2</sub>, 70% (i.e. 35 tonne) will be offset for 35 EUAs.

## ● Port of call falling outside the EU-ETS

Not all ports of calls are valid for the purpose of EU-ETS. For valid port of call subject to EU-ETS, it is defined that “*the port where a ship stops to load or unload cargo, to embark or disembark passengers, or where an offshore ship stops to relieve the crew*”.

Calls at ports for the following purposes fall outside this definition:

- for the sole purpose of refueling;
- for obtaining supplies;
- for relieving the crew (other than an offshore ship);
- for going into dry-dock or making repairs to the ship;
- where the ship is in need of assistance or in distress;
- ship-to-ship transfers carried out outside ports;
- for the sole purpose of taking shelter from adverse weather or rendered necessary by search and rescue activities;
- calls by container ships in a listed “neighbouring container transshipment port” (NCTP).

## ● Carbon leakage and NCTPs

Some certain ports are designated by EU as NCTPs to prevent “carbon leakage”. An example of carbon leakage can be a container ship loads cargo at Shanghai for discharge at Rotterdam, but she calls at Tangier in Morocco to pick up more cargo before proceeding to Rotterdam. This is done to avoid paying for emissions on voyage from Shanghai to Tangier, which falls outside of the orbit of EU-ETS.

To deal with such circumvention, certain ports such as Tangier and East Port Said in Egypt have been designated as NCTPs which do not qualify as ports of call for container ships. NCTP only applies to container ships; if a bulker departed from Shanghai and called an NCTP prior to calling at an EU port, only the emissions from NCTP to EU port are counted in EU-ETS.

## ● Who is responsible for compliance with EU MRV and EU-ETS?

The responsible entity can be either i) the registered owner of the ship, or ii) the ISM company of the ship if it receives an express mandate from shipowner. The shipping company however remains the entity responsible for surrendering EUAs. Nevertheless, EU recognises the “polluter pays” principle, it means shipowners may seek to recover their EU-ETS compliances costs from their charterers.

## ● Administering authorities and Maritime Operator Holding Accounts

On 31 January 2024, EU issued an attribution list to inform shipping companies which Administering Authority they will deal with when surrendering the EUAs.

For the shipping companies registered in EU or EEA Member State, they will have to surrender the EUAs to the respective Administering Authorities in their registered Member State. For the shipping companies which are not in an EU or EEA Member State, they will be allocated to the Administering Authorities at places where their ships had called most frequently in the previous 4 years.

Within 40 working days of the publication of the attribution list, the shipping company shall submit to the relevant national administrator the required information for opening a Maritime Operator Holding Account. If the company is not included in the list, it can open the account within 65 working days from the date of its ship’s first port of call falling within the scope of EU-ETS.

A failure by a shipping company to surrender EUAs in the first instance will result in a fine of EUR100 per metric tonne of its emitted CO<sub>2</sub>, and a failure to surrender EUAs for more reporting periods may lead to the ships being refused entry to the ports of all EU Member States.



## Trading Alert: Bartering For Welfare Items In Togolese Ports Constitutes Maritime Infringement

Sometimes seafarers participate in amiable exchange of low-value items from the vessel such as scrap, stores and personal effects with the locals in foreign ports. In return, they can receive welfare items like SIM cards and fresh supplies. However, it is warned that such bartering transactions may constitute violations of local laws.

P&I Club Gard shared a case in port Lome, Togo. The vessel arrived in Lome and was informed that the garbage disposal was compulsory. The local agent arranged for it the following day. A person alleged to be the agent's representative approached the vessel's chief engineer the next morning and asked if the vessel had any scrap to off land from the engine room and offered fresh seafood in return. The chief engineer agreed. That day, the garbage and the scrap metal was off landed, but the waste delivery receipt did not mention the scrap metal.

Later, the police arrested a person on the port premises carrying metal scrap, and upon interrogation, he claimed to have received these goods from the vessel's chief engineer. The crew were questioned by the police and customs authorities, and the vessel was detained. The authorities levied a fine on the vessel as the bartering was considered an unauthorised transaction.

Both maritime police and the customs authorities are involved in handling such cases. It is worth mentioning that the Togolese Customs Code is wide enough to allow the customs authorities to impose large fines despite the nature of the matter is considered trivial by the ship's crew. The penalties are calculated based on the value of items that were exchanged, customs duties imposed on the articles between 28% and 49% and the estimated value of the vessel. It is said that the monetary fines can exceed EUR130 million, with crew members facing imprisonment for up to a year.

Owners are advised to inform their crew on vessels calling Togo of the applicable local laws and consequences of engaging in such exchanges with the locals both at anchorage and when alongside. It is recommended that vessels approach their local agents for specific needs instead of entering into deals with locals in foreign ports. Although this particular alert focuses on Togo, similar laws may also exist in other countries.



# Market Snapshot

## Bulker “Abdullah” Released After USD5 Million Ransom Paid

- The 58,000-dwt bulker “Abdullah” was released on 14<sup>th</sup> April together with the 23 Bangladeshi seafarers, following the payment of ransom reported at USD5 million.
- The vessel was boarded and taken control of by more than 20 armed people off the coast of Somalia on 12<sup>th</sup> March 2024, while she was carrying coal from Mozambique to the United Arab Emirates. The incident happened about 600 nautical miles east of Somalia’s capital.
- The pirates usually use dhows as motherships that blend with usual traffic and launch skiffs to attack vessels which can be as far as 1,000 km off the Somali coast.
- EU’s Operation Atalanta naval task force, set up to tackle piracy off the Horn of Africa, noted a surge in incidents that could lead to more piracy attacks, and identified several possible pirates camps on the Somali Coast with a hotspot at north of Eyl. It is concerned that payment of ransom could lead to a new wave of attacks.

## Lloyd’s Profit Hits ‘Highest Level In Recent History’

- Lloyd’s, as one of the biggest single marketplace for marine insurance and reinsurance, has posted solid profitability on both the underwriting and investment sides in 2023, as the cost of claims fell.
- Net profit is said to rise to GBP268 million, up from GBP98 million in 2022. The gross written premium was GBP52.1 billion, up from GBP46.7 billion, with an underwriting profit of GBP5.9 billion, against GBP2.6 billion in 2022.
- The underwriting profit contributed to a 7.9% improvement in the combined ratio to 84%, the strongest result since 2007. This was boosted by higher risk-free interest rates and the unwinding of the previously booked mark-to-market loss.
- With price increases of 7% offsetting inflationary trends, the Lloyd’s market has now seen 24 consecutive quarters of positive price improvement. The group had total capital, reserve and subordinated loan notes of GBP45.3 billion, versus GBP40.2 billion in 2022.

## 'Teslas Of The Seas': The Ammonia-Fuelled Vessels Poised For Their Debut

- According to Clarkson Research data, currently there are only 15 ammonia dual-fuel capable vessels on its database, mainly newbuildings. Compared to ammonia dual-fuel capable ones, there are around 348 vessels in “ammonia ready” status, comprising 249 on-order ships and 99 existing ships.
- For zero-emission fuel, green or fully “clean” ammonia is said to be one of the top choices regardless of its toxicity. However, the challenge is on the supply side – some ammonia producers are not taking final investment decisions on projects as they cannot nail down long-term offtakers.
- It is estimated that around 3.2 mtpa per annum of blue and green ammonia production is planned or under construction, but these volumes are “a drop in the ocean” compared with International Energy Agency’s demand estimates of 50 mtpa by 2030 and 250 mtpa by 2040.
- Market observers said the supply of green ammonia was unlikely to scale up before 2030; ship-to-ship transfer of ammonia would take years to develop due to the fuel’s toxicity. Ammonia fuel supply may be unlocked if vessels trading on green ammonia emerge in advance of supply, like the electric car picture.

## Venezuela’s Loss Of Key U.S. Export License To Hit Oil Sector

- On 17<sup>th</sup> April 2024, both U.S. and Venezuela admitted negotiations to extend sanctions relief had broken down. Washington formally issued a wind-down period of 45 days to exit the 6-month grace period first extended in mid-October 2023.
- In March the oil exports climbed to the highest level in 4 years as customers rushed to complete purchase ahead of the license expiration. It is doubtful if the 6 weeks wind-down period granted by U.S. to complete transactions might not be enough to resolve the bottleneck.
- Market expected the departure of Venezuela would not hit tanker market hard, as previous years of sanctions had caused neglect on crude oil production. Also, the prior 6-month license did not provide enough time for Venezuela to secure long-term investment in its energy industry.
- Unless enough U.S. individual authorizations for Venezuelan oil trade are issued, the country is expected to resort again to sell its oil under price discounts through little-known intermediaries.

## Red Sea Crisis Pushes Tanker Demand To All-Time High

- Analysts have calculated that the Red Sea disruption has created the best-ever market for tankers in terms of tonne-miles in March, 2024, with preliminary figures showing demand for 2024 so far is up by 4.1% compared to 2023. The product tanker voyages have increased 15 days on average by routing to Cape of Good Hope to avoid Houthi attacks, a 61% rise in journey length.
- The biggest boost has been seen in the LR2 product tanker market, with a rise of 8.3% in demand compared to 2023. This type of vessels already enjoyed a 9.9% rise in 2023 compared to 2022, as the Ukrainian war broke out and changed the trading patterns.
- The LR2 rates from the Middle East Gulf to Japan were assessed in region of USD55,600 per day in the beginning of April, which surpassed the crude tankers such as VLCC and aframax.
- Market observed that the Red Sea crisis was absorbing the seasonally weaker period for product tankers; should such disruption last for a couple of more months (which looks very likely), the refinery maintenance season would expire and the stronger winter season markets would come.

## TotalEnergies to Build LNG Bunkering Hub in Oman

- TotalEnergies and the Oman National Oil Company (OQ) have announced the final investment decision for the Marsa LNG project, as a joint venture between TotalEnergies (80%) and OQ (20%).
- The project, as expected to start LNG production by 1Q 2028, aims to serve as the first LNG fuel bunkering hub in the Middle East.
- Being 100% electrically driven and supplied with solar power, the Marsa LNG plant will be one of the lowest greenhouse gas emission intensity LNG plants worldwide. It will combine upstream gas production from the Mabrouk North-East field, downstream gas liquefaction by a 1-Mt/y capacity LNG liquefaction plant in the port of Sohar, and renewal power generation through a 300 MWp PV solar plant.
- TotalEnergies has signed a Sale and Purchase Agreement with Oman LNG to purchase 0.8 Mtpa of LNG for a decade starting from 2025, becoming a significant offtaker of Oman LNG's production.



## Port Of Los Angeles Eyes Continued Momentum As Container Volumes Surge

- The Port of Los Angeles reported a 19% increase in container units handled in March 2024, making the eighth consecutive month of year-on-year growth.
- The port's 1Q 2024 throughput of TEUs reached 2.38 million, which represents a nearly 30% increase from 2023. This figure is also one of the port's best first-quarter results behind the import surge seen during the pandemic in 2021 and 2022.
- According to the port's data, as compared to 2023, loaded imports landed at 379,542 TEUs, up by 19%; loaded exports came in at 144,718 TEUs, up by 47%, processed empty containers were 219, 158 TEUs, showing a 7% increase.
- The port expected April throughput to exceed 700,000 TEUs despite being off season, and the robust cargo flow would continue into the summer and the peak shipping season.
- It was likely that the strong start of Port of Los Angeles in cargo numbers could benefit from drought conditions at the Panama, upcoming labor negotiations at U.S. East and Gulf Coast ports, the on-going security situation in the Red Sea, and impacts from the Baltimore Key Bridge collapse.

## Panama Canal Authority Increases Daily Slots And Maximum Draft

- Following a debilitating year of drought-induced cuts to drafts and transits, the Panama Canal Authority (ACP) announced an increase in booking slots and maximum allowable draft in mid-April, as evidence showed the worst of the El Nino phenomenon was over.
- In March, ACP added 3 extra slots per day at its panamax locks, taking the total daily maximum transits to 27, but it was still more than 10 shy of the waterway's normal maximum.
- As per the announcement, ACP would gradually allow up to 32 ships per day, and restrictions on the maximum draft of ships passing through the largest locks will be increased in mid-June to 13.71 m, from 13.41 m .
- Latest forecast from the ACP showed projected water depth at Gatun Lake, the vital piece of water in the middle of the canal, will start to climb towards to end of May as the rainy season starts.
- If the steady rainfall can continue for a few months as projected, ACP would plan to gradually ease transit restrictions, allowing conditions to fully normalise by 2025.

## Baltimore Bridge Wreck Removal: Timeline Of Major Events

- The MV “Dali” was owned by Grace Ocean Pte Ltd and managed by Synergy Marine of Singapore. She is time chartered by Maersk. On 26 March 2024, she lost power and came into contact with the Francis Scott Key Bridge in Baltimore, Maryland, U.S., causing the bridge to collapse and death of six construction workers.
- On 27 March, a Unified Command and Joint Information Center have been established in Baltimore to coordinate response and disseminate information.
- On 28<sup>th</sup> March, a 2,000-yard Safety Zone was established by the Unified Command for the recovery efforts to protect personnel, vessels and the marine environment. The U.S. Department of Transportation’s Federal Highway Administration (FHWA) announced the immediate availability of USD60 million Emergency Relief (ER) funds for initial costs of emergency repairs, design and reconstruction of the bridge.
- Bridge cutting commenced on 30 March in order to remove the debris, and two crane barges were working to transfer the sections. Each lifting operation required an engineering analysis to guide salvage plans.
- Starting from 31 March, the Captain of the Port planned to establish temporary alternate channel for the trapped vessels to depart.
- The recovery efforts and wreck removal were slowed down due to weather conditions during 3 April and 5 April, and salvage work continued on 6 April. Traffic through the alternate channels also increased.
- 7 April saw the start of removing containers from the bow of “Dali” at the Key Bridge incident site. The removal of containers will provide safe access to remove pieces of the Key Bridge that lay across the ship’s bow, reducing the weight and allowing the vessel to be refloated.
- Owners of “Dali” declared General Average, and Richards Hogg Lindley (London) had been appointed as adjuster.
- FBI opened a criminal probe into the incident, and Baltimore City Mayor confirmed the city hired two law firms to take legal action against stakeholders of “Dali”.
- On 23 April, a 35-foot-deep limited access channel was set to open temporarily, after the USACE making significant progress in clearing a major obstruction in the Port. It allowed departure of some of the trapped ships.

# Happy Reading, See You In May!

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## Acknowledgments

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