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EXCLUSIVE INDIAN PORT SECTOR- RESPONSE TO COVID-19 PANDEMIC SITUATION

On 11 March 2020, World Health Organisation declared Novel Coronavirus Disease(COVID-19) outbreak as a pandemic and reiterated the call for countries to take immediate actions and scale up response to treat, detect and reduce transmission to save people's lives.

As of 31 March 2020 (8:30 PM), according to the Ministry of Health & Family Welfare (MoHFW), Govt. of India a total of 1397 COVID-19 cases (including 49 foreign nationals) have been reported in 27 states/ union territories. These include 123 who have been cured/discharged, 1 who has migrated and 35 deaths. Hospital isolation of all confirmed cases, tracing and home quarantine of the contacts is ongoing.

On 24 March 2020, the Prime Minister announced a 21-day nationwide lockdown by his statement : "In order to protect the

country, and each of its citizens, from midnight tonight, a complete ban is being imposed on people from stepping out of their homes."

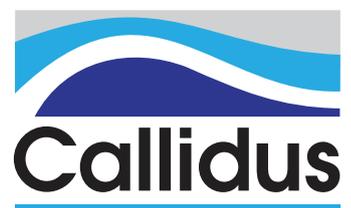
A day prior to the above announcement, The Government of India, Ministry of Home Affairs had issued circular dated 23 March 2020 which directed closure of all immigration checkpoints: Airport, Seaport, Land port, Rail port and Riverport. Following this the DGS issued a clarification dated 24 March 2020 stating that the MHA Circular did not apply to ships carrying cargo for trade or essential goods and supplies. Thus, such vessels would not encounter any immigration blockade.

Against this background, various Indian Ports (major and minor) have issued their own internal port operating procedures to deal with the situation and avoid spread of pandemic through ports. To ensure uniformity in these procedures, the Directorate General



"When I got enough confidence, the stage was gone. When I was sure of Losing, I won. When I needed People the most, they Left me. When I learnt to dry my Tears, I found a shoulder to cry on. When I mastered the Skill of Hating, Someone started loving me from the core of the Heart, and, while waiting for Light for Hours when I fell asleep, the Sun came out. That's LIFE!! No matter what you Plan, you never know what Life has planned for you. Success introduces you to the World. But Failure introduces the World to you. Always be Happy!! Often when we lose Hope and think this is the end... God smiles from above and says, "Relax Sweetheart; It's just a Bend, not the End..!"

- ACTRESS SOPHIA LOREN



of Shipping (DGS), India has issued certain circulars to streamline and bring all the vessels calling Indian Ports under its applicability. The major guidelines set forth by DGS vide DGS Order No. 04 of 2020 dated 20th March 2020 are as follows:

- Mandatory quarantine and travel ban for 14 days, for vessels arriving from ports of infected countries. Vessel stoppages at a port of infected country, for the purpose of bunkering, not be counted for calculation of 14 days from port of departure.
- Master of Vessel to ascertain the state of health of all crew members before arrival at the vessels first port of call in India and to submit a “Maritime Declaration of Health” to health authorities of the port, 72 hours prior to the arrival of the vessel at the port.
- Any symptoms of COVID-19, of any crew member, to be duly mentioned

by master of the vessel in the Maritime Declaration of Health.

- Master to keep a track on all instructions and guidelines issued by the Ministry of Health and Family welfare, Govt. of India, guidance issued on dealing with COVID-19 by World Health Organisation (WHO), International Maritime Organization (IMO) and other applicable trade bodies and ensure compliance to the same.
- Mandatory monitoring of any crew member suspected of COVID-19 or with symptoms thereof, by the health authorities of each port.

To further assist the Ministry of Health and family affairs, in tackling the spread of COVID-19 and to provide support to shippers, consignees and other stakeholders, the Directorate General of Shipping (DGS) issued a further order dated 29 March 2020

advising shipping lines to refrain from charging container detention charges.

By its latest order dated 31 March 2020, DGS has advised various Indian seaports, shipping companies and carriers(and their agents), to not charge, levy or recover any demurrage, ground rent beyond allowed free period, storage charges in the port, additional anchorage charge, berth hire charges or vessel demurrage or any performance related penalties on cargo owners or consignees of non-containerised cargo whether LCL or not, for the period from 22 March 2020 to 14 April 2020, due to delay in evacuation of cargo caused by reasons attributable to the nationwide lock down since 22 March 2020.

As the fight against the pandemic continues, the Directorate General of Shipping together with the various ports ramps up efforts on a day to day basis.

STRICT ENFORCEMENT OF THE AMENDMENT TO MARPOL ANNEX VI REGULATION (IMO2020) IN UAE.

Major port state regimes including Paris, Tokyo and the United States Coast Guard (USCG), have been rigorously enforcing the IMO’s Sulphur 2020, from March 1st, 2020, amidst the same Federal Transport Authority of the United Arab Emirates (FTA) recently has banned the Panama-flagged containership MSC Joanna from operating in UAE waters and ports for a duration of one year over violation of the carriage ban in accordance with the MARPOL amendment as such, ship owners and operators could face detention of ships should they continue to carry fuel that contains a sulphur content higher than 0.5 percent unless the ship has an exhaust gas cleaning system.

The authorities in UAE have said that the Master of MSC Joanna was banned from working on any ship calling UAE waters or ports, and that legal action will be initiated against the master due to the violation of the



UAE enforced legislation related to the International Maritime Instruments and the UAE maritime commercial law.

The International Chamber of Shipping have already advised ship-owners and operators of the impending ban and reiterates the fact that any ships found to be non-compliant face the prospect of detention.

The chamber further said that enforcement agencies will no longer have to prove usage, and that showing that vessels without scrubbers have non-compliant fuel aboard will be enough to prove a violation hence it will be considered an offense for any ship to be carrying fuel that contains sulphur content higher than 0.5% for purposes of propulsion or operation,

unless the ship has a scrubber. FTA (UAE) had informed that the MSC Joanna was found to be carrying more than 700 MT of high sulphur fuel oil (HSFO) when boarded at Jebel Ali Port, despite the repeated warnings given to the ship to debunker the non-compliant

fuel before calling UAE ports and was ordered to offload HSFO before its departure to comply with the carriage ban imposed in the UAE on March 1, however the ship sailed out without offloading the HSFO and obtaining the port state control officer's permission.

Amidst Coronavirus Pandemic and strict enforcement of international regulations, it can no longer be ruled out that the container shipping industry might be looking at developments similar to the financial crisis of 2008, which Shipping industry have to withstand in these challenging times.



HOT NEWS

CONTAINER FLEET TO SHRINK WITH PRICES AND RATES ON SLOW RECOVERY FROM COVID-19

The novel coronavirus (COVID-19) pandemic will lead to a contraction in the shipping container fleet and keep prices and lease rates under pressure in 2020, according to analyst Drewry.

With container supply chains around the world disrupted and depressed demand for vessels and boxes, the container shipping market will be under pressure this year, although better than in 2019.

Drewry's data showed that first quarter newbuild prices and lease rates for all the main categories of containers were up compared to the fourth quarter of 2019 and 2019 as a whole.

Primarily, this was the result of improving levels of optimism regarding the outlook for world trade. The US and China signed Phase One of a new trade

agreement and the Brexit withdrawal deal was concluded," wrote Martin Dixon, director, head of research products, Drewry.

"From the container manufacturing perspective, it appeared as if efforts by China's main box builders to secure minimum prices for their equipment was having some success. Lease rates also hardened, rising between 15% and 20% compared with Q4 2019 for dry freight (20ft, 40ft and 40ft high-cube) equipment," Dixon said.

But these increases masked "intense volatility" in the market during the period, he observed.

At the beginning of this year, the price of a 20ft standard container stood at about \$1,750. By end-February the price rose to as much as \$2,150, before a sharp drop to approximately \$1,900 in late-March.



The severity of COVID-19 and the lockdown in China and subsequently in many parts of the rest of the world was the cause of the price drop, Dixon said.

"Total box output (dry freight and reefer) in Q1 2020 was one of the lowest in a quarterly period; 33% lower than Q4 2019 and 35% below that of the corresponding period of 2019. The dry box sector was the worst affected with a year-on-year decline in production of 40%. This compared with a 4% increase in the output of reefer containers as the shift of cargo from specialised reefer and air freight services to liner services and containers continued," he said.

The remainder of the year is expected to be challenging with orders dominated by ocean

carriers' and lessors' needs to replace ageing inventories.

With few companies expected to expand their fleet this year, Drewry expects the ocean-borne fleet of containers to decrease marginally, though it could be worse depending on the recovery in trade volumes.

"This would represent the first reduction since the financial crisis of 2009 when the pool of equipment declined by 4%," Dixon said.

"Even though the COVID-19 pandemic will result in a decline in the size of the container equipment fleet in 2020, newbuild prices and leasing rates are expected to firm. A strong recovery in trading volumes in 2021 will reinforce this situation," he said.

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