

Maritime Bulletin – State of the Market, February 2020

Club renewal time provides a useful time to review the state of the market, and to compare what commentaries say with our own experience.

2020 IMO Low Sulphur has been the long tail news item. Owners are facing increased costs of compliance, whichever route they have decided to take for their vessels. There are reports of poor bunker qualities affecting engine performance and consequent loss of time which will certainly lead to arbitrations during the coming year. We have already seen disputes about vessels with too much high sulphur fuel at the end of the year, with disputes between owners and charterers about who bears the loss of disposal.

There is plenty of political turbulence to go around with **sanctions** impacting Iran and Venezuela business, as well as in other areas. We are finding high demand for advice about the impact of sanctions in various different contexts.

Generally the **market for insurers** market for insurers has been soft with no premium increases for a few years now and many clubs and marine insurers have been paying out more than they receive. Indeed, the hull market has seen many insurers pull out entirely. There has, we understand, been a general increase in the value of claims – which reflects our experience – and the costs of wreck removal continue to grow. Against that background it is perhaps not surprising to see premium increases being quoted generally, together with significant diversification amongst clubs into non P&I and fixed premium business.

Tanker rates and vessel prices have seen real increases, with associated growth in disputes: charterparty terminations and disputes about delays appear to be on the increase, exacerbated by the volatility of the oil price and US trade sanctions on Chinese tankers. We are also seeing a number of disputes about contracts for the sale of tankers arising out of the increasing but volatile market.

Shipbuilding new orders appear to be picking up from extremely low levels. **Offshore** disputes rumble on from the spike in offshore orders from 2012-14. Growing areas of interest are **decommissioning** vessels and **windfarm** construction. In chambers we have extensive experience of disputes in relation to both issues: particularly from disputes that were prevalent in the early days of the UK offshore wind industry and, currently, disputes in relation to nuclear and North Sea commissioning.

These are early days to assess the effects of the **coronavirus**, but there is growing evidence that it has seriously depressed Southeast Asia demand and general economic activity; and also that vessels are being turned away from some ports to prevent infection risk. We recently published a newsletter on the coronavirus – [here](#) – and continue to watch out for legal issues.

4 Pump Court prides itself in keeping abreast of the market. Please contact [Freddie Hawke](#) or [James Tanner](#) to discuss any requirements you may have for advice from or representation by members of chambers.

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