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D'Amico's dry bulk unit 'extremely cautious' over Russia links

The Italian private business has no exposure to Russia or cargo commitments in the region currently

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by **Nidaa Bakhsh** | @LloydsListNidaa | nidaa.bakhsh@informa.com

The next generation of the family-run business Emanuele d'Amico talks exclusively with Lloyd's List about navigating challenges in the dry bulk market, including the changing trade patterns and the conflict in Russia-Ukraine that saw one of its bulkers turn back without loading



EMANUELE D'AMICO: 'I STRONGLY BELIEVE IN RELATIONSHIPS; IT IS KEY. SHIPPING IS THE ONE INDUSTRY WHERE RELATIONSHIPS MATTER.'

Source: d'Amico

D'AMICO Società di Navigazione's dry cargo unit has no exposure or cargo commitments to Russia at the moment, but it will evaluate client requests on a case-by-case basis, provided there is no sanctions breach.

"We are extremely cautious," says the next-generation of the Italian family-run business Emanuele d'Amico.

He told Lloyd's List that one of its bulkers had been due to load a grains cargo in Odessa, Ukraine, the day before the conflict broke out, but it turned away immediately without loading. The private company has its own crews and technical team and wanted to ensure their safety.

Europe is short of coal as it cuts its reliance on Russian energy following the Ukrainian invasion and it is questionable whether Indonesia, Australia or South Africa will be able to supply sufficient volumes to meet the continent's needs.

"If a European company asks to load an unsanctioned cargo, we will evaluate it, but it is a big issue and is problematic, and it will be a case-by-case decision," he said.

The Russia-Ukraine conflict may turn out to be a positive for the dry bulk market as tonne-miles are more likely to increase, says the 33-year-old who was appointed as managing director in April last year, having joined the company in 2013. Congestion will also continue to support the market.

"We are cautiously optimistic" about the short-to-medium term because of strong demand and low fleet growth, at less than 7%, he says from Monaco where he is based, adding that there is little prospect of new deliveries until end of 2024 or even 2025, as shipyards are filling up with containership orders.

But there are always black swan events around the corner that could impact the market, he notes, adding that the biggest challenge is the changing trade patterns.

During the past 12 to 18 months, backhaul trades have been reaping more than fronthaul, especially on the geared segments, and how long that will last will depend on the strength in the container market.

The company, founded by Mr d'Amico's great-grandfather 90 years ago, has been involved in several project cargoes, with wood pulp coming back to bulkers as container lines were not able to meet requirements. His father Cesare is chief executive of the Rome-based group.

Also d'Amico is continuing its expertise in carrying forestry products (from South America to Europe), given that the first-ever trades in the 1930s were lumber shipped from Albania to Salerno, south of Naples.

Its core fleet consists of 17 owned vessels (post-panamax / kamsarmax, supramax and handy), and 30 long-term chartered-in bulkers, the majority of which have purchase options. It also has 15 vessels on short-term charters ranging from a single trip to up to 12 months.

Mr d'Amico says he is happy with the size of the fleet as it gives flexibility and the company can react quickly to market changes.

"When we forecast the market may soften, we add coverage; on the other hand, when we feel it is oversold, we add tonnage," he says, adding that the company has taken coverage on some of its core fleet — chartering out vessels for the next two to three years in the mid-\$20,000s per day range.

Meanwhile, the company has commercial teams in London, Singapore and Monaco, and while some other dry bulk companies expand into Dubai, Mr d'Amico is content "where we are" although it is always considering options.

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By Richard Meade

09 Mar 2022

UK government passes responsibility for identifying Russian sanctions links to individual ports, but many are reliant on Google searches and media reports to conduct due diligence and unwind complex networks of opaque beneficial ownership structures

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By Nidaa Bakhsh

11 Nov 2021

“We are not pursuing volumes,” he says. “We focus on our counterparts and clients; we focus on each trade. I strongly believe in relationships; it is key. Shipping is the one industry where relationships matter.”

Mr d’Amico was mentored not by his father, but by the then-chief Lucio Bonaso, who passed away in February 2021. He recalls how he learnt a great deal from Mr Bonaso, who did not give special treatment because of the family name.

Mr d’Amico also recalls how his father did not want him to join the company during the boom years of 2008 as he wanted his son to understand how to navigate through the tough times.

“We’ve seen how tough shipping is,” he says. Still, he enjoys the job and would not want to be anywhere else.

The Italian owner, which has sold one of its oldest vessels, says next year offers better prospects as vaccine uptake rises, allowing more people to start travelling again

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