

## MS DAILY BRIEF - 7 September 2022

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### HMS Prince of Wales has 'significant damage' likely requiring work in a dry dock

The Royal Navy has taken the unusual step of responding to media speculation by issuing a detailed statement on the damage to HMS Prince of Wales. One of the fleet's two largest ships and only recently commissioned, the carrier suffered an embarrassing setback as it set off on what was called a "landmark mission" in cooperation with the Americans. Speaking in a videotaped statement, Rear Admiral Steve Moorhouse said, "Our focus has been on understanding the nature and extent of the damage and the safety of her crew. We will repair her and return her to operations, protecting our nation and our allies, as soon as possible." HMS Prince of Wales departed Portsmouth on Saturday 27 August for what was to be a nearly four-month programme to sail to the United States for joint training exercises and a visit to the Caribbean. Observers noted as she departed that she appeared to show only a wobble on the port bowline, leading to exaggerated comments about the a problem with the starboard propeller. Shortly after departure, the carrier admitted that there had been a "problem" after her departure. Subsequently, she was moved to a more protected position while a verification was underway. "Royal Navy divers inspected the starboard centreline and adjacent areas," says the Rear Admiral. "We can confirm that there is significant damage to the shaft and propeller and some superficial damage to the rudder. The rest of the ship suffered no damage." The initial assessment of the carrier also shows a "highly unusual failure" of the starboard shaft. The coupling connecting the last two sections of the shaft has failed. According to reports, the Royal Navy is currently trying to stabilise the situation before it can return the ship to Portsmouth. They are also investigating repair alternatives, but admit it is likely that the Prince of Wales will have to repair on a dry dock. No estimates have been given as to how long it might take



completion of repairs. In an effort to save the mission, the Royal Navy reports that it has reassigned HMS Queen Elizabeth to undertake part of the training exercise with the United States. The first carrier of the class is due to replace her smaller sister ship, which departs this week for the United States. However, she will return to Europe earlier than planned to undertake her autumn exercises which were scheduled for the Mediterranean. So far, the Royal Navy has offered no explanation as to how the Prince of Wales' injury occurred. It is just the latest in a series of major failures of the multi-billion dollar aircraft carrier. Commissioned in December 2019, she spent most of 2020 and 2021 sidelined with a series of problems. Finally, in October 2021, the Royal Navy declared that it was fully operational and would be fully ready for frontline deployment by 2023.

Source: <https://www.maritime-executive.com/article/hms-prince-of-wales-has-significant-damage-likely-requiring-dry-dock>

## US planes spotted a Russian submarine near Italy. The Russians are diving into the Mediterranean.

In recent days, Italian and Western sources have reported an intensification of missions by US P-8A Poseidon anti-submarine patrol aircraft in the Strait of Sicily and near Malta. As confirmed by the Italian Defence Staff, they are monitoring the activity of a Russian submarine that has entered the Mediterranean Sea.

On 1 and 2 September, respectively, at least three separate missions were flown by US P-8A Poseidon aircraft, which took off from Sigonella Air Base on the island of Sicily (Italy).

Apparently, they were searching for a Russian submarine near Malta. The presence of the submarine in the region was also confirmed by the Italian Defence Staff, which reported that: *"The movements of Russian units in the Mediterranean are known. The submarine in question is transiting international waters"*.

As for the identity of the Russian submarine, Western specialists put forward two hypotheses: it is the diesel-electric submarine Magadan or an unknown nuclear submarine, possibly Severodvinsk.

The latter was in St Petersburg in June-July, where he participated in the main naval parade organised on the occasion of the Naval Forces Day. The submarine left the Baltic Sea in August, together with the nuclear submarine Vepr.

Montreux Convention obliges submarines to surface in the Black Sea, in the Mediterranean Russians can submerge

**Author's comment:** Unlike in the Black Sea, where the Montreux Convention obliges submarines to pass through the Bosphorus and Dardanelles Straits at the water's surface, in the Mediterranean they can enter unnoticed, as in the Strait of Gibraltar this rule does not apply.

So Russian submarines dive across the strait, usually under noisy surface ships, to hide their presence in the area.

As for the Project 636.3 diesel-electric submarines of the Varshavyanka class (improved Kilo in NATO classification), it should be noted that they are very difficult to detect because they are very quiet. Because of this ability, submarines have been referred to in the West as 'black holes'.

Russia now officially has two such submarines in the Mediterranean region. These are the Novorossiysk and Krasnodar submarines of the Russian Black Sea Fleet, which carry out missions in the

Naval Task Force Mediterranean, in the area of the port of Tartus in Syria.

The B-602 Magadan submarine is the third in a series of six Project 636.3 submarines built in St Petersburg for the Russian Pacific Fleet. Following the pattern of the first two, B-274 Petropavlovsk-Kamchatsky and B-603 Volkhov, which crossed the Mediterranean in September 2021, it is likely to be in transit to Vladivostok. If Russia has brought a nuclear submarine to the Mediterranean, this can be seen as a rebalancing of forces after the cruiser Marshal Ustinov recently left the region.

The buildup of Russian Navy forces in the Black Sea as part of the invasion of Ukraine is well known. Less discussed is the Russian presence in the Mediterranean, which can be seen as an external defence for Black Sea operations. Following Russian doctrine, this may be part of a deterrent against NATO involvement in the war.

## **Fat Leonard is missing**

A Malaysian businessman at the center of a major bribery scandal in the U.S. Navy has escaped house arrest ahead of his impending sentencing by cutting off his monitoring bracelet, the San Diego Union-Tribune reported Monday. Leonard Glenn Francis, known as "Fat Leonard," cut off his GPS bracelet Sunday morning, and when police went to his home they found it empty, the newspaper reported, citing Deputy U.S. Marshal Omar Castillo. Prosecutors said that in exchange for the contracts, Francis bribed Navy officers with money, food, expensive cigars, rare brandy and wild sex parties in luxury hotels. Reuters was unable to contact commissioners to verify his escape. Local lawmen and the Naval Criminal Investigative Service are participating in the search, the Union-Tribune said. *"He was planning this, that's for sure,"* Castillo said. Neighbors reported seeing moving trucks coming in and out of his home in recent days, Castillo said. Leonard, who cooperated with U.S. investigators, was medically cleared and placed under house arrest and is scheduled to be sentenced Sept. 22, the Union-Tribune said. In 2015, Leonard pleaded guilty to bribing Navy officials as part of a broad bribery and fraud scheme involving his Singapore-based company, Glenn Defense Marine Asia, which serviced ships in the Navy's Pacific Fleet. The US Justice Department, which called the scheme a colossal fraud that cost the US Navy tens of millions of dollars, brought charges against more than 30 people, many of whom pleaded guilty or were convicted at trial.

Source: <https://www.marinelink.com/news/fat-leonard-lam-499226>

## **Shipping tariffs down by 60% in 2022**

Freight rates on major ocean trade channels are down in a period typically identified as peak season in the industry after cargo owners shipped their holiday goods early and inflation hurt consumer demand. The cost incurred to ship a 40-foot container to the U.S. West Coast from China is

now around \$5,400 per container, a 60% decrease from January 2022, on the Freightos Baltic Index. Each container shipped to Europe from Asia now costs \$9,000, which is about 42% lower than seen in early 2022. At the same time, above pre-pandemic levels, the rate for both routes peaked at over

20,000 in September 2021. Market conditions have made a sharp reversal from the pre-pandemic period. Freight rates have increased nearly 10-fold over the previous year due to port delays, cargo growth and supply chain disruptions. As a result, importers have found themselves looking for space on box ships. Retailers such as Walmart -1.10% ▼ chartered personal vessels to overcome bottlenecks in 2021. In 2022, Walmart and other major retailers ended up with excess inventory after almost rushing to import their goods earlier than usual, anticipating shipping and demand delays that ultimately did not materialize. Manufacturers also moved goods earlier than usual. Some popular apparel companies such as Gap GPS 0.32% ▲ and toy manufacturers such as Hasbro, HAS -0.67% ▼ reported spring increases in inventory levels, which are usually seen when the holidays are closer. As for spot rates, the party is officially over, said Jonathan Roach, a container shipping analyst associated with a London-based firm called Braemar. The backdrop of a possible global recession, exacerbated by rising energy prices and rapid inflation, is driving the market down. The COVID-19 pandemic boom in consumer demand has subsided and spending on travel, leisure and services has recovered since 2021. Shipping rates are slated to fall further for the rest of the year and into 2023, per shipowners and analysts. A number of new ships will take to the water over the next two years, with net fleet growth expected to be over 9% in 2023 and 2024. By comparison, according to Braemar, container volume growth will be marginally negative next year and could rise by around 2% in 2024. The chief executive of Best Buy Co. BBY's Corie Barry noted during an earnings call last Tuesday that freight-related cost pressures are easing. She added that the electronics retailer, whose sales have been shrinking, is finding it relatively easier to find freight space on trucks and ships. This is an off-peak season because, for the first time, the volumes that moved in the second half are considerably lower than those that moved in the first, clarified Peter Sand, chief analyst at Xeneta, a maritime data provider. He added that there are a lot of uncertainties given the ongoing war in Ukraine along with the massive global economic crisis. Shipping rates for containers on the spot market have fallen so rapidly that Xeneta pointed out in one of its August reports that prices have now approached long-term contract prices. These would typically be discounted and even below contract rates in some markets. Even major importers like Walmart are moving goods under long-term contracts instead of paying spot prices. The ten largest ships have enjoyed staggering profits over the past two years. Recent quarterly earnings at Maersk MAERSK.B -0.27% ▼ A/S were said to be \$8.59 billion, exceeding what they usually make in a year. But many firms have warned of weakening market conditions in the second half of this year. We should pay attention to the impact of inflation on consumer behavior and demand, said China Cosco Shipping Corp, a firm that operates the world's fourth-largest boxship fleet. The supply side of the industry will likely face a unique situation with changes in the delivery of new ships. Shipping analysts and executives said they don't expect freight rates to return to what was prevalent at pre-pandemic levels. Some of

The reason would be higher fuel costs. In 2019, the average price to ship a container to the U.S. West Coast was about \$1,500. Some ocean carriers are also investing billions in new and advanced technologies and fuels to substantially reduce carbon emissions. The extra cost of cleaner transportation won't go away. Instead, Roach said it would be a crucial factor in raising rates in the long run.

Source: <https://www.marineinsight.com/shipping-news/ocean-shipping-rates-plunged-60-in-2022/>

## Lisa Franchetti takes the helm as deputy chief of naval operations, the second woman in the position



Admiral Lisa Franchetti receives her family's 4-star chevron during the promotion and change of office ceremony held at the Pentagon. Adm. Lisa Franchetti assumed duties as vice chief of naval operations Friday, taking over the role from retiring Admiral William Lescher. A career surface warfare officer, Franchetti was most recently chief of J5 Strategic Plans and Policy on the Joint Chiefs of Staff. She first joined the Navy in 1985 through the Naval Officer Training Corps

Naval Reserve at Northwestern University, according to her bio. At sea, Franchetti served aboard the USS Shenandoah (AD-44), USS Monongahela (AO-178), USS Moosbrugger (DD- 980), USS Stout (DD-55) and the George Washington Carrier Strike Group. She commanded USS Ross (DDG-71) and Destroyer Squadron 21, while DESRON was embarked on USS John C. Stennis (CVN-74). She was also the 2010 Pacific Partnership commander, during which time she embarked on USNS Mercy (T-AH-19). *"It continues to be an honor to serve as a leader in our Navy,"* Franchetti said in a Friday press release about the change of command.

*"My focus remains on supporting the strongest navy in the world, ready for the fight ahead."* Lescher is retiring after 42 years in the Navy. He has served as deputy chief of naval operations since May 2020. He called his time in the position a privilege in his release, adding that he was grateful to get to lead and work with so many sailors during his time at sea. *"Our focus has always been on accelerating the Navy's war advantage by unleashing the power of our people,"* Lescher said in the release. *"I know Adm. Lisa Franchetti is the right leader to help guide our Navy to further advantage in this critical decade. She will be exceptional."* Chief of Naval Operations Gilday said in the release that he is grateful for Lescher's time in the Navy. *"Bill has always led by example, ensuring that our warfighting culture is one focused on continuous improvement and teamwork,"* Gilday said. *"His leadership, guidance and initiatives will have a positive impact on the maritime balance of power for years to come."* In the release, Gilday highlighted Franchetti's leadership and commitment to the Navy. *"She demonstrates operational excellence, strong character, diverse perspectives and resilience in all she does - and I look forward to working together to ensure our Navy remains the premier maritime force in the world,"* Gilday said. Franchetti is a

the second woman to take second place in the Navy. Admiral Michelle Howard, who became the first female four-star admiral and the first black woman to hold the position, became the first woman to serve as VCNO in 2014. Howard, who has had many firsts in her career, now heads the Nominating Commission, which is charged with recommending new names for military infrastructure with ties to the Confederacy. Several defense officials have told USNI News in recent months that Franchetti is likely to succeed Gilday at the helm of the Navy when he retires in 2023.

Source: <https://news.usni.org/2022/09/02/lisa-franchetti-takes-helm-as-vice-chief-of-naval-operations-second-woman-in-position>

### **Three Royal Navy warships chased a Russian naval task force in waters off Britain**

Three Royal Navy warships have chased a Russian Navy task force into waters off Britain, PA Media reports, as quoted by The Guardian.

The Type 23 frigates HMS Westminster, HMS Lancaster and HMS Richmond pursued the Slava-class cruiser Marshal Ustinov, sister ship of the Moskva, which sank in the Black Sea in April.

They also watched the Udaloy-class destroyer Vice Admiral Kulakov and the tanker Vyazma as the three ships headed home from the eastern Mediterranean after supporting Russia's invasion of Ukraine in February.

At the same time, the patrol vessel HMS Mersey followed the Russian military research vessel Akademik Ioffe on her voyage south through the Dover shipping lanes in the English Channel.

A Royal Navy spokesman said that "their frigates and helicopters used a range of state-of-the-art sensors and modern naval technology to keep a close eye on the Celtic Sea and across the English Channel."

For his part, HMS Westminster's Commanding Officer (CO), Commander Ed Moss-Ward, said that "security in the maritime areas around the UK is crucial to our prosperity and resilience.

The Royal Navy routinely responds to escort warships in British territorial waters and adjacent sea areas to ensure compliance with maritime law, deter malign activity and protect our national interests.

The escort of the Russian task force demonstrated that the Royal Navy is committed to maintaining maritime security and cooperating with our NATO allies."

HMS Lancaster tracked Russian ships from the Strait of Gibraltar to the Celtic Sea as part of NATO's Atlantic Rapid Response Task Force.

HMS Westminster deployed from Portsmouth to intercept Russian ships in the Celtic Sea, where Marshal Ustinov was refuelled by the tanker Vyazma, while HMS Richmond stood watch in the English Channel.

"Working together enables NATO allies to respond swiftly to security challenges and collectively deter potential aggressors

The exchange of personnel further strengthens NATO's cohesion and interoperability so that the alliance can respond quickly and effectively to any threat.

The Lancaster team works exceptionally hard to ensure that we are always ready to respond to any threat at any time," said Tom Johnson, Commanding Officer of HMS Lancaster.

Source: <https://www.g4media.ro/trei-nave-de-razboi-ale-marinei-regale-au-urmarit-un-grup-russian-navy-operational-in-british-waters.html>