

CJC Exchange is a weekly newsletter from **Campbell Johnston Clark**, incorporating with kind permission from **Gibson Shipbrokers** the most recent issue of the Gibson Sale & Purchase Market Report. A blend of market intelligence and relevant industry news, CJC Exchange is distributed free of charge to parties on the CJC mailing list who have given permissions to receive S&P updates from CJC. CJC Exchange is available to new subscribers [here](#).

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Gibson Sale & Purchase Market Report



With over 125 years of expertise Gibson Shipbrokers is a leading provider of Sale & Purchase, Newbuildings, Recycling and Ship Valuation services.
+44(0) 20 7667 1000 - sap@eagibson.co.uk - www.gibsons.co.uk

DRY CARGO – All that Glitters is not Golden

With the recent fall in the dry cargo freight futures translating into a depreciation in dry shipping stocks, one wonders if this has also been the reason for the recent fall in the number of sales being reported this week, which is clearly evident in our sales list. Undoubtedly the supply of attractive tonnage has curtailed, although there are still some glittering candidates that are priced at levels that have not managed to draw the eye of buyers. Furthermore, we are also seeing some owners elect to hold on to tonnage and enjoy the present freights of which they have been so long without.

This week saw Castor announce the acquisition of the "**PEAK PROTEUS**" (82,158 dwt/blt 2013 Tsuneishi, Japan) at US\$21m. The vessel had been tentatively reported sold in mid-March at US\$19.5m, thus again showing how the market has moved. In addition, this week saw the older sister namely the "**TANGERINE ISLAND**" (82,265 dwt/blt 2012 Tsuneishi, Japan) come for sale from Japan and given scarcity of this type of Japanese built tonnage it is sure to attract a lot of interest.

TANKERS – Holding On!

Tanker companies continue to bleed with the poor earnings across all of the sectors. Euronav announced this week that their loss for the first quarter was US\$71m, Scorpio Tankers has reported a net loss of US\$62.4m and International Seaways a net loss of US\$13.4m for the same period. The second quarter earnings are no doubt going to be even worse and so it is going to be an interesting white knuckle ride through the latter half of the year. Bondholders for Eletson have stepped in to solve the owners issues with debt and found a solution whereby selling out five of their older product tankers with Castor Maritime picking up their LR2s "**MEGALONISOS**" and "**ALONISOS**" (106,102 dwt/blt 2004 Hyundai Mipo) and the older sister "**AGATHANOISSOS**" (blt 2002) and the MR1s, "**SIKINOS**" and "**SKYROS**" (37,600 dwt/blt 2006) for an enbloc price of US\$49.5m. En bloc deals seem all the

rage as Asiatic Lloyd has picked up the Cido tankers, **"LR2 PIONEER"** + **"LR2 POLARIS"** + **"LR2 POSEIDON"** (115,273 dwt/blt 2008+2008+2009 Sasebo) for US\$63m en bloc.

We understand Essar's remaining VLCC, the BWTS and Scrubber fitted **"SMITI"** (281,396 dwt/blt 2005 IHI) is now committed to Chinese buyers at around US\$30m, with subjects due next week.

Newbuilding – Boxed In

Further container orders have emerged to dominate activity at the major yards with medium and smaller sizes benefitting from the strong interest in this sector from stakeholders. So far there are few concerns about over ordering even though both China and the US have warned about potentially reigning in the current pace of economic activity in their respective economies. Predictably this ongoing surge in container enquiry has removed the availability of slots for other ship types, particularly for tankers and bulkers, and has slowed down enquiry here as deliveries are beyond the 2 year forward mark. That said there are some tanker slots left at the reputable yards in 2nd half 2023 that we understand are in negotiation (VLCC and suezmax) and also bulker orders are in discussion with Hantong now holding an LOI for the 2nd half 2022 kamsarmax deliveries. Furthermore, with the tanker market expected to rally soon and the bulker market already performing well, we expect owners to be tempted to considered further forward delivery positions as the pricing of alternative acquisitions (2nd hand) become more expensive.

RECYCLING – COVID Confusion!

Although Covid continues to cause all sorts of problems in India and to a lesser extent Pakistan and Bangladesh where lockdowns are imposed (both national and individual states), the markets remain buoyant with prices seemingly improving each week. Pakistan and Bangladesh are now willing to pay levels in the US\$560s for Tankers currently doing the rounds and with such attractive rates on offer, not surprisingly more sales are being reported as Owners take advantage of a healthy scrap market. Demand is very firm from the local recyclers despite the huge problems the Sub-Cont is facing with Covid cases spiralling. That said, many problems still persist for the cash buyers especially on as-is deliveries with crew change / vessel take over issues which in some cases can mean both long delays and heavy costs involved. In Alang they continue to grapple with a lack of oxygen supply which although is not affecting the beaching process, the actual cutting process is being delayed.

Gibson Sale & Purchase Market Report

S&P SALES

Vessel Name	DWT	Built	Yard	Buyers	Price (\$/m)	Notes
BULKERS						
PEAK PROTEUS	82,158	2013	Tsuneishi (JPN)	Castor Maritime	21	SS+BWTS due 9/22.
BLESSED LUCK	76,704	2004	Sasebo (JPN)	Undisclosed buyer	12.5	BWTS fitted.
SILVIA AMBITION + SILVIA GLORY	57,000	2011+2012	Yangfan (CHN)	Chinese buyer	26 en bloc	
SUPERIOR	56,556	2012	COSCO Zhoushan (CHN)	Far Eastern buyer	13.5	SS+BWTS due 6/22.
DARYA LAKSHMI	55,469	2009	Mitsui (JPN)	Undisclosed buyer	low 14	
TAIYUAN + TSINGTAO	37,657	both 2016	Kanda (JPN)	Pan Ocean	20.2 each	Old sales.
TANKERS						



SMITI	281,396	2005	I H I (JPN)	Chinese buyer	30	SS psd 3/21. BWTS + Scrubber fitted. On subs.
LR2 PIONEER + LR2 POLARIS + LR2 POSEIDON	115,273	2008+2008+2009	Sasebo (JPN)	Asiatic Lloyd	63 en bloc	Coated. Clean trading.
MR ARIES	50,319	2009	Guangzhou (CHN)	Hayfin	15	IMO II/III. Deepwell.
ARISTA LEO	3,270	2018	Zhejiang Tianshi (CHN)	Chinese buyer	4	BWTS fitted.
CONTAINERS / RO-RO / REEFER / PCC						
SKYROS + SYMI I	112,170	both 2014	Hyundai Samho (KRS)	MSC	101	9034 TEU. Gearless. 4228 TEU.
ARGUELLO	51,314	2009	Hyundai Ulsan (KRS)	SM Line	reg 37	Gearless. On TC to Sea Lead Shipping.
HSL AQUA	15,204	2009	Hakata (JPN)	StarOcean Marine	9	1060 TEU. Gearless.

NEWBUILDING ORDERS

Ordering Client	Vessel Type	Size / No. of units	Shipyard (Country)	Delivery	Price (\$m)	Notes
BULKERS						
Eastern Pacific Shipping (Project Orion)	Newcastlemax	210,000 dwt x 3+3	New Times (CHN)	2023	reg 67	LNG fueled (ME-GI). Against 5-7 yrs TC to Rio Tinto.
CDB Leasing	Kamsarmax	80,000 dtw x 8	COSCO Yangzhou (CHN)	2023	27.7 each	
CONTAINERS / RO-RO / REEFERS / PCC						
CMA CGM	Containership	15,000 TEU x 6	Jiangnan (CHN)	2023-2024		
CMA CGM	Containership	13,000 TEU x 6	Hudong Zhonghua (CHN)	2023-2024		
CMA CGM	Containership	5,600 TEU x 10	Beihai (CHN)	2023-2024		VLSFO fuel.
Asiatic/Atlantic Lloyd	Containership	7,100 TEU x 2+2	Dalian (CHN)	2023	reg 70	Convention fuel. Ammonia ready. EEDI Phase 3. Tier III.
SFL Corp	PCC	7,000 CEU x 2	GSI (CHN)	2023	75	LNG fueled. Against 10 yrs TC to VW.
GAS						
Eastern Pacific Shipping	LPG	86,000 cbm x 2	Hyundai Samho (KRS)	2023	82.25	LPG dual-fuel. Against 5-7 yrs TC to Trafigura.

SK Shipping	LPG	86,000 cbm x 2	Hyundai Samho (KRS)	2023	82.25	LPG duel-fuel. Against 5-7 yrs TC to Trafigura.
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Recycling Activity

Vessel Name	BUILT	DWT	LWT	Delivery	Price (\$/lwt)	Notes
LNG						
CARIBBEAN ENERGY	1980 / USA	72,571	31,143	P'stan / B'desh option	640	under tow / 3,500 tons of Aluminium
VLCC						
EM VITALITY	1996 / Japan	300,361	47,329	as-is Singapore	500	last weeks sale
AFRAMAX						
FREEMONT	1998 / Korea	99,901	16,237	Bangladesh	535	
TANKER						
SEA RIDER	2000 / Korea	35,752	8,530	Pakistan	565	
MR STAR	1997 / Japan	45,219	10,043	Bangladesh	536	
MARTA	1981 / Brazil	17,812	5,935	as-is Brazil	383	last weeks sale
CHEMICAL TANKER						
FALCON	1996 / Korea	19,998	6,695	India	743	1,000 tons of St-St content

Recycling Prices (US\$/LWT)

	Pakistan	Bangladesh	India	Turkey
Tank/Cont/Ro-Ro/Capes/LPG/PCC	520/560	520/550	500/520	260/270
Dry Cargo/Bulk/Tween/Gen Cargo	500/525	500/520	490/500	250/260

Newbuild and Second Hand Values (\$ million)

	Newbuild	5 Year Old	10 Year Old
Tankers			
VLCC	94	70	47
SUEZMAX	63.5	46	31
AFRAMAX	52.5	41	25
MR	36.5	27.5	18.5
Bulkers			
CAPE SIZE	55^	35	28.5
KAMSARMAX / PANAMAX	31^	27.5k	20k / 18.5p
ULTRAMAX / SUPRAMAX	28^	23u	15s
HANDYSIZE	25^	20	14

^=Chinese price (otherwise based upon Japanese / Korean country of build)

Indices

	C.O.B Friday
BDI	3183
\$/Yen	109.24
VLCC	
AG/East	33
TD3 (WS)	

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CJC Market News



Campbell Johnston Clark (CJC) is a medium-sized international law firm advising on all aspects of the shipping sector, from ship finance to dry shipping and comprehensive casualty handling, and all that happens in between. Today, we have offices in London, Newcastle, Singapore and Miami.

Case Summary: A v. B [2021] EWHC 793 (Comm)



The Background Facts

The Claimant ("Sellers") sold a cargo of Ukrainian feed corn under a contract dated 13 December 2017 to the Defendant ("Buyers").

Pursuant to the contract, the port of loading was to be declared not more than eight days before the delivery period and latest upon nomination of the performing vessel. The delivery period was 1 April to 15 April 2018, both dates included and no extension. If required, the Buyers had to provide the Sellers with a working copy of the charterparty at the Sellers' first request. Additionally, the Buyers were required to serve on the Sellers a pre-advice with various items of information, including vessel's name, owners' name, ETA etc.

The contract incorporated the provisions of GAFTA Form 49; the relevant parts of clause 6 GAFTA 49 provide as follows:

"Nomination of Vessel. Buyers shall serve not less thanconsecutive days' notice of the name and probable readiness date of the vessel ...The Buyer has the right to substitute any nominated vessel...Notice of substitution to be given as soon as possible but in any event no later than one business day before the estimated time of arrival of the original vessel."

The Buyers nominated the M/V "Tai Hunter" ("the Vessel") on 20 March 2018. The nomination gave an ETA of 1 April 2018 AGW WP (all going well, weather permitting) and the destination as Egypt. The nomination failed to provide the owners' name as required by the Pre-Advice clause in the contract. Based on third party information received (which subsequently proved to be incorrect), the Sellers doubted the genuineness of this nomination and sought a copy of the charterparty from the Buyers. The Buyers indicated that they had requested this from sub-buyers and asked the Sellers to nominate the load port, but the Sellers refused as they did not believe that the vessel would be in Ukrainian Black Sea waters on 1 April 2018.

On 26 March 2018, Sellers terminated the contract as they considered that the Buyers' failure to provide the charterparty for the Tai Hunter was a breach of condition. On 28 March, the Buyers nominated a substitute vessel, Mariana, with an ETA of 5 April 2018 and destination given as Portugal. The Sellers did not accept the revised nomination, advising that they considered the contract as terminated by the

Buyers' breach. Later that same day, the Buyers further substituted Mariana with Deribas with an ETA of 8 April and destination Portugal. Again, the Sellers did not accept this.

By 3 April 2018, both parties accepted that the contract was at an end, but then entered into a holding arrangement for the contract to be performed which incorporated a variation in the cargo purchase price. This would depend on which party was ultimately found to be correct. The matter went to arbitration.

The GAFTA Appeal Board held that the nomination of the MV Tai Hunter was not manifestly false, but was invalid because it was unreasonably ambitious in terms of the ETA given for delivery. The Buyers' nomination gave an ETA of 1 April, but congestion in Egypt was predicted to prevent the vessel's return to Odessa within the delivery period. While the failure to provide a valid nomination was held to be a breach of contract, it was not a breach of condition entitling the Sellers to terminate the contract. The Sellers should just have rejected the nomination.

The Buyers still had time to make a valid substitute nomination, with the required pre-advice, before the end of the delivery period. The Sellers were held to be obliged to accept the nomination of the substitute vessel and nominate a load port. Their refusal to do so was a breach of contract in both respects. It was further held that a failure to provide a copy of the charterparty by the Buyers was not a breach of condition.

The Sellers appealed.

The Commercial Court decision

The Court indicated that if the contract provided a particular date by which the buyer had to nominate a vessel, then it would be a condition of the contract that a valid nomination be provided by the relevant deadline. If it was not, then the seller could terminate the contract. A valid nomination was one made honestly and on reasonable grounds, and otherwise in accordance with the contract terms. However, a valid nomination might be preceded by an initial nomination that was or became invalid, because either: (a) it was 'non-contractual' in the sense of failing to provide the contractually stipulated notice period, or stating an ETA outside the contractual shipment window; (b) it was not made both honestly and on reasonable grounds; or (c) it became invalid due to subsequent events e.g. unforeseeable delays. The giving of the initial invalid nomination was not in itself a breach of condition; no breach of condition occurred, provided that a valid and timely nomination was given in due course.

The Court added, however, that an initial invalid nomination made otherwise than honestly and in good faith (e.g. of a vessel which the buyer knew could not possibly meet the contractual lifting deadline) might evince an intention not to perform the contract, and thus entitle the seller to treat the contract as having been renounced by the buyer. This would depend on the specific facts of the case.

The Court held that the Board was entitled to conclude as it did. As the Board found, the Buyers had further time to make a valid nomination before the end of the delivery period, and the Buyers in due course did so. Consequently, the initial nomination of the Tai Hunter was not a breach of condition entitling the Sellers to treat the contract as having come to an end. The Court further agreed with the Board that the failure to provide a copy of the charterparty was not, per se, a breach of condition. The appeal was, therefore, dismissed.

Egyptian Court Rejects Appeal for the Release of Ever Given



The Japanese shipowner of the 20,388-teu Ever Given (built 2018), Shoei Kisen Kaisha, has this week lost its appeal against the arrest of the containership. The Ever Given was at the centre of the Suez Canal blockage back in March 2021. The Suez Canal Authority detained the vessel after officials claimed a grand total of US\$916m for the grounding of the vessel, which blocked the waterway for six days and delayed more than 400 ships as a result.

The appeal this week in the Ismailia court of the First Instance in Egypt was made on several grounds, including the validity of the arrest and the lack of supporting evidence.

Considering the unsuccessful appeal, Shoei Kisen Kaisha must now continue negotiating with the Suez Canal Authority, although they remain persistent in their request for the full US\$916 million in damages. The UK P&I Club, Shoei Kisen Kaisha's P&I insurer, said it had earlier made a generous offer to settle the claim and is seeking an amicable settlement.

The prolonged arrest will likely add to cargo delay and damage, and Shoei Kisen Kaisha now has until 20 May 2021 to appeal again.

Radar Harvesting Initiative to Have Implications on Vessel's Going 'Dark'



A collaboration between Australian researchers, environmental groups and three shipowners is set to reveal a "new layer of vessel monitoring". The radar harvesting initiative was initially aimed at management and enforcement of fisheries but may have an expanded scope for use in monitoring vessels at sea. Vessels looking to evade detection often switch off their AIS transponders but the new initiative may make 'going dark' a lot more difficult.

As part of the initiative, a network of voluntarily participating vessels would collect and record all radar signals within their range. Researchers and regulators would then analyse the data to create a second source of vessel positioning data to supplement AIS collected data. The process involves no installation of equipment on a vessel beyond a hard drive.

"We essentially use the ship as a sensor platform by adding on-board radar data storage" say the Commonwealth Scientific and Industrial Research Organisation (CSIRO), who lead the project, adding "we can visualize activity over different temporal scales in a format similar to current AIS-based platforms".

The range for each ship serving as a radar harvesting platform would be between 100km to 300km, depending on factors such as the height of the vessel's radar mast. Collating data from many platforms would allow for an overall view of the activity in each trading area.

Crucial to the success of the project is the participation of vessels on a commercial scale and it has been reported that Swedish-Norwegian car carrier operator Wallenius Wilhelmsen and China Navigation are among the companies involved. The CSIRO team confirmed that it is in the final stage of negotiations with the three shipowners, whose fleets number in the hundreds, and has garnered interest from others they have approached.

The initiative will have broad commercial and regulatory utility and shipowner participants will receive data back from the project which, when fully developed, may provide their vessels with access to real-time radar data being received by other vessels.

The system has already been deployed on research and fishing vessels but is yet to include trading vessels.

For more information, please contact:

James Clayton
Tel: +44 (0) 207 855 9669
Email: jamesc@CJCLaw.com
www.cjclaw.com



Gibson Shipbrokers
Tel: +44(0) 20 7667 1000
Email: sap@eagibson.co.uk
www.gibsons.co.uk

