

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](#).

In this issue:

Gibson Sale & Purchase Market Report

Dry Cargo – Safe Sell Off | Tankers – Vanilla Sky | Recycling – More Bang for your Buck(ets)
| Newbuilding – Dual Fuel LNG Boost? | Sale & Purchase Market Report |

CJC Market News

London Arbitration 15/21 | Maritime Autonomous Surface Ships and Related Regulations | US Blacklists
13 Ships in Connection with Nord Stream 2 Gas Pipeline |

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 – Safe Sell Off

Despite the decline in freight rates since the beginning of the month values remain firm. This is keenly illustrated by Safe Bulkers' most recent sale of their panamax bulker "**MARIA**" (76,015 dwt/blt 2003 Tsuneishi, Japan) at US\$12m, against two of their previous sales, namely the panamax "**PARASKEVI**" (74,269 dwt/blt 2003 Oshima Zosen, Japan), which was reported sold in early February for US\$7.3m and the "**VASSOS**" (75,932 dwt/blt 2004 Tsuneishi, Japan), which was sold shortly afterwards at US\$8.7 m. Owners will likely rue these early disposals in relation to the market cycle, but as they made some acquisitions at the same time they will have ultimately benefited more from the timing of these purchases.

TANKERS – Vanilla Sky

With no big headline deals this week the sales pattern reverts to type with more vintage units changing hands at sometimes surprisingly firm levels. Given the "**SCF CAUCASUS**" + "**SCF URAL**" (159,200 dwt/blt 2002 Hyundai) were tied up at US\$16m apiece last week (although we understand have now failed), this week's sale of the smaller and two year older "**MOGRA**" (150,709 dwt/blt 2000 NKK) to Hong Kong based interests looks punchy at xs US\$16m, although added value may certainly be attributed to her Special Survey being passed in August last year and an attractive Dubai delivery being agreed.

Elsewhere, in what is fast becoming a weekly feature, another Xihe forced sale has concluded for LR1 sisters "**DONG TING HU**" + "**HONG ZE HU**" (74,000 dwt/blt 2007 Dalian) at US\$9.65m each to undisclosed buyers, but not offering much insight given the arresting nature of the deal. Meanwhile, newbuilding orders remain somewhat stunted by increased steel plate costs, with just existing priced options being declared and more niche related projects pushing through.

RECYCLING – More Bang for your Buck(ets)

It was a fairly dull week in the demolition markets as lack of tonnage continues to impact the market, combined with the fear of a correction looming over the heads of cash buyers. Local steel prices in India did have a small correction as end buyers continue their cautious approach. Specialized ships like rigs, drill ships, chemical tankers and green recycling vessels continue to fill the yards in Alang as Indian end users are unable to match prices offered by Pakistan & Bangladesh for regular market ships. Chinese finished steel markets fell almost US\$100/ton and Iron is also showing signs of weakening. Despite concerns, the local steel markets in Bangladesh & Pakistan have continued to remain stable allowing end-breakers to offer prices in the region of US\$550- 560/LT. Fundamentals of the local steel markets are looking strong however some Buyers believe this could be the peak. Meanwhile the Covid-19 situation is slowly improving in India as cases continue to fall. There now could be a gradual easing of restrictions from June onwards which will certainly help cash buyers with their as-is deliveries. The next few months will be crucial in how the scrap prices move with monsoon being around the corner, Iran sanctions could potentially be lifted and tanker owners are anticipating a recovery. These factors could well swing the recycling markets either ways...

Newbuilding – Dual Fuel LNG Boost?

This week saw a number of major oil companies (particularly Shell and EXXON) heavily criticised for their current plans to cut emissions and tangible action is now likely to improve these with legal and shareholder support. This may mean more enquiry from the oil majors for dual fuel tonnage. However, pricing at the yards is up from last year's concluded deals so charterers will need to pay up to make dual fuel newbuildings work. All eyes are on Equinor for their afra / LR2 dual fuel project and having received quotations earlier in the week they reconfirmed they are committed to proceed with the project. As a general comment, dual fuel LNG has been debated heavily recently with regards to its long-term viability, but it is still in reality the only option for alternative fuel for those looking to move now.

Elsewhere, container enquiry continues to remain high and is focused around the 15,000TEU size, which distracts the yards from other business. Steel plate price pressure remains and many yards are forecasting further rises in June from the steel mills and some are cautious to committing to pricing now.

Gibson Sale & Purchase Market Report

S&P SALES

Vessel Name	DWT	Built	Yard	Buyers	Price (\$/m)	Notes
BULKERS						
AUSTRALIA MARU	181,415	2012	Koyo (JPN)	Seanergy Holdings Maritime	33.7 (cash+debt)	SS due 10/21. BWTS+Scrubber. Cash + debt financing.
MINERAL KYOTO	180,310	2004	Koyo (JPN)	Undisclosed buyer	15.5	
BOTTIGLIERI SOPHIE GREEN	93,300	2011	Jiangsu Newyangzi (CHN)	Greek buyer	16.5	SS psd 1/21.
TWINKLE ISLAND	82,265	2012	Tsuneishi (JPN)	Japanese buyer	21	SS due 4/22. Internal deal.
SOROCO	78,888	2008	Sanoyas (JPN)	Undisclosed buyer	15.5	



MARIA	76,015	2003	Tsuneishi (JPN)	Undisclosed buyer	12	DD psd 2/21. BWTS fitted.
NAUTICAL HILARY + NAUTICAL LOREDANA	63,800	both 2015	Jiangsu Hantong (CHN)	Eagle Bulk	22 each	BWTS + Scrubber fitted.
PANAGIA KORONA	56,568	2012	COSCO Zhoushan (CHN)	Undisclosed buyer	15.3	
AMS PEGASUS III	56,521	2012	Jiangsu Hantong (CHN)	Undisclosed buyer	14.1	SS due 7/22.
PACIFIC TALENT	56,469	2013	Jiangsu Hantong (CHN)	Undisclosed buyer	15.5	DD due 5/21. BWTS fitted.
ARCHAGELOS MICHAEL	53,460	2007	Halong Shipbuilding (VNM)	Undisclosed buyer	8.2	SS due 10/21.
DRY BEAM NEO	38,180	2019	Shin Kochi (JPN)	Undisclosed buyer	reg 24	
SREDNA GORA	37,300	2010	Huatai Heavy (CHN)	Greek buyer	11.6	SS psd 11/20. BWTS fitted.
MANZANILLO	34,426	2010	SPP Tongyeong (KRS)	Greek buyer	11.5	SS psd 9/20. Inc. TC 10/21 @ \$7,933 pd.
RYOGA	24,959	2011	Murakami Hide (JPN)	Undisclosed buyer	8.8	DD due 6/22. No BWTS.
MAGNATE	18,828	2004	Yamanishi (JPN)	Chinese buyer	4.6	Logger. DD due 10/21.

TANKERS

MOGRA	150,709	2000	N K K (JPN)	Hong Kong buyer	xs 16	Dubai delivery. SS psd 8/20.
BAI LU ZHOU	110,503	2007	Dalian No. 1 (CHN)	Indonesian buyer	14.25	SS due 6/22. No BWTS.
DONG TING HU + HONG ZE HU	74,000	both 2007	New Century (CHN)	Undisclosed buyer	9.65 each	Xihe forced sale. SS due 5+9/22.
ATLANTIC PISCES	47,128	2009	Hyundai Mipo (KRS)	Norwegian buyer	15	Deepwell. BWTS fitted.
SALAMINIA	47,371	2007	Onomichi (JPN)	Undisclosed buyer	9.6	Pump-room. Dirty trading. SS+BWTS due 4/22.
TIGER HONGKONG	13,034	2009	21C Shipbuilding (KRS)	Undisclosed buyer	6	Epoxy. IMO II.
MENTOR	13,014	2007	Sekwang (KRS)	Indian buyer	5.5	Epoxy. IMO II.

GENERAL CARGO / MULTI PURPOSE

SPLENDOR KAOHSIUNG	12,192	2006	Higaki (JPN)	Undisclosed buyer	4	Tweendecker.
--------------------	--------	------	--------------	-------------------	---	--------------

CONTAINERS / RO-RO / REEFER / PCC

NORDMAPLE	35,000	2018	AVIC Weihai (CHN)	Marfret	32.5	2500 TEU. Geared.
-----------	--------	------	-------------------	---------	------	-------------------

NEWBUILDING ORDERS

Ordering Client	Vessel Type	Size / No. of units	Shipyard (Country)	Delivery	Price (\$m)	Notes
BULKERS						
CMT	Newcastlemax	210,000 dwt x 2	Qingdao Beihai (CHN)	2023	58.5	LNG ready. Tier III. EEDI Phase 3.
U-Ming	Baby Cape	100,000 dwt x 2	Oshima (JPN)	2023	37	

Ningbo Marine	Handymax	49,800 dwt +1	China Merchants Jinling (CHN)	2022	27.8*	*Declared option.
TANKERS						
Lundqvist Rederierna	Aframax	112,000 dwt + 1	Sumitomo (JPN)	2022		Declared option. Conventional fuel.
McAsphalt Marine Transportation	Asphalt	12,000 dwt x 1+1	Wuhu Xinlian (CHN)	2023	xs 40	Dual fuel. Battery powered.
CONTAINERS / RO-RO / REEFERS / PCC						
TS Lines	Containership	7,000 TEU x 4	SWS (CHN)	2023	73	
Tsakos	Containership	2,800 TEU x 2	Hyundai Mipo (KRS)	2023		
Vega Reederei	Containership	1,868 TEU x 4	Yangfan (CHN)	2022-2023	24	SDARI Sealion design
GAS						
Dorian LPG	VLGC	84,000 cbm x 1	Kawasaki (JPN)	2023		Dual fuel.
Kanfer Shipping	LNGBV	6,000 cbm x 2+2	Taizhou Wuzhou (CHN)	2023		Bunkering. Gas/elec hybrid battery power.

Recycling Activity

Vessel Name	BUILT	DWT	LWT	Delivery	Price (\$/lwt)	Notes
VLCC						
NEW DIAMOND	2000 / Japan	299,986	38,964	as-is UAE		under tow
ENERGY STAR	1997 / Japan	309,966	42,686	as-is Lingii, Malaysia	540	not Gas Free
CHEMICAL TANKER						
DAWN 1	1995 / Japan	11,668	3,167	India	820	incl 700/750 tons of St-St
ARK PIONEER	1982 / Japan	7,877	2,507	as-is Colombo		

Recycling Prices (US\$/LWT)

	Bangladesh	Pakistan	India	Turkey
Tank/Cont/Ro-Ro/Capes/LPG/PCC	540/570	540/565	520/530	290/300
Dry Cargo/Bulk/Tween/Gen Cargo	530/540	530/540	510/520	280/290

Newbuild and Second Hand Values (\$ million)

	Newbuild	5 Year Old	10 Year Old
Tankers			
VLCC	95	71	48
SUEZMAX	64	48	33
AFRAMAX	53	41	26.5
MR	36.5	27.5	18
Bulkers			
CAPE SIZE	56^	36	29
KAMSARMAX / PANAMAX	31^	27.5k	20k / 18.5p

Indices

	C.O.B Friday
BDI	2596
\$/Yen	110.17
VLCC	
AG/East	36.5
TD3 (WS)	

ULTRAMAX / SUPRAMAX	29 [^]	23.5u	16.5
HANDYSIZE	26 [^]	20.5	14

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

This report has been produced for general information and is not a replacement for specific advice. While the market information is believed to be reasonably accurate, it is by its nature subject to limited audits and validations. No responsibility can be accepted for any errors or any consequences arising therefrom. No part of the report may be reproduced or circulated without our prior written approval. © E.A. Gibson Shipbrokers Ltd 2021.

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.

London Arbitration 15/21



Owners claimed US\$109,495.83 in demurrage which they submitted was incurred at the loading port, Davant, on the Mississippi. Charterers however, denied liability and argued that laytime was saved and they were accordingly, entitled to dispatch of US\$6,359.38.

The Charter recap provided materially as follows:

"- LOAD PORT: 1SP UBT DAVANT-USA (ATTACHED UBT RULES SHALL INCORPORATE WITH THIS CP

...

- SHOULD THE BERTH BE OCCUPIED OR SHOULD THE VESSEL BE PREVENTED FROM PROCEEDING TO THE BERTH AFTER HER ARRIVAL AT OR OFF THE PORT NOTICE OF READINESS MAY BE TENDERED BY TELEX, FAX WWWWW

- AT BOTH ENDS PORT LAYTIME SHALL COMMENCE TO COUNT 12HRS AFTER VALID NOR IS TENDERED UNLESS OPERATIONS SOONER COMMENCED. IN CASE SOONER COMMENCED, ACTUAL TIME USED TO COUNT."

[“WWWWW” to mean “wibon, wcon, wifon, wipon”, ie “whether in berth or not, whether customs cleared or not, whether in free pratique or not, whether in port or not”.]

The UBT Rules were attached to the fixture recap and provided:

"2.2 NOTICE OF READINESS

In the case of an Ocean Vessel to be loaded, issuance of the Notice of Readiness shall mean that the Ocean Vessel...(2) is located at the Berth or Closest Available Anchorage (as defined in section 2.5 below); and (3) is ready and suitable in all respects to receive the Cargo in all holds to be loaded..

...

2.5 CLOSEST AVAILABLE ANCHORAGE

Ocean Vessels filing a Berth Application to utilize the Terminal facilities normally will be required to anchor at Davant Anchorage (Mile 53.5-54.5 LDB), or the closest available anchorage to Davant, Louisiana."

The vessel arrived at the Southwest Pass around 14.00 on 13 April but could not berth because of congestion. The owners tendered a notice of readiness at 15.24 that day.

The vessel then waited until midday on 17 April, when a pilot boarded and took her to an anchorage at mile 51, arriving there in the evening. Shortly after that time, and once the vessel had completed an initial draft survey and obtained a hold pass certificate, a second notice of readiness was tendered, expressly without prejudice to the earlier one. It was not until 24 April that the vessel berthed, and at that time a third notice of readiness was tendered, again without prejudice.

Owners argued that the first notice was valid and that time therefore started to count on the basis of it. Charterers however, argued that time only started to count on the vessel's berthing, as provided in the UBT Rules. Under these rules, the vessel had to be either at the loading berth or at the closest available anchorage and ready and suitable to receive the cargo before a valid notice of readiness could be given.

Charterers further relied on the terms of the charter as incorporated by the fixture recap, which provided:

Clause 1, "The said Vessel shall, , proceed to the loading port(s) or place(s) stated in Box 10"

Clause 6, "If the loading/disch berth is not available on the Vessel's arrival at or off the port of loading/discharging, the vessel shall be entitled to give notice of readiness within ordinary office hours on arrival there, whether in free pratique or not, whether custom cleared or not."

Clause 41, "In any case the notice of readiness to load must be tendered once:

(a) has arrived at the port limits

(b) is physically ready in all respects to load or discharge the nominated cargo."

Charterers argument was therefore that the vessel had not tendered a valid NOR as the Southwest Pass was not the closest available anchorage. The deletion in clause 1 of the incorporated charter meant that the vessel had to proceed to the load port itself in order for a valid NOR to be tendered and so time should only start once the vessel had berthed. They further argued that the vessel had not, in any event, been ready to load until she had been inspected, which only occurred on 17 April.

Issue

The issue before the Tribunal was the effect, if any, of the incorporation into the fixture of what were referred to as UBT (United Bulk Terminal) Rules, which were rules imposed contractually by the berth operators on users of the berth.

Held, the position under English law was that where an incorporated document conflicted with the terms of the primary agreement entered into by parties, the conflicting terms had to give way to those in the primary agreement with which they were inconsistent (*The Linardos [1994] 1 Lloyd's Rep 28*).

In applying this principle, the Tribunal found that the UBT Rules cited by charterers conflicted with the terms of the primary agreement as contained in the recap and reinforced by the incorporated charter terms. The UBT Rules were designed to govern contractual relationships between the terminal and users of the berth, therefore great caution had to be exercised in reading them into a charterparty so only those provisions in the Rules which were relevant to and compatible with the charter agreement were given effect to.

The vessel was therefore validly tendered NOR at the Southwest Pass, and the UBT Rules did not affect this position. Accordingly, owners' claim succeeded, and they would be awarded the claimed amount plus interest and costs.

Maritime Autonomous Surface Ships and Related Regulations



The International Maritime Organization's ("IMO") Maritime Safety Committee ("MSC") has recently finalised its analysis of international treaties relating to ship safety which would assist in paving the way to future steps in the regulation of Maritime Autonomous Surface Ships ("MASS").

At the MSC's 103rd session, the MSC reported having completed the regulatory scoping operation which involved the examination of relevant ship safety treaties with the end goal of ascertaining how MASS could be regulated in the near future. A significant amount of IMO legislation which is under the scope of the MSC was inspected to identify: (i) provisions within the relevant legislation which applied to MASS and would hinder such operations, (ii) provisions that applied to MASS but would not prevent such operations and so required no further action, (iii) provisions that applied to MASS but required further amendments and/or explanation and (iv) provisions that have no application to MASS operations.

As such, safety legislation that was assessed included, but are not limited to, the International Convention for the Safety of Life at Sea ("SOLAS") and related Codes made mandatory under SOLAS such as the Casualty Investigation Code and the Fire Safety Systems Code, the International Regulations for Preventing Collisions at Sea, the International Convention on Load Lines and many others. Whilst performing the assessment of the treaties the MSC also considered and had in mind the various categories of autonomy. They classified these as:

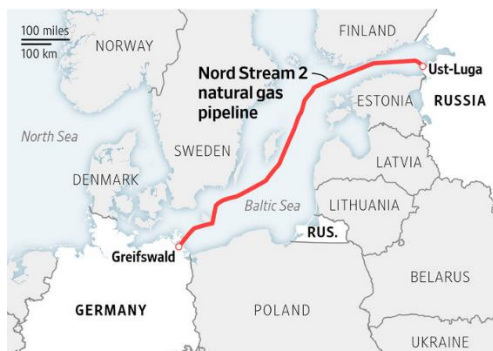
- Degree One – A crewed vessel possessing automated processes and decision support;
- Degree Two – Vessels remotely controlled but with seafarers on board;
- Degree Three – Vessels remotely controlled without seafarers present on board; and
- Degree Four – Fully autonomous vessels.

For every provision identified by the MSC, the assessment determined whether MASS could be regulated by similar provisions as set out in the instruments or by developing interpretation; whether the instruments required amendments for them to be applicable; whether new instruments were required, or whether none of these options were applicable.

The Committee further noted that the optimal method forward to address MASS as part of the IMO framework may be through the development of a *goal-based* MASS instrument which could be crystallised in the form of future Code which would be capable of addressing all four degrees of autonomous vessels.

IMO Member States have been invited to submit proposals on ways forward to address the matter at future MSC sessions. A report of the MSC's scoping assessment can be found as an annex to MSC 103 -MSC103/21/Add.1, annex 8.

US Blacklists 13 Ships in Connection with Nord Stream 2 Gas Pipeline



The US has imposed sanctions on 13 vessels owing to their involvement with the Russian gas project. Washington has long asserted that the pipeline, which transfers Russian gas to Germany, would threaten Europe's energy security.

The sanctioned vessels are the 27,200-bhp Vladislav Strizhov and Yury Topchev (blt 2006), two anchor handling tug supply vessels; 10 offshore support and salvage vessels owned by Marine Rescue Service (MRS), a Russian state-run company, the 2,990-bhp Kapitan Beklemishev, 3,200-dwt Artemis Offshore, 4,019-bhp Murman, 7,070-bhp Bakhtemir, 8,300-bhp Spasatel Karev, 14,400-bhp Umka,

16,800-bhp Narval, 16,800-bhp Sivuch, 21,400-bhp Finval, and 66-loa Baltiyskiy Issledovatel; and the 29,500-gt pipe laying ship Akademik Cherskiy, which is linked to the Amara Heat and Energy Property Fund.

Washington has also prohibited companies from trading with MRS on any transactions relating to the Nord Stream 2.

All of the vessels are Russian-flagged and have been sanctioned despite a waiver of sanctions on the projects' developer. The measures are therefore seen as largely symbolic. Observers have said that the US' previous waiver aimed to appease European allies, in particular Germany, whose Chancellor, Angela Merkel, has been a staunch supporter of Nord Stream 2.

The 1,224-km pipeline is now said to be 95% complete with remaining works to be carried out on the Danish and German sections.

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

