

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.
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DRY CARGO – Playing it Safe?

The dry market goes from strength to strength and with a contango in play across all the sectors there is confidence that good times are here to stay.

There seems to be plenty of buyers for tonnage and with sellers willing to profit from improvements in value we are definitely in some sort of sweet spot.

We can report the **"BULK KYUSHU"** (180,211 dwt/blt 2006 Imabari) has been sold for US\$20.5m; this is over a 30pct jump in value since the sale of the similarly aged **"ORIENT ANGEL"** (176,859 dwt/blt 2007 Namura) that sold for US\$14.2m at the end of April! The panamax **"ATHINA"** (76,635 dwt/blt 2007 Sasebo) was asking for US\$11.5m when she came onto the market in March, luckily for owners she did not sell immediately as she has now gone for US\$16m. Safe Bulkers add another two bulkers in their fleet renewal picking up the Japanese controlled **"KAGARA"** (78,129 dwt/blt 2013 Toyohashi) for US\$22m and adding the ultramax **"WHITE HAWK"** (61,360 dwt/blt 2012 Oshima) for US\$21.3m. Interestingly the **"WHITE HAWK"** had been tied up in mid-February for US\$15.75m but the sale failed, lucky Sellers!

TANKERS – Failed and Re-Fixed

After an eerily quiet week of sales just gone suggested the onset of a possible summer slow-down, this week's tally looks more encouraging with a breadth of sales along the DWT spectrum.

Despite of the sluggish spot market VLCC sales are well represented this week with predictable Chinese vintage focused buying interest for the **"JUPITER"** (306,283 dwt/blt 2000 Daewoo) securing a firm US\$27m, the price being supported by the ship's recently retrofitted coils and blending system. In

contrast, the younger **"ATHENIAN VICTORY"** (317,441 dwt/blt 2009 Hyundai) has reportedly secured more mainstream interest from Eurotankers at a level of US\$42.5-43m, falling broadly in line with benchmark expectations.

After a very long run on the sales market, and understood to have failed on subjects to Soechi Lines last month at US\$14.25m, the **"BAI LU ZHOU"** (110,503 dwt/blt 2007 Dalian No.1) is once again reported sold; this time to an undisclosed Chinese buyer for a slightly improved US\$14.5m, albeit with subjects also mentioned. Similarly, in the products sector, the clean-trading pump-room type MR tanker **"FS SINCERITY"** (48,023 dwt/blt 2009 Iwagi) has reportedly been sold for around US\$14m; not dissimilar to the US\$13.8m at which it was tied up at back in late December to Bangladeshi interests but subsequently failed.

NEWBUILDING – Orderly Thinking

The tough tanker charter markets continue to hinder major investment and acquisitions with newbuilding enquiry muted as a result. However, we believe a number of owners are testing the yards on what can be done on pricing and to take earliest remaining slots. Design choice remains a challenge, but some are making their minds up now as we have seen with Marinakis and Euronav orders. The timing / arrival of the tanker market rally is also a factor with owners needing to see revenue on their existing fleets before moving for acquisitions. Assuming this rally arrives, of which there is plenty of evidence to believe so, it will be interesting to see how the newbuilding market fares. On the one hand, we saw in the first half of last year that a booming tanker market focused owners on chartering opportunities and their current fleet and newbuilding enquiry was flat. However, as we have said fleet supply in tankers is arguably tight to manage in a rally as the orderbook is low (in the case of suezmax only 13% of that low orderbook coming 2023 onwards), there are no early delivery newbuilding slots, there is high scrapping potential with many VLCCs and suezmaxes in sanctioned trades, all which means second-hand pricing will go up and at some point newbuildings will make sense. Increasing newbuilding enquiry logically means upward pressure on price so taking the latter scenario view would therefore endorse a move now for newbuildings now. Furthermore, paying a premium for second-hand for a short term advantage would also leave you with what is effectively and increasingly an "old design" vessel, which would be penalised in the future more than an up-to-date and environmentally compliant newbuilding placed today.

RECYCLING – Demo Markets Rise – Steel Remains Strong

Local steel markets throughout the Sub-Cont have increased this week encouraging breakers to recycle more tonnage as demand picks up. However, the supply of ships into the market remains slack which in turn keeps prices firm and stable. The most notable sale reported this week is that of the MR1 Tanker **"DUBRA"** which achieved a whopping US\$592 basis delivery Pakistan showing how firm the current demo market is. Steel plate prices in Alang improved by about US\$15-20 as breakers continue to enjoy profitable margins. Whilst India remains the hottest destination to carry out Green Recycling and recycle Offshore units, they are still however unable to compete with market prices offered by their competitors in Chittagong & Pakistan. Breakers in Chittagong have purchased the biggest number of ships in 2021 and despite this large volume of LDT being recycled the local demand continues to remain strong, especially as their end breakers are paying the highest prices when compared to their counter-parts. In addition to this, the recent budget announced in Bangladesh removed the "advanced tax" for breakers which has further boosted the morale and sentiments of local Shipbreakers. Pakistani local markets also witnessed a rise this week as breakers are desperate to buy ships; particularly those large LDT units, but they will need to compete aggressively with Bangladesh who's breakers favour these large units.

Gibson Sale & Purchase Market Report

S&P SALES

Vessel Name	DWT	Built	Yard	Buyers	Price (\$/m)	Notes
BULKERS						
BULK KYUSHU	180,211	2006	Imabari Saijo (JPN)	Chinese buyer	20.5	SS psd 1/21.
OCEAN SAGA	81,499	2015	Guangzhou Longxue (CHN)	Taiwanese buyer	22	SS psd 9/20. BWTS fitted. Inc. TC.
KAGARA	78,129	2013	Toyohashi (JPN)	Safe Bulkers	22	
ATHINA	76,635	2007	Sasebo (JPN)	Undisclosed buyer	reg 16	SS+BWTS due 7/22.
ATLANTIC HERO	75,804	2005	Sanoyas (JPN)	Undisclosed buyer	14.9	SS psd 8/20.
WHITE HAWK	61,360	2012	Oshima Zosen (JPN)	Safe Bulkers	21.3	SS due 4/22.
STAR PATHFINDER	61,298	2015	Iwagi (JPN)	Belships	22.7 (¥2.52 bill)	SS psd 4/20. 60% bank finance.
MADONNA III	53,411	2007	Chengxi (CHN)	Undisclosed buyer	11.6	SS due 9/22.
LOTUS	48,913	2001	IHI (JPN)	Chinese buyer	8.5	SS due 8/21.
GIULIA I	39,202	2014	Yangfan (CHN)	Seven Seas Maritime	16.75	Boxed/Open Hatch. BWTS fitted.
SPRING SCENERY	33,847	2013	Jiangsu Yangzjiang (CHN)	Greek buyer	14.6	DD psd 3/21. BWTS fitted.
ORIENT ADVENTURE	33,730	2011	Samjin (CHN)	Costamare	10.5	SS psd 11/20.
CAPRI QUEEN	32,115	2009	Hakodate (JPN)	Taylor Maritime Investments	est 11.5	SS due 4/22.
TANKERS						
ATHENIAN VICTORY	317,441	2009	Hyundai Ulsan (KRS)	Eurotankers	42.5-43	
JUPITER	306,283	2000	Daewoo (CHN)	Chinese buyer	27	SS+BWTS due 9/22. Coiled. Blending system.
BAI LU ZHOU	110,503	2007	Dalian No. 1 (CHN)	Chinese buyer	14.5	SS due 6/22. No BWTS. On subs.
OCEANIA	106,560	2002	Tsuneishi (JPN)	Undisclosed buyer	12	SS due 6/22.
FS SINCERITY	48,023	2009	Iwagi (JPN)	Undisclosed buyer	reg 14	Pump-room. Clean trading. SS due 4/22.
LD CRYSTAL + LT DIAMOND	13,200	both 2021	Dayang Offshore (CHN)	Chinese buyer	16.5 each	Epoxy. IMO II.
GENERAL CARGO / MULTI PURPOSE						
EL MAR VICTORIA	12,165	2008	Kanasashi (JPN)	Chinese buyer	6.7	Tween. SS psd 10/20.
EAST SUNNY	10,304	2004	Higaki (JPN)	Chinese buyer	4	Tween.
CONTAINERS / RO-RO / REEFER / PCC						
BERNADETTE + BLANDINE BALBINA + BARBARA	65,700 65,700	both 2009 both 2010	Zhejiang Ouhua (CHN) Zhejiang Ouhua (CHN)	Global Ship Lease	148 en bloc	
KOWLOON BAY	66,597	2004	Hyundai Ulsan (KRS)	MSC	42.5	
HAWK HUNTER	51,744	2009	Hyundai Ulsan (KRS)	German buyer	45	

NEWBUILDING ORDERS

Ordering Client	Vessel Type	Size / No. of units	Shipyard (Country)	Delivery	Price (\$m)	Notes
BULKERS						
Fujian Dongyi Shipping	Panamax	76,000 dwt x 1	Penglai Jinglu (CHN)	2022		
PT Indah Kiat Pulp & Paper	Panamax	70,000 dwt x 2+2	Chengxi (CHN)	2023		Self discharging wood-chipp carrier. Against TC.
TANKERS						
Dong-A Tankers	MR	50,000 dwt x 2+4	STX Offshore (KRS)	2023		
CONTAINERS/RO-RO/REEFER/PCC						
NYK	PCC	7,000 CEU x 6	Nihon (JPN)	2025-2028	76	LNG fueled.
NYK	PCC	7,000 CEU x 6	Shin Kurushima (JPN)	2025-2028	76	LNG fueled.
China United Lines (CU Lines)	Containership	2,400 TEU x 2	Yangzijiang (CHN)	2023		EEDI Phase III
Beyond Merchant Marine	Containership	1,692 TEU x 2	Huanhai Shipyard (CHN)	2022		
GAS						
Pasco Gas	LPG	40,000 dwt x 1	Hyundai Mipo (KRS)	2023	reg 47*	Declared option. LPG fueled.

Recycling Activity

Vessel Name	BUILT	DWT	LWT	Delivery	Price (\$/lwt)	Notes
TANKER						
DUBRA	1999 / Korea	35,931	8,391	Pakistan	592	
EMINENCE 1	1996 / Spain	46,341	10,588	Sub-Cont options		
CHEMICAL TANKER						
ORIENT WELL	1998 / Indonesia	16,839	5,218	Bangladesh	550	last weeks sale

Recycling Prices (US\$/LWT)

	Pakistan	Bangladesh	India	Turkey
Tank/Cont/Ro-Ro/Capes/LPG/PCC	575/595	565/580	540/550	290/300
Dry Cargo/Bulk/Tween/Gen Cargo	550/570	550/565	530/540	280/290

Newbuild and Second Hand Values (\$ million)

	Newbuild	5 Year Old	10 Year Old	Indices	
					C.O.B Friday
Tankers					
VLCC	98	71	48	BDI	3218
SUEZMAX	65	48	33		
AFRAMAX	53	41	26.5	\$/Yen	110.28
MR	37	27.5	18		

Bulkers				VLCC	
CAPE SIZE	57.5 [^]	37.5	30	AG/East	31.5
KAMSARMAX / PANAMAX	32 [^]	29k	21k / 19p	TD3 (WS)	
ULTRAMAX / SUPRAMAX	29.5 [^]	24u	18		
HANDYSIZE	26 [^]	21	14.5		

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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.

IMO Agrees Carbon Reduction Targets



The IMO has this week agreed carbon reduction targets, after a week of discussions between delegates from 174 countries plus a host of industry observers.

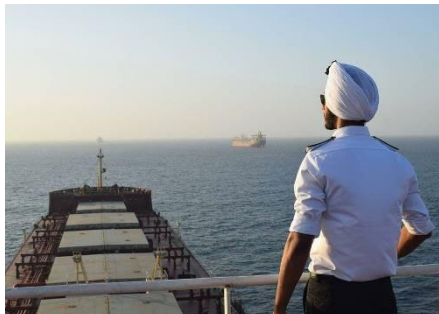
The agreement reached will aim to improve the carbon intensity of ships by 2% annually between 2023 and 2026. The Carbon Intensity Index connects CO2 emissions to cargo volumes, and it is hoped that these measures will ultimately result in a 40% reduction in the carbon intensity of the existing fleet by 2030. To achieve this, a series of

regulations will be put into place, including the Energy Efficiency Existing Ship Index, and an enhanced Ship Energy Efficiency Management Plan.

However, many environmentalist organisations have expressed concerns that the new targets do not align with the IMO’s promise to adhere to the Paris Agreement on climate change. Non-government organisation, Pacific Environment, has described the agreement reached this week as a “weak, low-ambition package of short-term policy measures” that will allow the shipping industry’s 1 billion tonnes per year of CO2 output to keep rising by as much as 16% by 2030.

The agreement reached won on a very narrow vote. Those who voted in favour of the package included the leading shipping nations of Japan, South Korea, Norway, Singapore, Bahamas, and Liberia. On the other hand, many EU member states, the US and Pacific Island countries wanted to see a doubling of carbon efficiency targets and they were also concerned about a lack of enforcement measures included in the proposals.

Indian Government to Prioritise COVID-19 Vaccination for Seafarers



India's federal junior minister of ports, shipping and waterways Mansukh Mandaviya said last week that all efforts should be made to get the seafarers vaccinated before joining their scheduled duties on board.

As of mid-May, roughly 14% of Indian Seafarers had received a single dose of the vaccine, and 1% had received both doses. On June 5, the Indian government announced that it would prioritise vaccinations to seafarers, offering jobs at six port

hospitals as well as through vaccination camps organised by maritime unions.

India's huge wave of Covid-19 infections hit the international shipping industry, which relies on the country for seafarers, as crews come down with the disease and ports deny entry to vessels.

Ports including Singapore and Fujairah in the United Arab Emirates had barred ships from changing crew members who had recently travelled from India. Zhoushan in China banned the entry of ships or crew that have visited India or Bangladesh from March 2021, according to Wilhelmsen Ship Management, a crew provider. In the second week of May, India reported more than 410,000 Covid-19 infections and almost 4,000 deaths. A surge in cases has broken global records and overwhelmed health systems.

About 240,000 of an estimated 1.6m seafarers globally are from the country, according to International Chamber of Shipping. Executives warned the restrictions could send shockwaves through the stretched shipping industry, which transports 80 per cent of global trade according to UN data.

Last summer, about 400,000 seafarers were stranded at sea beyond their contract length because of the pandemic.

Australian Maritime Safety Authority issues 2020 Annual Report



The Australian Maritime Safety Authority (AMSA) has just released its annual Port State Control (PSC) report. During the relevant year, AMSA recorded 26,179 vessel arrivals by 6081 foreign-flagged ships. A total of 3021 PSC inspections were conducted by the authority and this resulted in 178 vessels being detained. Interestingly, the authority states in its report that bulk carriers accounted for slightly more than half of all ship arrivals as well as about 60% of all PSC inspections conducted. Additionally, the average deficiency rate increased in 2020 from 1.6 deficiencies per inspection

from the previous year to about 2.1 deficiencies per inspection in 2020. The number of detainable deficiencies have all increased year-on-year. Increasing from 218 in 2019 to 270 in 2020. In 2020, the AMSA reported 178 detentions as compared to 163 in 2019.

The above said, AMSA has stated that the deficiencies per inspection were still relatively low in 2020 and that the quality of vessels calling Australia continue to be of a high standard. The authority also added that Australia's PSC regime is still delivering the requisite outcomes of improve safety and will continue to bring about a '*positive influence on the quality of ships arriving in Australia.*'

The report further stated that a total of 6377 deficiencies were recorded and issued in 2020. ISM infringements top the detainable deficiencies by category table coming in at 21.1% of all detainable deficiencies. Fire safety and emergency systems were next, followed by pollution prevention and lifesaving appliances. ASMA suggests that the high proportion in the ISM category is a result of safety management systems not being properly implemented as intended. However, this is still lesser than the peak of 2013 where 31.2% of the detainable deficiencies were attributed to ISM deficiencies. The report also stated that general cargo ships were the poorest performing ship type. The report noted that general cargo ships have been the poorest performing ship type for the last seven years. On the other hand, container ships have been in the top five for the last three years.

AMSA first published its annual PSC report in 1991. The PSC inspections were carried out at 46 Australian ports. The full 2020 annual report can be read [here](#).

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