

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 – China - All Fired Up

Given the recent strength in the dry cargo freight market it would appear that it does not need any further stimulus, but reports emanating from China would suggest otherwise. Apparently, China's central government officials have ordered the country's top state-owned energy companies to secure supplies for winter AT ALL COSTS, the current spate of blackouts being experienced will not be tolerated. It seems China is struggling with a severe shortage of electricity, which has left millions of homes and businesses hit by power cuts. As China relies on coal for over 50 pct of its electricity generation this bodes well for increased imports of coal. With the opening up of economies post pandemic demand for Chinese goods has surged and consequently the factories making them need a lot more power and electricity demand has risen with the price of coal being pushed up. Given this directive the government control on electricity prices will have to be altered, as coal-fired power plants were previously unwilling to operate at a loss and hence many drastically reduced their output and instead they will now need to fire up to meet this increased demand.

RECYCLING – Close Shave?

Rumours continue to surround the sale of the 22,000 LWT **"CAPE BALDER"** with market players still unsure of whether she has gone for razor blades, or not. No confirmed sale but surely this time next week we expect her to be committed which will be a new benchmark figure, especially with mounting pressure on the market and rumours swirling that prices will continue to correct. This week there are also reports that Chinese owners are in the process of selling a number of vintage VLCCs for recycling, but from what we understand this is in the early stages of a tender process and it is unsure whether the units will eventually find themselves being scrapped within China or sold as-is and then eventually onto Bangladesh. Meanwhile Further trading Buyers still appear to be poaching the older tonnage from the recycling yards, and with steel prices under a little pressure we may see this continuing...

TANKERS – Bullish Bear or Bearish Bull?

There are whisperings of tightness in the market, oil price has been creeping up, so will OPEC open the taps? The spot markets aren't negative anymore, but the earnings are still poor, but they are the best they have been since May, anticipation or overactive imagination.

Offers were due on the **"E MEI SAN"** (317,952 dwt/blt 2010 SWS) yesterday and waiting to hear what levels have been achieved. In May Zodiac picked up the one year younger sister, "JIU HUA SAN" for US\$37m, from the auction process. Older VLCCs continue to find further trading homes as we hear the **"FOS"** (319,020 dwt/blt 2002 Hy Ulsan) has gone for US\$28m with surveys due in February; the price looks to be US\$1-1.5m above her scrap value.

NEWBUILDING – More to Come?

Container enquiry has picked up again as owners take a longer view on the current disruption to the global supply chains and "animal spirits" continue in the sector.

All eyes are on the Chinese government's announcement/instructions to Chinese state energy companies to secure energy supplies "at all costs" given the ongoing and emerging energy crisis in China. This is likely to benefit mostly bulkers as coal will be needed but also there has been production/processing disruption to Chinese domestic soyabean operations which would also clearly benefit bulkers if the Chinese make this up in imports. The bulker market remains buoyant and newbuilding pricing has not moved from recent levels so some may move for further bulker orders for these reasons against renewed activity in the market. It is less clear how the Chinese energy crisis would directly benefit oil/ tanker market but already the Chinese are picking up significant cargos and the psychological impact of a number of energy crisis in the world (particularly LNG) seems to be assisting in the case for more barrels from OPEC this year.

Yards are generally full up to end 2023, more so in China exacerbated by makers equipment shortages from recent factory closures. Some may feel the newbuilding window has passed now but with second-hand pricing likely to increase on tankers when a rally takes hold and the already high 2nd hand price for bulkers, we may see forward optimism push into 2024 (which is almost in the 2 year psychologically important forward range at the yards) yet.

Gibson Sale & Purchase Market Report

S&P SALES

Vessel Name	DWT	Built	Yard	Buyers	Price (\$/m)	Notes
BULKERS						
CONRAD	207,647	2017	SWS (CHN)	JP Morgan	reg 54	SS due 4/22. BWTS+Scrubber fitted.
ELINDA MARE	79,648	2010	New Century (CHN)	Undisclosed buyer	20	SS psd 2/21.
SAILING SKY	61,494	2014	Shin Kasado (JPN)	HTK Shipping	27.2	BWTS fitted. DD due 4/22.
MEDI OKINAWA	56,118	2011	Mitsui (JPN)	Undisclosed buyer	21.5	SS psd 10/20.
JUN BENEFIT	45,572	1997	Tsuneishi (JPN)	Undisclosed buyer	low 7	SS+BWTS due 11/22.
EOS ESPERANCE + EOS VICTORY	33,600	both 2012	Shin Kurushima (JPN)	Chinese buyer	17 each	SS due 5+8/22. BWTS fitted.

STRATEGIC ENDEAVOR + STRATEGIC ENCOUNTER	33,078	both 2010	Zhejiang Zhenghe (CHN)	Undisclosed buyer	14.1 each	SS psd 4+8/20.
VANTAGE KEY	29,870	2004	Shikoku (JPN)	Undisclosed buyer	9.2	DD due 3/22.
BAO DA	28,107	2001	Bohai (CHN)	Undisclosed buyer	7	Logs fitted. DD due 3/22.
BULKER BEE 20 + BULKER BEE 21	25,041	2010+2011	Ningbo Xinle (CHN)	German buyer	21.5 en bloc	

TANKERS

FOS	319,029	2002	Hyundai Ulsan (KRS)	Undisclosed buyer	28	SS due 2/22.
NORDIC SIRIUS	150,183	2000	N K K (JPN)	Middle Eastern buyer	14	SS psd 9/20.
OCEAN MARS	50,338	2007	SLS (KRS)	Brave Maritime	9 (A)	Auction sale. Pump-room. SS due 5/22.
OCEAN CLOVER	34,747	2019	Fujian Mawei (CHN)	Chinese buyer	18.4	Twin engine. BWTS fitted.

GENERAL CARGO / MULTI PURPOSE

CSC REN HAI + CSC ZHI HAI	12,312	both 2013	Yichang (CHN)	Yihun	7.85 each (A)	Auction sales.
MANISA BIANCA	8,961	2000	Damen (NTH)	Undisclosed buyer	7.5	564 TEU. Geared. SS psd 12/20.

CONTAINERS/RO-RO/REEFER/PCC

FILIA T	23,200	2019	Jiangsu Newyangzi (CHN)	Wan Hai Lines	41	1800 TEU. Geared. Dely 2/22.
ROBERT RICKMERS	22,981	2003	Szczecinska (POL)	MSC	20	

NEWBUILDING ORDERS

Ordering Client	Vessel Type	Size / No. of units	Shipyard (Country)	Delivery	Price (\$m)	Notes
BULKERS						
CDB Leasing	Ultramax	63,000 dwt x 9	New Dayang (CHN)	2023-2024	29	
Reederei H Vogemann	Handymax	40,000 dwt +2	Yangfan (CHN)	2024	reg 26*	*Declared option. Open hatch. EEDI 3. Tier III.
GENERAL CARGO / MULTI PURPOSE						
Naiko Kaiun Kaisha (NS United)	Limestone Carrier	5,560 dwt x 1	Tsuneishi (JPN)	2024		LNG + Battery power.
CONTAINERS / RO-RO / REEFER / PCC						
K-Line	PCC	7,000 CEU x 2	Nihon (JPN)	2024		LNG dual fuel capable.
K-Line	PCC	7,000 CEU x 2	Shin Kurushima (JPN)	2024		LNG dual fuel capable.
K-Line	PCC	7,000 CEU x 2	CMJL (CHN)	2024		LNG dual fuel capable.
Hoegh Autolines	PCC	9,100 CEU x 2	Jiangsu China Merchants HI (CHN)	2024		LNG+Bio dual fuel. Ammonia ready.
SeaRoad Shipping	RoRo	3,792 LM x 1	FSG Tennor (GER)	2023	115.9	LNG dual fuel.

Cyprus Green World (Schoeller Holdings)	Cont	2,700 TEU +2	Huangpu Wenchong (CHN)	2023-2024		Declared options. Gearless.
Cyprus Green World (Schoeller Holdings)	Cont	1,930 TEU +2	Huangpu Wenchong (CHN)	2023-2024		Declared options. Gearless.

Recycling Activity

Vessel Name	BUILT	DWT	LWT	Delivery	Price (\$/lwt)	Notes
VLCC						
EM LONGEVITY	2000 / Korea	306,324	46,657	Bangladesh	592	
AFRAMAX						
INGRID	2000 / Japan	105,528	15,954	Bangladesh	610	
TANKER						
ICE CONDOR	2000 / Russia	19,787	7,506			last weeks sales
GEMA	2001 / Russia	19,831	7,367	Pakistan	616	
LUCKY DOLPHIN	1986 / Japan	35,786	7,486	Pakistan	608	
CHEMICAL TANKER						
STOLT SPRUCE	1993 / Norway	36,782	11,265	India	1100	HKC Green Recycling / high content of St-St
PHARMONY	1999 / Japan	10,749	3,193	India	855	incl large quantity of St-St
REEFER						
SEIN SUN	1984 / 1984	5,438	3,211	Bangladesh	495	

Recycling Prices (US\$/LWT)

	Bangladesh	Pakistan	India	Turkey
Tank/Cont/Ro-Ro/Capes/LPG/PCC	595/610	590/600	580/590	290/300
Dry Cargo/Bulk/Tween/Gen Cargo	580/595	580/590	570/580	280/290

Newbuild and Second Hand Values (\$ million)

	Newbuild	5 Year Old	10 Year Old
Tankers			
VLCC	107	70	46
SUEZMAX	74	48	32
AFRAMAX	59	40	26
MR	40	28	17.5
Bulkers			
CAPE SIZE	60.5^	41	33.5
KAMSARMAX / PANAMAX	35^	33	25k/23.5p
ULTRAMAX / SUPRAMAX	33.5^	31s	21.5s
HANDYSIZE	28.5^	25	17

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

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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.

Criminal Syndicate Convicted of Interfering with Mass Flow Meters in Singapore



In a joint press release by the Attorney-General's Chambers, the Singapore Police Force ("**SPF**") and the Maritime and Port Authority of Singapore ("**MPA**"), it was reported that nine (9) members of a criminal syndicate have been convicted for offences under the Computer Misuse Act.

The convictions come after the individuals were found to be utilising industrial strength magnets to interfere with the Mass Flow Meter or MFM equipment onboard the bunker barges "SOUTHERNPEC 6" and "SOUTHERNPEC 7" which enabled them to cheat buyers of marine fuel oil. Reportedly, buyers were cheated of some USD 336,930.63 worth of marine fuel oil in total. Investigations into the tampering were conducted by the MPA and the SPF jointly.

The nine individuals convicted consisted of three masterminds and six cargo officers. The three masterminds were handed the severest sentences with all three of them receiving approximately 34 months imprisonment.

It is further reported that the interferences with the MFMs onboard the bunker tankers were planned by the masterminds and subsequently implemented by the cargo officers on board. The illegal operations came to light during an enforcement check by the MPA in April 2019. Soon after, MPA revoked the bunker craft operator and bunker supplier licence of Southernpec (Singapore) Pte Ltd.

MPA has made it mandatory that MFMs are used in the delivery of marine fuel oil as they provide confidence to both the buyers and suppliers on the quantity of marine fuel oil delivered. The purpose of such is to, as the press release states, "*uphold the integrity of the bunker process in the Port of Singapore*" and to, "*enhance transparency in the bunkering process*".

MPA reiterates that they take a serious view on such illegal operations and will not hesitate to take action against those responsible for committing such offences.

The press release can be read [here](#).

Maersk Report Record Profits for 2021



Maersk, the world's largest container shipping group, is expecting record profits this year for the third time as disruptions to global supply chains and a resurgence in consumer demand sent freight rates soaring.

Carrying approximately a fifth of all seaborne freight, Maersk has benefited along with other container shipping groups from extraordinary demand this year following the end of most coronavirus lockdowns. The Danish group said last week it expected its underlying operating profits to be \$18-19bn, up from

a forecast of \$14-15.5bn last month. While it was only able to add 5 per cent extra capacity during 2021, Maersk had increased its departures on the transpacific trade — the main bottleneck — from seven a week to twelve.

These would be the highest operating profits in the company's history, beating the previous record of around \$12bn in 2008, just before the global financial crisis caused earnings to tumble the following year.

Maersk updated other numbers as well, saying it expected free cash flow of at least \$14.5bn, up from a previous forecast of at least \$11.5bn. Underlying earnings before interest, tax, depreciation, and amortisation should be \$22bn to \$23bn, up from \$18bn to \$19.5bn.

Australian Wharfies Prepare to Strike for Much of October



There are concerns this week that strikes by the Maritime Union of Australia (MUA) will cripple imports ahead of the festive season, causing shortages of imported electronics, furniture, white goods, sports gear, food and building materials. Wharfies are planning a 48-hour strike in Sydney's Port Botany next weekend and plan to strike for 12-hours every Monday, Wednesday, and Friday in Melbourne for the whole month of October. The major ports of Melbourne and Sydney are already experiencing unforeseen disruptions caused by COVID-19.

The strikes are over a 19-month long industrial dispute about pay and workplace conditions with Patrick Terminals, who have sites in Brisbane, Fremantle, Melbourne, and Sydney. The CEO of Patrick Terminals has stated that the company has been negotiating with the MUA since February 2020 and nearly 70 meetings have been held in an attempt to finalise a new enterprise agreement.

"We have bargained with the MUA for over 19 months and provided a very generous pay increase, guaranteed no redundancies and provided a commitment to preserving jobs. They clearly have no

intention of reaching a deal. They just want to cause maximum damage to the company and the economy," he said in a statement on Monday.

MUA Assistant National Secretary, Jamie Newly has stated that, *"The truth is there is ample capacity for other stevedoring companies on the Australian waterfront to load and unload cargo and we don't accept that there is any threat that imported goods will be in short supply due to the commencement of protected industrial action by our members."*

Given that around 43 per cent of all container freight comes through Patrick Terminals in Australia, the strikes are likely to have serious ramifications for Australians in the leadup to Christmas. However, there remains hope that the dispute could still be settled before any more strike action continues.

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