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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 – Softer Scenario

It is now clearly apparent and illustrated that the bulker sale and purchase market is now in a softer environment. Some of this week's sales suggest a strong discount to last done, for instance the **"KING BARLEY"** (82,191 dwt/blt 2012 Tsuneishi Zhoushan, China) is reported to have secured US\$22.7m basis SS/DD passed and BWTS fitted from undisclosed buyers, which shows a marked discount of the early November sale of the two year older **"KEY DISCOVERY"** (82,151 dwt/blt 2010 Tsuneishi, Japan) at US\$24.75m. Despite the difference in country of build we would not generally apply a big discount as the builder is part of the same group. Furthermore, we are reporting the off-market sale of the **"VIRGO COLOSSUS"** (61,616 dwt/blt 2012 Oshima Zosen, Japan) for US\$24m and against the November sale of the **"IKAN SENYUR"** (61,494 dwt/blt 2010 Shin Kasado, Japan) at region US\$22.5m we would have expected a higher level to be achieved. It also appears teflon coated handies are not immune to the drop with the reported sale of the **"OCEAN GALAXY"** (38,293 dwt/blt 2011 Hyundai Mipo, South Korea) at US\$16.5m, when the same owners sold the year newer sister in September for US\$18.5m.

Sales on the horizon that look likely to show further attrition in values are the two South Korean controlledsupramaxes namely the **"PACIFIC CROWN / "PACIFIC BLESS"** (56,469 dwt/blt 2012 Jiangsu Hantong, China), which are inviting offers on 9th December and buyers are being encouraged at mid-17's whereas the **"PACIFIC BLESS"** was reported sold but failed last month at US\$19.8m.

RECYCLING – Corrections Continue

Negative sentiments continue to prevail as uncertainty lurks in the local steel markets, especially from India where activity and sentiments have been sluggish in the past week as fears of Omnicron across the Globe intensifies. Similar is the situation in Bangladesh and Pakistan where there is no real demand for steel and the end buyers have been cautious during the past month or so and the situation is likely to continue to the end of the year. In November we saw prices in the region of US\$650/LDT, but this has now cooled off and buyers are now only offering in the range of US\$615-625/LT. Meanwhile there are rumours of China closing down all heavy industries from 1st January 2022 until 8th March 2022

which could seriously affect the steel markets, and to add fuel to the fire the new variant of Corona virus is also hanging by a sword should it prove to be lethal... So far the lack of tonnage for Recycling is keeping prices firm and holding the markets up well, but we could witness a significant correction if, once again, strict lock-downs and travel restrictions are imposed worldwide. With the UAE being off virtually this whole week and Christmas coming up in couple of weeks, we may see a rather dull period in scrapping during December. Many cash buyers have also gone into 'wait & watch' mode on their acquisitions.

TANKERS – Teenage Rebellion

While MR tanker sales are a staple of mostly weekly sale fixtures, it's inescapable that there is a swell of purchasing activity currently, particularly in the vintage lower risk safe haven bracket. It's been a good week for MR Atlantic front-haul trade and thus it's perhaps apt to note Atlantica Shipping named as the buyer for the 15-year old deepwell and Ice 1A spec appropriately named "**ARCTIC BAY**" (50,921 dwt/blt 2006 STX Jinhae) for US\$11.7m basis SS passed in May and BWTS fitted. In contrast with class status, the same aged "**AG MARS**" (49,999 dwt/blt 2006 SPP) has been sold to undisclosed interests 'as-is' UAE with Special Survey postponed to February next year. Also sold 'as-is' UAE we hear the "**KAREMA**" (46,248 dwt/blt 2004 STX Jinhae) has gone to Indian interests for low US\$8s mill, with the "**EVROS**" (47,120 dwt/blt 2005 STX Jinhae) nestling between values at region US\$9m to undisclosed interests.

It's been a more underwhelming week for crude sales, but the "**NEW CORAL**" (297,224 dwt/blt 2010 Jiangnan Changxing) has been sold to a Greek buyer for US\$38.5m. The sale is perhaps refreshing to note as giving a more market related benchmark for Chinese built tonnage, as notably not being a Xihe forced/auction sale, given the number of Xihe Group owned 2009-2012 SWS built ship sales this year and most recently the "**E MEI SAN**" (317,952 dwt/blt 2010 SWS) sold in October for US\$36.75m. In the absence of same aged Japanese and Korean built sales of late, the "**NEW CORAL**" nonetheless also seems to conform well to general benchmark expectations against a 10% Chinese build differential.

NEWBUILDING – Combining Fortunes

LNG enquiry continues to stalk remaining slots at Korean yards, particularly at DSME where 2025 is now a standard delivery. There also seems no sign of additional shipbuilding capacity coming back online e.g. Hyundai's Gunsan, despite booming markets so the fleet supply situation for tankers continues to look very favourable (low orderbooks from 2023 onwards and few fresh slots to change that). Hyundai and DSME merger talks will receive (or not) impetus on the 20th January when the EU submits their final ruling. It is also understood that Daehan and STX are in exploratory merger talks but no firm intention yet by their mutual shareholders. Large scale mergers (particularly HHI/ DSME) are not likely to be a good thing for owners (or brokers!) as will enhance yards' bargaining power on pricing by reducing competition. It would also likely lead to some layoffs of the combined workforce.

However, Korea as a country is now of a substantially developed nature and therefore general costs have risen. Under such circumstances, large scale synergies are needed and to compete with the major Chinese state yards.

Gibson Sale & Purchase Market Report

S&P SALES

Vessel Name	DWT	Built	Yard	Buyers	Price (\$/m)	Notes
BULKERS						
CHENGXI CX031 + '32 + '33 + '34	85,000	2022-2023	Chengxi (CHN)	Pacific Rim Shipmanagement	140.8 en bloc	Tier III. EEDI 2.
KING BARLEY	82,191	2012	Tsuneishi Zhoushan (CHN)	Undisclosed buyer	22.7	Dely basis SS psd + BWTS fitted 1/22.
SHANDONG HONG TU	76,116	2012	Hudong Zhonghua (CHN)	Undisclosed buyer	20.25*	*Auction sale. SS due 1/22.
STAR ARTEMIS + STAR EOS	63,200	both 2015	Yangzhou Dayang (CHN)	Undisclosed buyer	26.5 each	
VIRGO COLOSSUS	61,616	2012	Oshima Zosen (JPN)	Undisclosed buyer	24	SS due 9/22.
CORAL BREEZE	55,582	2009	Mitsui (JPN)	Undisclosed buyer	17	DD due 4/22.
AQUATA	46,685	1999	Sanoyas (JPN)	Undisclosed buyer	10.3	
CLIPPER BETTINA	38,221	2012	Shimanami (JPN)	Undisclosed buyer	19.3	SS psd 12/20.
NEW FACE + NEW DAYS	38,000	both 2017	Shin Kochi (JPN)	Greek buyer	xs 27 each	SS due 1+3/22.
OCEAN GALAXY	37,193	2011	Hyundai Mipo (KRS)	Undisclosed buyer	16.5	SS psd 9/21.
DEWI GANDAWATI	28,282	2008	I-S Shipyard (JPN)	Undisclosed buyer	mid-high 11	DD due 12/21. Logger.
TANKERS						
NEW CORAL	297,224	2010	Jiangnan Changxing (CHN)	Greek buyer	38.5	SS psd 5/20.
FRONT LION + FRONT PANTHER FRONT PUMA + FRONT TIGER	115,200 109,900	both 2014 both 2015	Guangzhou Longxue (CHN)	SFL Corporation	160 en bloc	All coated and scrubber fitted. Against 5+ yrs TC @ \$22.5k pd to Trafigura.
AMAZON BRILLIANCE	72,910	2005	Hyundai Ulsan (KRS)	Undisclosed buyer	12	Coated. Trading dirty. SS psd 2/20. No BWTS.
PS HOUSTON	50,922	2008	STX Jinhae (KRS)	Greek buyer	12	Ice 1A. Deepwell. DD psd 5/20.
ARCTIC BAY	50,921	2006	STX Jinhae (KRS)	Atlantica Shipping	11.7	Ice 1A. Deepwell. SS psd 5/21. BWTS fitted.
GRAZIA	50,307	2010	Guangzhou (CHN)	Greek buyer	15.15	Deepwell. SS psd 3/21. BWTS fitted.
AG MARS	49,999	2006	SPP Tongyeong (KRS)	Undisclosed buyer	10	Deepwell. IMO II/III. As-is UAE, SS due 2/22.
EVROS	47,120	2005	STX Jinhae (KRS)	Undisclosed buyer	reg 9	Deepwell. IMO II/III. DD due 12/22.
KAREMA	46,248	2004	STX Jinhae (KRS)	Indian buyer	low 8	Deepwell. IMO III. As-is UAE. DD psd 5/21.
UACC CONSENSUS + UACC HARMONY	45,913	both 2005	Shin Kurushima (JPN)	Undisclosed buyer	9.2 each	Pump-room. DD due 12/22. Old sale.
HAFNIA HOPE	39,814	2007	Saiki (JPN)	Undisclosed buyer	low 9	Pump-room. SS due 1/22. Trading dirty.
OCEAN SEAL	11,998	2018	Samjin (CHN)	Undisclosed buyer	reg/xs 10*	Xihe forced sale. IMO II. Epoxy. BWTS fitted.
GAS (LNG / LPG / LAG / CO2)						
BW SAKURA	49,999	2010	Mitsubishi Nagasaki (JPN)	Middle Eastern buyer	52	77,323 cbm. SS psd 2/20.
SCF TOBOLSK	26,424	2006	Hyundai Ulsan (KRS)	Undisclosed buyer	reg 25	34,515 cbm. Fully ref. SS due 12/21.

CUMULUS GAS	25,926	1994	Kawasaki (JPN)	Undisclosed buyer	7.5	34,058 cbm. Fully ref. SS due 5/22. As-is Panama.
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NEWBUILDING ORDERS

Ordering Client	Vessel Type	Size / No. of units	Shipyard (Country)	Delivery	Price (\$m)	Notes
BULKERS						
Yangzijiang Shipping	Kamsarmax	82,300 dwt x 4	YAMIC (CHN)	2022-2023	est 36	EEDI 3.
Zhejiang Dachen	Handymax	47,000 dwt +2	Haidong Shipyard (CHN)	2023		Declared options.
TANKERS						
Huahong Shipping	Chemicals	3,360 dwt x 1	Haidong Shipyard (CHN)	2023		
CONTAINERS / RO-RO / REEFER / PCC						
Navios Maritime Partners	Containership	5,300 TEU x 2+2	Zhoushan Changhong (CHN)	2024	62.5	
CMA CGM	Containership	2,000 TEU x 10	Hyundai Mipo (KRS)	2023-2024		LNG dual fuel. Ice 1A.
Shanghai Jinjiang	Containership	1,900 TEU x 2	Yangfan (CHN)	2023	28.2	
X-Press Feeders Group	Containership	1,170 TEU x 8	Dayang Shipbuilding (CHN)	2023-2024		Methanol dual fuel.
X-Press Feeders Group	Containership	1,170 TEU x 8	Ningbo Xinle (CHN)	2023-2024		Methanol dual fuel.
GAS (LNG / LPG / LAG / CO2)						
GasLog	LNG	174,000 cbm x 4	Daewoo (KRS)	2024-2025		ME-GI.
NYK Line	LPG/LAG	86,700 cbm x 2	Kawasaki (JPN)	2024		LPG dual fuel. NH3 tanks.

Recycling Prices (US\$/LWT)

	Bangladesh	Pakistan	India	Turkey
Tank/Cont/Ro-Ro/Capes/LPG/PCC	620/635	610/620	575/585	350/360
Dry Cargo/Bulk/Tween/Gen Cargo	610/620	600/610	565/575	330/340

Newbuild and Second Hand

Values (\$ million)

	Newbuild	5 Year Old	10 Year Old
Tankers			
VLCC	109	70	46
SUEZMAX	75.5	47	31
AFRAMAX	60	40.5	26.5
MR	41	28.5	18
Bulkers			
CAPESIZE	60.5^	41.5	34
KAMSARMAX / PANAMAX	35^	33k/30p	23k/20.5p
ULTRAMAX / SUPRAMAX	33^	29u	19s
HANDYSIZE	29.5^	25.5	18

^=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.

Holyhead Marina Ltd v Farrer and Others [2021] EWCA Civ 1585



Background

The claimant, Holyhead Marina Limited, is the lessee and operator of a Marina within Holyhead Harbour. The defendants are owners of a damaged watercraft which was berthed at the claimant Marina.

In March 2018, Holyhead was struck by storm Emma, the first storm of its kind to hit the area for 80 years. The Marina in Holyhead suffered damage, to the extent it was described as “the catastrophic breakdown of the entire Marina”. During the storm, 89 personal craft which were berthed on the premises were damaged.

The costs of the damages were said to be in excess of GBP £5 million. As such, the claimant issued proceedings to limit liability to GBP £550,000 under section 191 of the Merchant Shipping Act 1995 (the ‘MSA’). Defendants argued that the Marina did not fit the description of a “dock” within the MSA and the claimants therefore did not have a right to limit liability.

At first instance, Mr. Justice Teare held that the Marina does fall within the meaning of a “dock”. The statutory definition according to section 191 of the MSA includes pontoons, landing places, jetties and stages; all of which the Marina can be said to contain.

The defendants appealed on the basis that the section 191 MSA definition of a dock could not be met by the Marina as it was a collection of pontoons, jetties and stages, rather than just one. The judge’s decision remained at odds with the ordinary meaning of the words in the definition of a “dock”. Further, the defendants argued that, had it been intended for the MSA 1995 to include marinas, pontoons and moorings, the legislation would have been changed to specifically include such structures when it was updated from its predecessor act (the Merchant Shipping (Liability of Shipowners and Others) Act 1900 (the ‘MSA 1900’)). Also, the judge had erred in his decision to consider the fact that commercial ships and pleasure craft were entitled to limit their liability.

Defendants also submitted that there were commercial reasons marinas should not be able to limit liability.

Held, appeal dismissed. Sir Geoffrey Vos, Lord Justice Males, and Lord Justice Stuart-Smith all in agreement.

In his judgement, Sir Geoffrey Vos considered whether all the structures listed in section 191(9) MSA were for commercial and passenger shipping use, unlike a marina which is for the mooring of pleasure craft. He concluded that the terms used in the MSA 1900 were not solely concerned with commercial shipping, and that it is irrelevant that the definition of a dock was not amended in the MSA 1995 to specifically include marinas, pontoons or moorings.

Sir Vos also considered whether Teare J's decision conflicted with the ordinary meaning of the words in the definition of "dock". In agreement with the judge at first instance, he concluded that in ordinary usage the pontoons which make up the Marina are both mooring places and landing places. Sir Vos went a step further to conclude that terms as general as "landing place", "stage" or "jetty" should not be construed so narrowly to exclude a collection of such structures. As such, the Marina itself was a landing place. Being that a "landing place" falls squarely within the statutory definition of a "dock", Sir Vos held that the previous judge's decision was not in conflict with the ordinary meaning of the words in the definition of "dock" and his decision was correct.

Lastly, Sir Vos considered whether there were any good commercial reasons to exclude marinas from the scope of section 191 MSA 1995. Defendants had suggested that the current market understanding was that marinas could not limit their liability. Should they be able to do so, insurance premiums for pleasure craft would increase. Sir Vos did not agree with this assessment and stated that the market understanding will change upon the determination of this case.

Ammonia-Fuelled Cargo Ship Granted Approval in Principle by DNV



International certification agency, DNV, has given the go-ahead for an ammonia-fuelled cargo ship, the ZeroCoaster.

As part of a multi-billion dollar effort to decarbonise the global maritime industry, AFC Energy announced this landmark achievement which will use a combination of Ammonia and high sense alkaline fuel cell technology to fuel the vessel.

As one of the world's leading classification and certification bodies, DNV ensures that ship designs comply with the industry rules, regulations and standards. By granting certification, which is thought to be a first in terms of combining alkaline fuel cell with ammonia cracker and fuel storage, the door is now open for further "green ships" in the near future.

Led By Vard Engineering Brevik AS, the ZeroCoaster Consortium aims to accelerate the transition to zero-emission shipping solutions and is sponsored by the Norwegian government.

Andreas Buskop, General Manager, Engineering at Vard Engineering Brevik AS, said: "*VARD has long shown leadership in maritime design and innovation with a focus of accelerating the transition to zero emission. We strongly believe in the role Green Ammonia will play in supporting industry's aspirations to 'go green', and working alongside industry leaders in alkaline fuel cell technology, AFC Energy, we are pleased to have gained confirmation of our AiP from DNV, highlighting what we understand to be a world first in ship design for ammonia fuel cell and cracker utilisation.*"

Now that AiP has been granted, in theory there should be little to prevent Ammonia from being at the forefront of the industry's push to reduce emissions and to become more sustainable, with estimates suggesting the fuel could be used to decarbonise up to 25-30% of maritime fleets.

Singapore's Tuas Port Completes First Phase of Reclamation Works



A major milestone has been reached at Tuas mega port in Singapore. The first phase of reclamation works for Tuas Port have now been completed. Construction for the mega port, termed to be Singapore's next-generation port, is currently split into four (4) phases. The reclamation works for phase one, which began in 2015, entailed soil improvement works for 414 hectares of land, including 294 hectares of newly reclaimed land.

The development also involved the fabrication and installation of 221 ten-storey tall caissons to form around 8.6km of seawall and the deepening of the seabed so that larger vessels, anticipated to be built in the future, will be able to utilise the deep berths. These works involved a staggering total of 34 million-man hours and included around 450 companies.

When fully operational, Phase 1 of Tuas Port will have 21 deep-water berths that will be able to handle 20 million twenty-foot equivalent units (TEUs) annually. It is further envisaged that the port operator, PSA, is currently on target to have the first two berths for Phase 1 of Tuas Port operational by the end of this year.

Speaking on the achievement, Singapore's Minister for Transport stated that, "*The completion of Phase 1 reclamation for Tuas Port is a significant milestone, demonstrating our resilience amidst adversity, and affirming Singapore's status as a reliable global hub port trusted by partners.*" He also stated that the mega port indicates Singapore's readiness for the future.

The four phases of the mega port are expected to be completed sometime in the 2040s. When finished and fully operational, Tuas Port will be capable of handling 65 million TEUs annually. To put that into perspective, Singapore's port facilities at present only handle about 36 million TEUs. It is also expected that Tuas Port will become the world's largest container terminal located in a single location when completed.

All 21 berths for Phase 1 of Tuas Port are anticipated to be in operation by 2027.

For more information, please contact:

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



Campbell Johnston Clark

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

