Campbell Johnston Clark
CJC EXCHANGE

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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

GIBSON SHIPBROKERS

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DRY CARGO – Asset Appreciation

Scorpio sails away into a new renewable energy chapter with its official name change to Eneti Inc. The company name may have changed, but Scorpio will still hold a footing in the dry market, albeit by holding shares in both Star Bulk and EagleBulk. The most recent involving Star Bulk comprising of the acquisition of four Kamsarmax and three Supramax bulkers in exchange for 3 million shares and US$102.3m.

Demand for bulkers, specifically the Supramax class and upwards, remains very healthy and the same is reflected in the upward trend in asset pricing. China is seemingly playing a key role in this bull-run with its high demand for second-hand bulk carriers coupled with its projected economic growth as a result of its post Covid-19 stimulus package.

The sale of **"AJAX"** (77,328 dwt/blt 2006 Oshima Zosen, Japan) at region US$10.1m with surveys and BWTS due in May of this year again highlights a marked improvement and another example of the appreciating bulker values, especially when compared to the recent sale of the **"OCEAN TRADER I"** (76.596 dwt/blt 2006 Imabari, Japan) at a now weaker US$8.7m with surveys due promptly.

TANKERS – VLCC Blues

There's little cheer in the crude market at the moment with earnings at loss making levels and scant succour from the fleet profile, which is seeing vintage ships continue to be sold for trading rather than recycling. January saw the demolition of the "**EURODESTINY"** (303,896 dwt/blt 2003 Universal), but very much as a market exception when 2001-built ships still continue to sell for as much as US$24m in respect of the "**MARION**" (309,640 dwt/blt 2001 Samsung) to undisclosed buyers and furthermore unpriced off-market sale of "**MARAN CASTOR**" (306,344 dwt/blt 2991 Daewoo) on undisclosed terms.

Some positive news may be attained from the news of Everest Korea Finance reportedly dropping its ten ship order at Hyundai Heavy, but by the same token we learn of ten more VLCCs being tentatively ordered at Daewoo against Shell TCs from Advantage Tankers, AET and International Seaways, in addition to a potential further quartet at Hyundai by Maran Tankers, cumulatively expanding the global orderbook. Whilst notable that these will have been negotiated ahead of steadily rising newbuilding prices in the last few weeks, all fourteen ships are set to be built for LNG fuelling, ringing another death knell for conventional fuelled ships.

RECYCLING – Tonnage Required!

Although all markets remain in subdued mood with little tonnage on offer to bid on, there is an element of quiet optimism about as well as improving demand. If more tonnage becomes available it would help encourage and test the buyers, but some owners will want to see evidence of firming rates before they begin to market their tonnage. India meanwhile has announced their budget which, for a change, appears to be positive for the ship recycling industry. Some custom duties have been reduced and there are also some exemptions in place for scrap steel which for the recyclers is good news and should enable them to be more competitive on pricing. Whether it will be enough for them to seriously start competing with their neighbours in Pakistan and Bangladesh is unlikely (as Indian breakers mainly focus on Green Recycling these days), but nevertheless it's a boost for the local industry and prices should firm.

Gibson Sale & Purchase Market Report

S&P SALES

Vessel Name	DWT	Built	Yard	Buyers	Price ($/m)	Notes
BULKERS						
SAKURA WAVE	88,299	2010	Imabari (JPN)	Greek buyer	12.5	38m beam.
FORTUNE SUNNY	82,373	2008	Oshima Zosen (JPN)	Greek buyer	13.7	DD due 6/21. BWTS fitted.
FORTUNE MIRACLE	82,338	2009	Oshima Zosen (JPN)	Castor Maritime	14.5	SS psd 4/19. BWTS fitted.
R. R. AUSTRALIA	81,582	2011	Sungdong (KRS)	Undisclosed buyer	16.2	SS psd 9/20. BWTS fitted.
SBI LAMBADA + SBI MACARENA SBI CARIOCA + SBI CAPOEIRA SBI PEGASUS SBI SUBARU + SBI URSA	81,250 81,250 63,371 61,500	both 2016 both 2015 2015 both 2015	Hudong (CHN) Hudong (CHN) Chengxi (CHN) DACKS (CHN)	Star Bulk Carriers	abt 134* en bloc	Assume $102.3 m lease balance + 3m new shares issued.
AJAX	77,328	2006	Oshima Zosen (JPN)	Undisclosed buyer	10.15	SS+BWTS due 5/21.
EVANGELIA PETRAKIS	74,475	2007	Hudong Zhonghua (CHN)	Undisclosed buyer	8.6	SS due 1/22. No BWTS.
PARASKEVI	74,269	2003	Oshima Zosen (JPN)	Chinese buyer	7.3	No BWTS.

GH STORM CAT	63,308	2014	Sainty Yangzhou (CHN)	European buyer	15.75	BWTS fitted.
SBI CRONOS	61,305	2015	I-S Shipyard (JPN)	Kassian Maritime	19.6	SS psd 11/20. BWTS fitted.
SBI ACHILLES	61,301	2016	I-S Shipyard (JPN)	Eagle Bulk	20.5	BWTS fitted.
XING SHOU HAI + XING XI HAI	60,492	2016+2017	Mitsui (JPN)	Minsheng Financial Leasing	41 en bloc	BWTS fitted.
NAVIOS ASTRA	53,400	2006	Imabari (JPN)	Turkish buyer	6.75	SS+BWTS due 5/21.
ANTA	47,305	2002	Minami Nippon (JPN)	Korean buyer	5.75	No BWTS.
ASIA PEARL VI	35,220	2011	Nantong Changqingsha (CHN)	Samios Shipping	6.25	SS+BWTS due 4/21.
TANKERS						
MARION	309,640	2001	Samsung (KRS)	Undisclosed buyer	24	DD due 6/21. No BWTS.
FSL FOS + FSL SUEZ	113,500	both 2021	COSCO Yangzhou (CHN)	GNMTC	52.5 each	Coated. Scrubber fitted.
MERMAID	45,763	2002	Minami Nippon (JPN)	Undisclosed buyer	8.45	Pump-room. SS psd 10/20. BWTS fitted.
ESHIPS EAGLE	13,148	2007	Hyundai Mipo (KRS)	Nigerian buyer	6.5	IMO II. Epoxy.
CONTAINERS / RO-RO / REEFERS / PCC						
APL NORWAY	72,807	2007	Koyo (JPN)	Regional Container Line (RCL)	31.2	6310 TEU. Gearless. DD psd 8/20.
FOS EXPRESS + LONG BEACH EXPRESS + SEATTLE EXPRESS	68,500	all 2008	Hanjin HI (KRS)	Capital Product	40.5 en bloc	5085 TEU. Gearless.
NAXOS	68,047	2003	Hyundai Ulsan (KRS)	Aeolos	25.5	5680 TEU. Gearless. DD psd 3/20.
HARRIER HUNTER	51,779	2009	Hyundai Ulsan (KRS)	Wan Hai Lines	21	4255 TEU. Gearless. DD due 12/21.
BARDU + BALEARES	34,086	2014	Jiangsu Yangzijiang (CHN)	UK buyer	18 each	2546 TEU. Geared.
KOTA NEBULA	25,985	2010	Dalian No. 1 (CHN)	German buyer	7.8	1810 TEU. Geared. SS psd 5/20.
ACRUX N + VITA N	23,350	both 2010	Guangzhou Wenchong (CHN)	Goto Shipping	9.5 each	1740 TEU. Geared.
BOMAR VANQUISH + BOMAR VALOUR	22,308	2001+2002	Sietas (GER)	MSC	5.7 each	1719 TEU. Gearless. Ice 1A.

NEWBUILDING ORDERS

Ordering Client	Vessel Type	Size / No. of units	Shipyard (Country)	Delivery	Price ($m)	Notes
BULKERS						
U-Ming	Newcastlemax	210,000 dwt x 2+2	Qingdao Beihai (CHN)	2022-2023	50.5	
TANKERS						
Maran Tankers	VLCC	318,000 dwt x 2+2	Hyundai HI (KRS)	2022-2023		LOI stage. LNG dual fuel.
Advantage Tankers	VLCC	300,000 dwt x 4	DSME (KRS)	2022-2023	reg 100	LOI stage. LNG dual fuel. Against TC to Shell.
AET	VLCC	300,000 dwt x 3	DSME (KRS)	2022-2023	reg 100	LOI stage. LNG dual fuel. Against TC to Shell.
International Seaways	VLCC	300,000 dwt x 3	DSME (KRS)	2022-2023	reg 100	LOI stage. LNG dual fuel. Against TC to Shell.
SK Shipping	VLCC	300,000 dwt x 2+2	DSME (KRS)	2022	87.5	Scrubber fitted.
Chandris	LR2	115,000 dwt x 1+1	Daehan (KRS)	2022	reg 50	Coated.
Socatra	MR	50,000 dwt x 2	Hyundai Mipo (KRS)	2022	36.5	Against TC to Total.
GENERAL CARGO / MULTI PURPOSE						
ESTE Verwaltungs (c/o Jebsen Shipping)	MPP	5,200 dwt x 6+6	Dajin Heavy (CHN)	2023-2024	8.92 (€7.38)	
CONTAINERS / RO-RO / REEFER / PCC						
Minerva Marine	Container	13,000 TEU X 2+2	Samsung (KRS)	2022	100	
Zhonggu Logistics	Container	4,600 TEU x 10+8	Yangzijiang (CHN)	2023-2024	35	
GAS						
Tianjin Southwest Maritime	LPG	93,000 cbm x 1+1	Jiangnan (CHN)	2023	est 75-76	Panda class.
Sinogas	LPG	93,000 cbm x 1+1	Jiangnan (CHN)	2023		

Recycling Prices (US$/LWT)

	Bangladesh	Pakistan	India	Turkey
Tank/Cont/Ro-Ro/Capes/LPG/PCC	445/460	440/450	430/440	255/265
Dry Cargo/Bulk/Tween/Gen Cargo	435/445	430/440	420/430	245/255

Newbuild and Second Hand Values *($ million)*

	Newbuild	5 Year Old	10 Year Old
Tankers			
VLCC	87.5	65	46
SUEZMAX	57.5	44.5	29.5

Indices

	C.O.B Friday
BDI	1333

AFRAMAX	47.5	33.5	21.5
MR	34	27	18
Bulkers			
CAPESIZE	48^	28	20
KAMSARMAX / PANAMAX	27k^	23.5k	16.25k / 15p
ULTRAMAX / SUPRAMAX	25u^	20.5u	11.75s
HANDYSIZE	23.5^	15	9
^=Chinese price (otherwise based upon Japanese / Korean country of build)			

$/Yen	105.74
VLCC	
AG/East	28.5
TD3 (WS)	

CJC Market News

Campbell Johnston Clark

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.

Maran UK Appeals High Court Decision in Attempt to Prevent Trial Over Bangladeshi Ship-Breaker Death

The widow of a Bangladeshi ship-breaker who fell eight stories to his death whilst breaking up a tanker is attempting to pursue a negligence claim against Maran UK (part of the Greek Angelicoussis shipping group) in the UK courts. The human rights claim targets both Maran UK and an agent representing the Angelicoussis Group's Maran Tankers Management and Maran Gas Management.

Last year, the High Court held that Maran UK had a duty of care towards Khalil Mollah, who died whilst working on the 300,000-dwt tanker EKTA. Maran UK had been involved as an agent in the sale of the vessel before it was sold to a third-party cash buyer for demolition. At the time of Mollah's accident, Maran UK was not the vessel's owner nor were they Mollah's employer, but they were considered to be responsible for the tanker being scrapped in Bangladesh, where working conditions are notoriously dangerous. Hundreds of people, mostly without contracts, die or are injured every year in falls, explosions and accidents as a result of the controversial vessel scrapping methods there.

If Mollah's widow is successful in a future trial, this could lead to an uncomfortable precedent whereby UK shipowners and others involved in the sale of vessels could be held legally responsible for damage arising from subsequent unsafe scrapping methods used abroad. Maran UK is now appealing against the ruling in an attempt to stop the compensation claim from proceeding to trial.

Sellers may Avoid US Sanctions where Vessels Transport Iranian or Venezuelan Oil by Demonstrating Due Diligence and No Prior Knowledge

The US has previously threatened to sanction any entity that facilitates the Iranian or Venezuelan oil trade, however according to legal experts, vessel sellers are not automatically in breach of US sanctions when the ships they sold are subsequently used in such activities.

If ship sellers can prove they did not knowingly sell the ships for sanctioned trades and can demonstrate the requisite due diligence via paper trails, they may avoid being targeted by the US sanctions division, the Office of Foreign Assets and Control (OFAC). One anonymous lawyer has affirmed that sellers are not legally responsible for the actions of a buyer following the transaction provided the seller did not have actual or constructive knowledge that the transaction was part of a scheme to violate sanctions.
This may not be the case where OFAC deemed a seller not to have performed sufficient checks on the buyer. It is important therefore, that a seller is able to demonstrate that they have thoroughly examined their counterparties. In the event a seller discovers that the ships which were previously under their ownership are engaged in sanctioned trades after their sale, it may benefit from approaching OFAC in the first instance.

However even where no wrongdoing is found to have occurred, there may be other consequences. Polembros Shipping was not sanctioned for the sale of the Nautic (built 1998) to Iran-linked Taif Mining Services however authorities have withheld $10m from the transaction. There is therefore the potential consequence of blocking and seizure of transaction funds.

Zim Stock Price Rises from the Depths

Further to our previous article (*Zim Eyes New York IPO*) the container shipping company floated last week on the New York Stock Exchange. While its target price range was between $16-$19 per share, Zim was forced to price below this, at $15 per share. Trading was initially difficult for Zim, and within the first hour the price had sunk to below $12 per share. While the wider stock market also struggled during this period, the container company stock was most definitely sailing in choppier waters.

This poor performance was embarrassing for both Zim and the wider maritime industry, and lent weight to those that had dubbed the IPO as *"It's Probably Overpriced"*. As the first mainstream shipowner to list since Gener8 Maritime in 2015, a successful listing could have encouraged more industry players to consider the move.

Having said this, the share price has been recovering somewhat, and is edging nearer to the $15 list price. It closed at $12.05 on the second day of trading, and then climbed to $13.62 and $14.11 on Monday and Tuesday of this week. There still stands a 15% underwriters' allotment option, which may be triggered if the price surpasses the $15 IPO price for significant period. This could bring in a much needed additional $32.5m to Zim. As at the time of writing, the price stands at $14.25 per share, and so the possibility of triggering the allotment option is beginning to look like a real possibility. This will encourage the wider maritime industry, and if the price continues to rise, may give other key players the confidence to list themselves.

Fossil-Free Vessels in Pipeline for Stena Line

On 4 February 2021, Stena Line's CEO, Niclas Mårtensson, announced the company's involvement in the "Tranzero Initiative", a joint initiative with Volvo Group, Scania and the Port of Gothenburg. The aim is to ensure a major reduction in carbon emissions from the largest port in the Scandinavian region. The main focus of the initiative is targeted on the one million truck transports and the 55,000 tonnes of carbon emissions generated from road transports to and from the Port of Gothenburg every year. Additionally, the initiative also focuses on the further electrification of transportation by sea.

As a result of Stena's involvement, the company has stated that it plans to operate two fossil-free battery-powered vessels that would be serving Gothenburg and Frederikshavn, Denmark, by 2030. This is in-line with the initiative's hope to introduce measures aimed at switching to fossil-free fuels. The company plans to build from its vision of the concept vessel, the battery-powered vessel, "Stena Elektra". At current, this vessel is still on a concept stage with Stena innovating ways to ensure that the batteries utilised are able to operate within expected commercial realities. As reported, Stena plans to present the outline specifications of this vessel within a year and have an order planned by 2025, at the latest.

When built, the "Stena Elektra" will be the world's first fossil-free RoPax vessel of its size, measuring about 200 metres in length and able to take on a capacity of 1000 passengers with 3000 lane metres freight capacity. The vessel is also expected to run on battery power for an estimated 50 nautical miles, which is the distance between Gothenburg and Frederikshavn. There is also a potential for the vessel to be combined with other fossil-free fuels such as hydrogen and bio methanol.

In further support of the initiative, the Port of Gothenburg has also stated that it will produce the necessary infrastructure and provide access to fossil-free fuels for heavy vehicles. All in all, the initiative by Stena Line, Volvo Group, Scania and the Port of Gothenburg is expected to cut emissions by around 70% by 2030 in the Port of Gothenburg.

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