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

DRY CARGO – Bankable Bulkers

Dry appetite continues to flourish with a very healthy amount of demand for bulkers across the sizes. With the spot market, specifically in both Panamax and Supramax segments, showing great gains so far this year many owners are keen to expand on or even enter these markets, but why? There are several factors at play, but one being the versatility of these ships and the ability for them to adapt and move where demand dictates and another carrot attracting owners is the ever-increasing period numbers that have been achieved, for example a modern Kamsarmax today could be locked in for a year at nearly US$20,000 per day.

This increase in demand has clearly impacted positively on the asset pricing, as it seems on a weekly basis so far this year the majority of reported sales are up on the last comparable.

The **"R.R. AUSTRALIA"** (81,582 dwt/blt 2011 Sundong) is no exception to this. Last week we visited her failed sale at US$16.2m and discussed whether her previous levels would be maintained and this week we can report she has subsequently re-sold for an increased price of US$16.5m.

This can also be illustrated by the recent sales of the Toyohashi built Panamaxes. This week we report the sale of the **"ROBIN WIND"** (78,224 dwt/blt 2013 Toyohashi) at US$18.5m with surveys recently passed and BWTS installed, that is still an increase in price from the last comparable sale of the **"CORAL AMETHYST"** (78,092 dwt/blt 2012 Toyohashi) at US$16.3m, even after you discount for the year age gap and BWTS installation. We can take this one step further and compare to the **"CORAL AMBER"** (78,072 dwt/blt 2012 Shin Kurushima) with BWTS fitted that was sold at the end of last year for what would now be seen as a bargain price of US$14.5m.

TANKERS – Torm Teaming Up

Torm has taken advantage of the low markets and reduced values to buy up a fleet of IMO 2 MR2s from their compatriots Team Tankers. The deal is reported to be of total value of around US$148m, based on US$82.5m in cash and the remainder in shares. There are eight vessels all built between 2007 to 2012 in Trogir.

Buying interest is still strong in the suezmax sector too and we hear that FGAS has picked up the **"MARVIN STAR"** (157,985 dwt/blt 2009 Hyundai Samho) for US$23.5m which looks in line with 07s changing hands at US$20m and 08s changing hands at US$22m all within the last few months; could a bottom have been reached?

RECYCLING – Prices Firm Once Again

A resurgence Pakistan and Bangladesh has seen prices improve considerably this week with some impressive fixing numbers being witnessed. A continued lack of tonnage coupled with firming demand and positive steel price improvements has meant cash buyers have stepped up their game and are competing aggressively for those few units that are being negotiated, with each sale outdoing 'last done levels'.

Sinokor has taken advantage of a hot market and disposed of two of their VLOC's which were sold for US$473 & US$478 respectively; just a few short days apart. With the cash buyers having the option of either Pakistan or Bangladesh as their preferred delivery, it will be interesting to see how these two braking giants fight it out to secure these vessels. With the supply of tonnage still relatively low we expect prices to remain firm in the short term, possibly longer if conditions remain positive for the industry. With both Pakistan and Bangladesh in competitive mood, Indian breakers will have to console themselves with HKC Green Recycling tonnage, which unfortunately at present seems thin on the ground.

Gibson Sale & Purchase Market Report

S&P SALES

Vessel Name	DWT	Built	Yard	Buyers	Price ($/m)	Notes
BULKERS						
CAPE SATURN	175,775	2003	C S B C Kaohsiung (TWN)	Chinese buyer	11	DD due 8/21.
R. R. AUSTRALIA	81,582	2011	Sungdong (KRS)	Undisclosed buyer	16.5	SS psd 9/20. BWTS fitted.
THARKEY + SHER-E-PUNJAB + VEENUS	79,200	2010+2011+2011	COSCO Dalian (CHN)	Greek buyer	30.3 en bloc	Gear removed. SS+BWTS psd 5+5+8/21.
ROBIN WIND	78,228	2013	Toyohashi (JPN)	Panagea	18.5	SS psd 9/20. BWTS fitted. Waived inspection.
GH SEABIRD	63,997	2016	Yangfan (CHN)	Undisclosed buyer	19.5	SS due 8/21. BWTS fitted

PURE VISION	57,000	2011	Qingshan (CHN)	Chinese buyer	8.85	SS+BWTS due 7/21.
AQUA ATLANTIC	56,000	2010	Mitsui (JPN)	Meghna Marine	11.5	SS psd 5/20. No BWTS.
KURE HARBOUR	55,832	2011	I H I (JPN)	Korean buyer	12.5	
AVRA	53,806	2004	New Century (CHN)	Jinhui Shipping & Transportation	7.2	DD due 12/21. No BWTS.
PAPAYIANNIS	51,029	2001	Oshima (JPN)	Undisclosed buyer	5.5	SS+BWTS due 3/21.
ALAM SEJAHTERA	33,297	2016	Shin Kochi (JPN)	Greek buyer	14.9	SS due 5/21. BWTS fitted, Eco.
BOLERO	25,008	1997	Imabari (JPN)	Middle Eastern buyer	2.9	Box, open hatch.
TANKERS						
MARVIN STAR	157,985	2009	Hyundai Samho (KRS)	FGAS	23.5	
AEGEAN FREEDOM	106,074	2003	Hyundai Ulsan (KRS)	Spring Marine	10.75	No BWTS. Cap1.
TEAM ADVENTURER + TEAM DISCOVERER TEAM VOYAGER + TEAM LEADER TEAM CAVATINA + TEAM CORRIDO TEAM ALLEGRO + TEAM AMORINA	46,000 46,000 46,000 46,000	2007 + 2008 2008 + 2009 2010 + 2011 both 2012	Trogir (CRT)	Torm AS	148* en bloc (82.5 m cash 5.97m shares)	Epoxy + Zinc coated. IMO II/III.
FSL OSAKA	45,998	2007	Shin Kurushima (JPN)	Indonesian buyer	11.2	Pump-room.
CONTAINERS / RO-RO / REEFERS / PCC						
MEDITERRANEAN BRIDGE	102,518	2011	Hyundai Samho (KRS)	RCL	50	8586 TEU. Gearless. SS psd 11/20.
CRETE I	85,622	2009	Hyundai Ulsan (KRS)	Far Eastern buyer	46	6655 TEU. Gearless.
CITY OF BEIJING + 'HONGKONG + 'SHANGHAI	34,000	all 2009	Xiamen (CHN)	Songa Container	10.5 each	2578 TEU. Geared, Declared purchase options.
APOSTOLOS II	26,811	2008	Sedef (TRK)	Undisclosed buyer	12	1849 TEU. Gearless.
POLO	22,967	2002	Szczecinska (POL)	MSC	6	1730 TEU. Geared. DD psd 11/20.
BRIGHT LAEM CHABANG	17,852	2007	Imabari (JPN)	New Harvest Shipping	7	1032 TEU. Gearless. DD psd 7/20.

NEWBUILDING ORDERS

Ordering Client	Vessel Type	Size / No. of units	Shipyard (Country)	Delivery	Price ($m)	Notes
TANKERS						
Atlas Maritime	Aframax	115,000 dwt +1	Daehan (KRS)	2022	46	Declared option.

Raffles Shipping Group	MR	50,000 dwt +1	Penglai Jinglu (CHN)	2022		Declared option.
GENERAL CARGO / MULTI PURPOSE						
Mitsui Kinkai	Tween	17,500 dwt x 3	Onomichi (JPN)	2022 - 2023		EEDI Phase III.
CONTAINERS / RO-RO / REEFER / PCC						
Wan Hai Lines	Containership	13,000 TEU x 6	Hyundai HI (KRS)	2023	est. 110	LOI stage.
Seaspan Corporation	Containership	11,800 TEU x 6+4	Yangzijiang (CHN)	2022-2023	90	Against 10-12 yrs TC to Ocean Network Express.
GAS						
Shenzhen Gas	LNG	80,000 cbm x 1	Hudong Zhonghua (CHN)	2023	140	GTT Mark III flex
Evalend Shipping	LPG	40,000 cbm +2	Hyundai Mipo (KRS)	2023	45.5	Declared options.

Recycling Activity

Vessel Name	BUILT	DWT	LWT	Delivery	Price ($/lwt)	Notes
VLOC						
SINOMERCHANT	1998 / Korea	322,457	37,479	Sub Cont options	473	
SINOCARRIER	1992 / Japan	266,307	38,506	Sub Cont options	478	
BULK CARRIER						
WINFRED	1994 / Japan	28,500	6,309	Bangladesh		
REFINED	1996 / China	28,494	7,349	Bangladesh		
GENERAL DRY CARGO (HEAVY LIFT)						
BALI SEA	1982 / Japan	22,268	12,073	as-is USA		
FPSO						
PERISAI KAMELIA	1980 / Sweden	127,540	34,000	as-is Maylaysia		
TANKER						
MR NAUTILUS	1998 / Croatia	43,538	10,650	Pakistan	465	
FORTUNE GLORY XLI	1997 / Russia	33,540	10,222	Bangladesh	481	
FORMOSA EIGHT	1996 / Japan	35,621	8,010	as-is Kaoshung		
ACE	1999 / China	43,716	9,360	India		

Recycling Prices (US$/LWT)

	Bangladesh	Pakistan	India	Turkey
Tank/Cont/Ro-Ro/Capes/LPG/PCC	475/485	470/480	440/450	245/255
Dry Cargo/Bulk/Tween/Gen Cargo	455/475	455/475	430/440	240/250

Newbuild and Second Hand Values *($ million)*

	Newbuild	5 Year Old	10 Year Old
Tankers			
VLCC	89	66	46
SUEZMAX	59	43.5	28
AFRAMAX	48	33	21
MR	35	27	18
Bulkers			
CAPESIZE	49.5^	28.5	21.5
KAMSARMAX / PANAMAX	27.5k^	24.5	17k / 15.5k
ULTRAMAX / SUPRAMAX	25u^	20.5u	14u / 12.5s
HANDYSIZE	23.75^	16	9.5

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

Indices

	C.O.B Friday
BDI	1829
$/Yen	108.45
VLCC AG/East TD3 (WS)	28

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.

Black Sea Commodities Ltd v. Lemarc Agromond Pte Ltd [2021] EWHC 287 (Comm)

The case arose out of negotiations for a potential sale contract between Lemarc Agromond Pte Ltd (the "Buyer") and Black Sea Commodities Ltd (the "Seller").

Negotiations for a sale contract of Ukrainian corn were carried out between the Buyer and the Seller through a broker. As of 9 March, the parties had agreed on a number of important terms, including the identities of the Seller and Buyer, the quantity and the number of shipments. However, there were several other terms which were yet to be decided and were the subject of negotiations up to 14 March. A number of drafts passed between the parties, each of which included the standard GAFTA arbitration clause. Neither party objected to the inclusion of this clause. Eventually, negotiations broke down and the Seller gave the Buyer an ultimatum of a date which could not be complied with and pulled out.

The Buyer commenced GAFTA arbitration proceedings, presumably on the basis that a binding contract had come into existence and been repudiated by the Seller and obtained an award in the Buyer's favour on jurisdiction, liability and quantum.

The Seller appealed to the Court, arguing that the GAFTA tribunal had no jurisdiction, as there was no arbitration agreement between the parties. Although the Seller and the Buyer disagreed about whether a binding contract had ever been formed, the parties agreed that the Court need not make a ruling on this point, rather the Court needed only to decide if there was a binding arbitration agreement between the parties.

Sir Michael Burton GBE, sitting as a Judge of the High Court, allowed the Claimant's claims to succeed, setting aside both awards.

The Judge found that whatever had been agreed when the parties were initially negotiating, no arbitration agreement had been settled upon. The Judge rejected an argument raised by the Defendant, that a GAFTA arbitration agreement should be implied into the parties' early agreement on the basis of an alleged custom. The alleged custom in question was argued to be that all trades concerning Ukrainian corn out of the Black Sea contain a GAFTA arbitration clause in the form set out in GAFTA form 49. The Judge found that there was not sufficient evidence to support the existence of the alleged custom, and so he rejected the argument. He also indicated that he was not satisfied that an arbitration agreement constituted as an implied term via the effect of a custom would comply with section 6(2) of the Arbitration Act 1996 in any event.

The Judge also rejected an argument that an arbitration agreement had come into existence passively during the later negotiation between the parties of full long form contract terms. The argument had been that because the arbitration agreement in those long form contracts had not been challenged during the negotiation of the draft terms (other terms being challenged and negotiated), it should be viewed as having been agreed to, and having become binding on the parties for the resolution of disputes about the very existence / conclusion of the contract ab initio (which was the substantive dispute between the parties). The Judge held THAT this argument was contrary both to authority in a case in which the parties' consensus ad idem itself was under challenge, and to the general principles of offer and acceptance.

Iran 'Linked' to Oil Spill Off Israeli Coast

Israel has lambasted Iran for environmental terrorism, linking the country to a recent oil spill in Israeli waters and causing major ecological damage.

On Wednesday, Environmental Protection Minister Gila Gamliel announced that investigators had identified the suspect vessel as Panama-flagged Aframax Emerald, which had allegedly deliberately released the pollution between the 1st and 2nd of February, with the pollution drifting onto Israeli shores by the 17th of February.

The vessel set sail from the Persian Gulf, heading for the Suez Canal, and exited the northern end on 1st February before going dark and reappearing off the coast of Syria on 3rd February, AIS data shows. On 13th February, the vessel set off to return to the Persian Gulf via the canal. As of 3rd March, the Emerald was anchored at a position between Kuwait and Iran.

Gamliel has asserted that the vessel was carrying Iranian crude to Syria, and Iran has been known to make regular shipments to the country, in violation of US and UN sanctions.

By deliberately dumping crude within Israel's EEZ, Iran has waged environmental terrorism says Gamliel. The oil spill has blackened beaches along Israel's coast as well as in Lebanon and the Gaza Strip, with environmental groups calling it an ecological disaster which may take years to clean up.

Asia Suffers Food Supply Concerns as Container Shortage Continues

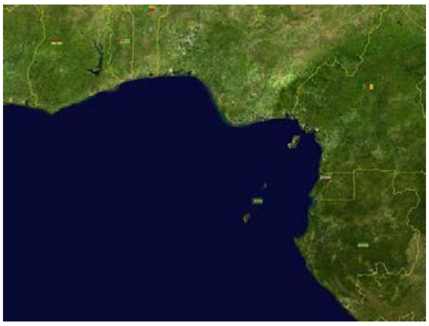
The global food supply chain is being hindered as a result of severe shortage of both dry and reefer containers. A recent article by the Hindu Business Line reported that perishables such as meat are laying idle in India due to delays in shipment. On a similar note, in China, many consumer goods are being delayed at ports as traders not only have to deal with the shortage, but also the consequent rising freight prices.

Experts believe that the shortage is due to a rise in exports from China last year in the middle of the pandemic. Due to this surge, increased regulations, as well as a shortage of manpower at global ports, congestion was faced at almost all major ports. This led to delays in containers being off-loaded and also in being returned. Indeed, it is now reported that shipping perishables from India to Thailand can in some cases take over a month, where before it had taken around two weeks.

The lack of workers due to restrictions in movement have also hampered the return of containers to their export location. It is reported that there are a considerable number of empty containers laying idle in Europe, America and Australia. For this reason, it is especially the lines out of Asia that are being affected. Economically, traders are also experiencing very high freight prices which are affecting their ability to ship goods and negating any upside experienced during the height of the pandemic last year when exports were surging out of Asia.

Prices of new containers have also risen as a result of this which further aggravates the situation. Experts expect this situation to continue all the way into the summer.

Gulf of Guinea Sees Surge in Violent Abduction of Seafarers



A recent report released by consultancy firm, Dryad, reveals that piracy is worsening in West Africa, with 132 security and maritime crime incidents reported in the Gulf of Guinea in 2020 alone.

The surge in robberies, kidnappings and hijackings is believed to be partly fuelled by the ongoing COVID-19 pandemic which has overwhelmed the majority of coastal states in West Africa. Not only is the region dealing with the effects of the global pandemic, but this is coupled with severe economic and societal instability, and extreme levels of corruption.

Statistics show that the Gulf of Guinea saw a total of 136 seafarers abducted in 2020, with the violent use of guns reported in more than 80% of kidnappings. At the beginning of 2020, four naval officers were killed and three crew members kidnapped after pirates raided the 3,500-dwt dredger Ambika (built 1979) near the mouth of the Ramos River in Nigeria.

These latest statistics clearly highlight that the waters in the Gulf of Guinea are some of the most dangerous in the world for vessel operators. Operating in the region continues to present a serious and persistent threat to the safety and security of crews and vessels.

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