

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](#).

In this issue:

Gibson Sale & Purchase Market Report

Dry Cargo – Stellar Sales | Tankers – Vintage Vantage | Recycling – Caution, but Markets Still Firm
| Sale & Purchase Market Report |

CJC Market News

CVLC Three Carrier Corp and Anor v Arab Maritime Petroleum Transport Company [2021] EWHC 551 (Comm) | Suez Canal Authority to seek private settlement with owner of Ever Given | Carnival Corp Reports a Loss of \$2bn in the First Quarter |

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 – Stellar Sales

Bearing in mind that this week's sales list incorporates the last fortnight of sales and with the BDI seemingly to be plateauing, it is interesting to note that sales concentration seems to have centred on alternative sizes. For instance, we are seeing a lot more commotion in the post-panamax sector with a number of sales and, given the rapid appreciation in panamax and kamsarmax values, the levels being concluded look attractive against these increases. The same cannot be said of ultramax bulkers, with a definite appetite from various buyers leading to an increase in sales activity and a continuous firming in values.

The stand out sale of the week still falls back in to the kamsarmax sector with reported sale of the **"NORD STELLAR"** ex **"SBI ZUMA"** (81,183 dwt/blt 2016 Hudong), which was purchased in December 2020 for US\$20m and sold on for US\$25m showing a cool US\$5m profit over that period.

TANKERS – Vintage Vantage

The focus of activity on the crude side continues to be largely centred on older vessels, as owners understandably try to avoid booking large asset write-downs on younger ships at today's market prices, while at the same time steady demand from (mainly Asian) buyers at prices well over scrap is giving owners a good incentive to dispose of older tonnage. The three scrubber fitted VLCCs **"DHT CONDOR / LAKE/ RAVEN"** (300,000 dwt/blt 2004/DSME) are understood to have been sold to two different buyers at a price of around US\$28.5m each. Considering a notional premium of US\$2m for the scrubber, this price would appear to fall well in line with recent comparable sales. Elsewhere the suezmax **"SUPREME"** (164,551 dwt/blt 2002/Hyundai) has reportedly been committed to Greek buyer Edge

Maritime, after healthy competition from no fewer than up to eight buyers bid the price up to a respectable US\$15.25m.

On the clean side we have seen a slightly wider range of ages being sold, with the sale of the **"OVERSEAS GULF COAST"** (50,332 dwt/blt 2019 HMD) at US\$32.5m to EP Shipping setting a reassuring benchmark for modern MRs. Meanwhile, Danish owner Celsius is understood to have paid US\$31.5m each for two of the four prompt MR resales built on spec at Yangzijiang by the yard itself, with the other two units understood to be under discussion as well.

RECYCLING – Caution, but Markets Still Firm

With the number of recycling candidates still in fairly short supply, sentiments are positive, and prices continue to remain firm and stable but unfortunately Covid-19 is again causing worry throughout the Sub-Cont with rising cases resulting in various lock downs now being imposed, and this of course could jeopardise the recycling market. Presently the industry is enjoying firm rates of local steel plate prices and also steel prices of finished product are very strong, and this is clearly being witnessed by the improving prices the cash buyers are prepared to pay for ships. There is no reason to doubt things could change in the short term unless of course a great many more vessels come on the market, but Covid has affected the recycling industry in the past causing many difficulties with deliveries and crew changes etc, but the expectation is this should not happen again and hopefully we will not see a repeat of last year as governments need their local economies to keep moving despite the challenges Covid can cause. Meanwhile Ramadan is fast approaching so activity will slow down in Bangladesh and Pakistan, but this hopefully should not affect price levels being paid for tonnage.

Gibson Sale & Purchase Market Report

S&P SALES

Vessel Name	DWT	Built	Yard	Buyers	Price (\$/m)	Notes
BULKERS						
SHIN NICHIO	203,180	2005	Universal Tsu (JPN)	Chinese buyer	16.2	SS psd 6/20.
LINDA DREAM	180,180	2007	Imabari (JPN)	Undisclosed buyer	21	SS due 7/22.
CAPE RAY	177,853	2007	SWS (CHN)	Chinese buyer	16	DD psd 6/20. On TC to 11/21.
BOTTIGLIERI FLAVIO BORRIELLO	93,221	2011	Jiangsu Newyangzi (CHN)	Greek buyer	11.9	SS due 6/21. Tier II. No BWTS.
SIBERIAN EXPRESS	92,974	2012	Cosco Dalian (CHN)	Undisclosed buyer	reg 14	Old sale.
GH HARMONY	92,500	2010	Yangfan (CHN)	Undisclosed buyer	13	SS psd 3/20.
NORD STELLAR	81,183	2016	Hudong Zhonghua (CHN)	Undisclosed buyer	25	SS due 10/21. BWTS + Scrubber fitted.
XI JIANG YUE	74,940	2011	Sasebo (JPN)	Greek buyer	18.5	SS psd 1/21. BWTS fitted.
EMPORER + SNOWY	63,500	both 2015	Zhejiang Zengzhou (CHN)	Undisclosed buyer	19	SS psd 7+9/20. BWTS fitted. Ice 1C.
SERENA R	63,473	2016	Yangfan (CHN)	Chinese buyer	20.5	BWTS fitted. SS due 7/21.
GH NORTHERN DANCER	63,024	2017	New Times (CHN)	Belships AS	21.75*	80% cash, 20% shares deal. Dely 7-8/21.

NORD EMPEROR	55,692	2010	Mitsui (JPN)	CTM Group	13.5	SS psd 6/20.
V FULMAR	52,307	2004	Oshima Zosen (JPN)	Far Eastern buyer	low 9 / 9.5	Box hold. BWTS fitted.
RIGHT HERO	51,725	2009	Oshima Zosen (JPN)	Greek buyer	11	Open hatch/boxed.
SWEET BRIER	49,507	2008	Tsuneishi (JPN)	Undisclosed buyer	10.5	Wood chipper. DD due 9/21.
SIDER SYROS	36,844	2016	Minami Nippon (JPN)	Halkidon Shipping	low 19	SS due 11/21. BWTS fitted.
VOGE EMMA	36,830	2011	Hyundai Mipo (KRS)	Greek buyer	14.5	SS psd 5/20. BWTS fitted.
NAVIOS SERENITY	34,689	2011	SPP Tongyeong (KRS)	Greek buyer	10.5	SS+BWTS due 7/21.
VASILIS	32,081	2011	Hakodate (JPN)	Greek buyer	11.5	SS+BWTS due 7/21.
NORDIC BULKER 2	28,548	2002	Imabari (JPN)	Middle Eastern buyer	5.8	SS+BWTS due 7/21.
FJ EMERALD	28,050	2010	Imabari (JPN)	Vietnamese buyer	low 9	SS psd 8/20.
SINAR AMBON	4,888	2006	Wenling Kaili (CHN)	Indonesian buyer	0.7	Chinese M/E.
TANKERS						
SANTA MARINA	299,984	2004	Universal Tsu (JPN)	Undisclosed buyer	29	DD due 2/22.
DHT CONDOR + DHT LAKE + DHT RAVEN	298,564	all 2004	Daewoo (KRS)	Undisclosed buyer	28.5 each	Cap 1, Scrubber fitted.
SUPREME	164,551	2002	Hyundai Ulsan (KRS)	Sea Pioneer	15.25	SS due 6/22. Cap 1.
UMLMA	106,050	2006	Hyundai Samho (KRS)	Undisclosed buyer	15	SS psd 1/21. BWTS fitted.
HAFNIA EUROPE	74,997	2006	Onomichi (JPN)	Undisclosed buyer	11.35	Clean. SS due 8/21.
OVERSEAS GULF COAST	50,332	2019	Hyundai Mipo (KRS)	Eastern Pacific Shipping	32.5	
JIANGSU NEWYANGZIJIANG YZJ2015-2203 + 2204	50,000	both 2021	Jiangsu Newyangzi (CHN)	Celsius Shipping	31.5 each	6+7/21 deliveries. BWTS fitted. IMO II.
EVER GRANDEUR	45,727	2004	Minami Nippon (JPN)	Asian buyer	8.2	Pump-room. Uncoiled.
NAVIG8 UNIVERSE	45,352	2013	ShinaSB (KRS)	Norden	18.8	Declared purchase option. Epoxy+Zinc tanks.
KRISJANIS VALDEMARS	37,266	2007	Hyundai Mipo (KRS)	Avin	10	Ice 1B. SS psd 9/20. BWTS fitted.
CHEMBULK ULSAN	19,931	2004	Kitanihon (JPN)	Undisclosed buyer	7.75	Stainless Steel.
GP B3	6,191	2010	Rongcheng Shenfei (CHN)	Undisclosed buyer	2.62 (A)	Auction sale. Laid up since 10/20.
CONTAINERS / RO-RO / REEFER / PCC						
GULF BRIDGE	102,518	2011	Hyundai Samho (KRS)	JP Morgan	50	8586 TEU. Gearless. SS psd 10/20. TC attached to 1/21.
MEDITERRANEAN BRIDGE	102,518	2011	Hyundai Samho (KRS)	Seaspan	55	8586 TEU. Gearless. SS psd 11/20. Scrubber fitted.
HANSA FALKENBURG	23,415	2008	Guangzhou Wenchong (CHN)	TS Lines	11.75	1740 TEU. Geared.

A ROKU	21,840	2008	Imabari (JPN)	RCL	13.9	1700 TEU. Geared.
--------	--------	------	---------------	-----	------	----------------------

NEWBUILDING ORDERS

Ordering Client	Vessel Type	Size / No. of units	Shipyard (Country)	Delivery	Price (\$m)	Notes
BULKERS						
Ocean Longevity	Capesize	180,000 dtw x 2	Namura (JPN)	2022-2023		Conventional fuel.
Seacon Shipping	Post-Panamax	85,000 dwt +2	Huangpu Wenchong (CHN)	2023		Declared options. Tier III.
Oldendorff Carriers	Ultramax	61,300 dwt x 2	DACKS (CHN)	2022		
Wuhu Changneng Logistics	Supramax	59,900 dwt x 1	New Dayang (CHN)	2023	25.2	Domestic trading.
Hunan Shunda International	Supramax	59,900 dwt x 1	New Dayang (CHN)	2023		Domestic trading.
TANKERS						
Centrofin	Suezmax	157,000 dwt x 2	Samsung (KRS)	2023		
Aegean Marine	Aframax	115,000 dwt x 1	Cosco Yangzhou (CHN)	2023		
Socatra	MR	50,000 dwt +2	Hyundai Mipo (KRS)	2023	36.5	Declared options.
Valles Steamship	MR	50,000 dwt x 1	STX (KRS)	2022	34	
Island Navigation	MR	50,000 dwt x 1	STX (KRS)	2022	34	
CONTAINERS / RO-RO / REEFER / PCC						
MSC	Containership	16,000 TEU x 7	DSIC (CHN)	2023-2025	116	Conventional fuel.
MSC	Containership	16,000 TEU x 6	GSI CHN)	2023-2025	116	Conventional fuel.
Seaspan Corporation	Containership	15,500 TEU x 3	Hudong Zhonghua (CHN)	2023-2024	115	Scrubber fitted. Against long TC.
Seaspan Corporation	Containership	15,500 TEU x 3	Jiangnan (CHN)	2023-2024	115	Scrubber fitted. Against long TC.
CMA CGM	Containership	13,000 TEU x 3+3	Hudong Zhonghua (CHN)	2023-2024		LOI stage. LNG dual fuel.
CMA CGM	Containership	13,000 TEU x 3+3	Jiangnan (CHN)	2023-2024		LOI stage. LNG dual fuel.
Delphis Shipping	Containership	6,000 TEU x 6	Qingdao Yangfan (CHN)	2023-2024		
CMB	Containership	5,890 TEU +4	Qingdao Yangfan (CHN)	2023		Ice 1A. Declared options.
Sea Consortium	Containership	3,000 TEU x 3+2	Zhoushan Changhong (CHN)	2023	33-35	
Ruiyang Shipping	Containership	2,500 TEU x 6	Zhoushan Changhong (CHN)	2022-2024	31	
GAS						
Eastern Pacific Shipping	VLEC	98,000 cbm x 2	Hyundai HI (KRS)	2023	109/110	Ethylene. Against long TC to STL.
EA Termile & Sons	LPG	23,000 cbm x 1	Hyundai Mipo (KRS)	2023	mid 40	

Recycling Activity

Vessel Name	BUILT	DWT	LWT	Delivery	Price (\$/lwt)	Notes
VLCC						
DARIN STAR	1994 / Denmark	299,700	40,970	as-is Malaysia	445	last weeks sale / not Gas Free
FPSO						
TANTAWAN FPSO	1976 / Germany	136,960	21,300	Turkey		old sale
FPSO LAYANG	1989 / Japan	68,139	14,315	as-is Dubai		old sale
FSO						
DAMPIER SPIRIT	1988 / Korea	106,668	15,541	Turkey		old sale
AFRAMAX						
SC OCEAN LI	1999 / Korea	105,051	17,024	as-is Batam	485	last weeks sale
TANKER						
MASS 1	1999 / Japan	47,172	9,300	Pakistan		Gas Free
NILZA	1981 / Brazil	17,999	5,898	as-is Brazil	341	old sale
NARA	1982 / Brazil	17,859	5,985	as-is Brazil	337	old sale
CHEMICAL TANKER						
LARIS	1996 / Italy	13,843	5,678	India	847	Large qty of St-St / old sale
ELEGANT	1996 / Japan	10,329	3,292	as-is Kor Fakkan	645	Incl 300 tons of St-St / old sale
VEHICLE / PASSENGER						
STARRY METROPOLIS	1976 / Finland	2,402	9,250	as-is Hong Kong		old sale

Recycling Prices (US\$/LWT)

	Bangladesh	Pakistan	India	Turkey
Tank/Cont/Ro-Ro/Capes/LPG/PCC	490/510	470/485	470/480	260/270
Dry Cargo/Bulk/Tween/Gen Cargo	480/490	460/470	460/470	250/260

Newbuild and Second Hand Values (\$ million)

	Newbuild	5 Year Old	10 Year Old
Tankers			
VLCC	92	69	46.5
SUEZMAX	63	46	30.5
AFRAMAX	50	37	23.5
MR	36.5	27.5	18
Bulkers			
CAPE SIZE	52^	35	28
KAMSARMAX / PANAMAX	30k^	27.5k	20k / 18p
ULTRAMAX / SUPRAMAX	27u^	23u	15s
HANDYSIZE	24.5^	19	13

Indices

	C.O.B Friday
BDI	2085
\$/Yen	109.69
VLCC	
AG/East	29
TD3 (WS)	

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

This report has been produced for general information and is not a replacement for specific advice. While the market information is believed to be reasonably accurate, it is by its nature subject to limited audits and validations. No responsibility can be accepted for any errors or any consequences arising therefrom. No part of the report may be reproduced or circulated without our prior written approval. © E.A. Gibson Shipbrokers Ltd 2021.

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.

CVLC Three Carrier Corp and Anor v Arab Maritime Petroleum Transport Company [2021] EWHC 551 (Comm)



Background

CVLC Three Carrier Corp and CVLC Four Carrier Corp (the “**Owners**”) each entered into a bareboat charter (“**Charterparties**”) with Al-Iraqiya Shipping Service and Oil Trading (the “**Charterers**”). Arab Maritime Petroleum Transport Company (AMPTC”) (the “**Guarantor**”) entered into associated guarantees (“**Guarantees**”), guaranteeing the Charterer’s performance under the bareboat charters. While it was suggested that the Guarantor and the Charterer were associated companies, this did not need to be conclusively determined for the purposes of this dispute.

The guarantees provided in essence that in consideration of the Owners entering into the charters with the Charterer, the Guarantor “*irrevocably, absolutely and unconditionally*” guaranteed due and punctual payment of hire, as well as the Charterer’s other obligations under the charters. In the event that the Charterer defaulted on its hire obligations, the Owners could call upon the guarantees and demand immediate payment by the Guarantor of the outstanding hire. The guarantees described the Guarantor as “primary obligor”.

The Owners subsequently terminated the charters, alleging breach by the Charterer. They commenced separate arbitrations against the Charterer and the Guarantor. They then also arrested a vessel owned by the Guarantor as security for their guarantee claims.

In an expedited application to the sole arbitrator, the Guarantor sought a declaration that it was an implied term of the guarantees that the Owners would not seek additional security in respect of the matters covered by the guarantees. The Arbitrator noted that the guarantees did not expressly provide for additional security. However, he concluded that there was an implied term as proposed by the Guarantor and that the Owners were in breach of it and liable to the Guarantor for damages.

The Arbitrator's reasoning was that liability under the guarantees could only be triggered if it had been established that the Charterer had failed properly to perform the charters. Further, while the Guarantor was potentially liable as primary obligor and not only as a surety, the guarantees were given in consideration of the Owners entering into the charters. Therefore, it could be inferred that the guarantees must have been considered adequate security at the time the charters were concluded, otherwise they would not have been concluded.

The Guarantor appealed.

The judgment

Mrs Justice Cockerill DBE allowed Owners' appeal and held that the Arbitrator's decision was wrong in law.

The Judge first dismissed the Guarantor's procedural argument that permission to appeal was wrongly granted. The Judge held that there would need to be highly unusual circumstances before the trial judge would second-guess the wisdom of the judge granting permission to appeal, even when (as, unusually, in this case) the same judge had considered the appeal at both the permission stage and the appeal hearing.

The Judge went on to review the merits of the appeal. She held that the legal hurdle for implying a term in English law is a high one and was not met in this case. The Court's reasoning centred on the following points:

1. The term implied by the Arbitrator deprived Owners of their common law remedies. Generally, clear words are required before a Court will conclude that this was the intention of the parties. No such words were to be found in the Guarantees.
2. The Arbitrator did not seem to have considered the stringent legal requirements laid down by the authorities for implying a contractual term. This left room to question whether the Arbitrator had the correct test in his mind.
3. The Arbitrator had found that the Guarantees themselves were adequate security. However, this begged the question: security for what? The Judge held that:
 - a) The Guarantees acted as security for the obligations of the charterer under each of the Charterparties, not those of the Guarantor under the Guarantees.
 - b) The Guarantees constituted a separate and distinct contractual relationship.
 - c) In English law, a cause of action against a guarantor under a "see to it" guarantee (which is the usual form of guarantee securing performance under a charterparty) arises as soon as the debtor is in default. It is at that point of alleged breach by the debtor that the beneficiary may call on the guarantee and, if the guarantor does not respond, seek security against the guarantor for the breach by the guarantor of the terms of the guarantee themselves.

Key take-aways

Challenges to arbitral awards on questions of law rarely succeed in the English courts. The recent case of CVLC3 & CVLC4 v AMPTC2 is, therefore, unusual. Importantly, the Court clarified the position in relation to the two-step appeal process under section 69 of the Arbitration Act 1996. The Court's decision narrowed the scope for parties to argue points in the substantive appeal that were dismissed

at the permission to appeal stage under section 69, emphasising the importance of the streamlined two-step process and noting that “*highly unusual circumstances*” would be required to revisit such issues once permission to appeal had been granted. Notably, the Court not only granted the appeal under section 69 of the Act, finding that the arbitrator’s decision was incorrect, but it also refused to remit the matter back to the arbitrator to reconsider the issue on the facts.

Suez Canal Authority to seek private settlement with owner of Ever Given



The Authority is seeking approximately \$1bn in compensation for the grounding of the 20,388-teu containership Ever Given on March 23rd which had closed the Suez Canal for six days.

The SCA’s managing director, Osama Rabie, said that they were in talks with shipowner Shoei Kisen Kaisha to come to a settlement of the claims without resorting to legal process. The shipowners have declared general average and their third-party liability insurance is with UK P&I Club.

Shoei, through its subsidiaries Luster Maritime and Higaki Sangyo, has also begun limitation of liability proceedings in the High Court in London and names the vessel’s charterers, Evergreen Marine, and other interests as potential claimants to the action.

Salvage assistance in the Suez Canal is known to be costly and is expected to form some of the costliest elements of the Ever Given claims. The declaration of general average will therefore be welcome news for the shipowner’s hull and machinery insurers as the salvage bill will now be shared with cargo insurers.

The UK Club has yet to notify the International Group of P&I Clubs of a claims reserve figure, in relation to its pooled claim system for claims over \$10m, though members of the IG hope the figure can be kept below \$100m. Pooled claims above this figure will affect the IG’s reinsurance cover and may have implications on P&I rates in the future.

Carnival Corp Reports a Loss of \$2bn in the First Quarter



The New-York listed Carnival Corp is starting the new financial year with losses of US\$ 2 billion in the first quarter. This compares with a US\$ 150m profit experienced by the Miami-based cruise-line operator for the same quarter last year. The reported financial deficits suffered by Carnival Corp as a result of the COVID-19 pandemic now total a huge figure of US\$ 12 billion.

Currently owner of 87 ships, Carnival Corp is the leader in the cruise-line industry but has been forced to virtually shut down due to the ongoing pandemic. Since March 2020 and in an attempt to stay afloat, Carnival Corp has raised \$23.6bn in cash through transactions that include borrowing \$1.5bn in export credit, issuing \$3.5bn of unsecured debt and offering \$1bn in stock.

There is good news on the horizon for Carnival Corp, however, as there has been a recorded rise in booking activity with bookings approximately 90% higher than volumes during the fourth quarter of 2020, according to CEO Arnold Donald.

Also, although cruising from ports in the United States has been on pause since March 2020, the U.S. Centers for Disease Control and Prevention announced on Tuesday that they may agree to allow a limited resumption of domestic U.S. cruises this summer. This is good news for Carnival Corp give that the company currently homeports from 14 North American seaports and caters predominantly to American travellers.

For more information, please contact:

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



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

