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.

In this issue:

Gibson Sale & Purchase Market Report

DRY CARGO – Kam-In-Action

Kamsarmax bulkers have taken centre stage this week with some seven vessels being reported committed. Admittedly the majority emanating from Scorpio Bulk's stable, as it continues with its clear out of dry cargo tonnage but nevertheless offers are being exchanged on a number of Japanese controlled units with some also being sold. It is evident that with this acquisition frenzy that many buyers feel that values are unlikely to fall further for these relatively modern vessels and it will be interesting to see over the next few months with slim prospects for a dry freight recovery if this is strategy is vindicated.

With the dry cargo Capesize freight market still slipping from the dizzy heights witnessed in early October it comes with no real surprise that the negative sentiment has also mirrored across onto the asset values. This can be seen by the sale of the m.v. "**INA**" (176,423 dwt /blt 2003 Universal) that sold for a weaker US$9.1m when compared to the smaller Korean built "**MINERAL ANTWERPEN**" (172,414 dwt/blt 2003 Daewoo, Korea) reported sold about a month ago for a more robust US$10m with her surveys also due next year.

TANKERS – Buying Bonanza

There still appears to be a voracious appetite for older VLCC and suezmax tonnage, which is definitely supporting prices for the time being. The "**SELENE TRADER"** (300,727 dwt/blt 2003 Mitsui) invited offers yesterday in a typical Japanese style bidding process. There were 3-4 offers received and we understand the ship is now committed to Middle Eastern buyers at US$24.5m with surveys due a year from now. Chinese buyers are understood to have stepped up to purchase the one year older

"POSEIDON I" (305,796 dwt/blt 2002 DSME) for a strong looking US$26.25m; this demonstrates an amazing asset play when you consider Dynacom picked her up for US$20.2m in June 2017.

The Hin Leong sell off continues and we hear Maran has added another modern VLCC in addition to the three they have already purchased from courts. They have paid US$48m to buy **"JING GANG SAN"** (318,448 dwt/blt 2013 Jiangnan Changxing) and at the same time we understand there is some fierce competition on the five year older **"HUA SAN"** and **"LU SAN"** (318,510 dwt/blt 2008 and 2009 SWS).

Chinese buyers are at the forefront in the suezmax sector too as we hear they are behind the purchase of the **"JAG LAADKI"** (150,284 dwt/blt 2000 NKK) and the **"JAG LATEEF"** (147,079 dwtblt 2000 NKK) for a price around US$12.8m each. The same aged **"SRI VISHNU"** (152,923 dwt/blt 2000 Hyundai Ulsan) has gone for US$11.5m with surveys due imminently.

RECYCLING – Demand Keeps Pricing Firm

A fairly quiet and inactive week, although whilst all markets are desperate for more tonnage there is still not the supply to satisfy the breakers, and as such prices are remaining firm. The continued talk of Pakistani yards nearing capacity, and that price levels will soon begin softening, seems to just be just that; talk, as there are no clear signs of prices softening any time soon. Demand from breakers in Gadani is still hot (for non HKC tonnage) and sales of all types are still being concluded at firm levels. Meanwhile, the Bangladeshi cartel is still in place, but the fact they are unable to compete on a level playing field with Pakistan and actually secure the kind of tonnage they so desperately need and want is becoming a major cause for concern, and therefore naturally the chance of the cartel continuing for a lengthy period of time hangs in the balance. Time will tell.

Gibson Sale & Purchase Market Report

S&P SALES

Vessel Name	DWT	Built	Yard	Buyers	Price ($/m)	Notes
BULKERS						
INA	176,423	2003	Universal Tsu (JPN)	Undisclosed buyer	9.1	DD due 10/21.
NIRAI	91,437	2003	Oshima Zosen (JPN)	Undisclosed buyer	7.2	Coal carrier.
BACCO	82,188	2011	Tsuneishi (JPN)	Newport	15.4	SS+BWTS due 12/21.
LEDA	82,165	2013	Tsuneishi (JPN)	Greek buyer	16.2*	DD due 8/21. *Plus USD 500k for BWTS.
SBI JIVE	81,600	2017	Shanghai Shipyard (CHN)	Centrofin	20.5	BWTS fitted. Scrubber fitted.
SBI PARAPARA	81,227	2017	Jiangnan Changxing (CHN)	Centrofin	20.5	BWTS fitted. Scrubber fitted.
SBI SWING	81,237	2017	Shanghai Shipyard (CHN)	Centrofin	20.5	BWTS fitted. Scrubber fitted.
SBI MAZURKA	81,232	2017	Jiangnan Changxing (CHN)	Centrofin	20.5	BWTS fitted. Scrubber fitted.
SBI REGGAE	81,214	2016	Hudong Zhonghua (CHN)	Egyptian buyer	19.5	BWTS fitted.

APOLLO	77,326	2006	Oshima Zosen (JPN)	Newport	9.3	SS+BWTS due 2/21.
ASIA EMERALD I	58,018	2011	Yangzhou Dayang (CHN)	Chinese buyer (Import, Chinese flag)	9.2	Tier II. SS+BWTS due 11/21.
ASIA EMERALD IV	57,970	2012	Yangzhou Dayang (CHN)	Chinese buyer	8.8	Tier II. SS+BWTS due 1/22. Rudder recommendation.
SHRIKE	53,343	2003	Toyohashi (JPN)	Vietnamese buyer	5.25	DD due 9/20.
TRITON SEAHAWK	51,201	2011	Imabari (JPN)	Aims	low 9	SS due 3/21. SS due 3/21.
DANOS Z	46,492	2001	Mitsui (JPN)	Chinese buyer	5.25	SS+BWTS due 7/21.
ASIA PEARL V	35,358	2010	Nantong Changqingsha (CHN)	Chinese buyer	5.2	SS due 1/20, BWTS on order.
BAO SHUN	28,799	1997	Shin Kurushima (JPN)	Chinese buyer	2.7	
NORD SINCERE	28,355	2010	Imabari (JPN)	Undisclosed buyer	6.65	SS psd 12/19. BWTS fitted. F.East delivery.
TANKERS						
JING GANG SAN	318,448	2013	Jiangnan Changxing (CHN)	Maran Tankers	48	Xihe judicial sale. DD due 3/21.
POSEIDON I	305,796	2002	Daewoo (KRS)	Chinese buyer	26.25	DD psd 9/20.
SELENE TRADER	300,727	2003	Mitsui (JPN)	Middle Eastern buyer	24.5	DD due 11/21.
SRI VISHNU	152,923	2000	Hyundai Samho (KRS)	Undisclosed buyer	11.5	SS+BWTS due 11/20.
JAG LAADKI JAG LATEEF	150,284 147,079	2000 2000	N K K (JPN) Samsung (KRS)	Chinese buyer	25 en bloc	SS psd 4/20. SS due 8/23.
NORD BUTTERFLY	38,375	2008	GSI (CHN)	Ancora	reg 8	IMO II/III. Basis TC back. DD due 9/21.
BALTIC ADVANCE	37,330	2006	Hyundai Mipo (KRS)	Undisclosed buyer	8.4	Ice 1B. SS+BWTS due 2/21.
MAERSK EDWARD	36,803	2005	Jiangsu Jinling (CHN)	Undisclosed buyer	7.1	SS+BWTS psd 1/20. IMO II. Ice 1C.
CONTAINERS / RO-RO / REEFER / PCC						
ZHEJIANG OUHUA 724 + 725	63,868	2020+2021	Zhejiang Ouhua (CHN)	Lomar Shipping	36.5 each	5300 TEU. Gearless. Tier II.
NEWARK	44,133	2006	Hanjin Hi (KRS)	Tsakos	8.7	3380 TEU. Gearless. BWTS fitted. SS due 12/21.
EM ATHENS	32,323	2000	Samsung (KRS)	MSC	5	2500 TEU. Geared. SS+BWTS due 11/20.

NEWBUILDING ORDERS

Ordering Client	Vessel Type	Size / No. of units	Shipyard (Country)	Delivery	Price ($m)	Notes
TANKERS						
Latsco	VLCC	300,000 dwt x 2	Hyundai HI (KRS)	2022	89.3	Scrubber fitted.

Centrofin	Suezmax	158,000 dwt x 3+2	Samsung (KRS)	2023	58	Scrubber fitted.
TANKERS						
Zodiac Maritime	Containership	15,000 TEU x 6	Daewoo (KRS)	2022-2023	108.3	
Delphis	Containership	5,400 TEU x 2+2+2+2	Yangfan (CHN)	2022-2023	48	
GAS						
Kumiai Senpaku	LPG	40,000 cbm x 1+1	Jiangnan Chanxing (CHN)	2023		Fully ref. Dual fuel.

Recycling Activity

Vessel Name	BUILT	DWT	LWT	Delivery	Price ($/lwt)	Notes
PANAMAX BULK (SELF DISCHARGER)						
GDYNIA	1981 / Japan	65,738	12,960	as-is Singapore	357	HKC Green Recycling
BULK CARRIER						
SKIPPERS Y.	1984 / Japan	28,031	6,449	Pakistan		old sale
LIVESTOCK CARRIER						
AL FAHED	1969 / Germany	3,321	1,801	Pakistan	301	
CHEMICAL TANKER						
AYANA	1979 / Spain	10,211	3,666	Pakistan	383	old sale
LPG						
B GAS CHAMPION	1995 / Denmark	2,348	1,475	Turkey		old sale
B GAS COMMANDER	1996 / Denmark	2,355	1,475	Turkey		
NUCLEAR FUEL CARRIER						
OCEANIC PINTAIL	1987 / Japan	4,850	3,685	UK		

Recycling Prices (US$/LWT)

	Pakistan	Bangladesh	India	Turkey
Tank/Cont/Ro-Ro/Capes/LPG/PCC	385/405	370/385	360/370	210/220
Dry Cargo/Bulk/Tween/Gen Cargo	370/385	360/370	350/360	200/210

Newbuild and Second Hand Values *($ million)*

	Newbuild	5 Year	10 Year
Tankers			
VLCC	85	64	43
SUEZMAX	56	44	30
AFRAMAX	46	33	21
MR	34	26	17
Bulkers			
CAPESIZE	46.5^	26.5	18
KAMSARMAX / PANAMAX	25^	22k	12.75p
ULTRAMAX / SUPRAMAX	23.5u^	17.5u/15s	10.5s

Indices

	C.O.B Friday
BDI	1148
$/Yen	103.83
VLCC AG/East TD3 (WS)	26

HANDYSIZE	22.5^	14.5	9
^=Chinese price (otherwise based upon Japanese / Korean country of build)			

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.

The IMO Agrees New Decarbonisation Measures for The Shipping Industry

The International Maritime Organisation (IMO) have this week agreed to a controversial series of draft amendments to the MARPOL Convention (Annex VI). The proposed aim of the amendments is to reduce carbon and greenhouse gas emissions produced by the shipping industry in line with the goals of the Paris climate accord. The measures have been approved by the IMO's Marine Environment Protection Committee and are now being circulated amongst IMO member states with a view to enter into force by 2023.

The main requirement under the new amendments is that all existing ships will have to comply with the minimum efficiency standards of the Energy Efficiency Existing Ship Index and thus match the efficiency standards of newbuild ships. Ship emissions will also be monitored through an annual operational carbon intensity indicator, under which ships will be rated for their fuel efficiency. Ships will also have to adopt an enhanced Ship Energy Efficiency Management Plan outlining how they will optimise fuel efficiency.

Environmental lobby groups are unhappy with the proposed amendments and claim that they will not do enough to achieve the IMOs stated goal to reduce CO_2 emissions by at least 40% by 2030 compared to 2008. Concerns focus on the length of time it will take for the regulation to take effect and a lack of enforcement. Those nations most heavily impacted by climate change, such as the Pacific Islands, have also stressed that the deal falls well short of the IMO's target to improve the carbon intensity of international shipping.

Historic Asia-Pacific Trade Bloc Deal Signed

15 economies from the Asia-Pacific region signed the largest free-trade bloc in history on 15 November 2020. The participating countries are China, Japan, South Korea, Australia, New Zealand and the Association of Southeast Asian Nations (ASEAN) countries. The Regional Comprehensive Economic Partnership (RCEP) covers nearly one-third of the world's entire population and will house around 30 per cent of global gross domestic product.

The deal is a culmination of nearly a decade of negotiations between the signatory countries. It first made its official debut in 2012 at the 21st ASEAN Summit that was held in Cambodia.

The main objectives of the trade deal are to reduce tariffs, cut barriers in areas such as the administration of customs and improve the facilitation of services across borders. In addition, the legal text of the deal, which spans across 20 chapters, covers rules of origin, procedural matters in relation to customs, trade remedies and others. The deal is expected to facilitate better market access within member nations without the difficulty of complying with multiple and differing requirements. While some commentators think that RCEP is not as comprehensive as the once highly talked about trade deal, the Trans-Pacific Partnership, it is still expected to add significantly to the global economy. The deal will not address certain areas such as labour rights.

Some critics contend that one drawback of the deal is that a significant nation, India, has not opted to join in the pact. India withdrew from the deal in 2019 citing domestic concerns. However, other nations in the deal have stated that India will be welcomed back to the table and join whenever it is ready. Other countries, other than India which has the option of joining at any time due to it being an original negotiating state, may join the RCEP 18 months after it has entered into force.

The RCEP will take effect roughly two months after at least six signatory nations from ASEAN and three non-ASEAN signatory nations have ratified it.

Environmentalists Press for Removal of Waivers and Exemptions to IMO Arctic HFO Ban

The Clean Arctic Alliance, a conglomerate of not-for-profit organisations committed to a ban on use of HFO as marine fuel in the Arctic, has argued that the inclusion of various loopholes in the draft regulation will be such that the HFO ban will not come into full effect until mid-2029, once these exemptions and waivers expire.

In its current form, the draft regulation would allow five central Arctic coastal states to issue waivers to their own flagged ships and analysis by the International Council on Clean Transportation has revealed that, if implemented without amendments, the regulation would only reduce the use of HFO by 16% and the carriage of HFO as fuel by 30% when it takes effect in July 2024. This allows 74% of Arctic shipping to continue with business as usual.

The Clean Arctic Alliance has further argued that if the waivers and exemptions were removed, this could result in a 29% fall in HFO use and a 64% decrease in its carriage.

Heavy fuel oil is a dirty and polluting fossil fuel that powers ships throughout our seas and oceans – accounting for 80% of marine fuel used worldwide. Already banned in Antarctic waters, if HFO is spilled in cold polar waters, it breaks down slowly, proving almost impossible to clean up. An HFO spill would have long-term devastating effects on Arctic Indigenous communities, livelihoods and the marine ecosystems they depend upon.

Summer ice in the Arctic has fallen 40% over the last 40 years and some forecasts indicate it will cease to exist within a decade. The past four years have seen a a 19% increase in the carriage of HFO by ships operating in the Arctic and a 75% increase in HFO use in the Arctic. This has resulted in a 72% increase in black carbon emissions from ships burning HFO and a 85% increase when all shipping black carbon emissions are considered, which has undoubtedly had a significant contribution to the increased levels of melting ice.

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