

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 – Party On | Tankers – The Generation Game | Newbuilding – Soring Steel | Recycling – Strike while the Iron is Hot! | Sale & Purchase Market Report |

CJC Market News

Tanker Scrapping to Follow if US Sanctions on Iran are Lifted | Breakdown in Negotiations Over Seafarer Minimum Wage | IMO and Germany on Mission to Suppress Transport Emissions |

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 – Party On

A year is clearly a long time in the dry bulk markets, and last year's lowest BDI of 393 seems but a distant memory now. That same index is now clocking in at an impressive 3007, and as is to be expected there continues to be a strong volume of S&P transactions to report in this sector.

On the capesize front Louis Dreyfus of France have sold the "**LEOPOLD LD**" and "**SIMON LD**" (179,816 dwt/blt 2014 Tianjin Xingang, China) at US\$28m each to an unnamed buyer, including a TC attached at (a comparatively meagre) US\$19,000 per day until mid-2022. It's interesting to note that the older "**EIBHLIN**" (182,307dwt/blt 2011 Universal, Japan) has been committed for US\$30.5m to European buyers, doubtlessly reflecting a premium for her scrubber and the perceived superiority of her Japanese yard of construction.

Meanwhile, Castor Maritime has hit the headlines again, announcing another panamax acquisition namely the "**BRAHMS**" (75,003 dwt/blt 2011 Penglai, China) for US\$14.5 m.

One can get a sense of the heady spike in prices for quality Ultramaxs by comparing the fresh sale of the "**NEO BEECHWOOD**" (61,418dwt/blt 2011 Iwagi, Japan) at US\$16.7m to that of the slightly younger "**TOKYO BULKER**" (61,235 dwt/blt 2012 Iwagi, Japan) at US\$14.5m in the middle of March this year.

TANKERS – The Generation Game

Whilst not to deny ongoing negotiations of younger tonnage, this week shows a more typical revert to form with lower risk vintage investments on show across the tanker sectors.

The "**NAVE NEUTRINO**" (298,297 dwt/blt 2003 Hitachi) has secured a substantial US\$25.5m if viewed against the "**MARAN CARINA**" (306,315 dwt/blt 2003 Daewoo) sold earlier this month at US\$24m; both sales basis dry-docking due in May. The twelve-year-old "**NEW CREATION**" (297,259 dwt/blt 2009 Dalian No.1) has also been sold to Greek interests for US\$37.5m, offering a useful marker for Chinese built VLCCs following on last week's Wafra Capital divestment of its four 2006-2007 Dalian built sister types to Ridgebury Tankers at an average US\$30m apiece with attached BB balances to 1Q'22.

Further to last week's sale of the aframax "**STAVANGER BLISS**" (105,400 dwt/blt 2008 Sumitomo) at US\$19.4m basis DD due in July, the year older sister "**STAVANGER BLOSSOM**" has also now reportedly changed hands for US\$17.7m with SS due next February; some US\$1.2m above last week's "**CAPRICORN VOYAGER**" (104,610 dwt/blt 2007 Samsung) sold to a Greek buyer at US\$16.5m with a mirrored SS due date. The older dirty trading LR2 "**MAKRONISSOS**" (106,149 dwt/blt 2002 Hyundai) is understood to have gone at a fairly flat US\$10.5m (SS valid to August 2022), but the vintage does sit on recycling threshold, yet could represent a sound further trading investment given her residual value backing of around US\$9m and the recycling market currently firming.

NEWBUILDING – Spring Steel

Steel plate price rises continue to frustrate shipyards and prices are rising again accordingly as they try to protect their profit margins from further future rises for orders booked today. A big focus this week has been the dual fuel aframax / LR2 enquiry prompted by the 5 year T/C from Equinor. There has been overwhelming demand for this project at all reputable yards but many, particularly in China, are well booked forward/ content for the time being. It remains to be seen how much of this interest is an endorsement of dual fuel LNG, the current timing in the newbuilding market or simply the chance of a guaranteed cashflow to order a ship against. For sure the pricing will be high (high spec) and strong competition. Elsewhere we understand there is some negotiation going on at HHI for conventional VLCC at region USD 99 mill which we assume is scrubber fitted as a benchmark for where pricing is right now. Favourable delivery slots (2023) for tankers at reputable yards continue to get booked and with modern 2nd hand pricing remaining firm on the back of future market confidence (and likely to firm further), we see logic / value in moving for tanker newbuildings today.

On the bulk side, there are a number of prompt delivery newbuilding opportunities available (2023 delivery) but there seems some hesitation by buyers given the recent price rises (partly from steel plate, partly bulker demand driven). However, the outlook for dry remains buoyant and we expect owners sentiment to catch up with current price levels and more orders to be placed shortly.

RECYCLING – Strike while the Iron is Hot!

The situation in India continues to remain grim as Covid19 continues to spread profusely. Due to the shortage of oxygen, the Government of India has asked for aid from various countries such as the UK, Saudi Arabia and Singapore and a few more have come forward to help India by sending oxygen and vaccines. The large population is making it difficult to control the virus, as the country is nearing 400,000 cases a day. With the Government ordering all of oxygen to be used for medical purposes only, consequently recycling activity has slowed down a bit, although demand and sentiments still continue to remain strong.

Pakistani steel prices are absolutely on fire with end-buyers gung-ho in trying to acquire tonnage. Last week's sales, which seemed aggressive, now already look to be a bargain basis today's numbers. Markets in Bangladesh are equally strong and on par with Pakistan. Although the virus situation is not great, this doesn't seem to be holding back the steel prices. With the on-set of monsoon season and Eid coming up, end buyers are showing a great appetite to fill their yards as soon as possible.

There is always a feeling that a correction could be just around the corner, but given the current rally and sentiment across the sub-continent we may even see \$600/ton for tankers soon.

Gibson Sale & Purchase Market Report

S&P SALES

Vessel Name	DWT	Built	Yard	Buyers	Price (\$/m)	Notes
BULKERS						
GRAND VENTURE	206,296	2005	Imabari (JPN)	Greek buyer	16	SS psd 8/20.
EIBHLIN	182,307	2011	Universal (JPN)	European buyer	30.5	SS due 1/21. BWTS+Scrubber fitted.
LEOPOLD LD	179,816	2014	Tianjin Xingang (CHN)	European buyer	28	Eco. Basis TC @ \$19k pd to 2022 attached.
SIMON LD	179,816	2014	Tianjin Xingang (CHN)	European buyer	28	Eco. Basis TC @ \$19k pd to 2022 attached.
ORIENT ANGEL	176,859	2007	Namura (JPN)	Undisclosed buyer	14.8	SS psd 6/20. Forward delivery.
LOWLANDS ORCHID	176,193	2005	Universal Tsu (JPN)	Undisclosed buyer	15.5	SS psd 9/20. No BWTS.
EMERALD STAR	82,023	2014	Tsuneishi Cebu (PHI)	Greek buyer	25.1	SS due 7/22. Scrubber fitted.
BW CANOLA	81,344	2014	Oshima Zosen (JPN)	Undisclosed buyer	24	BWTS + Scrubber fitted. TC attached.
NORD SIRIUS	78,095	2012	Toyohashi (JPN)	Undisclosed buyer	19.7	BWTS fitted.
NEW EMPEROR	76,585	2006	Imabari (JPN)	Chinese buyer	11.8	SS+BWTS due 8/21. Dely 7/21.
BRAHMS	75,003	2011	Penglai Zhongbai Jinglu (CHN)	Castor Maritime	14.5	SS due 6/21.
SUNNY PUTNEY	74,940	2013	Sasebo (JPN)	Greek buyer	19	SS psd 3/21. Inc TC to Cargil @ \$11.65k pd to 11/21.
NEO BEACHWOOD	61,418	2011	Iwagi (JPN)	Undisclosed buyer	16.7	SS due 7/21.
MEDI SEGESTA	58,730	2009	Tsuneishi Cebu (PHI)	Indonesian buyer	14.5	SS due 3/22.
LOWLANDS PATRASCHÉ	58,105	2013	Tsuneishi Cebu (PHI)	Pangaea Logistics	xs 18	SS psd 8/20. BWTS fitted.
MAKIKI	52,525	2006	Tsuneishi Cebu (PHI)	Jinhui Shipping & Transportation	9.3	SS due 6/21.

S'HAIL AL DOHA	52,455	2002	Tsuneishi Cebu (PHI)	Chinese buyer	7.8	SS due 3/22.
BERGE BANDAI	39,359	2016	Jiangmen Nanyang (CHN)	Berge Bulk (charterer)	mid 17	SS psd 3/21. BWTS fitted. Eco.
FUZEYYA	32,070	2012	Hakodate (JPN)	Greek buyer	12	No BWTS.
MIR	28,493	1990	Imabari (JPN)	Chinese buyer	2.02 (A)	Auction sale.

TANKERS

NAVE NEUTRINO	298,297	2003	Hitachi (JPN)	Far Eastern buyer	25.5	DD due 5/21.
NEW CREATION	297,259	2009	Dalian No. 2 (CHN)	Greek buyer	37.5	
MAKRONISSOS	106,149	2002	Hyundai Ulsan (KRS)	Undisclosed buyer	10.5	SS due 8/22.
STAVANGER BLOSSOM	105,641	2007	Sumitomo (JPN)	Undisclosed buyer	17.7	SS due 2/22.
STAR MERLIN	53,755	2007	Shin Kurushima (JPN)	Undisclosed buyer	11.25	SS due 2/22. Pump-room.
STAR OSPREY + STAR KESTREL	51,220	2007+2008	STX Jinhae (KRS)	Undisclosed buyer	23.5 en bloc	IMO II. Deepwell.
DL COSMOS	49,995	2007	SPP Tongyeong (KRS)	Undisclosed buyer	10.5	Deepwell. SS+BWTS due 9/22.
SETO EXPRESS	47,999	2007	Iwagi (JPN)	Undisclosed buyer	low 10	SS due 1/22. Pump-room.
TORM CARINA	46,219	2003	STX Jinhae (KRS)	Chinese buyer	9.5	DD due 9/21.
MARINOULA	44,990	2000	Split (CRT)	Middle Eastern buyer	5.5	Pump-room. Trading dirty.

GENERAL CARGO / MULTI PURPOSE

LAGA	5,750	2001	Murueta (SPN)	Turkish buyer	2.2	Already renamed. SS due 4/21.
------	-------	------	---------------	---------------	-----	-------------------------------

CONTAINERS / RO-RO / REEFER / PCC

NAVIOS DELIGHT	50,800	2008	Dalian No. 1 (CHN)	Oman Shipping Co.	34	4250 TEU. Gearless.
SITU MAS + SEGARA MAS	38,120	2005+2006	Nordseewerke + Blohm + Voss (GER)	Castor Maritime	14.2 each	2702 TEU. Gearless.
PEGASUS ZETTA + STAR APEX	13,005	2005+2006	Dae Sun (KRS)	Greek buyer	low 8 each	962 TEU. Gearless.

NEWBUILDING ORDERS

Ordering Client	Vessel Type	Size / No. of units	Shipyard (Country)	Delivery	Price (\$m)	Notes
BULKERS						
Zhejiang Dachen	Handymax	47,000 dwt x 1	Haidong (CHN)	2023		
Navibulgar	Handysize	31,800 dwt x 2	Yangzijiang (CHN)	2023	24	Lakes fitted.
TANKERS						
Avin International	Suezmax	156,000 dwt +1	New Times (CHN)	2022		LNG+Ammonia retrofit ready.

Shandong Shipping	MR	50,000 dwt x 10	New Times (CHN)	2022-2024	38.5	Declared option. Chemicals. LOI stage.
CONTAINERS / RO-RO / REEFERS / PCC						
Sea Consortium	Containership	7,000 TEU x 4	SWS (CHN)	2024	73	Convention fuel.
GAS						
MOL	LNG	174,000 cbm x 1	DSME (KRS)	2023	184.6	Order switch from FSRU.
Korea Line	LNGBV	18,000 cbm x 1	Hyundai Mipo (KRS)	2023	60	Bunkering. Against 10 yrs TC to Shell.

Recycling Prices (US\$/LWT)

	Bangladesh	Pakistan	India	Turkey
Tank/Cont/Ro-Ro/Capes/LPG/PCC	520/550	520/55	490/500	260/270
Dry Cargo/Bulk/Tween/Gen Cargo	500/520	500/520	480/490	250/260

Newbuild and Second Hand Values (\$ million)

	Newbuild	5 Year Old	10 Year Old
Tankers			
VLCC	94	70	47
SUEZMAX	63.5	46	31
AFRAMAX	52.5	41	24
MR	36.5	27.5	18.5
Bulkers			
CAPE SIZE	55^	35	28.5
KAMSARMAX / PANAMAX	31^	27.5k	20k / 18.5p
ULTRAMAX / SUPRAMAX	28^	23u	15s
HANDY SIZE	25^	20	14

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

Indices

	C.O.B Friday
BDI	3053
\$/Yen	108.93
VLCC	
AG/East	35
TD3 (WS)	

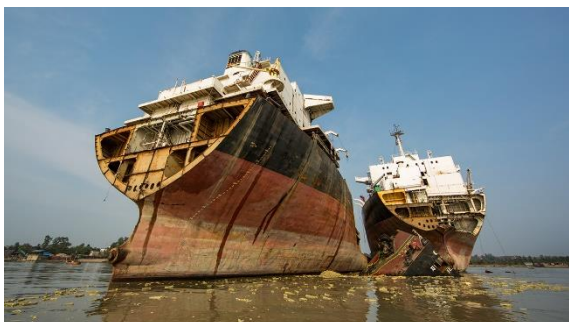
This report has been produced for general information and is not a replacement for specific advice. While the market information is believed to be reasonably accurate, it is by its nature subject to limited audits and validations. No responsibility can be accepted for any errors or any consequences arising therefrom. No part of the report may be reproduced or circulated without our prior written approval. © E.A. Gibson Shipbrokers Ltd 2020.

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.

Tanker Scrapping to Follow if US Sanctions on Iran are Lifted



Clandestine companies have amassed large tonnage to cater for the high-risk, high-reward trade of Iranian petroleum. Following the re-imposition of sanctions on Iran in 2018, Vortexa data shows 115 non-Iranian vessels with an average age of 22 years have carried oil or gas from the country. These include, 25 VLCCs, 6 Suezmaxes, 34 Aframaxs and 9 Panamaxs.

With the US potentially willing to lift sanctions on these products, experts anticipate a wave of tanker scrapping to come as these vessels are believed to be too old to compete with modern tonnage. Frontline interim chief executive Lars Barstad says, "For these vessels to return to the commercial market... I deem highly unlikely", adding that "I believe these vessels will race to the scrap yards".

The Iranian petroleum trade reportedly yields six-figure daily earnings, whilst spot earnings on the compliant Middle East Gulf-China route are below \$10,000 per day. These older vessels are therefore able to command a significant freight premium in their willingness to breach sanctions, says Richard Matthews, the research head of Gibson Shipbrokers.

Earlier this month however, Washington touted the proposition that it would be open to easing sanctions against Iran's oil industry if the country was willing to rejoin the Joint Comprehensive Plan of Action and limit its nuclear programme. This may allow Iran to increase oil exports to 2m barrels per day or more.

With the trade legalized, there may be limited options left for the older fleet as they are outcompeted by younger and more modern tankers and scrapping will likely be considered. This remains to be seen however, as owners may redeploy their vessels to the lucrative Venezuelan trade which is also under US sanctions, although the viability of this has been questioned with production in the country sliding amidst a prolonged economic crisis.

Breakdown in Negotiations Over Seafarer Minimum Wage



Negotiations over a new global minimum wage for seafarers have broken down this week, after seafarers' unions and shipowners failed to agree on a figure following two days of discussions at the International Labour Organisation (ILO) in Geneva.

The crux of the disagreement centred on the fact that shipowners, represented by the International Chamber of Shipping (ICS), demanded that the industry abandon the well-established Minimum Wage for Seafarers formula set by the ILO and their Joint Maritime Commission. The formula is used to calculate increases in seafarer minimum wage and ensures that global seafarer salaries are tied to inflation, which in turn prevents their exploitation and ensures that their purchasing power is not diluted over time.

During the negotiations this week, the ICS and its members put forward a three-year deal to increase the basic minimum wage for seafarers by 3% over the next three years. This would see the global minimum wage of \$641 a month rise to \$645 next year, to \$648 in 2023 and to \$660 a month in 2024. However, seafarers' unions wanted to see at least a 6.5% rise from next year in light of the significant sacrifices made by seafarers over the course of the COVID-19 pandemic and the associated crew change crisis.

This is only the second time in 75 years that these talks between unions and shipowners have not ended in a resolution. The failure to agree a rate means that the ITF will now unilaterally determine the ILO minimum wage rate.

IMO and Germany on Mission to Suppress Transport Emissions



The On 1 April 2021, the International Maritime Organization (IMO) and the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety of Germany (BMU) signed an agreement to take on introductory activities which would lead to the forming of a project proposal focusing on the reduction of emissions from the maritime transport sector in East and Southeast Asian nations. The IMO is also set to team up with the Partnerships in Environmental Management for the Seas of East Asia (PEMSEA) to take the initial preparation required for the project and subsequently, to have the full project proposal realised.

This Agreement sets out the initial steps in the Asia Maritime Transport Emissions project, known as the "Blue Solutions Project", which aims to identify areas to inhibit and limit emissions from the transportation sector. The project targets greenhouse gases and various other pollutants from the maritime industry as well as from the related hinterland transport chain. The project plans to do this by facilitating improvements in energy efficiency, optimisation processes and other innovative technologies.

In the agreement, BMU will allocate 385,697 Euros for the development of a full-sized project proposal. The first steps will involve information gathering and project design activities which seek to set out the aims of the project in line with those of the regional and national stakeholders. The IMO reports that all key stakeholders will be involved in this exercise. This includes the government, the shipping industry, port authorities and other interested parties.

This agreement paves the way for the IMO to work with partner countries such as Vietnam, Thailand, Malaysia and others in the lead up to the full-sized project proposal which will follow in due course. Further, the IMO may also undertake efforts to iron out capacity-building requirements in other countries, such as Japan and Singapore, who are anticipated to take part as knowledge partner countries.

The Blue Solutions Project is anticipated to receive some 15 million Euros in funding and is reported to be one of the many IMO-led projects that have been implemented to support developing countries in achieving the IMO Initial GHG Strategy, that is, reducing total CO2 emissions by at least 50% by 2050.

Just recently, NextGEN, a joint collaboration between the IMO and Singapore, also held their first meeting. Similar to the Blue Solutions Project, the aim of NextGEN is on decarbonisation but focuses mainly on the facilitation of information sharing in the global shipping community to identify potential opportunities for collaboration and gaps.

Speaking at the NextGEN conference, IMO Secretary-General Kitack Lim reiterated the need for bringing different stakeholders in the maritime sector to achieve a common objective as, "*No single stakeholder can make decarbonization of shipping a reality by acting alone.*"

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

