

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



With over 125 years of expertise Gibson Shipbrokers is a leading provider of Sale & Purchase, Newbuildings, Recycling and Ship Valuation services.
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DRY CARGO – Cape Turn

The recent turn around in the capesize freight market in a positive direction and along with reports that China has relaxed its coal import restrictions coupled with reports that their stockpiles are low bodes well for the market going forward. Whether this firming will have a knock affect to an already firm freight market for kamsarmax, ultramax/supramax and handies remains to be seen, but clearly optimism going forward is the byword. Despite this cape flip we are still seeing a dearth of cape sales and there have been no reports of anything being concluded on the "**LOWLANDS TENACITY**" (179,929 dwt/blt 2011 Hanjin, Philippines), which invited offers over a week ago.

Sales of kamsamax and panamax bulkers continue a plenty with values being maintained or even surpassed as illustrated by the reported sale of the "**PEAK PEGASUS**" (82,026 dwt/blt 2013 Tsuneishi, Japan) at region US\$23m, which is some US\$2m more than the sister "**PEAK PROTEUS**" achieved about a month ago and although the former benefits from BWTS being installed this alone will obviously not cover this differential in price.

TANKERS – Still Waters Run Deep

It's been an uninspiring week in the second-hand tanker market with more than a whiff of the dreaded summer lull about it. With charter rates giving little cause for optimism in the short-term, it's difficult to see where the drivers for a significant uptick in S&P activity might lie. Taking a broader perspective, however, one can readily appreciate that many of the elements for an uptick in activity are already there - many owners (and their equity investors) are accumulating excellent earnings in the bulk and container sectors, and will indubitably be casting a discerning eye on the relatively low asset values in tankers; a number of large listed pure-play tanker owners are also sitting on abundant reserves waiting for the right moment to pounce. With interest rates unlikely to rise while the pandemic continues to

rage on, we should also expect that outside capital will remain available to be deployed when the time is right.

Another potential bright spot, paradoxically, is the continuing surge in newbuilding prices, which has left a number of lucky owners well in the money on orders placed during recent historic lows in 2019 and 2020; one should not be surprised to see some of them being tempted into converting their accounting profit into cold hard cash in the coming months.

Things are therefore not as grim as the current market may lead one to believe, and participants may be well advised to enjoy the present quiet while it lasts.

NEWBUILDING – Green Danger

Capital have ordered a series of MR tankers at Hyundai Mipo that are of conventional design but with a LNG dual fuel "ready" setup, wind rota preparation and AMP shore power capability. These orders further support the strategy to order a reasonably priced (historically) conventional design now but with built-in flexibility to accommodate the most appropriate environmental compliance equipment (alternative fuel etc) when this is better known. We see a perceived restrictive binary choice for tanker newbuilding designs, either a conventional or dual fuel LNG, and whilst moving now for either option has its pros and cons, they are both at risk of falling foul of coming (some unknown) environmental regulations. However, ordering a conventional design with some ability to retrofit at some point in the future is clearly another option. It also offers a "green" fleet policy to present to the market / charterers / end users, which will be increasing required to secure the best chartering and financing opportunities. Owners intending to operate long "wait and see" strategy on the best design may find themselves penalised, especially if operating a pure conventional fleet, as current and future environmental regulations may be enhanced in scope or speeded up, which was demonstrated with recent events with Shell and Exxon.

Elsewhere, steel plate price pressure remains and pricing has moved up since ten days ago on major tanker projects and yards expect further rises this month.

RECYCLING – Rain Doesn't Stop Play

For a while now the story has been one of limited tonnage being available and a gradual firming of prices, and this week has been no different. The short supply of vessels for recycling is indeed keeping prices firm, that along with a general rising of steel prices, positive sentiments and stable market conditions. Activity is taking place with various sales being reported each week on a variety of different units, although the market is not as active as many would like. We are now in Monsoon season which brings its own challenges for the cash buyers, especially with as-is deliveries and those vessels under tow, and the yards themselves who have to deal with weather conditions affecting breaking and cutting activity as well as fewer workers. Historically this time of year tends to see price levels softening but despite this it will be interesting to see if the same happens this year in view of the high demand out there from cash buyers and end users to acquire tonnage.

Gibson Sale & Purchase Market Report

S&P SALES

Vessel Name	DWT	Built	Yard	Buyers	Price (\$/m)	Notes
BULKERS						
KUMANO MARU	106,507	2008	Oshima Zosen (JPN)	Undisclosed buyer	18.5	DD due 8/21.

PEAK PEGASUS + PEAK LIBERTY	82,000	2013+2015	Tsuneishi (JPN)	Undisclosed buyer	23 + 25	Both BWTS fitted.
XIN FENG	79,700	2010	New Times (CHN)	Costamare	16.5	BWTS fitted
CANBERRA	75,431	2001	Hitachi (JPN)	Undisclosed buyer	9.5	BWTS fitted. SS due 11/21.
NS ENERGY+ NS YAKUTIA	74,518	2012+2013	Hyundai Mipo (KRS)	Undisclosed buyer	19.5 + 20.5	BWTS fitted. Ice 1B.
CAPTAIN STEFANOS M	70,529	1998	Sanoyas (JPN)	Undisclosed buyer	8	DD due 10/21.
GH DAWN RUN	63,561	2018	Yangfan (CHN)	Greek buyer	23.5	BWTS fitted.
KMARIN BUSAN	63,155	2014	Jiangsu Hantong (CHN)	Greek buyer	xs 20.5	BWTS fitted.
DONAU K	58,682	2012	Kawasaki (JPN)	Taylor Maritime	19.75	BWTS fitted.
SURABHI	56,830	2010	Taizhou Sanfu (CHN)	Chinese buyer	12.6	SS due 6/21.
YOU & ISLAND	38,309	2011	Shimanami (JPN)	Taylor Maritime	low 15	SS due 11/21.
INTERLINK COMITY	37,302	2010	Huatai Heavy (CHN)	Greek buyer	12.75	SS psd 1/20. BWTS fitted. Ice 1C.
BRIGHT OCEAN	37,207	2012	Saiki (JPN)	Taylor Maritime	15	BWTS fitted. SS due 2/22.
GRACE OCEAN	33,296	2013	Shin Kurushima (JPN)	Greek buyer	15.4	DD due 11/21. open hatch. Tier II.
DESPINA ANGLE	28,534	2007	Shimanami (JPN)	Greek buyer	8.25	SS due 11/22.
MAXIMUS I	18,200	2002	Shikoku (JPN)	Undisclosed buyer	4.5	SS due 11/22.

TANKERS

VALLE DI ANDALUSIA	42,721	2001	Hyundai Mipo (KRS)	Undisclosed buyer	6.5	Deepwell. SS+BWTS due 12/21.
DH FEALTY	13,205	2018	Ningbo Xinle (CHN)	De Poli	17	Stainless Steel. DD due 7/21.

CONTAINERS/RO-RO/REEFER/PCC

FRISIA GOTEBORG + F' AMSTERDAM + F' OSLO	39,300	2006+2007+2007	Hyundai Mipo (KRS)	European buyer	high 60 en bloc	2824 TEU. Gearless
OREGON TRADER	34,409	2006	HDW-Gaarden (GER)	MSC	19	2490 TEU. Geared. SS due 11/21.
PICTOR	12,640	2009	Gijon (SPN)	Canadian buyer	8.5	925 TEU. Gearless.
SOFRANA SURVILLE + SOFRANA TOURVILLE	12,502	both 2009	DaeSun (KRS)	CMA CGM	13 each	1037 TEU. Geared.

GENERAL CARGO / MULTI PURPOSE

CARDISSA	5,320	2017	STX Jinhae (KRS)	Pan Ocean		LNG Bunkering. Basis 6+1+1 TC back.
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NEWBUILDING ORDERS

Ordering Client	Vessel Type	Size / No. of units	Shipyard (Country)	Delivery	Price (\$m)	Notes
BULKERS						
Qingdao Da Tong	Kamsarmax	85,000 dwt x 3	Chengxi (CHN)	2023		
Seastar Shipholdings	Handysize	39,000 dwt x 2	Hakodate (JPN)	2022-2023		

Algoma Central Corp	Laker	36,000 dwt x 1	Yamic (CHN)	2024		Great Lakes fitted. Declared option.
TANKERS						
Capital Maritime & Trading	MR	50,000 dwt x 4+2	Hyundai Vinashin (VIET)	2022-2023	36	LNG ready. AMP ready.
Fairfield Chemical Carriers	Chemicals	26,300 dwt x 2+4	Fukuoka (JPN)	2023-2024		Stainless Steel. LNG dual fuel.
CONTAINERS/RO-RO/REEFER/PCC						
Seaspan Corp	Containership	7,000 TEU x 20	CSSC Shipyards (CHN)	2023-2024	76	Methanol ready. Tier III.
GAS						
Jovo Group	VLGC	93,000 cbm x 1	Jiangnan (CHN)	2023	78.9	Dual fuel.
BGN International	VLGC	86,000 cbm x 2	Hyundai HI (KRS)	2023	81	Dual fuel.
Jovo Group	LNG	79,800 cbm x 1	Jiangnan (CHN)	2024	120	
Brave Maritime	LPG	40,000 dwt x 1	Hyundai Mipo (KRS)	2023	reg 47*	Declared option.
Peninsula Shipping / Scale Gas (JV)	LNGBV	12,500 dwt x 1	Hyundai Mipo (KRS)	2023		Bunkering.

Recycling Activity

Vessel Name	BUILT	DWT	LWT	Delivery	Price (\$/lwt)	Notes
CAPE SIZE						
WIN WIN	2001 / Japan	170,094	20,890	Bangladesh	580	
CONTAINER						
DOLE COSTARICA	1991 / Italy	11,800	8,308	India	593	HKC Green Recycling
REEFER						
ICE GLACIER	1988 / Japan	14,493	6,614	India	543	last weeks sale
TANKER						
SHAYBAH	1988 / Juapan	47,185	9,289	as-is UAE	540	last weeks sale
CHEMICAL TANKER						
AMUR	1991 / Italy	8,091	2,857	India	875	incl 660 tons of St-St content

Recycling Prices (US\$/LWT)

	Bangladesh	Pakistan	India	Turkey
Tank/Cont/Ro-Ro/Capes/LPG/PCC	565/580	550/565	540/550	290/300
Dry Cargo/Bulk/Tween/Gen Cargo	550/565	540/550	530/540	280/290

Newbuild and Second Hand Values (\$ million)

	Newbuild	5 Year Old	10 Year Old
Tankers			
VLCC	98	71	48

Indices

	C.O.B Friday
BDI	2857

SUEZMAX	65	48	33
AFRAMAX	53	41	26.5
MR	37	27.5	18
Bulkers			
CAPE SIZE	57^	37	29.5
KAMSARMAX / PANAMAX	32^	29k	21k / 19p
ULTRAMAX / SUPRAMAX	29.5^	24u	18
HANDYSIZE	26^	21	14.5

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

\$/Yen	109.57
VLCC	
AG/East	31
TD3 (WS)	

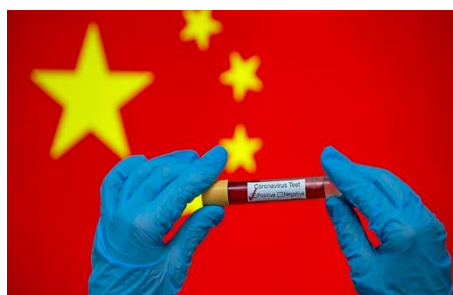
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CJC Market News



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.

Fears of Trade Disruption Following Rise of Covid-19 Infections in China



A Covid-19 outbreak in southern China is curbing activity at some of the country’s biggest ports, stoking fears that further disruption to international trade will push up the price of its exports. More than 100 new cases have been reported since late May in Guangdong province, one of China’s most important manufacturing hubs, leading to strict counter-measures from the government.

Processing at the Yantian container terminal in Shenzhen, which suspended exports for almost a week last month after workers tested positive, has plummeted. There has also been a sharp decline in the number of ships berthing as authorities enforce coronavirus prevention measures. The slowdown at the terminal, which has worsened congestion at the nearby Chinese ports of Nansha and Shekou, highlights the vulnerability of global shipping to outbreaks in the country, where new infections have remained low compared with other big economies over the past year.

It also piles pressure on China’s own trade performance, which has boomed under the pandemic amid rising overseas demand for lockdown-related goods such as electronics and household appliances. Surging China exports have helped to support its rapid recovery from Covid-19’s initial hit to the economy. Official data this week showed that Chinese exports rose 27.9 per cent year on year in May, compared with a low base last year. But they missed expectations of a 32.1 per cent increase, based

on a Bloomberg survey of economists, and analysts suggested future performance could be weakened by the disruption.

Global shipping has suffered a series of strains over the past year, including shortages of containers and problems with crew members unable to disembark at ports. In China, some manufacturers have turned to rail to transport their goods to Europe instead, though volumes remain a tiny fraction of the shipping trade.

Local authorities are extremely sensitive about any rise in cases as the central government has heavily sanctioned provincial officials where Covid-19 has re-emerged. All residents of Guangzhou have been required to take a test, and cities across the province have prevented people from leaving if they test negative.

First LNG-fuelled Cruise Ship Bunkers in North America



Port Canaveral in Florida hosted a milestone event this week as Carnival Corp's 180,800-gt Mardi Gras (built 2020) arrived to refuel, following a trans-Atlantic crossing. The LNG-fuelled cruise ship is the first of its kind to be bunkered in a US port and marks another major step forward for the emerging LNG bunkering business.

The 6,465-passenger Mardi Gras was supplied with 2,667-cbm of LNG bunkers by a Shell-chartered 4,000-cbm articulated tug and barge. The tug is named Q Ocean Service and the barge is named the Q-LNG 4000. The process took over seven-hours to complete.

The ship has four engines and can bunker a total of 3,600-cbm of LNG, enough to fuel it for a 14-day voyage. LNG drives the ships propulsion system utilizing Azipods, but also powers essential onboard needs, including elevators, lighting, computers, galley equipment and BOLT - the first roller-coaster at sea.

Mardi Gras originally planned to arrive in the US towards the end of 2020, but cruise cancellations associated with the COVID-19 pandemic meant that it has been simply waiting in Barcelona for the past six months.

Shell also bunkered the first aframax tanker - 114,000-dwt Gagarin Prospect (built 2018) - with LNG off Port Canaveral in March 2021.

Argentina Becomes Party to MARPOL Annex VI



On 8 June 2021, Argentina became the hundredth state to ratify the International Convention for the Prevention of Pollution from Ships ("MARPOL") Annex VI regulations. The instrument of accession was deposited with the IMO Secretary General by His Excellency Mr. Javier Esteban Figueroa, Ambassador Extraordinary and Plenipotentiary of Argentina.

The International Maritime Organization has reported that with Argentina's ratification, the Annex VI regulations now apply to 96.65% of merchant shipping when looked at from a tonnage perspective.

Welcoming the move, the International Maritime Organization's Secretary-General Mr. Kitack Lim, encouraged other states who have not yet ratified the regulations to do so. He noted that whilst a majority of ships by tonnage are already within the scope of the regulations, it could be in the interests of all states which include coastal nations to ratify the same as they will be able to implement port state control over vessels of any flag which call their ports.

The IMO's MARPOL Annex VI was adopted in 1997 and came into force on 19 May 2005. One of the recent introductions to MARPOL Annex VI was in 2020 when the 0.50% limit on sulphur oxide emissions came into force. IMO states that this limit has contributed to a significant cut in sulphur oxide emissions. Many vessels had to switch to very low sulphur fuel oil or have had to install exhaust gas cleaning systems (i.e. 'scrubbers'). This year, the IMO is set to adopt additional amendments to MARPOL Annex VI including the introduction of the Energy Efficiency Existing Ship Index or EEXI which is aimed at reducing the carbon intensity of all ships.

The IMO's Marine Environment Protection Committee is set to meet for its 76th session from 10 – 17 June 2021. A preview of the MEPC's meeting can be found [here](#).

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