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

GIBSON SHIPBROKERS

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

Tankers – Ending the Year with a Bang

December is kicking off with a veritably bevy of fixtures. Overall the theme seems to be one of crude vessels being snapped up at solid improvements over last done, much in line with the signals being given by a booming freight market. Meanwhile, product carriers have been maintaining their already very healthy levels, and if today's prices seem almost unremarkable it's only due to the record-breaking series of months the markets have experienced.

In terms of hard sales data, it's worth pointing out the **"SYFNOS"** (298,495 dwt/built 2006 Universal, Japan) committed to UAE buyers for US$56m, which marks a ca. 5% net jump in value (adjusting for depreciation) for a scrubbered VLCC of this vintage compared to last week's reported sale of the **"SEAKING"** (318,669 dwt/built 2005 Hyundai Ulsan, Korea) for US$51.5m. On the clean side, meantime, we have heard reports that the **"NAVIGARE PACTOR"** (51,134 dwt/built 2012 STX Jinhae, Korea) has been committed at a price of near US$32m, setting a clear benchmark for prime 10 year-old second hand MRs.

Dry Cargo – Sparce Sales

Another week of limited dry cargo sales despite numerous vessel offer deadlines having passed. This slowdown has not deterred Turkish buyer Beks Shipping from its assault on the cape market with the purchase of the **"BULK CHINA"** (176,274 dwt/built 2005 Universal, Japan) at an undisclosed level. This will be a further addition to their already sizeable capesize fleet and there does seem to be some preference for older units like this one. Staying with capes reports are suggesting the **"WISDOM OF THE SEA 1 & 2"** (180,144 dwt/built 2011 Daehan, Korea) may have been committed again with the pricing being elusive but we assume given the recent trend these prices are likely to be lower than last done.

Similarly, the supramax market has taken a hit with reported sale of the **"SAGAR MOTI"** (58,470 dwt/built 2013 Tsuneishi Zhoushan, China) at excess US$17m. It was not that long ago that these vessels were achieving over US$20m. Contrastingly, Golden Ocean has seemed to have achieved a firm price in the sale of their two ice class panamax bulkers namely the **"GOLDEN STRENGTH"** (75,750 dwt/built 2008+2009 Rongsheng H. I., China), which are being reported sold at excess US$30m en bloc. This looks very strong compared to the recent sale of the Japanese 2008 built panamax **"NAVIOS ALDEBARAN"** which was committed at US$14m and we can only assume the premium was paid for ice class, which has been evident in recent tanker sales.

Newbuilding – Tankers flowing…

Further tanker newbuilding activity is emerging as confidence continues to build (literally!). Most owners seem driven by the perceived high pricing of modern second-hand but the favourable, coming tanker fleet supply situation is driving appetite also as it historically has. Activity remains focused on products (MR and LR2) so we await to see if crude also picks up although suezmaxes are rumoured to be done at region US$70m in New Times by a Greek entity. The fleet supply situation is much more favourable for suez/vlcc (lower orderbook/older fleet). However, many are contrasting this against the potential life span of a crude carrier compared to products, the latter of which is expected to remain in service for longer as the world will still need plastics, feedstock etc.

Bulker newbuilding enquiry remains focused on medium sizes of ultramax and handysize. Activity is at modest levels but driven by the belief that China will rebound at some point next year after a sustained reopening.

Recycling – Indian Invigoration

There has been a bounce back on price for demolition, mainly due to the announcement that the Indian Government made a couple of weeks ago revoking export duties on steel scrap and other products. In addition, there is also quite a stir in the local Indian markets as the government has announced key infrastructure, particularly rail and road projects, which could keep steel demand high in the coming years.

In the last few weeks there has been a few old dry ships available for recycling, mainly being worked for Alang as the LC opening issues continue to persist in Bangladesh. There is a rumour in Bangladesh that fresh LC's may be issued to Ship Recyclers in January 2023, due to which we could see healthy demand from buyers in Chittagong. However, meanwhile in Pakistan, markets continue to remain dull as steel prices and sentiments remain soft in Gadani.

Gibson Sale & Purchase Market Report

S&P SALES

Vessel Name	DWT	Built	Yard	Buyers	Price ($/m)	Notes
BULKERS						
TW MANILA	93,225	2012	Jiangsu Newyangzi (CHN)	Undisclosed	19	SS psd 4/22. BWTS
RICH RAINFOREST	82,278	2022	Jiangsu Newyangzi (CHN)	Undisclosed	34.5	Tier II. EEDI 2. BWTS fitted.
GOLDEN ICE + GOLDEN STRENGTH	75,750	2008+2009	Rongsheng H. I. (CHN)	Capital Ship Management	xs 30 en bloc	SS due 12/23+4/24. BWTS fitted.

SAGAR MOTI	58,470	2013	Tsuneishi Zhoushan (CHN)	Far Eastern buyer	xs 17	SS psd 10/22. BWTS fitted.
SEASTAR HAWK	40,365	2022	Hakodate (JPN)	Daido Kaiun	30.9	BWTS fitted. Tier III.
SHANGHAI	31,921	2000	Saiki (JPN)	Lebanese buyer	8.3	Open hatch. DDdue 9/23. BWTS fitted.
GANT GRACE	28,375	2010	Imabari (JPN)	Greek buyer	12.5	DD due 12/22. Logs+BWTS fitted.
TANKERS						
SYFNOS	298,495	2006	Universal Ariake (JPN)	UAE buyer	56	DD due 12/23. BWTS+Scrubber fitted.
FRONT BALDER	156,436	2009	Rongsheng H. I. (CHN)	Turkish buyer	38.5	SS due 7/24. Scrubber fitted.
GULLIT	108,953	2008	SWS (CHN)	Undisclosed	34	Coated. Trading dirty. SS+BWTS due 3/23.
SOUTHERN ROUSE	108,467	2018	Tsuneishi (JPN)	Undisclosed	62	SS due 11/22. BWTS+Scrubber fitted. Dely 1-3/23.
ANTAIOS	106,005	2006	Hyundai Samho (KRS)	Gardsea Shipping	33.5	DD due 4/24. BWTS fitted. Cap 1.
FOS ATHENS	105,171	2015	Hyundai Gunsan (KRS)	Turkish buyer	50	Coated. DD due 2/23. BWTS fitted.
NAVIGARE PACTOR	51,034	2012	STX Jinhae (KRS)	Turkish buyer	32	Deepwell. SS psd 1/22. BWTS fitted. dely 1/23.
T REX	50,548	2006	SPP Tongyeong (KRS)	Undisclosed	19	Deepwell. SS psd 4/22. BWTS fitted. Cap 1. Prompt dely Europe.
NAVE DORADO	49,999	2005	Iwagi (JPN)	Undisclosed	15.6	Pump-room. DD due 8/23. BWTS fitted. Cap 1. Sold 11/22.
NAVE COSMOS + NAVE POLARIS	25,150	2010+2011	Dae Sun (KRS)	Undisclosed	13.6 + 14.7	Deepwell. Marineline. DD due 12/23+5/24. BWTS fitted. Sold 11/22.
BAHIR DAR + HAWASSA	42,150	2012+2013	Jinling Shipyard (CHN)	Stamford Shipping	34 en bloc	Pump-room. DD+BWTS due 11/22+1/23.
ARDBEG	34,798	2021	Fujian Mawei (CHN)	Undisclosed	35	Twin M/E. Epicon-T-800 coated. IMO III. DD due 11/24. BWTS fitted.
GUANG HUI 638	7,048	2012	Haidong (CHN)	Undisclosed	7.2	Twin M/E. Epoxy coated. SS due 6/23. Chinese flag.
GAS (LNG / LPG / LAG / CO2)						
BERKSHIRE	26,466	2008	Hyundai Ulsan (KRS)	Undisclosed	xs 30	34,483 cbm. Fully ref. SS due 7/23. BWTS fitted.

NEWBUILDING ORDERS

Ordering Client	Vessel Type	Size / No. of units	Shipyard (Country)	Delivery	Price ($m)	Notes
BULKERS						
Meadway Shipping	Ultramax	63,300 dwt x 1	Tsuneishi Zhoushan (CHN)	2025	38	
Evalend Shipping	Handysize	40,000 dwt x 2	Jiangsu Yangzijiang (CHN)	2025	low 30	Green Dolphin.
TANKERS						
TMS Cardiff	Suezmax	158,000 dwt x 4	New Times (CHN)	2024-2025	70	
Oceangold	LR2	115,000 dwt x 2	SWS (CHN)	2025	reg 60	

Evalend Shipping	MR	50,000 dwt x 4+2	Jiangsu Yangzijiang (CHN)	2024-2025	40	
CONTAINERS / RO-RO / REEFER / PCC						
CMES	PCC	9,000 CEU x 4+2	China Merchants HI (CHN)	2025	99.5	LOI. Methanol dual fuel.
GAS (LNG / LPG / LAG / CO2)						
China Merchants Energy Shipping	LNG	175,000 cbm + 2	Dalian (CHN)	2026	235*	*Declared options. LNG dual fuel. Mark III Flex.

Recycling Prices (US$/LWT)

	India	Pakistan	Bangladesh	Turkey
Tank/Cont/Ro-Ro/Capes/LPG/PCC	530/540	520/530	525/530	250/260
Dry Cargo/Bulk/Tween/Gen Cargo	515/525	510/520	505/515	240/250

Newbuild and Second Hand Benchmark Values *($ million)*

Historical Average Values *($ million)*

Vessel Type	New Building	5 Year Old Vessel (Built 2017)	10 Year Old Vessel (Built 2012)	10 Year Old Vessel~ (10 Years Average)	% Difference Present Vs Historical
Tankers					
VLCC	120	90	67	46.1	45.4%
Suezmax	80	62.5	46.5	32.8	41.9%
Aframax	63	58	43	24.8	73.6%
MR	44	40.5	32	18.1	76.9%
Bulkers					
Capesize	61.5^	43 (eco)	28	23.8	17.6%
Kamsarmax	34^	29.5	22	16.3	35.0%
Ultramax / Supramax	32^	27	17.5	14.1	24.3%
Handysize	28.5^	23.5	16.25	11.5	41.9%

^ = Chinese price (otherwise based upon Japanese / Korean country of build)
~ = Basis standard contemporaneous DWT/spec for each type.

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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.

INTERCARGO Criticises the CII

The International Association of Dry Cargo Shipowners (INTERCARGO), the association representing owners, operators and managers in the dry cargo sector, has joined the critics of the Carbon Intensity Indicator (CII).

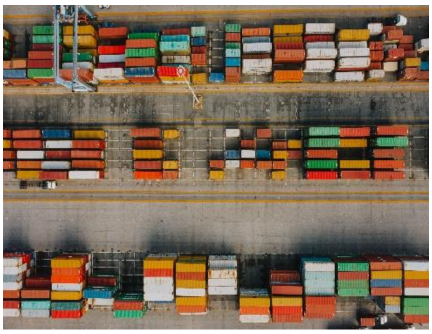
INTERCARGO has joined others in stating there are "significant flaws that need to be addressed in order to make CII fit for purpose." CII ship ratings are often affected by factors outside vessels' control and its application "will not deliver equitable, transparent and non-distorting emission reductions", Intercargo said. Examples include adverse weather, voyage distance, port waiting times, port infrastructure, and charterers orders.

"Paradoxically when considering voyage distances and port waiting times, vessels with longer travel distances can produce more emissions but have a better CII rating when compared to vessels travelling shorter distances and producing less emissions," INTERCARGO further stated.

A study from Oldendorff into CII has found that "the CII formulas in the regulation are not holistic, can be gamed and there are many real-world instances where strict adherence and focus on the CII rating letter grades will do more damage than good."

Responsibility for decarbonisation cannot solely be placed on ship operators, according to INTERCARGO.

Too Much Too Soon or Too Little Too Late



Delegates from across the world are due to attend the IMO Marine Environment Protection Committee in London next week. It is hoped that meeting will bring the IMO closer to a firm decision on the long-term strategy necessary to meet the decarbonisation targets set out in the Paris Agreement on climate change.

The commitment to achieving zero-carbon emissions by 2050 continues to have strong backing from a number of influential IMO members including the EU, UK, Japan and the US, who together represent a large percentage of global merchant tonnage.

There is however an ongoing debate over several finer details including whether the target should be net zero, or zero greenhouse gas emissions; whether emissions should be assessed on a well-to-wake or the less stringent tank-to-wake basis; and what intermediate targets that need to be set to ensure that shipping reaches its 2050 target.

On one side of the argument, developing nations such as Brazil and China are concerned that the zero GHG emission by 2050 may be too much, too soon and that they would have seriously detrimental impact of their economies. On the other hand, countries such as the Solomon Islands and New Zealand, which have already suffered some of the consequences of climate change, are of the stance that the 2050 date is simply too late.

The 79th session of the Marine Environment Protection Committee will convene in London 12-16 December.

Genting's World Dream to Act as Yardstick for Cruise Ship Resale

In the wake of the collapse of Asian cruise operator Genting Hong Kong earlier this year, the High Court of Singapore's has ordered the sale of the 150,700 GT cruise ship World Dream through sealed tender auction. This follows the sale of the yet un-finished, and slightly larger, cruise ship Global Dream which was sold to Disney Cruise Line for an undisclosed sum only last month.

The auction of the World Dream is the first time a cruise ship of this size, condition and age has been involved in a sales and purchase deal, particularly a sale carried out via auction and the industry are therefore watching proceedings with great interest.

The value of the 2017 built ship is estimated to be in the region of $654m USD, however, brokers trading in the cruise industry have highlighted the uncertainty of this valuation due to the lack of past reference data involving cruise vessels of this size.

It is believed that the World Dream will attract a relatively small number of bidders given the estimated value and the likely reluctance to allow the vessel to be sold at a quick-sale price.

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