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

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+44(0) 20 7667 1000 - sap@eagibson.co.uk - www.gibsons.co.uk

DRY CARGO – Cape Slide

As the Baltic Dry Index approached the aspirational level of 6,000 points, a number not seen since September 2008 during its dramatic decline from previous astronomical levels, it has been scuppered by the recent fall in capesize rates, where average t/c levels have dropped from around US$86,000 per day to around US$64,400 per day.

This adjustment has not deterred buyers, Beks of Turkey is continuing its acquisition spree and following the purchase in mid-September of the **"PROSPEROUS"** (179,100 dwt/blt 2011 Sundong, South Korea) at US$31m is now reported to have taken the **"TRUE ENDURANCE"** (179,147 dwt/blt 2012 Hyundai, South Korea for US$32.5m that interestingly given the age difference does not show any appreciation in value over the period, which is a first for this market this year.

Elsewhere sales and enquiries remain healthy with a good amount of sales being reported in all segments.

RECYCLING – Scrap Prices Correcting

Markets appear a little quieter this week with a lack of tonnage again being noticeable. Not many vessels are being worked, and those that are have seemingly been able to achieve slightly firmer levels as competition hots up. The recent correction in prices may be re-correcting... With Indian breakers recently improving their levels and making moves to try and compete for market tonnage as their end users become keener to acquire inventory for their yards (despite the fact their main focus and expertise is Green Recycling), this has of course not gone unnoticed by their neighbours, hence both Pakistan and Bangladesh will need to sharpen their pencils if they wish to remain top dogs of the Sub-Cont, as will be noticed in the coming sales no doubt.

TANKERS – Flatline?

Frustration seems to be setting in with very little good news to help the flailing tanker sector. There is a lack of sellers and buyers in a static market with few interesting opportunities to follow.

We understand Central Mare has sold two modern MR2s, **"ECO CITY OF ANGELS"** and **"ECO LOS ANGELES"** (50,185 dwt/blt 2020 Hyundai Mipo) for around US$36m each with two years timecharter left to run to Trafigura.

JP Morgan is rumoured to have picked up two modern LR2s from Navig8, namely the **"NAVIG8 PRIDE LHJ"** and **"NAVIG8 PROVIDENCE"** (109,997 dwt/blt 2018 New Times) for around US$48m each and subsequently fixed the vessels on bareboat with Trafigura.

Sovcomflot has finally found a home for their suezmax, **"SCF URAL"** (159,313 dwt/blt 2002 Hyundai Ulsan) which has gone to Middle Eastern buyers for US$16m, broadly in line with last done.

Gibson Sale & Purchase Market Report

S&P SALES

Vessel Name	DWT	Built	Yard	Buyers	Price ($/m)	Notes
BULKERS						
STELLA IVY + STELLA BELLA	250,400	2015+2016	Qingdao Beihai (CHN)	Eastern Pacific Shipping	58+60	Eco M/E. BWTS fitted. Inc. TC balance to 2027+2026.
BAOGANG GLORY	207,826	2008	Universal Tsu (JPN)	Chinese buyer	31.5	1 yr BBHP deal. DD due 11/21.
TRUE ENDURANCE	179,147	2012	Hyundai Gunsan (KRS)	Beks Shipmanagement	32.5	SS due 4/22.
CAPE GARLAND	178,394	2009	Mitsui (JPN)	Chinese buyer	32.25	BWTS fitted. DD psd 4/21.
ASL MARS	175,086	2004	SWS (CHN)	Chinese buyer	16.2	BWTS due 4/22.
BLUE MOON	170,089	2002	IHI (JPN)	Undisclosed buyer	15.75	SS due 12/21.
IBIS WIND	82,937	2013	Sanoyas (JPN)	Star Ocean	xs 28	Dely 1/22.
LENA B	81,922	2017	Tsuneishi Zhoushan (CHN)	Vietnamese buyer	35	BWTS fitted. DD due 1/22.
GOLDEN ENDURER	79,457	2011	Jinhai (CHN)	Greeks	37.2 enbloc	SS psd 2/21. BWTS fitted Ice 1C. DD psd 1/21.
GOLDEN OPPORTUNITY	75,750	2008	Rongsheng H. I. (CHN)	Greeks		
ORIENT VIOLET	77,111	2015	Imabari (JPN)	TMS	30.3	SS psd 6/20.
CARMENCITA	58,773	2009	Tsuneishi Cebu (PHI)	Undisclosed buyer	21	BWTS fitted. DD due 5/22.
MARINER	56,784	2009	Jiangsu Hantong (CHN)	Undisclosed buyer	16.75	DD due 6/22.
SILVER EAGLE	50,338	2003	Jiangnan (CHN)	Chinese buyer	13.5	DD psd 8/21 / DD due.
XING ZHI HAI	34,443	2015	Namura (JPN)	Chinese buyer	22	SS psd 12/20.

TANKERS						
SCF URAL	159,313	2002	Hyundai Ulsan (KRS)	Middle Eastern buyer	reg 16	SS due 7/22.
NAVIG8 PRIDE LHJ + NAVIG8 PROVIDENCE	109,997	both 2018	New Times (CHN)	JP Morgan	48 each	Against 5 yrs BB to Trafigura.
ECO CITY OF ANGELS + ECO LOS ANGELES	50,185	both 2020	Hyundai Mipo (KRS)	Undisclosed buyer	36	BWTS+Scrubber fitted. Inc 2 yrs TC to Trafigura.
NORD HIGHLANDER	37,145	2007	Hyundai Mipo (KRS)	Undisclosed buyer	8.55*	*Inc. BWTS (USD 500k) unfitted. Deepwell. SS due 1/22. Ice 1A.
CHEMBULK VIRGIN GORDA	34,614	2004	Kitanihon (JPN)			
CHEMBULK BARCELONA	33,573	2004	Shin Kurushima (JPN)	Undisclosed buyer	27 en bloc	Stainless Steel.
CHEMBULK NEW ORLEANS	32,363	2003	Shin Kurushima (JPN)			
CONTAINERS/RO-RO/REEFER/PCC						
ISEACO HORIZON	39,333	2005	Hyundai Mipo (KRS)	CMA CGM	41.5	2824 TEU. Gearless.
GEORGIA TRADER	30,608	2007	Aker Mtw (GER)	MSC		2127 TEU. Geared. SS due 11/22.
GAS						
GASLOG SHANGHAI	86,125	2013	Samsung (KRS)	China Development Bank Leasing	120	155k cbm. Basis 5 yrs BB back. No purch' obl.
GASLOG SALEM	82,023	2015	Samsung (KRS)	China Development Bank Leasing	128	155k cbm. Basis 5 yrs BB back. No purch' obl.
HAPPY BRIDE	4,626	1999	Hyundai Ulsan (KRS)	Hargaz	4.7	6,261 cbm. Semi-ref. DD due 5/22.

NEWBUILDING ORDERS

Ordering Client	Vessel Type	Size / No. of units	Shipyard (Country)	Delivery	Price ($m)	Notes
BULKERS						
Bocomm Leasing	Ultramax	64,000 dwt x 8	Cosco Zhoushan (CHN)	2023-2024	31-32	EEDI 3.
TANKERS						
China Merchants Energy Shipping (CMES)	Aframax	115,000 dwt x 1	Dalian (CHN)	2024	51.5	
Tsakos	Aframax	115,000 dwt x 4+2	Daehan (KRS)	2024	69.6	LNG dual fuel.
Empire Chemical Tankers	MR	50,000 dwt x 4+2	Hyundai Vietnam (VIET)	20232024	38.5	Previously unreported.
Ace Tankers	Chemicals	33,000 dwt +2	DaeSun (KRS)	2024	47*	*Declared options. Stainless Steel.

						EEDI 3. Tier III.
CONTAINERS / RO-RO / REEFER / PCC						
Zodiac Maritime	Containership	15,000 TEU x 4	Daewoo (KRS)	2024	130	LNG dual fuel. Declared options.
Log-In Logistica Intermodal	Containership	3,158 TEU x 2	Zhoushan Changhong (CHN)	2023-2024	42.6	199.98 LOA.
SITC	Containership	1,023 TEU +2	DaeSun (KRS)	2023-2024	19.2*	*Declared options. EEDI 3.
Pan Ocean	Containership	1,000 TEU x 2+2	DaeSun (KRS)	2023-2024	est xs 22.5	
GAS						
Iino Kaiun Kaisha	Amonia Carrier	23,000 cbm x 1	Hyundai Mipo (KRS)	2023		LPG/LAG duel fuel. Against TC to Mitsui.
Northern Lights (JV : Equinor, Shell +TotalEnergies)	CO2 Carrier	7,500 cbm x 2	Dalian (CHN)	2024		130m LOA. Wing propulsion. Air lubrication.

Recycling Activity

Vessel Name	BUILT	DWT	LWT	Delivery	Price ($/lwt)	Notes
BULK CARRIER						
SAGA WAVE	1991 / Japan	47,026	10,679	India	600	HKC Class NK Green Recycling / last weeks sale
CHEMICAL TANKER						
TIINA TOO	1992 / Japan	9,103	2,762	India	955	incl large quantity of St-St / last weeks sale
CHEMICAL TANKER						
LUCKY DOLPHIN	1996 / Japan	35,758	7,486	Pakistan	608	old sale

Recycling Prices (US$/LWT)

	Bangladesh	Pakistan	India	Turkey
Tank/Cont/Ro-Ro/Capes/LPG/PCC	600/610	590/600	580/590	290/300
Dry Cargo/Bulk/Tween/Gen Cargo	590/600	580/590	575/585	280/290

Newbuild and Second Hand Values *($ million)*

	Newbuild	5 Year Old	10 Year Old
Tankers			
VLCC	108	70	46
SUEZMAX	75	48	32
AFRAMAX	59.5	40	26
MR	40.5	28	17.5
Bulkers			

CAPESIZE	60.5^	40	33.5
KAMSARMAX / PANAMAX	35^	34.5k/32p	25k/23.5p
ULTRAMAX / SUPRAMAX	33.5^	31u	23s
HANDYSIZE	28.5^	25	17
^=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.

Space Shipping Ltd. v ST Shipping & Transport Pte. Ltd (The CV Stealth) [2021] EWHC 2288 (Comm)

Facts: In 2014, Space Shipping Ltd ("Owners") chartered the Vessel, *The CV Stealth*, to ST Shipping & Transport Pte. Ltd ("Charterers") for a period of eight months. The Charterers ordered the Vessel to load cargo at Puerto La Cruz in Venezuela. The Vessel arrived at port on 5 September 2014 and, on 19 September 2014, the Vessel was detained by order of the Venezuelan Court. Despite several attempts to release the Vessel, she was detained until 3 October 2017 and was redelivered back to the Owners on 24 March 2018 without having drydocked. On 30 August 2018, the Vessel was sold for scrap. The Vessel's detention resulted in considerable losses for the Owners, who sought to recover these losses from the Charterers in arbitration proceedings.

The arbitrator made seven partial final awards. In the second partial final award, the arbitrator set aside a sum of US$1.4 million for dry docking expenses which were potentially saved by the Owners. That saving was on account of the vessel's drydocking which the Owners, having declared the vessel as CTL during her 3-year detention in Venezuela, had not been performed as, following redelivery, the Owners sold the vessel for scrap. The Owners in their appeal to the High Court submitted that the Arbitrator was wrong in making this deduction from the awarded claim of damages against Charters and that, amongst other things, he did not properly apply the decision of the Supreme Court in *The New Flamengo*. Teare J rejected the appeal on this ground having determined that, as a matter of fact and causation, *The New Flamengo* was not applicable to the facts of this case.

Analysis: In *The New Flamengo* the charterers, in a repudiatory breach of the charterparty, redelivered the vessel to the owners two years before the charterparty was due to come to an end. As there was no available chartering market at that time, the owners sold the vessel. They claimed damages for loss of profits during the remaining two years of the charterparty. The arbitrator held that the charterers ought to be given credit for the difference between the amount for which the vessel had been sold and her putative value which would have been less at the end of the charterparty if early delivery had not occurred. The High Court allowed owners' appeal but Court of Appeal, allowing charterers' appeal, effectively ruled that the owners of the New Flamengo, in selling their vessel, decided to mitigate their loss and there was no reason why the benefit secured thereby should not be brought into account in the assessment of damages. The Supreme Court allowed owners' appeal effectively ruling that there was no causal link between the charterers' repudiatory breach and the vessel's sale which was not itself an act of successful mitigation because it was incapable of mitigating the loss of owners' income stream, and therefore was irrelevant.

In *The CV Stealth* Teare J held that during the detention of The CV Stealth there was no possibility of drydocking her and that in circumstances where the Owners had declared the vessel to be a CTL there was no point in drydocking the Vessel. On the other hand, in *The New Flamengo* there was no causal connection between the early redelivery of the vessel and the sale of the vessel. The owners elected to sell the Vessel in the context of the early redelivery but the early redelivery did not cause the sale and there was no such requirement. Thus, the benefit from the vessel's sale was therefore not be credited against the owners' losses. In *The CV Stealth* there was a clear causal connection between the detention of the Vessel and the saving made by the Owners by not drydocking her which should be credited against Owners' losses. In short, it was held that the two cases were not analogous.

Cargo Ships Forced to Divert from Felixstowe Due to Congestion

Felixstowe – the UK's largest commercial port, which handles 36% of the UK's freight container traffic – has this week seen a doubling of dwell times and a logjam of shipping containers. The congestion has been attributed to a shortage of approximately 100,000 HGV drivers in the UK following Brexit, high demand for shipping space globally and supply chain disruptions worldwide.

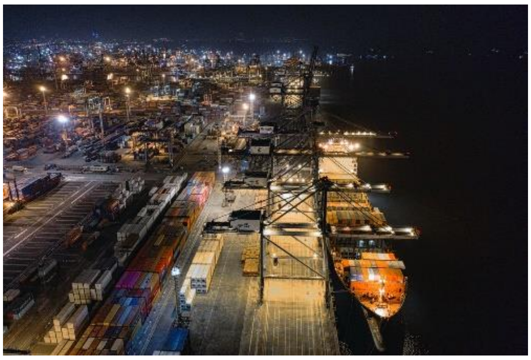
The shortage of HGV drivers in particular means that there is no longer the required speed of flow of containers in and out of the terminal. Normally, it would take around four to five days for containers to be moved from the terminal to a UK warehouse before coming back empty. Fewer HGV drivers means that it is now taking longer for containers to get out of the terminal.

The congestion at Felixstowe has forced the world's largest shipping container company, AP Moller-Maersk, to divert one 80,000-tonne container ship per week from Felixstowe to unload elsewhere in other European ports. Smaller vessels will then be used to ship deliveries back to the UK, but this re-routing is threatening to delay Christmas deliveries ahead of the festive season.

Maersk's global ocean network chief Lars Mikael Jensen stated: "*Felixstowe is among the top two or three worst-hit terminals. We are having to deviate some of the bigger ships away from Felixstowe and relay some of the smaller ships for the cargo. We did it for a little while over the summer and now we're starting to do it again.*"

The current delays seen in Felixstowe are not solely confined to the UK and ports across the globe are also suffering significant wait-times. Sarah Treseder, chief executive of the UK Chamber of Shipping, has said that there are reports of dozens of ships being forced to wait outside ports in both America and Asia.

West Coast Ports Targeted in Plan to Ease Shipping Congestion



Following on from the above article, White House officials have announced plans to help the port of Los Angeles operate 24 hours a day in an effort to tackle the current shipping backlog. The port of Long Beach was the first to have a similar scheme put in place earlier this month. The plan sees private sector giants Walmart, Home Depot, FedEx and UPS agree to expand night-time hours to enable goods to be moved through the ports more quickly. The most recent move should enable an extra 3,500 containers to be processed each week.

Together, the two west coast ports see nearly 40% of all containers entering the US and have been hit hard by the recent supply chain demands. On one day in October, about 60 vessels were forced to wait in open water off the LA and Long Beach ports until berth space to unload became available. The port of Los Angeles alone has had to move 30% more containers than usual in August, while Long Beach saw an increase of 23% in the same month.

The recent changes stem from the Supply Chains Task Force, an initiative set up by the Biden administration earlier this year. Together with the newly appointed Port Envoy, the two are part of White House efforts to remedy supply chain disruptions aggravated by the pandemic. President Biden is also hoping his USD1 trillion infrastructure bill will be passed later this year, the goal of which is to "*not only get through this immediate bottleneck, but to address the long standing weakness in our transportation supply chain that this pandemic has exposed*".

For more information, please contact:

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

Campbell Johnston Clark

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

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