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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 – Change of Gear

Whilst the Capesizes struggle with sentiment and earnings at circa US\$16k per day, the sizes below continue with a spring in their step and earnings all above US\$30k per day. Against these strong earnings investment opportunities still look good in the dry sector and the number of S&P transactions remains high with values moving up accordingly.

This week we hear that the kamsarmax **"OCEANIC"** (82,471 dwt/blt 2007 Tsuneishi) has been sold for a remarkable US\$20.8m to clients of NGM. In early February the same aged sister vessel **"NAVIOS PROSPERITY"** (82,500 dwt/blt 2007 Tsuneishi) sold for US\$16.4m; that's close to a 30% rise in value in one month, although it should be noted that the **"OCEANIC"** did have her BWTS already installed.

Some incredible returns on investment can be seen in the 'vintage' sector. The **"SHANGRILA"** (52,342 dwt/blt 2001 Tsuneishi) was sold as the **"ALMASI"** in January 2021 at US\$5.35m and she has now been flipped on a year and a bit later at US\$12.5m! The same aged handysize **"CORSAIR"** (35,062 dwt/blt 2001 Minami Nippon) has gone this week for a whopping US\$11.7m; they bought the vessel for US\$6.5m around five years ago, but with strong earnings the new buyers should be able to write down their new asset to scrap levels in less than a year.

Tankers – Opportunity Knocks

With newbuilding prices incrementally increasing every couple of weeks we have seen very few resale deals taking place, or indeed making much sense on paper. However, from a quartet of MRs ordered by Dong-A last summer, charters were only secured on the two firm vessels and hence options on **K-Shipbuilding Hull No.s 1930 + 1931** have presented an opportunistic sale to Pacific Carriers Ltd at US\$38.5m apiece, generating a reasonable margin against an original contract price understood to be around US\$36m.

Elsewhere, mystery surrounding the undisclosed buyer of recently purchased five year old scrubber fitted VLCC **"LANDBRIDGE MAJESTY"** (308,207 dwt/blt 2017 Dalian No.2) has now seemingly been resolved, with Sinokor Merchant Marine reported as the buyer at US\$71m, concluded around the same time at the start of March along with the purchase of **"NAUTILUS" + "NAVARIN"** (307,284 dwt/blt 2006+2007 Dalian No. 2) for US\$63.5m en bloc basis imminent Special Surveys, bolster their VLCC tally further last week with the quartet acquisition of **"SARA" + "SANDRA" + "SIMONE" + "SONIA"** (320,000 dwt/blt 2011-2012 STX Jinhae) believed to have been sold for an average unit price in the high US\$40s mill range.

Newbuilding – When, not if???

Bulker newbuilding negotiations are ongoing as the bulker market continues to perform well and second-hand prices remain very firm. We remain in uncertain times, but many are optimistic for the bulker market moving forward. Ongoing problems with port congestion, supply chain issues from China's lockdown and also fall out from the Russian/Ukrainian crisis may well provide support for rates and push owners for more newbuildings.

Tanker newbuilding activity remains subdued but some activity recently with Metrostar discussing 2+1 LR2 for Q2-Q4/2024 delivery in Hyundai Vinashin at region US\$61.5m (standard spec). An existing client of Daehan is also close to conclusion for a single slot in mid 2024 for a suezmax around US\$72m level (standard spec). The coming favourable fleet supply situation (low orderbooks and credible scrapping drivers) is now widely acknowledged by owners and there is a sense building that good times will come for the tanker market and newbuildings will be part of that. However, the obstacles today are a lack of reasonable delivery slots and the pricing levels at the yards. However, as we have seen in the past, a buoyant freight market can override these concerns and under any rate stimulus (that many expect at some point) second-hand prices would also be expensive thus pushing newbuildings as an alternative acquisition. Lastly, the world is pivoting back to fossil fuels for the short term and this combined with the lack of clarity of the best long term environmentally friend design/ propulsion (and regulations) is pushing the agenda for a "last dance" on the current, conventional designs.

Recycling – Correction on the Cards

Local steel markets in Bangladesh have fallen to the equivalent of about US\$30-35/LT which has shaken up the sentiments of cash buyers and ship-breakers. Furthermore, with Ramadan on the horizon the markets are likely to remain sluggish over the next few weeks. Steel markets in Alang are also softening further creating a doubt over how the ship scrap markets will behave going forward. Pakistan prices have often been below the levels of Alang and Bangladesh and presently they continue to remain there.

Despite much talk of strong demand, the lack of tonnage and prices improving, we are currently witnessing a correction in the markets. Whilst levels were edging ever closer to US\$700/LT, it seems this is not the case at present and rates for now seem to be back in the mid-ish US\$600's again, although with the complex geo-political issues on-going in the world at present things can change quite rapidly, and likely will, thus creating doubts over demo markets and steel prices.

Gibson Sale & Purchase Market Report

S&P SALES

Vessel Name	DWT	Built	Yard	Buyers	Price (\$/m)	Notes
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BULKERS						
AZUL LIBERO	203,278	2004	Universal Tsu (JPN)	Chinese buyer	high 18	DD due 9/22.
OCEANIC	82,471	2007	Tsuneishi (JPN)	NGM	20.8	SS psd 12/21. BWTS passed.
OCEAN GARLIC	82,305	2012	Dalian No. 2 (CHN)	Undisclosed buyer	21.5	SS due 6/22.
MAJESTIC SKY	81,556	2014	Tadotsu (JPN)	Undisclosed buyer	31.5	SS due 4/22.
NILOS	75,880	2006	Tsuneishi (JPN)	Undisclosed buyer	18	SS psd 2/21.
BALTIA	75,776	2005	Sanoyas (JPN)	Chinese buyer	16.5	SS due 12/22.
NICON FORTUNE	63,562	2019	Shin Kasado (JPN)	Undisclosed buyer	reg 35	DD psd 12/21. BWTS fitted.
ATLANTIC TULUM	58,802	2008	Tsuneishi Cebu (PHI)	Diamond Star	17.3	BWTS (on order) due 8/22.
JIN FA	57,730	2012	Qingshan (CHN)	Undisclosed buyer	17.9*	*Auction sale. SS due 6/22.
DAYANG CENTURY	57,000	2011	Jiangdong (CHN)	Undisclosed buyer	17.88*	*Auction sale. SS psd 5/21.
ORIENT RISE	56,700	2010	Qingshan (CHN)	Greek buyer	17	DD due 4/23. BWTS fitted.
NERAIDA	55,567	2005	Oshima Zosen (JPN)	Undisclosed buyer	17	
SHANGRILA	52,342	2001	Tsuneishi (JPN)	Undisclosed buyer	12.75	SS psd 10/21.
LUCKY SEA	52,246	2005	Yangzhou Dayang (CHN)	Chinese buyer	12	DD due 2/23. Logs fitted.
VENTURE TEAM	38,947	2015	Jiangmen Nanyang (CHN)	D'Amato	24.8	DD due 11/23. Logs+BWTS fitted.
CORSAIR	35,062	2001	Minami Nippon (JPN)	Chinese buyer / Manat	11.7	DD due 6/23. Logs fitted. Prompt delivery.
IONIC HALO	34,039	2012	DaeSun (KRS)	Undisclosed buyer	reg 19	SS psd 3/22. BWTS fitted.
PORT BOTANY	28,470	2001	Imabari (JPN)	Undisclosed buyer	8.8	SS psd 11/21. BWTS+Logs fitted.
TANKERS						
LANDBRIDGE MAJESTY	308,207	2017	Dalian No. 2 (CHN)	Sinokor	71	SS psd 10/21. BWTS+Scrubber fitted.
17 FEBRUARY LIBYA	160,391 159,233	2008 2007	Samsung (KRS) Hyundai Samho (KRS)	Undisclosed buyer	46 en bloc on subs	SS due 5/23. SS psd 3/22. BWTS fitted.
K-SHIPBUILDING 1930 + K-SHIPBUILDING 1931	50,000	both 2023	Hyundai Ulsan (KRS)	PCL	38.5 each	BWTS fitted.
VS VIESA	34,558	2003	Dalian (CHN)	Undisclosed buyer	5.85	Trading dirty. Cap 1. SS due 6/23.
GAS (LNG/LPG/LAG/CO2)						

HAPPY BIRD	7,875	1999	Hyundai Ulsan (KRS)	Undisclosed buyer	6.1	8,468 cbm. Semi-Ref. Ice 1B. Already renamed.
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NEWBUILDING ORDERS

Ordering Client	Vessel Type	Size / No. of units	Shipyard (Country)	Delivery	Price (\$m)	Notes
CONTAINERS / RO-RO / REEFER / PCC						
Evergreen	Containership	24,000 TEU x 3	Hudong Zhonghua (CHN)	2024	reg 180	Scrubber fitted. LOI.
ONE	Containership	13,000 TEU x 5	Imabari (JPN)	2025		Scrubber fitted. LNG dual fuel option. LOI.
ONE	Containership	13,000 TEU x 5	Hyundai HI (KRS)	2025		Scrubber fitted. LNG dual fuel option. LOI.
Euroseas	Containership	1,800 TEU x 3	Hyundai Mipo (KRS)	2024	34	LNG-ready. Eco.
GAS (LNG/LPG/LAG/CO2)						
BW LNG	LNG	174,000 cbm + 2	DSME (KRS)	2025	215*	*Declared options.
KYOEI TANKER	LPG	22,000 cbm x 1	Hyundai Mipo (KRS)	2024	reg 53	Semi-ref. Againsty TC to Geogas Trading.

Recycling Activity

Vessel Name	BUILT	DWT	LWT	Delivery	Price (\$/lwt)	Notes
TANKER						
BOW FLOWER	1994 / UK	37,221	11,052	India	1310	HKC Class NK Green Recycling / Large quantity of St-St in her tank

Recycling Prices (US\$/LWT)

	Bangladesh	India	Pakistan	Turkey
Tank/Cont/Ro-Ro/Capes/LPG/PCC Dry	670/680	660/670	650/660	460/470
Cargo/Bulk/Tween/Gen Cargo	660/670	650/660	640/650	450/460

Newbuild and Second Hand Values (\$ million)

Vessel Type	New Building	5 Year Old Vessel (Built 2017)	10 Year Old Vessel (Built 2012)
Tankers			
VLCC	115.5	72	50
SUEZMAX	77.5	49	32.5

AFRAMAX	60.5	45	28
MR	41	30	20
Bulkers			
CAPE SIZE	61^	47 eco	32
KAMSARMAX	35^	36	26k
ULTRAMAX / SUPRAMAX	33^	33.5	23.5
HANDY SIZE	30^	28	19
^ = Chinese price (otherwise based upon Japanese / Korean country of build)			
~ = Basis standard contemporaneous DWT/spec for each type.			

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.

NEPIA & the Standard Club Head Towards Merger



On 14th March 2022, the Newcastle-headquartered North of England Protecting & Indemnity Association (“NEPIA”) and the London-headquartered Standard P&I Club (“Standard”) announced in a press release that they were entering into formal discussions for a “proposed merger to create a new global marine insurer and one of the largest providers of mutual cover in the maritime industries”.

In the press release it was stated that “the ambition behind the merger is to deliver tangible benefits to shipowners. The boards of both clubs have played a key role in guiding and shaping the proposal. Combining will provide greater financial resilience, efficiency and an even deeper pool of talent to maintain and strengthen the focus on service excellence and close member relationships for which both clubs are renowned.” A joint working group has also been formed by both Clubs with a view to evaluating how the newly formed entity would maximise value for the entered members.

If the proposed merger materialises, the new entity may end up being one of the world’s largest P&I Clubs with an anticipated cover for vessels, as reported, equivalent to 400M GT. However, it is not long ago that we witnessed a similar merger effort between The UK P&I Club and The Britannia Club which, after lengthy discussions, proved fruitless. Unlike this case, where NEPIA has a peculiar model in the services offered to its members whilst Standard follows the classic British mutual P&I model, those two Clubs (i.e. The UK P&I Club and The Britannia Club) were quite similar in terms of structure and entered

tonnage; nevertheless, their proposed merger did not materialise in the end. This would make the proposed merger between NEPIA and Standard appear a rather challenging project.

The proposed merger remains subject to contract and approval of the full mutual membership of both clubs. These voting procedures are currently set to complete by the end of May 2022. If approved by the membership, the completion of the merger is estimated to take place in late February 2023.

Platform Supply Vessel Delivered as part of Ammonia-Fuelled Ship Project



Plans to build the world's first ammonia-fuelled ship are moving forward. The initiative is designed to display the current potential to operate a ship almost solely on ammonia and is part of Fortescue Future Industries' (the green technology arm of Australian mining company Fortescue) challenge to accelerate the conversion of ships to run on green fuels.

MMA Offshore reported that it has successfully completed the sale of its supply ship, *MMA Leveque*, to Fortescue Future Industries for \$7.75m. The 246-foot platform supply vessel has now been handed over to the project for conversion.

"We are excited to continue working with FFI, with the MMA Leveque now joining Fortescue Future Industries, where the goal is to transform the vessel to run almost totally on green ammonia," said David Ross, Managing Director of MMA.

As a demonstration of the existing capabilities to run ships on ammonia, Fortescue chairman Dr. Andrew Forrest last year stated that the company would convert a ship to ammonia-fuelled operations within a year.

In 2021, the company achieved successful combustion of blended ammonia fuel and committed to converting its entire fleet of almost 100 ore carriers by, at the latest, 2040. Dr. Forrest has called on the shipping industry to adopt their 2040 target.

Dr. Forrest said, *"This vessel will show the shipping industry the power of a vessel fuelled by green ammonia in real-world conditions. It is world-leading technology and will assist in providing the shipping industry with the practical know-how to decarbonize completely."* Fortescue is investing heavily in research and development to transform its operations with zero pollution fuels. This will be the first ship that Fortescue Future Industries has converted as part of its efforts and commitment to accelerate various forms of transportation using green fuels.

COSCO Plans to Electrify the Yangtze River



China's Cosco Shipping (Cosco) has ordered two 700 twenty-foot equivalent (TEUs) electric containerships to operate in the Yangtze River. As reported, the orders are valued at \$18.4 million and the vessels will be due for delivery in late 2023.

The orders were an effort by Cosco to advance the development of electric shipping and in particular, the utilisation of batteries in vessels. Cosco has referred to the vessels as being China's first *"green zero-carbon intelligent electrification pilot"* vessels.

As reported by the media, the electric containerships will be built at Cosco Shipping's shipyard in Yangzhou. The vessels' dimensions are stated to be approximately 120 metres long with a depth of 5.5 metres and a beam of 23 metres. A subsidiary of Cosco Shipping will be operating the vessels on the Yangtze river, reportedly between Shanghai and Wuhan which covers a distance of some 607 nautical miles.

Research is still underway to develop the prime movers of the vessels. It is stated that the vessels will be utilising containerised batteries having a capacity of 50,000 kWh charged on shore. Cosco states that the programme will also improve the company's ability to create containerised marine box-type batteries, each being the size equivalent to a twenty-foot container. To aid with the functioning of the containerised vessels, Cosco will also develop a network of charging stations and depots where battery exchange can occur along the river.

Cosco further states that the programme will allow the company to amass a wealth of experience from the development of electric containerships which will allow it to further develop and operate electric-powered vessels in the future. The company envisions fully electrifying the Yangtze river and other river routes such as in northern China, Bohai Bay and others.

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