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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Tankers – Dodging a Bullet

The earnings on the product side remain strong with owners bullish that it will stay that way for many months to come, tonne miles definitely playing the gilt-edged card to assist here. The crude market, however, remains uncertain whilst we await for the conflicts sanctions to play out and for clarity to emerge.

Rumblings of bigger deals and mergers are hitting the headlines, but most activity seems to be taking place in the aframax and product sector. We hear the **"FOUR SKY"** (115,935 dwt/blt 2010 Samsung) has been sold for US$30m to Bangladeshi buyers. Another aframax, but 3 years younger is negotiating at close to US$20m, albeit with surveys due. Older aframaxes are finding buyers as we hear the **"SAINT NICOLAI"** (105,661 dwt/blt 2002 Samho)) has been sold at an apparently strong but unconfirmed US$15m, no doubt a prompt delivery was available as she has already changed name.

Newbuilding – History Repeats

Some movement on tanker newbuildings in the MR sector as Hyundai Vietnam have an LOI at region US$39m. It again shows that buoyant freight rates and rising second-hand pricing leads some owners to instead consider newbuildings rather that second-hand. In the wide tanker markets/crude we see continued buoyancy in rates (albeit not the extent that MRs are experiencing) and second-hand pricing is also rising e.g. value of a 10 year old suez has increased by 15% in the last six months. Orderbooks are tighter than MRs in some sectors like suezmax (1.5% of fleet as of Jan 2023 assuming reasonable scrapping) and the current situation in the MR market is a possible scenario here in that if a sustained surge in rates occurs (Iranian sanctions lifted for example?) the already high second-hand price will move up accordingly and newbuildings on a relative basis could be better priced.

Medium sized bulker markets continue to peform very well and with good 2-3 year T/C rates. However, many are still deciding where the market will go next and are uncomfortable with current second-hand/newbuilding price levels. However, some have made their mind up and we understand Hyundai Vietnam is in negotiations with a Greek owner for mid 2024 ultramax slots. We expect further newbuilding orders if current rates remain strong.

Dry Cargo – High and Dry

As the BDI approaches its previous high of the year it will be no surprise to hear that second hand values continue to escalate. Underpinned by increased newbuilding prices with ever advancing delivery times it is understandable why buyers have turned to securing vessels on the water. The reported sale of the capesize bulker **"MINERAL HAIKU"** (180,242 dwt/blt 2010 Imabari, Japan) at US$34 m to Greek buyers which represents another leap forward in value for this size and type which is supported by the recent 26 pct appreciation in the capesize index. Reports of the sale of the recenty delivered Japanese controlled kamsarmax the **"RICH RAINFOREST"** (82,278 dwt/blt 2022 Jiangsu Yangzi-Mitsui, China) maybe pre-mature but it is interesting note the levels being mentioned at well excess US$40m surpasses the failed sale price back in October 2021 at US$38.5m, when it was available as a resale.

Recycling– Summer Slowdown

Markets remain downbeat as Eid celebrations have affected activity throughout the Sub-Continent (and Turkey), but aside from that there are also currency fluctuations and some negative sentiments here and there all impacting the recycling markets. The supply of tonnage is still just a trickle, which is no surprise considering what is happening to second-hand asset values and freight rates, but we may see demand from breakers and ship scrap prices firm a little as we come out of the Eid holiday period. Currently it appears price levels are still in the mid/high US$600's, but it would be no surprise if we see rates in the not-too-distant future bounce back into the US$700's+ per LWT once again, especially if steel plate prices head Northwards.

Gibson Sale & Purchase Market Report

S&P SALES

Vessel Name	DWT	Built	Yard	Buyers	Price ($/m)	Notes
BULKERS						
AZUL LEGENDA	206,331	2008	Imabari Saijo (JPN)	German buyer	26.5	Scrubber fitted. DD due 10/23.
MINERAL HAIKU	180,242	2010	Imabari Saijo (JPN)	Greek buyer	34	DD due 5/23.
MOUNT SINAI	177,656	2006	Mitsui (JPN)	Chinese buyer	22	SS overdue 5/22. scrubber fitted
GREAT ASPIRATION	93,412	2010	Jiangsu Jinling (CHN)	Greek buyer	reg 18	DD due 8/22. BWTS fitted.
GREAT CHEER	93,297	2009	Jiangsu Jinling (CHN)	Chinese buyer	16.8	DD due 11/22. BWTS fitted.

MSXT OCEANUS	81,642	2012	Daewoo (KRS)	Chinese buyer	22.33*	*Online auction. SS due 7/22.
SITC ZHOUSHAN + SITC LUSHAN	76,150	both 2013	Yangfan (CHN)	Undisclosed buyer	22 each	SS due 9+11/23. BWTS fitted.
AP STON	57,239	2012	STX Jinhae (KRS)	Undisclosed buyer	19.5	SS due 8/22. Dely 4q22.
EREDINE	39,855	2014	Chengxi (CHN)	Undisclosed buyer	24.5	DD psd 5/21. BWTS+logs fitted.
LEIA	38,271	2010	Imabari (JPN)	Tufton Oceanic	17.7	DD due 9/22. BWTS fitted. Inc. TC to 7/23 @ $13.7k pd.
IONIC HUNTRESS	34,062	2012	Dae Sun (KRS)	Janchart	low 19	SS+BWTS (on order) due 6/22.
MERAY GLYFADA	28,471	2002	Kanda (JPN)	Syrian buyer	10.2	SS due 11/22.Logs fitted.
IRONGATE	28,316	2015	I-S Shipyard (JPN)	Undisclosed buyer	reg 18	DD due 6/23. BWTS fitted.Dely 9/22.
TANKERS						
FOUR SKY	115,453	2010	Samsung (KRS)	Bangladesh	30	
ISOLDE	37,527	2008	Hyundai Mipo (KRS)	Greek buyer	11.2	SS due 7/23.
MAERSK ARCTIC	36,993	2006	Hyundai Mipo (KRS)		10.8	Ice 1A. SS psd 1/21. BWTS fitted.
GENUINE GALAXY + G' HERCULES + G' VENUS	33,550	2012+2013+2013	Kitanihon	European buyer	76.1 en bloc	Stainless Steel. SS due 1/23.
THUN GOLIATH	7,108	2004	Selah (TRK)	Densa Tanker	4.5	Epoxy. IMO II. DD due 9/22. Already renamed.
GOLDEN MERCURY	6,248	2003	Murakami Hide (JPN)		3.75	Stainless Steel. SS due 1/23.
CONTAINERS / RO-RO / REEFER / PCC						
LANGENESS	17,002	2006	Shandong Weihai (CHN)		25	1304 TEU. Geared.
NORDEROOG	16,921	2004	Shandong Weihai (CHN)		22	1350 TEU. Geared.Ice 1A.

NEWBUILDING ORDERS

Ordering Client	Vessel Type	Size / No. of units	Shipyard (Country)	Delivery	Price ($m)	Notes

TANKERS						
Navios	LR2	115,000 dwt x 4+2	K Shipbuilding (KRS)	2024-2025	63	Against T/C to Chevron.
CONTAINERS /RO-RO / REEFER / PC						
Hoegh Autoliners	PCC	9,100 CEU x 4	China Merchants Jiangsu (CHN)	2025-2026		LNG dual fuel. Ammonia + Mechanol ready.
Seaspan	Containership	8,000 TEU x 8	K Shipbuilding (KRS)	2024-2025	130	LNG dual fuel. Against long-term T/C to MSC.
SITC	Containership	1,800 TEU x 10	Huanghai (CHN)	2024-2025		
GAS (LNG / LPG / LAG / CO2)						
NYK-CNOOC-CMES (Joint Venture)	LNG	174,000 cbm x 6	Hudong Zhonghua (CHN)	2025-2026	reg 201	
NYK	LNG	174,000 cbm +1	Hyundai Samho (KRS)	2025	223*	*Declared option. Against long TC to EDF.
Knutsen	LNG	174,000 cbm x 1	Hyundai Samho (KRS)	2025	224.5	Against TC to Engie.
GENERAL CARGO / MULTI-PURPOSE						
Wagenborg Shipping	MPP	14,300 dwt x 1+1	Niestern Sander (NETH)	2023		Open hatch. Ice 1A.

Recycling Prices (US$/LWT)

	Pakistan	Pakistan	India	Turkey
Tank/Cont/Ro-Ro/Capes/LPG/PCC	675/685	675/680	675/680	420/430
Dry Cargo/Bulk/Tween/Gen Cargo	660/675	660/675	660/675	410/420

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	116	74	51.5	44.9	14.8%
SUEZMAX	78	50.5	37.25	32.0	16.4%
AFRAMAX	61	46	31	23.6	31.2%
MR	41.5	32.5	21	17.4	20.9%

Bulkers					
CAPESIZE	62.5^	50 eco	36	23.1	55.7%
KAMSARMAX	36^	36.5	28	14.3	96.4%
ULTRAMAX / SUPRAMAX	33.5^	34	23.5	13.7	71.5%
HANDYSIZE	30^	28.75	20	11.0	82.6%
^ = Chinese price (otherwise based upon Japanese / Korean country of build) *~ = Basis standard contemporaneous DWT/spec for each type.*				*~ = 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.

Singapore's MPA Issues Update on Bunker Fuel Contamination Saga

In an update on 5 May 2022, the Maritime and Port Authority of Singapore (the 'MPA') (stated that they have traced the recent contaminated bunker fuel chronicle to a tanker which had loaded the same at Khor Fakkan in the United Arab Emirates. The tanker then proceeded to Tanjung Pelepas, Malaysia where the contaminated fuel was discharged into storage facilities for further blending. Subsequently, the blended high-sulphur fuel oil ('HSFO') was shipped to Singapore.

The MPA, in a separate update on 13 April 2022, found that this blended HSFO was then purchased by Glencore Singapore Pte Ltd from Straits Pinnacle Pte Ltd, which had in turn, contracted its supply from Unicious Energy Pte Ltd. Thereafter, part of the purchased HSFO was sold to PetroChina International (Singapore). The contaminated fuel was then supplied to about 200 vessels in the Port of Singapore. Of these, about 80 vessels reported issues with their fuel pumps and main engines.

Investigations by the MPA concluded that the contaminated fuel contained high levels of Chlorinated Organic Compounds or COC (1,2-Dichloroethane, Tetrachloroethylene). In the press release, the MPA stated that it immediately contacted the relevant bunker suppliers to direct them to take necessary steps to prevent the supply of the contaminated fuel and to inform all vessels that were supplied with it to exercise caution.

It is further reported that both Glencore and PetroChina had tested the HSFO received in line with international standards (ISO:8217) but did not detect the contaminants at that time. The MPA states that this is due to the fact that ISO:8217 (as well as ASTM D7845) do not require testing for COCs.

In response to these events, it is reported that the MPA has now included COC on the list of chemicals that must be tested under their bunker quality assurance measures. It is further reported that the MPA, as well as the Singapore Shipping Association, are now exploring to strengthen the quality assurance of marine fuel supplied in the Singapore Port. To this end, they are forming an industry expert group to establish chemicals that ought to be tested and at what concentration limits.

Since March, the MPA has not received further reports of fuel containing high COC from the two suppliers mentioned above.

P&O Ferry Fails Third Inspection

Following its decision to replace 800 crew members with lower-paid agency workers, after almost seven weeks, P&O Ferries has resumed service on all of its routes for the first time. However, the company still faces challenges which were compounded on Wednesday when one of their ferries failed its third inspection by the Maritime & Coastguard Agency (MCA) alongside continuing calls for a boycott.

This is following the release of another vessel which was found to have 23 deficiencies. Those deficiencies were wide ranging, some more serious than others. Those more serious deficiencies ranged from issues with ill-maintained rescue boats to issues with oil filtering equipment.

Usually, services across the English Channel to France would run four times per week, however that is currently down to one per week, partly due the fact the Vessel the *Pride of Kent* failed its third inspection and is currently under detention.

Mick Lynch, Secretary-General of the National Union of Rail, Maritime and Transport Workers (RMT), stated "*for the third time in a month P&O's Cypriot-flagged* 'Pride of Kent' *has failed a full safety inspection by the MCA. Passengers and haulers need to know that P&O's fleet is operated by overworked and under-skilled agency crews, some expected to work for up to 17 weeks on the intensive Dover-Calais route*."

The vessel had previously failed inspections on 28 March and 13 April.

In addition, the company has two further vessels which remain inactive and there is yet to be a timeframe on when those vessels might undergo inspection and be back operative. An MCA spokesperson said "*there are no further inspections of P&O Ferries at the moment but we will inspect when requested by the company*."

The Restoration Plan of Govan Graving Dock in Glasgow

Govan Drydock Ltd announced that the historic drydock of Glasgow, Govan Graving Dock (Dock A), will be restored under a £500K restoration programme and will be turned into a fully operational ship repair and maintenance facility by the end of 2022.

Govan Drydock Ltd is the company leading the programme and has managed to secure a licence to operate the historic drydock and to bring the facility back to life for use by historic and commercial ships.

Govan Graving Docks is an outstanding complex of docks without parallel in Scotland with associated quays, capstans and bollards, pumphouses, workshops and other ancillary buildings, retaining and boundary walls, ramped accesses and stairs. It was built for the Clyde Navigation Trust between 1869 and 1898 during the years when the Clyde yards led the world in the building of sophisticated merchant ships. Dock A opened in 1875, Dock B in 1886 and Dock C in 1898. Docks A and C were each the deepest in Britain when built and could take the largest ships afloat. They were extensively used for winter overhauls and refits of Clyde steamers. The Govan Graving Docks were closed in 1988.

Peter Breslin, Managing Director of Govan Drydock Ltd, said:

"*We are committed to retaining the heritage and preserving the history of Govan Graving Dock. I am honoured to be returning this historic drydock back to active service and look forward to progressing with the restoration programme over the next six months. The facility will breathe life into the Govan area of Glasgow, bring employment opportunities and will become a much-needed facility for historic and commercial ships and ship owners for many years to come*."

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