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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 – Kamtastic!

The sale of the week is undoubtedly the reported sale of the **"LADY GIOVI"** (81,791 dwt/blt 2007 Mitsui, Japan) at region US\$16m with BWTS already fitted. This is a great leap forward from the sale at the end of February of the two years newer **"FORTUNE IRIS"** (82,372 dwt/blt 2009 Oshima Zosen, Japan) also with BWTS fitted at US\$14.85m. This should probably come as no shock to some market protagonists as the last time we saw these kind of freight rates for 15-year-old panamax bulkers they were changing hands for region US\$23/24m. Also, not to be over shadowed, is this week's sale of the **"FRONTIER ISLAND"** (181,352 dwt/blt 2011 Koyo, Japan) again with BWTS fitted at region US\$25.3/25.5m, which again shows marked improvement over the sale of **"COLOGNY"** (180,643 dwt/blt 2011 Tsuneishi Cebu, Philippines) which was committed at the beginning of February at US\$22.9m, but this vessel had a scrubber fitted, which would have been a considerable additional expense.

TANKERS – Differing Fortunes

Transaction volumes on secondhand tanker S&P continue to underwhelm this week, as the spread between buyers' and sellers' ideas remains too wide in many cases to bridge. On an encouraging note, on the crude side of things, we understand that the scrubbered VLCC resale **"CS SHANDONG VENTURE"** (308,000dwt/blt 2021 Dalian) has been committed at a healthy price of excess US\$86m, likely to ADNOC, although this has not been fully confirmed at the time of writing. The same vessels had reportedly been seeing offers in the low US\$80m's in the second half of last year.

On the clean side things have taken a very different turn; this weeks' reported sales of the **"LEOPARD SUN"** and **"LEOPARD MOON"** (49,952 dwt/blt 2013 SPP) to Med-based buyers for a price of US\$21.5m each marks a definite drop from levels rumoured to have been seen by owners last year in

the mid US\$20m's. In a further sign of the times, we understand that the BWTS-fitted **"MR PAT BROWN"** (50,025 dwt/blt 2009 SPP) has been committed for a price of US\$14.25m to undisclosed buyers, a significant drop from the excess US\$16m the scrubbered **"NORD PEARL"** (49,943 dwt/blt 2009 SPP) was sold for just months ago.

RECYCLING – Pause for Thought

After recent weeks of improvements and firming price levels, this week has stalled somewhat as steel prices take a dip. Actual ship scrap price levels are still firm, and we have not seen any evidence of demo rates falling, but with steel markets sliding a little it has caused some cash buyers and end users to pause before offering, as the market may need to adjust to this. Certainly, for prompt deliveries there is still demand and healthy prices on offer from Both Pakistan and Bangladesh, but for forward deliveries there is likely to be more caution as the market will be a little harder to judge. The local scrap markets in the Sub-Cont and indeed Turkey are a little slower; partly because of the above but also because there are still very few vessels being circulated for sale as owners continue trading their old ladies.

Gibson Sale & Purchase Market Report S&P SALES

Vessel Name	DWT	Built	Yard	Buyers	Price (\$/m)	Notes
BULKERS						
FRONTIER ISLAND	181,352	2011	Koyo (JPN)	Cyprus Sea Lines	25.3-25.5	SS psd 1/21. BWTS fitted.
YZJ2015-2263 + YZJ2015-2264	82,000	6+9 / 2021	YAMIC (CHN)	Star Bulk Carriers	27.5-28	
LADY GIOVI	81,791	2007	Mitsui (JPN)	Undisclosed buyer	16	BWTS fitted. SS due 4/22.
WINNING ANGEL	58,799	2012	NACKS (CHN)	Common Progress	14.2	SS psd 8/20. BWTS fitted.
WINNING BRIGHT	58,799	2012	NACKS (CHN)	AM Nomikos	14.2	SS psd 7/20. BWTS fitted.
SAM WOLF	57,271	2012	STX Jinhae (KRS)	Chinese buyer	11.88 (A)	Auction sale. RMB 77,569,350. SS due 8/21.
MYKALI	56,132	2011	Mitsui (JPN)	Chinese buyer	13.5/13.8	
LUMINOUS NOVA	56,103	2013	Mitsui (JPN)	Great Eastern	15	DD due 4/21. No BWTS. Tier II.
FORTUNE BIRD	55,640	2010	Mitsui (JPN)	Indonesian buyer	12.8	SS psd 12/20. BWTS fitted. Dely 7/21.
ASAHI MARU	38,215	2011	Imabari (JPN)	Transworld Group	11.57	SS+BWTS due 7/21.
VEGA MARS	31,729	2011	Mawei (CHN)	Chinese buyer	6.5	Logger. SS due 5/21. BWTS (on order) part of sale.
TANKERS						
CS SHANDONG VENTURE	308,000	2021	Dalian No. 2 (CHN)	Adnoc L&S	xs 86	Scrubber.
STAR SWIFT	114,809	2003	Samsung (KRS)	FGAS	11.6	DD due 9/21.
GLADIOLUS	107,261	1998	Koyo (JPN)	Undisclosed buyer	8.65	SS psd 9/19. No BWTS.
EL GURDABIA + INTISAR	112,665	both 2002	Samho (KRS)	Undisclosed buyer	11.2 each	DD psd 12/20+1/21.



MR PAT BROWN	50,096	2009	SPP Sacheon (KRS)	Malaysian buyer	14.25	Deepwell. BWTS fitted.
LEOPARD MOON + LEOPARD SUN	49,999	both 2013	SPP Tongyeong (KRS)	Undisclosed buyer	low-mid 21 each	Deepwell. Eco.
NORD BELL	38,431	2007	Guangzhou (CHN)	Undisclosed buyer	8/8.5	Deepwell. No BWTS.
GENERAL CARGO / MULTI PURPOSE						
MARIA CARLA	12,579	2005	Kyokuyo (JPN)	Undisclosed buyer		766 TEU. Geared.
CONTAINERS / RO-RO / REEFER / PCC						
OOCL ANTWERP	66,940	2006	Koyo (JPN)	RCL	33.5	5888 TEU. Gearless. SS due 5/21.
HOBBY HUNTER	51,671	2009	Hyundai Ulsan (KRS)	Hapag Lloyd	23/23.5	4255 TEU. Gearless.
GH SCIROCCO	41,795	2009	Shanghai Shipyard (CHN)	Undisclosed buyer	14.5	3534 TEU. Gearless. DD due 6/21.
MARIVIA	30,369	2001	Gdynia (POL)	MSC	6.1	2078 TEU. Geared. SS due 5/21.

NEWBUILDING ORDERS

Ordering Client	Vessel Type	Size / No. of units	Shipyard (Country)	Delivery	Price (\$m)	Notes
TANKERS						
Akmar Shipping	Ultramax	61,000 dwt x +1	DACKS (CHN)	2022		Tier II. Declared option.
Mitsui Kinkai	Bulker	17,500 dwt x 3	Onomichi (JPN)	2022-2023		Tier III.
TANKERS						
Central Shipping Group	VLCC	300,000 dwt x 4	Hyundai HI (KRS)	2022	90	Repeat order (now 8 total). Scrubbers.
Enesel	LR2	115,000 dwt x 1+1	Daehan (KRS)	2022	51	
CONTAINERS / RO-RO / REEFER / PCC						
SITC	Containership	2,600 TEU x 4	New Yangzijiang (CHN)	2023	27	Declared options.
SITC	Containership	1,800 TEU x 4	New Yangzijiang (CHN)	2023	21	Declared options.
GAS						
KOGAS	LNG	7,500 cbm x 1	Hyundai HI (KRS)	2023		Bunkering tanker.
Petredec	LPG	93,000 cbm x 3	Jiangnan (CHN)	2023	mid-high 70	Dual fuel. Declared options.

Recycling Activity

Vessel Name	BUILT	DWT	LWT	Delivery	Price (\$/lwt)	Notes
CAPE SIZE						
HARMONY CARRIER	1991 / Korea	156,183	22,337	Sub Cont options		old sale
SHANGHAI	1991 / Korea	156,750	21,000	Sub Cont options		old sale
BULK CARRIER						

TEXAS ENTERPRISE	1981 / USA	37,062	7,646	as-is Mumbai	435	HKC Green Recycling
CONTAINER						
GRAND MIDAS	1992 / Korea	5,965	2,070	Bangladesh	460	last weeks sale
AFRAMAX						
SUN I	2001 / China	109,326	19,853	Bangladesh	449	old sale

Recycling Prices (US\$/LWT)

	Pakistan	Bangladesh	India	Turkey
Tank/Cont/Ro-Ro/Capes/LPG/PCC	470/480	460/475	445/455	245/255
Dry Cargo/Bulk/Tween/Gen Cargo	455/475	450/460	435/445	240/250

Newbuild and Second Hand Values (\$ million)

	Newbuild	5 Year Old	10 Year Old
Tankers			
VLCC	90 (inc. SCR)	66	46
SUEZMAX	59	43.5	28
AFRAMAX	49	33	21
MR	35	27	18
Bulkers			
CAPE SIZE	50 [^]	30	24.5
KAMSARMAX / PANAMAX	28k [^]	25k	18k / 16.75p
ULTRAMAX / SUPRAMAX	25.5u [^]	21u	13.5u
HANDYSIZE	24 [^]	17	10.5

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

Indices

	C.O.B Friday
BDI	1960
\$/Yen	109.02
VLCC	
AG/East	27
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.

London Arbitration 6/21 - Whether Owners are Liable to Pay for Replacement Bunkers Following Deviation and Underperformance



Background Facts

The subject vessel was chartered on the NYPE form for a time charter trip from Brazil to the Mediterranean carrying a cargo of sugar.

While she was crossing the Atlantic, her engine room crew noticed an unusual noise coming from the crankcase, and stopped the main engine to investigate. The investigations revealed significant build-up of sludge below the piston areas, but no other abnormalities. For the next few days, the main engine continued to emit an unusual sound and eventually it broke down. The cause of the breakdown was damage to the pistons and cylinder liners as a result of poor combustion and excessive blow-by.

After various attempts to resolve the problem at sea failed, the vessel deviated to a Senegal port where she was met by technicians employed by the owners, and repairs to the pistons and cylinder liners were carried out.

After a stay of five days she resumed her voyage to the discharge port and, after waiting at anchorage for eight days, berthed and discharged her cargo. After discharge was complete she proceeded to another Mediterranean port where she was redelivered.

The owners claimed a balance of hire in the amount of US\$287,479.06. The charterers asserted the balance owed was only US\$276,683.33 due to certain deductions from hire.

Cargo holds

The charterers said that the vessel was initially scheduled to berth on arrival 6 August, and that because of a failed inspection she fell back in line and did not berth until 12 August. The owners were able to demonstrate that, as a matter of fact, the berthing line-up had changed prior to the vessel's arrival at the loading port and a berth was not made available until 12 August, however, by the expected berthing date of 8 August the holds were clean and had been passed for loading. Thus, no time was actually lost.

Clause 12 of the charter provided:

"If the Vessel fails to pass any inspection as above, the Vessel should be placed off-hire pro rata to the number of holds failed ... for the actual time lost from the time of rejection until vessel successfully passing inspection."

The tribunal held that in the present case there was no loss of time and thus the charterers' deduction was unjustified.

Main engine

Charterers asserted that, as a consequence of the breakdown and deviation, the vessel's arrival at the discharge port was delayed, with the result that they were exposed to a "penalty" of US\$489,300 under a sale contract which: (i) they were entitled to deduct from hire pursuant to clause 15 of the NYPE form as an "expense" caused by an off-hire event; alternatively (ii) they were entitled to set off against hire as damages flowing from a breach of the charter.

On the evidence, the tribunal concluded that the engine breakdown was caused by a negligent failure to adjust the cylinder oil feed rate, which resulted in over-lubrication.

The tribunal ruled that even if the owners had been in breach of contract, the charterers claim would have failed, as on proper construction of the sale contract, any penalty payable would have been a tiny proportion of what was claimed and, more broadly, any such penalty would have been unenforceable in English law, which governed the sale contract.

Performance

The charterers said that as a result of underperformance 50.84 hours were lost, and that the vessel overconsumed 64.01 mt of IFO and 0.7 mt of MDO. As a result they withheld from hire US\$33,852.71.

The owners' case was that the fuel supplied by the charterers did not meet an agreed specification, which made it impossible for the vessel to perform in accordance with the charterparty terms. However, in the tribunal's view, the difference in specification was not significant or relevant, and could not have been the reason for poor performance.

The owners had submitted that the report from the specialist vessel performance consultants commissioned by the charterers included weather and sea conditions as "good weather" that were worse than the good weather conditions specified in Clause 29, which set out the conditions within which the performance of the vessel were to be assessed. Specifically, the report's assessment of good weather included some periods when the significant wave height exceeded the 2 m specified in that clause. The owners also asserted that the report misinterpreted what clause 29 said about current. The inclusion of worse weather, where the vessel's performance would be to some extent diminished, meant that the assessed performance was not a reflection of the true performance in good weather.

In the tribunal's view, the specialist's report represented a realistic assessment of performance. It did focus on good weather performance, as defined in clause 29, and it was not biased in any way by its use of sea conditions and the effects of current. As regards significant wave height, it had to be remembered that maximum wave height might be as much as 1 m greater than the significant height. And as to current, the report did consider that, and concluded – fairly in the tribunal's view – that the effects (if any) were negligible. In short, the tribunal accepted that the specialist's report represented a reasonable measure of the vessel's underperformance.

In those circumstances, the charterers' deduction of US\$33,852.71 in respect of underperformance was justified.

Replacement bunker cost

The charterers deducted US\$24,727.20 of hire in respect of the cost of "replacement bunkers" at the discharge port. They claimed that as a result of the deviation (and underperformance) they had to supply bunkers at that port to enable the vessel to go to her redelivery point, and they sought to recover the additional cost of those bunkers compared to the charterparty price.

However, under clause 48 of the charter the cost of bunkers consumed during off-hire, which was to be for the owners' account in the usual way, was to be calculated at the charterparty price. If the off-hire had been attributable to a breach by the owners, which the tribunal had held not to be the case,

the charterers might have had a good argument, but in this case they were not entitled to make that deduction.

Conclusion

In the event, the owners' claim succeeded in the sum of US\$247,273.74 plus interest. Since the owners had been substantially successful, they were entitled to their costs and the costs of the award.

\$96.3m Judgment Awarded Against Former Greek Shipowner by London High Court



The High Court in London has recently awarded a \$96.3m judgment sought by Piraeus Bank against former Greek shipowner Michael Zolotas, his company Grand Union and its vessel-owning subsidiary, Grand Anemi.

Financial difficulties suffered by Michael Zolotas meant that he was unable to represent himself with legal support during the trial and he also filed no specific defence in the case.

The claim by Piraeus Bank was initially filed against Michael Zolotas back in February 2020 and at the time it amounted to a total of \$85.6m. The claim arose from a breach of a \$112m loan agreed in 2009 between Grand Anemi and lender Marfin Egnatia Bank. During the financial crisis in Greece and Cyprus, the Marfin Egnatia Bank was wound up and absorbed by Piraeus Bank who were left with numerous bad debts of this nature.

Despite the decision awarded in favour of Piraeus Bank victory, there are doubts as to whether the bank will be able to enforce the decision and execute the claim against remaining assets held by Zolotas in Greece. It is also interesting to note that the bank has not yet announced the High Court ruling to its shareholders via the Athens bourse, where it is listed.

Singapore's Maritime Sector Targets \$20 Billion in Investments



During a session in the Singapore Parliament on the budget of the Ministry of Transport, Senior Minister for Transport, Mr. Chee Hong Tat, stated that Singapore aims to bring in SGD 20 billion in investments from maritime companies by the year 2024. The minister expects this to create more jobs for Singaporeans especially in the areas of maritime insurance, the management of ships and maritime law and arbitration.

In the maritime technology space, the ministry forecasts more than triple the amount of start-ups in Singapore by 2025. Funding for maritime technology small and medium enterprises will also increase to encourage growth and collaboration. For instance, the Maritime and Port Authority will be topping up \$15 million to the Maritime Innovation and Technology Fund which would mean about \$100 million allocated for maritime research, development and product development. Plans are also underway to progress a new Maritime Leadership Programme where leaders with knowledge of maritime issues and solid commercial networks are developed.

The minister announced that these plans are in line with the ministry's aims to further enhance the Singapore maritime industry to be integrated, innovative and inclusive. It is also to take the industry to new heights on the back of a good previous year, where the minister stated that Singapore attracted

11 new shipping groups to the city-state and collaborated with 8 maritime companies to expand their presence on the island.

Separately, the minister also touched upon the progress on the Tuas Port mega project. The new container port at Tuas will be able to handle up to 65 million TEUs which represents 50% more than the current capacity on the island. With further enhancement and take-up of technology, the new port is expected to create skilled jobs and double the productivity for workers. Further, it is envisioned that with the enhanced digital integration adopted, this will aid companies to reduce costs and enjoy a greater level of convenience. It would also be a greener port with forecasts of a 50% reduction in carbon emissions intensity compared to the city terminals.

Mr Chee added that these new programmes and developments were necessary as growth cannot be taken for granted and Singapore risk losing out to the competition without further investment.

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