

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](#).

As this will be the last CJC Exchange of 2020 we would like to take the opportunity to wish you all a Merry Christmas and a Happy New Year. Our next edition will be published on 8 January 2021.

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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 – Light at the End of the Tunnel

As 2020 draws to a close it seems an opportune time to take stock of what has been a very challenging year. With the BDI sitting at slightly above where it was this time last year is interesting to look at how values compare. It is evident that prices for bulkers have come under pressure over the year and as would be expected the difference in depreciation increases as the tonnage gets older. A good illustration is the recent sale of the **"CAPE ELISE"** (174,123 dwt/blt 2005 SWS, China) at US\$10.5m with SS/DD Passed, a year ago we reported the sale of the **"LOWLANDS ORCHID"** (176,193 dwt/blt 2005 Universal, Japan) at US\$15.9m which despite allowing for difference in the place of build still shows a substantial discount, not even taking into account the disparity in surveys positions. Contrastingly the slightly more modern **"GOLDEN SHEA"** (76,939 dwt/blt 2007 Namura, Japan) is reported sold at a very respectable US\$9.9m to Chinese buyers and similar tonnage last year were achieving around US\$11.5m hence showing a lower depreciation but still beyond the 5/6 pct reduction that would be allocated for the age difference.

It is also clear that values for more modern dry cargo tonnage have fallen and many owners have taken advantage of this situation to renew their dry cargo fleets. The volume of sales of this age of vessel has been supported, by amongst others, but mainly by the steady stream of kamsarmax and ultramax bulkers from Scorpio, with these more youthful vessels being secured at prices that were not available a year ago. It is cheering to note that most market commentators have an optimistic opinion of the market going forward, with the demise of Covid-19 and increased demanded, coupled with a decrease in supply of tonnage on the back of a low order book and increased recycling.

TANKERS – Buying Time?

In the run up to Christmas in 2019 the tanker market lifted the spirits with strong earnings and an abundance of Christmas cheer, but this year there is little to be excited about and the stockings are definitely half empty. Values are well down, which I suppose helps Buyers, but earnings have no real signs of recovery in the short term. At the time of the report last year we were mentioning resale VLCCs changing hands at US\$103m, whilst this year we are talking about newbuildings being placed at US\$83-84m. Last Christmas we were also mentioning a Japanese LR1 called the **"GRACE VICTORIA"** (74,998 dwt/blt 2007 Minami Nippon) being sold at the US\$15m mark, whereas last week Reederei Nord sold their 2004 LR1s **"NORMARS"** + **"NORDMERKUR"** + **"NORDNEPTUN"** + **"NORDVENUS"** at US\$10.25m each!!

This week there has been, once again, activity in the VLCC sector. We believe that Angelicoussis is close to selling off all his 1999 and 2000 built VLCCs. The **"REGULUS"** (310,106 dwt/blt 2000 Samsung) and the has gone for sub US\$20m with DD due 6/21. The one-year older sister **"GEMINI"** has gone for somewhere in the low US\$19s, surveys due and we believe two others are working closely. Buying activity is rife in the suzemaxes as we hear the **"RIDGEBURY ALINA L"** (164,626 dwt/blt 2001 Hyundai Ulsan) has been tied up at US\$13.5m with SS+BWTS due 4/21.

The purchase of the week has to be the dirty trading LR1s, **"COMPASS"** + **"COMPASSION"** (72,750 dwt/blt 2006 Dalian) which have been bought by a European buyer for US\$7m each, surveys and bwts due during the first half of next year.

RECYCLING – Happy Capemas!

Despite some recent ups and downs and fluctuating price levels, more so from Bangladesh, it looks like we are set to end the year on a high with all markets across the board finishing strong. Although Indian breakers are being more competitive for specialised units and HKC Green Recycling required tonnage, their rates are firming none the less. Unlike Pakistan, Indian breakers are not always wanting to compete with Bangladesh for the reasons mentioned above, therefore they do not feel the need to aggressively compete, hence being slightly in their competitors shadow will not necessarily do them any harm as they are still able to acquire sufficient tonnage for their needs as noted by this week's flurry of Cape & VLOC HKC Green Recycling sales hitting the headlines; all being snapped up by Indian breakers. Pakistan meanwhile is a little quieter than in previous weeks, but yards are still busy with processing inventory purchased in recent months. Local breakers will unlikely be wanting to go head-to-head with a resurgent Bangladesh. Perhaps when things start to cool off in Bangladesh, yards in Gadani may once again be a competitive alternative for Owners.

Gibson Sale & Purchase Market Report

Vessel Name	DWT	Built	Yard	Buyers	Price (\$/m)	Notes
BULKERS						
MG COURAGE	206,254	2007	Imabari (JPN)	Golden Union	14.6	
TIGER GUANGDONG	180,099	2011	Qingdao Beihai (CHN)	Greek buyer	15.75	
SPARTACUS	179,156	2011	Sungdong (KRS)	JP Morgan	18.75	SS+BWTS due 8/21.
E. R. BAYONNE + E.R. BORNEO + E. R. BUENAS ARIES	178,978	all 2010	Hyundai Gunsan (KRS)	Star Bulk Carriers	59.5 (39m + 2.1m Shares)	Purchase options. SS+BWTS psd

						+ Scrubber fitted.
CAPE ELISE	174,123	2005	SWS (CHN)	Chinese buyer	10.5	SS psd 8/20. No BWTS.
CORAL AMBER	78,072	2012	Shin Kurushima (JPN)	Greek buyer	14.5	BWTS fitted. DD psd 5/20.
GOLDEN SHEA	76,939	2007	Namura (JPN)	Xi Luyang	9.9	No BWTS.
DIONE	75,172	2001	Samho (KRS)	Undisclosed buyer	high 5	BWTS fitted. SS due 4/21.
SBI ARIES	63,604	2015	Chengxi (CHN)	Eagle Bulk	16.5	BWTS fitted.
CORDELIA B	57,000	2011	Qingshan (CHN)	KSH	8.1	SS+BWTS due 1/21.
EAGLE STRAIT	57,000	2010	Taizhou Sanfu (CHN)	Undisclosed buyer	6.75	SS+BWTS due 2/21. Bank Sale. SS psd 9/20.
BLUE RIPPLE	53,299	2005	New Century (CHN)	Chinese buyer	5.5	
DIVA EVA	52,415	2006	Tsuneishi Cebu (PHI)	Far Eastern buyer	6.7	SS+BWTS due 3/21.
JIN PING	50,786	2002	Oshima Zosen (JPN)	Xinfeng HK Shipping	5.5	
TURQUOISE OCEAN	38,529	2011	Minami Nippon (JPN)	Undisclosed buyer	9.7/9.9	SS+BWTS due 8/21.
ASAHI MARU	38,215	2011	Imabari (JPN)	Greek buyer	10/9.9/10.3	SS+BWTS due 7/21.
TANKERS						
REGULUS	310,106	2000	Samsung (KRS)	Undisclosed buyer	21	DD due 6/21.
RIDGEBURY ALINA L	164,626	2001	Hyundai Ulsan (KRS)	Undisclosed buyer	13.5	SS+BWTS due 4/21.
EBN BATUTA	112,675	2002	Samho (KRS)	Undisclosed buyer	11.4	
COMPASS + COMPASSION	72,750	both 2006	Dalian (CHN)	European buyer	7 each	Dirty trading. SS+BWTS due 2+6/21.
NORD BUTTERFLY	38,375	2008	GSI (CHN)	Ancora	reg 9	IMO II/III. DD due 9/21.
GENERAL CARGO / MULTI PURPOSE						
YU JIN ACE	17,556	2010	Nantong Tongshun (CHN)	Undisclosed buyer	3.2	Tween. SS due 10/20.
CONTAINERS / RO-RO / REEFERS / PCC						
HYUNDAI NEW YORK	72,982	2009	Koyo (JPN)	Undisclosed buyer	31	6350 TEU. Gearless.
PARTNER STAR	72,968	2005	Koyo (JPN)	Wan Hai Lines	24.5	6350 TEU. Gearless. SS due 2/21.
TEXAS TRADER	67,601	2005	Hanjin Hi (KRS)	MSC	15-16 / 15	4992 TEU. Gearless. SS due 12/20.
CARAT + CERES	12,300	2009+2020	Mawei (CHN)	Langh Ship	8.4 en bloc	877 TEU. Gearless. Ice 1A. Already renamed.

NEWBUILDING ORDERS

Ordering Client	Vessel Type	Size / No. of units	Shipyard (Country)	Delivery	Price (\$m)	Notes
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BULKERS						
MOL	Post-panamax	99,000 dwt x 1	Oshima Zosen (JPN)	2022		Against TC to Tohoku Electric Power. Rigid sail fitted.
JOSCO	Ultramax	64,000 dwt x 2	NACKS (CHN)	2022		
JOSCO	Ultramax	64,000 dwt x 2	DACKS (CHN)	2022		
TANKERS						
MOL	MR	50,000 dwt x 2	Hyundai Mipo (KRS)	2023		Methanol dual fuel. Against TC.
GAS						
Panocean	LNG	174,000 cbm x 2+1	Hyundai HI (KRS)	2024		Against TC to Shell.
Knutsen OAS Shipping	LNG	174,000 cbm x 1+1	Hyundai HI (KRS)	2024		Against TC to Shell.
JP Morgan	LNG	174,000 cbm x 1+1	Hyundai HI (KRS)	2024		Against TC to Shell.

Recycling Activity

Vessel Name	BUILT	DWT	LWT	Delivery	Price (\$/lwt)	Notes
VLOC						
SINOGLORY	1992 / Japan	265,816	38,705	Sub-Cont options	432	Inci substantial bunkers ROB
WUGANG ATLANTIC	1995 / Korea	281,226	41,553	India	380	HKC Green Recycling
CAPESIZE						
GREAT SUNRISE	1999 / Japan	164,264	21,100	India	406	HKC Green Recycling
GRANDE SOLARIS	2003 / Japan	172,694	20,760	India	410	HKC Green Recycling
LNG						
ATLANTIC ENERGY	1984 / Seden	71,472	27,575	Sub Cont options	451	under tow
BULK CARRIER						
GERM SPRING	1994 / Japan	44,950	8,066	Bangladesh	407	
CHEMICAL TANKER						
TRANS OCEAN	1992 / Holland	6,783	2,530	India	700	incl 500 tons of st-st
ALAHAN	1988 / Holland	4,999	2,140	India	700	incl large quantity of st-st

Recycling Prices (US\$/LWT)

	Bangladesh	Pakistan	India	Turkey
Tank/Cont/Ro-Ro/Capes/LPG/PCC	415/430	400/410	390/400	245/255
Dry Cargo/Bulk/Tween/Gen Cargo	400/415	390/400	380/390	235/245

Newbuild and Second Hand Values (\$ million)

	Newbuild	5 Year	10 Year
Tankers			

Indices

C.O.B Friday

VLCC	85	63	43
SUEZMAX	56	43	29
AFRAMAX	45	32.5	20
MR	34	26	16.5
Bulkers			
CAPE SIZE	46.5^	26	18
KAMSARMAX / PANAMAX	25^	20.5k	14k / 12.5p
ULTRAMAX / SUPRAMAX	23.5u^	17.5u/15s	10.5s
HANDYSIZE	22.5^	14.5	9

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

BDI	1325
\$/Yen	103.27
VLCC	
AG/East	36
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.

Supreme Court Decision Calls for Greater Transparency in Arbitration Proceedings



The UK Supreme Court has recently passed a judgement regarding the appointment of arbitrators and apparent bias where multiple appointments overlap.

The judgement in *Halliburton Company v Chubb Bermuda Insurance Ltd [2020] UKSC 48* expressly recognises that impartiality is a core principle of arbitration law and that the duty of disclosure is not simply good arbitral practice but is a legal duty under English law.

The decision was made in the appeal by oilfield service company Halliburton in a dispute with Chubb Bermuda Insurance, which originally arose out of the Deepwater Horizon disaster in 2010. Both parties had selected their own arbitrator, but they were unable to agree who should chair the arbitration and a dispute subsequently arose.

This recent decision will likely lead to higher levels of transparency and disclosure in London maritime arbitrations, as it clarifies that arbitrators have a legal obligation to disclose circumstances that might justify doubts about their impartiality. Arbitrators now have a clear duty to disclose their participation in other arbitration proceedings that involve the same subject matter and a common party.

Parties to proceedings should be aware of issues created by subsequent developments after the appointment of the arbitration tribunal, and the need to make ongoing or new disclosures. This is particularly the case in industries where it is common for arbitrators to be appointed in respect of multiple related proceedings, such as in LMAA arbitrations.

The full judgement [can be read here](#).

The UK Draws Up Plans for a Post-Brexit Shipping Regime



The UK will finish its transition period and leave the EU on 1 January 2021, allowing it to set up its own trade agreements. Industry bodies and unions have been questioned over potential reforms to shipping tonnage tax following Britain's departure from European state aid rules on subsidies. This coincides with Prime Minister Boris Johnson and European Commission President Ursula von der Leyen extending negotiations past Sunday.

A leaked report seen by the Financial Times this week suggests that the UK is drawing up plans to turn London into a rival of Singapore as a hub for shipping companies to register vessels after the Brexit transition period. Among the plans being discussed is enabling floating production storage and offloading vessels and drilling rigs to be included in the UK tonnage tax regime in order to give the UK a competitive advantage over current EU regulations.

According to calculations provided in the report, revamping the UK's shipping tax and regulation regime could be worth £3.7bn to the economy over three years and create 2,500 high-quality jobs directly, as well as 25,000 in related companies.

Last February Prime Minister Boris Johnson chose the Painted Hall of the Royal Maritime Museum in Greenwich to deliver a speech in which he characterised Britain as once again on the "slipway" waiting to forge a new future as a global trade power.

Hafnia Tanker Suffers Explosion and Fire Off Saudi Red Sea Port



One of Hafnia's LR1 product tankers has suffered an explosion and fire at the Saudi Red Sea port of Jeddah. The tanker had been carrying gasoline from the Samref refinery to storage in Jeddah.

The Singapore shipowner said the 76,600-dwt BW Rhine (built 2008) was hit from an external source whilst discharging on Monday morning. The master then ceased all discharge operations and enacted emergency procedures on board. The crew were able to extinguish the fire with assistance from the

shore fire brigade and tug boats, and all 22 crew were accounted for.

The authorities at Jeddah subsequently closed the port and the UKMTO has issued an update to its warning notice relaying "unconfirmed reports of a second vessel being involved in an accident".

Earlier incidents in the region involved vessels which were alleged to have been struck by waterborne improvised explosive devices (IEDs) launched by Houthi rebels fighting the Saudi-backed Yemeni government.

“Attempts at targeting vessels and ports via such methods are reported with relative frequency with previous reporting indicating that Saudi forces interdicted and destroyed an attempted waterborne IED targeting the Saudi port of Jizan on the 13 November” says Dryad Global, a UK security consultancy.

Whilst incidents in the Red Sea remain uncommon, they have typically involved the targeting of Saudi-flagged vessels in transit by Houthi rebels in the vicinity of the Hanish islands in the southern Red Sea. Dryad has stated that the presence of Houthi rebels offshore and some 560km north of their usual area of operations would represent a shift in both its capabilities and intent, although the details of this latest incident remain unclear. It concluded that it was unlikely that the BW Rhine was hit by the rebels and was more likely to have been a victim of Iranian limpet mines, similar to those deployed in the Gulf of Oman in 2019.

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