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

TANKERS – A Vintage Year

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Against testing tanker earnings in 2021 purchasing activity has mainly played to safety in older tonnage where residual values have been supported by a bumper year for recycling rates. VLCCs have featured consistently and the recent sale of "**ASIAN PROGRESS III**" (299,989 dwt/blt 2004 Mitsubishi) at a reasonable US\$27.2m in view of her Special Survey pending in 1Q 2022 sits between the US\$26m and low US\$30m range of same aged ship sales this year, the higher pricing reflecting sales with preferential Special Survey status, but 10 year and older VLCC values have broadly returned to similar levels seen at the start of the year.

MR tanker sales have been a mainstay of 2021 reports and far outnumbered other sale sizes with around 150 units sold this year, and while never losing too much ground, values have been buoyed in the last fortnight by strengthening spot rates. Last week's "**CELSIUS PALERMO**" (49,998 dwt/blt 2010 Shin Kurushima) at US\$16.75m marked a very robust price for a pump-room type MR and this week the vintage deepwell spec "**TARGALE**" (52,660 dwt/blt 2007 3 Maj, Croatia) has hit a very firm US\$14.2m considering Korean built sisters "**PTI AMAZON**" + "**PTI RHINE**" (51,218 dwt/blt 2007 STX Jinhae) mustered only US\$9.8m apiece, albeit with Special Surveys due in Q1 2022, only a month ago.

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DRY CARGO – Dry Reflections

The dry cargo market has certainly given some reasons to be cheerful and 2021 saw rates reach unprecedented levels, even with an end of year downward adjustment, and we will still be ending the year with the BDI sitting at over a thousand points more than where it was a year ago. It is interesting to compare current levels against our second-hand value matrix of last year, which clearly illustrates the value transformation that has occurred. Prices are showing increases of forty percent or more over the period, which will leave many owners with very health LTV positions.

It is encouraging to see a large volume of sales across the board with buyers reaffirming their faith in the future prospects for the dry cargo freight market. Certainly it is apparent that values have fallen and this continues to be illustrated. For instance, the Chinese built kamsarmax "**ORIENT UNION**" (79,754 dwt/blt 2011 Fujian Crown, China) is reported to have seen offers at around US\$17.5m, which shows a marked decrease to levels obtained by a similar ship that was committed during the market peak at US\$19.9m. Similarly, we hear the Japanese controlled "**CORAL DIAMOND**" (76,596 dwt/blt 2007 Imabari, Japan) is negotiating in low 16s, which would further reflect this new environment.

NEWBUILDING – Fast Forward to Newbuildings

As the end of the business year approaches there seems no change in recent sentiment to "wait and see" for tanker newbuildings. However, there has been notable modern / resale acquisitions by major Greeks on product tankers and buying appetite for second-hand tankers in general remains robust. In the absence of a poor charter market (perhaps with exception of products), such buying appetite can only be fuelled by forward optimism and therefore we expect this to spill over into newbuildings eventually. As we have said repeatedly this year, the fleet supply situation will remain tight under a rising/ rallying market with around 5% of the tanker orderbook by mid-2022 as we stand today and from 2023 onwards the lowest since the late 1990s. Stakeholders through the oil industry spectrum are all in agreement that there will be a coming period of lucrative activity for oil companies/ production so it is a case of "when" not "if" this translates into stimulus in the tanker market. As this remains a forward scenario, we believe newbuildings can therefore be part of the plan to capture value here and given the reality of firm pricing at the shipyards (no need for them to reduce anytime soon), rising 2nd hand prices and the fatigue of lack of clarity of best alternative propulsion design/ regulations we forecast rising tanker newbuilding activity in 2022.

RECYCLING – No End of Year Cheer

Demolition markets continue to remain fragile as we enter the last couple of weeks of 2021 with prices still gradually softening. Premiums could still be achieved for certain tonnage but there would need to be good reasons such as prompt delivery, additional bunkers, good spares etc. From India local steel

plate prices remain soft in Alang despite the continued lack of tonnage. Certainly not very encouraging for ship recyclers nor for the cash buyers. Some cash buyers are holding an inventory of expensive tonnage which would need to be sold eventually at current levels unless the market makes a complete U-turn and recovers in the coming weeks. Some have had to bite the bullet and sell, but it is a risky game to hold onto tonnage when the stakes are so high. Meanwhile the situation in Pakistan and Bangladesh is not as bad as in India, but similar with demand for steel relatively low and sentiments generally weak. With Christmas festivities now already under way and likely to begin in full swing from next week, the number of vessels available for Recycling will continue to remain low and activity will be thin on the ground.

Gibson Sale & Purchase Market Report

S&P SALES

Vessel Name	DWT	Built	Yard	Buyers	Price (\$/m)	Notes
BULKERS						
MANGAS	173,918	2011	Bohai (CHN)	Chinese buyer	24	SS psd 5/21. BWTS fitted.
SKS MERSEY + SKS MOSEL	120,500	both 2003	Hyundai Ulsan (KRS)	Middle Eastern buyer	15 each	OBO carriers.
ZHONG XIN PEARL	75,321	2013	Guangzhou Huangpu (CHN)	Chinese buyer	22	DD psd 4/21. No BWTS.
QIN FA 18	73,322	1998	Halla Samho (KRS)	Undisclosed buyer	10.45	SS due 7/22. Dely Zhoushan.
NORD ADAGIO + NORD ARPEGGIO	61,000	both 2022	NACKS (CHN)	Singaporean buyer	33	
NORD COLUMBIA	60,396	2018	Oshima Zosen (JPN)	Singaporean buyer	32	BWTS+Scrubber fitted.
MOONBEAM	58,138	2013	Tsuneishi Zhoushan (CHN)	Undisclosed buyer	19.5	DD psd 11/20. No BWTS.
NIKOLAS III	58,081	2009	Tsuneishi Zhoushan (CHN)	Chinese buyer	17.5	DD psd 11/21.
BELOCEAN	57,970	2011	Yangzhou Dayang (CHN)	Undisclosed buyer	19.6	Basis 11-13 mths TC back @ \$21.25k pd.
TOMINI INFINITY	56,720	2010	COSCO Guangdong (CHN)	Turkish buyer	16.2	Tier II M/E. Dely 1-2/22.
LAN HAI HE XIE	56,620	2011	CIC Jiangsu (CHN)	Undisclosed buyer	18.51	SS due 11/21.
PACIFIC CROWN + PACIFIC BLESS	56,400	both 2012	Jiangsu Hantong (CHN)	Chinese buyer	34.75 en bloc	SS due 5+9/22.
FERONIA	56,058	2007	Mitsui (JPN)	Undisclosed buyer	16.3	SS psd 11/20.
XIANG HUA	53,350	2003	Toyohashi (JPN)	Undisclosed buyer	11.2	SS psd 12/20.
WAJED	45,621	1998	Tsuneishi (JPN)	Middle Eastern buyer	10.2	DD psd 12/20.
WUHU	38,182	2014	Chengxi (CHN)	Undisclosed buyer	21	DD due 1/22. BWTS fitted.
NORDRUBICON + NORDCOLORADO	37,985	both 2016	Zhejiang Ouhua (CHN)	Tomini Shipping	42 en bloc	SS psd 1+8/21.
LEO STAR I	22,145	1993	Saiki (JPN)	Undisclosed buyer	5.2	SS due 1/22.
SEBAT	18,315	1997	Shikoku (JPN)	Undisclosed buyer	6.3	SS due 1/22.

MACHITIS	18,315	1997	Shikoku (JPN)	Mediterranean buyer	6	SS due 3/22.
TANKERS						
ASIAN PROGRESS III	299,989	2004	Mitsubishi Nagasaki (JPN)	Undisclosed buyer	27.2	SS due 2-3/22.
VOYAGER	149,991	2002	Sasebo (JPN)	Greek buyer	13.5	SS due 1/22.
STI GUAED + STI GALLANTRY	109,999	both 2016	CSSC Offshore Marine (CHN)	Ocean Yield	70 en bloc	BWTS+Scrubber fitted. Basis 10 yrs BB back +end pur' obligation.
TARGALE	52,660	2007	3 Maj, Brod (CRT)	Undisclosed buyer	14.2	IMO II/III. Ice 1B. Deepwell. SS psd 10/20.
FORMOSA TEN	36,233	1998	Sasebo (JPN)	Undisclosed buyer	3.8	Zinc+Marineline coated.
CHEMBULK VIRGIN GORDA	34,614	2004	Kitanihon (JPN)	Hansa Tankers	9	St.Steel
CHEMBULK BARCELONA	33,573	2004	Shin Kurushima (JPN)	Hansa Tankers	9	St.Steel
MID FALCON + MID OSPREY	19,960	both 2006	Fukuoka (JPN)	Mowinckels Rederi	12 each	St.Steel. SS psd 6+8/21. Already renamed.
CONTAINERS / RO-RO / REEFER / PCC						
COSCO KAWASAKI	50,713	2010	Samsung (KRS)	Undisclosed buyer	65	4506 TEU. Gearless.
ATLANTIC SOLLI	27,131	2008	Sinopacific Zhejiang (CHN)	Undisclosed buyer	26	2015 TEU. Geared.
BREMEN TRADER	23,380	2021	COSCO Guangdong (CHN)	Wan Hai Lines	42.75	1750 TEU. Geared.
A FUJI	23,200	2021	Jiangsu Newyangzi (CHN)	Wan Hai Lines	42.75	1800 TEU. Geared.
MEKONG SPIRIT	12,380	1996	Szczecinska (POL)	Undisclosed buyer	4.36*	Auction. 1042 TEU. Geared. Laid-up since 2017.
JORK	11,200	2001	Sietas (GER)	German buyer	13.2	868 TEU. Gearless. Ice 1A. SS psd 9/21.

Recycling Activity

Vessel Name	BUILT	DWT	LWT	Delivery	Price (\$/lwt)	Notes
VLCC						
SEA LATITUDE	2001 / Korea	309,285	43,705	as-is Batam	571	
AFRAMAX						
QUBAA	1998 / Japan	106,681	16,688	Sub-Cont options		
POLAR ROCK	1996 / Japan	105,274	16,519	Sub-Cont options		

Recycling Prices (US\$/LWT)

	Bangladesh	Pakistan	India	Turkey
Tank/Cont/Ro-Ro/Capes/LPG/PCC	500/610	590/605	565/575	340/355
Dry Cargo/Bulk/Tween/Gen Cargo	590/600	580/590	555/565	330/340

Newbuild and Second Hand Values (\$ million)

	Newbuild	5 Year Old	10 Year Old
Tankers			
VLCC	110	70	46
SUEZMAX	76	47	31
AFRAMAX	60	41	27
MR	42	29	18.75
Bulkers			
CAPE SIZE	60.5^	41	33
KAMSARMAX / PANAMAX	35^	33k/30p	23k/20.5p
ULTRAMAX / SUPRAMAX	33^	29u	20s
HANDYSIZE	29.5^	25.5	18

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

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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.

Maersk and MSC Divert Vessels Away from UK's Felixstowe Port



Maersk and MSC are planning to divert some vessels away from the Port of Felixstowe until March, due to concerns surrounding the weak performance of the UK's largest container port. A year after Felixstowe was ranked the worst-performing port among key competitors in Europe and Asia, data shows the Suffolk hub owned by Hong Kong's CK Hutchison continues to lag behind rivals.

Dockside cranes at Felixstowe were shifting an average of just under 20 containers per hour between January and October this year, dipping to 17.8 in October, according to

data provider IHS Markit. The IHS Markit figures on crane efficiency mark out Felixstowe, which handles 36 per cent of UK container traffic, as the worst performer among the world's big ports, except for Los Angeles.

Turnround times for loading and unloading at Felixstowe averaged almost 60 hours per ship between January and October, almost a full day longer than in 2019, according to IHS Markit. Turnround times for October averaged 73.6 hours.

The decision by the two shipping lines to bypass Felixstowe adds inefficiency to Britain's already troubled supply chains because goods will arrive later on smaller vessels at less busy hubs.

The news of Maersk and MSC avoiding Felixstowe coincides with the government using a statutory instrument this week to unify the Port of Felixstowe and Harwich International Port into a Freeport called 'Freeport East'. Freeports are special areas within the UK's borders which benefit from tax reliefs and simplified customs procedures (e.g. duty is only paid on goods upon leaving the Freeport area as a finished product and entering the UK market, etc.). They are designed to boost trade and international investment, as well as to generate jobs and lower prices for consumers. The Freeport East low-tax zone will come into force at the end of this month.

Maritime Unions Collaborate to Prevent a New Crew Change Crisis



Major maritime unions across the world have come together in a bid to prevent a new crew change crisis from developing. With the rapid spread of the Omicron variant of COVID-19, the groups have launched a program called the Crew Enhanced Quarantine International Program, or '#CrewEQUIP', which will establish a list of cleared hotels available for crew members to quarantine in. This will enable relief of seafarers nearing the end of their contracts to take place on schedule, despite lengthy and ever-changing government quarantine demands. The program's external auditor, Lloyd's Register, will

independently review and certify all hotels taking part, clearing them as designated quarantine locations acceptable for government standards.

#CrewEQUIP is a partnership between the International Chamber of Shipping, the International Maritime Employers Council and the International Transport Workers' Federation. These organizations represent over 80 percent of the global merchant shipping fleet with nearly one million members worldwide across more than 200 affiliated unions.

Chairman of the International Maritime Employers Council, Captain Belal Ahmed, is positive about the launch of the new initiative. He stated that: "*This new quarantine facility program will give industry more confidence to support the movement of more seafarers more regularly around the world, safe in the knowledge that there is considerably less risk of Covid-19 being introduced to a vessel if a seafarer has joined via a CrewEquip-approved facility*".

The program comes at a time which sees crew change statistics steadily improving. The latest report from the Neptune Declaration Crew Change Indicator, which tracks crew change statistics with data from major staffing and shipping companies, shows the number of seafarers on board vessels beyond the expiry of their contract has decreased from 7.1 percent in October to 4.7 percent.

Maritime and Port Authority of Singapore Step up Efforts Promoting Safety in Light of Northeast Monsoon Season



The Northeast Monsoon season is reported to last till March 2022. The Maritime and Port Authority of Singapore (“MPA”) expects moderate to thundery showers, with strong winds and choppy seas during this time. In response to this, which also coincides with Singapore’s progressive reopening of borders, MPA says that it will step up safety checks and measures to promote safety at sea.

In line with the above, MPA reports that its port inspectors and marine surveyors have been carrying out more spot checks on local ferries, harbour and pleasure crafts. Besides inspecting the general conditions of the vessels, focus will also be placed on embarkation and disembarkation of passengers, condition of firefighting equipment and life-saving appliances, and the operators’ knowledge with emergency procedures and regulations pertaining to their licences. MPA notes the increase in the utilisation of local ferries and pleasure crafts and such checks are carried out in consideration of this development. Officers from MPA will also continue to conduct safety briefings to the masters and crew of ferries, harbour and pleasure crafts to iterate the importance of maintaining safe best practices and the importance of navigational safety. The MPA’s Covid-19 Audit Team have also increase audits to ensure that crew, passengers and operators of waterfront facilities comply with the Safe Management Measures.

Captain Chong Jia Chyuan, MPA’s Port Master mentioned that the MPA will continue to collaborate with the maritime community to instil a robust safety culture and enhance navigational safety in Singapore Port. He urged industry and port users to be alert while navigating to prevent incidents at sea. To this end, he reminded that, “*Safety is a shared responsibility.*”

For more information, please contact:

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



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

