

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



*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*

Dry Cargo – Volatility is the Name of the Game

With China going back into lockdown in various parts of the country speculators will be pondering on the consequential effects with analysts citing costs at US\$46bn per month equating to some 3.1% of GDP and this is likely to double should these measures increase further. Nevertheless, dislocations in trading patterns and increased ton miles continue to underpin the freight market. Consequently, values remain firm and this week we are reporting the off-market sale of the "**ROSCO LITCHI**" (82,191 dwt/blt 2011 Tsuneishi Zhoushan, China) which is being reported sold at US\$25m with some reports saying as high as US\$26m. In order to illustrate where present values sit historically, we have made an addition to our Newbuilding and Secondhand Benchmarks Values table, which now incorporates a section showing the percentage difference against the historical average value of a 10-year-old vessel. This will give a keen insight in how today's prices reflect against the past.

Tankers – Tanker Tangible?

Suezmax and aframax spot earnings have lifted this week giving the crude sector something to smile about, although VLCCs remain in the doldrums. There is definitely more activity in the second-hand sector, but sometimes the pricing seems conflicting and difficult to fathom. For example, we hear the VLCC "**TOKIO**" (306,206 dwt/blt 2005 Mitsubishi Nagasaki), received an offer at region US\$30m and is believed to be negotiating somewhere between US\$30-31m, whereas the one year older "**FRONT ENERGY**" and "**FRONT FORCE**" (305,400 dwt/blt both 2004 Hyundai Ulsan) are reported to be working at excess this level, which is surprising given they are a year older and have a worse survey position. Tsakos is reported to have sold well their dirty trading LR2 "**PROTEAS**" (117,055 DWT, BLT 2006 Hyundai Ulsan), at over US\$19m and some even reporting as much as US\$20m; in February the smaller, but one year younger, "**BERGITTA**" (105,827 dwt/blt 2007 Tsuneishi) sold for US\$16.5m!

We are seeing a trickle of older suezmaxes being sold but values do not seem to have moved, as of yet, with this week's lift on earnings; usually there will be a lag as buyers and sellers alike wait to see if the improved earnings are sustainable before making their move.

Recycling – Spring Squeeze

A relatively quiet and inactive week that is much the same as what's been seen for quite some time now, which in a nutshell is not nearly enough supply of tonnage to satisfy the cash buyers and ship breakers. This stalemate has driven prices up to almost record highs into the mid/high US\$600s where they currently remain, yet despite there being huge demand from the recyclers and yards, prices appear to have plateaued. Interestingly, as the week has gone by we've seen a surprising wobble in rates emanating from Bangladesh, where local prices have softened a little meaning Pakistan currently appears to be paying the highest numbers. However, despite them paying top dollar at present, if there were to be competitive market tonnage being negotiated, much would depend on the geographical location as to where their final destination would be. Next week the hope is there will be a little more stability in price levels.

Gibson Sale & Purchase Market Report

S&P SALES

Vessel Name	DWT	Built	Yard	Buyers	Price (\$/m)	Notes
BULKERS						
BAOSTEEL EVOLUTION	206,331	2007	Imabari Saijo (JPN)	Chinese buyer	21.8	Ore carrier. SS due 7/22.
XIN YUAN	91,439	2002	Oshima Zosen (JPN)	Undisclosed buyer	14.85	DD psd 11/21. BWTS fitted.
AZUR	82,282	2007	Oshima Zosen (JPN)	Turkish buyer	reg 20	SS due 7/22. BWTS on order. Dely F/east.
ROSCO LITCHI	82,191	2011	Tsuneishi Zhoushan (CHN)	Undisclosed buyer	reg/xs 25	SS psd 1/21. BWTS fitted.
YANGTZE XING HUA	81,678	2012	Guangzhou Longxue (CHN)	Chinese buyer	22	SS due 5/22. BWTS fitted.
MARIBELLA	76,629	2004	Imabari (JPN)	Chinese buyer	14.9	DD due 2/23. BWTS due 8/22 (on order).
EVERSHINE	75,933	2000	Kanasashi (JPN)	Undisclosed buyer	12	SS due 10/23.
PENG DE	64,485	2014	Guangzhou Huangpu (CHN)	Jinhui Shipping	25.5	Chinese flag.
S ECHO + S TANGO + S HERMES	61,200	2015+ 2015+ 2016	Imabari / I-S Shipyard (JPN)	Undisclosed buyer	31+31+32	BWTS fitted.
MANDARIN CROWN + MANDARIN OCEAN	57,000	2012	Jiangsu Hantong (CHN)	Singaporean buyer	17.25 each	DD due 6/22 + 4/23.
VEGA ROSE	55,711	2007	Kawasaki (JPN)	Chinese buyer	18.2	DD due 9/22. BWTS fitted.
EVER AMPLE	50,029	1998	Imabari (JPN)	Undisclosed buyer	8.25	Wood chip carrier. DD due 11/23.
OCEAN IBIS	38,494	2013	Minami Nippon (JPN)	FGM Chartering	24.5	1 yr BBHP sale. DD due 11/23. BWTS fitted.
INTERLINK ABILITY + INTERLINK QUALITY INTERLINK CAPACITY + INTERLINK EQUALITY	38,700 38,800	2015+ 2016 both 2016	Huatai Heavy (CHN) Taizhou Kouan (CHN)	Norwegian buyer	25.5+26.25 26.25 each	BWTS fitted.
NONG LYLA	33,773	2004	Oshima Zosen (JPN)	Leasing buyer	11.6	Logs fitted.

S-BRAND	33,745	2004	Oshima Zosen (JPN)	Undisclosed buyer	13	DD due 10/22. BWTS fitted.
ECO DYNAMIC	32,354	2005	Kanda (JPN)	Undisclosed buyer	reg 14	Open hatch. DD due 11/23.
NIKOLAOS GS	28,616	2002	Imabari (JPN)	Undisclosed buyer	9.2	DD due 5/23. BWTS due 7/22.
MOUNT ADAMS	28,488	2002	Kanda (JPN)	Undisclosed buyer	9.8	DD due 5/23. BWTS+Logs fitted.
TANKERS						
FRONT ENERGY + FRONT FORCE	305,400	both 2004	Hyundai Ulsan (KRS)	Undisclosed buyer	xs 33 each	DD due 9+10/22.
NORDIC PASSAT	164,274	2002	Samho (KRS)	Undisclosed buyer	15.5	SS due 8/22.
BARI	159,186	2005	Hyundai Ulsan (KRS)	Undisclosed buyer	21.5	DD due 11/23. BWTS fitted.
DA YUAN HU	159,149	2004	Bohai (CHN)	Undisclosed buyer	16.5	Dely China 4-5/22. DD due 3/22.
PROTEAS	117,055	2006	Hyundai Ulsan (KRS)	Undisclosed buyer	19-20	Ice 1A. Coated. Trading dirty. SS psd 8/21. Coated.
STI SAVILE ROW + STI CARNABY	109,999	both 2015	Sungdong (KRS)	Undisclosed buyer	43 each	BWTS+Scrubber fitted. DD due 4+9/23.
STI BENICIA	49,990	2014	SPP Sacheon (KRS)	Undisclosed buyer	26.5	Deepwell. BWTS+Scrubber fitted. DD due 10/22.
CHALLENGE PEGASUS	47,787	2007	STX Jinhae (KRS)	Undisclosed buyer	13.2	Deepwell. DD due 8/22. BWTS fitted. Deck heaters.
MAERSK TOKYO	44,994	2016	Sungdong (KRS)	Premuda	31	Deepwell. SS psd 7/21. BWTS fitted.
DL VIOLET	13,092	2008	21C Shipbuilding (KRS)	Vietnamese buyer	5	IMO II. Marineline. SS due 1/23.
DL ASTER	13,079	2007	21C Shipbuilding (KRS)	Vietnamese buyer	4.8	IMO II. Marineline. SS due 3/22.
CONTAINERS / RO-RO / REEFER / PCC						
TALISKER	18,409	2001	Gdanska (POL)	MSC	17	1129 TEU. Geared.
GAS (LNG/LPG/LAG/CO2)						
CRATIS + COPERNICUS	54,591	both 2015	Daewoo (KRS)	Japanese buyer	70 each	Basis 9 yrs BB back. Eco. Scrubber.

NEWBUILDING ORDERS

Ordering Client	Vessel Type	Size / No. of units	Shipyard (Country)	Delivery	Price (\$m)	Notes
SUEZMAX						
CMB	Newcastlemax	210,000 dwt x 2	Qingdao Beihai (CHN)	2024	66*	*Declared options. Dual fuel, ammonia ready.
CITIC Financial Leasing	Ultramax	65,000 dwt x 10	Dalian (CHN)	2024-2025	CNY 200m (31.5)	209.95m LOA. Yangtze trader.
TANKERS						

Erik Thun Group	Chem/Products	17,999 dwt x 1	China Merchants Jinling (CHN)	2024		LNG/LBG dual fuel. Hybrid battery.
CONTAINERS / RO-RO / REEFER / PCC						
Wan Hai Lines	Containership	13,100 TEU x 5	Samsung (KRS)	2024	140	
RCL	Containership	12,000 TEU x 2	Nihon (JPN)	2024	133	
GAS (LNG/LPG/LAG/CO2)						
Venture Global	LNG	200,000 cbm x 3	Hyundai HI (KRS)	2025	237	
KEYS Bunkering West Japan	LNGBC	3,500 cbm x 1	Mitsubishi (JPN)	2024		LNG dual fuel.

Recycling Activity

Vessel Name	BUILT	DWT	LWT	Delivery	Price (\$/lwt)	Notes
SUEZMAX						
SCF URAL	2001 / Korea	159,313	23,499	Bangladesh	675	

Recycling Prices (US\$/LWT)

	Pakistan	Bangladesh	India	Turkey
Tank/Cont/Ro-Ro/Capes/LPG/PCC Dry	675/685	670/680	660/670	460/470
Cargo/Bulk/Tween/Gen Cargo	660/670	660/670	650/660	450/460

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	% Difference Present Vs Historical
Tankers					
VLCC	115.5	72	50	44.8	11.7%
SUEZMAX	77.5	49	32.5	32.0	1.7%
AFRAMAX	60.5	45	28	23.5	19.0%
MR	41	30	20	17.3	15.4%
Bulkers					
CAPE SIZE	61^	47 eco	32	23.0	38.9%
KAMSARMAX	36^	36	26.5	15.6	70.4%
ULTRAMAX / SUPRAMAX	33.5^	33.5	23.5	13.7	72.2%
HANDYSIZE	30^	28	19	10.9	74.8%
^ = Chinese price (otherwise based upon Japanese / Korean country of build)				~ = Basis standard contemporaneous	
~ = 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.

The American P&I Club Announces Leadership Change



The Shipowners Claims Bureau, Inc. (SCB), the Managers of the American P&I Club, announced some key developments in the managerial structure of the American P&I Club. It was decided that Joe Hughes will stand down from the role of Chief Executive Officer of SCB on August 1, 2022 and Dorothea Ioannou, currently Deputy Chief Operating Officer of SCB, will succeed Mr. Hughes as CEO from that date.

This important appointment also makes history because Dorothea Ioannou will be the first woman to ascend to the top executive position of an International Group P&I club in the 167 year history of the marine mutuals.

Also, Vince Solarino will step down as Chief Operating Officer of SCB, Inc., with Dan Tadros, currently Chief Legal and Compliance Officer of SCB, taking over the role of COO from Mr. Solarino. Arpad Kadi will continue to discharge his duties as Chief Financial Officer and Tom Hamilton will continue in his role as Chief Underwriting Officer.

Joe Hughes said: *"The last 27 years have been the most consequential of my professional life. The outlook of the American Club was, by common consent, not entirely promising in 1995, but it has enjoyed extraordinary growth and development since then. My colleagues and I take pride in the collective efforts which, over the years, have brought us to where we are today – marine insurers commanding universal respect within the industry."*

Joe Hughes also added: *"I have every confidence that Dorothea, as the first female CEO of a Group club management company, and Dan, together with Arpad and Tom, with the support of everyone in our service teams across the world, will take the Club and EOM (Eagle Ocean Marine) to yet greater success over the years ahead."*

Globology Ltd. Receives Funding to Increase Ferry Services on Lake Victoria



Plans Kenyan firm Globology Ltd has received USD 3.8 million from impact investor InfraCo Africa to expand waterbus services on Lake Victoria. The move comes as part of a drive to increase safety for passengers on what is statistically one of the most dangerous bodies of water on the planet. Many of the fatalities which occur each year are due to the use of old ferries, boats and canoes with little to no safety equipment.

The recent investment from InfraCo will be used to commission five new ferries for use in transport of passengers and goods between Uganda, Tanzania and Kenya, the three nations which share Lake Victoria. The new vessels are due to be delivered in 24 to 36 months time. A portion of the funding will also go toward upgrades to Globology's current boatyard located in Kisumu, Kenya.

Globology Ltd is the first company to offer scheduled ferry rotas on Lake Victoria and it currently operates three vessels offering passenger and light cargo transport. This includes two 132-seater catamarans and one 80-seater catamaran. The firm's founder, Michael Ormiston said "*We are excited to have the opportunity to grow the reach of the waterbus service and expand our journey to save lives and facilitate development of Africa's transportation-challenged communities*".

The drive to improve passenger safety in Lake Victoria's transport industry is long awaited. In 2018, the region saw one of its biggest transportation related disasters when 136 lives were lost on the Tanzanian side of the lake during a ferry accident. An estimated 5,000 people are killed each year on the body of water due to boat, ferry and canoe accidents.

Lack of safe transport options leave the population reliant on services provided on inherently unsafe, open canoes which are prone to capsize if caught in one of the regions fast-moving storms. Globology Ltd hopes to plug this gap and provide the population with access to safe transportation options.

IMF Research Indicates Soaring Shipping Costs Will Drive Inflation Through 2022



Researchers from the International Monetary Fund (IMF) have concluded that vast increases in shipping costs are having a slow but consistent impact on inflation, with this impact said to be likely to continue throughout 2022.

The IMF has stated that "*we find shipping costs are an important driver of inflation around the world. When freight rates double, inflation picks up by about 0.7 percentage point. Most importantly, the effects are quite persistent, peaking after a year and lasting up to 18 months. This implies that the increase in shipping costs observed in 2021 could increase inflation by about 1.5 percentage points in 2022.*"

The global demand for goods had already exacerbated the increases in shipping costs, with the war in Ukraine likely to do similar. The pandemic also had an untold effect on prices. In the 18 months from March 2020, the cost of shipping a container increased seven-fold and the end effect will always likely be increased prices on goods.

It was said that "*while the pass-through to inflation is less than that associated with fuel or food prices—which account for a larger share of consumer purchases—shipping costs are much more volatile. As a*

result, the contribution in the variation of inflation due to global shipping price changes is quantitatively similar to the variation generated by shocks to global oil and food prices."

The IMF research found that rising shipping costs affect inflation in some countries more than others. Countries that import more than they consume see larger increases in inflation. Another example is landlocked countries, who typically pay higher freight rates.

Given the amount of goods that are shipped worldwide, prices are intrinsically linked to the shipping market and therefore any increases in the shipping sector have knock-on effects on the shelves. The IMF research shows that it can take up to 12 months for the peak impact to be felt by consumers at the till.

Plans to Establish the European Green Corridors Network



Plans As reported in a press release, the Maersk Mc-Kinney Møller Centre for Zero Carbon Shipping (the **Center**) has partnered in close collaboration with the Port Authorities of Hamburg, Gdynia, Roenne, Rotterdam and Tallinn to establish a European Green Corridors Network. This collaboration will see the setting up of green corridors in Northern Europe and in the Baltic Sea.

The project is stated to initiate an ambitious real climate action partnership which would demonstrate the early commercialisation of alternative fuel supply chains and provide a plan to scaling the same in the hopes that green corridors for other locations will be established.

A phased approach has been adopted by the Center to achieve its goals. Firstly, a pre-feasibility study will be carried out to identify the potential routes, vessel types and fuels to establish green corridors in the region. Once this is done, the Center and its partners will assess the technical, regulatory and commercial feasibility of shortlisted routes. They will then implement and establish the green corridors in Northern Europe and the Baltic Sea. The Center adds that additional public and private stakeholders will be onboarded during the phases which will allow the project to activate the full value chain to realise its vision.

The Center declares that green corridors are a key enable for shipping's transition and that this initiative will directly support the Clydebank Declaration which was announced during COP-26 in Glasgow. Bo Cerup-Simonsen, CEO of the Maersk Mc-Kinney Møller Center says that the green corridor is a, "...vital step towards decarbonising the shipping industry and meeting the EU's 2030 climate ambitions."

The Center, which is a not-for-profit independent research and development organisation working across the energy and shipping sectors, was founded in 2020 with the goals of exploring viable decarbonisation pathways, facilitating the development and implementation of new energy technologies, building confidence in new concepts and their supply chains and accelerating the transition by viable strategic pathways. It received a start-up donation of DKK 400m from the A. P. Moller Foundation.

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

