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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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### Tankers – VLCC Velocity

Ascertaining tanker asset values is fast becoming a game of pin the tail on the donkey as sale prices leapfrog last-done levels. Rewind a month to the sale of "**ABQAIQ**" (302,986 dwt/blt 2002 Samsung), then undisclosed but since reported to have achieved US\$30.7m basis SS+BWTS due 11/22, with the latest sale of same aged "**HILWAH**" (316,808 dwt/blt 2002 Hyundai) to a Chinese buyer for US\$37.5m basis SS+BWTS due 12/22, showing a jump of more than 20% in a month! We spoke last week of the seemingly incongruous low sale price US\$34m on the "**TEMA**" (311,620 dwt/blt 2005 Kawasaki) with SS imminently due, which now pales significantly further against rumours of a scrubber fitted 320k same aged VLCC currently working in the low 50s mill range.

Amidst this environment we continue to see yet further declaring of purchase options on leased back tonnage, as Scorpio Tankers takes back another six-year-old LR2 this week and d'Amico is also taking back the five year old "**HIGH ADVENTURER**" (49,997 dwt/blt 2017 Onomichi) at pre-agreed sub-market price of US\$30.4m, whereas market benchmark value is currently some 25% higher in the low US\$40m range.

### Dry Cargo – Malos Vientos

This week's sale of the Japanese controlled kamsarmax "**BUENOS AIRES**" (83,366 dwt/blt 2011 Sanoyas, Japan) at US\$21m reflects something totally contrary to the rough English translation of its name "good winds". The favourable winds of the freight market in May resulted in a similar vessel, namely the "**COVENTRY**" (82,464 dwt/blt 2011 Oshima Zosen, Japan) reportedly achieving a mind blowing US\$26m, demonstrating a further slide in values. These recent bad freight airs are also reflected in the sale of the ultramax "**NORD INDIAN**" (63,913 dwt/blt 2018 Tsuneishi Cebu, Philippines), which has been reportedly sold at excess US\$30m to undisclosed buyers, which does not compare favourably to the most recent lucrative sale of this size and type in July which was the Golden

Ocean 2015 Japanese built sister ultramaxs, which were committed at US\$31.5m each, with the three years advantage in age having no bearing on the price. Lastly, there are reports that a Chinese built 2014 kamasmax is working around US\$21m, which if true would give about a 20 pct reduction on last done.

## Recycling – Empty Handed

Regrettably not much has particularly changed in the recycling markets in recent weeks with the situation in Bangladesh remaining much the same with ship-breakers still struggling to open Letter of Credits due to the country's crippling foreign currency crunch. The central government of Bangladesh has allowed L/C's for ship-breakers to a maximum limit of US\$3m, however in recent weeks even this has become a major struggle as many ships have arrived and now lining up at Chittagong anchorage whilst waiting to be beached. Meanwhile scrap markets in Alang have remained firm due to the ongoing lack of tonnage, and many yards now starting to get empty as there has not been enough fresh tonnage being sold for scrap in order to top up their inventory. Similar is the plight in Gadani as they are unable to compete with Alang prices and, hence, very few ships are currently being delivered in Pakistan. There was a moment of hope a few weeks back when some Capesize units were sold for recycling, however with freight markets picking up once again for Capes we might see even fewer ships coming on the market for recycling. There still remains a hope that older container ships may start coming for recycling towards the end of the year but overall the cash buyers have been left craving for tonnage!

## Gibson Sale & Purchase Market Report

### S&P SALES

Vessel Name	DWT	Built	Yard	Buyers	Price (\$/m)	Notes
<b>BULKERS</b>						
SPRING BRAVE	206,306	2007	Imabari Saijo (JPN)	Undisclosed buyer	(16.7) / reg 17	SS due 12/22.
COUGAR	177,493	2002	Mitsui (JPN)	Chinese buyer	13.75	DD due 4/23.
SUNNY SAILOR	91,440	2000	Oshima Zosen (JPN)	Undisclosed buyer	9.8	DD+BWTS due 1/23.
BUENOS AIRES	83,366	2011	Sanoyas (JPN)	Greek buyer	21	SS psd 12/21. BWTS fitted.
PANTELIS	74,020	2000	Tsuneishi (JPN)	Undisclosed buyer	9.7	DD due 4/23. BWTS fitted.
NORD INDIAN	63,913	2018	Tsuneishi Cebu (PHI)	Undisclosed buyer	xs 30/31 (30.5)	SS due 8/23.
ULTRA DYNAMIC	61,412	2011	Shin Kasado (JPN)	Vietnamese buyer	high 21	DD due 5/23. BWTS+Scrubber fitted.
SAGARJEET	58,079	2009	Tsuneishi Zhoushan (CHN)	Indonesian buyer	(16) / 16.15	DD psd 4/22. BWTS due 5/2024.
LIAN XIN	52,512	2002	Kanashashi (JPN)	Undisclosed buyer	11.3	SS psd 1/22. BWTS fitted.
MAPLE AMBITION	35,513	2015	Taizhou Maple Leaf (CHN)	Chinese buyer	16.5	DD due 12/23. BWTS+logs fitted.
ORTOLAN ALPHA STRAIT	34,126	2010	Seko (KRS)	Chinese buyer	15	DD due 5/23. Logs fitted.
<b>TANKERS</b>						
HILWAH	316,808	2002	Hyundai Ulsan (KRS)	Chinese buyer	(37.5) / 37.8	SS+BWTS due 12/22.

NORDIC RIO	152,245	2004	Samsung (KRS)	Undisclosed buyer	26	Bow loading. DD psd 7/22. BWTS fitted.
STI SANCTITY	109,999	2016	Sungdong (KRS)	Scorpio Tankers	Undisclosed	*Declared p/option. Coated. Dely 1q23.
SEAGRACE	105,942	2004	Hyundai Ulsan (KRS)	Chinese buyer	23.8	DD psd 8/21. No BWTS.
POLAR UNICORN	73,956	2008	Onomichi (JPN)	Undisclosed buyer	high 22	Ice 1A. Pump-room. SS+BWTS due 1/23
PGC IKAROS	72,829	2004	Hudong Zhonghua (CHN)	Undisclosed buyer	12.1	Basis 2 mths TC back @ \$35k pd. Dirty trading. BWTS fitted. DD due.
HIGH ADVENTURER	49,997	2017	Onomichi (JPN)	d'Amico	30.4*	*Declared purchase option. Dely basis SS due 11/22.
SEAMERCURY	39,634	2003	Hyundai Mipo (KRS)	Undisclosed buyer	(11) / 10.65	Ice 1B. Dirty trading. SS+BWTS due 6/23.
BATTERSEA PARK	19,949	2002	Usuki (JPN)	Undisclosed buyer	est (10.5)-11.25	Stainless steel. SS psd 7/22.
JUTLANDIA SWAN + SELANDIA SWAN	17,998	both 2008	Cicek (TRK)	Carl F. Peters	12 each	Ice 1A. Epoxy. 14 grades. SS due 1+2/23.

#### NEWBUILDING ORDERS

Ordering Client	Vessel Type	Size / No. of units	Shipyard (Country)	Delivery	Price (\$m)	Notes
<b>BULKERS</b>						
Guoneng Yuanhai	Kamsarmax	85,000 dwt x 2	Huangpu Wenchong (CHN)	2025		
Chellaram Shipping	Ultramax	64,000 dwt x 2	SUMEC Dayang (CHN)	2025	34-35	EEDI 3.
Chellship	Ultramax	63,000 dwt x 2	SUMEC Dayang (CHN)	2024-2025		
<b>TANKERS</b>						
Euronav	Suezmax	158,000 dwt x 2+2	Daehan (KRS)	2024	reg 75	Scrubber fitted.
Furetank Rederi	Chemicals	18,000 dwt x 2	CMJL Yangzhou (CHN)	2024-202		Ice 1A. LNG/LBG dual fuel. Battery+shore power.
Xingtong Shipping	Chemicals	13,000 dwt x 1	Taizhou Maple Leaf (CHN)	2024	RMB 165	Stainless steel.
<b>CONTAINERS / RO-RO / REEFER / PCC</b>						
Eastern Pacific	Containership	1,400 TEU x 4	Hyundai Mipo (KRS)	2025		LNG fuel (ME-GI m/e). Against TC to Crowley.
<b>GAS (LNG / LPG / LAG / CO2)</b>						



Dynagas	LNG	200,000 cbm x 2+2	Dalian (CHN)	2026		LOI.
H-LINE <> Panocean <> SK Shipping	LNG	174,000 cbm x 2	Daewoo (KRS)	2026	211.9	For Qatar LNG Project.

#### Recycling Prices (US\$/LWT)

	Bangladesh	Pakistan	India	Turkey
Tank/Cont/Ro- Ro/Capes/LPG/PCC Dry	590/620	590/620	585/600	250/260
Cargo/Bulk/Tween/Ge n Cargo	580/590	580/590	570/585	240/250

#### 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
<b>Tankers</b>					
VLCC	120	89	65	45.4	43.2%
SUEZMAX	80	63	46	32.4	42.2%
AFRAMAX	65	57.5	42.5	24.1	76.1%
MR	44	40.5	29.5	17.7	66.7%
<b>Bulkers</b>					
CAPE SIZE	64.5^	47.5 eco	30.5	23.5	29.6%
KAMSARMAX	37^	31	22.5	16.1	39.7%
ULTRAMAX / SUPRAMAX	34^	29	20.5	14.0	47.0%
HANDY SIZE	30.5^	26.5	18.5	11.3	63.7%
^ = Chinese price (otherwise based upon Japanese / Korean country of build)				~ = Basis standard contemporaneous DWT/spec for each type.	

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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.

## EU Appears to Backtrack on Prohibition of Transport of Russian Coal and Fertilisers to Third Countries in Latest Sanctions FAQs



In the latest version of the EU's Russian Sanctions FAQs, published on 19 September 2022, the EU added additional wording which appears now to permit the transport of certain types of cargo of Russian origin (such as coal, certain fertilisers and animal feed, among other things) to countries outside of the EU and to provide other financial services related to this (such as provide marine insurance for vessels completing these voyages).

This marks a significant departure from the apparent position under the previous version of the FAQs, which had stated that "*[the relevant Articles in the EU sanctions legislation] prohibit the... transfer of [the relevant goods] if they originate in Russia or are exported from Russia. The prohibition on transfer applies irrespective of the final destination of the goods.*" (with "transfer" being widely understood to mean "transport" from answers provided to another of the FAQs).

A number of P&I clubs and re-insurers have already begun to grapple with the sudden change in position, and all members of the IG group have published circulars to update members about the change.

Most of the IG Clubs are directly subject to the jurisdiction of the EU and all of the IG clubs hold re-insurance which would involve contributions from EU re-insurers. This means that insurance cover was severely impacted for any vessels undertaking voyages involving the transport of Russian coal (or any of the other cargo specified in the subject EU sanctions regulations). Now it seems that clubs may be willing to agree to provide cover for these voyages.

Despite the clarification provided in the FAQs, however, there is still a considerable wariness in the market for engaging in these trades and this legal clarity may do little to encourage charterers to fix bulkers that have called at Russian ports. Major charterers have told shipowners just this past week that they would drop vessels that have called at Russian ports

## LNG-powered Ships Risk Being Stranded in Race to Net-Zero



Current regulations have incentivised several shipowners to invest in LNG-powered vessels but a recent study by University College London has argued that achieving the aims of the Paris Agreement requires moving away from LNG as a fuel.

The study, carried out by the University College London's Energy Institute, has revealed that LNG-powered newbuilds face a real risk of being stranded. Depending on the general course of the decarbonisation strategy in shipping over the next couple of years, the study suggests that the value at risk could range from \$129bn to \$848bn in 2030.

The worst-case scenario is based on several assumptions including that there is a continued large-scale uptake of LNG-capable ships and that those vessels cannot later be retrofitted to run on zero-carbon fuels.

The study also found that the most effective way for shipowners to minimise these risks was to invest in conventionally fuelled ships designed for retrofit to zero-emission fuels or, for owners with existing LNG-fuelled vessels, depreciating their vessels at a faster rate in order to assume a shorter lifespan.

Looking at bio-LNG and e-LNG, UCL acknowledged that if shipowners can secure bio-LNG or e-LNG at prices competitive to ammonia, they are unlikely to face stranded value.

*"Both of those fuels are, however, unlikely to be competitive with other fuels such as ammonia, which is currently one of the most promising alternative fuels,"* UCL said in the study.

Peter Keller, Chairman of SEA-LNG which is a multi-sector industry group promoting LNG as a fuel in shipping, is a lot more optimistic about the ability to shift to renewable versions of LNG. He argues that other alternative fuels have a long pathway to travel before they can be delivered in a scalable way that is truly green, with zero carbon emissions up and down the value chain.

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