

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.
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Tankers – Pocketing Profit

Crude earnings go from strength to strength and owners across the sectors are enjoying the ride. Winter markets have not yet kicked in and the question is will they strengthen earnings further, or happen at all (as we enjoy 21 degrees Celsius in London today!)? The feeling for November has to be positive.

Buyers and Sellers are keeping busy, although there is a general feeling that levels are near a 'top', well at least until the next done! Troubled Sentek Marine looks to have sold cheaply the scrubber fitted VLCC pair, **"PACIFIC M"** + **"NEPTUNE M"** (299,546 dwt/blt 2019 & 2019 Hyundai Samho) for a reported low US\$90s m each, which appears short of value estimates of around US\$100m each; maybe there is more to the sales than meets the eye.

Eurotankers, having first marketed their suezmax, **"EUROGLORY"** (166,447 dwt/blt 2005 Split) for sale in January 2022 at circa US\$20m, have done well to hold off selling short and now achieved a price of around US\$26m. They bought the vessel in the middle of 2017 for US\$20.6m. Performance as well as renewing their fleet have taken some profit from their previous purchases.

The **"P FOS"** (115,577 dwt/blt 2007 Sasebo), which they bought for US\$26m in November 2019 has now, three years later, been sold for US\$34m.

Dry Cargo – Turning Tables?

With the BDI falling over 10 pct in the last few days there is little chance for dry values to change from their downward trajectory. This decline is in line with current economic climate being faced by the major economies. Nevertheless, there must be some underlying optimism from buyers on the back of low fleet growth projections going forward and increased tonne miles required to

accommodate the current sanctions in place and the expected slow steaming to comply with new emission regulations. Furthermore, the strong US dollar against the Japanese Yen is giving Japanese owners further opportunity to discount prices without damaging the return on their book value.

Panamax bulkers dominate this week's sales list with older bulkers showing further signs of price erosion for instance the **"TAI PROSPERITY"** (77,747 dwt/blt 2005 CSBC, Taiwan) is being reported sold at US\$11.6m whereas five months ago the year older sister **"CHAILEASE BLOSSOM"** (77,684 dwt/blt 2004 CSBC, Taiwan) was sold at a respectable US\$13.6m resulting in some 20 pct depreciation on last done. Lastly, it is interesting to note the sale of Japanese controlled and unusually scrubber fitted kamsarmax the **"AROUZU"** (82,025 dwt/blt 2012 Tsuneishi (JPN) at mid/high US\$24m, it was not that long ago non scrubbered vessels of a similar age were achieving superior levels to this and given the increasing price differential between LSFO and HFSO this may prove to be an astute purchase.

Recycling – Groundhog Day

As we near ever closer to the end of the year it seems there is very little chance of the situation changing in the recycling markets - and we will no doubt end 2022 on a rather quiet and dull note.

There is continued chatter amongst the market protagonists that we will soon likely see a number of Container units start entering the market, but as yet there are no real signs of this happening. Freight rates have indeed dropped considerably for Containers, but not yet it seems to the point where owners need to scrap. Across all shipping sectors we continue to see vintage tonnage earning very healthy returns for their owners, which has been the case for many months now and until this trend changes dramatically, which clearly isn't happening yet, and whilst vintage Tankers especially continue to find various homes where they will trade onwards, we will probably not see many vessels come onto the market any time soon as demo candidates. Meanwhile, price levels remain firm with rates for all types throughout the Sub Cont still in the mid to high US\$ 500's, up to region US\$ 600 + in some cases.

Gibson Sale & Purchase Market Report

S&P SALES

Vessel Name	DWT	Built	Yard	Buyers	Price (\$/m)	Notes
BULKERS						
PELLONIA	93,387	2010	Jiangsu Newyangzi (CHN)	Undisclosed buyer	17.2	DD psd 3/22. BWTS fitted.
GREAT GLEN + GREAT ANIMATION	93,250	2010+2011	Jiangsu Jinling (CHN)	Middle Eastern buyer	37 en bloc	DD due 3/23 + 4/24. SS psd 1/22. BWTS+Scrubber fitted.
AROUZU	82,025	2012	Tsuneishi (JPN)	Greek buyer	mid-high 24	SS psd 1/22. BWTS fitted.
CCS ORCHID MSXT HERA	81,966 81,738	2017 2018	Jiangsu Newyangzi (CHN) Chengxi (CHN)	Greek buyer	54 en bloc	SS psd 1/22. BWTS fitted. SS due 11/23. BWTS fitted.
TAI PROSPERITY	77,747	2005	C S B C Kaohsiung (TWN)	Chinese buyer	11.6	DD due 9/23. BWTS on order.
PAN DIVA	76,830	2004	Sasebo (JPN)	Undisclosed buyer	13.1	DD due 11/22. BWTS fitted.
DOOYANG JEJU	76,634	2002	Imabari (JPN)	Undisclosed buyer	10	SS+BWTS due 11/22.



CABRILLO	75,200	2010	Penglai Zhongbai Jinglu (CHN)	Undisclosed buyer	15.75	DD due 1/24. BWTS fitted.
EPIC	55,651	2009	Mitsui (JPN)	Undisclosed buyer	18.5	SS psd 4/22. BWTS fitted. DD due 11/23.
MEDI BANGKOK	53,466	2006	Imabari (JPN)	Chinese buyer	14.5	BWTS fitted. Basis 3 yrs BB back. SS psd 4/22.
SEA ETIQUETTE	51,658	2011	Oshima Zosen (JPN)	Sound Pearl Shipping	18.5	BWTS fitted. Already renamed.
YANGTZE ETERNAL	32,613	2011	Jiangmen Nanyang (CHN)	Undisclosed buyer	13.5	DD due 5/24. BWTS+logs fitted.
BELLE OCEAN	28,354	2014	I-S Shipyard (JPN)	Greek buyer	15	DD psd 5/22. BWTS fitted.
TANKERS						
PACIFIC M + NEPTUNE M	299,546	both 2019	Hyundai Samho (KRS)	Undisclosed buyer	low 90s each	SS due 1+4/24. BWTS+Scrubber fitted. Tier III.
EUROGLORY	166,447	2005	Split (CRT)	Undisclosed buyer	26	DD due 1/24. BWTS due 7/23.
KIMOLOS WARRIOR	157,258	2013	Samsung (KRS)	Advantage Tankers	reg 45	SS due 3/23.
P FOS	115,577	2007	Sasebo (JPN)	Undisclosed buyer	34	DD due 11/24.
DAEHAN 5075	115,000	2022	Daehan (KRS)	Undisclosed buyer	72.5	Coated. Dely 11/22. Tier III. BWTS+Scrubber fitted.
BEKS SWAN	108,929	2009	SWS (CHN)	Undisclosed buyer	reg 36	Coated. Dirty trading. SS+BWTS due 1/24.
GOTLAND SOFIA + G' ALIYA + G' MARIEANN	53,187	2007/2008	Guangzhou (CHN)	Chinese buyer	18+18.5+18.5	Ice 1A Super. Deepwell. BWTS fitted.
FALCON BAY	47,703	2009	Hyundai Mipo (KRS)	Middle Eastern buyer	23	Deepwell. SS due 8/24. BWTS fitted.
FOREST PARK	19,803	2013	Kitanihon (JPN)	Undisclosed buyer	22	Stainless Steel. SS due 11/23.
RF ALICE	13,273	2008	Jinse (KRS)	Vietnamese buyer	7.1	Epoxy. SS due 3/23. Already renamed.
DS COUGAR	12,585	2009	Shitanoe (JPN)	Undisclosed buyer	13.5	Stainless steel. SS due 9/24.

NEWBUILDING ORDERS

Ordering Client	Vessel Type	Size / No. of units	Shipyard (Country)	Delivery	Price (\$m)	Notes
BULKERS						
Doun Kissen	Handysize	40,000 dwt x 1	Nantong Xiangyu (CHN)	2024	30	
TANKERS						
Euronav	Suezmax	157,000 dwt x 2	DH Shipbuilding (KRS)	2024	est. 75	Scrubber fitted. LNG+Methanol ready.
GENERAL CARGO / MULTI-PURPOSE						
Amusus Shipping	MPP	4,000 dwt x 4	Bogazici Shipyard (TRK)			178,300 cft. Open top. Single hold.
CONTAINERS / RO-RO / REEFER / PCC						

Grimaldi Group	PCTC	9,000 CEU x 5+5	China Merchants HI (CHN)	2025-2026	est. 100	Ammonia ready. Air lubrication. Battery/solar power.
GAS (LNG / LPG / LAG / CO2)						
Venture Global LNG	LNG	200,000 cbm x 2	Daewoo (KRS)	2026	250	LNG dual fuel.
Tianjin Southwest Maritime (CSSC Ship Leasing)	LNG	174,000 cbm x 3	Hudong Zhonghua (CHN)	within 2028		Mark III Flex. Against TC to ENN Natural Gas.

Recycling Activity

Vessel Name	BUILT	DWT	LWT	Delivery	Price (\$/lwt)	Notes
CAPE SIZE						
SHINY	2002 / Korea	169,631	22,037	Bangladesh		last weeks sale
BULK CARRIER						
PROSPERITY	1986 / Japan	27,625	5,903	Bangladesh		last weeks sale

Recycling Prices (US\$/LWT)

	Pakistan	Banladesh	India	Turkey
Tank/Cont/Ro-Ro/Capes/LPG/PCC Dry Cargo/Bulk/Tween/Gen Cargo	590/620	590/620	585/600	250/260
	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
Tankers					
VLCC	120	88.5	65	45.4	43.2%
SUEZMAX	80	61	44	32.4	36.0%
AFRAMAX	65	57	42	24.1	74.0%
MR	44	39	28.5	17.7	61.0%
Bulkers					
CAPE SIZE	63.5^	47 eco	30	23.5	27.4%
KAMSARMAX	36^	30.5	22.5	16.1	39.7%
ULTRAMAX / SUPRAMAX	33^	29.5	21	14.0	50.5%
HANDY SIZE	29.5^	26	17	11.3	50.4%
^ = Chinese price (otherwise based upon Japanese / Korean country of build) ~ = Basis standard contemporaneous DWT/spec for each type.				~ = 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.

Dispute regarding Contract for Sale of Fuel – Vitol S.A. v JE Energy Ltd [2022] EWHC 2494 (Comm)



Facts

The dispute arose concerning a contract for the sale of fuel oil between the Claimant, Vitol S.A. ("**Vitol**") and the Defendant, JE Energy Ltd. ("**Jeda**").

The deal was recapped on 10 December 2019, with Jeda as buyers of 30,000mt (+/-10% in buyer's option) with a laycan of 23-24 December 2019. This was later supplemented by a long-form contract (a sales confirmation), although the application of which was disputed by Jeda. The recap and the sales

confirmation provided, amongst other things, that the laycan was to be 23 – 24 December 2019 and that payment security was to be by documentary LC.

Subsequent to the recap, but before the sales confirmation concluded, Vitol and Jeda discussed the terms of the LC. The parties agreed on an acceptable LC format, however, Jeda made no attempt to open the LC, until much later (after the laycan). Vitol were unaware of this and to the fact that Jeda had no sub-buyer and bought the cargo on speculation. As the laycan approached, Vitol chased for performance. When the laycan closed, Jeda had not opened an LC, did not have a vessel and no sub-buyer. However, Vitol did not cancel and demanded performance.

After the events above, a vessel was nominated by Jeda and arrived at the relevant anchorage on 16 January 2020. However, the LC in the format agreed was still not in place. The vessel was approved for loading on 17 January 2020 but with no LC in place, Vitol placed the cargo on financial hold as they could not be satisfied whether payment would be received. The LC was issued sometime on even date but with multiple errors including the value of the same being insufficient to cover the full cargo.

On 22 January 2020, Vitol finally received a satisfactory LC. However, as the berth was not available until 31 January 2020, a necessary amendment to the LC was required.

On 1 February 2020, Jeda gave notice that the contract was null and void. On 10 February, Vitol accepted Jeda's repudiatory breach as bringing the contract to an end.

Vitol claimed damages. It claimed, *inter alia*, that Jeda failed to nominate a performing vessel within the laycan and that Jeda failed to open an acceptable LC. On the other hand, Jeda, amongst other things, took issue with the meaning of 'laycan' and whether it was agreed that Vitol had to ship the cargo by 31 January 2020.

Judgment

On the issue of whether the sales confirmation applied, the judge held that they did as the parties both envisaged that a supplementary long-form contract would be concluded. This sales confirmation was in fact discussed between the parties until there was no differences between them.

On the other issues, it was held that the term "*laycan*" in FOB contracts meant that Jeda had to present a vessel within the stipulated arrival window and that failure to do so gave Vitol the right to terminate. This said, Vitol's decision not to terminate meant that it was entitled to demand performance. The judge also found that there was no such amendment in the contract that stipulated for Vitol to load by 31 January 2020 and accordingly, no cause for Jeda to terminate upon. Additionally, the judge held that Jeda did fail to put up an LC in satisfactory terms as the parties had agreed. As such, Jeda was in repudiatory breach of the contract as it had no grounds for treating the contract as being null and void.

Vitol succeeded in its claim and were awarded a sum of US\$ 3,292,650, which was the difference between the contract price and the market price (the benchmark plus the applicable premium).

GTT Receives Approval in Principle for Three-Tank LNG Carrier



French company Gaztransport & Technigaz (GTT) has received approval in principle from DNV and Bureau Veritas for its innovative three-tank LNG carrier, which is aimed at increasing profitability and overall vessel performance.

Through the elimination of one cofferdam, one pump tower and associated cryogenic equipment, which includes valves, piping and radars, it is hoped that it will be possible to reduce the daily boil-off rate and an overall reduction in construction costs.

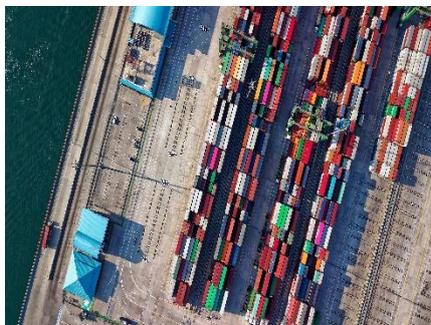
Philippe Berterottière, Chairman and CEO of GTT, said: "For almost 60 years, the GTT Group has been constantly improving its technologies to offer its customers solutions that meet their requirements as well as those of the regulatory authorities. Thirty years ago, we upgraded LNG carriers from five to four tanks and we now hope to bring the market forward with a three-tank LNG carrier. We hope to see this concept become standard in future years."

In addition to the above, the overall surface area of the containment will be reduced, which will have a knock on effect on costs, with less being spent on materials.

"We are honored by the granting of these two approvals in principle for the design of the three-tank LNG carrier," said Jean-Baptiste Boutillier, VP Development, Innovation and Technical Strategy at GTT. "We are convinced that this evolution will benefit all stakeholders by improving the performance of the LNG carrier while reducing its carbon footprint."

Currently, most shipyards building gas carriers license technology mostly from GTT, given their position as a market leader in the field of containment systems. The three-tank arrangement is in contrast to the four which are used by conventional LNG carriers.

MSC buys Rimorchiatori Mediterranei



MSC Mediterranean Shipping Company (**MSC**) has agreed a deal to acquire 100% of Rimorchiatori Mediterranei's S.p.A. share capital, the company announced on Sunday. A price for the transaction has not yet been revealed and completion remains subject to relevant approvals.

The deal was agreed through a wholly owned subsidiary of MSC, SAS Shipping Agencies Services Sàrl, which is to gain full share capital of Rimorchiatori Mediterranei from Rimorchiatori Riuniti and a fund managed by DWS's Infrastructure Investment business.

Rimorchiatori Mediterranei is a leading harbour towage provider which operates in 18 major Italian and international ports. The company runs over 100 tugs and employs nearly 600 people.

MSC Group President, Diego Aponte, said "We are very pleased to be able to become part of the exciting next phase for growth and improvement at Rimorchiatori Mediterranei and we look forward to continuing to expand the business, building on the impressive work of the families that developed the company these past 100 years".

Acquisition of the Italian towage operator comes as the latest step in expansion for MSC. The shipping giant overtook Maersk as the largest container line in the world at the start of 2022. With the ex-Maersk COO Soren Toft now in charge, MSC has bought 240 secondhand ships in little more than two years' time, built an order book in excess of 2 million teu, and has made other bold acquisitions including Bolloré Africa Logistics.

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