

Japanese to re-emerge?

(http://www.asiasis.com/view_new.php?bbs_id=news&doc_num=15409)

Slow modernization of shipbuilding facilities in Japanese yards interrupts their progress. Hyundai Heavy Industries of South Korea operates the world's largest yard with yearly capacity of 28 vessels. Japan's one of largest yards, Universal Shipbuilding's Ariake Shipyard can only build a total of seven to eight vessels in a year. Competitors' advances have been pointed out several times, however, Japanese government-led restructuring or M&A has not been carried out yet and yards' attempt to expand market share also went amiss. Some blame Japanese shipbuilders' high-ranking management parties, who do not look straight at current crisis, having attached to their glorious success in the past. JFE and IHI's affiliated shipbuilders would be merged in October and both revealed that there may not be layoffs, under the conditions of not shutting down any of their eight yards and repair docks. To survive in a much more competitive global market, Japanese builders must proceed reformation and cost reduction. However, the situation is shameful that despite over four years of discussion on merge, it has not left the starting line yet.

CSSC-CSIC eye VLCC

(http://www.asiasis.com/view_new.php?bbs_id=news&doc_num=15422)

China's two prominent state-owned companies, CSSC and CSIC, are expected to split up newbuilding contracts, while China Merchants Energy Shipping (CMES) are planning to place massive orders for newbuilding tanker. CMES is to order a total of 10 tankers, including VLCC, by netting CNY 2.893bn (\$460m) from sales of its stock. CSSC Guangzhou Longxue Shipbuilding, Dalian Shipbuilding Industry Co. etc., are named and it seems that yards would win at least a pair of VLCCs each. With additional chartering, CMES plans to expand its tanker fleet up to 10m-dwt (30-some VLCCs included), in the end.

Njord returns to Strategic

(<http://www.tradewindsnews.com/firstpage/664365/njord-returns-to-strategic?lots=site>)

Njord Offshore has returned to Australian shipbuilder Strategic Marine for more windfarm support vessel newbuildings. Njord now has 12 such vessels on order at Strategic The UK-based vessel operator, a subsidiary of Norse Management UK, has ordered eight more vessels plus an unspecified number of options. The 20 metre vessels will powered by two MTU 8V2000M72 diesel engines with fixed pitch propellers and capable of speeds in excess of 25 knots. Strategic said the vessels will be built in Singapore to the DNV Wind Farm Service 1 class notation and delivered later this year. The design has been developed by UK firm of naval

architects BMT Nigel Gee under a teaming agreement with Strategic. "These vessels are the first in a range of Offshore Windfarm Support Vessel designs developed by BMT specifically for Strategic Marine," said BMT Nigel Gee. "The design is based on a well proven hull form that encompasses excellent fuel economy as well as superior seakeeping," said BMT Nigel Gee's Technical Director, Ed Dudson.

++ Shipping News ++

Landmark DryShips Chinese ore carrier loan chalked up to \$5bn fund

(<http://www.lloydslist.com/ll/sector/finance/article392178.ece>)

A LANDMARK new loan to partly finance ore carriers for Dryships will fall under the \$5bn China-Greece Shipping Development Fund and is the first syndicated loan to do so without any western bank involvement. The \$122.6m credit facility, which was confirmed on Thursday by George Economou-led DryShips, will be to partially finance construction of three 206,000 dwt newcastlemax bulkers among a series of five on order at Shanghai Jiangnan-Changxing Shipbuilding which were part of the takeover of the OceanFreight fleet last year. The \$5bn Chinese ship finance initiative dedicated to Greek owners was first unveiled on a state visit to Athens by prime minister Wen Jiabao in October 2010. But other than a flurry of signings during the visit, until there have been virtually no fresh deals which can be chalked up against the facility with certainty. The loan was signed this month with China Development Bank, the bank with primary mandate for the special Greek-designated programme, as lead arranger. Bank of China acted as co-arranger, making this the first transaction of its type, according to experts. The Ningxia branches of both banks handled the deal, which for CDB was its second collaboration with Mr Economou. It had earlier financed a very large crude carrier newbuilding of the shipowner's private Cardiff Marine group. "We hope that more Greek shipowners will be enlarging the orderbook from China, while CDB will be utilising its comprehensive banking service capability to support this," said CDB's Zhao Yaozhong, the Ningxia branch general manager. Last year CDB boosted its outstanding foreign currency loans by a staggering \$53.3bn, leaving a total portfolio of \$210bn, making it the largest foreign currency loan provider in China.

Distressed product tanker sales loom as banks brace to limit support

(<http://www.lloydslist.com/ll/sector/tankers/article392175.ece>)

DISTRESSED sales of product tanker companies and secondhand vessels are likely this year as banks lose patience with struggling owners, according to d'Amico International Shipping chief executive Marco Fiori. "There were not many distressed sales in 2010 and 2011 but 2012 could be a little bit different," said Mr Fiori. "Banks worked very hard with some owners in 2011. Either the market turns around or the amount of support owners receive is going to be limited for 2012." Danish product tanker owner Torm was granted a renewal of its deferral of its debt payments earlier this month. Analysts expressed concerns last month that a reported order by tycoon John Fredriksen in January for up to 10 medium range tankers could tip the sector back into overcapacity territory. Changes to the refining industry are set to reshape the product tanker market. Refinery closures in Europe and the US and new refineries being opened in Asia and the Middle East will result in more cargoes being shipped on longhaul routes from Asia and the Middle East into Europe and the US. Analysts have said this could cut employment for medium range tankers as long range vessels will be employed on the longer journeys.

Secondhand vintage handy market suffers from lack of Chinese interest

(<http://www.lloydslist.com/ll/sector/dry-cargo/article392125.ece>)

SECONDHAND sales of vintage handysize and handymax vessels ranging from 10,000dwt-50,000 dwt have floundered in recent months as Chinese buyers have all but vanished from the market, leaving a limited pool of takers. Last year, almost one in three buyers of these ships were Chinese or Hong Kong-based, according to shipbroker Clarksons' records. So far this year, only one vintage handy aged 20 years or more has been reported sold in China. Interest from the country declined after June last year. Of the 34 vintage vessels Clarksons reported sold to the Chinese last year, only nine sold in the second half of 2011. In China, these vessels are commonly employed in domestic coastal trade, a sector that created demand for smaller bulkers in recent years as bulk cargoes increased. Coal in particular has to be shipped down from mines in northern provinces to the densely populated southeastern region to be burned for power generation. Buying vintage handys helped to meet surging demand. Now, though, with local shipowners taking delivery of record numbers of newbuildings, Chinese interest in secondhand tonnage has dwindled. The market, which is not as popular with brokers because of the low incomes generated from the trades, is often overlooked. However, it is a busy corner of the sale and purchase market. Last year, close to 40% of all deals reported in the dry bulk sector involved handysize and handymax ships over 20 years old.

Klaipeda gets EU thumbs up

(<http://www.tradewindsnews.com/firstpage/664366/klaipeda-gets-eu-thumbs-up>)

The European Commission (EC) has approved a grant from the European Cohesion Fund to help improve a ferry terminal in Lithuania. The EC believes the upgrade will boost Lithuania. The EC concluded that the measure was necessary in order to "improve the accessibility of Lithuania" while not compromising neighbouring ferry terminals. "Seaports are crucial for an efficient and sustainable transport network," said Joaquin Almunia, Commission Vice-President in charge of competition policy. "Public funding for such projects is acceptable, if it is necessary to cover the costs of the project and it contributes to a well-defined objective of common European interest without unduly distorting competition.". With support from the European Cohesion Fund, the Klaipeda port authority will invest some EUR28m (\$37.4m) to extend and improve the existing quays in order to accommodate more and larger ferries.

++ Finance News ++

Teekay LNG Partners to raise dividend

(<http://www.loydslist.com/ll/sector/tankers/article392142.ece>)

TEEKAY LNG Partners is to increase its cash distribution by 7% for the first quarter of this year, after a lucrative year for the company. The management of the master limited partnership is expected to recommend an increase in its quarterly cash payout to unitholders to \$0.675 per share, from the dividend of \$0.63 declared on Thursday for the fourth quarter of 2011. The fourth quarter dividend drew on a quarterly net profit of \$43.1m on revenues of \$97.3m. Teekay LNG Partners is scheduled to close on its acquisition of AP Moller-Maersk's liquefied natural gas arm, a joint venture with Marubeni, by the end of February. Chief executive Peter Evensen said the deal would still leave the company with \$400m in liquidity to target other acquisitions.

Tougher regulation could force banks to sell off loans at a loss

(<http://www.loydslist.com/ll/sector/finance/article392119.ece>)

SHIPPING lenders must be prepared to realise losses from the sale of shipping loans to investors due to rising pressure from tougher regulation, a leading banker has predicted. The higher the pressure on banks to derisk, the more they will accept discounts, Klaus Stoltenberg, head of shipping and aviation at German lender Nord/LB, told a ship financing conference in Hamburg. The bank is one of the leading shipping banks. "We will see paper trading below par," Mr Stoltenberg said at Marine Money's German Ship Finance Forum. However, he added that this will happen only on a case by case basis and not generally. Mr Stoltenberg

emphasised the regulatory pressure imposed on banks by the European Banking Authority as well as by the coming Basel III rules. This would have the effect that margins would have to increase to a great extent to cover the higher costs for the banks from the new rules. The reason why banks could consider selling shipping portfolios these days are not shipping-related, he said. They were, however, suffering from high costs of capital, problems in securing long-term funding as well as funding in US dollar, the predominant currency in shipping.