# ++ Shipbuilding News ++

## Chinese won 1.29m-dwt in Feb

(http://www.asiasis.com/view_new.php?bbs_id=news&doc_num=15576)

As global shipbuilding market being depressed with newbuilding price taking a downward trend, Chinese shipbuilding industry is known to have suffered from terribly poor order contracts. Shipbuilders would continue to have difficulty in winning new orders, since owners would still be reluctant to place newbuildings when rates keep falling by fleet over-supply, said China Fortune Securities. China's Top 10 shipyards are going through crisis as well, having just contracted cumulative of 1.29m dwt in February. The 10 shipbuilders are Dalian Shipbuilding Industry Corporation (DSIC), Shanghai Waigaoqiao Shipbuilding (SWS), Hudong-Zhonghua Shipbuilding, New Century Shipbuilding, Penglai Bohai Shipyard, Guangzhou Shipyard International (GSI), Jiangsu Yangzijiang Shipbuilding, Jiangnan Shipyard, Shanhaiguan Shipbuilding Industry (SHGSIC) and Qingdao Beihai Shipbuilding Heavy Industry (BSIC).

## Chengxi eyes 10 eco handysizes

(http://www.asiasis.com/view_new.php?bbs_id=news&doc_num=15593)

China's Chengxi Shipyard is close to finalize a deal for up to 10 handysize bulkers and now going through final negotiation with China Navigation Co (CNCo) of Hong Kong. Market players say the order initially involves four 39,000-dwt vessels for delivery from the end of 2013. Options are included in batches of four and two. The eco friendly ships, having reduced fuel consumption to 18 tonnes per day without sacrificing an operating speed of 14 knots, have been designed by Deltamarin of Finland and will cost around $23m each, sources said. It seems that the shipping arm of John Swire & Sons has made the order as part of a fleet renewal after ditching older tonnage, with an investment in up to 10 super-efficient handysize newbuildings valued at $230m. Meanwhile, in December 2010, the Singapore-based CNCo splashed out a total of $300m on eight MPP newbuildings at China’s Zhejiang Ouhua Shipbuilding for delivery between January and August 2013. The contract included options for up to eight more vessels that it did not exercise.

## Oshima inks five kamsarmaxes

(http://www.asiasis.com/view_new.php?bbs_id=news&doc_num=15592)

Oshima Shipbuilding of Japan inked a new order for five kamsarmax bulkers from Saudi Arabian shipowner National Shipping Co of Saudi Arabia (NSCSA) for delivery in mid-2014. The 82,000-dwt ships are to be built using a new fuel-efficient design with contract price of $31.5m apiece. Some market players familiar with Oshima say the price appears to be low, saying "This is the latest ship type introduced by Oshima and the fuel consumption is less than 28 tonnes per day. They should have fetched more than $33m apiece." Meanwhile, NSCSA is known that it plans to diversify its portfolio and to expand the fleet further at a later date.

## Kobe yard sees last launch

(http://www.tradewindsnews.com/firstpage/664986/kobe-yard-sees-last-launch?lots=site)

Friday marked the end of an era at the Kobe shipyard of Mitsubishi Heavy Industries as it launched its last commercial newbuilding. The Emerald Ace heads down the slipway at Kobe Shipyard Under a restructuring announced last summer commercial shipbuilding will now be concentrated at Mitsubishi's Nagasaki and Shimonoseki yards. The Kobe yard, which was founded in 1905, will in future specialize in building submarines and deep submergence research vehicles. "The reorganization is part of an initiative to respond to today's rapidly shrinking shipbuilding market, attributable mainly to the impact of the global economic crisis," Mitsubishi said. It is looking to shift production to "higher value-added products" and establish a business structure that enables it to weather demand fluctuations. The car carrier Emerald Ace, which is building for domestic shipowner Mitsui OSK Lines (MOL), is slated for delivery in June this year. Kobe Shipyard's Hull No 1296 measures about 200 meters in overall length, has a beam of 32.26 metres and a draught of 34.5 metres. The 60,200-gt ship will be capable of carrying 6,400-units (standard passenger cars) at a service speed of 20.65 knots.

## ++ Shipping News ++

### LR tankers grow in popularity in the Atlantic

(http://www.lloydslist.com/ll/sector/tankers/article393315.ece)

SHELL has emerged as the charterer of Formosa Plastics Marine's long range one product tanker Formosaproduct Alpine, having booked the vessel for three years for $10,000 per day. The time charter for the 2004-built, 70,4266 dwt vessel, first reported by this newspaper on Wednesday but without the charterer's identity, comes as the use of long range product tankers is gaining popularity on Atlantic trades. Long range one tankers of around 75,000 dwt are being used for Atlantic trades instead of MR tankers as the smaller 45,000 dwt ships are more expensive, so it is more economical for oil companies to hire the larger ships. Brokers warn, however, that rising popularity of LRs will eventually cause the rate to rise, hence Shell's move to lock in an LR tanker for three years at what is a good deal for it as the paying charterer. The 2005-built, 73,293 dwt long range one tanker Affinity was one such LR tanker booked to trade in the Atlantic. It was booked by an undisclosed charterer to load its cargo of clean petroleum product today for a transatlantic voyage from Europe, and then to West Africa at an unreported rate, brokers reported. As LR tanker employment in the Atlantic rises, MR tankers experienced a quiet time over the last week. This was reflected in rates and earnings, which stagnated at around W163-W166 all week on the transatlantic TC2 route, equivalent to earnings roughly around $12,000-$13,500 per day on the Baltic Exchange's index for MR tankers shipping 37,000-tonne cargoes from Rotterdam to New York.

### Tanker rates will flatten this year

(http://www.lloydslist.com/ll/sector/tankers/article393293.ece)

TANKER charter rates will stay flat in coming months as vessels in all segments face the triple-whammy of stifled demand due to the global economic downturn, ample ship supply and high bunker prices. However, one bright spot amid forecasts of sideways-moving rates comes from clean tankers in the Atlantic Basin, which could push rates up ahead of the US driving season in May, according to McQuilling Services. But even that potentially positive development could fall flat due to the high price of fuel at the pumps, McQuilling said in its short-term tanker outlook report. Projections for the next few months come after the tanker market performance beat expectations in the first quarter of this year, given pressures that included fears of Middle East crude supply disruption, the European debt crisis and slowing demand from China, the key driver of tanker demand. Highlighting a decent performance set against these factors, very large crude carrier fixtures increased strongly in the middle of February, helping to support rates, although the trend proved short-lived. "After gaining too much momentum, charterers pulled out of the market and rates retreated," said the analysts at McQuilling. Fixing has decreased in the current cycle,due to the rising price of oil after new sanctions against Iran. The report said sanctions eliminated owners' ability to insure shipping for Iranian liftings.

## Supramax Atlantic rates climb on rising US scrap and pet coke cargoes

(http://www.lloydslist.com/ll/sector/dry-cargo/article393295.ece)

SUPRAMAX freight rates for bulk carriers chartered in the Atlantic joined the Pacific market in a long-awaited recovery this week as growing cargo demand pushed up prices to hire vessels in the US Gulf. A growing number of scrap and pet coke cargoes coming out of southern US ports supported a rates rise on the Baltic Exchange's benchmark US Gulf to Europe route, which saw it climb to $11,085 per day today, up from a low point of $8,720 per day reached in February. Brokers predicted that the rate could shoot up by several thousand dollars more in the coming weeks as tonnage was predicted to become tighter in the near future. "Supramax shipowners are finally taking charters and leaving the area again," one Europe-based broker said, saying the US Gulf had suffered under the presence of lingering ballasters from Asia in recent weeks. Though the South American market also held up well this week, brokers warned that trades out of the Black Sea and the European continent still had a long way to go before they would recover to decent levels. One broker said that activity was depressed in this market as owners here were holding out for better rates, but according to a Europe-based broker they were unlikely to materialise any time soon. In the Pacific, all routes performed better last week, as increased coal cargoes out of Indonesia not only pushed up demand, but also led to increased congestion, taking tonnage out of the market overall. "We are seeing fewer ships available because of it," one Singapore-based broker said. "And I am pretty sure that congestion will increase." As a result, the Baltic Exchange's new benchmark route, indicating the pay on a round trip from China to Indonesia, ticked up to $ 8,425 per day by today.

## Norden forecasts two-tier tanker market

(http://www.lloydslist.com/ll/sector/tankers/article393311.ece)

DANISH shipowner Norden expects a two-tier chartering market to emerge in the tanker sector as older, less fuel-efficient ships lose their appeal to charterers and oil companies. Norden's top management made the prediction in a teleconference hosted from Copenhagen to present the company's annual results. The company recorded the best quarter since the start of the financial crisis: the last three months of 2011 saw earnings before interest, taxes, depreciation and amortisation jump to $62m, up from $39m in the same period last year. This included ebitda for the company's product tanker fleet improving from zero in 2010 to $26m last year, while other shipowners and operators have seen their numbers move in the opposite direction. Norden's cash reserves increased for the first time in at least a year and a half to reach $407m, leaving the company well-placed to expand its fleet. Chief executive Carsten Mortensen said that new, low-consumption vessel designs would "really have a competitive advantage" in the coming years with bunker fuel prices at their current levels. Vice president Martin Badsted added that for this reason scrapping of older vessels would accelerate in coming years. Mr Badsted said the tanker market could see "a repeat of the single-hull situation in the tankers", referring to the early 1990s when it became mandatory for all newbuilding tankers to be built with a double hull for safety reasons.

## ++ Finance News ++

### Dubai Drydocks World launches $2.2bn debt restructuring plan

(http://www.lloydslist.com/ll/sector/finance/article393313.ece)

DUBAI Drydocks World has today formally launched its restructuring proposals at a meeting of its lenders held in Dubai. An emailed statement from the state-owned entity did not go into details of the plan, although DDW said that it hoped to have a deal in place by the middle of this year. However, it is known that DDW borrowed $2.2bn to finance two acquisitions in Singapore in 2008, in a move designed to give it an operational base in Asia. The company borrowed $1.7bn for three years at 170 basis points over the London interbank offered rate, according to data compiled by Bloomberg. It borrowed a further $500m for five years at a spread of 190 bp, the data shows. Among lenders known to be involved are BNP Paribas, DBS Group, HSBC, ING, Lloyds TSB, Mashreqbank and Standard Chartered. "The company remains extremely confident it can gain support for its proposals and that it will secure the necessary support of its lenders to successfully implement its restructuring," said chairman Khamis Juma Buamim. "This will leave the group in a strong position to continue to develop and implement its strategic plans."

### CMA CGM seeks minority investor for ports business

(http://www.lloydslist.com/ll/sector/ports-and-logistics/article393208.ece)

CMA CGM hopes to finalise a debt restructuring programme with its bankers and to complete the sale of a minority stake in its ports division by the end of June. The French line has already raised nearly $300m from disposing of half its interest in Malta Freeport and has now put other terminal assets on the market as it seeks to restore the group to profit. CMA CGM posted a net loss of $30m for 2011, having achieved a record profit of $1.6bn in 2010 when all carriers had a bumper year. The 2011 results included the gain from the sale of 50% of Malta Freeport to Turkish industrialist Robert Yildirim who has also invested in CMA CGM. The world's third-largest containership operator embarked on a cost-cutting programme last September as market conditions rapidly deteriorated. Alliances were formed with other carriers to gain economies of scale and buyers sought non-core assets. CMA CGM is now looking for an investor in a minority stake in Terminal Link, its 100% owned ports subsidiary whose portfolio includes the remaining 50% shareholding in Malta Freeport, facilities in Tangiers and Kingston, and many other equity interests.