++ Shipbuilding News ++

Sinopec-CSG books first LNG ships

(http://www.tradewindsnews.com/tankers/283093/sinopeccsg-books-first-lng-ships)

Chinese trading giant Sinopec and its transportation partner China Shipping Group have ordered their first LNG carriers contracting up to six ships at Hudong-Zhonghua Shipbuilding (Group) to lift cargoes from the Australia Pacific LNG (AP LNG) project in Australia. A shipyard official confirms that the yard, to date China’s only LNG shipbuilder, has netted a contract to build four 174,000-cbm dual-fuel diesel-electric vessels. It is also holding options for a further two ships. The first of the firm vessels will be delivered in 2015, with two to follow in 2016 and the final ship plus any option in 2017. This is the fourth major order for the Chinese yard which has been holding off other domestic yards that are keen to make a break into the LNG sector. The Sinopec-CSG ships will be the largest LNG carriers built by Hudong and the first DFDE vessels. The authorities in China have made it mandatory for the country’s LNG buyers and shipbuilders to engage in the transport element of any free-on-board (FOB) long-term LNG-sales deals signed. The vessels are expected to be controlled through CSDC subsidiary CS LNG, which is working in a joint venture on the LNG newbuildings with Sinopec-controlled Kantons Investment of Hong Kong.

Chinese large-scale restructuring

(http://www.asiasis.com/view_new.php?bbs_id=news&doc_num=17742)

Chinese shipbuilding industries are standing on the edge of the precipice, suffering from plummeted new order and financial difficulties. Chinese shipbuilders' overall new order contracted for the first six months of this year was cut by over a half and their orderbook, at present, declined by 35% year-on-year. Local sources reported that the number of China's operating shipyards which reached around 3,400 in 2008 now fell to some 300. Dongfang Shipbuilding, the first Chinese shipyard listed on London's AIM in August 2011, was delisted and banks are rushing to seize its assets. China's largest private-owned shipyard Rongsheng Heavy Industries is also encountering financial difficulty. China has seen many cases of curtailment of production, filing for insolvencies, etc., from shipbuilding-concentrated areas, such as Jiangsu, Zhejiang, Shandong, etc. Bluesky Shipyard and Hengfu Shipyard went bankruptcies in October 2011, while Huigang Shipyard and Zhejiang Jingang Shipbuilding filed for insolvency in March and May 2012, respectively. In June, Dalian Oriental Precision & Engineering declared bankruptcy.

CSSC into non-ship biz

(http://www.asiasis.com/view_new.php?bbs_id=news&doc_num=17752)

Recently, Hu Wenming, chairman of CSSC and secretary of the CSSC Party Leadership Group, and Wu Qiang, vice president of CSSC, met visiting Chongqing Steel chairman Dong Lin and his party, and both parties conducted thorough and pragmatic discussion on shipbuilding and steel industrial chain extended cooperation. Apart from conventional ship plate purchase, both parties planned to conduct cooperation on several non-ship and non-steel sectors such as supply chain finance and logistics. Hu Wenming remarked steel and shipbuilding were two closely linked sectors in the industrial chain and both substantially affected by economic periodic fluctuations, so both parties enjoy extensive cooperative prospects in diversified development and have much to do there.

++ Shipping News ++

Trade numbers expose China weakness

(http://www.ft.com/intl/cms/s/0/a3128700-fb02-11e1-b775-00144feabdc0.html#axzz262zr6wz4)

Chinese imports fell in August while exports grew less than expected in the latest sign of weakness in the world's second-largest economy. Overall Chinese imports dropped 2.6 per cent in August from a year earlier while exports increased just 2.7 per cent. The export growth was higher than July's 1 per cent increase but far below the double digit growth rates China's export-driven economy has become accustomed to over the last decade. Much of the weakness came from crisis-hit Europe, China's biggest trading partner, with exports to the EU falling 12.7 per cent in August from a year earlier. Exports to Japan also disappointed, registering a decline of 6.7 per cent in August, while shipments to the US rebounded with 3 per cent growth, compared to an increase of just 0.6 per cent in July. Weakening trade figures are a major concern for China, where export-oriented industries employ an estimated 200m people and where the economy is already expected to grow at its slowest rate in the last 13 years. At the start of the year Beijing set a target of 10 per cent growth in overall trade but with year-to-date growth of just 6.2 per cent by the end of August that target now looks unrealistic.

Oil Trades Near One-Week High on Outlook for Stimulus

(http://www.bloomberg.com/news/2012-09-09/oil-trades-near-one-week-high-amid-economic-stimulus-speculation.html)

Oil traded in New York near the highest price in a week amid speculation that countries including the U.S. and China will add economic stimulus, countering signs of a slowdown threatening fuel demand. Futures were little changed after three days of gains, the longest rising streak in three weeks. The Federal Reserve meets this week to discuss monetary policy in the U.S., the world's biggest oil consumer, after the European Central Bank agreed last week on bond purchases to ease the euro area's debt crisis. Net crude imports last month by China, the second-largest user, slid to the lowest level in almost two years amid slowing demand for the country's goods, customs data showed today. "The economy is weak," said Jonathan Barratt, the chief executive officer of Barratt's Bulletin, a commodity newsletter in Sydney. "The stimulus plans are designed to placate the market rather than improve the economies. You are putting in fire-power just to stop things falling."

++ Finance News ++

Seadrill eyes $1bn bond

(http://www.tradewindsnews.com/finance/283107/seadrill-eyes-1bn-bond)

John Fredriksen-controlled Seadrill has said it will look to launch a $1bn five-year unsecured bond issue. It says the net proceeds of the offering will go towards repaying existing debt and to fund growth capital expenditures. Few other details were made available in the statement that was issued late on Friday after the close of the US markets. Seadrill said the private offering would be open to "qualified institutional buyers" within the US and elsewhere. The company has 18 drillships and rigs on order at shipyards across Asia costing $7bn, of which $1.6bn has already been paid. Its long-term interest bearing debt stands at just under $8.4bn, while net interest bearing debt has recently topped the $10bn mark. Seadrill has also been looking to raise additional funds by spinning off operations into separate listings in the US and Brazil. It recently submitted draft papers with US regulators with the aim of floating Seadrill Partners LLC as a master limited partnership (MLP).

Fincantieri enters final straight

(http://www.tradewindsnews.com/finance/283089/fincantieri-enters-final-straight)

Fincantieri should seal its move for STX OSV by the end of this month, reports say. The Italian company has completed the due diligence process at nine yards in Norway, Romania, Vietnam and Romania belonging to the Singapore-listed shipbuilder, according to Korea's Money Today. Speculation that STX Group, which owns a 50.75% stake in the offshore shipbuilder, has been seeking to sell up stretches back to last year. Fincantieri emerged as the most likely buyer earlier this year. The company was linked to a bid for predecessor Aker Yards before the Korean conglomerate moved in four years ago. STX can expect to bank KRW 900bn ($800m) for its shares.

BP Is Said to Near $6 Billion Sale of Gulf Assets to Plains

(http://www.bloomberg.com/news/2012-09-10/bp-is-said-to-near-6-billion-sale-of-gulf-assets-to-plains.html)

BP Plc (BP/) is in advanced talks to sell a group of oilfields in the Gulf of Mexico to Plains Exploration & Production Co. (PXP), said two people with knowledge of the matter. Plains is discussing a price of about $6 billion and may reach an agreement within days, said one of the people, who spoke on the condition of anonymity because the talks are private. The market capitalization of Houston-based Plains is about $5.2 billion and net debt was $3.05 billion as of June 30, according to data compiled by Bloomberg. BP Chief Executive Officer Bob Dudley plans to sell $38 billion of assets by the end of next year and shrink the company after the accident at its Macondo well, the worst offshore spill in U.S. history, wiped out a third of its market value. London- based BP said in May that it plans to sell some "non-strategic" assets in the Gulf. Plains, led by Chief Executive Officer Jim Flores, is spending about 69 percent of this year's planned $1.6 billion capital budget at onshore fields such as the Eagle Ford in Texas, and in California. It has allocated 14 percent, or $234 million, in the Gulf of Mexico, where it plans to ramp up its deep-water Lucius oil discovery beginning in 2014, according to a Sept. 5 investor presentation.

Glencore softens Xstrata proposals

(http://www.ft.com/intl/cms/s/0/c99a480c-fa7d-11e1-93da-00144feabdc0.html#axzz262zr6wz4)

Glencore intends to keep Sir John Bond, chairman of miner Xstrata, at the helm of the combined companies as the commodities trader prepares to lay out last-ditch compromise proposals to salvage the $80bn merger. Ivan Glasenberg, Glencore's chief executive, on Friday unravelled the deal negotiated in February, telling Xstrata's board he would only increase his offer to 3.05 Glencore shares for each of the miner's if he could head the new company. Trading in Glencore shares was suspended in Hong Kong on Monday, pending the announcement of information relating to its offer for Xstrata. The last-minute move by Mr Glasenberg, who had previously insisted he would not budge despite calls from Qatar's sovereign wealth fund for improved terms, seemingly relaunched the merger as a full-blown takeover and elicited an icy response from the miner's board. But according to documents that went to Xstrata's board on Sunday evening, Glencore has stopped short of taking such an aggressive tack. The proposals – which the trader intends to say are its final offer, said people familiar with its thinking – appear to address some concerns raised by Xstrata's board on Friday, when it said it needed more information to consider Mr Glasenberg's latest plans.