

# Balancing supply and demand

AT THE recent Marine Money Ship Finance Forum in New York, a group of analysts and bankers pointed to the scourge of vessel supply as a potential depressant on the dry bulk, tanker and container sectors. Arlie Sterling from consultants Marsoft said that "demand is not the problem; it's supply."

He also felt that dry bulk cancellations (estimated by various speakers to be 10-15% of orders) were sensitive to market levels, suggesting that dry bulk's uptick in spring 2009 probably slowed the rate at which orders were abrogated.

The interplay of finance availability (a central conference theme) is not clear cut. Bankers at the New York conference differed widely on the accessibility of bank debt to support shipbuilding, and possible policy actions in China and South Korea.

European yards also figure in this murky calculation; recent reports from Italy saw yards pleading for state aid, export credits and possibly enabling new orders from government-linked companies.

The influential European Community Shipowners' Association, seeking to keep a lid on supply, opposes government subsidies to yards. Several speakers at Marine Money talked about the unwillingness, so far, of both financiers and shipyards to take the painful discipline of the market.

One speaker, Mark Friedman of restructuring bank Evercore, in prophesying potential directions for the shipping crisis, said that yards might possibly lower the prices of vessels. Yards continue to maintain silence on such actions, so far.

At the conference, Nick Bailey, a Ham-



Photo: Erik Azevedo

**Japan's Universal Shipbuilding Corp's Ariake yard has delivered the 3,000dwt ore carrier Cosco Ansteel, sister to Grande Progresso (pictured)**

burg-based shipbroker with Howe Robinson, painted a picture of a vastly over-supplied market where supply and demand might balance by 2013, in an optimistic case – or 2015, with slower trade growth.

## Marker price

A surprising container ship order, after a year-long dearth of orders in the sector, was logged by Abu Dhabi National Tanker Company (ADNATCO), contracting two ships of 1,100teu at Hyundai Mipo. Importantly, the deal provides a marker price; reports had the agreed level at \$19M each, contrasted with peak market levels in 2007-08 of \$25M and above, for

similar 'feedermax' tonnage.

Marine Money speakers, lamenting the sad state of German investors and owners, had also cautioned about a likely Chinese push (with partial aid from the government) in this sector.

As expected by analysts, vessel deliveries scheduled for 2009 (reflecting the euphoria of stronger markets), where financing was not an issue, are indeed occurring.

The Japanese Universal yard at Ariake delivered a 300,000dwt ore carrier, one of three sisters, to a Hong Kong owning company linked to Cosco Bulk.

South Korean owner Chang Myung has recently taken delivery of a Capesize bulker

## Selected deliveries reported week ending 16 October 2009

Vessel	Shipbuilder	Owner/Operator	Delivery	Type	Capacity
ALEXANDRAP	Sasebo HI	Dynacom Tankers Management	2009/9	Bulk Carrier	181,255dwt
ATLANTIC SYMPHONY	Hyundai Mipo	Cido Shipping	2009/9	Chemical Tanker	36,684dwt
COSCO ANSTEEL	Universal	Sinobright Shipping	2009/10	Ore Carrier	297,719dwt
CRUISE EUROPA	Fincantieri	Grimaldi Group	2009/10	Passenger/Ro-Ro Cargo Ship	8,351dwt
CSCL MANZANILLO	Jiangsu Yangzijiang	Seaspan International	2009/9	Container Ship	2,546teu
DAEDALUS LEADER	Toyohashi	NYK Line	2009/10	Vehicles Carrier	20,800dwt
DIAMOND BLISS	Tsuneishi	Mitsubishi	2009/9	Crude Oil Tanker	105,000dwt
FAIRWINDS	Shimane	Kotoku Kaiun	2009/9	Bulk Carrier	28,050dwt
HEYONG	Nantong COSCO KHI	Gateway Shipping	2009/10	Ore Carrier	300,000dwt
HUMBERVIKING	Odense	Pacific Basin Shipping	2009/9	Ro-Ro Cargo Ship	11,636dwt
JINJI	Shanghai Shipyard & Chengxi Shipyard	Jinhui Shipping & Transportation	2009/10	Bulk Carrier	57,000dwt
MARAN PENELOPE	Hyundai HI	Anangel Shipping Enterprises	2009/10	Crude Oil Tanker	158,795dwt

## Daily Newbuildings

from Hyundai (reported ordered during the height of the market in spring 2008), which market rumblings suggest went directly into a five-year timecharter.

These days, reports of 'new' orders are often revisions of older ones. Compass Maritime was linking Bremen-based Dauelsberg to a four-ship order of Kamsarmax bulkers from a yard within the Yangfan Group (said to have European investment backing) for delivery 2011/2012. The four-ship deal may represent a rescheduled delivery of an order worth \$232M booked in summer 2008, with delivery originally slated for 2010.

When the initial order was announced, container ship specialist Dauelsberg pointed out that it was not reliant on KG financing, a type of funding mechanism that Marine Money speakers noted is experiencing continued difficulties at the present time.

### Three Aframax order

Compass was also reporting activity by the Greek tanker owner Phoenix Energy Navigation (best known as a participant in the Aframax International pool). The company's two Suezmax order with Hyundai was said to have been shifted to an order for three Aframax to be delivered in 2011.

The Greek owner also has three Capesize bulkers on order from Korean yards, including one from Hyundai. The Compass newbuild news also had Korea Line, with several Capesizes known to be on order from various Japanese and Korean yards, contracting a Capesize bulker from Hyundai with 2011 delivery (no price was specified).

It is not clear whether this might be a yard re-sale of an order where another buyer might have run into difficulties obtaining finance or otherwise funding payments.

### UNIVERSAL DELIVERS VLOC

JAPAN'S Universal Shipbuilding Corp's Ariake yard has recently delivered its inhouse-designed 300,000dwt Uni-Max ore carrier *Cosco Ansteel* to Hong Kong-registered Sinobright Shipping. The vessel has a length overall of 327m, beam of 55m and draught of 21.4m. It is powered by a MAN B&W 6S80MC-C engine, giving a speed of 14.5kt. Universal Shipbuilding's yards have another 13 sister vessels on their orderbooks.

### WENCHONG DELIVERS 2,800TEU BOX SHIP

GUANGZHOU Wenchong Shipyard has delivered the first of a series of 2,800teu container vessels for Columbia Shipmanagement. The Marshall Islands-flagged *Cape Male* was designed by Abh Emden with input from CSM together with Winter and T&H, which are partners in this project. With standard container holds it will be geared with four 40-tonne cranes, although other newbuilds in this class will be gearless. Main particulars are overall length of 212m, breadth 32m, draught 12.5m. The main engine is a Wartsila 8RT-FLEX68D. Sister vessels with expected delivery dates are *Cape Moss* December 2010, *Cape Maas* January 2011, *Cape Madrid* April 2011, *Cape Manila* August 2011 and *Cape Marin* June 2012.

### PETROBRAS TO ADD OFFSHORE ORDERS

PETROBRAS is about to launch the latest round of long-term, eight-year charter contracts that will lead to the placing of orders for about 20 offshore vessels, worth \$2.2bn, to be built at Brazilian shipyards. Tender documents for various types of OSV will be revealed in late November/early December, *Fairplay* understands. The first tender phase saw only 13 contracts signed instead of the 24 promised, and this second phase was also supposed to have 24 vessels lined up; this means Petrobras is well behind the schedule of 48 signed contracts by Christmas.

The company committed itself to the construction of 146 OSVs in Brazil over the next five years.

### ESL TERMINATES PART BULKER ORDER

FINNISH dry bulk specialist ESL Shipping has terminated one of its two shipbuilding contracts with ABG Shipyard, India. The order for the two 18,800dwt bulk carriers was made in 2006 but yard delays have pushed back delivery from 2008 to 2010. The first vessel although delayed, has been sold and leased back to ESL and is now scheduled for completion in spring 2010. The second hull has been substantially delayed and as a result of the delay ESL Shipping has decided to enforce its right of termination.

### STX HI ENTERS ULTRA-LARGE ENGINE MARKET

STX HEAVY Industries in South Korea has entered the ultra-large engine market with the first production of its 12K98MC-C main diesel engine. The engine will be installed on a 13,000teu container ship under construction at STX Offshore & Shipbuilding. Rye Hyuk Jong, CEO of STX HI, said production of the engine has secured a foothold for entry into all sectors of ship engine production. The company completed its engine production plant in November 2004 and currently has capacity of 4M bhp/year through facility expansion

### CAPESIZE FOR CHANG MYUNG

CHANG Myung Shipping of South Korea has taken delivery of the 180,000dwt Capesize bulk carrier *C Atlas* from Hyundai Heavy Industries, Ulsan. The vessel will sail for Singapore after being taken on a five-year charter by a Hong Kong-based dry bulk shipping company. Length overall is 292m, beam 45m, draught 18m and a MAN B&W 6S70MC-C main engine develops 18,390kW. Chang Myung has at least 28 bulkers of various sizes on order from Korean and Chinese shipyards for delivery over the next two years.

For Newbuildings daily e-mail contact [sales@fairplay.co.uk](mailto:sales@fairplay.co.uk)

## Selected deliveries reported week ending 16 October 2009 (continued)

Vessel	Shipbuilder	Owner/Operator	Delivery	Type	Capacity
MARGARET RIVER BRIDGE	Imabari	Taiyo Kaiun Kaisha	2009/9	Container Ship	1,700teu
MARIANNE	Yamanishi	Wah Kwong Shipping Holdings	2009/9	LPG Tanker	4,001dwt
NORD LUNA	Oshima	Mitsubishi Ore Transport	2009/10	Bulk Carrier	77,171dwt
NORD MUMBAI	Jiangmen Nanyang Ship Engineering	Norden	2009/10	Bulk Carrier	32,688dwt
QUEEN SAPPHIRE	Mitsubishi HI	Meiji Shipping Group	2009/10	Vehicles Carrier	18,638dwt
ROCKAWAY BELLE	Nantong Yahua	TBS International	2009/10	General Cargo Ship	34,000dwt
RTM GLADSTONE	Namura	Rio Tinto	2009/10	Bulk Carrier	89,861dwt
STX EASTERN	STX - Busan	STX Pan Ocean	2009/9	Chemical Tanker	12,825dwt
SUVARNA KALASH	Jinling Shipyard	Government of The Republic of India	2009/10	Chemical/Oil Products Tanker	46,000dwt
TAITARNO 1	Mitsubishi HI	NYK Line	2009/10	LNG Tanker	71,290dwt
UASC SITRAH	China Shipbuilding	Peter Doehle Schifffahrts	2009/10	Container Ship	4,043teu
UBCTAMPA	Saiki HI	Intership Navigation	2009/9	Bulk Carrier	37,724dwt