Daily Newbuildings

PHOENIX FLIPS ORDERBOOK

GREEK Shipower Phoenix Energy Navigation has converted an existing contract for two Suezmax tankers to smaller vessels. The original order for two 158,000dwt vessels (hulls 2306 and 2307) was placed in June 2008 at Hyundai HI at $96M per ship, for delivery in September and December 2011. This has been switched to a trio of 105,000dwt Aframaxes for delivery August-December 2011.

NEW SUPRAMAX PAIR FOR PRISCO

PRIMORSK Shipping of Russia has taken delivery of two Supramax bulkers from STX Shipbuilding in South Korea. The 57,300dwt *Prisco Abakan* and *Prisco Udokan* have been built to STX's standard Supramax bulker design and were ordered in 2008. Both have been entered into the Bulkhandling Handymax Pool. They have a length overall of 190m, beam of 32.26m and draught of 13m. Each is fitted with a MAN B&W 6S50MC-C main engine rated at 11,500bhp. The five-hold vessels have four 30-tonne deck cranes. STX Shipbuilding has delivered six vessels of this class from its South Korean facility. Another 20 vessels are on order in Korea, and 31 at STX's facility in Dalian, China.

BANGLADESH TARGETS SMALL VESSELS

BANGLADESH wants to exploit the recession's demand for smaller vessels. "Orders for small ships have gone up because of the global financial crisis," Sakhawat Hossain, MD of Western Marine Shipyard told a Dhaka shipping conference. Western Marine Shipyard and Ananda Shipyard and Slipways have taken orders to build more than 40 small vessels worth about $600M, mainly from European buyers. About 10 yards in Bangladesh, analysts believe, are capable of building ships up to 10,000dwt.

Financing fallout spreads

IN CONTINUATION of an emerging trend among the big box carriers, the French liner giant CMA CGM has announced its intention to cancel an unspecified number of the three dozen newbuildings it has on order at Korean yards, and to delay taking delivery of others.

The latest moves come at a time when privately-held CMA CGM was also reportedly attempting to rejig its finances; market rumblings suggested that it was seeking a one-year reprieve from debt repayments, which must be unanimously agreed by all its lenders, including the so-far intransigent Korean Export Import Bank (KEXIM).

In early summer, CMA CGM was estimated to have unfinanced capital expenses of more than $2Bn, in the face of an overall orderbook, on owned vessels, valued at roughly $3.5Bn. Another option for the over-extended carrier, as it battles massive financial commitments in the face of a severe decline in trade flows, involves support from a French government bailout fund.

CMA CGM's massive newbuild programme includes eight 13,000teu vessels to be delivered from Korea's Daewoo in 2009 (three vessels) and 2010 (five vessels), two 12,500teu ships from Hyundai's Philippines yard (Subic Bay) in 2010, and nine 11,300teu vessels on order from Hyundai for delivery in 2009 and 2010. Five 8,500teu ships have been logged with Samsung (for 2010 deliveries), three 6,500teu vessels with Hanjin originally for 2009 deliveries, complemented by 10 3,600teu ships on order from the Subic Bay facility (set for completion in 2010 and 2011).

Observers have speculated that imminent deliveries may be delayed, pending the financial manoeuverings, while later units (where construction had not yet started) might be cancelled outright.

Because the large lines have increasingly out-sourced ownership to financial owners in recent years, the blowback from the CMA CGM situation will also extend to owners that lease ships to CMA CGM and its peers.

Danaos may feel the shockwaves

Nearest to the cross-hairs is the owner Danaos Shipping, which attributes 24.2% of its $7Bn of contracted revenue (extending out into the coming years) to CMA CGM on seven vessels already on the water.

In late September, Danaos delivered its 6,500teu *CMA CGM Moliere* into a 12-year charter with the French charterer, and the orderbook shows Danaos with four sisters set for delivery from the same yard.

Following the recent delivery, Danaos (which announced extensions on covenant waivers with its own banks) still has 26 ships on order from Korean and Chinese yards, some of which have already been pushed back. These include four 3,400teu ships for 2010 delivery from Hanjin, nine 6,500teu ships split between Sungdong (the four additional 2009 sisters) and Hanjin (2010), five 8,500teu ships from the Jiangnan (Changxing Island) yard and three

Selected newbuilding orders reported week ending 2 October 2009

Shipbuilder	No	Owner/Operator	Delivery	Type	Capacity
Daewoo Shipbuilding & ME	4	Companhia Vale do Rio Doce Vale	2011/6	Ore Carrier	400,000dwt

Selected deliveries recorded week ending 2 October 2009

Vessel	Shipbuilder	Owner/Operator	Delivery	Type	Capacity
ABIGAIL N	Universal	General Ore International	2009/9	Ore Carrier	300,000dwt
ALPINE MAGIC	Hyundai Mipo	Cido Shipping (HK)	2009/9	Oil Products Tanker	46,600dwt
ALPINE MARIE	Iwagi	Fukujin Kisen	2009/9	Crude Oil Tanker	47,350dwt
APL TURKEY	Koyo	Shoei Kisen Kaisha	2009/9	Container Ship	6,350teu
CHANG SHUN II	COSCO (Dalian) Shipyard	Government of the United Republic of Tanzania	2009/9	Bulk Carrier	57,000dwt
EASTERN SAPPHIRE	Weihai Donghai Shipyard	YNL Overseas	2009/9	General Cargo Ship	6,648dwt
EASY PROSPERITY	Ningbo Beilun Lantian	Richwill Shipping Tianjin	2009/9	General Cargo Ship	8,320dwt
FPMC 20	STX	Formosa Plastics Marine	2009/9	Chemical/Oil Products Tanker	50,400dwt
FPMC P FORTUNE	STX	Formosa Plastics Marine	2009/9	Oil Products Tanker	74,200dwt

Photo: Marc Piche

CMA CGM's problems could hit lessor Danaos Shipping, which attributes 24.2% of its $7Bn contracted revenue to the French liner giant

10,000teu vessels from Hyundai.

Further shockwaves could also be felt in the German shipowner community, which may also be holding orders backed by CMA CGM, in addition to other financially-strapped charterers. The German investment packagers have been cutting newbuild orders; Lloyd Fonds recently announced cancellations on a basket of bulk carriers and smaller container ships worth €460M ($670M).

The role of the Korean government, dealing with CMA CGM and presumably with others, is something of a wild card.

On the one hand, KEXIM has reportedly asked CMA CGM to top up its equity (to compensate for hulls that have declined in value). As a rough guide to the sums involved, Hanjin estimated that 6,500teu vessels under construction for IRISL, originally priced at $100M each, had dropped in value by 50% during the course of a year-long payment dispute.

On the other hand, the Korean Development Bank (KDB) is offering Korean owners a $1.6Bn leasing fund applicable to both second-hand ships and newbuildings, where charterers (or buyers) have turned their back on obligations.

In contrast, China uses finance strategically on the road to shipbuilding domination. China Exim Bank's $389M loan to Overseas Shipholding Group (to finance five vessels newly delivered from Chinese yards), announced in early September, provides a clear paradigm for newbuild finance.

The same China Exim is also playing a pivotal financing role in a 12-ship, $1Bn, tanker order recently placed by National Iranian Tanker Company with Chinese yards. Still another data point concerns the newly-established Chinese owner Roxen Shipping, whose backers include non-state players such as Goldman Sachs. Shipbroker Compass Maritime hints at the dynamics of recycling Chinese yard slots in a recent report.

The New York S & P/finance specialist told clients: "it was announced that a shipowning company has been established called Roxen Shipping of Beijing to take over cancelled newbuildings at Rongsheng Heavy Industries of China. The company purchased the Suezmax tanker *Roxen Star*… for [a sum in the] region of $70M, after a Greek owner walked away when the ship missed its delivery date."

The Rongsheng yard, a beneficiary of credit from the Bank of China to fund its own expansion, is best known as the winner of a $1.6Bn order for 12 large ore carriers from Brazil's iron ore giant Vale (which has this past week ordered four of 400,000dwt VLOCs from Daewoo). Whether the Koreans emulate the Chinese in dealing with shipbuilding – a strategic foreign exchange earner – will be closely watched by owners and bankers.

Selected deliveries recorded week ending 2 October 2009 (continued)

Vessel	Shipbuilder	Owner/Operator	Delivery	Type	Capacity
HAKIM	Yangzhou Dayang	Islamic Republic of Iran Shipping Lines	2009/9	Bulk Carrier	53,500dwt
HONG KONG BRIDGE	IHI Marine United	Kawasaki Kisen Kaisha	2009/9	Container Ship	9,040teu
IANTHE	Daewoo Shipbuilding & ME	Lykiardopulo	2009/9	Bulk Carrier	180,018dwt
INGRID C	COSCO (Dalian) Shipyard	Efshipping	2009/9	Bulk Carrier	57,000dwt
MACCOA	Shandong Weihai Shipyard	Navarone	2009/9	Bulk Carrier	30,000dwt
MBA FUTURE	Tsuneishi Group (Zhoushan)	Giuseppe Bottiglieri di Navigazione	2009/9	Bulk Carrier	82,100dwt
NAVIOS CELESTIAL	Tsuneishi Group (Zhoushan)	Navios Maritime Holdings	2009/9	Bulk Carrier	58,056dwt
NYK ROSA	STX	Nippon Yusen Kaisha	2009/9	Container Ship	2,700teu
PRISCO ABAKAN	STX	Primorsk Shipping	2009/9	Bulk Carrier	57,334dwt
SHENLONG SPIRIT	Bohai Heavy Industry	Teekay	2009/9	Crude Oil Tanker	159,200dwt
SHIRARA	Imabari Saijo Shipyard	Shoei Kisen Kaisha	2009/9	Bulk Carrier	180,200dwt
STENA PROGRESS	Brodosplit	Stena	2009/9	Oil Products Tanker	65,125dwt
TOPAZ EXPRESS	Minami-Nippon	Mitsubishi	2009/9	Oil Products Tanker	45,700dwt
TRI ARROWS	Imabari	Temm Maritime	2009/9	Bulk Carrier	28,050dwt
USHUAIA	Jiangsu Eastern Heavy Industry	Pancoast Trading	2009/9	Bulk Carrier	37,500dwt