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No Christmas cheer for bulkers stranded in China



THE 92,214 DWT Mediterranean Shipping Co-owned bulk carrier *Anastasia* (IMO: 9625970) has been stuck off the coast of northern China since August with 18 Indian crew members.

However, this is not the only vessel which has been stranded at anchorages outside coal terminals in China.

According to Lloyd's List Intelligence vessel tracking data, at least 31 panamaxs and post panamaxs and three capesizes loaded with coal at eastern Australian ports since July through to November are at anchorages outside terminals at Caofeidian, Huanghua, Tangshan and Bayuquan.

The numbers have reduced by four ships since Lloyd's List last reported on the situation, but this may be due to vessels being diverted to other countries including Japan, India and Korea.

The 2010-built, 92,500 dwt *Caroline Oldendorff* (IMO 9498705) is heading to Japan and is currently near Wakayama port, Lloyd's list Intelligence data shows.

The vessel left Australia on July 20 and reached Xingang port in China on August 8. Since then the vessel has been waiting outside various port anchorages to discharge.

Another vessel, *Royal Award* (IMO 9381201) is also heading to Maizuru port in Japan after waiting for five weeks in anchorages outside China.

The 2013-built *Rui Ning 22* (IMO 9619646) which reached China on September 9 from Australia had called at an Indonesian port on

December 15, probably for a crew change and is now heading back to China.

China's effective ban on Australian coal is unlikely to materially reduce overall Australian export volumes as long as Australia is able to redirect its coal exports, according to Capitaleconomics.

Australia exports both thermal and coking coal in roughly equal quantities to China. However, due to

their higher price, coking coal exports to China were worth \$10.2bn in 2019-2020, whereas Australia shipped a smaller \$4bn worth of thermal coal to China.

Meanwhile, coking coal exports from Canada are partly filling the shortfall of China's imports of Australian product and have been positive in terms of tonne-mile demand for the dry bulk segment.

WHAT TO WATCH

Hapag-Lloyd orders six LNG-powered 23,500 teu containerships

HAPAG-LLOYD has ordered six 23,500-plus teu dual-fuel boxships for around \$1bn.

The German carrier, the world's fifth-largest with over 1.7m teu capacity in its fleet, announced on Wednesday that the South Korean yard Daewoo Shipbuilding & Marine Engineering will build the vessels and deliver them between April and December 2023.

"The vessels will be deployed on the Europe - Far East routes as part of The Alliance and will significantly increase Hapag-Lloyd's competitiveness in this trade," Hapag-Lloyd said.

The company said it has already obtained the necessary financing for the order.

"With the investment in six ultra-large container vessels we will not only be able to reduce slot costs and improve our competitiveness on the Europe - Far East trade, but also take a significant step forward in modernising our fleet. Additionally we will further reduce our environmental impact," Hapag-Lloyd chief executive Rolf Habben Jansen.

Demand declined sharply in the spring, but its resurgence since this past summer has meant that carriers have seen major profits in 2020.

Epic acquires Lauritzen Kosan to form new gas carrier giant

OSLO-listed Epic Gas has acquired J. Lauritzen's Lauritzen Kosan unit, in an all-share deal that will give J. Lauritzen a 27% stake in what will emerge as the world's largest gas carrier fleet.

The new order comes a few days after Mr Habben Jansen reiterated during a webinar that the global containership orderbook, which he placed at 8% of today's fleet, is too low. "I am sure some orders will come in the foreseeable future. That is also needed," he said.

At the same time, Mr Habben Jansen had warned that new orders today will not give relief to the industry over the next one or two years given the time it will take for the ships to be built.

Boasting an "extremely efficient" high-pressure dual fuel engine, Hapag-Lloyd's six ultra-large newbuildings will run on liquefied natural gas with an option to burn conventional fuel too.

LNG as a marine fuel remains a controversial option. While backers see it as the best transitional option to a low-carbon future on account of its carbon emissions reductions, critics highlight the problem of methane slip in these engines, which increases a greenhouse gas that although more short-lived is thought to be more damaging for global warming than CO₂ is.

BW Epic Kosan, as it will be known once the transaction closes in the first quarter of 2021, will bring together Epic's 43 pressurised gas vessels and Lauritzen Kosan's 34 gas carriers, in addition to what is being described as certain other assets.

BW Epic Kosan will be headquartered in Singapore, with Epic Gas' current chief executive Charles Maltby heading up the combined entity, and Lauritzen Kosan's chief executive Thomas Wøidemann leading the commercial side.

As a part of this deal, BW Epic Kosan has secured committed finance for the Lauritzen Kosan fleet at \$155m from SEB, Danske Bank, Nordea, Danish Ship Finance and Crédit Agricole CIB.

"This transaction combines two well reputed operators into a strong new entity in the sector. We welcome our colleagues from Lauritzen Kosan and look forward to working together to build a great company delivering cleaner energy and feedstock to communities around the world," said Andreas Sohmen-Pao, chairman of Epic Gas.

BW Group took a dominant stake of just under 83% in Epic Gas only as recently as April last year, and has since given its subsidiary substantial autonomy. After the Lauritzen deal, its control will be diluted to 53%.

ANALYSIS

Eagle Bulk raises \$25m for bulker acquisitions

EAGLE Bulk, an owner of smaller-sized bulkers, said it has managed to raise \$25m in a share offering to fund vessel acquisitions.

"We had strong support from one of our largest shareholders and participation from new and existing investors as well," said the US-based company's chief executive Gary Vogel.

Closing of the share offering took place on December 22.

The company said last week it purchased a 2015-built scrubber-fitted ultramax for \$16m. According to filings, it bought a second 2015-built ultramax for \$16.5m.

Sources have indicated that these ships have been acquired from Scorpio Bulk, which has been one of the most active sellers in the market as it exits the dry bulk space. The vessels are believed to be *SBI Gemini* (IMO: 9699282) and *SBI Aries* (IMO: 9699270).

"We have bought 22 dry bulk vessels over the last few years and sold 19 smaller, older, and less efficient vessels, helping to lower the average age of the fleet and improve our emissions profile," Mr Vogel told Lloyd's List in an interview.

"Our goal is to continue to develop this company based on positive supply-demand fundamentals and attractively-priced secondhand tonnage."

There are now only three vessels remaining in the fleet that are over 15 years of age. They will likely be divested over the next year or so, he said.

With the two new purchases, Eagle Bulk will have 43 scrubber-fitted vessels in its fleet, the largest in the ultramax segment.

The company was reported to have had \$23m in cash flows on a \$90m investment, as of September 30, despite the Covid-19 effect on fuel spreads.

"Given the conditions, we are satisfied with the returns thus far," Mr Vogel said.

With oil at \$50 per barrel, the fuel spread has recently increased to about \$100 per tonne on average for 2021 and 2022, which, based on a conservative figure, translates to \$21m in revenue generation per year, the company estimates.

The dry bulk market is standing on its own merits, with the supply side at its lowest in 25 years, and GDP growth expected to support the demand equation given a roll out of vaccines to control the coronavirus.

Fleet growth at 5.5% for the mid-sized segment is helped by muted ordering, given limited access to capital combined with uncertainty about future fuels. Eagle Bulk will not be adding to the supply side with newbuildings.

Besides 2020, there has only been one other year with no demand growth, Mr Vogel said. That was in 2008 during the financial crisis.

The bright spot for dry bulk demand this year has been grains trades.

In the fourth quarter, trade in US soybeans to China has been particularly strong, outpacing 2017

levels, thanks to a trade deal, new administration in the US, and a growing pig population in China. All the above factors bode well for continued growth.

Higher coal volumes from Indonesia to China amid a trade dispute with Australia could also help the company's smaller-sized bulkers. Seaborne coal into India, which declined 16%, is expected to rebound by 11% next year, providing a short-term positive story.

On the crew change crisis, the executive was pleased to report that none of its crew are on overdue contracts at this point in time.

"We have, firstly, been fortunate, and secondly, we put resources and time to find creative solutions at an increased cost. But we felt it was our obligation to get it done. It's also not good for safety or business when crew are fatigued," Mr Vogel said.

Eagle Bulk has also joined the Sea Cargo Charter, a global framework for assessing and disclosing the climate alignment of chartering activities, in order to help to bring transparency on emissions, in support of the IMO 2030/2050 targets.

Mr Vogel was ranked 77th in this year's Lloyd's List Top 100 most influential people in shipping.

MARKETS

Dry bulk asset sales rack up as Genco Shipping exits handysize space

THE dry bulk sales and purchase market has been active, with a number of deals reported in the past week.

US-based Genco Shipping & Trading said in a statement that it has acquired three modern fuel-efficient ultramaxs in exchange for six older non-core handysize vessels.

The asset swap transaction, which is part of the company's "efforts to modernise its fleet and create a more focused asset base while reducing its carbon footprint", allows it to grow in minor bulks, while maintaining its position in the larger capesize segment. No monetary consideration or additional capital is required.

The deal, which is cash and asset value neutral, also sees Genco cutting costs of about \$3.6m related to drydocking and ballast water treatment systems for three of the handysizes which were due next year.

The vessels are scheduled to deliver to both parties through the first quarter of 2021.

Separate from the above transaction, the company also agreed to sell the 2009-built supramax *Baltic Cougar* (IMO: 9387358) for \$7.6m and the 2009-built handysize *Baltic Hare* (IMO: 9397236) for \$7.75m.

Following conclusion of the deals, Genco will have fully exited the handysize sector. Its fleet will consist of 41 vessels, including 17 capesize, nine ultramaxs and 15 supramaxes, with a total capacity of about 4.4m dwt and an average age of 10 years.

In other deals, US-listed Diana Shipping signed an agreement to sell the 2001-built panamax *Oceanis* (IMO: 9225055) for \$5.75m before commissions. Delivery to the buyer, who was not identified, will be completed by April 16, 2021.

Following completion of the deal, and previously announced sales, the company will have a fleet of 37 bulkers, consisting of four newcastlemaxes, 12 capesizes, five post-panamaxs, five kamsarmaxes and 11 panamaxs.

Eagle Bulk meanwhile bought a 2015-built scrubber-fitted ultramax for \$16m, which is expected to be delivered in the first quarter. It did not identify the seller.

The vessel, which was built at the Chengxi shipyard in China, will be renamed *Oslo Eagle*.

Following completion, the US-listed company will have 48 supramaxes and ultramaxs in its fleet.

Market sources have indicated that the ship has been acquired from Scorpio Bulk, which has been a motivated and competitive seller given its rapid exit from the dry bulk market as it turns its attention to the offshore wind sector. Lloyd's List understands that the vessel in this deal is the *SBI Gemini* (IMO: 9699282).

VesselsValue, an online data provider, has recorded 43 bulker deals so far this month, versus 40 in the same period last year, its head cargo analyst Olivia Watkins said.

International Group reports \$1.8bn payouts for ships under pilotage

SIX-FIGURE P&I payouts incurred while vessels were under pilotage have topped \$1.8bn in the last 20 years, according to new analysis from the International Group of P&I Clubs.

The IG's research found 1,046 such incidents between 1999 and 2019 in which liabilities topped \$100,000.

Taken in the context of the vast number of movements under pilotage every single day, such frequency can justly be described as extremely low, although where they do occur, consequences can be severe.

This is particularly the case with incidents involving large container vessels and contacts with gantry cranes, and these incidents have been identified as a focus for further work.

The report also recognised that there is generally a shared responsibility for such incidents when they occur, and recommended enhanced and repeated

training on bridge resource management as a means to reduce risk.

It also calls for more specific follow-up action than has generally occurred to date in order to facilitate fact-finding, root cause analysis, and appropriate risk mitigation measures to prevent recurrence.

Chris Adams, chair of the International Group's pilotage subcommittee, stressed the need for engagement of both pilotage bodies and port authorities with insurers as seen as key to identifying and implementing risk mitigation measures.

"The International Group will welcome the co-operation and support of pilotage authorities and the shipowner and pilotage representative bodies, in particular the International Chamber of Shipping and the International Maritime Pilots Association, in working to achieve this aim of reducing the number and severity of such incidents," he added.

IN OTHER NEWS

Bureau Veritas-led 3D printing project among recipients of Singapore funding

SINGAPORE is forging ahead with real world applications of additive manufacturing, more popularly known as 3D printing, with a joint industry project involving key local industry players being one of six to be awarded co-funding under the Maritime and Port Authority of Singapore's Maritime Innovation and Technology fund.

Bureau Veritas is working together with 3D Metal Forge and PACC Offshore Services Holdings on additive manufacturing for the maritime sector, aiming to improve operational efficiency and reduce risks for the replacement of critical components; eliminate the need for physical inventory, storage, potentially complex distribution, and logistics costs; and, provide cost benefits to clients,

particularly for the procurement of hard to source, obsolete, and out of stock spare parts.

Four products were identified for trial manufacturing. After production and certification they will be installed on board POSH's 21,000 bhp anchor handling, towing and support vessel *POSH Teal* (IMO: 9609794) for trials lasting from three to six months.

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<https://youtu.be/3rO6kc0xpDA>

Interview Information

Closing date – 24 December 2020

Interview date – 7 January 2021

Due to the coronavirus, we are operating virtual interviews. This will preferably be undertaken using the Microsoft Teams software, which is currently free for new users, however if there are any issues with accessing this technology, we are happy to discuss alternative arrangements prior to the interviews.

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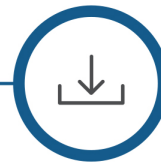
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