

LEAD STORY:

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China's signal to speculators may well support dry bulk freight rates



CHINA'S RECENT COMMENTS aimed at bringing down super-hot commodities prices may turn out to be a blessing for the dry bulk market.

Remarks by the National Development and Reform Commission was seen as a warning to those taking large positions in the paper market for commodities ranging from iron ore to copper and steel, which had seen a bull run to record highs over recent weeks, according to Shipping Strategy.

The signal to market participants “do not stop people from trading the physical, but rather to curtail volumes from the futures market, the effect of which may be to encourage people to buy more imported commodities, which will help push up freight rates,” the UK-based consultancy’s founder Mark Williams said.

While May has been a quiet month due to various holidays around the world, June and July may “roar back,” he said, adding that the second half of the year will turn out to be busier.

The Baltic Dry Index could even breach 4,000 points, the first time in more than a decade, according to Mr Williams.

US-based Breakwave Advisors said the biggest risk to the dry bulk rally is China’s intervention to cool the markets.

The capesize segment appears to be “the least supportive and the most vulnerable” to China’s clampdown on sky-high commodity prices, relating mostly to its steel industry, which has seen sharp increases this year, it said.

With more than 60% of demand coming from China, dry bulk remains highly dependent on the country's imports, and any indication of a pull back will filter through to the dry bulk market in the first instance, it added.

"We do not believe that such an aggressive action will be beneficial for China, as prices will only increase further due to the limits in domestic production capacity for a lot of commodities. However, we cannot ignore such a scenario."

Global steel production rose 23% to almost 170m tonnes in April versus the same month last year, according to the latest statistics from the World Steel Association. China's output increased by 13% to almost 98m tonnes.

Peter Sand, chief shipping analyst at the largest shipping association BIMCO, said commodities were feeling the pressure of inflation from extreme expansionary monetary easing, particularly in the US.

"Higher commodity prices do not help anyone but

the miners," he said, although they cannot benefit hugely from the red-hot markets due to some supply constraints.

The higher prices are not currently correlating to super-charged demand, he noted.

Take iron ore, for example, which reached record high levels of more than \$230 per tonne on the futures market, not because demand was strong, but because of lower availability.

There were also concerns of souring relations between China and its main supplier Australia.

In terms of coal, Chinese electricity production from coal is higher at present, which bodes well for demand at least in the short-term, Mr Sand said.

There may be less imports over time as domestic production rises and more renewables make up the share, which would be negative for the panamax and capesize demand, he added.

WHAT TO WATCH:

China and US 'lead tanker market turnaround'

AT LEAST one shipping analyst has called the bottom of the tanker market, citing rising steel prices alongside China's rapid industrial rebound, falling global crude inventories and increased demand for transport fuels as travel rises in the US following a successful vaccine rollout.

The sentiments were echoed by Oslo-listed product tanker owner Hafnia, which reported loss-making first-quarter results but said signs of a recovery, including declining land-based inventories, were "pointing in the right direction".

Strong economic growth in the US and China led to rising oil consumption that would boost demand for tankers, while trade projections suggested that global seaborne product demand would rebound in the second half, said chief executive Michael Skov.

Demand for most refined products was expected to reach pre-pandemic levels by the end of 2021, except for jet fuel, Hafnia indicated in an investor conference call.

The company posted a \$15.6m loss on revenue of \$179.3m for the quarter ending March 31 compared with a profit of \$77.1m on earnings of \$268.4m for the year-ago period.

New York investment bank Evercore ISI's latest report upgraded the tanker segment of eight companies covered on May 24 and said it was time to call the market bottom and "go long". Evercore does not cover Hafnia.

The existing risks affecting the timing and magnitude of the tanker recovery "are increasingly being overwhelmed by incremental upside", the Evercore report said.

The rising tide of steel prices and a buoyant second-hand market are lifting all tanker asset prices, the Evercore report authored by Jonathan Chappell noted. Although the bank has yet to revise its spot rate estimates, its target prices for stocks of companies it covers are 45% higher than before.

Hafnia, which has a fleet of 98 product tankers, from handysize to the largest long range two vessels, cited easing travel restrictions for the better demand

figures for gasoline and diesel. These two transport fuels account some 45% of oil demand.

The production of masks, medical kit, disposable syringes and other related equipment was also keeping demand strong for polypropylene, the company said. Polypropylene is produced by cracking naphtha, with shipments of this petrochemical dominating employment of long range tankers to Asia from the Middle East.

Hafnia and Evercore have cited the drawdown of the land-based surplus of crude and products as positive for tanker markets. Hafnia said crude inventories — which built when the global pandemic paralysed demand — shrank by 1.1m barrels per day over the last 12 months.

Evercore said the overhang had largely been removed.

The tanker orderbook represented 7% of the existing fleet, said Mr Skov, with fleet growth projected at 2%.

An increase in building new containerships in Asia shipyards, triggered by record-breaking profits of the past nine months, was widening the time between order and delivery of tankers to 2023 and beyond, he said.

“We believe the risk of missing a large cyclical upturn in the (tanker) stocks is now greater than being a bit early,” Evercore said in its report.

ANALYSIS:

Australian firm targets carbon-neutral methane bunker exports

A RENEWABLE energy technology company is seeking to launch a renewable methane export industry and has identified shipping companies as some of the first suitable buyers.

Melbourne-based Southern Green Gas wants to produce 10m tonnes of methane each year by 2030, based on the use of green hydrogen and direct air capture.

Managing director Rohan Gillespie, who has worked at BHP and Australia’s Commonwealth Scientific and Industrial Research Organisation, told Lloyd’s List that potentially all of that supply could be used up by ship bunkers.

The company is seeking the first committed renewable methane buyers whose contracts will help fund the production and will give them production offtake rights.

“We need parties that can bring access to the market, bring the capital and just share the vision with us that extracting CO₂ from the atmosphere can be made viable. The rest is proven technology,” said Mr Gillespie, adding that these buyers could include shipping companies, oil majors, commodity traders and utilities companies among others.

He said there is no renewable methane market currently and only a very small volume of

biomethane, which is low-carbon methane based on biomass feedstocks, produced today.

Southern Green Gas renewable methane will be carbon neutral from well to wake, meaning that any carbon dioxide emissions from its production all the way to its consumption will be offset by equal CO₂ removals from the atmosphere.

Methane, CH₄, consists of one carbon atom and two hydrogen atoms and is the dominant component of natural gas.

The renewable methane production is based on green hydrogen, which is derived by splitting hydrogen and oxygen atoms in water, through a process called electrolysis.

The oxygen is then released while the hydrogen is mixed with carbon dioxide extracted from the air, through a process called methanation, leading to the renewable methane.

This product can be transported through existing gas pipelines, exported through liquefied natural gas terminals and used directly in LNG ship engines.

For its direct air capture, Southern Green Gas’s plans to deploy small scale modular units that can capture 1-2 tonnes of carbon dioxide a year and that can be produced in Australia, according to Mr Gillespie.

He said the company aims to produce several hundreds of thousands, even millions of these units as it grows.

The company is currently developing a modular renewable methane production demonstration plant with APA Group, an Australian natural gas energy infrastructure operator.

The plant will be based at the Wallumbilla Gas Hub, near Roma, in Queensland, and will produce around 32 gigajoules of renewable methane based on hydrogen.

Mr Gillespie said the demonstration project is halfway done. It is expected to be operational by the end of 2021 and the goal is to supply APA's gas pipelines with the alternative fuel for up to a year.

“The pilot will help determine if this carbon-neutral process could be part of a broader green energy solution and examine whether APA's pipelines are suitable for transportation of renewable methane,” APA said in its 2020 sustainability report.

The company also reported that 11% of its direct emissions were from fugitive emissions associated with natural gas pipelines.

Southern Green Gas also wants to develop a commercial project in Sydney near APA's existing Moomba to Sydney pipeline, with a planned output of 30,000 tonnes of renewable methane per year and a modular expansion on the site to 1m tonnes per year.

Mr Gillespie said the company hopes to complete financial close on this first commercial project by sometime between late 2023 and early 2024. But that will also require long term offtake agreements.

If the project is successful, he expects that 80% of that production would go to the export market, most likely through the port of Gladstone, split between bunker fuel and utility use for power generation. The other 20% would be domestically consumed.

Southern Green Gas has reported that in 2020 renewable methane production would have cost around \$50 per gigajoule due to high green hydrogen production costs. It aims to bring down

that cost to \$8 per GJ by 2028 to reach price parity with natural gas in Easter Australia.

Mr Gillespie believes Australia is well-situated for the launch of the renewable methane industry due to its vast low cost, flat, non-arable land and the existing pipeline and LNG infrastructure.

“We always got into this knowing that it was going to result in very large export business for Australia potentially,” he said.

Australia exported 75m tonnes of LNG in 2019 according to data from the International Gas Union, giving it 21% of the market share, the second largest behind Qatar.

The use of LNG as a fuel has increased over the past decade with major companies including CMA CGM and Shell committing to its long-term use.

Its proponents tout its lack of black carbon, sulphur or nitrogen oxide emissions, as well as its reduction of CO2 emissions, across the fuel's lifecycle.

However, critics have highlighted the slip of unburned methane from LNG engines. Methane as a greenhouse gas has a much shorter life span than carbon dioxide but can also lead over 84 times greater warming over a 20-year period.

Sceptics also question whether LNG's more sustainable versions, like bio-LNG and renewable LNG, which are still not produced at any real scale, can be genuine fuel alternatives in the future.

Mr Gillespie believes that much of the doubt around prospects of renewable LNG are due to doubts of direct air capture technology, which remains expensive. But he believes the prospect of devalued natural gas assets in a decarbonised world will force companies to get behind the technology.

“The perception that DAC is not viable is widespread and I think it is only going to be dispelled by some of these major players in the natural gas industry getting behind some of these DAC technologies,” he said.

Southern Green Gas is also separately exploring the capture and storage of carbon dioxide in Australia, in sedimentary basins in inland Australia, according to Mr Gillespie.

India's east coast ports brace for very severe cyclonic storm

A WEATHER system brewing off the eastern coast of India has halted some shipping services at ports.

Moving northwards in the Bay of Bengal, the depression is forecast to form a “very severe cyclonic storm” before intensifying and hitting the eastern states of West Bengal and Odisha, the India Meteorological Department said.

Some regions are likely to receive heavy rainfall and wind speeds of up to 165 kmph (102 mph), the weather office said. It also warned that Cyclone Yaas could surge up to 4 m high in coastal areas.

The storm “is very likely to move north-northwestwards, intensifying further into a very severe cyclonic storm during next 12 hours,” the department said.

It is forecast to continue to move north-northwestwards and intensify as it nears the Bay of Bengal “near north Odisha and West Bengal coasts very close to Chandbali-Dhamra port” by early on Wednesday. “It is very likely to cross north Odisha-West Bengal coasts between Paradip and Sagar Island around Balasore.”

The development come days after Cyclone Tauktae forced evacuations at west coast ports.

Ports on India's eastern coast have advised vessels to vacate anchorages ahead of a cyclonic storm, which was expected to make landfall Wednesday.

All vessels anchored at Sandheads — a stretch of open sea nearly 130 km from Haldia, where there

are docking facilities — are advised to leave immediately, according to shipping agency GAC.

The port has not been allowing any inward movements since May 24 and only departures can be conducted until the day-time tide of May 25.

Paradip has also notified all vessels to move out from the port and secure anchorage in a safer sea area.

Dharma port is directing all vessels at berth to keep their engines ready to move out to sea at short notice.

The Indian ministry of petroleum and natural gas has taken measures to secure all oil installations in the sea and to bring back their shipping vessels to safe harbour, Prime Minister Narendra Modi said in a statement.

The ministry of port, shipping and waterways is also deploying emergency tugs and other vessels for rescue operations.

India's neighbour Bangladesh, which borders West Bengal, has also begun evacuating its ports as Cyclone Yaas is expected to make landfall on Wednesday.

“All the agents who have vessels scheduled for arrival on or after May 24 are requested to postpone their arrival programme until a declaration from this authority,” Mongla port said.

MARKETS:

Yantian Port halts entry for export containers

THE Port of Yantian said it will stop taking in loaded containers as congestion at the export hub in Southern China deteriorates.

The restriction will be implemented from 2200 hrs local time on May 25 to 2359 hrs on May 27 and will only be partly lifted afterwards for export boxes with their vessels expected to arrive at the port within the next four days.

Pickups of import or empty containers, however, will still be allowed over the period.

The decision was made due to “the serious delay in ship schedule has led to extremely high density at Yantian's storage yard and has severely affected the operational efficiency at terminals”, a port statement said.

Schedules of vessels arriving in China have been partly disrupted by the pandemic-led logistics

bottleneck at some foreign ports, especially those in the US, as well as by the fallout from the Suez Canal blockage.

However, Yantian's move also comes with an ongoing coronavirus outbreak in the port area since last week.

The local health authorities reported another infection case on Tuesday following four confirmed earlier. All five port workers were involved in handling the Panama-flagged containership OOCL Vancouver on May 17.

It also warned that more cases might be found in the coming days.

The situation has raised carriers' concerns over a worsening logistics logjam at the port.

Maersk told Lloyd's List in a statement: "We expect the Yantian port congestion level will increase due to the quarantine measures implemented by local authorities, contingency

plans for service recovery will be reviewed from our side."

The city's transport bureau has asked ports, shipping lines and logistics companies to tighten up their anti-virus measures, which could lead to further delay in vessel calls and cargo clearance based on past experience.

Port sources said Yantian has ordered a 14-day quarantine period for vessels with crew members who have tested positive. The isolation will start from the disembarkment date of the infected seafarers on board.

Crew with recent travel to "high-risk" countries, such as India, are also requested to have a swab test before their vessels are allowed to dock.

Lloyd's List has sought comments from the local port authorities.

Some carriers are said to have started to avoid Yantian to prevent further service delays.

European export container shortages set to worsen

CONTAINER lines are still favouring loading empty containers for backhaul voyages ex-Europe, putting increasing pressure on shippers seeking export slots.

Pricing and availability indicators suggest that carriers are prioritising getting empties back to Asia in order to maximise yields on headhaul services rather than wait for less lucrative backhaul cargoes, according to data from container leasing platform Container xChange.

For shippers this has led to prices for secondhand containers rising despite availability indices pointing to higher availability of boxes in European hubs.

"The confluence of theoretical high availability and soaring prices for boxes strongly indicates that container lines are prioritising empty containers over export cargo from Europe," said chief executive Johannes Schlingmeier. "There were signs of this even before the Suez Canal closure in late March.

"The latest figures suggest the additional disruption this caused has exacerbated the situation and made it even harder for exporters to find empties."

Between January and April average prices for used 20 ft containers across Europe rose 57% from \$1,348 to \$2,119.

Container xChange's Container Availability Index, in which a number above 0.5 shows more loaded containers entering a port than leaving, has entered positive territory since the start of the year.

In Hamburg, the average CAx reading this year to date is 0.75 compared with 0.39 in the first half of 2020, while at Rotterdam the reading is 0.71 this year, compared to 0.46.

CAx readings for week 19 decreased by on average 4.5% to values of 0.85 across dry-container sizes in Hamburg, 0.79 in Rotterdam, and 83.5 in Antwerp, indicating an ongoing surplus of incoming boxes.

"An increase in incoming shipping containers by 4%-5% over the next weeks is likely to not only increase CAx readings but also contribute to slowly decreasing container prices again," said Dr Schlingmeier.

"These are good times for equipment owners across Europe as indications are that even if

container prices dip slightly, scarcity will remain until carriers change tack and start looking for more backloads.

“As a result, container prices are likely to remain at elevated levels for some time, although we do think availability for exporters will improve in the coming months.”

IN OTHER NEWS:

Crew evacuated after explosion on X-Press Pearl

ALL crew on board the 2021-built, 2,700 teu *X-Press Pearl* (IMO: 9875343) have been evacuated after the ongoing fire on the vessel led to an explosion.

Lloyd's List Intelligence's casualty reporting service reported that the situation on the vessel, which is at the Colombo anchorage in Sri Lanka, had “deteriorated dramatically”.

Images taken by the Sri Lanka Air Force show the vessel engulfed in smoke, with the fire having spread well beyond the initial outbreak in bay No 2.

Seanergy vessel deal expands capesize fleet to 16

SEANERGY Maritime has said it has entered into a definitive agreement with an “unaffiliated” third party to purchase another vessel for its capesize fleet.

Renamed as *Worldship*, the vessel, which is fitted with a scrubber and a ballast water treatment system, will increase the company's fleet to 16 capesize bulkers.

“The addition of the MV *Worldship* to our fleet will further enhance our operating leverage as a leading pure-play capesize

company,” said chief executive Stamatis Tsantanis.

Seaspan completes \$500m sustainability-linked bonds placement

SEASPAN, the containership owner and operator, has completed a \$500m private placement of senior secured notes that it describes as sustainability linked.

The company, which is wholly owned by US-listed Atlas Corp, said in a statement that the largest reported sustainability-linked US private placement comprises \$450m of senior secure notes. These were issued and sold on May 21, with another \$50m set to be issued and sold on August 12.

“The private placement, placed with over 20 institutional investors within the insurance industry, received significant demand from the North American market and was oversubscribed, resulting in longer terms and tight credit spreads,” it said.

Seanergy buoyed by rising capesize rates

SEANERGY Maritime, the Greece-based capesize bulk carrier owner, has posted a sharply-reduced first-quarter loss and appears poised to benefit further

as charter earnings increase sharply.

Nasdaq-listed Seanergy, which is the sole pure-play capesize owner stocklisted in the US, has acquired five modern Japanese-built vessels so far this year at a cost of \$134.3m but none of these were delivered to the company during the first quarter.

Seanergy posted a \$1.3m net loss for the quarter, compared to a loss of \$8.3m in the same quarter last year.

Chinese digital logistics platform raises \$100m

YQNLink, a digital container logistics platform, has raised \$100m from venture capital investors.

The Series D round, referring to the fourth stage in the seed stage financing cycle of a new business, has pushed the Chinese company's valuation to \$1bn.

The fundraising reflects the appetite of capital markets for digital solutions that might deliver revolutionary changes to the logistics sector, especially with the lockdown-led supply chain disruption.

Classified notices follow

T.R.
 ISTANBUL ANATOLIA
 IMMOVABLE PROPERTY SALES EXECUTION OFFICE
 2021/391 ESAS
 AUCTION SALE OF
 IMMOVABLE PROPERTY EQUIVALENT SHIP

The ship, which has the following characteristics and is registered under Turkish Ship Registry with SCRAP attribute and subject to proceeding with Judgement by the Way of Foreclosure of Mortgage, shall be sold by auction free of all real and personal rights, encumbrances, and limitation per the Bankruptcy and Enforcement Law, and Turkish Commercial Law.

Type, quality, value, number, and important characteristics of the immovable for sale:

SHIP REGISTERED TO TURKISH SHIP REGISTRY:

Per the expert opinion of 09/02/2021 that is the basis of 2020/471 Esas-2021/63 no and 22/02/20211 date decision of Istanbul Anatolia 9th Enforcement Court;

INSPECTION AND STATUS ASSESSMENT

M/V BORAS dry cargo ship with 8202953 IMO no and flag subject to sale was subjected to a current status assessment by an inspection at all premises with a flashlight as the ship had no current energy, no working devices or equipment on the bridge, accommodations, engine room or deck in its current status or any attendants on the ship located at the Kartal Motorcular Kooperatifi, Kumcular dock.

General and technical characteristics information of M/V BORAS ship is given below.

SHIP GENERAL INFORMATION

Name of the Ship	M/V BORAS
Type	GENERAL CARGO
Flag	TURKEY
Call Sign	TCGU
Ship Build Year and Place	1984 – KÖK SHIPYARD/TUZLA
Port of Registry	ISTANBUL
Imo Number	8202953
Registered Class Society	TURKISH LLOYD
Mmsi No	271000352
CLASS Notation	(+1 A5,(+M)
Gross Tonnage:	3,746
Net Tonnage:	2,317
Summer Deadweight (Metric Tons):	6,071 MT
LDT: (Empty weight)	1,893 MT
Length overall (m):	103.25 m
Length between perpendiculars (m):	94.20 m
Width (m):	15.40 m
Depth (m):	8.50 m
Registered speed (LOADED)	9.0 Knot
Main engine number & power	1 ENGINE 2,238 kW (3,000 HP)
Main Engine Model:	MWM – TBD 510L-06U
Auxiliary Engines:	3 x M.A.N. TYPE: D2530MTE OUTPUT: 2 x 195 kW MAIN & 1 x 115 kW HARBOUR REVOLUTION: 1500 RPM
Propeller number and type	1, right hand, stationary, MANUFACTURER: LIPS B.V. 4 BLADE DIAMETER: 3400 mm
Hold Capacity (# 1 and #2 Total)	Grain: 8,179.7 m3 / 288,863 ft3 Bale: 7,753 m3 / 273,784 ft3
Hatch Cover Dimensions (Length x Width)	(25.74 x 11.0 m) x 2
Ship Crane Capacities:	#1 SWL: 8 Tons, #2 SWL: 10 Tons, #3 SWL: 10 Tons, #4 SWL: 8 Tons
Last Drydock Survey Date and Place:	12/2013 – TUZLA
Last Special Survey Date:	12/2013
Last Inspection Date and Place:	14/03/2016- Paris MOU Varna/BULGARIA

STATUS ASSESSMENTS

(ACCOMMODATION, BRIDGE, DECK ASSESSMENT, AND EVALUATION)

M/V BORAS is a dry cargo (General Cargo) ship that has steel construction, single hull, fore and aft cabin, accommodation, and engine room at the aft, and has 1 main engine + 3 auxiliary engines (generator), 2 loading holds, 4 crane equipments named “American Equipment”. The total capacity of the ship holds is (bulk) 8,179.7 m3, and (bale) 7,753 m3. Hatch covers of the ship are opened and closed by winches via wire pulling. From the visitation of the ship, it was seen that no personnel was present; and due to that, no personnel was accompanied in the assessment. It was seen that the ship was aground at the Kartal Kumcular İskelesi position without any load in its hold, in an empty state. This situation of the ship proves a hazard for nearby ships in the strong weather and environment. There were no paint, provision, etc. consumables found on the ship. As the result of the examination, it was seen that the ship was completely abandoned. There were no Ship Journal to be found on the bridge and also there were no documents or papers (Engine Journal, Ship Certificates File, GMDSS Radio journal, etc.) with official record attributes found in the ship (deckhouse,

* This document has been signed by electronic signature per the provisions of Law no 5070.

You may reach this document in the UYAP Information Systems via <http://vatandas.uyap.gov.tr> adresinden QbNH7OD - y8Ti5l6 - 3fKb6Dh -

deck office, master cabin, engine control room, etc.). Per the ship Equasis records; it was understood that the ship was supposed to be subjected to 5 years Class Review/Insurance Renewal in December 2018, and it was dropped from class (the ship was out of the insurance coverage) as it was not reviewed. (Equasis is a ship information system and database where it is possible to share information. It is possible to acquire many data for the ship and to retroactively see the full registry of the ship.) The shipping certificate registrations were also acquired from Equasis registries and the certificate file which was supposed to be on the ship could not be reviewed as the ship was abandoned. Per the relevant Equasis records, it was seen that all certificates were expired. It was seen that the hatch covers of the ship were partially left open. It was observed that the inner-hold conditions were under a high corrosion state. When the ship crane equipment was reviewed it was seen that all wires and rollers were not oiled for a long time and have rough rust, and the #3 crane beam was damaged due to fall (See. Photos). Per the Ship Info Form hanged on the deckhouse, it was seen that there are 8 lock (1 lock chain = 27.5 meters) chains at the starboard and port each, yet per the declaration of the shipowner and its attorney during the survey; the ship was anchored by double anchor yet as its anchors were stolen while it was docked in stern-to position by the means of cutting the anchors of the ship from their chains, the ship was grounded by ripping the ropes that connected it to the dock and drifting to the shore as it was subjected to waves, flows, and wind. It was seen that the Lifebuoys, Life rafts, and Life jackets that were mandatory per the Ship Equipment Security Certificate were either missing or in bad shape. It was seen that 2 Life Boats with capacity of 25 persons each were in safety in the starboard and dockside in their davits. It was seen that the Life Boat in the starboard was in good condition, yet the one on the dockside was in a bad shape. There is winch equipment in the aft and fore (one each) with 2 lantern systems in the aft, the winch at the aft was also used for lowering and heaving of the ship anchors yet it was not possible to control that the aft and fore winches were working or not as there was no power supply in the ship at the time of the survey. It was seen that all maneuver ropes at the fore and aft of the ship were in bad conditions. The ship has six (6) floors, including accommodations, 2 decks (lifeboat deck and master/officer floor) with aft cabin, shared premises, and personnel/officer cabins after the main deck, deckhouse deck, and flybridge. Internal premises such as all personnel cabins, cookhouse, rest/mess hall, shared bathrooms, infirmary were again in a neglected condition, personal security equipment (fire, ship exit, etc.) were either missing or in bad condition. It was seen that corridors were equipped with IMO markers to show the places of fire and lifesaving equipment; also the escape routes were marked. It was seen that the corridors in the accommodation were marked with IMO markers to show crucial equipment such as fire, life-saving equipment yet the majority of the relevant equipment was not found during the survey. UP-TO-DATE SHIP DECK JOURNAL OR GMDSS JOURNAL WERE NOT FOUND IN THE DECKHOUSE!!! In the control conducted at the deckhouse of the ship: It was seen that all electrical or electronic cruise and radio communication equipment or their terminals were dismantled and the electrical systems and electric support units were in scrap condition. (See Photos) As the electrical supply is not in working condition in the ship, it was not possible to check whether or not the General Alarm, Fire Alarm, other alarms systems, and ship whistle are in working condition. Equasis records of the ship were downloaded from the system and added to this report.

EVALUATION OF THE SHIP IN TERMS OF CONSTRUCTION AND PLATE CONDITION

- The plates of the ship which were left in the most aggressive corrosion conditions for 2 years without maintenance are in bad condition.
- Fore castle deck plate and pain condition is bad and might require local plate replacement. Corrosion is in a serious state.
- The chain bin is operable, yet it was not tested. Ropes are missing. Chains are in good condition. They are possibly newly replaced, but the anchor is missing.
- As there is no direct seawater contact, the chains have no corrosion.
- Maintenance for the pier is required.
- Deckhead equipment needs to be maintained.
- Deckhead spares are not available.
- Hold trunk plates have too much corrosion and plates should be changed. Paint is also required. The painting will be required for hold broadsides and bases. There is severe deformation in the hold bases due to missing painting and being left for a long time in the sea.
- The painting will be required for trunks.
- There is corrosion in the deck ventilation. Maintenance is required.
- The plate and paint conditions of the accommodation are in bad condition.
- Lifeboats and lifesaving vessels are onboard, but they are not in good condition. They should be tested.
- Poop ropes are insufficient. They are taken probably and spares are nowhere to be found.

ENGINE ROOM INSPECTION

As a result of inspection at engine room, the marine boiler and its equipment were detected at the entrance of the engine room casing and it was seen that boiler and systems were present along with exhaust exits. Electrical panels are in their place.

There is a 1x 2,238 KW (3000 hp) main engine with MWM-TBD 510L-06U model, and 3x M.A.N. type, D2530MTE 1500 RPM auxiliary machines present.

There are 1x blade and 3x auxiliary diesel generators.

- **MAIN ENGINE MODEL:** MWM – TBD 510L – 06U

- **AUXILIARY ENGINES:** 3 X M.A.N. TYPE: D2530MTE – OUTPUT: 2 x 195 kW MAIN & 1 x 115 kW HARBOUR - REVOLUTION: 1500 RPM

- **PROPELLER NUMBER AND TYPE:** 1x RIGHT HAND, STATIONARY-MANUFACTURER: LIPS B.V. 4 BLADE DIAMETER: 3400 mm

There is an engine room ceiling chain block present. Main engine cylinder heads are disassembled. There are air tubes, air compressors, oil fuel separators, and oil pumps available. Seawater, freshwater, and ballast pumps are in their places. The engine room is extremely dirty, rusty, and has corrosion in multiple sections. Engine telegraph is available. Main engine housing covers are open. Bilge pump and water pumps and system are in place. The main machine turbocharger is displaced as a block. Tachometer, pressure, and heat meters in the auxiliary diesels are available. Steering gear, steering motors, and oil pumps are in their places. Main engine, diesel generators and other pumps need heavy maintenance in their current conditions. Fuel tanks, oil tanks, fresh water tanks, sludge tanks are all in their places. All valve groups are rusted and corroded. All of the base plates are corroded. Seawater and freshwater systems are mostly corroded. As it was not possible to reach ship ISM documents and ship engine journal, status/hours worked of the main engine and generators and their maintenance status could not be determined.

EVALUATION OF M/V BORAS DRY CARGO SHIP IN TERMS OF ITS VALUE ON THE EXPLORATION DATE

Multiple elements determine the price of a ship. To list some of these;

1. Comparing by latest ship sale information and market price (Latest Sale Data – benchmarking, market price)
2. Replacement Value and newbuild prices (Replacement Value – prices of newbuilding)
3. Scrap value and scrap prices of the ships (Scrap Value – scrap price of ship)
4. Freight Market and potential earning of the ship (Freight Market – earnings potential of the ship)
5. Ship characteristics, equipment type, building place and time, engine type, material used, etc. (Ship's Particulars – type of equipment fitted, where & when built, engine type, materials used & etc)
6. The validity date of class survey, dry-docking, and special survey (Class Status – when is DD/SS due)

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7. Market condition and its effect on the prices (Sentiment – affects price trends)

Among these, many side issues affect the price of a ship. Considering the current condition of the ship and the fact that it was left without maintenance for too long and the freight problems of the ships of the same type, and as the cost required to have it commission ready does not seem very effective, as a result of the exploration survey, it is seen more appropriate to determine its value as scrap, per the article 3 among the articles listed above by the survey of the ship on 12/01/2021, and the survey with the on-place inspection duty on 14/01/2021. It was also learned from Aliğa Ship Recyclers Association that the “LDT (Empty weight)” price of a scrap ship is about 375 USD/TONS depending on the status and condition of the ship.

RESULT AND OPINION

In the scope of the duty given to us, as a result of inspection and evaluation in the M/V BORAS dry cargo ship by taking the information and documents acquired from the ship and equasis records into consideration and conducted investigations and researches, characteristics of the ship, quality and conditions of plate and equipment, operation costs of the equivalent vessels, freight costs and equivalent ship market worldwide considered; by also taking the precedents in the marine market it was understood that the ship subject to sale cannot be repaired and can only be used as scrap. Lightship (tare weight, “empty weight”) of the subject to sale M/V BORAS ship was determined to be 1.893 mt from the general information.

Address of the Ship : Yunus Kartal Motorcular Kooperatifi, Kumcular İskelesi (İstanbul Marine Karşısı) Kartal / İSTANBUL
Value : 5,359,556.00 TRY (Scrap Value - Per the decision of Istanbul Anatolia 9th Enforcement Court on 22/02/2021 with 2020/471 Esas-2021/63 decision number)

VAT RATIO : Exempt per Article 17, 4-g Cause of VAT Law (as it was determined that this ship has scrap quality by an expert report, the delivery of the ship shall be exempt from VAT per Article 17/4-g of VAT law and in the case that it is purchased by the purchaser for the purpose of scrap dismantling VAT shall not be received. But, in the case that is purchased for a purpose other than scrap quality; for use, or operation, etc., the 18% VAT shall be paid by the buyer, as it will be no longer under the scope of VAT exemption.)

Registration Annotations : Same as the ship registry and its file.

1. Sales Date : Between 11:30- 11:40 on 14/07/2021

2. Sales Date : Between 11:30- 11:40 on 12/08/2021

Sales Place : Mezat Salonu 1- İstanbul Anadolu Adalet Sarayı B Blok -4. Çınarlı Sok.No:1 Dragos Kartal- İstanbul

Guarantee : CASH GUARANTEE shall not be accepted at the Sales Premises

Sales Conditions:

1- Tender shall be made as auction. Offers can be made in the electronic environment over esafis.uvap.gov.tr address between twenty days before the first auction to the end of the day before the auction date. In this auction, it shall be awarded to the highest bidder provided that it exceeds 50% of the predicted value, the sum of receivables of the prioritized claimants and sales expenses. If there are no bidders in the first auction, it is possible to bid online after the fifth day after the first auction to the end of the day before the second auction date. Similarly, also in this auction, it shall be awarded to the highest bidder provided that it exceeds, 50% of the predicted value, the sum of receivables of the prioritized claimants and sales expenses. If there are no buyers in this value, the price request shall be reduced.

2. Those who shall attend the auction are required to deposit 20% of the predicted value per Kayseri Regional Justice Court 5th Civil Department, decision number 2020/1057 Esas, 2020/1064 Karar (Approval: High Court 12th Civil Department decision no 2021/1635 Esas, 2021/3021 Karar), also per the 9th Article of Bankruptcy and Enforcement Law which consist the basis of the letters of Ministry of Justice Directorate General of Personnel on 31/07/2014 with 26213 no, and because of the intensity of the infection risk of covid-19 virus they are required to deposit the said amount to our account of Anatolia Immovable Property Sales Execution Office in the T. Vakıflar Bankası Anatolian Justice Palace branch with **TR 54 0001 5001 5800 7312 4188 54** IBAN by writing T.R. ID and document number or give a unconditional, definite and unlimited guarantee letter of a national bank in this amount or for those with Vakıfbank Bankomat Card, deposit from the POS device in our office, those who shall attend in electronic environment are required to post a guarantee. **CASH GUARANTEE SHALL NOT BE ACCEPTED** at the Sales Premises. Due to the daily fluctuations in the forex and per the 1st article of Law no 805; foreign currency shall not be accepted as a guarantee. If a payee with a claim on this immovable, sale requester shareholder, or relevant persons joins the auction and its receivables are within the abovementioned amounts no other deposit or guarantee is required.

3- Sale is in cash, if a buyer demands, additional time no more than (10) days may be provided. Stamp tax, VAT (if any), and fees, taxes, evacuation, and delivery expenses related to the ship registry belong to the buyer. Brokerage Fee, taxes arise from the immovable itself shall be paid from the sales value. (Claimants with pledged receivables has privilege over the sales amount. Duty and taxes that are received from properties and real estates specific to State offer such as duty tax and real estate tax, comes after pledged receivables.

4- Pledged claimants and other relevant persons (*) are needed to report their rights on the real estate, especially those regarding interest and expenses, with basic documents within (15) days to our office; otherwise their rights shall be exempted from share unless proven by title deeds registry.

5- If the sales value is not paid immediately or in the provided period, the tender is terminated per Article 133 of Enforcement and Bankruptcy Law. All buyers who cause the termination of the tender by not depositing the tender value after joining the tender and their guarantor shall be severally responsible for the difference between their offer price and the last tender value and other damages and also default interest. Tender difference and default interest shall be claimed by our office without the need for any other decree, and this difference shall be first taken from the security deposit if any.

6- Specification shall be open to everyone after the declaration date, also a copy of it could be sent to requesting buyer provided its costs are paid.

7- Those who join the sale shall be considered to read the specification and accept its consent, those who like to receive additional information may apply to our directorate with 2021/391 Esas document number. 18/05/2021

Recep UÇAR
Assistant General Manager
100344

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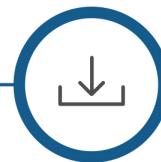
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