



Korean Shipping messenger

A collection of articles and daily news for the shipping industry with focus on the Korean shipping and shipbuilding markets.

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Shipbuilding News

New orders continue

Despite Eurozone crisis, global shipowners continued to place orders due to attractive contract terms and newly developed eco-friendly designs.

According to Clarkson Hellas, in various types, particularly specialized ships have seen an active ordering during recent week, as well as newly developed energy efficient bulkers.

Hyundai Heavy Industries of South Korea reportedly contracted for 2+2 6,600-ceu PCTCs from Eukor Car Carriers and Sungdong Shipbuilding & Marine Engineering booked 10+10 livestock carrier newbuildings for the first time in Korea.

China's Yangfan Group contracted for fuel-efficient six 39,500-dwt bulkers with d'Amica, with six optional more. The newbuilding price is about \$22.3m apiece, based on heavy-tail payment terms and the vessels will be constructed upon Deltamarin's design.

Japanese shipbuilding industry is recently having a hard time with strong yen showed once again, however, that they aim to win new orders by going ahead in a competition of new-ship development with Korea and China.

Meanwhile, according to Golden Destiny, during a recent week, a total of 21 vessels have been newly ordered, down by 22% week-on-week. Of them, 12 turned out to be tankers and Japan's IHIMU contracted for two VLCCs for a domestic shipowner.

China's Jinhai Heavy Industry booked an order for two 64,000-dwt ultramax bulkers, valued at \$26m per ship, from Greek owner Laskaridis.

In case of boxship sector, Zodiac is in talks with Korean shipyards to order 10 5,000-teu series of vessels at \$45-50m bargain price, while Germany's Bernhard Schulte is proceeding newbuilding negotiation for 2,200-teu series with two Chinese shipyards.

Hyundai wins four PCCs

Eukor Car Carriers of South Korea has placed an order for up to four pure car carriers.

The owner has signed up for two 6,600-ceu vessels plus two options at Hyundai Heavy Industries.

They are slated for delivery in the second half of 2013.

Industry sources say the newbuilding price would be around \$67m each, which is more or less the same as what Oslo-listed Norwegian Car Carriers (NOCC) paid for a 6,500-ceu vessel at the same yard last year.

Market observers expect further orders for PCC newbuildings as the order backlog in the sector currently stands at just 6% of the total fleet.

Shipbuilding to bottom out?

China's private-owned Rongsheng Heavy Industries has delivered overall seven newbuildings of a cumulative 1.3m dwt year-to-date, up from five vessel delivery during the same period of last year, according to the group's CFO Wang Shao Jian.

In 2012, it aims to deliver a total of 15 vessels.

Rongsheng's CEO Chen Qiang said that Rongsheng is expected to get better in the second half. Added that they are in talks with several shipowners, however, not many orders have been finalized.

Its orderbook scheduled in 2012 and 2013 have been almost filled up, some are slated for delivery in 2014.

Chen forecast, "Along with increase in freight rates, shipbuilders would soon be able to get out of depression."

He pointed out that the present is not the best time for Rongsheng to buy other smaller yards.

Meanwhile, He said that Rongsheng has started to work hard in LNG-carrier R&D for the last year and is interested in offshore business.

JMU CI/headquarters decided

Universal Shipbuilding and IHI Marine United of Japan revealed a headquarter location, corporate identity, etc., of its newly incorporated Japan Marine United (JMU), on May 24.

The headquarters is to move in to Minato-Ku, Tokyo Prefecture, 33-story building (16-21 floors).

Universal and IHIMU considered approachability to customers and yards in deciding the location of headquarters and they wanted to start off from a different place from existing headquarters.

Regarding CI, as a shipyard, blue waves represents the sea. Particularly the two waves symbolize an integration of the two companies.

OSV of the Year awarded

The prestigious Offshore Support Vessel of the Year Award for 2012 was recently given to the North Sea Giant, which was built to DNV class at the Metalships & Docks shipyard in Vigo, Spain.

Introduced in 2010, the Offshore Support Journal Awards have been very well received by the industry and this award recognises the owner, designer and builder of an offshore support vessel that has been delivered in the past calendar year and is considered to have set an industry benchmark through innovative design and efficient operation.

The North Sea Giant is considered to be the largest offshore vessel of this type ever built, with her overall length of 156m, beam of 30m and installed power of more than 22MW.

The vessel was given the prize for her innovative features, which include advanced dynamic positioning (DP) capability for DP operations based on a high redundancy level and high propulsion power.

Damen launches longest pontoon ever

Damen Shipyards has launched the first of its newly designed Stan Pontoon (SPo) 12032. The SPo 12032 is the longest pontoon ever built by Damen and part of a series of 34 pontoons currently being built.

In addition, Damen Pontoons & Barges has started building a second new design: the Damen Crane Barge (CBa) 6324, a transshipment barge for handling dry bulk and container operations.

The 120 m long and 32,2 m wide Stan Pontoon was launched at Jiangsu Ganghua Shipyard, one of Damen's Chinese partner yards.

With a deck strength of 20 t/m², its heavy duty deck is suitable for heavy ro/ro operations. The pontoon's ballast

system includes Econosto valves and Azcue pumps. Furthermore, the SPo 12032 is equipped with two DMT-winches, a Van der Leun electrical system (incl. a Caterpillar generating set), an International Paint system and it is classified under Lloyd's Register. Together with 16 smaller pontoons (varying between 41 x 13 m - 91 x 27 m), the new pontoon will arrive in the Netherlands in September 2012 on a semi-submersible vessel.

Damen's newly designed crane barge is called the CBa 6324. It's a shallow draught transshipment barge (optionally self-propelled) able to on- and offload ship-to-ship and ship-to-quay and vice versa. The CBa 6324 (i.e. 63m x 23,5m) is outfitted with a Liebherr CBG 350 crane with a grab load capacity of 35 t @ 12-36m and a hook load capacity of 45 ton @ 12-36m. The average throughput will be around 20.000 T a day.

There's accommodation for 12 crew, incl. a pantry, a change room, an office and of course cabins. Several of these new transshipment barges are currently being built, with the first ready for delivery in November 2012 (The Netherlands) and the second in December (China). Crane Barges 3 and 4 will be available in Q1-2013.

Currently more than 35 pontoons are under construction at Chinese partner yards under Damen supervision. Mr Frank Koppelaar, Product Director Pontoons & Barges, says: "Damen is continuously developing and building new pontoons and new barge types, based on proven design and adapted to changing market circumstances. We're building our full range, from 30 x 11 m barges to 120 x 32 m barges, and sell them from stock, so delivery times can be shortened to weeks and in some cases even days." A new series of Offshore Accommodation Barges will get started soon as well.

Last but not least, the Damen Stan Pontoon 4113 which was ordered by Australian chartering company Rhumb Maritime has been launched last week and is currently ready for delivery.

Shipping & Business News

Bulker price to keep falling

Newbuilding price for dry bulk may continue to fall further.

Robert Clancy, the managing director of global broker Arrow Shipping, says yard prices for dry-cargo tonnage may have been tied up but "I suspect they won't be able to defy the gravity of the freight market for more than six to nine months".

Clancy says that while the banks reduce lending, people with equity are rightly demanding a better return on their investments, which in other words, decrease in newbuilding price.

Clancy forecasts that on the secondhand front, the value of a five-year-old panamax bulker will fall from \$23.5m (based on a current newbuilding replacement cost of \$27m) to \$19m or \$20m by the end of the year.

Meanwhile, he analyzes that tanker market is six to nine months ahead of the bulker cycle, that is newbuilding price of tanker may have already reached its bottom.

'Grexit' to pommel shipbuilding

If 'Grexit', the worst scenario of Greece exiting from the eurozone, comes to reality, among South Korea's export industries, shipbuilding and automobile industries will be the biggest victims.

On May 24, researcher Ju Won of Hyundai Research Institute analyzed impact of depressed European economy on Korea's export and said, "If Greece announce default and exit eurozone, deleveraging in Europe might doom Korea's shipbuilding, automobile, machinery industries, etc., which depend highly on exports to the European Union."

Particularly, in case of shipbuilding industry, its export to the EU accounts for 20%. It is expected to suffer a heavy blow.

Stealthgas eyes LNGC

Stealthgas revealed it is open to ordering LNG carriers but Harry Vafias, chief executive, is not hurrying.

Vafias admitted his interest in the booming sector, saying "We have also recently renewed interest in LNG newbuildings due to the current solid chartering market.

"At this point, increasing LNG volumes may absorb the increase in the order book but unless there is a restraint in the ordering of new ships, this space could be over supplied in the coming years."

Sovcomflot cancels aframax

Russia's Sovcomflot has cancelled orders for two aframax crude oil tankers at a domestic shipyard.

The vessels were part of a series of 6+6 vessels ordered in 2010 in a joint venture between Daewoo Shipbuilding & Marine Engineering of South Korea and United Shipbuilding Corp (USC) of Russia.

Sovcomflot president Sergey Frank confirms the contracts have been cancelled as the joint venture was unable to complete the ships as agreed.

He says the owner is in talks with the yard to build medium-range (MR) tankers instead.

Four of the tankers from the original order — two aframaxes and two long-range-two (LR2) tankers — are being built at Daewoo.

The plan was that part of the hull construction of the third and fourth tankers would be built at a new USC yard in Russia's Far East, while the fifth and sixth ship would be built in Russia.

Tanker scrapping to dwindle

According to a report from BIMCO, crude oil tanker tonnage in the size range from Aframax to VLCC is now recycled at the age of just 21, a level not seen since 1995.

"The poor freight market now increasingly impacts the segment of more mature tankers, effectively reducing the room for more demolition to balance the market. Moreover, the excessive demolition of crude oil tanker tonnage in recent years has reduced the fleet which is likely to exit the active fleet in near future for recycling to 2%.

As the earnings across the board in the tanker market have been rather poor since 2009, the average scrapping age has fallen from previous highs. During the period

2000-2005 the average age of demolished tankers was at 26 years and is now, as said, down at 21 years" it mentioned.

Korean initiative for LNG bunkering

Korea Gas Corporation (KOGAS) of South Korea announced on May 24 that it formed a LNG-bunkering consultative group and launched it on May 22, in order to develop LNG propulsion ship and improve gas supply to insular regions.

The league is composed of KOGAS, Korea Gas Safety Corporation, shipyards (Hyundai Heavy Industries, Daewoo Shipbuilding & Marine Engineering, Samsung HI and STX Offshore & Shipbuilding), classification societies (KR, LR and DNV), energy companies POSCO, Kyungnam Energy, STX Energy), shipping company (STX Pan Ocean) and associations (Korea Shipbuilders' Association and Korean Association of Gas Vehicles) and will lead global LNG bunkering business.

LNG bunkering is one of the core technologies in small-and-medium size gas fields and multi-national energy corporations are interested in this business.

The LNG bunkering consultative group will jointly work for related technology development and commercialization. Its final destination is to make Korea as a 'First Mover' of global LNG bunkering industry, by establishing bunkering infrastructures all over the world and developing LNG bunkering vessels.