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

DSME inks 8 ethylene carriers

South Korea's Daewoo Shipbuilding & Marine Engineering is continuing to win new orders.

DSME president Nam Sang-tae and Singapore's Woodside Holding International Shipping president Roger Hagenes (shaking hands in the above picture) put pen to pater in Singapore on August 26th on a contract to build eight 12,000-cbm ethylene carriers.

Contract value is about $320m. The newbuilding series are set for delivery from the second quarter of 2012 until the third quarter of 2013.

The semi-refrigerated ethylene/LPG carriers have a length of 140 meters, a breadth of 22 meters and a height of 12 meters.

It is the first time that the shipbuilder contracted small and midsize chemical carriers.

DSME is planning to win more orders for high value small- and medium-sized chemical tankers below 20,000-cbm going forward.

HMD pens handy pair

Hyundai Mipo Dockyard has inked two handysize bulkers with Hong Kong's Chellaram Shipping.

Brokers say that Chellaram has contracted two 37,000-dwt vessels for delivery during the first quarter of 2012.

Chellaram director and chief executive Vishal Khurana confirms the order, saying: “This is in accordance with the company’s outlook to rejuvenate and modernize the fleet through disposal of older vessels and placing newbuilding orders.”

Khurana does not disclose the price of the bulkers but market sources think they will be at least $27m each.

He says current newbuilding prices were an important factor but adds that Chellaram was also attracted by HMD’s reputation.

“It is a first class shipyard and we went back there to build our relationship,” he said.

According to Chellaram, during the days when HMD was carrying out shiprepair work, the Ulsan-based yard repaired its fleet.

HHI secures suezmax

Hyundai Heavy Industries has reportedly won an order from Turkey’s Densa Denikcilik for two 159,000-dwt tankers for delivery in the first half of 2012.

Densa is said to have booked the two suezmax tankers at HHI and is also close to finalizing an order for an undisclosed number of kamsarmax bulkers.

Sources say the suezmax newbuilding price is over $70m per ship.

“Densa is one of the biggest companies in Turkey and expanding into the wet trade is part of its business strategy,” said a source.

Densa, which currently controls handysize and supramax bulkers, is also said to be finalizing an order for 82,000-dwt kamsarmaxes at an unidentified Korean shipbuilder.

Early this year, Densa splashed out $295m on four 57,300-dwt supramaxes at STX Offshore & Shipbuilding and half-a-dozen bulkers of 32,000 dwt at Samho Shipbuilding.

Densa managing director Cemil Gucuyener is unwilling to discuss its business moves and plans while officials at Hyundai also declines to comment, citing confidentiality clauses.

Japanese face high-yen crisis

Japanese shipbuilders, which were set to resume newbuilding sales activity since early autumn, are faced with continuing strengthening of yen against US dollar.

The yards are taking a direct hit from the high yen of JPY 80 mark against US dollar due to fears of global economy slowing down and US double-dip.

They now stand at the crossroads whether to resume newbuilding marketing or continue to be passive in taking orders, as their order backlogs have decreased during the last two years since Lehman Brothers collapse.

An official from a Japanese shipbuilder said, "In price terms, we are no match for South Korean and Chinese rivals. At current yen/dollar exchange rates, we lost price competitive edge totally."

If the strong yen situation continues or it strengthens further, Japanese yards would be hardly able to ink dollar-based newbuilding contracts.

Moreover, the high yen is affecting the yards' business results. Of Japanese yards' entire annual revenue of about JPY 2trn, some JPY 400bn is generated from dollar based contracts. If the strong yen continues, they would have to face decreased sales and profits in the future as well.

Shipping & Business News

Zim turns a profit

Zim parent Israel Corp swung to a net profit in the second quarter as container shipping results improved.

It made $157m to 30 June, compared with a net loss of $157m the year before.

Revenues were down however at $2.54bn, against $2.93bn in 2009.

Container line Zim posted profit of $3m in the quarter, versus a loss of $186m a year ago. It was badly hit by the slowdown last year and needed restructuring and cash injections from shareholders to avoid a cashflow shortfall.

The Ofer family-controlled holding company said there were also improved results at its fertilizer subsidiary Israel Chemicals and its oil refineries.

NOL issues $200m notes

Neptune Orient Lines (NOL) is looking to raise over $200m through a notes issue to part-finance a massive boxship order splurge.

The Singapore-listed liner behemoth is to issue SGD 280m ($206.66m) of notes with a 10-year term, it wrote in a bourse announcement late on Thursday.

The notes, which will bear annual interest at 4.65%, are to be issued under its current $1.5bn euro medium term note programme, it wrote.

The issue could go ahead as early as 9 September with the issue having the right to redeem them in part or full any time from exactly five years after.

NOL said the net proceeds from the issue will be converted into US dollars and use to partially finance its recent order for 12 huge container vessels.

The owner in July splashed out $1.2bn on ten 8,400-teu units and two 10,700-teu vessels at Korea's Daewoo Shipbuilding & Marine Engineering.

The 10 smaller units are all set for delivery in 2013 and 2014 and have a per-ship price of $97.5m. The larger ships cost $112.5m a piece.