

Worldyards – Monthly Newsletter

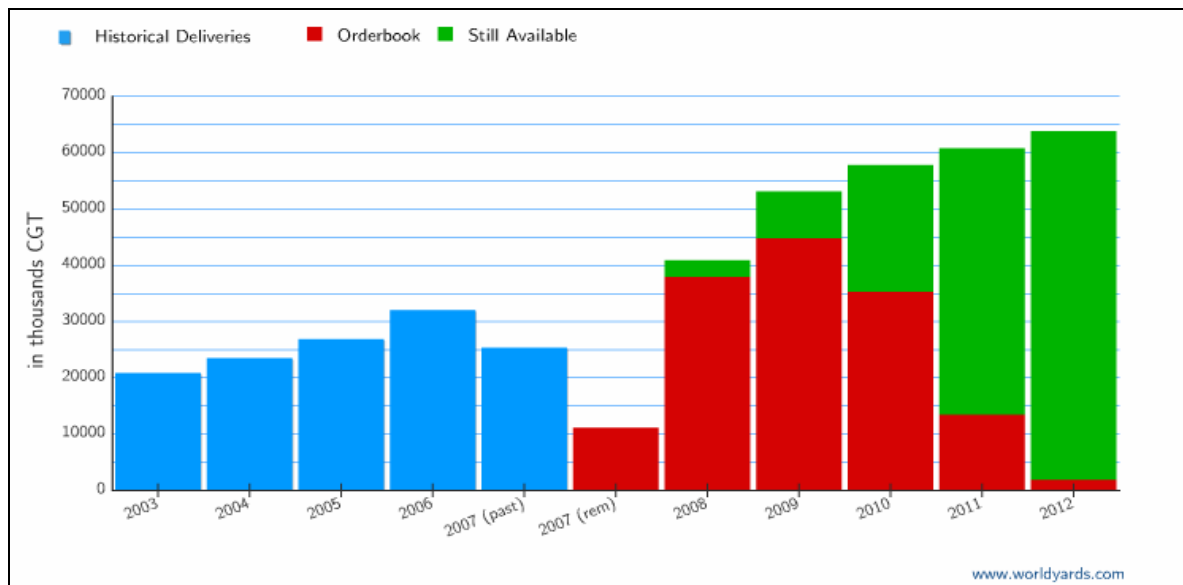
This is a monthly publication of Worldyards which summarizes developments in the newbuilding market in the past month with a special focus on shipbuilders. We start with a summary table, followed by shipbuilding output forecast and newbuilding price index. We then list the newbuilding orders and conclude the newsletter with latest developments in shipbuilders, their host countries and shipbuilding technology. For latest figures on orderbook ratio, age profile and delivery schedule of various segments and other vital statistics, log onto our website (www.worldyards.com).

Summary of Orders and Investments, September 2007

	New Contracts		Investment (USD Million)	
Bulkers	6,872,600 DWT	(-48%)	4,422.11	(-38%)
Containers	216,046 TEU	(-66%)	3,098.46	(-64%)
Semi-liner Tonnage	64,400 DWT	(-44%)	125.40	(-30%)
LPG	13,000 CBM	n/a	56	(n/a)
Crude Tanker	495,197 DWT	(-68%)	258	(-68%)
Product/Chemical	91,500 DWT	(-39%)	165.99	(-40%)
Chemical Tanker	466,000 DWT	(+2,290%)	719	(+1,897%)
Heavy-Lift Cargo (Specialised Cargo III)	14,500 DWT	n/a	50	(n/a)

Notes: (1) %: It is the percentage change over last month.
(2) Percentage numbers are rounded up.
(3) There were no LPG and Heavy-Lift Cargo (Specialised Cargo III) recorded in August 2007, therefore no comparison percentage to current month.
(4) Please refer to Worldyards segment definitions listed in the Member site for detailed explanations for the segments.

Shipbuilding Output Forecast

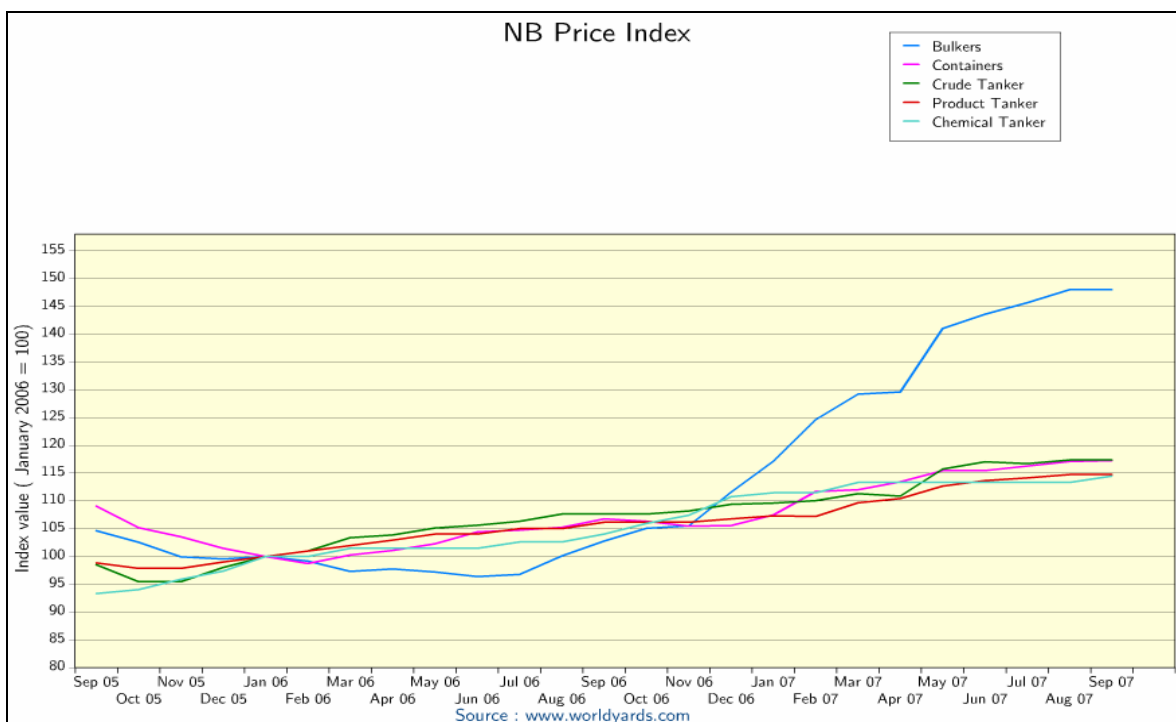


Year	Remainder of 2007	2008	2009	2010	2011	2012
Output Potential Estimates	-	40,765	53,016	57,693	60,675	63,710
Orderbook	11,037	37,797	44,661	35,181	13,307	1,763
Still Available	-	2,968	8,355	22,512	47,368	61,947
* Above numbers are in thousands CGT						
Rate of Increase in Estimated Output Potential (%) (Over Preceding Year)	-	-	30.05%	8.82%	5.17%	5%

Worldyards output potential estimate is not a result of mathematical forecast, but rather result of a sum-of-all-parts approach estimating micro developments in each and every shipbuilder. First, Worldyards assumes a baseline organic productivity growth of 5% for each shipbuilder, annually. The growth rate is then adjusted upwards or downwards to allow for other productivity developments (we call them "capacity-significant events"), caused by events such as new production methods/processes, introduction of facilities/equipment, closure of facilities, shifting of strategic focus from merchant shipbuilding to other activities, etc. Worldyards evaluates each event and assess their impact which will be added on or subtracted from the 5% baseline growth rate for each shipbuilder. The Worldwide estimate is just a summation of resultant estimates of individual builders. Each and every of these capacity-significant events can be viewed under the "Background" box of each shipbuilders in the member site.

This "theoretical capacity estimate" presented here is intended to be used to analyse output potential and is different from "real output" which is the factual orderbook. Factual orderbook can be different from output potential as it is affected by a host of factors such as production lead time, availability of main engines etc. Also, "available capacity" would appear much higher due to the fact that the Japanese orderbook is significantly under-reported, a point that has been a point of complaint by other shipbuilding nations. We hope to come back with a solution to resolve the under-reporting of Japanese orderbook shortly.

Finally, Worldyards only publishes estimated output on cgt basis rather than dwt.

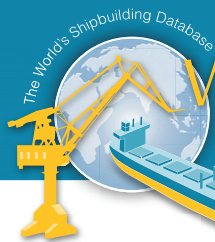


New Orders

The order is defined as a confirmed signed contract in Worldyards. Every effort has been made to confirm the order. LOIs are excluded. Options declared are treated as new orders.

Sub-Segment	Capacity	Shipbuilder	Delivery	Beneficial Owner	Price (US \$ M)	Date
Handysize bulker	8 x 32,500 DWT	Zhenjiang Lanbo	2009/10	Vanship	33*	14-Sep-07
Handysize bulker	2 x 33,400 DWT	Kanasashi Shipyard	2010/11	Lauritzen Bulkera	33*	19-Sep-07
Handysize bulker	4 x 33,300 DWT	Orient Shipyard	2009/10	Chang Myung Shipping	34.2*	28-Sep-07
Handysize bulker	10 x 33,500 DWT	Samjin Shipbuilding	2009/10	Bocimar International	36	24-Sep-07
Handysize bulker	4 x 34,800 DWT	SPP Shipbuilding	2010/11	Grand Union	34*	20-Sep-07
Handysize bulker	12 x 35,000 DWT	ABG	2010/11/12	H. Vogemann	30	27-Sep-07
Supramax bulker	3 x 52,300 DWT	Vinashin	2010/11	Thoresen Shipping Singapore	41.27	21-Sep-07
Supramax bulker	5 x 53,000 DWT	Chengxi Shipyard	2009	Wah Kwong Shipping Agency	42.5	14-Sep-07
Supramax bulker	53,700 DWT	Chengxi Shipyard	Dec-08	Oak Steamship	48.8	14-Sep-07

Sub-Segment	Capacity	Shipbuilder	Delivery	Beneficial Owner	Price (US \$ M)	Date
Supramax bulker	2 x 54,000 DWT	ABG	2010	Essar Shipping	34.75	25-Sep-07
Supramax bulker	6 x 54,000 DWT	ABG	2010/11/12	Precious Shipping Public	42*	14-Sep-07
Supramax bulker	8 x 57,000 DWT	Jinling Shipyard	2010/11	Guangdong Yedean Group	41	04-Sep-07
Supramax bulker	10 x 58,000 DWT	Dayang Binjiang	2009/10/11	n/a	43*	25-Sep-07
Supramax bulker	2 x 59,000 DWT	SPP Shipbuilding	2011	Akmar Shipping	45*	28-Sep-07
Supramax bulker	4 x 59,000 DWT	SPP Shipbuilding	2011	Kaptanoglu	45*	25-Sep-07
Panamax bulker	2 x 81,000 DWT	STX Shipbuilding	2010	Trojan Maritime	56*	14-Sep-07
Panamax bulker	2 x 82,100 DWT	Tsuneishi Heavy	2012	Mardas Marmara	52.5*	03-Sep-07
Handy Capesize bulker	3 x 98,000 DWT	STX Dalian	2010/11	Formosa Plastics	62*	14-Sep-07
Capesize bulker	4 x 170,500 DWT	Daehan Shipbuilding	2010	Transmed Shipping	88*	06-Sep-07
Capesize bulker	2 x 176,000 DWT	Jiangsu Rongsheng	2010	Kiran Group	89*	19-Sep-07
Capesize bulker	2 x 176,000 DWT	Jiangsu Rongsheng	2009	Dr. Peters GmbH	89*	26-Sep-07
Capesize bulker	177,000 DWT	Shanghai Waigaoqiao	Nov-09	DryShips	98	03-Sep-07
Capesize bulker	2 x 177,000 DWT	Shanghai Waigaoqiao	2011	Orion Bulkers	82	13-Sep-07
Capesize bulker	2 x 180,000 DWT	Daehan Shipbuilding	2009/10	Zela Shipping	90*	28-Sep-07
VLOC	4 x 310,000 DWT	Dalian Shipbuilding	2011/12	China Shipping Development	113.8	20-Sep-07
Container ship	2 x 1,085 TEU	Nanjing Wujiazui	2010	Vroon BV	29*	18-Sep-07
Container ship	8 x 2,000 TEU	Hyundai Mipo	2009/10	Rickmers Reederei	44*	14-Sep-07
Container ship	2 x 2,504 TEU	Yangzijiang Shipbuilding	2010/11	Goldenport Shipmanagement	47*	18-Sep-07
Container ship	5 x 2,700 TEU	Estaleiro Ilha	2010/11/12/13	Logistica Intermodal	50*	10-Sep-07
Container ship	2 x 4,250 TEU	Yangzijiang Shipbuilding	2011	Peter Doehle Schiffahrts-KG	69.73	21-Sep-07
Container ship	8,400 TEU	Jiangnan Changxing Heavy	Mar-11	Danaos Shipping	95*	18-Sep-07
Container ship	12,552 TEU	Samsung Heavy	Sep-12	C-P Offen	170*	06-Sep-07
Container ship	8 x 12,552 TEU	Samsung Heavy	2012	Zim Integrated Shipping	170*	28-Sep-07
Container ship	12,600 TEU	Hyundai Samho	2011	Danaos Shipping	166*	17-Sep-07
MPP	8 x 7,600 DWT	Yangzijiang Shipbuilding	2010/11	Belcem Shipping	13.3*	14-Sep-07



Sub-Segment	Capacity	Shipbuilder	Delivery	Beneficial Owner	Price (US \$ M)	Date
RoRo Container	3,600 DWT	NesserWerft	Dec-08	Huelin-Renouf Shipping	19*	20-Sep-07
LPG	2 x 6,500 CBM	Severnav Shipyard	2009/10	GasChem Services	28*	14-Sep-07
Suezmax	162,397 DWT	Daewoo Shipbuilding	Dec-10	Knutsen OAS Shipping	84	12-Sep-07
Suezmax	2 x 166,400 DWT	Hyundai Heavy	2011	Primorsk Shipping Corporation	88*	14-Sep-07
Product tanker	2 x 7,000 DWT	Ningbo Xinle Shipbuilding	2008/09	Global Carriers Berhad	10.88	03-Sep-07
Product tanker	3 x 37,500 DWT	Hyundai Mipo	2010	Singaporean owner	44.5*	05-Sep-07
Product tanker	2 x 46,000 DWT	Hyundai Mipo	2010	Singaporean owner	46.5*	05-Sep-07
Product/Chemical tanker	3 x 14,000 DWT	Fujian Baima	2009	Capital Ship Management	25	24-Sep-07
Product/Chemical tanker	3 x 16,500 DWT	Jiangzhou Union	2010/11	Algoma Central Corp	30.33*	11-Sep-07
Chemical tanker	6 x 6,500 DWT	Rushan Shipbuilding	2011/12	Erria	12*	03-Sep-07
Chemical tanker	4 x 8,000 DWT	Nokbong Shipbuilding	2008/09	n/a	22.9	04-Sep-07
Chemical tanker	4 x 11,000 DWT	Nokbong Shipbuilding	2009	n/a	26.1	04-Sep-07
Chemical tanker	2 x 13,000 DWT	Jinse Heavy	2008	Eitzen Chemical	24	21-Sep-07
Chemical tanker	6 x 25,000 DWT	Samho Shipyard	2010	Capital Ship Management	42	21-Sep-07
Chemical tanker	6 x 25,000 DWT	Samho Shipyard	2010	Blystad (Songa)	42	21-Sep-07
Chemical tanker	2 x 58,000 DWT	Guangzhou Shipyard	2010	Dampskibsselskabet 'Norden'	47.5*	13-Sep-07
Passenger	4 x 48,000 GT	Hyundai Mipo	2011	n/a	248*	05-Sep-07
Semi-submersibles	14,500 DWT	STX Shipbuilding	H2-2008	STX Pan Ocean	50	07-Sep-07
Drillship	3,048 Water Depth	Hyundai Heavy	Sep-10	GlobalSantaFe	740	10-Sep-07
Drillship	2 x 3,048 Water Depth	Samsung Heavy	2011	Cardiff	610	18-Sep-07

* WY Estimates

RESALE

Sub-Segment	Capacity	Shipbuilder	Seller	Buyer	Price (US \$ M)	Date
Supramax bulker	53,000 DWT	Vinashin	Ofer Group	n/a	n/a	28-Sep-07
Supramax bulker	3 x 53,000 DWT	Vinashin	Atlantska Plovdba	n/a	n/a	28-Sep-07
Supramax bulker	2 x 53,700 DWT	Chengxi Shipyard	Dampskibsselskabet 'Norden'	n/a	n/a	10-Sep-07
Capesize bulker	170,500 DWT	Daehan Shipbuilding	Golden Ocean Group	n/a	145	28-Sep-07
LR I	2 x 73,400 DWT	New Century	Christian F Ahrenkiel	Ocean Tankers	67.5	14-Sep-07
LR I	2 x 73,400 DWT	New Century	Schoeller Holdings	Overseas Shipholding Group	65	28-Sep-07

Newly Surfaced Existing Orders

Orders that were placed before the publishing date of our last issue, but only became known to, or were confirmed by Worldyards, after we published our last issue. Some are net additions in number of orders, for instance we only knew of 2 vessels but it has now emerged that there were total 4.

Sub-Segment	Capacity	Shipbuilder	Delivery	Beneficial Owner	Price (US \$ M)	Date
Handysize	3 x 26,500 DWT	Sungdong Shipbuilding	2007/08	DD Shipping	24*	03-May-05
Handysize	3 x 33,300 DWT	Orient Shipyard	2010	Sun Woo	34.2*	n/a
Handysize	2 x 33,500 DWT	Dhumi Heavy	2009	Navimar	34.9*	06-Jul-07
Handysize	6 x 33,500 DWT	Dhumi Heavy	2009/10	Aktif Denizcilik	34*	06-Jul-07
Post-panamax bulker	2 x 91,800 DWT	Sungdong Shipbuilding	2008/09	Cafiero Mattioli Finanziaria	47*	05-Dec-06
Post-panamax bulker	2 x 91,800 DWT	Sungdong Shipbuilding	2010	Cafiservice	51	29-Jun-07
Capesize bulker	3 x 170,000 DWT	Sungdong Shipbuilding	2009	Kyla Shipping	71	29-Jun-07
Capesize bulker	4 x 170,000 DWT	Sungdong Shipbuilding	2008/09/10	Energy Navigation	71*	n/a
Capesize bulker	4 x 170,500 DWT	Sungdong Shipbuilding	2010	Tsakos Shipping	79.5	31-May-07
Capesize bulker	2 x 170,500 DWT	Daehan Shipbuilding	2009	Bongshin	80*	n/a
Capesize bulker	177,000 DWT	Shanghai Waigaoqiao	H2-2009	Neda Maritime	80*	n/a

Sub-Segment	Capacity	Shipbuilder	Delivery	Beneficial Owner	Price (US \$ M)	Date
Capesize bulker	3 x 177,000 DWT	Jiangnan Changxing Shipbuilding	2010	Orion Bulkers	81*	22-Aug-07
Capesize bulker	4 x 180,000 DWT	Orient Shipyard	2010	Salamon	88.8	n/a
Capesize bulker	5 x 180,000 DWT	Orient Shipyard	2010/11	Portland	88.8	n/a
Capesize bulker	6 x 180,000 DWT	Sungdong Shipbuilding	2010	Alba Maritime	85*	01-Aug-07
Container ship	752 TEU	Madenci Shipyard	Oct-08	Intersee Schifffahrts	20*	16-May-06
Container ship	1,118 TEU	Jinling Shipyard	Jan-09	Alpa Shipping	27*	22-Dec-05
Container ship	4 x 8,400 TEU	Daewoo Shipbuilding	2009/10	C-P Offen	125	02-May-07
MPP	7,300 DWT	Kocatepe Shipyard	Nov-07	Cihan Denizcilik	22*	16-Jan-06
MPP	2 x 8,500 DWT	Linhai Jianghai	Dec-07	Lehmann Reederei	23*	03-Jan-05
MPP Heavy Lift	6 x 19,000 DWT	Jiujiang Tongfang	2010	Rickmers Reederei	30	28-Aug-07
VLGC	80,000 CBM	Kawasaki Shipbuilding	Jul-10	Zodiac Maritime	94	05-Apr-07
VLGC	80,000 CBM	Kawasaki Shipbuilding	Nov-11	Zodiac Maritime	94*	01-Jun-07
MGC	35,000 CBM	Hyundai Heavy	Oct-09	Zodiac Maritime	59*	02-Jan-06
Suezmax	2 x 166,400 DWT	Hyundai Heavy	2011	Primorsk Shipping	87*	16-Apr-07
LR I	3 x 65,200 DWT	Brodosplit Shipyard	2009/10	Stena Line	58*	n/a
Product/Chemical tanker	2 x 8,700 DWT	Kwangsung Shipbuilding	2009	Doriko Limited	19.5*	15-Aug-07
Product/Chemical tanker	16,400 DWT	Jiangnan Shipyard	H2-2009	Knutsen OAS Shipping	30*	n/a
Chemical tanker	2 x 5,600 DWT	Dongbang	2008	Sunwoo Merchant	15*	n/a
Chemical tanker	2 x 5,850 DWT	Marmara Shipyard	2007/08	Armona Denizcilik	15.5*	17-Jul-06
Chemical tanker	5,850 DWT	Marmara Shipyard	Oct-08	Armona Denizcilik	16*	29-Dec-06
Chemical tanker	6,500 DWT	Mokpo Shipbuilding	Dec-08	Arotek	16*	n/a
Chemical tanker	6,900 DWT	Tuzla Shipbuilding	Jan-08	Marnavi	16*	16-Jan-06
Chemical tanker	6,900 DWT	Tuzla Shipbuilding	Mar-08	Marnavi	16*	10-May-06
Chemical tanker	2 x 6,900 DWT	Tuzla Shipbuilding	2008/09	Gemak Gemi	16*	16-Jan-06
Chemical tanker	3 x 8,800 DWT	Mokpo Shipbuilding	2008/09	Woolim Shipping	18*	n/a

Sub-Segment	Capacity	Shipbuilder	Delivery	Beneficial Owner	Price (US \$ M)	Date
Chemical tanker	13,000 DWT	21 st Century	Jan-10	Sinochem	24*	01-Feb-07
Chemical tanker	4 x 13,000 DWT	21 st Century	2009/10	n/a	24.2*	02-Apr-07
Chemical tanker	8 x 13,000 DWT	21 st Century	2008/09	Doriko	23.5	02-Jan-07

* WY Estimates

• Please check our site for details of removed confirmed orders - orders which have become invalid for whatever reasons.

Shipbuilder Developments

29-Sep-2007 : Credit Suisse to develop financing for Vietnam's Vinashin :

Credit Suisse said that it has signed a memorandum of understanding to develop a financing program of up to \$1bn to provide other financial services for Vietnam Shipbuilding Industry Group (Vinashin). The MOU was signed in the presence of Vietnamese Prime Minister Nguyen Tan Dung. "Credit Suisse is a big believer in Vietnam. We are honoured to have been chosen to develop a financing program for Vinashin", said Eric Varvel, Co-Head of Credit Suisse Investment Banking.

27-Sep-2007 : Shipping Corp of India to partner with HHI :

Shipping Corporation of India (SCI) has firmed up plans to build the country's largest shipyard with an investment of around Rs 3,000 crore. "We are talking to some companies including foreign firms in order to foray into ship-building. We are likely to finalise the partner in the next six to eight weeks, after which we would send an expression of interest (EoI) to the shipping ministry. The investment in the proposed venture could go up to Rs 3,000 crore," an SCI official said. An official in the shipping ministry said, "SCI has discussed its plans with us but we have not received any formal proposal as yet." SCI is understood to be in final talks with Hyundai Heavy Industries for the proposed joint venture, in which the Indian state will have a controlling stake.

26-Sep-2007 : CSSC issues another 400m shares :

China State Shipbuilding Co Ltd released its share issuance results on September 25th. The company announced that it issued 400m additional shares in private placement at RMB30 per share, and that the raised funds total RMB3bn (including issuance costs) with the remaining shares subscribed with assets. The funds will be invested in Shanghai Waigaoqiao Shipbuilding Co, Ltd's two-phase marine engineering project and two-phase shipbuilding expansion project, with the rest to be invested in the single-phase project of Shanghai Hulin Metal Processing Company.

25-Sep-2007 : Tangshan Steel signs long-term heavy plate deal with Hyundai :

Tangshan Iron & Steel, China's second-largest steelmaker, located in the northern Hebei Province, has agreed a long-term heavy plate supply contract with Hyundai Heavy Industries (HHI). The two companies formally established a strategic relationship, including the heavy plate deal, on September 13, according to a Tangshan Steel announcement. No further details were disclosed. Tangshan has plans to raise the capacity of its heavy plate mill to 5m tpy. The existing 1.5m tpy medium and heavy plate mill is a 51:49 joint venture with Wenfeng Iron & Steel and can roll thicknesses of 10-50 mm and width 900-3,300 mm. HHI signed a memorandum of understanding

(MoU) with Baosteel early last year to buy 180,000 tpy of steel plates. Tangshan Iron & Steel is a merger of the old Tangshan Iron & Steel, Xuanhua Iron & Steel, and Chengde Iron & Steel, formed in late 2005. It produced 19.07m tonnes of steel in 2006.

24-Sep-2007 : MacGregor hangs shingle in Vinashin Shinec zone :

A joint venture company between the Vietnam Shipbuilding Industry Group (Vinashin) and Finland's Macgregor group has been licensed to begin operating in the Vihashin-Shinec industrial zone in the northern port city of Hai Phong. The joint venture has a chartered capital of VND 86.6bn (\$5.4m) with 44.2bn, or 51%, held by Vinashin. The Macgregor-Vinashin maritime equipment Co. Ltd. plans to invest \$16.3m to build a factory to provide cranes and other equipment for shipyards at home and abroad. The factory with an annual capacity of 30,000 tonnes of product will be the largest of its kind in Southeast Asia after it is completed.

21-Sep-2007 : CSBC to develop 12,600 teu ultra large container vessel :

China State Shipbuilding Corp (Taiwan) will develop a 12,600 teu design, working with Taiwan design house, United Ship Design and Development Center (USDDC), and ABS classification society. The statement said that ship builders capable of designing 10,000 plus teu container vessels include: CSBC, HHI, DSME, STX and SHI of Korea, and IHI, MHI, and KHI of Japan, as well as Odense Steel of Denmark. Classification societies capable of approving and supervising the construction of 10,000 plus teu container vessels include: American Bureau of Shipping (ABS) of USA, Bureau Veritas (BV) of France, Lloyd's Register (LR) of UK, the Germanischer Lloyd (GL) of Germany, and Det Norske Veritas (DNV) of Norway. It mentioned that the largest container vessel in the world, the 14,500 teu container vessel Emma Maersk, has selected ABS for classification. The Panama Canal expansion has officially begun on September 3, 2007 and will be completed in 2015. The expanded Panama Canal would allow Panamax Container Vessels to be increased from 5,000 teu to 12,600 teu (New Panamax Container Vessel, NPCV) in capacity. USDDC developed the hull lines and design, which will include the application of energy-saving devices and concepts: the realisation of environmental protection concepts (including exchange of ballast water, fuel oil tank protection, low sulphur fuel oil tank arrangement, and piping system planning); Alternative Maritime Power (AMP) system; cargo safety (including container storage in the hold and deck areas as well as cargo hold fire control; ship propulsion performance, matching both full-load and partial-load drafts; container lashing system (including lashing bridge and refrigerated container arrangement); avoiding parametric rolling, improving maneuverability and avoid of fatigue failure of hull structure.

20-Sep-2007 : Namura Shipbuilding to raise stake in Hakodate Dock :

Namura Shipbuilding Co will raise its stake in Hakodate Dock Co, an affiliate of the same business which is currently undergoing reorganisation, to more than 83%, compared to 36% now, for an undisclosed sum, Namura Shipbuilding said on September 19, 2007. The move will be carried out by the end of March 2008 through a third party allocation. Initially, Namura Shipbuilding will acquire on September 27, 2007, receivables of Hakodate Dock and its 99.33% held subsidiary, Hokuho Shoji Co, totalling Y3.4bn (\$29.4m). Namura Shipbuilding signed a business tie-up with Hakodate Dock in March 2001. Hakodate Dock had 568 employees as of March 2007, and had a registered capital of Y496m (\$4.3m) as of June 2007.

17-Sep-2007 : STX faces shock block of Dalian effort :

A Korea Times article detailed how "STX Shipbuilding's valiant plan to make Dalian its new manufacturing centre is being challenged by the Chinese government's restraint on building big ships. The company first made the decision to have a shipyard there after talking with the city of Dalian, but the central government in Beijing refused to give permission to dig, a source in Dalian said. STX said on Monday that the situation had already been taken into account when it started building it. Large vessels need a dry dock but smaller ships can be launched with a skid method, as the company does at one facility in Chinhae. "Under the current conditions, it is difficult to get a

permission to build big ships," a spokesperson said, "but as for bulk carriers of medium size, there is no problem. We are very experienced at building ships on dry ground and we will be able to start production in the second half of 2008 as we planned." STX had a grand groundbreaking ceremony in March at the site in Changxing Island, north of Dalian. Chairman Kang Duk-soo then said that the firm is expecting annual revenue of \$3bn from the Changxing shipyard within five years, which is almost double the sales the whole firm had last year. The calculation made enough sense at the time, considering the site is about 3.8 sq km wide, four times the size of STX's shipyard in Jinhae, South Korea, and the complex is also to include a ship block factory and engine assembly plants. But without a dry dock the goal does not look as attainable. STX Group has increased its revenue by 34 times and its market capital by 16 times since 2001. With a mere W16bn (\$17 million) of operating profit from 2006, it is an audacious bet to spend \$1bn in building a new shipyard that has no dry dock. Sales have been brisk. STX says it has already received orders for 33 ships, worth \$1.7bn, for the Dalian yard until August. But "the problem is whether it will be able to deliver the ships by their deadlines," said the source in Dalian quoted in the paper.

15-Sep-2007 : L&T set to build warships for navy :

Going after the government's planned Rs50,000 crore investment for warships, India's largest engineering and construction firm, Larsen & Toubro Ltd (L&T), plans to build defence warships and para-military vessels at its proposed shipyard at Kattupalli, in Tamil Nadu, to cater to the needs of the Indian Navy. An article in LiveMint.com by P Manoj, who covers the shipbuilding industry closely, quoted a L&T source saying that "L&T plans to enter the defence shipbuilding sector. The proposed shipbuilding facility at Kattupalli will build defence ships as well, apart from general cargo ships and jack-up rigs for the offshore oil industry. L&T is the only entity in the private sector that holds a licence from the government to build warships." The Union government plans to invest INR50,000 crore over the next 10 years to build warships for the navy. Amongst themselves, Garden Reach Shipbuilders & Engineers Ltd, Goa Shipyard Ltd and Mazagon Dock Ltd are authorized to build warships. All three yards are state-owned entities controlled by the Union ministry of defence. Cochin Shipyard Ltd, controlled by the Union ministry of shipping, has licence to build air defence ships. L&T's defence division already makes ancillary equipment for ships, such as propulsion steering gears and shafts. "Building ships for the Indian Navy is just an extension of this business," the same source said. The dry docks and jetties at the Kattupalli yard, used for building civilian ships, will be utilised for making warships as well. "But the processes and management will be separate and each business will function as an independent cost and profit centre," said the source. L&T plans to bid for the navy's submarine building programme, dubbed Project 75 and 76, which involves building 24 submarines with an investment of \$14-16bn (Rs55,580-63,520 crore). The project includes a licensed production of submarines in India under a technology transfer agreement, which was awarded to the state-owned Mazagon Dock. L&T had unsuccessfully bid for this project, but plans to participate in the project when the navy invites requests for proposals to build the balance of 18 vessels locally. L&T may team up with a domestic state-owned firm or a foreign partner if it wins the tender, the source said. L&T will also form a joint venture (JV) company with the Tamil Nadu government to build the shipyard-cum-port facility at Kattupalli, just 2km from the Union government-owned Ennore port. The state government will hold 2-3% stake in the JV Company that will develop India's biggest shipbuilding facility.

14-Sep-2007 : Asakawa to switch to Saijo home :

According to a Fairplay report, Asakawa Shipbuilding is planning to move to a larger site at Saijo, where it will be able to build tankers of up to 20,000 dwt to cope with increasing demand for larger stainless steel chemical tankers. Its current yard at Imabari can only cope with vessels of up to 14,200 dwt and there is no room there for expansion. The new facility is likely to begin operations in 2012.

14-Sep-2007 : Jepsens complains of Mingde delays :

A Tradewinds report said that "Private Norwegian owner Kristian Jepsens Rederi has suffered huge losses as a result of delays on a series of 33,000-dwt open-hatch bulkers." Six newbuildings ordered in 2003 for delivery in 2005 at Jiangdu Yahai Shipyard failed to proceed and was switched to Mingde and Hangtong shipyards for 2007 delivery of four ships and the remaining two in 2008. "However, the company's recent annual report states that the ships have been further delayed because the yards need more time to secure refund guarantees from their Chinese bank. The first two ships from Mingde are now set for delivery either at the end of 2008 or the beginning of 2009," said the report.

12-Sep-2007 : Hyundai heavy lifter gets stronger :

Hyundai Heavy Industries' Gantry Crane, which is the world's largest and was purchased from Malmo, Sweden, was upgraded from 1,500 to 1,600 tonnes.

12-Sep-2007 : Severnaya Verf to chase Gazprom LNG vessels :

Severnaya Verf intends to have begun the building of LNG vessels by 2011 through winning Gazprom's custom. Yard official Andrei Fomichev said that the yard will have built 20 gas vessels by 2020. He added that the shareholders of the yard have already found money to realise this project but he did not disclose the investment value. United Industrial Corporation (the main shareholder of Severnaya Verf) plans to use the credit of VTB (about \$550m) for the expansion of production, including the project to build new types of ships. According to A.Fomichev, the yard will build vessels of 216,000 cbm and 100,000 dwt. Gazprom is tipped to unveil a tender for up to 20 liquefied natural gas carriers in support of the huge Shtokman project in the Barents Sea. Shtokman, which has reserves of 3.2tn cbm, is more than 500 km offshore in 350 m of iceberg-prone Arctic waters, and the project's affect on LNG industry technology, including shipping, could be profound. The main market for Shtokman LNG is likely to be the US.

12-Sep-2007 : New ultra-deepwater drillship ordered by GlobalSantaFe :

GlobalSantaFe, the second-largest offshore oil drilling firm in the world, has announced the order of a new \$740m ultra-deepwater drillship at Hyundai Heavy Industries. Delivery is for the third quarter of 2010. The ship will be designed to be able to drill in water depths of up to 3 km, and 3.6 km after upgrades. The price paid for the drillship is significantly higher than the level other ships have gone for in recent times.

12-Sep-2007 : Aker Yards says Norwegian Cruise Line drops option :

Aker Yards ASA said Norwegian Cruise Line has decided not to exercise an option it had for the construction of a third cruise liner. The option was part of a Kr12bn cruise vessel order that NCL agreed with Aker Yards last September. The first two vessels from Aker Yards' recently acquired Saint Nazaire yard are scheduled for delivery in 2009 and 2010.

11-Sep-2007 : Awilco gets an option... and a delay at Yantai Raffles :

Awilco Offshore ASA has been awarded an option to build a possible fifth semi-submersible drilling rig at Yantai Raffles Shipyard. The option can be exercised until the end of December 2008, and would have a building period of 33 months from exercise. The additional option has been awarded to AWO as part of an agreement with the yard to reschedule the delivery of the first rig, WilPioneer, with 3 months to October 2008. AWO announced in the second quarter report that such a three months longer building period was expected.

11-Sep-2007 : CSIC's average tonnage exceeds 100,000 dwt :

China Shipbuilding Industry Corporation (CSIC) has gradually shifted its focus to the larger tonnage. Sources at the company announced on September 8th that the company obtained new orders for 100 ships totaling 10.84m dwt in the first half of 2007, with the average tonnage per ship reaching 108,000 dwt, up almost two times compared to the 65,000 dwt average recorded at

the end of 2006. The range of tonnage of the 320,000 dwt VLCCs, 388,000 dwt VLOCs, 180,000 dwt capesize ships, and 110,000 dwt coated aframaxs.

11-Sep-2007 : Jaya Holdings buys China shipyard for offshore work :

Jaya Holdings is acquiring a Chinese shipyard, that of Nantong Dongjiang, for S\$7.3m in cash. A report in the Business Times quoting an analyst saying that "Although the Nantong Shipyard's facilities are still relatively small (two building berths), the potential for capacity expansion is huge as the shipyard's combined 800 m shoreline is 1.8 times longer than the combined shorelines of Jaya's existing Singapore and Batam shipyards. Jaya is building 66 offshore support vessels to be delivered over the next three years, with third-party Chinese yards accounting for about half of the new buildings." Jaya's AHTS vessels, built in third-party Chinese yards, continue to enjoy 30-40% net margins, while Singapore and Batam new buildings are witnessing about 20-25% net margins. Jaya said in a statement that it had signed an agreement with Nantong Hengsheng Shipyard Co and Wong Kwok Keung to buy the entire issued share capital of Nantong Dongjiang Shipyard Co Ltd. Under the agreement, an advance payment of 20% will be made into an escrow account, which will then be released upon the completion of the equity transfer. Jaya said the balance will be payable over various stages while the acquisition will be financed through Jaya's internal resources. "The transfer of expertise and technology from its Singapore shipyard to its Nantong shipyard will allow the latter to rapidly optimise its facilities and to take on higher valued shipbuilding projects," it said. This will in turn free the Singapore yard to move further up the value chain and concentrate on more specialised and high specification vessels. Jaya also expects to benefit from access to cheaper Chinese ship components, toolings and spares which will benefit both its shipbuilding and ship chartering operations.

07-Sep-2007 : Nantong offshore barge ready for service :

A semi-submersible launching barge, '8 Yuantong', has been constructed by COSCO Nantong Shipyard and is sitting at the quay of the same shipyard. This semi-barge is of LOA 122.4 m, a moulded width of 44.8 m, a moulded depth of 7 m, a draft of 13 m and a lifting capacity of 20,000. When completed, semi-submersible Rig 'Sevan 650' will be launched with this barge. It will also be used for launching of other offshore products.

07-Sep-2007 : Samsung signs first-year all-won deal :

Samsung Heavy Industries signed the industry's first contract for full payment in South Korean won as the company seeks to limit gains in the currency that have been fueled by record orders. The contract is for a W418.4bn (\$446m) oil platform, to be delivered by November 2010, Samsung Heavy said. The won-denominated order should ease concerns over dollars being sold for won in currency markets because the buyer of the offshore platform will be paying with the local currency. This means it will receive benefit from selling gas to a South Korean company, Samsung Heavy said. Samsung Heavy also said that on Feb 14 it would get 58 percent of a \$400m contract in its local currency instead of dollars, the first order of its kind. BP, the second-largest European oil company, said at the time that it ordered the platform for use off Norway's coast.

07-Sep-2007 : Alcock Ashdown shuts down sell off plan :

The Gujarat government has abandoned plans to sell shipbuilding firm Alcock Ashdown (Gujarat) Ltd after bidders quoted prices that were below the reserve price set by the government. "The price bids received from the two bidders were below the reserve price fixed by the government. So, we decided not to accept the bids," said Arvind Agrawal, commissioner, Bureau of Public Enterprises, Gujarat government. He declined to disclose the reserve price set by the government or the price quoted by the two bidders. India's biggest private sector shipbuilder, ABG Shipyard Ltd, and the country's largest gearbox manufacturer, Elecon Engineering Co Ltd, had independently submitted price bids to acquire the state-owned shipbuilder, which has two shipbuilding and ship repair facilities in Gujarat - one each in Bhavnagar and Chanch. Alcock Ashdown, which caters to the lower and middle segment needs of fleet owners, designs and builds

sea-going grade steel vessels for various purposes, as well as inland and coastal ships and boats in steel or fibre-reinforced plastic (FRP). The firm's Chanch yard has the largest dry dock on India's northwestern coast with direct access to the sea. A dry dock is a narrow basin or vessel that can be flooded to allow a load to be floated in and then drained to allow that load to come to rest on a dry platform. Dry docks are used for the construction, maintenance and repair of ships, boats and other watercraft. The proximity to the Mumbai High oilfields and the international Gulf-bound shipping routes makes Alcock Ashdown's shipyards ideal for offshore support, fabrication, ship repair or construction. The outfit jetty of the yard has a depth of 4.5 m and can build multipurpose cargo and passenger ships of capacities up to 20,000 dwt, as well as platform supply vessels, defence production ships, tugs and barges. Alcock Ashdown was originally owned by a British firm. When the firm ran into financial trouble in 1975 it was taken over by the Indian government. Subsequently, in 1994, the yard was acquired by the Gujarat government. "The yard has very good business potential," said an official at Elecon Engineering.

07-Sep-2007 : China delivers first domestic jackup oil rig -paper :

Qingdao Beihai Shipbuilding Heavy Industry Co Ltd delivered the country's first domestically developed self-elevating drilling platform to a local user. China National Petroleum Offshore Engineering Co Ltd, a unit of top Chinese oil and gas firm China National Petroleum Corporation (CNPC), took delivery of the jackup rig, which has a maximum drilling depth of 7,000 m, can be used in waters with depths of 4 to 40 m and can drill 20 wells without moving the equipment, it said.

06-Sep-2007 : Evergreen to build shipyard at Quanzhou :

Evergreen Group, parent of Taiwan's biggest shipping line, is preparing to invest in a Chinese shipbuilder to accelerate delivery of new vessels. Nieh Kuo-wei, a company spokesman, said that the company may invest in Quanzhou, but other reliable reports indicate that the project has only targeted a Greenfield site in the Quanzhou area. The new venture, to be situated near the Titan Quanzhou Shipyard, is scheduled to start shipbuilding in 2011. In addition to building containerships for Evergreen itself, it will also accept third party orders for all types of vessels. Evergreen group chairman Chang Yung-fa has personally vetoed any vessels in excess of 8,000 teu. Evergreen needs ships in the 2,000 teu, 3,000 teu and S-type 7,000 teu size bracket, he has said.

04-Sep-2007 : Zalyv gets hull deal from Dutch Bodewes :

Shipbuilding yard Zalyv, in Kerch, Crimea, has reached agreement with the Bodewes Shipyards on the construction of two bodies for multipurpose container vessels before July 2009. This was announced in a report of the press service of the Finance and Credit bank, which provided advance payment guarantees to Zalyv. The Ukrainian yard will finish work on the contract in January - June 2009, the press service said. "This is already the second project of the Zalyv plant financed by the Finance and Credit bank, and if at the initial stage of our cooperation the bank financed the construction of one body, now it is already a series of two vessels plus two additional bodies in the option," the press service says. According to the press service, the bank has already set forth two guarantees for return of advance payments of EUR 266,500 each, which is 5% of the cost of each hull. The other five tranches worth the remaining sums of prepayment on each contract, and, respectively, the bank's guarantees on each tranche, will be put forward before January 2009. The press service also noted that the said guarantees would be confirmed by the Raiffeisen Zentralbank Oesterreich AG (Austria) bank. This foreign bank is also planning to set limits for implementation of foreign trade projects between Zalyv and Bodewes Shipyards. As Ukrainian News reported earlier, Zalyv finished 2006 with losses of UAH 2.20m when it reduced its net revenues by 47.6%, or UAH 50.488 million to UAH 55.585 million, as compared to 2005. The plant was registered as an open joint stock company. Fort Asset Management Limited (Kyiv) owns 67.1% of the shares in the plant, and the Avtokraz company (Kremenchuk, Poltava region) owns 9.98%. Zalyv specializes in the repair and production of different kinds of ships.

Technology Developments

12-Sep-2007 : "From carbon footprints to CO₂ ship blueprints" :

A Lloyd's List report said that "BW Shipping is studying new designs that allow ships to carry carbon dioxide." The report by Singapore correspondent Marcus Hand quoted BW Shipping Managing Director Andreas Sohlen-Pao, "We are trying to design new ships to carry CO₂ and move it to where it can be used." CO₂ capture suggests transporting it from where it is produced to oil and gas fields, where it could be injected. Other near-term environmental agendas are the building of the world's largest ore carriers, four 388,000 dwt vessels, for a 25 year contract with Brazil's CVRD. At double the size of a normal capesize bulker, these ships would have a 30% lower environmental impact and would incur also lower costs.

03-Sep-2007 : Solutions for stranded gas :

Dutch specialist ship designer Sea of Solutions, partner in the Offshore Ship Designers group (OSD), has developed a technically feasible and low-cost concept to exploit stranded gas fields. Sea of Solutions has developed the concept of a long pipeline coiled inside a ship rather than laid out on the seabed; the continuous pipe CNG carrier. The gas comes out of the ground into a coiled pipeline in the ship and is delivered to the shore facility without need for expensive offshore installations or shipborne installations. The CNG carrier can cope with unprocessed gas direct from the well, and the coiled pipe design avoids the need for large complex pressure vessels built into the ship. Optimal storage conditions are met with a cargo pressure of around 130 bar and temperatures as low as possible without cooling equipment, other than using seawater. With an overall length of 240 m the ship can carry a coiled pipeline of about 218 km in length at speeds of 15 knots. Typically, one load would equate to 515 MMscf of saleable gas. All parameters are open to change, depending on position and size of fields to be exploited.

Country News

11-Sep-2007 : China considers licensing system to curb shipbuilding :

China is planning to implement a licensing regime for the shipbuilding industry in a bid to force outdated production facilities out of the market, the Commission of Science Technology and Industry for National Defense (COSTIND) said recently. Regulators have released draft rules on the licensing system which is currently subject to public comment. Firms applying for production licenses will have to meet the requirements set in the rules, but it did not say when the rules will take effect. China's overall annual shipbuilding capacity is expected to grow to 40m dwt by 2010, significantly outpacing the target of 23m dwt set by COSTIND, state media reported earlier this year. To date, the country has used investment rules to vet projects of above 100,000 dwt, rather than a direct licensing scheme.

10-Sep-2007 : Pakistani work plan approved for new shipyards :

On Saturday, September 6, the 'Policy Board on the Development of the Shipbuilding Industry' approved a work plan for the establishment of two large shipyards on a joint venture basis with the world's leading foreign shipyards. The Board also approved the establishment of an Executive Committee, which will ensure implementation of the decisions taken by the Policy Board, as well as

approving the setting up of a separate cell of professionals under the MD. Karachi Shipyard and Engineering Works (KS&EW) is to undertake approved tasks and to handle the work involved in the development of the industry in Pakistan. These decisions were taken at the first Policy Board meeting, which was chaired by the Prime Minister Shaukat Aziz. In his presentation, the KS&EW MD said that the two shipyards to be built at Gawadar and Port Qasim cover an area of approximately 500 acres and each would include two dry docks of approximately 600,000 dwt, thus catering for building and repairing of heavy ships. While highlighting the proposed work plan for 2007-08, he said that the plan envisages the physical demarcation of sites, the process of land transfer, a feasibility study of sites for shipyards, the selection of a business house and financial advisor, the short listing of potential leading shipyards for joint ventures, the short listing of potential investors, and a training plan for the work force and ancillary support industry.

07-Sep-2007 : Indian subsidies to stick :

India's Ministry of Shipping, Road Transport and Highways is planning to extend the current 30% subsidy given to shipbuilding companies by another five years. The ministry is likely to forward a Cabinet note to this effect soon. The subsidy scheme expired last month and the ministry is keen to revive it. "We want to continue with this scheme, which provided a 30% subsidy to shipbuilders, for five more years. We will soon send a note to the Cabinet for approval," a source in the government said. The shipping ministry's move comes after the earlier subsidy scheme expired on August 14, following which many companies with large scale plans expressed concern, as some of them had already booked fat orders with foreign shipping companies. Under the subsidy scheme, shipbuilders received 30% of the value of orders for ships longer than 80m for the domestic market, and also received it on ships manufactured for exports. "Support from the government is very important for the shipbuilding industry to prosper and come of age," said L&T senior executive vice-president MV Kotwal. "In countries such as Japan, Korea and China, there is government support in one form or the other and so the Indian shipbuilding industry, which has a huge potential for growth, should also be nurtured in the same manner," he added. ABG Shipyards MD, Rishi Agarwal, expressed a similar view. "The government's move to continue with the subsidy to shipbuilders would help the Indian shipbuilding industry go a long way," he said.

Others

22-Sep-2007 : Govt subsidy needs to be revived, study sponsored by industry says :

Not surprisingly, a consultant hired by the shipbuilding industry has recommended that shipbuilders in India get a 10-year extension of a lucrative 30% subsidy scheme and their business be treated as an infrastructure activity, making it eligible for incentives such as tax holidays. Finance minister P. Chidambaram asked for a study on shipbuilding subsidies given by other countries and for the quantum of such subsidy. The finance ministry's approval is necessary to restart a government subsidy scheme that ended on 14 August. In its report submitted to the Union shipping ministry, KPMG has recommended continuation of the subsidy until 2017 and that the subsidy be scaled down to 25% for another five years, through 2022, said Vijay Kumar, the managing director of private sector shipbuilder Bharati Shipyard Ltd. The shipbuilding subsidy scheme offers shipbuilders 30% extra on every ship they build of a certain size for the local market and for all ships for exports. The 30% subsidy enables shipbuilders constructing a ship that would cost, say, Rs100 crore at market rates, to offer it for Rs70 crore to the buyer, effectively competing with international shipyards. This subsidy is given to public sector yards such as Hindustan

Shipyard Ltd, Cochin Shipyard Ltd and Mazagon Docks Ltd, in instalments during the construction of the ship, while private firms such as ABG Shipyard Ltd, Bharati and Larsen & Toubro Ltd get it after the ship is built and delivered to the buyer. The report, called 'Shipbuilding Sector: Economic Benefits and Benchmarking Government Support across Countries', claims there could be huge multiplier benefits to the economy if the subsidy support is extended. About Rs17,000 crore to Rs20,000 crore investments would flow into the shipbuilding sector if the support is continued. "This kind of investment will lead to the turnover of Indian shipbuilding in ancillary industry and result in downstream investments worth Rs2.22tn to industries that support shipbuilding. Finally, it will fetch the government Rs26,000 crore a year as taxes and duties from 2017 onwards," Kumar said, quoting from the report. The government support would also be a major driver for the heavy engineering industry and result in additional employment generation of 2.54m people over the next 10 years, the report says. KPMG's report points out that shipbuilding has been supported directly or indirectly by their respective governments in countries such as Japan, South Korea, China and Vietnam. The above details are from a report in LiveMint by industry watcher P Minoj.

14-Sep-2007 : Sumitomo claims ship plate price victory :

Sumitomo Metal Industries (SMI) has emerged successful in negotiations with Japanese shipbuilders over domestic ship plate prices, claiming to have secured a ¥3,000/tonne (\$26/t) rise for shipments for the second half of the current fiscal year, from October through until March 2008. SMI maintains that the increase for 'himotsuki' (long-term) contract sales was reasonable given the cost rises it faces in high raw materials, freight and other costs. It also claims that the domestic ship plate price is lower than international levels. In addition, the company noted that last year steelmaker requests for a 10% hike from their domestic customers were rebuffed and they were forced to accept one of only 5%. The ship builders had claimed that passing on the full increase to their customers would be difficult, but recently ship prices have been revised upward and the shipbuilders' profits have now recovered.

14-Sep-2007 : Two workers die, 301 evacuated in fire on ship in Singapore :

Two workers onboard a ship undergoing repairs in Singapore died while 301 others were evacuated on Friday, 14 September, following a fire. The workers were evacuated after thick smoke was detected from the ship, said Sembawang Shipyard Pt Ltd, a unit of oil rig builder SembCorp Marine Ltd, in a statement. Two of the workers, a Bangladeshi and an Indian national, were found in the ship and pronounced dead on arrival at a hospital, the statement said. Police said investigations into the fire were ongoing and that a coroner's inquiry will be held. The Manpower Ministry also said it was looking into the incident and that work on the ship has been stopped.

04-Sep-2007 : Support vessels to slide on new supply :

A Lloyd's List report quoted a DVB report that "The global offshore support vessels market will become oversupplied and charter rates will fall, despite growing demand from deepwater operations, say analysts." With an orderbook of 586 offshore support vessels, there is likely to be good availability of ships for term and spot charters from next year. The last six months have seen 122 new anchor handling tug-supply and platform-supply vessels added to the global orderbook. According to DVB, there are around 3,613 offshore support vessels operating worldwide, of which 1,582 are anchor handlers and the rest are PSVs. There are 376 anchor handlers and 210 PSVs on order for delivery between 2007 and 2012. "Around half of the anchor handling fleet, but less than 400 PSVs, are capable of operating in deepwaters, so there is still room for the more advanced newbuilds," said the report summarising the DVB findings. Anchor handling vessels that are rated more than 8,000 bhp can command spot rates of \$75,000 and large PSVs have been earning \$15,000 a day, said DVB. Anchor handlers working in West Africa are gaining term charter dayrates of \$30,000, and those rated more than 10,000 bhp may get up to \$70,000. According to Aberdeen brokers, anchor handlers working in the UK are securing dayrates of £75,000 (\$150,000) this week, as nearly all the available fleet is booked up.



01-Sep-2007 : Another twenty per tonne for steel :

Hyundai Heavy will pay \$20 per tonne more to JFE Steel Corp for steel plates used in hulls as demand and raw-material costs rise. JFE, a unit of Japan's second-biggest steelmaker, will get the increase from October to March. The Korea Metal Journal earlier reported the accord, saying Hyundai Heavy will pay \$650 a ton. Hyundai Heavy and its shipbuilding units Hyundai Mipo Dockyard Co. and unlisted Hyundai Samho Heavy Industries Co. plan to consume about 3.2m tonnes this year, importing about a quarter of the requirement from Japanese steelmakers.

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