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## Knock out stragglers and sell ships cheap, Bunnemann urges German banks

by David Osler

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End hidden state subsidies to speed recovery, argues rising star



Bunnemann: Wants German banks to sell everything “which is not performing, which is pretty sure not to recover”.

back, he maintained. But purging NPLs could mean big opportunities for a new generation, who know what to do with the assets that would be freed up, speeding recovery for the market as a whole and, not least, helping the banks get back on their feet.

Mr Bunnemann — a fifth-generation owner and a Cass shipping graduate — also discussed the emergence of Atlantic Lloyd following the decision of his father Klaus and his uncle Andreas to break up Herm Dauelsberg, founded in Bremen in 1857.

He did not hide the fact that the fourth generation had faced different ways on what to do with their inheritance, but insisted that the parting had been as amicable as divorce ever can be.

While both of Klaus' sons had committed their careers to the business, Andreas' children wanted to do other things with their lives and matters came to a head.

“They split the business because their ideas of how to take the company into the future were just too different,” Mr Bunnemann revealed. “When you jointly own a company 50/50 and only one side is investing, interests grow apart. We wanted more control, because 50/50 is insecure.

“We had a good consultant who assisted us in finding a friendly way forward. We always wanted to keep family matters as they should be. On a family basis, we see each other and spend Christmas together with the wider family.”

In shipping, breaking up is not particularly hard to do. The Dauelsberg fleet was divided, with Klaus and Nicolaus getting four boxships and two panamaxs.

The decision was taken to call their new entity Atlantic Lloyd, which joined forces with Asiatic Lloyd, set up by Nicolaus's brother Friedrich in Singapore in 2008, under a common holding company.

GERMAN banks should pull the plug on non-performing shipping loans to provide cheap tonnage for owners unencumbered with debt, even if that sends some old timers under, a rising star of the Hamburg shipping scene has urged.

While Atlantic Lloyd managing director Nicolaus

Bunnemann stressed that he bore no ill-will towards the

cluster's hundreds of troubled small outfits, keeping no-hopers

on life support was a disguised form of state subsidy that was,

ultimately, holding everybody

The German part of the operation relocated from Bremen to Hamburg. In three years, it has grown from 13 ships (six from Atlantic Lloyd, seven from Asiatic Lloyd) to around 30 ships and there is an ambition to take the tally to 50 in the next few years.

At the core of the fleet is 13 feeder ship sisters, finding profitable employment in niche trades in Asia, where they attract a premium of \$1,500 or more a day over standard 1,100 teu units, which go out at about \$6,000 a day.

The recipe for expansion has been simple. With no KG exposure and access to cash from family and friends, there is no shortage of bargain basement ships to be had.

“Our advantage is that we have not been involved in the KG system, so we do not have these legacy issues. Funding-wise, there is majority family equity, and we have also done some family office investments with family friends. In Singapore, we have used Singapore shipping funds.”

One large transaction with HSH Nordbank added ten vessels at a stroke, while there were also straight cash purchases from insolvency administrators. So far this year, two panamaxs have been acquired at low cost, and Mr Bunnemann added that he was considering entry into other segments.

The Bunnemanns have the additional overhead that goes with two full office set-ups, one in Europe and the other in Asia. But joint purchasing, a single crewing pool and a common insurance policy all make for cost-savings.

For all but three Bunnemann vessels, technical management remains in-house, although further outsourcing is in prospect as the fleet grows. But Mr Bunnemann has already established clear priorities, and comes across as a young man in a hurry.

“It is the investment that is really the focus for us. Unlike many German owner-managers, it is not about earning money from management fees. Eventually, we want an investment return on our assets. It is more the Greek style. Asset play is something we very much like.

“We are a little bit frustrated that the clearing up of German bank portfolio is taking such a long time. It would be better if they started selling everything which is distressed, which is not performing, which is pretty sure not to recover, in order for us to get good opportunities.”

Germany's huge portfolio of non-performing KG debt is now a barrier to recovery. KG managers have no incentive to do a good job so long as their instructions are to charter out any vessel at any rate, so long as it can find some sort of employment.

Indeed, this arrangement can be construed as a kind of subsidy, especially in cases where banks are indirectly owned by the state, Mr Bunnemann contended.

“Some of the very big banks would help their own books by clearing up the bad part of their book. The better part of their book would recover faster.”

In particular, HSH Nordbank is still sitting on a lot of ships that may or may not be of interest to anybody buying the bank, which is due to be privatised by early next year.

Some fears have been expressed that the overnight release of a huge number of ships could collapse the market, but Mr Bunnemann is convinced that there are distressed capital specialists who could turn even that scenario to advantage.

“If that happens, we will have a lot of pressure on asset values. But only then can the market really recover,” he said.

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## New York/New Jersey fights for Midwest market with

## raising of Bayonne Bridge

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Bayonne Bridge heightening elevates Port of New York & New Jersey's big ship draw



THE battle for the lucrative US Midwest cargo markets is about to heat up, with container terminals in the Port of New York & New Jersey poised to handle considerably larger boxships.

Over a decade's-worth of infrastructure investment in the New York and New Jersey area has finished, with completion of the Bayonne Bridge heightening project.

The raising of the Bayonne Bridge means that four terminals will be accessible by vessels of 14,000 teu or more.

Source: Port of New York & New Jersey

The raising of the Bayonne Bridge, providing a navigation clearance of 215 ft, and the dredging of the access channel

to 50 ft (15.2 m), means that the four terminals in the port that sit behind the bridge will be accessible by vessels of 14,000 teu or more.

Previously, only vessels of a maximum 8,500 teu could call at the Global Container Terminal New York, the Port Newark Container Terminal, and both the Maher Terminal and APM Terminals Port Elizabeth, due to the bridge's former air draft restrictions. On the opposite side of the bridge, Global Container Terminals Bayonne was the only facility capable of handling these larger ships if required.

Two Maersk vessels of over 10,000 teu, the *Maersk Shenzhen* and *Maersk Shanghai*, have already called at terminals beyond the bridge since the start of June; and a third Zim vessel, the 10,800 teu *Zim Antwerp*, is due on June 27.

The first 14,000 teu vessel is expected in the autumn. No further details are available on that call yet.

The New York & New Jersey port authority will begin to compete for more cargo in the middle of the country, as ocean carriers start to deploy more of their larger vessels.

"The Midwest is the battleground for ports in New York and New Jersey, Norfolk, Savannah, Baltimore and even LA and Long Beach," Port Authority of New York & New Jersey assistant director, Port Department, Bethann Rooney said.

Ports in the Pacific Northwest stretching from Seattle/Tacoma in the south all the way north to Prince Rupert, Canada, are also vying for this pivotal market.

“The cargo that is destined for the Midwest now has an opportunity to call at any one of these ports,” added Ms Rooney.

The vast majority of cargo handled in New York & New Jersey, 85%, stays within 25 miles of the port. That remaining 15% “discretionary cargo” is what New York & New Jersey, the third-largest port in the country in container throughput terms behind the Californian majors, Los Angeles and Long Beach, is hoping to capture.



Image courtesy of the Port Authority of New York & New Jersey

### Long-term ambitions

The Port Authority of New York & New Jersey and its terminal operators — APMT, Maher Terminals, Ports America and GCT — have been planning for a future of handling larger container vessels for the past decade.

Terminal operators have spent \$2bn rebuilding and strengthening docks, adding new and higher-strength bollards, installing new ship-to-shore cranes that are taller with a wider outreach. New gate systems and new terminal operating systems are in place in anticipation of surges of cargo from bigger ships.

In the case of APMT Port Elizabeth, this represents an ongoing investment of \$200m, according to terminal director Dick Carthas.

“This is being used in both the upgrade of our south berth to about 800 m, and a new gate that will be going into effect with all the new technology that will help with our throughput capacity.”

“Last, but not least, we’ve got four new STS cranes that will be some of the highest in the port at 60 m and with an outreach of 23 containers wide on a vessel. That’s going to help us tremendously.”

The port authority spent another \$2bn of its own money with no state or federal assistance on rail infrastructure; roadway capacity improvements and alignments so that truck movements are more efficient, harbour dredging and the lifting of the Bayonne Bridge.

Expanded rail facilities are key to the port’s wider strategy of growing its Midwest traffic. In 2016, New York & New Jersey carried just over 500,000 teu by rail via its three existing on-dock rail facilities. When a fourth facility is completed in 2018, New York & New Jersey expects to be able to handle over 1.5m teu per year by rail.

“We are at 15% of our total [rail] volume today and have a goal of getting to 20% by 2020 and increasing from there,” Ms Rooney said.

### **Global trends**

The expansion of the Panama Canal has allowed an increase in vessel size to transit the waterway up to a maximum of around 14,000 teu. This has meant a reduction in calls for New York & New Jersey, as ocean carriers deploy a single larger vessel on that route instead of two smaller vessels. With that comes efficiency and economies of scale for ocean carriers.

Although the port of New York & New Jersey has been restricted to the largest ships calling at the US east coast, cargo volumes arriving via the Panama Canal have risen by 3% since the expansion. In 2012, about 22% of its east-west Asia cargo came through the Panama Canal. So far in 2017, 25% has come via the canal.

While much has been made about the potential for new trade routes through the widened Panama Canal, Ms Rooney said New York & New Jersey was seeing more cargo volume growth through the Suez Canal, due to shifts in manufacturing in Southeast Asia.

In 2012, 26% of its cargo was moving through the Suez Canal. In 2017, so far, 45% has arrived from Asia via the Suez Canal.

The port of New York & New Jersey and the terminal operators are poised to take more cargo from bigger vessels regardless of which trade corridors dominate, or whether new routes open up. Other North American ports, particularly those on the west coast, face tougher competition for cargo bound for the US heartlands, now that the Bayonne Bridge has been raised.

“The opportunity now is not to only add calls in New York with those 13,000 teu ships that are already calling on the US east coast, but to maybe add or replace smaller strings with bigger strings that call at New York as well, now,” Drewry senior analyst Neil Davidson told Lloyd’s List.

The raising of the Bayonne Bridge could also accelerate the move towards neo-Panamax ships on a number of services from Asia to the region, while aiding in carriers’ attempts to cascade ships from the Asia-Europe trade to make way for even bigger ships there, he added.

SealIntel chief executive Alan Murphy also noted that the major benefactors could be carriers that call at New York & New Jersey first on their port rotations, as they would be able to introduce larger vessels where the Bayonne Bridge was previously the bottleneck.

“We may also see some lines change the order of rotation and move New York & New Jersey up, where in the past would only have sailed in partially laden,” he said, although he admitted that, at this stage, this was purely speculative.

### **Level playing field**

It is important to remember, however, that New York & New Jersey has only been at a disadvantage to other US east and Gulf coast ports since the Panama Canal was only widened to accommodate larger ships a year ago.

The Port Authority of New York & New Jersey wanted to ensure that the Bayonne Bridge was heightened as close to

the opening of the expanded canal as possible, but given the significant delays of the Panamanian project, this was always going to prove problematic.

Mr Davidson said that for New York & New Jersey it is a huge relief that it can now compete on a level playing field with its east coast neighbours.

But New York is also just one of a handful of ports that have the required water depth to handle laden ships of 13,000 teu plus.

Virginia, Baltimore, Jacksonville and Miami all boast these draft requirements, yet Savannah and Charleston are still in the process of completing extensive dredging programmes to bring them up to 50 ft mark.

“With the raising of the bridge and draft, New York is now in a strong position,” said Mr Davidson.

APMT Port Elizabeth boasts a 50 ft draft alongside its berth, a factor that Mr Carthas said the terminal operator would be looking to capitalise on at the earliest opportunity.

“If carriers transition some of the larger vessels into their service calls, we will be ready,” he said.

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# Greek shipowners extend voluntary tax pact by one year

by Nigel Lowry

UGS members ‘unanimously’ backed doubling tonnage tax contributions for fourth year



GREEK shipowners have voted to voluntarily pay double tonnage taxes for a further year in a bid to help the country's struggling economy.

Members at an extraordinary general assembly of the Union of Greek Shipowners (UGS) in Athens approved the move, proposed by president Theodore Veniamis and the board of directors.

The UGS said that the proposal was carried "unanimously".

Theodore Veniamis on the UGS committee (far left).

The initiative to continue the voluntary contribution pact between the shipping industry and the Greek government into 2018 aimed to contribute to Greece achieving its fiscal targets, the UGS said.

Since inception in 2014, the scheme has targeted additional annual income of about €105m.

The latest move adds a fifth year of 'double' paying by owners. A spokesperson said that the duration of the scheme was sometimes confused as owners paid the additional tonnage dues a year in arrears, so that the additional amount for 2017 will be collected in 2018.

The step was "good news", according to one shipowner source. "It is very positive to see the community supporting something like this 100%," he added.

Several leading European politicians, most recently German finance minister Wolfgang Schäuble, have criticised Greece for not raising more taxes from the shipping sector.

But the UGS hit back, pointing out that the country's owners pay significantly more in tonnage taxes than most of their European counterparts.

An informal investigation by the European Commission into Greece's shipping tax system has been bubbling away for years and recently seemed to be heading for formal proceedings.

However, at Monday's assembly, Mr Veniamis told UGS members that he believes "a mutually acceptable agreement between the Greek state and the European Commission will soon be reached on the issue".

He expected a deal that would respect the "fundamental principles" and constitutional protection of the Greek shipping industry.

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## Boxship scrapping rates to remain high

by James Baker

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Fleet rebalancing will come from demolitions rather than demand growth



Continued scrapping will be required to rebalance the boxship fleet.

future market balance, however, was not a return to the double-digit demand growth of the previous decade, but rather a “long and arduous” process of managing the existing overcapacity, SealIntel said.

“The tools carriers will have to employ to manage this overcapacity is an almost complete freeze of new vessel orders, idling of vessels, continued blanking of sailings, and high vessel scrapping levels, driven by the economic lifetime of vessels, rather than the physical lifetime.”

Scrapping reached a peak in 2016, when more than 665,000 teu were removed from the fleet. This was a significant increase of almost 500,000 teu on the previous year. Moreover, the average vessel age was at an all-time low of 18.5 years in 2016.

“The average age of the scrapped vessels was between 23.9 and 31.8 years in the period from 2000 to 2012. In 2012, it continued to decrease again and remained at 21.9 years, on average, until 2016. In the first half of 2017, the average vessel age was 20.6 years,” SealIntel said.

The average size of scrapped vessels also jumped to 3,500 teu in 2016. “This explains why we see an almost doubling of teus scrapped in 2016 relative to 2009, even though fewer vessels were scrapped in 2016,” SealIntel said.

“Another increasing trend we see is the maximum vessel size scrapped in the year. Until 2009, the largest vessel that was scrapped was 4,651 teu, whereas in 2016, the number jumped to 6,627 teu.”

The falling age of ships sent to scrap was reflected in examples such as the seven-and-a-half-year-old 4,250 teu *India Rickmers* and seven-year-old, 4,250 teu *Hammonia Grenada*, both scrapped earlier this year.

“While these two were examples of exceptionally young vessels being scrapped, almost half of the vessels being

THE past 18 months have seen “unprecedented” levels of scrapping that are likely to continue for the rest of this year, according to a new report from SealIntel.

“The container shipping industry has suffered from massive overcapacity for the past eight years, but the market is looking to gradually balance out in the coming years,” SealIntel said. “Our expectation is that with current market trends, we will see a balance in supply and demand by 2020, possibly even 2019.”

The source of this expected

scrapped in 2016 to 2017 were in the beleaguered classic panamax class, which saw their deployment options dry up as a consequence of the expansion of the Panama Canal in June 2016,” SealIntel said.

“Not only were the vessels scrapped in 2016 to 2017 considerably younger, there was also an unprecedented level of larger vessels being scrapped, even beyond the classic panamax class, and all of these vessels were less than 20 years old, a concept unfathomable in the previous decade.”

While it is too early to predict full-year 2017, SealIntel said that while less capacity will be scrapped this year than last, it was likely to remain at a very high level.

“We see that the 2016 to 2017 scrapping season is exceptional, not just from the massive amounts of capacity being scrapped, but also as the vessels being scrapped are significantly younger and larger than ever seen before,” SealIntel said. “We have now seen vessels of just seven years old being scrapped, while vessels of more than 6,500 teu have been scrapped in the past year. These are very hard choices for vessels owners to make, but are necessary if the current rebalancing of markets is to be maintained.”

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# Cosco Shipping secures \$543.9m in Cexim loans to fund 10 tanker newbuildings

by Cichen Shen

The latest loan is part of the larger \$4.2bn financing agreement inked between Cosco Shipping and Cexim



COSCO Shipping Energy Transportation, the oil and gas shipping unit of China Cosco Shipping Group, has banked \$543.9m in loans from China Exim Bank for 10 tanker newbuildings.

The transactions, which were done via 10 single-ship owning companies, will be used to ensure the delivery of seven very large crude carriers and three long range one tankers that are on CSET's orderbook, the Shanghai-and Hong Kong-listed company said in an

The transactions were done via 10 single ship-owning firms.

exchange filing.

Interest rates were not disclosed, but the maximum loan-to-value ratio is 70%.

Lloyd's List understands that the \$543.9m is part of a larger financing deal that Cexim inked with Cosco Shipping last month, in which the policy bank agreed to offer \$4.2bn in pre-delivery loans to the state-owned conglomerate for 59 newbuildings ordered after the second half of 2014.

Lloyd's List reported exclusively in August last year that the term sheet of the massive deal was concluded between the two parties.

CSET said it would receive the money via instalments during the construction and delivery processes, while each loan is set to mature within 12 years upon delivery of each individual vessel.

Clarksons data showed the company has nine VLCCs on order, of which seven were contracted in 2015 and scheduled for delivery between July 2017 and September 2018.

It also has five long range one tankers on order, with delivery expected between November 2017 and December 2018. While the loans will increase the company's financial expenses, the new tonnage will enhance its competitiveness and profitability, according to CSET.

The 10 one-ship companies are: Lian Yang Hu Maritime Ltd, Lian Shan Hu Maritime Ltd, Coswish Lake Maritime Ltd, Cosnew Lake Maritime Ltd, CosLucky Lake Maritime Ltd, Xinlongyang Shipping Pte Ltd, Xinweiyang Shipping Pte Ltd, Xinhuiyang Pte Ltd, Xinhuyang Shipping Pte Ltd and Xinmaoyang Pte Ltd.

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## **Korea Line inks 20-year LNG shipping deal with Kogas**

by Wei Zhe Tan

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Korea Line to deploy two LNG carriers to ship the cargoes



KOREA Line Corporation has signed a 20-year contract to transport liquefied natural gas for Korea Gas Corporation worth Won1.3trn (\$1.1bn). Under the deal, which came into effect last Sunday, KLC will deploy two LNG carriers to load cargoes from the Sabine Pass LNG facility in the US and ship them back to Kogas until May 30, 2037.

KLC said the contract would start for a 20-year period from the delivery date of the vessels, which can be adjusted and

The agreement will see Korea Line ship LNG from the US Sabine Pass facility to South Korea.

extended upon mutual agreement.

Last Thursday, the shipping line ordered two 7,500 cu m LNG carriers worth Won114bn to handle another shipping contract with Kogas, with delivery expected by end-2019.

KLC has been taking on more and more shipping contracts with a number of state-owned corporations following former flag carrier Hanjin Shipping's demise earlier in the year.

It has also purchased Hanjin's Asia-to-US container shipping route assets via its parent company Samra Midas Group, which incorporated SM Lines to hold the ex-Hanjin assets.

Shareholders had opposed the initial acquisition plan over concerns that KLC did not have the necessary experience to run a container shipping operation, especially amid a prolonged industry downturn.

Separately, newly installed flagship carrier Hyundai Merchant Marine quashed talk in the market that it was about to sell its only very large crude carrier as part of fleet renewal plans.

An HMM official told Lloyd's List that the company had sold two of its medium range tankers at about \$10.5m apiece earlier in the year due to their age.

HMM previously announced in April that it would tap into funding from state-backed Korea Shipping Corporation to purchase up to 10 newbuilding VLCCs from Daewoo Shipbuilding & Marine Engineering.

The vessels would be added to HMM's fleet of 12 VLCCs to increase its competitiveness.

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# Transpacific recovery comes too late for contract rates

by Will Waters

Asia to North America west coast container volumes are growing strongly, but early-year weakness limited annual price increases



CONTAINER volumes from Asia to the west coast of North America continued growing by almost 5% in the first half of this year, although US importers have been spared big increases in annual contract prices because of relatively weak demand in the first two months of this year, analysis by Drewry indicates.

After a “sluggish” start to the year, Asian exports bound for west coast ports had rebounded since February, Drewry noted, and after the first five months, Asia to US west coast volumes grew by 2.5% year on year to

US west coast volumes have picked up again this year.

nearly 4m teu. While that was clearly a positive trend, growth to the US east coast was faster, at 6%, as the gradual coastal shift continued, Drewry said.

But adding in volumes to Canada and Mexico, the Asia-North America west coast trade looks stronger, and after four months, the rolling average for the trade tracked at 4.7%, “broadly the same as 2016 ended”, Drewry noted in its latest Container Insight Weekly report.

There were plenty of positive signals in the US economy at present, including “consistent, positive and strong” consumer confidence, and “every expectation that President Trump will deliver on his promise to cut personal taxes, even if its enactment has been delayed”.

Meanwhile, the US is coming closer to full employment after adding jobs at an average pace of 174,000 over the past three months, Drewry added.

Additionally, the strong dollar has lowered the cost of imported goods. “As such, we expect the full-year 2017 growth trend for Asia-west coast container traffic to remain close to the current range,” Drewry said.

But the rise of online retail spending, which increased by 11% last year, is also starting to affect supply chain strategies. Because consumers can buy over the internet as and when they like and they do not have to wait until seasonal goods are actually available in the shops, this is “trimming the peaks in the shipping calendar”.

Drewry said eastbound capacity along the Asia-US west coast corridor had been relatively stable for the past few months and forward schedules indicated that they would not be much changed in July either. “On a year-on-year basis, the number of available slots is expected to be around 7% higher in July as carriers prepare for the seasonal ‘back-to-school’ surge in demand,” the company said.

## Pricing implications

In terms of the implications on pricing, Drewry said: “Spot market rates have softened since the start of the year, which meant that carriers had to lower their ambitions for contract rates. Our research suggests that lines secured average Asia to USWC contracts of \$1,100-\$1,200 per feu; while being a big improvement on last year, (this) is lower than they

would have hoped for in January and is still low by historical standards.”

Drewry said carriers were now pinning their hopes on a spot-market recovery over the traditional peak holiday seasons in July (for ‘back-to-school’) and September (for Thanksgiving and Christmas).

“Hapag-Lloyd was first into the fray, notifying its customers that it will be seeking a \$1,500 rate increase on 15 July,” Drewry noted. “Ship utilisation should reach over 90% in the third quarter, but space is unlikely to be so tight that cargo rollovers start occurring.”

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# A Polar Code for autonomous ships?

by Anastassios Adamopoulos

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Goal-based rules could follow a clear out of regulatory obstacles for autonomous shipping



ABB's Mikko Lepistö cautioned the industry to take gradual steps regulate autonomous vessels.

“What is new is that it is fundamentally goal-based. It, basically, allows any design as long as you can demonstrate that it is safe,” he said during a roundtable hosted by ABB at its headquarters in Helsinki.

Mr Bergström argued, however, that the Polar Code is currently too vague, and requires additional input and better definitions on safety and how to measure it.

The initial version of a code for automated ships could also be thin. The shipping industry would then have to take the lead and develop performance assessment measures that could lead a standardised approach.

“It is very expensive and time-consuming to always develop a new measure. Once this has been done once or twice, there might be one or two generally accepted measures for how to show something is safe. Then it becomes much quicker and cost-efficient to apply a goal-based design,” he said.

A GOAL-BASED regulatory framework could pave the way for autonomous vessels, after international regulators took the first steps towards facilitating the development of the highly anticipated vessels of the future. Aalto University postdoctoral researcher Martin Bergström, who focuses on Arctic shipping and ship automation, touted the Polar Code that came into effect at the beginning of the year as a prototype for how the International Maritime Organization could initially

The IMO Maritime Safety Committee agreed during its 98th session held last week to consider how to bring in autonomous ships under its current regulation. This “scoping exercise”, as the MSC dubbed it, could target existing rules that inhibit autonomous vessel regulations, are not applicable to them or need to be amended in some way to allow for such regulation to come into play.

While the regulatory willingness to accept a future with automated vessels is gaining traction, the industry is asking people to exercise caution.

ABB Marine and Ports head of digital solutions Mikko Lepistö said the industry needs to progress one step at a time, on the road towards greater vessel operational efficiency supported by technological innovation.

Mr Lepistö said that new technology is coming in, but there is a need to become accustomed to it and to develop trust in it. While ABB operates centres that are connected to 700 vessels globally, providing some three gigabytes of information each day on energy consumption alone, Mr Lepistö said it could take up to a year-and-a-half before there is a vessel that can be operated from a remote location.

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# Handysize bulker rates rise to highest in June with further increases expected

by Nidaa Bakhsh

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BIMCO data shows only 200,000 dwt of handysize newbuildings booked this year



AVERAGE handysize bulker rates have strengthened to their highest in June amid the continued uptrend in both the Atlantic and Pacific markets. The average weighted time charter on the Baltic Exchange rose 3.1% to \$6,584 per day at the close on Friday versus June 19, while the index increased by 14 points. Since some European traders returned from national holidays in early June, sentiment for

trades carried out on the smallest class of dry bulk vessel has been firming up, with scrap and grains fixtures reported. Last week was “a positive week,” said the Baltic Exchange in a note, adding that further gains could be expected in the last week of June in what was described as still a finely-balanced market.

According to the exchange, even as charterers claimed activity had slowed, owners managed to resist pressure. Reported spot activity was thin, with just four deals, according to Clarksons.

Prices ranged from \$6,000 per day for a trip from the Black Sea to the eastern Mediterranean, to \$9,000 per day for a scrap cargo from northwest Europe to the same region.

In the asset market, a 2008-built handysize was sold for \$8.3m, slightly lower than a similar deal in early May, according to VesselsValue. Other trades included a 2003-built vessel that changed hands at \$5.5m, while a 1999-built vessel went for \$4.9m.

According to Arctic Securities, values for secondhand tonnage were slightly down across all segments, with scrap prices falling too.

Two vessels 30 and 35 years old were sent for scrap, totalling 53,800 dwt, VesselsValue data showed.

The 1987-built ship was being sent to a yard in Bangladesh for \$330 per ldt, the data showed. The price is below previous demolition sales.

### Long-term support

So far this year, only 200,000 dwt of handysize newbuilding tonnage has been booked, according to data from BIMCO, suggesting a positive development for owners on the supply side.

The total orderbook size for bulk carriers, when all sizes of vessels are included, has declined from 185m dwt in July 2014 to 61.3m dwt this month, according to a BIMCO note. This is the lowest orderbook level since April 2004.

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## Pride and perseverance at the American Club

by Lambros Papaeconomou

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The American Club has transitioned from catering to domestic shipowners to being a dynamic international association



THE American Club has proudly marked its 100th anniversary thanks to its perseverance to keep innovating its services offered, keep strengthening its financial footing, and keep diversifying its membership. It celebrated its centennial with a bash in midtown Manhattan at the former headquarters of Bowery Savings Bank on June 22, 2017. The Italian Romanesque Revival building is a New York City designated landmark, and it is used today as an upscale event space.

The American Club celebrated its centennial with a bash in midtown Manhattan, at the former headquarters of Bowery Savings Bank.

The mutual protection and indemnity association is today an equal member of the International Group of P&I Clubs, with offices and members worldwide. It enjoys an investment grade rating from Standard and Poor's. And it has just entered the hull and war risk insurance market through its Cyprus-based subsidiary American Hellenic Hull Insurance.

Joe Hughes, who has been at the helm of the club's manager Shipowners Claims Bureau since 1995, delivered the keynote speech at the black-tie event. He attributed the club's success to its eternal optimism, quipping that: "The key to success is to go from one set of difficulties to another with undiminished enthusiasm, turning aspiration into accomplishment."

But Mr Hughes also acknowledged that it had not always been smooth sailing in the club's proud history: "Twenty-five years ago, in all sincerity, there were some who were perhaps a little sceptical whether the club would make it to 100." Mr Hughes was referring to the club's several failed attempts to join the International Group of P&I Clubs prior to his being appointed chairman and chief executive of Shipowners Claims Bureau. It was not until 1998, when the American Club finally became a full pooling member, that it was afforded the full benefits of a reinsured member and planted the seeds for a rapid expansion in Europe and Asia.

"To get a measure of what we have achieved over the last 20 years, the club has undergone a real sea change with a fivefold increase in metric tonnage, fourfold premium growth, eightfold growth in total funds, tenfold growth in free reserves, and a much greater (member and industry sector) diversity", he said.

The American Club is one of the smaller clubs compared with its international brethren, but it can match the larger clubs in its insurance coverage due to the group pooling and reinsurance arrangements. Its focus is rather on customised service than size.

As Dorothea Ioannou, head of the Piraeus office, said: “All International Group clubs offer basically the same cover. What we offer at the American Club is the service and expertise you will find from the largest clubs but with a very personal touch across the whole membership.”

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**NOTICE OF SALE OF M/V "HURIYE ANA"**

1. Bids for acquisition of the vessel details of which are specified below AS IS WHERE IS free of any debts, encumbrances or liens, are hereby invited by the undersigned court-appointed Receivers of the vessel. The vessel is presently anchored at the Port of Ashdod, Israel.
2. The bids should be submitted to the Receivers in writing no later than **Sunday, 30<sup>h</sup> July, 2017, at 12:00 hrs.** (local time), as per the contacting details below. Any bid should be accompanied with a deposit equivalent to 10% (ten percent) of its value, but no less than USD 100,000 (one hundred thousand United States Dollars), either in cash or by an unconditional and irrevocable bank guarantee of an Israeli Bank made out in the name of the Receivers (the "**Deposit**").
3. The Deposit will be returned to any bidder whose bid has not been accepted subject to the court's approval, or shall be forfeited in case the winning bidder withdraws from his bid after the latter has been accepted by the court or in case of failure to comply (by action or default) with the court orders, without any need to evidence losses. Nothing in such forfeiture shall preclude the Receivers from the right to claim further amounts, as compensation for losses if caused to the receivership fund, from the bidder.
4. The bids will be submitted to the court by the Receivers, and an auction will take place on **Monday, 31<sup>st</sup> July, 2017, at 11:00 hrs.** (local time) in the District Court of Haifa, sitting as the Admiralty Court, at 12 Pal-Yam Blvd., Haifa, Israel, before the Honorable Judge Mr. Ron Sokol.
5. The Court will have full discretion to accept or reject any bid, or to issue any order as the Court deems fit. It should be noted, that the Court will not be obliged to accept the highest bid offered or any other bid.
6. The winning bidder shall be required to pay, in addition to the Deposit, an amount equivalent to 10% of his bid within **two business days** after the bid has been approved by the Court. This said additional amount shall be treated as the Deposit aforesaid. Both the Deposit and the said additional amount will be credited on account of the consideration to be paid for the sale of the vessel.
7. Hereunder are the vessel's particulars as provided to the Receivers. The Receivers do not warrant and will not be responsible whatsoever in respect of the accuracy of the information detailed below, and any bidder shall be solely responsible to inspect the vessel and review any of the vessel's particulars and information arising thereof.

**The contents of this Notice have been translated from similar notices advertised in Hebrew in the Israeli press, and in case of discrepancy, the construction of the Hebrew text shall prevail.**

<b>Name :</b>	M/V HURIYE ANA	<b>LOA:</b>	92.65m
<b>Vessel Type :</b>	General Cargo	<b>Breadth:</b>	14m
<b>Flag :</b>	Turkey	<b>Depth:</b>	7.75m
<b>Call Sign:</b>	TCTL5	<b>Lightship:</b>	1778.30
<b>IMO No.:</b>	9396440	<b>Class:</b>	Türk Loydu
<b>Built:</b>	Ünye/Ordu Sept. 2008	<b>Port of Registry:</b>	Istanbul
<b>GRT:</b>	2773	<b>Engine power:</b>	Hanshin 6LU38 2200 BHP
<b>NRT:</b>	1622	<b>Cargo holds</b>	two
<b>DWT:</b>	4478		

For further details and subject to the above, see [www.huriye-ana-receivership.com](http://www.huriye-ana-receivership.com)

**Joseph Sprinzak, Adv.**

**Ephraim Glazberg, Adv.**

**Co-Receivers of M/V "HURIYE ANA"**

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