

TradeWinds

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Mideast in focus

Shipping in the Middle East has had to contend with the tumultuous events that have swept through the region this year but the sector is keeping its eye firmly on the future. Correspondent **Jonathan Boonzaier** reports on developments in a **TradeWinds Business Report** on pages 21 to 32.

Box rates crisis

Rates on the key Asia-to-Europe box route have fallen to "unsustainable" levels. Pages 14 and 15

China wrangle

Norway's Spar Shipping is embroiled in a chartering dispute with Grand China Logistics. Page 3

Ro-ro in layup

A brand new ro-ro has gone straight from the yard into layup. Page 5

Chop red tape!

Denmark is demanding action to cut regulatory bureaucracy for shipowners. Page 54

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Green orders set to stretch market

The emergence of a new generation of super-efficient ship designs is threatening to bring about a fresh round of ordering that will weigh heavily on the already overtonnaged shipping markets. Japanese yards are pushing a new series of eco-vessels that they say will offer a significant competitive edge and higher profit margins. **Page 7**

PROPELLING INTO THE FUTURE: Japanese yards are on course for a slew of eco-designs.

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Eco orders danger

New fuel-efficient ship designs could turn up the heat on an already stretched market.

Irene Ang and Adam Corbett

Singapore and London

The emergence of a new generation of super-efficient ship designs is threatening to spark a fresh round of ordering that will stretch already overtonnaged markets.

A Far Eastern sales drive headed by Japanese yards is generating widespread interest in a new series of eco-friendly designs that they say, given current charter rates and fuel prices, have a significant competitive edge and deliver higher profit margins.

The move toward more energy-efficient ships has already taken off in the dry-bulk market. Japanese shipbuilding powerhouses Mitsubishi Heavy Industries and Oshima Shipbuilding have teamed up on a new 95,000-dwt bulker design that uses a hull-air-lubrication system to improve efficiency, winning the first order for three ships from US player Archer Daniels Midland (ADM).

Sanoyas Hishino Meisho this week unveiled a new 82,000-dwt design that it claims consumes around 29 tonnes of bunkers a day — less than most existing handy-max bulkers — and a 120,000-dwt design with similar performance.

Mitsui Shipbuilding & Engineering has already booked two orders for its 66,000-dwt ultramax bulker with a fuel consumption of just 27 tonnes a day — 10 a day less than many handymax bulkers.

IHI Marine United has won an order for three of its e-future 97,000-dwt bulkers from Daiichi Chuo Kisen. The design's contra-rotating propeller promises to give a 15% improvement in fuel consumption.

One newbuilding broker said: "We are seeing interest in these ships because they will have significantly better fuel consumption than ships delivering into the market today. And the figures look good enough when owners are looking at their long-term planning to ignore the current supply-and-demand imbalance."

At today's prices, cutting 10 tonnes of fuel a day equates to saving \$650 per metric tonne, or around \$1.3m per year, based on an average 200 days' steaming.

As freight rates are low and bunker prices are increasing, fuel consumption is becoming a more significant factor affecting profitability for both owners and charterers.

One dry-bulk broker points out that in the handymax market the more fuel-efficient Mitsui 56 and Tess 52 designs are preferred to the less efficient Dolphin 57 design.

He explained: "Tess 52 consumes 30 to 31 metric tonnes a day compared to the Dolphin 57's 35 to 36. On a draft-restricted trade the Tess 52 can lift at least



MITSUBISHI HEAVY INDUSTRIES: The Japanese yard has teamed up with Oshima Shipbuilding to produce new fuel-efficient designs.

Photo: Mitsubishi Heavy

the same as a Dolphin 57, if not more.

"It's all related to consumption, draft and market rate.

"When the time-charter rate is say \$15,000 a day and daily bunker consumption varies between \$19,500 to \$23,500, a \$4,000-a-day difference in fuel consumption represents nearly 20% of the charter deal."

The price of fuel is also set to increase, with the International Maritime Organisation (IMO) working toward a market-based scheme that would offer incentives to reduce consumption.

That could lead to a tax on bunkers that would hike prices even further.

One factor against the new designs is the premium energy-sav-

ing technology adds to building costs. The high value of the yen has also made most Japanese yards, which currently have the most efficient designs on the market, uncompetitive on price.

But Greek, Scandinavian and Asian owners are said to be waiting for the yen to weaken and prices to be cut before they make their move.

IN BRIEF

Usuki back in the bulker business

Tanker builder Usuki Shipyard of Japan is back in bulkers after a 10-year hiatus.

Industry sources say the yard has secured an order for two 16,000-dwt handysizes from a non-Japanese company for delivery at the end of 2012 and early 2013. The identity of the buyer has not been disclosed but the deal is said to have been contracted in yen.

One market observer believes the buyer could have speculated that the yen may depreciate against the dollar from next year — and that could be the reason for sealing the deal in the currency. He reckons each bulker will cost around ¥1.6bn (\$20.8m).

The order is also Usuki's first since the market downturn in 2008. According to London broker Clarksons, the yard's order-book is made up of just four 19,200-dwt chemical tankers. It is due to deliver three this year and one next March.

Officials at Usuki were unavailable for comment before TradeWinds went to press.

Geden linked with aframax order

Geden Lines of Turkey is being linked to an order for three aframax tankers, which would be the company's first foray into newbuilding market in several years.

The three 115,000-dwt ships are said to have been booked at Samsung Heavy Industries at an undisclosed price.

However, some sources speculate that the ships may involve a switch from two suezmax contracts the Turkish owner was said to have with Samsung.

Fairplay's newbuilding database lists Geden with three similar vessels at the yard with delivery dates in May and June 2013 and January 2014, suggesting they are relatively recent orders.

It was not possible to confirm the information with Geden chief executive Tugrul Tokgoz at press time.

Also, according to Fairplay, Geden should be taking delivery this month of a 157,000-dwt tanker from Jiangsu Rongsheng Shipbuilding, while it is slated to take a 73,500-dwt tanker from South Korea's SPP Shipbuilding next month.

Geden currently lists a fleet of 40 owned vessels, 27 tankers and 13 bulkers, as well as four ships that have been sold and chartered back.

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