Korean Shipping messenger

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

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Shipbuilding News

Longxue scores 115K TK duo

China's CSSC Guangzhou Longxue Shipbuilding won a newbuilding order for two 115,000 dwt tankers from a shipowner in Hong Kong.

The 115,000 dwt newbuilds are slated for delivery in the fourth quarter of 2015 with the newbuilding price projected to be around $47-48m apiece.

However, the Hong Kong owner said that the contract is still under consideration without an official confirm of agreement. A broker also said that it is uncertain if the contract would take effect although the owner had inked a letter of intent.

Wenchong firms up boxship order

Guangzhou Wenchong Shipyard of China turned out to have received newbuilding payment from Greek owner ALLSEAS on January 19 that a newbuilding contract has officially taken effect to build 1,700 teu containership signed on June 14.

Alongside, both companies successfully agreed to sign a contract for an option to build two firm plus two options in the same size.

Meanwhile, the two 1,700 teu boxships are said to be the first units signed in two years after May, 2011 and this newbuilding contract is expected to greatly contribute to the company's performance in 2013.

Aker Phil. builds Eco PCs

Aker Philadelphia Shipyard ASA (Oslo: AKPS) recently announced that its wholly-owned subsidiary, Aker Philadelphia Shipyard, Inc. (APSI), and Crowley Maritime Corporation are expanding the cooperation initiated with the sale and delivery of two product tankers in 2012 and 2013. The expanded partnership includes four new product tankers with deliveries in 2015 and 2016, with the possibility to build four additional product tankers with deliveries through 2017. The parties have signed binding shipbuilding contracts for the first four tankers with a total contract value of approximately $500 million.

Consistent with the requirements of the Jones Act, Crowley will maintain control over the ownership, technical operation, and commercial management of the vessels. APSI and Crowley will share in the economics of the operation and chartering of the new vessels.

APSI expects to make an investment of approximately $115 million in the first four vessels of the partnership through a combination of existing shipyard equity and new debt. Funding is expected to be met without any equity capital issuance. The new debt and the construction period financing are expected to be fully committed by the end of September.

"The shale revolution is creating industrial opportunities throughout the United States and specifically here in Philadelphia. We are pleased to expand our partnership with a first class operator like Crowley to help meet the nation's longstanding goal of energy security," Kristian Rokke, President & CEO of AKPS, said. "This strategic opportunity allows us to capitalize on the increased demand for Jones Act tankers in a way that will transform APSI in the years ahead. Diversifying our assets enhances Aker Philadelphia Shipyard's resilience and creates long-term value for both our customers and shareholders."

"We are very pleased to be partnering again with Aker in the construction of these new tankers," said Rob Grune, Crowley Senior Vice President and General Manager, petroleum services. "They are a well established and highly respected shipbuilder. We appreciate working with Aker to supply our customers and the nation with the necessary tonnage to bring U.S. petroleum to market."

The new 50,000 dwt product tankers are based on a proven Hyundai Mipo Dockyards (HMD) design which incorporates numerous fuel efficiency features, flexible cargo capability, and the latest regulatory requirements. The vessels will be constructed with consideration for the use of LNG for propulsion in the future. HMD and APSI collaborated on the successful construction of 14 product tankers at APSI between 2005 and 2013. Design and procurement activities are already underway to support the start of construction of the first tanker in January 2014.

The joint venture transactions related to the operation and chartering of the new vessels are subject to agreement on definitive documentation and fulfillment of customary closing conditions. The transactions are expected to be completed by the end of the third quarter 2013. The first four vessels with deliveries in 2015 and 2016 were the subject of AKPS's press release issued on 18 February 2013.

APSI is currently constructing two 115,000 dwt crude oil carriers for SeaRiver Maritime, Inc., ExxonMobil Corporation's U.S. marine affiliate. Both of these crude oil tankers are scheduled for delivery in 2014.

Aker Philadelphia Shipyard is a leading U.S. commercial shipyard constructing vessels for operation in the Jones Act market. It possesses a state-of-the-art shipbuilding facility and has earned a reputation as the preferred provider of oceangoing merchant vessels with a track record of delivering quality ships. Aker Philadelphia Shipyard is listed on the Oslo Stock Exchange and is 71.2 per cent owned by Converto Capital Fund, which in turn is majority-owned by Aker ASA. Aker is a Norwegian industrial investment company that creates value through active ownership. Aker‘s investment portfolio is concentrated on key Norwegian industries that are international in scope: oil and gas, fisheries and biotechnology, and marine assets. Aker‘s industrial holdings comprise ownership interests in Aker Solutions, Kvaerner, Det norske oljeselskap, Aker BioMarine, Ocean Yield and Havfisk.

BESTWAY bags small PCTC

China’s BESTWAY released a regulatory filing on August 9 that its wholly-owned subsidiary had inked an EPC contract for 800PCC-PCTC worth CNY 41.50m ($6.77m) with compatriot company Anji Automotive Logistics.

According to the agreement, the BESTWAY subsidiary plans to construct a 800PCC-PCTC which is suitable for loading and shipping various types of compact vehicles.

BESTWAY said that the newbuilding project is expected to make a recognition on its performance in the second half of 2013 and the first half of 2014.

HK Shipowner CSSC Orders Mega-Container Ships

Waigaoqiao-controlled Shanghai Jiangnan Changxing Heavy Industry has signed a shipbuilding contract with CSSC Shipping (Hong Kong) to build three 16,000 TEU ships, the largest ever built by Chinese yards, reports China Logistics Portal.

Jointly designed by Waigaoqiao Shipbuilding and CSSC-affilated Marine Design & Research Institute of China (MARIC), two of the ships will be built at Jiangnan Changxing Heavy Industry and one will be built at Waigaoqiao Shipbuilding.

The order to build the giant ships comes after state-run shipbuilding group, CSSC, established a ship-owning arm in Hong Kong in 2012 in a bid to drive business.

Chonhaiji emerges as newbuild player

Stepping higher to small and medium sized vessel builder, Chonhaiji located in Donghae-myeon, Goseong-gun, South Gyeongsang Province of Korea is pushing towards inking contracts for new vessels.

Following the previous contract signed with compatriot logistics company Kwangyang Marine to build a LBP 105M CLASS PLATE/COIL CARRIER worth KRW 24bn ($21.6m) on May 13, the company said on July 31 that it has contracted a $14m ON/OFFSHORE PROJECT for which a newbuilding contract for a 38M CREW BOAT was signed on July 18 with Rashied Maritime Services (RMS) of Egypt along with another contract inked with Undine Industries (UMI) for a 60M G.P BARGE (30-passenger capacity) on May 31. Also, the company is proceeding with a deal for a 51M Fast Multi-Purpose Vessel.

Moreover, the Korean-owned company is currently promoting with a $32.50m Chevron Tender Project (Al Zour Refinery Project in Kuwait) and is said to be under a bidding through a consortium with a local company. Chonhaiji officials said a favorable result is expected to occur soon.

Firmly standing on one step higher as a small and medium sized ship maker from Korea’s No.1 block maker with successfully winning a newbuilding contract from Kwangyang, the company is creating new issues in depressed Korean shipbuilding market by building various types of vessel, emerging as a new model of domestic yards which are seeking a way out.

TTS wins deck equip in Korea

TTS Group has through its subsidiary TTS Marine GmbH in Bremen signed three contracts for deck equipment with a value of approx. 46 MNOK.

Two of the contracts are signed with a Korean shipyard and concerns anchor and mooring winches for seven new ships under construction for German and Greek ship-owners.

In addition, a third contract has been signed with a Korean shipyard concerning hatch covers for five new container ships under construction for a Chinese shipowner. When launched, these container ships will be among the largest in the world (18,400 TEU).

The deliveries will take place in 2013 and 2014.

Government steps in to save Vinashin with bond issue

VietNamNet Bridge – The Viet Nam Shipbuilding Industry Group (Vinashin) has found a way of resolving its debts after the Government asked the Ministry of Finance to issue zero-coupon bonds with 12-year terms.

Government, save Vinashin, zero-coupon bonds

The Viet Nam Shipbuilding Industry Group (Vinashin) has found a way of resolving its debts after the Government asked the Ministry of Finance to issue zero-coupon bonds with 12-year terms.—Photo vietstock.vn

The total amount of debt worth US$600 million plus $23 million in unpaid interest will be converted into bonds.

The interest rate of these bonds will be one per cent per year and will be given back to buyers when they mature, with their initial capital.

After the state-owned group defaulted on loans for three years, US hedge fund Elliott Advisors LP and the UK's Bluecrest Mercatile sued the Vietnamese shipbuilder in the UK High Court in November 2011. Vinashin borrowed money from the firms in May 2007.

According to Nguyen Ngoc Su, chairman of the members' council at Vinashin, the UK High Court accepted the restructuring plan of the group with 77 per cent approval from creditors.

The Thoi Bao Kinh Te Sai Gon (Sai Gon Times) newspaper said that creditors, including more than 10 banks and three investment funds, met on Monday in Singapore to consider Vinashin's debt restructuring plan.

Following the results of a vote at the meeting, 64.7 per cent of creditors, who hold 79.3 per cent of the value of the debt, approved the bond issuance guaranteed by the government.

A news source from Vinashin revealed that the group had signed a debt rollover contract with 20 local banks that helped cut 70 per cent of its debt. Vinashin is also trying to pay back private loans worth $200 million.

Government inspectors discovered Vinashin's financial malpractice after conducting an investigation into its business operations from July-November 2010.

At the end of 2009, the group was more than VND86.7 trillion ($4.1 billion) in debt. In November 2010, Prime Minister Nguyen Tan Dung approved a three year restructuring plan (2011-13).

The group has restructured 43 of its 216 member companies so far, withdrawing capital from 14 companies, closing a further 14, transferring capital to 12 companies and giving its property rights to three enterprises.

Shipping & Business News

HMM swings to black in Q2

Hyundai Merchant Marine Co., South Korea's No. 2 shipping firm, said Tuesday that it swung to the black in the second quarter of the year from a year earlier, logging a profit for the first time in 10 quarters.

Net profit reached 31.7 billion won (US$28.3 million) in the April-June period, compared with a loss of 158 billion won a year earlier, the company said in a regulatory filing.

Sales rose 8.7 percent on-year to reach 1.83 trillion won in the second quarter. The company's operating loss narrowed to 66.9 billion won from an operating loss of 86 billion won over the cited period, it said.

Hyundai Merchant said currency gains, cost-cutting efforts and gains from asset sales helped improve its profitability.

The shipper said container shipping is expected to recover in the third quarter of the year, with its bulk-carrier business expected to rebound on a series of shipping deals.

Shares of Hyundai Merchant were trading at 19,300 won on the Seoul bourse as of 10:20 a.m., up 0.52 percent from the previous session's close.

MOL enhances boxships safety

Mitsui O.S.K. Lines, Ltd. (MOL; President: Koichi Muto) reports that itself, other concerned parties, and Lloyd's Register (LR)(*1), which MOL appointed as technical consultant, have conducted a thorough investigation into the causes of the mid-June 2013 hull fracture of the MOL-operated containership MOL Comfort on the Indian Ocean. Also, MOL has extended and will extend all possible cooperation to the Committee on Large Container Ship Safety, which was launched by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT).

MOL began preventative measures (*2) to enhance the safety of six sister vessels immediately after the incident. Measures taken to reinforce the hulls of MOL Celebration, MOL Courage, and MOL Creation were recently completed (*3), and these vessels return to Asia-North Europe service beginning August 10.

The work done on the three containerships aimed to strengthen the hull structures to approximately twice that required by Nippon Kaiji Kyokai (ClassNK), Japan's classification society, which conforms to the safety standards of the International Association of Classification Societies (IACS)(*4). ClassNK has confirmed that the work done on these three vessels was executed according to plan. Further, LR expressed its opinion that the structural reinforcement completed for the vessels is considered to be the best preventive measure against a similar failure at present.

MOL Charisma and MOL Competence among three remaining three sister vessels are already at the dockyards of Mitsubishi Heavy Industries, Ltd. and their hull reinforcement will be completed by the end of September to beginning of October. The work for MOL Commitment which was newly delivered this June will be completed by February 2014.

(*1) Lloyd's Register, located in London, is an expert body in vessel design certification and shipbuilding inspection. It has abundant experience in approving design drawings and inspecting - both during and after shipbuilding - more than 100 containerships (with owners from various countries/areas such as Denmark, Switzerland, France, China, Taiwan, Chile and Singapore) larger than 8,000 TEUs. Please refer to the press release on July 4: MOL Appoints Lloyd's Register as a Technical Consultant to Determine the Cause of the Incident Involving Containership MOL Comfort.

Urgent call to ease tax burden on shipping

Beijing: China's new Value-Added Tax reform has extended nationwide since earlier this month, causing considerable reaction from the international shipping sector. The shift from a business tax to value-added tax across many industries including transportation and logistics-related services has brought a heavier tax burden to shipping companies amid a sluggish environment for freight rates.

With the extension of tax reform, there are more taxes that shipping companies need to pay, the average tax growth is 20%, Zhang Shouguo, deputy director of the China Shipowners' Association (CSA) said.

Therefore, CSA, China International Freight Forwarders Association and China Association of Ship Agents & NVOCCs are jointly drawing papers to the State Council to ease the extra tax burden to shipping companies.