

NEWS

Bleak outlook for aframaxes

Geoff Garfield

London

The aframax-tanker market has entered a sustained bear cycle, says German bank DVB.

Utilisation rates are expected to fall significantly between 2009 and 2012. "Unlike some of the other crude-tanker subsectors, which may witness a turnaround by mid-2011, the aframax-tanker sector is not expected to rebound at least until mid-2012," said the bank's research team.

Also, asset values are set to decline in line with reducing time-charter rates, while newbuilding values could slump by up to 30% from current levels.

DVB, whose market outlook draws on raw data from sources including Clarksons and Delphi, says expected increases in demand for oil will not necessarily filter down to aframaxes, as most growth is likely to come from the east for large parcels on long-haul routes.

Decreasing average voyage distances are placing downward pressure on tonne-mile demand, with utilisation levels set to remain "very low" for at least the next three years, also because of increasing fleet numbers.

As of October 2009, the world aframax fleet totalled 816 vessels of 85.58 million dwt but there are 180 newbuildings of 20.66 million dwt on order for delivery by 2014. Almost all — 174 of 19.13 million dwt — are scheduled for completion before the end of 2011.

Delays and cancellations are likely to play a role but even so, the fleet may still expand to 925 vessels of 97 million tonnes by 2012, says DVB.

It predicts that utilisation rates could fall from the current 84.7% to as low as 72%. Latest Delphi estimates point to a bottoming-out in 2012.

Last year, aframax tankers carried 938.8 million tonnes, of which 818.0 million tonnes or 7,800 cargo liftings involved transporting crude oil.

Delays in various refinery projects means the proportion of crude oil versus products carried is not expected to change much in the coming years, the bank says.

Haji-loannou continues to clear out single-hullers

Tord Lillestolen

Oslo

Greek owner Polys Haji-loannou continues to clear out his single-hull tankers and has quietly disposed of six units in the past couple of months.

Three VLCCs and three aframax-

es have been sold for demolition and there are reports suggesting that another VLCC, the 265,000-dwt *Episkopi* (built 1989), has now been sold for a conversion project in China. However, TradeWinds is told that this is not true.

The *Episkopi* together with the

277,000-dwt *Halden* (built 1989) have been idle for the past couple of months.

The latest unit sold by the Greek owner is the 96,000-dwt tanker *Peloukas* (built 1990). The ship has gone to Bangladesh for \$340 per ldt or \$4.8m. Haji-loannou

bought the tanker as *Sapir* in 2000 for \$21.2m.

Haji-loannou still has three single-hull VLCCs and two aframax units in his fleet. Most of them are covered by period charters including three ships currently with Pertamina.

Formosa Plastics drops bulker buy

A Taiwanese player is going back to the charter market despite coming very close to buying a panamax.

Neil Connor

Shaanghai

Formosa Plastics Marine Corp (FPMC) is said to have pulled out of a deal at the last minute to buy a modern panamax.

The ambitious Taiwanese player is understood to have decided to take its chances in the charter market, rather than purchase the



THE "NORDPOL": A deal to sell the 77,000-dwt panamax has not materialised.

Photo: Norden

77,000-dwt *Nordpol* (built 2002) from Norden of Denmark.

The shipping arm of Formosa Plastics Group was reported by some brokers to have paid \$31.5m for the vessel. However, TradeWinds understands that the deal collapsed at the 11th hour.

A market insider said: "It had

been under negotiation but then FPMC decided they would go back to chartering than buying."

The deal would have been in line with FPMC's recent fleet-renewal strategy, which has seen it disposing of older tonnage in recent months.

TradeWinds reported that the

company sold its oldest vessel, the 61,000-dwt panamax *Formosabulk No. 2* (built 1981), earlier this month for \$5.3m on a tender basis to Chinese buyers.

It was also said to have sold the Mathias Thesen-built, 22,000-dwt multipurpose (MPP) cargo ship *Formosa Container No. 1* (built 1982) for \$5.5m to unnamed Chinese buyers.

However, FPMC has also been increasing its modern tonnage and in May was said to have purchased the 72,000-dwt *Halo Olympus* (built 1997) for \$21.25m.

The company has an owned fleet of 37 ships of 2.5 million dwt and an orderbook of more than 30 vessels. It owns a wide range of ships, including tankers, boxships, bulkers and various bunkering vessels. FPMC carries products for the group and other companies.

Mercator kicks off single-hull replacement

Pinaki Routray

New Delhi

Indian owner Mercator Lines is expected to replace three single-hullers with double-hullers if tanker values fall, say sources.

They add that Mercator's replacement programme has started with the purchase of the 42,200-dwt double-hull products tanker *Bright Express* (built 1993) from Japanese owner Mitsui OSK Lines (MOL) for about \$8.5m.

Sources suggest this ship will replace Mercator's 94,000 dwt single-hull products tanker *Saizand* (built 1986), which was sold for scrap in July for \$310 per ldt or \$4.7m.

Mercator's remaining three single-hullers are the 148,000-dwt *Prem Prachi* (built 1986), 99,000-dwt *Premvati* (built 1986) and 52,000-dwt *Pavita* (built 1984).

According to sources, the *Bright*



INDIA: Mercator is waiting for tanker values to fall.

Photo: Sarvag

Express is expected to be deployed along the Indian coast transporting petroleum products for domestic oil refiners.

Officials at Mercator refuse to comment on the acquisition.

Meanwhile, more Indian owners are expected to shed single-hull tankers in the near future to comply with the International Maritime Organisation (IMO) guidelines for phasing-out single skins in 2010. State-owned Shipping Corp of India (SCI) plans to shed 13 single-hullers in the next few months.

Vinalines acquires third modern bulker this year

Jonathan Easonzaler

Singapore

State-owned Vietnam National Shipping Lines (Vinalines) has pounced on yet another modern panamax bulker.

Brokers say it has acquired the 74,000-dwt *Seawind* (built 1996) from Thenamaris for \$23m.

Vinalines has been on a buying spree for much of this year. The *Seawind* is its third purchase.

Earlier buys include D'Amico International Shipping's 56,000-dwt panamax *Medi Dublin* (built 2005) and Emarat Maritime's 47,000-dwt handymax *Dubai Guardian* (built 1997).

The company's shipowning arms have also been active in buying smaller bulkers.

Vinalines is keen to buy bargain tonnage as it seeks to beef up its mixed fleet of approximately 100 vessels including newbuildings. It has an eye to grow its capacity to

2.6 million dwt by the end of 2010.

Although the company operates some vessels directly, its primary role is to act as parent to most state-owned shipping companies, which operate with a substantial degree of autonomy.

This year's bulker purchases have all been assigned to Vinalines Haiphong. That wing is also expected to assume control of the *Seawind*.

Local brokers expect more purchases to take place soon. Most domestic shipowners are on the hunt for secondhand tonnage as they fear that delayed orders at Vietnam Shipbuilding Industry Corp (Vinasin) might dash their business plans.

Despite this, Vinalines continues to be a keen supporter of the yard. In September, it announced it would be ordering up to 40 ships at Vinasin for delivery to its many shipping subsidiaries.

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