Lloyd's List

lloydslist.com | Tuesday April 14, 2015
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Shipbuilding demand unpredictable due to speculative funds, says GSI

But policy banks' deep pockets are also to blame

To support domestic shipyards, governments in major shipbuilding countries have loosened their purse strings.

GUANGZHOU Shipyard International chairman Han Guangde says private equity money in shipping has clouded the industry's crystal ball, *writes Cichen Shen*.

"Before a cycle was four to five years; now nobody knows," Mr Han told Lloyd's List in an interview.

Speculation has delivered a shipping environment in which "the traditional methodology that hinges on a connection between economic growth and shipping demand is broken", he said.

Mr Han, who has worked for GSI, a flagship unit of China State Shipping Corp, for 32 years, believes the asset plays that have dominated newbuilding deals have changed the industry's underlining drivers, putting ordering based on a sound assessment of cargo demand on the back burner.

"Since 2010, shipbuilding has gradually become a speculative practice, with a clutch of 'dare-to-die corps' rushing into the market," he said, referring to the investors that emerged in recent years from the non-banking financial institutions, ie, private equity and hedge funds, which upped their investments in shipping following the US financial crisis and have accelerated their pace since 2013.

Tufton Oceanic, a fund manager for investors in the maritime industry, reckons private equity poured $32bn into shipping between January 2012 and January 2014. This is equivalent to about 14% of the total value of newbuilding contracts during the same period, according to Clarksons' data.

"Orders received by many shipyards in the past two years were placed by [companies backed by] those funds," Mr Han said.

With newbuilding prices undergoing a slow and persistent recovery from the market bottom in 2012, it looked as if approaching shipping as an asset play could not go wrong.

Both the dry bulker and container sectors have seen growth largely outpace vessel demand. The capacity profile in both sectors has already taken a punishing toll on freight rates. Now, scheduled deliveries are projected to depress rates markets for two more years.

Meanwhile, tanker owners have temporarily been enjoying a fundamental improvement in freight rates in 2015. But some tankership classes face an influx of deliveries starting from next year that compromise the current favourable capacity balance.

For GSI, a specialist in product tankers, the outlook in this niche is troubling. About 12.9m dwt of deliveries are expected in 2015, leading to a 7% growth in the product global fleet, according to Banchero Costa. No wonder shipowners such as Concordia Maritime are loudly appealing for restraint on newbuilding orders.

This murky outlook may again drive down vessel prices and then lead the short-tempered speculators to withdraw the market by selling off their soured assets, a scene that has already begun to emerge in dry bulk and offshore sectors, where the markets have shown little signs of picking up and are

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even further heading south. Last week, Scorpio Bulkers reportedly sold three capesize newbuildings — costing $54m apiece — to the John Angelicoussis shipping group for about $44m each, as the former has been offloading vessels lately to reduce exposure, having sold six capesize ships in December and three more in February.

The writing is on the wall, and “to have the dare-to-die corps surprising us constantly won’t be helpful”, Mr Han said.

However, he concedes placing all the blame for the bubble on private equity is too simplistic. To support domestic shipyard, governments in major shipbuilding countries, including China, South Korea and Japan, have all loosened their purse strings, backed by deep pockets in foreign reserves.

Unique opportunity

Enterprising shipowners with a trading mentality saw a unique opportunity: the possibility of placing orders at extremely low prices with the support of government loans and guarantees that lowered their cost of capital.

Through state-owned policy banks, billions of dollars have flowed to back financing newbuildings — so long as they are constructed locally.

Export-Import Bank of China committed a total of $18.5bn in credit to finance deals for vessels exported from China between July 2013 and December 2014. It has also planned to commit $4bn in fresh lending in 2015.

China Development Bank, another major policy bank in the country, was exclusively mandated to administer a new $5bn China-Greece ship-development fund, with commitment so far exceeding $1bn.

South Korea, China’s main rival in shipbuilding industry, is certainly not lagging behind.

Just last month, Korea Eximbank launched a $900m eco-ship fund to support the country’s carriers and yards, with $43m completed already. This follows Cexim’s $1.7bn loan to Cosco and $321m loan to CSSC earlier this year to finance more 50 newbuldings in total — all to be built in Chinese yards.

$1m ecoship retrofit can save $40m loan, says DNV GL

Argument now settled in favour of design improvements, argues Hubner


Hübner: “A retrofit will never beat a newbuild, but as long as you beat your peer group, you will have a charter and the others won’t.”

AN ECOSHIP retrofit costing just $1m can be enough to stop a $40m loan going under, and German banks have arm twisted some clients to make exactly that change, according to the global head of shipping advisory at DNV GL, *writes David Osler.*

Measures such as a bulbous bow, engine modification, redesign of the rudders and propeller and raising deckhouses are proven money-savers, he argued.

Jan-Henrik Hübner was talking to Lloyd’s List at the Hamburg offices of the Norwegian-German classification society, which is the largest in the world measured on an aggregate gt basis.

The right retrofit can shave 10%-15% of the cost of bunkers, which in turn makes up anywhere between 30%-50% of operating costs.

Major boxship companies such as Maersk were among the first to realise the potential of such a step, and the decision to retrofit then percolated down to second-tier owner-managers such as Offen and Döhle.

Mr Hübner cited the case of ER, which retrofitted eight one-year-old 13,000 teu units order just before the latest advances in ecoship technology and were thus not positioned to take maximum advantage of the slow-steaming patterns that became commonplace following the shipping downturn from 2009.

Savings as high as $3.8m per vessel had thus been attained, he suggested.

Reederei NSB has also made similar changes to some of its panamax vessels, in one case simultaneously widening a 4,860 teu ship to bring its capacity to 6,200 teu.

Once the major players had paved the way, German banks put pressure on owners struggling with their loans to adopt the technology.

“A retrofit will never beat a newbuild, but as long as you beat your peer group, you will have a charter and the others won’t,” said Mr Hübner.

DNV has support bulbous bow optimisation on 150 containerships from the global fleet of 4,500, it estimates.

Mr Hübner insisted the debate seen in recent times over the viability of the design is now over, and said it is a proven money-saver, rather than simply marketing hype from shipbuilding yards.

Some of the earlier high-profile opponents of ecoships had been motivated as much by a desire to talk owners out of ordering new units rather than real doubts about the concept, he claimed.

Shenzhen launches cleaner-fuel scheme with liner giants on board

City will spend $32m annually in covering up to 100% of the extra costs incurred in at-berth fuel switch

The city of Shenzhen is home to the world's third-busiest container port.

SEVEN major freight lines have joined Shenzhen's incentive scheme that encourages oceangoing vessels at berth to switch to low-sulphur fuel. That makes the port a frontrunner in mainland China in tackling ship emissions, following Hong Kong's initiative, *writes Cichen Shen*.

Maersk Line, China Shipping Container Lines, Cosco Container Lines Corp, Hapag-Lloyd, Orient Overseas Container Line, CMA CGM and Taiwan's Yang Ming are on the first participants list, with 66 of their vessels registered with the agreement, according to the Transport Commission of Shenzhen.

The city, where the world's third-busiest container port is located, formally launched the scheme last week, after it had announced in September that it would allocate an annual subsidy of Yuan200m ($32.2m) in covering 75%-100% of the extra costs incurred in the voluntary at-berth switch to fuel with no more than 0.5% sulphur content.

"Shenzhen has become the first port in mainland China that promotes an at-berth switch to cleaner fuel," said an officer from the Transport Commission.

The port's move was largely encouraged by its adjacent city Hong Kong, a special administrative region that started a similar incentive plan in 2012 — only that the latter has decided to go further, by turning the voluntary scheme into compulsory rules.

Last month, the Hong Kong government tabled the low-sulphur regulation at the Legislative Council, and will put it into force on July 1 if the legislators give the final go-ahead.

Observers expect the legislation to substantially improve the city's polluted air, but say it needs more co-operation from neighbouring ports such as Shenzhen and Guangzhou in a bid to make a greater difference in the region.

Milaha and United Arab Chemical Carriers plan tanker fleet merger

Merger would strengthen product and chemical carrier operations of both Middle Eastern companies

QATAR Navigation, also called Milaha, is in intense talks with United Arab Chemical Carriers regarding a merger of their product and chemical tanker businesses, *writes Hal Brown*.

The move is expected to result in a larger and stronger business, provide better financial returns, and strengthen the market position of the combined business, Milaha told the Qatar Stock Exchange.

Milaha has four tankers in its fleet capable of carrying products and chemicals, two sized 106,000 dwt and two sized 37,000 dwt, according to shipbroker Clarksons.

United Arab Chemical Carriers has around 20 such tankers.

Milaha reported net profit of QR1.049bn ($275m) for 2014, up from QR950m in 2013, a 10% rise.

The Qatar Exchange-listed company said its product tankers posted much higher profit in 2014 due to higher freight rates.

United Arab Emirates-based UACC has been making interesting expansion moves prior to the potential merger with Milaha.

In May 2014, UACC returned to the Straits Tankers pool, bringing four long range one product tankers into the operation.

Straits Tankers and UACC are considering expanding services in the Middle East to capitalise on UACC's presence and strength in the region.

Last year, UACC signed a hefty $300m credit facility that will help to finance five new tankers joining its fleet.

The loan, agreed with a consortium of six international banks, will also refinance existing syndicated facilities and allows the company to consider further fleet expansion.

Significant shareholder

The proposed merger makes sense because Milaha is already a significant shareholder in UACC, said a tanker expert on the phone.

The main shareholders of UACC are United Arab Shipping Co at 45.7%, Kanoo Holding with 12.2%, Milaha with 12.2%, and Gulf International Bank with 8%, he pointed out.

The move comes as product tanker earnings are currently holding up well, due to the lower oil price encouraging demand for cargoes, according to experts.

The 50% drop in the oil price since last summer is the crucial factor driving improvements in the product tanker freight market, according to Braemar ACM Shipbroking.

It is having a huge impact on the margins of refineries, which are fed by oil to make products.

Improved margins have resulted in refineries taking full advantage of the situation,
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running at full throttle to create more products.

More cargoes are therefore becoming available for the product tanker fleet to carry, raising demand for these vessels.

On top that of that, new refinery capacity has come onstream in the Middle East in the past six months, generating fresh cargoes for product tankers.

Experts tend to be slightly more cautious on chemical tankers at present, partly due to past vessel oversupply that still seems to affect the freight market.

Owner Stolt-Nielsen said last week that it was not yet seeing much joy in the chemical tanker freight market.

Some say the chemical tanker freight market could start to show improvements in 2016.

Product tankers in the handy or MR size range can usually carry chemical cargoes as well.

Maersk Tankers modernises fleet as trade dynamics change

Out with the old, in with the new for the Danish product tanker company as fresh cargoes develop and new trade patterns emerge

Maersk Tankers has paid France's Société d'Armement et de Transport $27.25m for *Alga*, a 2012-built product tanker. *Socatra*

MAERSK Tankers continues its fleet renewal, buying the 2012-built product tanker *Alga* from France's Société d'Armement et de Transport for $27.25m, *writes Hal Brown*.

The modern 37,538 dwt product tanker joins the roughly 50-strong Maersk fleet as the Danish company offloads creaky older tonnage in favour of newer vessels, to remain attractive to charterers in a product tanker industry seeing enticing trade pattern developments.

An ambitious company must remain relevant, so in January, Maersk Tankers sold its Britpop-era, 1996-built, 44,885 dwt product tanker Maersk Christiansbro for $8m.

A few weeks prior to that, Maersk sold its 1997-built, 44,970 dwt Maersk Clarissa and its 1996-built, 45,014 dwt Maersk Claire.

Fleet renewal for Maersk comes as new refinery capacity emerges, with fresh cargoes coming onstream in the Middle East at the end of last year.

This assisted Maersk Tankers to pull itself back from the brink, helping it make a profit of $132m in 2014, reversing the loss of $317m in 2013. It said the improved result was thanks to better earnings for long range two product tankers and cost-saving initiatives.

In addition to positive developments such as new Middle Eastern refinery capacity generating fresh cargoes, Australia is having an intriguingly positive impact on the product tanker market, boosting prospects for companies such as Maersk Tankers.

Australia has been closing its least-efficient refineries and importing products to satisfy demand.

For example, Shell shut the 85,000 barrels per day Clyde refinery in 2012; the 124,000 bpd Kurnell refinery closed in October 2014; while BP's 102,000 bpd Bulwer refinery in Brisbane is scheduled to close later in 2015, according to Poten & Partners.

After these closures, Australia will have four operating refineries with a total capacity of 465,000 bpd.

Australia's demand for middle distillates has increased in recent years.

New car registrations show a growing popularity of diesel vehicles, with diesel demand increasing by almost 5% per year in the past four years, Poten pointed out.

Therefore, Australia's product imports amounted to 418,000 bpd in 2014, and more than half of the imports in 2014 were middle distillates, followed by gasoline at 17%.

Almost half of the clean product imports came from Singapore, followed by South Korea and Japan.

The import requirements are shipping intensive, says Poten.

The distance from South Korea to Sydney is about 4,350 miles, while Singapore is about 4,100 miles.

Imports are currently predominantly on medium range tonnage and employ an estimated 38 vessels year-round, Poten noted. "Import volumes will grow further," said the Poten analysts.

A development to watch is whether larger product carriers — such as LR1s and LR2s — will start to play a bigger role in the Australian product trades, they added.

As the trade becomes more intensive, charterers will no doubt increasingly favour hiring more modern and efficient tonnage — throwing a spotlight on fleets such as Maersk's.

More tanker news online

Diversions away from Yemen LNG plant raise prospect of exports stopping
http://www.lloydslist.com/ll/sector/tankers/article460048.ece

Bahri signs 10-year South Korean CoA for VLCC cargoes
http://www.lloydslist.com/ll/sector/tankers/article460018.ece

Euroseas sees continued improvement in charter markets for feeder boxships

Greece-based, Nasdaq-listed owner reckons small number of newbuilding deliveries would support rates


Pittas: "Based on global trade forecasts, demand seems to be better [for 2016]."

EUROSEAS has forecast improved supply-demand fundamentals in feeder containership charter markets next year, with a limited number of newbuilding deliveries, *writes Max Tingyao Lin*.

Having dropped to dismal levels last year, 12-month and 24-month charter rates for various sizes of containerships below 2,700 teu have increased by at least 14% in 2015, according to the VHSS New Contex assessments.

While further upsides may be limited this year, charter markets could benefit from a small orderbook from 2016, Euroseas chief executive Aristides Pittas said.

"We do think 2016... [will be] significantly better than this year," Mr Pittas told Lloyd's List.

"Based on global trade forecasts, demand seems to be better. Also supply is only going to be half of what it is this year."

In the under-2,500 teu sector, 111 vessels are due for delivery this year, while only 64 ships are due in 2016 and 14 in 2017, according to data from Lloyd's List Intelligence.

"The [global] feeder fleet is shrinking, so we have fewer feeders around. But container trade is growing," Mr Pittas said.

The Greece-based, Nasdaq-listed company owns 10 feeder boxships with a total carrying capacity of 17,587 teu.

Euromar, a joint venture between Euroseas and two private equity firms, Eton Park and Rhone Capital, in which Euroseas holds a 14.28% stake, has 11 vessels totalling 29,899 teu, including one 5,600 teu vessel, one 3,091 teu ship and nine vessels below 3,000 teu.

Aside from the containership fleet, Euroseas owns nine bulk carriers with 629,540 dwt, including four on order and the rest on the water.

The company predicts dry bulk rates will recover next year after heavy scrapping efforts. It is currently mulling over pushing back the delivery of a 63,500 dwt ship under construction at Sinopacific Dayang Shipyard from end-2015 to early-2016, according to company executives.

Reverse share split

Partly due to investors' pessimism towards shipping, especially in the dry bulk sector, the stock price of Euroseas has traded below $1 since November 17. This is despite the fact that the company's book value stood at $2.3 per share as of end-December.

As a listed company's share price must not fall below $1 per share for 20 consecutive business days based on Nasdaq rules, Euroseas received notification of non-compliance in early January.

The company will have until the end of June to regain compliance and the grace period can be extended by six months upon the approval of Nasdaq.

To avoid delisting, Euroseas' common stock's closing price must be above $1 for at least 10 consecutive business days during the grace period.

Company executives confirmed Euroseas is planning to carry out a reverse share split — dividing outstanding shares by a certain ratio — to boost its share price some time this year, if the stock price remains weak. "We already have shareholders' approval for a reverse share split. It's a matter of what time to do it," said chief financial officer Tasos Aslidis.

Mr Pittas said Euroseas plans to have the split with capital raising, acquisition or joint venture projects at the same time. For more flexibility over timing, the company will likely seek to extend the grace period till year-end.

"If [the split is] necessary, we can do till the end of year," he said. "We've talked to Nasdaq. They will give us the extension."

Large vessels threaten liner operator flexibility

Mixed picture on choice of ship sizes for blanked sailings

THE use of increasingly large vessels on deepsea trade lanes will mean that carriers will have less flexibility to adjust capacity by blanking sailings, according to new analysis by SeaIntel, *writes James Baker*.

A study of blankings over the past 108 weeks on the Asia-northern Europe trade lanes identified 95 suspended sailings, meaning that roughly one departure a week is skipped, not including the Chinese New Year and Golden Week celebrations. Of the 95 missed sailings, carriers chose to blank large vessels in just 16% of the cases, while in 84% it was a small vessel that was replaced by a blank sailing.

"It is our belief that when the carriers choose to blank sailings, they blank capacity of similar size to the shortfall they expect to have that week," SeaIntel states.

However, the analyst did find large differences between the carrier groupings when choosing whether to blank large or small vessels when studying data from January 2013 to early April 2015.

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This covered the period early this year when new alliances, such as the 2M alliance between Maersk and Mediterranean Shipping Co, started up. Maersk Line, 2M and CKYHE did not blank any of their large vessels, SeaIntel found.

However, G6 members have done so in 33% of the cases where they needed to blank sailings. Partners China Shipping and United Arab Shipping Co did so on 63% occasions.

The report points out that latter pair operate only two services between Asia and north Europe, but when they decided to blank a sailing, they mostly chose the larger of the vessels, thus dropping more than half of their weekly capacity.

Both carriers have, however, had a substantial number of slot charter agreements with lines from the other alliances. It is therefore possible that they have been able to divert a large share of their cargo to these slot charter services, allowing them to blank their largest vessels.

Small vessels

Analysis of the blanking data shows that carriers often choose to blank capacity equal to the small vessels in the weeks where demand does not match capacity.

"This is good news for the carriers," SeaIntel says. "It means that even though it is never a good sign that they need to blank sailings, the gap between supply and demand is rarely so large that it justifies blanking of the largest vessels."

However, with many orders for ever larger vessels and the assumption that these ultra large container vessels will be phased into Asia-North Europe, the number of services is expected to decrease over the coming years as these new and larger vessels are delivered.

This will mean the carriers will have less flexibility to adjust capacity by blanking sailings. Fewer services with larger vessels mean that if a sailing is blanked, a larger percentage of the carrier grouping's weekly capacity will be lost and more of the carriers' customers will be affected.

More container news online

Top container lines at risk of cyber-jacking
http://www.lloydslist.com/ll/sector/containers/article460028.ece

CMA CGM upgrades Caribbean services
http://www.lloydslist.com/ll/sector/containers/article460026.ece

Mercator, hit by low rates, looks to financial advisor

Company says it is assessing financial options as dry bulk market collapse and declines in asset values may impact some loan covenants

Mercator owns a fleet of 13 ships, mostly geared or gearless panamax and kamsarmax ships.

MERCATOR Lines (Singapore) has notified its shareholders that it has turned to an "independent financial advisor" to help assess its financial position after continued losses due to its dry bulk fleet, *writes Tom Leander.*

The company said in an announcement on the Singapore exchange that Mercator is amid gauging "the impact of the recent deterioration of the dry bulk shipping market, which has led to reduction in freight rates and further declines in dry bulk asset values, which may impact the company's cashflows, financial position and certain covenants under loan facilities".

The financial advisor, which Mercator did not name, will help with the assessment and "assist, as appropriate, with the options available", the company said.

Mercator owns a fleet of 13 ships, mostly geared or gearless panamax and kamsarmax ships, plus a gearless post-panamax newbuilding at Sundong Shipyard in South Korea.

It has posted consecutive losses for the first three quarters of its fiscal year ending in March 31, with a third-quarter loss (as of December 31) of $7.5m, preceded by losses of $6.3m and $7.1m in September and June, respectively.

Mercator had $178.8m in borrowings as of December 21, down from $182.9m at the

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end of the previous year. It had $10.3m in cash at year-end, compared with $8.7m the year before.

The company's repayment schedule demands $26.2m to pay down debt in the current fiscal year and $23.5m in its fiscal year ending in 2017.

From 2018 onward, the company owes $99.2m.

The company's time charter earnings, while staying above the Baltic Exchange panamax average, have declined as the dry bulk market recession continues.

In Mercator's fiscal year 2014, the average for the panamax ships was $11,500 per day, while for the first nine months of its fiscal 2015, it amounted to $10,125.

Pan Ocean swaps more equity for debt with creditors

Pan Ocean owns 94 vessels on the water or on order, including 26 bulk carriers suitable for grain trades. *Pan Ocean*

Dry bulk operator issues 757,844 common shares to its creditors, with Merrill Lynch International taking the lion's share

PAN Ocean took a step to settle outstanding claims with unsecured creditors today by issuing new shares in return for debt to a number of creditors that include Merrill Lynch, Strategic Bulker Carriers, Korea Line and Nordana, *writes Tom Leander.*

Pan Ocean issued 757,844 common shares to the creditors, with the largest number — 595,924 — issued to Merrill Lynch International. The other nine creditors all took much smaller stakes.

The shares, which increase the company's outstanding shares by 3%, were issued at a price of Won10,000 ($9.10), at a premium to the closing price of Pan Ocean on Monday, April 13 of Won3,320.

The action was taken as part of Pan Ocean's rehabilitation plan hammered out in 2013.

In its statement to the Singapore exchange, Pan Ocean indicated this debt-for-equity swap included creditors that had not confirmed claim amounts before the November 2013 plan, or who had missed deadlines to be included in the plan.

In December 2014, South Korean poultry group Harim agreed to pay Won1trn to take over Pan Ocean, which was under court rehabilitation following its 2013 bankruptcy. Harim was the only bidder.

According to Lloyd's List Intelligence, as of February, Pan Ocean owned 94 vessels on the water or on order, including 26 40,000 dwt-85,000 dwt bulk carriers suitable for grain trades.

Lobby groups target mandatory ship-specific energy efficiency

EEDI goals are too easy to achieve, according to Transport and Environment, which hopes to put pressure on the IMO to raise current targets from 2020

THE ease with which newbuilding designs are meeting recent energy efficiency regulations has led a lobby group to call for future standards to be raised more than has been agreed, *writes Craig Eason.*

This could add pressure on yards to build vessels with more optimised solutions and technologies, thus raising shipbuilding costs, but potentially reducing fuel costs.

Under international regulations, all newbuildings require an energy efficiency certificate and they need to be better than their ship class standard or benchmark by a certain percentage.

Known as the EEDI, or energy efficiency design index, the regulation is a bid by the International Maritime Organization to create global regulations aimed at curbing shipping's CO_2.

The lobby groups Transport and Environment and Seas at Risk have issued a paper prepared by CE Delft that claims that vessels built in the years before those years used to calculate the EEDI benchmarks were more fuel-efficient. Their claim is that on average, ships

The EEDI is a bid by the International Maritime Organization to create global regulations aimed at curbing shipping's CO_2.

being built today are 10% less fuel-efficient than those being built in 1990.

Commercial pressures in the early 2000s saw shipbuilders construct, and shipowners operate, less optimised vessels than in the previous decade, according to T&E clean shipping officer Bill Hemmings.

The report has been viewed by Hans Otto Kristensen, a former technology and shipbuilding expert at the Danish Technical University and adviser to the Danish Shipowners' Association, which has been studying the impact of the EEDI.

He told Lloyd's List two years ago that the EEDI targets would be easy to achieve as during the boom years up to 2008, vessels, particularly tankers and bulk carriers, were built for volume and speed.

In 2011, Hapag-Lloyd demonstrated that its fleet was on average 20% better than the EEDI benchmark for their ship classes.

Commercial pressures forced the vessels to be designed with a higher block coefficient, which means they are less ship-shaped and more cumbersome and box-shaped.

Speaking to Lloyd's List after the release of the report, Mr Kristensen said this information should be examined with other research into the impact of the EEDI on ship design speeds to determine what should be done in the future.

One industry concern is that EEDI targets can easily be achieved by creating less powerful ships, sparking fears that vessels may have insufficient reserve power for emergency situations.

T&E and Seas at Risk hope to be able to convince IMO member states to launch an expert group to look at re-evaluating current regulations on energy efficiency, given its claims about the EEDI benchmark validity.

A number of papers have been submitted to the May meeting of the IMO's Marine Environment Protection Committee on ship power and future EEDI targets and could lead to a review of the last two phases currently written into the rulebook.

Under the EEDI rules, newbuildings ordered between January 1, 2015 and January 1, 2020 have to be 10% better than the calculated benchmark; those ordered between January 1, 2020 and January 1, 2025 must be 20% better; and those ordered after January 1, 2030 should be at least 30% better.

A number of shipyards are now building vessels far in excess of the EEDI requirements, which the lobby groups believes drives home how easily they can be met.

If the EEDI bar is raised, it will mean shipyards will have to look at creating significantly different and improved designs of some vessels.

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Published by Informa UK Ltd.

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GLOBAL TENDER **TENDER NO.H/OP/TRXX/150/001/15-16**

Notice inviting tender for time chartering one self trimming handymax/supramax geared bulk carrier of about 45,000 to 60,000 DWT.

Sealed tenders are invited from the owners / disponent owners of Indian / Foreign flag vessel or through their authorized brokers for time chartering one self trimming handymax/supramax geared bulk carrier for one voyage in lay days 18.04.2015 to 23.04.2015, for coastal transportation of thermal coal along the East Coast of India from Paradip to Ennore for NTECL's Vallur Thermal Power Station, North Chennai.

Last date for receipt of tenders	-1500 hrs. on 16.04.2015
Tender opening time	-1530 hrs. on 16.04.2015
Cost of tender document	-Rs.5,000/-each for Indian flag vessel
	-USD 100/- each for Foreign flag vessel
EMD	-Rs.2,00,000/- for Indian flag vessel
	- USD 3,400/- for Foreign flag vessel

Tender document is available in our website www.tamilship.com from 15.04.2015 & the same may be downloaded free of cost. For more details visit our website www.tamilship.com

DIPR/1872/TENDER/2015

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