

WEEKLY 47.2011

China takes steps to protect shipping

Chinese authorities are taking steps to secure that vital commodities are being carried by Chinese ships, blocking foreign vessels from reaching the mainland.

When the VALE BRASIL, the world's largest bulk carrier ever built, was showcased outside Rio de Janeiro in May 2011, it was meant to be the first of at least 35 very large ore carriers to move iron ore from Brazil to China. The vessels, built to 400,000 dwt, were intended to service the Chinese steel mills with iron ore on a CIF basis, selling the cargo cheaper than the Australian mining companies having the advantage of being closer to the Chinese ports.

However, already in the first days of the highly publicized service, things did not go as planned. Rather than the VALE BRASIL moving iron ore from Brazil to China, the monster ship made full stop off Durban, instead being redirected to Italy. Apparently the Chinese port, one of three dimensioned to take on such a VLOC, was not ready for accepting the vessel.

Now, the news agency Bloomberg reports that the VALE BRASIL, in its six months of operation, has not made an entry to China once.

The reason why the VALE BRASIL has been refused to call on China can only be a matter of speculation. Obviously, the largest Chinese steel mill has come out against the service because it undermines its role in trading and distribution. More importantly, Vale has revealed that talks have been held to sell or lease its planned fleet of giant bulk carrier to Chinese and other shipowners. Those statements have been denied by leading Chinese shipowning companies.

Nevertheless, if the intention is to take control over the tonnage moving the iron ore from Brazil to China, that would very much fall in line with the policy of securing cargo movement to pivotal Chinese industries.

Reports are rife that Chinese shipowning companies are on the verge of ordering a large series of very large crude carriers that could count as many as 80 vessels. The rationale is that China's 12th five-year economic plan would boost oil consumption and

uplift demand for shipping. Under the plan, China would aim for half of its seaborne oil imports to enter the country on Chinese vessels. If so, China would need about 80 VLCCs to meet the target.

Similar statements were also being made at this year's Dalian-conference International Shipowner & Service 2011, where we participated as speakers.

The representative of the China's Shipowners' Association said that the non-governmental organization had lobbied the government in building up an owned fleet, and presented research to the government.

"We want to play a role in changing China from a weak shipping nation to a strong shipping nation," the representative said.

Such a change, if borne out, would mean more orders being placed at Chinese shipyards, and eventually mean more deliveries of vessels coming into a shipping market not necessarily ready for a heavy influx of tonnage.

So far, the statements made have only served the purpose of testing the reactions in the government and industry circles. However, next year, when China prepares for a once-in-a-decade leadership transition, real decisions will likely be made on maritime policy. Once again, Beijing will be the centre of attention for the next developments in the international shipping and shipbuilding industries.

Have a continued nice week-end!

Nicolai Hansteen

**DRY CARGO**

SMX (max. 15 yr. old craned) grabber	Last Week (USD/day)	This week (USD/day)
T/A r/v	11 500	11 000
Pac. r/v	8 000	7 000
Cont./F.East	28 000	29 000
F.East/Europe	5 000	3 000
12 mos T/C 52,000 dwt	12 150	12 000

Supramax Pacific

Yet another uneventful week in the Pacific for supramaxes, as rates continued to dwindle down, on the backside of fairly limited fixing. The news of Mahakam Bridge collapsing in Samarinda lead to a few additional failed subjects, but as no force majeure was declared, shipments from Indonesia continued in a steady pace. As the Indian ocean is still suffering from limited amount of enquiries, rates obtainable for owners in WCI and ECI was very low. There was a limited increase in activity from Richards Bay to try and lend support to the dropping rates, however, this alone was not enough to suggest we have reached the bottom just yet. Short period rates also took a turn for the worse, on the backside of dropping paper values and a limited amount of period takers. With the holiday period soon upon us, it will be interesting to see if the market is now finally reaching the bottom or if there is further downside to explore.

Fixtures:

'Nemtas 2' 2005 48857 dwt dely Kandla 25/30 November trip via PG redel WC India \$13500 daily option EC India \$14000 daily - cnr

'Parnon' 2011 57000 dwt dely Fangcheng spot trip via Indonesia redel India approx \$11000 daily - cnr

'Hermann S' 2009 56732 dwt dely aps Nopac 7/15 December trip redel Singapore-Japan \$8200 daily + \$320000 bb - Oldendorff

'Galveston' 2002 51201 dwt dely Krishnapatnam 25/28 Nov trip via Richards Bay redel India \$7750 daily - ISL Dubai

'Ermione' 2008 56557 dwt dely WC India spot trip redel China \$10500 daily - cnr

'Anna-Meta' 2010 56200 dwt dely retro Rizhao 22 November trip via Indonesia redel India \$6500 daily - cnr

'Pacific Guardian' 2006 52525 dwt dely Goa 27/29 November trip redel China \$10250 daily - cnr

'Anna Meta' 2010 56200 dwt dely aps Indonesia ppt redel India \$10500 bb + \$120000 net bb - Oldendorff - <corrects report of 24/11>

'Greta' 2007 53621 dwt dely aps Indonesia prompt trip redel India \$8500 daily + \$90000 bb - Oldendorff

'Equinox Voyager' 2003 52000 dwt dely CJK prompt trip via Indonesia int nickel ore redel China \$8300 daily - Chinese chrtr

Period:

'Fortune Plum' 2010 57000 dwt dely Bayuquan spot 12 months trading \$6000 daily 1st 60 days approx \$10500 balance - Daeyang

'Darya Vishnu' 2006 56056 dwt dely Haldia 22/28 November 3/5 months trading redel worldwide \$12000 daily - cnr

'Alitis' 2002 53094 dwt dely S.China spot 90/140 days trading redel worldwide \$12500 daily - Norden

'Star Kappa' 2001 52055 dwt dely F.East spot 12 months trading redel worldwide \$12500 daily - Pacbasin - <recent>

'Imabari Nblgd' 2011 61000 dwt dely ex yard Japan December 2011 1 year trading redel worldwide \$12800 daily - Meadway Singapore



'Soldoy' 2011 57000 dwt dely Zhoushan 1/5 December 1 year trading redel worldwide rate index linked basis 95% BSI - Seatrek Singapore

'Soldoy' 2011 57000 dwt - <details of fixture 23/11 were reported to be incorrect>

Supramax Atlantic

Yet again a quiet week in the atlantic market.

They are all fixing prompt prompt. South atlantic still the worst place to be. But we might see fever ballasters from India as this market seems to pick slightly up. Usg gulf holding firm, so is the cont.

The owners operating in the Atlantic are being more creative than ever.

'Gloriana' 2000 52065 dwt dely Algeria spot 2 laden legs redel Atlantic 1st leg intention breach IWL \$15500 daily - ABT

'Bulk Uruguay' 2011 58500 dwt dely Passero spot 2 laden legs redel Atlantic \$15000 daily - ED&F Man Shipping

'Bulk Peru' 2011 58500 dwt dely aps USGulf 6/10 December trip redel Singapore-Japan \$33000 daily - MOL

'Captain Evangelos N.M.' 1997 71685 dwt dely Continent 6/11 Dec 4/6 months trading redel worldwide \$23000 daily - Viterra

'Dumun' 2010 58700 dwt dely Gibraltar spot 3/5 months trading redel Atlantic approx \$13750 daily - cnr

PANAMAX

Modern Panamax	Last Week (USD/day)	This Week (USD/day)
Trans Atlantic r/v	16 600	15 500
Pacific r/v	11 700	10 700
Trip Atl./F.East	26 000	25 000
Trip F.East/Atl.	3 800	3 300

12 mos. T/C	13 000	13 600
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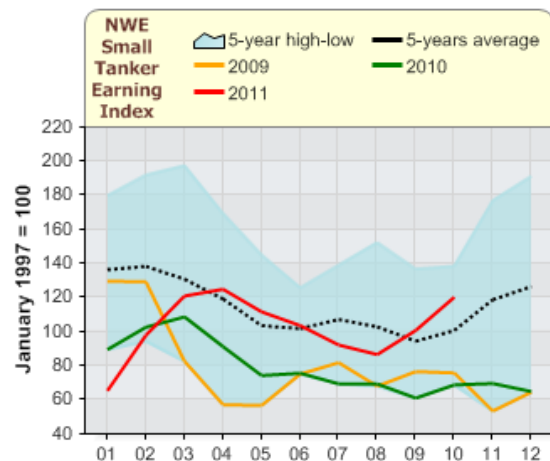
CAPE SIZE

Capesize	Last Week (USD/mt)	This Week (USD/mt)
Del.Cont.-Med. TCT F.East	49 500	52 000
Del. Gib-Hbg T/A r/v	28 000	30 000
Del.China-Jpn TCT Cont.-Med.	5 000	6 000
F.East r/v	20 000	27 000
One year T/C 170,000 dwt	18 000	19 000

TANKERS

INTERMEDIATE/FLEXI (10/25,000 DWT) NWE

Outlook: Steady



CLEAN

Clean outlook: Steady

	Last Week	This Week	Average earnings
Handy/MR	(WS)	(WS)	This week (USD/day)
37.000 CONT/USAC R/V	148	148	5 950
25.000 CROSS UKC R/V	198	202	11 950
27.500 MED/UKCM R/V	170	180	11 700
28.500 CARIBS/USAC R/V	155	155	3 700
33.000 MEG/JAPAN R/V	155	195	11 850
30.000 SPORE/JAPAN R/V	153	153	5 550
LR1/LR2			
70.000 CONT/USAC R/V	120	123	10 550



55.000 MEG/JAPAN	R/V	125	125	7 100
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DIRTY

Crude outlook: Steady

	Last Week	This Week	Average earnings
VLCC	(WS)	(WS)	This week (USD/day)
MT 290.000 MEG/Continent	45	43	3 650
MT 250.000 MEG/Japan	67	61	11 350
Suezmax			
MT 130.000 WAF/USG	73	83	14 800
MT 130.000 Sidi Kerir/Lavera	75	75	5 700
Aframax			
80.000 N.Sea/USAC	108	108	12 400
80.000 N.Sea/UK-Cont	97	96	2 900
80.000 MEG/Singapore	108	110	10 600
70.000 Caribs/USAC-G	121	122	15 300
Panamax			
50.000 Caribs/USG	138	130	9 900

GAS

For further information on Gas, request a copy of our Weekly Gas Report on e-mail: lorgas@lorstem.no



SALE & PURCHASE

BULKERS							
TYPE	NAME	DWT	BUILT	YARD	BUYER	MUSD	COMMENT
CAPE	HOUENG SUNRISE	176,298	2003	Universal	Empire Nav	33,5	
CAPE	KAMISU MARU	151,102	1994	Shin Kurishima	Koeran interests	15,5	
PMAX	ETERNAL POWER	97,000	2004	Oshima S.B.	Undisclosed	33,8	
KMAX	STX JINHAЕ 2054	81,700	2011	STX Jinhae	Ilios Shipping	32	Resale
PMAX	VATHY	81,000	2010	Universal	Diana Shipping	32	
PMAX	PENLAI JINLU	75,000	2011	Penglai	Norsul	31	
PMAX	MERIAN	74,700	2000	Hudong Zonghua	Dilek Shipping	17,2	
PMAX	PLEIADES	68,962	1997	Imabari S.B.	Greek interests	13,8	
HMAX	WESTERN SANTIAGO	46,634	1997	Mitsui S.B.	Chinese interests	14,2	C4x30
HMAX	ORANA	44,850	1991	Sanoyas	Chinese interests	9,75	C3x15
HANDY	PRINCE OF OCEAN	41,000	1991	Sanoyas	Chinese	4,5	C3X12 Auction
HANDY	KOSTAS N	35,971	1982	Imabari S.B.	FEA interests	4,5	C4x25

TANKER								
TYPE	NAME	DWT	BUILT	YARD	BUYER	MUSD	IMO	COMMENT
VLCC	HEBEI MOUNTAIN	311,625	1995	Hitachi Zosen	Undisclosed	pnr		
VLCC	ATLANTIC LIBERTY	307,050	1995	Hitachi Zosen	Undisclosed	23		
VLCC	CHIOS	301,824	1993	Hyundai HI	Sinochem International	27,5		
AMAX	OCEAN LADY	105,579	2002	Sumitomo	Greek interests	21,25		
LR2	ESTEEM GRANDEUR	105,426	1997	Namura SB	Greek interests	12,25		
LR1	FR8 REGINA MAR	70,312	2004	Daewoo SB	Ultragas	27		
CHEM	PRODROMI	19,996	2000	Admiralteyskiy	Russian interests	7,4	IMO III	Auction
CHEM	GOLDEN TOPSTAR	19,735	2010	Fukuoka	JO Tankers	27,6	IMO II	stst
CHEM	ANEFANI	15,885	1998	MTW Schiffswerft GMBH	German Interests	6,25	IMO III	Auction
CHEM	NEPTUNUS	7,350	1991	Giessen	Mexican interests	6	IMO II	Stst
CHEM	YIGIT BEY 1	5,850	2005	Istanbul Shipyard	Undisclosed	pnr	IMO III	
CHEM	MARIM	4,285	2007	Yangzhou Kejin	Roswell	2,65	IMO II	Auction