Lloyd's List

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Cape crusaders are true believers in consolidation

Despite a muted response to Capesize Chartering, the new collective of five major owners may have the right chemistry to grow

THE launch of a common chartering platform by five of the world's largest owners and commercial managers of capesize tonnage has met with an underwhelming response in some quarters, *writes Nigel Lowry*.

A small move towards rationalisation in a notoriously fragmented industry it may be. But it looks like a pragmatic one and the joint venture could be a bigger force than meets the eye a little further down the road.

As a step towards consolidation, it surely beats waiting around for a spate of significant merger and acquisition deals in a market where such transactions have been imperiled by funding gaps and a reluctance by many players to increase their exposure right now.

Lloyd's List is told that between them, the five founding partners in joint venture Capesize Chartering — Bocimar, CTM (C Transport Maritime), Golden Ocean Group, Golden Union Shipping and Star Bulk Carriers — control a total of 164 capes.

That includes vessels still on the orderbook and on period employment. When these are stripped out, it is estimated that the five members may have 70-80 spot ships initially to put into the system.

The venture will start operations this month from the offices of the five groups involved and will take the form of an online platform. From initial reports, it seems that each owner will have independence to take the final decision on a charter and there will be no pooling of cash.

Perhaps, at first, no more than 5% of the world fleet of 1,700 capes might be involved. But as a percentage of the spot-trading fleet, it is higher — and as newbuildings are delivered, the capacity for the Capesize Chartering fleet to grow quite rapidly is obvious.

Then there is the possibility that new partners may be admitted. It is not known what policies might apply to this. Those that have hatched the venture know each other well and they all run modern cape fleets, even if there is a divide between the eco-types being delivered today and the not-insignificant number of vessels built in the middle of the past decade.

One can imagine that Capesize Chartering will not fling its doors open to allcomers. However, the signs are that new members will be selectively welcomed, or at least that possibility is not excluded. As one of the partners put it, keeping it a 'closed shop' would run against the very idea of consolidation, and the benefits it is supposed to yield.

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The joint venture could be a bigger force than meets the eye a little further down the road.
Hellen Sergeyeva/Shutterstock.com

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Precedents
Pundits have looked back more than a decade to try to find any sort of precedent in the capesize segment, but the Capesize Chartering platform has differences from previous pooling models and it is difficult to think of an exact precedent — at least in this sector.

Some commentators have cited as forerunners the Cape International pool that was formed in 2001 by one of the Capesize Chartering founders, Bocimar, together with Zodiac Maritime, AP Moller, OSG, Belships and Klaveness. That also consisted of about 70-80 capes, which it is true represented a bigger chunk of the then-capesize fleet than the same number of ships would today.

But the pool collapsed in less than a year, after Zodiac withdrew its 30 ships and AP Moller was already in the throes of withdrawing from the cape sector.

Another Capesize Chartering member, Monaco-based CTM, managed the CTC capesize pool, as well as a panamax pool, until early 2008. The pools originated with pooling ventures begun by Peter Livanos' Ceres Group and Italy's Coeclerici in 1999.

By 2007, the Livanos group took full control of them but since mid-2013, CTM has been owned by the Radziwill family. CTM's chief executive is John Michael Radziwill, a cousin of Mr Livanos, and the company already commercially manages the CTM Supramax Revenue Sharing Agreement, another wrinkle on the pooling philosophy that includes a number of different owners in that sector.

It would be fun to trace the various ways in which the five Capesize Chartering players have co-operated with each other in the past — if those ways were not so numerous.

By way of example, Mr Livanos, whose Dry Log Bulk Carriers will be one of the several providers of capes that will come to Capesize Chartering through CTM, is a partner of Bocimar's Saverys family in crude tanker owner Euronav, which in turn last year forged a larger VLCC bloc with Frontline.

Frontline founder John Fredriksen, who is in the throes of merging his capesize fleets by bringing together Golden Ocean and Knightsbridge Tankers, is in many ways the arch-consolidator of modern shipping.

Meanwhile, Star Bulk Carriers in its present supersized shape is the product of two recent dry bulk mergers driven by major shareholder Oaktree Capital Management. Star Bulk's chief executive Petros Pappas has been involved in previous cape joint ventures with Dry Log and had tonnage in the former Ceres-Coeclerici pool.

It's less easy to weave Golden Union Shipping into this pattern, but the generally tight-lipped company has been bulking up with new tonnage in the past few years and, headed by Union of Greek Shipowners' president Theodore Veniamis, is a well-known and long-established player.

Contributions
It was difficult immediately to confirm exactly how many capes each of the parties will be contributing.

Star Bulk has 19 capes in the water, with 14 of these currently listed as trading spot and the other five coming off short period charters during this year. In addition, there are 20 newbuildings on order. As far as is known, only three of these have been committed, and will be serving a five-year contract with a mining giant.

The Golden Ocean and Knightsbridge fleets are estimated to have as many capes as Star Bulk — although just a few weeks ago, a deal was signed with German energy company RWE that will take 15 of the vessels on index-linked time charters for five years.

CTM commercially manages a total of 30 capes in the water for various owners, including Carras Ltd, which is also a Radziwill family-controlled company, not to be confused

Star Bulk's chief executive Petros Pappas has been involved in previous cape joint ventures with Dry Log and had tonnage in the former Ceres-Coeclerici pool.

with Carras (Hellas), Dry Log and several others. Another three capes are on their way from the builders over the next two years. However, there was no immediate breakdown on how much of the fleet is trading in the spot market.

Bocimar's fleet list includes 23 capes in the water, plus three on order. The majority of the fleet is believed to be deployed on spot or short charters.

Golden Union currently appears to have nine capes in operation, with at least another six newbuildings on the way, although some databases suggest the fleet is bigger than this.

Strategy for success
Classically, banding together is a more popular idea when markets are weak — whereas in strong markets, owners want the freedom to maximise their returns. Currently the market looks in worse shape than it was around the millennium, when pooling of capes reached a previous peak.

The real secrets to longevity for Capesize Chartering, though, may be the degree of flexibility and independence that the new idea seems to build in for its partners, and the chemistry between the founders.

The five initial parties are all headed by mature market players that are proven believers in consolidation, and know its limitations in the particularly difficult dry bulk sphere.

While some question whether the alliance will be big enough to impact the market — by which they mean improving rates generally — the first aim of most consolidators is usually to improve conditions for themselves.

In this case, the main focus is to offer a bigger fleet "with more flexibility and options" that will benefit the owners as well as charterers through achieving greater efficiency in matching ships to cargoes.

Reducing ballast voyages and getting more business, faster, appears to be the first order of the day. Thereafter, an overall improvement in cape rates would be a bonus.

China Shipping Development books four VLCCs

Chinese carrier inks deal for four 308,000 dwt ships at $94m each

CHINA Shipping Development, the oil and dry bulk shipping arm of state conglomerate China Shipping Group, has booked four very large crude carriers at a compatriot yard, *writes Max Tingayo Lin*.

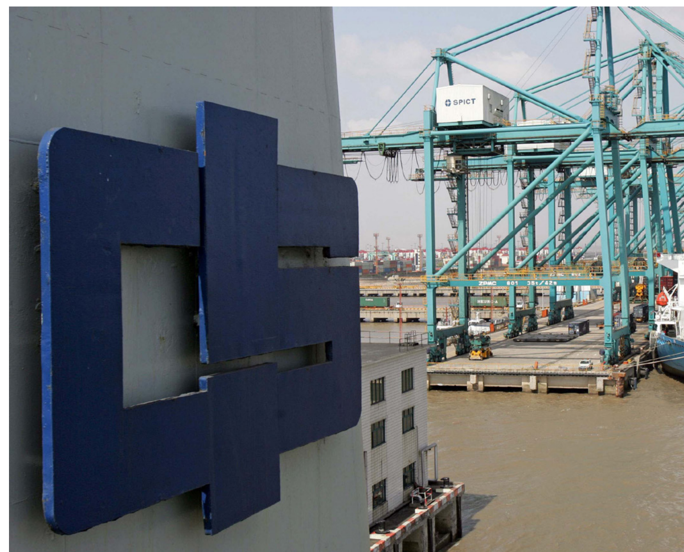
The Shanghai- and Hong Kong-listed carrier ordered four 308,000 dwt vessels at nearly $94m each from Dalian Shipbuilding Industry Co, part of state-owned yard group China Shipbuilding Industry Corp, according to an exchange filing.

"The deal can improve our tanker fleet composition and overall competitiveness," CSD said in the filing.

The four vessels are due to be delivered from May 2017 to September 2018.

Last year, the carrier also booked three 64,900 dwt crude carriers at Shanhaiguan Shipbuilding Industry, another CSIC subsidiary. The ships, built at $49.2m each, will be delivered from September 2016 to March 2017.

With bullish sentiment in tanker markets, several owners have rushed to order VLCCs and other types of petroleum tankers since the beginning of this year.



CSD: "The deal can improve our tanker fleet composition and overall competitiveness."

VLCCs put in performance push before second-quarter lull

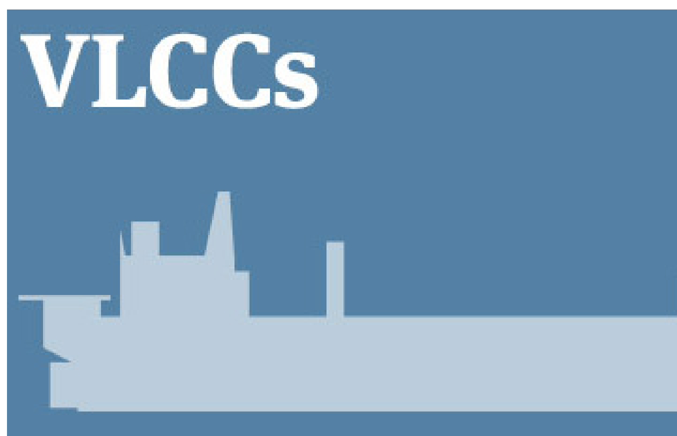
Around $10,000 added to daily earnings in a week as VLCCs make hay while the sun shines

VERY large crude carriers are putting in a final performance push before the onset of the seasonally weak spring season, when refineries turn around, closing for revamps, inspections or maintenance, *writes Hal Brown*.

Earnings on the Middle East to Asia trade now stand at around $66,400 per day, up significantly from around $57,400 per day a week ago, Baltic Exchange data shows.

The second quarter is likely to bring a dip in earnings, but most commentators expect 2015 to be a year to remember for VLCCs — in a good way for owners.

Limited fleet growth, coupled with decent demand to carry cheaper oil, is a heady cocktail, bolstering VLCCs' earning power.



Demand for VLCCs for floating storage is adding extra zing.

Far cry

Today's enthusiasm for the big 2m-barrel tankers is a far cry from the downbeat assessments three or four years ago, when tankers were in the doldrums following the global financial crisis.

As tanker freight rates scraped along the bottom, industry Cassandras predicted "blood on the streets" from tanker companies falling victim to unforgiving market forces.

While bankruptcies did happen, the industry is now coloured by a far softer hue, as owners breathe a collective sigh of relief.

Blood has not yet been replaced with gold by headline writers, but money is certainly being made.

Euronav, a major crude tanker player with 52 vessels on the water, revealed that its spot VLCCs have earned on average in the first quarter $59,400 per day, with half the first-quarter days fixed.

Given that operating costs for a modern VLCC are around $10,000 per day, these kinds of earnings are extremely welcome for owners.

Speed

For those industry watchers worried about tankers speeding up, increasing the number of available VLCCs competing in the market at any one time, Euronav had a comprehensive response.

It said lower bunker costs make speed less of a cost issue, but shipowners will not waste fuel — so speeds in ballast will vary, as to whether the ship is sailing to a cargo or not.

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The company pointed out that no shipowner will want to speed up just to end up waiting. It said ships should continue in slow speed until they are fixed for a cargo and then adjust speed to arrive just in time.

Finally, it added ships are not speeding up to a degree that will make a tangible difference to capacity. The industry has learned over the past five years how to manage variable voyage costs and speed is the key factor.

Order spree

The industry may have learned how to manage variable voyage costs — but what about learning how to consistently manage fleet growth?

It has been well managed over the past couple of years. Few orders have resulted in limited VLCC fleet growth last year and this year.

However, this is changing. Owners are now placing orders for new VLCCs, attracted by high earnings.

In addition to news of China Shipping Development's order for four VLCCs, the other most recent order reported to have been placed by Clarksons was by Metrostar Management when it ordered two, 300,000 dwt VLCCs at Hyundai Heavy Industries a few days ago.

A few days earlier, Japan's Meiji Shipping ordered one from Japan Marine United, and a few days before that the Angelicoussis Group ordered two from Daewoo Shipbuilding & Marine Engineering for $99m each.

Scrapping is unlikely to take off this year, given the enthusiasm for using older VLCC as floating storage, or trading them in the spot market to squeeze the last drops of earning power from their battered hulls.

So fleet growth is inevitable, potentially resulting in too many vessels chasing cargoes again in two or three years' time.

Whatever the future holds, VLCCs are certainly making hay while the sun shines.

Navios Acquisition returns to profit

Most tankers fixed out for 2015 but 76% of fleet will benefit from market upturn

NAVIOS Group tanker owner Navios Maritime Acquisition has bounced into the black for 2014, thanks to a strong fourth quarter of the year, *writes Nigel Lowry*.

The New York Stock Exchange-listed owner of 39 tankers posted net income of $27m for the quarter, versus a $53.7m loss in the same quarter of 2013.

Following recent deliveries in 2014, Navios Acquisition, which was launched four years ago, has its entire fleet in the water for the first time.

Two medium range (MR2) product tanker newbuildings that were due in the second half of 2014 were cancelled when the shipbuilder failed to provide refund guarantees, the company said in an earnings call with analysts.

Frangou: Navios Acquisition "maintained trajectory" during the quarter.

Revenues in the last quarter increased by 25.2% to $72.4m, mainly as a result of six very large crude carriers and four MR2s being delivered since the fourth quarter of 2013.

However, the increased revenue-earning capacity was mitigated by the sale of four VLCCs to Navios Midstream, the group's new partnership, last November, as well as two VLCC sales to third parties.

Chairman and chief executive Angeliki Frangou said the company had "maintained trajectory" during the quarter.

For 2015, the fleet is almost 80% employed but 76% of available days for the fleet have exposure to market upside, she said.

Navios Acquisition declared a quarterly dividend of $0.05 per share, resulting in a dividend yield of about 6%.

"We have consistently paid a dividend since acquiring our fleet," said Ms Frangou.

Navios Acquisition recorded a gain of $23.5m from its VLCC sale to Navios Midstream.

On an adjusted basis, net income was $10.7m, compared with $2.5m in the same quarter of 2013.

The company ended 2014 with full-year net income of $13m.

Last year, Navios Acquisition's board approved a share repurchase programme for up to $50m, for two years.

More results online

Euronav slashes losses to $3.9m
Crude tanker player improves results on better tanker market fundamentals
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Fred. Olsen Energy suspends dividend over fears for offshore outlook
Fred. Olsen Energy suspends dividend over fears for offshore outlook
lloydslist.com/tankers

Europeans could blink first on shipping debt price gap

Plummeting BDI and regulatory pressure will eventually force discount, bankers believe

CIT is open to buying European bank shipping debt on the secondary market and has looked at some of the deals available, but is still baulking at the asking prices, according to the managing director of the US bank's maritime finance operation, *writes David Osler*.

The move comes after Lloyd's List recently reported that some Wall Street investors are expecting a revival in sales of secondhand shipping debt, which peaked in 2013 and the early part of 2014.

A cocktail including the recent plunge in the Baltic Dry Index, regulatory pressures and depressed asset values, means that many traditional European lenders with exposure to the sector would still like to offload.

So far, European lenders have been holding out for prices in the range of 80 cents to 97 cents on the dollar, at least for performing loans, a discount which potential buyers have so far not regarded as sufficiently generous to seal the deal.

Coustas: "We see positive signs of a more balanced demand/supply relationship."

The question is how long the stand-off can obtain. But CIT's expat Norwegian shipping boss Svein Engh believes the Europeans will blink first.

"We have obviously been looking at a number of things and we have managed to do a little bit in that market, but will there be more realism in terms of pricing going forward?

"That's what we're hoping for, because we'd still like to do a deal or two. The question is whether some banks will have to do it in the near future."

This remark applies particularly to German banks, he added, without naming any bank in particular. But until the combination of quality and price ticks all the boxes, deals will remain on hold. The rider is that CIT is not interested in non-performing portfolios, full stop.

Crucially, the US bank has the option to do new business and has so far found that preferable, Mr Engh continued.

"In a way, it's much better and cleaner to do new business, so long as the new business is out there, rather than step into old situations where there might be more problems. That's why the pricing has to be right, because you need to price in that risk."

Touting their wares

London-based French ship finance consultant Michel Bourgery said it was common knowledge that leading British and German mortgage lenders have been touting their wares in New York.

The German banks are facing pressure to prove to the regulators that they are doing something to lessen shipping exposure, and a shipping debt auction would be one potential way out.

"The level of provision will dictate the actual loss they make. It's very difficult to assess, as it depends on their internal regulation and metrics. There might be some tax implications as well," he said.

"If the loan is $100m and the buyer is willing to buy it for $70m, there is a difference of $30m. But if the bank has already provisioned its loan by $20m, internally the accounting value is only $80m. So if they sell at $70m or $75m, then the loss is much less."

The head of shipping at a European bank, who asked not to be named, said: "We know Commerzbank and HSH are more under pressure than initially after the asset quality review.

"There will be a need to sell but there is still some way to go before the pricing gap is acceptable.

CMA CGM to introduce 'smart' containers to box fleet

New technology developed in partnerships with French start-up company will bring Big Data to equipment monitoring

CMA CGM will start phasing in 'smart' containers this year, allowing the line and its customers to keep track of each box equipped with new sensors at all times, *writes Janet Porter*.

In an industry first, the French line said the technology, being developed with a start-up company, would enable data on the location and condition of the container to be monitored at all times throughout a delivery.

The world's third-largest container line and Ocean Three member said it had contributed to the capital increase of French firm Traxens.

Two other investment funds — CAAP Création, part of Crédit Agricole Group, and SCR Provençale et Corse of the BPPC Group — are also part of the initiative.

"This capital increase will be dedicated to financing new research and development programmes, as well as industrialisation," said CMA CGM.

The joint initiative will enable CMA CGM to have access to an unprecedented amount of information on each container and offer clients what it describes as unique tracking solutions and real-time data collecting from all over the world.

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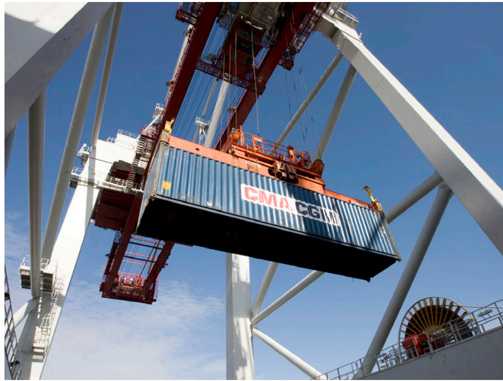

The technology will enable data on the location and condition of the container to be monitored at all times throughout a delivery.

Elie Zeenny, CMA CGM senior vice-president, Group IT Systems, said the technology would bring the the shipping industry into a new era.

"In a world where information is the key, we are taking a significant step ahead. We will now be able to collect data in real-time, which is equally important to us and to our clients. Containers are becoming connected devices," he said.

This year, Traxens plans to equip the first CMA CGM containers with the patented technology so it will be possible to know in real-time not only a container's position, but also its temperature, the vibrations it will be subjected to, any attempted burglary, the presence of traces of specific substances in the air or even the regulatory status of the cargo.

Hanjin pulls the plug on Portland

South Korean carrier informs customers that it will drop its weekly service next month

THE Port of Portland stands to lose nearly 80% of its box business after South Korean carrier Hanjin Shipping announced that it plans to withdraw its deepsea services in March, following months of disruption and delays, *writes Linton Nightingale*.

The decision, bringing an end to Hanjin's near 20-year affiliation with the US west coast port, will be seen as nothing short of a disaster for the port, not to mention the city of Portland, given the hundreds of local shippers and businesses that rely on Hanjin's services for their export trade.

Hanjin provides Portland with its only link to the vital Chinese market, as well as South Korea, carrying cargo on behalf of Evergreen, K Line, Yang Ming and Cosco as part of the CKYHE alliance, representing the main bulk of volumes moved through the port.

Unless the port can convince Hanjin to reverse its decision, then it would leave Hapag-Lloyd, Hamburg Süd, which link the Pacific Northwest with the Mediterranean through their joint service, and Westwood Shipping, operating a transpacific service between Japan, South Korea and Portland, as the remaining direct calling carriers to its container terminal.

For the terminal's operator International Container Terminal Services Inc — which only took over Portland's container operations in 2010, after signing a 25-year lease — it would be a major blow, as it represents the Philippines-based operator's first foray into the US market and also the developed world.

Speaking to local reporters, ICTSI Oregon chief executive Elvis Ganda said the move by Hanjin to drop its Portland service came as a surprise to the terminal operator.

"This is the first time ICTSI Oregon, Inc has seen this schedule," said Mr Ganda, who added ICTSI is now in the process of determining whether it is valid. He said it hadn't been notified previously of the plans.

Even so, the decision doesn't come as a complete surprise, as Portland had been warned in the past that Hanjin was unhappy with the service it was being provided with at the Oregon state port.

In 2013, Hanjin announced that it would be dropping its Portland call in respect of severe cargo-handling disruption caused by a jurisdictional dispute between rival unions over who should handle two particular tasks.

Hanjin then retracted its decision soon afterwards, stating that it would continue to call at Portland if the situation could be resolved, but it would continue to review the terminal's operational performance on a quarterly basis, looking at

The Port of Portland stands to lose nearly 80% of its box business if Hanjin Shipping withdraws its deepsea services next month.

both productivity and cost-competitiveness.

However, Portland's productivity levels have dropped once more with the Pacific Maritime Association, which represents ICTSI Oregon and other US west coast terminal operators, accusing its longshoreman of carrying out deliberate go-slow tactics, as negotiations between the respective parties on a new contract for west coast dockers continue — a full nine months after talks began.

According to local reports, one Hanjin vessel waited up to four days to be unloaded last week. On Monday, longshoreman demonstrated once more by leaving their posts, while at the weekend the PMA called a halt to operations as it felt dockers weren't doing enough to justify being paid.

With relations deteriorating by the day and tensions high, it would seem that this time round Hanjin has decided enough is enough.

On Tuesday, Hanjin sent a letter to local shipping companies, notifying them it will terminate direct call services to the Port of Portland from March 9. However, it did state it will provide links to Portland or nearby regions via truck and rail transportation to and from Seattle.

Hanjin's said the port rotation for its weekly PNH service will otherwise remain unchanged.

More containers

HMM posts first annual profit since 2010
South Korean carrier boosted by series of asset sales
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Middle Eastern port projects to be matched by demand

DP World believes volume growth levels will be sufficient to equal the planned port expansion

DP WORLD is expecting Middle Eastern port utilisation levels to continue at the current rate over the next five years, despite a number of port projects being planned, *writes Damian Brett*.

DP World UAE region commercial director Esam Ahmed told delegates at the Global Liner Shipping Middle East conference that the terminal operator was not concerned by the number of port projects due to come on stream over the coming years.

Its figures show that 15m teu of port capacity will be added to the region's handling capacity through projects in Jebel Ali, Khalifa, Doha New Port, King Abdulaziz Port, King Fahd Industrial Port, Mubarak Al-Kabir Seaport and Sohar Port.

This represents a 50% increase in the regions current container terminal capacity to around 30m teu.

Meanwhile, DP World is expecting volumes to increase at a compound annual growth rate of about 7% to a total of around 35m teu in 2020, said Mr Ahmed.

While there may be a dip in utilisation in some years, as larger projects come on stream, utilisation levels are expected to start and end the five-year period at about the 80% level.

These volume growth levels were supported by Michel Looten, director of maritime for consultant Seabury Group, who said it expected growth levels for the Middle East and Indian subcontinent of 7.4% over the coming years.

Growth to the region would be led by the Asia-Middle East trade lane, which increased by around 10% last year and is expected to continue to grow at around this level in the future.

Volumes heading to Iran would also rapidly increase as sanctions on the country are eased.

Ahmed told delegates the terminal operator was not concerned by the number of port projects due to come on stream.

More from Global Liner conference Dubai

India's ports to face overcapacity challenge
Overcapacity in the Indian port industry will continue in the short term, but strong volume growth will help in the longer term
lloydslist.com/containers

Sohar completes Muscat volume transfer
Oman's Port of Sohar sees strong volume increase as commercial activities are transferred from Muscat
lloydslist.com/containers

India sees iron ore glut as taxes and low prices take effect

Australian miners and capesize owners may benefit from collapse in Indian iron ore production and exportation

A GLUT of about 12m tonnes of iron ore has developed at Indian ports as the Asian giant struggles to figure out what to do with its low-grade product, *writes David Sexton*.

A combination of a 30% export duty on iron ore, which dates back to 2011, combined with record low prices has made the Indian product unattractive for Chinese buyers.

Moreover, India's own steelmakers are no fans of the domestic iron ore, which is said to be low-grade in comparison with that from Australia.

Previously, much of the Indian ore was shipped to other parts of Asia using handysize, supramax and ultramax bulk carriers.

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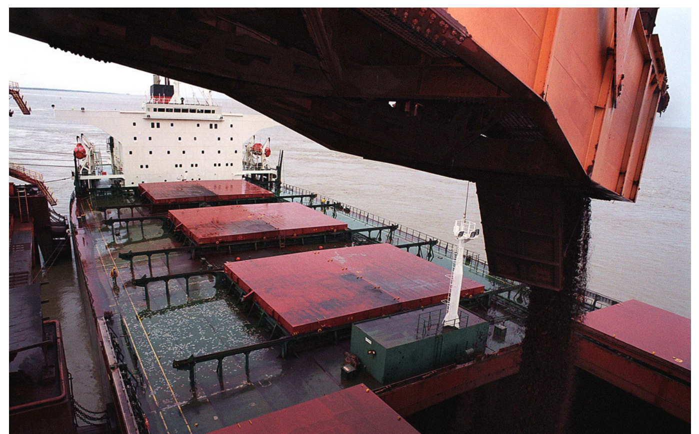

India's iron ore glut could benefit Australian miners and capesize owners.

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Now a situation is developing where India increasingly has to import ore from Australia that is both cheaper and better quality — possibly a boost for the capesize sector.

Bloomberg recently quoted the secretary-general of the Federation of Indian Mineral Industries as saying they didn't sell "a single gram" of iron ore overseas during October and November last year.

Indian iron ore producers and exporters are reported to be urging the government to scrap the tax to allow companies to sell the stocks.

Melbourne-based INDEC Consulting analyst Alex King said: "As iron ore prices fall, so does the willingness of buyers to accept inferior-quality products, thus leading to further price pressure on the sale of lower-quality iron ore.

"The effect of the additional 30% export tariff charge on Indian exporters makes them even less attractive to foreign buyers if they are selling low-quality product to begin with," he said.

More bulk news online

Western Bulk hit by low freight rates and falling fuel prices

Oslo-listed operator suffers bad 2014 fourth quarter but says it is well positioned for 2015

lloydslist.com/dry-cargo

"Hence Indian iron ore producers will be under significant price pressure if they are to continue to export."

Banchero Costa's Ralph Leszczynski said the big winners in this scenario were clearly Australia-based mining companies.

"One could say that this is, in a way, a victory for the big Australian miners, as they are winning market share.

"They have squeezed out Indian exports from the market, and could indeed soon be actually exporting ore to India," he added.

Seoul more than doubles fleet renewal loans for coastal shipping firms after Sewol

South Korean government to provide $113m financing to meet voters' raised expectations of maritime safety

THE South Korean government has announced it will more than double its loans to coastal shipping companies for fleet renewal this year in the wake of the *Sewol* ferry accident, *writes Max Tingyao Lin*.

Seoul will expand the total loan amount to Won125bn ($112.9m) from the 2013 level of Won50bn, while extending the repayment period from eight years to 10 years, the Ministry of Ocean and Fisheries said on its website.

The loan scheme was open to owners of cargoships and passengerships in the past, but from 2015, operators that charter in ships are also eligible, according to the web statement.

Moreover, the government will subsidise 3% of total interest to the companies seeking to renew their fleets.

"Those measures come as South Koreans have raised expectations of maritime safety by a great extent after the recent accident," the ministry said.

Sewol: After the casualty, South Korea's government vowed to improve maritime safety regulations and their enforcement.

Last April, Chonghaejin Marine-operated *Sewol* capsized en route from Incheon to Jeju, leaving nearly 300 of its 476 passengers either dead or missing.

The accident, one of the worst ferry disasters in South Korea, prompted public outcry in the country, and Seoul has vowed to improve maritime safety regulations and their enforcement.

The 1994-built *Sewol* was modified two years ago to carry more passengers but investigators found it was overloaded when the accident occurred, according to media reports.

Wärtsilä to supply 90 dual-fuel engines for 15 Yamal LNG carriers

Vessels on order at DSME for year-round Arctic operation

The Sabetta facility being built on the Yamal Peninsula will allow LNG exports from 2017 onwards. Novatek

A computer image of DSME's Arc 7 ice-class LNG carrier: Wärtsilä is supplying 90 engines.

FINNISH engineering firm Wärtsilä is to supply a total of 90 engines to power 15 of the unique ice-class LNG carriers being built to transport Russian natural gas from the Yamal Peninsula, *writes Craig Eason*.

South Korea's Daewoo Shipbuilding & Marine Engineering is building a series of 16 vessels, which will be of sufficient ice class to operate independently in the Arctic year-round, with the intention of transporting liquefied natural gas to both Asia and Europe from Yamal.

The port of Sabetta on the Yamal Peninsula is currently under construction to allow LNG exports from 2017 onwards.

The Yamal project is majority owned by Russian independent energy firm Novatek, with France's Total and the China National Petroleum Corporation each having a 20% stake. It is projected to produce 16.5m tons of gas annually.

Each of the LNG carriers being built at DSME will be powered by six dual-fuel four-stroke engines, namely four 12-cylinder Wärtsilä engines with a cylinder bore of 500 mm, and two nine-cylinder Wärtsilä 50DF engines. These engines will be primarily fuelled by cargo boil-off but can also use diesel or fuel oils.

While one of the vessels has been ordered by Russian owner Sovcomflot, the others are from two joint ventures. One is a joint venture between Teekay LNG Partners of Canada and China LNG Shipping, and another is a joint venture between China Shipping LNG Investment and Japan-based Mitsui OSK.

However, there are still unanswered questions regarding the impact of European and US sanctions against Russia that are in retaliation to the problems in Ukraine. There remain a risk that international equipment sales, and investments in Russia, could be adversely impacted.

More ship operations news

Wärtsilä venture to supply generator sets on Cosco's post-panamax boxships
Wärtsilä Yuchai Engine will deliver 20 Wärtsilä Auxpac 32 sets to five 14,500 teu vessels
lloydslist.com/ship-operations

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NOTICE TO BIDDERS OF TEMPORARY TENDERING RESULTS

Pursuant to the provisions of deal’s procedure in force in the Entreprise Nationale de Transport Maritime de Voyageurs, ENTMV hereby informs all tenderers who took part to the international invitation to tender N° 06/2014 for **the building of a 2000 passenger and 700 vehicle RO/PAX car-ferry,** released on April 6th 2014 and published in national newspapers **(El Moudjahid, Liberté, Le Soir d’Algérie and Ech-Chourouk)** and international newspapers **(Le Journal de la Marine Marchande and Lloyd’s List),** that the deal is temporarily awarded to the following tenderer:

Tenderer's name	Accepted Tender
HIJOS DE J. BARRERAS SHIPYARD VIGO - SPAIN	Global amount: EUR 125.135.000,00 Building time: 26 months

Any tenderer having taken part to this invitation to tender can send his recourse to the company’s commission charged of deals within ten (10) days as from the date of first publication of this notice in the national press.