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in Bangladeshi shipping
ought on by environmen-
as has forced state-owned
h Shipping Corp (BSC) to
er, replacement tonnage.
ng to officials at Chit-
sed BSC, the company
to offload its two small,
l crude oil tankers,
-dwt *Banglar Jyoti* and
ourabh (both built 1987),
t two months. The Dan-
ankers are currently de-
ng the country's coast
ing operations.

inds understands that
e follows the govern-
w policy announced last
owing only double-hull
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7, Bangladesh had no re-
on tanker age and hulls.
ernment's policy change
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over safety standards in
ry's shipping industry.

iently, BSC has started
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etween 15,000 dwt and
rt. It will replace one of
ng tankers and be used
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to online platform
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ntage currently cost be-
m and \$14m.

icials say more vessel ac-
are expected by May.

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s Zaman, quoting from
anti-government paper

BUNKERS

Bodouroglou sees fast steaming only at \$200 per ton

Greek owner believes this is the level to which fuel prices must fall for speeding up ships to make commercial sense — but that scenario is considered unlikely

Harry Papachristou Athens

Bunker prices must fall below \$200 per metric ton for dry bulk ships to abandon slow steaming at today's abysmally low freight rates, according to shipowner Michael Bodouroglou.

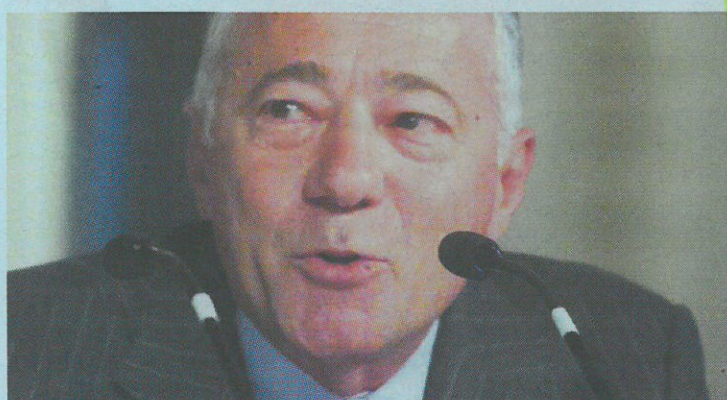
With bunker costs collapsing in the wake of sliding crude oil prices, concerns are mounting that operators might be tempted to increase vessels' sailing speeds — a move that would increase the supply of ship capacity and depress freight rates even further.

The price of International Fuel Oil (IFO) 380 fuel in Singapore, the world's biggest bunkering hub, stood at \$282.25 per ton last week, almost half its price six months ago. In Rotterdam, the price was as low as \$238.25, according to Seasure. As TradeWinds went to press, Singapore IFO 380 was priced at \$338 per ton.

Bodouroglou, however, says fast steaming is "not of concern at this moment". Optimum ship speeds depend on freight rates as well as on bunker prices, he said during a recent conference in Athens, meaning that fuel prices would have to fall even further for faster steaming to make commercial sense.

Assuming a fuel price of \$250 per ton, a supramax ship earning \$7,000 per day has an optimum speed of 10.2 knots, which increases to 11 knots if the ship's daily income gets to \$10,000, says Bodouroglou, who heads New-York-listed firms Paragon Shipping and Box Ships.

"If fuel prices fall further and



► **MICHAEL BODOUROGLOU:** The Paragon Shipping and Boxships boss says fast steaming is 'not of concern at this moment'.

Photo: MARINE MONEY

move towards \$200 and below, then, yes, speeds will probably increase and excess supply of tonnage will be created," Bodouroglou told the Naftemporiki Shipping Forum in Athens.

In response, a bunker trader commented to TradeWinds: "Well, prices will probably never drop to that level."

Bodouroglou estimates excess ship supply to be at about 20%. "Especially in the dry bulk sector, I can personally see nothing providing some optimism that there is a possibility the market can be fixed from its currently very unpleasant levels," he said.

However, low fuel prices, if they stay at the current level, might give shipping a boost by stimulating global economic growth.

"This might be an unexpected game-changer," Bodouroglou said.

Another boost may come from

the European Central Bank (ECB) and its latest bond-buying programme, shipowner Ion Varouxakis told the same event. The ECB's monetary easing announced last month could speed up the restructuring of European banks and encourage them to resume trade financing, said the chairman of New-York listed Freeseas.

"Before the crisis, two-thirds of trade financing in Asia came from European banks — this disappeared overnight," Varouxakis said.

In the short term, the only way for the dry bulk market to go is up, maritime economist Martin Stopford told participants. "It is so low now that there's a good chance it'll pick up again in February, March — a spike is quite usual. I'd be very surprised if it stays where it is much longer," said Stopford, who is non-executive president at Clarkson Research Services.

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► NEW ERA

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