Lloyd's List

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Shots fired in international waters as Iran captures Maersk Tigris

Shipmanager has lost contact with boxship which has been ordered into Bandar Abbas

A CONTAINERSHIP on charter to Maersk Line has been ordered into the Iranian port of Bandar Abbas following intervention by Iranian naval forces, a Pentagon spokesman has confirmed, *writes David Osler*.

The vessel is the 2014-built *Maersk Tigris*, Maersk Line told Lloyd's List.

Data from Lloyd's List Intelligence shows the Marshall Islands-flagged *Maersk Tigris* eight miles off Banda Abbas at 1440 hrs on Tuesday. Prior to that the vessel's track indicates it was heading towards Jebel Ali before turning sharply to starboard towards Iran.

The ship, deployed in Maersk's ME3 Black Sea-Persian Gulf service, is managed by Rickmers Shipmanagement of Singapore, but the beneficial owner is US private equity firm Oaktree Capital Management.

A spokesman for Rickmers Shipmanagement said the ship had been heading from Jeddah to Jebel Ali, and was in international waters when shots were fired and the vessel was instructed to sail into Iranian waters.

The shipmanager has temporarily lost contact with the 5,466 teu vessel but is trying to re-establish communications.

The 24-strong crew are mostly East European and Asian.

No shots were fired in return, the spokesman said.

The detention of the ship has added more tension to a region already dealing with the Yemen situation as well as the fallout from ongoing conflicts in Syria and Iraq.

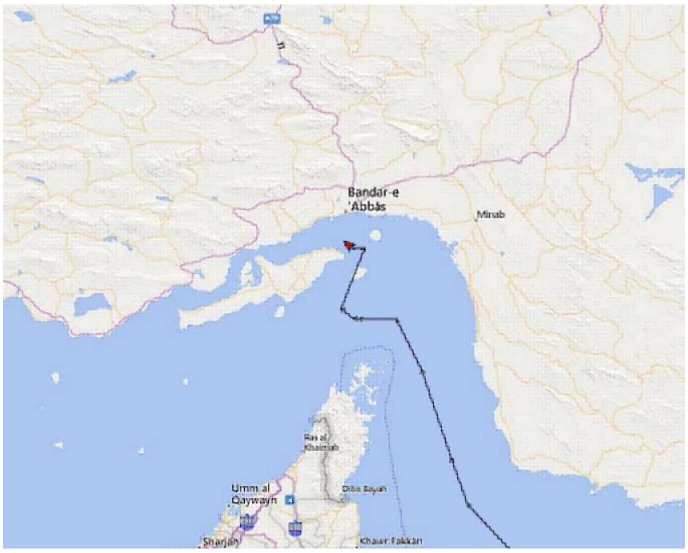
Within a few hours of the seizure, concern has been expressed that unless there is a reasonable explanation there could be an adverse impact on the nuclear talks between Iran and the P5+1 countries. It has been widely expected that an agreement would be completed by the end of June.

Without a satisfactory explanation the incident will only encourage those in Iran and the United States who are suspicious for different reasons of any nuclear deal.

If a satisfactory explanation is not forthcoming pressure will grow not only for the P5+1 process to be halted but also for current sanctions against Iran to be strengthened.

Additional reporting Neil Atkinson, Janet Porter and James Baker.

The 24-strong crew on *Maersk Tigris* are mostly East European and Asian.



Lloyd's List Intelligence AIS data showing the last position of *Maersk Tigris*.

Hamburg Süd moves closer to Ocean Three trio

German line will contribute ship to new Asia-US east coast loop alongside alliance members

HAMBURG Süd is teaming up with the Ocean Three alliance in a new service linking China with the US east coast via the Panama Canal as the German line moves closer to full membership of the collaboration, *writes Janet Porter*.

Details of the joint service between Hamburg Süd and the Ocean Three members CMA CGM, United Arab Shipping and China Shipping surfaced just days after executive board chairman Ottmar Gast had disclosed that the Hamburg line would be interested in joining if its entry into the east-west trades goes well.

The Ocean Three trio have filed an amendment with the Federal Maritime Commission in Washington with plans for a new service that will include Hamburg Süd. The four plan to deploy 10 ships of 4,200 teu vessels at first, with China Shipping contributing five and CMA CGM three, plus one each coming from UASC and Hamburg Süd

Hamburg Süd is to team up with the Ocean Three alliance in a new service linking China and the US east coast.

The latter two signed a global co-operation agreement last September soon after Ocean Three was unveiled.

That represented north-south specialist Hamburg Süd 's first move into the east-west trades. Initially, the pair agreed to co-operate on several of their respective core trades through slot exchanges. Vessel deployment was expected to come at a later stage,

Speaking to Lloyd's List last week, Mr Gast acknowledged that Ocean Three membership was a possibility if Hamburg Süd decides to step up its presence in the east-west trades.

That would also mean becoming a tonnage provider and eventually contributing 18,000 teu-class ships in the Asia-Europe leg of the global partnership,

However, he said that no formal negotiations were being held at this stage.

The FMC filing also shows that the Asia-US east coast service could eventually expand 15 vessels with a capacity up to 16,000 teu.

Because of the low market share of this new loop, the agreement took effect immediately is not required to go through the 45-day approval process.

Germany's shipping elite changing course after KG carnage

Top Hamburg names ER Schiffahrt and NSB move closer to customers and look overseas for future business opportunities

GERMAN shipowners and managers that were able to survive the carnage of the KG crisis have done so by completely overhauling their business strategies, going international, and becoming an integrated link in the global logistics industry, *writes Janet Porter*.

Instead of regarding themselves solely as tonnage providers with little interest beyond chartering vessels to container lines, the traditional tramp shipping companies that were the backbone of Germany's unique KG finance system have had to reinvent themselves.

That is what leading Hamburg businesses such as ER Schiffahrt and NSB have done, moving away from the German flag and local investors, and taking a far more global approach to their respective businesses.

"We have had to adapt to the changing environment and not stick to what we used to do," ER Schiffahrt chief executive Nils Aden told Containerisation International's Global Liner Shipping conference.

Specifically, that has meant getting closer to customers, both charterers and vessel owners, "which has not always been our focus in Germany," he said.

"We as tramp owners deliver just a small part of the overall logistics chain," Mr Aden continued. The aim "is not to just satisfy our own customers, but enable them to satisfy their customers".

The importance of looking beyond the short-term needs of immediate clients has not always been fully understood by the tramp sector in the past.

"We need to focus on long-term relationships with customers, and that does not mean just seeing them every now and then," said Mr Aden, who took over as chief executive at the start of the year.

Rather, it means establishing relationships that are of mutual benefit to both sides, and working together on ways to improve vessel efficiency and reliability, for example, and other such projects.

"We have to see ourselves as suppliers to the logistics system … and ensure the supply chain is provided with quality tonnage," he told delegates.

"We strongly believe this can be done from Germany – it does not mean German companies cannot compete

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Shipping is said to support some 500,000 jobs in Germany and contributes about $33bn to its economy.
gopixia/shutterstock.com

with other international companies," said Mr Aden whose company ER Schifffahrt is headed by Erck Rickmers, a member of one of Hamburg's best known shipping families.

Already, the German element of the ER Schiffahrt business is diminishing, in terms of where the ships are registered and traded, the nationality of crew, and the portfolio of charterers.

Nowadays, "the German tramp shipping community is an international community that is located in Hamburg, and the disadvantages of being located in a place with higher salaries and rents is something we have to deal with internally", said Mr Aden.

But that must not affect, either directly or indirectly, the services delivered to customers.

"We do not believe at all that this segment of shipping is dying or very sick. Overall, we see a future that we will be part of. If one adapts and focuses on customers, it is clearly possible to create good businesses from Hamburg," Mr Aden told last week's conference.

Another member of the Hamburg establishment, re-branded NSB Group, has also transformed itself from a traditional shipmanager to a diversified business.

Chief financial officer and president Lutz Weber said that the collapse of the KG system had wiped out its core business of managing German flag ships for local investors.

"The ringfence that was built by the KG system round the German shipmanagement market has gone," he said. Instead, shipmanagers have to compete on a level playing field in the international marketplace.

"Shipmanagement is a commodity," he noted, with lower fees than under the discredited KG system because of competition from equally good non-German firms.

With finance from private German individuals who had underpinned KG system no longer available after wide scale losses that ruined the life-savings of many, Mr Weber said new sources of financing were necessary that could cater for the much bigger deals now being done.

"I do not share the view that the old-style KG system will eventually recover," he told delegates.

Instead, far more professional investors are entering the ship finance market, while banks from China are replacing those from Europe as the main source of shipping loans, and on terms that others find hard to match.

Neither are German-managed ships automatically registered in Germany anymore.

"With the KG system gone, there is no future for the German flag as it is constructed," said Mr Weber. NSB re-flagged all its ships last year, with the loss of some 500 German officers and ratings.

"We do not see that this will have any effect on quality," said Mr Weber.

"There is no difference between German-flagged ships and those registered elsewhere. It is a question of management and training the people who serve on the vessels."

With so many structural changes in its core market in the wake of the 2008 banking crisis and its impact on the shipping industry, NSB realised it had to find a new business model in order to survive.

"We decided to change the way we approached the market," said Mr Weber.

"We are changing from a local German shipmanager to an international maritime service provider with a strong financial structure. That is our goal."

New customers are being targeted, with overseas shipmanagement offices and crewing centres opened.

The expanded business portfolio is already paying dividends, with NSB behind the pioneering ship-widening project revealed last week, with a standard panamax vessel sliced in two and broadened to expand capacity by more than 1,400 teu.

Max Johns of Verband Deutscheer Reeder, the German Shipowners' Association, said a recent study showed that shipping supported some 500,000 jobs in Germany, and contributed an estimated €30.1bn ($32.8bn) to the economy, while shipowners pay some €1bn of taxes annually.

But there is no need to keep fighting to save the German flag, he argued.

"It is very expensive to have a German-flagged vessel," said Mr Johns, with little chance of attracting tonnage back unless the ship register administration becomes more welcoming.

Nevertheless, Mr Johns predicted that the German shipping community, having recovered twice in the 20th century from the total loss of the country's fleet, would re-invent itself again, with new start-ups in evidence.

That, he said "is a very healthy sign" and a confidence-booster for Hamburg's status as one of the world's top shipping cities, despite the upheavals of the past few years.

More German news online

NSB and Columbia launch Filipino crewing joint venture
Asia Marine Philippines will supply both fleets as well as third parties
www.lloydslist.com/ship-operations

Seaspan posts 18% hike in first-quarter profits and unveils newbuild deals

Chief executive Gerry Wang confirms orders for five 11,000 teu and two 10,000 teu ships

Seaspan chief executive Gerry Wang: "We remain well positioned to capitalise on growth opportunities."

SEASPAN reported net earnings of $21.3m in the first quarter, up 18% compared to the year-earlier period, as its chief executive Gerry Wang confirmed newbuilding deals for seven large-sized post-panamax vessels, *writes Tom Leander*.

The New York-listed company achieved its robust earnings result on a 12% rise in revenues to $188.5m, an increase primarily due to added operating days following the delivery of six 10,000 teu boxships in 2014.

The full period contribution for the vessels delivered last year was 533 operating days, equivalent to $21.5m in revenues. The contribution was mildly offset by scheduled off-hire of 39 days, costing the company about $700,000.

Ship operating expenses rose about 8% to $45m, but administrative expenses declined 15% to $6.8m.

Meanwhile, Seaspan's fleet is still expanding. On the last day of March, it took delivery of one 10,000 teu containership, which began an eight-year fixed rate time charter with Mitsui OSK Lines in April.

In early April, Seaspan took delivery of two 14,000 teu boxships, *YM Wish* and *YM Wellhead*, built at Hyundai Heavy Industries. They commenced a 10-year charter contract with Taiwan's Yang Ming Transport.

These two ships are the first of 15 14,000 teu containerships that Yang Ming is chartering from Seaspan. Each cost about $107m-$110m to build.

In the earnings release, Mr Wang confirmed that Seaspan had entered into transactions for seven newbuildings, including five 11,000 teu and two 10,000 teu vessels. All of them will be delivered in 2017.

The larger ships were booked at HHIC-Phil, Hanjin Heavy Industries & Construction's Subic-based yard, for a total of $467.5m.

Upon delivery, they will be leased to an unnamed operator for 17 years and when the charter period expires, the lessee will purchase those vessels at an undisclosed predetermined figure.

Seaspan paid $186m for the two 10,000 teu vessels at Yangzijiang Shipbuilding, where it still holds an option for six ships of 10,000 teu or 14,000 teu.

"With a strong and flexible capital structure, we remain well positioned to capitalise on growth opportunities, as we continue to provide leading liner companies with large, efficient containerships," Mr Wang said.

The new deals brings the size of Seaspan's owned and managed fleet to 118 vessels.

More containers news online

CSCL reports $40m profit in strong quarterly performance
Lower fuel costs contributed to the result
www.lloydslist.com/containers

CIMC profits jump thanks to higher container demand
Better economic condition of boxship operators boosts quarterly result
www.lloydslist.com/containers

Flexible retrofits a must for ships of the future

Samskip boss urges naval architects to be prepared for legislative changes

SHIPOWNERS and shipyards need to incorporate flexibility into their vessel designs to allow for new environmental rules that are not yet on the drawing board, *writes Janet Porter*.

That is the advice of Samskip chief executive Jens Holger Nielsen, who warns that otherwise, there is the risk of ships in effect becoming redundant well before their usual lifespan.

Addressing Containerisation International's Global Liner Shipping conference, Mr Nielsen said that it would be prudent for the shipping industry to think in terms of flexibility.

"Vessels continue to be built with a lifespan of some 25 years, and between now and 2040, it is highly likely that we will see additional legislation related to environmental performance," he predicted.

"It may well be that the vessel has a lifespan of 25 years, but material parts of the technology can well be overtaken by, for example, environmental legislation before then, hence the need to design for more flexible retrofits of the vessels than we have been used to."

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Mr Nielsen also urged politicians and regulators to ensure legislation is coordinated to ensure a coherent set of rules nationally, regionally and globally.

Multimodal operator Samskip is one of those considerably affected by low-sulphur fuel rules in Europe, with inconsistent legislation forcing some ship operators to close services that had been designed to shift freight from road to sea, because of conflicting land transport.

Mr Nielsen was referring particularly to France's failure to bring in its so-called ecotax that was meant to have been levied on trucks driving through France.

Because of that, some shortsea operators found themselves unable to compete with road hauliers. That resulted in freight switching from ferries to trucks, undermining efforts to reduce pollution through cleaner fuels for ships.

Nielsen: Risk of ships in effect becoming redundant well before their usual lifespan.

Heavy losses continue at Hyundai Heavy Industries

But Hyundai Mipo Dockyard returns to the black

HYUNDAI Heavy Industries reported a net loss attributable to the company's owners of Won138.8bn ($129m) for the first quarter of 2015, deeper than the Won58.4bn loss in the first quarter of 2014, as the South Korean shipbuilder's losing streak continued, *write Tom Leander and Max Tingyao Lin*.

Hyundai Heavy Industries reported a net loss of Won138.8bn ($129m) for the first quarter of 2015.

While HHI was promising improvements and its wage talks were finally concluded after months of negotiation, its first-quarter results continued to show weakness across the board.

The first-quarter loss was also deeper than the Won46.4bn shortfall reported for fourth-quarter 2014. Full-year losses for HHI in 2014 stood at around Won1.8trn.

Sales declined 10% year on year in the first quarter to Won12.2bn, while operating losses widened to Won192.4bn from the year-ago deficit of Won188.9bn.

Mired in the shipbuilding down cycle, new orders at HHI nearly halved from the year-ago level of $5.9bn to $3bn in January-March.

Separately, Hyundai Mipo Dockyard, the product tanker specialist ultimately controlled by HHI, flipped into the black in the first quarter after delivering some low-margin orders and booking provisions last year.

First-quarter net profits at HMD amounted to Won22.5bn in the three months, compared to the Won34.9bn losses in the same period of last year.

The company booked operational profits of Won16.7bn during the reported period, also a reversal from the year-ago losses of Won80.8bn, while sales improved 11.2% year on year to Won1.1trn.

However, as many owners remain reluctant to place more newbuilding orders for product tankers with the existing orderbook still large, the total value of new orders for HMD fell 62.5% on year to $294.3m in the first quarter.

As of end-March, HMD's order backlog consisted of 181 ships worth $7bn, compared to the year-ago level of 266 vessels worth nearly $10bn.

Samsung wins a small sweetener for deferring Economou drillships
South Korean shipbuilder revises contract value up by $23m for pushing back delivery dates of two drillships by more than a year
www.lloydslist.com/finance

CSC Phoenix shows operational strength in first-quarter results

Underlying net profits improve 6.8% on year for Sinotrans & CSC's dry bulk unit

CSC Phoenix said it would apply to resume trading on the Shenzhen bourse within five trading sessions.

THE first-quarter results of CSC Phoenix have shown underlying strength in the dry bulk player's operation after successful restructuring last year, *writes Max Tingyao Lin*.

When excluding one-off income, the Shenzhen-listed subsidiary of Chinese state conglomerate Sinotrans & CSC Holdings reported a 6.8% on-year gain in net profits to Yuan3.3m ($539,100), a figure that hits the high end of its earlier forecast.

Despite weak dry bulk rates, operating profits of CSC Phoenix grew to Yuan3.3m from the year-ago level of Yuan2.5m.

Total revenues dropped to Yuan202.4m from Yuan282.8m in the year-ago period, however, as the company scaled down business size as part of restructuring.

One-off losses at CSC Phoenix amounted to Yuan1.6m during the three months, mainly due to administration costs and redundancy payments.

In comparison, the company made extraordinary gains totalling Yuan12.9m in the same period of 2014, mainly due to asset sales and reversal of some provisions related to vessel depreciation.

Overall, the net profits of CSC Phoenix were Yuan1.8m in the first quarter, down 89% from the year-ago level of Yuan16m.

Separately, the company confirmed that it made net profits of Yuan4.3bn for 2014, a turnaround from the 2013 losses of Yuan4.5bn.

As of end-2014, CSC Phoenix had net assets totalling Yuan124.1m attributable to shareholders, compared to the year-ago level of minus Yuan5.2bn.

The company said it would apply to resume trading on the Shenzhen bourse within five trading sessions as the business revitalisation enables it to do so.

CSC Phoenix, one of the largest coastal dry bulk operators in China, had struggled to meet its debt obligations up until 2013 due to continued heavy losses.

In late-November 2013, Wuhan Intermediate People's Court launched the carrier's restructuring proceedings after two creditors argued that it could not repay its debts, given its net negative asset value at that time.

CSC Phoenix then unveiled restructuring proposals to revitalise its business and carry out debt-to-equity swaps and a common reserves capitalising plan, winning approval from its creditors in February 2014 and from the court in March.

Trading in the company's shares has been suspended since December 2013 due to the restructuring and its three consecutive yearly losses during 2011-2013.

Three of the four new LNG importers in 2015 are using FSRUs

Pakistan, Jordan and Egypt have chosen the more cost-effective and flexible gas import option

OUT of the four countries starting importing liquefied natural gas in 2015, three of them — Pakistan, Jordan, and Egypt — will do so using floating regasification units rather than onshore import terminals, showing how important FSRUs are becoming on the global LNG scene, *writes Hal Brown*.

Pakistan received its first LNG cargo in late March, and Egypt — traditionally a gas exporter — recently saw its FSRU receive its first LNG cargo in April, according to a new report on the FSRU phenomenon by the US Energy Information Administration.

Jordan has made progress in building regasification infrastructure since 2013, according to the EIA. It has secured an FSRU vessel that will be located off Aqaba, in the Red Sea, which is expected to start operating in around May.

The three floating units coming online in 2015 will

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Höegh LNG recently signed a five-year time charter contract for *Höegh Gallant* to receive gas for new importer Egypt.

add around 15% to global floating regasification capacity, which represents 8% of global regasification capacity.

In addition to those three countries, Uruguay is planning an FSRU, originally intended to come online in mid-2015 but delayed until 2016, the EIA says.

Four more FSRUs are currently being developed in India, the Dominican Republic, Colombia and the Philippines, with expected start dates in 2016-2017.

"Floating regasification is likely to remain a preferred technology option for emerging markets because of its flexible deployment capabilities, smaller capacities, quick start-up and relatively low costs compared with those of onshore terminals," said the EIA's analysts.

Globally, there are currently 16 FSRUs functioning as both transport and regasification vessels and five permanently moored regasification units that have been converted into FSRUs from conventional LNG vessels.

First deployed in the US Gulf in 2005, the FSRU story is growing, having been used in Argentina, Brazil, China, Indonesia, Israel, Italy, Kuwait, Lithuania, and the United Arab Emirates.

Höegh LNG is the owner of the FSRU that takes in gas for Lithuania.

As a leading owner and manager of FSRUs with interests in around 10 units including newbuildings, the company knows all about the new projects starting this year.

Late last year, it signed a five-year time charter contract for its FSRU *Höegh Gallant*, generating earnings of around $40m a year, to receive gas for new importer Egypt.

In its 2014 annual review published on Friday, Höegh said that compared with land-based import terminals, FSRUs are less capital intensive, quicker to build and more flexible, and have become the preferred solution for new importers of LNG.

Supporting this, global natural gas demand is expected to grow by 1.9% annually over the next 20 years, forecast Höegh, using data from BP.

Höegh said it has identified around 30 potential FSRU projects worldwide, against four uncommitted FSRUs under construction, of which it has one.

Over the next five years, Höegh expects an average of two to four FSRU contracts per year to be concluded in the market.

Tanker fleet growth is top priority for Concordia Maritime

Owner wants to expand its fleet to capitalise on bull market

CONCORDIA Maritime, the Sweden-listed tanker owner, says fleet growth is its "number one priority" as it looks to take advantage of a strengthening tanker market, *writes Hal Brown*.

Preferring secondhand vessels, Concordia Maritime chief executive Kim Ullman made it clear that fleet growth was preferable to other strategic options such as buying back shares.

"Fleet growth is definitely a number one priority," said Mr Ullman.

Concordia Maritime, part of Sweden's Stena Group, recently expanded its product tanker fleet through a new product tanker in a series of two being built by Chinese shipyard Guangzhou Shipbuilding International.

The new 50,000 dwt tanker, called *Stena Image*, joined the company's 10-strong fleet of medium range and long range product tankers, one suezmax tanker and another two

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Will prediction for Baltic Sea aframaxes come true?
Owner forecasts rate rises in the Baltic Sea but this week's start has been inauspicious
www.lloydslist.com/tankers

suezmaxes chartered-in under a 50/50 joint venture.

The sister vessel to *Stena Image*, called *Stena Important*, will be delivered to Concordia Maritime in October this year.

Mr Ullman put figures on the outlook for suezmax tankers and product tankers.

In 2015, demand for suezmaxes is expected to rise by 3.5%, which takes into account volumes and distances. The supply of suezmaxes is only expected to grow by 0.6% in 2015, which is why the market is so robust.

In 2016, demand for suezmaxes is forecast to grow by the same amount, 3.5%, while supply of suezmaxes will rise by around 3%. In 2017, the same figures 3.5% and 3% are currently forecast.

For product tankers, demand is forecast to rise in 2015 by 5%, and vessel supply by 5.2%. In 2016, it's also 5% and 5.2%, and in 2017 the forecast is currently 5% and 3.5%.

Ullman: "It's a strong start for the year, the market has turned."

The product tanker figures show why the product tanker market looks slightly more fragile than the suezmax tanker market, said Mr Ullman.

As things stand, though, both markets are being sustained on a reasonably high level and he is hopeful this will continue.

"It's a strong start for the year, the market has turned," said Mr Ullman.

However, he told Lloyd's List that he always remained very cautious because some quarters can turn out worse than others.

The company reported a first quarter net result before tax of SKr28.1m ($3.2m), up considerably from Skr10.2m in last year's first quarter.

Yard talk | Brazilian hot water

Sembcorp Marine and Keppel eye Sete Brasil restructuring expected in June to gauge impact on orderbooks

THE SCANDAL enveloping Sete Brasil threatens to hit the bottom lines of Singapore's two showcase shipyards — Keppel and Sembcorp Marine, *writes Tom Leander*.

It is the latter company that faces the greater trouble. Sembcorp Marine was tight-lipped about the prospect in its first-quarter earnings report released yesterday.

"The ongoing cutback in global exploration and production expenditure has resulted in the scarcity of new orders for the industry this year... New rigs face the prospect of not securing charters despite their higher technical specifications and superior capabilities."

That's one side of the "challenging year ahead", in Sembcorp Marine's words, facing specialised rig builders.

The other can be pegged to a political dust-up half the world away that may lead to cancelled orders and significant non-payment for work already completed for both Sembcorp and Keppel.

Sete Brasil, which was founded in 2011 to build as many as 29 deepwater drilling platforms to be leased to Petroleos Brasileiro, the Brazilian state oil giant, has been caught up in the corruption scandal enveloping Petrobras.

Sete Brasil, founded by Petrobras and several banks, including Grupo BTG Pactual SA, ended up contracting 28 of the rigs, worth more than $800m each, but has fallen into deep financial trouble. The financial woes of Sete Brasil are frequently described as "fluid" by analysts describing the possible impact on Sembcorp and Keppel.

The latest development occurred in mid-April, when the president of Brazil's development bank BNDE confirmed that commercial banks calling for repayment of about R$11bn ($3.7bn) in loans to Sete Brasil had agreed to suspend their demands for 90 days until June.

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Sete Brasil is still in talks with BNDES and another state bank, Banco do Brazil, to obtain bridge loan of R$4bn that would keep it afloat, but the loan has been jeopardised by after a former Sete executive admitted to accepting bribes in exchange for contracts, according to Reuters, connecting Sete Brasil directly with the ongoing bribery scandal rocking Sete Brasil's main client, Petrobras.

Petrobras last week announced a $17bn writedown on expected losses, of which $2.1bn were attributed to losses due to corruption and bribery.

Sembcorp Marine's and Keppel's exposure to this mess is worrying. Sembcorp Marine admitted in February that its first of seven Sete Brasil drillships may not be delivered by the due date of June 2015. The Brazil-related contracts are estimated by Maybank Kim Eng to comprise 31%-45% of Sembcorp Marine's revenue in fiscal years 2015-2017.

The first three of the drillships were about 80%, 70% and 30% completed, respectively, as of February, according to Maybank. It says that Sembcorp Marine will continue to construct the drillships and it "hopes that Sete Brasil resolves its financing issues soon".

Meanwhile, Sete Brasil owes Sembcorp at least S$70-S$80m ($53m-$60m) since last November.

Keppel faces similar problems, although it has not been said how much Sete Brasil owes it for work so far on the first three of six rigs it is building, which were similarly 85%, 50% and 25% complete as of February, according to OCBC Investment Research. Exposure to Sete Brasil contracts amounts to 40%-50% of Keppel's orderbook.

At the release of its first quarter earnings in mid-April, Keppel Offshore & Marine chief executive Loh Chin Hua said that he did not expect Sete Brasil to cancel its projects with Keppel.

Mr Loh said that Keppel was in talks with Sete Brasil and would consider slowing down the construction of the drillships until the Brazilian company had obtained financing.

The fortunes of the two Singapore yards are now tied to what BNDES and the other banks accept as a restructuring of Sete Brasil once the loan moratorium period ends in June. The restructuring may, indeed, tilt an advantage toward the two stellar yards, known for producing the top line of high-spec rigs for deepwater drilling.

According to analyst Low Pei Han of OCBC, "A favoured solution would be to reduce the 29-rig construction project to just 13 units, focusing on the two most experienced and financially strong yards, Keppel and SMM [Sembcorp Marine]."

That outcome has the added benefit of making sense for Sete Brasil, which would get the best equipment for its money. But there hasn't been much sense to Sete Brasil's problems up until now. The outcome that no shareholder in Keppel and Sembcorp Marine wants to contemplate is a fire sale of finished, cancelled rigs on a global market where deepwater exploration and drilling is shrinking.

The position of both builders is difficult. OCBC argues that Sembcorp Marine's is a little worse, because of the capital expenditure already sunk into its wholly owned Estaleiro Jurong Aracruz shipyard in Brasil, which is estimated to be about S$1bn as of 2015. The yard was partly launched to support the Sete Brasil project.

NEWBUILDING DEALS REPORTED FROM APRIL 20

Yard	Buyer	Sector	No.	Capacity	Delivery period	Price per unit
HHIC Phil	MSC	Box	4	11,000 teu	2017	$80m
Hyundai Samho	Hapag-Lloyd	Box	5	10,500 teu	2016-2017	$104m
SWS	CSSC Shipping	LPG	2	85,000 cu m	2017	NA
Yangzhou Dayang	Saint Michael Shipping	Bulk	1	3,600 teu	2017	NA
Minaminippon	MOL	PCCT	4	6,800 ceu	2017-2018	NA
Hyundai Samho	NOCC	PCCT	2+2	6,500 ceu	2016-2017	$65m

Sources: *Company announcements and sources, Vesselsvalue.com, Lorentzen & Stemoco and Asiasis.com*

Lloyd's List

Editor Richard Meade *+44 (0)20 7017 4636*

Deputy Editor Craig Eason *+46 858 766 232*

Digital Content Manager Helen Kelly *+44 (0)20 7017 4651*

Digital Publishing Manager Nicola Good *+44 (0)20 7017 4840*

Editor-in-Chief, Containers Janet Porter *+44 (0)20 7017 4617*

Finance Editor David Osler *+44 (0)20 7017 4628*

Senior Markets Reporter Hal Brown *+44 (0)20 3377 3956*

Editor-in-Chief, Asia Tom Leander *+852 3757 9701*

Senior Reporter, Asia Max Tingyao Lin *+852 3757 9706*

Markets Reporter, Dry Bulk David Sexton

US Reporter Alexander MacInnes *+1 212 520 2780*

Containerisation International Editor Damian Brett *+44 (0)20 7017 5754*

Markets Reporter, Containers Linton Nightingale *+44 (0)20 7551 9964*

Correspondents
Australia Jim Wilson *+61 403 455 371* jim.wilson@informa.com.au

Greece Nigel Lowry *+30 210 621 2340* lowry@otenet.gr

Sweden/Baltic Craig Eason *+46 858 766 232* craig.eason@informa.com

Shipping Movements *+44 (0)20 7017 5280*

Casualties *+44 (0)20 7017 5205*

Subscriptions *+44 (0)20 3377 3792*

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Editoral and commercial inquiries
Lloyd's List, Christchurch Court, 10-15 Newgate Street, London EC1A 7AZ
Tel: +44 (0)20 7017 5000
Fax: +44 (0)20 7017 4782
Email: editorial@lloydslist.com
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The Cross Border Insolvency Regulations 2006

Notification of order under the Cross-Border Insolvency Regulations 2006 (for newspaper and London or Edinburgh Gazette)

Name of Debtor	Company number *where applicable*
RIZZO-BOTTIGLIERI DE CARLINI ARMATORI SPA	N/A
IN THE HIGH COURT OF JUSTICE, CHANCERY DIVISION, COMPANIES COURT	Court case number
	2878 / 2015

Nature of business (where applicable) SHIPOWNING COMPANY

Address of debtor VIALE OLIVELLA 10, 80059 TORRE DEL GRECO (NA), ITALY

The following order has been made in relation to the above debtor under the Cross Border Insolvency Regulations 2006: (1) The *concordato preventivo* proceeding in respect of the Company in the Republic of Italy pursuant to section 160 of RD 267/1942 Italian Insolvency Law, as amended, is hereby recognised as the foreign main proceeding in respect of the Company, in accordance with Article 17 of Schedule 1 to the Cross-Border Insolvency Regulations 2006 (S.I. 2006 No 1030) (**"the Model Law"**); (2) Pursuant to Articles 20(6) and 21(1)(g) of the Model Law, the stay and the suspension in Article 20(1) of the Model Law is modified and additional relief is granted in the terms of paragraph 43 to Schedule B1 of the Insolvency Act 1986.

Order made on 23 April 2015

Name and address of foreign representatives: Board of Directors of Rizzo Bottiglieri De Carlini Armatori SpA, address as above.

A copy of the Order is available upon request.