

About YPSN

The YPSN monthly newsletter aims to provide you with the latest developments affecting our members in shipping in Hong Kong and broader China.

If you are interested in registering as a member, sponsoring an event or suggesting activities for YPSN to organize, please feel free to get in touch with us on youngprofessionals.shipping@gmail.com

WEBSITE

EVENTS

CONTACT

DRY BULK SHIPPING IN THE ABYSS

The dry bulk market is in the abyss. Most vessel sizes are operating at around or below OPEX and it is questionable for how long many companies will survive. Some of the larger companies have already started putting vessels into layup but, of course, to do that you need strong cash reserves and a strong nerve. For most owners, layup is not really an option and they just have to persevere with fingers crossed. And this is happening at a time of very low interest rates and much reduced bunker prices.

Morgan Stanley published a report last week entitled "Dry Bulk Shipping: Will it ever recover?" MS stated that during 1Q15, Chinese commodity demand slowed down across all commodities with iron ore import growth falling to %2.3+ YoY vs %13.8+ in 2014 and coal imports growth %35- YoY vs %15- in 2014. They added that the signs of recovery seem to have faded away with steel production both for China and worldwide declining %1.2 YoY in 1Q15, setting a fearful environment for dry bulk shipping. They also forecast that Chinese steel production will decline on average by over %0.5 annually over the next three years and that despite the steep decline in domestic iron ore output (from 162Mt in 2014 to ~75Mt in 2017), iron import growth is likely to remain muted below %1 on average (from 930Mt in 2014 to ~955Mt in 2017). At the same time, global coal is likely to stay relatively flat or in small decline and only minor bulk commodities and grain offer growth, which is much harder to monitor and quantify. As a result, Morgan Stanley expects overall ton-mile demand to be below %0.5 this year against fleet supply growth of ~%3.7, rising to ~%3 in 2016 as Brazilian iron ore exports ramp up, but still below fleet growth that is expected to accelerate at ~4 percent.

Thus, the conclusion is that with the industry lacking any economies of scale and as consolidation efforts are unlikely to have any impact on pricing power, apart from any unexpected Chinese rebound, the main relief should come from the slowdown of fleet expansion as newbuild orders have disappeared and demolition has risen to new highs. This is the silver lining. New build orders for dry bulk vessels have declined steeply and the existing order book will be delivered in 2015 and 2016. Roll on 2017!

But then we read the shipping press again only to see the title "Shipbuilders start offering discounts for dry bulk newbuildings." Allied Shipbroking of Greece have stated in their last report that "the recent dry spell in new contracting seems to have finally pushed the yards to the edge, dropping their price ideas in the hope that they can finally attract some buying interest."

This may not have any immediate impact and it certainly looks at the moment as if most buyers are attracted by very attractive second hand and resale options rather than going for newbuilds. But we have been here before.

However bad the market is and for that market the market outcome, there will come a time when owners will find the newbuildings attractively priced. It may not even be the price, it may be the terms and the yards may restart again offering very back-end loaded payment profiles, which makes the risk profile relatively safe for the buyer.

Intermodal Shipbrokers of Greece report that, "in regards to dry bulkers things are still very quiet, with newbuilding prices for the bigger size segments continuing to drop amidst non-existent activity. Given the recent new lows in the resale market, we expect sooner rather than later to see the Capesize price touching or even slipping below \$50.0m, while should the freight market insists at current lows throughout the summer period as well, 2012 price levels might be revisited before the end of the year."

So really dry bulk shipping is in the hands of the shipyards and the ability of shipowners to resist a bargain. You would have thought that lessons have been learned from the past but as we know in shipping, memories are very short indeed.

Republication of article from Marine Money Asia Newsletter (April 2015)

www.marinemoney.com



HINDU SWAYAMSEVAK SANGH

[Registered Charitable Society]

Sangh Niwas: B4, 6/F, Mirador Mansion,
54-64 Nathan Road, TST, Kowloon, Hong Kong

Tel: (852) 2368 3663

Fax: (852) 2545 1203

Email: hss.hk@live.com

Web: www.hsshk.org

April 28, 2015

NEPAL DISASTER RELIEF APPEAL

Hindu Swayamsevak Sangh, Hong Kong (HSS) appeals to the benevolent to be generous to provide succor to the Nepal Earthquake affected. Your timely contribution will save many and provide relief to thousands.

It is the worst disaster to hit Nepal in the last 100 years. The fury of nature in this Himalayan country has been so devastating and deadly, that the tremors flattened everything – revered ancient shrines, homes, apartment buildings, cars, and people. Preliminary estimate pegs the loss of life to be at 4,000 at the moment. Fears are that the casualties may rise to 10,000 as rescue workers work their way through the debris.

In addition to the region encompassing Nepal, Northern districts of Bihar, West Bengal, Eastern Uttar Pradesh and Sikkim.

In this moment of unspoken tragedy and human suffering, Hindu Swayamsevak Sangh, Hong Kong in association with Sewa International appeals to everyone to open your hearts and wallets to help us serve these people under distress. The relief efforts will continue for weeks and months to come. Through our sister organization, Sewa International, and its volunteers on ground, your contributions will reach the affected people directly to provide support.

Donate generously by depositing directly in our bank account number **508-213378-001** of “**Hindu Swayamsevak Sangh**” with HSBC or send us your cheques at the address above. Please fax or email the deposit receipt so an official receipt can be issued and we would like to bring to your kind attention that HSS is a Registered Charitable Society and all the contributions made will be tax deductible in Hong Kong.

Please visit <http://www.sewainternational.org> or www.sewausa.org for further details on Sewa International or call me at tel 27902006.

I personally ask you to step forward and help the people of Nepal as they try to recover from this.

Yours brotherly,
HINDU SWAYAMSEVAK SANGH
Manoj Motwani
General Secretary

THE IMO'S PROPOSED POLAR CODE

Global warming in recent years has resulted in increased maritime traffic in the Northern Sea Route ("NSR"). Whilst the NSR offers both time savings in terms of voyage duration and also bunker cost savings, navigating the Arctic presents a number of challenges for the shipping industry and raises a number of safety and environmental concerns.

As a result, the International Maritime Organisation ("IMO") has produced a draft Polar Code to cover all aspects of shipping in the Arctic and Antarctic areas. The Polar Code comprises a set of mandatory safety and environmental protection regulations, together with non-mandatory provisions relating to both. In May 2014, the IMO's Marine Safety Committee ("MSC") agreed and approved in principle the mandatory safety provisions, and then formally adopted them in November 2014. Furthermore, in October 2014, the IMO's Marine Environment Protection Committee ("MEPC") agreed many of the environmental protection regulations, which will become mandatory under the International Convention for the Prevention of Pollution from Ships («MARPOL»).

The MEPC is expected to adopt the Polar Code and associated MARPOL amendments in May 2015. The IMO Council should then formally approve the final Code, which is expected to come into force in January 2017.

The Polar Code is not a self-standing convention, which would require a potentially lengthy ratification process before it came into force. Rather, the mandatory safety regulations of the Code will be implemented through the International Convention for the Safety of Life at Sea 1974 ("SOLAS") and the mandatory environmental protection regulations will supplement and be adopted via amendments to MARPOL. The Antarctic area is already established as a Special Area under MARPOL Annexes I and V and the Code aims to replicate many of those provisions for the Arctic area. The Code also comprises non-mandatory but recommended safety and environmental measures.

A key provision is that all vessels will be required to carry a Polar Ship Certificate, as well as a Polar Water Operational Manual at all times whilst operating in the polar regions. The Polar Ship Certificate will classify vessels according to the suitability of their design for operating in polar waters. Issuing the Certificate would require an assessment that takes into account the range of operating conditions and hazards the vessels may encounter in polar waters. The assessment would include information on identified operational limitations and plans or procedures or additional safety equipment necessary to mitigate incidents with potential safety or environmental concerns.

The Polar Water Operational Manual is designed to provide the owner, operator and crew of vessels operating in the polar region with sufficient information about the vessel's operational capabilities and limitations to support their decision-making process.

The combination of these two documents is intended to provide key information about the vessel's operational capabilities and limitations – such as Polar Ship Class and Ice Class, temperature capabilities, safe ice going capability and ice transit capability – as well as the procedures that have to be followed routinely and in the worst case scenario.

Other noteworthy safety provisions include rules dealing with stability, ship structure, watertightness, machinery and operational safety, fire safety, life-saving appliances, navigation, communications, manning and training and voyage planning.

As regards the mandatory environmental protection regulations, these include measures designed to prevent oil pollution, pollution from noxious liquid substances from ships, pollution by sewage from ships and pollution by discharge of garbage from ships. MARPOL Annexes I to V will be amended accordingly to introduce these regulations.

Some of the non-mandatory recommendations of the Code include a recommendation to refrain from carrying heavy fuel oil as cargo or fuel in the Arctic and a recommendation to apply the standards contained in the Ballast Water Management Convention, which has not yet entered into force.

Concerns have been expressed that the Polar Code does not take account of the fact that conditions in the Arctic are never uniform and that the Code does not link the ice-classes of vessels with the actual ice conditions prevailing in the polar regions. However, it is anticipated that industry standards will be developed to deal with such concerns. By way of example, POLARIS (Polar Operational Limit Assessment Risk Indexing System) has already been developed by the International Association of Classification Societies ("IACS") with the help of Arctic countries, such as Denmark, Finland, Sweden, Russia and Canada. POLARIS reportedly provides a chart listing the level of risk against each type of ice condition and as these apply to the different ship ice classes. Other industry standards are likely to follow.

There have also been criticisms from environmental organisations that the Code does not go far enough and that it fails to address certain marine safety and environmental protection issues. Notwithstanding these criticisms, the Polar Code is arguably a significant step in ensuring that any safety and environmental risks presented by increasing Arctic maritime traffic are both contained and controlled.

Rory MacFarlane, Partner, Ince & Co (HK)

ICMA

INTERNATIONAL CONGRESS OF MARITIME ARBITRATORS ICMA XIX Hong Kong - 11 to 15 May 2015

EVENTS



INTERNATIONAL CONGRESS OF MARITIME ARBITRATORS
ICMA XIX Hong Kong - 11 to 15 May 2015

International Congress of Maritime Arbitrators XIX 2015

11th - 15th May 2015

Shangri-La Hotel (Kowloon)

www.icma2015hongkong.org

registration@icma2015hongkong.org



Pacific Basin

Pacific Basin Soccer Sixes

Friday, 5 June 2015

The Hong Kong Football Club, Hong Kong

youngprofessionals.shipping@gmail.com



Pacific Basin



SOCCER 6's 2015

5th JUNE 2015
HONG KONG
FOOTBALL CLUB
TEAM REGISTRATION
FROM 16:30

The tournament will be followed by a winners presentation, drinks and buffet dinner in HKFC restaurant.

We welcome spectators and will have beverages and seating available for those wishing to come along on the evening.

www.pacificbasin.com



www.ypsnhk.com



Designed by
ipulsedesign.com