Newbuilding Market Survey
June 2014

Shipping Consultants

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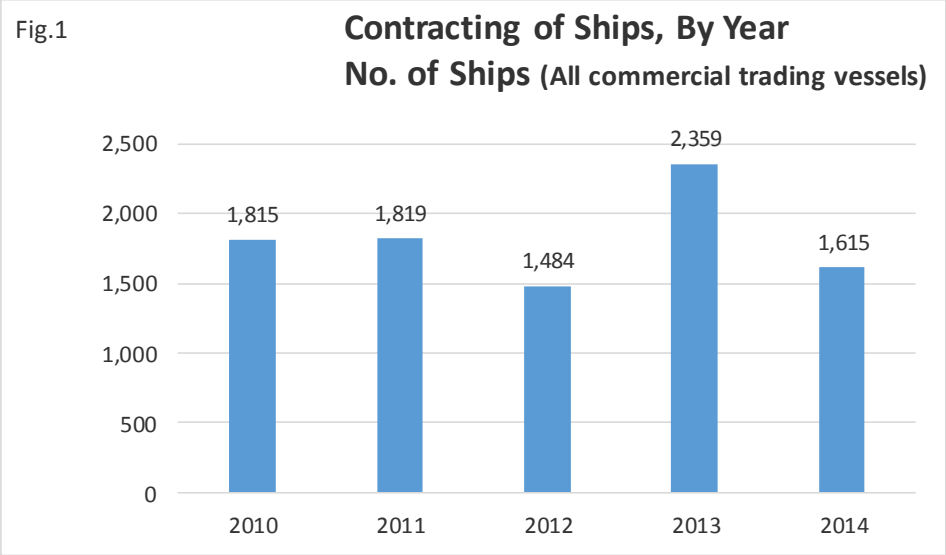
CONCLUSIONS

On the whole the newbuilding market is vibrant but is now likely to stall a little due to pending legislation on further emission controls and other environmental matters. Owners are hedging their bets at the moment and if 2016 delivery slots are not available they will not order. In the trading market recovery in all sectors is patchy but steady. Shipping is now in a new ball game and financial calculations must be based on the sound philosophy that we will never again see the heady trading figures of the last boom. Then again do we want to? What we continue to see is the growth of new leaders in terms of fleet size. Economy of scale has entered thinking with larger tonnage enjoying a good run of orders of late. Indeed this last year can definitely be regarded in unit terms as the best since the start of the recession. This is looking at mid year 2013 when ordering recovery really began to mid year 2014 in the current 2Q 2014 review. Fewer but larger ships took its toll in order intake by unit terms in 2Q 2014 when 554 ships for all types were recorded. This compared with 788 orders recorded in 1Q 2014 giving a drop of 244 ships or almost a 31% fall. Overall the global orderbook contracting in 2014 rose to 1,615 vessels by the end of 08 August 2014 noting a further 273 vessel already contracted in July and August 2014.

Fig.1



Pricing remains stable. The shipyards generally have full orderbooks even though this does not necessarily mean they are in profit. Psychologically South Korea recently raised the price for a VLCC to slightly above the $100 million barrier but has since dropped to just under this as owners did not welcome it. Doubtless its time will come but owners are facing pressure with newbuildings to fit pending legislation additions such as ballast water treatment systems, tier III engines to match the 0.1% sulphuric emission target and scrubbers so that there is a general conformity globally. Europe will bring in the regulation for ferries next year and for deep sea tonnage in 2016. The US is going its own way with variance so the whole nature of operations in different regions of the globe is posing a headache for shipowners. It is easier to meet or come close to complying with new legislation with newbuildings but the moves still add a few million dollars more to the cost and, ultimately, the consumer which could hold back trading recovery. Much of the legislation has good intent but is badly thought out, especially in terms of the short introduction time. Shipowners are lobbying for a delay which has so far been rebuffed. They do have a point and the politicians must show some common sense for once or it will be a bureaucratic mess.

Looking at prices there is little change in the gap, which on average is around 5% between China, South Korea and Japan from lowest to highest respectively. Japan is enjoying steady success but it would be wrong to say they are gaining on their big rivals China and South Korea who will always remain one and two in the global pecking order. However owners are delighted that the Japanese can offer a third choice for more export choice. Several blue chip owners are prepared to pay more in Japan for that extra quality and competitive advantage of earlier delivery dates due to lack of orders over the last few years. There is disappointment in Japan that the effective 25% devaluation of the yen against the US dollar has not yielded more business in a low price climate. Another consideration is lack of building space for large vessels. Recently however Japan gained VLCC orders which will built by Japan Marine United at Hitachi Zosen's former Ariake site.

There are signs that high end offshore tonnage which has provided South Korea with so many value added and high CGT contracts for drill ships, drilling rigs and FPSO's may be coming to an end. Prime reason is a tightening of the cash strings by the oil majors. These are tricky contracts to manage since building specifications can be altered in construction over what is often a 2-3 year life span. This pushes up costs to the shipyard and South Korea has already allowed a $1 billion cost overrun in this current fiscal year to cover this eventuality. Having reached 19,000 teu capacity when the first of a series of five containerships is due for delivery to CSCL, China at the end of this year, South Korea is poised to raise this to 23,000 teu with a potential order from Scorpio. Serious negotiations have taken place with Hyundai, Daewoo and Samsung the only three builders capable of construction of this size. Charter negotiations are underway with MSC in the frame.

China keeps faith in its mainstay production of standard design bulk carriers but has increased its standing for cape size bulk carriers and especially Newcastlemaxes. One worry is that too many bulk carriers may be being ordered and face a rerun of the disasters of the great crash in 2008. Private financiers are playing a leading part in filling the orderbooks forming new Chinese ownerships and contracting massive numbers in one go. It is no longer a surprise to find such new companies ordering between five and 30 ships including options. In the long run they may disturb global trading freight rates as not all are for cabotage trade in China. There is also an intention to compete more for stainless steel chemical tanker tonnage, which in recent weeks, has found its way to small and medium Japanese yards. Already some Chinese orders have materialised. The biggest gains have come in low end offshore support vessels where Norwegian co-operation has been enhanced and rewarded with a plethora of business from Asian and European owners.

FIG: 2 CURRENT NEWBUILD ORDERBOOK, BY EXPECTED DELIVERY YEAR

Current Orderbook by Vessel Category, Vessel Count, DWT by Expected Delivery Year

(Including W/E 22 August 2014 Newbuild Orders)

Vessel Category	Total No.	Total Dwt	2014 No.	2015 No.	2016 No.	2017 No.	2018 No.	2019 No.
Bulk Carrier	2,098	185,360,245	703	661	595	124	14	1
Car Carrier	68	999,724	18	29	15	6		
Container	564	44,846,611	180	224	125	32	3	
Cruise	40	398,100	6	9	11	8	4	2
Cruise Inland	1	0	1					
Cruise Sail	3	0	1	2				
Dredger	19	58,800	11	4	3	1		
Dry Cargo	200	2,418,992	90	60	31	13	6	
Fast Ferry	31	180	19	9	3			
Ferry	5	0	3	2				
Ferry RoPax	56	57,261	33	13	9	1		
Fishing	18	16,100	14	4				
Gas LNG	146	11,697,625	22	47	39	33	4	1
Gas LPG	247	7,589,468	45	94	91	16	1	
Heavy Lift	17	448,680	13	4				
Luxury Yacht	91	300	56	22	12	1		
Miscellaneous	109	149,721	48	43	10	5	3	
Naval	5	0			1	3	1	
Offshore AHTS	165	406,014	96	56	13			
Offshore Drill Ship	53	1,694,244	12	20	14	5	2	
Offshore FPSO	16	350,000	5	3	6	2		
Offshore Miscellaneous	277	1,675,618	171	64	35	7		
Offshore Platform	1	0		1				
Offshore Rig	203	389,066	96	53	42	8	4	
Offshore Supply	480	1,875,847	247	150	72	11		
Offshore Support	156	536,375	93	42	19	2		
Reefer	3	7,500	2	1				
RORO Freight	16	279,520	16					
Tanker	1,157	90,324,043	393	358	304	97	5	
Tug	193	13,024	148	30	12	3		
Tug Anchor Handling	10	12,500	9	1				
Grand Total	**6,448**	**351,605,558**	**2,551**	**2,006**	**1,462**	**378**	**47**	**4**

CONTRACTING OF SHIPS BY SHIP TYPE

BULK CARRIERS

Bulk carriers continue to be the mainstay of the market but fears are raised at over ordering of eco tonnage if the required competitive gain does not materialise. Owner preference for Newcastlemax continued apace with a common purpose of economy of scale and against lack of ports that can receive 400,000 d.w.t. very large bulk carriers. There is a worry that China is filling its own shipyards with too many vessels for the domestic mercantile marine as more large series orders materialised in the last quarter backed by internal finance or overseas capital from asset companies. This is fine as long as private equity holds up but the hunger of Chinese owners new to direct shipowning shows no sign of abatement so far. This could disturb market balance in due course.

Market Tone - Little change. Continuing firm for all types except Panamax. Increased interest in Handysize due to lack of ordering in recent months.

Statistics
The concentration on larger types brought a sharp fall in contracting numbers with only 210 contracted in 2Q 2014 compared with 341 in 1Q 2014 – a fall of 131 vessels or a 38.4% drop. So far the cumulative contracting total for 2014 reached 595 vessels as at w/e August 1 2014.

TANKERS

A number of mitigating factors conspired to slow the level of tanker contracting. The market can still be described as bullish but a pause from the recent frenetic contracting activity can do no harm. Shipbuilders have full orderbooks but with some yards this does not tell the whole picture. Balance sheets still show red ink but movement is in the right direction and Japan's entry as a serious force again is providing more choice and competition for owners. Prime reason behind the drop in activity is always the summer period with key negotiating personnel on holiday. September is always a good month to judge what the barometer is showing for the rest of the year. After VLCC's nudged above US$100 million for the first time in four years South Korea and China were forced to temper levels to just below this psychological figure as two figures look better than three if you use the supermarket analogy. The private equity boom has also cooled. The trading market is holding up well but potential investors show as much interest in modern secondhand units as newbuildings. There is also this nagging thought that private equity can disappear as quickly as it arrived. Across all trading sectors the mood is cautious but optimistic as the thinning of older vessels from existing fleets is bringing together a closer balance between supply and demand. Exigencies of the markets are playing their part but at the end of the day trade dictates profits. Price levels must still be considered very reasonable but costs are pushed up by pending legislation on emission controls and other related environmental issues. There is still evidence of companies crippled by the exorbitant contracting prices paid in 2008 at the end of the boom. Many of these have not been able to back out of all obligations including charter parties arranged at high rates. In the tanker sector the worst would appear to be over in terms of bankruptcies but some survivals have only been possible by cutting fleets to the bone and accepting enforced sales at below true book values.

Statistics reflect the slowing of deliveries as the newbuilding revival has only happened in the last 12-15 months. So far in 2014 83 tankers of all types were commissioned adding 6,643,456 dwt to the global fleet. Countering this were 46 tankers sold for demolition aggregating 5,013,392 dwt. Strong secondhand trading prices were still averaging US$2 million more for late nineties VLCC's ensuring another two years of trading. This was in spite of record recycling prices of US$520-540 per ldt. Currently owners have a problem in not knowing what impact new emission control legislation will have in different trading regions. With newbuildings the shipbuilders have built in the necessary equipment to comply so it's easier to accept the situation even though as much as US$1-2 million may be added on to the building quote. In service vessels will find it much more difficult to comply as it will add expenditure of tens of millions of US$ to the costs of operating their fleets. It's a cause for very serious thought with the 2016 start date looming. There is some lobbying to have this deferred but it appears to have fallen on deaf ears so far. You simply will not be able to decommission so much trading tonnage as newbuilding replacements would not be able to cope with the shortfall of available ships in a trading revival. It is a nice scenario for shipbuilders to ponder however as they may be facing a recovery of riches. We will see but already part of the ordering slackness is due to the fact that 2016 berth slots have largely been filled and there is hesitancy to order at the moment for delivery beyond this date due to the uncertainty of the political outcome. Some argue it is a bureaucratic mess especially with the US Coastguard going its own way and the EU introducing some new emission controls from the start of 2015. Clarity needs to be forthcoming and quick.

The overall order backlog rose at the end of July to 1,137 vessels aggregating 89,492,643 dwt compared with respective totals of 1,091 units reaching 86,079,361 dwt up to end of May 2014. Only eight more VLCC's were added underlining the slowing of these types. Angelicoussis appeared to use its negotiating influence with Daewoo to conclude four VLCC's costed at US$98.2 million apiece. Market observers were surprised that deliveries for the quartet will all be accomplished in 2016. Angelicoussis however enjoys an excellent relationship with Daewoo by building all its tankers there. On this occasion the group will allocate ownership to Maran Tankers Management. Japan is back in business with two VLCC's being firmed at Japan Marine United by Eastern Med Maritime, Greece. The remaining two VLCC's have been committed by Letter of Intent by Tianjin Marine Shipping at Dalian Shipbuilding Industry but will not formally conclude until October this year. It looks like the game is up for medium range products carriers (MR1's) as so many orders recently placed gave rise to fears of a rerun of market saturation which destroyed so many hopes of any recovery in this sector. Owners are still keen to get involved especially with long haul routes on the agenda and the prospects of increased exports from the US under the shale gas revolution which will impact in the next decade. This has boosted interest in LR1 (panamax) and LR2 (aframax) types. Ordering is steady and there is more confidence at fewer numbers of same in service. Having said this aframax remained unchanged with 19 ordered this year whereas LR1's increased by a further five units to also reach the same figure for 2014. Respective current order backlogs are 136 and 42. Lack of LR1 ordering has been a mystery as it fills a void between MR1 and LR2 cargo volumes. Maybe owners are hedging their bets more.

Chemical tanker business continues to show faith in the future after a torrid time in recent years. Orders in 2014 leapt considerably in just two months. In recent times Japanese builders such as Fukuoka, Kitanihon, Usuki and Shitanoe have all gained business from export and domestic customers. Although more expensive than South Korea and China, Japanese yards can offer earlier delivery times and guaranteed technological expertise over their competitors. China has largely stood off from tackling stainless steel tonnage but has now declared its intent to "burst the Japanese bubble" although this is a huge gamble. Small yards in South Korea tried this in the boom and when the financial crisis hit went into bankruptcy together with many abandoned vessels. For China Avic Dingheng has largely been chosen for a series of high grade chemical tankers.

The builder is already tackling four 15,000 dwt sophisticated state of the art chemical tankers for Swedish owner Terntank, the latter having exercised options for two more in June. China is moving forward with dual fuel applications on tankers with Terntank ordering a Wartsila package utilising LNG. The vessels will be trading in Northern Europe and the Baltic and are likely to burn LNG as these regions are developing LNG refuelling infrastructure at a steady pace. The options were exercised early in the belief by Terntank that it expects a rising demand for environmentally adapted, energy efficient chemical tankers. Following upon from this success Avic Dingheng landed a potentional 12 ship order from Nordic Tankers, Denmark. The Yangzhou situated yard will tackle six firm stainless steel 24,000 dwt newbuildings for delivery in 2016 and 2017. The investment is valued at US$240 million but this may double if a further six optional vessels are exercised. A number of owners like Nordic Tankers have been exploiting distress sales for modern chemical tonnage on the secondhand market but feel the time is right to mix it with new state of the art ships as technology is changing so fast. Avic Dingheng now holds a chemical tanker order backlog of 11 stainless steel vessels. A newcomer to direct ownership of newbuildings is Nova Shipping & Logistics, Indonesian run but located in Singapore. The owner is more associated with the wood chip trades and operates two small chemical tankers plus chartered ships. Nova has committed two 34,500 dwt IMO II ships with rolling options for four more on a two plus two basis. Estimated cost for each ship is around US$33 million. The newbuilding contract was awarded to Taizhou Sanfu. Stainless steel is still a niche market and value added segment. Jiangsu Hantong Ship Heavy Industry scored success in fulfilling an ambition to move into this sector by landing an order from Sinochem Shipping for four 38,000 dwt units valued in total at around US$216 million. Within China Sinochem is by far China's biggest player in chemical transport having recently chosen Fukuoka to build three 33,000 dwt and one 19,000 dwt vessels. China can rise to the challenge since Stolt-Nielsen and Jo Tankers will begin to take delivery of stainless steel parcel tankers from Hudong-Zhonghua and New Times from 2015. This is a show of confidence also as both yards have no experience of stainless steel construction. Such moves underline the hunger of China to challenge the renaissance of Japan in this sector as South Korea fights shy of quoting at the current time due to recent disastrous history.

Market Tone: – Reasonable – Crude steadily improving with interest now centred on Suezmax after a long ordering drought. VLCC's are steady. Medium range products carriers weak due to saturation of orders. As a result Aframax (LR2) has strengthened and there is more interest in Panamax (LR1) products carriers. Chemical remains strong especially for fully stainless steel types.

Statistics

The tanker order backlog at the end of July 2014 rose to 1,131 vessels aggregating 89,869,488 dwt compared with respective totals of 1,070 units reaching 85,421,506 dwt at the end of May 2014. So far in the second calendar quarter of 2014 102 tankers were contracted compared with 142 in the first calendar quarter of 2014 reflecting a decrease of 40 vessels or slightly over 28% of the total. The combined total for first half of 2014 is therefore 244 and still on course for surpassing the whole 2013 tanker intake of 423.

PRODUCTS CARRIERS – A CLOSER LOOK AT THIS SECTOR

There is a now a realisation that medium range products carriers (MR1's) are oversubscribed and we could be witnessing the end of mass contracting of this type. This will bring a sigh of relief to those who feared the current saturation of orders would produce a rerun of the previous crash in this sector. There is still great faith in products however with development of shale gas in the USA for export of products and Middle East refining expansion leading the way. Contractors however have gone for larger types of LR1 panamax and LR2 aframax types. The aframax enjoys popularity and has profited from coated tanks giving more trading options. LR1's have been strangely undersubscribed and now occupy hopes that more employment can be found on the basis of the hybrid capacity size between MR1 and LR2.

Market Tone - Firm but changing

CHEMICAL TANKERS

This specialist sector continues to firm as age catches up with a lot of vessels in service. The age limit is now seen as 20 years in Europe as trading beyond this is very expensive in upgrading to meet new trading legislation.

Market Tone - Firming nicely

Statistics

The bullish stance of this sector was illustrated by the contracting of 33 more units in the second quarter of 2014 compared with a firm 47 units in the first quarter of 2014.

LNG CARRIERS

By the end of 2014 the plethora of LNG ordering should end as the final rounds of negotiations firm up. Highlight of the quarter was the official signing of contracts for four 174,000 cu.m. LNG carriers with Hudong-Zhonghua who remain China's only deep sea LNG carrier builder. The vessels all have 20 year charters to BG Group. Sixteen more vessels were added in the calendar quarter.

Market Tone - Very Firm

LNG CARRIERS ON ORDER BY EXPECTED DELIVERY YEAR, BY COUNTRY OF SHIPBUILDER (22 August 2014)

Country of shipbuilder	2014		2015		2016		2017		2018		2019		Grand Total	
	no	cu.m.	no	cu.m.	no	cu.m.	no	cu.m.	no	cu.m.	no	cu.m.	no	cu.m.
China	1	172,000	16	602,600	5	513,200	10	1,386,000	2	348,000	1	174,000	35	3,195,800
Japan	3	456,098	3	484,700	5	814,100	5	850,700					16	2,605,598
Korea (South)	18	2,869,168	28	4,612,900	29	5,019,798	18	3,074,600	2	340,000			95	15,916,466
Grand Total	**22**	**3,497,266**	**47**	**5,700,200**	**39**	**6,347,098**	**33**	**5,311,300**	**4**	**688,000**	**1**	**174,000**	**146**	**21,717,864**

LPG CARRIERS

A steady stream of orders materialised continuing the firm prospects in this sector for the future. Altogether 33 vessels were added in the 2nd calendar quarter of 2014 compared with 40 in the preceding quarter. So there was a small fall. The third quarter of 2014 should see the acceleration of large ethane carriers as negotiations start for vessels to transport this new product. Indeed the first ethane carriers were ordered by Reliance Industries, India but just miss our second calendar quarter review. The order for four plus optional two 87,000 cu.m. ethane carriers was placed at Samsung, South Korea at a cost of $120 million each. They will be the largest LPG vessels to date.

Market Tone – Firm

LPG CARRIERS ON ORDER BY EXPECTED DELIVERY YEAR, BY COUNTRY OF SHIPBUILDER (22 August 2014)

Country of shipbuilder	2014		2015		2016		2017		2018		Grand Total	
	no	cu.m.	no	cu.m.	no	cu.m.	no	cu.m.	no	cu.m.	no	cu.m.
Brazil	6	41,000	4	27,000							10	68,000
China	18	436,700	13	615,000	28	1,310,000	5	110,000			64	2,471,700
Japan	6	29,120	25	232,429	13	324,920	3	179,000			47	765,469
Korea (South)	15	771,000	48	2,863,000	48	3,394,800	5	155,000			116	7,183,800
Netherlands			2	5,400							2	5,400
Philippines			2	77,000	2	77,000	3	115,500	1	38,500	8	308,000
Grand Total	**45**	**1,277,820**	**94**	**3,819,829**	**91**	**5,106,720**	**16**	**559,500**	**1**	**38,500**	**247**	**10,802,369**

CONTAINERSHIPS - POST PANAMAX

The main talking point over the last quarter was without doubt the blocking of the P3 alliance in its proposed form by China. This would appear to have been very much unexpected but P3 collapse will bring a sigh of relief to competitors against the big troika of Maersk, MSC and CMA CGM. The P3 agreement, had it passed scrutiny by the competition and regulatory authorities, would have brought together a pool of 252 containerships claiming 40% of the Asia-Europe trade and 24% of transatlantic and transpacific routes. The Chinese however regarded the move as essentially a merger of the three giants and not a vessel sharing arrangement. Such concerns induced a red card from the Chinese supported to a degree by members of the Korea Shipowners' Association. Some experts claim the failure to clear all regulatory hurdles was not entirely unexpected but opposition from China mainly from the powerful voices of Cosco Container Lines and China Shipping Group that P3 share of trade on the lucrative Asia-Europe routes would rise to 47% was too much to swallow. So with P3 now apparently "dead" liner services can return to the current turbulent pattern which already exists. Objectives by the alliances to seek bigger market shares will continue as would be expected in a free commercial trading environment but the mere proposal of P3 objectives now stretching back to over a year ago will still prove a game changer. Moves have already been made by competing alliances for newbuildings of greater capacity to serve on the Asia Europe routes. The two main competing alliances are CKYHE and G6. Evergreen was one of the last independently operating companies which in itself was remarkable since its inception but has now joined up with fellow members Cosco, K Line, Yang Ming and Hanjin changing representation of the now five participants from CKYH to the CKYHE alliance. G6 membership currently covers Hapag-Lloyd, MOL, NYK, OOCL, APL and HMM.

If anything the delay and subsequent rejection of the P3 alliance plans spurred the resolve of competitors to up their game which certainly brought forth bigger newbuildings from 10,000 teu upwards keeping shipyards busy. Despite 19,000 teu being breached by CSCL most owners in the competing alliances are happy with a maximum of 14,000 teu designs at the current time.

In a three month period spanning April-June 2014 only 14 post panamax containerships were contracted. This marks the slackest period for newbuildings in a long while. Many will argue this augers well as there is still a yawning imbalance between supply and demand. Scrapping so far this year has hit a record level and is expected to remove nearly half a million teu but still lags behind the number of deliveries of higher capacity and newbuilding orders hitherto placed.

Indeed this will represent only 4% of the current trading fleet so the dangers are all too apparent to see. Freight rates have moved to a reasonable level but for many current trade is still loss making apart from traditional seasonal gains. Away from the lucrative Asia – Europe route many containerships hoping to pick up period employment have switched to so called "cascading" to try their luck elsewhere but this is regarded as intrusion on to the patch of established liner companies striving to maintain a strong relationship with their customers. Little can be done to counter this other than strength of relationship with existing customers but sudden switches of trade by independent operators is not welcome.

Wide beam vessels are now being delivered from shipyards in the 3,800 to 5,400 teu range and finding no trouble in profitable employment. This appears to be one move paying dividends for owners and attracting good rates. German owned or chartered employment is noticeable and the growth of trade between Asia and Africa is now making its mark. Although size restricted, trade volumes to and from Africa are growing fast. Forward thinking owners like Maersk turned to so called WAFMAX vessels built new in South Korea. Initially of 4,500 teu capacity events are moving quickly with some West African ports having improved infrastructure dramatically with craneage allowing the handling of gearless ships. Germany maintains a strong interest in African trade and recently introduced its brand new 5,400 teu CHARLOTTE SCHULTE on the service. Bernhard Schulte has nine more such ships joining its fleet as products of Hanjin Subic Bay. Size limitation, growing trade and fewer operators ensure that freight rates stay stable. Freight stability between US$1,800 to US$2,100 per teu is now inducing larger numbers of post panamax units up to 5,800 teu capacity. Upsizing on a gradual basis is likely to continue displacing former 2,000 – 3,000 teu ships previously trading from Europe. Although panamax ships have enjoyed a short term gain they are now likely to be forced out as extra wide beam deliveries come on stream. Indeed a key advantage for owners and charterers with wide beam units is that they consume only 40 tons of fuel at a slow steaming speed of 17 knots whereas older panamax predecessors guzzle 65 tons at same speed. The summer months in the peak season are the ultimate for many trades so charter activity this year will likely produce more acceptable freight rates with the P3 failure. Nobody expects any kind of sustained recovery until 2015 but there have been so many false dawns hopes are not raised that high. Already in June five 5,400 teu wide beam gearless cellular ships under construction for delivery between August and November 2014 to joint ownership of Bernhard Schulte/Oaktree Capital were snapped up for a healthy US$17,500 daily over a 10-12 month period by Maersk. The vessels are seen as ideal for Asia to West Africa trade and will complement a growing fleet of owned and chartered wide beam vessels for the Danish giant.

Big changes are happening in reefer business. Much to the disappointment of refrigerated produce shippers the conventional reefer is nearing the end of its days. The biggest late nineties built and early current century built units with hybrid capacity offering reefer plugs for teu and palletised hold space will survive for a little longer but there has been a newbuilding drought for three years. Other events show up the writing on the wall for these excellent servants. Shippers are now chartering slot space on containerships and the biggest traders of producers of fresh fruit and vegetables are turning to fully cellular transport. Companies have hitherto been able to charter box ship space on a cheap basis but this will not last forever. Seatrade Groningen, one of the largest reefer transporters, has made its first move into direct ownership of its own containerships. Earlier last year Dole Fresh Fruit invested in three 700 teu state of the art reefer containerships. The Dutch owner will now follow suit in a break with tradition to move with the changing times. The company admits it has been losing business from its conventional reefer ships to fuller cellular tonnage where the biggest ships of Hamburg-Sud now boast almost 10,000 teu reefer boxes. Another mitigating factor is the cost savings of transporting in boxes over palletised cartons. Seatrade Groningen claims its services could accommodate 25 containerships but the company will not reveal how many containerships may be ordered.

Its largest reefer ships of 580,000 cu.ft. built in 2007 can handle 500 teu. Reefer business now encompasses fast, direct and dedicated liner services but Seatrade's approach will be a measured one as the transport infrastructure and complete service which the reefer customer pays for is not always fulfilled by the reefer container mode. Seatrade Groningen will not confirm how many containerships will be ordered but two 2,200 teu resale contracts were purchased from Deutsche Afrika Linien (DAL) at an investment cost of US$30 million each for deep sea voyages. Six such vessels were originally contracted by DAL at US$26 million apiece in March 2013 so there was a profit on the deal for the German owner. Seatrade says there will be more orders with market rumours indicating two more containerships may have been contracted although this was believed to be a confusion with the DAL resales.

MSC took delivery in July of its largest vessel to date – the 15,906 teu MSC LONDON – marking the first of six such newbuildings under ten year charters from London based Zodiac Maritime. Next year MSC will rival Maersk in the capacity stakes when it takes delivery, again on a charter basis, of the first of six 18,000 teu containerships from Chinese interests. MSC is soon expected to overtake Maersk in terms of operated teu volume. The Danish owner has conceded this as it alters its strategy to profitability rather than retaining its status as the world's largest operator. The gap has closed to around 400,000 teu between Maersk and MSC. The major lines are currently adopting a policy of offering charters to potential contractors. Samsung has not taken a containership order since January this year but this mini drought is expected to be broken with a decision by big spending Scorpio to mark its debut in the box sector with an order for six 18,000 teu vessels which are already earmarked for MSC charter with purchase options. Having rebuilt its finances COSCO is now free to equip its fleet with more newbuildings. Particular attention will be paid to large containerships but the group will adhere to a capacity limit of 14,000 teu. Negotiations have been concluded with four Chinese shipyards and shareholder approval was expected to be granted for commissioning of an order to Hudong-Zhonghua for five vessels at the end of August. Canada's Seaspan will also invest in six 10,000 teu vessels for long term charter to Mitsui OSK and construction in China.

Statistically the order backlog for 5,000 teu plus vessels stood at 308 vessels offering 3,360,698 teu of capacity in August. Chinese ambition is clear as they lead the pack with 62 vessels followed by Greece, Germany, U.K. and Canada. The need for larger capacity vessels has now placed Japan in sixth place in the newbuilding league for this size range range. Seaspan International remains the biggest investor with 22 current newbuildings closely followed by Zodiac Maritime's phenomenal rise against secure long term charters to the majors such as MSC and HMM. The liner scene is continually changing with doubtless more surprises to come. The big boys will continually press for more domination to squeeze out smaller size operators on economy of scale grounds and pure muscle strength.

Market Tone - Patchy and still weak on Asia/Europe route. Panamax continues to come under threat. Large size continues to be popular with the big owners for charter or outright ownership. Negotiations are in hand for a new maximum size of 23,000 teu. Reefer continues to gain ground and grow in size.

CONTAINERSHIPS – FEEDER SECTOR

Overall the feeder trades are stable with a few more newbuilding orders being placed for gearless vessels and steady enquiry plus firming of larger sizes up to 2500 teu. Intra Asia trade and particularly business centred on China is gaining steady ground after some frustration by owners over delays in lesser Chinese ports. Secondhand turnover is busy with owners looking for bargains especially for ex German KG owned tonnage which is bankrupted.

Buyers are still capitalising on low values which is frustrating for caretaker banks forced to sell. The recent appreciation in secondhand values has not been sustained although the situation may improve again after the summer lull. Asian feeder fleets continue to steadily grow with a loosening of cabotage regulations in China potentially bringing a new boost as more foreign participation could be allowed. Part of this is due to the increase in feedering set against a lack of Chinese owned tonnage to handle the growing volumes. Only now has China begun to upgrade its feeder fleets with a mix of newbuilding and secondhand acquisitions. Overseas operators offering charter tonnage or own tonnage for Chinese trade are set to enjoy increased opportunities for trade links as the Chinese mercantile marine has a long way to go in self-sufficiency priority to cover the rapidly growing number of box moves for the surrounding hinterland and neighbouring countries.

For a while Beijing has been lobbied by the major liner operators to open up its feeder routes more for foreign flag fleets and a chink in the Chinese resistance could be in the offing. For domestic Chinese owners or "Chinese invested companies" in the Shanghai Free Trade Zone internal trading between Chinese ports with permission from the Ministry of Transport is allowed and in international trade if Shanghai is one of the port calls. The lack of international players in China's internal feeder trades has allowed profits to be made by the likes of COSCO and China Shipping Group due to less competition. The box growth has already resulted in a steady flow of Chinese flag newbuilding feeders giving a boost to small and medium shipyards in China. Liberalisation will open the way for more of China's foreign registry tonnage to be ultilised which will be the first step logically followed by charter ships from overseas owners. The international deep sea liner operators led by Maersk and MSC have long argued to be able to run their own feeder services in a protected industry but the unexpected lack of approval by China of the P3 alliance has hit hopes of this now happening. COSCO and China Shipping Group will fight hard to hang on to their undoubted privileges and profits on the lucrative domestic routes north to south between the Yangtze River and Pearl River Delta. The change is likely to happen so it will be interesting to see how things shape up in the coming months.

Feedering is throwing up new opportunities which owners are seizing upon. In this industry profit can actually be mentioned as the decline of once German dominance is being capitalised upon. Excellent quality tonnage is being snapped up at bargain prices and new openings are occurring. The conventional reefer is in rapid decline as too expensive when up against slot space alternatives on a reefer containership. The boost this has given deep sea owners is now working its way through to feeders where such owners offering reefer slots or, better still, fully cellular reefer teu provision are beginning to enjoy better charter rates for refrigerated produce especially where longer voyages are involved. Those owners offering a healthy mix of dry and reefer space are set to enjoy good times in the foreseeable future especially in Asia as living standards improve in many regions. The decline of reefer cargo ships has led to some hard thinking on box ships by owners of fruit transport vessels. Already Dole Fresh Fruit and Seatrade Groningen have ordered fully cellular reefer tonnage as the way to the future. More are on the agenda. Owners have to look at all forms of saving money and noticeable in recent weeks has been the renaissance of the high teu multi-purpose freighter. With so may KG funded vessels disappearing from the German fleet a huge hole was left in the market. Most would offer around 850 teu capacity but increasingly there has been no call for such vessels. Now the new breed of German owners have placed newbuilding orders with provision for heavy lift and breakbulk cargoes plus 850 teu with 12,500 dwt proving the ideal size. Take up of teu is not expected to be high but a ship in the right place at the right time can offer the potential of profitable box business. Much to the surprise of many those owners taking delivery of eco friendly feeders find charterers continuing to pay considerably higher rates over non eco ships. Certainly in Asia charterers have been happy to pay around US$2,000 more on a daily charter basis committing US$11-11,500 daily for circa 1,000 teu units several of which are finding lucrative Carbibbean employment where supply is tight.

Reasons are not quite clear as to why higher premiums are paid as some market observers have doubts over the claim of a highly rated competitive advantage over the non eco owners. With feeders however it is much quicker to analyse the shorter voyages and fuel consumption issues against older competing compatriots. Overall feeder rates are at parity or slightly higher but period charters are shorter at the current time as charterers do not wish to commit this early for the winter period. Europe remains sluggish but a slight increase in consumer demand may change what continues to be a poor outlook here.

A further 22 newbuildings were added in the last quarter underlining the strength of the market and owner optimism for feeder growth. More interest is being shown in dual fuel provision. Some Chinese shipbuilders are forging relationships with owners and building ships as part of the joint ventures. LNG provision is making steady progress in China. Yangzhou Guoyo shipyard will make its box ship debut by building two plus optional two 1,400 teu feeders for a new Sino-German joint venture established as Guoyo Nordic Shipping (GNS) which has already secured committed charters to Containerships who operate short sea trades in Europe. GNS Shipping was established as an operational owner in Hong Kong in 2011 with Guoyo Group Hong Kong. Already the company operates three 3,421 teu vessels in deep sea trading. The new feeder order will burn LNG bunkering fuel. The owner has also paid due attention to reefer business with the design allowing provision for 300 reefer plugs and 639 45 foot teu slots. Finland's Containerships group is a successful northern Europe and Baltic Sea operator and also offers intra Mediterranean services but these design provisions would indicate an expansion of trading regions. Charter to the Finnish owner will occupy at least five years with optional extensions. Commercial management will be handled by Turkey's Arkon Shipping with a strong possibility the options will exercised. Belgian owner Delphis signed a letter of intent with Hanjin Heavy Industries for five plus optional five 1,900 teu feeders to be built to high specifications and thus inducing a higher per unit cost of around US$20 million. Deliveries begin from the end of 2016 and run through 2017 if the order is firmed. Construction is scheduled for the Yeongdo shipbuilding site. After being thwarted in efforts to procure ice class 1A feeders on the secondhand market French giant CMA CGM selected China's Jinhai for construction of three 2,500 teu ice 1A vessels to plug the gap in its ice capable feeder fleet. The investment is collectively valued at around US$100 million with deliveries between May and July 2016. In collaboration with financier JP Morgan, German owner Bernhard Schulte exercised its last options held at Zhejiang Yangfan for four more 2,340 teu feeders valued at US$26.5 million each. This lifts the total on order for the German owner to twelve units at the cost of an attractive US$26.6 million apiece underlining the advantage that can be gained from optional building slots. Note similar sized vessels from Jinhai for CMA CGM at US$33-34 million each. Feeders are very much becoming a market of their own with brokers enjoying the fruits of good business. Chinese yards are the main beneficiaries of business at strengthening price levels. Enquiry remains brisk and several Letters of Intent are said to have been signed in order that a foot in the door is secured amongst such high demand. On the domestic front Ningbo Ocean Shipping firmed two 2,400 teu containerships from Bohai where the shipyard is more used to building large cape size bulk carriers than feeder tonnage. It is noticeable that bigger shipyards in China are prepared to take on smaller construction on economy of scale basis and, in some cases, will use big building docks for simultaneous construction giving customers the advantage of earlier delivery. These are the first ever containerships built by Bohai. Ningbo Ocean since followed this up by firming two 1,100 teu gearless units from the Yangfan Group. Construction will be undertaken at Dashenzhou. Few prices are confirmed at the current time for Chinese domestic orders. All the Ningbo Ocean ships will deliver throughout 2016. Turkey's Arkas Line exercised options for two more 2,500 teu vessels at Zhejiang Ouhua which will be built to wide beam specification.

This duo adds to two contracted in February this year at Zhejiang Ouhua but no confirmation of price was forthcoming. The final order in this quarter was received by Hyundai Mipo who will construct two 1,000 teu gearless feeders for local owner Pan Continental Shipping. Deliveries are stemmed for December 2015 and March 2016.

Market Tone - Firm in Asia and improving in Europe due to mounting congestion in ports owing to difficulties in handling the biggest containerships.

REEFER SHIPS

Market Tone - Dead. Only one reefer for local fish trade ordered.

CAR CARRIERS

Market Tone - Continuing to firm as car production recovers. Eight further vessels added in 2Q 2014 lifting to 19 the total ordered in 2014.

MULTI-PURPOSE DRY CARGO SHIPS

Market Tone - Continuing to firm.
German owners and others stepping up interest in newbuildings for versatile cargo roles. A further 12 units were added in 2Q 2014 bringing to 39 the number so far ordered this year.

CRUISE SHIPS

Market Tone - Very Firm
Three more cruise liners were added in 2Q 2014 and outside of the calendar quarter this increased by another five. Europe still dominates cruise construction. In July Meyer concluded a joint deal with the Finnish government to acquire STX Finland. Meyer will hold a 70% stake with the balance held by the Finnish state. The deal was immediately followed by awards to Meyer of four new cruise liners two of which will built at Papenburg and two at Turku. Additionally Princess Cruises (Carnival Group) returned to Fincantieri for one more 3560 pax cruise liner.

RORO

Market Tone - Poor for freight. Hesitancy to order by European traders due to extra expense on emission controls due to be introduced early in EU countries.

OFFSHORE

Enquiry and contracting of offshore vessels remains brisk but the market is experiencing a slow down after the frenetic activity so far this year. The summer is usually a slack period with many key absentees due to the holiday season. September will determine if this will be a continuing pattern when normal business activity resumes but there are some who would welcome a pause. Significantly however the slacker pace is currently centred on high end range tonnage as potential contractors such as the oil majors study their budgets more cautiously, whereas service vessels dominated affairs with some yards booking very welcome series orders offering economy of scale in bigger building docks.

China is noteworthy for its increasing competitiveness against European and other Asian rivals. The anticipated high volume of support tonnage comes as no surprise after the country was late on the scene in developing and building up its own fleet of service vessels for South China Sea and other oil field developments. Taking the eye now however is the increasing amount of export business being sealed. Some Chinese yards like Fujian Southeast are used as feeder builders for contracts secured by Malaysian and Indonesian shipyards where capacity may be limited. A key factor however is cheaper building cost in china.

Norwegian designs are being increasing selected by Chinese owners as their fleets expand. Such orders are not placed in Europe on the grounds of cost however. Noticeable in new business concluded were orders for two more of Havyard's 832LSE 3,900 dwt platform supply vessels in China. The Norwegian offshore builder was awarded a design and construction package order from Fujian Mawei in order that they could implement a requirement from Chinese group Sinopec. The latter is gradually expanding its offshore presence and this marks the third time that Sinopec has selected a Havyard design. Norwegian design and package deliveries to China are becoming a significant feature of new business from the likes of Havyard, Rolls-Royce Ulstein, and others. Havyard noted that the Chinese are getting more ambitious having gone from a simple supply vessel concept to much more ambitious and versatile role units. Having established a firm foothold Havyard expects more business to be concluded. Increasing Norwegian ties come in the wake of long negotiations in Europe with owners, designers and shipyards to win more business through co-operation. Whether this will threaten Norwegian dominance with European owners in future remains to be seen and there is a mini revival in Spain for offshore construction along with continuing expansion by Damen Offshore. The latter however has many overseas sites to call upon. The second Havyard 832 LSE PSV was adopted by Shanghai Offshore where one unit was committed at Fujian Mawei. Both new orders are for delivery in March 2016.

Sealion Shipping returned to China for one more saturation diving support/construction vessel to be built by Shanghai Zhenhua Port Machinery Co. Ltd., more noted for global supply of huge container handling cranes. The new unit will join the Sealion fleet in early 2017 and complement four other similar units already serving the offshore industry. Yet again there is a Norwegian connection since Sealion's latest investment is designated with DP3 installation and designed by Bergen based Sawicon. She will offer 1,850 square metres of deck space and incorporate two 400t active heave compensated cranes. Dutch owner Vroon Offshore continued its prolific investment in newbuildings which has now lifted it to one of the world's biggest OSV fleets. The company returned to its favourite builder in China – Fujian Southeast – for six 1,890 dwt DP2 classed anchor handlers. Deliveries start from December 2015. This lifts the current Vroon OSV order backlog at Fujian Southeast to 20 vessels. This shipyard itself is the biggest in China holding a total of 57 OSV's for various clients.

Additionally Vroon has newbuilding commitments in China at Nanjing East Star and COSCO Guangdong for four standby vessels and six Rolls-Royce Ulstein PX 121 PSV's respectively. Including these newbuildings Vroon's OSV complement now exceeds 100 vessels elevating it to a world leader status in provision of offshore services.

Shallow as well as deep water requirements are propelling OSV demand in Asia. Malaysia's Coastal Contracts which is both an owner and builder of OSV's won a contract for three offshore support vessels supplemented with three tugs and valued at US$55.8 million in total. The builder restricts its own shipyard construction and subcontracts to Chinese yards as a cheaper price option but these are likely to be home built. More certain was another order placed by Coastal Contracts at China's Guangdong Hantong which will see the shipbuilder construct a series of seven 3,700 dwt platform supply vessels for delivery between August 2015 and May 2016. Coastal Contracts may resell some of these PSV's after completion.

Vietnam continues to slowly build its offshore OSV portfolio aided by Damen Offshore and Vard Holdings. The Norwegian group received a contract for design and construction of one platform supply vessel to VARD 1 08 specification suitable also for standby, rescue, fire fighting and oil recovery operations. The order was concluded by German owner E.R. Offshore who currently own eleven PSV's. The company suffered the loss of newbuilding PSV's a few years ago when Sekwang, South Korea went bankrupt. The latest unit will be built in Vietnam at Vard's Vung Tau complex for delivery in the second quarter of 2016. In a separate agreement E. R. Offshore has also taken over a newbuilding contract at the yard for a sistership originally contracted by Carlotta Offshore. Delivery of this vessel is scheduled for the third quarter of 2015. In a further success for Vard their Norwegian location in Aukra will outfit two 4,000 dwt PSV's for Nordic American Offshore priced at US$43 million each. The VARD 1 08 was again specified and, under usual procedure, the hulls will be built in Braila, Romania and towed to Norway for completion. An option was attached for one more with a cancelling date at the end of July.

After contracting a prototype icebreaking supply vessel at Arctech Helsinki last year Sovcomflot ordered three more 5,000 dwt units. With Russian policy dictating more home construction the latest trio will be built at Vyborg over previous preference in Finland. Each has a 20 year commitment to Sakhalin Energy to supply two oil platforms in the Sea of Okhotsk.

Great Lakes Shipyard situated in Cleveland, Ohio hopes to step up its construction portfolio after signing a five year agreement with Damen Shipyards to be an official builder of Damen designs.. The builder will seek orders for Damen offshore and windfarm vessels as well as other craft. Timing is good as US yards enjoy a renaissance of small vessel construction at the current time. In a takeover move Vard Holdings expanded its operations into Canada by acquiring STX Canada Marine Inc., a Canadian marine engineering and design company. With headquarters in Vancouver and branch offices on Ottawa and Houston the new acquisition will be fully absorbed into Vard Marine and in future operate under that name. The new organisation will combine the best practices of Norwegian and North American marine engineering and design. Work is already underway with some promising leads for new business. The move enhances Vard's global presence even more.

Indian owners seeking to build OSV's such as Oil and Natural Gas Corporation in home yards had their hopes dashed once again by the government. Time and again potential for the maritime industry in India is not met. After intense lobbying the Indian government rejected a subsidy scheme which would have allowed 6.5% dispensation for Indian owners building in home yards.

The blunt fact is that the government does not show any interest whatsoever in any desire to support Indian shipbuilders. This will drive more OSV orders overseas proving good news for Asian builders and, especially Singapore where many Indian owners now run their business.

Market Tone - Very firm in all sectors

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OFFSHORE – FPSO OVERALL MARKET REPORT

The FPSO market has given a boost to specialist shipbuilders as such work whether on a conversion or newbuilding basis provides an employment span of 30-36 months and yields high CGT production figures. Problems may lie ahead as the oil majors begin to examine costs associated with provision of FPSO's but orders are normally covered by long term employment for up to 20 years. The growing exploration regions are in Malaysia and Indonesia although progress in the latter is hampered by political arguments. China is keen to attract more FPSO newbuilding business along with South Korea whilst Singapore remains the preferred choice for conversion projects. Construction of such tonnage is a huge task and whilst the employment is welcome South Korea's builders have been forced to allow for US$ 1 billion to cover cost overruns and delays in construction of sophisticated high end offshore vessels. Long acknowledged as leaders in offshore construction the country's success has been founded on a plethora of drill ship orders exceeding 50 units. One of the problems is that Korean builders possess excellent ability to construct complex offshore structures but lack the ability to design them. This puts them at a disadvantage in meeting flexibility to deal with design changes in stages of construction. Downward earnings for the major builders are therefore likely to continue as more of this high end construction is met by South Korea. China is now on the scene. Japan would like to compete but is still losing market share despite a 25% depreciation in the value of the yen against the US dollar. South Korea is therefore only looking at China for serious competition in FPSO newbuildings and still has the run of the field. The market may see a cooling of interest or increase in pricing to cover potential losses. Negotiations are therefore becoming more difficult because there are so many strands to be linked in the chain of construction notleast in relation to the sophisticated equipment specified and subsequent cost reaching nearly three years ahead to delivery position.

Some oil majors feel that due to the expansion of shale gas production by fracking techniques there will be a diminishing interest in offshore oil exploration. Korean builders have already seen a drop in orders for offshore plant sales as companies delay investment being unsure where to focus their business direction in future. There has been a revival in conversions much to the delight of Singapore yards who are experts in the field. Despite an expected slowing of contracts 2014 will go down as the best for FPSO's in valued added terms for a while due to the fact that several protracted negotiations on projects have reached contractual fruition in quick succession. There is also significant progress in floating storage and regasification units (FSRU) orders.

The rundown of existing oil fields is underlined by 19 FPSO's being reported as idle with the 640,000 barrel capacity PERENTIS being the latest to join the unemployment ranks having operated off Malaysia since 1999. Of these eleven are single hull units and seven are over 30 years old. The life span of an FPSO is now reduced to 20 years. The conversion market has not only been dictated by cost savings but the fact that double hull tankers are necessary as a matter of course. Switching of employment is unlikely without extensive upgrading as FPSO's are built to serve one specific location. Currently idle units are likely to be scrapped in due course as there is little alternative.

In the last decade 136 FPSO's have been contracted of which 112 have been debutants in the sector and the balance further converted from floating storage operations. Taking into account the boom years before the financial crash it is understandable orders are declining but underlines how far the Asian continent has come in oil exploration projects with the FPSO requirement the final piece in the jigsaw to supply shuttle tankers. Eleven FPSO's were placed in 2013 but after a slow start 2014 is now recovering ground although is likely to show a further fall in contracting. Mitigating factors are increasing construction costs, reducing financial channels and, in some cases, insistence on a specified amount of local content.

It is interesting to note that as many as 242 floating production projects were in the planning stage at the start of 2014 of which slightly over half will require an FPSO. Others will specify floaters of some description including FSRU's. Brazil and Africa top the list of pending projects. Africa is now fast becoming a major crude exporter and another major newbuilding order has just been awarded by Saipem SA, France to Sembawang Shipyard to provide two turret moored FPSO's for positioning 150 kilometres off the coast of Angola to exploit the Kaombo oilfield. Total, France was seeking two modern VLCC's on the market for conversion and Euronav exploited asset play to secure US$89 million apiece for the two sister vessels OLYMPIA and ANTARCTICA built in 2008 and 2009 respectively as modernity and prompt availability were influential factors. The conversion project is valued at S$600 million (US$479.8 million). Saipem will use its own Indonesian yard to fabricate topside modules and add lower turret components plus other pre-commissioning work to keep costs down. When in service the FPSO's will provide an oil treating capacity of 115,000 barrels a day, a water injection capacity of 200,000 barrels per day capacity for 100 million standard cubic feet of gas compression and a storage capacity of 1.7 million barrels of oil. The OLYMPIA will berth at Sembawang in the third quarter of 2014 with ANTARCTICA arriving in the first quarter of 2015. Both vessel projects including Indonesian finishing will each occupy 32 months duration. In order to keep costs down several owners have now identified Indonesia and Malaysia as suitable qualifiers for fabrication and pre commissioning work on conversions and newbuildings.

Total also awarded the biggest ever single valued FPSO contract at US$2.5 billion to Samsung beating off strong competition from Hyundai. The FPSO will serve Total's Egina oil field off Nigeria. In order to win the contract Samsung will build a new fabrication yard close to Lagos. Production will start up towards the end of 2016.

Japan is wary of taking FPSO orders on cost grounds but with full orderbooks elsewhere for early delivery of conventional ship hulls BW Offshore signed a contract with Premier Oil to provide one FPSO to work the Catcher oil field in the UK North Sea. The field is jointly owned by Premier Oil (50%), Cairn Energy (30%) and MOL (20%). The field life is estimated to have a minimum life span of ten years and BW Offshore has therefore signed up a firm seven year charter with optional rolling options up to 18 years. Japan Marine United has been awarded a contract to supply a newbuilding hull whereafter conversion and integration work will be completed in Singapore. Commissioning of the 650,000 bbl vessel for production will take place in June 2017.

China is competing more and, of course, projects for South China Sea and East China Sea stand a good chance of winning home FPSO orders. Currently China Offshore and Oil Engineering (COOEC) situated in Tianjin is strongly competing with the big three South Korean yards for a contract from Royal Dutch Shell. The oil major requires one FPSO to be moored off Nigeria and produce 225,000 barrels of oil a day in addition to storage space for 2.5 million barrels. COOEC was said to be favourite to win the order. Malaysia's Bumi Armada Offshore may bid for the project.

The Malaysian owner has been busy snapping up suitable tankers on the secondhand market for conversion and waiting until FPSO contracts are won. In 2012 a VLCC was bought for the first time as other Bumi Armada FPSO conversions have been of smaller capacity. Now in the Bumi Armada fleet as ARMADI ALI she will be offered for a new charter contract won over 12 years with optional eight year extension for a deepwater oilfield project off Angola. The conversion of ARMADI ALI will likely go to Singapore and cost some US1.5 billion. With this order the Bumu Armada Offshore FPSO fleet will reach eight consolidating fifth position among the world's top operators.

The FPSO market is still lively and fossil fuel extraction will still be around for some time yet but it will be a changing and challenging time for oil majors and owners. For newbuildings South Korea will continue to dominate as will be the case with Singapore but China will gain more experience and make her mark for export contracts. With all three countries however, the escalating costs are a worry but FPSO's have to be ordered although conversions are very much back in vogue and on an equal footing with newbuildings it seems.

FPSO ON ORDER

builder	owner	year	employment
Brazil			
BrasFELS Yard	Modec/Toyo Offshore	2014	
China			
COSCO Nantong	Dana Petroleum	2015	Harris & Barra UK
Hantong H.I.	Sevan Marine	2014	
Jiangsu New Yangzijiang	SSP Offshore	2015	
Japan			
JMU/Singapore	BW Offshore	2017	Catcher UK
Mitsui	Modec Inc.	2016	Santos Basin Brazil
South Korea			
Daewoo	Impex	2016	Browse Basin Australia
Daewoo	Total E&P Angola	2014	Angola
Daewoo	BP Shipping	2014	
Hyundai	Chevron	2016	Rosebank UK
Hyundai	ENI	2016	Indonesia
Samsung	Petronas	2017	
Samsung	Seatankers Mgmt.	2014	
Samsung	Shell Australia	2016	Prelude Australia
Samsung	Teekay Petrojarl	2015	
Samsung	Total	2016	Egin Nigeria

GAS FRSU ORDER

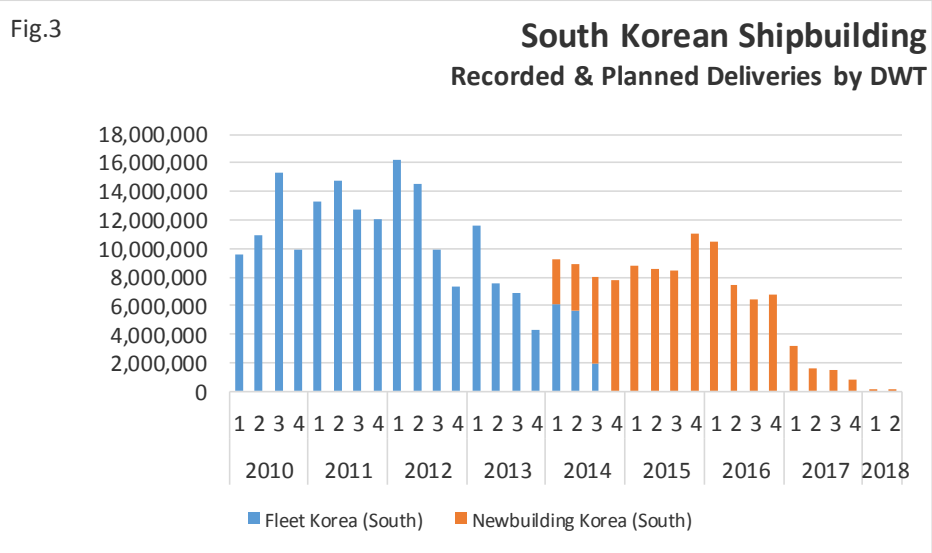
builder	owner	year	employment
South Korea			
Daewoo	Mitsui O.S.K.	2016	Open
Hyundai	Hoegh, Leif	2015	Open
Hyundai	Hoegh, Leif	2015	Open
Hyundai	Polaris Shipping	2017	Open
Samsung	Golar LNG	2014	Open
Samsung	Golar LNG	2014	Open
Samsung	Golar LNG	2015	Open
Samsung	BW Gas	2015	Open
Samsung	BW Gas	2015	
Samsung	BW Gas	2016	

CONTRACTING OF SHIPS BY SHIPBUILDING COUNTRY

SOUTH KOREA

South Korea's shipbuilding industry can look at the current shipbuilding situation and be quietly satisfied at a strengthening of the country's position. The financial health of shipyards has improved and essentially large vessel construction is now dominated by the big three of Hyundai group, Samsung and Daewoo Shipbuilding & Marine Engineering (DSME). Other yards which came to prominence in the boom years have now perished. Some smaller builders prevail but as a whole South Korea's industry is only now emerging from the ravages of the recession. A whole change of policy was needed which is now bringing dividends. The major yards are witnessing a steady flow of orders and continue to build the recovery on specialist construction especially high end sophisticated offshore tonnage. The last big casualty – STX Shipbuilding – is now in a rehabilitation phase having been rescued by its major creditor Korea Development Bank. There was simply too much loss of faith at stake with clients to let this shipbuilder fail having already abandoned the Dalian shipbuilding site leaving 50 ships stranded over a year ago. There has been no movement at the once owned Chinese complex in this time frustrating owners who would now have been taking delivery of ships into a recovering market. Korea Development Bank has given clients guarantees that the full home orderboook of STX Shipbuilding will now be able to meet commitments giving it a breathing space in the forthcoming three to four years. Under strict circumstances the terms of the bale out have allowed it to begin taking orders again. Options previously held have been struck off and any ships still with outstanding refund guarantees have also been discarded in order to save costs. Another builder previously in trouble was Sungdong Shipbuilding & Marine Engineering which is now effectively 99.9% controlled by its four main creditor banks with the remaining 0.1% left in the hands of the shipyard's founder. Before this end game restructuring the shipbuilder was previously owned 50% by the banks having fallen into trouble during the recession in 2010. The builder only entered shipbuilding in 2004 being previously a block builder. With the boom beckoning Sungdong was one of a number of shipbuilders blinded by expansion but at least it is hopeful of a future while many counterparts falling into the same trap have perished in a whirlpool of debt. The creditor banks agreed to a debt to equity swap effectively meaning a complete takeover. Now the Tongyoung construction site is free to take on orders again but liabilities far exceed the value of assets. Once again one reason behind the rescue was a full orderbook embracing 60 vessels – the very reason that STX was saved. Strong orderbooks often appear to portray success but can obscure massive debts threatening the future continuity of shipyards which is a worry for owners.

Fig.3



Having lost top builder slot to China two years ago the new Korean policy on large ships and core areas of business is certainly bringing a rich vein of success. Shipowners prefer guarantees of on time delivery and higher technical experience over China. Japan is gaining some business which otherwise might have gone to South Korea but still faces the problem of lack of building space and higher pricing against the competitive advantage of a devalued yen against the US$ by 25 per cent.

Order intake for the last year was impressive. In unit terms 532 vessels were contracted aggregating 53,061,730 dwt compared with 363 vessels totalling 27,630,184 dwt from the previous twelve month period. This equates to a year on year increase of 68% in unit terms driven by big vessels such as gas carriers, VLCC's, containerships, bulk carriers and drill ships. This proved an ideal tonic with large series orders giving economy of scale and allowing sensible price quotations. The rush for 2016 delivery slots also played its part in the urgency by owners to tie up new business. In vessel terms the total order backlog was almost unchanged in a year reflecting 1,058 units aggregating 95,004,946 dwt compared with respective figures of 1,043 aggregating 87,886,698 dwt. The deadweight increase is significant however.

A further examination of vessel types shows that South Korea is the undoubtedly world leader in both LNG and LPG construction. Realistically the LNG bubble will come to end after a final tranche of newbuildings later this year. China and Japan are offering more competition but not for export business where owners turn to proven track records and, of course, South Korean yards can offer more technology licensing agreements for tank containment systems. The boom in LNG construction has given a significant boost to dual fuel propulsion with Wartsila and MAN competing with their 50DF and 51/60DF models respectively. Competition is fierce and the pressure on berth slots means many LNG carriers are initially ordered without precise propulsion specification decided.

Bids for construction of LNG carriers are normally submitted by co-ordination of owner, shipbuilder and charterer. On most occasions Korean builders are at the forefront simply on the grounds of technological experience. Ice gas carriers are now in the thoughts of owners and design teams as they seek a share of the trade routes of the future and in particular to Russia. Daewoo Shipbuilding & Marine Engineering (DSME) recently broke a record when nine vessels valued at US$2.8 billion were formally agreed for construction by signed contracts in one day to serve Russia's Yamal LNG project in which Novatek holds a 60% stake along with Total and CNPC each with a 20% commitment. DSME has been working on the Yamal project since 2011. The contracts for nine more vessels have been signed after guarantees on charters were secured from Yamal LNG until 2045 with optional extensions by another ten years. The planned Yamal start up is in 2017. The Arc7 ice breaking LNG carriers will each offer 172,410 cu.m. of capacity. A total of 16 sisters are scheduled. Sovcomflot deliberately ordered the prototype nine months earlier to meet a delivery deadline in 2016 and allow for up to a year to conduct ice trials. Teekay LNG Partners has teamed up with China LNG Shipping (Holdings) commonly known as CLNG to build six vessels whilst a joint venture of Mitsui OSK (MOL) and the shipping arm of China Shipping Development Co., (CSDC) which is also CLNG signed for the other three units. The 299 metre long vessels will be capable of breaking ice up to 2.1 metres thick whilst performing navigational passage in temperatures of 52 degrees below zero. Despite ordering the prototype early Sovcomflot is now dragging its heels over the remaining five vessels as construction in Russia is investigated. DSME is hoping to sign this contract soon which is valued at US$1.65 billion as lack of expertise and modern facilities surely rules out home construction. Initially the project centred on some construction in a brand new shipyard under construction in Zvezda but this has dropped well behind schedule. Some ships were due to be built here to DSME design but although the shipyard is likely to come on stream these final Yamal Arctic LNG carriers are likely to end up at DSME.

There is talk that the order may be amended to three plus optional two units as finance tightens for Russia in the current uncertain political climate. With 26 LNG vessels on order DSME has now become a serious challenger to Samsung and Hyundai Group both with 32 units committed. For good measure STX Shipbuilding also has five LNG carriers on its books. With an impressive 95 vessels on order South Korea holds 65.5% of the world LNG future vessel commitments of 145. More orders will follow before the year ends.

The latest LNG orders brought DSME's order valuation for all vessels contracted in 2014 to an impressive US$5 billion. DSME has now joined with classification society ABS to develop the offshore industry's first LNG fuelled drilling ship. It will assess the challenges to be overcome in storing and managing LNG safely by combining DSME experience developing and applying LNG technology to floating structurs and ABS' experience and technical expertise working on gas fuelled LNG and regasification units. Currently only the big three shipyards of Hyundai, Samsung and DSME have the capability to build liquefied natural gas floating storage and regasification vessels commonly known as LNG-FSRU's and this field of techonology is seen as a big growth driver for value added high CGT contracts. Norwegian owner Leif Hoegh pioneered the way with two units in service joining Exmar and Golar LNG with one each. These units have a capacity of 150-170,000 cu.m. Hoegh will take delivery of two more from Hyundai whilst Golar LNG will receiver FSRU's from Samsung. These carry options to add ice strengthening, winterised features. DSME received an order for the world's largest FSRU from Mitsui OSK at 263,000 cu.m. capacity. Another first went to Hyundai for the world's prototype combined LNG FSRU. With this 170,000 cu.m. vessel Hyundai has teamed up with Korea Midland Power Co., and Siemens to develop the concept of installing an 800 megawatt power generating facility on an FSRU for the first time. BW Gas recently added two units initially on a speculative basis but is confident of getting employment. Indeed charter offers are gradually building for FSRU's and, with four now in service, the current order backlog has risen to ten vindicating market faith and extending South Korea's reputation for conquering pioneering technology challenges. Waiting in the wings is an expected LNG-FSRU order from Shell International for a 170,000 cu.m. vessel under a long term contract to supply energy to the Philippines. So far Wartsila has monopolised propulsion with the preferred choice proving to be a dual fuel combination of V50DF and L50DF models.

South Korea's objective is to keep its premier status as a world leader in construction of large vessels although competition from China and latterly Japan is increasing. The shale gas industry boom has created increased demand for LPG carriers. The surge in ordering has benefitted South Korea for mid size and very large gas carriers (VLGC's). The new buzz word in LPG is ethane carriers which have now become the new breed energy companies and owners have expressed an interest in. Reliance Industries of India, who normally charter tonnage, selected Samsung for construction of four plus optional two 87,000 cu.m. very large ethane carriers (VLEC's) priced at US$120 million apiece. Triumph over strong competition from DSME and Hyundai was made possible by offering delivery slots for the quartet in 2016 as Reliance will commission its two ethane cracker facilities at the end of 2016. Several world yards bid for the ground breaking vessels but South Korea won the day. More VLEC orders will undoubtedly follow. Originally Reliance was going for a charter deal with BW Gas and Exmar in the frame but has ordered outright. Co-operation with one or both of these experienced LPG operators will probably be sought as Reliance has no experience in the LPG field. This sector contributes a lot to the success of South Korea's shipbuilding industry with a current backlog of 115 vessels or 46.37% of the global orderbook comprising 248 vessels. There is much more competition in the field from China and Japan.

There is little interest in smaller ships in South Korea which still suffers the scars of serious damage suffered in the financial crash when too many shipyards thought they could build anything. The motto today is go for the biggest and the best and, in this respect, the successes so far vindicate the policy. Value added projects with large CGT productivity measurements are the key to longer term stability as it has been a long road to the recovery of today but even this is still fragile.

Containerships grow ever larger. There is talk of 23,000 teu vessels being ordered in the near future driven by the Chinese but unlikely to be built in China through lack of facilities and experience. Already in November this year China Shipping Container Lines will proudly take delivery of the CSCL GLOBE which, at 19,000 teu capacity, will then be the world's largest. Four more are on order and will be operated between Asia and Europe with United Shipping Shipping Co. (UASC), Kuwait also having six 18,000 teu ships on order rumoured to have been increased to 19,000 teu. Hyundai is building the vessels. For the moment if sizes do increase further to 23,000 teu then South Korea is the only location where such behemoths can be successfully tackled.

Tankers form a large mainstay of employment. The country is a leading producer of products tonnage with 282 vessels on order led by Hyundai Mipo Dockyard (HMD) with a current backlog of 152 ships. HMD is now diversifying into other specialist ship types as there is a realisation that the medium range products carrier boom must now end. The VLCC revival has helped to boost tonnage intake with 45 vessels spread across Korean related yards exceeding 14.3 million dwt. Six of these will mark the debut of Hanjin Heavy Industries' subsidiary Subic Shipyard in the Philippines with construction of their biggest ships to date.

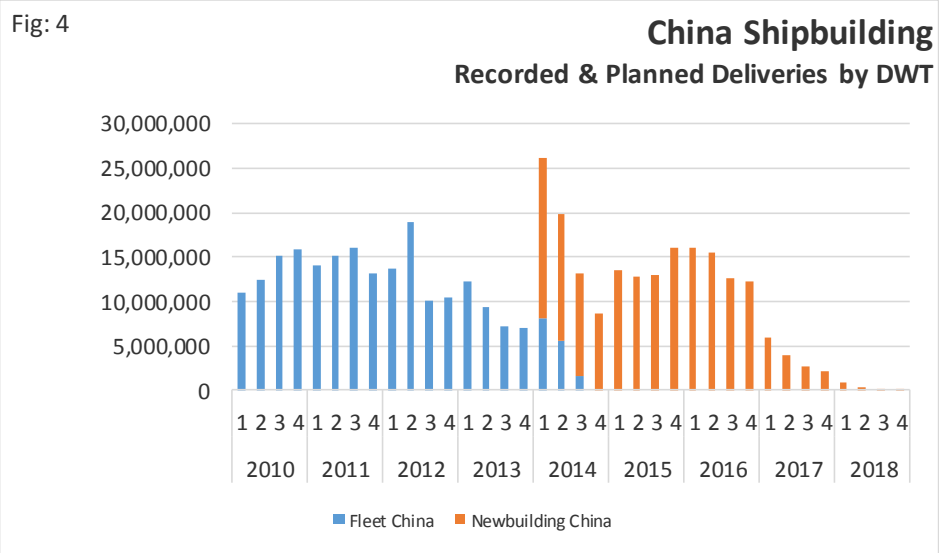
The quest for larger and more sophisticated vessel construction in South Korea is paying a price with builders being forced to make over US$1 billion in loss provisions to cover offshore cost overruns and offshore project delays. A stronger won is also affecting overseas earnings. For offshore projects the downward pressure is expected to continue with DSME, Samsung and Hyundai all seeking to change contract terms if possible. This returns to the conclusion that healthy orderbooks do not always make for black ink solidarity. The future challenge still remains daunting against drawing a balance between pleasing owners and repelling red ink.

CHINA

There is a new sense of realism in China whereby the state will no longer tolerate heavy losses from shipbuilders. The bail out culture will end and so far the evidence shows this has gone further than empty rhetoric. China is by far and away the world's premier shipbuilding nation and will stay that way. The country has gone back to its roots and now concentrates on series production of standard design vessels soaking up orders in the process. Size is not a problem with many big building docks to choose from. Bulk carrier construction has long been the forte of Chinese shipyards and full advantage has been taken of all sizes especially for cape and Newcastlemax ranges over 200,000 dwt.

Under strict conditions all Chinese shipbuilders were compelled to give a detailed list of their orderbooks by the end of June in order that a so called "white list" of yards which were performing well could be compiled. Shipbuilders are now under a demand by China's Ministry of Industry and Information Technology to hand in reports on a regular basis on current orders, state of production facilities, research and development progress, quality control mechanism and environmental protection measures. This is assessed against government criteria and if certain conditions are met the said builders are added to the government's "white list". Inclusion on the "white list" deems those shipyards worthy of staying in business. Those who fail may be targeted for closure. They will not be able to get bank loans and become a target for restructuring. Evaluation will be based on order backlogs, fresh orders and recent output. Chinese shipbuilders came under pressure to attract as many orders as possible before the June 30 deadline. This spurred a plethora of orders in the first half of 2014, A key complaint from contractors is that with some builders there is still a delay of months before refund guarantees are granted and this damages reputation.

Fig: 4



Statistically, in unit terms, the world's leading builder holds a backlog of 2,713 vessels aggregating 178,430,838 dwt compared with 2,177 vessels totalling 138,648,948 dwt of a year ago. In a twelve month period 1,396 vessels of all types were added contributing 98,284,947 dwt to the orderbook compared with 653 vessels of 39,622,191 dwt in the same period a year ago. This reflects a year on year increase in contracting of over 100% underlining Chinese strength and the emphasis on large vessels. The nation is assisted by the build up of the Chinese mercantile marine which is being modernised at a rapid rate. Export success cannot be disguised however with 1,997 vessels or 73.6% of the total order backlog. This underlines that China is still hungry for overseas clients.

Five Year Plans are still operated by the state in relation to the needs of the mercantile marine. Many of these ships are required to operate in cabotage trade serving China's vast hinterland. The worry by

competitors is that many of these vessels are capable of international trading and pose a threat to charter tonnage engaged. The key area of concern is in the tanker business on two fronts. Already a

Five year Plan is underway to boost the nation's crude oil fleet especially for VLCC's where 50 are scheduled to be built for international trade. This will lead to more self-sufficiency and less dependency on foreign tonnage for the leading importer of crude oil. Apart from loss of charter business overseas owners are worried it will upset the balance of trading freight rates.

China has taken a long time to wake up to more self-sufficiency in energy exploration but there is now evidence of a fast filling orderbook for offshore related vessels both for export and domestic ownership. In the last two years Chinese delegations have strongly lobbied Norwegian interests to form partnerships or share co-operation with the aim of learning more about offshore technology and how Norway remains a world leader for building and ownership of the most sophisticated offshore service vessels. Initial reluctance has now led to significant newbuilding success for Chinese builders in co-operation with Rolls-Royce Ulstein, and Havyard.

The measure of success in offshore projects has improved considerably in the last year. Statistics confirm that 412 offshore vessels are on order with 182 contracted in the last year. In mid 2013 the respective totals stood at 290 and 142 respectively giving annual increases in each case of 70% and 78%. This speaks for itself and has certainly raised the stakes in Chinese competition. Throughout the last year it has not just been volume increase taking the eye but orders for more high end sophisticated vessels thus building confidence as more owners and operators look on with interest. A crucial factor is price which will convince potential contractors if quality is there to match. China's own designers are gaining ground alongside co-operation with Norwegian expertise. The basic designs are easy enough to build but the challenge is the manufacture and fitting of all the sophisticated equipment. Owners like Toisa are prepared to take a chance on China. Under the auspices of its U.K. subsidiary Sealion Shipping, a ground breaking contract was placed with untried yard Shanghai Zhenhua Heavy Industries Co., (ZPMC) for construction of one multi-purpose diving support vessel. The estimated cost is around US$200 million saving some US$80-100 million than if built in Norway. The big gamble is shipyard performance as China has landed itself in big trouble before by over stepping the mark. The background of ZPMC is building offshore platforms, pipe layers and floating cranes so they are on the peripherals of offshore and this challenge to build a sophisticated ship may prove their credentials and enhance their portfolio. Delivery is set for 2017 but is speculatively contracted at the moment. Toisa/Sealion is well experienced in diving support operations already owning four such units but this not so unusual with offshore tonnage as employment is often not secured until late on in the construction cycle. The vessel is designed by Bergen based Sawicon who has an excellent track record in the building of large subsea vessels. This is another example of Norwegian expertise penetrating China which acts as some comfort to Toisa/Sealion who are leading offshore support operators with a fleet of 27 in addition to its diving support complement.. The newbuilding will meet the Norwegian petroleum industry's strict NORSOK U100 requirements for manned underwater operations. This accreditation guarantees global employment.

The level of enquiry for larger, specialist vessels is high at the current time. Often Chinese builders are tendered as a cost evaluation exercise to use as a bargaining chip against competing countries. This is beginning to change against the valuable offshore experience that China is acquiring and overseas supervision of construction can be allowed. China Offshore Engineering Corporation (COOEC) is a leading bidder for a contract to construct a large FPSO for Royal Dutch Shell.

The vessel will be moored off Nigeria with a capacity of 225,000 barrels a day with a storage capacity of 2.5 million barrels. The newbuilding order will be placed this year with strong competition coming from South Korea but the market believes China will eventually win the contract. In another breakthrough the Wison Group based in Shanghai will construct one floating storage and regasification unit (FSRU) marking a first in Chinese expertise.

The FSRU will store 25,000 cu.m. of LNG in two tanks which have been subcontracted to IHI Corporation for construction and delivery from Aichi. The tanks are of IMO type B (IHI-SPB) Self-Supporting Prismatic Shape and the vessel is for a joint ownership of venture of Exmar BV, Belgium and Pacific Rubiales Energy of Colombia. CNOOC is currently discussing construction of a floating liquefied natural gas production (FLNG) vessel. She will be employed in the South China Sea and will handle up to 2.4 million tonnes of gas annually operating at a water depth of 1,500 metres. It is interesting to note that initial research which can lead to a newbuilding order is often started by China's maritime universities. Already two Chinese universities, probably Shanghai and Dalian together with CNOOC's research and development have designed a small 5,000 tonnes per annum FLNG. A pre feasibility is underway and talks held with international engineering companies about joint co-operation. In another ground breaking move Rolls-Royce received an order from CNOOC for construction of Asia's first gas powered tugs. Construction will be undertaken by Jiangsu based Zhenjiang shipyard. Within the Rolls-Royce design package each tug will be supplied with two Bergen C26:33L9PG engines fuelled wholly by LNG. Two Rolls-Royce US 205 CP azimuth thrusters will ensure the tugs are capable of rapid manoeuvring abilities and strong bollard pull capabilities. The world's first gas powered tug – BORGOY – was recently delivered to a Norwegian owner.

Gas is beginning to feature more prominently in Chinese thinking but the big disappointment is that export business for LNG carriers is not materialising against strong and proven technological expertise available in South Korea and Japan. Faced with this set back China has looked at its own cabotage industry and how to improve distribution network for cleaner fuel use. One 30,000 cu.m. LNG carrier, powered by natural gas, has been contracted at Shanghai Jiangnan Shipyard and is designed to operate in China's coastal areas between LNG terminals and LNG satellite stations. CNOOC will employ the vessel on shuttle service between Yangpu and Fangzhou as well as Zuhai, Yangpu and Tianjin. Two other shuttle LNG tankers of smaller size are contracted at two other domestic yards. In another significant first, Qingdao Wuchuan Heavy Industry landed an order for a new type of compressed natural gas carrier (CNG) with a nominal capacity of 2,200 cu.m. CNG technology has been discussed for some years but has never really taken off in the industry. The vessel has been designed by China's CIMC Ocean Engineering Design & Research Institute and will be delivered to Indonesia's state owned power company Perusahaan Listrik Negara (PT PLN). She will be jointly classed with ABS and Biro Klasifikasi.

For deep sea LNG tonnage Hudong-Zhonghua leads the way with ten orders but until recently this was the only builder winning such type orders. Its order backlog was recently lifted to 14 vessels with the final signing of a contract by BG Group to charter four 174,000 cu.m. LNG carriers jointly owned by CNOOC Energy Technology & Services (CETS), China LNG Shipping (Holdings), Teekay LNG Partners and BW Gas. BG started negotiations as long as five years ago but the project has stalled over doubts about China's technological experience. The vessels are due to utilise GTT's NO96 membrane type containment systems but the builder has not been approved to use the new version which offers a lower boil off rate. BG has since relinquished its direct ownership ambition and sold its stakes of 20-30% in each ship to Teekay LNG and BW Gas. The COA contract for BG's Queensland Curtis LNG stipulates Chinese construction. BG will charter the quartet over 20 years with optional extensions. China has now given permission for a second shipyard to enter ocean going LNG construction. This has been conferred on Dalian Shipbuilding Industry Corp., whose debut will centre on a letter of intent signed by Tianjin Marine Shipping for four 160-175,000 cu.m. LNG carriers with the intention of firming a contract before the end of 2014.

Chinese gas development has been taken a stage further as the container feeder industry is enjoying a fruitful time. Already four 2,350 teu feeders have been ordered from Sainty Shipyard which will be LNG powered accounting for a more expensive US$40 million per unit price tag. German influence is still very much in evidence in China especially in the box trades. Nordic Hamburg teamed up with Yangzhou Guoyang Shipyard to form a joint venture behind orders for two plus optional two 1,400 teu dual fuel containerships which were negotiated with Finland's Containerships group who will charter them with purchase options. Deliveries are set for 2016. Avic Dingheng is already constructing one 6,200 cu.m. specialist LNG bunkering tanker for international ownership of Jahre Marine and will expand LNG infrastructure to inland waterways in Anhui with newbuilding commitments for three small LNG bunkering tankers in a local yard.

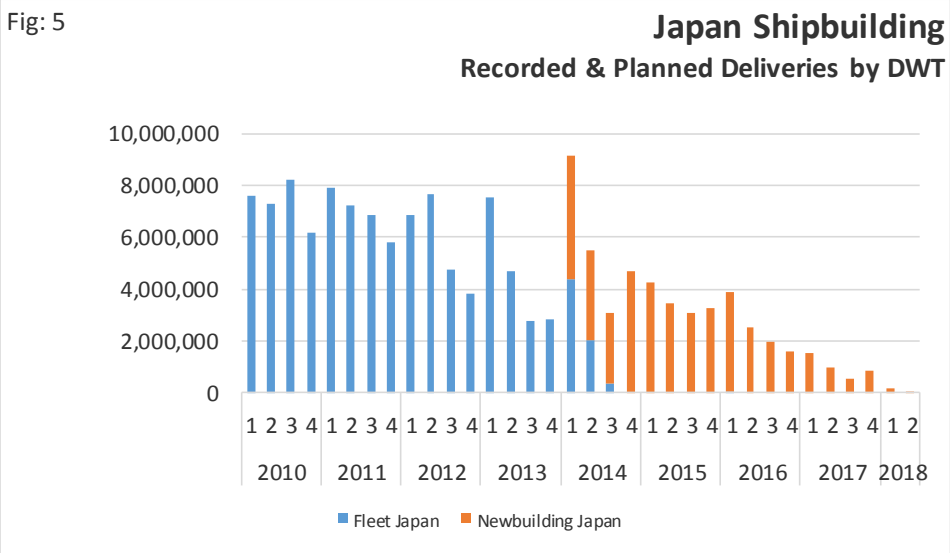
Long regarded as champion of four stroke engine business Wartsila announced that it will sell its loss making slow speed two stroke interests to a new joint venture controlled by China State Shipbuilding Corporation (CSSC). Wartsila will hold a 30% stake in the new joint venture with a sale value of 46 million euros. With a top market share of only 10% in slow speed engines it is difficult to justify continued research and development and customer support which will now pass to CSSC. The partnership is an ideal move.

JAPAN

JAPAN

Japan continues to make steady progress but the 25% devaluation of the yen against the US$ is not really gaining a cost advantage over rivals South Korea and China. Despite this Japanese owners are returning to domestic yards for new tonnage as they rebuild recession ravaged fleets. Noticeable is the concentration on products and chemical carriers but owners continue to value the technological lead over South Korea and Japan. Blue chip companies are gradually returning to Japan with much valued export business. Japan added 38 more vessels in the 2nd calendar quarter lifting the total for the year so far to 106. This is already a big improvement over intake for last year. Owners appreciate the competitive advantage whereby Japanese yards can offer 2016 delivery slots still due to the long ordering drought which previously applied. The VLCC has returned with two more units secured by Japan Marine United. There is still at least a 5% price gap in arrears over South Korea and China.

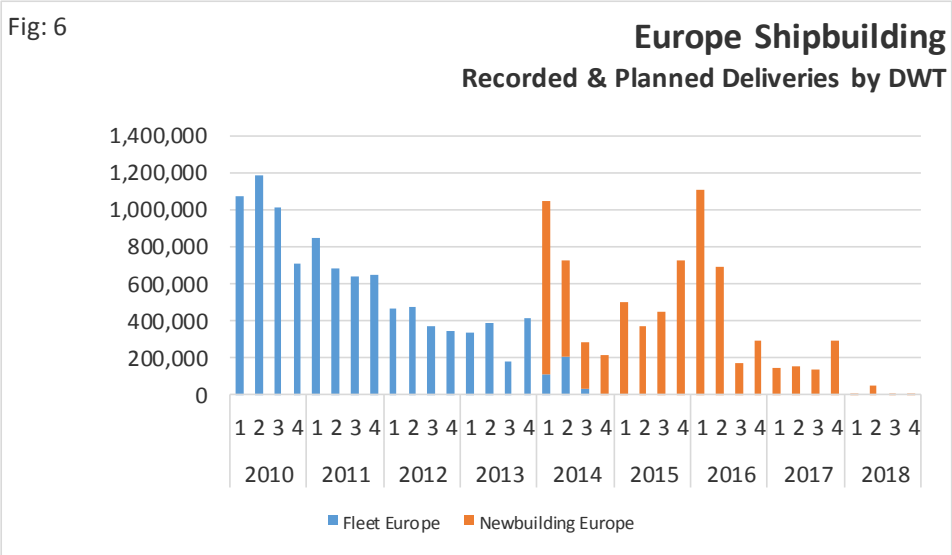
Fig: 5



EUROPEAN SHIPBUILDING

Cruise liner construction and Norwegian offshore business continues to keep Europe ticking over. STX Finland was sold by the bankrupt STX group to a joint ownership of Meyer (70%) and the Finnish state (30%) to give a further boost and preserve superiority in cruise and ferry construction over Asia which still struggles to gain significant business in this sector. Spain continues to enjoy a mini revival booking more orders for offshore tonnage and tugs.

Fig: 6



OTHER WORLD SHIPBUILDING

Taiwan enjoyed a good quarter recording nine new orders and moving its order total this year up to 30 vessels. Otherwise not much was happening. In offshore Malaysia and Indonesia are putting more finance into construction of offshore vessels especially for oil and gas development off their coastline.

Fig: 7

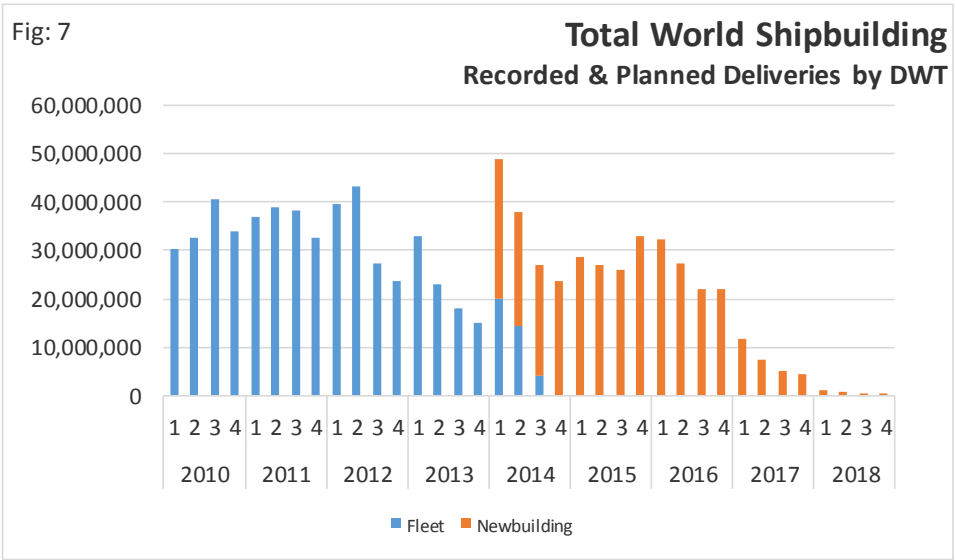


FIG: 8 SURVEY OF ORDERS BY TYPES OF SHIPS

Contracting of Ships By Year/Month and Ship Categories/Ship Type									
Unit: Number of Ships In the Period (all commercial ships)									
		Year/Month of Contracting							
Ship Categories/Ship type		Data as Per End June 2014					Last 3 months		
Vessel Kind	Vessel Type	2010	2011	2012	2013	2014	4	5	6
Bulk Carrier	Bulk Carrier	879	606	345	814	597	79	63	63
Bulk Carrier	Cement Carrier	0	0	2	3	2	0	0	0
Bulk Carrier	Limestone Carrier	0	0	1	0	0	0	0	0
Bulk Carrier	Ore Carrier	6	10	1	15	21	2	2	0
Bulk Carrier	Self unloader	7	3	2	13	1	0	0	1
Bulk Carrier	Wood Chip	14	0	6	1	3	0	0	0
Car Carrier	Car Carrier	18	6	30	37	19	0	6	2
Container	Container	109	239	104	246	121	32	18	0
Cruise	Cruise	11	10	9	10	11	0	3	0
Cruise	Cruise Inland	1	2	5	1	0	0	0	0
Cruise	Sail Cruise	0	0	0	2	0	0	0	0
Cruise	Sail Training Vessel	0	0	1	1	0	0	0	0
Dredger	Cutter Suction	1	1	1	2	1	0	0	0
Dredger	Dredger	0	4	0	0	1	1	0	0
Dredger	Fall-pipe	1	1	0	0	0	0	0	0
Dredger	Hopper Dredger	2	1	0	2	0	0	0	0
Dredger	Trailing / Suction / Hopper	4	2	1	0	5	1	0	0
Dry Cargo	Dry Cargo	4	1	0	2	0	0	0	0
Dry Cargo	Multi-purpose	59	64	33	73	39	6	2	4
Dry Cargo	River Sea	8	14	0	0	0	0	0	0
Ferry	Fast Ferry Catamaran	3	9	6	11	10	2	0	0
Ferry	Ferry	0	0	0	1	1	0	0	0
Ferry	Ferry RoPax	0	2	1	3	14	0	1	0
Ferry	Ferry RORO Freight	7	2	0	0	0	0	0	0
Ferry	High Speed	0	1	0	0	0	0	0	0
Ferry	RoPax	27	14	17	14	1	0	0	1
Ferry	Train ferry	0	1	0	0	0	0	0	0
Fishing	Fish Carrier	0	1	3	4	0	0	0	0
Fishing	Fishery Research	0	0	0	1	0	0	0	0
Fishing	Purse Seiner	0	0	2	0	0	0	0	0
Fishing	Trawler	3	5	4	3	1	0	0	0
Fishing	Tuna Fishing	0	0	1	1	0	0	0	0
Gas	Liquid Natural Gas	13	43	27	52	32	0	11	5
Gas	LNG / LPG	0	1	0	0	0	0	0	0
Gas	LPG Carrier	25	14	29	81	76	0	12	7
Gas	LPG/Ammonia	1	0	6	3	4	0	0	0
Gas	LPG/Ethylene Carrier	18	6	16	22	22	3	11	0
Heavy Lift	Heavy Lifting	9	6	7	3	1	1	0	0
Miscellaneous	Buoy Tender	0	0	1	0	0	0	0	0
Miscellaneous	Cable Laying	0	1	1	3	0	0	0	0
Miscellaneous	Hospital Vessel	0	0	0	0	1	0	0	0
Miscellaneous	Icebreaker	0	5	3	2	0	0	0	0
Miscellaneous	Livestock Carrier	2	4	10	0	2	0	0	0
Miscellaneous	Miscellaneous	0	0	1	3	2	0	1	0
Miscellaneous	Passenger / Cargo	1	2	1	0	1	0	0	0

Miscellaneous	Patrol	2	13	14	14	1	0	0	0
Miscellaneous	Pilot Tender	3	0	0	0	0	0	0	0
Miscellaneous	Training Vessel	0	2	0	0	1	0	0	0
Offshore	Accommodation	0	0	4	7	6	0	2	0
Offshore	Anchor-Handling	61	85	66	67	28	0	1	0
Offshore	Construction Vessel	8	5	15	14	5	1	0	1
Offshore	Crane Vessel	0	0	0	1	0	0	0	0
Offshore	Crewboat	2	17	34	19	17	4	1	0
Offshore	Diving Support	6	2	2	7	2	0	0	0
Offshore	Drill Ship	7	29	19	22	6	2	0	0
Offshore	Drilling Rig	1	5	3	2	0	0	0	0
Offshore	Floating Storage Offshore	0	2	1	0	0	0	0	0
Offshore	Flotel	0	0	1	0	0	0	0	0
Offshore	FPSO	0	5	3	4	3	0	0	1
Offshore	FSRU	0	5	4	4	1	0	0	0
Offshore	Geological Research Vessel	2	0	0	0	0	0	0	0
Offshore	Jackup Drilling Rig	13	47	21	53	25	4	5	0
Offshore	Logistical Support	0	0	0	1	0	0	0	0
Offshore	Maintenance Support	0	0	2	0	0	0	0	0
Offshore	Oceanographic Research	1	0	1	1	1	0	0	0
Offshore	Offshore	0	1	4	9	3	0	0	2
Offshore	Offshore Liftboat	0	0	1	0	3	0	0	0
Offshore	Offshore Support	17	34	45	54	18	5	0	0
Offshore	Oil Platform	0	0	0	1	0	0	0	0
Offshore	Oil Recovery	0	1	0	4	4	0	0	0
Offshore	Pipelayer	2	0	4	4	0	0	0	0
Offshore	Platform Supply	65	177	172	128	125	22	25	3
Offshore	Platform Support	15	7	6	0	0	0	0	0
Offshore	Pollution Control	0	0	1	0	0	0	0	0
Offshore	Rescue Vessel	0	0	0	1	0	0	0	0
Offshore	Research	4	3	3	0	0	0	0	0
Offshore	Search and Rescue	3	0	0	0	0	0	0	0
Offshore	Seismic Research	3	12	10	10	1	0	1	0
Offshore	Seismic Surveyor	3	1	4	1	0	0	0	0
Offshore	Semi-submersible / Heavy Lift	1	0	2	0	6	0	0	3
Offshore	Semi-submersible Rig	0	3	15	5	1	0	0	0
Offshore	Standby Vessel	8	8	1	4	0	0	0	0
Offshore	Subsea Maintenance	0	0	2	2	0	0	0	0
Offshore	Survey Vessel	0	0	0	2	0	0	0	0
Offshore	Utility	0	5	5	3	0	0	0	0
Offshore	Well Stimulation	0	0	0	0	2	0	0	0
Offshore	Wind Farm Jack-up	1	0	0	0	0	0	0	0
Offshore	Wind Turbine Installer	4	2	3	1	0	0	0	0
Offshore	Work/Repair	2	2	0	1	0	0	0	0
Reefer	Reefer	0	0	3	0	1	0	0	1
Tanker	Asphalt carrier	4	1	0	1	0	0	0	0
Tanker	Bitumen Carrier	9	4	1	0	0	0	0	0
Tanker	Bunkering	18	5	17	0	0	0	0	0
Tanker	Chemical Carrier	11	15	20	63	101	19	7	7
Tanker	Crude Oil	81	25	7	27	38	11	3	2
Tanker	Fruit Carrier Vessel	0	0	2	0	0	0	0	0
Tanker	Parcel	0	0	10	0	0	0	0	0

Tanker	Products Carrier	141	111	130	284	130	19	6	22
Tanker	Replenishment	0	0	4	0	0	0	0	0
Tanker	Shuttle	7	14	6	1	0	0	0	0
Tanker	Tanker	9	1	21	5	0	0	0	0
Tanker	VLCC	45	10	23	43	34	4	0	2
Tug	ATB	0	0	0	0	4	0	0	0
Tug	Harbour Tug	17	42	59	31	47	6	1	17
Tug	Pusher	0	1	1	6	0	0	0	0
Tug	Tractor	1	14	2	0	0	0	0	0
Tug	Tug	3	0	0	0	0	0	0	0
Yacht	Luxury Yacht	2	22	33	23	12	0	2	2
Totals:		**1,815**	**1,819**	**1,484**	**2,359**	**1,615**	**224**	**184**	**146**

FIG: 9 SURVEY OF DELIVERIES BY TYPES OF SHIPS

Delivery of Ships By Year/Month and Ship Categories/Ship Type									
Unit: Number of Ships In the Period (all commercial ships)									
		Year/Month of Contracting							
Ship Categories/Ship type		Data as Per End June 2014					Last 3 months		
Vessel Kind	Vessel Type	2010	2011	2012	2013	2014+	4	5	6
Bulk Carrier	Aluminium Carrier	1	0	0	0	0	0	0	0
Bulk Carrier	Bulk Carrier	853	929	959	553	865	84	62	105
Bulk Carrier	Cement Carrier	7	2	1	0	8	1	0	0
Bulk Carrier	ContainerBulk	11	1	1	0	1	1	0	0
Bulk Carrier	Limestone Carrier	0	0	0	1	0	0	0	0
Bulk Carrier	Ore Carrier	1	16	26	19	19	1	0	3
Bulk Carrier	Self unloader	2	1	3	6	10	2	0	1
Bulk Carrier	Wood Chip	3	1	3	10	11	2	2	1
Car Carrier	Car Carrier	52	41	36	12	29	2	4	2
Container	Container	251	184	193	199	294	37	10	36
Cruise	Cruise	15	9	12	6	6	1	2	0
Cruise	Cruise Inland	1	1	2	4	1	0	0	0
Cruise	Sail Cruise	0	0	0	0	1	1	0	0
Cruise	Sail Training Vessel	0	0	0	0	2	0	0	0
Dredger	Cutter Suction	2	3	1	1	3	0	0	0
Dredger	Dredger	0	1	0	1	3	0	1	0
Dredger	Fall-pipe	0	0	1	1	0	0	0	0
Dredger	Hopper Dredger	10	3	3	1	2	0	0	0
Dredger	Hopper Suction Dredger	1	0	0	0	0	0	0	0
Dredger	Stone Dumping	0	1	0	0	0	0	0	0
Dredger	Trailing / Suction / Hopper	2	3	1	2	3	0	0	0
Dry Cargo	Dry Cargo	3	1	3	4	0	0	0	0
Dry Cargo	Multi-purpose	174	159	130	74	98	7	6	14
Dry Cargo	Pallet Carrier	0	0	1	0	0	0	0	0
Dry Cargo	River Sea	8	15	6	11	10	1	3	1
Dry Cargo	RoLo	2	0	0	0	0	0	0	0
Ferry	Fast Ferry Catamaran	4	4	0	1	24	0	2	3
Ferry	Ferry	0	0	0	0	1	0	0	0
Ferry	Ferry RoPax	0	0	0	2	4	1	0	1
Ferry	Ferry RORO Freight	21	22	19	3	9	3	0	1
Ferry	High Speed	0	1	0	0	0	0	0	0
Ferry	RoPax	27	15	22	12	36	4	2	6
Ferry	Train ferry	1	0	0	1	0	0	0	0
Fishing	Fish Carrier	0	0	1	2	5	0	0	1
Fishing	Fishery Research	0	0	1	0	1	0	1	0
Fishing	Purse Seiner	0	0	0	0	2	1	0	0
Fishing	Trawler	0	2	2	0	8	0	0	0
Fishing	Tuna Fishing	0	0	0	0	2	0	0	0
Gas	Liquid Natural Gas	23	12	4	17	31	1	1	5
Gas	LNG / LPG	2	2	0	1	0	0	0	0
Gas	LPG Carrier	52	33	25	22	39	6	0	4
Gas	LPG/Ammonia	0	2	0	2	4	1	0	1
Gas	LPG/Ethylene Carrier	6	2	6	15	24	0	0	3
Heavy Lift	Heavy Lifting	6	10	7	1	15	1	0	4
Miscellaneous	Buoy Laying	0	1	1	0	0	0	0	0
Miscellaneous	Buoy Tender	1	0	0	0	1	0	0	0
Miscellaneous	Cable Laying	1	0	1	0	4	0	0	0

Miscellaneous	Coastguard Vessel	2	0	0	0	0	0	0	0
Miscellaneous	Icebreaker	1	0	0	0	2	0	0	1
Miscellaneous	Livestock Carrier	1	0	0	2	9	0	2	1
Miscellaneous	Miscellaneous	0	1	0	0	2	0	0	0
Miscellaneous	Nuclear Fuel Vessel	2	1	0	0	0	0	0	0
Miscellaneous	Passenger / Cargo	0	1	0	0	4	0	0	0
Miscellaneous	Patrol	7	2	3	2	21	0	2	0
Miscellaneous	Pilot Tender	2	2	3	1	1	0	0	0
Miscellaneous	Training Vessel	0	0	0	0	2	0	0	1
Offshore	Accommodation	0	0	0	1	2	0	0	0
Offshore	Anchor-Handling	196	138	109	106	123	17	7	19
Offshore	Construction Vessel	6	8	5	8	16	0	0	5
Offshore	Crane Vessel	0	2	0	0	1	0	0	0
Offshore	Crewboat	25	9	18	14	49	4	4	3
Offshore	Diving Support	8	6	1	5	12	1	0	1
Offshore	Drill Ship	9	10	4	11	31	2	5	8
Offshore	Drilling Rig	0	1	0	0	10	0	0	4
Offshore	Floating Storage Offshore	0	0	0	1	1	1	0	0
Offshore	Flotel	0	1	0	0	1	0	0	0
Offshore	FPSO	1	0	1	0	5	0	1	1
Offshore	FSRU	0	0	0	0	6	2	0	1
Offshore	Geological Research Vessel	0	0	0	0	2	1	0	0
Offshore	Geological Survey Vessel	0	0	0	0	1	0	0	1
Offshore	Geophysical Survey	1	1	0	0	0	0	0	0
Offshore	Jackup Drilling Rig	8	3	2	1	73	2	4	8
Offshore	Maintenance Support	1	0	0	0	2	0	0	1
Offshore	Oceanographic Research	0	0	0	1	3	0	0	1
Offshore	Offshore	0	0	0	0	6	0	0	0
Offshore	Offshore Fallpipe	0	1	0	0	0	0	0	0
Offshore	Offshore Liftboat	0	0	0	0	1	0	0	0
Offshore	Offshore Support	30	14	17	30	100	10	3	12
Offshore	Oil Recovery	0	0	0	0	4	0	1	0
Offshore	Pipelayer	2	2	1	1	8	0	1	1
Offshore	Platform Supply	118	89	94	120	303	31	14	48
Offshore	Platform Support	6	7	12	17	5	2	0	0
Offshore	Pollution Control	0	0	0	1	1	0	0	0
Offshore	Rescue Vessel	0	1	0	0	0	0	0	0
Offshore	Research	1	0	2	3	4	0	0	1
Offshore	Search and Rescue	0	0	0	0	3	0	0	0
Offshore	Seismic Research	5	5	4	4	15	0	2	0
Offshore	Seismic Surveyor	2	3	0	2	8	2	1	1
Offshore	Semi-submersible / Heavy Lift	0	3	2	2	1	0	0	1
Offshore	Semi-submersible Platform	1	0	0	0	0	0	0	0
Offshore	Semi-submersible Rig	3	2	1	0	13	1	1	3
Offshore	Standby Vessel	1	1	12	0	11	1	0	1
Offshore	Subsea Maintenance	1	1	0	1	3	0	0	1
Offshore	Survey Vessel	0	0	0	0	1	0	0	0
Offshore	Utility	0	5	6	0	8	1	1	0
Offshore	Well Stimulation	1	0	0	0	2	0	0	0
Offshore	Wind Farm Jack-up	0	0	0	0	1	0	0	0
Offshore	Wind Turbine Installer	0	2	5	0	4	0	0	2
Offshore	Work/Repair	0	2	2	2	1	0	0	0
Reefer	Reefer	3	2	0	3	0	0	0	0

Tanker	Asphalt carrier	3	0	4	1	1	0	0	0
Tanker	Bitumen Carrier	1	5	6	6	4	0	0	3
Tanker	Bunkering	8	2	7	7	39	1	4	1
Tanker	Chemical Carrier	112	69	37	22	48	5	6	11
Tanker	Combination Carrier	5	3	0	0	0	0	0	0
Tanker	Crude Oil	55	77	66	24	45	4	5	4
Tanker	Fruit Carrier Vessel	0	1	0	0	2	0	0	1
Tanker	Parcel	4	1	0	0	5	0	0	1
Tanker	Products Carrier	242	140	133	111	264	17	22	38
Tanker	Replenishment	0	0	1	0	1	0	0	0
Tanker	Shuttle	7	6	8	12	12	0	1	2
Tanker	Tanker	28	21	7	4	22	1	0	5
Tanker	VLCC	51	63	38	31	32	1	7	1
Tug	Harbour Tug	62	31	14	8	135	11	5	8
Tug	Pusher	0	0	1	1	6	3	3	0
Tug	Salvage Tug	2	0	0	0	0	0	0	0
Tug	Tractor	0	0	1	9	7	1	1	2
Tug	Tug	4	4	2	2	0	0	0	0
Yacht	Luxury Yacht	2	1	2	0	56	4	5	14
Totals:		**2,573**	**2,227**	**2,102**	**1,561**	**3,137**	**284**	**204**	**410**

FIG: 10 SURVEY OF SHIPYARDS' ORDER INTAKE

Contracting of Ships By Year/Month and Builder Region/Country									
Unit: Number of Ships In the Period (all commercial ships)									
		Year/Month of Contracting							
Region/Country		Data as Per End June 2014					Last 3 months		
Builder Region	Builder Country	2010	2011	2012	2013	2014	4	5	6
Africa	Algeria	5	0	0	0	0	0	0	0
Africa	Angola	1	1	0	0	2	0	0	0
Africa	Ethiopia	0	9	0	0	0	0	0	0
Africa	Libya	0	0	1	0	0	0	0	0
Africa	Mauritius	1	0	0	0	0	0	0	0
Africa	Nigeria	3	1	6	9	3	0	1	0
Africa	South Africa	3	3	0	2	13	2	0	0
Africa	Tanzania	1	0	0	2	0	0	0	0
Africa	Tunisia	1	0	0	0	0	0	0	0
Asia	Bangladesh	2	12	2	1	2	0	1	0
Asia	Brunei Darussalam	0	0	1	1	0	0	0	0
Asia	India	23	33	14	8	8	0	0	2
Asia	Indonesia	15	15	6	24	5	0	3	0
Asia	Kazakhstan	0	0	1	1	0	0	0	0
Asia	Malaysia	14	29	31	26	18	0	0	0
Asia	Pakistan	0	0	0	9	0	0	0	0
Asia	Singapore	120	141	80	197	116	11	19	2
Asia	Sri Lanka	0	1	0	0	4	0	0	0
Asia	Turkmenistan	2	0	1	2	0	0	0	0
Atlantic Islands	Bermuda	16	7	7	29	15	0	4	0
Australasia	Australia	13	19	10	1	14	2	0	5
Australasia	New Zealand	0	0	0	2	2	0	0	0
Australasia	Papua New Guinea	0	0	5	0	0	0	0	0
Caribbean	Bahamas	0	2	1	0	0	0	0	0
Caribbean	Guadeloupe	1	0	0	0	0	0	0	0
Caribbean	Trinidad and Tobago	0	0	0	1	0	0	0	0
Caribbean	Virgin Islands (British)	0	0	0	0	12	0	12	0
Central America	Mexico	4	1	13	17	14	0	0	4
Central America	Panama	0	15	0	0	0	0	0	0
Europe	Belgium	19	8	7	15	14	3	6	2
Europe	Croatia	5	0	0	15	3	2	0	0
Europe	Cyprus	8	3	4	4	6	0	0	0
Europe	Denmark	34	41	23	36	37	6	6	5
Europe	Estonia	0	0	1	0	0	0	0	0
Europe	Faroes	2	1	4	1	0	0	0	0
Europe	Finland	3	5	0	4	2	1	0	0
Europe	France	14	38	40	11	9	0	3	0
Europe	Germany	51	72	46	114	113	17	10	15
Europe	Greece	213	158	74	274	186	46	6	26
Europe	Greenland	1	0	0	5	0	0	0	0
Europe	Iceland	0	2	1	2	1	1	0	0
Europe	Ireland	5	11	1	10	4	0	0	4
Europe	Italy	16	10	24	29	16	3	2	0
Europe	Lithuania	0	0	1	0	0	0	0	0

Europe	Luxembourg	0	2	0	0	0	0	0	0
Europe	Malta	0	0	0	0	2	2	0	0
Europe	Monaco	7	11	18	109	39	7	0	0
Europe	Netherlands	47	48	36	39	26	5	1	0
Europe	Norway	83	112	126	171	104	10	28	3
Europe	Norway NIS	0	0	0	1	0	0	0	0
Europe	Poland	4	1	0	4	8	0	0	0
Europe	Portugal	1	0	0	0	3	0	0	0
Europe	Romania	2	0	2	0	0	0	0	0
Europe	Russian Federation	41	48	15	35	16	0	1	0
Europe	Spain	1	1	4	5	4	0	0	0
Europe	Sweden	10	4	15	11	5	0	0	2
Europe	Switzerland	17	12	14	12	14	3	2	0
Europe	Turkey	55	54	16	23	20	2	4	0
Europe	Ukraine	1	1	6	0	0	0	0	0
Europe	United Kingdom	66	58	87	110	58	13	7	6
Far East	China	269	206	134	233	206	19	21	27
Far East	Hong Kong	48	41	12	62	30	0	0	4
Far East	Japan	212	165	122	87	106	23	7	8
Far East	Korea (South)	83	61	45	106	43	0	4	4
Far East	Philippines	0	3	0	1	0	0	0	0
Far East	Taiwan	66	29	32	57	30	2	5	2
Far East	Thailand	5	6	3	4	18	0	0	0
Far East	Vietnam	1	2	0	2	0	0	0	0
Middle East	Azerbaijan	2	2	1	1	3	0	0	0
Middle East	Egypt	7	3	0	2	0	0	0	0
Middle East	Iraq	0	4	0	2	0	0	0	0
Middle East	Israel	4	7	7	4	6	1	0	0
Middle East	Kuwait	2	0	33	14	7	0	0	0
Middle East	Lebanon	0	0	1	0	0	0	0	0
Middle East	Oman	0	0	4	1	0	0	0	0
Middle East	Qatar	2	4	6	9	0	0	0	0
Middle East	Saudi Arabia	8	10	8	2	0	0	0	0
Middle East	United Arab Emirates	9	15	13	47	17	4	6	0
North America	Canada	23	27	18	40	9	0	5	0
North America	USA	84	115	116	151	89	23	7	9
Pacific Islands	Marshall Islands	0	0	1	0	0	0	0	0
Pacific Islands	New Caledonia	0	1	0	0	0	0	0	0
Pacific Islands	Tuvalu	0	0	0	0	1	0	0	0
South America	Argentina	1	0	0	0	0	0	0	0
South America	Brazil	35	36	79	23	16	0	2	0
South America	Chile	2	1	2	9	7	4	3	0
South America	Colombia	0	0	6	2	0	0	0	0
South America	Peru	0	0	0	5	0	0	0	0
South America	Uruguay	0	0	0	1	0	0	0	0
South America	Venezuela	10	3	0	0	10	0	0	10
Undisclosed	Undisclosed	11	88	97	122	99	12	8	6
Totals:		**1,815**	**1,819**	**1,484**	**2,359**	**1,615**	**224**	**184**	**146**

FIG: 11 SURVEY OF SHIPYARDS' DELIVERIES

Delivery of Ships By Year/Month and Builder Region/Country									
Unit: Number of Ships In the Period (all commercial ships)									
		Year/Month of Contracting							
Region/Country		Data as Per End June 2014					Last 3 months		
Build Region	Build Country	2010	2011	2012	2013	2014+	4	5	6
Africa	Nigeria	1	0	0	0	0	0	0	0
Africa	South Africa	0	0	0	0	4	0	0	0
Asia	Bangladesh	2	4	4	5	23	2	3	2
Asia	India	26	26	26	15	80	7	5	12
Asia	Indonesia	22	8	12	8	24	3	1	6
Asia	Malaysia	30	24	14	9	75	7	7	8
Asia	Singapore	36	28	22	23	89	4	5	12
Asia	Sri Lanka	5	2	3	4	4	0	0	0
Australasia	Australia	3	3	3	1	13	0	1	1
Australasia	New Zealand	0	0	0	0	2	0	0	1
Central America	Mexico	1	0	0	0	1	0	0	0
Europe	Bulgaria	3	4	1	0	0	0	0	0
Europe	Croatia	13	13	10	5	9	0	0	2
Europe	Denmark	6	5	5	1	2	0	0	0
Europe	Estonia	1	2	0	1	4	0	0	1
Europe	Finland	2	0	5	2	6	1	3	1
Europe	France	4	1	2	2	6	1	1	1
Europe	Germany	42	26	29	14	21	2	2	3
Europe	Italy	28	10	7	7	24	3	3	6
Europe	Latvia	0	0	0	0	1	0	0	0
Europe	Lithuania	0	0	2	0	8	2	0	0
Europe	Netherlands	40	24	26	15	79	7	5	8
Europe	Norway	53	36	40	40	55	3	1	9
Europe	Poland	17	6	9	10	13	2	0	2
Europe	Portugal	0	0	0	0	2	0	0	1
Europe	Romania	12	14	12	12	47	6	2	4
Europe	Russian Federation	16	10	15	15	77	8	8	13
Europe	Slovakia	9	1	2	0	0	0	0	0
Europe	Spain	33	18	11	21	23	3	1	1
Europe	Turkey	33	27	7	12	44	3	4	3
Europe	Ukraine	0	0	0	2	1	0	0	0
Europe	United Kingdom	1	0	2	3	6	0	0	0
Far East	China	1036	924	887	607	1194	124	80	152
Far East	Hong Kong	8	10	3	2	4	0	0	1
Far East	Japan	432	367	364	272	303	31	17	38
Far East	Korea (South)	488	516	446	347	440	34	30	58
Far East	Philippines	24	22	34	18	52	4	5	7
Far East	Taiwan	14	14	16	8	16	2	1	2
Far East	Thailand	1	2	3	1	1	0	0	0
Far East	Vietnam	31	32	27	18	47	3	1	7
Middle East	Azerbaijan	0	0	0	0	1	0	1	0
Middle East	Egypt	0	0	0	0	2	0	0	0
Middle East	Iran	0	0	1	0	14	0	1	0
Middle East	Israel	2	0	0	1	0	0	0	0
Middle East	Saudi Arabia	5	1	4	1	0	0	0	0

Middle East	United Arab Emirates	13	7	6	13	47	2	3	4
North America	Canada	3	0	0	0	4	1	0	0
North America	USA	51	17	19	29	107	8	3	22
South America	Argentina	0	0	0	0	5	0	0	0
South America	Brazil	21	19	20	16	156	11	10	22
South America	Chile	1	1	0	0	1	0	0	0
Undisclosed	Undisclosed	4	3	3	1	0	0	0	0
Totals:		**2,573**	**2,227**	**2,102**	**1,561**	**3,137**	**284**	**204**	**410**

FIG: 12 SURVEY OF SHIPOWNERS' ORDERING

Contracting of Ships By Year/Month and Owner Region/Country									
Unit: Number of Ships In the Period (all commercial ships)									
		Year/Month of Contracting							
Region/Country		Data as Per End June 2014					Last 3 months		
Owner Region	Owner Country	2010	2011	2012	2013	2014	4	5	6
Africa	Algeria	5	0	0	0	0	0	0	0
Africa	Angola	1	1	0	0	2	0	0	0
Africa	Ethiopia	0	9	0	0	0	0	0	0
Africa	Libya	0	0	1	0	0	0	0	0
Africa	Mauritius	1	0	0	0	0	0	0	0
Africa	Nigeria	3	1	6	9	3	0	1	0
Africa	South Africa	3	3	0	2	13	2	0	0
Africa	Tanzania	1	0	0	2	0	0	0	0
Africa	Tunisia	1	0	0	0	0	0	0	0
Asia	Bangladesh	2	12	2	1	2	0	1	0
Asia	Brunei Darussalam	0	0	1	1	0	0	0	0
Asia	India	23	33	14	8	8	0	0	2
Asia	Indonesia	15	15	6	24	5	0	3	0
Asia	Kazakhstan	0	0	1	1	0	0	0	0
Asia	Malaysia	14	29	31	26	18	0	0	0
Asia	Pakistan	0	0	0	9	0	0	0	0
Asia	Singapore	120	141	80	197	116	11	19	2
Asia	Sri Lanka	0	1	0	0	4	0	0	0
Asia	Turkmenistan	2	0	1	2	0	0	0	0
Atlantic Islands	Bermuda	16	7	7	29	15	0	4	0
Australasia	Australia	13	19	10	1	14	2	0	5
Australasia	New Zealand	0	0	0	2	2	0	0	0
Australasia	Papua New Guinea	0	0	5	0	0	0	0	0
Caribbean	Bahamas	0	2	1	0	0	0	0	0
Caribbean	Guadeloupe	1	0	0	0	0	0	0	0
Caribbean	Trinidad and Tobago	0	0	0	1	0	0	0	0
Caribbean	Virgin Islands (British)	0	0	0	0	12	0	12	0
Central America	Mexico	4	1	13	17	14	0	0	4
Central America	Panama	0	15	0	0	0	0	0	0
Europe	Belgium	19	8	7	15	14	3	6	2
Europe	Croatia	5	0	0	15	3	2	0	0
Europe	Cyprus	8	3	4	4	6	0	0	0
Europe	Denmark	34	41	23	36	37	6	6	5
Europe	Estonia	0	0	1	0	0	0	0	0
Europe	Faroes	2	1	4	1	0	0	0	0
Europe	Finland	3	5	0	4	2	1	0	0
Europe	France	14	38	40	11	9	0	3	0
Europe	Germany	51	72	46	114	113	17	10	15
Europe	Greece	213	158	74	274	186	46	6	26
Europe	Greenland	1	0	0	5	0	0	0	0
Europe	Iceland	0	2	1	2	1	1	0	0
Europe	Ireland	5	11	1	10	4	0	0	4

Europe	Italy	16	10	24	29	16	3	2	0
Europe	Lithuania	0	0	1	0	0	0	0	0
Europe	Luxembourg	0	2	0	0	0	0	0	0
Europe	Malta	0	0	0	0	2	2	0	0
Europe	Monaco	7	11	18	109	39	7	0	0
Europe	Netherlands	47	48	36	39	26	5	1	0
Europe	Norway	83	112	126	171	104	10	28	3
Europe	Norway NIS	0	0	0	1	0	0	0	0
Europe	Poland	4	1	0	4	8	0	0	0
Europe	Portugal	1	0	0	0	3	0	0	0
Europe	Romania	2	0	2	0	0	0	0	0
Europe	Russian Federation	41	48	15	35	16	0	1	0
Europe	Spain	1	1	4	5	4	0	0	0
Europe	Sweden	10	4	15	11	5	0	0	2
Europe	Switzerland	17	12	14	12	14	3	2	0
Europe	Turkey	55	54	16	23	20	2	4	0
Europe	Ukraine	1	1	6	0	0	0	0	0
Europe	United Kingdom	66	58	87	110	58	13	7	6
Far East	China	269	206	134	233	206	19	21	27
Far East	Hong Kong	48	41	12	62	30	0	0	4
Far East	Japan	212	165	122	87	106	23	7	8
Far East	Korea (South)	83	61	45	106	43	0	4	4
Far East	Philippines	0	3	0	1	0	0	0	0
Far East	Taiwan	66	29	32	57	30	2	5	2
Far East	Thailand	5	6	3	4	18	0	0	0
Far East	Vietnam	1	2	0	2	0	0	0	0
Middle East	Azerbaijan	2	2	1	1	3	0	0	0
Middle East	Egypt	7	3	0	2	0	0	0	0
Middle East	Iraq	0	4	0	2	0	0	0	0
Middle East	Israel	4	7	7	4	6	1	0	0
Middle East	Kuwait	2	0	33	14	7	0	0	0
Middle East	Lebanon	0	0	1	0	0	0	0	0
Middle East	Oman	0	0	4	1	0	0	0	0
Middle East	Qatar	2	4	6	9	0	0	0	0
Middle East	Saudi Arabia	8	10	8	2	0	0	0	0
Middle East	United Arab Emirates	9	15	13	47	17	4	6	0
North America	Canada	23	27	18	40	9	0	5	0
North America	USA	84	115	116	151	89	23	7	9
Pacific Islands	Marshall Islands	0	0	1	0	0	0	0	0
Pacific Islands	New Caledonia	0	1	0	0	0	0	0	0
Pacific Islands	Tuvalu	0	0	0	0	1	0	0	0
South America	Argentina	1	0	0	0	0	0	0	0
South America	Brazil	35	36	79	23	16	0	2	0
South America	Chile	2	1	2	9	7	4	3	0
South America	Colombia	0	0	6	2	0	0	0	0
South America	Peru	0	0	0	5	0	0	0	0
South America	Uruguay	0	0	0	1	0	0	0	0
South America	Venezuela	10	3	0	0	10	0	0	10
Undisclosed	Undisclosed	11	88	97	122	99	12	8	6
Totals:		**1,815**	**1,819**	**1,484**	**2,359**	**1,615**	**224**	**184**	**146**

FIG: 13 CONTAINERSHIPS ON ORDER 10,000 TEU AND ABOVE

Containerships On Order 10,000 TEU and Above (22 Aug 14)

Shipbuilder Country	Shipbuilder	Owner	No. of Vessels	Total TEU
China	China Shpg. Ind.Corp.	China Shpg. Group	2	20,000
	Dalian Shipbuilding Industry	China Shpg. Container	3	30,000
	Hudong-Zhonghua	China Shpg. Container	5	50,000
	Jiangnan Changxing	CSSC Shpg. (Hong Kong)	2	33,744
	Jiangsu New Yangzijiang	Dohle, Peter	8	80,000
	Nantong COSCO KHI	COSCO Container	1	13,386
	Shanghai Waigaoqiao	CSSC Shpg. (Hong Kong)	1	16,872
		Seaspan International	7	70,000
	China Total		**29**	**314,002**
Japan	Japan Marine United	N.Y.K. Line	8	112,000
	Japanese	Sumitomo Corp.	7	98,000
	Koyo	Kawasaki Kisen	5	69,480
	Japan Total		**20**	**279,480**
Korea (South)	Daewoo	China Bank of Communications	5	92,000
		Hamburg-Sud	3	31,600
		Hong Kong Asset Mgmt.	3	54,000
		Hyundai Merchant Mar.	1	13,100
		Moller, A. P.	11	200,970
		Zodiac Maritime	5	50,000
	Hyundai	China Shpg. Container	5	92,000
		Lemos, N. S.	3	41,400
		Seaspan International	10	138,000
		United Arab Shipping	6	99,900
	Hyundai Samho	United Arab Shipping	11	172,800
	Samsung	CMA CGM	3	48,000
		Costamare Shpg. Co.	5	72,000
		Dohle, Peter	3	37,686
		Zim Integrated Shpg.	9	113,400
	STX Shipbuilding	Zodiac Maritime	5	80,000
	Korea (South) Total		**88**	**1,336,856**
Philippines	Hanjin Subic Bay	Costamare Shpg. Co.	6	66,060
	Philippines Total		**6**	**66,060**
Taiwan	China Sb. Corp.	Seaspan International	5	69,000
	Taiwan Total		**5**	**69,000**
		Grand Total	**148**	**2,065,398**

FIG: 14 DEMOLITION SALES DURING 2014

Demolition sales 2Q 2014		
Vessel type	no	dwt
Vessel Type	**Vessels**	**DWT**
Bulk Carrier	36	2,175,385
Car Carrier	2	34,786
Chemical Carrier	7	129,439
Container	25	1,061,618
ContainerBulk	1	7,415
Crude Oil	23	3,549,506
Cruise	1	2,314
Dry Cargo	13	108,043
Ferry RORO Freight	5	42,290
LNG / LPG	1	26,800
LPG Carrier	2	10,220
LPG/Ethylene Carrier	3	16,667
Products Carrier	12	641,688
Reefer	2	20,402
Wood Chip	3	130,293
Total	**136**	**7,956,866**

FIG: 15 CONTRACTING OF SHIPS, BY VESSEL CATEGORY

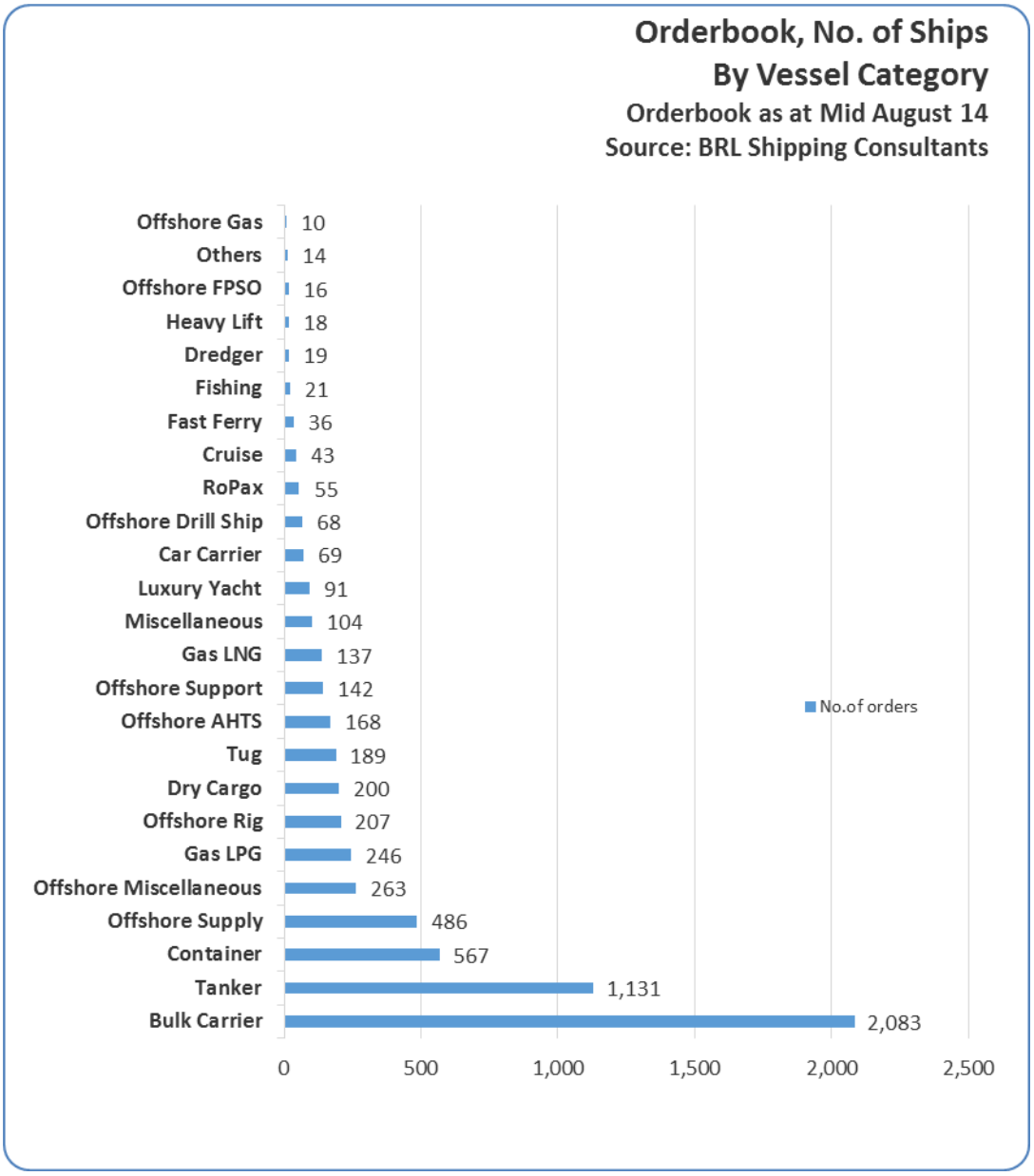


FIG: 16 CONTRACTING OF SHIPS, BY SHIPOWNER COUNTRY

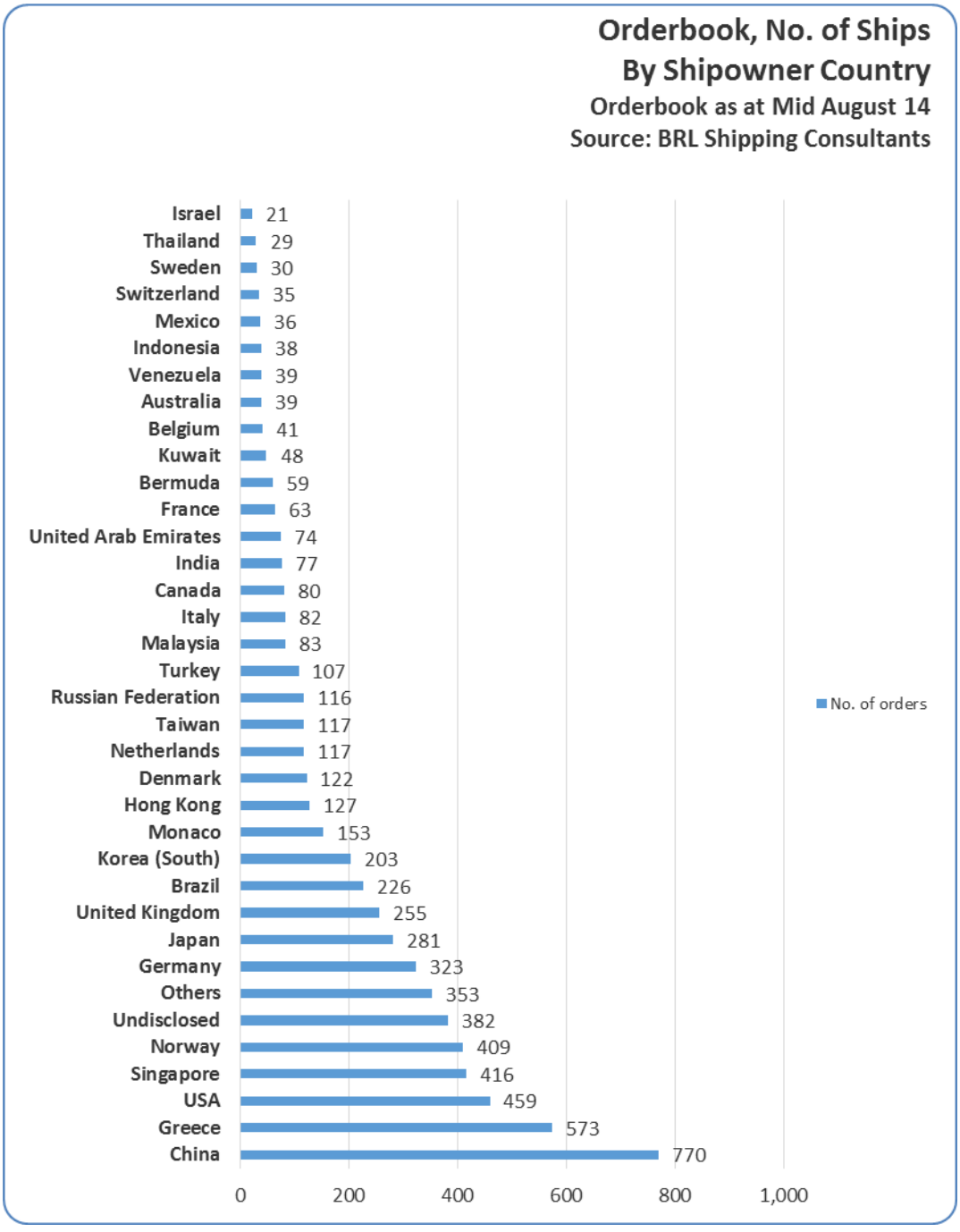
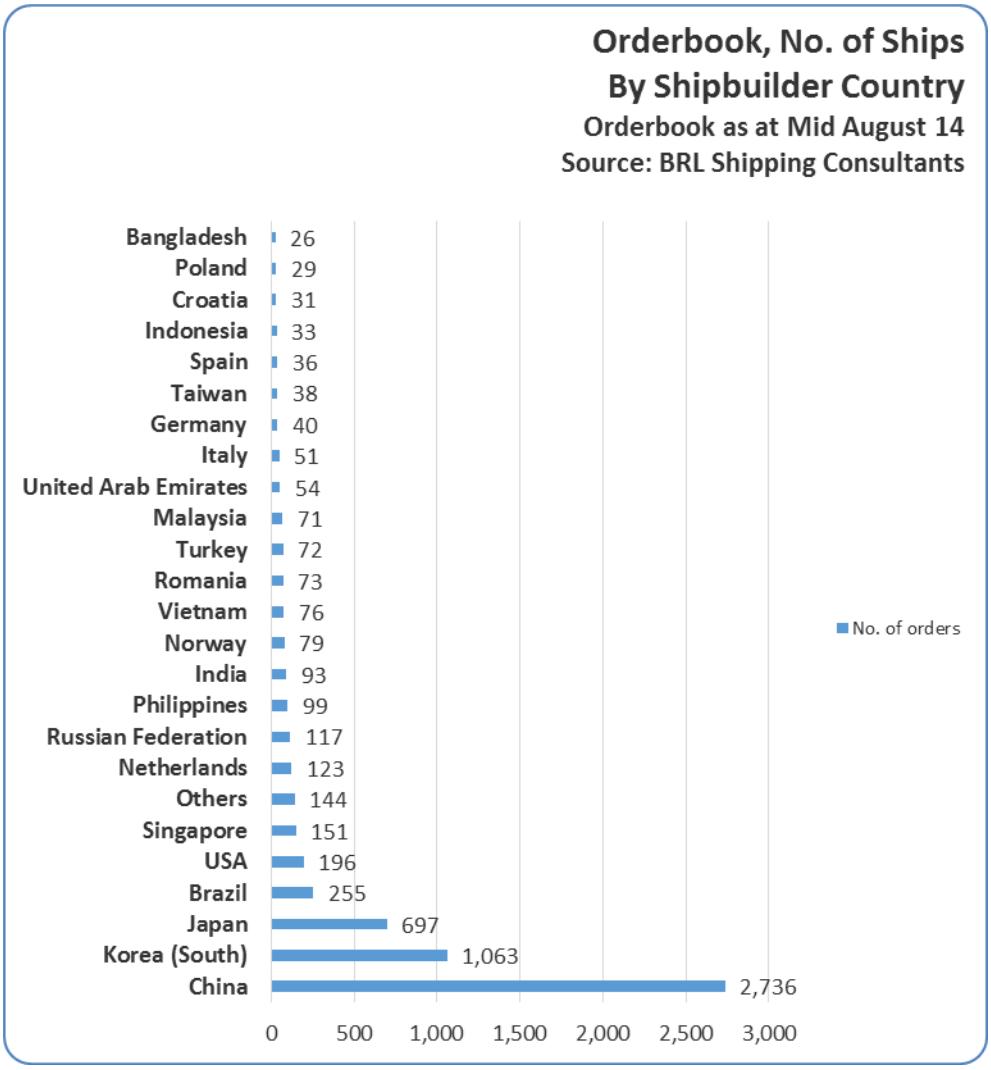


FIG: 17 CONTRACTING OF SHIPS, BY SHIPBUILDER COUNTRY



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