



PandaNews

COSCO SHIPYARD NEWSPAPER

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MISSION STATEMENT To be a world leader in ship repair, conversion, new building and offshore marine engineering, we maintain trusting relationships with our customers, employers, and partners, yielding best returns for shareholders, society and environment. Depending on our talented engineers working alongside with an efficient project management team and a highly skilled workforce, we could guarantee to deliver the projects we undertake timely and professionally.



China Cosco Shipping Corporation Limited officially established

Newly formed China Cosco Shipping Corporation Limited has been officially launched on Thursday in Shanghai, gelling together China's two biggest state-owned shipping conglomerates – China Cosco Group and China Shipping Group (CSG).

The merged China Cosco Shipping is led by chairman Xu Lirong, current chairman of CSG, while China Cosco's deputy general manager Wan Min has assumed the position of president.

Since the merger news circulated last year, eight listed companies of the two shipping groups saw their shares trading halted in August, before Beijing officially approved the merger in December.

Xu Lirong was reported saying that before the merger, neither China Cosco nor CSG possessed



the resources to be competitive on the global stage. After the merger, however, the two conglomerates will achieve a business scale with greater outreach from the integration of their distinct operating units.

China Cosco Shipping will boast a combined fleet of 1,114 ships of various types with a total carrying capacity of 85.32m dwt. Among

them, the dry bulk and tanker fleet capacity will be the world's largest, while the container vessel capacity at 1.58m teu will be number four.

The newly merged group will have 46 container terminals globally with overall terminal throughput at around 90m teu, ranking second in the world. Its container leasing business scale will be over 2.7m teu, ranking it third in the world.

China Cosco Shipping Corp will also focus on a 6+1 industrial clusters, which are shipping, logistics, finance, equipment manufacturing, shipping services, socialised industry, plus business related to the Internet Plus initiative based on business innovation.

"We believe that by proceeding with the 6+1 industrial layout, China Cosco Shipping Corp will form

a complete global business chain within a short time, laying a solid foundation for the globalisation of the group," China Cosco Shipping Corp said in a statement.

Looking forward to the future, China Cosco Shipping Corporation Limited will strive to promote the "four one" engineering systems, namely, creating a positive enterprising team, construction of a harmonious culture, establishing the goal on a world best shipping enterprise, building an implementation excellence dream, to create a "more large-scale, globalize, more competitively, more valuable" excellent enterprise, to strive to become practitioners of national strategy, to provide better service to customer, better partners of suppliers, better career development platform of staffs.



President of Cosco Shipyards Group, Mr Liang Yanfeng, attends 2016 GE Oil & Gas Global Annual Summit and visits CMA CGM

2016, January 28th: The President of the Cosco Shipyards Group, Mr Liang Yanfeng, was invited to attend the 2016 GE Oil & Gas Global Annual Summit.

At the event, Mr. Liang Yanfeng listened to the oil companies, sub-contractors and the organizer GE executives' report regarding the oil and gas industry market analysis and prospects, and discussed ways to actively

face the pressure and challenges and also how to grasp any market opportunities during the current challenging market conditions.

On 3rd of February, Mr Liang Yanfeng visited the CMA CGM head office in Marseille, where he received a warm welcome from Mr Jacques Saade & Mr Farid Salem. The two parties exchanged information on current projects and discussed plans for further cooperation.

DELIVERY CEREMONY OF SEMI SUBMERSIBLE ACCOMMODATION VESSEL

On 4th of February, COSCO (Qidong) Offshore Co., Ltd delivered one (1) Semi Submersible Accommodation Vessel, 'Safe Notos', to Prosafe Rigs Pte Ltd..

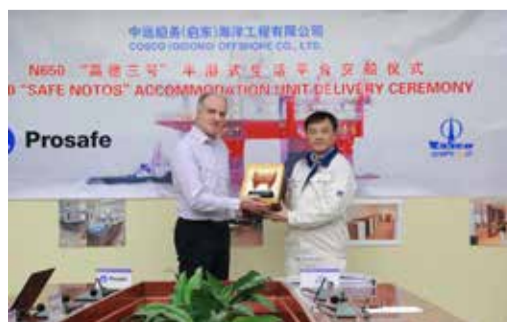
The vessel measures 95 meters in LOA (length over all), 67 meters in breadth and 27.5 meters in depth and is classed with DNV GL. The vessel provides accommodation for up to 500 people and offers high quality welfare and catering facilities. Additionally, it has storage, workshops, offices, medical services, deck cranes and lifesaving and fire fighting equipment. Accommodation vessels are positioned alongside the host installation and are connected by means of a telescopic gangway so that personnel can walk to work.

Before PROSAFE signed the

contract for this unit with the Cosco shipyard, they had just signed a contract for the construction of two accommodation platforms with a Singaporean shipyard and they hesitated at committing to two new accommodation platforms to be constructed in China. Following technology and business negotiations with the COSCO shipyard, the PROSAFE management team realized that they could trust the COSCO shipyard, and that they had better technology and a better support team, and so they signed these two platform contracts with COSCO (Qidong)



Offshore. The decision was greatly influenced by the fact that the COSCO shipyard had just delivered "ATLANTIS" on time and more than three months ahead of the Singaporean Shipyard; COSCO Qidong offshore achieved this by putting all their effort into the project and their industriousness paid off.



COSCO Nantong Shipyard successfully complete China's first vessel exhaust gas purifier conversion to use ceramic membrane technology



On Jan 30th 2016, with the installation of the ceramic membrane process module, Cosco Nantong Shipyard finished the world's first vessel gas purifier conversion project to use ceramic membrane technology. Government officials and experts rated the conversion highly.

Recently, with the develop-

ment of the global shipping industry, emissions have continued to increase. The international community is increasingly determined to control the emission of harmful gases. Therefore, IMO made mandatory rules to prevent air pollution and control the emission of sulphur and nitrogen oxides. China published its

Marine (vessel) emission control area implementation plan for the Pearl River, Yangtze River Delta and Jing-jin-ji/Bohai Sea Rim Region, which established the above three emission control areas. Yangtze River Delta will be first to implement the plan and the five core ports, Shanghai, Ningbo, Zhoushan, Suzhou and Nantong,

will implement their first steps on April 1st 2016.

In order to take full advantage in the ship conversion field and promote the application of the Marine (vessel) ceramic membrane technology, Cosco Shipyard has reached a cooperation agreement with Jiangsu Ionada Environmental Protection Tech-

nology Co., LTD, which means Cosco Shipyard has the right to use the vessel exhaust gas desulfurization device utilizing ceramic membrane technology. This has ensured a solid foundation in the ship exhaust gas process conversion market for the Cosco Shipyard.

MV PRIONAS REPAIR IN COSCO (Guangdong) SHIPYARD

On January 23th, accompanied by along whistle, the ten year old bulk carrier "MV PRIONAS" sailed from Cosco (Guangdong) Shipyard. The vessel belongs to the Greek company Saint Michael Shipping Co Ltd.

"MV PRIONAS" visited COSCO (Guangdong) shipyard for repairs and maintenance; their main projects were: paint the five cargo holds and sandblast/ paint the hatch covers; hydrojet and paint the deck crane tower; overhaul

three auxiliary engines, overhaul the main engine cylinders, clean the boiler, renew part of the seawater pipe, repair the motor and renew of part of the hull outfitting, among other things. The dry docking of the vessel, on January 11th, coincided with the arrival of days of heavy rain in the Guangdong province. The vessel repair team carefully planned their work schedule, ensuring they had prepared for the work ahead of time. The Vessel left the dock on January

18. Unfortunately, whilst carrying out the main engine test, we found that No. 2 cylinder, which had been overhauled by the crew, was misfiring. The yard's team members worked continuously, day and night, for three days and finally managed to solve the problem.

This is the second time supt. Mr. Konstantinos Kantzos has worked with COSCO (Guangdong) shipyard. When he saw the vessel sailing, he said "I will come back to COSCO for the next vessel!"





Customer's satisfaction depends on action

M/V OCEAN ENERGY comes from China and belongs to the SHANGHAI RUI NING SHIPPING CO.,LTD., one of our most important clients. This vessel is the fifth vessel that this company has sent to the COSCO ZHOUSHAN SHIPYARD. The company operates 23 vessels, all of which are bulk carriers. This company first cooperated with the COSCO SHIPYARD at the end of 2014. During this initial repair project, the repair of MV GONG YIN 1, we found they were a

very good customer. They have remained one of our best customers and we have now established very good cooperation between COSCO SHIPYARD and SHANG HAI RUI NING SHIPPING CO.,LTD. They have been quite satisfied with the repair quality and service delivered whilst all five vessels were repaired in COSCO ZHOUSHAN SHIPYARD. At the same time they are also looking forward to cooperating with the COSCO SHIPYARD in the future.

The vessel came to the ship-

yard for normal docking jobs such as hull sandblasting /painting, a few steel jobs and some machinery jobs. In order to ensure the vessel left on time, our shipyard had prepared for the vessel to go directly to drydock upon arrival at the yard. Each job proceeded according to plan because of the experience the yard had gained during the repair of the first vessel and also because the top leaders of the yard paid close attention to the progress of the repair and to this company.

The vessel repair was successfully completed and the vessel departed the yard about 5 days in advance of the original schedule, ensuring a very satisfied owner. The ship's owner and superintendent sent a letter of thanks to COSCO ZHOUSHAN SHIPYARD because they were very happy/satisfied with the successful repair of MV OCEAN ENERGY carried out by our yard. They also requested the same production team for the sixth vessel (MV EASTERN BUND),

which was due to arrive in our yard on January 23rd 2016. They said that they were looking forward to another successful cooperation and fully trust the yard will do their best for their vessels' repair in the future. The yard responded by telling them not to worry because each person will pay even more attention to their vessel and will improve their performance for the repair of the next vessel.

Collision damage repair for "SHIBUMI"

On January 27, 2016, a bulk carrier named "SHIBUMI" was redelivered by COSCO (Zhoushan) Shipyard to TMS DRY Ltd. The owner has a long-term partnership with COSCO Zhoushan and, based on their previous experience, they have great faith in our repair ability and quality. Therefore, when it came to the collision damage repair project for "SHIBUMI", the owner named COSCO Zhoushan as their first choice.

Based on the original drawings and the picture of the damage condition supplied by the owner, our technical department and production department developed a repair schedule and discussed it with the owner. Finally, we confirmed that 24 tonnes of steel plate would be renewed in 9 days. That meant that every step had to go smoothly in order to ensure the vessel would not be delayed.

The vessel arrived at our yard

on January 12, 2016 at 5:30PM. The technical and production departments immediately arranged the initial inspection. After inspection, everybody was concerned that the project was much bigger than initially predicted and would involve around 45 tonnes of steel plate renewal. This meant that completing the job on time would be virtually impossible. The attending superintendent was also concerned. However, the yard reorganised the repair schedule, arranged for additional labour and organized a 24 hour working system. All parties worked with full dedication and enthusiasm and, after the repair was complete, the vessel looked brand new.

The attending superintendent was very satisfied with the repair and is hoping to visit the yard with the next repair project. This project resulted in the yard winning the respect of the client.



Tanker Rates Projected to Tumble towards Year End



The influx of tonnage is expected to drive down tanker shipping rates towards the end of the year, according to the latest edition of Drewry's Tanker Forecaster.

The projection comes as tonnage supply, which has increased at a slow pace in recent years, is expected to accelerate in the next

two years with deliveries of product as well as crude tankers. At the same time, a gradual decline in floating storage towards normal levels will increase the available tonnage for seaborne trade.

On the other hand, tonnage demand is only expected to increase at a modest pace in the next two years as the growth in

oil trade will be sluggish. As a result, tonnage utilisation in the tanker market is expected to decline from the highs seen in 2015 with stronger growth in vessel supply than in demand.

"Low crude prices resulted in high refinery runs and stocking activity, which in turn caused a surge in both crude and products

inventories. Soaring inventory is expected to curb trade growth in 2016, as it will reduce the needs for imports," said Rajesh Verma, Drewry's lead analyst for tanker shipping.

"Looking further ahead and with the resultant decline in tonnage utilisation, freight rates are expected to fall in the next two

years. However, despite the decline in spot freight rates, tanker earnings will still be attractive thanks to the continued weakness in bunker prices", added Verma.

To this end, vessel owners need to moderate newbuilding activity, as continued high ordering will put freight rates under pressure over the forecast period.

February Brings Flickers of Improvement for Boxships

There have been some 'flickers of improvement' in February in the container shipping industry after an opening to the year which saw 1.3m teu of capacity idle, freight rates struggling and the charter market on its knees, Maritime Strategies International reports.

Having suffered a torrid end to 2015, liner companies finally managed to produce some upwards movement in freight rates, albeit as a result of the slower erosion of the massive General Rate Increase imposed on January 1.

As of mid-February freight rates on the China-North Europe route were assessed at USD 431/TEU by the Shanghai Shipping Exchange, a level suggesting little positive momentum. However, since the period immediately after Lunar New Year is normally challenging for the freight markets, MSI cautioned that how the freight markets develop over the first weeks of March will provide a better indicator as to the

likely tone of 2016.

In the vessel charter market, post-Panamax vessels felt the full force of vessel oversupply, with this vessel type still accounting for over half the capacity currently idle. As a result, rates for 6,600 teu vessels are being assessed below geared vessels almost a quarter of their size.

Improvements will depend on the extent to which forecasts of improving tradegrowth come to pass, according to MSI Senior Analyst James Frew.

"There is no doubt this remains one of the most challenging markets in living memory. The majority of indicators in January pointed to exceptionally weak container shipping capacity demand, while the build-up of idle tonnage took its toll on charter earnings. The erosion of idle capacity and thus an improvement in freight rate earnings is heavily reliant on resurgent trade growth."

December trade data has already provided some relief, with the Asia-Europe trade finally showing some positive growth after 10 months of year-on-year declines. MSI's expectations for Asian exports – with the exception of the Transpacific – sit on the more op-

timistic side of consensus for most trades.

The speed with which the burden of idle capacity is eroded will prove a key variable in assessing the trajectory of vessel earnings but MSI remains relatively bullish on the outlook for charter rates,

providing trade growth improvements as expected. MSI anticipates that by April smaller Post-Panamax vessel earnings will be close to USD 9,000/day before breaking the USD 10,000/day barrier during the summer before falling back by year end.

