HARTLAND
SHIPPING SERVICES

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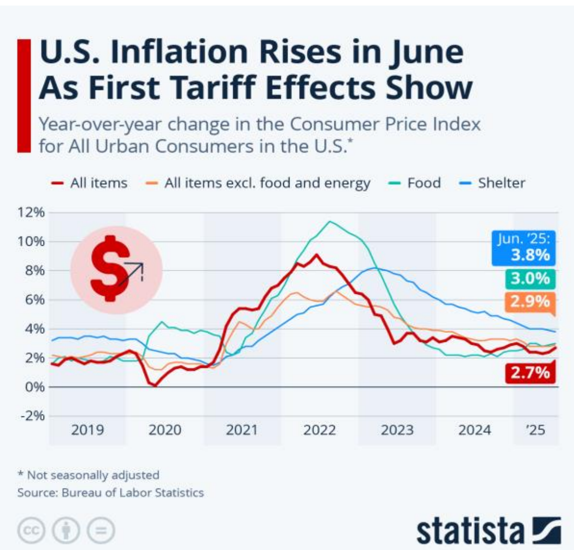

Source : Statista

*China's share of global shipbuilding deliveries has risen to over 50% up from about 5% as recently as 25 years ago. CRS puts China in pole position with 59% of the global orderbook by CGT, ahead of South Korea in 2nd place with 22%.

**The federal Emergency Fleet Corporation spent $3.5bn on the construction of 2,318 commercial ships in US yards, mostly built after 1918, but was put out of business in 1936. Congress then introduced a construction subsidy program.

^Yes, that is only $43m, confirming that the US is uncompetitive internationally. A single 174k-cbm LNGC costs almost 6-times as much at over $250m and these tend to be ordered in multiples at a time. The US has a mountain to climb.

^^And "Its principal goals, as set by Congress, are to protect America's security by sustaining a strong maritime base and a skilled shipbuilding workforce. Because the policy is unattuned to commercial reality, it has accomplished neither."

+Without federally sponsored export credit agency support, it will be hard to get commercial banks to finance ships that are priced at internationally uncompetitive prices. Buyers will stay with non-US yards that attract ECA backing and leasing.

Finally, the man recruited to lead the US shipbuilding revival has allegedly quit to take up a role in the private sector. Ian Bennitt was brought into the National Security Council by Trump in January but exited within months. A poor start.

Levinson: "Unless Congress is willing to cancel tariffs on key inputs and match other countries' generosity when it comes to vessel financing, US shipyards are unlikely to draw foreign customers." And then the US would be copying China!

POINTS OF VIEW

Last week there was an article in Bloomberg, written by Marc Levinson, entitled: "Why the US's new shipbuilding strategy is unlikely to work", suggesting that, to succeed, Washington will need to look outward, not inward. It makes the case that most shipping people already get, but it includes some interesting historical facts and observations. To start with, it mentions that the largest container ship ever built in the US is the "Kaiman Hila", at 3,220-teu, it delivered from Philadelphia in 2019. In contrast, the largest ones currently on the seas are 24,346-teu, a series of four on charter to MSC, and built by Yangzi Xinfu SB. Evidently, there is a huge capability gap before one even gets to the price gap. Starting October 14, the US will tax imports that arrive in Chinese-owned or Chinese-built ships, plus other anti-China provisions. The assertion is that such measures will protect US jobs, revive domestic shipbuilding and reduce national security risks. The revenues will fund a Maritime Action Plan. It is more likely that they will squeeze US manufacturers and exporters that are reliant on imported inputs. As Levinson comments: "A smarter maritime policy would look outward, not inward." Historically, this policy became an Achilles heel.

In March 2024, trade unions petitioned Biden to slap fees on Chinese associated ships calling US ports on grounds that unfair practices have allowed China to dominate global shipbuilding and cause the decay of US maritime industries.* In Biden's last week in office, the USTR issued a report that found evidence of state support and subsidies to shipyards and their suppliers, all of which was common knowledge after successive five-year plans emphasised ambitious plans for shipping and shipbuilding. The USTR did not address union claims that China's policies had hurt US maritime industries as these were self-inflicted after decades of US government policies that encouraged its shipbuilders not to worry about foreign competition. US "commercial shipbuilding has been shaped by government subsidies and supports since long before China entered the game."** After 1936, when the EFC was wound down, Congress introduced a construction differential subsidy program, covering more than half the cost of building US-owned ships serving international routes in the years after WWII.

As international trade surged in the 1950s, European shipyards met most of the rising demand for new ships. Japan entered the fray in the mid 1950s, using cheap labour and cutting-edge production methods to build tankers and bulkers, much enhanced in the 1960s by the provision of low-cost finance for buyers. This prompted European countries to fire back with subsidies of their own, illustrating how state support was widespread a long time ago. In 1975 South Korea unveiled a shipbuilding development plan to assist industrialisation and target foreign buyers while encouraging the chaebol to invest in modern shipyards. By 1990, Korea's ship output was eight times higher than it had been in 1975, causing thousands of shipbuilding jobs to be lost elsewhere. In the US, the 1920 Jones Act, mandating cargo moving between US ports be carried on US built, owned and flagged ships, guaranteed US builders 100% of a small market and disincentivised owners and yards to compete internationally. As a result, almost all merchant vessels built in the US in the past 40 years, after Reagan abolished shipbuilding subsidies for US-flag ships in 1981, have been devoted to domestic trade.

This inward-looking policy means that the few US yards set up to build merchant ships face little pressure to keep costs low or productivity high. They also lack economies of scale. It all translates into their ships costing many multiples of those built in Asia. This probably explains why the US exported only $43 million worth of passenger and cargo ships in 2024.^ The Jones Act saw the late 1980s boom in global trade, and soaring demand for merchant ships, bypass US shipyards. Levinson writes: "When it comes to building cargo ships to handle international trade, US maritime policy has been an abject failure."^^ Trump's 50% tariffs on imported steel enable domestic producers to raise prices as well, such that US steel users paid more than twice the global average price in March. The steel tariffs raise the price of this key shipbuilding component and fundamentally challenge the viability of a US shipbuilding revival. Trump's twin ambitions to protect US steel and revive US shipbuilding are mutually incompatible. There is also the question of how to finance ships that are priced far above international benchmarks.+ Asian shipyards have little to fear.

WEEKLY COMMENTARY

18 July 2025

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Dry Cargo Chartering

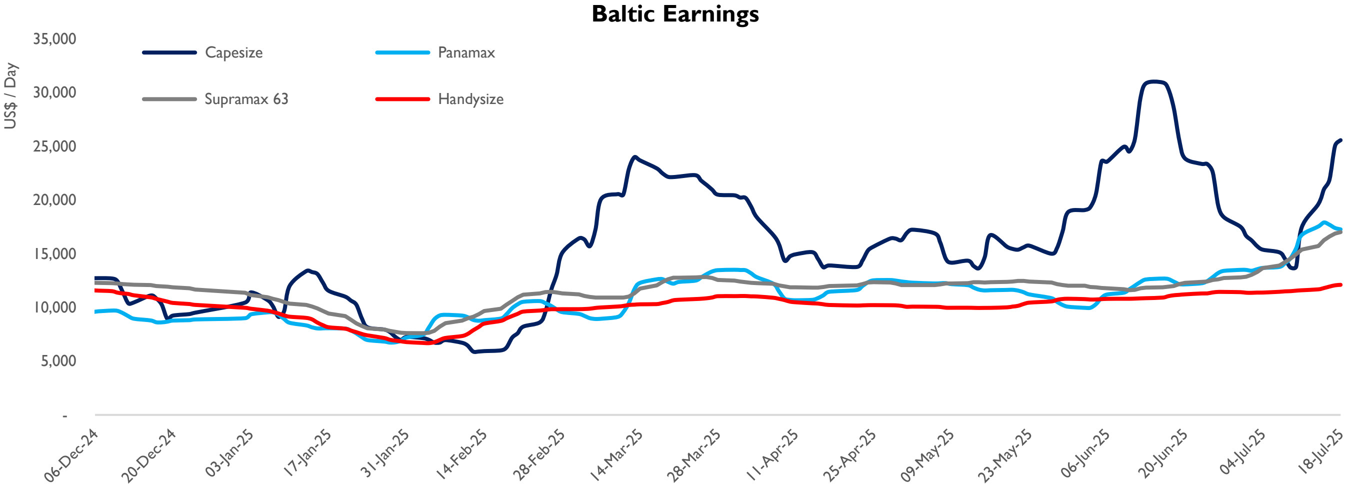
The BDI closed at 2,052 points, gaining 389 points in the trading week. The BCI rose to $25,575, pushing up $8,122 in the last week. Capesize rates posted strong daily gains, led by a notable uptick in Atlantic activity. The list of ballasters is tightening quickly, while demand continues to build for August loadings out of Brazil, West Africa, and the North Atlantic—pointing to further upside in the near term. The Pacific is also firming, albeit at a more measured pace, with momentum driven largely by the major miners securing multiple units for the West Australia–China run.

The BPI settled at $17,272, up $529 since last reported. The Panamax market kicked off the week with renewed strength, driven by a tightening tonnage list and a surge in grain demand from both the North Atlantic and East Coast South America. Activity levels, while not overwhelming, reflected a firm undertone as owners held the upper hand. Momentum built early on, with sentiment remaining upbeat despite modest fixture volumes. Even as the week progressed, the Atlantic retained a degree of resilience, with charterers facing increasingly limited options.

The BSI climbed to $17,017, $1,609 above last weeks level. The Supramax market maintained its bullish trajectory this week, with rates climbing across all major basins amid tightening tonnage supply and robust demand. The BSI has pushed to a new high as the Atlantic basin remained the primary driver, with the US Gulf and South Atlantic reaching multi-year highs, which in turn allowed owners to maintain higher rate ideas across the Continent and Mediterranean. While Asian routes saw more measured but consistent gains. The market's strength was underscored by the Ultramax premiums and widespread tonnage shortages.

The BHSI concluded at $12,110, rising $506 in 7 days. It was a broadly positive week, with rates rising across most regions, as the Handysize market finally sustained some upward momentum. The Continent–Mediterranean market continued its gradual recovery, with sentiment largely shaped by positional factors and a distinct lack of spot tonnage, cargo for prompt dates achieved levels not seen for several months. A 38,000-dwt open in the Western Mediterranean was fixed for an inter-Mediterranean voyage at $12,000. Both the South Atlantic and US Gulf markets held firm, supported by steady demand and a bullish outlook. Period interest was increasingly evident, a 35,000-dwt open in Mobile was placed on subjects for a short period at $11,500, with many other owners now coming around to the idea of letting their ships out on longer timecharter, suggesting confidence in the stability of the market going forwards.

Baltic Earnings



Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate ($)	Charterers	Comment
Glory Pegasus	82,165	2013	Beihai	15 July	Japan	$21,000	Cobelfret	Via Indonesia
Malena	81,575	2019	EC South America	11/13 Aug	Skaw-Gibraltar	$28,000	TMM	-
Kypros Land	77,060	2014	Songxia	17/20 July	Singapore-Japan	$16,500	Cnr	Via EC Australia
GNS Harvest	76,598	2007	Weihai	20/24 July	China	$14,000	Richland	Via Australia
AE Jupiter	74,476	2007	Hong Kong	18/19 July	South China	$14,500	Cnr	Via Indonesia
Nord Nile	63,969	2025	Bataan	15/30 July	US ulf	$11,000	Cnr	$11,000 for first 50 days, $15,500 thereafter
Desert Spring	57,437	2012	Ireland	Ppt	Far East	$15,000	Anglo	2 laden legs
Xin Hai Tong 29	57,295	2011	Zhoushan	24 July	Mediterranean	$17,500	Cnr	$17,500 for first 60 days, $20,000 thereafter
Aston Trader	39,486	2017	Vancouver	26 July	Japan	$15,950	XO Shipping	Via NoPac
DL Lavender	35,194	2014	Samalaju	17/18 July	Japan	$11,000	NS United	Via Indonesia

Exchange Rates		This week	Last week
	1 USD	148.26 JPY	147.30 JPY
	1 USD	0.8571 EUR	0.8554 EUR
Brent Oil Price		**This week**	**This week**
	US$/barrel	70.43	70.27

Bunker Prices (US$/tonne)	This week	Last week
Singapore HSFO	435.0	429.0
VLSFO	515.0	530.5
Rotterdam HSFO	420.5	448.5
VLSFO	512.5	520.5

Dry Bulk S&P

The market is popping. As we hinted at last week, there has been a significant amount of money awaiting a signal to invest and a bustling freight market has provided the trigger. Kamsarmax and ultramax tonnage, which last month was being tested with less than last done offers, is now being fought over and prices are on the climb.

For the Kamsarmaxes *Ultra Lion* (81,843-dwt, 2015 Tsuneishi Zhoushan) is reported sold for $24.8m, a decent jump up from last week's sale of *Ultra Puma* (81,855-dwt, 2016 Tsuneishi) at $25.25m. Likewise *Shandong Fu Ze* and sister *Shandong Fu Ren* (abt 81,780-dwt, 2017 and 2018 Jinling) are reported sold for $24m each to separate buyers. Last month the year younger sister *SDTR Dora* (81,780-dwt, 2019 Jinling) was sold for $24.5m.

Chinese demand for older Supramaxes has drained surplus tonnage from the market and prices are rising even for the oldest and most overlooked vessels. Greek buyers were forced in competition to pay $14.5m for the Tier 2 *Stonewell Pioneer* (56,533-dwt, 2014 Sanfu). *Pauline* (53,464-dwt, 2007 Iwagi) was sold to Chinese buyers for a healthy $11m.

Nisshin continue to sell their Emerald39s. *Hamburg Way* and *Hamburg Pearl* (39,376 / 39,359-dwt, 2016 JNS) are reported sold to separate buyers at something in excess of $17m each. Finally, the boxy *Rijn Confidence* (33,328-dwt, 2013 Shin Kurushima) is sold for $14.5 m.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Ultra Lion	81,843	2015	Tsuneishi Zhoushan	-		$24.8m	Scrubber
Shandong Fu Ren	81,783	2018	Jiangsu Jinling	-		$24.0m	
Shandong Fu Ze	81.781	2017	Jiangsu Jinling	-		$24.0m	
Stonewell Pioneer	56,533	2014	Taizhou Sanfu	C 4 x 35T	Greek	$14.5m	
Pauline	53,464	2007	Iwagi	C 4 x 31T	Yong Jia Shipping	$11.0m	
Hamburg Way	39,376	2016	JNS	C 4 x 31T		$17.1m	
Hamburg Pearl	39,359	2016	JNS	C 4x 30T		$17.1m	
Rijn Confidence	33,328	2013	Shin Kurushima	C 4x 30T		$14.5m	OHBS

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Tanker Commentary

Having bought her in March 2023 for $31.75m, Sinokor are rumoured to have finally let go of *Atlantic Loyalty* (307,284-dwt, 2007 Dalian Shipbuilding) for $44.1m. The sale is a slight discount when compared to last months sale of *Alter Ego* (2999,235-dwt, 2006 NACKS) which went for $42m, both ships had their surveys due.

TMS are rumoured to have sold a brace of LNG ready and scrubber fitted freshly delivered LR2s. *Lamu* (113,000-dwt, COSCO Yangzhou) and *Dune* (113,000-dwt, COSCO Yangzhou) are rumoured to have achieved $72m per vessel from state back Kazakhstani buyers, Kazmortransflot. This follows on from last week's sale by Eastaway (linked to X-Press Feeders) of a scrubber-fitted Changhong resale LR2s at $70m (*Hesperia Tide* 115,000-dwt, Zhoushan Changhong). The differential in prices to the Changhong resales is probably more likely explained by the slightly higher reputation of the COSCO yard, than any particular movement in market values.

In the product market there have been a number of transactions this week. *Bull Shark* (49,999-dwt, 2009 HMD) has been committed for $17.15m and Korean Sellers are reported to have committed sisters *Oriental Diamond* and *Oriental Gold* (50,781-dwt / 50,591-dwt, 2008 SPP) for between $31 and $32m enbloc. The pricing falls in line with *Horizon Aphrodite* (49,996-dwt, 2008 SPP) which sold for $16m in June.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Atlantic Loyalty	307,284	2007	Dalian		$44.1m	
Lamu	113,000	2025	COSCO Yangzhou	Kazmortransflot	$72m	Epoxy
Dune	113,000	2025	COSCO Yangzhou		$72m	Epoxy
Oriental Diamond	50,781	2008	Hyundai	Greek	$31.5m enbloc	Epoxy
Oriental Gold	50,591	2008	Hyundai	Greek		Epoxy
Bull Shark	49,999	2009	HMD		$17.15m	Epoxy
Harris	40,960	2009	SLS	Sea Transports, Nigeria	$17.2m	Epoxy

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