

GRAIG HORIZONS

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Industry News

Fuel costs drive market split

Freight rates vary across different sectors of shipping, but fuel costs remain stubbornly high. That is leading to a two-tier market in which fuel-efficient ships get chartered more easily and command a premium charter rate.

"Charterers pay for the fuel and they are feeling the pain of high bunker prices," says Chris Williams, marketing director of the Graig Group. "They see new design ships which can save several tonnes of fuel per day, which at over \$700 per tonne is a lot of money. So naturally they prefer the new and less thirsty ships."

The two-tier market is appearing particularly in the containership sector. The focus there has been on lowering cost per box by seeking economies of scale. But ever bigger ships don't answer all the problems of logistics chains, nor do they deliver economies if they are not full. "Smaller ships, getting

into more ports and running full more of the time are attractive to container lines," says Williams. "But only if they can deliver the lower fuel cost per box which bigger ships do in theory. That is why we see the market developing a two-tier structure, with lines willing to pay a premium for guaranteed fuel savings per box in handier-sized vessels."

The Graig Group has worked with Wartsila Ship Design and DNV to develop the fuel-efficient new generation Marlin 2000 Blue design container super feeder. It is aimed at the gap in the containership market for large, efficient and environmentally-friendly feeder ships to service the ultra large containerships now being brought into service by the major lines. Graig is currently watching the newbuilding market and the emerging two-tier charter market in order to confirm a long series of orders for these vessels.

The Marlin 2000 series of designs deliver 30 per cent improved fuel efficiency per TEU carried, improved capacity and flexibility for container types, the ability to slow steam enabling even greater fuel savings, lower emissions and improved manoeuvrability when compared to current designs. "What is important is that this is not just a much better ship for the job than you can find anywhere today," explains Williams. "It is a package, with shipyards ready to go, finance in place and employment models worked through. Three basic versions are suitable for owners ready to invest and lines wanting cleaner and more efficient feeding. The market is splitting between lean and thirsty ships, and we plan to be firmly on the lean side."

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The Graig Group

The Graig Group is a broad-based international shipping services, ship owning, and offshore group delivering technical ship management and commercial ship management, newbuilding supervision, offshore support services, expert consultancy, dry-dock management, ship inspections, lay-up services, ship design, ship owning joint ventures and ship finance to global clients who appreciate personal service.

Graig provides the missing piece which completes the picture for any shipping puzzle. Each part of the Group can deliver specialised services to support partners and clients with exactly the service they need. Or Graig can take over entire projects from conception to on-going management in service. The key to its success lies in its personal service, deep experience and ability to manage partnerships and relationships globally.

Graig has been building, managing and owning ships since 1919. Today it provides technical and commercial management and crewing for a mixed fleet of vessels on behalf of a number of owners and banks and has supervised over 100 newbuildings for itself and major shipowners. Graig provides technical consultancy and management support services to two major banks with a financed fleet of over 100 vessels and also to a number of flag states. It develops innovative designs such as the Diamond bulk carriers and the Marlin fuel efficient container ships. It can source yards and finance for all vessel types and provide newbuilding supervision and follow up with in service management.

Graig employs a global maritime workforce drawn from the UK, China, the Philippines, Vietnam, India and Russia and has offices in Cardiff, London, Oslo, Shanghai and Hong Kong. Graig Group staff bridge the gap between sea and shore, between east and west to bring the best in innovation, service and partnership to the global shipping industry.

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IMS expertise in demand

The Isle of Man Ship Registry has appointed staff from Idwal Marine Services, Graig's consultancy division, to carry out statutory shipboard inspections on behalf of the Isle of Man Flag administration. The appointed surveyors, Geoff Hutcheon and Captain Von Nobleza who have been trained and familiarised with the requirements of an Isle of Man Flag State Inspector will be based in Singapore and Manila to cover the statutory requirements for ISM/ISPS /ILO and Flag State Inspections (FSI) on merchant vessels predominantly in the Asia Pacific region.

This is the first such appointment for the Isle of Man Ship Registry which sees this as a positive step in providing inspection services in strategic locations thus reducing travel costs for the ship operators.

Two major ship finance banks are using Idwal Marine Services to provide technical support. IMS has been supporting one European bank's fleet of over 80 financed vessels and appraising prospective vessels for new investment since April 2010. Now a second European ship finance bank has contracted IMS to help monitor the performance of 10 financed vessels, and provide support to assess new investments.

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Graig manages Chinese-owned vessel



Graig Ship Management Limited has taken delivery of the 79,600 dwt bulk-carrier King Peace, for which it is providing full technical management and crewing on behalf of Shanghai-based Zhong An Shipping. The vessel was built at China's Wu Jia Zui Shipyard under the supervision of Graig China Ltd.

Ian Morgan, ceo of Graig Ship Management, says, "This is an important new contract, because it is the first for us as a UK ship manager to manage a Chinese-owned, Chinese-built and Chinese-crewed vessel. It makes a lot of sense, we know the ship inside out because we helped build it, we know bulk carriers and we know China."

China is a massive market for maritime expertise and we see this as a first step to a growing business becoming a local ship manager for Chinese owners."

Managing ships for Chinese owners is a logical step for Graig, which began business in China in 1995, building ships there for itself, then providing its expertise in newbuilding supervision and Chinese yard capabilities to help other Western owners to get the best out of China.

GSM has expanded its Chinese ship management expertise by employing three new staff in the Graig Shanghai office.

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Graig expands with Chinese crews

Graig Ship Management is expanding its services in China. As part of that it is now providing Chinese crews, working with Beijing-based Sinocrew Maritime Services. And it has employed its first two Chinese officer cadets.

Graig Ship Management Director, Steve Davies, says, "Sinocrew has far exceeded expectations in helping us with manning requirements for our growing fleet. Like Graig, they take a long term view on manning, and we are very happy to employ two Chinese cadets to help in their development and ensure well qualified and motivated officers are

available for the future. The cadets of today, especially those from the growing economies of Asia, are not just a guarantee that our clients' ships will be well manned in the future, they will also be the future technical managers of Graig Ship Management."

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Marlin series offers green options

Graig has launched a step change in superfeeder design by developing the Marlin Blue vessels, and there is expected to be major demand for a long series of these efficient ships.

Looking ahead there are two further Marlin concept designs which will become more attractive to charterers as air emission standards tighten. Marlin 2600 Jade is slightly larger and diesel powered but is delivered with scrubber and/or SCR emission reduction technology, while offering similar fuel and efficiency gains. Marlin 2550 Green is aimed at the market for feeder vessels in ECAS (Emission Control Areas) and

provides the option for dual fuel and LNG powering.

The key benefits of the Marlin designs are at least 25 per cent more fuel efficient in tonnes per day, and 20 per cent greater capacity in Blue, Jade and Green versions in any size variant. That provides shippers with a 30 per cent fuel saving per teu mile, which is a significant reduction in greenhouse gas emissions for finished goods coming to point of sale. The Marlin vessels have electronically controlled main engines which provide wide operational flexibility. They are efficient over wide range of speeds and loading conditions, an unusual benefit for vessels of this type.

Depending on the variant chosen the designs offer lower emissions, via scrubber, SCR or gas power and are ECA ready. Forward accommodation gives safer navigation and comes with DNV Crew Comfort standards as well as significantly higher both nominal and homogenous intakes still within an extremely compact 180 m loa and 30.26 m beam. The hold and stack layout is configured to provide increased cargo flexibility in the container mix and the flap rudder and thrusters combination delivers improved manoeuvrability, saving port costs.

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Graig wins major Chinese newbuilding contracts

Shanghai – based Graig China has won a nine ship order to supervise newbuildings for China based CMG Shipping Ltd. and a total ten ship order for SITC Development Group Co to supervise to supervise the building of two 76,000dwt BC and eight 1,100teu container newbuildings at China Yang Fan Shipyard.

The supervision contract bring to fifty-one the number of Chinese-owned vessels building in Chinese shipyards under the supervision of Graig. Under the SITC agreement GCL is also providing plan approval. Qingdao-based SITC is actively expanding its fleet and has ordered four 76,000 dwt and eight 1,100teu container vessels. This is an extending supervision agreement with SITC as the first contract was for one 76,000 dwt bulk carrier and three 1,100teu container vessels at Yang Fan shipyard.

The CMG contract is to supervise the construction of nine 76,000 dwt bulk carriers. Those nine Panamax newbuildings are all contracted by Jiangsu Rongsheng Heavy Industries Co Ltd, but will be built at its sub-contracted shipyards located in five different locations in China.

Graig is also supervising the construction of eighteen 76,000 dwt bulk carriers for Minsheng Financial Leasing Co Ltd. being built at Rong Sheng shipyard.

John Coffin, CEO, Graig China, says, "Chinese owners are now turning to Graig for its newbuilding expertise in China for the same reasons that numerous owners outside China have entrusted us with the supervision of over 100 newbuildings in the last fifteen years. It is our knowledge of Chinese shipyards and our ability to understand both the yard and the owners' needs that ensures vessels are built to owners' requirements. These big contracts for emerging Chinese shipping players are important, because they recognise our expertise here and our place in China as a local provider of global quality services and expertise."

In addition to the fifty-one ships now under newbuilding supervision or already completed for Chinese owners, Graig China is currently supervising around 50 vessels on behalf of ten international owners.

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Dry-dock savings

Idwal Marine Services has saved time and money for owners in two recent dry-dockings.

In the first case IMS reviewed the owner's dry-dock specifications and re wrote them, and an IMS manager attended the dry-docking in Chengxi Shipyard, China.

The dry-docking was completed with a 41 per cent reduction in cost and 40 per cent reduction in time. The second docking assisted by IMS was at Unithai Shipyard in Thailand and delivered a 22 per cent saving on costs and the vessel completing on time.

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- **Cementing the deal.** GSM has taken over the technical management of four cement carriers. The 4,000 dwt to 13,000 dwt vessels are being managed on behalf of a bank.
- **Graig is expanding in a number of areas and is happy to welcome the following new staff:**



– Our first two Chinese cadets have joined GSM. They are Wang Zhen Di (left) and Yuan Shi Yuan (left below).



– Javier Palomino, Fleet Personnel Manager. Javier is responsible for all Graig's seagoing workforce.

– Najib Dabeer, Superintendent,

based in Cardiff and responsible for Cement Trader, Cement Voyager and Cement Explorer.

– Mike Powell, Purchasing Assistant.

– Feng Zhengwu, Technical Superintendent, based in Shanghai. With a background as a chief engineer sailing with Japanese companies, Feng is responsible for the day to day technical supervision of GSM's expanding Chinese-owned fleet.

– Shasha Ren, Purchasing/Technical Assistant, was previously PA to a ship owner and brings shipping experience and excellent English skills to the GSM team in Shanghai.

– Capt Chu Li Ping, Fleet Manager GSM China. Capt Chu has taken over the management of the Shanghai ship management team.

- **Romance flowers at Graig and we congratulate the following on their recent engagements:**
 - Debs Chillingworth, Fleet Personnel Co-ordinator, to Paul Gray
 - Heidi Phillips, Accounts Assistant to Mark Cannaby and
 - Steve Davies, Shipping director, to Laura Newport.

Spotlight

Debal Chakraborty likes the challenge of project work, and he gets plenty of that in his role as Technical Director for Graig China.



Debal Chakraborty

"There is a lot of job satisfaction in getting all our projects to work on time and budget, and to perform technically," explains Debal. "And what I like is that Graig is an open company, open to new ideas and ways of doing things, so I get the freedom to produce results."

According to Debal, that openness fits perfectly with the footprint of Graig in China. *"This is the land of opportunity now,"* he says.

"There is a lot more room to grow and a lot of potential, and Graig is evolving as the market is shifting in Asia. We are doing well because we produce what the market needs now and will need. It's my job to make things work technically, and I feel very supported because the commercial

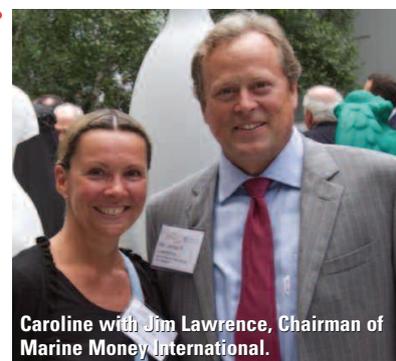
infrastructure works well and is market responsive."

Debal is responsible for a wide range of technical services provided by Graig China, from newbuilding supervision through to expert consultancy. He delivers that from a solid background of experience, first at sea, rising to chief engineer, then as a marine superintendent and newbuilding supervisor for major owners and managers.

"I joined Graig as a technical consultant in 2008 because I saw and liked the way they worked while I was working for an owner on one of the Diamond ships they were supervising," he explains. *"I have been given the opportunities and I've risen to technical director, and I feel I can be part of Graig's continuing expansion in Asia. I'm doing some expert technical consultancy in my home country, India, and I expect that to grow as shipbuilding also grows there."*

When Debal isn't working he likes reading, cycling and swimming. *"What I do is dictated by the unpredictable weather in Shanghai,"* he says. *"No amount of engineering will fix that."*

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Caroline with Jim Lawrence, Chairman of Marine Money International.

Caroline Youde was given the chance in June to apply her role as GSM Relationship Manager, when she attended the 24th Annual Marine Money Week, held at The Pierre Hotel in New York. Recognised as being one of the most important ship finance forums, the conference offered some of the best networking opportunities available in the industry.

Attended by a total of 1,022 delegates, Caroline was able to fully endorse GSM's commitment to raise the profile of the company and support the Group's strategy to secure new business opportunities, including new tonnage into management.

- **Graig China staff held a party at the Shanghai office in April to celebrate the Royal wedding of Prince William to Kate Middleton.** It was an opportunity for staff from both Cardiff and Shanghai to relax together, as several members of staff from the Cardiff office were on secondment to Shanghai at the time.

