BG Group announced that it has been loading the first cargo of LNG from its Queensland Curtis LNG (QCLNG) facility since 28 December. The vessel being loaded is the Methane Rita Andrea. The second cargo of LNG from the facility will be loaded onto the Methane Mickie Harper which is expected in Gladstone in the first week of January.

QCLNG is the world's first LNG project to be supplied by coal seam gas. The start of production from the plant's first LNG train is the result of more than four years of development and construction on Curtis Island.

Andrew Gould, interim Executive Chairman commented:

"This is an immense achievement which demonstrates the company's ability to deliver a highly complex LNG project. The start-up of QCLNG is testament to the hard work, skill and dedication of all our employees, partners and customers including the thousands of individuals who have been involved in physically building the plant. The ongoing support from both the State Government of Queensland and the local councils of our upstream region and in Gladstone has also been pivotal in this development. We thank them all."

The project will expand further with the start-up of the second train in the third quarter of 2015. At plateau production, expected during 2016, QCLNG will have an output of around 8 million tonnes of LNG a year.

Source: MarineLink.com
Funding issues dog Nicaragua and Panama canals

HONG KONG — The Central American canal projects continue to generate questions over funding — where it will come from in the case of the proposed Nicaraguan plan, and where it is going in the Panama Canal upgrade.

The investment required is no small potatoes, either. Cost estimates of digging the 172-mile canal across Nicaragua have been put at $50 billion, and the $5.25 billion Panama Canal upgrade has already overrun costs by $1.6 billion.

Work officially began on the Nicaragua project last week, but there remains no clear indication of where the funding will come from. The mysterious telecoms entrepreneur Wang Jing runs the company behind the canal project, Hong Kong Nicaragua Canal Development Co., or HKND, and according to news reports only $200 million in funding has so far been sourced.

At an event to mark the start of the project, Reuters reported that Wang and Nicaraguan officials dodged questions about financial backers and mounting delays that will continually push up the cost of construction, already four times Nicaragua’s GDP.

Even though the “ground breaking” ceremony was held last week, key feasibility studies have been postponed to April and excavation work is not scheduled to begin until the second half of next year. Yet despite the delays, HKND is standing behind its five-year completion schedule.

The Panama Canal is a third of the distance of the proposed northern waterway and was completed by the U.S. 34 years after French engineers started the project. Admittedly, it is 100 years old and the technology at the time was rudimentary, but the five-year timetable set for the completion of the Nicaragua canal is leading many to surmise that China will be bankrolling its construction.

“If the canal goes ahead, it will be because the Chinese government wants it to, and the financing will come from China’s various state firms,” according to Arturo Cruz of the INCAE business school, a former U.S. ambassador to Nicaragua, reported Reuters.

China’s state owned enterprises have seemingly bottomless coffers when it comes to mega infrastructure construction, and no project is too grand. Yangshan container port was constructed between two islands 20 miles off Shanghai and connected to the mainland by a six-lane highway bridge that took 6,000 workers two-and-a-half years to construct. Once all port phases have been completed in 2020 it will have cost almost $20 billion. The Three Gorges Dam officially cost $37 billion but observers believe it was almost double that.

But the most recent example of mega spending on infrastructure could be seen on Saturday when Beijing opened the gates on its $32 billion South-North Water Diversion Project. It will channel more than a billion cubic meters of water from the southern provinces to the parched north via a 720-mile network of pipes and channels, but critics are already saying it will only be a short-term solution.
Then there is also a political element to consider. A Chinese-funded canal across Nicaragua will give the country a strategic foothold in Central America, which some see as a direct challenge to the U.S. and its Panama connections.

Yet many in the industry continue to view the plans skeptically. While the Nicaragua canal will be longer, deeper and wider than the Panama waterway, Panama Canal officials have questioned the economics of the project, and dismissed the canal’s competitive threat to its own canal, which is set to debut a third set of locks in early 2016.

That deadline is under threat as funding continues to be a problem for the Panama Canal upgrade. The consortium involved in the expansion project is making fresh claims for cost overruns totalling $737 million, according to Agence France-Presse.

The news agency reported that canal administrator Jorge Quijano confirmed the Panama Canal Authority had received two claims that will be evaluated, but he warned that they would “be difficult to justify.”

Is the latest setback for the above-budget, behind-schedule project that will expand the canal by adding a third set of locks to allow the handling of container ships of up to 10,000 TEUs. Work began in 2007 but regular labor disputes and cost-overruns have delayed construction.

Excavation work is on hold after negotiations broke down between the consortium and its workers, who have been on strike since Dec. 23. About 1,000 workers are still on strike demanding better treatment and safety, and talks are set to resume Monday 29th December, 2014.

Shippers of goods between Asia and the Americas will benefit from strong competition between two canals through Central America, but there is no need to start revising supply chain strategies any time soon. The Panama Canal will eventually be expanded a day late and a few dollars short, but huge question marks remain over the viability of the Nicaragua project — questions it seems only Beijing can answer.

Source: JOC
Dry bulk market ends year on sour note, shipbroker sees “bumpy road ahead”

2014 was supposed to be the year that the dry bulk market would stage a comeback and a sustainable one for that matter. However, while for the most past, the balance between supply and demand was restored, the rally of the market during the August-September one was a short-lived one. According to the latest report from shipbroker Intermodal, “the negative sentiment that has been prevailing in the dry bulk market lately leaves most owners with a rather bitter taste following the free fall of the past weeks”.

According to SnP Broker, Mr. John N. Cotzias, “enquiry levels remain low and we observe with great concern the everyday softening that takes place in the Capesize segment, with the BCI touching new historical lows daily, since its introduction in March 1999. In the past four weeks we have seen the index dropping from above 3,000 points to well below 500 points, while the average T/C for the segment has moved from $23,000/day to below $4,900/day. What a drop! If one considers that most Capes run their OPEX in excess of $10k/day and the level of CAPEX for those Capes acquired at 100mil USD then it goes without saying that some owners and their banks are facing hard times ahead. The drop in second-hand prices is also evident, with prices approaching the levels we witnessed back in December 2012 and January 2013, while every new deal is marking a lower last done, which is also the benchmark for the negotiation of the next sale candidate”.

Cotzias, also President of the Hellenic Shipbrokers Association, went on to raise the question of what are the fundamentals at the moment? According to the broker, “bunker prices are at a 5 year low, the Japanese Yen reached a seven year low against the US Dollar, the Euro to the Dollar may be soon approaching 1.15 according to some, the Russian economy presently looks Rubbled… sorry meant troubled, iron ore prices are phenomenally low, China’s softening appetite in November has been weighing down on Capes and mineral export bans from Indonesia hurt further the Pacific trade. At the same time the scrap price offered in China is at $220-$230/ton and price levels have also been dropping sharply in the Indian Subcontinent. Most notably, the overall scrap activity for 2014 is 30% less than that of last year, while newbuilding ordering in 2014 is almost 50% down compared to 2013 levels”.

He added that “a very simplistic approach says that during a bad market when freight rates suffer, the normal is that ship prices correct. Definitely some owners lose their sleep during this period, however others are seeing this as a golden opportunity to buy low, support their investment until rates improve and once their asset gains in value, lock in the profits. Bankers always say that a business proposal should be viable with all figures “adding-up” positively… however these proposals never take into account the value of asset play. A business deal in which you are buying low, is usually one taking place in a freight environment which doesn’t make sense for a banker to invest in, but is usually the one that will most probably offer the opportunity to asset play”, Cotzias concluded.
Meanwhile, Intermodal noted in its report that “the Dry Bulk market kept losing ground throughout last week, while the consecutive daily record lows of the BCI kept feeding the negative sentiment”. In the SnP market, “activity appears to be holding well despite a big part of the market already being in a holiday mood, while this past week more en-bloc tanker deals have taken place, resuming the recent trend. On the tanker side, we had the en-bloc sale of the “STI HERITAGE” (73,956dwt-blt 08, Japan) and the “STI HARMONY” (73,919dwt-blt 07, Japan), which were picked up by Singaporean owner, BW, for a price of US$ 31.9.0m and US$ 29.4.0m respectively. On the dry bulker side, we had the resale of a TSUNEISHI ZHOUSHAN Kamsarmax (81,600dwt-blt 15, China), which went to Greek owner Vita Management for a price of $ 30.7m”, Intermodal said.

Finally, in the newbuilding market “sluggish activity continues to describe the newbuilding market, with non-conventional vessels continuing to gather a big chunk of the ordering interest nowadays. Despite the fact that prices remained stable this past week, we expect the downward movement to resume sooner rather than later as less and less owners appear keen to place an order, while at the same time upcoming back to back holidays across the globe will further weigh on activity. It comes as no surprise that tankers continue to gather more interest compared to dry bulkers and reports of Scorpio’s order last week are also confirming this trend. The Monaco based owner has agreed to modify an order for Capesize vessels previously inked with an S. Korean yard, to a four firm plus two optional LR2 units, clearly showing the shift of confidence from one sector to the other that has taken place during the past months on the back of the two freight markets moving to completely different directions. In terms of recently reported deals, British Petroleum, has placed an order, for six firm LNG carriers (174,000dwt) at DSME, in S. Korea, for a price of $ 206.0m each and delivery set in 2018-2019”, the shipbroker concluded.

Source: Hellenic Worldwide News