

d'Amico to launch Panamax/Kamsarmax bulker pools



Major Italian operator d'Amico Group (d'Amico Societa di Navigazione SpA) is considering forming a Panamax bulker and a Kamsarmax bulker pool in Singapore in the second half of 2016. The Group's top delegation, which included Paolo d'Amico, chairman, and Cesare d'Amico, CEO, revealed this in an interview with Kaiji Press (KP) held in Tokyo on March 10. Referring to the Supramax bulker pool they organized in 2015, Cesare d'Amico said that the pool is functioning quite well, achieving results exceeding the index by 20%. As for Japanese shipowners traditionally oriented to deploy their ships to long-term fixed charter contracts, d'Amico sees Japanese owners are increasingly interested in pool operations since their chartered-out ships are being returned to them in succession these days. As such, d'Amico is set to encourage Japanese owners to join its pools. The d'Amico executives unveiled that the company decided in 2015 to charter six MR-type PC newbuildings from Japanese owners upon completion at three Japanese shipyards.

Besides Paolo d'Amico and Cesare d'Amico,, Marco Fiori, CEO of d'Amico International Shipping, the group's PC unit, and Luciano

Bonaso, CEO of d'Amico Dry Ltd., its bulker unit, and other officials also attended the interview.

The d'Amico Group's shipping business is pillared on two sectors, drybulk and product carriers (PCs). In the drybulk sector, the group is mulling the formation of pools to operate Panamax and Kamsarmax bulkers, respectively, following the Supramax pool it launched in 2015.

Cesare d'Amico pointed out that, "Japanese owners are essentially not so enthusiastic about participating in pool operations as they tend to seek fixed-charterage income from their ships partly in response to the request from financial institutions. With the market as it stands, however, long-term charterage income is not solid enough, and operating ships on a long-term fixed contract is not the best solution." He revealed his perception that amid many ships being returned to owners by financially-struggling operators, Japanese owners are increasingly getting interested in operating their ships via pools. Some Japanese owners are already participants in d'Amico's Supramax pool. Citing the Group's 20 year-long relationships with the Japanese maritime industry, Cesare d'Amico said his group will call on Japanese owners to make greater participation in its pools on the back of the deep trust cultivated over the years.

The d'Amico Group's PC sector also is reinforcing its ties with Japanese peer. In 2015, it officially decided to charter from Japanese owners six MR-type PC newbuildings due for completion in 2017-2018 on a long-term contract basis. Fiori said, "The six ships are to be constructed by Japanese yards, two each by Japan Marine United (JMU), Minaminippon Shipbuilding and Onomichi Dockyard. The charter deals all carry purchase options."

The d'Amico Group has thus far embarked on newbuilding arrangements for a total of 22 eco-PCs. Concerning the group's thinking about future equipment investment, Paolo d'Amico opined, "The current market is forcing us to stand on the defensive. Since ships have

a life span, which makes it a must for us to renew our fleet, we are always groping for an opportunity but we do not have concrete plans to do so at the moment. We will take into consideration high newbuilding prices that come from a technological factor mandating that ships have to comply with Tier-III NOx regulations, and not from market-related factors." He thus indicated that the company's pace of newbuilding arrangement projects, both for PC or bulker, is slowing down.

About portfolio of its PC business sector, Paolo d'Amico said that, "It depends on opportunity and charterage, but basically, we divide spot and time-charter contracts in two equal ratios," disclosing the company's policy to maintain this policy from here on as well. d'Amico's PC sector had long operated mainly MR-type and smaller Handy-type PCs, but in 2015, it decided to foray into a large-size PC market by ordering LR I-type PC newbuildings. The decision was made in the belief that "due to the innovative changes to the oil product markets and the growing distance between oil refineries and consumer markets, merits of scale via larger vessels will become necessary", indicating that d'Amico will look into an opportunity for expansion.

In its operational fleet, the d'Amico Group has 53 MR-type/Handysize PCs and 43 bulkers. As for newbuildings remaining on order, it has 18 PCs including those to be chartered and 26 bulkers. Of the PC newbuildings, 12 units are MR-type ones (six units on its own for delivery in 2016 and six to be chartered for delivery in 2017-2018), and six units are of LR I-type model on its own for delivery in 2017-2018. Newbuildings on its own are all to be constructed at Hyundai Vinashin. Meanwhile, the six newbuilding PCs to be chartered carry purchase options, as mentioned above.