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## Recession reports - Ship owners continue to face serious challenges

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It is reported that one year after the outbreak of the financial crisis, which almost immediately transferred into global trade and the maritime industry, ship owners around the world continue to face serious challenges, whether they are involved in dry bulk trade, or in tanker trade, or even both.

Despite the big turbulence of the dry bulk market ever since the BDI reached 4,200 points by early June, to slip back into the 2,500 point territory, most ship owners have managed to stay afloat, although with heavy losses and large cutbacks of their investment programs.

Nowadays, some may even reap added revenues from the agreements they could forge regarding shipping disputes with charterers, clashes which erupted during the boom of the crisis.

According to the documents filed in US federal court in New York, the Angelicoussis Group had sued Fortescue in December 2008 for USD 130 million, as a collapse in vessel rental rates at the time had triggered an increase in industry lawsuits. The Australian miner had cancelled a contract to hire the Angelicoussis controlled Anangel Splendour, for as long as 61 months at USD 77,500 a day.

Freight rates for dry bulk ships fell as low as USD 2,316 on December 2nd 2008 from a record USD 233,988 as China's steelmakers cut output. That bankrupted some owners, made existing shipping accords less attractive and pushed owners toward breaching agreements with their bankers. From mid November until late of 2008, the total of shipping related claims filed had reached at least USD 300 million, with Arcelor Mittal, Louis Dreyfus & Cie SA and Zodiac Maritime Agencies Limited among the companies bringing cases or being sued.

At the same time, management is focused in cutting costs, not to mention acquiring ships at low prices this applies to those with liquidity of course, which provides a chance of earning profits at least from a part of the fleet.

(Sourced from Hellenic Shipping)

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