

Cold snap brings mild comfort for tanker sector

THIS year's hard winter has helped Hamburg's tanker operators through the crisis, writes *Anne-Christin Gröger*.

"The situation improved during Christmas and New Year due to the weather and for seasonal reasons," said Jens Mahnke, member of the management board of Hamburg-based KG company König & Cie, with responsibility for the shipping sector.

"The cold snap in Europe caused an increasing demand for oil."

Charter rates have recovered in the past six or seven months. Last summer, very large crude carrier rates were at an average of \$16,000 a day; by the end of January they had increased to \$85,000.

For suezmax tankers, charterers paid between \$16,000 and \$20,000 in summer, and now the rates had gone up to \$55,000, said Mr Mahnke.

Nevertheless, the industry had a tough year in 2009, and this is set to continue this year, believes Phrixos Papachristidis, chief executive of German-Greek tanker operator Hellespont Hammonia, based in Hamburg.

The company is a joint venture between the Hellespont Group of Greece, German tramp owner Peter Döhle and KG financier HCI Capital.

The problems are due to the over-supply of tankers. "We already have a lot of ships in the water and a lot of ships scheduled to come," Mr Papachristidis said.

"In addition, charterers in the past had a lot of vessels in storage, which they are now releasing." This will keep charter rates under pressure.

Hellespont itself is expecting one more offshore supply vessel this year, three more 17,000 dwt chemical tankers and another two chemical tankers of the same size in 2011. All of these are financed via KG funds.

Selling participations in ship ownerships has become harder these days. Investors are reluctant to place money in tanker funds, and only a few deals have been done.

"The investment community in Germany has lost its confidence in the typical KG financing structure," said Mr Papachristidis.

He added that investment houses were having a very hard time developing and selling new funds. "But the companies still exist and I am confident that the KG investment model will not die." He was sure that the crisis would continue to influence this kind of ship financing.

"The KG structure will be re-invented somehow," he said. "KG financing will be done in the future with different types and requirements expected from charterers, managers and owners."

Mr Papachristidis did not want to speculate on what this kind of "re-invented" KG market might look like.