



# SPOTLIGHT CMH

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- ❑ “No Later Than” Is Not Enough: Provision Of Refund Guarantee In Shipbuilding Contract Held To Be Innominate Term
- ❑ In A Nutshell: Punctual Payment Of Time Charter Hire
- ❑ Market Snapshot



## HIGHLIGHTS & BRIEFINGS

- ❑ “No Later Than” Is Not Enough:  
Provision Of Refund Guarantee In  
Shipbuilding Contract Held To Be  
Innominate Term
- ❑ In A Nutshell:  
Punctual Payment Of Time Charter  
Hire

# “No Later Than” Is Not Enough: Provision Of Refund Guarantee In Shipbuilding Contract Held To Be Innominate Term

Case briefing of *SLB and Others -v- PAK and Others* [2026] EWHC 449 (Comm)

## ❖ Factual Background

- Ten subsidiary Special Purpose Vehicles (SPVs) of a major shipping operator agreed to purchase ten container vessels from shipyards operated under a large shipbuilder group. Each transaction was governed by an individual shipbuilding contract, executed in novated form.
- The shipbuilding contracts followed a common structure: each contract in price of around USD83-100 million, with 30% payable in three equal instalments in the nature of advances, and the balance 70% on delivery. The first instalment would become due only upon the buyer’s receipt of a refund guarantee issued by a nominated bank. This guarantee served to secure return of instalments if the contracts were validly terminated.
- Article X(A)(f) stipulated that “*The [Refund Guarantee] is not delivered to the BUYER in accordance with the terms of this CONTRACT by no later than 120 days after the date this CONTRACT is amended, novated and restated or such later date as the BUYER may designate in writing from time to time, then and in any such a case, the BUYER may terminate, rescind or cancel this CONTRACT... in accordance with the provisions of Article X.*”
- The seller failed to provide the refund guarantees within the 120-day period. The buyers terminated the contracts between 138 and 140 days post-novation, at a time when the market value of such vessels had risen sharply. Following termination, the buyers commenced arbitration proceedings, claiming loss-of-bargain damages of USD 73–83 million per vessel, alleging repudiatory breach.

# “No Later Than” Is Not Enough: Provision Of Refund Guarantee In Shipbuilding Contract Held To Be Innominate Term (Cont’d)

## ❖ Arbitration Award

The arbitral tribunal found that the seller was in breach of its duty to provide refund guarantees, and held that the buyer had validly terminated the contracts. However, the tribunal determined that:

- The seller’s obligation to provide refund guarantees within 120 days under Article X(A)(f) was an innominate term, not a condition.
- On the facts, the delay in providing refund guarantees did not amount to a repudiatory breach at common law.
- Consequently, the buyer was entitled only to the contractual remedy being refund of paid sums plus interest, but not entitled to loss-of-bargain damages.

The buyer applied for permission to appeal under section 69 of the Arbitration Act 1996, contending that the tribunal had erred in law in its classification of the contractual obligation relating to provision of refund guarantees. It was argued that, in a mercantile shipbuilding contract, a deadline expressly stipulated should be categorised as a condition, particularly given the commercial importance of the refund guarantee serving as a means of credit protection.

Permission was granted on a single question of law: whether the seller’s obligation under Article X(A)(f) to provide refund guarantees within 120 days constituted a condition.

# “No Later Than” Is Not Enough: Provision Of Refund Guarantee In Shipbuilding Contract Held To Be Innominate Term (Cont’d)

## ❖ The Commercial Court’s Decision

The Judge held that the tribunal’s award was correct. He carefully went through the leading case authorities on the classification of contractual terms, and summarise the key principles as following:

- First, whether a term is a condition, warranty or innominate term is a matter of construction of the contract in its context; it does not depend on whether the contract is labelled as “commercial” or “mercantile”.
- Second, the court should not be “too ready” to interpret terms as condition, unless it is clear from the wording or the contractual scheme that the wording is intended to be a condition. In modern approach, the starting point is that the term is innominate.
- Third, although time stipulations in mercantile contracts are usually conditions, such should not be set as a rigid rule or presumption. One of the most critical factors is interdependence. If Party A’s performance is a pre-condition of Party B’s ability to perform another essential term, the time requirement for Party A’s performance will ordinarily be treated as condition, as the contract would collapse without it.
- It is necessary to balance the need for certainty in commercial contracts, against the disproportionate consequence (such as rescission of contract) due to minor or technical breaches. If the contract includes an express termination clause, parties can already achieve commercial certainty about ending the future performance, without importing the full common law consequence of repudiation for trivial breaches.
- Lastly, where breach of a term may result in consequences ranging from extremely trivial to extremely grave, this generally indicates an innominate term. By contrast, breach of a condition, no matter how small it may be, would carry the same serious consequence.

# “No Later Than” Is Not Enough: Provision Of Refund Guarantee In Shipbuilding Contract Held To Be Innominate Term (Cont’d)

## ❖ The Commercial Court’s Decision (Cont’d)

After reviewing the governing principles, the Judge gave his reasoning in this case from several aspects.

### ● The contractual scheme: remedies by design

It was noted that the parties adopted a contractual scheme that carefully negotiated allocation of risks and the remedies:

- Article X(A) set out 6 events under the heading “Financial Default of the Seller”, including the Article X(A)(f) in dispute, and occurrence of the listed events could allow termination of contract.
- Importantly, Article X.3 also provided that “*Upon such refund by the SELLER to the BUYER, all obligations, duties and liabilities of each of the parties hereto to the other under this CONTRACT shall be forthwith completely discharged.*”

The Judge observed that the Article X was drafted not only to allow contract cancellation, but also expressly to specify what would happen after the cancellation. It set out the parties’ intentions about the consequences of any termination under Article X, and meant that the parties’ relationship was brought to an end once the refund had been made, with no residual claims or lingering liabilities in addition to refund.

Accordingly, it would be illogical that if Article X(A)(f) was also construed as a condition capable of giving rise to full common law loss of bargain damages, while Article X.3 provided for mutual discharge upon refund. Such a paradox could lead to absurd scenario in which the contracting parties have prescribed a mutual discharge clause, yet one party could still retain the right to sue for loss of bargain damages.

# “No Later Than” Is Not Enough: Provision Of Refund Guarantee In Shipbuilding Contract Held To Be Innominate Term (Cont’d)

## ❖ The Commercial Court’s Decision (Cont’d)

### ● The contractual scheme: remedies by design (Cont’d)

The buyer placed emphasis on the wording “upon such refund by Seller to the Buyer”, and argued that this Article X.3 would not apply where there was no refund (due to no advance instalment ever made).

The Judge rejected such argument, as such interpretation would lead to an illogical distinction: obligations would be discharged if the buyer managed to pay an advance instalment, but not if the contract was cancelled only slightly earlier.

### ● A lack of interdependence

The buyer’s argument was that, in modern shipbuilding contracts, the refund guarantee is the “financial cornerstone” of the deal, as no rational buyer would release large advance instalment to a shipyard without it. If the seller failed to provide the refund guarantee within the agreed period, it would surely amount to a breach of condition.

The Judge recognised that the refund guarantee was a “financial cornerstone” of the project, but did not accept that such understanding would mean that the parties intended Article X(A)(f) to be a condition:

- The contract expressly provided that the advance instalment were not due and payable until buyer received the refund guarantee; i.e. no refund guarantee, no obligation to pay. Accordingly, seller’s money was never at risk.

# “No Later Than” Is Not Enough: Provision Of Refund Guarantee In Shipbuilding Contract Held To Be Innominate Term (Cont’d)

## ❖ The Commercial Court’s Decision (Cont’d)

### ● A lack of interdependence (Cont’d)

- The refund guarantee was a condition precedent to the buyer’s obligation to pay advances, but it was not a condition precedent to the seller’s obligation to build the vessel. Under the contractual mechanism, the seller’s obligation to build and deliver the vessel by the agreed delivery date was unaffected by the absence of a refund guarantee or the first advance instalment.
- As to buyer’s argument that shipyard usually would not commence shipbuilding without receiving the advance payment, the Judge agreed with tribunal’s finding that, as a matter of fact, at the time of contracting, the seller had no financial difficulty and was able to commence the construction without advance payment.
- Further, breach of seller’s obligation did not put buyer in breach of their payment obligation – such would be deferred rather than defaulted.

Based on above, the Judge noted that the contracts would not “fall into unworkable disarray” without the refund guarantee, and held that there was no interdependence of the obligations in question.

### ● “No later than 120 days”: deadline but not condition

The buyer placed significant reliance on the wording “by no later than 120 days”, as the case authorities had treated such “no later than” language as indicating that time was of the essence. The Judge accepted that the wording was a deadline, but it did not resolve the question that, as a matter of contract, what would happen if missing this deadline. There were also two decisive features in the Judge’s reasoning:

# “No Later Than” Is Not Enough: Provision Of Refund Guarantee In Shipbuilding Contract Held To Be Innominate Term (Cont’d)

## ❖ The Commercial Court’s Decision (Cont’d)

### ● “No later than 120 days”: deadline but not condition

- First, the deadline should be construed in the contractual context. It was set in Article X(A)(f), but this provision was not a standalone “time of the essence” clause. Instead, it was under a “Financial Default” regime that set out various defaults and granted the buyer a right to terminate the contract.
- Second, the specific wording of the deadline matters. In addition to the 120-day limit, the wording also qualified some delay by providing “or such later date as the Buyer may designate in writing from time to time”. This meant that the buyer was entitled to extend the deadline if it wished, and the 120-day period was not a rigid time bar. It was held that a deadline that can be moved unilaterally from time to time was inconsistent with any allegation that time was of the essence.

Therefore, it was held that the “No later than 120 days” language was a deadline, but not a “time of the essence” type of condition.

Based on above findings and reasoning, the Judge held that the tribunal was correct in concluding that the obligation under Article X(A)(f) was an innominate term. Whether the breach of an innominate term was repudiatory would depend on its gravity and consequences.

In this case, given the buyer contractual protection under Article X, its rights and benefits under the shipbuilding contracts were not substantially deprived as a result of seller’s breach of obligation. The buyer was therefore limited to the contractual remedy under Article X, and could not recover loss of bargain damages merely because of seller’s failure to provide refund guarantee within 120 days.

## “No Later Than” Is Not Enough: Provision Of Refund Guarantee In Shipbuilding Contract Held To Be Innominate Term (Cont’d)

### ❖ Comments

- The decision illustrated the English Court’s approach in construing contract terms: where the parties have agreed on a detailed remedial regime -- as exemplified in this case, which provides for staged remedies, express cancellation rights and an agreed discharge following termination -- the Court will be reluctant to superimpose a parallel common law regime which would be harsher.
- If contracting parties genuinely intend a time limit to operate as a condition, some lawyers suggest drafting the contract clearly to reflect this intention, and ensuring that the remedial scheme to be consistent with it.
- It is clear from the judgement that the Court also placed considerable weight on the issue of interdependence. Where the ability of one party to perform its contractual obligation is squarely and obviously subject to a timely step that should be done by the other party, a time limit provision is more likely to be treated as a condition. Conversely, where the contract can still function effectively even if the deadline is missed, it would be more difficult to establish that the time limit is a condition.
- Lawyers also caution contracting parties to review the termination and discharge clauses in the contract. For example, like the Article X.3, if all obligations, duties and liabilities are agreed to be completely discharged upon termination and refund, such clause may provide a strong defence against claims for full common law damages for the same termination event.
- In this case, the buyer applied for permission to appeal to the Court of Appeal, but the judge at first instance dismissed the application. Under section 69 of the Arbitration Act 1996, the Court of Appeal has no jurisdiction to grant permission to appeal if it has been refused by the first-instance judge. Accordingly, this judgment represents the final word for this case.

## In A Nutshell: Punctual Payment Of Time Charter Hire

Under English common law, the punctual payment of time charter hire is an innominate term. Late payment may trigger contractual remedies expressly agreed by the parties. If the lateness is sufficiently severe, it may also constitute a repudiatory breach at common law, operating independently of contractual remedies.

In practice, disputes frequently arise in relation to the mechanics of payment, the operation of anti-technicality notices, and exercise of a withdrawal right.

### ❖ **Anti-deduction Clauses**

#### ● **Conventional approach: deduct now, argue later**

Under English law, charterers are entitled to deduct hire for alleged claims relating to off-hire, breach of contract, costs, or counterclaims by way of equitable set-off, provided the deduction is done in good faith and on reasonable ground. Where such set-off results in non-payment (or insufficient payment) of hire, the owner is likely to struggle whether it is lawful for him to withhold performance or withdraw the vessel.

#### ● **Incorporation of anti-deduction clause: pay now, argue later**

Most modern time charters include an anti-deduction clause which prohibit the charterer from deducting hire according to the conventional approach, and are designed to protect owners from losing cashflow based on potentially disputed or unfounded allegation.

Anti-deduction clauses frequently come into play in disputes concerning off-hire periods, performance claims (underperformance of vessel's speed or over-consumption of bunker), damages for breach of charterparty, or costs which charterers believe should be borne by owners.

### ❖ Anti-deduction Clauses (Cont'd)

#### ● Enforceability

The enforceability of anti-deduction clause has been upheld in English Courts and LMAA arbitrations. For the clause to be effective, the clause must be in sufficiently precise wording. In “The Anna Dorothea” [2023] case, based on the specific wording of the anti-deduction provision, it was held that charterers should pay full hire to owners first, even if the vessel was ultimately proven to be off-hire, without prejudice to charterers’ right to claim recovery of hire paid.

#### ● Charterers Perspective

From charterers’ viewpoint, making deductions from hire always entails risks, and these risks are significantly elevated where an anti-deduction clause is agreed. It may entitle owners to exercise their contractual right to suspend service or withdraw vessel, or assert a lien over the cargo (or over other sums that may be payable to the charterers).

Before making any deduction, charterers should review the charterparty to ascertain if there are other clauses which permit deductions, or check whether deductions can be made from other payments rather than hire. They can also submit the disputed issues with supporting documents and ask owners for their agreement to such deduction or any valid reasons of owners’ refusal.

#### ● Owners Perspective

Anti-deduction clauses are generally owner-friendly, but they do not eliminate risk. If owners refuse deductions and suspend service when there is no genuine dispute, they may be held in breach, or even repudiatory breach, of the contract. The charterers may also seek for protective remedies, such as ship arrest proceedings.

### ❖ **Anti-technicality Notices**

An anti-technicality notice requires the owners, before withdrawing the vessel, to notify the charterer of the non-payment and to allow a short grace period in which the default may be cured. Whether the exercise of a withdrawal right is lawful is typically subject to strict compliance with relevant anti-technicality clause. Tribunals usually adopt a strict approach to the form, timing, deadline and effect of such notices. In particular:

- **Clarity and precision.** The notice must be clear, unambiguous and precise. It is expected to identify the payment failure, outstanding hire amount, and the exact period allowed for cure.
- **Contractual compliance.** The notice must also be given in the contractually prescribed manner and to the correct recipient.

Failure to comply these requirements may deprive the owner of the right to withdraw, even where hire remains unpaid.

Some common and recurring errors in anti-technicality notices are listed as following:

- **Incorrect notification and notice periods:** Problems often arise where notices are sent outside business hours, or where delivery does not comply with the contractually specified method of service. In general, the cure period runs from the time the notice is deemed served. If the notice is not served (or is deemed served) at the correct time, the cure period may be calculated incorrectly.

### ❖ **Anti-technicality Notices (Cont'd)**

- **Premature withdrawal:** the withdrawal is ineffective if it is done before the full expiry of the cure period.
- **Ambiguous deadlines:** owners' position may be prejudiced if the precise deadline is not specified, especially where the charterparty requests strict compliance with the requirements in the notice.
- **Acceptance of late or partial payment:** such conduct may indicate that the owners have waived the charterers' breach, which is inconsistent with an intention to withdraw.
- **Failure to curing a default properly:** a payment is not regarded as having been made until the funds arrive in the owners' bank account. Accordingly, banking delays or clerical errors may prevent an effective cure, even where the charterers acted promptly.

In practice, when deciding whether a withdrawal is effective, tribunals place considerable weight on the conduct of the parties and the factual circumstances surrounding service, receipt, and payment.

### ❖ **Modern law governing punctual payment of hire**

The modern law governing punctual payment of hire under time charterparty has been shaped primarily by two key cases:

- **“The Astra”[2013] EWHC 865 (Comm)**

In this case, the Commercial Court held that the obligation to pay hire punctually was a condition of the charterparty. As a result, any late payment would entitle the owners to terminate the charterparty and claim loss of bargain damages at common law.

### ❖ Modern law governing punctual payment of hire (Cont'd)

This approach was widely viewed as departing from the traditional position. In particular, it exposed charterers to potentially severe common law consequences even for minor delays or small shortfalls. The issue was considered again in the subsequent decision in “Spar Shipping” case.

- “Spar Shipping” [2015] EWHC 718 (Comm) & [2016] EWCA Civ 982

Both first-instance Court and the Court of Appeal rejected the approach taken in “The Astra”, and restored the established legal position that the obligation to pay hire punctually is an innominate term, not a condition. The Court of Appeal also emphasised that classifying the obligation as a condition would produce disproportionate consequences for trivial breaches, which is inconsistent with market understanding and established authority.

Consequence of breaching an innominate term may vary from trivial to grave, depending on the seriousness of the breach. In the context of late payment of hire, a single late instalment does not automatically entitle the owner to common law remedies such as termination and loss of bargain damages. Rather, to amount to a repudiatory breach under common law, the late or insufficient payment must be in a sufficiently persistent pattern, or indicate that the charterer no longer intends to perform the charter.

There have been no English law which materially alter the principles established by this case. Therefore, the settled law is that the punctual payment of hire is an innominate term.

### ❖ No mix-up of common law remedy and contractual remedy

For completeness, clarification is needed to distinguish an owner's contractual remedy from its common law remedies. Most time charters include an express withdrawal (or termination for non-payment) clause, permitting the owner to withdraw the vessel if hire is not paid in full on the due date. Such clauses are construed strictly as to the trigger and the validity of the termination, and they operate within the contract framework.

However, where the charterers' breach is sufficiently serious to amount to a repudiatory breach at common law, the owner may then rely on common law remedies, including termination of the contract and loss of bargain damages. These remedies operate outside the contract framework.

Accordingly, although both withdrawal clauses and common law may result in termination, a withdrawal clause does not typically entitle the owner to claim loss of bargain damages—because that head of damages is generally only available under common law.

### ❖ Recent arbitration practice on hire payment and withdrawal

- **Interest.** Where the charterparty contains provision allowing interest on overdue hire, tribunals have treated the interest as part of the amount required to cure the default. A payment without the accrued interest cannot prevent withdrawal.
- **Security deposits or bank guarantees.** Unless expressly agreed in charterparty, tribunals tend to treat such security as a protective measure instead of advance hire.
- **Whether payment has been made.** Tribunals usually recognise that owners are entitled to a reasonable period to confirm receipt of funds, deal with any allocation issue, and take advice before exercising withdrawal rights.
- **Uncontrolled factors.** A few factors may impede payment of hire, such as oversight, staff omission, cash-flow difficulties; however, such factors have not been accepted as excuses for failing to comply with the payment obligation, even though charterers insist they have the intention to pay.
- **Drafting anti-technicality notice.** Tribunals indicated that it is not necessary to draft anti-technicality notices in expansive terms, provided they clearly warn of the risk of withdrawal.



# Market Snapshot

## IEA: Global Oil Stocks On Track For Historical Lows Ahead Of Summer Peak

- The International Energy Agency (IEA) warns that global oil markets could enter a “red zone” in July and August as inventories decline ahead of peak summer demand. With the Northern Hemisphere approaching its highest seasonal fuel consumption period -- exacerbated by heatwaves -- energy systems may face additional strain.
- The IEA reports that global oil inventories fell by more than 250 million barrels between March and May, with commercial and strategic on-land stocks drawing down at a record pace. The risk is that reserves could hit historically low levels as demand rises.
- Tight conditions are linked to the Strait of Hormuz being closed, removing about 10% of global supply. The IEA projects supply will drop by around 3.9 million barrels per day in 2026, creating an average deficit of roughly 1.78 million barrels per day this year. Even after IEA members agreed to release 400 million barrels, supplies remain tight, including near 40-year lows in the U.S. Strategic Petroleum Reserve.

## Long Beach Cargo Drops As Hormuz Crisis Keeps Pressure On Supply Chains

- The Port of Long Beach reported a year-over-year decline in cargo volumes in April, reflecting continued pressure on global trade flows amid market volatility and higher transportation costs. Longshore workers and terminal operators handled 817,992 TEUs, down 5.7% compared to April 2025, which had been the busiest April on record for the port.
- Despite the drop, volumes remain historically strong as the port navigates a challenging trade environment shaped by geopolitical tensions, tariff uncertainty, and rising fuel prices. April’s performance followed a softer March, when 774,935 TEUs were processed. Through the first quarter of 2026, Long Beach still ranked as the busiest container port in the United States, although volumes are trailing last year’s record pace.
- Container freight rates also reflect ongoing strain. Spot rates from Far East to US West Coast remain more than 50% above pre-conflict level at the end of February, although they have plateaued in recent weeks as shippers delay long-term contract decisions amid uncertainty.

## The Strait Of Hormuz Crisis Is Cracking The Petrodollar System

- The conflict involving Iran and the closure of the Strait of Hormuz are putting pressure on the U.S. dollar's dominance in global oil trade. As the war began on 28 February, an estimated 20% of Gulf oil flows has been disrupted, forcing major consuming nations -- especially in Asia, which relies on the Middle East for roughly 60% of its imports -- to seek alternative supply routes and arrangements.
- Several Asian importers have reportedly started negotiating more direct deals with Gulf producers -- sometimes with Tehran's consent -- to enable shipments of oil, chemicals, and LNG through the Strait. In some cases, tankers may have crossed with tracking systems switched off, after high-level diplomatic contacts. While the details remain opaque, these arrangements are widely believed to be settled outside the traditional dollar-based framework, potentially involving alternative currencies or barter-style mechanisms.
- Overall, such moves reinforce a gradual shift away from the petrodollar system established in the 1970s. That said, the dollar still remains dominant, and no single currency is currently positioned to fully replace it.

## China Global Shipbuilding, Grabbing 85% Of New Orders In Global Shipbuilding

- China reinforced its dominance of global shipbuilding in Q1 2026, securing nearly 85% of worldwide new vessel orders as tanker demand rose amid geopolitical tensions.
- China Association of the National Shipbuilding Industry data shows Chinese yards received 59.53m DWT in new orders from January to March, up 195.2% year on year. This delivered an 84.9% global market share, far ahead of South Korea (12.8%) and Japan (1.4%). Completions reached 15.68m DWT (+46% year on year), representing 57.3% of global output. Orders on hand totaled 322.30m DWT by end-March (69.8% of the world backlog).
- Exports drove performance, with export vessels accounting for 96.1% of completions and 94.6% of new orders, and export value reaching USD 14.92bn.
- The contracting surge was largely tanker-led, tied to the U.S.–Israel–Iran conflict and easing worries about potential U.S. port fees on China-related ships. Global orders rose 40% year on year (CGT); tankers were 32% of total orders, including 75 VLCC contracts—the highest Q1 record.

## Dry Bulk Shipping: Is A Climate Disruption Underway Already?

- Market voices suggest the dry bulk shipping sector could face renewed disruption if the risk of El Niño intensifies. The U.S. National Oceanic and Atmospheric Administration forecasts an 82% probability of El Niño onset between May and July 2026, with a 37% chance it becomes severe by year-end. The event is expected to peak in late 2026 or early 2027.
- Previous El Niño cycles disrupted logistics, including through drought-related restrictions at the Panama Canal. Similar strains may return, with longer waiting times and maintenance further tightening transit capacity.
- El Niño-linked weather could also increase thermal coal demand in Asia (via a hot summer) and potentially weaken the Indian monsoon. That may benefit Capesize and Kamsarmax. Reduced Australian wheat output could shift grain flows toward South America, boosting tonne-mile demand. If canal constraints worsen, U.S. Gulf grain may reroute via the Cape of Good Hope, potentially extending voyages by up to 50%.
- With forward freight agreements firmer and owners financially stronger, second-hand value -- especially for modern eco-tonnage -- remain well supported in a tight S&P market.

## Five-year Old VLCCs Cost More Than A Newbuilding

- Geopolitical tensions have not weakened appetite for VLCC tonnage, with secondhand prices for five-year-old VLCCs now exceeding newbuilding costs, according to market data.
- Following the outbreak of the Middle East conflict and the effective closure of the Strait of Hormuz, traditional depreciation patterns appear to have broken down.. Under normal conditions, a five-year-old vessel trades at a discount to a newbuilding, while resales command only a modest premium for earlier delivery. That relationship has now reversed.
- A five-year-old VLCC is currently valued about USD9 million above the average USD129 million newbuilding price. Resale units with prompt availability are attracting premiums of 21% to 35%, implying prices as high as USD174.5 million.
- In the Suezmax segment, five-year-old ships are priced at roughly USD88 million, in line with newbuildings, while resales command a 22% premium at around USD107.5 million.
- Aframax show a similar pattern. With newbuildings at USD73.2 million, a five-year-old vessel trades near USD74.8 million, while resale units reach USD88.9 million, being about 21% higher than newbuild levels.

## Dual-fuel Container Ship And Vehicle Carrier Fleet Surpasses 1,200 Vessels

- The World Shipping Council (WSC) reports that the global fleet of dual-fuel container ships and vehicle carriers has now surpassed 1,200 vessels, highlighting ongoing investment in lower-emission shipping.
- As of March 2026, 440 dual-fuel ships are in operation -- up 65% year-on-year from 267 in March 2025. In addition, 764 dual-fuel vessels are currently on order, bringing the combined total delivered plus contracted to 1,204.
- Dual-fuel designs are increasingly dominant in newbuilding activity. Approximately 78% of container ship orders and 94% of vehicle carrier orders are dual-fuel, while 17% of orders across the broader fleet include dual-fuel technology. Total investment in these vessels exceeds USD 180 billion.
- The WSC says dual-fuel capability offers long-term flexibility, enabling operators to switch between conventional and alternative fuels as regulations and fuel availability evolve. It also emphasized that continued engagement with the IMO will be key to maintaining regulatory certainty and supporting further investment in marine alternative fuels.

## Dali's Owners In USD2.25 Billion Settlement With Maryland For Key Bridge Disaster

- Maryland has reached a USD 2.25 billion settlement with Grace Ocean and Synergy Marine, the owner and operator of the containership Dali, following the collapse of the Francis Scott Key Bridge in Baltimore. The bridge -- owned by the Maryland Transportation Authority -- will require years to rebuild.
- The deal is expected to come before federal court proceedings in early June dealing with the scope of shipowner liability under U.S. maritime law. In particular, the Limitation of Liability Act of 1851 -- intended to cap owner exposure in certain circumstances -- is likely to be a central issue in the hearings.
- Maryland officials have stressed that the settlement does not end the litigation. The state plans to continue pursuing claims against Hyundai Heavy Industries, which the NTSB identified as sharing responsibility. Maryland also earlier obtained a USD 350 million insurance payout.
- Meanwhile, reconstruction estimates remain high, with replacement costs now placed between USD 8 billion and USD 9 billion, highlighting how significant the legal and financial fallout will be.

# Happy Reading, See You In July!

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