China scrapping potential seen

China could add as many 400 recycling yards

CHINA has the potential to add up to 400 recycling sites to
global scrapping capacity, with yards built to exploit a
newbuilding boom riding a green wave, a ship recycling
conference has heard.

A decision by Beijing to freeze new licences to allow the yards
to become scrapping facilities is all that is stopping new players
from buying market share in green recycling, Dimitris Koukas of Optima Shipbrokers told the
5th Annual Ship Recycling Conference in London.

"Many demolition yards have evolved in the last couple of years, especially after the sub-prime
crisis and the trend is for a few more to get a licence and start up. They are extremely
aggressive because they don't have track records. So another challenge is to try to locate the
kind of cash buyer for shipbreaking in China with good performance and good backing," said
Koukas.

He admitted that building yards in China also allowed the broker “to play a bit of the hero for
our clients”, flashing their green credentials, because ships are docked rather than beached for
recycling.

Anil Sharma, president of cash buyer GMS, estimated there were perhaps 75 active recycling
yards in China, compared to 150 in Alang, 32 in Chittagong and 50 in Karachi – capacity that
he said was more than sufficient for current demand.