Spoiled deals sour Alang’s prospects

A flurry of sour deals has outraged shipbreakers at Alang-Sosiya, once the largest ship demolition market in the world but now in steep decline. At least half a dozen accords involving Indian buyers have been nullified, with some ships redirected to Bangladesh, say industry players, who blame price fluctuations in Bangladesh and India. Deals between sellers and cash buyers have run into disputes, the sources told Fairplay. Senior officials from the leading cash buyer GMS said some deals were in jeopardy after the sellers reconsidered after hearing better quotes elsewhere than those they had agreed with Alang-Sosiya. For instance, GMS had fixed a deal to buy the 33,791dwt Niase on 7 September, except for one clause about the workings and spare propeller, one senior GMS officials told Fairplay. Then the seller committed the vessel elsewhere but asked GMS to reoffer on 9 September.

"We assume the other buyers defaulted due to falling market,” the official discloses, “but we declined. A day later, however, on behalf of nominees, we submitted a fresh offer, basis delivery India only, and the deal was subsequently signed.“ Bangladeshi breakers are quoting $420-425/ldt, while Indian prices have shot up beyond $400/ldt. A prominent breaker from Alang adds that junk steel prices are about Rs19,500/tonne ($426). "The high ship prices have hit Indian breakers badly. India, which used to demolish on an average of 200,000 tonnes monthly, breaks just 90,000 tonnes a month,” another breaker tells Fairplay. The government has brought down the customs duty on junk ships from 15% to five per cent, but a similar reduction in rerollable scrap has driven many traders to the booming business of importing scrap, with many breakers abandoning demolition.