Aggressive tactics pay off for Indian yards as deals break $500 mark

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- by Brian Reyes
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Firm domestic steel prices prompt Indian buyers to continue offering strong rates.

INDIAN buyers dominated the demolition market for another week with a string of high-priced deals well above the $500 per ldt mark.

Breakers in Alang offered strong rates for a range of different vessel types, from large bulk carriers to tankers and reeferships.

The aggressive tactics were prompted by firm underlying domestic steel prices and low levels in Pakistan and China watching from the sidelines.

Yards in Gadani and China continued to make attractive pitches for vintage tonnage, but were consistently eclipsed by their Indian competitors.

As for Bangladesh, formerly the world’s largest ship-scraping centre, there was no sign of any resolution to the environmental and safety bans on scrap ship imports, fast approaching its first anniversary.

“As the first month of 2011 comes to a close, cash buyer speculation has reached unprecedented levels,” said US-based cash buyer GMS.

“Some would say those that continue to buy at strong levels on an ‘as is’ basis are gambling. But the fundamentals remain strong and the Bangladesh buyers remain desperate to buy, with all concerned trying their utmost to find solutions in order to facilitate a market reopening.”

At least six vessels were reported sold to Indian buyers at levels at or above $500 per ldt, though the total number of ships sold for demolition to Alang reached double figures.

Many of those recent deals were done on a private basis, but notable market sales included Cyprus Maritime’s 1981-built, 17,981 ldt capesize bulk carrier Cape Cosmos, which was reported sold for $535 per ldt, or $9.6m.

Another large bulker, the 1986-built, 24,229 ldt combined oil and bulk carrier Jack D., operated by DND Management, was reported sold for $510 per ldt, or nearly $12.4m.

In a similarly high-priced deal, the 1983-built, 22,555 ldt gas tanker Berge Frost, operated by BW Gas, was reported sold for $520 per ldt, or $11.7m.

Indian breakers also bought the 1991-built, 15,867 ldt tanker Plateus, operated by London Chartering, and sold it for $515 per ldt, or $8.2m.

Dalhara Navigation’s 1978-built, 10,744 ldt bulk carrier Eleni was reported sold for $500 per ldt, or $5.4m, while the 1978-built, 3,925 ldt bulk carrier Darya 2, operated by Horizon Daniz, was reported sold for the same price, fetching just under $2m.

In an unusual sale, the 4,464 ldt reeler Bukhta Omega, operated by Yugtransflot, was reported sold for $545 per ldt, or $2.4m. The rate reflected the presence of 60 tonnes of copper on board.

Although some very strong prices were on offer, some ships were sold for demolition in India at more modest rates.

Nasco’s 1981-built, 4,417 ldt bulk carrier Han Zhong Mei, for example, was reported sold for $475 per ldt, or $2.1m, while the 1973-built, 3,845 ldt ro-ro vessel Jabal Al 5, operated by NAF Maritime Services, was reported sold for $465 per ldt, or nearly $1.2m.

Greek broker Golden Destiny said that while the level of scrapping activity over the past month was similar to that in January 2009, prices were markedly different.

A year ago, dry vessels were fetching around $350 per ldt, while tankers were just below the $400 per ldt mark.

The broker remained positive about options for shipowners disposing of old tonnage over the coming weeks.

“India, Pakistan and China are still taking advantage of the continued absence of Bangladesh,” said Golden Destiny in a market report.

“Even though the activity in Pakistan and China has slowed down there are expectations for an aggressive new year, while Bangladesh is still pushing for more permission,” n