Bangladesh breakers gain two-month extension

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- by Brian Reeves
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Gulf Navigation’s 1989-built, 14,620 ldt oil and bulk carrier Gulf Safwa was snatched up by an Alang buyer for $535 per ldt, or $7.8m.

Dietmar Hasenpusch

Shipyards in Chittagong now have until July to stock up on vessels

SHIPBREAKERS in Bangladesh were back in business last week after the High Court granted a two-month extension to an earlier order lifting a ban on imports of scrap tonnage.

The positive development came as rates across the Indian subcontinent held firm well above $500 per ldt and Pakistani buyers secured a very large crude carrier at strong levels.

Breakers in Gadani have been largely overshadowed by their rivals in India and Bangladesh in recent weeks in terms of the number of purchases, despite comparable price levels on offer there.

But Pakistani breakers have an appetite for large vessels, particularly tankers, and last week reportedly snapped up their second VLCC of the year.

TMT’s 1991-built, 38,909 ldt D Elephant was reported sold for $520 per ldt, or just over $20m.

A third single-hulled VLCC was also said to be under negotiation for sale to a Pakistani breaker.

However, the big news of the week came from Bangladesh. The Chittagong market was plunged into uncertainty a fortnight ago on learning that the initial clearance was only temporary, but last week’s decision provided a welcome reprieve.

It means yards now have until July to stock up on vessels, resulting in a more relaxed approach to negotiations and purchases. “A relative calm descended over the market, with many buyers content to bide their time on the right units rather than stockpile on any and all available vessels that came their way,” said US-based cash buyer GMS.

Two vessels were reported sold for delivery in Bangladesh last week and both fetched rates just over the $500 per ldt level, despite being sold on an ‘as is’ basis.

The 1981-built, 17,016 ldt oil and bulk carrier Samarinda Carrier, operated by Accord Shipping, was reported sold as is for $503 per ldt, or nearly $8.6m.

The 1982-built, 20,004 ldt bulk carrier Silver Carrier, operated by STX Marine Service, was reported sold as is at the rate of $502 per ldt, or $10m.

All the ship demolition centres in the Indian subcontinent are now offering rates in the low to mid $500s per ldt for wet tonnage, with India remaining the choice destination in terms of both price and demand.

Whether the prices will hold remains to be seen, particularly as the monsoon season is imminent. The start of the rains usually has a knock-on cooling effect on rates. Not only that, but many yards across the region now have significant inventories that they need to clear.

“If one takes a general view of recent market conditions, rates have clearly increased, particularly in India,” said London-based Clarkson Research Services.

BANGLADESH DEMOLITION RATES

Source: Global Marketing Systems