India and Pakistan buy up ships ahead of Bangladesh reopening

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Although the court had indicated its decision some weeks ago after months of legal wrangling, it was only last week that it was finally formalised.

The response from breakers was muted and there was no surge in prices, but sentiment remains bullish against the background of strong rates in India and Pakistan.

“The demolition market is continuing with strong numbers and with the expected opening of Bangladesh prices are set for further increases,” said Greek broker WeberSeas in its weekly update.

“Less volume is reported but prices are very healthy, which can only be good news for owners looking to cash in.”

“We expect Bangladesh to match levels in India, at least, and for tankers we could see levels at or even in excess of $526,”

The order aims to tighten environmental and labour standards at Chittagong yards, which have a notoriously poor record on worker safety and pollution control. Ships entering Chittagong for demolition will have to be gas free for hot works and will require inventories of hazardous materials on board, as is the case in India.

Dumping bilge and ballast water into the sea will no longer be allowed. Yards will also have to set up training facilities and ban child labour.

“It may well take some time for local buyers to digest and start implementing the statutes of the order, with perhaps months even before the cutting process can start taking place,” said US-based cash buyer GMS.

“However, with the main judge having signed, the second judge having ratified and the director-general of a shipping company putting his seal of approval on the proceedings, it is very much clear, to the respite of many, that the industry is back for good.”

While Bangladeshi breakers gear up for a return to business as usual, rivals in India and Pakistan continue to pick up the slack with rates in excess of $500 per ldt for choice ships.

The onset of the monsoon season has seen continued interest from buyers in both countries wanting to stock up before the rains hit and Chittagong breakers muscle in.

Recent sales include the 1982-built, 3,492 ldt liquid petroleum gas carrier Virgin del Carmen III, operated by Transgas Shipping Lines and reported sold to an Indian buyer at the rate of $570 per ldt, or just under $2m. The rate was pushed north by the large quantity of non-ferrous material on board.

In another noteworthy deal, the 1976-built, 4,002 ldt general cargo ship Monterrey, operated by Cape Shipping, was reported sold to an Indian buyer for $518 per ldt, or just over $2m.

With Bangladesh out of the equation, Pakistani buyers have managed to secure a significant number of ships in recent months.

Stringent requirements in both India and Chittagong could see that good fortune continue into the rest of this year, particularly for vessels opening up in the Middle East region.

One deal last week indicated the strong levels possible from Gadani buyers.

A Pakistani breaker was reported to have paid $525 per ldt, or $3.2m, for Sealift’s 1978-built, 6,102 ldt bulk carrier Marilyn, a rate that included 375 tonnes of bunkers on board.

Chinese breakers also closed a couple of deals last week, though rates lag behind those on offer in the Indian subcontinent by as much as $50 per ldt.

The 1985-built, 22,250 ldt bulk carrier Camnir, operated by Qingdao Pushun Ship Management, was reported sold for $455 per ldt, or $11m, with 500 tonnes of bunkers on board. And the 1981-built, 12,743 ldt bulker Five Stars Pioneer, operated by Hanjin Ship Management, was reported sold for $450 per ldt, or just over $5.7m. The price included 300 tonnes of bunkers on board.