Ready, steady, scrap: Bangladesh reopens yards

- Monday 07 March 2011, 18:07
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Demolition rates set to rise as country’s breakers look to begin importing vessels

BANGLADESH’s High Court has announced shipbreaking yards will once again be able to import vessels for recycling, reversing a ban put in place last year that saw the industry grind to a halt with as many as 100,000 workers losing their jobs.

Demolition brokers were already reporting a rise in scrap rates being offered by Chittagong breakers today, which is expected to come as good news for owners.

Some owners have reportedly been waiting weeks for Bangladesh to reopen in a bid to secure higher prices for their elderly tonnage, notably Chinese and Greek companies. But although breakers will now be able to buy and import vessels, there is a long list of regulations that facilities will have to adhere to.

Detailed documentation is expected to be released by the High Court next week but requirements will including pre-cleaning of tanks and holds before being entered for cutting to ensure they are gas-free.

Workers must be at least 18 years old to work at shipbreaking yards, and those over this age will be trained at an institute that is to be set up under supervision from the Bangladesh Marine Academy. A team of engineers will be onsite during the shipbreaking process to monitor safety and environmental conditions, no dismantling will be able to take place after dusk and yards must provide a separate rest and eating area for workers.

“People are pretty happy about the announcement. We need to have change in our yards, this is true, and this is a good day to start,” the managing director of a Bangladeshi shipbreaking yard told Lloyd’s List.

The move was also welcomed by regulatory bodies pushing for ratification of the International Maritime Organization’s Hong Kong Convention for the Safe and Environmentally Sound Recycling of Ships.

“I think the announcement does constitute progress, particularly the gas-free conditions, which we have always encouraged as this is a significant contributor to the net safety of workers,” International Chamber of Shipping senior advisor John Stawpert told Lloyd’s List.

“Similarly, the training institute is a very positive move, but we still have to wait and see further details about this,” he said.

GMS president Anil Sharma said that Bangladesh’s traditional preference for larger vessels could come as good news for the capesize bulk carrier sector, which has been inundated with new ships and is set to see a significant number sold for demolition this year. But those owners hoping for a sharp and sustained rise in scrap prices may not see their expectations realised.

“I think in the short term prices will be driven up, but at the same time a lot of owners have been waiting for the market to open and so I think there is a tremendous expectation that will not last that long, which is natural if you have too many ships chasing too few buyers,” Dr Sharma said.

His view of the market reflected comments made by other members of the shiprecycling sector. Sanjiv Agarwal, director of MJS Steels, and who also runs an Indian shipbreaking yard, estimated scrap prices in South Asia could rise by as much as $25 per lfdt in the short term, but that the impact of Bangladesh re-entering the market might not last long.

Mobil Shipping & Trading general manager Steve Wansell, another cash buyer, also said that with such a large amount of tonnage already positioned for sale to Bangladesh by other cash buyers, prices were unlikely to reach high levels that some owners have been hoping for.

But some shipbrokers were more optimistic, with one already reporting a $15-$15 per tonne increase in scrap prices offered for Bangladeshi breaking.

It is thought that there are around 25-30 vessels that could already be owned by cash buyers who are waiting to sell them to the country’s shipbreakers.

Article from Lloyd’s List

http://www.lloydslist.com/lists/sector/regulation/article357784.cco

Published: Monday 07 March 2011

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