Lloyd's List

Three aframax tankers sold in demolition sector in one week

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- by Liz McCarthy

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Mayon Spirit sold for $8.5m along with two other similar vessels

ICON Capital is understood to have sold an aframax tanker for demolition that it had on a sale and leaseback deal with Teekay until July this year, with reported prices indicating a lumpsum value of $8.5m, one of three ships of this size reported sold for scrap in the last week.

The vessel was redelevered back to its beneficial owners — a US financial entity — by the Canadian operator two months ago and it is now reported that the 1992-built, 98,507 dwt Mayon Spirit, comprising 16,556 l/t, has been sold on an 'as is' Singapore basis at $515 per l/t, according to Gibson in its weekly report. This is equivalent to $8.5m.

Two weeks ago, when Lloyd’s List reported it was available in the market, sale and purchase broker Seasure’s VesselValues.com had estimated its price at $9.1m. The price was, however, in line with sales of similar ships also reported in the demolition sector.

Greece’s Byzantine Maritime was understood to have sold the 1990-built, 98,824 dwt aframax Iron Monger 3 to Pakistani breakers at $546 per l/t for its total 16,125 l/t, equivalent to $8.6m, according to cash buyer GMS that reported the sale. This is the second aframax tanker Byzantine is reported to have sold for demolition in recent months, having sold 1991-built sistrship Iron Monger 5 to Gadani breakers in June for similar levels.

The third aframax sale of the week also went to Pakistan, with GMS reporting the 14,898 l/t Skipjack had been sold for $542 per l/t on ‘as is’ basis Fujairah, and including 400 tonnes of fuel on board, equivalent to $8.1m.

Lloyd’s List Intelligence shows the beneficial owners of the 1988-built, 83,962 dwt combination oil and chemical tanker as Greece’s Prime Marine Management.

These were the only two sales reported to Pakistan by GMS, with the deals an "exception rather than the rule," it said.

In comparison to India and Bangladesh, Gadani breakers were offering the lowest prices on the subcontinent for tanker tonnage, Pakistan’s average $515 per l/t was low compared to the $540 and $536 per l/t offered by India and Bangladeshi breakers respectively, GMS reported.

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**Pakistan Demolition Rates**

- **5 price per l/t**
  - 600
  - 500
  - 400
  - 300

**India Demolition Rates**

- **5 price per l/t**
  - 600
  - 500

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*Source: Global Marketing Systems*
Overall, tanker demolition volumes have been well down on 2010 levels, when international legislation forced many single-hull tankers out of service and many owners sold vessels for scrap.

So far in 2011, Clarksons reports just 6m dwt of tanker tonnage sold to breakers, compared with 13.1m dwt last year.

Many tanker market participants had been hoping poor chartering markets would push owners to reduce their fleets to young, efficient ships by selling older scrap candidates, but so far this has not materialised.

Just last week, John Fredriksen-led Ship Finance International announced it had sold its three remaining non-double-hull very large crude carriers for just under $73m. Instead of sending them for demolition, though, brokers reported Brazilian energy giant Petrobras had bought them for conversion into floating production storage and offloading vessels.

This followed suggestions in August by Jens Martin Jensen, chief executive of another Fredriksen-led company Frontline, which had been chartering the three vessels on long-term contracts, that 50 VLCCs over 15 years of age should be scrapped to alleviate overcapacity in the Middle East spot market.

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