Alang aims to 'recover lost ground'

Alang - the world's largest scrapyard zone - is looking to scrap more than three million ldt annually over the next two to three years.

Nikhil Gupta, joint secretary of Alang Shipyard Association, is forecasting that the west-coast facility will scrap more than 250 ships this year comprising mostly bulkers and containerships.

"With the shipping industry hitting rock bottom, especially the dry-bulk [market], breakers at Alang are recovering lost ground this year," he said. In January alone, breakers were working on more than 50 ships totalling over 400,000 ldt. In the whole of 2008, only about 700,000 ldt was scrapped at Alang comprising around 50 to 60 vessels.

Gupta says a lot of breaking plots remained empty last year as the high scrap prices, which increased to about $700 per ldt in August/September, kept breakers at bay. But with prices falling to around $250 to $260 per ldt, they are starting to buy again to recover the losses they incurred. About 100 plots are now in operation. Gupta believes scrap prices might fall to under $200 per ldt if the price of scrap steel remains sluggish. Currently, steel-scrap prices in India are hovering around $355 per tonne, down from around $725 per tonne last September.

Gupta does not expect Alang to be adversely affected by rival scrapyards in Bangladesh as the players there prefer tankers. Indian scrapyards prefer bulkers, general cargoships and boxships. But he is hopeful that Alang will get its share of the tanker-demolition market as the International Maritime Organistation (IMO)'s phase-out deadline for single-hull tankers nears in 2010.

A report by cash buyer Global Marketing Systems (GMS) suggests that although scrapping volumes are still high at Alang, rival yards in Bangladesh and Pakistan are paying higher prices, which may result in some tonnage moving to Pakistan's Gadani beach.

Scrapers in Bangladesh pay around $265 per ldt for general cargoships and $300 per ldt for tankers, while Pakistani players shell out up to $255 per ldt for general cargoships and $275 per ldt for tankers, the GMS report claims.

By Pinaki Routray and Geoff Garfield New Delhi and London

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