Earlier scrap candidate heads east for accommodation project

Anil Sharma's cash-buying outfit, Global Marketing Systems (GMS), recently sold its most controversial asset to an unnamed but well-known European shipping company not to the scrappers of Alang.

So says Sharma, after months of speculation that the US-flag cruiseship was destined for the torch on a South Asian breaker's beach. US authorities have brought a complaint against GMS and affiliates for the alleged illegal export of hazardous contaminants in the 20,000-gt, 802-passenger Oceanic (ex-Independence, built 1950). Environmental groups have protested the sale as well.

But Sharma says the ship was towed to Dubai and delivered to new owners around the beginning of August and is now under consideration for two projects. It could wind up either as an accommodation ship for workers in the offshore and construction industries or as a cruiseship hotel.

"I am not privy to what they are doing but my impression is that it will be used as housing," Sharma told TradeWinds.

He declines to reveal the price he received. "It went well for us," Sharma said modestly.

Meanwhile, US authorities say the status of the ship is unclear. An official of the US Maritime Administration (MarAd) says they received an application to reflag the vessel but have never granted such permission.

Under US law, MarAd must certify that the departure of a ship from the US flag will not harm national security. MarAd has no other legal authority to stop a reflagging. The US Coast Guard (USCG), as the national ship register, must make sure there are no outstanding liens on the vessel before letting it go. Only the Environmental Protection Agency (EPA) looks over the contents of a ship that is set to be exported and considers its potential for polluting the environment. But observers point out that "export" has never been a well-defined legal term when it comes to ships. As assets that move all over the world in the normal course of trading and that often change hands among essentially stateless shipowners, it would be difficult to say in most cases whether an export had taken place.

Records of the American Bureau of Shipping (ABS) indicate that the Oceanic was withdrawn from class on 13 August.

But Sharma tells TradeWinds that class and flag were not extended as these are unnecessary for a dead vessel. He has no information about the new owners' intentions to flag and class the Oceanic.