Rush to scrap is boom for Alang

Dormant yards are reopening as owners queue up to shed tonnage. Around 50 shipbreaking plots at Alang are back in action as a surge of tonnage heads for the Indian subcontinent.

Activity at the world’s largest ship-demolition site is booming, says Vishu Gupta, president of the Alang Ship Breakers Association.

Between 90 and 100 yards are now working, almost double the number of a few months ago.

It has led to a shortage of labour, although Gupta claims this is now being solved because workers are turning to Alang after losing jobs in other Indian industries due to the recession. The manpower situation should stabilise over the next three months, he says.

Between 13 and 18 vessels are said to be at Alang’s outside anchorage awaiting beaching. Not long ago ago it typically would have been 10.

Thirty-five ships were delivered in December, 21 in November and 10 in October, a reflection of how the downturn in the shipping markets has spurred owners to scrap ageing vessels.

Gupta says 40 deliveries are expected during January, of which 23 have already arrived.

During the past two or three months, the majority have been bulkers with some boxships.

Last September, before the credit crunch really began to bite, there were only around 4,000 workers at Alang, as compared with 35,000 to 40,000 at its peak when some 125 plots were working. Things are again on the up, with cash buyer Global Marketing Systems (GMS) reporting that Alang recyclers blazed through negotiations at the start of the year. In the first week of 2009, some 130,000 ldt arrived, with Alang ending the week buying more than 146,000 ldt.

GMS said: "The reason for India's burning performance of late has been a jumpstart in the revival of numerous local recycling yards that lay dormant for extended periods due to the shrinking supply of tonnage in early 2008." It says the yards have now found a "compelling reason to spring back to life".

GMS points to the current oversupply of tonnage and "shrinking" competitiveness of Bangladesh.

The cash buyer acknowledges that recyclers have been "desperately" trying to find trained workers during a period it describes as a "true reminder of the glorious aggressive days that Alang was known for in the late 1990s".

Meanwhile, Gupta says that despite ships globally being sold for demolition at the fastest rate for 20 years, prices - along with those for steel plate - remain stable.

"Everything is OK," he added.

The recycling boss says yards have an opportunity to claw back losses after paying up to $750 per ldt last year for scrap and then having to sell the plate cheaply. Much depends on how long the boom lasts.

By Geoff Garfield London