Scrap sales set to climb

Leading broker Clarkson has radically revised its forecast of boxships to be scrapped as more go under the breakers' torch.

The broker expects over 200,000 teu to be scrapped this year and 150,000 teu next year - the highest levels for more than a decade.

The upward revisions come after another 20 ships were scrapped in March, taking 31,694 teu out of the market.

Another four ships were sent to the breakers in the past week, according to demolition broker Global Marketing Systems (GMS).

The most significant scrap sale may be the 1,779-teu Mercosul Manaus (built 1983) - a 6,537-ltd vessel sold to China for $200 per ldt or $1.3m.

Although the price is low, GMS believes the return of Chinese buyers provides a much needed outlet to "an overheated [demolition] market on the Indian subcontinent".

Greek owner Varship is also reported to be scrapping the 1,184-teu MSC Qatar (built 1978), adding to the hefty tally of vessels owned or chartered by Mediterranean Shipping Co (MSC), which have gone for scrap in recent months.

Analyst Alphaliner suggests that MSC has sent 15 owned and nine chartered ships for demolition since September, removing 43,000 teu from its fleet. It says all are over 28 years old, including the 40-year-old, 1,247-teu MSC Stefania and six other ships built in 1970.

MSC still has 42 ships (22 owned and 20 chartered) built before 1980 currently in its fleet, totalling 64,000 teu, including the Varship-owned, 1,150-teu MSC Calcutta, MSC Manilla and MSC Seoul (built 1979).

Other boxships reported sold include two ships by Boluda-controlled Naviera Pinillos.

The Spanish owner is reported to have sold the 1,406-teu Cuevasanta B (built 1981) and 1,034-teu Gema B (built 1985). The 9,738 ldt and 6,701 ldt vessels are understood to have fetched $150 to $170 per ldt after being sold "as is" in Barcelona and Las Palmas.

Most of the scrapping activity this year has taken place in the intermediate sectors, which saw seven small handysize boxships and five sub-panamax vessels sold for scrap.

A total of 36 boxships with a combined capacity of 57,717 teu have been sold for scrap in the first quarter of the year, says Clarkson. The broker bases its demolition forecast on expectations of a 3% contraction in global trade over the full year.

It adds that although the average age of the container fleet stands at a relatively young 10 years, over 16.8% of the fleet was delivered over 20 years ago.

"Large amounts of relatively aged tonnage have been scrapped in recent months but with a considerable proportion of the remaining fleet entering scrapping age, there remains huge potential for further demolition," it said.

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