Star forced to drop 'Norway' scrapping sale

Environmental concerns have forced Malaysian cruise operator Star Cruises to cancel a deal it struck at the end of last year that would have seen it sell the 76,000-gt Norway (built 1961) to US-based cash buyer Global Marketing Systems (GMS) for onward delivery to Indian breakers.

Demolition-industry sources say that although a deal was agreed to sell the ship for $310 per ldt, or a total of $14m, Star backed out over fears that the sale would be in contravention of items in the Basle convention regarding the export of toxic waste. The vessel is believed to contain several thousand tonnes of asbestos.

Sources close to Star say the ship was allowed to leave its layup berth in Bremerhaven last year for a one-way tow to Port Klang after the company gave assurances to German authorities that it was heading to Asia for continued commercial employment, rather than for scrap.

"Selling the ship for demolition contradicted the first declarations of the company. It left a large door open for attack from environmental movements, as well as the potential legal penalty of several million dollars from the German authorities," said one shipbreaking source who has been following the ship's recent movements closely.

Star is said to have refunded the deposit it was paid by GMS and has withdrawn the ship from the demolition market. It is left figuring out what to do with a crippled cruise giant that nobody wants and it cannot get rid of.

Company officials were unavailable for comment over their future intentions for the ship.

Cruise-industry sources say the Norway saga could have large-scale repercussions in the cruise industry, especially when most of the remaining older ships are being forced out of service by stringent new Solas regulations coming into effect in 2010.

By Jonathan Boonzaier, Singapore