Young gun has work cut out in a tough industry

Demolition cash buyers operate in a twilight zone between shipowners and breakers but if Ali Lakhani is anything to go by, then the profession may be set for an image makeover.

Lakhani, fresh from university in the UK, has joined his father, Tahir, at Dubai Trading Agency (DTA), whose companies include cash-buyer agency United Eastern trading (UET) in London.

Pakistan-born Tahir Lakhani is a straight-talking, pull-no-punches archetypal trader who gained his knowledge of shipbreaking not from journals but working 12-hour days as a young man in the Pakistan industry.

Son Ali, 22, has been privileged with an academic upbringing and has no problem articulating his thoughts. Only time will tell whether he survives in a sector threaded with tales of cut-throat competition and back-stabbing.

But shipbreaking is set for a step change in standards because of the International Maritime Organisation (IMO) and pressure from environmentalists, creating opportunities for a new generation of players able to cope with an increasingly complex and challenging regulatory regime.

"As far as my place in the company is concerned, I have had an education, I genuinely have an interest in ship recycling and the way to take it forward is to be environmentally friendly," said Ali Lakhani.

He is already logging plenty of air miles, each month spending around three weeks in Dubai, where the parent DTA group is based, and the rest in London.

As well as getting involved at UET in sale-and-purchase (S&P) deals, Lakhani says he handles what is described as the "critical portfolio", basically remaining in contact with the group’s regular clients and looking after corporate guests.

He concedes that since studying at Plymouth University it has not all been plain sailing.

Last year, the group handled around 100 demolition ships, sharply up on the approximate 30 in 2008, placing it among the top two or three global cash buyers.

UET is particularly active in the Indian market but last year was linked also to the sale of two VLCCs into tanker-biased Bangladesh, where arch rival Global Marketing Systems (GMS) is a key player. Competition between cash buyers is intense.

Transparency is typically not part of a cash buyer's vocabulary but the younger Lakhani seems relaxed about discussing the group's activities, including its ambitions.

Certainly, ship scrapping is not the only area the company is interested in developing - it is particularly keen on shipowning. DTA is already involved in insurance and shipmanagement through subsidiary CB Marine.

The latter, under a previous name, was acquired more than a year ago and, says Lakhani, handles both third-party management and now the group's own involvement in trading ships.

What Lakhani is well aware of is that dealing in superannuated tonnage can be a minefield of controversy. The past few years have seen numerous cases in Europe, the US and the Indian subcontinent of claims and counterclaims surrounding the scrapping of ships containing hazardous materials.

Various cash buyers have been caught up in the ongoing wrangling that, in an increasingly environmentally aware world, has become part of the territory for demolition players.

By Geoff Garfield London