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Ship recycling in 2026: GMS perspective

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As the ship recycling industry prepares for shifting market dynamics and emerging global challenges, Rashi Afle, Markets Analyst at Davis Index spoke with Kiran Thorat, Trader at GMS to gain insights into the company's outlook for 2026 and discussed plans for the future.

By: Rashi Afle

GMS is a leading company in the ship recycling industry, started in 1992 in the USA. It is the world's largest buyer of ships and offshore vessels for recycling. With a strong global presence, GMS focuses on safe, responsible and eco-friendly recycling practices offering complete solutions to ship owners around the world.

As the ship recycling industry prepares for shifting market dynamics and emerging global challenges, Rashi Afle, Markets Analyst at Davis Index spoke with **Kiran Thorat, Trader at GMS** to gain insights into the company's outlook for 2026 and plans for the future, current business performance, market challenges and how the company is managing costs while looking for new opportunities. Here are some excerpts:

How is GMS preparing for 2026 and what's your outlook for the ship recycling sector in the year?

We expect 2026 to be a very active year for ship recycling, particularly with older oil tankers and LNG carriers reaching the end of their service lives. With the Hong Kong Convention having entered into force in June 2025, all ships will now have to be recycled at certified facilities.

GMS is working closely with yards in India, Bangladesh, and Pakistan to increase certified capacity and ensure compliance. Through our Sustainable Ship and Offshore Recycling Program (SSORP), we support yards with infrastructure upgrades, regulatory alignment, and training. So far, we have trained more than 10,500 workers across the region in safe and compliant practices. We see 2026 as a turning point where stronger regulation and rising recycling volumes will converge, creating a safer and more transparent industry.



Kiran Thorat, Trader, GMS

What are the biggest opportunities you see for GMS in 2026?

The tanker sector presents a major opportunity. Tankers require extensive preparation before recycling to meet Gas Free for Hot Work standards. GMS has unmatched experience in this area and has even published the industry's first guidelines for preparing cargo tanks for recycling.

We have also invested in raising awareness through technical publications and training, which positions us as the most trusted partner for owners recycling tankers. This expertise combined with the rising number of tankers due for recycling gives us a clear advantage in 2026.

How has the business performance been so far in Q3, and what are your expectations for Q4?

Recycling volumes have remained muted in Q3, reflecting the trend of the past three years. Strong freight markets across dry bulk, tankers, and containers are keeping many vessels trading longer. Global disruptions such as the Red Sea crisis and the Russia-Ukraine conflict have also had an impact.

That said, we expect Q4 to be more dynamic. As charter rates stabilize, more vessels are expected to come into the recycling market, offering better opportunities compared with the earlier part of the year.

Are supply chain disruptions and labor availability still challenges for GMS in Q3/Q4?

The main challenge continues to be the supply of ships rather than labor. Availability of trained workers at the recycling yards is stable and can be scaled up further if volumes increase. Through structured training under our SSORP program, we have built a strong base of skilled workers ready to meet demand.

How are current market conditions impacting your day-to-day operations?

The strength of freight markets means fewer vessels are available for recycling, which directly affects volumes. Our day-to-day operations remain focused on ensuring that when ships do come to the market they are recycled at compliant facilities under the Hong Kong Convention framework. This requires constant coordination with ship owners, regulators and yards to maintain standards of safety, environmental protection and transparency despite lower supply.

How are you planning to manage costs and protect margins in a potentially slower market environment?

In a slower market, discipline and efficiency are key. GMS has decades of experience navigating market cycles and we prioritize cost control through structured processes. At the same time, we create value by offering ship owners a transparent and compliant recycling pathway that protects their reputation and ensures commercial returns. By leveraging SSORP, we also reduce risk for both owners and yards ensuring margins are protected while maintaining high standards.

Are there any key challenges or risks you're keeping a close eye on as 2026 approaches?

The main risks are tied to global geopolitics, freight market fluctuations and the pace at which recycling yards can scale up Hong Kong Convention compliance. While India is well ahead with more than 100 compliant yards, Bangladesh and Pakistan are still in the process of upgrading capacity. GMS is actively engaged in supporting these developments.

We are also monitoring how owners adapt to the new compliance requirements under the Convention. For some, the regulatory burden may initially appear complex but our role is to simplify the process and ensure smooth recycling transitions.

Ferrous pricewatch

HMS 1&2 (80-20) (200/204) US-origin cfr Turkey consumer
USD 343.000 -1.600 -0.464%

Shredded (211) cfr India port
USD 360.000 0.000 0.000%

#1 HMS (200) fas Japan port
JPY 40,500,000 -500,000 -1.220%

#1 busheling (207) del Chicago consumer
USD 432.000 0.000 0.000%

HMS 1&2 (80-20) (200/204) (containerised) fas Los Angeles port
USD 293.000 +1.000 +0.342%

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