Lloyd's List

GMS chief forecasts rebound in ship recycling as market pressures mount

- *Anil Sharma, head of the world's largest ship-recycling cash buyer GMS, expects global recycling activity to finally accelerate from 2026 following four slow years*
- *Rising new containership deliveries, stabilisation of Red Sea routes and the ageing shadow fleet will all be factors in boosting deliveries of old ships to recyclers*
- *While Indian recyclers are accepting shadow fleet vessels via local-currency transactions, Bangladesh and Pakistan have avoided them completely*

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After a fallow four years for ship recyclers Sharma believes more vintage ships will be making their way to scrap yards. Meanwhile, GMS has intensified efforts to support HKC compliance, providing training and infrastructure guidance to yards, including helping Pakistan achieve its first HKC-compliant facility

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INTERVIEW

GMS CHIEF EXECUTIVE ANIL SHARMA IS WORKING WITH THE SHIP RECYCLING INDUSTRY TO UPSKILL WORKERS TO COMPLY WITH THE HONG KONG CONVENTION.

ANIL Sharma, chief executive of GMS, the world's largest ship recycling cash buyer, is confident that the fallow years ship recycling has faced since 2022 may soon come to an end.

Rising deliveries of new containerships, a potential large-scale return to Suez Canal routings, and increased scrapping of ageing shadow fleet* tankers are all expected to drive vessel demolition volumes higher starting next year.

"Freight markets have been surprisingly strong in all sectors in spite of all the challenges of geopolitics and war but we have today a huge overhang of vintage ships," said Sharma.

He believes an effective Red Sea reopening combined with a surge in containership newbuilding deliveries from the second quarter of 2026 should see large containerships being recycled once again, in addition to more old tankers engaged in Russian trades.

"If a peace treaty is signed between Ukraine and Russia most of the shadow fleet will start to come out of the market," Sharma told Lloyd's List.

All sanctioned tankers scrapped so far have ended up at Indian ship recycling yards, as local authorities continue approving deals for restricted vessels with transactions being concluded in local currency. Other major recycling nations are more cautious.

Bangladesh, long a top destination for end-of-life tankers, has taken a markedly different path. Authorities there have discouraged recyclers from accepting sanctioned or shadow fleet vessels due to fears of a backlash from the White House.

"While recycling sanctioned tankers is not illegal in Indian banks they are not accepting US dollar transactions, so some creative people are doing this business in Indian rupees which Russian owners are accepting," noted Sharma.

Mainstream cash buyers such as GMS steer well clear of vessels linked to the shadow fleet.

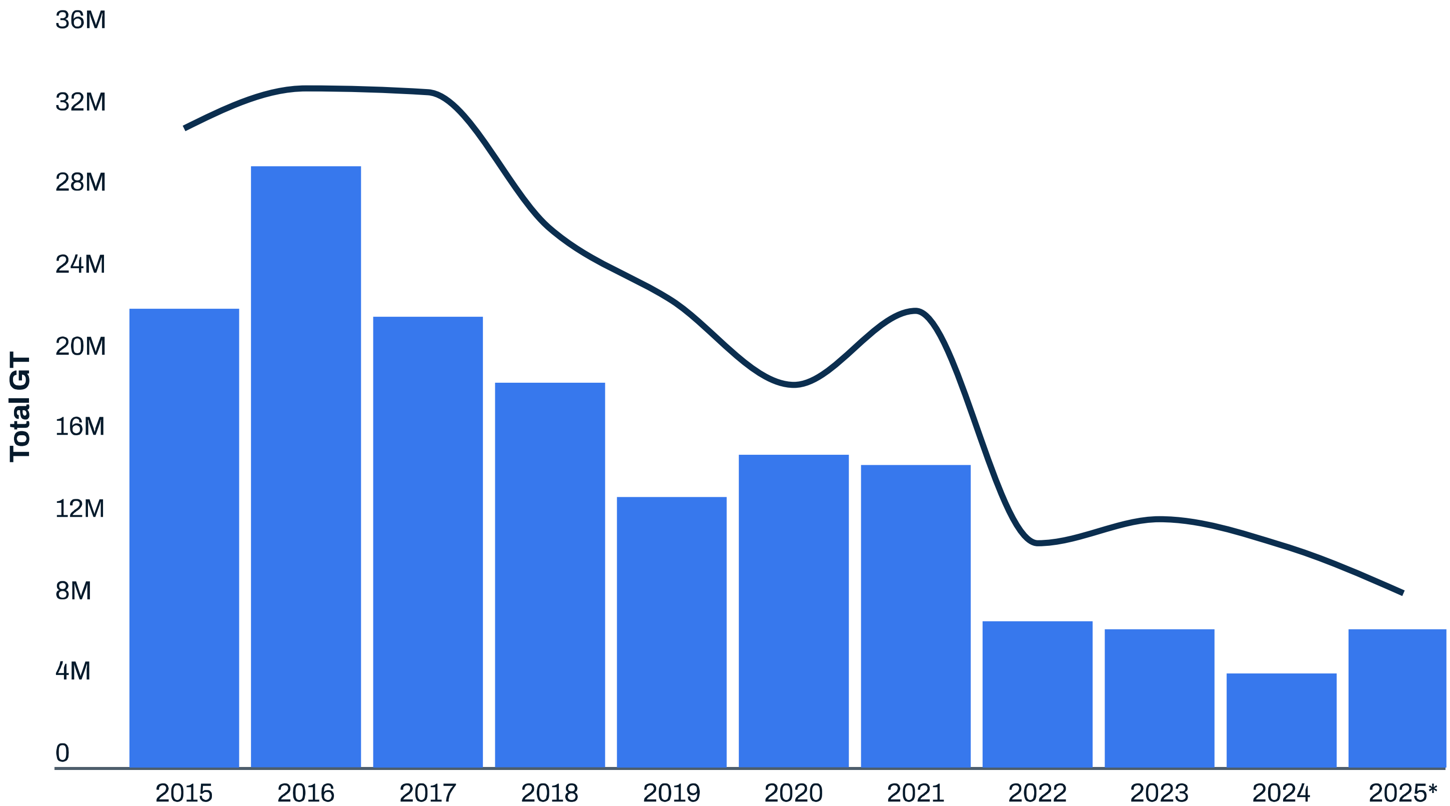
Some deals were being concluded in United Arab Emirates Dirhams, but the sale of shadow fleet vessels for recycling mainly utilised the Indian Rupee and only India was taking sanctioned vessels, Sharma said.

The combined shadow fleet of crude tankers, product carriers, and gas carriers is now estimated at more than 1,500 vessels, including around 970 ships subject to sanctions, chiefly by the EU and UK.

Much of the fleet is elderly and nearing the end of its operating life, but if restrictions on their disposal remain then some owners might ultimately walk away from their vessels entirely if they have no viable scrapping options.

"If sanctioned shipowners abandon their vessels, then this is clearly unsafe – there has to be a mechanism for these ships to be recycled responsibly," said Sharma.

Annual ship recycling volumes



*Up to end-November

Source: Lloyd's List Intelligence

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Global recycling activity lost steam in the final quarter of the year, despite a surge in sales during the first half, particularly involving shadow fleet tankers, 1990s-built bulk carriers, and steam-turbine liquified natural gas carriers.

“The recycling market continues to be slow though the tonnage numbers are higher than 2024,” noted Sharma, with fluctuating recycled steel prices and strong freight markets encouraging owners to keep ageing vessels trading for longer rather than selling them for scrap.

During another subdued year for the global recycling sector, activity behind the scenes at GMS has focused on assisting more ship recycling yards to comply with the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships (HKC) after its entry into force in June.

Sharma and his team have been at the centre of these preparations and have played a critical role in helping regulators, classification societies and ship recycling facilities align with the significant complexities of HKC requirements.

Their work ranges from advising on infrastructure improvements to facilitating training programmes on hazardous material handling and environmental protection.

"Focus in 2025 has been on not only maintaining our market share in ship recycling sales, but also helping yards upgrade their facilities and helping them upskill and train their workers."

While much of the Indian industry has become aligned with HKC best practise, Bangladesh and Pakistan have been far slower to adapt.

"Yards were dragging their feet in Bangladesh but there are now 22 HKC yards approved in Bangladesh," Sharma said.

A major milestone was reached this week when ship recycling yard Prime Green Recyclers became the first in Pakistan to achieve full compliance with the HKC.

The certification, for which GMS assisted, marks a transformative moment for Pakistan's ship recycling industry.

The GMS team has now undertaken training sessions for HKC compliance covering some 12,000 workers in the recycling industry to date.

The certification process for HKC includes rigorous audits of environmental safeguards, worker welfare standards, and operational procedures.

"One reason we are helping the industry to upskill is so that ship recycling yards have the capacity and safety standards to deal with all the supply that is expected to come," said Sharma.

He disclosed that the company is not taking a fee for the extensive training programmes that GMS has provided to the industry.

"This is "silent" work for which we don't get any credit for, but as market leaders we need to walk the walk and talk the talk — I am very proud we can play such a big role in training."

Meanwhile, GMS's shipowning arm — Lila Global — is accelerating its growth in the tanker sector following a series of vessel acquisitions over the past year. After divesting five medium range tankers in 2023, the company has shifted into expansion mode in 2025, bringing its tanker fleet to eight vessels.

A major milestone came in June, when Lila Global acquired the very large crude carrier *M. Star* (IMO: 9515436), a 2008-built, 313,000 dwt ship bought from Japan's Mitsui OSK. The Kawasaki Heavy Industries-built vessel has since been renamed *Lila Kochi*, marking the company's debut into the VLCC segment.

Sharma said the company's diverse fleet, which spans bulk carriers, containerships, and tankers, will continue to grow, but only when market conditions create the right opportunities. Despite the expansion momentum, Sharma confirmed that Lila Global has no plans to add newbuildings to its 38-strong vessel fleet.

"The focus of Lila Global remains on mid-aged vessels, but newbuildings we are trying to stay away from," Sharma said. "We understand mid-age and vintage tonnage. We like to take second division ships and take them to the top tier."

Sharma emphasised that this strategy, centred on upgrading and optimising existing tonnage, will remain Lila Global's core approach as it looks to strengthen its position across multiple shipping segments.

* Lloyd's List defines a tanker as being part of the Shadow Fleet if it engages in one or more deceptive sh practices indicating that it is involved in the facilitation of sanctioned oil cargoes from Iran, Russia or Ven Or it is sanctioned for participation in sanctioned oil trades or is sanctioned for links to a company that is sanctioned for facilitating the export of sanctioned oil. Or it participates in a cargo delivery where at som over the course of the delivery one party in the chain engages in one or more deceptive shipping practic Seasearcher subscribers can activate the Shadow Fleet list by clicking the link above.