Seatrade Maritime NEWS

RED SEA CRISIS


Photo: GMS

Red Sea crisis hits ship recycling market

Paul Bartlett | Jan 29, 2024

Middle East hostilities and decisions by many owners to re-route ships around the Cape of Good Hope is shoring up markets and keeping freight rates above expectations, which does not equate to good news for ship recycling markets.

This has come at a time when many had expected the dry bulk and container sectors to ease as deliveries keep coming and Chinese New Year approaches next month, GMS, the world's largest buyer of end-of-life ships, said in its latest report on the recycling market.

Bangladesh and Pakistan both became signatories to the Hong Kong Convention in 2023. Facility upgrades in both countries are likely and Norway, in conjunction with the IMO, has already pledged funds for the Bangladesh recycling sector. This follows financial support from the Japanese Government and the Japan Shipowners' Association last year.

Related: Pakistan ratifies HK Convention on ship recycling

Overall, the subcontinent markets remain quiet, GMS said, and an uplift before Chinese New Year is unlikely. Two MSC container ships have recently arrived in Alang, a continuation of the container line's major disposal programme over the last year. MSC is thought to have sold more than 15 vessels since January 2023.

The MSC Jemima, built in 1994 with a lightweight of 12,677, arrived in Alang on 24 January and the 6,878 ldt MSC Eagle F, built in 2000, was beached on 26 January.

Related: Red Sea disruption, container freight rates, and shipper disputes

Recycling yards in Turkey, meanwhile, remain quiet.

For the fourth week of the year, Bangladesh heads the league, with typical prices of $550 per ldt for containers, $530 for tankers, and $510 for bulk carriers. Sentiment there, GMS said, is improving. Pakistan comes next, with prevailing price levels some $10 down across the board and sentiment also improving. India follows, some $20 behind with weak sentiment. A similar mood prevails in Turkey where typical prices are $360, $350 and $340 respectively.

Source URL:https://www.seatrade-maritime.com/shipyards/red-sea-crisis-hits-ship-recycling-market