

September ship recycling rises marginally, with old tankers dominating arrivals

- Global ship recycling activity increased slightly in September, with 22 vessels totalling some 474,000 gt arriving at recycling yards, up from 21 ships and 427,500 gt in August
- However, volumes remained historically low, following the weakest monthly recycling total of 2026 in August

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by Rob Willmington | robert.willmington@lloydslistintelligence.com

Expectations that the third quarter would bring a significant increase in recycling supply failed to materialise, despite strong demand from recycling yards



THE LIMITED SUPPLY OF SHIPS FOR SCRAPPING IS EXPECTED TO KEEP RECYCLING PRICING SUPPORTED THROUGH THE REMAINDER OF 2026.

Source: Priya Blue

SHIP recycling activity edged higher in September, but arrivals remained at historically low levels after August recorded the weakest monthly total of 2026, according to Lloyd's List Intelligence data.

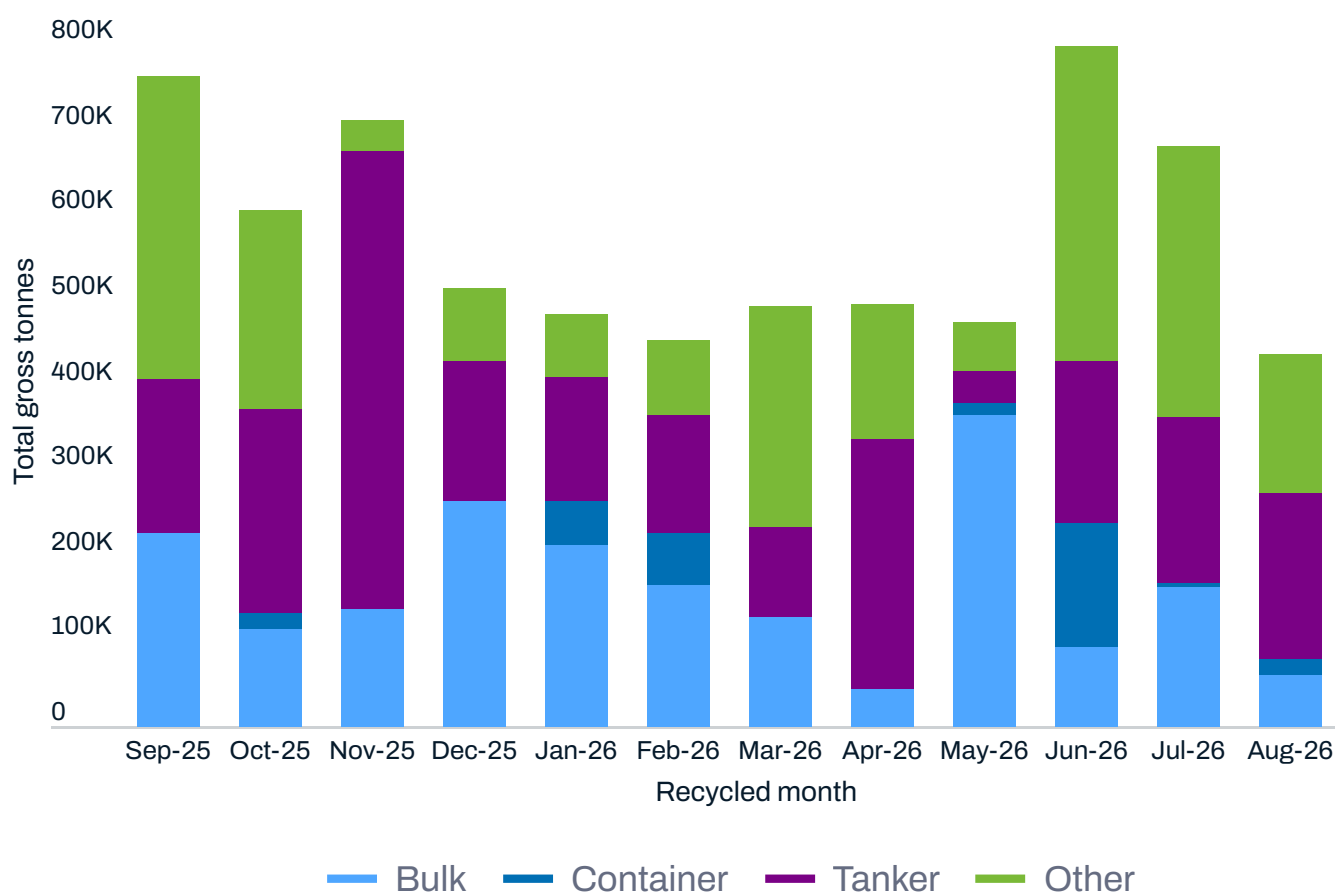
A total of 22 ships entered recycling yards during September, mainly at the major ship recycling centres of the Indian subcontinent and Türkiye, representing 472,653 gross tonnes.

That compared with 21 vessels totalling 427,500 gt in August.

Tankers accounted for the largest share of September's recycling arrivals, with eight vessels representing 266,438 gt.

Among them were two sanctioned tankers. The EU-sanctioned shadow fleet* aframax *Orion* (IMO: 9131357), a 124,800 dwt vessel, arrived at Alang, India, in late September.

Monthly ship recycling by ship type



Source: Lloyd's List Intelligence



Indian recyclers also received the 1997-built medium-range product tanker *Flora* (IMO: 9133070). The 45,000 dwt ship was linked to a Chinese shipmanagement company that was sanctioned earlier this year over Iran-related trading activities.

The dry cargo sector, including bulk carriers and general cargo vessels, ranked second, with 12 ships arriving for recycling in September. The segment was dominated by handysize bulkers built during the 1980s and 1990s.

The 1996-built open-hatch cargo ship *Mandarin Arrow* (IMO: 9105035), operated by G2 Ocean, was among those to arrive at an Alang recycling yard in September. The 55,770 dwt vessel is the fifth G2 Ocean-operated ship

to be sold for recycling this year.

There were no containerships arriving for recycling in September as liner operators continue to keep older tonnage in service amid Cape of Good Hope diversions and port congestion.

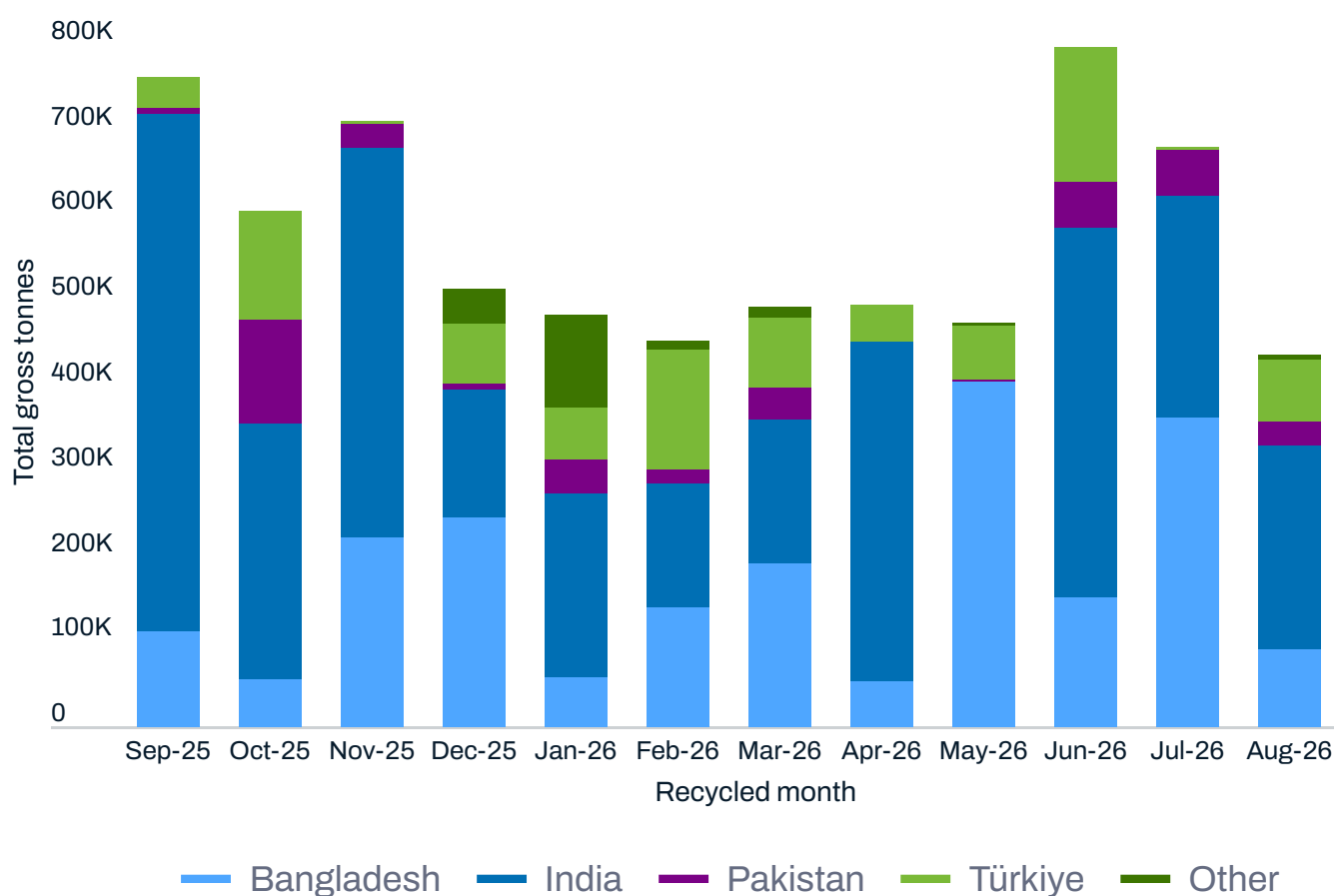
Only eight containerships, representing some 18,000 teu, have been sold for recycling since the start of 2026, according to Lloyd's List Intelligence data.

Jamie Dalzell, head of the Singapore office of ship recycling cash buyer GMS, said the third quarter had initially been expected to deliver a meaningful increase in recycling supply.

“Hundreds of merchant vessels were preparing to move out of the [Middle East] Gulf, oil had fallen sharply from earlier highs, freight premiums were easing, and recycling yards across the major destinations had available capacity and buying appetite,” Dalzell said.

“The expected wave did not arrive in the way many anticipated.”

Monthly ship recycling by country



Source: Lloyd's List Intelligence

Instead, 3Q26 highlighted strong yard demand for ships that did not translate into rising vessel supply.

“Demand from recycling yards does not create vessel supply on its own. A ship becomes a serious recycling candidate only when the economics of continuing to trade, selling secondhand or retaining the asset become less attractive than the recycling alternative,” Dalzell said.

At the beginning of July, GMS was tracking an estimated 550 merchant vessels preparing to exit the MEG, including around 200 bulk carriers. The expectation was that at least some of the tonnage delayed by earlier disruption would gradually move towards recycling as trading conditions normalised.

By late September, however, recycling buyers were still struggling to secure fresh tonnage.

“Previously secured vessels continued arriving at Chattogram [also called Chittagong], Alang and Gadani, but fresh market sales had become increasingly difficult to replace,” Dalzell said.

“Tanker earnings had strengthened dramatically and dry freight remained healthy.”

The quarter consequently ended with a recycling market characterised by demand from yards, but insufficient numbers of willing sellers.

Dalzell expects the subdued recycling activity seen during the third quarter to continue into the fourth quarter.

“Freight markets remain exceptionally strong across several shipping segments, while lucrative employment opportunities associated with the Strait of Hormuz continue to give ageing vessels a compelling reason to remain in service,” he said.

“As long as those earnings remain available, recycling supply is likely to stay stretched. The opportunity cost of withdrawing a vessel from trading remains high, particularly when continued employment can generate returns that outweigh the immediate attraction of even a strong recycling price.”

The constrained supply does not mean the recycling pipeline has disappeared, Dalzell said. Instead, potential recycling candidates are increasingly being deferred.

“Every vessel that remains trading beyond the point at which it might otherwise have been considered for recycling adds to a potential backlog of tonnage further down the line,” he said.

“If freight earnings eventually normalise, secondhand liquidity weakens or employment opportunities narrow, part of that deferred supply could return to the recycling market within a much shorter period.”

In the meantime, limited vessel availability is likely to remain supportive of recycling prices, which have risen gradually through most of 2026.

Deferred scrapping leaves container sector with growing pool of elderly boxships

By Rob Willmington

01 Oct 2026

There are now 658 containerships aged 25 years or more, representing 1.6m teu of capacity, with a further 1,000-plus vessels aged 20-24 years

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