

Ship recycling sector bogged down by elevated shipping markets

Shipowners unwilling to recycle ageing tonnage due to high freight rates across all sectors

20 Feb 2024 | **NEWS** | 

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‘A pervading theme of an unrelenting dearth in the overall availability of tonnage across global ship recycling markets has been enduring for several quarters now,’ said cash buyer GMS



THE 43,500 DWT OPEN HATCH BULK CARRIER BONTRUP EMIRATES (PICTURED) HAS BEEN SOLD TO INDIAN RECYCLERS.

Source: Bontrup Aggregates

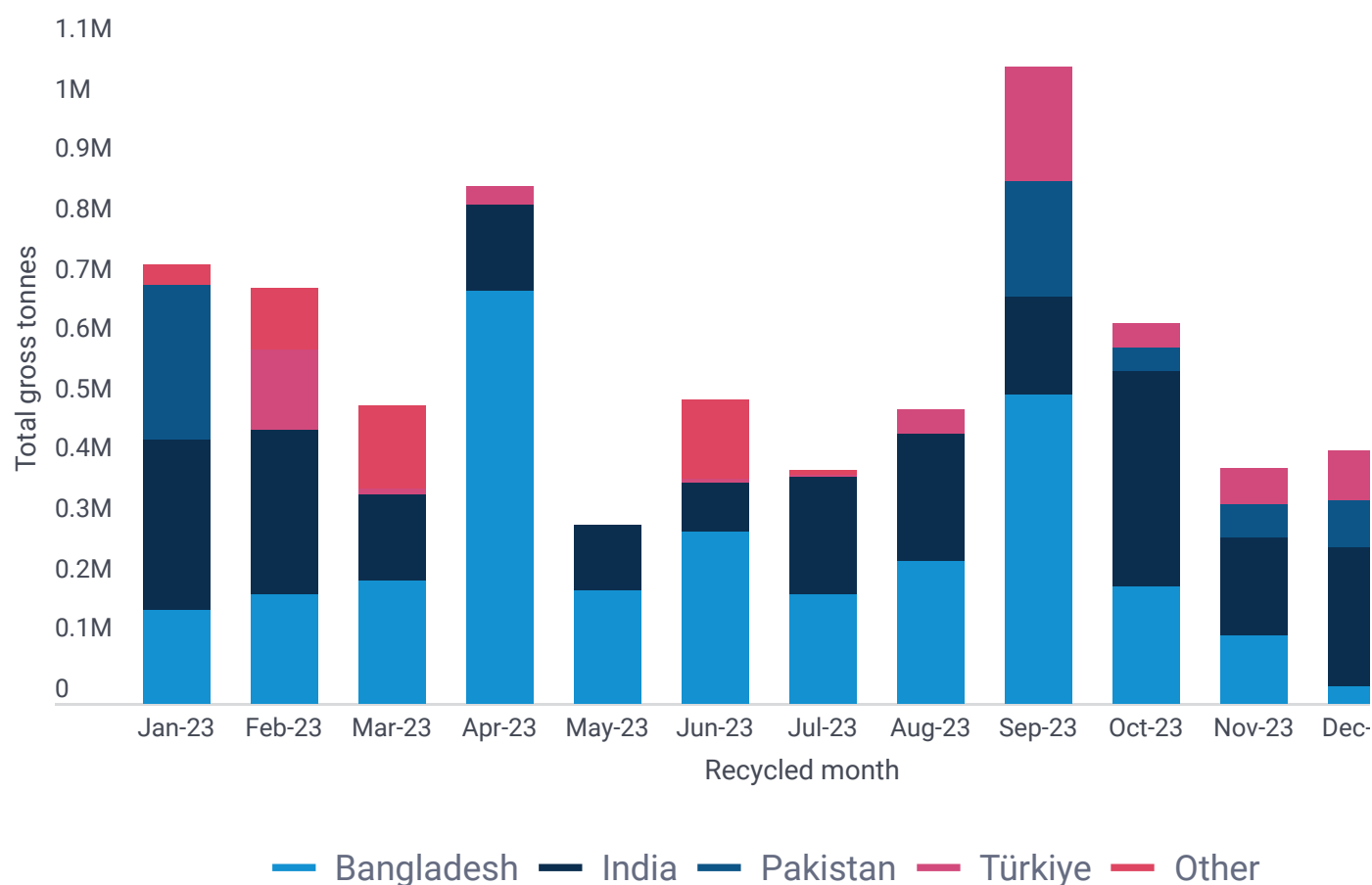
STRONG shipping markets have seen shipowners continue to trade ageing tonnage previously earmarked for scrapping, creating a dearth in supply for the recycling sector.

“Charter rates continue to remain artificially elevated especially in the dry bulk sector, consequently placing a tighter squeeze on the overall supply of vessels for recycling,” said ship cash buyer GMS.

“Despite Chinese New Year holidays concluding on Friday, a pervading theme of an unrelenting dearth in the overall availability of tonnage across global ship recycling markets has been enduring for several quarters

now, resulting in another dry and dreary week of market inactivity and silence across all recycling destinations.”

Monthly ship recycling volumes by country



Source: Lloyd's List Intelligence



Only two merchant vessels were reported to have been sold for recycling in the past week.

They comprised the 35-year-old open hatch bulker *Bontrup Emirates* (IMO: 8313702). This 43,500 dwt ship was sold by Cyprus-based general cargoship and bulk carrier operator SMT Shipping to Indian recyclers for \$520 per light displacement tonne, according to Wirana Shipping.

It noted “very few” new candidates being circulated in the past week from any of the main vessel segments.

“Supply of fresh tonnages for recycling continues to be slow. From a ship recycling perspective, it would be a patient wait before we could see substantially improved supplies. In the meantime ship recyclers would need to grab the small number of units that keep coming up for recycling from time to time.”

The only other recycling sale reported was the 1995-built, 3,200 cu m, LPG tanker *Sinar Tarakan* (IMO: 9113991), which was sold by Indonesia’s Samudera to Bangladeshi breakers for \$540 per ldt.

According to Lloyd's List Intelligence data, vessel beachings at recycling centres in January dropped 33% year on year. Last year amounted to the lowest volumes of ship demolition in 16 years.

Vessel recycling sales were expected to pick up in 2024, particularly from the containership sector. However, Red Sea diversions have created heightened demand for capacity across all major shipping sectors, pushing up earnings.

The situation has persuaded shipowners to request class extensions to enable vessels to operate past special survey dates, or even undertake costly special surveys to permit elderly ships to operate for several more years, rather than selling them for scrap.