



Rocketing bunker fuel prices could yet see 'blood on the streets'

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Winds of change blow through P&I

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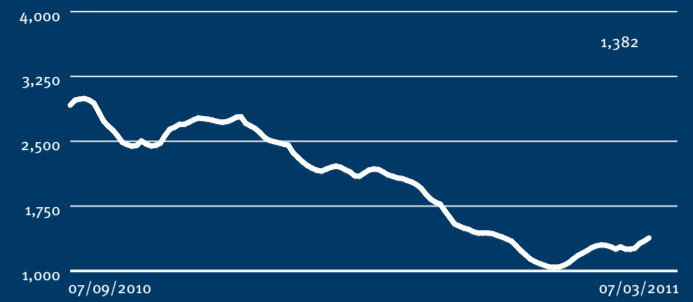
SkySails' deal with Cargill may give kite system a lift

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Lloyd's List

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BALTIC DRY INDEX, PREVIOUS SIX MONTHS



Source: Baltic Exchange

Ready, steady, scrap: Bangladesh reopens yards

Demolition rates set to rise as country's breakers look to begin importing vessels

Liz McCarthy

BANGLADESH'S High Court has announced shipbreaking yards will once again be able to import vessels for recycling, reversing a ban put in place last year that saw the industry grind to a halt with as many as 100,000 workers losing their jobs.

Demolition brokers were already reporting a rise in scrap rates being offered by Chittagong breakers yesterday, which is expected to come as good news for owners.

Some owners have reportedly been waiting weeks for Bangladesh to reopen in a bid to secure higher prices for their elderly tonnage, notably Chinese and Greek companies. But although breakers will now be able to buy and import vessels, there is a long list of regulations that facilities will have to adhere to.

Detailed documentation is expected to be released by the High Court next week but requirements will include pre-cleaning of tanks and holds before being entered for cutting to ensure they are gas-free.

Workers must be at least 18 years old to work at shipbreaking yards, and those over this age will be trained at an institute that is to be set up under supervision from the



Progress: there is a long list of regulations that Chittagong's shipbreakers will have to adhere to. AP

Bangladesh Marine Academy. A team of engineers will be onsite during the shipbreaking process to monitor safety and environmental conditions, no dismantling will be able to take place after dusk and yards must provide a separate rest and eating area for workers.

"People are pretty happy about the announcement. We need to have change in our yards, this is true, and this is a good day to start," the managing director of a Bangladeshi shipbreaking yard told Lloyd's List.

The move was also welcomed by regulatory bodies pushing for ratification of the International Maritime Organization's

Hong Kong Convention for the Safe and Environmentally Sound Recycling of Ships.

"I think [the announcement] does constitute progress, particularly the gas-free conditions, which we have always encouraged as this is a significant contributor to the net safety of workers," International Chamber of Shipping senior advisor John Stawpert told Lloyd's List.

"Similarly, the training institute is a very positive move, but we still have to wait and see further details about this," he said.

GMS president Anil Sharma said that Bangladesh's traditional preference for larger vessels could come as good news for the capesize bulk carrier sector, which has

been inundated with new ships and is set to see a significant number sold for demolition this year. But those owners hoping for a sharp and sustained rise in scrap prices may not see their expectations realised.

"I think in the short term prices will be driven up, but at the same time a lot of owners have been waiting for the market to open and so I think there is a tremendous expectation that will not last that long, which is natural if you have too many ships chasing too few buyers," Dr Sharma said.

His view of the market reflected comments made by other members of the shiprecycling sector. Sanjiv Agarwal, director of MJR Steels, and who also runs an Indian shipbreaking yard, estimated scrap prices in South Asia could rise by as much as \$25 per ldt in the short term, but that the impact of Bangladesh re-entering the market might not last long.

Mideast Shipping & Trading general manager Steve Wansell, another cash buyer, also said that with such a large amount of tonnage already positioned for sale to Bangladesh by other cash buyers, prices were unlikely to reach high levels that some owners have been hoping for.

But some shipbrokers were more optimistic, with one already reporting a \$10-\$15 per tonne increase in scrap prices offered for Bangladeshi breaking.

It is thought that there are around 25-30 vessels that could already be owned by cash buyers who are waiting to sell them to the country's shipbreakers. ■

www.lloydlist.com/shipbuilding

NEWS HIGHLIGHTS

Arcus tables bid for Forth Ports
Forth Ports, the UK's sole remaining listed ports group, has received a £16.30 per share and £0.20 dividend takeover approach by major shareholder Arcus European Infrastructure Fund, which values the Edinburgh-based ports group at around £746m (\$1.2bn).....2

Delays hit Vale's VLOC order
Delivery of the first tranche of 12 of some 36 super-sized ore carriers being built for Brazilian miner Vale have been significantly delayed, with only half the order to be completed as scheduled by the end of 2012.3

Beluga seeks charter rate cuts
US investor Oaktree, which last week took over power at Bremen-based heavylift specialist Beluga, has asked owners of charter vessels for a substantial reduction of rates.3

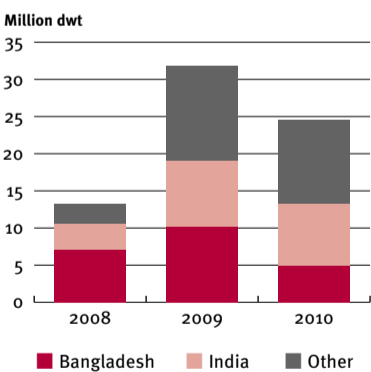


Hutchison sets out IPO stall
Singapore's largest initial public offering to date kicked off today with the registering of Hutchison Port Holdings Trust prospectus with the Monetary Authority of Singapore.....5

Capesizes head for scrap
Low freight rates have owners preparing to scrap as many as 80 elderly capesizes, with a total of 20m dwt of bulk carriers expected to head for breakers' yards in 2011, analysts and owners have forecast.8

Investors eye gas carriers
London-based private investment company Clearwater Marine Investments has bought three liquefied petroleum gas carriers, signalling that investors see opportunities for the bigger vessels in the LPG market, which has seen freight rates climb steadily for a month.9

DEMOLITION VOLUMES BY COUNTRY 2008-2010



Source: Clarkson Research Services

Court decision to ease tonnage glut

GLOBAL vessel overcapacity could be substantially reduced with the reopening of Bangladesh's shipbreaking yards.

Shipowners hit by poor rates in the dry bulk and tanker sectors are hoping that more companies will be prompted to scrap vessels to reduce the effect overcapacity is having in chartering markets.

The disappearance of Bangladesh from the demolition market in May last year had a significant impact on the volume of tonnage sold for scrap.

In 2010, just 4.9m dwt was sold for demolition to Bangladesh breakers, less

than half the 10.1m dwt scrapped in the country in 2009, according to data from Clarkson Research Services.

Overall volumes scrapped last year dropped to 24.6m dwt, down from 31.9m dwt in 2009, although still higher than the 13.3m dwt in 2008, when the tail end of the shipping boom stopped owners from selling older ships for demolition. So far this year, Clarkson reports just 55,342 dwt of tonnage sold to Bangladesh, compared with 2.8m dwt taken in by Indian breakers.

Although India kept scrap volumes relatively steady last year at 8.3m dwt,

down just 0.7m dwt from the year before, the country's breaking yards are restricted by regulation allowing just two vessels to be under demolition at once.

However, if the volumes seen so far this year are anything to go by, India could be on track to exceed these figures by the end of 2011.

Bangladesh's absence from the market for nearly 12 months has also helped Pakistan increase its market share from 3m dwt in 2009 to 4.3m dwt in 2010. ■

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INSERT REPAIR AND PRESALE CLEANING OF TANKER IN PORT GENTIL

Recently Hydrex was asked to perform an insert repair combined with a presale inspection, an underwater hull cleaning and propeller polishing on a 230 metre tanker while the vessel was at anchor in Cap Lopes Bay, Port Gentil. Two diver-technician teams were therefore mobilized from the local Hydrex office.



After doing a full underwater inspection, the cleaning team removed all marine fouling from the underwater hull of the vessel and carried out a propeller polishing with the Hydrex in-house developed cleaning units. Meanwhile an area of 2255 mm x 1760 mm was cut away by the second Hydrex team and replaced with a new insert

plate which was secured with a deep penetration weld according to the class approved Hydrex procedures.

This allowed the new owner to sail his vessel with its performance restored as close to its optimum condition as possible and with a permanently repaired hull.

Phone: + 32 3 213 5300 (24/7)
Fax: + 32 3 213 5321

hydrex@hydrex.be
www.hydrex.be