OFF TO BANGLADESH: The "Gulf Ahmadi" is one of three sisters sold this week. Photo: Gulf Navigation

Gulf Navigation torches OBO quartet

Trond Lillestolen and **Lucy Hine**
Oslo and London

Dubai-based Gulf Navigation is clearing out older tonnage and has disposed of as many as four combination carriers (OBOs) in the past two weeks.

This week, the 48,000-dwt sisterships *Gulf Shagra* (built 1988), *Gulf Ahmadi* (built 1989) and *Gulf Jash* (built 1989) have been sold to Bangladesh for $528 per ldt or $7.6m each (*see Toxic-waste row ship scrapped, page 6*). This follows last week's sale of the 48,000-dwt OBO *Gulf Safwa* (built 1991) to India for $535 per ldt.

Gulf Navigation has been investing heavily in VLCCs this year and is likely to shortly dispose of two other 1980s-built OBOs, the 48,000-dwt *Gulf Sieb* and *Gulf Riyad* (both built 1989).

The company owns two modern VLCCs and last month announced an order for two 320,000-dwt tankers at Zhoushan Jinhaiwan Shipyard in China.

It also takes tonnage on charter with US-listed Nordic American Tanker Shipping recently saying it was preparing a claim against Gulf Navigation over the condition in which the 150,000-dwt *Gulf Scandic* (built 1997) was handed back at the end of its hire.

Meanwhile, more capesize tonnage is heading for demolition. Cosco is said to have sold the 150,000-dwt *Eternal Sea* (built 1984) to India for $530 per ldt or $12.7m. The vessel appears to have been a good investment for the Chinese giant, which bought it as *CSE Grace* in April 2009 for just $7.5m. The scrap deal includes 2,000 tonnes of bunkers.

Thirty-two capesizes have now been sold for demolition this year.

Elsewhere, Seatrans of Greece has sold the 54,000-dwt bulker *Michalakis* (built 1977) to Pakistan for $530 per ldt or $5.8m. It was reported sold for demolition already in 2005 but no deal materialised.

SMT Shipmanagement of Cyprus has sold an overaged open-hatch bulker, the 38,000-dwt *Hato* (built 1974), to China for $462 per ldt or $4.9m.

Two elderly 1970s-built LNG carriers have been sold for scrap by Brunei Gas Carriers as it takes delivery of larger newbuildings. The 75,000-cbm *Belais* (built 1974) and 75,000-cbm *Bekalang* (built 1973) are said to have gone to Changjing Ship Recycling Yard In China for $450 per ldt or $9m each.

Rage at Dhaka on bank squeeze

Bangladesh is facing yet another hurdle with cash buyers saying the liquidity crisis needs to be 'taken by the scruff of the neck and sorted out'.

Geoff Garfield
London

A serious liquidity issue facing banks in Bangladesh is causing a headache for the country's already trouble-strewn shipbreaking industry.

Talk in the market of local banks placing a $500-per-ldt cap on issuing letters of credit has prompted one cash buyer to call for the whole matter to be "taken by the scruff of the neck" and sorted out.

Steve Wansell, general manager of United Arab Emirates and UK-based Mideast Shipping & Trading Ltd, said: "Until they can get their banking system in order to support this industry, you will have these ongoing issues."

Bangladesh has seen a recent spate of high-priced sales well in excess of $500 per ldt.

Wansell says that for many years ships sold to breakers in Bangladesh have been on a "site" letter-of-credit basis rather than a "usance" basis.

It means cash buyers, the intermediaries, have been receiving their money immediately rather than after a usance period of 120, 150 or maybe 180 days, as with the system in India.

But a shortage of foreign exchange in Bangladesh means the banks issuing letters of credit now attach usance terms that Wansell, a former banker, says is "causing massive issues with cash buyers".

He added: "It means you have to find a bank that is prepared to discount and take on a Bangladeshi bank risk for 120 or 150 days.

"The reason they are issuing credits with terms is because they just don't have the money. Banks in the money market lend to each other but the money markets have dried up and banks don't want to lend to Bangladeshi banks."

Steve Wansell: "The reason they [banks] are issuing credits with terms is because they just don't have the money. Banks in the money market lend to each other but the money markets have dried up and banks don't want to lend to Bangladeshi banks."