



**LONG ROAD: A Bangladeshi worker carries materials at a breaking yard in Sitakundu near Chittagong.** Photo: Scampix

Various cash buyers are already said to have had their fingers burned by stockpiling ships in anticipation of shipbreaking in Bangladesh reopening following the long shutdown caused by the Bangladesh Environmental Lawyers Association (BELA) campaigning group, which took the industry to court over the import of ships containing hazardous materials.

Some cash buyers were said to have acquired more than 20 vessels, which were left idled or laid up in anticipation that prices would soar when imports restarted. Prices have risen but not as

much as some had speculated.

Ed McIlvaney of EBM Shipbroking believes the \$500 cap on letters of credit has been offset to some extent by vessels being covered by buyers using their address commissions to cover any price differential.

He warns, however, that the recent surge of high-priced sales could be affected if the Bangladeshi banks maintain their stance.

Meanwhile, Captain Anam Chowdhury, advisor to the Bangladesh Shipbreakers Association (BSBA), dismisses as rumours talk of the BELA lodging an appeal to

the High Court judgement of early March allowing imports of ships for recycling to resume.

The BELA's action is said to have been prompted by breakers starting to cut newly imported tonnage without the required authorisation.

Chowdhury claims it is confusing cutting work being carried out legally on ships previously beached or where holes are being cut in the forepeaks of recently arrived vessels simply to secure them from moving. He points to the high winds and tidal surges caused by the monsoon season.

## Reefer owners in a jam over long trip to beach

Yiota Gousas

Athens

High bunker prices are acting as a deterrent to reefer demolition.

Owners are mulling over the scrap prospects for ageing ships as they face a long haul from their traditional trading areas to the beaches of the Indian sub-continent.

The cost of covering fuel to take a reefer from the eastern shores of the Atlantic to India could be around \$500,000, according to brokers, which would take a large bite out of what an owner would receive for torching a relatively small ship.

Current bunker prices in Spanish ports are said to be around \$730 per tonne, which is a real wallop for owners who during the recent peak season were paying around \$550 per tonne.

Fuel costs are even higher for the majority of owners who have their ships positioned off Ecuador, Nigeria and in the West Indies, where they are hoping to pick up final cargoes. Owners are hoping to achieve a last voyage at least into the Mediterranean, market observers say, to gain a shorter ballast trip. But a slowdown in charter activity is hampering such attempts.

Scrap efforts are being further

thwacked by low charter rates. A number of reefers are on their way into the Mediterranean with cargoes of bananas from Ecuador earning around and below break-even levels. Star Reefer's 465,000-cbf *Almeda Star* (built 1986) is on its way into the region with bananas for fruit trader Rastoder at \$5.60 per fruit box. According to brokers' estimates, this translates to just above \$0.30 cbf given the high bunker prices.

Oslo-listed Star Reefers is one of the few owners to have sold a ship for scrap in the past week. The 465,000-cbf *Canterbury Star* (built 1986) went on "where is, as is" basis in Fujairah for a reported \$514 per ldt or an estimated \$3m.

Market observers agree that owners are stuck between a rock and a hard place as bunker prices are not set to decrease anytime soon. They will either have to take the plunge and sell before the monsoon season begins in late June and July or opt to lay up ships. Layup experts estimate costs at between \$0.10 and \$0.15 per cbf.

A total of 17 reefers have been scrapped to date, representing 4.830 million cbf. Brokers estimate that around 50 will go to the breakers by the end of the year.

# How do you create a truly sustainable future for the marine industry?

For us, it's all about seeing the big picture. We offer intelligent, balanced advice that will help you meet your operational and commercial challenges as well as environmental and regulatory obligations. So you can trust us to make yours a safer, more productive and better performing business, as well as a greener one.

Our Shipping and the environment publication takes an insightful look at the environmental issues that are affecting the shipping industry.

Visit us on stand D03-29 at Nor-Shipping to receive your copy or go to [www.lr.org/sate](http://www.lr.org/sate)

Lloyd's  
Register

LIFE MATTERS