

Bangladesh recycling in fresh chaos

A court decision to overturn a ruling allowing the import of vessels at Chittagong to continue could spark another scrapping hiatus.

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Chaos has descended on Bangladesh and the recycling market again after the Supreme Court effectively overturned the ruling of a lower bench, which had allowed the import of ships at Chittagong to continue.

As TradeWinds went to press, the Supreme Court was scheduled to review last week's decision by the Bangladesh High Court permitting a three-month extension for beaching vessels.

The review follows an appeal by pressure group the Bangladesh Environmental Lawyers Association (Bela) and has created a headache for owners and cash buyers trying to second-guess whether to press ahead with scrapping deals.

The extension had been granted

following a government application for more time for the formulation and submission to the High Court of stricter environmental and safety rules.

The Bela had previously managed to close the beaches for around 10 months and the fear this week was that the Supreme Court's decision to intervene with the review, pencilled in for 28 July, could lead to another hiatus.

Industry sources say a further prolonging of the closure could put India on the front foot again in dictating terms in the market, which has seen very firm prices

since Bangladesh's return to scrapping.

Sources told TradeWinds this week that shipowners are already more wary and are writing into agreements that force majeure cannot be declared by cash buyers in the event of a long closure. This would mean cash buyers meeting the cost of vessels left waiting outside Chittagong.

The current norm is for owners to tender the so-called Notice of Readiness (NOR), which shows that a vessel is ready for delivery and has gone through, for example, customs and security formalities.

Some owners are said to have put negotiations on hold pending the outcome of this week's review, although Bangladesh is notorious for its hearings being delayed.

One cash buyer saying it is proceeding with caution is United Arab Emirates (UAE) and UK-based Mideast Shipping & Trading.

Managing director Steve Wansell says people are still offering on big tankers suitable for scrapping in Bangladesh but added: "Do we want to be sitting on a 25,000 or 30,000-ldt ship when we don't know what is around the corner?"

Wansell says Mideast has already delivered a couple of vessels to Chittagong and hopes it will stay open.

A prolonged closure is expected to result in the Indian market softening. However, Bangladesh has been paying "big numbers", which has been good for owners.

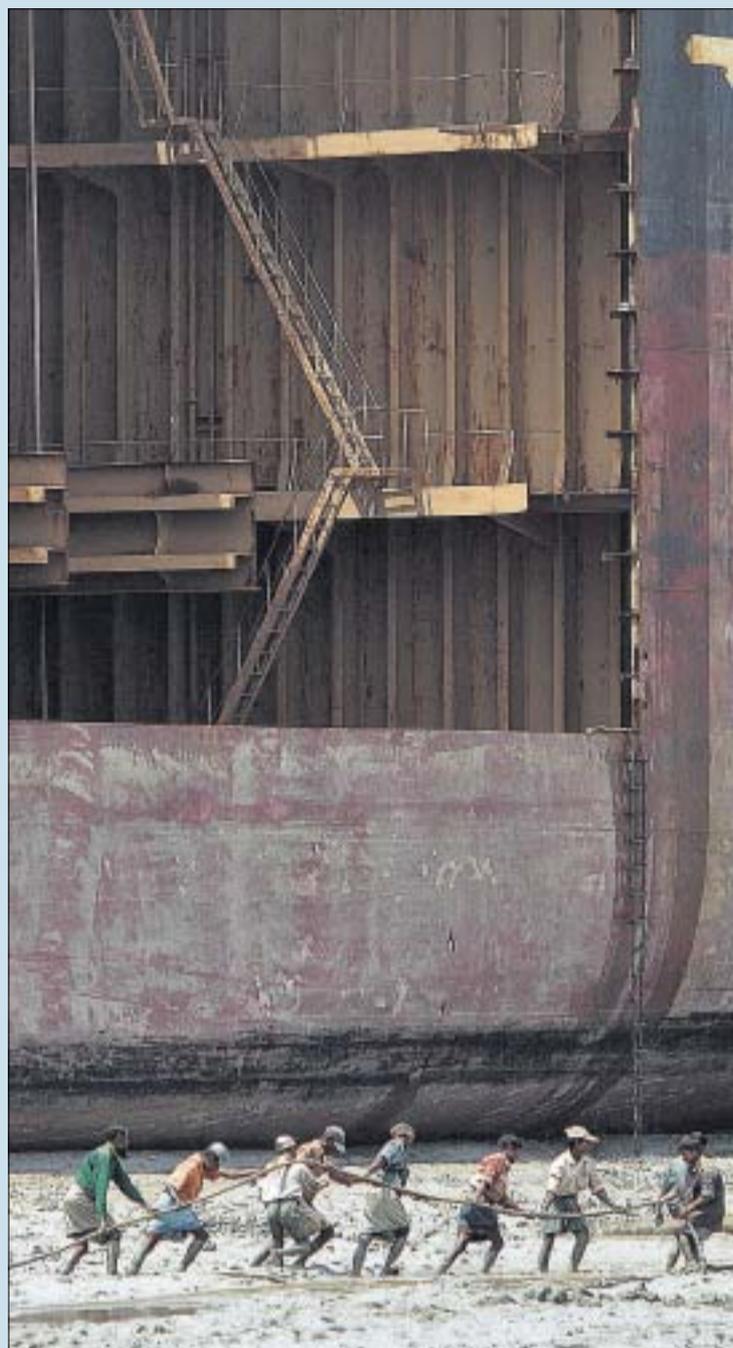
"You have to have your wits about you at the moment because if you overcook it and some bad news comes out, you can get caught with your trousers down," commented one source.

Plenty of cash buyers are known to have already purchased ships with the option of taking them to



STEVE WANSELL

Photo: Geoff Garfield



either India or Bangladesh.

However, it is difficult to say exactly how many vessels are committed for recycling in Chittagong, where, according to local reports, Bangladeshi recyclers hope to beach around 300 vessels by the end of the year.

Wansell warns that a potential "disaster" for some cash buyers would be if they end up with three or four vessels trapped and have to move them to Alang in India.

"It is difficult to do hand-on-your-heart business into Bangladesh because you just don't know

BANGLADESH: Owners and cash buyers are unsure whether to press ahead with scrapping deals. Pictured, shipbreakers haul a cable past a partially demolished tanker near Chittagong.

Photo: Bloomberg News

what lies ahead," he said. "[It is] very difficult. It is a tough industry."

Cash buyer Global Marketing Systems (GMS) warns that given the political and legal process in Bangladesh, further delays should be expected before any official re-opening can be rubber-stamped.

Steve Wansell of Mideast: "It is difficult to do hand-on-your-heart business into Bangladesh because you just don't know what lies ahead. [It is] very difficult. It is a tough industry."

Bulkers dominate demolition sector as capesize tally hits 56

Trond Lillestolen and Yiota Gousas

Oslo and Athens

Greek owner Golden Union appears to have changed its mind on the future of an ageing capesize bulker, with it going for scrap a few weeks after being reported sold for further trading.

The 146,000-dwt *Cape Providence* (built 1987) has now been sold to India for \$530 per ldt, or \$9.6m. Earlier this month, the vessel was said to have been sold to an Indonesian buyer for \$10.5m. Golden Union bought the ship as *Turtle Queen* in 1997 for \$20m.

Also heading to India is the 102,000-dwt bulker *Express Power* (built 1982), which has been sold for a very firm \$550 per ldt, or \$9.2m. This brings the total number of capesizes sold for demolition this year to 56.

Bulkers of all sizes continue to dominate the scrap sector.

Chinese owner Hebei Ocean



GOING TO THE TORCH: Bulkers of all sizes continue to top the scrap table.

Photo: Jonathan Boonzaier

Shipping (Hosco) has sold the 76,000-dwt *Hebei Mercy* (built 1985) to Bangladesh for \$530 per ldt, or \$9m. This is the third bulker sold for demolition by Hosco since the beginning of June. The company bought the vessel in 2005 for \$15.5m.

In another panamax deal, Cosco has sold the 87,000-dwt *Qiang*

Sheng 1 (built 1987) to India for \$526 per ldt, or \$7.8m. The company purchased the ship in 2007 for \$18m.

The 64,000-dwt *Handy 5* (built 1983) is also heading for India after having been sold for \$530 per ldt, or \$6m.

Elsewhere, Marine Fleet of Pakistan has sold the 35,000-dwt *Ever-*

est (built 1981) to local breakers for \$475 per ldt, or \$3.6m. It bought the ship in 2003 for \$3.8m.

The 23,800-dwt *Suntec* (built 1979) has been sold to China for \$448 per ldt, or \$2.6m.

On the tanker side, the 39,000-dwt *Theresa Gemini* (built 1981) is said to have been sold to India for \$535 per ldt, or \$5.8m.

Meanwhile, on the reefer front, owners continued to purge older tonnage this week with another four ships scrapped.

Roswell Navigation of Greece has sold the 354,900-cbf *Barents Bay* (built 1994) to India for \$510 per ldt, say sources. The reefer was reported sold some time ago but the deal failed, say brokers.

Laskaridis Shipping of Greece has also gone to India to scrap two reefers. However, details remain scarce on the sales of the 183,000-cbf *Omega Bay* and 265,500-cbf *Baltic Prosperity* (both built 1984).

Brokers also claim the 397,000-cbf *Tasman Start* (built 1983), controlled by Holy House of Sweden, has been scrapped. The deal was sealed at the beginning of July but has only just emerged.

Brokers estimate that well over 30 reefers have been demolished since the beginning of the year and more sales are expected to emerge in the coming weeks.