
Slowdown signs - Around 2,000 ships set to be scrapped in 2010

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Lloyds List reported that around 2,000 ships are expected to be scrapped in 2010 as owners remove increasing amounts of tonnage from the deteriorating freight market. Single hulled tankers will drive the most significant boost to demolition volumes as owners are set to dispose of them ahead of the International Maritime Organization's 2010 phase out deadline.

Mr Germanischer Lloyd head of ship recycling Henning Gramman said that "We might see close to 2,000 ships next year. It is very likely. With around 800 single hulled tankers still trading, there was a tremendous opportunity for a lift in scrapping volumes as other market options do not look promising."

Dr Anil Sharma founder of GMS predicted that 2009 demolition levels would reach 1,000 vessels back in February. Many within the industry believe the true volumes will extend beyond this figure.

Mr Gramman said that "Maybe the numbers we are seeing today does not cover all the ships. I assume there is more. Finding out the real numbers is very difficult. Publicly available databases are the minimum, it is probably a lot higher."

Dr Sharma said that "The cheapest deal we have done is USD 89 per ldt and the highest is USD 790 per ldt, so it is a huge range. Based on what we see in the Indian subcontinent, USD 200 per ldt seems to be the magic number, but where it is going to go nobody knows. We have never seen so much volatility in the market. Ship values can change 10% in one week. It is a buyers market. When sellers push the price too high, we say and the ship recyclers say: No, sorry, we don't want the ship any more."

He added that "The number of renegotiations that have crept up in ship recycling is enormous. In the Indian subcontinent, buyers prefer ships delivered within 15 days."

(Sourced from www.lloydslist.com)

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