

DG WEEKLY 29 / 2020

INDICATIVE DEMO VALUES

Weekly Change
+ 160.000\$
Value
4,2 usdm (Dely Pakistan)



2500 TEU / 12.432 mts ltd /
~ 25 (23) years*
Container

Weekly Change
+ 100.000\$
Value
2,8 usdm (Dely Pakistan)



72.000 DWT / 8.872 mts ltd /
~ 25 (29) years*
Bulker

Weekly change
+ 200.000\$
Value
5,0 usdm (Dely Pakistan)



75.000 DWT / 15.505 mts ldt /
~ 30 (27) years*
Tanker

Weekly change
+ 10.000\$
Value
0,6 usdm (Dely India)



2800 DWT / 2.123 mts ldt
AHTS

*this is the quarterly adjusted average scrapping age of the vessel type (in brackets the average of last year)

USD / LDT – INDICATIVE MARKET PRICES

	Change	Tanker (HKC)	Container (HKC)	Dry Bulk (HKC)	Avg. last 3 years ³⁾
India	+ 3 %	300 (290)	310 (300)	290 (280)	380
Bangladesh ¹⁾	+ 2 %	310	320	300	382
Pakistan	+ 5 %	330	340	320	376
Turkey ²⁾	- 2 %	180 (175)	185 (180)	175 (170)	257

*All prices are indicative only based on average indications for standard tonnage - all prices in usd / lt/ldt.

1) In Bangladesh only one yard has been awarded a HKC compliance certificate

2) In turkey 6 Yards comply with the EU-SRR and respectively the price in brackets refers to this recycling standard

3) The average accounts for the highest price category (i.e. Container Vessels)

COMMENT

Although a rather quiet week in terms of business concluded many vessels are under offer or have entered the market.

Evergreen nominated another three candidates (*Ever Decent*, *Uni Arise* and *Ever Deluxe*) that will soon be sold basis HKC standards. Pakistani Breakers were again showing a good appetite and paid healthy numbers for non-HKC tonnage at benchmarking levels, including bulkers in excess of usd 330, such as the 1997 Chinese built MASTER.

Indian Breakers didn't commit many vessels this week, finding it a challenge to compete with Pakistani prices on non-HKC tonnage for the time being. The price for melting scrap went up slightly to usd 283 per ton and the steel plate price to usd 376 per ton. The short-term outlook is positive.

Bangladesh experienced a quieter week, with heavy rains slowing operations and market sentiment.

Prices in Turkey were stable this week although continuing to trade well below the usd 200 mark for all vessel types. The six EU approved Yards are running at full capacity and the ensuing backlog will have a further commercial impact for owners: either they must wait for a gap in which their tonnage can be landed, or else accept a very low price. Some Owners have been informed by Yards that they must wait until early 2021 for recycling to begin. This scenario was predicted by industry practitioners who know that many yards on the EU list have 'theoretical' capacity only, while the EU and NGOs erroneously believe there is adequate 'real' capacity.

CONTACT

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REPRESENTATIVE FIXTURES

Name	Type	LDT	Built year	Built where	Terms	Price It/ldt
MONARCH	Cruise	28.800	1991	FRA	Dely Aliaga	~\$ 180
EU_SRR compliant recycling in Sok Denizcilik Tic Ltd. Yard, Aliaga						
MASTER	Bulk	6.770	1997	PRC	Dely Gadani	\$ 335
BALTIC HIGHWAY						
BALTIC HIGHWAY	PCC	13.145	2001	JPN	Dely Alang	\$ 283
HKC compliant recycling including ~600 mt Bunkers ROB						
AVATAR	Tank	2.100	1990	FIN	Dely Gadani	\$ 297

Total Demolition	2020 ytd		2019	
Bulk	7.883.680 dwt	59 (57) vessels	7.880.246 dwt	93 vessels
Tank	1.022.070 dwt	31 (31) vessels	4.427.162 dwt	87 vessels
Container	92.440 TEU	37 (34) vessels	199.891 TEU	100 vessels

*Last week's numbers are being shown in brackets / we are reporting actual deletions (beached or at the yard), the number of Vessels sold for demolition varies

SNAPSHOT: THE COURT CASE

English High Court judge Mr. Justice Jay handed down a judgement on Monday, refusing to strike out a claim for negligence brought by widow Hamida Begum against Maran (UK) Ltd.

Mrs Begum's husband, Khalil Mollah, fell to his death on 30 March 2018, while demolishing the VLCC 'Ekta' ex 'Maran Centaurus' in a yard in Chattogram, Bangladesh.

Mr. Justice Jay ruled that Maran (UK) Ltd arguably owed a duty of care to Mr Mollah, whereas Maran (UK) Ltd sought to have the case dismissed on the grounds that the company was too far removed (in time and space) from Mr Mollah's death to owe him a duty of care and that it had no control over working conditions in Chattogram.

Mrs Begum is now free to pursue a claim for negligence against Maran (UK) Ltd in the English High Court. The outcome of the eventual trial will be closely watched – it could set a precedent exposing hundreds of ship owning companies to similar claims.

In his ruling Mr Justice Jay accepted that over the past ten years more than 70 percent of vessels that reached the end of their operating lives were broken up via the beaching method in SE Asia, however he said:

“[The Defendant argued that] given that nearly all vessels ended up in South Asia, it could not be said that [Maran UK Ltd] were deviating from standard practice. I reject that submission on the straightforward basis that if standard practice was inherently dangerous, it cannot be condoned as sound and rational even though almost everybody does the same.”

This ruling and the trial that follows will doubtless increase pressure on ship owners to demolish their vessels in HKC compliant yards and push the ship recycling industry to improve its care towards workers.

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YARD OF THE WEEK: PRIYA BLUE INDUSTRIES PVT. LTD.



PRIYA BLUE
Priya Blue Industries Pvt. Ltd.

Recycling Standard / Certification



Located on the shores of Bhavnagar, Gujarat, India, the Hong Kong Convention compliant (Class NK) Priya Blue Ship Recycling Facility is a record-breaking Yard Group that operates Plot V-1 measuring 10.818 Sq. meters and a 67.500 Sq. meter backyard area out of which 27.500 sq. meters are fully impermeable used for dismantling and waste segregation activities.

The Yard Group is family owned and centred around Managing Director and Founder Sanjay Mehta and his son Gaurav Mehta. Father and son have been a driving force towards environmentally friendly and sound ship recycling from the Yard's founding onwards. Today the Group is also very active and successful in cash buying activities.

- 1994 – Establishment of Priya Blue and start of a successful recycling venture by Mr. Sanjay Mehta
- 1994 – Construction of a residential quarter for Priya Blue employees and their families
- 2001 – Certified for ISO Standards [(ISO 9001, ISO 14.001, OHSAS 18001 and ISO 30.000)]
- 2010 – Mr. Gaurav Mehta followed in the footsteps of his father and very successfully diversified Priya Blue's business operations into Cash Buying activities under Best Oasis Ltd, that is today one of the top 3 Cash Buyers for demolition tonnage worldwide, headed by Mr. Gerd Leopold and Mr. Yiannis Kourkoulis
- 2010 - Recycling of the largest crude oil tanker ever built (Jahre Viking ex Knock Nevis / IMO: 7381154) with an LDT of 83.598 mt and DWT of 584.763 mt
- 2014-2015 – Best Plot in Production (Plot V-1) awarded by Gujarat Maritime Board
- 2015 – 1st Yard to receive the Statement of Compliance to Hong Kong Convention from Class NK in Alang, India
- 2018 – Ship Recycling Transparency Initiative: Priya Blue Industries Pvt. Ltd. is the only ship recycling facility to be a member of this initiative
- Within the subcontinent, it is the 1st yard to be considered by European Union for whitelist inclusion. The EU-SRR body have assessed the facility twice at different time intervals

For Priya Blue, ship recycling is an intricate craft. It is the process of transforming ship structures into multiple useful components. The facility operates along well-established operating procedures and guidelines that are founded on the precepts of the Hong Kong Convention. This is to ensure that Owners and the Yard itself are compliant with all necessary protocols, safety measures and environmentally-friendly practices. It is worth noting that the Yard has provided employee accommodation since its inception.

- Recycling Method: Intertidal beaching with natural slipway
- 10,818 sq meters fully impermeable flooring in the front-yard and likewise 27.500 Sq meters fully impermeable flooring in the back-yard
- The front-yard has adequate shoreline to enable recycling 2 VLCCs and 1 Panamax simultaneously
- The Facility operates a floating crane barge that can lift up to 1,100 mts of capacity in the form of blocks and machinery from any part of the ship

Over the years, Priya Blue Industries Pvt. Ltd. Ship Recycling Facility has demolished around 65 ships, comprising of complex projects in ULCC, VLCC and Offshore structures, with the LDT of these ships totaling around 1.644.145 mts --> for more information please refer to <http://www.priyablue.com/>