

DG WEEKLY 31 / 2020 | www.demogate.com

INDICATIVE DEMO VALUES

Weekly Change
+ 60.000\$
Value

4,3 usdm (Dely Pakistan)



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

Container

Weekly Change
+ 40.000\$
Value

3,0 usdm (Dely Pakistan)



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

Bulker

Weekly change
+ 70.000\$
Value

5,2 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	+ 2 %	310 (300)	320 (310)	300 (290)	380
Bangladesh¹⁾	stable	315	325	305	382
Pakistan	+ 2 %	345	355	335	376
Turkey²⁾	+ 2 %	195 (190)	200 (195)	190 (185)	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

Pakistani Buyers have been committing tonnage at bullish price levels even above the \$350 per lt/ldt mark, paving the way in the sub-continent markets right before the start of the Eid ul-Azha holidays on 31st July (which will slow down the recycling activity in Pakistan). The strong numbers are putting Indian and Bangladesian Buyers for non-HKC tonnage into a 'wait and see' position and respectively we haven't witnessed much activity in purely commercial transactions from these markets this week.

The prices for melted scrap in India softened a slightly from \$303 per mt to \$296 and the Plate prices increased by \$3 to \$377 per mt during the week. We are hearing that the Evergreen units (*Ever Decent*, *Uni Arise* and *Ever Deluxe*) are still trading with Buyers for final Breakup in India basis HKC standards.

Apart from some Container units that have been sold to Bangladesh and Pakistan we can see that the majority of Liner Operators have developed a recycling policies to scrap their units in HKC compliant facilities (in India or Turkey) while most of the smaller tonnage providers still go for the 'last dollar'.

Prices in Turkey improved a bit this week, scratching the \$200 mark. But given the large amount of tonnage landing on the shores of Aliaga for breaking the short-term outlook is blurred. Yet another relatively modern Cruise ship – Carnival Inspiration – has been landed on the increasingly crowded Aliaga recycling strip.

CONTACT

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All details are given in good faith but without guarantee as to accuracy or completeness.

REPRESENTATIVE FIXTURES

Name	Type	LDT	Built year	Built where	Terms	Price lt/ldt
Green Harvest	W.Chip	10.639	1995	JPN	Dely Gadani	~ \$ 360
Commercial recycling in Gadani, Pakistan – Flag: Singapore						
Carnival Inspiration	Cruise	29.102	1996	FIN	Dely Aliaga	~ \$ 190
HKC compliant recycling in Aliaga, Turkey – Flag: Bahamas						
Alby Melody	Bulk	7.528	1995	JPN	Dely Gadani	~ \$ 359
Commercial recycling in Gadani, Pakistan – Flag: Panama						
Viraat	Military	18.500	1959	UK	As is, Mumbai	~ \$ 274
HKC compliant recycling in Alang, India, @Shree Ram Yard Group – Flag: India *sold via E-AUCTION at \$ 5.16 mio / the Vessel has been serving the indian army for more than 30 years [ex HMS Hermes (Air craft carrier)]						

Total Demolition	2020 ytd		2019	
Bulk	8.436.466 dwt	64 (60) vessels	7.880.246 dwt	93 vessels
Tank	1.216.603 dwt	34 (31) vessels	4.427.162 dwt	87 vessels
Container	113.721 TEU	45 (44) 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: EU_SRR YARD CAPACITY *contrasting views*

The International Ship Recycling Association issued a press release at the end of last week stating its confidence in the capacity of European Union approved recycling yards.

“ISRA concludes that the present capacity of the European List of ship recycling facilities is sufficient to deal with the increased supply of (EU-flagged) ships to be recycled. Shipowners will find ample capacity to the EU List, which will be extended in due time”

This statement came as a surprise to many shipowners with European flagged vessels, who since the EU SRR regulation came into force in December 2018 have grappled with a very different reality, now exacerbated by the effects of Covid-19.

Of the 41 yards on the EU list, some of which are not even operational, only 6 yards are capable of recycling vessels on commercially competitive terms – they are all based in Aliaga, Turkey.

The economic effects of Covid-19 have resulted in increased scrapping activity among European shipowners, while recycling yards either closed or drastically reduced their operations during the first ‘lock-down’ period from March/April to June.

Consequently there is a large backlog of vessels in both Turkey and the Subcontinent awaiting recycling. Realistically many shipowners will have to wait until next year next year to recycle their ships in Turkey, unless they are content to settle for a very low price now.

While there are EU approved yards that can physically accommodate large commercial vessels, they cannot pay the prices needed to make them commercially viable options – or at least not currently – unless shipowners are willing to subsidise recycling operations, which the majority cannot afford to do at this time.

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YARD OF THE WEEK:

LEYAL Ship Recycling Ltd. (TURKEY)



LEYAL
GEMİ SÖKÜM

Recycling Standard / Certification



Located on the shores of Aliaga, Turkey, the EU_SRR and Hong Kong Convention compliant (Lloyds Register) LEYAL Ship Recycling Facility is a well-established Yard that has been active for almost four decades and operates Plot no. 3 & 4 (see below map) at Aliaga Beach for dismantling and recycling activities.

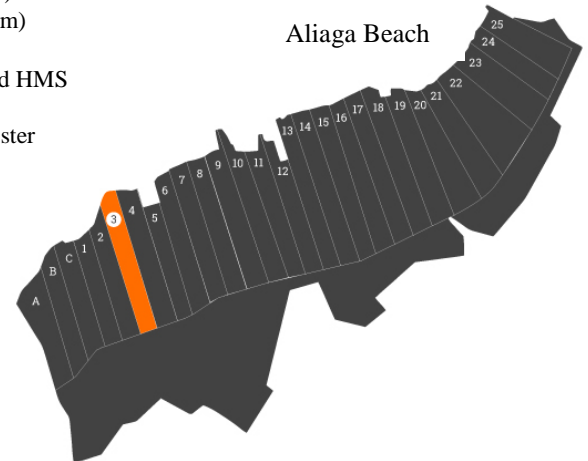
With a track record of more than 39 years of operation the Yard Group is a leading force in the Turkish ship recycling community and has been the first non-EU Facility to appear on the EU approved recycling list. It is also a founding member of the International Ship Recycling Association (ISRA), an international association of premier green recycling facilities based in the Netherlands.

- 1981 – Establishment of Leyal Ship Recycling Ltd. and start of the successful journey
- 2004 – Recycling of the German Navy Vessel `Rommel` under the terms & conditions of the EU Waste Shipment Regulation
- 2006 - Certified for ISO Standard 9001 (Quality Management System)
- 2006 - Certified for ISO Standard 14001 (Environmental Management System)
- 2006 - Certified for ISO Standard 14001 (Health & Safety Management System)
- 2007 - Founding Member of ISRA
- 2011 – Recycling of British Royal Navy Aircraft Carriers HMS Ark Royal and HMS Invincible
- 2016 - Statement of Compliance to Hong Kong Convention from Lloyds Register
- 2018 – Certificate of Compliance to EU_SRR (EEU 1257/2013)

The Recycling Facility has an annual recycling capacity of up to 140,000 mts/ldt and has a breadth restriction of roughly 100 meters. The biggest recycled structure in the Yards has been a 48.000 mts/ldt FPSO.

- Area of Facility: 60.000 Sq. meters
- Recycling Method: Landing (the vessel bow is landed on the beach and a combination of afloat (aft section) and landed dismantling is performed with cutting taking place on an impermeable concrete floor with drainage)
- Use of combined cutting techniques – torch cutting (oxy-LPG) and mechanical cutting (mobile shear)

Over the decades the LEYAL Ship Recycling Facility has demolished around 1000 ships, comprising a huge variety of different recycling projects from the Cruise industry, Military Vessels, Car Carriers, Live Stock Carriers, Research Vessels, Bulk Carriers, Container Ships and Tankers. LEYAL is also participating in the European Union R&D Funding Program for the development of improved alternative vessel dismantling techniques and procedures, as well as environmentally sound management procedures for the removal, temporary storage and disposal of hazardous materials.



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