

DG WEEKLY 35 / 2020 | www.demogate.com

INDICATIVE DEMO VALUES

Weekly Change
n.a.
Value

4,6 usdm (Dely Pakistan)



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

Container

Weekly Change
+ 40.000\$
Value

3,2 usdm (Dely Pakistan)



72.000 DWT / 8.872 mts ldt /
~ 27 (29) years*

Bulker

Weekly change
+ 70.000\$
Value

5,5 usdm (Dely Pakistan)



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

Tanker

Weekly change
+ 10.000\$
Value

0,67 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 %	335 (325)	355 (345)	325 (315)	377
Bangladesh¹⁾	+ 2 %	330	340	320	380
Pakistan	+ 1 %	370	375	360	373
Turkey²⁾	stable	205 (200)	215 (210)	195 (190)	254

*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

The Pakistani market continues to snap up non-green tonnage and broke the \$400 mark with a forward delivery of a Capesize bulker with dely mid-October, although spot prices are more at \$360 levels for prompt ships and the Buyers of a/m deal have a further trading option. The overall sentiment and the local market for raw materials is still very strong and sentiment is positive.

Although we are witnessing an unprecedented price rally, the total number of vessels recycled in August (18 ships to date) is lower than in July when we tracked 42 vessels to their final 'parked position' on the beach.

Prices in India are further improving on the back of healthy fundamentals and more vessels are heading to Alang for HKC compliant recycling.

Interesting news this week from the insurance world: we heard that the Lloyds of London syndicates will be backing 'green recycling' and they will only insure vessels going to EU approved/HKC compliant yards. Similar policies have been implemented by leading banks some time ago and the pressure on owners not to hunt for the 'top dollar' but to accept the standards lined out in the HKC or the EU SRR is ever increasing

More interesting news from India where plans of the government of Gujarat to re-start recycling activities at Sachana (Jamnagar district, one bay north of Alang / ~350 nm) were revealed. Shipbreaking was stopped in Sachana after disputes with Breakers in 2012. Once operational again, its focus would centre on small to medium size tonnage.

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
MV Luminous Ace	PCC	12.303	1995	JPN	Dely Alang	~ \$ 350
HKC compliant recycling (Class NK) in Alang, India – Flag: Panama						
MV Panamax Energy	Bulk	10.500	1998	JPN	Dely Gadani	~ \$ 402
Sold for final Breakup in Pakistan – Flag: Mexico						
MV Taganroga	Tank	3.103	1983	FIN	As is, Vladivostok	~ \$ 182
Sold for final Breakup in Bangladesh or Pakistan – Flag: Russia						

Total Demolition	2020 ytd		2019	
Bulk	8.930.785 dwt	74 (73) vessels	7.880.246 dwt	93 vessels
Tank	1.216.603 dwt	34 (34) vessels	4.427.162 dwt	87 vessels
Container	143.125 TEU	58 (57) 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: Financial Implications of `green recycling` in the sub-continent

In this week's snapshot we would like to draw the attention to the price delta between the 'top dollar' that many owners are still hunting for and recycling according to the standards set out in the Hong Kong Convention (HKC) in the sub-continent.

In India, as a consequence of the Recycling of Ships Bill, 2019, more and more yards are becoming HKC compliant and the price delta between HKC compliant recycling and 'commercial recycling' is closing further.

At the moment the price delta for Class NK certified HKC compliant 'green recycling' in India is roughly \$ 10-20, depending on a vessel's specifications, the contractual terms of the deal and the required services like IHMs etc.

While the price delta in India is shrinking the competition between markets will be also a question of recycling standards. More and more Owners are accepting the price difference and selling for HKC compliant recycling. These Vessels will then mainly go to India.

Respectively the 'green recycling' price delta is a dynamic figure and at the moment it is roughly \$25 less compared to the Pakistani market and 'costs' abt \$10-20 / LT in case Owners opt for Class NK certified Yards. So we are talking about a price discount of roughly \$40 for Owners. Putting things into perspective via a vessel's Lifetime Earnings we reach the following figures.

Although a price difference of almost \$500.000 on our reference 2500 TEU vessel is much money, if you put it into relation to the life time earnings of the vessel it is less than 1% difference (not taking costs into account here, just to give you another perspective).

	Container*
Avg. Lifespan	25 Years
Avg. Earnings**	\$8.750 pd
Total Earnings (Lifesp.)	\$78.750.000
Price Delta***	\$40
Price Delta (Green/Commercial)	\$497.280
Diff (relative)****	0,65%

*Reference is made to our reference vessels (2500 TEU / 12.432 mt/ldt)

**This is a ballpark figure only based on the 10 years Harpex 2500 TEU index

as discussed in the text above / *relative to the total life cycle earnings

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YARD OF THE WEEK:

BAIJNATH MELARAM (INDIA)



BAIJNATH MELARAM

Recycling Standard / Certification



*not in the EU list

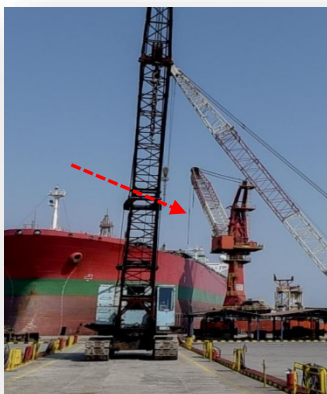
Situated on the shores of Alang in Gujarat, India, the Baijnath Melaram Ship Recycling Facility is a fully Hong Kong Convention compliant (Class NK) Yard that operates Plot No. 13 at Alang Ship Recycling Zone for dismantling and recycling activities.

The 3rd generation family led business has a track record with international top owners demanding the highest standards that go beyond the requirements of the Hong Kong Convention that yet has to enter into force.

They are one of only four yards in India that have been shortlisted by Maersk Line and recycled the 12.400 mt/ldt 'Maersk Phuket' in 2018/2019.



- Certified for ISO Standard 9001:2015 (Indian Registry, Quality Management System)
- Certified for ISO Standard 14001:2015 (Indian Registry, Environmental Management Systems)
- Certified for ISO Standard 30000:2009 (Ship Recycling and Management Systems)
- Certified for OSHAS Standard 18001:2007 (Occupational Health and Safety Management Systems)
- Certificate of Compliance with the requirements set out in Article 13 of Regulation (EU) No 1257/2013
- Statement of Compliance with the Hong Kong Convention (Class NK, 2018)



Baijnath Melaram is one of the oldest ship recycling facilities in India and has been in the business since 1972 when its first vessel was beached in Mumbai and since 1983 in Alang. It has plans to become active in Cash Buying for vessels that are being sold for 'green recycling' only.

The Yard has an annual recycling capacity of approximately 60.000 lt/ldt, a breadth restriction of roughly 85 meters and operates roughly 8.500 Sq. meters.

A 'differentiator' offered by the yard is an installed **off-Shore Crane with a capacity of 150 metric tonnes** that enables operations to lift any part of a vessel directly from the ship to the impermeable floor without dropping any blocks in the Intertidal Zone (in order to solve the problem of primary cutting in the intertidal zone).

Over the decades Baijnath Melaram has successfully demolished more than 325 Vessels and processed around 1.8 mio mt/ldt of all types including Cable Layers, Submarines, Research Vessels, Bulk Carriers, Container Vessels and Tankers.

For more information visit: <http://www.baijnathmelaram.com/>

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