

DG WEEKLY 45 / 2020 | www.demogate.com

INDICATIVE DEMO VALUES

Weekly Change
- 60.000\$
Value
4,7 usdm ^(Dely Pakistan)



2500 TEU / 12.432 mts ltd /
~ 26 (25) years*
Container

Weekly Change
- 70.000\$
Value
3,2 usdm ^(Dely Pakistan)



72.000 DWT / 8.872 mts ltd /
~ 30 (28) years*
Bulker

Weekly change
- 80.000\$
Value
5,7 usdm ^(Dely Pakistan)



75.000 DWT / 15.505 mts ldt /
~ 30 (31) years*
Tanker

Weekly change
- 10.000\$
Value
0,7 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	stable	360 (350)	370 (365)	350 (345)	375
Bangladesh ¹⁾	stable	355	360	355	378
Pakistan	- 2 %	375	385	365	376
Turkey ²⁾	stable	205 (200)	215 (210)	195 (190)	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

While uncertainty remains as to who will be President of the US for the next 4 years, the markets remained stable this week with **Pakistan** yet again in the lead in the sub-continent for non-green tonnage. We heard of discussions in the 350-360 range for smaller Bulk Carriers. In general steel prices are healthy in all locations though Covid-19 cases did spike again in many places threatening a stable economic recovery.

In **Bangladesh** the 'Cartel' is still pricing vessels around \$350 levels, although with a limited number of units on the supply side.

The market in **India** has been relatively quiet this week. Plate prices are quoting at \$339 per ton and Melting scrap at \$384 per ton.

The 'Costa Concordia' in Genoa where she has been recycled in the San Giorgio del Porto Yard (see page 3) after salvage operations took place in 2014. .



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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 Emden IV	GC	5.200	1987	JPN	Dely Gadani	~ \$ 360
Sold for final Breakup in Pakistan – Flag: Togo						
MV Best Leader	Bulk	7.066	1995	JPN	Dely Gadani	~ \$ 387
Sold for final Breakup in Pakistan – Flag: Panama						

Total Demolition	2020 ytd		2019	
Bulk	11.256.826 dwt	99 (99) vessels	7.880.246 dwt	93 vessels
Tank	1.720.428 dwt	50 (47) vessels	4.427.162 dwt	87 vessels
Container	180.735 TEU	76 (74) 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: BANKS & RESPONSIBLE SHIP RECYCLING

Leading banks and funds are increasing their demands on Owners to sell and recycle their ships responsibly.

Owners can no longer absolve themselves of responsibility for a vessel's recycling by selling it for further trading.

A panel of bankers and ESG experts speaking at a Marine Money virtual forum held last week stressed the need for Owners to sell to reputable buyers who will recycle responsibly or guarantee further trading sales to reputable buyers themselves.

According to the Marine Money panel, in the case of a vessel being bought by 'Owner A' using bank finance, if after passing through the hands of Owners 'B', 'C' and 'D', Owner 'E' sells the vessel for scrap and it is recycled in a non-HKC compliant, non-vetted yard, the bank that financed Owner A's acquisition will hold Owner A 'responsible' for the non-HKC compliant recycling.

Even if this type of responsibility is not legally enforceable, there is nothing stopping banks from blaming 'Owner A' and refraining from lending to them in the future.



The logical outcome of this approach if widely adopted by banks and funds would be to limit the pool of potential further trading buyers in S&P transactions and most likely shorten the lifespan of vessels.

Limiting the number of buyers in a market typically leads to a drop in liquidity and prices. It is not clear if banks pushing for 'extended responsibility' have considered the impact of a shrinking S&P market on the value of the vessels they finance. Regardless, the green march continues!

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**YARD OF THE WEEK:
SAN GIORGIO DEL PORTO (ITALY)**



Situated in the port of Genoa, Italy, the EU approved and listed recycling Facility is the only Italian Facility on the EU list. It recycled the ‘Costa Concordia’ in 2014 after the tragic incident in 2012 with more than 32 casualties.

Currently the yard is recycling the 1996 built Costa Victoria, about 29,538 mt/ldt, purchased from Carnival Corporation in the summer.

The Facility can accommodate Vessels of up to 350 meters length, 75 meters breadth and 16 meters draft. The recycling method that is being applied is ‘At Pier recycling’ but the Yard also operates several Drydocks that could be utilised.

Although the theoretical capacity of the yard that is being taken into account by the EU list is around 60.000 mt per year, the yard’s actual involvement in commercial recycling activities is somewhat limited, not only by the dimensions of the Facility but also due to the fact that the Turkish market pays more competitive prices also for EU flagged tonnage.



Recycling Standard / Certification



- Certificate of Compliance with the requirements set out in (EU) No. 1257/2013
- Certified for ISO Standard 9001 (Quality Management System)
- Certified for ISO Standard 14001 (Environmental Management System)
- Certified for OSHAS Standard 18001 (Occupational Health and Safety System)
- Certified for ISO Standard 30:000 (Ship Recycling Management System)



The Yard was founded in 1928 by Mr. Ferdinando Garra and has a longstanding history. It focused on routine maintenance and repair operations in the early years. Nowadays services offered include newbuilding, repair and conversion as well as ship recycling and decommissioning.

For more information visit: <https://www.sgdpi.it/>

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