

# DG WEEKLY 50 / 2020 | www.demogate.com

## INDICATIVE DEMO VALUES

Weekly Change  
**stable**  
Value

**5,2 usdm** (Dely Bangla)



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

**Container**

Weekly Change  
**stable**  
Value

**3,4 usdm** (Dely Bangla)



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

**Bulker**

Weekly change  
**stable**  
Value

**6,2 usdm** (Dely Bangla)



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

**Tanker**

Weekly change  
**stable**  
Value

**0,8 usdm** (Dely Bangla)



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 <sup>3)</sup>
<b>India</b>	+ 2 %	385 (370)	395 (380)	375 (360)	376
<b>Bangladesh<sup>1)</sup></b>	stable	410	425	400	378
<b>Pakistan</b>	stable	400	410	390	374
<b>Turkey<sup>2)</sup></b>	stable	245	255	235	248

\*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 8 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 *positive sentiment prevails*

More and more Vessels are entering the market as Sellers seem willing to take advantage of the high prices and bullish sentiment. We heard that an VLOC is being discussed for selected HKC compliant Yards in India at \$360-\$370 levels. While Bulkers and Tankers are heading to the beaches of the sub-continent even 90ies built Container tonnage due for docking is offered for trading with the charter market still in party mode.

In Turkey the EU SRR capacity is still widely occupied and respectively prices for prompt EU SRR tonnage vary heavily and as always have to be evaluated on case by case basis. However prices are good on the back of solid steel prices.

In Bangladesh and Pakistan Buyers remain hot and prices are firm, trading in excess of \$400 for the right vessels.

*A beached Container Vessel is ready for recycling operations at Alang, India.*



## 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
<b>MV Pacific Energy</b>	LNG	~27.500	1981	SWE	Dely Spore	~ \$ 450
Needs to be towed after 8 years in Layup, high price due to Aluminium tanks – Flag: Bermuda; en-bloc with sister `Atlantic Energy`						
<b>MV Cartola</b>	Tank	22.870	2000	KRS	Dely Indonesia	~ \$ 390
Sold for final Breakup in Bangladesh – Flag: Bahamas						

Total Demolition	2020 ytd		2019	
Bulk	11.622.836 dwt	107 (106) vessels	7.880.246 dwt	93 vessels
Tank	2.298.804 dwt	60 (56) vessels	4.427.162 dwt	87 vessels
Container	190.601 TEU	81 (80) 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 list fluctuates but any concrete progress made

In November the European Commission added four recycling yards to the EU SRR list – two in Europe (Norway and Denmark) and two in Turkey.

With Brexit looming large, the EC also confirmed that two UK yards – one based England the other in Scotland would be withdrawn from the list on 31 December 2020.

Two other yards – one in Lithuania and the other in Latvia will also be removed from the list, having not sought renewal of their ship recycling licences from the EC.

### What effect will these additions and deletions have?

Many in the recycling industry would argue that the non-Turkish changes to the list count for little as far as deep-sea commercial shipping is concerned.

Turkish EU SRR yards remain the only ones capable of recycling Panamax-size and larger vessels. This means that no 'large' EU flagged vessels can actually be recycled in Europe – definitely not a good state of affairs for the EU, whose member countries together flag about 35% of the world's commercial fleet.

While shipping companies based in the EU can be confident of investigation and legal action should they break EU SRR rules, it is not possible for them to recycle their vessels within European jurisdictions.

Non-Turkish yards fall into three categories broadly speaking: inactive / recycling small vessels / focused on offshore decommissioning.

In terms of price, shipowners can expect to receive about USD 150-200 less per long ton in Turkey and about USD 250-300 less per long ton in Europe compared to the 'classic' recycling locations of Alang (India), Chittagong (Bangladesh) and Gadani (Pakistan).

Currently Turkish EU SRR yards are almost full with cruise ships and other tonnage hurriedly sold to them at the height of the Covid-19 pandemic in March/April/May 2020, so enquiring Owners may find prices even lower or even worse, no capacity at all.

The recent comments of BIMCO Secretary-General David Loosley on the EC's actions ring true:

*“The intention of protection the environment and ensuring worker safety is spot on, but ... we would wish that the EU instead had aimed the good intentions toward ratifying the Hong Kong Convention.”*

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**YARD OF THE WEEK: International Shipbreaking Limited L.L.C.**



Located in Brownsville, Texas, USA, on the shores of the Gulf of Mexico, the International Shipbreaking Limited L.L.C. Facility is a well-established and EU SRR listed Yard that primarily decommissions and recycles offshore structures and military Vessels. It is associated with the internationally operating EMR Group that annually recycles 10 mio tons of materials from beverage cans to oil platforms.

The Facility was founded after World War II and throughout the years has scrapped hundreds of ships and vessels. It has a theoretical recycling capacity of 120.000 ldt/mts for EU SRR compliant recycling and operates two slipways with ramps for final vessel recycling (East Slip and West Slip). Ships that are being recycled in accordance with the EU SRR are recycled exclusively on the East Slip ramp. The total capacity of the Groups' facilities in the US comprise around 300.000 ldt/mts annually.

A proportion of recycled metal is re-sold into Mexico and in general prices are somewhat lower compared to EU SRR competitors in Turkey where levels of an average \$250 per mt/ldt were obtained over the last 5 years. Respectively the Yard is a good option for Vessels and structures in the Caribbs that need to be towed or have no cargo out of the US Gulf.



Although the Yard appears on the EU Whitelist for Recycling Facilities that comply with the standards outlined in the EU Ship Recycling Regulation the number of vessels with an EU flag whose Owners have reviewed recycling options there is very limited. This is a general problem of EU SRR yards outside the Turkish market.

Today the Yard group is the largest breaker and recycler in the United States and operates five strategically located facilities (next to the Brownsville operation) equipped to handle smaller vessels and barges in Alabama, Louisiana and Texas.

For more information visit: <https://us.emrgroup.com/>

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