

China scrapping potential seen



China could add as many 400 recycling yards
CHINA has the potential to add up to 400 recycling sites to global scrapping capacity, with yards built to exploit a newbuilding boom riding a green wave, a ship recycling conference has heard.

A decision by Beijing to freeze new licences to allow the yards to become scrapping facilities is all that is stopping new players from buying market share in green recycling, Dimitris Koukas of Optima Shipbrokers told the 5th Annual Ship Recycling Conference in London.

“Many demolition yards have evolved in the last couple of years, especially after the sub-prime crisis and the trend is for a few more to get a licence and start up. They are extremely aggressive because they don't have track records. So another challenge is to try to locate the kind of cash buyer for shipbreaking in China with good performance and good backing,” said Koukas.

He admitted that building yards in China also allowed the broker “to play a bit of the hero for our clients”, flashing their green credentials, because ships are docked rather than beached for recycling.

Anil Sharma, president of cash buyer GMS, estimated there were perhaps 75 active recycling yards in China, compared to 150 in Alang, 32 in Chittagong and 50 in Karachi – capacity that he said was more than sufficient for current demand.