



Ship recycling halted as India diverts oxygen to health crisis

The spike in coronavirus cases across India has boosted demand for oxygen with the government redirecting all of the countries inventories to be sent to hospitals, while movement restrictions have again been put in place

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by Inderpreet Walia | @w_inderpreet | Inderpreet.walia@informa.com

GMS noted that there are still some end buyers looking to buy vessels despite vessel deliveries, customs services for boardings and clearances, and repatriation of crews as well as flights out of India are an ongoing uncertainty

SHIP recycling activities in Alang has come to a standstill due to lack of industrial grade oxygen supply across India used in cutting iron and steel.

The government is scrambling to get oxygen tanks to hospitals where coronavirus patients are suffocating due to the surge in cases in the country. This has led the authorities to redirect all the industrial grade oxygen to divert for medical use to battle the virus.

"Activities in Alang has come to a halt with no hot work being done as there is no oxygen supply," said Anand M. Hiremath, lead co-ordinator for cash buyer GMS's sustainable ship and offshore recycling programme in Alang.

"Only few workers are engaged in cold work, mainly the recovery of equipments, pipes and reusable materials from ship."

There are about 25 plants across Alang that produce and supply oxygen in cylinders to support the ship recycling activities. But in last week, inventories from 15 of those plants have been diverted for government use.

Around 90% of the value of ship recycled is from steel and as such, there is no ship recycling activity that can be carried out without oxygen supply, said Hitesh Vyas, vice president Middle East and green coordinator at Wirana Shipping.

"Owing to the shortage of oxygen, rolling mills are also out of production due to which there is no demand for steel plate which are produced from ship recycling. We only see trade in steel scrap as it can still be used by furnace plants."

Rohit Agarwal, managing partner at Alang-based Guideship Consulting Services, said Pakistan and Bangladesh are leading the ship recycling market luring owners of ageing vessels to cash in the soaring demolition prices.

A variety of fuels such as propane, butane or natural gas are used along with liquefied or compressed oxygen to dismantle vessels. The liquefied oxygen acts as an oxidizer, while the fuel helps in cutting iron and steel parts easily.

Still, "it is somewhat surprising to see end buyers looking to buy vessels given that vessel deliveries, customs services for boardings and clearances, and repatriation of crews as well as flights out of India are an ongoing uncertainty," cash buyer GMS said in its latest report.

"Certainly for 'as is' deliveries, other countries are now shutting borders for Indian crew, placing many previously agreed deals in jeopardy."