

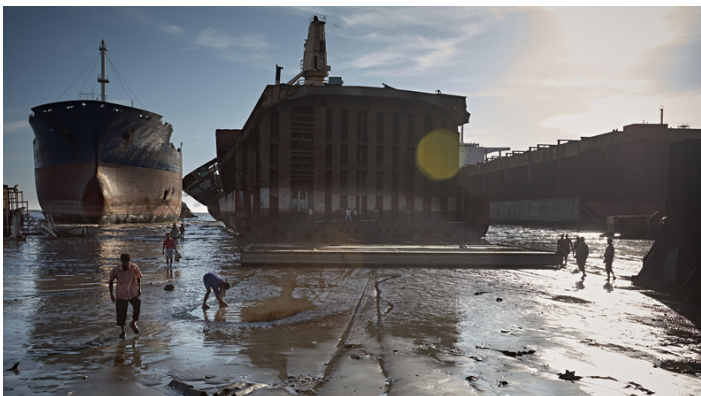
More capesizes move to breaking yards as demolition prices climb

Two old capesize dry bulkers are reportedly being sold for scrapping as yards continue to sweeten offers

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by **Cichen Shen** | cichen.shen@informa.com

Heavy competition between Pakistani and Bangladeshi breakers are firming up recycling prices, which can climb further with the ramp-up of production in the Chinese market



SHIPS BEING SCRAPPED AT CHITTAGONG BEACH IN BANGLADESH.

Source: *Salva Campillo / Alamy Stock Photo*

SHIP recycling markets continue to strengthen with more dry bulkers reportedly heading to the breaking yards.

Cash buyers and shipbrokers reported that additional capesizes are being sold amid softening freight rates, following the sale of 172,500 dwt, 22-year-old *Berge Aoraki* (IMO: 9223590).

“We have seen several capes sold for [Hong Kong Convention] recycling in the mid-\$600s per ldt in recent weeks, especially as chartering rates in this sector have taken a bit of a dip,” GMS said in its latest report.

Two 19-year-old, Japanese-built units — 171,009 dwt *Alam Cetus* (IMO: 9278521) and 185,909 dwt *Cape Enterprise* (IMO: 9241669) — were traded for \$675 per ldt and \$650 per ldt, respectively, according to Allied Shipbroking. By comparison, *Berge Aoraki* realised \$640 per ldt.

Cape Enterprise, which is said to have been sold to an Indian buyer, is passing through the Mozambique Channel in southeast Africa and is expected to arrive in Alang, India, on March 7, according to Lloyd's List Intelligence data.

Meanwhile, old tanker tonnage remains the main sources of business for shipbreakers.

“Tankers keep being introduced into the recycling markets and several deals have reportedly been concluded at levels in excess of \$650 per ldt in Bangladesh, as the Chattogram market heats up to some increasingly unprecedented levels,” said GMS.

“Steel prices remain firm across all sub-continent locations and even the Indian market has started to come back into the picture, such is the demand emanating from all markets at present.”

Allied Shipbroking said competition among different destinations in the Indian sub-continent appears intensifying. Prices are being kept firm as Pakistani and Bangladeshi breakers are “ready to heavily compete on any available units that come to market”.

The Turkish market, however, has been relatively stable, it said.

Strong offers by scrapping yards should have spurred more demolition activities, although the recent “turn in sentiments” in the tanker market may lead owners to hold on to their tonnage for now, said GMS, adding that recycling rates may move up even higher.

“With Chinese production set to ramp up again now that Chinese New Year holidays and the winter Olympics are over, perhaps there is scope for further improvements on price as well.”

Berge Bulk capesize and MR2 tanker on the block

By Rob Willmington

15 Feb 2022

An ageing capesize bulk carrier controlled by Berge Bulk and a 21-year-old MR2 tanker owned by UAE interests have both been sold for scrap as demand for demolition candidates heats up

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