



## GMS® PODCASTS

# Morten Arntzen on Tanker Revival



IN CONVERSATION WITH  
**Morten Arntzen**

Executive Chairman, Team Tankers International



HOST  
**Jon Chaplin**

Chief Communication Officer, GMS

## Ship financier Arntzen calls for tanker cull on newly launched GMS Podcasts.

Ship financier Morten Arntzen is calling for a tanker scrapping cull to streamline a sector bloated by oversupply.

Mr Arntzen makes his comments on a new maritime industry podcast being launched by leading cash buyer GMS. The podcast goes live on February 22nd on Apple Podcasts, Google Podcasts, Spotify, and Amazon Music.

Mr Arntzen tells the podcast: "There has to be a surge in scrapping... if you look at the Gulf now, there are probably a third more ships waiting to move cargo than are needed."

The commentary reflects the current malaise within the tanker sector. The Baltic Exchange has reported this month that rates for the largest crude oil tankers hit an all-time low setting a new record of -\$20689 per day on a time charter equivalent basis.

With brokers depicting a market with plenty of tonnage and few cargoes to go around, DHT, the crude oil tanker company, is reporting that the proportion of its fleet operating on the spot market is earning \$12,600 per day or \$1700 over their cash neutral rate of \$10,900. Frontline meanwhile reports that as of the end of Q3 in 2021 as many as 47 new buildings of VLCCs were added to fleets

but only 14 were scrapped. Mr. Artzen says there is a fundamental supply and demand imbalance. "There is no question. We have too many ships in the water."

But he says even an increase in scrapping will not pull the tanker market out of the doldrums. For recovery, Mr. Arntzen says there will need to be growth in US exports which "will give you something like a triple of the ton-mile number" compared to exports from the Middle East.

Mr. Arntzen speaks candidly on the GMS Podcast on various topics, including EEXI, carbon tax, recycling and the lifting of sanctions. He discusses the calculations facing many owners now balancing heavy annual survey expenses with the record high price for scrap. "I think the decision becomes really easy when you're talking close to US\$30m for a V for scrap," he says. He adds that uncertainty in the markets and regulatory hurdles are coming, justifying a decision to recycle.

Mr. Arntzen further discussed a recent visit to ship recycling yards at India's Alang, reporting that his preconceptions were challenged by what he saw.

"I flew up there with some skepticism and a lot of questions," he said, "and walked away very comfortable that the owners we finance can recycle properly there." He believes the yards in Alang are the "future of recycling" as the world goes "greener and cleaner" and says that yard owners have "figured out that it's not only the right thing to do, it's good business."

Wrapping up the podcast, Mr. Arntzen is asked what advice he would give his 25-year-old self and, as expected from a finance specialist, his advice focuses on the numbers. "When I was getting into the business, being quantitative was really helpful. The use of data is going to become much more important - weave that into your position and how you're learning."

The new episode of GMS's podcast will broadcast regularly giving insight into the shipping markets, vessel residual values and recycling. Podcast host and GMS Chief Communications Officer Jon Chaplin said:

"With podcasts, you can drop in on a conversation and hear what the leaders in their fields are thinking – where you want when you want. At GMS we believe that knowledge opens the door to opportunity and our podcasts are aiming to provide the key."

Listen and download the podcast on [Apple Podcasts](#), [Google Podcasts](#), [Spotify](#), and [Amazon Music](#).