

Shipbreaking set for five years of strong demand

18 year-old tankers being sent for recycling

The shipbreaking market is set for four to five years of strong volumes as shipowners deal with excessive supply according to top cash buyer Wirana Shipping Corp.

Rakesh Khetan, commonly known as Billu, ceo of Wirana said 2009 to 2011 had seen a large volume of deals done and he expected this volume to continue for another four to five years. "Supply is very good, there are a lot of owners who want to scrap vessels," Khetan told Seatrade Asia Week.

Khetan expects the market to stay buoyant due to the "excessive" number of newbuildings ordered during the boom, and the minimal level of scrapping that took place between 2003 and 2008. He also noted that most analysts expect shipping markets to remain depressed, bottoming out in mid-2012. Low rates will further encourage owners to scrap their vessels.

Singapore-headquartered Wirana is one of the largest cash buyers of ships in the global market. On the basis of around 1,000 ships being scrapped annually at present, this gives Wirana in the region of 15% to 20% share of the market.

The oversupply of vessels in the market is resulting in a drop in the age of vessels being sent for recycling, some with as much seven years active trading life left. For capesize bulkers Wirana is seeing vessels of 21 to 22 years of age being sold for scrap, for tankers vessels as young as 18 years old being sent for recycling. Khetan expects that vessels of this age will continue to be scrapped and possibly even younger ships.

Wirana has handled both the largest wet and dry vessels sent for recycling this year, these were the FSO Maxus Widuri (pictured)

and the VLOC Alster N.

With the surging demand for recycling Wirana had expected to hit the "magic number" of buying 200 vessels this year, but due to a softening of the market over the last two weeks, which Khetan believes will last another four to five weeks, it is likely to fall just short of the 200 mark. Up till July the company had handled 102 vessels this year.

Prices have weakened over the last two weeks dropping to around \$525 - \$530 per ldt for tankers and \$500 - \$510 per ldt for bulkers. "We want to be cautious. I expect the market to be at the same level for the next four to five weeks," he said.



Offshore yard for Wuhan

Two major companies from Wuhan are joining forces to create a shipyard dedicated to building offshore support vessels. Wuchang Shipbuilding Industry is investing 72% of the total initial capital of RMB2.5bn with Wuhan

Iron & Steel Co (Wisco) covering the rest.

The new venture is called Wuhan Shuangliu Wuchang Shipbuilding Industry Co and it will have an annual production capacity of 24 units.

Wuchang has had some success in the

past couple of years winning offshore-related orders including AHTS and PSVs at its four slipways.

Located in Hubei province Wuchang, established in 1934, belongs to state run China Shipbuilding Industry Corp (CSIC). As well as OSVs, Wuchang builds small product carriers and does some repair work.

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