



Publication:

Tradewinds

Date:

22 May 2009

TradeWinds Shipping Index

Last 24 hours

▼ -1.46% 13:25



[Weekly paper](#)

[Archive](#)

[WebTV](#)

[中文文摘](#)

[S&P data](#)

[Jobs](#)

[Notice Board](#)

[LNG Unlimited](#)

[Conferences](#)

Brisk trade in the mothball market

It may be a business opportunity for one seasoned player but the amount of vessels in layup is becoming the downturn's defining image.

What could be a worse sign of the times than the world's oldest privately controlled shipowner finding a new business stream - taking vessels out of service?

Bibby Line, which has been in continuous operation for over 200 years, is offering a new service to customers: layup.

Not surprising, perhaps, given that there are well over 1,500 ships currently in various stages of idleness and sitting at anchor in the main shipping centres of the world such as Singapore, Dubai and Rotterdam.

The credit crunch, economic downturn and a tidal wave of new tonnage has led to a collapse in global freight rates. Like the property lawyers, bankers and factory workers - or seafarers - the tonnage is faced with unemployment.

Companies such as BP Shipcare have offered vessel operators the benefit of safe anchorage for 30 years but Bibby has just teamed up with Gulf Agency Co (GAC) to offer a layup service around the world.

"You can't just tie up the ship and leave it. A lot of care needs to go into preparing the vessel so that it can be looked after properly and reactivated when the market picks up again," said a spokesman for Bibby, which still has a tiny fleet of owned vessels and 25 under management.

The requirements will also depend on the type of vessel - particularly complex are those used to carry LNG. Over 70 LNG carriers are believed to be currently without work in a sector that was one of the former hotspots of the maritime world.

This is a small amount compared to the more than 400 or so containerships that are currently waiting for charter amid speculation from some analysts that the figure could double by the summer.

Over 700 vessels are now sitting off Singapore alone, many of them in cold layup with no expectation that they will be reactivated for a long time. There are more than 300 off Dubai, 300 in Rotterdam and 150 around the Straits of Gibraltar.

Most Read Articles

- » [Baltic bounce](#)
- » [Venezuela veto](#)
- » [Bulkers attacked](#)
- » ['Plank' ship held](#)
- » [Sinking feeling](#)
- » [Porn peril](#)
- » [CEO pilloried](#)
- » [STX breaks duck](#)
- » [Attack off Oman](#)
- » [Master dies](#)

It is hard to compare the number with previous recessions in shipping because statistics were harder to collate. This time around, systems such as the AIS Live ship-tracking service of Lloyd's Register-Fairplay makes it easier.

Vast numbers of vessels parked in different areas are not without their hazards. There are already stories about collisions or at least near-misses and humanitarian tales about seafarers stranded on board vessels for months on end.

The New York Times reported that Wah Kwong recently had one of its fleet at anchor hit by a chemical tanker, while the port authorities in Singapore have complained about some owners parking vessels illegally just outside the dock-controlled area.

In the 1980s, more ships were idled in Western Europe, typically using the deep waters of a Norwegian fjord or the River Fal in the West of England. But more operators are now interested in keeping their vessels in Asia.

This is because trade is more likely to pick up around an economic hot house such as China, although some critics grumble that it is also cheaper to lay up in the region because environmental regulations are less stringent.

From its base in Malaysia, BP Shipcare has been in the layup business since 1975, originally to look after its own tankers but later taking a third-party licence. The most ships it has ever handled at one time at Brunei Bay was 29 during 1982.

This January, it had four vessels. Now it has 40 and a manager at the company's Labuan headquarters told me this week that he expects as many as 90 by the end of the year. He said: "There is everything here - tankers, bulkers, LNG carriers, containerships and car carriers. But we are expecting many more."

By Terry Macalister's Wavelength

Published: 23:00 GMT, 20 May 2009 | last updated: 14:29 GMT, 20 May 2009

 [Printable version](#)

 [Newsletter sign up](#)

Latest News



Seabird sanctuary

Offshore shipowner's banks put off loan repayments of \$15m due this year.



Bond loan let-off

Nexus Floating Production bond holders waive interest payments giving it enough cash to take delivery of costly FPSO.



Cold reality

Chan Mun Lye's Jaya Holdings asks lenders for repayment freeze as it struggles to self-fund its orderbook.



Ferries for sale

Two Canadian ships put on Craigslist website after being made obsolete by new Vancouver bridges.