

# Why Very Few Ships Are Coming for Recycling or Breaking Up

## 1. High Freight Rates (Shipping Still Profitable)

Post-COVID demand surge led to record profits in shipping (especially bulkers and containers). Even older ships remain profitable to operate, so shipowners delay scrapping.

## 2. Younger Global Fleet

Many vessels were built between 2008 and 2015, making them relatively young. Ships usually operate 25-30 years, so fewer are currently due for recycling.

## 3. Regulatory Uncertainty

New IMO and EU environmental regulations (carbon index, emissions trading, etc.) are still settling. Shipowners are hesitant to scrap before understanding compliance or retrofit options.

## 4. Cost and Compliance Pressure on Recycling Yards

Scrap yards, especially in South Asia, face rising compliance costs and international scrutiny. This limits available yards and increases costs for shipowners.

## 5. Fluctuating Scrap Steel Prices

Scrap ship steel is affected by global steel prices. When prices fall, yards offer less money, making scrapping less financially attractive.

## 6. Geopolitical and Sanctions-Driven Demand

Older ships are often diverted into sanctioned or 'gray' trades (e.g., Iran, Venezuela, Russia), delaying their scrapping as they're still in use.

## 7. Hong Kong Convention (HKC) Impact

Set to take effect in 2025, the HKC requires stricter environmental and safety standards. Owners are waiting to use compliant yards, reducing current recycling activity.

### Summary Table

Reason	Effect on Ship Recycling
High freight rates	Owners delay scrapping
Young fleet	Less eligible tonnage
Regulatory uncertainty	Wait-and-watch approach
Yard compliance costs	Limited choices for scrapping
Steel price instability	Reduces recycling profitability
Geopolitical tensions	Older ships used for risky trade