

Analysts warn of chronic tanker shortage

REGULATIONS forcing a phase-out of category 2 tankers may result in a chronic shortage in available vessels by the end of this decade unless some are allowed to trade beyond 2010, writes Martyn Wingrove.

Analysts at broker Gibsons' research department warn of a need to defer the end of mandatory tanker removal to at least 2012 to allow owners enough time to order replacement tankers.

The problems highlighted are in the availability of shipyard slots, long delivery dates and the extra costs of building double hulled tankers because of rising steel prices and labour costs.

"Not only have tanker prices increased faster than previously, but now there are indications that the earliest dates that shipyards are able to contract new orders for large vessels is in the latter half of 2008," said Gibsons in a research note.

The problem is made worse by strong ordering of other merchant ships, including dry bulk carriers, gas carriers and chemical tankers on the back of strong demand overall.

Delivery dates of three years means owners requiring newbuilds, but unable to order ships until now, will not get their ships until late 2008, leaving the tanker market short from 2009.

"Owners have decisions to make about investing resources in their tonnage," said Gibsons. "A case could be made for ear-marking some vessels that may be required for a few years beyond 2010."

Taking very large crude carriers, the analysts forecast a shortage in 2009 and a requirement for more than 150 newbuilds in 2010 to replace category 2 tankers that will need to be phased out.