GREENHUL SOLUTIONS LIMITED
GSL

Maritime Industry

Newsletter

JUNE 2026 EDITION

Ship Recycling · Shipbuilding · Ship Repair

IN THISISSUE

01 Executive Summary

June2026 closes aneventful first half of the year for Bangladesh's maritime industrial sector. Ship recycling yards in Chattogram spent much of the year at or near the top of the Indian subcontinent's demolition pricing rankings, even as a Middle East conflict, currency swings, and thin vessel supply kept global markets volatile. On 24 June, a ceasefire was announced that is expected to gradually calm freight and energy markets into the third quarter, and Bangladesh's own recycling, shipbuilding, and repair segments enter the second half of the year on a cautiously constructive footing.

Structurally, the country's ship recycling industry is now firmly on the path required by the Hong Kong International Convention (HKC), with a growing cohort of certified yards, even though full sector-wide compliance remains a work in progress. Shipbuilding continues to diversify into mid-sized commercial and government vessels as Bangladesh approaches its graduation from Least Developed Country (LDC) status in November 2026, while ship repair is increasingly recognised as a comparatively quick-win growth avenue alongside newbuilding.

02 Global Scenario: Ship Recycling & Maritime Markets

Geopolitics dictated the year's tone

For most of the first half of 2026, ship recycling economics were shaped less by steel demand than by geopolitics. An escalation involving Iran pushed Brent crude above USD 110–119 a barrel at various points between March and May, disrupted transits through the Strait of Hormuz, and kept freight markets firm — which in turn encouraged shipowners to keep ageing tonnage trading rather than sell it for demolition. A ceasefire announced on 24 June marked a turning point, with the operational and pricing environment expected to normalise gradually through the third quarter.

Recycling volumes stayed thin, and prices stayed resilient

Across the Indian subcontinent, cash buyers such as GMS repeatedly described 2026 as a year of scarce end-of-life tonnage rather than weak demand. Even as steel plate prices softened in several markets during the second quarter, demolition price indications for good-condition vessels broadly held in the high-USD 300s to USD 490s per LDT range across the year, with Bangladesh frequently commanding the top of the rankings for large-LDT tankers, LNG carriers and bulkers. Currency volatility — a weaker Bangladeshi Taka, Indian Rupee, and especially the Turkish Lira — remained a persistent complication for recyclers converting US-dollar-denominated deals into local purchasing power.

Regulatory compliance is reshaping competitiveness

The Hong Kong International Convention entered into force in June 2025, and by mid-2026, it was actively reshaping which yards could compete for tonnage. India entered the year with well over 100 HKC-certified yards, Pakistan secured Statements of Compliance for its first certified facilities at Gadani, and Bangladesh's compliant yard count — still smaller in absolute terms — continued to expand. Turkey's Aliağa yards remained a secondary, largely EU-compliant niche, structurally less price-competitive than the subcontinent.

Longer-term demand outlook remains firm

Independent market research continues to point to strong medium-term growth for global ship recycling, with one industry estimate placing the market at roughly USD 4.8 billion in 2026, rising toward USD 8.9 billion by 2034. Separately, sustainability-focused analysts note that more than 15,000 ships —

over an eighth of the world fleet — are expected to reach the end of their operating lives over the current decade, roughly double the volume recycled in the previous ten years, underpinning steady long-term feedstock for compliant sub-continent yards.

Indicativeregionalpricing, H1 2026

Directional price bands compiled from weekly cash-buyer commentary (GMS) across the first half of 2026 illustrate Bangladesh's persistent premium over regional peers for good-condition tonnage. Figures are indicative ranges rather than a single reporting date and move weekly with currency, steel, and freight conditions.

Destination	Bulker (USD/LDT)	Tanker (USD/LDT)	Container (USD/LDT)
Bangladesh	**~465–475**	**~480–485**	**~490–495**
Pakistan	~430–440	~450–460	~460–470
India	~400–410	~415–425	~420–430
Turkey	~265–275	~275–290	~285–300

Source: compiled from GMS weekly ship recycling market reports, Jan–Jun 2026 (indicative, non-transactional).

03 Bangladesh Scenario: Ship Recycling

~USD 2.1B

Estimatedannualcontributionofship recycling to Bangladesh's economy

A landmark green transition

Bangladesh's ship recycling sector — concentrated along roughly 20 kilometres of coastline at Sitakunda, Chattogram — has been undergoing its most significant transformation since the industry began in the 1980s. After ratifying the HKC in 2023, the country moved from open-beach dismantling toward controlled, section-by-section demolition at crane- or barge-served secondary cutting zones, with only environmentally certified yards permitted to import ships for recycling. Industry bodies have described this milestone as the country's first fully green industrial sector.

Economic scale

- The sector supplies well over half of Bangladesh's domestic steel needs and directly and indirectly supports several hundred thousand jobs.
- Academic estimates put the industry's annual contribution to the national economy at roughly USD 2.1 billion, while industry association figures cite an even larger multiplier effect once downstream steel and engineering activity is included.
- Bangladesh, alongside India and Pakistan, continues to account for the large majority of global ocean-going ship recycling tonnage.

Compliance progress, and the work still ahead

The number of HKC-certified yards in Chattogram has grown steadily — from the first certification in 2017 to more than a dozen certified yards by mid-2026, with several more in the certification pipeline. This remains well below India's certified yard count, but Bangladesh continues to hold a pricing edge for large, good-condition tonnage, reflecting strong buyer appetite even as overall sector-wide HKC compliance (accident rates, environmental monitoring, and worker safety systems in particular) still lags more mature markets. Independent research continues to flag elevated workplace accident rates and environmental contamination around yards as unresolved risks that will need sustained investment to close.

Market conditions through mid-2026

Bangladeshiyards spent much ofthe first half of 2026 at or near the top of sub-continent pricing rankings, helped by a relatively stable Taka exchange rate at times and firm local steel plate prices, even as national elections in February 2026 and a tightening Letter of Credit environment introduced periodic caution. Market commentary around the government's June 2026 budget flagged potential upside if new infrastructure spending lifts domestic steel demand. Vessel supply nonetheless remained the binding constraint industry-wide, with owners preferring to keep tonnage trading amid strong freight rates rather than release it for recycling — a dynamic reinforced by the approaching monsoon season, which typically narrows the operational window for beaching-linked yard logistics.

04 Bangladesh Scenario: Shipbuilding

Carving a niche in mid-sized vessels

Bangladesh's shipbuilding sector, though still a small fraction of global gross tonnage, is increasingly positioned as a practical source of mid-sized commercial vessels for buyers in Asia, Europe and the Middle East — a segment that the largest East Asian yards, focused on ultra-large and high-margin ships, are less inclined to serve. Private yards, including Western Marine Shipyard and Ananda Shipyard, have continued to export cargo vessels and landing craft, while recycled steel and technical know-how from theship recycling sector increasingly feed into new construction.

State-sector momentum: Khulna Shipyard

Khulna ShipyardLimited, the Bangladesh Navy-operated yard on the Rupsha River, reported 20 ongoing construction projects in mid-2026, spanning naval landing craft tanks, patrol craft, tugboats, dredgers and crane boats for agencies including the Navy, Payra Port Authority, Mongla Port Authority and the Bangladesh Inland Water Transport Authority. Several deliveries were scheduled for completion by 30 June 2026, including cutter-suction dredgers, crane boats and GRP catamaran boats, alongside a bollard-pull tugboat for Payra Port. The yard reported roughly Tk 800 crore in FY2024–25 turnover and described itself as now capable of building internationally standard, cost- competitive medium warships domestically.

Navy-built floating crane inducted

On4 June 2026, the Bangladesh Navy formally inducted a 70-tonne-capacity floating crane, named BNFC Boliyan, built domestically by Dockyard and Engineering Works Limited (DEW) under the Navy's modernisation programme. The 45-metre platform will support repair, maintenance and heavy-equipment handling for naval vessels at jetties and at sea — a further sign of growing indigenous shipbuilding capability.

Policy backdrop and realistic targets

TheShipbuilding IndustryDevelopment Policy 2021 set an ambitious target of USD 4 billion in annual export earnings and 100,000 jobs by 2026, a target now widely regarded by analysts as unrealistic given Bangladesh's heavy reliance on imported components, thin local supply chains and limited access to long-term project finance. More grounded projections suggest exports reaching roughly USD 650 million in 2026, with a longer-term path toward USD 1 billion if financing and technology transfer improve. This diversification push is taking on added urgency as Bangladesh approaches graduation from LDC status in November 2026, which will erode preferential trade access and increase the strategic value of higher-value, metal-intensive export industries such as shipbuilding.

05 Bangladesh Scenario: Ship Repair

The 'quicker win' alongside newbuilding

Industry commentaryhas increasinglyargued that Bangladesh should weight investment toward ship repair and maintenance (R&M) alongside — or even ahead of — new construction. Newbuilding economics are dominated by imported materials, which make up the bulk of build cost and leave Bangladesh's local value addition largely confined to labour; ship repair, by contrast, plays more directly to the country's comparative advantage in skilled, cost-competitive labour, mirrors strengths already proven in ship recycling, and serves a more stable stream of demand than the newbuilding export market.

A growing service ecosystem

Chattogram has solidified its position as the country's premier maritime services hub, with an expanding roster of drydocking, hull repair, engine overhaul, propeller repair, and marine maintenance providers serving domestic and foreign vessels. State-owned and Navy-linked facilities — including Chittagong Dry Dock Limited and Dockyard and Engineering Works Limited — sit alongside private specialists offering IMPA-certified services, non-destructive testing, and rapid-response repair, reflecting rising confidence among fleet operators and offshore service providers in the Bay of Bengal region.

What would unlock the segment?

- Targeted incentives and financing support specifically for ship repair infrastructure, distinct from newbuilding subsidy schemes
- Expanded vocational and technical training pipelines for welders, marine engineers, and NDT technicians
- Clearer, faster regulatory and customs processes for foreign vessels calling for repair rather than new construction
- Continued backward-linkage development (steel, marine equipment, spare parts) shared across recycling, shipbuilding,andrepair

06 Outlook for Q3 2026

With a ceasefire in the Middle East announced on 24 June and the traditionally quieter monsoon period now underway, GSL expects global ship recycling activity to remain supply-constrained through the third quarter, with pricing direction hinging on how quickly freight markets soften and owners release ageing tonnage. Bangladesh is well placed to defend its pricing leadership for large, good-condition vessels, provided Letter of Credit availability and Taka stability hold, while continued HKC certification progress will be central to the sector's long-term competitiveness against India and an increasingly capable Pakistan.

On shipbuilding and repair, the run-up to LDC graduation in November 2026 is likely to keep policy attention on export diversification, backward-linkage investment and vocational training. GSL will continue to track developments across all three segments — recycling, shipbuilding and repair — and will report further in next month's edition.

— The GreenHul SolutionsLimited (GSL)
Research & Market Intelligence Team