



# SOUTH ASIA QUARTERLY UPDATE

Update on shipbreaking in South Asia from  
the NGO Shipbreaking Platform

10 August 2016 | #10

*In this quarterly publication, the NGO Shipbreaking Platform informs about the shipbreaking industry in Bangladesh, India and Pakistan. Providing an overview of vessels broken on the beaches of South Asia, accidents, recent on-the-ground legislative and political developments including our activities in South Asia, we aim to inform the public about the negative impacts of substandard shipbreaking practices, as well as positive steps aimed at the realisation of environmental justice and the protection of workers' rights.*

*In this edition you will find out more about a dramatic surge of fatal accidents in the Bangladesh shipbreaking yards in May-June and the case study of young worker Mominul who was crippled while breaking European ships, our follow up of the Kabir Steel case with businesses in the yard's value chain as well as the UN Special Rapporteur's critique of German shipbreaking practices in substandard beaching yards. Last but not least, read our reaction to ECSA's so-called fact-finding report on their visit to the Alang shipbreaking yards.*



## OPINION

Sotiris Raptis  
Shipping and Aviation Officer  
Transport & Environment

Maersk's decision to resort to the low-cost method of beaching and to flagging out its ships beforehand undermines not only the company's position as a responsible industry leader, but also European efforts to improve global conditions. Transport & Environment, together with the Clean Shipping Coalition, has criticised the group returning to substandard methods.

EU shipping companies should not circumvent EU environmental laws and utilise practices that would never be allowed in Europe. EU flag-neutral measures which apply equally to all ships calling at EU ports are necessary to increase environmental protection.

The Danish shipping giant said it will need to scrap more vessels in the coming years due to oversupply and low freight rates in the container market, and it estimates it can earn an additional US \$1-2 million per ship by using beaching yards in Alang, India. Recent technical guidelines for ship recycling facilities issued by the European Commission make it clear that a beach is not an appropriate place for a high-risk heavy industry involving hazardous waste management.

Until recently, the Danish group followed a progressive policy on ship recycling and cooperated with some of the best ship recycling facilities in China. While Maersk supports innovation in reducing air polluting emissions, this move shows a cavalier attitude towards the environmental impacts of dismantling ships in the intertidal zone. Maersk needs to reverse course on practices that it previously denounced and that would never be allowed in the EU. It should invest in true innovation and engineering solutions in India, in modern ship recycling facilities off the

# OFF THE BEACH!

212 end-of-life ships were sold for breaking in the second quarter of 2016, according to the data collected and analysed by the NGO Shipbreaking Platform. Eighty-six per cent of end-of-life ships ended up on South Asian beaches, making this quarter the worst in the last years in terms of the small percentage of ships recycled in non-beaching yards.

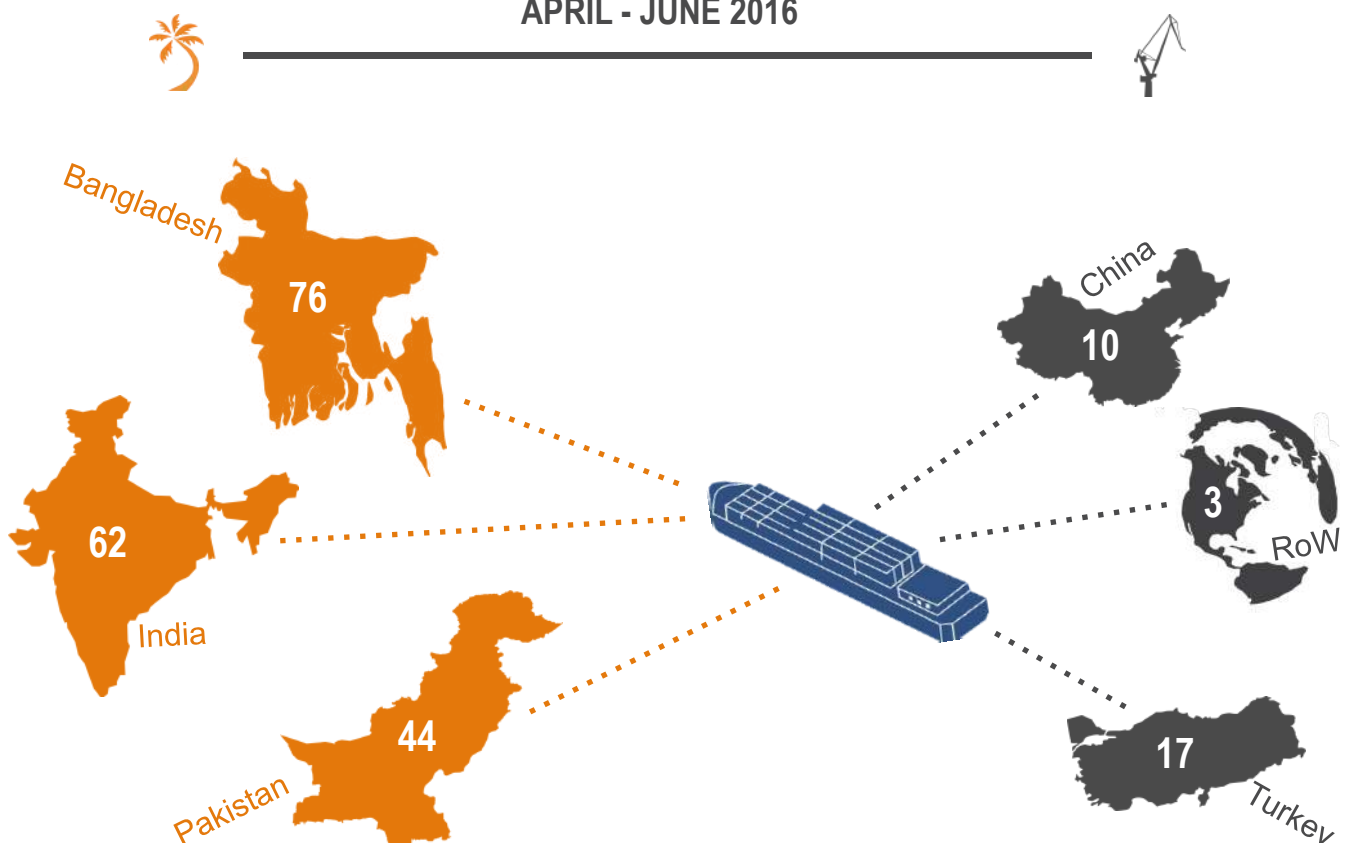
Out of 182 vessels that reached the shores of India, Pakistan and Bangladesh, 100 were bulk carriers, the most common type of end-of-life vessels currently. Bangladesh has been the favourite final destination between April and June 2016 despite the fact that the Bangladeshi yards work under the worst conditions. This is to show that the main driver for ship owners globally is only maximum profit while serious environmental and social concerns are largely ignored.

EU owners were the last beneficial owners of 61 ships sold to South Asia in the second quarter of 2016. As usual, Greek owners topped the list with 27 ships sold to South Asian breakers closely followed by German owners with 21 beached end-of-life vessels. Also Chinese, South Korean and Hong Kong owners rank high on the list – all selling several vessels to Bangladesh where conditions are known to be dire.

Monaco-based Zodiac Group and German ship owner Peter Döhle Schiffahrts-KG top the list of the worst dumpers this quarter with three beached end-of-life ships each. Peter Döhle, a Hamburg-based shipping company, has sold three bulk carriers and Zodiac one bulk carrier and two container ships for demolition.

## TOTAL

212 SHIPS BROKEN WORLDWIDE  
APRIL - JUNE 2016



## ACCIDENTS

### SURGE OF FATAL AND GRAVE ACCIDENTS

At least five more shipbreaking workers have been killed and another five severely injured in a series of fatal accidents in Bangladesh in one month only. On 23 May, 21-year old Rubel died at Seiko Steel shipbreaking yard when he fell from great height. He was working without safety equipment. Only six days later, on 29 May, five workers were struck by falling steel plates at the same yard, which is also referred to as Darussalam or Madina Enterprise. One worker died on the spot, another man succumbed to his injuries in hospital. Three workers were severely injured. The accident at Seiko Steel occurred while the workers dismantled the German-owned vessel RENATE N. (IMO 9006851). The demolition of the ship, whose last beneficial owner was the Hamburg-based Neu Seeschiffahrt, has cost the life of three workers, and severely injured three additional workers.

In a third accident on 5 June at Laskar Shipbreaking, 35-year old Babul was crushed by a falling steel plate. He was employed to manually cut down a ship owned by South Korean Kingsway Shipping Company Limited. On 19 June, two workers fell victim to a cylinder blast at Bhatiary Steel shipbreaking yard. One of the workers, Swapan, died in hospital three days later, while Mayching suffers from severe burn wounds in his face and upper body. He is struggling for his life. On 23 June, Samesh suffered severe injuries from a fall at Kabir Steel, a yard that was in the headlines in April after Kabir's private security personnel shot at workers and locals protesting a fatal accident.

The Bangladesh shipbreaking yards have been very busy in the last month with a large number of end-of-life vessels beached recently. Yard owners want to scrap ships as quickly as possible in order to buy the next one while there is a lot of obsolete tonnage lining up. Safety measures have become even more lax than usual, which has resulted in a high number of deaths and severe accidents.



### MOMINUL: CRIPPLED WHEN BREAKING EUROPEAN SHIPS

In March, 20 year old Mominul was severely injured at Seiko Steel, Darussalam and Madina enterprise, as the Platform has reported in the last SAQU #9. Mominul fell from great heights and suffered a severe injury of his spinal cord. He was treated at Chittagong Medical College; however, he had to wait for his operation. The young man is unable to stand or walk. According to our local contacts, the owner of the yard intends to pay for his surgery, but Mominul will remain disabled for the rest of his life. A basic operation in a badly equipped public hospital will not be able to reestablish his health. The Platform demands that the yard owner pays for his operation in a specialized hospital in Dhaka. Moreover, the employer needs to pay compensation that allows the young man to rebuilt his life once he has recovered from the accident.

The vessels broken at the yard at the time of the accident were the BERGE MATTERHORN and the RENATA N. The BERGE MATTERHORN (IMO 9113915) was owned by Norwegian ship owner Berge Bulk and was flying the flag of the Isle of Man. According to a local shipping agent, it had been sold to Bangladesh by cash buyer GMS. The RENATA N was handed over for demolition by German ship owner Neu Seeschiffahrt GmbH via cash buyer Wirana according to the same source. The two leading cash buyers – despite their “green” and “ethical” ship recycling programmes – sell end-of-life vessels to any yard, including the worst yards in Bangladesh. If cash buyers GMS and Wirana were serious about ensuring clean and safe ship recycling throughout their business activities, they would as a very least minimum blacklist the worst shipbreakers, such as Seiko with its high accident rate.

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## STANDARD CHARTERED, BELGIAN CMB AND GREEK KANELLAKIS INVOLVED

Standard Chartered Bank, Belgian ship owner CMB/ Bocimar as well as the Greek Kanellakis Group are linked to Kabir Steel, a Bangladeshi shipbreaking yard and re-rolling mill with a particularly bad accident record where private security guards shot at locals protesting the death of worker Sumon on 28 March. The leading Flemish daily newspaper De Standaard wrote about CMB's substandard shipbreaking practices in a two page article published in May showing how the Antwerp-based shipping company uses cash buyers to rid itself of financial and legal risks. The Platform calls on the European companies to ensure that their value chain neither contributes to such negative human rights impacts nor to hazardous waste dumping and pollution in Bangladesh.

The London-headquartered Standard Chartered bank has, according to local informants, been issuing letters of credit and loans to Kabir Steel for the import of end-of-life vessels. The Platform has sent a letter to Standard Chartered's management asking why the bank is working with a yard that clearly operates in breach of Standard Chartered's own ship recycling policy. According to this policy the bank will only work with yards that meet international workers' rights and environmental protection standards. However, none of the Bangladesh shipbreaking yards operate in line with international standards for the environmentally sound management of hazardous waste as there are no waste treatment facilities available. Occupational health and safety measures are absent or inadequate, causing a high number of accidents. Most workers do not receive a living wage and any protest against the conditions can easily lead to losing one's job.

In May, the Platform's staff met with Standard

Chartered at the bank's headquarters in London. The bank neither wanted to reveal which shipbreaking yards it has been supporting with letters of credit nor has it been able to say anything concrete about what the bank actually does to improve the conditions. Apparently, some Bangladesh yards haven't been 'exited' by the bank as a consequence of their bad practices - the overall policy remains both weak and vague. Also when contacted by the UK organisation Business and Human Rights Resource Center, the bank gave a very elusive [answer](#). State-of-the-art human rights diligence is something very different from Standard Chartered's ship recycling policy.

The European shipping companies linked to the dangerous and dirty shipbreaking practices at Kabir Steel sold the end-of life vessels ALPHA FRIENDSHIP and the MINERAL WATER. The ALPHA FRIENDSHIP was sold to Kabir Steel for scrapping by Greek Kanellakis Group with the help of cash buyer Wirana. The ship owner is part of a group of shipping companies controlled by the influential Kanellakis and Angelicoussis family. The vessel arrived in Bangladesh this January while still registered under the Greek flag. The MINERAL WATER was sold to Kabir Steel by Belgian ship owner CMB N.V. S.A. and its wholly-owned Belgian subsidiary Bocimar International with the help of cash buyer Western Overseas. The MINERAL WATER swapped its Belgian flag to that of Niue just weeks before hitting the beach in Chittagong mid-February. Niue, a Pacific island with around 2000 inhabitants, is on the European Union's blacklist of the world's 30 worst-offending tax havens and has recently come up as a new low-cost flag of convenience for end-of-life vessels. The Belgian owner CMB was fully aware that he sold the ship for scrap - the management freely talked about it to the shipping press - and did not care about the possible negative impacts of its practice.

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## DEVELOPMENTS

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### UN SPECIAL RAPPORTEUR ON GERMAN SHIP OWNERS

In May, UN Special Rapporteur Baskut Tuncak expressed his serious concerns related to the

substandard shipbreaking practices of German ship owners, in particular fatalities and toxic chemical exposure of workers and the local population, in a [written submission](#) to the German Government. The Special Rapporteur on the implications for human rights of the environmentally sound management and disposal of hazardous substances and wastes has raised shipbreaking as one example where German companies face challenges to prevent harm caused by

toxic and hazardous substances. "German ship owners operate the world's third largest merchant fleet (in terms of number of vessels), and have been linked to fatalities and toxic chemical exposure of workers and local populations including children, who dismantle end-of-life ships in deadly conditions. In 2014, German ship owners sold a record high 95% of their end-of-life tonnage for substandard breaking on the beaches of South Asia," he writes.

The NGO Shipbreaking Platform calls on the German Government to raise the issue with the shipping community and to address their unacceptable practices. In 2015 alone, 23 large commercial vessels from Germany ended up in substandard shipbreaking yards, making German ship owners the fifth biggest dumper globally.

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## STRIKE IN PAKISTAN

Roughly 360 workers, of which 260 day workers and 100 watchmen, were fired on 16 May by the yard owners in Gadani, supposedly for cost-cutting reasons. A two-day strike followed this decision as the Shipbreaking Mazdoor Union protested that this denied

the workers of their livelihood. During the first day of protest, the road leading to the yard was blocked. On the second day, work on the yards stopped completely. Only once these measures were taken was the Pakistan Shipbreakers Association ready to negotiate and enter into mediation with the workers. All the workers were restored as a result of the agreement reached between the workers and the association. Rumors have it that yard managers are reluctant to hire local work force due to workers' movement against violation of labour rights.

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## KERALA PROTESTS

The local population in the Azhikkal area in India have continued their year-long struggle against the Steel Industries Kerala Ltd (SILK) shipbreaking yard. The local residents are concerned over the health effects caused by the polluting ship breaking and ship building industry. The local communities tried to enforce a court order whereby SILK was to stop its breaking activities near the estuary or Valappatanam River. However, the protesters intensified their action given that the local police, by allowing the operations to continue, were themselves breaching the court order.

to the families of dead workers and those workers who suffered from injuries.

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## OUR INITIATIVES

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### BILS AND TRADE UNIONS PROTEST ACCIDENTS

The series of fatal accidents in Bangladesh have sparked local resistance. On 10 June, the Shipbreaking Workers Trade Union Forum together

with the Bangladesh Institute for Labour Studies (BILS), a Platform member organisation, set up a human chain in Sitakunda, the shipbreaking area, to protest the recent deaths. BILS and the trade unionists met with the victims' families and visited the graves of workers recently killed in shipbreaking. The Shipbreaking Workers Trade Union Forum also handed over a letter to the president of the Bangladesh Shipbreakers Association (BSBA) demanding proper investigation and the payment of compensation owed

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### PAKISTAN: BASEL WORKSHOP ON HAZARDOUS WASTE

On 13 June, a national policy workshop on "Hazardous Waste Assessment for the Environmentally-Sound Management of Waste from Ship recycling in Pakistan" was held in Bhurban. This workshop was organized with the support from the Basel, Stockholm and Rotterdam Conventions secretariats. Our member organisation, SDPI, and our board member, Dr. Muhammad Irfan Khan, were present along with UN officials from the Basel Secretariat and from the Pakistan Ministry of Science and Technology and Ministry of Climate Change. During this event, the Climate Change Ministry signed a Memorandum of Understanding with the Basel Secretariat for funding of



development of infrastructure to be able to deal with the hazardous and non-hazardous materials coming from the ships. At present, there is no proper treatment, storage and disposal facility for hazardous materials in Pakistan. Whilst it is necessary to improve downstream waste management in Pakistan, the South Asian continent, where the vast majority of ships from around the world are dismantled, suffers from the current shipbreaking operations that take place on the beach. The Platform calls for methods that can be conducted in a far more environmentally-friendly manner, such as the quay-side, slipway or drydock method.

### CONCERNS RELATED TO NORAD/IMO PROJECT

In a letter to Jon Lomøy, Director General of the Norwegian Agency for Development Cooperation (NORAD), the Platform has expressed concerns related to the NORAD-funded project “Safe and Environmentally Sound Ship Recycling in Bangladesh”. First, the Platform is concerned about the fact that the project does not closely involve civil society: civil society organisations are not included in the project despite the fact that NORAD has a clear policy to support civil society in the global South and to involve CSOs in development projects. We are concerned that

pressing issues such as labour rights violations, the high rate of fatal accidents, the suppression of the trade unions and the persistence of illegal child labour in the shipbreaking yards are side-lined by the project.

Moreover, the Platform demands that the project should promote best practice and not legitimise substandard practices including the beaching method. We have asked NORAD and the IMO to publicly state that the long-term objective of the project is the transition towards clean and safe methods in modern facilities off the beach.

Finally, the Platform is concerned by a case of conflict of interest. The IMO has hired a consultant to coordinate important parts of the project in Bangladesh who is at the same time working for the world’s leading cash buyer responsible for the import of end-of-life vessels into Bangladesh, that is, a company directly benefiting from substandard practices the NORAD-funded project seeks to address. The Platform has

asked NORAD to ensure that no staff members with conflict of interest may work on the project.

### REACTIONS TO EUROPEAN SHIP OWNERS' VISIT TO ALANG

In April, the European Community of Shipowners' Association (ECSA) organised a visit to some of the Alang yards, most notably to see those yards which have received a Statement of Compliance with the Hong Kong Convention by the classification society Class NK. The delegation was made up of representatives from ECSA, the German and Norwegian shipowners' associations, the International Chamber of Shipping, government representatives from France, Belgium, Ireland and Germany, the EU Commission, and ship owners MSC and AP Moller Maersk. Regrettably, neither the NGO Shipbreaking Platform nor any other civil society organisation was invited to be part of the delegation.

As a direct reaction to the visit, local Indian NGOs voiced serious concerns regarding the beaching of end-of-life vessels in Alang **as reported by the Platform**. Their concerns relate to the negative environmental impact of dismantling end-of-life vessels in the intertidal zone where large amounts of debris, including toxic paint chips, are released, accumulate in the environment and are washed out by the tide. Local environmental groups submitted letters to the European Commission highlighting pollution caused by the beaching method, the lack of transparent and adequate downstream management, as well as labour rights violations. The letters sent by Gujarati NGOs **Paryavaran Mitra** and **Machimar Adhikar Sangarsh Sangstha** welcomed that the EU has taken “a strong stance against the continued acceptance of breaking ships directly on the beach”, a practice which is banned in other parts of the world, as the local environmentalists argue.

At a later stage, ECSA has shared some of its findings with the Platform. Issues regarding downstream waste management, containment and mechanization in the primary cutting zone – which is still the inter-tidal beach – workers' health and rights are just some of the continuous problems which have not been addressed by the upgrading of these yards. The Platform has strongly criticized ECSA's report for painting a very rosy picture

of the conditions at Alang instead of coming forward with clear demands and recommendations of how the persisting concerns can be addressed. An overview of the Platform's most pressing concerns can be found [here](#).

This visit came at a crucial time for the EU, with three months before the first deadline for recycling facilities to apply to be on the EU list of approved facilities under the EU Ship Recycling Regulation. It is expected that some of these "upgraded" yards that have received a Statement of Compliance with the Hong Kong Convention will apply. However, it seems highly unlikely that these yards will be able to make it on the list given that they still conduct their operations on beaches which will never qualify as compliant with the EU regulation.

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## ADVOCACY MEETING IN BRUSSELS IN JUNE

Three representatives of Platform Bangladeshi member organisations YPSA, OSHE and BELA met with the rapporteur and co-rapporteur of an 'own

initiative opinion' at the European Economic and Social Committee (EESC) in June. The opinion deals with possibilities for a financial incentive at the European level to hold ship owners financially accountable for sustainable ship recycling. The rapporteur, Martin Siecker, and co-rapporteur, Richard Adams, have been following and contributing to the discussions on ship recycling at the European level over several years. The Platform members were able to share their experiences and vision for the ship recycling industry in Bangladesh and sent a clear message that human lives and the environment should not be compromised for the sake of economic profits. The Platform continues to contribute to the EESC opinion which will be voted upon later this year.



Shahin, the Platform's local coordinator, features in the documentary.

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## FURTHER READING

### DE STANDAARD - BELGIUM

On 6 May the Flemish daily newspaper De Standaard published an [article](#) on how the Belgian owner, CMB, uses cash buyers to rid itself of financial and legal risks when selling ships for scrap. The article focuses on the sale of the ship MINERAL WATER, which ended up being broken in Kabir Steel Yards, Chittagong, infamous for its high accident rate.

### ARMAN JA VIIMEINEN RISTIRETKI - FINLAND

"Arman ja Viimeinen Ristiretki", a Finnish programme reporting on extreme living conditions around the world, broadcasted an episode on Chittagong on Finnish TV in September 2015. The episode is about the living and working conditions in the shipbreaking yards, including the presence of child labourers.

### ERT - SPAIN

On 22 April the Spanish state TV channel, ERT, featured an [episode](#) on ship recycling on "El Escarabajo Verde", a programme which talks about environmental issues. The episode explains the shipbreaking business globally as well as illustrating how it works in Spain and the EU. The collection of research shows the broad spectrum of evidence of the negative environment and health impacts of the shipbreaking industry, in particular, the beaching yards.

### KLP - NORWAY

KLP, Norway's largest pension fund, commissioned the International Law and Policy Institute (ILPI) to write a [report](#) on the human rights and environmental risks related to the current practice of dismantling end-of-life

ships on intertidal beaches. The report entitled "Shipbreaking practices in Bangladesh, India and Pakistan. An investor perspective on the human rights and environmental impacts of beaching" examines the shipbreaking practices in Bangladesh, India and Pakistan in light of internationally recognised frameworks for responsible business conduct, as well as the practice of the Council on Ethics for the Norwegian Governmental Pension Fund.

Impacts'. The publication is a collection of 16 scientific reviews looking at the pollution and workers rights violations caused by substandard shipbreaking practices as well as possible solutions and alternative methods to the beaching method.

## SCIENCE FOR ENVIRONMENT POLICY - EU

The European Commission's Science for Environment Policy recently published a **thematic issue** entitled 'Ship Recycling: Reducing Human and Environmental



[www.shipbreakingplatform.org](http://www.shipbreakingplatform.org)

[www.offthebeach.org](http://www.offthebeach.org)

[info@shipbreakingplatform.org](mailto:info@shipbreakingplatform.org)



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