



SOUTH ASIA QUARTERLY UPDATE

Update on shipbreaking in South Asia from
the NGO Shipbreaking Platform

17 November 2016 | #11

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 the catastrophic explosion that occurred in Pakistan in November and other tragic accidents in both the Bangladeshi and Indian ship breaking yards, our follow up of the North Sea Producer case as well as the ongoing investigations on the Pakistani blast. Last but not least, watch the video featuring our South Asian members who were interviewed in June by the European Economic and Social Committee.



OPINION FROM SOUTH ASIA

Advocate Rizwana Hasan
Chief Executive
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In the week of 24 October, the intergovernmental working group on transnational corporations and human rights gathered at the Palais des Nations in Geneva to discuss how we can ensure that companies, in particular those that operate internationally, are held responsible for the negative human rights impact that some of them cause. I highlighted how international shipping lines are able to benefit from weak law enforcement in Bangladesh, and go unpunished when illegally trading vessels to the shipbreaking beaches.

In Bangladesh, we have been fighting a long legal battle against the disrespect of domestic and international environmental law and labour rights - and the Supreme Court has been very clear in its orders: the industry needs to follow the law and the import of end-of-life vessels containing hazardous waste is banned. However, the shipbreaking industry has so far managed to persist in its unregulated way and to circumvent the Court order with false certificates claiming that the end-of-life ships imported do not contain any hazardous materials. Who benefits most from this situation? International ship owners. They sell their ships to Chittagong shipbreakers with the help of scrap dealers, commonly known as cash buyers, that use anonymous post box companies on the other side of the world and the flags of tax havens such as St Kitts and Nevis, Niue or Tuvalu.

We are in support of a treaty that will oblige transnational corporations to respect human rights. We urgently need to establish an international framework that ensures that businesses are directly bound by international human rights law throughout their value chain. Victims of human rights abuses need to be granted access to justice. The horrific explosion on an oil tanker in Gadani, Pakistan, on 1 November is a painful reminder of the unacceptable abuses and risks shipbreaking workers are exposed to. Only when victims can claim their rights in the courts of the country where a transnational company is headquartered will business entities stop generating profits at the expense of people's lives.

OFF THE BEACH!

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

Out of 122 vessels that reached the shores of India, Pakistan and Bangladesh this quarter, bulk carriers counted the highest number, adding 41 ships to the total of 293 bulk carriers broken so far this year. India was the preferred final destination between July and September 2016.

EU-based shipping companies were the last beneficial owners of 52 ships sold to South Asia in the third quarter of 2016. For the first time, German owners

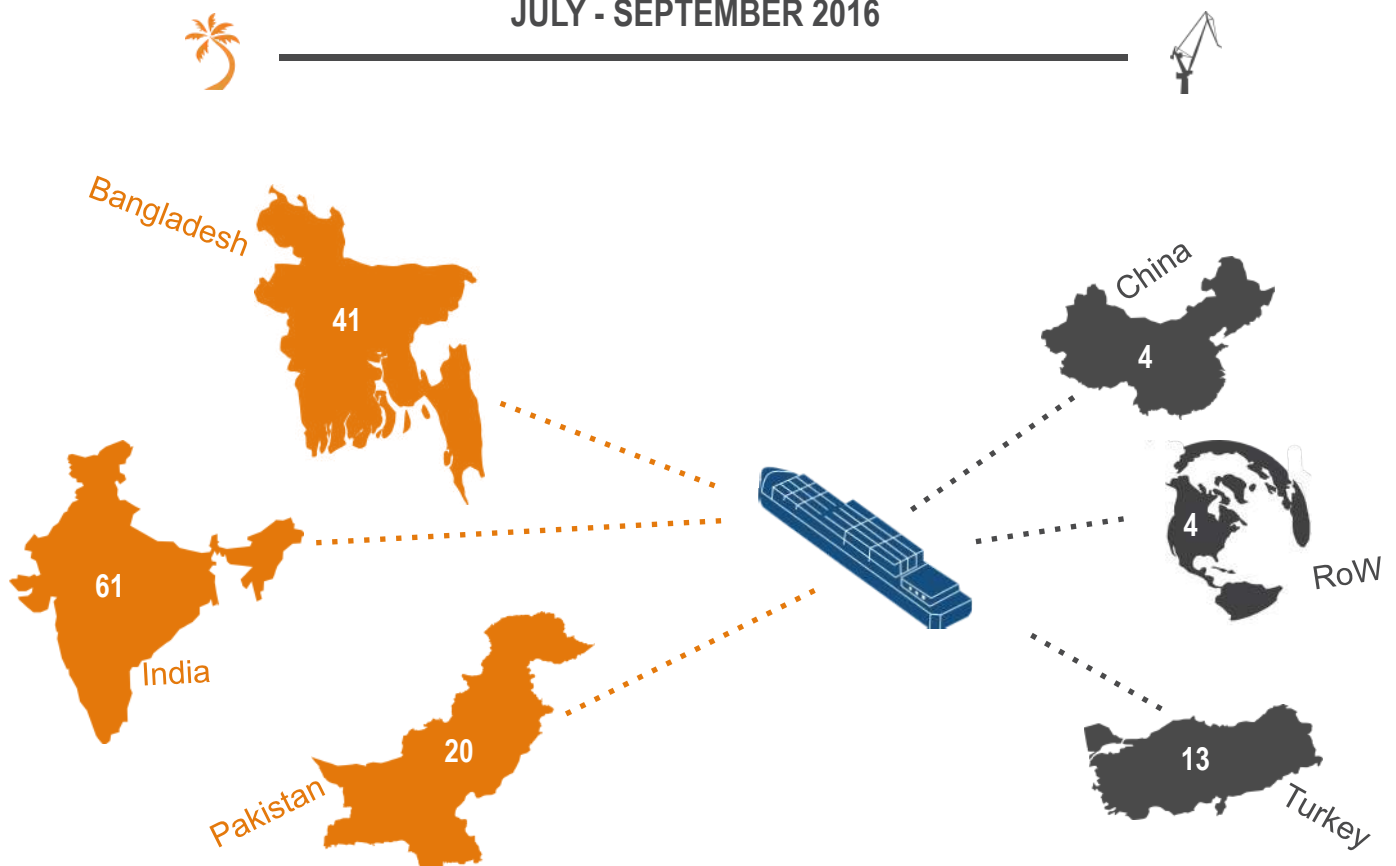
topped the list with 25 ships sold to South Asian breakers, followed by Greek owners that sold 17. Also Chinese and South Korean owners rank high on the list all selling several vessels to Bangladesh where conditions are known to be extremely dire.

German ship owners, Alpha Ship GmbH & Company KG and Hansa Treuhand Schiffsbeteiligungs AG & Company K.G., top the list of the worst dumpers this quarter with 7 and 5 beached end-of-life ships respectively.

Whilst grey- and black listed flags, such as Comoros and St Kitts and Nevis, continue to be particularly popular for end-of-life ships, also ships registered under the flags of Germany, Malta and Sweden ended up on the South Asian beaches. The new EU Regulation on Ship Recycling will prohibit the dismantling of EU-flagged ships in substandard yards. However, by simply flagging out to a non-EU flag before selling the ship for scrap, ship owners can easily circumvent EU law. 40 ships, including two Cyprus flagged ships, one German and one Greek flagged ships, changed their flag just weeks before hitting the beach.

TOTAL

143 SHIPS BROKEN WORLDWIDE
JULY - SEPTEMBER 2016



ACCIDENTS

3 FATAL ACCIDENTS AND ONE INJURY RECORDED SINCE JULY IN CHITTAGONG

Md. Jalal Uddin and Md. Shibbir Ahmed both fell from heights at the end of July in two separate instances. Md Jalal Uddin was a fitter and worked in the yard called Master & Brothers, while Md. Shibbir Ahmad was a cutter helper and worked at Taher yard. We still do not know whether compensation has been paid to the families of the men.

On 29 August Md. Raju lost his life from being crushed by a falling steel plate at the K.R. Shipyard/BBC Shipbreaking. Md. Raju was a cutter helper and his family was told they would receive compensation by the yard owners, this has however not been confirmed so far.

Another accident occurred on 1st November at Mother Steel Yard, where cutter helper Delwar Hossain fell from great heights. Delwar Hossain was severely injured and is lying in coma in a private hospital. Compensation is pending to be paid.

DANWATCH JOURNALISTS REPORT A FATAL ACCIDENT IN ALANG

During the visit to Shree Ram yard in Alang, India, by a team of Danish investigative journalists, a fatal accident occurred when a worker in a nearby yard fell into a tank. It is usually difficult to access information about accidents that happen in Alang, so had the journalists not been there at the time this accident occurred, the Platform would not have known about it.

The European Communities' Shipowners' Association, ECSA, enclosed the official fatal accident record in Alang since 2011 in their fact finding report from their visit to the yards in April of this year. The record shows that the number of lives lost on the shipbreaking beaches of Alang has now reached 50 since 2011. There seems, however, to be no official record available regarding the total number of accidents and the identification, as well as follow-up, of injured workers.



GADANI EXPLOSION: FATALITIES FEARED TO INCREASE AS MANY WORKERS ARE STILL

On 1st November Gadani suffered the biggest calamity ever recorded in shipbreaking history. More than a hundred workers were dismantling the oil production and storage tanker, ACES (IMO 8021830), with torch cutters when a series of explosions occurred on the ship. The blast was so strong that parts of the ship were blown up to 2KM away and the fire took more than three days to extinguish. The death toll has now officially reached 26, but more than 50 workers are severely injured and 90 others are reportedly still missing. It is feared that the total deaths is likely to be over 100. Rescue operations were extremely difficult on the tidal beach as there was no access to workers who were trapped in the flames. Firefighters also lacked sufficient resources to effectively and quickly respond to this kind of tragedy.

DEVELOPMENTS

SHIPBREAKING ACTIVITIES SUSPENDED IN GADANI (PAKISTAN) WHILST INVESTIGATIONS ARE UNDERWAY

Following the [horrific explosion at the Gadani shipbreaking yard](#), the Prime Minister, Nawaz Sharif, stated that there would be high-level investigations into the causes and potential criminal liability that resulted in the death of at least 26 workers and injury of many more. But the trade unions are angry and weary that no justice in this matter will be done, and no real measures by the government will be taken. For years the National Trade Union Federation (NTUF) has been demanding higher health and safety measures and adequate compensation for the workers in Gadani. On Sunday 6th 10,000 people rallied in Gadani in solidarity to the victims and the families and in protest to the government for failing to guarantee adequate compensation. While investigations on the owners, who have since the explosion disappeared, of the plot where the ACES was beached are underway, all shipbreaking works in Gadani have been suspended.

DANWATCH GO TO SHREE RAM - 5 ALANG YARDS HAVE APPLIED TO BE ON EU LIST

In August, DanWatch entered Shree Ram: the yard used by Maersk in Alang to scrap the Maersk Wyoming and Maersk Georgia. The journalists entered the yard without a formal invitation by Shree Ram or Maersk and were thus able to document the conditions at the yard when there was no staged visit. The journalists found that the workers that they interviewed that are breaking the Maersk vessels were not in the possession of an employment contract with the yard; they found serious health and safety defects, such as inadequate protective gear for the torch cutters; and cutting of blocks on impermeable ground, directly in the intertidal zone and on the sandy beach.

Maersk has reacted to these findings by admitting that the practices documented are not compliant with their own ship recycling standard, and now claim that the

conditions in the Shree Ram plot 78 have improved.

Nevertheless, the widespread distribution of the findings on the conditions in the Shree Ram yard have prompted more thorough discussions at the EU level on whether yards in Alang can make it onto the EU List of approved ship recycling facilities under the EU Ship Recycling Regulation. The European Parliament has restated its position that the beaching method is not compliant with EU standards and the European Economic and Social Committee has called for a financial instrument to end beaching. So far, 5 yards in Alang have reportedly applied to be on the EU list and the decision by the Commission is pending and expected to be taken in the first couple of months of 2017.

INVESTIGATIONS UNDERWAY AFTER MEDIA REVELATIONS ON THE NORTH SEA PRODUCER

The Maersk owned floating oil production and storage tanker, North Sea Producer, arrived at the breaking yard, Janata Steel Corporation, in August. The fraudulent export of the vessel from the UK has prompted the set up of a special committee on 6th November by the attorney general of the Department of the Environment in Bangladesh to determine whether the vessel contains contaminated residues and was imported in breach of the necessary clearings.

IMO SENSREC MEETING HELD IN DHAKA

The International Maritime Organisation (IMO) and the Government of Bangladesh are jointly implementing a project entitled “Safe and Environmentally Sound Ship Recycling in Bangladesh – Phase I” (SENSREC Project). Work commenced in January 2014 and will be completed by the end of December 2016. A meeting was held in Dhaka with presentations by, amongst others, the Bangladesh Ministry of Industries; the Bangladesh shipbreakers association; Norwegian Ambassador and development cooperation agency Norad; Nikos Mikelis, lead consultant of the project and also non-executive director of cash buyer company GMS; and the Belgian ship owners association. The majority of the funding for the project comes from the

Norad. EU funding has been provided for work on mapping the types and amounts of hazardous materials generated by the shipbreaking industry. Whilst no NGO or trade union was invited to speak at the one day meeting in Dhaka, Platform members YPSA and BELA were invited as observers. Despite

OUR INITIATIVES

PAKISTANI MEMBERS FILE CASE WITH THE HUMAN RIGHTS COURT

Platform members CRoLI and SDPI have together with WWF Pakistan filed a case with the Pakistan Human Rights Court following the blast in Gadani on 1st November. The complaint highlights the manifold breaches of both labour and environmental protection laws committed by the Gadani shipbreakers and calls for an immediate application of existing rules and the move of the industry to purpose built platforms such as piers, slipways or drydocks. The Court has ordered the constitution of a committee to investigate the obvious omissions by the Baluchistan government agencies to enforce regulations on the industry.

LETTERS TO SWEDISH FOREIGN MINISTER AND AMBASSADOR IN BANGLADESH

On 9th August the Swedish, Norwegian, Danish and Dutch ambassadors were invited to visit the PHP shipbreaking yard in Chittagong, Bangladesh. All ambassadors are reported to have made positive statements about the conditions in the PHP yard, with even an article in the Bangladeshi newspaper, Financial Express, quoting the Swedish Ambassador, Johan Frisell, as openly lauding the working environment there. Moreover, the official embassy twitter account also stated that the PHP yard was “worker-friendly & green”. The Platform sent a letter to Ambassador Frisell to inform him about the serious concerns in the shipbreaking yards in Chittagong, and about the active campaigning PHP is doing internationally to greenwash the image of the industry

repeated requests for access to the reports currently being prepared by the project group on the economic and environmental impacts of the industry, the Platform and its Bangladeshi members have still not been provided with a real opportunity to provide valuable input.

there. The tweet by the embassy has since been deleted, and after we also sent a letter to the Swedish Foreign Minister, Margot Wallström, to prompt a reply, the Ambassador finally responded to us. It is clear that PHP is very much involved in the re-branding of its image and the Platform will continue to closely follow and respond to any announcements made by any diplomatic staff so as to ensure that civil society’s voice on shipbreaking in Chittagong is also heard.

LETTER TO THE UK ON THE NORTH SEA PRODUCER

With the public outcry of the story on the North Sea Producer, the FPSO that ended up on the beach in Chittagong, the Platform sent a formal letter of complaint to the UK government regarding its illegal export. The North Sea Producer was owned by the North Sea Production Corporation, a joint venture between Maersk and Odebrecht. After laying in the port of Teeside, UK, it was allegedly sold for further operational use in the Tin Can Island Port in Nigeria. It was highly suspected at the time that the FPSO built in 1982 would be sold for scrap, yet based on the sales contract with post box company Conquistador Shipping Corporation, the UK authorities let the vessel leave. This very likely amounted to a fraudulent illegal export of a highly toxic and hazardous tanker given that it sailed straight to Bangladesh instead. Maersk claims that there was nothing that it could have done to prevent this from happening and assured that there was an understanding with the new owners, a post box company based in Saint Kitts and Nevis, that it should not end up on the South Asian beaches. However, it is almost certain that the cash buyer GMS was involved in the sale of the North Sea Producer – in which case Maersk, who was a 50% owner of the North Sea Corporation, was well aware, or at least must have foreseen, the fate of the old tanker.

A [letter](#) was sent to DEFRA and the Environment Agency in the UK demanding that they take legal action to hold criminally liable the companies involved

in the fraudulent illegal export of the North Sea Producer, and so far we have been assured that they are looking into the incident.

FURTHER READING

DANWATCH INVESTIGATIONS

Investigative journalists from Danwatch released three comprehensive reports on the severe short-comings of Maersk's shipbreaking practices.

The [first report](#) focuses on the reality inside Shree Ram shipbreaking yard in Alang, India, where two Maersk's ships are currently being dismantled. The in-depth investigations reveal breaches of labour rights and severe environmental pollution caused by the breaking of ships in the intertidal zone.

The [second report](#) documents on the sale of the 50% Maersk-owned North Sea Producer FPSO to Bangladesh, where conditions are much worse than in India. Torch cutters work in bare feet and without protection from dangerous gasses. Maersk denies responsibility, but admits to Danwatch that it is sorry for what has happened to the ship.

The [third report](#) reveals that the Danish container ship giant has incentivised the sale of 14 ships, which Maersk did not own but chartered, to substandard shipbreaking yards on the beaches of Bangladesh and India in 2013/2014.

The stories have been covered widely in Danish media. See coverage in [Danish TV2](#) and [Politiken](#).

LA STAMPA

Italian newspaper La Stampa published an [article](#) on

the environmental and social issues linked to the shipbreaking industry, strongly criticizing Italian ship owners' conduct.

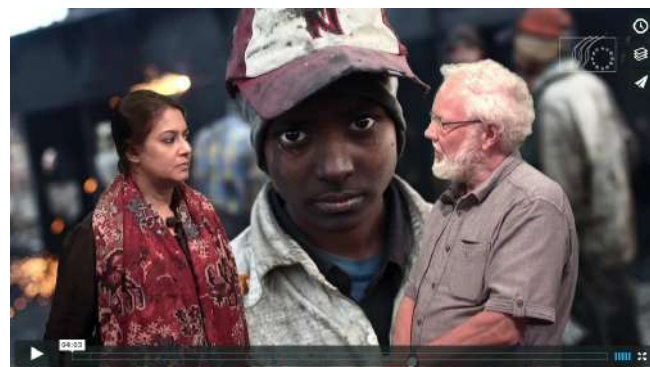
KLP - NORWAY

[Annie Bersagel \(KLP\)](#) was interviewed by PRI's [Valeria Piani](#) to explain why shipbreaking is important to investors and encouraged them to join KLP's current engagement on responsible recycling.

EESC OPINION ON A FINANCIAL INCENTIVE TO END BEACHING

At the end of October the European Economic and Social Committee (EESC) adopted by an overwhelming majority an own initiative [opinion](#) on the necessity of introducing a financial incentive on ship recycling to effectively end beaching.

The EESC published a [video](#) featuring our South Asian members who were interviewed in June when they came to Brussels for the AGM.



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