

Platform News – Industry stakeholders blame each other for the lack of safe and green ship recycling

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PLATFORM NEWS Prepared by the Secretariat of the NGO Shipbreaking Platform Industry stakeholders blame each other for the lack of safe and green ship recycling at 8th Annual Ship Recycling Conference 2 October 2013 - On 26th and 27th September, the NGO Shipbreaking Platform participated in the “8th Annual Ship Recycling Conference”, an industry event held in London every year. An array of speakers shared their expertise on clean and safe ship recycling, and presented solutions for ensuring, for instance, proper Inventories of Hazardous Materials or safe asbestos removal. Despite the expertise available, the conditions on the ground however have not yet changed substantially and a vast majority of end-of-life vessels are still broken without the necessary precautions for workers and the environment.

Pointing fingers

Ship owners, cash buyers or yard owners present at the conference continued blaming each other for the lack of safe and green ship recycling. Ship owners, represented by the German Ship Owners Association and the International Chamber of Shipping, argued that the cash buyers to whom they sell their ships are responsible for choosing a dismantling yard, and that the ship-owning community anyways cannot afford being responsible for clean and safe recycling in times of economic downturn. Cash buyers claimed similarly that their profit margins would go negative should they have to pay for safe and green recycling. Since they are primarily facilitators or ‘middle men’ helping ship owners to obtain the highest price for their vessels, the cash buyers argued that it should be up to the ship owners to demand green and safe recycling and for the yards to provide green and safe dismantling methods. The Indian yard owners on the other hand blamed the ship owners for not even providing a proper Inventory of Hazardous Materials and complained that investments in better methods did not bring them more business. In the meantime, all three – ship owners, cash buyers and yard owners – make profits at the expense of the health and lives of workers, the environment and the livelihoods of the surrounding communities. “Everyone who earns money in the shipbreaking business needs to pay his share for making the sector clean and safe,” said Patrizia Heidegger, Executive Director of the NGO Shipbreaking Platform and invited speaker at the Ship Recycling Conference. “The primary responsibility however lies with the ship owners: they economically benefit from their ships over years, they take the decision to sell the vessel for demolition and they dictate the practice used for dismantling by the price they demand for their ship. If ship owners demand clean and safe ship recycling, they can have it”. The Platform is seriously concerned to hear that ship owners even questioned their responsibility for providing an Inventory of Hazardous Materials. The German Ship Owners Association questioned why the ship recycling yards could not come up with an IHM prior to dismantling the ship instead. “Apart from the fact that a proper IHM localising and quantifying hazardous materials on board allows the recycler to understand what he actually buys, if he can deal with the type and quantity hazardous wastes on board the ship and to offer a price taking into account environmentally sound management of these wastes, an IHM also allows for the safe operation of the vessel and the safety of the seafarers on board during its operational use”, Patrizia Heidegger comments, “this is the very least ship owners can do - and the maritime industry has agreed on the necessity for an IHM years ago”.

Internalising costs

Whilst the ship owners expressed unwillingness to reduce their profit margins so that money can be invested in proper safe recycling and hazardous waste management practices, all industry stakeholders seemed confident that the market will provide for gradual improvements of ship recycling practices. Major cash buyer GMS however informed the conference that only a measly 1% of the ship owners ask for safe and green recycling. In a panel debate on whether an economic incentive to push ship owners towards green ship recycling is needed, Patrizia Heidegger shared the following six arguments in favour of such a mechanism: • In the current market situation the additional costs for clean and safe recycling are the bottleneck for real improvements. Only a handful of ship owners are currently willing to reduce the price they obtain for their end-of-life vessel to allow for clean and safe recycling in return. An economic incentive would cover the price difference. • An economic incentive will ensure implementation of ‘polluter pays’ and the internalisation of costs that are currently being externalised to people and the environment in developing countries. • An economic incentive will ensure successful implementation of any legislation that seeks to promote safe and green ship recycling, and will prevent the flagging out prior to selling a vessel for dismantling in an attempt to circumvent the law. • An economic incentive covering all ships calling at EU ports will create a level playing field as a large share of the global fleet is dependent on trade with the EU. Such a mechanism could potentially also be turned into an international instrument. • A differentiated economic mechanism will in addition implement producer responsibility and encourage green ship design. • An economic incentive will have an immediate effect on improving shipbreaking practices. This is crucial as it is now and within the coming years that vessels built with toxic materials are and will be decommissioned. The European Commission (EC) is going to report on the possibilities of an economic instrument at the European level and informed the Conference that they will tender such a study very soon.

High regional standards

Informing the Conference of the main elements of the newly agreed text for a new EU Regulation on Ship Recycling, the EC highlighted that the new Regulation will demand the use of Inventories of Hazardous Materials for all ships – regardless of flag – calling at EU ports and will only allow ships registered under the flag of an EU Member State to be dismantled in facilities that meet the requirements set out in the Regulation. The EC will be responsible for listing the facilities that are considered safe and environmentally sound, and informed that they will shortly start working on a Guidance note on how to interpret the requirements for ship recycling facilities and on how to apply for inclusion on the EU List. Regarding the requirements for ship recycling facilities the EC stressed that the Regulation sets high standards and requires amongst others, full containment of hazardous materials during the entire recycling process, impermeable floors including drainage systems, leakage control - in particular in intertidal zones, built structures and rapid emergency response. Even if the Regulation does not mention the word “beaching”, it is unlikely that a beaching facility in South Asia would qualify for the EU List, the EC stressed.

Indian greenwashing fails

25 Indian shipbreaking yards have obtained ISO 30.000 certification and claim this as proof of substantial improvements of their operations. Tom Peter Blankestijn, one of the contributors to the development of ISO 30.000 and the managing director of Dutch company Sea2Cradle, questioned the validity of the certificates provided in India, and also Bangladesh, that were issued within a couple of days only. He added that the certification of these yards undermined the relevance of ISO 30.000 in distinguishing good practices and the high requirements it is meant to promote. Lloyd's Register, a classification society, shared scepticism as to whether the yards in Alang could meet the standards set out in the newly agreed upon EU Regulation on ship recycling, emphasising particularly the difficulties of containing hazardous materials on a tidal beach. Another class society, ClassNK informed that they were currently involved in undertaking a gap analysis on compliance with the requirements of the Hong Kong Convention at four shipbreaking yards in Alang. The NGO Shipbreaking Platform will be closely following the outcome of the analysis. Experts at the conference broadly concluded that there were still considerable improvements needed in India for its shipbreaking yards to be considered safe and environmentally sound. Other presentations included Dutch development bank FMO on their project in Bangladesh, an update on the DIGEST vocational education and training program, and lessons learnt from Swansea Drydock's EA approval.