



**TO: Environment Commissioner Karmenu VELLA**  
European Commission  
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**SUBJECT: European-owned vessels broken on beaches in South Asia in 2014;  
Report entitled *What a difference a flag makes – Why ship owners' responsibility to ensure sustainable ship recycling needs to go beyond flag state jurisdiction***

Dear Commissioner VELLA,

Brussels, 10 April 2015

First of all the NGO Platform on Shipbreaking (Platform) would like to welcome you as new European Union Commissioner for the Environment – we look forward to working with you on the ship recycling dossier. We were particularly glad to hear your statement to the European Parliament on 24 February clearly signalling that the shameful practice of European ships being broken on beaches needs to end.

With this letter, the Platform would like to express its concerns related to the large number of European ships that are still sold to substandard facilities in South Asia for breaking, and the need for effective EU measures to make sure that EU ships are not broken under dangerous and polluting conditions such as those found on tidal beaches in developing countries. None of the South Asian beaching yards can so far comply with international standards for safe and environmentally sound ship recycling, and in 2014 the Platform reported 23 deaths and 66 severe injuries due to accidents such as explosions, workers crushed under steel plates and falling from heights on the South Asian beaches.

Last year 182 ships owned by European companies and/or flying the flag of an EU Member State ended their operational life harming the health of workers and polluting sensitive coastal zones in South Asia. The European Union has a particular responsibility to act – 32% of the gross tonnage broken in South Asia last year was European. Whilst large European shipping nations such as Greece and Germany unsurprisingly top the list of 2014 worst dumping countries, selling respectively 70 and 41 large oceangoing vessels to South Asian breakers, they also top the list of ship-owning countries which sell almost exclusively to South Asian breakers, rather than to modern recyclers. German owners sold a record high 95% of their old ships counted in gross tonnage to substandard yards in South Asia and Greek owners 94%.

41 ships registered under the flags of EU Member states Malta, Italy, Cyprus, UK and Greece also hit the beaches in 2014. 15 additional ships changed their flag from an EU to a non-EU flag just weeks before reaching South Asia. As in previous years, particular flags of convenience such as Saint Kitts and Nevis, Comoros, Tuvalu, Tanzania and Togo that are less favoured during operational use, were excessively popular flags for the end-of-life ships broken in South Asia.

The recent Platform paper ***What a difference a flag makes – Why ship owners’ responsibility to ensure sustainable ship recycling needs to go beyond flag state jurisdiction*** outlines how, backed by a system of cash buyers that opt for flags of convenience offering last voyage discounts, end-of-life ships are overrepresented within grey- and black-listed flag registries which have a track-record of poorly implementing international law. Attempts to regulate ship recycling practices based on flag state jurisdiction will consequently fail as re-flagging to a non-party or a non-compliant end-of-life flag, or selling the vessel to a cash-buyer who will do the same, remains an attractive solution for ship owners seeking to avoid stricter rules. Any attempt to regulate ship recycling mainly based on flag state jurisdiction will thus have very little impact due to the risk of an extensive use of non-compliant flags. With legislation only based on flag state responsibility, the flag of convenience system not only lets ship owners avoid EU law, but also weakens the power of the EU to achieve its own legislative objectives<sup>1</sup> and by extension weakens the institution itself. Unless an economic incentive is added to the EU’s Ship Recycling Regulation, European ship owners will continue to dump their obsolete ships in substandard facilities.

Looking at the data we have collected on ships broken last year and with the view of ensuring that the new EU Ship Recycling Regulation has a positive impact on improving ship recycling practices globally, the Platform recommends the following:

- That the flag authorities of **Malta, Cyprus, Italy, UK and Greece** be informed by the European Commission of the new EU Ship Recycling Regulation and its requirements that EU flagged vessels no longer be broken under conditions that pollute sensitive coastal zones and puts the life of workers at risk as these flag states send most of the EU-owned end-of-life vessels to substandard breaking yards;
- That the issue of unacceptable shipbreaking practices be raised with especially the authorities of **Germany and Greece**, as well as with their **national ship owners associations**. Owners from these countries sell almost all of their larger tonnage to substandard yards. In comparison, and as an example to be followed by German and Greek owners, Scandinavian ship owners seem to have found solutions for the sustainable management of their end-of-life fleets;
- That ways of making the European shipping industry responsible beyond flag state jurisdiction be found, such as a **mandatory economic incentive based on the “polluter pays principle”** to internalise costs currently borne by the environment and the health of impoverished communities in developing countries. All ships calling at European ports must provide input to a ship recycling fund or bond, give evidence of a dedicated recycling savings account, or hold a compulsory insurance.<sup>2</sup> By involving all ships that use EU ports or enter EU waters – regardless of flag – in a mandatory financial scheme, the playing field will be levelled globally as most large commercial

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<sup>1</sup> Including strengthening the EU fleet and more specifically with regards to ship recycling “to reduce disparities between operators in the Union, in OECD countries and in relevant third countries in terms of health and safety at the workplace and environmental standards and to direct ships flying the flag of a Member State to ship recycling facilities that practice safe and environmentally sound methods of dismantling ships instead of directing them to substandard sites as is currently the practice.” (preamble 7 of EU SRR 1257/2013)

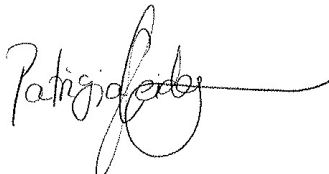
<sup>2</sup> Examples of models for such a financial incentive can be found in the following reports: Milieu/COWI (2009): *Study in relation to options for new initiatives regarding dismantling of ships. Note on the ship dismantling fund. Pros and cons of the three options.* [http://ec.europa.eu/environment/waste/ships/pdf/fund\\_note.pdf](http://ec.europa.eu/environment/waste/ships/pdf/fund_note.pdf) ProFundo (2013): *Financial mechanisms to ensure responsible ship recycling* [http://www.shipbreakingplatform.org/shipbrea\\_wp2011/wp-content/uploads/2013/01/Financial-mechanisms-for-responsible-ship-recycling-22\\_01\\_2013-FINAL.pdf](http://www.shipbreakingplatform.org/shipbrea_wp2011/wp-content/uploads/2013/01/Financial-mechanisms-for-responsible-ship-recycling-22_01_2013-FINAL.pdf)

vessels – regardless of flag – travel to the EU during their operational lives.<sup>3</sup> The incentive encourages compliance with the Regulation without discriminating the EU-flagged fleet, thus eliminating any fears (or threats) of massive flagging out because stricter rules are proposed. A financial instrument that further creates a compensating financial incentive not to reflag will ensure that the polluter indeed pays as the costs of clean scrapping can be recovered. Redistribution of the collected funds would then be made conditional to safe and environmentally sound recycling and would close the financial gap between substandard and safe and green recycling facilities. Such a financial incentive would give security to recyclers – also those based in the EU – that want to invest in safer and cleaner practices.

**The Platform is particularly concerned that without an economic incentive circumvention of European law covering end-of-life vessels will persist and the European shipping industry will continue to be at the heart of scandals involving severe pollution of coastal zones and exploitation of vulnerable workers in developing countries.** Recalling that EU owners control 41% of the global fleet, indeed, if the EU does not include an incentive beyond flag state jurisdiction, it will be seen as ridding itself with its responsibility rather than contributing with new policies that will have a positive effect in changing the current unacceptable conditions under which large ocean-going vessels are broken.

We remain of course available should you have any questions and would much appreciate having the opportunity to meet you to further discuss the above.

Yours sincerely,



Patrizia HEIDEGGER

Executive Director, NGO Platform on Shipbreaking

**The NGO Platform on Shipbreaking** is a global coalition of environmental, human and labour rights organisations working to reverse the environmental and human rights abuses of current shipbreaking practices and to ensure the safe and environmentally sound dismantling of end-of-life ships worldwide. More than **100 non-governmental organisations** around the world voiced their support to the Platform human rights and environmental objective to end the dangerous and polluting practice of breaking ships on tidal beaches, and Ms Rizwana Hasan, member of the Platform Executive Board has received the prestigious **Goldman Prize 2009** and the **Ramon Magsaysay Award 2012** for her work on the shipbreaking issue in Bangladesh. The **current members of the Platform** are: the Basel Action Network (BAN), Greenpeace, the International Federation of Human Rights (FIDH), the European Federation of Transport and Environment (T&E), Bellona, the North Sea Foundation, the Ban Asbestos Network, Prevention of Hazardous Shipbreaking Initiative Turkey, Young Power in Social Action (YPSA), Bangladesh Environmental Lawyers Association (BELA), Bangladesh Institute of Labour Studies (BILS), the Bangladesh Occupational Safety, Health and Environment Foundation (OSHE), Toxics Link, Legal Initiative for Forest and Environment (LIFE), the Corporate Accountability Desk India, The Center for Rule of Law Islamabad (CRoLI) and Sustainable Development Policy Institute (SDPI).

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<sup>3</sup> Conservative estimates claim that 30.000 commercial vessels – 60% of the world fleet – will need to have an Inventory of Hazardous Materials (IHM) by 2020 due to the requirements of the new EU Ship recycling Regulation. An economic incentive with all ships visiting EU ports within its scope would cover the same amount of ships and thus indeed have a global impact.