
Policy paper
October 2020

OUR VIEW

Ship recycling must be subject to clear and ambitious international regulation. IMO Member States should therefore ratify the Hong Kong Convention as soon as possible.

We welcome the EU ship recycling regulation which will require all vessels calling an EU-port to carry an inventory of hazardous materials (IHM) on board. These requirements apply to EU-flagged ships from 2018 and to ships flying other flags from 2020.

Ultimately, the only way to ensure environmental protection and health and safety of workers at recycling facilities is to impose global requirements. The EU Ship Recycling Regulation is not global but may be a step in the right direction. The EU list of approved facilities can be a great instrument in improving conditions in South Asia where most of the recycling takes place.

Ship Recycling

On a global basis, approximately 700 ships are currently being recycled annually. About 70 pct. of these ships are recycled in South Asia (Bangladesh, India, and Pakistan), where environmental protection and safe working conditions historically have not been sufficiently prioritized. Danish Shipping finds high standards imperative within the recycling industry no matter where it takes place.

The Hong Kong Convention

In 2009, the UN's International Maritime Organization, IMO, adopted the Hong Kong Convention for the Safe and Environmentally Sound Recycling of Ships. The convention ensures that recycling facilities comply with international standards, and that they are able to handle hazardous materials safely. The facilities must be approved by the local authorities.

Furthermore, the convention requires that prior to recycling all hazardous materials on board are listed in order to enable a safe and environmentally responsible handling of the hazardous materials.

Regrettably, the Convention has not entered into force as states with approximately 10% of the global tonnage and at least one large recycling states still needs to ratify the convention. So far only 15 countries (Belgium, Congo, Denmark, Estonia, France, Germany, Ghana, India, Japan, Malta, Netherlands, Norway, Panama, Serbia and Turkey) have ratified the convention.

It takes a minimum of 15 countries representing 40 pct. of the world's gross tonnage for the convention to enter into force. In addition, these ratifying countries need to have a combined maximum annual ship recycling volume over the past decade of three pct. of the gross tonnage of the combined merchant shipping.

Due to the current lack of sufficient international regulation in place, the international ship owners' organisation, International Chamber of Shipping (ICS) has issued

guidelines for sustainable and safe recycling of ships. The guideline - 'Transitional Measures for Shipowners Selling Ships for Recycling' - both addresses the requirements of the Hong Kong Convention and the EU Ship Recycling Regulation.

The EU Ship Recycling Regulation

The EU Ship Recycling Regulation (SRR) was adopted in December 2013. The regulation is based on the requirements of the Hong Kong Convention but goes further in two main areas. First the SRR will require EU flagged ships to be dismantled only at EU approved recycling facilities. Secondly, from 31 December 2020 the SRR require all ships calling EU ports to carry an inventory of hazardous materials (IHM). Danish Shipping supports the requirement for an IHM as it is a very important tool for a recycling facility when planning the recycling of a vessel in a safe and environmentally sound manner.

Alang, India, is a major ship recycling area. The standard of some of the facilities in Alang is today at a level which is approved by recognized class societies. Some of the most advanced facilities have invested in methods and equipment ensuring that the vessel is decommissioned without any steel blocks touching the intertidal zone (including bow and stern). These facilities are now competing on high social and environmental standards and inspire other facility owners. This positive development should be supported, and the EU list of approved ship recycling facilities could be a perfect instrument to incentivize these improvements.



A majority of vessels are recycled in South Asia, more specifically India, Bangladesh and Pakistan, where environmental protection and safe working conditions historically have not been sufficiently prioritized.

Photo credit: Y.S. Investments, Plot 59, Alang, India.

FACTS

- Approximately 16.6 million GT of vessels are currently recycled annually and approximately 80 pct. of this tonnage is recycled in South Asia.
- Typically, a ship's life expectancy is 20-30 years and most Danish ships are sold when they reach 10-15 years of age. Meanwhile, for various reasons, ships are being recycled at a younger and younger age.
- An average of 12 Danish vessels has been recycled annually over the last 8 years - both in Europe and South Asia.
- A recycled merchant ship has a market value of several million USD due to the large amount of reusable steel and other components in the construction.

DANISH SHIPPING'S RECYCLING POLICY

Selling vessels

Danish Shipping recommends that members carefully evaluate whether it is likely that a sold off vessel will be recycled shortly after a change of ownership. If the likelihood is high, the owner should carefully assess the potential buyer prior to the sale and obtain assurance from the new owner guaranteeing responsible recycling.

This could for instance be done via a clause in the sales contract stating that the new owner is obliged to ensure recycling in compliance with the Hong Kong Convention, in case the vessel is recycled shortly after takeover.

Recycling vessels

Danish Shipping actively engages with members who wish to recycle ships, and until the Hong Kong Convention comes into force, the association encourages the members to follow the guidelines of the Hong Kong Convention as well as some additional measures:

- Ensuring that an inventory of hazardous materials (IHM) is available on the vessel prior to recycling
- Selecting a facility based on one or more audits of the facilities
- Utilizing the international shipping association BIMCO's Recyclecon - a standard contract for the sale of vessels for green recycling, when entering an agreement with the recycling facility
- Establishing a site team overseeing the recycling of the vessel or conducting audits during the recycling
- Following the ICS Transitional Measures for Shipowners Selling Ships for Recycling.