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## **Industry Comments on the EU Green Paper On Better Ship Dismantling**

The Industry Working Group on Ship Recycling is grateful for the opportunity to comment on the EU Green Paper on ship recycling and has considered the document with interest. Generally, there are positive elements of the paper that will help to progress work on ship recycling worldwide and which are welcomed, as is the recognition of the pressing nature of the task ahead and the need for action in the immediate future.

The signatories to this document wish to start by re-affirming their support for the developmental work at IMO on the Ship Recycling Convention and urges EU Member States to work towards concluding the IMO Convention as soon as possible.

Unfortunately the objectives of the Green Paper are not immediately clear following our review and they need to be carefully considered. It appears to confuse fundamental aspects of ship recycling in the global context and feasible and appropriate objectives for EU member states. It is the unswerving conviction of the signatories that a multilateral global solution is required to the ship recycling issue and that the work undertaken at IMO presents the only opportunity to achieve this end, the Green Paper's recognition that "The future international Convention will be essential for solving the ship dismantling problem globally" is therefore to be applauded. The EU of 27 countries is a significant force in IMO and the single most important role the EU can have in the context of ship recycling is to use this considerable influence to achieve a comprehensive Ship Recycling Convention as soon as is practically possible. The signatories recognise that the Commission can have an important coordinating role in this regard. The political influence of the European Parliament is also not to be underestimated and we would urge the EP to continue to press for an international solution via IMO as the preferred way forward.

However the Paper appears to detract from this welcome support for an international approach through a series of proposed unilateral pecuniary measures that would actively hinder the entry into force of the Convention and reduce its effectiveness thereafter. We find that there is much in the Green Paper that would serve to improve recycling practices in terms of health and safety and environmental protection, such as the recommendations on technical assistance and the encouragement of voluntary action, but some other considerations have the potential to reduce their likely efficiency.

The single biggest concern with respect to the Paper is its concentration on pursuing an EU wide ship recycling strategy that "would strengthen the enforcement of existing community law". This focus tends to dominate the Paper, and there is a danger that it might shift attention away from the pre-eminence of the draft IMO Convention as the regulatory solution to problems facing the ship recycling industry at present, as well as ancillary actions by other stakeholders and parties that would enforce its provisions and improve ship recycling practices. There is a real concern that such a stance in Europe could take the debate on ship recycling back several years. In particular we highlight the pecuniary measures proposed in the paper since these will

surely work against the Convention in the present interim/drafting period and following its entry into force.

The Paper correctly acknowledges that “it is difficult to apply the export ban under the EC Waste Shipment Regulation” in the case of sales of end of life ships, and also that “legally binding international rules on ship recycling...do not exist at present”. However, it then contradicts these statements by proceeding under the misapprehension that a functioning legislative framework already exists for end of life ships being sold for scrap. This has been widely acknowledged as not the case and the inability of current legislation to adequately govern ship recycling is the very reason for developing the new IMO Convention with clear, enforceable rules.

It would have been helpful if the Paper had given more prominence to the practical attempts to implement this legislation in a real-life context. Turkey has, on several occasions, made reference to problems which arise when the Basel reporting procedure is applied to sales of end of life vessels, yet they are not mentioned in the Paper’s consideration of Basel and localised waste legislation. Similarly, the Paper claims that “the notification requirements of the Basel Convention, which are binding on all its parties, are rarely complied with in the case of end of life ships” but refrains from any analysis as to why this is the case. In truth it is due to the fact that the Basel Convention was never intended to legislate for sales of end of life ships for recycling, and attempts to force that instrument to serve this purpose are inevitably obstructed by its incompatibility with the complexities of sales of vessels at the end of their operational life. Work is ongoing at IMO to establish a reporting procedure applicable to ship recycling and, furthermore, it is an underlying tenet of the development of the draft Convention that it establishes an equivalent level of control to Basel. Regrettably, the Paper’s comments with respect to the Basel Convention do not advance the debate and run the risk of returning to issues that are already well on the way to being resolved through IMO.

The references to pre-cleaning are also felt to be unhelpful since they place the Green Paper at odds with those provisions of the draft Convention which allow for pre-cleaning where recyclers require it. It should be recognised that pre-cleaning requirements act as an incentive for facilities to improve their practices in order to maintain a commercial advantage under the provisions. In the IMO context, this debate has moved on and the Green Paper needs to be clearly based upon the current IMO position and not anchored in earlier debates.

The proposal to target ships “above a certain age (25 years) or where other indications make it likely that they are intended for dismantling” is also troubling. Ignoring, for the time-being, the significant enforcement problems this would face, we are convinced that such a proposal is counterproductive. Any unilateral legislative framework that sought to delay legally trading ships on grounds of their age would be anti-competitive and divisive, and furthermore would discourage the openness in sales of ships for recycling which the draft Convention seeks to establish. Rigid enforcement of such measures would jeopardise recycling capacity and the local economies of the developing regions in which the industry operates by starving them of the vessels they require; this would directly contravene one of the fundamental tenets of the international effort on ship recycling, namely the improvement of safety and health and environmental conditions in the yards conducting recycling operations without removing it from locations where it is economically beneficial. In attempting to make waste legislation relevant to ship recycling the EU would appear to undermine the provisions of the Convention, in particular reporting procedures within the ready for recycling process.

The preponderance of references to existing waste legislation distracts attention from member states' roles in IMO and the outcome of work on the Convention, surprisingly so since this is an arena in which the EU can have a significant positive influence, contributing to the global solutions that are sought for the industry through the international debate there.

The Paper's consideration of stakeholders and their roles in ship recycling tends to be unbalanced by its concentration on enforcement of waste law. There is a notable downplaying of the role of the ship recycler and an over-concentration on that of the shipowner since this is the stakeholder who can be most affected by application of the current waste legislation. As was highlighted above, this tends to counteract the international effort to improve facilities, particularly with regard to waste management and it undermines the possibility for a full appreciation of interim initiatives that are in place or may be undertaken in the future. Ultimately a practical understanding of commercial aspects of the recycling industry is a prerequisite for stimulating improvement in recycling facility standards and process.

It is welcome that the Paper recognises the importance of interim initiatives and voluntary commitments as mechanisms by which positive changes may be achieved, and it is likewise encouraging to see the Paper considering the creation of incentives to promote safe and more environmentally sound recycling. We would note that such undertakings on behalf of all stakeholders generate recognisable benefits and results. With respect to this, references to stakeholder initiatives could be greater in the Paper as this would help focus attention on practical measures that could be undertaken by EU Member States in support of the international effort on recycling.

The signatories would like to draw attention to the recent Industry Working Group on Ship Recycling "Interim Measures" which identify actions that shipowners can take during the sale of end of life ships prior to the entry into force of the Convention. This document may be found at [www.marisec.org/recycling](http://www.marisec.org/recycling) and a copy is provided at the annex. The measures are a "live initiative" and outline principle actions which shipowners may feasibly undertake when selling ships for recycling. They will be modified and updated to reflect progress on the draft Convention at IMO and will be supported by detailed guidance to assist in their implementation.

Greater reference could also be made to the very successful initiatives undertaken in Turkey and China in recent years which have seen a marked improvement in their recycling facilities and involved both shipping industry and ILO participation. Similarly, little credit is given to the considerable efforts of the ILO in technical assistance to ship recycling States, despite their having markedly improved recycling practices and awareness in recent years. A comprehensive appreciation of all initiatives in the sphere of ship recycling should be made in the Green Paper if consequent actions by the EU and Member States are to be appropriately targeted and proportionate.

The shipping industry is convinced of the importance of interim measures and voluntary commitments and believes that such initiatives taken in good faith by stakeholders should be actively encouraged by the EU. While the paper, as mentioned above, refers to and welcomes such initiatives, there is a concern that advocacy of legislation in the event of initiatives "not being followed up in practice" could serve as a disincentive to those seeking to improve recycling practices through their own projects prior to the Convention's entry into force.

While there are many positive elements in the paper which can lead to practical improvements, there is in our view an overemphasis on the promotion of legislation as the way forward. This is

regrettable as further legislation will only complicate the development of the IMO Convention and dissuade the parties and stakeholders in industry from involving themselves in the debate and pursuing positive individual measures. What is required is action between now and the Convention's entry into force that will help to ensure its success, effectively those interim measures and voluntary commitments that are touched on in the Paper.

It is in this that the European Union and its Member States can have a significant positive impact through supporting these endeavours. In particular, the EU has a key role through using Development Aid, Cooperation Agreements and other influential contacts with the countries concerned to provide equipment, expertise and training to raise safety and environmental standards. Action in co-operation with stakeholders and other States is a surer means to engender positive, practical results than the application of pecuniary legislative restrictions. In all, the paper would be better served by an outlook that is less conventional and more aspiring – seeking positive actions in the short to medium term.

The signatories believe that action by the European Union could have a beneficial impact on the ship recycling industry and the wider work undertaken through IMO. However, the present draft of the Green Paper only touches upon what is felt to be the most appropriate direction for EU efforts and the many suggestions to strengthen existing legislation will only serve to counteract their benefits as stated above. Above all it is vital that European action in respect of ship recycling is multilateral in its outlook, that it should pay full consideration to the work undertaken at IMO, and recognise the global nature of the industry and the roles of all of the stakeholders.