Scrap-happy brokers

The IMO’s ship recycling convention already appears to be paying dividends despite lingering opposition. Christopher Browne reports

ADOPTED by 63 countries following its ratification in Hong Kong in May, the IMO’s ship recycling convention will take years to become law. However, talk to owners and brokers and they will say the convention, being refined this week by the IMO’s Marine Environment Protection Committee, has alerted the industry and made the so-called ‘bad boys’ begin to try to address their faults.

Nikhil Gupta, secretary of India’s Ship Recycling Industries Association, said: “Most of the convention regulations are already implemented as ordered by our Supreme Court. Training, equipment, safety and waste-handling must all follow the highest standards and are rigorously checked by the government.”

Repeated campaigns by environmentalists have made little difference to a multi-billion dollar business flourishing amid the global downturn. However heartfelt the activists’ pleas, more than 80% of the world’s discarded ships still end up in the hands of scrapyards in India, Bangladesh and Pakistan.

London-based scrapping broker Harry Malandreniotis explained: "European shipyards do not have the facilities for proper recycling... if you have a spare table or chair on a discarded vessel, it’ll be snapped up at the Asian yards while [Europeans] have to throw a lot of items away, which only creates more global waste.”

It may be more profitable for an owner to sell to a shipbreaker on India’s famous Alang beach than to an ethically-driven yard in China, Turkey and a few European breakers, but often India also does it better, faster and more efficiently than its rivals.

Malandreniotis, who sells Japan-ese-owned ships to Indian yards added: “Even the Japanese, who always sent their scrapped vessels to Chinese yards and wouldn’t touch the Indian ones, are sending out teams of inspectors and then selling their ships to the Alang yards because they are improving and complying with the rules.”

Anil Sharma, president of the world’s largest cash buyer GMS, said yards may start to “offer green prices and non-green prices.” That view is supported and welcomed by Maersk Ship Management’s Tom Peter Blankestijn, but another large cash buyer, Dubai Trading Agency’s Nicholas Dean, said most owners will choose the higher, non-green price. A Chinese broker, on the other hand, said that “many Chinese owners will choose green scrapping as long as it is within $20-30 of the non-green price offered.”

Scraping will always have a somewhat unclean image. How can you scrape the toxic oil deposits off a ship’s carcass or break up the rust-encrusted entrails of a ship’s hull without getting dirty?

But the shipbreaking industry is a key employer giving jobs to many thousands of sometimes desperate Asian villagers and families with no other sources of income. It is also a major provider of raw materials like steel (scraped ships supply 80% of Bangladesh’s steel), engines for power stations, re-rolling mills and steel factories, and parts for other seagoing vessels.

Green campaigners will continue to condemn Asian yards for exploitation and safety breaches – some Bangladeshi yards are acutely ecologically-unfriendly – but they have not yet invented a neater way to get rid of these old ungainly hulks. Sinking them would create toxic pollution. Leaving them to fester, or dumping them in the Gobi desert, would raise an even louder outcry.

The convention at least provides for record-keeping; it says owners selling ships for scrap must draft inventories of hazardous materials and yards must produce plans showing how they intend to break up the vessels. While some opponents within and outside the industry continue to oppose the convention for different reasons, it seems that for most scrap-happy brokers, owners and breakers, the IMO convention is the best long-term answer.