Industry joins forces to improve working practices

- Tuesday 28 June 2011, 16:34
- by Liz McCarthy
- Back to Lloyd's List Asia

Interested in this topic? Set up a custom email alert and we'll tell you everytime we write more like this.

It was a common view at the conference that it is vital to improve yards’ awareness of the need for greater health and safety standards.

Breakers and cash buyers at Informa’s annual conference were eager to dispel the image of their industry as a dirty one. Every year when the ship recycling industry gathers in London for Informa’s annual conference focused on this particularly sensitive area of the maritime business, most participants were away from the debate to improve overall working practices. This year was no exception.

Not only were the attendance figures from ship breakers and cash buyers, the companies that buy vessels from owners to sell for scrap yards, improved from the year before, but many were eager to have their voice heard and dispel the perception that their industry is a dirty one.

For the first time not only was GMS in attendance, but also a handful of other leading cash buyers: Wirana Shipping, Mideast Shipping & Trading and Argo Systems.

As an increasing amount of attention is focused on this once overlooked sector of the shipping industry, partly due to rocketing volumes of elderly tonnage being sold for scrap as the chartering markets continue to weaken, but also due to increasing regulation, it is important for these middle men to improve their corporate profile and show they want to work together with other members of the sector to improve working practices at shipbreaking yards they sell vessels to.

“Cash buyers have to be a catalyst for change. We are trying to see how we can balance the interests of all parties,” GMS president Anil Sharma told the audience.

“What these conferences offer is an encouraging pace of improvement.”

With a general consensus among the sector that Turkish and Chinese yards were working to acceptable, if not better, environmental and safety standards, the main challenge for the ship recycling industry was the Indian subcontinent, Dr Sharma said.

“It is not only a challenge, though, but also a wonderful opportunity. But we need to look at things from a more realistic and practical point of view,” he added.

He urged the audience not to forget that green recycling and the Indian subcontinent were not mutually exclusive and that a lot of facilities were adapting and investing in response to increasing regulation and demand from shipowners for environmentally friendly and safe yards.

However, improving awareness of the need for greater health and safety standards among those running and working within shipbreaking yards on the Indian subcontinent was vital and needed to continue, a view held by the rest of the conference audience.

“At the moment it is very much a work in progress,” Mideast Shipping & Trading general manager Steve Wansell said, “When you look at India, for example, it has changed for the better. If more people support it, the industry will benefit. We all want the yards to bring their game up, it’s an education process. Things can be changed but it won’t happen overnight. We’ve just all got to be passionate about this industry.”

Having spent the majority of his career working for Indonesia’s Bank Mandiri, one of the major lenders to cash buyers, he also reiterated the need for cash buyers to be increasingly transparent in their working practices.

The business had changed significantly in the last 10-15 years and to survive, cash buyers had to change their corporate profile, he said, highlighting that only about five or six from a global pool of 20-25 turn up to industry events.

“The industry is becoming highly regulated and we need to be transparent, whether dealing with a banker or a broker.”

As with many industries, particularly shipowning, lending was becoming increasingly hard to find, and with rising costs due to greater insurance requirements, Mr Wansell believes a handful of smaller cash buyers could find themselves squeezed out of the market.

To wipe out all cash buyers would not be possible though, according to Stephen Drury, a partner at law firm Holman Fenwick Willan.

He said they were “great survivors” and compared them to cockroaches. “Despite all threats to their survival they continue.”

“Cash buyers do suffer a prejudice and perhaps in some cases it is justifiable but these are the people that act as a recycler and ultimately turn useless scrap into a reusable material,” Mr Drury added.

His words reflected comments made earlier by Wirana Shipping chief executive Rakesh Khetan that cash buyers were an outlet for environmentally unfriendly vessels, turning a liability at sea into an asset for countries on the Indian subcontinent. With approximately 500,000 people working at shipbreaking yards, it was also “essential” for economic growth and employment in these countries.

It is becoming increasingly common at these events to have academics from ship recycling countries present a more accurate picture of their country’s industry, and its importance to fulfilling growing steel demand and feeding a wealth of secondary manufacturing businesses that benefit an even larger number of people.

However, the industry has still not seen a shipbreaker from the Indian subcontinent stand up and present, not that this stopped some from trying in London.

Clearly some yards have been investing their cash into equipment and better facilities for their workers. One such example was MAK Group managing director Zaynah Abdin, who runs four yards in Bangladesh and who was proud to show pictures of workers in protective clothing, rest areas, winches and magnetic cranes for moving large ship parts, all of which have gained his facilities ISO 30,000 certification — the highest level possible in ship recycling and comparable with yards in China and Turkey.

However, despite signs of improving standards and greater transparency, one topic of debate that always crops up is downstream waste management of hazardous materials removed from ships, its absence from the International Maritime Organisation’s Hong Kong Convention for the Safe and Environmentally Sound Recycling of Ships, which was adopted in 2009 but is yet to be ratified, and how breakers and their national governments are coping with it.

This point did little to dampen the uplifting spirit with which many audience members walked away after the conference, and perhaps in another year’s time more progress will
have been made again in the drive to improve the image and working practices of shipbreaking yards offering a vital outlet for tonnage in an oversupplied industry.

Article from Lloyd's List

http://www.lloydslist.com/ll/sector/ship-operations/article374046.ece

Published: Tuesday 28 June 2011

© 2010 Informa plc. All rights Reserved. Lloyd's is the registered trademark of the Society incorporated by the Lloyd's Act 1871 by the name of Lloyd's