Cash buyer disputes US reason for toxic 'penalties'

Leading demolition cash buyer Global Marketing Systems (GMS) says the $518,000 settlement with US authorities of its Oceanic cruiseship toxic-substances wrangle was a purely commercial decision.

The US Environmental Protection Agency (EPA) announced it had "settled" the administrative complaint against GMS and its shipowning arm, Global Shipping LLC. But it chose to describe the payments as penalties. A separate demolition source tells Trade-Winds that the EPA action will scare cash buyers from touching US-flag tonnage.

Global spokesman Shashank Agrawal insisted: "Neither of the companies, GMS nor GLS, violated the US Toxic Substances Act and no determination was made to this effect by the EPA or any other US government agency."

He says settlement of the federal complaints using the statutory available mediation process was a "commercial" choice bearing in mind the "long, arduous litigation and the potential legal costs in dealing with contentious and non-contentious issues involving the US government or its agency".

The Global companies were accused of illegally distributing and exporting a ship containing polychlorinated biphenyls (PCBs).

In its statement, the EPA says Global will "pay a total of $518,500 to resolve the two Toxic Substances Control Act violations". The GLS "penalty" is $486,000 and for GMS $32,500.

Global purchased the 20,000-gt Oceanic (ex- Independence, built 1950) from Norwegian Cruise Line (NCL). It was taken from US waters, leaving San Francisco around 8 February 2008.

The EPA claims it was not informed by Global of its plan to export the ship for disposal. The company insists that "all statutory permissions were duly secured before the vessel departed from San Francisco Bay area".

It is claimed by the US agency that after it initiated an enforcement action, Global submitted a new application to the US Maritime Administration (MarAd) seeking approval to sell the ship for continued use accommodating workers in the Middle East Gulf area instead of scrapping.

The EPA says this still contravened the law, under which it regulates exports involving PCBs even where materials will continue to be used. However, Global denies submitting its revised application to MarAd after the enforcement action began.

The matter had been clarified with the EPA, says Global, which argues that no US government agency had determined that the companies were responsible for exporting or distributing PCBs. Nor had Global been presented with independent verification of PCB quantities allegedly on board the Oceanic.

Watchdog group Basel Action Network (BAN) claims Global had been "forced to pay penalties". It says it and the Save the Classic Liners Campaign "tipped off" the EPA when it discovered Global had acquired the Oceanic and had it towed from San Francisco.

BAN claims there are still ample opportunities for operators to exploit loopholes to export "very toxic US ships" to South Asian beaches.

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Published: 00:00 GMT, 06 Feb 09 | updated: 09:38 GMT, 06 Feb 09