Penalty punch

Global Marketing Systems (GMS), the world's largest cash buyer, has been hit with hefty penalties over the export from the US of a cruise ship containing polychlorinated biphenyls (PCBs).

Violations of the US Toxic Substances Control Act are costing the Anil Sharma-led operation a total of $518,500.

GMS must pay $32,500 and its shipowning arm Global Shipping LLC $486,000 after the 20,000-gt cruise ship Oceanic (ex-Independence, built 1950) was taken from US waters around 8 February 2008.

The US Environmental Protection Agency (EPA) says the penalties settle a federal complaint filed against the two companies for "alleged illegal distribution and export of a PCB-containing vessel."

Global purchased the 802-berth vessel from Norwegian Cruise Line (NCL). The EPA says it was not informed of the group's intention to export the ship for disposal.

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

But this still contravened the Toxic Substances Control Act under which the EPA regulates exports involving PCBs even where materials will continue to be used.

"Companies need to ensure PCBs are removed from any ship being exported in order to protect public health and the environment from exposure to PCBs," said Jeff Scott, division director for waste programmes in the EPA's Pacific South West region.

"Federal law prohibits companies from exporting PCBs for disposal, including PCBs built into ship components, unless approval from EPA has been obtained," he added.

In a statement, the EPA says more than 1.5 billion pounds of PCBs were manufactured in the US before it banned production following tests showing the chemical-class caused cancer in animals and adversely affected the nervous, immune and endocrine systems in humans.

The Basel Action Network (BAN) watchdog group claims, however, ample opportunities still exist for operators to exploit loopholes to export toxic US ships for beaching in South Asia.

BAN, part of the NGO Platform on Shipbreaking, says it and Save the Classic Liners Campaign tipped off the EPA that Global had taken ownership of Oceanic and had towed it out of San Francisco Bay.

By Geoff Garfield in London