Demolition cash buyer GMS has lashed out at Italian shipowner Mauro Balzarini over what it says are “extremely bold and factually incorrect allegations” about ship recycling practices in India.

The US-based buyer rubbished suggestions that deaths were commonplace and child labour prevalent at Alang’s shipbreaking yards, that the industry suffers from a lack of capacity and that India’s breakers lack green credentials.

GMS was reacting to Siba Ships chairman Balzarini’s promotion of Green Recycling Initiative (GRI), an entity being established, effectively as a competitor of GMS, with a view to buying ships specifically destined for environmentally-friendly ship breaking facilities. (See related articles to the right for news on GRI.)

“We are surprised that the promoters of GRI - successful business people - are making statements NOT on FACTS but situations that have been conjured and exist in their mythical world,” legal advisor to GMS Shashank Agrawal wrote in a letter seen by TradeWinds.

“We appreciate that GRI is soliciting an investment of $300m to build a ‘better’ business model in the ship recycling industry. But, to demonstrate the need and value for GRI by showing the current ship recycling industry in poor light coupled with inaccurate information is unacceptable.”

Agrawal contended that “ship recycling at Alang has an enviable safety record amongst most major labour intensive industries in India, perhaps the world” citing information from India’s Gujarat Maritime Board that there were no reported deaths at Alang between 1 April last year and 31 January.

Stories of child deaths at Alang are also untrue, Agrawal claimed, citing a ban on child labour in India as evidence.

“Stringent enforcement of this law is practiced in the ship recycling industry. While a few industries in India have been accused of violating this law, ship recycling is NOT one of these industries.

“At a time when there is NO shortage of adult workers, why would ship recyclers employ children? This industry requires strong hands. To state otherwise is simply selling sensationalism at the expense of truth.

“Critics of this important industry generally allege that ship recycling in India flourishes due to cheap labour and poor environmental laws. However, the fact is that ship recycling is effective in countries such as India, Bangladesh and Pakistan since these are growing economies with high demand for steel.”

Agrawal contends that, as there is a market in Subcontinental India for the reuse of objects from recycled ships, “recycling a ship in a western world would be less environmentally friendly than in India”.

GRI was also accused to promoting itself against a backdrop of a lack of ship recycling capacity, something which Agrawal strenuously denied is the case.

“The market crash in scrap values last summer can be attributed to several factors. Of which, four key factors were: lack of credit (finance); collapse of steel prices; over supply of ships and lack of demand for ship steel.
"However, Mr Balzarini argues that one reason for the scrap-market collapse from its heights last summer was the lack of recycling capacity. Needless to say we find this hard to accept!! [his exclamation marks]."

Balzarini has been promoting GRI mainly from Singapore and is looking for around 150 investors to claw together around $300m to buy around 100 bulkers for scrap. Talks are underway to tie up a layup facility in China for handymax and panamax bulkers while it plans begin recycling these at established environmentally friendly ship recycling yards while it builds its own recycling facility.

By Eoin O'Cinneide in London

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