

Ship Recycling List Open, but Beaching Still in Doubt



By [Wendy Laursen](#) 2015-12-23 16:37:02

The European Commission has opened the application procedure for the European List of Ship Recycling Facilities. The Commission will review applications and publish a first version of the list before December 31, 2016. Early in January 2016, it will also issue guidelines on the requirements for ship recyclers and independent verifiers certifying yards.

The list comes in response to criticisms of ship breaking practices in places such as the Indian subcontinent which indicate that many yards operate under dangerous and polluting conditions including the practice of beaching where ships are dismantled on tidal sands.

In order to be approved, ship recycling facilities need to show that they meet the strict requirements of the E.U. Ship Recycling Regulation regarding infrastructure and procedures. These requirements are for the most part a copy of the yet-to-enter-into-force Hong Kong Convention for the Safe and Environmentally Sound Recycling of Ships, but inconsistencies could arise if the European Commission interprets some of the vaguer

provisions in the regulation in a way that bans beaching even though the Convention does not ban the practice, says Dr Nikos Mikelis, non-executive director of leading cash buyer, GMS.

The European Commissioner has given some mixed messages in the past regarding the intentions of the Commission. In a previous speech to the European Parliament he refrained from making it clear if he was against some or all forms of beaching. He has also stated in written responses to questions from ministers that the Commission is not going to turn down yards on the basis of their location or on the basis of the method of recycling used. However, another official from the Commission, with responsibilities on the issue, has expressed more negative views on beaching.

Industry Divided on Beaching

Earlier this year, GMS came out in support of statements made by the Danish Shipowners' Association which refused to ban beaching outright following the announcement by their Norwegian counterparts against the practice.

A Danish delegation visited ship yards in Alang, India, to see how some had upgraded their facilities to comply with the Hong Kong Convention. The Association then stated that it believed it is important that the market makes a distinction between those yards which use beaching and comply with the Hong Kong Convention and those that do not.

GMS agrees and also feels that owners who simply decide where to recycle ships based on secondary (mis)information and geographical location do a disservice to their stakeholders and the industry. Often these decisions are made on perceptions rather than reality; political pressures rather than economic facts; irrational exuberance rather than pragmatic evaluations, said GMS in a statement.

Ban Counterproductive

GMS believes that a beaching ban by the European Commission will be counterproductive as it would discourage improvements in the ship recycling industries of South Asia.

Firstly, it will mean that E.U. flagged ships will be able to be recycled only in Turkey and China. The Turkish recycling market has a finite capacity with only 20 small yards while China's demand for steel from recycled ships, which varies greatly year to year, has dried up in the last two years leading to a collapse in prices paid by China. This situation will undoubtedly lead to many E.U. flagged ships changing flag to register with states where no such ban is imposed to allow them a realistic choice of recycling destinations, says GMS.

Secondly, prices will also be severely affected as E.U. registered ships forced to deal with only Turkish yards could face a collapse in value. Traditionally, southern Asian prices have been higher by about 40-60 percent than in Turkey and China due to the higher demand and value for ship steel, machinery, equipment, spares and ancillary items.

Banning beaching will only discourage other yards in the region from raising standards, thereby destroying the current "virtuous circle" of improvements among shipyard owners in Alang, says GMS. If all yards in South Asia are excluded from European approval, regardless of the improvements they have made in their infrastructure and work procedures, they will have no interest in supporting their government's ratification of the Hong Kong Convention.

Clean Logistics

NGO Shipbreaking Platform, a critic of beaching, is encouraging facilities to be involved in the European Commission's list. "We encourage all ship recycling facilities globally that think they are ready to comply with the European requirements to submit their applications," says Patrizia Heidegger, Executive Director of the NGO Shipbreaking Platform. "The European List will for the first time provide all stakeholders – in particular the shipowners, but also the shipping industry's business partners demanding clean logistics and sustainable shipping such as banks, pension funds and the cargo owners – with a clear reference from where to choose high-quality ship recycling facilities in line with international and European environmental and labor standards."

The opinions expressed herein are the author's and not necessarily those of The Maritime Executive.

Source: <http://www.maritime-executive.com/editorials/ship-recycling-list-open-but-beaching-still-in-doubt>