

China to Stop Recycling Foreign-Flagged Ships



PHP Family Yard, Bangladesh

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China plans to stop recycling foreign-flagged ships from 2019 as the nation toughens its stance on waste processing industries.

The news has caused prices for end-of-life ships to rise as local buyers look to import whatever vessels they can before activity on this front is stopped, reports cash buyer GMS.

However, the news has longer-term implications too. "The withdrawal of Chinese recycling will have major impacts, first on the implementation of the European Regulation on Ship Recycling and, later on, on the prospects of Hong Kong Convention's entry into force," says Dr. Nikos Mikelis, Non-Executive Director of GMS.

The Hong Kong Convention, adopted in 2009 but not yet entered into force, includes regulations for shipowners, recycling facilities, flag states and recycling states to ensure that end-of-life ships do not pose any unnecessary risks to human health, safety and the environment when being recycled.

The European Union adopted the E.U. Ship Recycling Regulation in 2013. It brings forward the requirements of the Hong Kong Convention and applies them to end of life ships flagged with E.U. Member States. According to the regulation, owners of ships flying the flag of E.U. Member States will have to ensure that their ships are recycled in facilities included on the E.U. list of approved ship recycling facilities.

The Regulation did not require that its provisions would come into effect immediately, but instead it specified a schedule of application, whereby the first version of the European List of approved yards would be published not later than December 31, 2016, whilst E.U. flagged ships would have to: have an Inventory of Hazardous Materials; be surveyed; be certificated; and be recycled in accordance with the new Regulation, from the earlier of the following two dates: (a) six months after the European List of approved yards reaches a combined capacity of 2.5 million LDT; or (b) the end of December 2018.

According to the Regulation, yards located outside the European Union have to apply to the European Commission for an assessment on whether they fulfill the requirements of the Regulation, while yards located in a European Member State are nominated by the Member State for direct inclusion in the European List of approved yards. No non-E.U. have yet been approved.

"At the time of the adoption of the European Regulation, I had seen it as a major step forward for the improvement of the ship recycling industry and for the early implementations of the standards of Hong Kong Convention," says Mikelis. "Unfortunately, the unhelpful attitude of the European Commission's officials towards the industry in South Asia from around 2013 had been a disappointment and a waste of a great opportunity that could have encouraged and motivated the industry in South Asia.

"The withdrawal of China as a destination for responsible ship recycling at the same time as the European Regulation will come into full effect on the last day of December 2018, now creates one more opportunity for Brussels to re-examine its understanding of the industry and its politics and to change attitude by including in the List of approved yards all suitably upgraded yards in India and Bangladesh.

"Furthermore, the timing is now absolutely right for the international community to provide assistance to the government of Bangladesh to create the necessary infrastructure for the transportation, storage and disposal of hazardous materials and for the creation of a training center that will train and register all ship recycling workers," says Mikelis.

Two years ago, Maersk made the decision to invest in Alang yards to improve safety and environmental standards, and Mikelis says Maersk's policy to look for alternative destinations for responsible recycling now makes excellent sense. "The people in Maersk that were responsible for particularly difficult decisions must rightly feel justified. Japanese owners also had seen the writing on the wall and their efforts over the last four years to support and encourage those yards in Alang that showed interest in upgrading now will appear to the rest of the world as very wise," he said.

There were 206 ships recycled in the first quarter of 2018 with 152 of those sold to the beaches of South Asia, according to NGO Shipbreaking Platform. So far this year, 12 workers have lost their lives.

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