

## Ship Recycling

# Industry joins forces to improve working practices

Breakers and cash buyers at Informa's annual conference were eager to dispel the image of their industry as a dirty one



Liz McCarthy

EVERY year when the ship recycling industry gathers in London for Informa's annual conference focusing on this particularly sensitive area of the maritime business, most participants walk away feeling progress has been made in the debate to improve overall working practices. This year was no exception.

Not only were the attendance figures from shipbreakers and cash buyers, the companies that buy vessels from owners to sell to scrapyards improved from the year before, but many were eager to have their voice heard and dispel the perception that their industry is a dirty one.

For the first time not only was GMS in attendance, but also a handful of other leading cash buyers; Wirana Shipping, Mideast Shipping & Trading and Argo Systems.

As an increasing amount of attention is focused on this once overlooked sector of the shipping industry — partly due to rocketing volumes of elderly tonnage being sold for scrap as the chartering markets continue to weaken, but also due to increasing regulation — it is important for these middle men to improve their corporate profile and show they want to work together with other members of the sector to improve working practices at shipbreaking yards they sell vessels to.

"Cash buyers have to be a catalyst for change. We are trying to see how we can balance the interests of all parties," GMS president Anil Sharma told the audience.

"What these conferences offer is an encouraging pace of improvement."

With a general consensus among the sector that Turkish and Chinese yards were working to acceptable, if not better, environmental and safety standards, the main challenge for the ship recycling industry was the Indian subcontinent, Dr Sharma said.

"It is not only a challenge, though, but also a wonderful opportunity. But we need to look at things from a more realistic and practical point of view," he added.

He urged the audience not to forget that green recycling and the Indian subcontinent were not mutually exclusive and that a lot of facilities were adapting and investing in response to increasing regulation and demand from shipowners for environmentally friendly and safe yards.

However, improving awareness of the need for greater health and safety standards among those running and working within shipbreaking yards on the Indian subcontinent was vital and needed to continue, a view shared by the rest of the conference audience.

"At the moment it is very much a work in progress," Mideast Shipping & Trading general manager Steve Wansell said.

"When you look at India, for example, it has changed for the better. If more people support it, the industry will better off. We all want the yards to bring their game

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Anil Sharma, GMS president



Asbestos removal: the commission is putting together a proposal that EU ships be sold to facilities with working practices on a par with the Hong Kong Convention.

## Delegates welcome move to drop ships sold for scrap from Basel Convention

THE most significant change that took place at this year's Informa ship recycling event was the European Commission changing its view on whether ships sold for recycling should be included within the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their disposal, writes Liz McCarthy.

After working on equivalency studies between the Basel Convention and the IMO's Hong Kong Convention for the Safe and Environmentally Sound Recycling of Ships, Julio Garcia Burgues, head of the waste management unit of the commission's directorate-general for the environment, said it had proposed to remove ships being sold for scrap from current legislation.

With around 90% of European Union-flagged vessels circumventing laws that would

make it illegal to sell a ship for recycling to a country outside the Organisation for Economic Co-operation and Development by reflagging, he called the current legislation a failure that was

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Nigel Smith, St Kitts & Nevis International Ship Registry

encouraging owners to use this loophole.

Instead, the proposal the commission is putting together is that EU-flagged ships must be sold to facilities that prove their working practices are at a level on a par with, or greater than, those

set out in the Hong Kong Convention. Mr Burgues said the commission hoped that would be an "acceptable incentive" to sell vessels to greener yards.

The announcement was welcomed warmly by the conference audience and in a poll on this newspaper's website asking if plans to drop the Basel Convention requirements would offer shipowners such an incentive to adopt green recycling practices, 54% of respondents said they thought it would.

What happens in the interim period remains a big question, however, not only between the Hong Kong Convention coming into force but also the commission's proposal being made and accepted.

A number of participants argued that greater efforts needed to be made by International Maritime Organization member

states to sign and ratify the Hong Kong Convention to ensure it came into force sooner rather than later.

Nigel Smith, international registrar for St Kitts & Nevis International Ship Registry, was passionate about this point. "IMO is not a dictatorship. As members we have all agreed the way forward and we cannot hold back the tide, so let's all move forward. Let's bring the convention into force," he said.

However, as IMO conventions famously take years to sign, ratify and become law, this could still be a long way off.

Meanwhile, the view from many in the industry is to ensure that owners recycle ships in compliance with IMO guidelines instead. That is already on the rise and could create a gradual improvement in the working practices in this area of shipping. ■

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up, it's an education process. Things can be changed but it won't happen overnight. We've just all got to be passionate about this industry."

Having spent the majority of his career working for Indonesia's Bank Mandiri, one of the major lenders to cash buyers, Mr Wansell also reiterated the need for cash buyers to be increasingly transparent in their working practices.

The business had changed significantly in the last 10-15 years and to survive, cash buyers had to change their corporate profile, he said, highlighting that only about five or six from a global pool of 20-25 turn up to industry events.

"The industry is becoming highly regulated and we need to be transparent, whether dealing with a banker or a broker."

As with many industries, particularly shipowning, lending is becoming increasingly hard to find, and with rising costs due to greater insurance requirements, Mr Wansell believes a handful of smaller cash buyers could find themselves squeezed out of the market.

To wipe out all cash buyers would not be possible though, according to Stephen Drury, a partner at law firm Holman Fenwick Willan.

He said they were "great survivors" and compared them to cockroaches. "Despite all threats to their survival they continue."

"Cash buyers do suffer a prejudice and perhaps in some cases it is justifiable but these are the people that act as a recycler and ultimately turn useless scrap into a reusable material," Mr Drury added.

His words reflected comments made earlier by Wirana Shipping chief executive Rakesh Khetan that cash buyers were an outlet for

environmentally unfriendly vessels, turning a liability at sea into an asset for countries on the Indian subcontinent. With approximately 500,000 people working at shipbreaking yards, it was also "essential" for economic growth and employment in these countries.

It is becoming increasingly common at these events to have academics from ship recycling countries present a more accurate

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Steve Wansell, Mideast Shipping & Trading general manager

picture of their country's industry, and its importance to fulfilling growing steel demand and feeding a wealth of secondary manufacturing businesses that benefit an even larger number of people.

However, the industry has still not seen a shipbreaker from the Indian subcontinent stand up and present, not that this stopped some from trying in London.

Clearly some yards have been investing their cash into

equipment and better facilities for their workers. One such example was MAK Group managing director Zaynal Abedin, who runs four yards in Bangladesh and who was proud to show pictures of workers in protective clothing, rest areas, winches and magnetic cranes for moving large ship parts, all of which have gained his facilities ISO 30,000 certification — the highest level possible in ship recycling and comparable with yards in China and Turkey.

However, despite signs of improving standards and greater transparency, one topic of debate that always crops up is downstream waste management of hazardous materials removed from ships, its absence from the International Maritime Organization's Hong Kong Convention for the Safe and Environmentally Sound Recycling of Ships, which was adopted in 2009 but is yet to be ratified, and how breakers and their national governments are coping with it.

This point did little to dampen the uplifting spirit with which many audience members walked away after the conference, and perhaps in another year's time more progress will have been made again in the drive to improve the image and working practices of shipbreaking yards offering a vital outlet for tonnage in an oversupplied industry. ■

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Improving awareness of the need for greater health and safety standards at shipbreakers on the Indian subcontinent must continue.