



A significant step forward

by Steve Marshall

The sustainable ship recycling consultancy, Sea Sentinels, believes the proposed changes to the EU's Waste Shipment Regulation (WSR) will bring "legal clarity" on hazardous waste exports that will benefit South Asian ship-breaking yards seeking compliance with EU recycling standards.

Ships sold for recycling at the end of their lifetime contain dangerous substances such as asbestos and mercury. They also hold toxic chemicals like oil, fuel, and ballast water that constitute a risk to human health and the environment if they are not managed and disposed of properly.

Exports of hazardous waste to non-OECD countries in EU-flagged ships sent for recycling are banned under the Basel Convention on transboundary shipments of such waste. The ban is transposed into the EU Ship Recycling Regulation (EUSRR) that requires ships to be recycled at EU-compliant yards on an approved list.

But this has not prevented some ship-owners from circumventing the so-called Basel Ban by selling ships to cash buyers who then rename these vessels and switch them to flags of convenience.

Assuming responsibility

By using cash buyers as middlemen, ship-owners can obtain higher steel prices for scrap tonnage while theoretically avoiding legal, financial, and other risks when selling their old vessels for dismantling. It means that formerly EU-flagged ships end up at yards not listed as EU-approved. Once there, they may be dismantled in a manner that poses the risk of toxic spills and other types of pollution to coastal ecosystems, say nothing of the health hazards to workers.

Countering this trend, the Singapore-based Sea Sentinels has taken responsibility

for supervising many successful sustainable ship recycling projects in South Asian and other yards that have ensured safe disposal of hazardous waste in documented compliance with regulations.

The consultancy's Chief Executive Rakesh Bhargava believes the EU's proposed amendment to the WSR would, if approved, represent "a significant step forward" as it would strongly incentivise continued improvements at these yards to gain EUSRR compliance. The proposal would impose stricter rules on hazardous waste exports to non-OECD countries to assure that facilities receiving this waste have been audited and can manage it sustainably.

Obstacles to progress

Importantly, this amendment distinguishes between EU-flagged ships on which the decision to recycle is taken in- or outside EU territory – basically allowing for those sold for scrap outside the bloc to be recycled at non-OECD facilities provided they are on the list of EU-compliant yards.

EU policymakers are now set to discuss the proposal over the next few months, with a vote due by year-end on the WSR amendment that would also result in changes to waste shipment rules under the EUSRR if ratified. The European Community Shipowners' Association (ECSA) is lobbying strongly in favour of the amendment. The organisation believes it would resolve a legal anomaly whereby non-OECD yards cannot receive EU-flagged

ships for recycling – even if they are fully EU-compliant – due to the Basel Ban.

Danish Shipping's Executive Director for Climate, Environment and Security, Maria Skipper Schwenn, has characterised the present situation as "a legal mess creating obstacles to progress on sustainability in this industry." Given the lack of global regulation, the situation is pressing as the International Maritime Organization's Hong Kong Convention (HKC) on safe and environmentally sound ship recycling has still not entered into force.

Legal clarity

Bhargava says: "The EU proposal would bring much-needed legal clarity to what has been a long-standing murky issue on the export of hazardous waste to ship-breaking yards in non-OECD countries." He furthers, "A number of non-OECD yards, especially in Alang, India, have made significant progress towards EU compliance by upgrading their facilities in line with the required health, safety and environmental standards. It is important that these are able to compete on a level playing field with European yards given that around 70% of ship tonnage recycled worldwide is already dismantled at South Asian yards."

Sea Sentinels' Chief Exec also observes, "Furthermore, there is a lack of capacity for recycling of larger ocean-going ships at yards on the EU-approved list, so it is imperative that South Asian yards continue



Photo: Sea Sentinels

to have an incentive to gain compliance for inclusion on the list.” BIMCO’s Secretary-General David Loosley backs up this opinion, stating in a report on the EU list: “The capacity required for the large EU-flagged fleet simply isn’t there, which is especially evident when it comes to recycling Panamax-size and larger ships in accordance with the EU regulation.”

Only a fraction

The current EU list of 41 recycling facilities comprises mainly European yards. Most of them are constrained in terms of length and draft of the vessels they can handle and are primarily engaged in more profitable offshore/military decommissioning or repair and conversion work. Several Turkish yards on the list offer only limited additional capacity as they are busy with recycling non-EU-flagged cruise ships, according to BIMCO. In addition, the organisation says, “prices for steel at European yards are not competitive and commercially unviable.”

The ECSA states in a position paper on the WSR proposal that yards on the EU list “cover only a fraction of the capacity needed to recycle all end-of-life EU-flagged vessels worldwide.” The Association is calling for the adoption

of the amendment to promote progress in recycling in third countries, level up standards and improve working and environmental conditions in these states – a key objective of the EUSR – that could also lead to them ratifying the HKC.

Considering the above, Bhargava says that, due to the lack of EU-compliant recycling capability, owners of larger EU-flagged vessels are often left with no alternative than to have these re-flagged so they can be sent to South Asian yards that have the required capacity.

Broadening the focus

According to Bhargava, on-site supervision and monitoring of the recycling process by an independent third party with the requisite expertise are therefore essential to enforce regulatory requirements and ensure documented compliance for the shipowner, regardless of location.

Sea Sentinels provides supervision on the ground with an expert team monitoring

every step of the recycling process to achieve compliance with both the EUSR and HKC and a mandatory inventory of hazardous materials in line with the Basel Convention. As a result, the company boasts zero accidents and no pollution on numerous sustainable recycling projects carried out at yards in India and Turkey.

“From an environmental perspective, a lot of the focus in shipping is currently on reducing greenhouse gas emissions from operating ships. But equally important is the need to manage hazardous waste disposal for end-of-life vessels to prevent pollution to coastal waters and ecosystems,” Bhargava says.

He concludes, “As well as posing a risk to the environment, irresponsible waste disposal practices can result in a reputational risk to the business of the shipowner. Therefore, having a sustainable ship recycling policy with reliable, low-cost supervision and enforcement represents a commercial advantage in the long run.” □



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