Opinion of the European Economic and Social Committee on the ‘Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions — An EU strategy for better ship dismantling’

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Rapporteur: Dr BREDIMA

On 19 November 2008 the European Commission decided to consult the European Economic and Social Committee, under Article 262 of the Treaty establishing the European Community, on the

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions — An EU strategy for better ship dismantling


The Section for Agriculture, Rural Development and the Environment, which was responsible for preparing the Committee’s work on the subject, adopted its opinion on 17 April 2009 The Rapporteur was Dr BREDIMA.

At its 453rd plenary session, held on 13 and 14 May 2009 (meeting of 13 May 2009), the European Economic and Social Committee adopted the following opinion by 187 votes to two with three abstentions.

1. Conclusions

1.1. The EESC welcomes the Communication and supports the range of possible measures whereby the EU could contribute to safer and more environmentally sound treatment of end-of-life ships worldwide.

1.2. The EESC notes that recycling makes a positive contribution to the global conservation of energy and resources and recognises that, if properly managed, ship recycling can become a ‘green’ and sustainable industry.

1.3. The EESC supports the swift ratification and implementation of the IMO Ship Recycling Convention (2009). EU Member States and recycling States should be prompted to take all measures for its early entry into force.

1.4. The EESC strongly supports the inclusion of rules on the clean dismantling of warships and other government vessels in the measures on ship dismantling.

1.5. The EESC deems it important to take actions to redress the appalling environmental and social conditions in many of the South Asian recycling facilities, by improving their operation, while maintaining the income for local communities from jobs and services provided.

1.6. Dismantling capacity needs to be increased to meet growing demand and the challenge of doing this in a safe and sustainable way must be met. Developing a way to cover the substantially higher labour costs of dismantling in European yards can be achieved through a combination of regulatory action and industry initiatives.

1.7. The EESC realises that in the foreseeable future ‘beaching’ ships for breaking will continue to be the preferred method. Hence, current conditions need to be improved so that the yards are operated in a safe and environmentally sound manner. However, excessive pressure to improve the conditions in South Asian facilities should not have the adverse effect of ‘exporting’ the problem to beaches of other developing countries, thus leading to an uncontrolled expansion of substandard yards in Asia and Africa.

1.8. The EESC proposes that dismantling and recycling conditions feature strongly in the EU’s bilateral maritime or trade agreements with the Asian countries in question, e.g. the ongoing EU/India maritime agreement should include ship recycling provisions. It urges the Commission to raise this issue at the political level.

1.9. The EESC believes that dismantling and recycling is an issue of corporate social responsibility. It invites the Commission to involve shipbuilding yards in the chain of responsibility for ship disposal. Ship operators, in conjunction with shipyards, should contribute to ensuring that information is available to recycling yards on any potentially hazardous materials or conditions within their ships.

1.10. The EESC supports the development of a model of an integrated management system (IMS) for the internationally independent certification of ship recycling facilities to demonstrate safe and environmentally sound recycling in accordance with the future IMO Convention.
1.11. The EESC recommends that the Commission’s study on a recycling fund takes into account the ‘polluter pays’ and ‘producer responsibility’ principles of European law and its compatibility with state aid legislation. It should be further explored how such a fund might further the objectives of the Convention.

1.12. The EESC recognises that the establishment of ship recycling yards in the EU may be objected by local communities on environmental grounds. However, if existing yards are utilised for the purpose and meet- as they should - EU, international and national standards, then their operation may be acceptable as they will provide significant job opportunities. These parameters need careful consideration.

1.13. The EESC invites the Commission to devise policy incentives and rewards, e.g. ‘Clean Marine Awards’ for ship owners and yards for exemplary ship recycling.

2. Introduction

2.1. Environmental and social aspects of ship dismantling practices on beaches in South Asia continue to be a source of concern worldwide and particularly in Europe. Recently, the Environment Commissioner Dimas called for better procedures and checks on ships that are sent to South Asian breaking yards to ensure that they are dismantled properly. According to recent estimates a thousand ships will be scrapped in 2009, more than three times the 2008 figure, increasing the pressure on recycling capacity. Dismantling capacity needs to be increased to meet growing demand and the challenge of doing this in a safe and sustainable way must be met.

2.2. The Commission Communication on ‘An EU strategy on better ship dismantling’ (1) is based on the results of the public consultation on the ‘Green Paper on better ship dismantling (2007)’ (2). The Green Paper was appreciated by the EESC (3) as a long awaited initiative. In addition, the European Parliament has recently called on the Commission and Member States to take urgent action on ship dismantling (4).

2.3. At the same time, concrete international action is undertaken to tackle the issue. The International Maritime Organisation (IMO) has developed a new ‘International Convention for the safe and environmentally sound recycling of ships’ (hereinafter referred to as ‘the Convention’), which is scheduled for adoption in May 2009. The Convention takes a ‘cradle to grave approach’ for ships. It aims at the operation of ship recycling facilities in a safe and environmentally sound manner, without compromising the safety and operational efficiency of ships. By providing a proper control and enforcement mechanism, it seeks to establish a level of control equivalent to that of the Basel Convention (5).

2.4. The Joint ILO/IMO/Basel Convention Working Group on Ship Scrapping is evidence of international cooperation. The three organisations have jointly developed the Global Programme for sustainable ship recycling, to ensure the future sustainability of the industry, through improvements in workers’ health and safety and environmental protection in the South Asian yards.

3. Communication on an EU strategy on better ship dismantling

3.1. The Communication on an EU strategy on better ship dismantling does not provide a concrete legislative proposal. It proposes several measures to improve ship dismantling conditions as soon as possible, including in the interim period before the entry into force of the Convention.

3.2. The strategy proposes that the Commission examines the feasibility of a number of options to further the objectives of the Convention.

3.3. The impact assessment (6) accompanying the Communication concludes that an integrated policy approach combining selected legislative and non-legislative measures is preferable, as it would be the only option to achieve positive environmental, social and economic impact in the short, medium and long term.

4. General comments

4.1. The EESC welcomes the Communication and supports the range of possible measures whereby the EU could contribute to safer and more environmentally sound treatment of end-of-life ships worldwide. The Communication is timely and appropriate, since an estimated 19% of the world fleet is flying the flag of an EEA Member State (European Economic Area).

4.2. New steel production from recycled steel requires only third of the energy used for steel production from raw materials. Thus, recycling makes a positive contribution to the global conservation of energy and resources and, if properly handled, ship recycling can become a ‘green’ and sustainable industry.

(3) Of C 120 of 16.5.2008.
4.3. The trend of dismantling hundreds of ships each year will continue with the phasing out of single hull tanker vessels by 2010 (and 2013). In addition, and as a consequence of the current financial and shipping crisis, older bulk carriers are being phased out fast. Currently, 157 vessels amounting to 5.5 million tonnes are being reassessed for eventual demolition. Hence, the prevailing social and environmental impacts will continue, if not worsen.

4.4. More than 80% of ships are dismantled in yards located on the beaches of India, Bangladesh, Pakistan and Turkey. Bangladesh is currently the largest ship-breaking country. The majority follows the lowest cost, but at the same time most environmentally damaging method of ‘beaching’ ships for breaking. This method takes a heavy toll on human lives and leads to many diseases due to exposure to toxic substances. The EESC realises that in the foreseeable future ‘beaching’ ships for breaking will continue to be the preferred method. Therefore, the current conditions in the yards need to be improved in order to operate in a safe and environmentally sound way.

4.5. Poor environmental and social conditions in South Asian yards are responsible for unfair competition with their European counterparts. In addition the high local demand for recycled steel creates a further problem for European competitiveness.

4.6. Ship dismantling is a challenging process, which includes a wide range of activities, from removing all equipment to cutting down and recycling the structure. While ship dismantling in dry docks of industrialised countries is regulated, such activities on the beaches of Asia are less subject to control and inspection. A recent study has estimated that 20 % of the work force employed on the ship-dismantling beaches of Bangladesh, are children under 15 years old. Several ILO Conventions on safety and health conditions of workers are hardly applied in these countries. Failure to apply sound management and environmental disposal of downstream waste exacerbates the problem.

4.7. The EESC reiterates that structural poverty and other social and legal problems are strongly linked to the absence or non-implementation of minimum standards of safety at work, and environmental protection. Furthermore, these countries are reluctant to raise the standards and interfere with recycling prices for fear to be deprived of a major source of revenue. Yet, these countries should demand from the yard operators to invest in the improvement of the facilities and to afford their workers the protection and working conditions they deserve. In future negotiations with the countries in question the EU should encourage the application of these international standards, as well as their effective enforcement, coupled with capacity building.

4.8. The EESC opinion (1) on the Communication on ‘An Integrated Maritime Policy for the EU’ reiterated the serious worldwide shortage of dismantling facilities compatible with principles of environmental and social sustainability. Therefore, the objective of EU and international efforts should focus on actions by recycling States in South Asia to bring their facilities to internationally acceptable standards.

4.9. The EESC notes that the Convention, together with its implementing Guidelines, seeks to ensure an equivalent level of control and enforcement to that of the Basel Convention and should be strongly supported.

4.10. In the context of the ‘cradle to grave’ approach to ship dismantling, the EESC urges the Commission to involve shipyards, in the responsibility chain for the disposal of the ships they have built. The overwhelming majority of the world commercial fleet is being built in Japanese, Korean and Chinese yards. According to the chain of responsibility of quality shipping every player bears his own degree of responsibility. This line of thought brings to the fore the responsibility of shipyards along the line of similar responsibilities of car makers and aircraft manufacturers, who are responsible for their products.

4.11. In addressing this issue, the EESC has to do a balancing act between conflicting parameters. On the one hand, the appalling environmental and social conditions still prevailing in most of the Asian recycling yards. On the other hand, the spectre of unemployment facing local communities in South Asian countries, which live from the revenues of the recycling yards. Therefore, improvement of the conditions should not have the adverse effect of ‘exporting’ the problem to beaches of other developing countries.

4.12. Improved performance of the ship dismantling process is also being addressed by the International Organisation for Standardisation (ISO). The future voluntary international standards (ISO 30000 and ISO 30003), which will provide a scheme for audit and certification of ship recycling facilities, seek to support the work of the IMO, ILO and the Basel Convention, while carefully avoiding any overlap.

5. Specific comments

5.1. Early implementation of the IMO Ship Recycling Convention

5.1.1. The European Commission predicts that the Convention will not be enforced before 2015. The EESC supports the swift ratification and implementation of the Convention. EU Member States and recycling States should be prompted to take all measures for its early entry into force. The EESC concurs that governments should be encouraged to apply the technical standards of the Convention on a voluntary basis in the interim period, as soon as operationally feasible.
5.1.2. The EESC supports the transposition of the Convention into EU law through a Regulation, incorporating its basic elements, as was the case with the IMO AFS Convention (8). In parallel, the Commission should examine ways and means for inducing recycling states to take similar action, i.e. to ratify and implement the Convention as soon as possible.

5.2. Clean dismantling of warships and other (government) vessels

5.2.1. The EESC notes that the Convention will not apply to all ships and in particular warships and State owned ships. However, such ships should be required to act in a manner consistent with the Convention. Therefore, the Committee proposes inclusion of these ships in the future recycling measures of the EU. Such a move will provide ample employment for EU yards, whilst eliminating some big polluters from the seas. The EESC suggests that the environmental pollution record of warships should also be addressed. In addition, it believes that small ships below 500 gt should be sent to EU yards for dismantling.

5.2.2. At present, ship dismantling facilities in the EU and in other OECD countries do not have sufficient capacity to dismantle warships and other state owned vessels to be decommissioned over the next 10 years. The EESC considers the engagement of Harland and Wolff Heavy Industries (7) in ship dismantling an encouraging example of how idle shipyards and repair yards may be turned into dismantling facilities. The EESC realises that despite the world economic downturn and current unemployment, the establishment of ship recycling yards in the EU may be objected by local communities on environmental grounds. However, if existing yards are utilised as prescribed under the Convention, their operation may be acceptable, while providing new job opportunities.

5.2.3. In the foreseeable future, the competitive advantage of South Asian ship breakers will continue to prevail, whereas Europe will continue to be faced with the problem of disposal of warships and state owned ships. The EU should make provisions for the dismantling of such ships in OECD facilities, or for the inclusion of end-of-life disposal clauses in any sale agreement of warships to non-EU States.

5.3. What industry can do in the interim period

5.3.1. The EESC shares the Commission's concern about the prospects of the interim period until the entry into force and full implementation of the Convention. It recognises that the simplest and quickest way to change practices would be through a voluntary commitment from the relevant stakeholders.

5.3.2. The EESC believes that recycling is an issue of corporate social responsibility. It urges the Commission to devise policy incentives, e.g. ‘Clean Marine Awards’ for shipowners and yards for exemplary ship recycling. The incentives should offer attractive benefits worth pursuing.

5.3.3. The EESC appreciates the positive involvement of industry organisations, as well as non-governmental organisations and their support for the development of the Convention. It also welcomes the fact that the industry organisations have identified a series of measures (10), which shipowners should seek to fulfil in respect of safe and environmentally sound ship dismantling. It is anticipated that more shipping companies will opt or will be induced to undertake commitments for ‘green’ demolition of their ships. However, the ship recycling process involves many other parties and complementary action is also required on their part, especially from shipyards to contractually accept the building of ‘green ships’ The use of a standard ‘ship recycling sale and purchase contract’, such as DEMOLISHCON developed by BIMCO (11) and contractual commitments undertaken by shipyards to apply the requirements of the Convention in the interim period, would be a significant step forward.

5.4. Better enforcement of waste shipment rules

5.4.1. The EESC welcomes the Commission’s intention to issue guidance in order to improve the enforcement of the current waste shipment rules with regard to end-of-life ships, as well as to engage in multilateral cooperation and to examine the feasibility of rules on a list of ships that are ready to be scrapped.

5.4.2. In international waste shipment law it is recognised that a ship may become waste, as defined in Article 2 of the Basel Convention, and at the same time may be defined as a ship under other international rules. Hence, there are divergent views as to when a ship becomes ‘waste’, and whether the ship can be construed as ‘polluting’ and the shipowner as ‘polluter’ before the dismantling process begins. Ships are being sold by shipping companies to cash buyers, who often change their flag, and are sent to recycling yards where prices of recycled steel per Light Displacement Tonne vary from 150-700 US dollars. In practice, most ship operators seldom deal directly or indirectly with dismantling facilities. However, they should be in a position, in conjunction with shipyards, to ensure that information is available on any potentially hazardous materials or conditions within their ships, and to determine the general condition of the ships when handed over.

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(7) Harland and Wolff in Belfast was recently awarded a waste management licence for the dismantling of marine vessels and marine structures, and is in the process of completing the decommissioning and recycling of the MSC Napoli.

(10) Interim measures for shipowners intending to sell ships for recycling (BIMCO, IACS, ICS, INTERCARGO, INTERTANKO, IPTA, OCIMF).

(11) BIMCO = The Baltic and International Maritime Council.
5.4.3. Normally ships are sent for dismantling when their commercial operation is no longer viable. The age of a ship does not in itself reflect the level of maintenance of the ship, nor its commercial viability, which depends on the fluctuations of the freight market. Whilst it would be a simple exercise to maintain a list of ships above a certain age, it would not be an easy task to establish when ships are intended for dismantling and to take any controlling action before the entry into force of the Convention. In any event, old and high risk ships should be closely monitored to ensure compliance of obligations prior to dismantling.

5.5. The case for auditing and certification of dismantling facilities

5.5.1. The Convention will place responsibilities on flag States, port States and recycling States. It will not include specific provisions for auditing and certification of facilities. However, complementary Guidelines will provide such a regime under the control of the recycling States. The objective of the IMO Guidelines may also be enhanced by the parallel application of the relevant ISO standards that are being developed.

5.5.2. The EESC notes that the European Maritime Safety Agency (EMSA) had commissioned a study \(^{(12)}\) for developing a model of an integrated management system (IMS) for the certification of ship recycling facilities, in order to demonstrate safe and environmentally sound recycling. This European IMS should serve as a tool to strengthen the implementation of the IMO Convention. The EESC notes that such a certification process must have international credibility and that this can only be guaranteed through an independent inspection regime.

5.6. Ensuring sustainable funding

5.6.1. In 2007 the Commission stated \(^{(13)}\) that the question as to whether or not direct financial support should be given to clean ship dismantling facilities in the EU or to shipowners who send their vessels to ‘green’ yards, either for full ship dismantling or for decontamination, deserved special attention.

5.6.2. The EESC notes that the Commission intends to assess the feasibility of the option of a mandatory international funding system for clean ship dismantling (‘ship dismantling fund’) on the basis of the results of a study. The EESC expects that the study will take into account the ‘polluter pays’ and ‘producer responsibility’ principles of European law, and believes that the problem of funding the safe and sustainable dismantling of ships will not be solved until appropriate arrangements are agreed that duly reflect the apportionment of the relevant stakeholders in the responsibility chain during the lifetime of vessels.

5.6.3. The IMO has already established a voluntary International Ship Recycling Fund to promote the safe and environmentally sound management of ship recycling through IMO’s technical cooperation activities. Ship-owners should be encouraged to make contributions to this fund. It should be further explored how such a fund might promote the objectives of the Convention. An EU fund for the same purposes would face the problem of its financing, since subsidies for clean ship dismantling would not be justified under EU law.


The President of the European Economic and Social Committee
Mario SEPI
