



Decarbonization - IHM - Ship Recycling

Much in common?!

One technically challenging, the other bureaucratic, the last a final step in a ships' life. All an integral part of shipping. Meeting the targets is essential. Efficient solutions are required, better sooner than later!

The increasing pressure for decarbonization will drive some ships out of service – probably earlier than originally planned. Compliance has been and remains a competitive factor. Different solutions are available, choosing the right one requires some insights. If the surface of shiny solutions is scratched, often a lot of darkness is discovered. With an upcoming increase in tonnage for recycling, how can efficient solutions for IHMs and ship recycling be identified?

Ships above 500GT calling at EU ports have to have a certified and maintained “Inventory of Hazardous Materials - Part I”. Detected IHM-deficiencies can cost up to 100.000,- € and 1 year imprisonment in France. For ships caught in UK or Norway it's double. Most ships have a certified IHM onboard, but many are not properly maintained. This lack negatively affects the original purpose of IHMs; providing crucial information for health, safety and environmental aspects during ship recycling. With the status of a technical file, quality and traceability of IHM-information is key. Compensation claims are risked, also years after the sale of either the product by the supplier, or the ship by the owner. A chain of information is also a chain of liability!



The certified IHM Part I lists hazardous materials contained in structure and equipment of a ship. Re-locations, removals and new installations need to be documented and the owner is responsible for this. A task for the entire life of a ship, required to be integrated into daily ship management. Ordered equipment -if IHM-relevant- needs to be accompanied by Material Declarations (MD) and a Suppliers Declaration of Conformity (SDoC) issued by the supplier. Respective relevancy depends on what is present onboard, the scope of IHM itself and various rules for exemptions. If an order item is relevant suppliers have to provide the declarations and they depend on information from their own supply chains. One MD may take hours, days or weeks to prepare. Each request from the ship can cause such extensive efforts. For reasons of efficiency and compliance every single order item of a purchase order needs to be evaluated and on average only 5% of all order items are relevant. That requires specific knowledge and efforts, but it avoids risks and extra efforts for all involved. It is also the prerequisite for a functioning IHM-Maintenance.

How efficient is IHM-maintenance today? Major shipping and supplier associations jointly state: *“Shipowners and service providers ... made MD requests ... in excess of what is required... . This has placed a ... burden on suppliers, and can make the maintenance of IHM by the owner significantly more complicated.”*

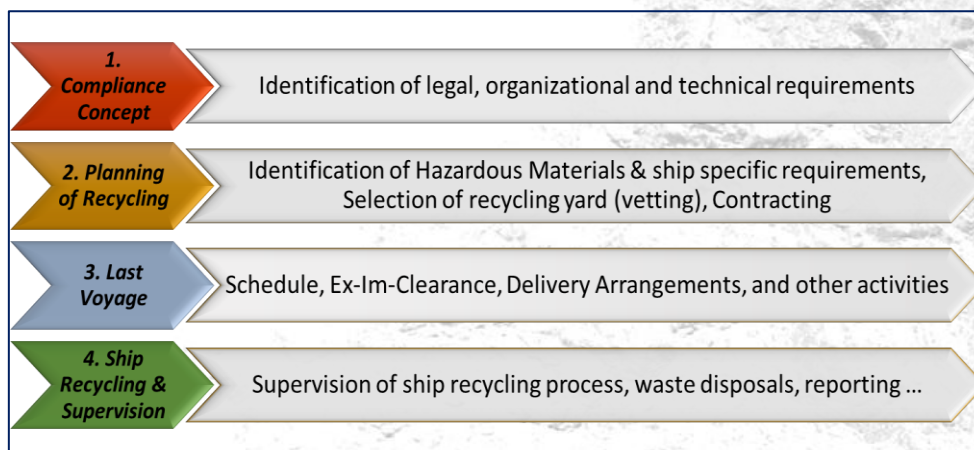


In other words, many shipowners pay for external service suppliers who create such problems instead of solving them. The significance of this statement becomes clear when looking at the numbers behind. If a wrong approach is applied, the following scenario is prone to be happening constantly: An IHM maintenance service provider acted for a major shipowner for 1.5 years. 2.900 MDs were requested from suppliers out of 4.900 order items (~60% of all order items). 36 MDs had been collected, meaning that 98% of requests remained unfulfilled. Professional IHM-relevancy checks have identified 228 relevant items, which is less than 5% of all order items. These checks are the prerequisite for focusing on the truly required documentation tasks. Collecting up to 99% of requested MDs can be achieved and efforts of suppliers drastically reduced. Same applies to costs, also for the crew as they have to track such order items onboard.

IHM is a legal obligation affecting construction, operational and recycling stages. Maintenance thereof applies for the biggest part of a ship's life and as such IHM-efficiency is a constant cost factor. Every single unnecessary request creates efforts and -if no documentation is provided- gaps which are to be reflected in the IHM-documentation. Also, if information is not provided, items need to be treated as like containing hazardous material and precautions are to be applied, creating efforts during ship operations and ship recycling. As such an efficient and compliant approach is not to be underestimated and important for trouble-free PSC-inspections in EU as well as re-certification of IHMs, required at least every 5 years.

The maintained IHM is the basis for planning the recycling of a specific ship. The ship recycler has to consider and rely on information in the IHM and develop a "ship recycling plan" in line with his "ship recycling facility plan", which describes the facility and its practices in great detail. As such the ship recycling plan combines the recycling practices with particulars of a ship. If a maintained IHM is inaccurate it may lead to incidents and accidents which may lead to substantial damages and successive claims.

Ship recycling practices of owners are increasingly considered by cargo owners, charterers, banks and investors. But it's a legal minefield due to varying requirements of Basel Convention, Basel Ban Amendment, EU Ship Recycling Regulation and -last but not least- local requirements. Many shipowners have great CSR- or ESG- policies, but those often don't include the recycling stage properly or at all. Once the recycling decision is taken, there is no clear or established process. Ad hoc actions can hardly consider legal, technical and organizational aspects properly due to their complexity. A comprehensive approach is required from taking the decision to criteria for identifying a suitable and capable ship recycling yard and supervision. In many cases more homework is required.



Structured approach for ship recycling



Responsibility.



As neither the look of a ship recycling yard nor certificates are reliable indicators for good standards. Due diligence inspections for evaluating capacities and compliance levels of pre-selected recycling facilities on hand of clear requirements helps identifying the most suitable option. It should be ensured that a higher price can't compensate lack of performance and the contract needs to specify the rights and powers of supervisors. Continuous compliance with clear requirements throughout the recycling phase requires on-site supervision by experts. Those should preferably be external service suppliers who should be carefully selected by the shipowner as well. Supervisors which are staff of cash buyers or recyclers have a conflict of interest. Compliance verified by independent third-party experts creates unbiased evidence.

Demand for recycling has and will always be affected by legal requirements, at the point of writing VesselsValue¹ stated that 75% of global fleet built after 2013 won't live up to demands as per EEXI-requirements from next year onwards. Quite a few of those are potential recycling candidates.

Hazardous materials and ship recycling are common aspects of shipping, but often overlooked. Knowhow is key for managing compliance and minimizing risks, from cradle to grave. Many in the industry have yet to develop and implement policies combining the various targets required for reducing their ecological and social impacts. It's well worth the time to investigate efficient solutions and those don't necessarily negatively affect commercial viability. Awareness and experience is essential, great if available in-house. As all is a part of shipping it's required to look into these topics and to remember that the shiniest solutions might create only costs and efforts, but not compliance. Talk to professionals for staying safe and sustainably competitive.

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¹ source: https://shippingwatch.com/carriers/article14252933.ece?utm_source=linkedin&utm_content=article_share_sticky_linkedin