

Hazardous times in Europe?

Ship recycling is thought to be far away from daily ship operations in the mind of shipowners, shipyards and suppliers, but new legal requirements require a much different way of thinking, writes Henning Gramann

Ships sent for recycling get younger and younger due to lots of new tonnage entering the market, resulting in more competition, and improperly designed vessels for today's market conditions get under pressure. A huge number of ships have therefore been demolished since the end of 2008 when the market turned down – with 2012 as record year with 58.7 mill. gt followed by 2013 with 45.3 mill. gt of recycled tonnage.¹ Predictions show that high recycling demand will last for another five to ten years.

Safety and environmental conditions in the ship recycling industry have been criticized for many years. An international solution was aimed for at IMO by developing »International Hong Kong Convention for the Safe and Environmentally Sound Recycling of Ships« (HKC), which has been adopted in May 2009. Since then the market and recycling practices have not changed significantly, only few ship recyclers, which were already offering higher quality services and have detected this as a new niche market, have elaborated on all steps required for reaching compliance with the upcoming legal regimes. These are exceptions which can be found in China, Turkey and India. Pakistan is just about to start as well. However, the majority keeps playing the top dollar game, leaving little to no room for investments in recycling quality. The combination of lacking improvements in recycling facilities and high demand for ship recycling in the past and coming years has led to increased pressure.

The European Parliament has taken action as ratifications of HKC were too slow and its entry into force within the next five years or so is questionable. At the end of 2013 the »EU Ship Recycling Regulation (EU-SRR)«² has entered into force. What are the key aspects decided upon and amendments made in Brussels? The focus of EU-SRR as well as of HKC is twofold: It lies on the documentation of hazardous materials on board



Ships sent for recycling get younger and younger

new and existing ships and platforms³ (Inventory of Hazardous Materials / IHM) as well as the authorization of ship recycling facilities (SRF). For getting on the »EU list« ship recyclers have to show compliance with the Hong Kong Convention plus access to a proper waste management in the hinterland, handling of materials on impermeable floors, and operating from built structures.

What the latter really means is not defined yet and will be an important factor for whether or not the EU regulation will be accepted and change anything.

For ships, the EU-SRR affects the documentation of hazardous materials on board within their equipment and structure and limits recycling options for EU-flagged vessels to EU-approved ship recycling facilities only. The EU-SRR is mostly a copy of HKC and will enter into effect all over Europe between 2015 and 2018. But it contains requirements which make it necessary for shipowners and ship recyclers to prepare early for avoiding problems and bot-

1 Gibson Sale and Purchase Report, »Demolition Statistics for 2013«.

2 Regulation (EU) No. 1257/2013 of the European Parliament and of the Council of 20 November 2013 on Ship Recycling and Amending Regulation (EC) No. 1013/2006 and Directive 2009/16/EC.

3 »Ship« means a vessel of any type whatsoever operating or having operated in the marine environment, and includes submersibles, floating craft, floating platforms, self-elevating platforms, floating storage units (FSUs), and floating production storage and offloading units (FPSOs), as well as a vessel stripped of equipment or being towed.

lenecks in the near future. Many different deadlines apply. The data on the right provides a chronological overview.

Ship recyclers: Beaching in or out?

More than 70 % of all recycled ships have been and are recycled with the so-called beaching method. That means a ship is «delivered» on the beach under full speed where it will then be taken apart. The discussion about ship recycling conditions has evolved because of conditions in the SRFs of Bangladesh, India and Pakistan. All of them apply the beaching method and thus bad impressions are associated with beaching and it is widely considered as «unacceptable». This approach is still maintained by campaigners, legislators and politicians. However, the causes of accidents, risky recycling works and environmental pollution are technically spoken different ones and most health, safety and environment (HSE)-related aspects of EU-SRR and HKC are independent of the recycling method applied. That still needs to be recognized and attention should be paid to the requirements for SRFs which all have to meet for becoming authorized.

In case the by far biggest ship recycling capacity will be banned, not only shortage of EU-legal recycling capacity will appear, also shipowners will be forced to circumvent the EU-SRR by flagging out for getting their ships recycled whenever it is demanded. For good reasons HKC has not banned any recycling method and related guidelines are quite precise on how the requirements are to be met. This year the unclear wording »operation from built structures« in EU-SRR will hopefully be clarified and the industry should hope for a technically fair approach.

Entry into force of EU-SRR	30.12.2013
Application of EU-SRR	Earliest 30.12.2015, latest 30.12.2018
Authorization of SRFs	Earliest 30.12.2014
IHMs for ships	
– New ships*	From 30.12.2015 onwards
– Ships for recycling	When EU list is available, latest from 30.12.2016
– Existing ships	Until 30.12.2020 (incl. all EU visiting ships) or within six months of change to EU flag

* »New ship« when on or after date of application of regulation: (a) building contract is placed; or (b) keel is laid six months later; or (c) delivery thirty months later

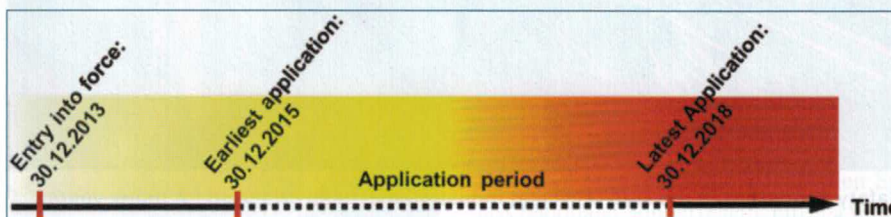


Figure 1: Timeline of EU-SRR

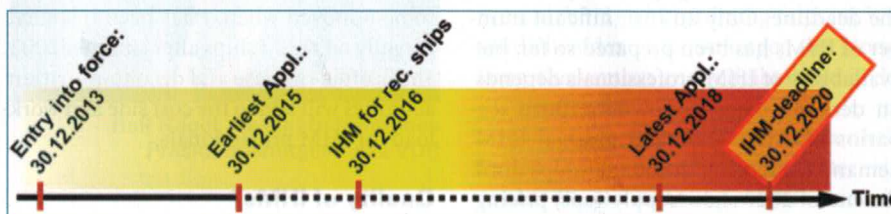


Figure 2: Timeline for IHMs

Ships: The IHM

What an Inventory of Hazardous Materials is and how it is to be prepared by whom has been described in detail before (HANSA 10/2011, pp. 40-46). Unlike the HKC the EU-SRR sets the deadline for IHMs to the end of 2020. Interestingly not only ships flying the flag of an EU member state will be affected but all ships visiting EU ports. This multiplies the number of addressees

and results in approximately 30,000 ships above 500gt which have to have a certified IHM onboard by then. Also two more hazardous materials are to be listed in the IHM of EU ships creating a double standard for suppliers and shipyards as well as for IHM maintenance by the designated persons of shipping companies. The number of ships which are affected creates a real challenge, especially when IHM de-

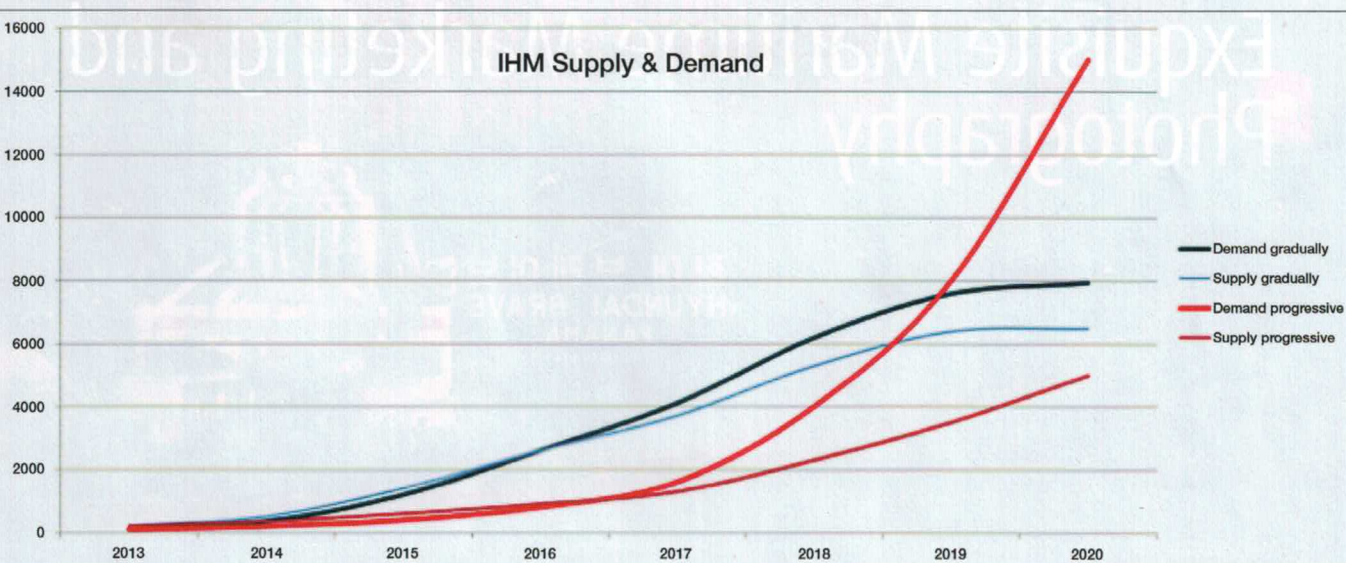


Figure 3: IHM supply and demand scenarios



Safety conditions in the ship recycling industry have been criticized for many years

mand will not increase gradually towards the deadline. Only an insignificant number of IHMs has been prepared so far, but availability of IHM professionals depends on demand from shipowners. Both scenarios of progressive and gradual IHM demand for serving the 30,000 ships until the end of 2020 show supply gaps, pricing will reflect this.

Speaking about numbers, from today on approximately 14 ships per day have to get a certified IHM until the end of 2020, based on a 24/7 approach. According to labour unions maximum daily working time (let's say 10/5) this would result in 20 ships/day.

Basically the sheer number of required IHMs is topped up with the risks of identification of asbestos on board. According to

SOLAS and MSC.1/Circ.1374 asbestos has to be removed when it has been installed illegally on board ships after summer 2002. That's often the case and decontamination activities will add to the cost side and workload for IHM professionals.

Quality of IHMs?

The quality of IHMs is important; they are not only forming the basis for planning of health, safety and environmental aspects of ship recycling. IHMs will also belong to the ship and are to be understood as a technical file describing specific characteristics of a vessel, here the presence or absence of asbestos, PCBs, ozone depleting substances and TBT, at least. In case this description is misleading or inaccurate there is a

risk of legal actions from the buyer against the vendor. Buying IHMs cheap at first may lead to risks, financially as well as by claims from crew members when becoming ill due to exposures while working aboard.

A proper balance between costs and quality is to be found and this challenge has been taken up by the International Hazardous Materials Association (www.ihm-association.org), an international network of IHM professionals providing cost-effective preparation of quality IHMs and soon to start with a training programme for meeting the future demand for IHMs.

Conclusion

The whole industry is affected, from cradle to grave. Others have gone through this many years ago and have more or less succeeded. It's not a new issue, but it's new to the maritime industry. Shipowners as like ship recyclers are the first to prepare, but it is often forgotten that suppliers have to get their documentation («Material Declaration» and «Suppliers Declaration of Conformity») right for enabling shipyards to prepare IHM for their new ships and allowing shipowners timely maintenance of already prepared and certified IHMs.

Are hazardous times ahead? Yes, in case preparations by the maritime industry will not be started very soon, incompliances will become inevitable.

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