

# Responsible ship recycling starts with getting the IHM prepared

Mr. Henning Gramann, CEO at GSR Services GmbH, talks about latest developments concerning ship breaking, highlighting that proper planning and assistance by experts is required for the preparation of an Inventory of Hazardous Material (IHM), as per HKC and EU-SRR. IHMs are technical files which potentially create huge risks for the owners if prepared by unexperienced “experts”; thus Mr. Gramann urges shipowners to be wary of the quality of their IHMs if they would like to avoid being in the headlines due to an accident occurring during recycling on one of their formerly owned ships!

**SAFETY4SEA:** What are currently industry's biggest challenges with respect to ship recycling?

**Henning Gramann:** The biggest challenge I see is sufficient recycling capacity able to handle the big demand in a responsible manner. It has to be noted that China is closing down at the end of this year and Turkey is having troubles like free-falling Lira against US Dollar and steel mills hardly buying any scrap steel from recyclers. These two final destinations are the “expensive side” of ship recycling anyway and only few owners are willing to bear the costs. On the other side, economically viable options are available in the Indian Sub-Continent which withholds the by far biggest capacity to recycle ships. That makes

the selection process and planning of last voyage a key challenge for any owner who wants to act in a socially and economically responsible manner. A lack of sufficient European and EU-approved ship recycling capacity is evident and either today's recycling candidates are small enough, wait for future listings or change their flag and with that get rid of these practical limitations.

**S4S:** What should operators consider for IHM from your perspective?

**H.G.:** Requirements for IHMs are identical for both except that EU-SRR requires two more hazardous substances to be investigated for the IHM. My suggestion is that all ships follow the EU requirements as it comes at a

low additional cost and won't create hassles in case of changing to an EU-flag in future. The key challenge is the huge number of ships falling under EU-SRR. I estimate that out of the ~30,000 ships only 50% will get an IHM in time. What will happen to the rest remains to be seen. Currently a lot of new “IHM-Experts” appear in the market and as this task requires a lot of experience and cross-education, I'm worried about the quality of IHMs produced by the newbies but also some companies which are active since some time. Also many “IHM-Experts” are not using properly accredited laboratories as specified by HKC and their IHMs are formally incompliant even though more attractive in the market as they come at a lower cost.

**S4S:** How likely is that the current situation in the existing ship breaking yards will change following the HKC implementation?

**H.G.:** The situation has tremendously changed in India already; HKC-compliant yards do exist in greater numbers than many think of. The recycling market has already been split into “green” vs. “top dollar”. In case of entry into force of HKC we'll certainly see an increase in the green market and it would level the playing field. Also it would ensure that all parties involved will live up to the requirements and cases where ships are sold for green recycling but the owners are not even providing an IHM will no longer be possible. Also from a legal point of view risks will significantly be reduced and court cases like the one of Seatrade in The Netherlands won't be possible anymore.

**S4S:** When do you foresee the Hong Kong Convention to enter into force? Do you expect any major changes? What are your suggestions?

**H.G.:** That is like reading the big glass-bowl. Entry into force criteria of HKC are tough and I don't think that it'll enter into force soon even though quite a few countries are working on their ratifications.

**S4S:** How would you describe the overall situation at EU ship breaking yards?

**H.G.:** The key market for EU-facilities are smaller and government owned ships where either re-positioning would be too costly compared to their scrap value or other political aspects don't allow this. Except of specialized facilities, like for offshore units, I don't see that their market share will increase greatly even though the legislators of EU-SRR seem to have tried hard.

**S4S:** What about US? What is currently happening to U.S. government vessels that are recycled?

**H.G.:** As far as I know they are all going to Brownsville - Texas. For the US it is a bit tricky to actively play a bigger role in international ship recycling as specific legislation prohibits the import of PCBs (polychlorinated bi-phenyls) above 2ppm whereas export of a concentration up to 50ppm is permissible. For import and export the owner has to proof to US-EPA that the limits are met and that can be very time-consuming and costly. However, the EU has inspected yards in US and we might find on the EU-List soon, if they can be really utilized by EU-flagged ships remains to be seen.

**S4S:** What should be the top priorities for the shipping industry stakeholders towards a more sustainable future for the shipping industry? What is your key message?

**H.G.:** That is relatively simple; seek help to investigate the good options available and only make use of properly HKC-certified recycling facilities. Currently the “green recycling yards” are not fully utilized as too



many owners sell their ships to cash buyers without further restrictions on where the ships they sell shall end up or knowingly opt for top dollar. HKC-compliance comes at a very low cost and starts with getting the IHM prepared.

HKC has not entered into force yet, even though some more ratifications can be expected in near future, and as such it legally doesn't exist. However, it provides the right way forward for all stakeholders. EU-SRR has entered into force in 2013 and is to be applied by the end of this year for new ships. Existing ships being EU-flagged or any other ship above 500GT visiting an EU port are obliged to have a IHM onboard from end of 2020.