

ClassNK
NIPPON KAIJI KYOKAI

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Green Ship Recycling
Services

Trends in Europe for ship recycling

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Introduction

- European Commission (EC) is initiating developments for “European Union” (EU)
 - EU = 27 states, ~24% of world merchant tonnage
- EU countries bound to Basel Convention (European Waste Shipment Regulation, WSR)
 - Ships = hazardous waste
 - Non-OECD countries not allowed for any disposal
 - Exceptions possible, but complicated
 - Disposal includes any recycling activity
- “Basel ban-amendment” implemented via EU WSR
 - Ban to use Non-European OECD countries / facilities
 - Ban includes Turkey

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EC - Investigations

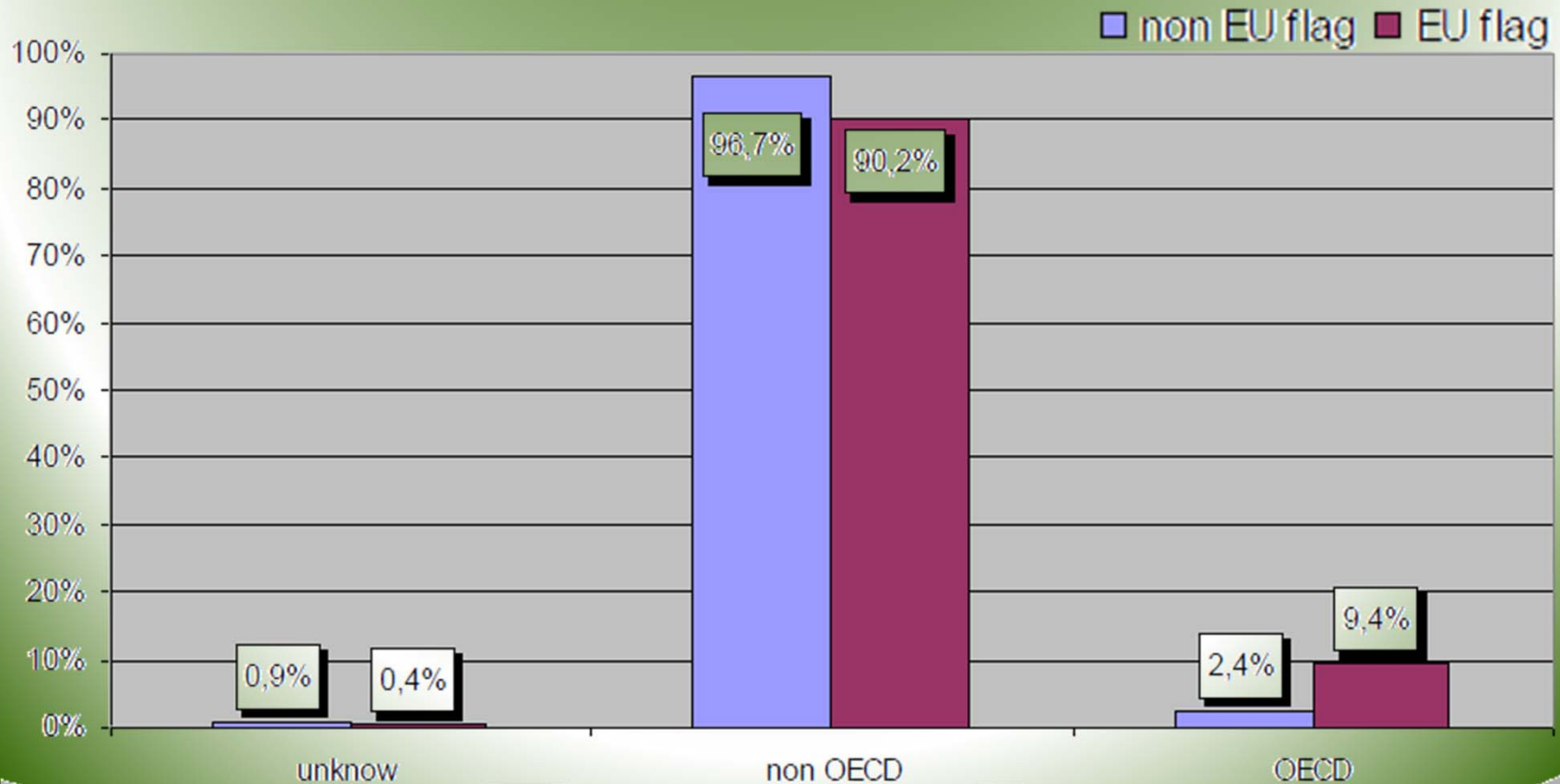
- Equivalent level of control of BC vs. HKC
 - HKC = higher level of control due to wider scope (cradle to grave)
- BC not followed by ships
 - Easy to circumvent
 - Late declaration of recycling intention
 - “normal operation” due to cargo onboard (illegal interpretation of BC)
 - Change of flag etc.
 - Identification of hazardous materials impracticable
 - “Exporting state” = last port of call (why should they care?)
 - “Importing states” = often not able to fulfill BC requirements
 - Same waste management standard like exporting state required
 - Prior written consent procedure unclear (issue of exporter – importer)

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EC - Investigations

Dismantling countries per flag in 2009 (in GT)



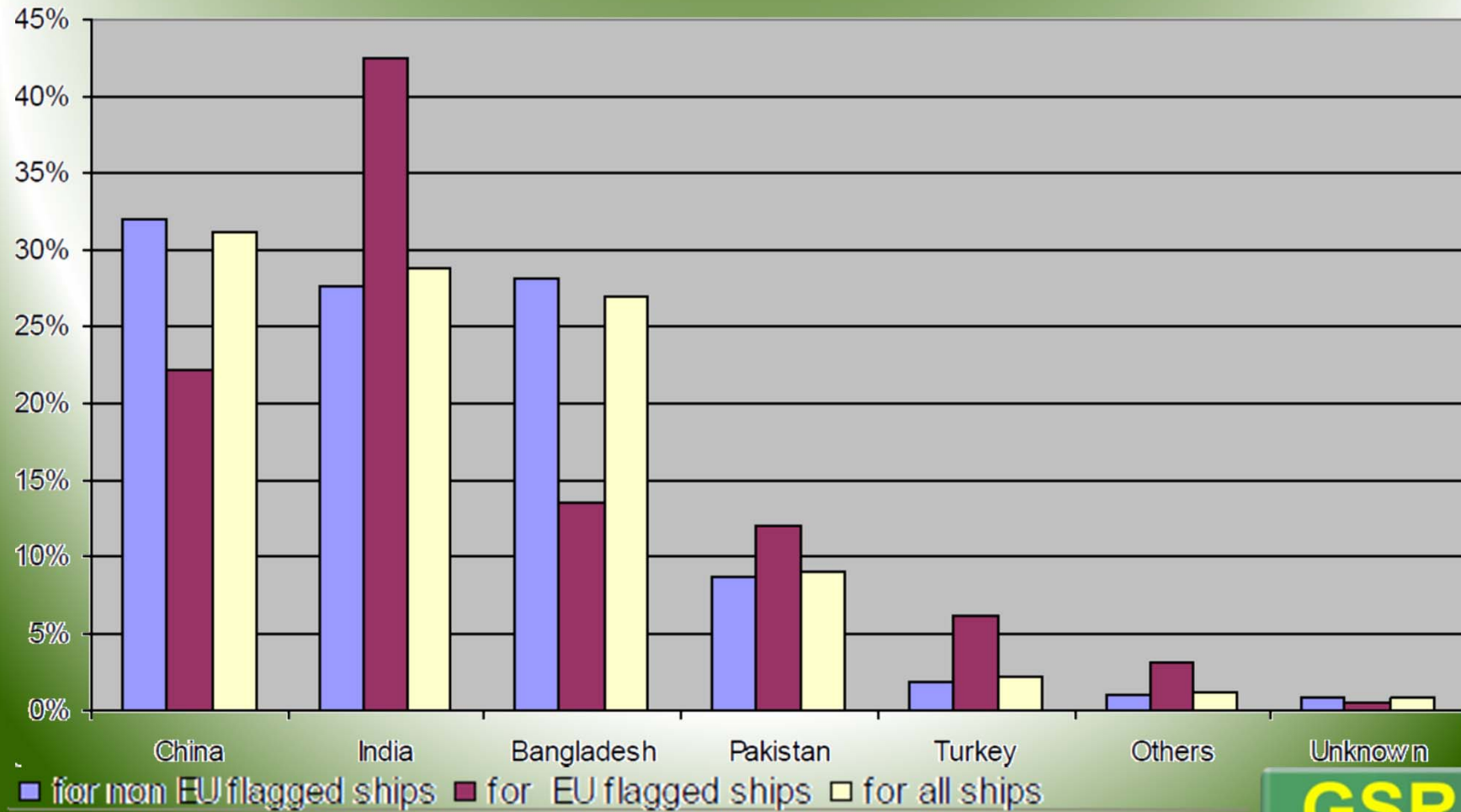
Source: calculation by DG Environment on the basis of data provided by HIS, taken from Mr. Burgues presentation at EMSA Workshop on Ship Recycling in Lisbon, June 27th, 2011

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EC - Investigations

Dismantling locations in 2009 (GT)



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EC - Conclusions

- Current legislation at international (BC) and European levels (WSR) has proven ineffective
 - >90% of recycling ships are not complying
 - ~43% of ships recycled in India come from Europe
- High ship recycling demand continues for 5-10 years
- Early implementation of HKC is a priority
 - If too late: own legislation

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EC – approach

EC “Strategy on Better Ship Dismantling”

- Incorporating the HKC into European legislation
- Requesting member states to:
 - sign & ratify the Convention
 - apply elements of Convention without delay



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EC – important dates

- First draft for a regulation of the European Parliament and of the Council on ship recycling has been proposed by the EC Commission on 23rd March 2012
- The environmental ministers of the 27 member states (ENVI Committee) met on 25th October 2012 for an initial policy debate
- Voting on the draft by the ENVI Committee is scheduled for 20th February 2013
- Adoption of the regulation by the Member States is expected in April 2013
- Regulation is expected to be effective in 2014 – on the third day following its publication

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EC – Draft

- IHM will be mandatory for ships flying EU flag / visiting EU ports:
 - Immediately for new ships
 - Immediately for ships when sent for dismantling
 - 1 year for ships more than 25 years old
 - 2 years for ships more than 20 years old
 - 3 years for ships more than 15 years old
 - 4 years for ships less than 15 years old



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EC – general contents draft

- EU-flagged ships only to be dismantled in recycling facilities on „European List“
 - Prior to publication: only in facilities located in the EU or OECD-member states
 - (old approach: Member states may authorise recycling of a ship independently)



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EC – general contents draft

- Independent certification & auditing of SRF
- Contract between shipowner and ship recycling facility required
- General requirements applicable to ships prior to recycling
- Ships covered by this regulation to be excluded from Waste Shipment Regulation/BC
 - Ships not covered by EC regulation still fall under BC & WSR



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EC – general contents draft: Requirements for shipowners (EU flag)

- EC-IHM equal to IHM-HKC and certificate except of:
 - 2 more substances
 - No differentiation between new and existing vessels
- Select only SRFs from EC-list
 - Independent from SR-country / administration
- Inform flag state about
 - intention to recycle / „Ready for Recycling Certificate“
 - transmit report of planned start and the completion of recycling
- Minimize hazardous wastes prior to delivery
 - Tankers: Safe-for-entry and Safe-for-hot-work certificates

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EC – general contents draft: Requirements for ship recycling facilities

- For facilities designed, constructed and operated in a safe and environmentally sound manner
 - Prepare ship specific ship recycling plan incl.:
 - Establishment, maintenance and monitoring of safe-for-entry and safe-for-hot work criteria
 - Emergency preparedness
 - HSE aspects, training, monitoring
 - Prevent leakages especially in intertidal zones
 - Establish drainage system
 - Treatment of hazardous materials and wastes in an authorized waste treatment facility
 - Only accept European ships complying with provisions
 - Enter only into contracts acc. to Article 9



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EC – general contents draft: Control mechanisms

- *Designation of competent authorities*
 - Member States shall
 - designate the competent authorities for implementation of this Regulation
 - designate contact person(s)
- **IHM certificate surveys (like HKC):**
 - initial survey
 - renewal survey
 - additional survey
 - final survey



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EC – Draft: Sanctions

- Member States shall ensure effective penalties on the (last) owner e.g. for:
 - No inventory of hazardous materials onboard;
 - Sending a ship for recycling
 - without certificates
 - Inventory
 - Ready for Recycling
 - without notification to the administration
 - to a facility not named in European List **within two years of the sale** (no matter who the current owner is!)

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EC – Draft: Sanctions

**Penalties shall, as a minimum,
correspond to twice the price paid
to the ship owner for its ship**

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EC – current discussions

- DRAFT REPORT on the proposal for a regulation of the European Parliament and of the Council on ship recycling (COM(2012)0118 – C7-0082/2012 – 2012/0055(COD))
 - a) Financial mechanism to finance environmentally sound ship recycling,
 - b) Inventory of hazardous materials for all ships calling at EU ports,
 - c) Ship recycling plan for all EU ships going for recycling or older than 20 years, to be approved by the competent authorities,

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EC – current discussions

- DRAFT REPORT on the proposal for a regulation of the European Parliament and of the Council on ship recycling (COM(2012)0118 – C7-0082/2012 – 2012/0055(COD))
 - d) More explicit requirements on ship recycling facilities, not least to exclude beaching, as well as auditing and regular inspection of these facilities,
 - e) Criminal sanctions for violations



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EU Industry reactions

- More shipowners order IHMs
 - ~50% for new ships
 - Advantages: No “hassles” during ship operations, asbestos free ships
 - ~ 50% for existing ships
 - Advantage: cheaper than for new ships, preparation takes less time
- Motivation:
 - Good practice, early compliance, image
 - Continuous improvement under ISO 9001 & 14001
 - Reducing risks for detentions, bans from territorial waters
 - Delays
 - Loosing charter contracts
 - Reducing risks of compensation claims

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Other activities in EU today

- Asbestos surveys pose direct operational risks
 - NL: Asbestos Surveys in Rotterdam with PSC
 - Proposal to Paris MoU to standardize surveys
 - Target ships: all
 - AUS: Asbestos Surveys for ships delivered >2005
- Actions: detentions and/or ban from territorial waters
- Re-flagging: EU countries require asbestos survey
- Key-legislation: SOLAS Reg. II-1/3-5:
 - Since 01. July 2002: Prohibits installation of any asbestos, few exceptions (heat & pressure)
 - Since 01. January 2011: prohibits any installation of asbestos

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EU - SRF : developments

- Three new ship recycling facility projects within the EU
 - ERS (European Recycling Shipyard); Huelva, Spain
 - DDR, northern Spain
 - Trans Dock; Black Sea Coast, Turkey

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EU - SRF : developments - ERS

- Facility previously used as shipyard
- Located in the southern Spain
- Relevant permissions granted
- Facility is a service provider working with the principle of „open books“
- Ship equipment, e.g. engine, propeller, could be returned to ship owner if required
- Operative: very soon

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EU - SRF : developments - ERS

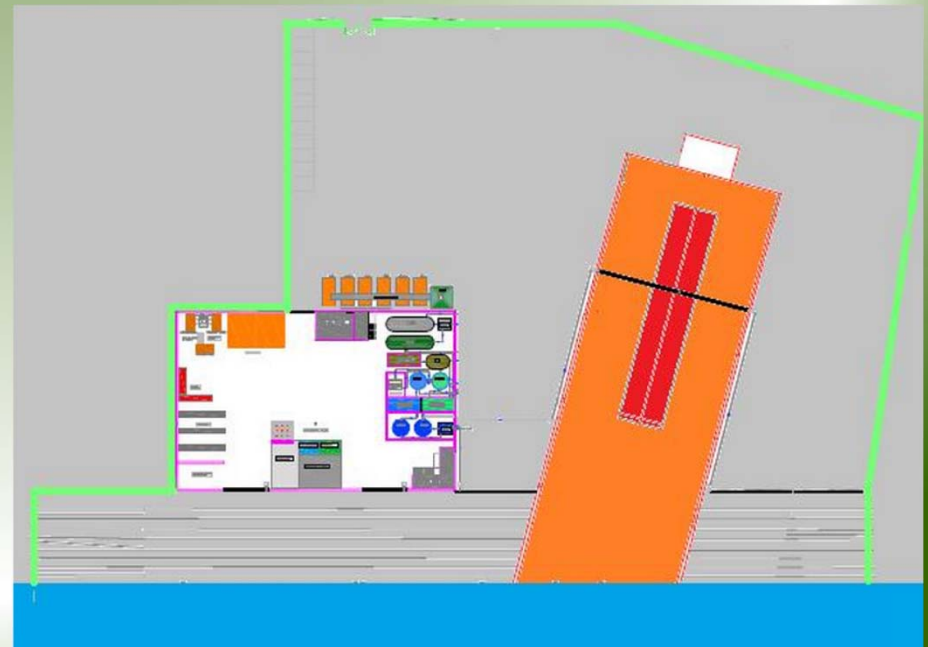


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EU - SRF : developments – DDR

- Located in the North of Spain
- Small to medium sized vessels (max: 200m)
- Development of techniques
- Full material management on-site
- Operative: ~2013



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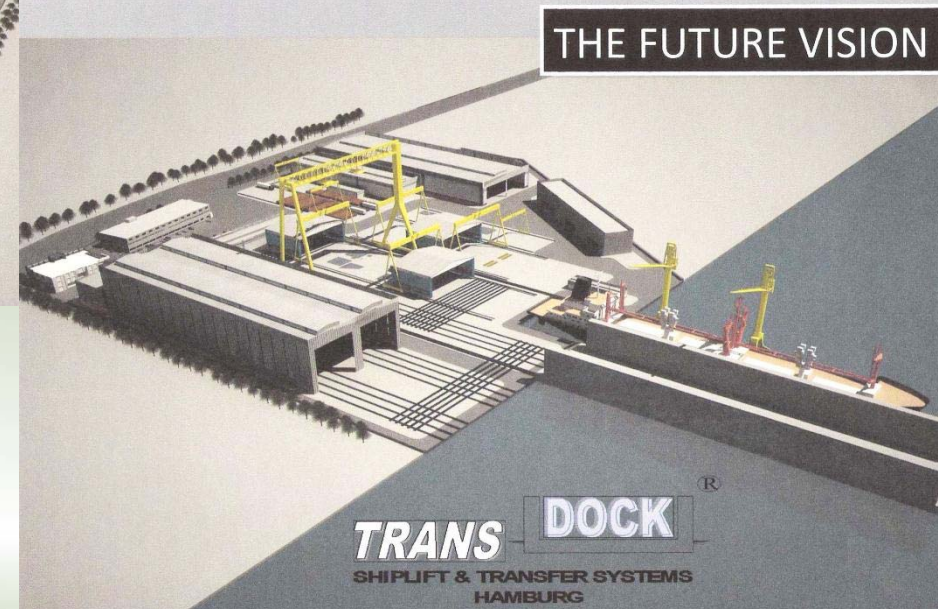
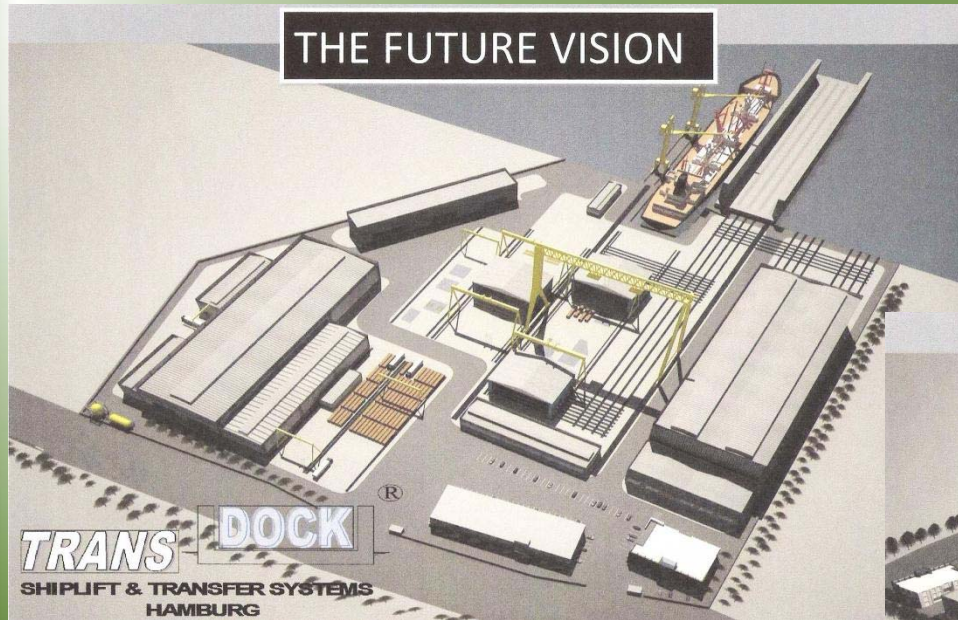
EU - SRF : developments – Trans Dock

- Located at the Black Sea Coast, Turkey
- Relevant permissions granted
- Facility still in planning phase
- Owner is partially looking for investors
- Operative within 6 months

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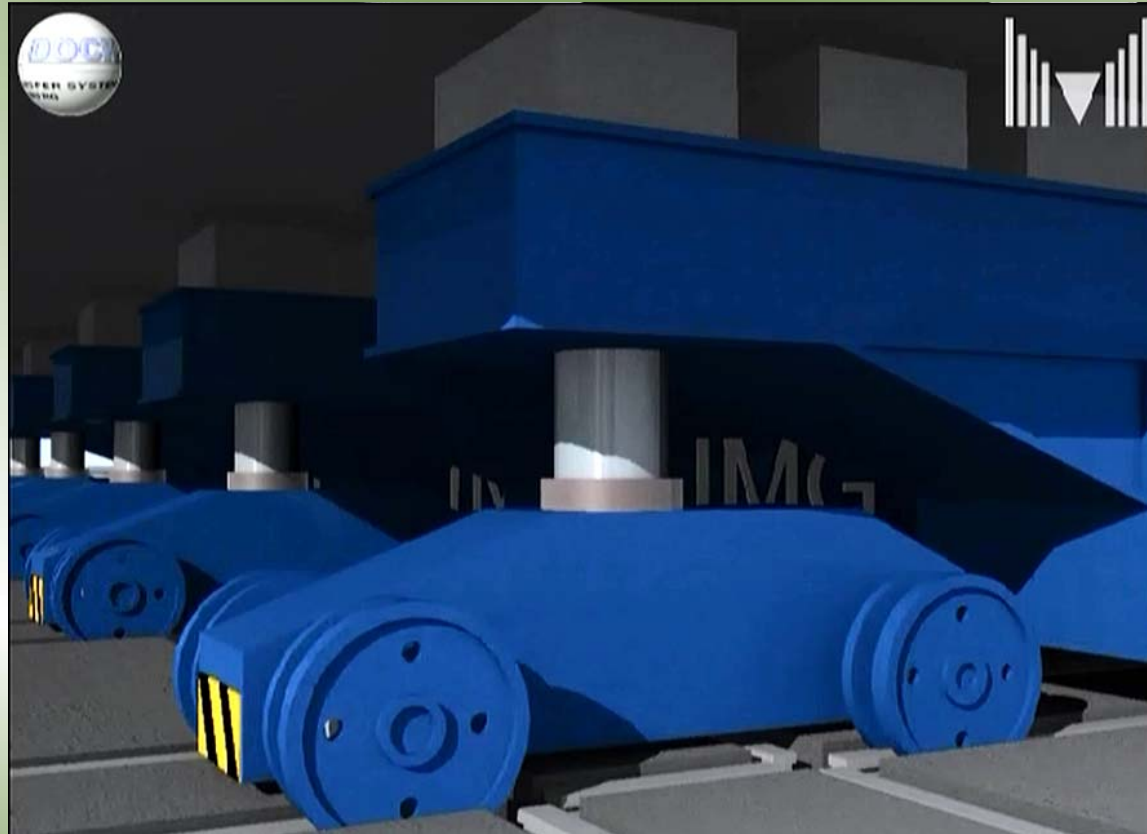
EU - SRF : developments – Trans Dock



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EU - SRF : developments – Trans Dock



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13.12.2012

ClassNK Seminar "Ship Recycling", Tokyo, Japan



Ship Recycling as seen today

- (light) Green recyclers: China and Turkey
- Biggest recyclers: India, Bangladesh, and Pakistan
 - ISO 30000 certificates questionable
 - Political / legal conditions keep changing
 - Re-negotiations of prices
 - Lack of training, control and enforcement
- Big merchant ships prefer Asia
 - Prices paid currently: ~ 350 - 450 US\$ / LDT1
 - Re-location costs vs. LDT important factor for decision “where”
- Maritime industry moves slowly but steady towards HKC-compliance

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Conclusion

- EC is finding its way, HKC is generally way forward
- Differences of HKC & EC-draft create additional work
- Individual approach for facilities, not countries
- Time for implementation could be much less
- Recent experience shows more obstacles for maritime industry
 - Continuous use of asbestos
 - Delayed deliveries & decontamination costs
 - Operative risks
 - Bans from territorial waters, etc.
 - Lack of “green & competitive recycling capacity”
 - Legal uncertainties continue till any entry into force



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Conclusion



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Thank you for your attention!

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