



NGO SHIPBREAKING PLATFORM

UNDERSTANDING THE ILLICIT BUSINESS OF SHIPBREAKING

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The problems

High risk of accidents and damage to workers' health

Lack of proper medical and healthcare facilities

Breach of labour rights

Emissions to sea and ground in intertidal zone

Emissions to air, also at steel rerolling mills

Poor or no proper treatment of hazardous wastes

Poor quality and misleading 3. party surveys

Lack of transparency

90,4% of global tonnage



518 ships sold to South Asian ship beaching yards



35 workers lost their lives
39 workers severely injured







'If you talk about the problems, you're fired'

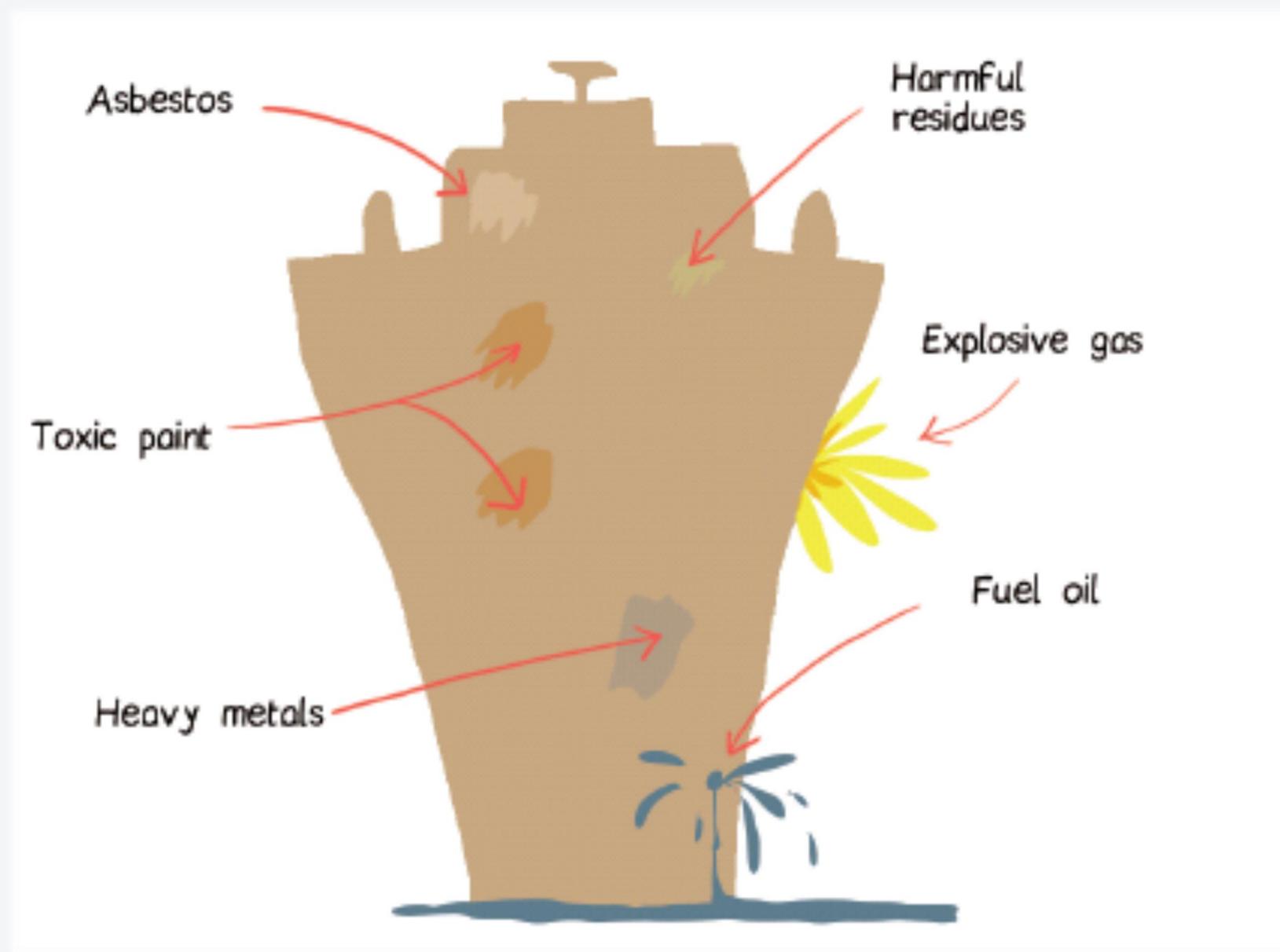
Danwatch's investigation in Alang on the practices of Maersk



Externalisation of costs

Polluter Pays Principle /
Extended Producer Responsibility

Requires that the beneficiaries of global shipping, or a single ship owner, must be held accountable for the true costs and liabilities of their vessels at end-of-life



Relevant legislation



UNEP Basel Convention

Exporting-State Jurisdiction

Adopted 1989, entered into force in 1992

Controls transboundary movement of hazardous waste with a view to protecting developing countries

Incorporated at the EU level under the **Waste Shipment Regulation**



EU Ship Recycling Regulation

Flag-State Jurisdiction

Applicable as of 31 December 2018

High Standards

List of approved facilities and Independent third party audits

Financial incentive can be added



IMO Hong Kong Convention

Flag-State Jurisdiction

Adopted 2009, not yet entered into force

Ignores Downstream Waste Management

Allows BEACHING

Denounced by NGOs, UN Special Rapporteur and European Parliament



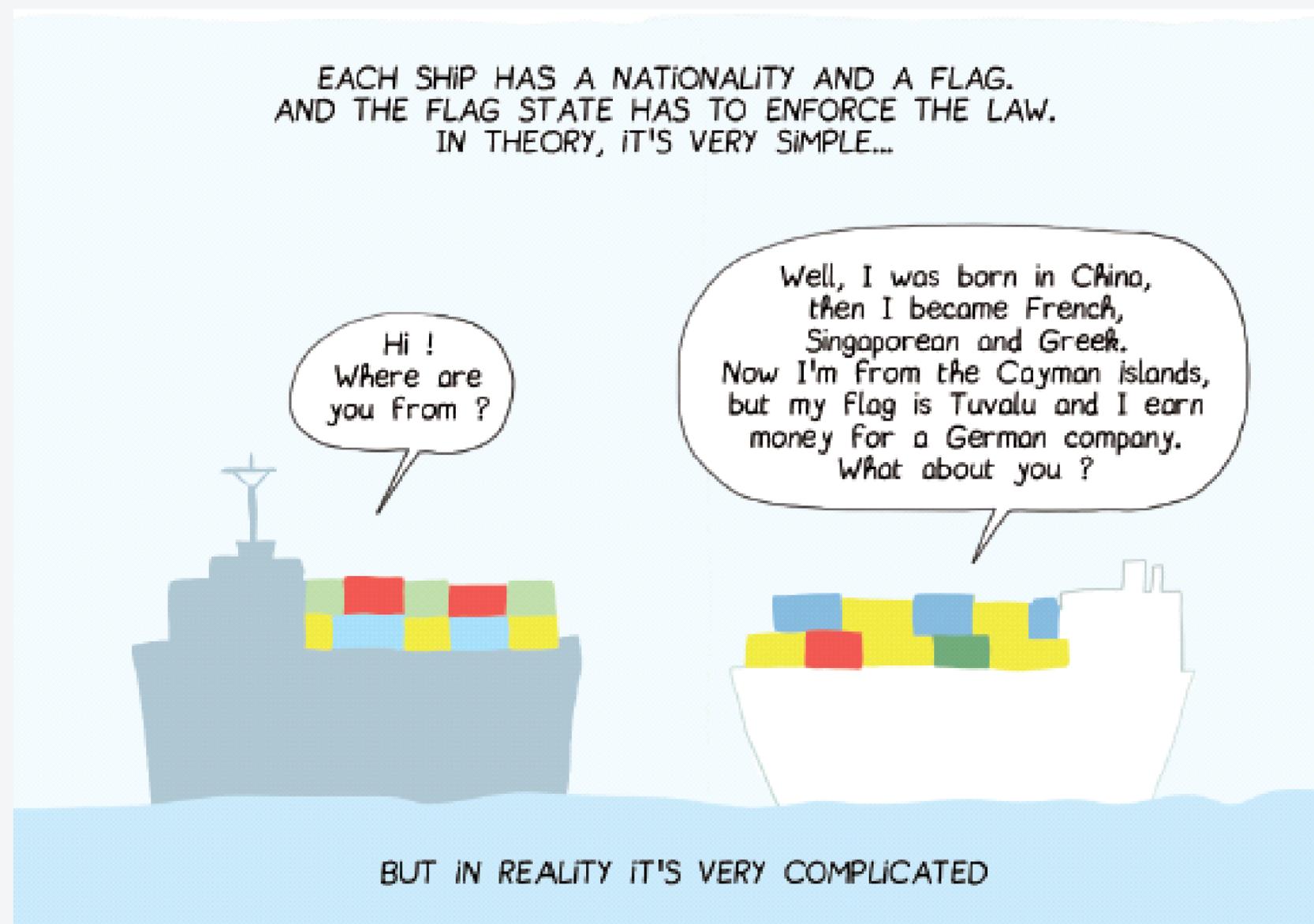
SHAME: I.M.O. Dumps TOXIC SHIPS on Beaches
NGO Platform on Shipbreaking

大巴士 香港觀光遊 **TOUR OF HONG KONG** THE RED BUS COMPANY

Easy circumvention of the law...

For non-EU flagged vessels covered by the Basel Convention or EU Waste Shipment Regulation: Simply issue a false declaration of intent, such as “further operational use” or “repair work”... or simply just plot in AIS: “Steaming for Sunshine”...

For EU flagged vessels under the EU Ship Recycling Regulation: Simply swap to non-EU flag, typically a Paris MoU grey- and black-listed flag...



NUMBER OF SHIPS DISMANTLED IN SOUTH ASIA SINCE 2009

And their country of origin

GADANI PAKISTAN

ALANG INDIA

CHITTAGONG BANGLADESH



Criminal Liability

Seatrade

Dutch court sentences Seatrade to heavy fines and forbids two company executives from exercising their profession for 1 year
Court decision based on the INTENT to sell vessels to India



Dutch court informs that Holland Maas Scheepvaart Beheer II BV, a subsidiary of WEC Lines, has been fined for illegal export and that the company has settled EUR 2.2 mill





Other legal cases and ongoing investigations

-  **MAERSK**
-  **ODEBRECHT**
-  **GMS**
Leadership
-  **EIDE**
EIDE MARINE GROUP
-  **WIRANA**
SHIPPING CORPORATION
-  **ACL**
-  **GRIMALDI GROUP**
-  **DIAMOND**
OFFSHORE
-  **GMS**
Leadership
-  **SB**
OFFSHORE
-  **PRIYA BLUE**
-  **CMB**

Compensation claims



Leigh Day



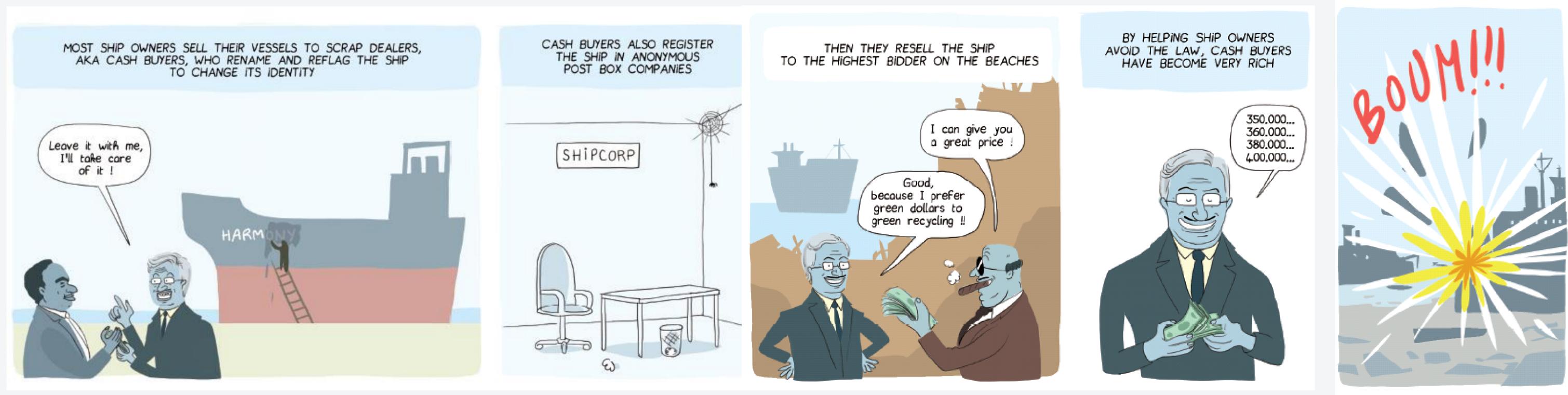
ZODIAC MARITIME AGENCIES LTD

Bangladesh worker was seriously injured when breaking a Zodiac vessel

Represented by law firm Leigh Day, he claims compensation from Zodiac in UK

The case was settled to the satisfaction of the worker

Cash buyer = scrap dealer



Flags of Convenience

Ship owners often change the flags of their vessels just before the last voyage to the shipbreaking yards in order to reduce costs and take advantage from light regulatory burdens. These flags are often grey - or black-listed flags from tax havens and non-traditional shipping nations like Comoros, Palau and St Kitts & Nevis.

There is a huge discrepancy between the states in which ship owners are based and the flag states that exercise regulatory control over the world fleet.

End-of-life Flag States

Panama and Liberia are the main granters of flags of convenience also during operational life.

- Palau
- Comoros
- Panama
- St Kitts & Nevis
- Liberia
- Niue
- Togo
- Tanzania
- Thailand

Ship Owning States

Ship owners from these countries benefit from the use of flags of convenience.

- United States of America
- Greece
- United Arab Emirates
- India
- Russia
- Unknown
- Singapore
- Germany
- Malaysia
- Thailand
- South Korea
- Indonesia
- Japan
- China
- Nigeria
- Cyprus
- United Kingdom
- Hong Kong
- Taiwan
- Norway
- Canada
- Morocco
- Syria
- China
- Chile
- Turkey
- Belgium
- Ecuador
- Kuwait
- Lebanon
- Ukraine
- Venezuela
- Marshall Islands
- Philippines
- Bermuda
- Brazil
- British Virgin Islands
- Denmark
- Egypt
- Finland
- France
- Iraq
- Myanmar
- Netherlands
- New Zealand
- Pakistan
- Panama
- Peru
- Romania
- Saudi Arabia
- Seychelles
- St Kitts & Nevis
- Sudan



Fraud & greenwashing



False Inventories of Hazardous Materials (IHM)

Hazardous materials are not declared, and thus not properly managed



Statements of Compliance with the Hong Kong Convention (HKC SoCs)

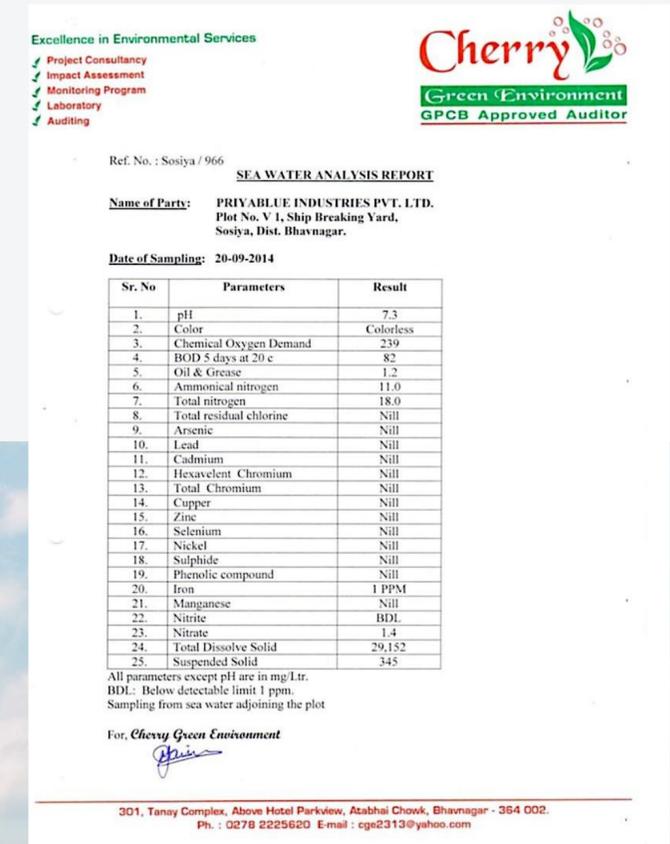
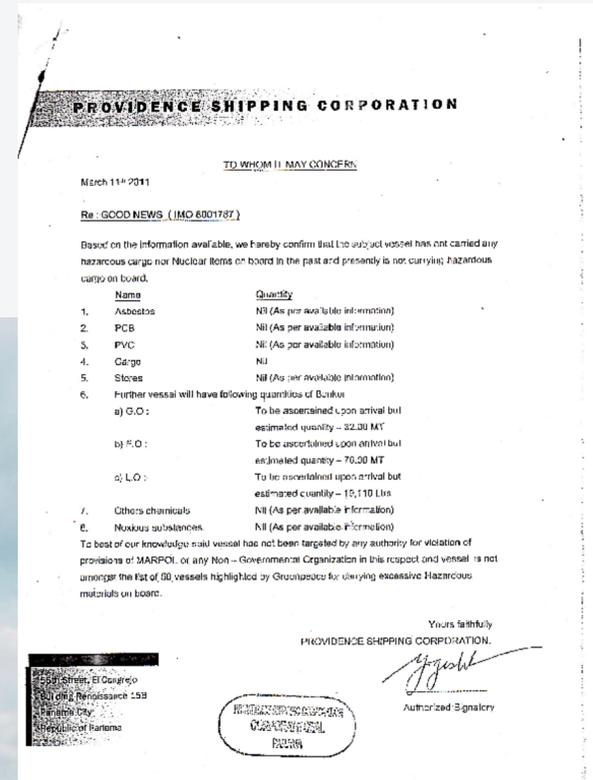
Box-ticking exercise

Subjective interpretation of weak standards

Poor environmental monitoring accepted and downstream waste management ignored

Classification societies as private consultants (not ROs)

90 HKC SoCs already issued



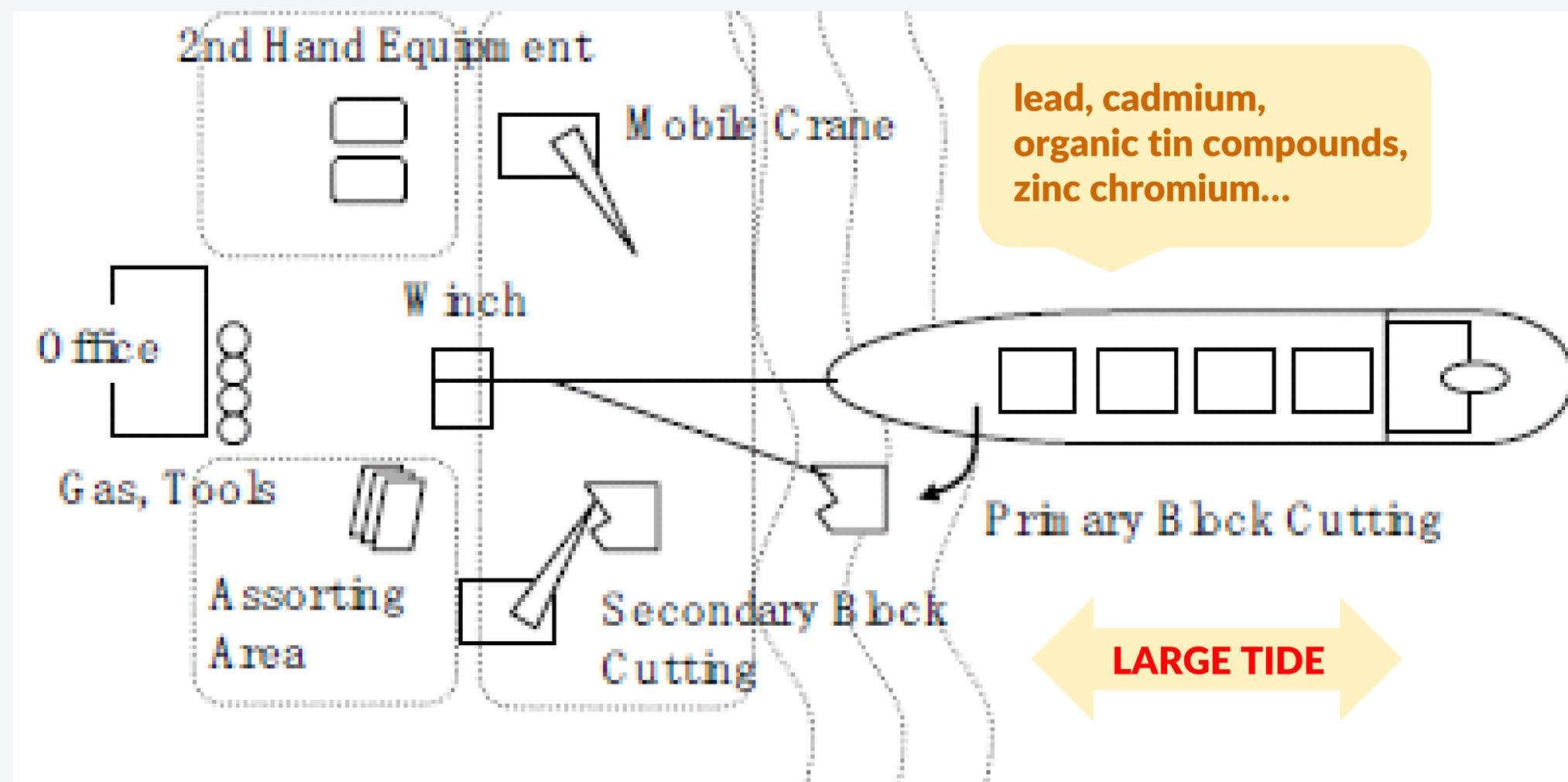
“Intertidal landing” is beaching

Impossible to contain pollutants

Lack of access for emergency equipment



Poor environmental monitoring



Extended Responsibility



Insurer and Marine Warranty Surveyor also under investigation for having aided Wirana to illegally export the vessel from Norway

Turkish authorities do not authorise the recycling of the Harrier at Aliaga yard SOK before the fine and clean-up costs of Izmir oil spill are paid: USD 4.8 mill

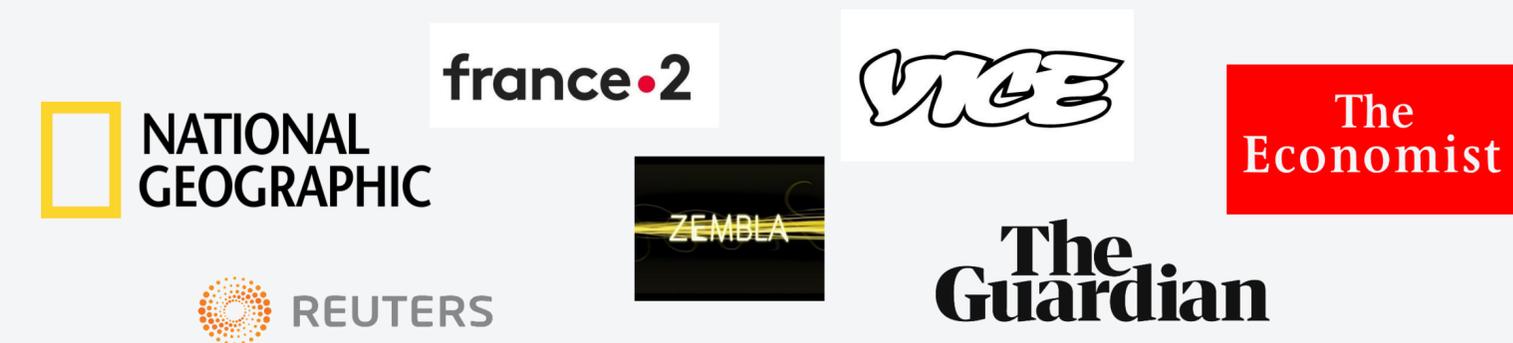


Mitigating risk: due diligence

Factoring in social, environmental and governance criteria, not just financial return

Due diligence extends to the company's entire corporate structure, including controlled companies, as well as its business relationships

UN Guiding Principles on Business and Human Rights:
 13. The responsibility to respect human rights requires that business enterprises: [...] (b) Seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts.



SOLUTION

EU List: guarantee and opportunity

34 yards currently recognised as meeting ship recycling standards

Several yards operating under capacity

Dormant capacity & new yards

Scrap steel: circular economy and green jobs

Waste management opportunities

Robust market differentiator

Competitiveness based on use of state-of-the art technologies



Some final facts and thoughts...

- Upcoming environmental laws on sulphur and ballast water will push more vessels off the market
- Shipping is a strongly subsidised industry – tonnage tax, exemption from tax on ship fuels and fiscal exemption for seafarers in EU account alone for an estimated 3 billion EUR tax reduction according to OECD which in a recent report questions the « value for money » in light of the weak social and environmental performance of shipping
- Shipping is also one of the least transparent industries – why is data on beneficial ownership not publically available?
- Quote of the day: “ *We understand and share people’s frustrations that assets such as these are leaving to be dismantled in other countries, especially when ports such as ours are licensed and ready to accept these projects*” - Port of Cromarty Firth, Scotland



Role of NGOs: from pollution to solution
fact-finding, advocacy, advice, litigation - support our work!



@shipbreakingplatform



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