

OUR VIEW

We welcome the ratification of the Hong Kong Convention as ship recycling shall be subject to clear and ambitious international regulation.

We support the EU ship recycling regulation which requires all vessels calling an EU port to carry an inventory of hazardous materials (IHM) onboard.

Ultimately, the only way to ensure environmental protection and health and safety of workers at recycling facilities is to impose global requirements, i.e. .., the Hong Kong Convention. The EU Ship Recycling Regulation is not a global regulation but may be an intermediate step in the right direction. The EU's list of approved facilities can be a powerful tool for improving conditions in South Asia, where most recycling takes place, provided the EU demonstrates a genuine commitment to approving these facilities and they are not excluded for political reasons.

Ship Recycling

On a global basis, approximately 750 ships are recycled annually. About 75 pct. of these ships are recycled in South Asia (Bangladesh, India, and Pakistan), where environmental protection and safe working conditions historically have not been sufficiently prioritized. Danish Shipping finds high standards imperative within the recycling industry no matter where it takes place.

The Hong Kong Convention

In June 2025 the Hong Kong Convention for the Safe and Environmentally Sound Recycling of Ships will come into force. The convention ensures that recycling facilities comply with international standards, and that they can handle hazardous materials safely. The facilities must be approved by the local authorities. Furthermore, the convention requires that prior to recycling all hazardous materials on board are listed to enable the recycling facility to handle these materials in a safe and environmentally responsible way.

The convention was adopted in 2009 and we expect that IMO will initiate a revision of the convention as soon as it comes into force in 2025 to address the latest innovation in the industry.

The EU Ship Recycling Regulation

The EU Ship Recycling Regulation (SRR) was adopted in December 2013. The regulation is based on the requirements of the Hong Kong Convention but goes further in two main areas. First the SRR will require EU flagged ships to be dismantled only at EU approved recycling facilities. Secondly, the SRR requires all ships calling EU ports to carry an inventory of hazardous materials (IHM). Danish Shipping supports the requirement for an IHM as it is a very important tool for a recycling facility when planning the recycling of a vessel in a safe and environmentally sound manner.

Alang, India, is a major ship recycling area. The standard of some of the facilities in Alang is today at a level which is approved by recognized class societies. Some of the most advanced facilities have invested in methods and equipment ensuring that the vessel is decommissioned without any steel blocks touching the intertidal zone (including bow and stern). These facilities are now competing on high social and environmental standards and are inspiring other facility owners. This positive development should be supported, and the EU list of approved ship recycling facilities could be a perfect instrument to incentivize these improvements. It will be a missed opportunity for increasing the standards of the facilities in the area if the EU fails to recognise the work done by these facilities.

Guidance

Due to the lack of sufficient international regulation in the past the International Chamber of Shipping (ICS) has issued guidelines for the sustainable and safe recycling of ships. The guideline *Transitional Measures for Shipowners Selling Ships for Recycling* addresses both the requirements of the Hong Kong Convention and the EU Ship Recycling Regulation. We support the use of this guideline when recycling vessels.



A majority of vessels are recycled in South Asia, more specifically India, Bangladesh and Pakistan, where environmental protection and safe working conditions historically have not been sufficiently prioritized.

Photo credit: Y.S. Investments, Plot 59, Alang, India.

FACTS

- Approximately 16 million GT of vessels are currently recycled annually and approximately 88 pct. of this tonnage is recycled in South Asia.
- Typically, a ship's life expectancy is 20-30 years and most Danish ships are sold when they reach 10-15 years of age. Meanwhile, for various reasons, ships are being recycled at a younger and younger age.
- An average of 12 member vessels has been recycled annually over the last 8 years.
- A recycled merchant ship has a market value of several million USD due to the large amount of reusable steel and other components in the vessel.

DANISH SHIPPING'S RECYCLING POLICY

Selling vessels

Danish Shipping recommends that members carefully evaluate whether it is likely that a sold off vessel will be recycled shortly after a change of ownership. If the likelihood is high, the owner should carefully assess the potential buyer prior to the sale and obtain assurance from the new owner guaranteeing responsible recycling. This could for instance be done via a clause in the sales contract stating that the new owner is obliged to ensure recycling in compliance with the Hong Kong Convention, in case the vessel is recycled shortly after takeover.

Recycling vessels

Danish Shipping actively engages with members who wish to recycle ships, and until the Hong Kong Convention comes into force (2025), the association encourages its members to follow the guidelines of the Hong Kong Convention as well as some additional measures:

- Ensuring that an inventory of hazardous materials (IHM) is available on the vessel prior to recycling
- Selecting a facility based on one or more audits of the facility
- Utilizing the international shipping association BIMCO's Recyclecon - a standard contract for the sale of vessels for green recycling, when entering an agreement with the recycling facility
- Establishing a site team overseeing the recycling of the vessel or conducting audits during the recycling process
- Following the ICS Transitional Measures for Shipowners Selling Ships for Recycling.