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Solutions for the responsible recycling of ships

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STAVROS DIMAS AT EP 25 APRIL 2006

SOLUTIONS FOR RESPONSIBLE RECYCLING OF SHIPS

Ladies and Gentlemen,

I would like to start by expressing gratitude on behalf of the Commission to the European Parliament, its Honourable Members, Ms Hennis-Plasschaert and Mr Sterkx, and the NGO platform, for organizing this event on the dismantling and recycling of ships. This is a pressing environmental, economic and social issue of a global dimension in which the EU can and should play an important role. We fully share the concerns expressed regarding the significant environmental and safety problems involved. The problems are acute and for that reason the issue is one of the top priorities on the Commission's agenda. We have to ensure correct application of Community legislation, but at the same time assess the options that can be used to improve the situation from a broader perspective.

Unsafe dismantling of ships

In most cases, the dismantling of ships today is not done properly. For example, ships are dismantled on beaches in Southern Asia under poor conditions that put workers' health and safety and the environment at risk. The information made available to us by the International Labour Organisation, and by NGOs concerned with the environment and human rights, shows that too many workers are killed or injured by accidents or are exposed to toxic substances. On the environmental side, because there is not the equipment needed to deal with the hazardous substances contained in old ships - such as asbestos, oil sludge and PCBs - there is pollution of the water and soil in these coastal areas, which in turn affects natural habitats and fishing grounds.

More old ships will go for dismantling

As you know, the EU is seeking to make shipping safer. For example, we want to prevent further environmental disasters like the "Prestige" and "Erika". We have therefore introduced and supported the obligatory phasing-out of single-hull tankers under Community legislation and international conventions. Consequently, the number of end-of-life ships to be scrapped will increase considerably in the next few years. This increase has not happened yet to the extent predicted, mainly because ships are being used for longer to meet transport needs in Asia. But it is certain to come eventually.

The dilemma of strict regulation

Under EU legislation, we consider that the transfer of end-of-life ships containing hazardous substances from the EU to countries outside the OECD constitutes export of hazardous waste. This is prohibited under the Community's Waste Shipment Regulation, and the Commission will not hesitate to ensure that this prohibition is properly applied and enforced in the Member States.

However, let us not close our eyes to some of the side-effects. Whenever there is a stringent regulation, there is always the temptation to try to evade or circumvent it – especially when this is economically advantageous.

Indeed, we know from current practice that there is a great temptation to send ships for dismantling illegally - and we also know that it is particularly difficult to do anything about this. So not only do we need to ensure that our legislation with is implemented strictly, but we also need to look at additional ways of fighting illegal behaviour.

Need for a level playing-field

Some 20 years ago, ship dismantling facilities were common in Europe too, but now nearly all of them have disappeared. Labour costs - and safety standards - were undercut by the demolition yards in Asia, and still are. Also the booming demand for steel in the developing countries of South and East Asia makes the dismantling of ships economically more attractive in that region.

Let me be clear – I am in favour of an effective market for recycling and secondary resources – but there have to be minimum standards of environmental and social safety.

Unfortunately, we are a long way from having a level playing-field for ship dismantling on a global scale, which means that the facilities with the lowest, and usually inadequate, environmental and safety standards are economically more successful than the competition. This is not acceptable.

There is an urgent need for stricter binding international rules. The International Maritime Organisation (IMO) is currently discussing a draft convention on the safe and environmentally sound recycling of ships. The Commission welcomes this initiative. Mandatory requirements for a ship reporting system under the IMO should be established as soon as possible. This system should meet all the Basel Convention provisions on shipment of waste. We count on the IMO to deliver this as soon as possible.

In my view, it is particularly important that minimum requirements for the environmentally sound management of ship recycling are made binding worldwide, and that compliance with these requirements is guaranteed by an effective system for authorising and auditing recycling facilities. There should be independent international certification bodies providing reliable and unbiased assessments to ensure that we can trust the system.

EU needs to act now

However, these international solutions will not come overnight and we cannot afford to wait too long. We need to have a better international system in place by the time most of the single-hull oil tankers and other vessels are due for scrapping.

But although we need to work towards more robust international rules on ship-dismantling, we also need to act in the EU. And there is room for action. There are three levels at which this action could be taken.

Firstly, the shipping industry should be able to take initiatives on a voluntary basis. The high price of steel continues to make the dismantling of ships economically attractive for owners and the improvement of environmental and safety conditions in recycling yards would not create an intolerable burden. In the spirit of Corporate Social Responsibility, shipping companies should send their end-of-life ships only to facilities that comply with the current technical guidelines of the IMO, the Basel Convention and the International Labour Organisation.

Secondly, the governments of the EU Member States should set an example demonstrating responsible management of end-of-life ships with the vessels they own themselves: warships, ice-breakers, and so on, especially as these state-owned ships, are likely to be excluded from the scope of any international convention worked out by the IMO. In fact, we are already seeing the first examples of good practice: the UK Government has just presented a national Ship Recycling Strategy for public consultation. It clearly addresses the problem and describes policy options for government ships and gives recommendations for commercial ships. This UK national strategy for environmentally safe dismantling could serve as an inspiration for other flag states in the EU.

Thirdly, we can take action at EU level towards an EU-wide strategy for ship dismantling and recycling. We can look at the viability of re-establishing ship

recycling facilities in the EU, including perhaps in the countries that are candidates for the next enlargement. International waste shipment law is very strict in preventing movements of hazardous waste to developing countries. That is why we need facilities where ships that reach the end of their life can become waste. In some - or even many – cases, this will be in the EU.

I can promise that we intend to look carefully at all aspects of the safe dismantling of end-of-life ships. We will consider a number of questions.

- What are the present and projected ship dismantling capacities in the EU and neighbouring OECD countries?
- To what extent is capacity needed in the EU, and how far is it technically and economically feasible?
- What are the requirements for a safe and environmentally sound ship dismantling facility, and what are the environmental and health implications?

Initially, I believe that, at least a minimum level of environmentally sound recycling capacity in Europe and neighbouring OECD countries has to be maintained or re-established. The warships, ferries and other ships that regularly operate in European waters need to be dismantled safely at the end of their lives.

Of course, this will not come for free – significant investment could well be required. While in the long run such activities have to be economically viable, to begin with some initial public support might be needed to get things moving swiftly. Community funds, like the structural funds, might serve as one source of support, and the present state aid rules should be adjusted accordingly. If we are clever and forward-looking, we might be able to provide new economic possibilities for the less developed regions of the EU that have suffered from the

closure of shipyards. Recent increases in the prices of raw materials should mean that recycling quickly becomes a more profitable business.

This brings me to my final point. It is not enough just to clean up our own act. We must work to ensure that recycling facilities throughout the world meet the right standards in terms of environmentally sound management and the safety and health of workers. But we need the assistance and know-how of the shipping industry, and the other industries responsible in the whole of the EU, to help the developing world meet globally acceptable environment and safety standards for the dismantling of ships.

Final remarks

To conclude, we need a balanced and well conceived EU strategy for ship dismantling and recycling. This must take into account the interests of all stakeholders, both in the EU and in emerging economies outside the EU. And at the heart of any such strategy must be the principles of safety and care for the environment.

I thank you for your attention.

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