The implications of lobbying in the EU against the ship recycling industry in South Asia

The ship recycling industry has been active for the last 50 years in the South Asian countries, namely: India, Bangladesh and Pakistan. In those times it has not yet managed to attract praise or even some supportive reviews from the developed world. That is because, for the Western world, ship recycling is a ‘dirty’ job, left to the hands of the people living in ‘underdeveloped’ countries in Asia, who, on the other hand, have been gifted by nature with extensive coastal lines, where ships are “beached” so that the recycling process can take place.

Decades of sending old vessels for cutting to the South Asian coasts has enforced a bad image for the ship recycling industry, leading to a lot of international stir, and prompting environmental non-governmental organisations (NGOs) to intervene with the purpose to ban recycling activities at the major recycling countries of South Asia. This has also encouraged protests by human rights activist groups and local trade unions, demanding better working conditions for the thousands of workers who are flocking to work at the ship recycling yards, often from distant regions (with some of them having never seen a vessel or even the sea before) and also demanding that child labour must stop, a practice that everyone condemns in any form and in any business sector (textile factories, crop fields etc.) not just in ship recycling.

Running a ship recycling yard has been a private business for many decades, requiring the yard owners to invest their own funds with zero monetary backing by the government, and although the land (or yard plots as they are called), belongs to the government or individual owners who rent them out, usually on multi-year leases. And yet, although in the past few years there have been significant improvements from private investments in the ship recycling sector of India and so far in one model recycling yard in Bangladesh, neither the international shipping community nor the South Asian governments have been interested in extending a helping hand. The public contribution that has seen the light of the day on behalf of the South Asian governments so far at the ship recycling locations, is the building of a training center and hospitals for the workers of the recycling facilities, however, not in imminent proximity to the yards.

More astonishingly, a new lobby group formed by EU environmentalists who are pledging support to the protection of the global eco-system have managed to penetrate several political parties and influence European Parliament members against any kind of help or support towards the improvement of the ship recycling industry in South Asia, although as mentioned above, there has been tremendous progress and development in the standards and the working conditions of almost 50% of the ship recycling facilities that are actively operating in Alang, India. The numbers available from the Gujarat Maritime Board speak louder than words: out of a recorded total number of 120 registered ship recycling yards in Alang, 45 yards have been developed up to the standards set by the Hong Kong Convention for the Safe and Environmentally Sound Recycling of Ships (HKC) and therefore have obtained a Statement of Compliance (SOC) with HKC issued by international Class Societies (such...
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as RINA, ClassNK and IRCLASS), whereas another 15 yards are now working towards HKC certification, already making a total of 60 yards.

Earlier last year, the international ship recycling community saw a new regulation issued by the EU Committee responsible for the welfare of maritime affairs, according to which, any floating asset registered under an EU country flag, must be recycled at an EU approved ship recycling facility. For this purpose, a list of EU-approved ship recycling facilities has been issued featuring approved facilities located exclusively in the EU with a provision to be revised and re-issued at the end of 2017, with the inclusion of more facilities and (hopefully), more locations outside the EU. So far, there have been 6 applications sent for inclusion in the EU approved list by 6 ship recycling facilities located in South Asia, namely in Alang and Chittagong, all of them holding a SOC with HKC, proving their eligibility to work under the guidelines set by the Hong Kong Convention for the Safe and Environmentally Sound Recycling of Ships.

However, the bad-mouthing and the news distortion appearing in the print articles of a small minority of activists who do not wish to see those certified yards making it into the EU approved list, has reached new heights. Instead of putting an effort to raise funds out of their comfortable living to help the 'poor and neglected' workers of the South Asian ship recycling industry and maybe build hospitals, schools and proper accommodation for the workforce at the ship recycling areas, instead they focus solely on demeaning the value of a whole business sector. This business sector serves a whole community by providing employment to thousands of workers, economic activity to the region and a non insignificant contribution to the national economy of South Asia's recycling States. The fact is that the three recycling states of South Asia, because of their ship recycling activities, do not have to import much steel to cover their industrial needs. Unlike the European and the Western countries who are the biggest exporters of ferrous scrap in the world and highest importers of manufactured steel.

More importantly, the activist lobbyists in the EU do not understand, or do not want to understand the market drivers of their own ship recycling facilities (i.e. those located in the EU). As Dr. Mikelis, GMS Non-Executive Director comments: “Most of EU’s ship recycling industry tends to work on boats and incapacitated or abandoned small ships, while being able to pay only minimal prices for the acquisition of these ships. The underlying reason for EU’s lack of ship recycling industry is that for a number of years the EU has been a leading exporter of ferrous scrap. Until 2012, the EU was second only to the USA, which it overtook in 2013 to become the world’s largest exporter, reaching 17.8 million tonnes of ferrous scrap export in 2016. Therefore, the European Union has no rational reason to recycle ships commercially then only to have to export the ferrous scarp to Turkey and to India, countries that already recycle ships at considerably lower cost. Common sense should lead European officials to encourage and support the improvements of the recycling industry that are taking place in South Asia, in a similar way to the government of Japan.”

It seems that the activist & lobbyists in the EU are missing the essence of their own crusade: the raising of the standards in the ship recycling industry that may only materialize with the solid support of the continuous improvements from all stakeholders involved. Also, that working together with the regulators/ policy makers and local stakeholders at a national level, is the only realistic way to approach the challenges as this sector has been facing for years. Protesting for the sake of protest (or for the mere justification of the EU subsidies) is not helping the ship recycling industry to evolve or achieve the necessary reforms - and that is the biggest challenge of all. ☛