



## Time is running out for EU to get its act together over recycling rule

The roster of yards allowed to scrap EU-flagged vessels from next year will fall far short of adequate capacity, writes Nikos Mikelis of GMS

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The European Commission's lack of progress in producing a workable list of approved yards for recycling European Union-flagged vessels gives the impression that it does not owe a duty of care to the shipping industry.

The EU Ship Recycling Regulation (SRR) came into force on 30 December 2013 but its provisions did not all take effect immediately. Instead, EU-flagged ships will have to be recycled in accordance with the new regulation from the earlier of two dates: either six months after the list of approved yards reaches a combined capacity of 2.5 million dwt, or at the end of December 2018.



By 30 June, that list will include 21 yards in 11 EU member states with a combined maximum capacity of just 329,917 ldt. It is, therefore, now impossible for the first condition to be fulfilled, and the SRR will have to be implemented for EU-flagged ships on 31 December, with whatever capacity is in the list of approved yards.

In 2015, two years after the regulation's entry into force, the EC invited applications from non-EU yards. However, the commission has still not completed its assessment of any non-EU facilities. It is understood

that two Turkish yards and one US yard will be included on the list by the end of 2018, contributing around 150,000 ldt. Two further EU yards may also be added, which could add 50,000 ldt.

Unless China can be persuaded to remove its forthcoming ban on the import of ships for recycling, we have to expect that on 31 December, the SRR will be implemented with its list of approved yards having a maximum annual capacity of 530,000 ldt. This is just over one-fifth of the 2.5 million ldt that the regulation considers adequate.



Most of the yards on the EU list, such as Poland's Almex, have little or no experience of recycling oceangoing ships Photo: Almex

Furthermore, with the exception of the two Turkish yards (around 100,000 ldt) the yards on the European list have not been in the business of recycling oceangoing ships. They dispose of inland waterway vessels and small or incapacitated ships that are unable or uneconomic to travel to the shiprecycling centres of Turkey and South Asia. In fact, according to published IHS Maritime data, a mere 0.4% of the world's recycled tonnage was scrapped in the EU last year. The one US yard is also not a realistic proposition as the American market is ring-fenced by low prices and by the Toxic Substances Control Act, which in effect stops the import of ships for recycling. To make matters worse, next March, Brexit will remove three UK yards of 86,815 ldt annual capacity from the list of approved EU facilities.



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So unless a mechanism can be found to postpone implementation of the regulation, owners of EU-flagged oceangoing ships destined for recycling will have three stark options from next year: choose a yard from the EU list, which in practice will mean one of two Turkish yards (which may become very busy); break the law and suffer the consequences; or flag out of the EU, while taking precautions not to fall foul of the EU's Waste Shipment Regulation.

NGO Shipbreaking Platform, more than half of whose budget is funded by the EC, accuses the shipping industry of "scaremongering" with "fake news ... about not enough shiprecycling capacity". It claims that "the 21 EU-based facilities are sufficient to recycle the entire EU-flagged fleet at end-of-life" and asks the EC "not to bow down" to the industry's calls.

*Nikos Mikelis is non-executive director of GMS, a cash buyer of ships for demolition*

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