



TO OUR READERS AND BUSINESS ASSOCIATES IN THE INDUSTRY:

GMS RESPONSE TO RECENT "KVEIKUR" DOCUMENTARY

As economist Alan Greenspan once suggested, people are entitled to their own opinions, but not their own facts. It is critical to bear this in mind as one watches the recent Icelandic "Kveikur" documentary titled "*Where Eimskip ships go to die*", produced by the Icelandic television and radio network "Ríkisútvarpið (RÚV)"

Unfortunately, the insatiable appetite for NGOs seeking media attention from news and media outlets chasing ratings seems to be once again the fuel feeding the misinformation and falsehoods that have been reported by the Icelandic media in this so-called "documentary" regarding two vessels that were recently sold by Eimskip.

In the poorly researched and misinformed 30 minute documentary, so-called "journalists" who are on the hunt for sensationalized stories to garner viewer ratings, have carelessly "reported" false information in an effort solely to motivate interest through "tabloid-style" journalism and storytelling. It is no surprise, they have also included references to an earlier debunked BBC news story which inaccurately reported on ship recycling and recruited the notoriously ill-informed and highly aggressive NGO Shipbreaking Platform, in an effort to paint a picture more akin to a fictional show rather than an actual non-fiction news story.

At GMS, our company operates on three foundational principles and values of *professionalism, integrity, and performance*. We conduct our business based on FACTS, not fiction. With these principles and values at the forefront of our work, we consider it our duty to confront the Icelandic journalists' inaccuracies in the Kveikur program.

FALSE ACCUSATIONS - It is essential to first address a general theme throughout this "documentary" that implies EIMSKIP somehow acted illegally or criminally when they sold two of their container ships that were eventually recycled. It is crucial to understand that these ships, which were Faroe Islands-flagged and later converted to Liberian flag, were lawfully sold to legitimate ship owning entities as further trading deals. The sales of these assets were based on standard MOAs (Memorandum of Agreements) and had absolutely no reference point to recycling. Although not legally relevant as these ships were sold for further active trading, neither the Faroe Islands nor Liberia falls under the EUSRR (European Union Ship Recycling Regulation) for the recycling of ships.

Right after delivery of the vessels, the ships were put on charter, trading in northern Europe. The vessels remained on time charter and operated until the end of their minimum redelivery periods.

The devastating economic effects of COVID-19 have been felt worldwide, and the container market has been one of the hardest-hit sectors in the shipping community. As a result of the massive reduction in container cargo movements during the late spring, the assets in question were redelivered.

After failing to find employment for the ships, owners put the ships in the market for further resale. At least one of the ships was committed to buyers but failed on subjects. Subsequently, owners had to sell the ships for recycling at a much lower price than the assets' anticipated residual value. Frankly, **EIMSKIP was fortunate to find a trading buyer and monetize the assets' full trading value for its shareholders when it did, and EIMSKIP's management should be APPLAUDED for acting in the best interests of the company and their stakeholders at the time.**

Neither Eimskip nor the owners of the vessels had engaged in any illegal or criminal activity whatsoever, although the Icelandic documentary and the NGO Platform's comments in this regard falsely direct the viewer to assume that some level of illegal activity had taken place. Such statements could be viewed as defamatory.

DISTORTED SAFETY CLAIMS - The program also incorrectly frames the number of deaths in Alang and its safety record, claiming that there are "dozens of injuries weekly" and that there are "no hospitals" in the area. GMS already clarified and debunked these falsehoods in its earlier response to the BBC documentary referred to and cited in this program. Although even one death is unacceptable by any measure or standard, our goal is to foster a recycling industry with ZERO casualties. With this said, *it is also essential to bear mind that in the USA alone, there are over 20 industries and sectors that have death rates higher than the ship recycling industry in India.* In fact, based on a recent *Business Insider* news article using information from the US Bureau of Labor Statistics, the death rate of the Indian ship recycling industry compared to US industries would fall somewhere between construction equipment operators (ranked #20) and professional athletes (ranked #24).

The documentary also falsely claims there are "no hospitals" in the area; however, there are THREE 24 hour hospitals in Alang alone. Locations and details of these three hospitals can be easily observed through a simple Google search—something producers of the film failed to fact check, let alone physically come to Alang to visit the site themselves.

NEGATIVE BIAS & AGENDA - The program has an obvious bias towards supporting the European Union Ship Recycling Regulation (EUSRR), and the EU approved yards which are included as part of the EUSRR. The producers suggest that the Hong Kong Convention (HKC) is not "formally recognized" and that no recognized certifying agency supports or follows its mandates. This is, in and of itself, wholly inaccurate and one of the many clear examples of the program's underlying bias agenda, as the program also failed to mention that the United Nations specialized agency that developed the HKC for regulating international shipping, called the IMO (International Maritime Organization), did so as a

means to regulate globally the "Safe and Environmentally Sound Recycling of Ships." The HKC has now been ratified by 15 countries, many of which are from Europe, including European maritime nations such as Germany, Denmark, Norway, and the Netherlands. Further to this, four leading IACS (International Association of Classification Societies) members currently give Certificates of Compliance, after conducting physical audits, to Indian based recycling yards that qualify. This list includes well-known international members such as Class NK, RINA, LR, and IR.

It is also important to note that the internationally formed "Ship Recycling Transparency Initiative (SRTI)" members' policies on ship recycling, recognizes, supports and adheres to the Hong Kong Convention.

Furthermore, the program ignores the fact that the HKC was primarily created and developed by the international community to ensure that it adequately guided and allowed for the inclusion of southeast Asian based recycling yards, given that their participation has always been deemed critical to the success of ANY large scale international ship recycling regulations. The initial architects of the European regulations intended for their efforts and guidelines to serve as a means to help usher in the HKC itself more quickly. These facts and many more are omitted as they do not suit the journalists and the NGO Platform, as they inconvenience and contradict their biased narrative and agenda.

STEREOTYPED BIAS NARRATIVE (The West vs. India) - In an effort to diminish and degrade the HKC and to portray the recycling methods utilized in South East Asia in a negative stereotypical way, the program focuses on the "gravity method" of recycling, insinuating that it is "unique" only to South East Asia and that it is inherently "bad for the environment." The reality is that this tried and tested method of recycling maritime assets is used in many places around the world, not just South East Asia. In fact, this method is not very different from practices regularly used in the West for dismantling old buildings and large commercial structures. In the West, it is often referred to in the construction and building industry as "controlled demolition," however, this fact is intentionally overlooked by the program's makers.

The program's commentary regarding the EU yard featured in Ghent, Belgium, is also particularly interesting. They claim that 98% of a ship in their care is recycled, with 2% of the vessel going to landfills. This is similar to the recycling figures that have been applicable within Indian yards for many years. EU yards should be applauded for their efforts to finally meet Indian standards on this particular issue.

While the EU yards are making efforts to become more competitive with Indian facilities, the videos portraying some of these EU yards in this documentary alone, depict a level of unorganized operation that likely contributes to these yards' inability to compete internationally on a cost basis. The reality is that it is well known that EU yards pay very little for the ships that they recycle and are not price competitive in the global markets.

Government subsidies that could allow these European yards to be less cost conscious, coupled with low local steel prices, are just some of the true untold economic factors contributing to the significant disparity in pricing between the EU and Indian recycling facilities.

The documentary also attempts to negatively portray these Indian recycling yards by featuring a lone disgruntled Indian yard employee. However, the journalists intentionally fail to highlight or depict the many other thousands of workers who are happy to be employed at these facilities. Another fact that journalists conveniently omit in the program, is that workers travel from across India to attain these coveted jobs, which pay above-average local compensation.

Unsurprisingly, the program makers also chose to omit the commendable and noteworthy humanitarian efforts and actions made by most Indian recycling yard facility owners during the unprecedented COVID-19 pandemic shutdowns in India. Most yards continued to pay salaries to their existing employees throughout the shutdown period, and in order to help ease the severe financial and social discomfort experienced by these workers, food distribution centers were also set up by many of the local recycling yards to ensure these workers were appropriately supported during these challenging times.

FALSE INFORMATION - GMS was also incorrectly referred to and mentioned throughout this program. One such reference was made to a company called "GMS Liberia" that was supposedly used in the transactions in question. However, a company by this name does not exist, and if it does, it has nothing to do with GMS or its principals. GMS is an agent, acting on behalf of its principals, which are ship owning companies based around the world. These principals have diverse interests in maritime assets, ranging from very modern and newly built ships, down to end of life vessels that are often operated, chartered, and traded until being sold for further trading or recycling.

The fact remains that GMS, as an agent, negotiates the acquisition of more ships and maritime assets on behalf of its principals than any other company in the world.

WATCHING THE "WATCHDOGS" - GMS remains committed to maintaining a high level of ethics in its operations and commercial transactions and will continue to serve as a guardian and leader of the ship recycling industry. From the NGO Shipbreaking Platform to the television stations that broadcast misinformation and sensationalized stories about ship recycling in India, to further their own political narratives and agendas and to increase their viewership, we recognize the ever-growing importance of confronting and speaking out against falsehoods and voicing the truth for those who are involved in the ship recycling industry. By allowing such misinformation and factual inaccuracies to go unchecked, it is not just ship owners and large companies who depend on ship recycling in India that are adversely affected, but also the thousands of people who are employed by and derive their

livelihoods from these yards, and who work every day to earn an honest living to support their families.

For personal and political reasons, these highly aggressive NGOs have chosen to push a misguided political agenda and narrative within the EU from a policy and media perspective. This attack on Indian ship recycling threatens the livelihood of hundreds of thousands of people who are dependent on this industry and who do not have a collective voice loud enough to be heard over the well funded NGOs and media outlets that have focused on exploiting the hard-working people of the recycling industry in order to benefit themselves.

GMS is in the process of seeking advice on its legal options against the organizations that have relied on and published false and defamatory information, with a clear intention to slander GMS's reputable and well-known name in the market with this documentary. As these misguided media assaults are becoming more frequent, maintaining an objective perspective and focusing on unbiased facts is vital. We ask that readers take the time to properly understand and appreciate the tremendous progress that has been made in the recycling industry in South East Asia, and contact us with any questions about the constant efforts being made to improve.

Finally, it's regrettable that GMS remains the only institution in the ship recycling industry that rises up to confront and challenge these false narratives with truth and facts. As a result, we end up being a favourite target on the "hit list" of those determined to derail the progress of the HKC, and who are ultimately intent on stopping ship recycling in the Indian subcontinent. We invite shipowners and their associations, capital providers, underwriters, shipbrokers, class societies, auditors, and all those who work in this industry and have studied this industry up close, **to rise up and speak up!**

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For further inquiries, please contact us at bd@gmsinc.net

ABOUT GMS

Founded in USA, GMS is the world's largest Buyer of ships and offshore units for recycling. GMS has successfully negotiated several thousand assets since its inception — more than any other company in the world! For more than a decade GMS has led the industry by sheer volume of transactions and innovative products. The firm's mission is to simplify the disposal and recycling processes in the maritime world by providing end-to-end solutions, sustaining an asset's residual value while simultaneously improving international health, safety and environmental standards. With nine international offices, an award-winning Responsible Ship Recycling Program, and a team of specialized experts, GMS continues to influence positive change in the global maritime and offshore industry.