

## THE FUTURE OF SHIP RECYCLING

FROM A MARKET PERSPECTIVE



*You could be forgiven for assuming that ship recycling is the same old buccaneering trade that earned the industry its hazardous, opaque reputation in the first place!*

**In fact much has changed for the better since 2010!**, with genuine improvements effected in recycling facilities in India, Turkey and Bangladesh. A new Bimco Recyclecon contract has been developed and an increasing number of ship owners and operators are actively selecting HKC certified yards even though they are not yet required to by their vessels' flag states.

This concerted action has had a limiting effect on the opportunistic behavior of Cash Buyers and associated substandard recycling practices, although instances of buying cheap for green demolition then trading and re-flagging a vessel only to scrap non-green for the 'last dollar' is still a familiar scenario, as is the strong denial of the usual perpetrators.

NGOs – themselves often the subject of ire and criticism – have consistently performed an important role in summoning attention and pointing the finger at shipowners who breach the Basel Convention or opt for substandard recycling with the absence of regulation and endangerment of lives that it entails.

Reminiscing about the 2010 Dubai Tradewinds Recycling Forum and its motto – 'REALITY CHECK' – the need to sit back and take stock seems more important today than it was then. Despite trumpeted claims of progress from many of the industry's stakeholders, in many respects the world of ship recycling world does not look to have changed much.

One of the 2010 forum's main sponsors was cash buyer DTA, whose principal Tahir Lakhani is now facing a multi-million Dollar claim in an ongoing court case. No binding worldwide regulation is in force and only one out of forty-seven yards in Bangladesh (where the world's largest ships are routinely recycled) has a Statement of Compliance (SOC) for Hong Kong Convention (HKC) recycling.



## CONTACT

### DemoGate Ship Recycling

c/o BRS Group  
Neuer Wall 52, 20354 Hamburg,  
Germany

Phone +49 40 333 966 9959  
Email support@demogate.com  
Web www.demogate.com

All details are given in good faith but without guarantee as to accuracy or completeness.

# DG SNAPSHOT 40 / 2020 | [www.demogate.com](http://www.demogate.com)

Yard improvements in Turkey and the subcontinent have in part been spurred on by the disappearance of China (where socially responsible Owners sent their vessels for recycling in the past) from the international recycling map. The instability and inaction of the Pakistani market over the last two to three years has afforded Indian yard owners time to bring their facilities up to HKC standard and partially recoup the investment required.

Since June 2020, Pakistan has been back on track from a commercial perspective and helped by a government tax-break is paying the highest prices for non-green recycling in the world. This market-shift and the stubborn refusal of the European Union to add any subcontinent yards to the EU approved list could result in the undoing of progress. To avoid a reversal, shipowners must continue their migration towards HKC compliant yards and standards.



*Yard improvements took place mainly in India and Turkey but also in Bangladesh where the PHP Ship Recycling Facility invested heavily into proper infrastructure.*



Over the past decade we have also witnessed the EU pushing ahead with the European Union Ship Recycling Regulation (EU SRR), attempting early application of the HKC principals and guidelines for EU flagged vessels. A huge market for IHM certification has been created on the back of this regulation, with IHM service providers in many cases becoming owners' key point of reference for all recycling matters. The EU SRR is far from perfect, but it has positioned ship recycling centrally on the desks of many listed owners and operators who previously felt some pressure but were lacking in action. Viewed together, the yards on the EU approved list represent many different and questionable shades of green, but crucially the legislation behind has created a positive momentum that is here to stay.

To cite Captain Spok from Star Trek: "Change is the essential process of all existence" – and so ship recycling will inevitably continue to change, for the moment in line with the eco-friendly spirit of our age. More concretely, it is certain that Yards will play a vital role in the years to come and find themselves more directly involved with shipowners at all stages of the demolition process.

*DemoGate believes the 'missing piece' in the transparency puzzle can only be obtained by tracking a vessel's movements right to its contractually designated recycling plot and tracing information related to the transaction (such as the flag at the time of sale and selected or applicable recycling standard). The company is creating systems to achieve this and already has a range of online features and tools that provide shipowners with a comprehensive understanding of their recycling options and the ability to enforce them.*

## CONTACT

### DemoGate Ship Recycling

c/o BRS Group  
Neuer Wall 52, 20354 Hamburg, Germany

Phone +49 40 333 966 9959  
Email [support@demogate.com](mailto:support@demogate.com)  
Web [www.demogate.com](http://www.demogate.com)

All details are given in good faith but without guarantee as to accuracy or completeness.