



Photo: NGO Shipbreaking Platform

Shipbreaking in Bangladesh, Pakistan and India

Large ships generally have a service life of 20–30 years. After this, a vessel's residual value lies in the amount of scrap metal (primarily steel) that can be recovered after it is broken up.

Each year, some 800–1,200 large ships are broken up worldwide. Bangladesh, Pakistan and India dominate the shipbreaking market. Measured in tonnage, around 80 per cent of the world's ships are broken up in these three countries.



The Council has investigated companies that dispose of ships to be broken up by means of beaching since 2017. Beaching is the term given to the break-up of decommissioned ships on beaches. This shipbreaking method is problematic because of the environmental pollution and poor working conditions associated with it. Beaching takes place in Bangladesh, Pakistan and India. The Council is not aware of any companies in the GPFG portfolio that engage directly in this method of shipbreaking. The link to the GPFG arises when companies in its portfolio dispose of obsolete vessels for the purpose of beaching.

At the recommendation of the Council, four companies have been excluded from the GPFG on the grounds of beaching in Bangladesh and Pakistan. A further company has been placed under observation. The companies were excluded under both the human rights and environmental criteria in the guidelines. The Council considered that the threshold for exclusion under both criteria had been exceeded.

Working conditions in the shipbreaking industry in Bangladesh and Pakistan are uniformly dire. In its assessment of the working conditions, the Council has pointed to the ongoing, innumerable and egregious violations of the ILO conventions intended to establish minimum standards for health and safety in the workplace. The Council's assessment was underpinned by the fact that the reported conditions demonstrated an almost complete lack of compliance with conventions or the practice of minimum standards, which results in widespread accidents and considerable harm to health.

Extensive and serious environmental damage as a result of shipbreaking in Bangladesh and Pakistan has also been reported. One characteristic of beaching as practised in these countries is a lack of fixed installations and infrastructure at the shipbreaking sites. Because the ships being broken up rest in loose sand and mud, there is little opportunity to use cranes or heavy machinery. This affects both environmental and working conditions during the process. Parts of the ships are cut loose and fall to the ground in the intertidal zone. These parts are dragged or carried by hand to land, where they are cut into smaller pieces and sold for scrap. Shipbreaking without any form of

fixed installations results in environmentally harmful substances leaching into the surroundings, since it is not possible to collect up waste and pollution that ends up in the sand and is subsequently washed out with the tide.

It is general knowledge in the shipping industry that environmental and working conditions at shipbreakers in Pakistan and Bangladesh are extremely poor. The Council presumes that ship owners who dispose of their ships to be broken up there are familiar with the conditions under which this will take place. Shipbreaking can be carried out at a low cost there in part because minimal resources are devoted to providing safe working conditions and preventing environmental damage. That ships are nevertheless sent there to be broken up is the result of the company that owned the vessel making an active choice to maximise its profit. The Council has therefore taken the view that ship-owning companies must bear an independent responsibility for the conditions under which the vessel is broken up. There are safer ways to break up decommissioned vessels, but they cost more.

The Council has not examined the conditions prevailing at the shipbreakers in Bangladesh and Pakistan used specifically by each relevant company in the GPFG portfolio. The Council concluded in 2017 that nowhere in the region was shipbreaking undertaken in an acceptable manner. The Council will therefore recommend that all companies which now dispose of vessels to be broken up in these countries be excluded from the GPFG.

Experience shows that the conditions in India cannot be assessed in the same way. Here, there is too great a variation in the different shipbreakers' practices for the Council to apply a blanket assessment. The Council has therefore signed a framework agreement with a firm of consultants with representation on the ground in Alang, India, which can investigate conditions at the individual shipbreakers. In 2021, several of the shipbreakers in Alang were examined. Experience so far indicates a wide variation between the shipbreakers with respect to environmental and working conditions. A practice has developed whereby recognised ship classification companies



issue so-called 'Statements of Compliance with the Hong Kong Convention' to shipbreakers in Alang. However, the Council's investigations show that most of these shipbreakers can produce such statements even though their technical equipment does not comply with the International Maritime Organisation's technical guidelines to which the Convention refers. This is in part because shipbreaking does not take place on a impermeable flooring, with hazardous waste being

drained off and collected. In the Council's opinion, the fact that shipbreakers can produce a Statement of Compliance with the Hong Kong Convention is not in and of itself sufficient to ensure that vessels are broken up in an acceptable manner. In 2022, the Council will continue working to investigate and assess companies that dispose of decommissioned vessels to be broken up in Bangladesh, Pakistan and India.