



7.2 Shipbreaking

For several years, the Council has focused on environmental and working conditions within the shipbreaking sector. Several shipping companies have been excluded from investment by the GPFG at the Council's recommendation because they have allowed their decommissioned vessels to be broken up for scrap at shipbreaking yards where environmental and working conditions are extremely poor. The Council has also influenced some shipping companies to change their practice in this area and, in future, ensure their decommissioned vessels are broken up in a safe and appropriate manner. With respect to this topic, the Council recommended in 2023 that the exclusion of one company and the observation of another be revoked. At the close of 2023, two shipping companies are excluded from investment by the GPFG due to the way they dispose of their decommissioned vessels, while one company is under observation.

The value of decommissioned vessels lies in the steel and other materials that can be recovered from them and recycled. From a resource and environmental point of view, it is desirable that as much as possible of these materials are recycled, provided that their recovery is carried out safely. Unsafe practices at shipbreaking yards can lead to serious environmental harm and involve extremely hazardous working conditions.

A milestone in the international effort to improve conditions in this sector was achieved in 2023, when Bangladesh, Pakistan and Liberia ratified the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships (HKC), such that it will enter into force in 2025.

The HKC addresses several important aspects of the recycling of decommissioned vessels. For example, the Convention sets minimum requirements for infrastructure and operations at shipbreaking yards. In 2025, all shipbreaking in India, Pakistan and Bangladesh must take place in compliance with the Convention's provisions. Together, these countries account for a significant proportion of the world's shipbreaking capacity.

With the entry into force of the HKC, the foundation is laid for improvements in the shipbreaking industry. This presumes that real changes are made in the way the work is performed at a large number of shipbreaking yards. Some yards in India and Bangladesh have already upgraded to a standard that complies with the Convention's provisions. Shipping companies can help to promote positive developments in this sector by letting their decommissioned vessels be broken up for scrap at yards that have been upgraded to meet the Convention's requirements.



The Council is aware that, while waiting for the HKC to formally enter into force, classification companies have issued certificates stating that shipbreaking yards operate in compliance with the Convention's provisions, so-called Statements of Compliance with the HKC. The Council's investigations into shipbreaking yards in Alang, India, have shown that a large number of the yards there can produce such certificates despite not being technically equipped in compliance with the Convention's provisions or the underlying IMO Technical Guidelines to which the Convention refers. For example, the majority of the yards did not have adequate facilities for drainage and the collection of liquid effluent. These facilities were either incomplete, defective or lacking altogether. The Council has therefore been concerned that such certificates have been issued to shipbreaking yards that, in reality, are not operated in compliance with the HKC. Another concern has been that even though the yards may be technically equipped to operate in compliance with the Convention, work at the yard does not take place in a way that is compliant with it.

Shipping companies should, at the very least, have a policy for the breaking up of decommissioned vessels that complies with the HKC, and should select shipbreaking yards that operate in compliance with the Convention. Furthermore, after disposing of a vessel for break-up, shipping companies should follow up the process either through their own on-site representatives or a third party, to ensure that the work is performed safely and securely.

Although the HKC establishes an important framework for improvement, demand by the shipping companies will remain a key driver for improvement within the global shipbreaking industry. The Council will pay special attention to this when the work within ship dismantling is continued.