Ship Recycling in Iran

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Abstract

This paper discusses the historical background and structure of the ‘2009 Hong Kong International Convention on the Safe and Environmentally Sound Recycling of Ships,’ which establishes control and enforcement instruments related to ship recycling, determining the control rights of port States and the obligations of flag States, Parties and recycling facilities under its jurisdiction. The Convention also controls the communication and exchange of information procedures, establishes a reporting system to be used upon the completion of recycling, and outlines an auditing system for detecting violations. The paper also reviews the potential and prospect for the establishment of a ship recycling industry in the Islamic Republic of Iran as a strategically located maritime country in the Middle East.

Keywords: Ship Recycling, Hong Kong and Basel Conventions, Islamic Republic of Iran

Introduction

The disposal of ships at the end of their economic life has great significance for the merchant marine fleet and for sustainable development. Ship recycling facilities, however, also have negative effects in terms of the environment and occupational health and safety. Approximately 90-95% international commercial goods are transported by sea because of cost efficiency. Shipping is an international activity because ships sail throughout the world, and it is the most important link in the shipping industry, representing the smallest part of a product's cost, making the trade viable. It is projected that the world's maritime community will have to scrap 10 to 15 million tons deadweight of ships every year for at least 10 years in a row in the near future in order to exhaust the present stockpile of end-of-life vessels currently possessed by commercial fleet owners, ships owned by governments, privately owned by individuals for leisure, obsolete oil exploration rigs and drilling platforms as well as defense vessels. Lately, one finds peculiar kind of unplanned obsolescence of otherwise "seaworthy" ships around the world because of the passage of stricter standards and desire for upgrading ships by incorporating technological advancements including high-tech on board equipment and newer alternatives to ship architecture. As result, the need for creation of competent infrastructure to dismantle ships is expected to grow throughout the world in the immediate future.

The international protocol popularly called as the Hong Kong Convention is currently being negotiated based on the draft formulated by International Maritime Organization (IMO) under the auspices of UN because it has been recognized by the ship owners and maritime regulators that dismantling (i.e. breaking down) of end-of-life ships is an essential activity and it needs to be regulated. Now that IMO, international shipping community and regulators of maritime activities are possessed of the challenge of creating additional ship recycling facilities all over the world; strengthening the facilities in Asia including those in India, China, Bangladesh and Pakistan is being considered as most pragmatic strategy. In addition, in order to get rid of the load of existing "ready to dismantle" ships globally, several ship repairing yards and some ship building yards too are being motivated and helped in ship breaking and recycling around the world.

The historical background, structure end enforcement of 2009 Hong Kong and Basel conventions

The historical background Taking in to consideration environmental issues, ship recycling facilities and their consequences were first brought to the IMO Marine Environment Protection Committee (MEPC) at its 42nd session (MEPC 42) in 1998. Since then, the committee has agreed that the IMO has a dominant role to play in regulating ship recycling facilities. The IMO's role includes technical and legal aspects, such as the preparation of a ship before recycling commences and coordination with the ILO and 1989 Basel Convention during the recycling period. At the MEPC 47 session, the committee agreed that the IMO should develop recommendatory guidelines to be adopted by an assembly resolution. The MEPC 49 conducted the IMO Guidelines on ship recycling which were adopted at the 23rd regular session of the Assembly by resolution A.962(23) on December 5, 2003.

It was agreed in the MEPC 53 that the IMO should develop a new mandatory system related to a ship recycling activities. The system should aim to establish legally binding and globally applicable regulations for ship recycling
facilities. With regard to these considerations, the 24th regular session of the IMO assembly adopted resolution A.981(24) called, New Legally Binding Instrument on Ship Recycling System, which provides the regulations for the following aspects of ship recycling – the design, construction, operation and preparation of ships to facilitate safe and environmentally sound recycling without compromising the safety and operational efficiency of ships.

- The operation of ship-recycling facilities in a safe and environmentally sound manner and
- The establishment of an appropriate enforcement mechanism for ship recycling at its 54th session, the MEPC convened a working group on ship recycling facilities that discussed the issues and further developed a draft text that included Articles and Annex with regulations for the safe and environmentally sound recycling of ships, including requirements for ships, ship recycling facilities and reporting. The MEPC also considered the report of the second joint session of the ILO & IMO: the 1989 Basel Convention working group on ship scrapping, which met in December 2005. The views of the group were taken into consideration by the MEPC Working Group on Ship Recycling. Finally, the new convention, the 2009 Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, was born at diplomatic conference held in Hong Kong, China, from 11-15, 2009, with delegates from 63 countries.

In general, these guidelines accept that the obligation for environmental and worker protection in ship recycling facilities must rest with the recycling facility operators. Nevertheless, it is acknowledged that ship owners and other stakeholders have responsibility to address the issues involved.

The 2009 Hong Kong convention includes 21 Articles that cover the general obligations of member States, definitions related to the ship recycling process, application of the convention, controls related to ship recycling facilities, the exchange of information among the member States. Article 3.1 of the 2009 Hong Kong Convention states that, unless otherwise expressly addressed in the Convention, the convention shall apply to the following:

- Ships entitled to fly the flag of a Party or operating under its authority (3.1.1) and ship recycling facilities operating under the jurisdiction of a Party (3.1.2).

Article 17 of the Convention requires three conditions to be complied with simultaneously for the enforcement of the Convention. These conditions are:

- At least 15 or more states should ratify the Convention without reservation as to ratification.
- The combined merchant fleets of the states that have already ratified the Convention should represent at least 40% or more of the gross tonnage of the global merchant shipping volume.
- The combined maximum annual ship recycling volume of the states that have already ratified the Convention should constitute at least 3% or more of the gross tonnage of combined merchant shipping of the same states during the preceding 10 years.

In addition to the general factors of the ship recycling market, there are two main factors to be considered. First, as a result of the global financial crisis, some ships, particularly old ships, have to prevent tanker incidents and the subsequent marine pollution, the IMO has set a timetable for phasing out single-hull tankers. In accordance with the International Convention for the Prevention of Pollution from Ships, 1973 (MARPOL 73) and its modified protocol 1978 (known as MARPOL 73/78) Annex I, regulation 13 G, the final phasing-out date for a category 1 (pre-MARPOL 73-78) tanker was established in 2005 and then changed to 2015. The EU member States and other leading maritime merchant states declared, however, that they will not allow single-hull tankers to sail to their ports. This restriction may be a reason for ship owners to renew their tanker fleets and, therefore, send their aged single-hull tankers for recycling.

The Future Impact and Prospects of the Hong Kong Convention on Marine Policy

As stated in the preamble of the 2009 Hong Kong convention, there is concern about the environment and occupational safety and health, yet is recognized that the ship recycling industry contributes to sustainable development. This draft method aims to achieve a consensus between economic demands and expressed concerns. The 2009 Hong Kong Convention introduces the following control instruments:

- A flag State control system established to ensure that the ships entitled to fly its flag or operate under its authority shall comply with the requirement set in the Convention.
- The state in whose jurisdiction the ship recycling facilities operates establishes a control system to ensure that the above mentioned ship recycling facilities comply with the 2009 Hong Kong Convention.
- The new surveying regime envisages an initial survey to verify the inventory of hazardous material
- The authorization regime of ship recycling facilities should be established by the states in accordance with the 2009 Hong Kong Convention
- The introduction of an information exchange system between the parties
- The list of hazardous materials whose installation or use is prohibited and or restricted in ships
- The inventory of hazardous materials, specific to each ship recycling plan
- The introduction of issuing process for international ready for recycling certificate
- The establishment and utilization of procedures to prevent adverse effect on human health and environment
- The introduction of safe and environmentally sound management system for hazardous material
- The establishment of reporting systems for Incidents, accidents, occupational diseases
The Basel convention is just one of the plenty government negotiated multi-lateral environmental agreements that seek to create uniformity in global environmental standards, and control for disparities in national levels of protection. It was opened for signature in March 1989 and came in to force 5 May 1992, celebrating in 15th anniversary this year. The convention is designed specifically to stop the uncontrolled movement and dumping of hazardous wastes, including incidents of illegal dumping in developing nations by companies from developed countries. As such, it develops obligations for state Parties to enact domestic legislation incorporating specific legal principles. The text of the Basel Convention includes forms and allusions to pre-existing principles of international environmental law such as the polluter pays principles of international environmental law such as the polluter pays principle and the proximity principle exclusive to the subject of hazardous wastes: environmentally sound management (ESM). Informed largely by the understanding that such wastes should be disposed of as close to their source or origin as possible, ESM also encompasses minimizing waste generation, and enhancing the capacity of States to manage effectively and safely the hazardous waste in their jurisdiction. Developing nations seeking to apply the Basel Convention on the control of Trans-boundary Movements in Hazardous Wastes to prevent toxic ships from entering their waters for ship breaking are faced with legal uncertainty.

**Status of National Legislations for Ship Recycling in Iran**

Ship recycling activities in Iran are not very old and despite the existence of numerous out of service vessels that highlight the lack of centers for recycling ships, this process never officially started. However, it may be possible to seek the assistance of ship construction or repair yards, and the experience and expertise of their personnel in commencing and developing this industry in the country. Considering the fact that the Islamic Republic of Iran enjoys a special situation on the northern coastline of the Persian Gulf and Gulf of Oman for the establishment of maritime industrial activities, favorable potentials and infrastructures exist in this area for the creation of ship recycling yards in the north and south of the country in line with the requirements of international conventions and standards. In this regard, one could point to the document on The Policies, Approaches and Objectives of the Iranian Maritime Sector for the Fifth National Development Plan, which covers the various aspects of the maritime activities of the country at the mass level in 10 sections and 92 articles, and addresses the issue of ship recycling as follows:

“Ship recycling industry needs to be established in Iranian coastal areas, bearing in mind relevant environmental considerations.”

Moreover, The Act on Protection of Seas and Navigable Rivers against Oil Pollution, 2010, which was approved in 25 articles to regulate the various issues related to pollution in the country, also mentions "ships or oil tankers … scrapped or dismantled in ship yards or docks in the coasts or waters subject to this Act" as one of the potential oil pollution sources that need to be addressed properly, due to the fact that the recycling of ships would inevitably involve pollutant petrochemical materials that have to be dealt with while considering their potential environmental risks.

**Conclusion**

The new 2009 Hong Kong Convention introduces a comprehensive regime to achieve environmentally sound ship recycling methods and oblige party States to take appropriate measures to establish a domestic legal framework in order to prevent, reduce, minimize and eliminate the adverse effects on the environment caused by ship recycling. The new convention categorizes the obligations of port States and party States in situations where the ship recycling facilities operate under their jurisdiction. Further details are explained and stated within the Annex. Other relevant information, documents and lists are included under 7 appendices of the convention. This system shows that the IMO would like to operate under their jurisdiction. Further details are explained and stated within the Annex. Other relevant information, documents and lists are included under 7 appendices of the convention. This system shows that the IMO would like to establish a comprehensive and globally applicable ship recycling regime via transition and the enforcement articles. The application of the convention is limited to ship of 500 GT or above, so almost half of the ships sailing around the world are excluded from the convention. In addition, the Convention does not offer a clearly defined method or methods for the recycling process and leaves this to the authority of the states. Even so, it is important to note that 2009 Hong Kong Convention will offer a necessary improvement in the global marine environment protection regime upon its coming into force. The results of studies on the opportunities for the establishment of ship recycling industry in the Islamic Republic of Iran point to the following proposals:

- Recycling sunken vessels in order to avoid price competition of ship purchase;
- Establishing this industry competitively, in compliance with Hong Kong Convention and national environmental legislations;
- Attracting experienced experts in the field;
- Introducing ship recycling industry, and motivating private cooperation and participation;
- Providing subsidy for purchase of ships to be recycled;
- Conducting studies on methods of minimizing ship recycling expenses;
- Providing special facilities to owners of ships to be recycled;
- Attracting related industries and bodies for cooperation in the field;
- Considering new regulations on ship recycling for their application in the Iranian context;
- Employing latest technologies in order to minimize ship recycling operational expenses;
- Concluding agreements with the countries more advanced in the field in order to make use of their know-how and experience;
- Attracting the demand from domestic and foreign markets;
- Establishing the required conditions and infrastructures to employ competent personnel;
- Using domestic and foreign training courses in order to promote the personnel's know-how and experience;
- Establishing joint activities with major successful ship recycling centers; and
- Making use of ship constructions facilities (yards, basins, etc.) in order to provide the necessary infrastructures.

With more than 2,500 kilometers of coastline, including 1,800 kilometers in the south and numerous islands with 700 kilometers of coastline in the Persian Gulf Region, the Islamic Republic of Iran is located in the most strategically significant area of the Indian Ocean Region. The Iranian flagged convention sized fleet (over 500 GT) is placed at the 21st global rank in terms of tonnage, which is gradually growing. Moreover, there are some 7,000 non-convention sized vessels (mainly traditional vessels or dhows) that sail in the Persian Gulf and Gulf of Oman in the south of the country. The above mentioned vessels are 15 years old in average, and would clearly need to be recycled once they reach the age of 25.

Moreover, the region composed of the Persian Gulf and Gulf of Oman has been identified as a Special Area under MARPOL Convention, meaning that special environmental requirements need to be observed by the coastal States in the region.

There is no consensus among environmental experts on whether Iran would be able to become a prominent state in terms of ship recycling. On the one hand, some point to the environmental impacts of this activity and the semi-enclosed nature of the Persian Gulf, and raise the question why Iran needs to tread in a path that has already led other countries to failure and closing of their recycling yards. On the other hand, some believe that the establishment of such an industry would mean a cheap supply of steel and higher employment along the northern and southern coasts of the country.

References