



House of Commons

Environment, Food and Rural
Affairs Committee

Dismantling Defunct Ships in the UK

**Eighteenth Report of Session
2003–2004**



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*Report, together with formal minutes, oral and
written evidence*

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Environment, Food and Rural Affairs Committee

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Summary

Ships have a finite working life, at the end of which they need to be dismantled. Much of the material, such as the steel, that makes up a ship can be recycled. Indeed, the scrap value of the metal means that, whilst the ship owner can sell on defunct vessels, the owner loses direct control over how the vessels are dismantled. However, the ships that are now reaching the end of their lives now also contain hazardous materials such as asbestos, PCBs and waste oils which need to be disposed of safely.

Most large ships are currently dismantled in Asia, but health and safety protection for workers and environmental protection standards there are, by the standards of the developed world, often unacceptable. However, there are few, if any, facilities in the developed world that are capable of dismantling the largest ships. Recent experience in Hartlepool, England showed that strong objections might be raised to the development of such facilities.

The regulatory framework that applies to ships as waste, advocated principally by the International Maritime Organisation, is complex and difficult to apply and enforce. Although some welcome first steps have been taken, including the development of voluntary guidelines and the establishment of an international working group, much still needs to be done to create a coherent and effective international regime.

The Government has an important role to play in ensuring this issue receives the necessary international attention and priority, particularly during the United Kingdom's forthcoming EU Presidency and chairmanship of the G8. At that time, the Government will have a significant opportunity to ensure that greater priority is given to this issue and to help to determine a workable set of rules governing the safe dismantling of ships.

At home, the Government must also do everything it can to persuade UK-based ship owners to arrange for their vessels to be disposed of responsibly. It is imperative that, as a first step, it ensures that all naval and other publicly-owned vessels are dismantled to the highest health, safety and environmental standards.

1 Introduction

1. Ships have a finite, albeit long, working life, at the end of which they need to be dismantled. Much of the material they are made from, such as the steel, can be recycled, but many of the ships that are reaching the end of their lives now also contain hazardous materials, such as asbestos, PCBs and waste oils, which need to be disposed of safely.

2. It is estimated that, world-wide, about 700 large commercial vessels are scrapped every year.¹ In addition, a number of naval vessels and smaller coastal transport and fishing vessels are also scrapped. In this inquiry we focussed on the disposal of larger vessels capable of international voyages. The recent decision by the International Maritime Organisation to phase out all single-hulled tankers by 2015 at the latest will increase the number of vessels which will need to be dealt with over the next few years.²

3. There has been growing concern about the health and environmental impacts of ship dismantling: Greenpeace, for example, has been campaigning against the dismantling of ships in poor conditions in Asia.³ There have also been concerns about ship dismantling in England. In 2003, the Committee examined the case of a British company, Able UK Ltd, which had intended to dismantle and recycle redundant ships from the US auxiliary fleet.⁴ The company had entered into an agreement with the ships' owner, the United States Maritime Administration (MARAD) and was granted a trans-frontier shipment permit to import the ships by the Environment Agency. A number of the ships were brought across the Atlantic to Able UK's facility in Hartlepool, County Durham.

4. Objections from the public and environmental groups led to two judicial reviews of the decisions to permit Able UK to take the ships. The reviews ruled that Able UK did not have the necessary permits to carry out the work. Able UK must now conduct further environmental assessments and seek planning permission before it can go ahead. Both the Environment Agency and Defra have conducted reviews of the lessons learned from the Hartlepool situation. It is clear that, although it remains the company's responsibility to ensure that it has all the relevant permits to carry out the work, the regulatory structure governing ship dismantling is highly complex and perhaps little understood.

5. The evidence we heard about Able UK's proposal to dismantle the US ships suggested that a more detailed examination of the wider issues of ship dismantling was necessary. So, on 25 March 2004 we announced a new inquiry with the following terms of reference:

In light of the issues surrounding the dismantling of US Navy vessels on Teesside, the phasing out of single-hulled tankers, and the need to dispose of defunct UK naval vessels, the Committee is undertaking an inquiry into the environmental impacts of dismantling defunct ships in the United Kingdom, and the methods of disposal to be used. In particular the Committee will consider:

¹ Q9

² Ev 69 [International Maritime Organisation], para 4. Most have to be scrapped by 2010 and some—the oldest—by 2005.

³ http://www.greenpeace.org/international_en/campaigns/intro?campaign_id=3990

⁴ Environment, Food and Rural Affairs Committee, *US 'Ghost Ships'*, Minutes of Evidence and Memoranda, HC 1336 Session 2002–03, Ev 39

- what facilities and expertise are already in place in England and Wales to dismantle defunct ships safely
- what is the likely demand for such facilities and what would be the likely economic and environmental impacts of meeting such a demand
- what is the legal status of importing such vessels for dismantling (the Committee will particularly seek to clarify what are the implications for the industry of the Stockholm Convention on Persistent Organic Pollutants), and
- how defunct United Kingdom vessels are currently dealt with, and what plans have been made to cope with their disposal.⁵

6. In response to our call for written evidence, we received 15 memoranda. We took oral evidence in June and July 2004 from: the Chamber of Shipping; Friends of the Earth; Greenpeace; Able UK Ltd; the Environment Agency, and Elliot Morley MP, Minister for Environment and Agri-Environment, Department for Environment, Food and Rural Affairs. We also discussed the matter informally with European Commission officials during a Committee visit to Brussels in July 2004. We are most grateful to all those who submitted evidence or otherwise helped us during the inquiry.

2 How are defunct ships currently dealt with?

7. Most ships from developed countries are sold on before they need scrapping.⁶ Defra told us that:

vessels often change flag and ownership over their lifetime. As a result of UK flag pressure many companies are investing in new tonnage and environmentally friendly/benign technology, whilst selling on older vessels as trading entities. Thus, in practice there are very few vessels going direct from the UK register to dismantling facilities.⁷

8. A similar situation applies to vessels owned by the Ministry of Defence (MOD). Defra told us that the MOD estimated that over the next decade 44 vessels will come out of operation, but said:

once vessels are declared as surplus, MOD policy is to sell ships for continued operation to a new owner, (either to a foreign government or a commercial

⁵ Environment, Food and Rural Affairs Committee, Press Notice 41, Session 2003–04, 25 March 2004

⁶ Ev 1 [Chamber of Shipping], para 3

⁷ Ev 59 [Defra], para 7

customer) wherever this is possible. Thus, only a few vessels are dismantled immediately, with a majority being sold on as operational vessels.⁸

The MOD does intend to dismantle one ship, HMS Intrepid, and has sought bids from UK yards but has had little interest.⁹

9. Most of those ships owned by UK companies that are scrapped are sold for breaking outside Europe, mainly in India, Pakistan, Bangladesh and China.¹⁰ Ship owners often sell vessels to a broker who then arranges the dismantling, usually by selling the vessel on to a dismantling company.¹¹

Concerns about the way ships are dismantled at present

10. The International Maritime Organisation (IMO) note that there had been “growing concerns about environmental safety, health and welfare matters in the ship recycling industry”.¹² These concerns had arisen, in large part, from investigations into conditions at ship breaking yards in Asia.

11. Greenpeace has conducted a number of such investigations in India and China.¹³ It told us that disposal in poorly regulated facilities in Asia, which lack dry dock facilities and other environmental protection measures and have inadequate health and safety procedures, results in “serious damage to the environment and human health”.¹⁴ It described workers removing material, including asbestos, by hand with no protective clothing, using gas torches for cutting metal even where fuel is present, burning cables in the open air with no breathing apparatus and oils and liquid wastes draining directly into the sea.¹⁵

12. Concern about conditions is not confined to environmental organisations. BP Shipping sent one of its very large crew carriers to Pakistan for dismantling but “were so disturbed by what [they] saw there that [they] were determined that [they] would not do it that way in future”.¹⁶ As a result, the company now uses sites in China, where it believes the health, safety and environmental conditions are acceptable. It sends members of its own staff to supervise the dismantling and says it is able to audit the way the hazardous waste that arises during the dismantling is dealt with. P&O Nedlloyd also uses yards in China for the same reasons.¹⁷ Greenpeace told us that conditions in China were better than those in many other countries, but still “nowhere near” state of the art.¹⁸

13. Nor is concern confined to ship dismantling which takes place in Asia. Environmental organisations and local residents’ groups have also raised concerns about

⁸ Ev 60 [Defra], para 8

⁹ Q272

¹⁰ Ev 27 [Greenpeace], paras 21–22, Ev 1 [Chamber of Shipping]

¹¹ Ev 27 [Greenpeace], para 21

¹² Ev 69 [International Maritime Organisation], para 2

¹³ Ev 27 [Greenpeace], para 23

¹⁴ Ev 27 [Greenpeace], para 31

¹⁵ Ev 27 [Greenpeace], paras 25–28

¹⁶ Q3

¹⁷ Qq3 and 5

¹⁸ Q108

the environmental impact of ship dismantling in the United Kingdom. Hartlepool Friends of the Earth media group did not feel that “such large scale, waste generating and potentially hazardous ventures [as ship dismantling] should be located in areas already blighted by the negative effects of industrial pollution”.¹⁹

Why are ships recycled in developing countries?

14. There are two main reasons why most ships are dismantled in Asia rather than in the west. First, it is much cheaper to do so.²⁰ Indeed, in Asia, the value of the scrap is such that dismantling yards pay to take the ships, whereas yards in developed countries require payment to do so.²¹ The Maritime and Coastal Agency told us that:

the ships imported for recycling in England (specifically the MARAD vessels) are special cases where the owners have decided on more stringent conditions for the recycling of their vessels whilst not capitalising fully on the scrap value ... there is a financial disincentive for ships to be recycled in Western Europe as the steel in the vessel is worth \$10 a ton to the owner in North West Europe, and has peaked at \$390–410 a ton in India and Bangladesh.²²

15. The second reason, which may in part arise from the first, is that there are few facilities in OECD countries that can handle the largest ships.²³ In particular, the evidence we received indicates that there are no facilities in England and Wales which have both the capacity to dismantle large ships and the licence to do so.²⁴ Able UK has experience in dismantling oil rigs, and its Hartlepool yard may be the closest to having the facilities and expertise. However, even if Able UK were to receive all the necessary permits to allow it to dismantle the US vessels, there is still doubt over whether it could take the largest tankers.²⁵

16. Greenpeace was of the view that “there are currently no facilities in the UK that would meet all legal requirements and satisfactory health, safety and environmental standards” although there are some sites where such facilities could be developed.²⁶ And Defra told us that:

there appears to be a gap in UK expertise in the dismantling of large vessels once they reach the end of their life. As far as the Government is aware, there are currently no facilities in England and Wales with the capacity and expertise to dismantle large defunct ships safely.²⁷

17. The Maritime and Coastguard Agency pointed out that the lack of facilities in the United Kingdom and other developed countries presented difficulties for ship owners who wished to dismantle their defunct vessels responsibly:

¹⁹ Ev 87 [Hartlepool Friends of the Earth Media Group], para 6

²⁰ Q24

²¹ Q149

²² Ev 82 [Maritime and Coastal Agency], paras 8 and 12

²³ Qq49–53

²⁴ Q7

²⁵ Qq42–43

²⁶ Ev 25 [Greenpeace], para 1

²⁷ Ev 59 [Defra], para 4

the lack of ship-recycling facilities that can handle hazardous wastes or ship-decontamination facilities in OECD countries is a major problem for shipping and can cause significant delay for owners who wish to recycle in the developed world, resulting in significant associated financial costs (port dues, maintenance and crewing costs).²⁸

18. The lack of suitable dismantling facilities in developed countries is a significant barrier to responsible ship dismantling. At present, even if a ship owner based in the United Kingdom wished, or was required, to dismantle a ship here, appropriate facilities for larger vessels do not exist. Given the economic advantages of dismantling facilities in Asia, and the difficulties faced by companies such as Able UK, there is little incentive for companies here to develop ship dismantling facilities.

3 Existing legislation and guidelines regulating ship dismantling

Legislation

19. Another important barrier to safe and responsible ship dismantling is the difficulties faced by national regulators in applying waste law to ships and the problem of enforcing the law.

The Basel Convention

20. The Chamber of Shipping told us that there is very little legislation that directly addresses ship dismantling.²⁹ There is, though, an international framework for dealing with waste and hazardous wastes in particular: the United Nations Environment Programme Basel Convention on the control of trans-boundary movements of hazardous wastes and their disposal was adopted in 1989 in response to concerns about hazardous wastes from developed countries being dumped in developing countries. The Convention imposes certain controls on the international movement of hazardous wastes and provides criteria for the environmentally sound management of such wastes.³⁰

21. There is disagreement about whether the Basel Convention applies to ships at all. The Chamber of Shipping argued that it was never intended to do so and is inappropriate for application to the shipping industry, saying that the presence of some hazardous materials on board ships that are intended for recycling should not mean that the entire vessel is regarded as hazardous waste.³¹ The Environment Agency agreed that the Convention was probably not drawn up with ships in mind:

²⁸ Ev 82 [Maritime and Coastal agency], para 10

²⁹ Q13

³⁰ 162 states have agreed to be bound by the Convention: www.basel.int.

³¹ Ev 2 [Chamber of Shipping], Q31

it is very clear that the original basis of the Basel Convention was to deal with the issues of the transboundary movements of waste that came from a land-based arising and were ending up at some other land-based point of destination.³²

The Agency told us that applying the Convention's controls to ship recycling was "extremely problematic".³³

22. Greenpeace accepted that the legal framework for ship recycling is complex and that there are practical difficulties in applying some aspects of waste law to ships. However, it argued that the Basel Convention ought to apply to ships:

of all of the instruments currently in place that impact this issue, the Basel Convention is the only one that is a) legally binding, and b) is in a clear position to actually minimise the export of ships containing hazardous materials to developing countries, and thus is the only instrument well placed to quickly prevent more impoverished workers from being poisoned or otherwise killed from risks associated with hazardous wastes.³⁴

23. In 1995 an amendment to the Convention was proposed which would ban hazardous wastes exports for final disposal and recycling from what are known as Annex VII countries (Basel Convention parties that are members of the EU, OECD, Liechtenstein) to non-Annex VII countries (all other parties to the Convention). The amendment has not entered into force: it has to be ratified by three quarters of the parties who accepted it in order to do so. At the time of writing, 49 of 82 parties had ratified the amendment.

The European Community Waste Shipments Regulation

24. The requirements of the Basel Convention are transposed into European law by the European Community Waste Shipments Regulation; in the UK the Transfrontier Shipment of Waste Regulations 1994 give full effect to the Waste Shipments Regulation in the UK. The Regulation also takes account of OECD decisions on wastes destined for recovery (that is, for some sort of re-use or recycling rather than for disposal). The Environment Agency explained that the regulation:

provides for a system of 'prior informed consent' whereby transboundary movements of hazardous waste must be prenotified to, and consented by, the relevant competent authorities. Contracts also have to be in place between the notifier and the consignee with a financial guarantee and insurance to cover foreseeable eventualities, including repatriation of the waste.³⁵

25. The European regulation also transposes the as yet unratified amendment to the Basel Convention which forbids the movement of hazardous waste from developed to developing countries.³⁶

³² Q208

³³ Ev 57 [Environment Agency supplementary evidence]

³⁴ <http://greenpeaceweb.org/shipbreak/analysisinconsistencies.pdf>

³⁵ Ev 47 [Environment Agency], para 5.3

³⁶ Ev 46 [Environment Agency], para 5.3

26. In informal discussions, European Commission officials were clear that the Commission considered that the Basel Convention and the European waste shipment Community Waste Shipments Regulation did apply to ships that the owners intended to dismantle. **Since the European Community Waste Shipments Regulation includes a ban on export of hazardous wastes to developing countries, the regulation forbids the export of ships that are classified as hazardous waste to developing countries. We welcome this development.**

Enforcing legislation

27. Aside from arguments about the applicability of waste legislation to ships there are clear problems, acknowledged by all our witnesses, in enforcing that legislation. First, there is the vexed question of when a ship becomes waste. The European waste framework directive defines waste as anything that the holder discards or intends to discard.³⁷ As long as a ship is still seaworthy and the owner has not declared his or her intention to dispose of it, it is very difficult to determine when it could be regarded as waste.³⁸ It is vital to be able to do this because it is only when a ship is waste that the various national and international waste regulations apply.

28. A second, related, issue is that of which states or bodies have jurisdiction over the ship in order to enforce waste regulations once a ship is deemed to be waste. The Maritime and Coastguard Agency commented on difficulties raised by discrepancies between the ways in which national and international legislation are applied:

a major difficulty lies with the difference in the perceived roles and responsibilities of the state, with ... all shipping related legislation being applied through the state only to the state's flagged ships, whilst the Basel Convention would apply to the exporting state—in this case to vessels leaving UK ports regardless of flag or state of ownership ... there has been the threat of abandonment of ships following potential detentions under trans-frontier shipment of waste controls in UK ports.³⁹

29. National and European law does not apply on the high seas, so there is the possibility that a ship's owner could circumvent waste legislation by delaying the declaration of its intention to dispose of the ship until the vessel had left national waters. The IMO, as a United Nations body, is the only body with the power to regulate ships regardless of where they are registered, docked and dismantled.

30. The Government, as a member of the International Maritime Organisation and in its role as upcoming president of the G8 and the European Union, should work to ensure that the International Maritime Organisation gives priority to producing an internationally binding agreement which sets out how ships should be dismantled. Such an approach must avoid the difficulties associated with the current tortuous arguments which try to determine when a ship becomes waste. We urge the Government to encourage the International Maritime Organisation to concentrate its work on a best practice agreement which applies at the point of dismantling. The Government should seek to ensure that the International Maritime Organisation does

³⁷ Council Directive 75/442/EEC on waste, as amended by Council Directive 91/156/EEC

³⁸ Qq206, 213, 257

³⁹ Ev 84 [Maritime and Coastguard Agency], paras 25, 29 and see Ev 61 [Defra], para 16

not allow itself to be side-tracked into the difficulties of agreements which try to adjudicate on how international waste transfer arrangements affect the way in which ship dismantling is conducted.

Voluntary guidelines

31 In response to the growing concerns about the environmental and health and safety impacts of ship recycling, the IMO adopted guidelines on ship recycling in December 2003.⁴⁰ These drew on an earlier industry code of practice produced by the International Chamber of Shipping in conjunction with a number of other shipping organisations.⁴¹

32. The IMO guidelines set out the roles of the state where the ship is flagged, where it is docked and where it is intended to be recycled as well as those of the commercial bodies involved—the ship owners and dismantling companies.⁴² They recommend that each ship should have a ‘green passport’, which sets out what hazardous materials are on board and where they are. For new ships, this passport should be prepared by the shipbuilder and kept up to date by its owners. For existing ships, ship owners should prepare a passport to the best of their knowledge.

33. The guidelines recommend that, when choosing where to send a ship for recycling, the ship owner should take account of the facility’s ability to handle and dispose of hazardous wastes safely and should:

make every effort to minimize the amount of potentially hazardous materials on board the ship [and] continuously seek to minimize hazardous waste generation and retention during the operating life of a ship and at the end of a ship’s life.⁴³

34. The guidelines also recommend that the ship owner should remove hazardous materials from the ship before sending it for recycling, where this is consistent with the safe operation of the ship.

35. There is some difference of opinion over whether the IMO guidelines should be converted into a binding regulation. The Chamber of Shipping opposed such a conversion, at least for the moment, arguing that, since the guidelines were adopted only recently, it is too early to say how effective a voluntary regime will be and whether it needs the force of law.⁴⁴ Both Friends of the Earth and Greenpeace argued that an international regulatory framework for ship dismantling was necessary.⁴⁵ The Environment Agency and Defra said that, at least, a clearer international agreement about the definition of ships as waste was necessary and that tighter international regulation may also be desirable.⁴⁶

36. Whatever the merits of voluntary or regulatory regimes, there does appear to be an international consensus that the way in which the international waste regime applies to

⁴⁰ Ev 69 [International Maritime Organisation], paras 2–3

⁴¹ Ev 1 [Chamber of Shipping], Q17

⁴² IMO Assembly Resolution A.962(23), *IMO Guidelines on Ship Recycling*

⁴³ IMO Assembly Resolution A.962(23), *IMO Guidelines on Ship Recycling*

⁴⁴ Qq16 and 30

⁴⁵ Qq102 and 106

⁴⁶ Qq209 and 253

ships needs to be reviewed. To this end, the IMO, the International Labour Organisation (ILO) and the parties to the Basel Convention have agreed to form a joint working group which will:

act as a platform for consultation, co-ordination and co-operation in relation to the work programme and activities of ILO, IMO and the Conference of Parties to the Basel Convention with regard to issues related to ship recycling.⁴⁷

37. The Minister for Environment and Agri-Environment told us that the working group was a technical, rather than ministerial, group and was not likely to start work until February 2005. He hoped that the United Kingdom would be appointed to the group.⁴⁸

38. Given the international nature of the shipping industry, any action or regulation to address ship dismantling will be effective only if it is agreed at an international level. Furthermore, if an initiative is really to work, it would have to be taken under the aegis of the International Maritime Organisation in order to circumvent the problems associated with ships changing flag and owners declaring their intention to dismantle a vessel only once it is on the high seas.

39. We therefore warmly welcome the decision to form a joint working group of the Conference of the Parties to the Basel Convention, the International Maritime Organisation and the International Labour Organisation. We urge the Government to ensure that it has meaningful input into the deliberations of the working group. We hope that the working group will clarify when a ship is to be regarded as waste and how best to apply the principles of international waste legislation to those parts of a defunct vessel that cannot be re-used or recycled.

40. We note the Minister's hope that the United Kingdom will be included in the working group and urge the Government to seek to play as active a role as possible in it.

⁴⁷ Ev 1 [International Maritime Organisation], para 6

⁴⁸ Qq264-5

4 Principles of responsible ship recycling

Who should be responsible for the way a ship is recycled?

41. The IMO guidelines make a number of recommendations to ship owners and acknowledge that they have a responsibility to address the issues involved. However, they also:

accept that the obligation for environmental and worker protection in ship recycling facilities must rest with the recycling facility itself and with the regulatory authorities of the country in which the recycling facility operates.⁴⁹

42. The Chamber of Shipping accepted that a company that was disposing of a ship at the end of its working life, whether by sending it directly to a dismantler or going through a third party, had a responsibility to sell the ship to a yard that could dismantle it safely. However, it took the view that it remained the responsibility of the yard to ensure that the dismantling was done properly. Moreover, if a ship was sold on with a significant number of years' working life left, then the original owner could not be expected to follow its fate until disposal.⁵⁰

43. The Chamber also told us that it was difficult for ship owners to assess which dismantling facilities were able to handle potentially hazardous wastes safely, although government certification schemes, such as one recently launched by the Chinese Government, could make it easier.⁵¹

44. Environmental organisations, on the other hand, argued that the 'polluter pays' principle should apply and the owner of the ship should ensure that the ship's dismantling did not harm people or the environment.⁵² Greenpeace believes that the IMO guidelines represent:

an effort to deflect responsibility away from the shipping industry (the polluter in this case) to its victims (developing countries and communities).⁵³

Greenpeace argued that the Government should be responsible for naval ships and that for commercial vessels, responsibility should lie with:

the country receiving the lion's share of the economic benefit during the life of that ship.⁵⁴

45. We take the view that it would be extremely difficult to assign responsibility for the way in which a ship is dismantled to any but the current owner. However, the current owner, regardless of how long they have owned the ship and regardless of whether they bought the ship as a going concern or with the intention of selling it for

⁴⁹ IMO Assembly Resolution A.962(23), *IMO Guidelines on Ship Recycling*

⁵⁰ Qq26–27, 65

⁵¹ Qq17 and 57

⁵² Qq81–83, 86, 111, 137

⁵³ <http://greenpeaceweb.org/shipbreak/analysisinconsistencies.pdf>

⁵⁴ Q137

scrap, should be responsible for ensuring that the ship is dismantled to internationally acceptable standards of health, safety and environmental protection.

46. We accept that it may be difficult for smaller ship owning companies to assess the quality of dismantling facilities and we therefore recommend that the Government consider how an international standard could be developed, which could be used to certify qualifying dismantling yards.

Where should ships be dismantled?

47. Our witnesses all agreed that ships should be dismantled to high standards of workforce health and safety and environmental protection. However, they disagreed over whether, in order to meet these standards, ships should be dismantled only in developed countries. Friends of the Earth and Greenpeace argued that the proximity principle should apply and that, as far as possible, developed countries should dismantle their own ships. Where this was not possible, dismantling should be done in the same region.⁵⁵ Friends of the Earth said:

it is a matter of principle and it is about countries taking responsibility for the waste that they generate. [The proximity principle] should incentivise countries to minimise the waste they generate and to put in place facilities to look after [it] ... If you are having to deal with you own mess at home you will take it more seriously than if it is sailing over the horizon to be disposed of where nobody can see it.⁵⁶

48. The Chamber of Shipping argued that the most important factor in choosing where to send a ship for dismantling was whether the dismantling facility could meet the required health, safety and environmental standards; after that the decision was an economic one.⁵⁷ It also emphasised the global nature of the shipping industry, saying that it was very difficult to say which country should be regarded as 'home' for any particular ship. BP Shipping, a Chamber member, said:

we are a UK-based shipping organisation of the [international] BP group. We have ships that we were recycling that were built in Japan, they spent their entire lives trading around the world. If they had ever come to this country, they would only have come on a few occasions and were then finally dismantled in China. Where is 'home' for that ship?⁵⁸

49. It may also be the case that a greater proportion of the ship can be re-used if it is dismantled in Asia: scrap metal prices are higher there and items such as computers and even light bulbs can be re-used whereas in Europe they would be more likely to be disposed of.⁵⁹

50. Greenpeace argued that, although facilities in Asia varied in their standards of health, safety and environmental protection, none were satisfactory:

⁵⁵ Qq 81–83, 111, 129

⁵⁶ Q86

⁵⁷ Q4

⁵⁸ Q6

⁵⁹ Qq21–22

China, I would say, is improving and at least the dismantling is done on the quayside rather than simply on a beach ... [but] it is by no means approaching what we would call high environmental or health and safety standards ... what happens to [the] hazardous wastes is far from certain.⁶⁰

51. The Chamber of Shipping told us that facilities in China were investing in raising environmental standards in order to attract socially responsible ship owners and that the Chinese government was in the process of certifying yards and only allowing those that met a certain standard to import vessels for dismantling.⁶¹ It said that suitable facilities for the larger ships do not exist in developed countries and that the companies in China that its members dealt with not only met the required environmental standards but also treated their staff properly and paid them properly “in relation to their own economy”.⁶²

52. Greenpeace has called for the development of ship scrapping facilities in the UK and Europe, partly in order to apply the proximity and polluter pays principles to ship dismantling and partly because:

the UK has the regulatory infrastructure, the health and safety infrastructure and the medical infrastructure to be best placed, or one of the best placed, countries to make sure that environmental impacts are minimised. We have the technology and we have the know-how.⁶³

53. For us, the most important consideration in deciding where a ship should be dismantled is that the level of health and safety protection for the workers and the environmental protection at ship dismantling facilities meet the highest standards; as stated above, we believe that such standards should be stated in an internationally binding agreement which sets out a clear statement of minimum standards of ship dismantling, regardless of where the dismantling takes place. The Government should work to ensure that the International Maritime Organisation gives priority to producing such an agreement. It is clear that the majority of large vessels are dismantled under wholly inadequate conditions on beaches in Pakistan, India and Bangladesh; it is unacceptable that OECD-based companies, who are also members of the International Maritime Organisation, should continue to permit their vessels to be dismantled in this way.

54. As regards ship dismantling in the United Kingdom, the decision to grant or deny permission for ship dismantling facilities is clearly for the planning authority concerned and the environmental and health and safety regulators. However, it seems to us that the UK has the potential to establish an industry in ship dismantling which can be done safely and offer economic benefits to the communities in which is it carried out.

⁶⁰ Q108

⁶¹ Q57

⁶² Q53

⁶³ Q111

5 Action at the United Kingdom level

The Government's ship recycling strategy

55. The Government announced in response to our request for evidence that it will produce a ship recycling strategy:

[the strategy] will consider, in detail, the economic and environmental impacts of establishing high quality facilities in the UK and look at potential means (economic and/or regulatory) to encourage the establishment of such facilities in the UK. It will also set out the Government's policy on the dismantling of UK government vessels.⁶⁴

56. **We welcome the Government's decision to produce a ship recycling strategy. The strategy's scope, as outlined by Defra, is commendable. We recommend that it also set out how UK Government policy will interact with and push forward the international agenda.**

57. **The need to eradicate irresponsible ship dismantling is urgent, all the more so because all remaining single-hulled tankers must be dismantled before 2015, many before 2010 and the oldest by the end of 2005. In this context, the Government should tell us how it will use its forthcoming presidency of the European Union and chairmanship of the G8 to encourage rapid international action to ensure these tankers are dismantled in a responsible way.**

A United Kingdom ship recycling industry

58. **Government has most direct control over the ships it owns, namely naval vessels. These should be dismantled in a way that does not harm the environment or people. We would welcome the development of a thriving ship dismantling industry in the United Kingdom, which dismantled all defunct state-owned vessels to the highest standards of health, safety and environmental protection.**

59. **We expect that the presence of such facilities would act as a catalyst to enable UK-based ship owners to have their commercial vessels dismantled here. However, we recognise that responsible recycling will impose a cost on ship owners and recommend that the Government explore ways of mitigating that cost.**

60. **We recommend that, pending greater international regulation of ship recycling, the Government consider how best to persuade UK-based ship owners to adhere to the IMO guidelines and ensure that their vessels are dismantled, and seen to be dismantled, with the minimum impact on human health and the environment.**

⁶⁴ Ev 62 [Defra], para 27

Conclusions and recommendations

How are defunct ships currently dealt with?

1. The lack of suitable dismantling facilities in developed countries is a significant barrier to responsible ship dismantling. At present, even if a ship owner based in the United Kingdom wished, or was required, to dismantle a ship here, appropriate facilities for larger vessels do not exist. Given the economic advantages of dismantling facilities in Asia, and the difficulties faced by companies such as Able UK, there is little incentive for companies here to develop ship dismantling facilities. (Paragraph 18)

Existing legislation and guidelines regulating ship dismantling

2. Since the European Community Waste Shipments Regulation includes a ban on export of hazardous wastes to developing countries, the regulation forbids the export of ships that are classified as hazardous waste to developing countries. We welcome this development. (Paragraph 26)
3. The Government, as a member of the International Maritime Organisation and in its role as upcoming president of the G8 and the European Union, should work to ensure that the International Maritime Organisation gives priority to producing an internationally binding agreement which sets out how ships should be dismantled. Such an approach must avoid the difficulties associated with the current tortuous arguments which try to determine when a ship becomes waste. We urge the Government to encourage the International Maritime Organisation to concentrate its work on a best practice agreement which applies at the point of dismantling. The Government should seek to ensure that the International Maritime Organisation does not allow itself to be side-tracked into the difficulties of agreements which try to adjudicate on how international waste transfer arrangements affect the way in which ship dismantling is conducted. (Paragraph 30)
4. Given the international nature of the shipping industry, any action or regulation to address ship dismantling will be effective only if it is agreed at an international level. Furthermore, if an initiative is really to work, it would have to be taken under the aegis of the International Maritime Organisation in order to circumvent the problems associated with ships changing flag and owners declaring their intention to dismantle a vessel only once it is on the high seas. (Paragraph 38)
5. We therefore warmly welcome the decision to form a joint working group of the Conference of the Parties to the Basel Convention, the International Maritime Organisation and the International Labour Organisation. We urge the Government to ensure that it has meaningful input into the deliberations of the working group. We hope that the working group will clarify when a ship is to be regarded as waste and how best to apply the principles of international waste legislation to those parts of a defunct vessel that cannot be re-used or recycled. (Paragraph 39)

6. We note the Minister's hope that the United Kingdom will be included in the working group and urge the Government to seek to play as active a role as possible in it. (Paragraph 40)

Principles of responsible ship recycling

7. We take the view that it would be extremely difficult to assign responsibility for the way in which a ship is dismantled to any but the current owner. However, the current owner, regardless of how long they have owned the ship and regardless of whether they bought the ship as a going concern or with the intention of selling it for scrap, should be responsible for ensuring that the ship is dismantled to internationally acceptable standards of health, safety and environmental protection. (Paragraph 45)
8. We accept that it may be difficult for smaller ship owning companies to assess the quality of dismantling facilities and we therefore recommend that the Government consider how an international standard could be developed, which could be used to certify qualifying dismantling yards. (Paragraph 46)
9. For us, the most important consideration in deciding where a ship should be dismantled is that the level of health and safety protection for the workers and the environmental protection at ship dismantling facilities meet the highest standards; as stated above, we believe that such standards should be stated in an internationally binding agreement which sets out a clear statement of minimum standards of ship dismantling, regardless of where the dismantling takes place. The Government should work to ensure that the International Maritime Organisation gives priority to producing such an agreement. It is clear that the majority of large vessels are dismantled under wholly inadequate conditions on beaches in Pakistan, India and Bangladesh; it is unacceptable that OECD-based companies, who are also members of the International Maritime Organisation, should continue to permit their vessels to be dismantled in this way. (Paragraph 53)
10. As regards ship dismantling in the United Kingdom, the decision to grant or deny permission for ship dismantling facilities is clearly for the planning authority concerned and the environmental and health and safety regulators. However, it seems to us that the UK has the potential to establish an industry in ship dismantling which can be done safely and offer economic benefits to the communities in which it is carried out.. (Paragraph 54)

Action at the United Kingdom level

11. We welcome the Government's decision to produce a ship recycling strategy. The strategy's scope, as outlined by Defra, is commendable. We recommend that it also set out how UK Government policy will interact with and push forward the international agenda. (Paragraph 56)

12. The need to eradicate irresponsible ship dismantling is urgent, all the more so because all remaining single-hulled tankers must be dismantled before 2015, many before 2010 and the oldest by the end of 2005. In this context, the Government should tell us how it will use its forthcoming presidency of the European Union and chairmanship of the G8 to encourage rapid international action to ensure these tankers are dismantled in a responsible way. (Paragraph 57)
13. Government has most direct control over the ships it owns, namely naval vessels. These should be dismantled in a way that does not harm the environment or people. We would welcome the development of a thriving ship dismantling industry in the United Kingdom, which dismantled all defunct state-owned vessels to the highest standards of health, safety and environmental protection. (Paragraph 58)
14. We expect that the presence of such facilities would act as a catalyst to enable UK-based ship owners to have their commercial vessels dismantled here. However, we recognise that responsible recycling will impose a cost on ship owners and recommend that the Government explore ways of mitigating that cost. (Paragraph 59)
15. We recommend that, pending greater international regulation of ship recycling, the Government consider how best to persuade UK-based ship owners to adhere to the IMO guidelines and ensure that their vessels are dismantled, and seen to be dismantled, with the minimum impact on human health and the environment. (Paragraph 60)

Formal minutes

Wednesday 3 November 2004

Members present:

Mr Michael Jack, in the Chair

Mr David Burnside	Austin Mitchell
Mr Colin Breed	Joan Ruddock
David Drew	Diana Organ
Mr Mark Lazarowicz	Alan Simpson
Mr David Lepper	Paddy Tipping

The Committee deliberated.

Draft Report [*Dismantling Defunct Ships in the UK*], proposed by the Chairman, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 60 read and agreed to.

Summary read and agreed to.

Resolved, That the Report be the Eighteenth Report of the Committee to the House.

Ordered, That the Chairman do make the Report to the House.

Ordered, That the provisions of Standing Order No. 134 (Select committees (reports)) be applied to the Report.

Several papers were ordered to be appended to the Minutes of Evidence.

Ordered, That the Appendices to the Minutes of Evidence taken before the Committee be reported to the House.—(*The Chairman*).

Several memoranda were ordered to be reported to the House.

[Adjourned till Wednesday 10 November at half past Two o'clock.]

Witnesses

Wednesday 30 June 2004

Mark Browning, Edmund Brookes, Captain Nigel Palmer and Tom Peter Blankestijn, **Chamber of Shipping** Ev 2

Wednesday 14 July 2004

Tony Juniper, Mike Childs and Phil Michaels, **Friends of the Earth** Ev 17

Mark Strutt and Simon Ready , **Greenpeace UK** Ev 28

Peter Stephenson, **Able UK Ltd** Ev 36

Wednesday 21 July 2004

Baroness Young of Old Scone, David Jordan and Roy Watkinson, **Environment Agency** Ev 49

Elliot Morley MP and Sue Ellis, **Department for Environment, Food and Rural Affairs** Ev 62

List of written evidence

Chamber of Shipping	Ev 1, 13
Friends of the Earth	Ev 14
Greenpeace UK	Ev 25
Able UK Ltd	Ev 34, 43
Environment Agency	Ev 46, 57
Department for Environment, Food and Rural Affairs	Ev 59
International Maritime Organization	Ev 69
Plymouth Marine Laboratory	Ev 70
English Nature	Ev 71
Hartlepool Borough Council	Ev 73
Tees Valley Regeneration	Ev 78
Frank Cook MP	Ev 79
START (State-of-the-Art Ship Recycling in Britain Campaign)	Ev 80
Marine and Coastguard Agency	Ev 81
Hartlepool Friends of the Earth Media Group	Ev 86
Ministry of Defence	Ev 87

Reports from the Committee since 2001

Session 2003–04

Seventeenth Report	Agriculture and EU Enlargement	HC 421
Sixteenth Report	Climate Change, Water Security and Flooding	HC 558
Fifteenth Report	The Departmental Annual Report 2004	HC 707
Fourteenth Report	Sites of Special Scientific Interest	HC 475
Thirteenth Report	Bovine TB (<i>Reply, HC 1130</i>)	HC 638
Twelfth Report	Reform of the Sugar Regime (<i>Reply, HC 1129</i>)	HC 550-I
Eleventh Report	GM Planting Regime (<i>Reply, HC 1128</i>)	HC 607
Tenth Report	Marine Environment: Government reply to the Committee's Report	HC 706
Ninth Report	Milk Pricing in the United Kingdom (<i>Reply HC 1036</i>)	HC 335
Eighth Report	Gangmasters (follow up) (<i>Reply, HC 1035</i>)	HC 455
Seventh Report	Implementation of CAP Reform in the UK (<i>Reply, HC 916</i>)	HC 226-I
Sixth Report	Marine Environment (<i>Reply, HC 706</i>)	HC 76
Fifth Report	The Food Standards Agency and Shellfish (<i>Reply, HC 601</i>)	HC 248
Fourth Report	Environmental Directives (<i>Reply, HC 557</i>)	HC 103
Third Report	Caught in the net: Cetacean by-catch of dolphins and porpoises off the UK coast (<i>Reply, HC 540</i>)	HC 88
Second Report	Annual Report of the Committee 2003	HC 225
First Report	Water Pricing (<i>Reply, HC 420</i>)	HC 121

Session 2002–03

Eighteenth Report	Conduct of the GM Public Debate (<i>Reply HC 443 Session 2003-04</i>)	HC 220
Seventeenth Report	Biofuels (<i>Reply, HC 88 Session 2003-04</i>)	
	HC 929-I Sixteenth Report Vets and Veterinary Services	HC 703
Fifteenth Report	New Covent Garden Market: a follow-up (<i>Reply, HC 123 Session 2003-04</i>)	HC 901
Fourteenth Report	Gangmasters (<i>Reply, HC 122 Session 2003-04</i>)	HC 691
Thirteenth Report	Poultry Farming in the United Kingdom (<i>Reply, HC 1219</i>)	HC 79-I
Twelfth Report	The Departmental Annual Report 2003 (<i>Reply, HC 1175</i>)	HC 832
Eleventh Report	Rural Broadband (<i>Reply, HC 1174</i>)	HC 587
Tenth Report	Horticulture Research International (<i>Reply, HC 1086</i>)	HC 873
Ninth Report	The Delivery of Education in Rural Areas (<i>Reply, HC 1085</i>)	HC 467
Eighth Report	The Future of Waste Management (<i>Reply, HC 1084</i>)	HC 385
Seventh Report	Badgers and Bovine TB (<i>Reply, HC 831</i>)	HC 432
Sixth Report	Rural Payments Agency (<i>Reply, HC 830</i>)	HC 382
Fifth Report	The Countryside and Rights of Way Act 2000 (<i>Reply, HC 748</i>)	HC 394
Fourth Report	Water Framework Directive (<i>Reply, HC 749</i>)	HC 130
Third Report	The Mid-term Review of the Common Agricultural Policy (<i>Reply, HC 615</i>)	HC 151
Second Report	Annual Report of the Committee 2002	HC 269
First Report	Reform of the Common Fisheries Policy (<i>Reply, HC 478</i>)	HC 110

Session 2001–02

Tenth Report	The Role of Defra (<i>Reply, HC 340, Session 2002-03</i>)	HC 991
Ninth Report	The Future of UK Agriculture in a Changing World (<i>Reply, HC 384, Session 2002-03</i>)	HC 550
Eighth Report	Hazardous Waste (<i>Reply, HC 1225</i>)	HC 919
Seventh Report	Illegal Meat Imports (<i>Reply, HC 1224</i>)	HC 968
Sixth Report	Departmental Annual Report 2002 (<i>Reply, HC 1223</i>)	HC 969
Fifth Report	Genetically Modified Organisms (<i>Reply, HC 1222</i>)	HC 767
Fourth Report	Disposal of Refrigerators (<i>Reply, HC 1226</i>)	HC 673
Third Report	Radioactive Waste: The Government's Consultation Process (<i>Reply, HC 1221</i>)	HC 407
Second Report	The Countryside Agency (<i>Reply, HC 829</i>)	HC 386
First Report	The Impact of Food and Mouth Disease (<i>Reply, HC 856</i>)	HC 323