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**“Solutions for the responsible recycling of ships”**

*Check Against Delivery  
Seul le texte prononcé fait foi  
Es gilt das gesprochene Wort*

Open Hearing

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Ladies and Gentlemen,

I would like to start by expressing gratitude on behalf of the Commission to the European Parliament, its Honourable Members, Ms Hennis-Plasschaert and Mr Sterkx, the Industry Working Party on Ship Recycling and the NGO Shipbreaking Platform, for organizing this event. The fact that it is such a broad coalition which has joined forces for this purpose is very remarkable and a sign that things are moving in the right direction.

The dismantling or recycling of ships is a pressing environmental, economic and social issue of a global dimension in which the EU can and should play an important role. We fully share the concerns expressed regarding the significant environmental and safety problems involved. The problems are acute and for that reason the issue is one of the top priorities on the Commission's agenda. We have to ensure correct application of Community legislation, but at the same time, we have to assess the options that can be used to improve the situation from a broader perspective.

### **Unsafe dismantling of ships**

In most cases, the dismantling of ships today is not done properly. For example, ships are dismantled on beaches in Southern Asia under poor conditions that put workers' health and safety and the environment at risk. The information made available to us by the International Labour Organisation, and by NGOs concerned with the environment and human rights, shows that too many workers are killed or injured by accidents or are exposed to toxic substances. On the environmental side, because there exists no adequate equipment needed to deal with the hazardous substances contained in old ships - such as asbestos, oil sludge and PCBs - there is pollution of the water and soil in these coastal areas, which in turn affects natural habitats and fishing grounds.

### **More old ships will go for dismantling**

As you know, the EU is seeking to make shipping safer. For example, we want to prevent further environmental disasters like the "Prestige" and "Erika". We have therefore introduced and supported the obligatory phasing-out of single-hull tankers under Community legislation and international conventions. As a consequence, the number of end-of-life ships to be scrapped will increase considerably in the next few years. This increase has not happened yet to the extent predicted, mainly because ships are being used for longer to meet transport needs in Asia. But it is certain to come eventually, and because of our mandatory phasing-out legislation, we are responsible to ensure that the solution of one environmental problem does not aggravate another.

### **The dilemma of strict regulation**

From a point of view of EU legislation, let me be clear that ships destined to be dismantled or recycled are considered as waste. In this respect, the European Commission has a direct role to play, by making sure that these ships are treated, transferred and recycled according to our waste legislation.

Similarly, end-of-life ships that contain hazardous substances are to be treated according to the rules that apply to the treatment of hazardous waste, especially the rules concerning their movements. We consider that the transfer of ships containing hazardous substances from the EU to countries outside the OECD constitutes export of hazardous waste. This is prohibited under both the Basel Convention and the European Union's Waste Shipment Regulation. The Commission will not hesitate to ensure that this prohibition is properly applied and enforced in the Member States.

This was recently the case of the Clemenceau. As you certainly know, the French air carrier had set sail to India in order to be recycled. It was made known to the Commission that the vessel had not been fully removed of its hazardous substances, especially asbestos. I took a specific interest in this case and asked for additional information from the French government and more particularly from the Minister Olin. Eventually, the French government made the right considerations and took the correct decision to recall the Clemenceau back home in order to prepare it for safe recycling.

It is therefore indispensable for the European Union to take action in relation to ship recycling. Although we are in favour of pushing for an international solution, I maintain that we should also seek an internal EU-wide solution to the problem. Acting at EU level will help us set the right environmental and health and safety standards that should be followed in other parts of the world. In addition to that, we have to set the example within the European Union, not least because we are responsible for part of the problem, for instance, because of our important shipping activities, or because of our phasing-out rules applying to single-hull vessels.

There is a positive momentum forming up within the European Union and I find the current context favourable for pursuing an EU-wide approach to the problem. The interest shown in this matter by several Member States, such as France, Germany and the UK – to mention just a few –, by other Community institutions, such as the Council of Ministers and the European Parliament, and by the relevant stakeholders, such as NGOs and the industry, is a sign of encouragement, which makes me feel confident that we will soon find the right and balanced way to regulate the safe recycling of ships.

However, let us not close our eyes to some of the side-effects. Whenever there is a stringent regulation, there is always the temptation to try to evade or circumvent it – especially when this is economically advantageous.

Indeed, we know from current practice that there is a great temptation to send ships for dismantling illegally - and we also know that it is particularly difficult to do anything about this. So not only do we need to ensure that our legislation is implemented strictly, but we also need to look at additional ways of fighting illegal behaviour.

### **Need for a level playing-field**

Some 20 years ago, ship dismantling facilities were common in Europe too, but now nearly all of them have disappeared. Labour costs – and safety standards – were undercut by the demolition yards in Asia, and still are. Also the booming demand for steel in the developing countries of South and East Asia makes the dismantling of ships economically more attractive in that region.

Let me be clear – I am in favour of an effective market for recycling and secondary resources – but there have to be minimum standards of environmental and social safety.

Unfortunately, we are a long way from having a level playing-field for ship dismantling on a global scale, which means that the facilities with the lowest, and usually inadequate, environmental and safety standards are economically more successful than the competition. This is not acceptable.

There is an urgent need for stricter binding international rules. The International Maritime Organisation (IMO) is currently discussing a draft convention on the safe and environmentally sound recycling of ships. The Commission welcomes this initiative. Mandatory requirements for a ship reporting system under the IMO should be established as soon as possible. This system should guarantee an equivalent level of control as established under the Basel Convention. We count on the IMO to deliver this as soon as possible.

In my view, it is particularly important that minimum requirements for the environmentally sound management of ship recycling are made binding worldwide, and that compliance with these requirements is guaranteed by an effective system for authorising and auditing recycling facilities. There should be independent international certification bodies providing reliable and unbiased assessments to ensure that we can trust the system.

### **EU needs to act now**

However, these international solutions will not come overnight and we cannot afford to wait too long. We need to have a better international system in place by the time most of the single-hull oil tankers and other vessels are due for scrapping.

But although we need to work towards more robust international rules on ship-dismantling, we also need to act in the EU. Let me repeat it again: we encourage an international approach, but we need to act at EU level as well. And there is room for action. There are three levels at which this action could be taken.

Firstly, the shipping industry should start considering credible and realistic initiatives on a voluntary basis, or otherwise the Commission will have to think of mandatory means to serve this purpose. After all, let us not forget that according to a basic principle of our environmental legislation – the “polluter pays principle” – industrial operators bear the environmental costs that their activities may generate. As you know, this is the case with various industrial sectors. I quote as examples the end-of-life vehicles directive or the waste electric and electronic equipment directive.

Moreover, the high price of steel continues to make the dismantling of ships economically attractive for owners and the improvement of environmental and safety conditions in recycling yards would not create an intolerable burden. In the spirit of Corporate Social Responsibility, shipping companies should send their end-of-life ships only to facilities that comply with the current technical guidelines of the IMO, the Basel Convention and the International Labour Organisation.

Secondly, the governments of the EU Member States should set an example by demonstrating responsible management of end-of-life ships. They should set the example starting with the vessels they own themselves: warships, ice-breakers, and so on. This is more so if we consider that these state-owned ships are likely to be excluded from the scope of any international convention worked out by the IMO. Fortunately, we are already seeing the first examples of good practice: the UK Government has just presented a national Ship Recycling Strategy for public consultation. It clearly addresses the problem and describes policy options for government ships and gives recommendations for commercial ships.

This UK draft national strategy for environmentally safe dismantling could serve as an inspiration for other flag states in the EU, but also for EU-wide measures themselves. I praise the work done by DEFRA and express my appreciation for their on-going collaboration with my services.

Thirdly, we can and should take action at EU level towards an EU-wide strategy for ship dismantling. We will look at the viability of re-establishing ship recycling facilities in the EU. European waste shipment law is very strict in preventing movements of hazardous waste to developing countries. That is why we need facilities where ships that reach the end of their life can be safely disposed of. In some – or even many – cases, this could be in the EU. In my view, at least a minimum level of environmentally sound recycling capacity in Europe and neighbouring OECD countries has to be maintained or re-established.

I can inform you that we have already initiated a careful investigation of all essential aspects of ship dismantling, including the costs and benefits of pre-cleaning. We will also open or intensify the dialogue with Member States in the next months to find the best possible solutions to the problem. I see, for example, a possible role for Member States to ensure that warships, ferries and other ships that regularly operate in European waters can be dismantled safely at the end of their lives in domestic facilities within the EU.

Of course, this will not come for free – significant investment could well be required. This brings me to the question of how to fund such investment. The industry can contribute to the development of ship recycling or ship decontamination capacity in the EU, which respects high environmental and health and safety standards. But of course, this would not be sufficient. Other sources of funding should be explored. Although this is not the right forum to identify specific means and ways of funding the ship recycling capacity, one could think of similar schemes as those laid down in other pieces of waste legislation. Even state aids and subsidies could be considered, provided that can be cleared as compatible with the common market and international trade rules.

At this point, I would like to stress that the re-establishment of ship recycling or decontamination capacity in the European Union, which may be funded by European subsidies, will not take business and jobs away from developing countries. On the contrary, it will contribute to the setting of more ambitious environmental standards, which could then be used as benchmark for international regulation. In addition, it will place the necessary competitive pressure on existing recycling shipyards in developing countries, thereby inducing them to adapt to higher environmental, labour and health and safety standards.

Community funds, like the structural funds, might also serve as a source of support. If we are clever and forward-looking, we might be able to provide new economic possibilities for the less developed regions of the EU that have suffered from the closure of shipyards. Recent increases in the prices of raw materials should mean that recycling quickly becomes a more profitable business. But, as I said, this is not the moment to talk about these specificities. Let us first agree on the basic principles, and we will have various opportunities to discuss the details in the future.

This brings me to my final point. It is not enough just to clean up our own act here in Europe. We must work to ensure that recycling facilities throughout the world meet the right standards in terms of environmentally sound management and the safety and health of workers. But we need the assistance and know-how of the shipping industry, and the other industries responsible in the whole of the EU, to help the developing world meet globally acceptable environment and safety standards for the dismantling of ships.

## **Final remarks**

To conclude, I would like to reiterate my personal commitment to pursuing and implementing of a balanced and well conceived EU strategy for ship dismantling. In this effort, I will seek the assistance of my fellow Commissioners, where their involvement and expertise are necessary for the realisation of our aim. And one can think of several policy areas in this respect, such as, aid to developing countries, industrial competitiveness, transport, social affairs, to mention just a few. Our effort must take into account the interests of all stakeholders, both in the EU and in emerging economies outside the EU. And at the heart of any such strategy must be the principles of safety and care for human health and the environment.

I thank you for your attention.