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JOINT ILO/IMO/BC WORKING GROUP ON
SHIP SCRAPPING
1st session
Agenda item 5

ILO/IMO/BC WG 1/INF.3
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JOINT TECHNICAL CO-OPERATION ACTIVITIES

The need to set up an international eco-dismantling fund

Submitted by Greenpeace International

SUMMARY

Executive summary: This document provides information on a Ship Recycling Fund that in combination with mandatory regulations provides shipbreakers and shipbreaking countries worldwide with the means to invest in best practice facilities and working methods at a yard. The document also contains information on how a Ship Recycling Fund provides shipowners with the means to finance pre-cleaning of ships and responsible disposal of their end-of-life vessels with a contribution to the Ship Recycling Fund.

Action to be taken: Paragraph 2

Related documents: MEPC 52/3/6; MEPC 52/24, paragraphs 3.29 to 3.31;
ILO/IMO/BC WG 1/1/1, annex 1, paragraph 5.2;
ILO/IMO/BC WG 1/5, paragraph 9;
ILO/IMO/BC WG 1/5/1, paragraph 6;
ILO/IMO/BC WG 1/7/1, paragraph 19

1 Introduction

1.1 Based on the current economics dominating the shipbreaking practices, Greenpeace has commissioned a report for the introduction of an economic system that would result in clean and safe shipbreaking. A system that does justice to the financial responsibility of shipowners for toxic waste onboard ships and for the way in which ships are broken at the end of their commercial life. A system that expresses the fact that shipbreaking is a service to the shipping community and the world instead of a dumping of toxic waste industry. A service for which the shipping industry should pay its part instead of being paid for only. This is in line with the polluter pays principle. Financial resources needed include costs for decontamination, infrastructure and clean-up.

1.2 The ideas presented in the report not only argue that financial costs for safe and clean breaking of end-of-life-vessels can be borne by the shipping industry, it also argues that the costs are manageable and a minor fraction (0.5%) in relation to the total turnover generated by the shipping industry.

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1.3 The establishment of a ship recycling fund goes hand-in-hand with the existence of a mandatory framework of appropriate regulation. Fund and regulation are interdependent. Regulation is necessary, as it obliges the shipping community to really change the polluting dumping practice. At the same time, the introduction of regulation **without** the creation of a parallel financing mechanism could lead to circumvention of the rules, and increased use of substandard scrapping yards by shipowners to avoid extra costs. The findings of this report confirm the idea that the responsibility for shipowners for the toxic waste onboard ships to prevent environmental pollution originating from the dismantling of their end-of-life-ships is best safeguarded through the introduction of a financial system. It recommends that abidance by the rules should be promoted by the introduction of an **indirect** financing mechanism in which financing is raised at the new built stage or during the lifetime of a ship.

1.4 Greenpeace provides this information document to the Joint Working Group as a source of inspiration and a further indication that the current practice of polluting the environment and endangering the health and life of workers and surrounding communities can be stopped and changed for the better. The information document shows the way to put an end to the preferential treatment to end-of-life vessels in the context of environmental legislation.

1.5 The report “The Ship Recycling Fund” can be downloaded from www.greenpeaceweb.org/shipbreak/fund.pdf and sufficient copies will be made available at the first session of the Joint Working Group.

2 Action requested of the Joint Working Group

2.1 The Joint Working Group is invited to:

- .1 consider the views and ideas raised in the report “the Ship Recycling Fund” and take action as appropriate when discussing the issue of joint technical co-operation activities and the related source mobilization; and
- .2 propose to put the issue of finding a financial mechanism - that does not only promote implementation and enforcement of international rules on clean and safe shipbreaking but also does justice to the polluter pays principle- prominently on the agenda of the ILO, IMO and UNEP (BC).