**ECSA position Paper: Enhancing Global Ship Recycling Standards**

**Introduction**

The European Community Shipowners’ Associations (ECSA) is committed to promoting safe, environmentally sound, and responsible ship recycling practices. ECSA welcomes the entry into force of the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships (HKC) in 2025. This represents a major breakthrough in ensuring high-level environmental and safety standards, as well as creating a global level playing field for ship recycling.

For the first time, a globally binding standard will be in place, ensuring that vessels are dismantled in a way that protects both human health and the environment. From 26 June next year, the 24 parties to HKC will be required to ensure that recycling facilities under their jurisdiction comply with the convention. Ship recycling yards must be authorised and prepare a Ship Recycling Facility Plan addressing worker safety, health, environmental protection, and emergency preparedness. HKC imposes stringent obligations on shipowners, who must use only authorised recycling facilities and maintain an Inventory of Hazardous Materials (IHM) specific to each ship.

As HKC enters into force, it is vital that attention remains focused on strengthening its international standards. First of all, because 98% of all global ship recycling takes place in five countries – Bangladesh, China, India, Pakistan and Türkiye – four of which are already parties to HKC. The EU Ship Recycling Regulation (EU SRR) could be used as a benchmark for this revision. Secondly, it is important to provide a clear legal framework for ship recycling instead of having two parallel regulations with different standards for ship recycling, that creates uncertainties for shipowners. Levelling up the playing field and ensuring high quality standards internationally, regardless of location, is essential to uphold safety and environmental protection and to increase the capacity of ship recycling globally.

**Summary:**

ECSA supports:

* A clear legal framework for ship recycling globally;
* Considering a revision of the HKC requirements instead of a revision of the EU Ship Recycling Regulation to ensure uniform global standards for safe and environmentally sound ship recycling;
* The addition of non-OECD ship recycling facilities on the EU SRR list as soon as they meet the EU SRR requirements;
* Incentive schemes would not be fit for purpose.

**Support for the Hong Kong International Convention**

ECSA welcomes the ratification of HKC on ship recycling, which will provide for a global level playing field. In this regard, a revision of the Hong Kong Convention would ensure high standards of safety and environmental protection. To ensure uniform standards on ship recycling globally, ECSA urges the European Commission to work towards strengthening HKC's requirements rather than introducing additional criteria in EU SRR to ensure a global level-playing field.

EU SRR contains provisions which are similar, but not necessarily identical to the HKC. Enhancing the HKC will ensure uniform global standards, preventing a fragmented regulatory landscape.

Possible ways for revision of HKC include, among others, aligning the Inventory of Hazardous Materials (IHM) list of HKC with that of EU SRR, as EU SRR requires the identification of two additional hazardous materials. Furthermore, HKC may address medical treatment and facilities in a clearer manner. While medical treatment & trauma centres are mentioned in the HKC Guidelines, its provisions are not as detailed as in EU SRR.

**Capacity Challenges of the EU Ship Recycling List**

A significant concern for the European shipping industry is the limited capacity of EU SRR-approved ship recycling facilities. Despite the growing number of facilities on the EU list, their capacity remains insufficient to meet the demands of the shipping industry. ECSA, therefore, urges the Commission to expand the EU list, including facilities in non-OECD countries where substantial improvements have been made in securing safe and environmentally sound ship recycling as soon as they meet the requirements of EU SRR.

As almost 98% of global ship recycling takes place in five countries—Bangladesh, China, India, Pakistan, and Türkiye—four of which are already parties to the HKC, it is essential to continue supporting the work of the International Maritime Organization (IMO) and to add non-OECD yards to the EU list. Since 2016, 27 Indian ship recycling facilities have applied to the EU list, but none have been accepted. Continuing cooperation with IMO to ensure high standards of non-OECD recycling and to advocate for the inclusion of these yards on the EU list is of utmost importance for European shipowners.

The HKC is the instrument preferred by European shipowners because it improves conditions for ship recycling and increases capacity on a global scale, which is crucial to match the higher regulatory standards for lowering CO2 emissions, enhancing energy efficiency, and the overall greening of vessels. The expansion of the EU list to non-OECD countries is particularly important, as the greening of the EU fleet, driven by the Fit for 55 Package, IMO CII/EXXI regulations, and the decommissioning of oil and gas installations in the North Sea, will significantly increase the number of vessels requiring recycling in the coming decade. With current capacity, vessels remain in service longer than intended, delaying the fleet renewal and decarbonisation goals mandated by the Fit for 55 Package. In fact, BIMCO estimates that over 15,000 vessels will need to be recycled in the next decade which is more than twice the amount recycled in the previous ten years[[1]](#footnote-2). Addressing the capacity issue is, therefore, crucial for the European shipping industry’s compliance with environmental regulations and its commitment to sustainable practices.

**Incentive schemes would not be fit for purpose**

In November 2024, the European Commission is expected to publish a comprehensive evaluation of EU SRR, providing the groundwork for a revision of the regulation in 2025. In addition to assessing current measures, the Commission is expected to consider new elements, such as ship recycling licences and incentive schemes, which are viewed as highly problematic by the shipping industry.

According to a study the "Ship Recycling Licence" scheme would require ships calling at EU ports to obtain a licence, with fees going towards a fund to bridge the cost gap between recycling costs of yards included in the EU SRR list and non-EU SRR list facilities[[2]](#footnote-3). This scheme would oblige shipowners to recycle at recycling yards on the EU SRR list if they do not want to pay the fee.

The scheme’s complexity, especially the creation of new EU agencies and oversight bodies to enforce the licence raises concerns about added cost and bureaucracy. Additionally, a 15-18 year transition period would be necessary to give existing ships enough time to build up the necessary funds to cover this price difference that can be difficult to estimate over time.

ECSA believes that the upcoming entry into force of the HKC will render a financial instrument and fund under the EU Regulation redundant, since it will establish a worldwide transparent system of standards and compliance for shipowners and ship recyclers alike. ECSA therefore considers that the financial gap between ship recycling facilities is due to a number of factors and that an incentive scheme would not be fit for purpose.

**Conclusion**

Considering a revision of the HKC requirements is essential to ensuring global standards for safe and environmentally sound ship recycling. ECSA remains committed to supporting these efforts and urges the European Commission to work towards strengthening HKC's requirements rather than introducing additional stringent criteria in the EU SRR to ensure a global level-playing field. Facilitating the inclusion non-OECD yards on the EU SRR list will help addressing the current capacity challenges while promoting safe, environmentally responsible ship recycling on a global scale. Finally, ECSA believes that the entry into force of the HKC will make a financial instrument and fund under the EU SRR, aimed at bridging the financial gap between ship recycling yards on the EU SRR list and non-SRR list facilities, redundant. This is because the HKC will establish a global, transparent system of standards and compliance for shipowners.

1. [Over 15,000 ships could be recycled by 2032, up more than 100% on the ... (bimco.org)](https://www.bimco.org/news-and-trends/market-reports/shipping-number-of-the-week/20230516-snow) [↑](#footnote-ref-2)
2. Study by ECSA, ASA and ICS on the Final report of Ecorys and Erasmus School of Law and DNV GL on assessing the feasibility of a financial instrument to facilitate safe and environmentally sound ship recycling, 25 July 2016 [↑](#footnote-ref-3)