



European Shipowners | ECSA position paper on ship recycling

Executive Summary

European Shipowners | 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.

Introduction

European Shipowners | ECSA is committed to promoting safe, environmentally sound, and responsible ship recycling practices. European Shipowners | ECSA **welcomes the entry into force of the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships (HKC) in June 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 ships are dismantled in a way that protects both human health and the environment. From 26 June this year, the parties to the HKC will be required to ensure that ship recycling facilities under their jurisdiction and ships entitled to fly their flag, comply with the Convention.

As the HKC enters into force, it is vital that attention remains focused, not only on having more International Maritime Organization (IMO) Member States ratify the Convention, but also on **strengthening its international standards**. This is particularly important as 98% of all global ship recycling takes place in just four countries – Bangladesh, India, Pakistan and Türkiye – which are already parties to the HKC. The EU Ship Recycling Regulation (EU SRR) could be used as a benchmark for strengthening these standards. In this context, European Shipowners | ECSA welcomes the EU SRR evaluation report¹, which underscores the importance of strengthening the HKC.

Furthermore, it is important to **provide a clear legal framework for ship recycling**, instead of having two parallel frameworks with differing standards for ship recycling, which create legal uncertainty for shipowners. Levelling up the playing field and ensuring high quality standards internationally, regardless of

¹ [COM\(2025\) 52 final, February 2025: Commission Report on the application of the EU SRR & SWD\(2025\) 40 final, February 2025: Accompanying document](#)



location, is essential to uphold safety and environmental protection and to increase the capacity of ship recycling globally.

Ensuring the Hong Kong Convention precedes the Basel Convention

Speculations are ongoing regarding whether the Hong Kong Convention (HKC) or the Basel Convention on transporting hazardous waste (BC) will regulate ship recycling on an international level.

European Shipowners | ECSA considers **the HKC to be the applicable legal instrument**, as Article 11 of the BC allows more specific legislation on the transport of waste to be adopted, provided it ensures the same level of environmental protection. European Shipowners | ECSA believes that the HKC meets this requirement.

In addition, basic principles of international law favour the HKC instead of the BC. The *lex specialis* principle imposes that if two laws (e.g. conventions) govern the same factual situation (e.g. disposing of waste), a law governing the specific subject matter (e.g. ship recycling) overrides a law that only covers that subject/situation from a general point (e.g. disposal of waste in general). Thus, the HKC will, once it enters into force, take precedence over the BC.

Lastly, it should be noted that discussions among IMO Member States at MEPC 82 led to a guidance², submitted by the IMO Secretariat, being adopted on implementing both the HKC and BC. The guidance clarifies that under certain conditions, the HKC should take precedence. European Shipowners | ECSA supports this guidance. More recently, the European Commission called for the IMO Secretariat to reach out to the Basel Secretariat to inform them of this guidance and to establish a collaboration process on the interplay between the two Conventions³. The issue should be discussed at the upcoming IMO MEPC 83 and a collaboration process should start at the Basel Conference of the Parties (COP-17). European Shipowners | ECSA urges the European Commission to actively engage in this process.

Support for a revised Hong Kong Convention

With respect to ships entitled to fly the flag of non-Parties to the HKC, Parties shall apply the HKC requirements as necessary to ensure they do not receive more favourable treatment than ships under the jurisdiction of HKC Parties.

European Shipowners | ECSA welcomes the ratification of the HKC on ship recycling, which will provide for **a global level playing field**. In this regard, a revision of the HKC would ensure high standards of safety and environmental

² [HKSRC.2/Circ.1, November 2024: Provisional guidance on the implementation of the Hong Kong and Basel Conventions with respect to the transboundary movement of ships intended for recycling](#)

³ [SWD\(2025\) 7 final, January 2025: Union submission to the 83rd session of the International Maritime Organization's Marine Environment Protection Committee on a collaboration process with the Basel Convention Secretariat](#)



protection. To ensure uniform standards on ship recycling globally, European Shipowners | ECSA urges the European Commission to **work towards strengthening HKC requirements** rather than introducing additional criteria in EU SRR. The EU SRR contains provisions which are similar, but not necessarily identical to the HKC. Enhancing the HKC, which is the relevant and preferred legal framework, 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 and trauma centres are mentioned in the HKC Guidelines, its provisions are not as detailed as in EU SRR. This issue should also be dealt with under the International Labour Convention (ILO) or Basel Convention in relation to recycling yards located in third non-EU countries. Upgrading these recycling yards in terms of available medical treatment and facilities would also facilitate their compliance with EU SRR requirements.

[Summary of the HKC provisions](#)

After the entry into force of the HKC, ship recycling facilities:

- must be authorised by their government and obtain a Document of Authorisation to conduct Ship Recycling (DASR), valid for up to 5 years;
- must prepare a Ship Recycling Facility Plan (SRFP), to be adopted by the board of the recycling company, detailing how they will implement HKC requirements addressing worker safety, health, environmental protection, and emergency preparedness;
- must, prior to any recycling of a ship, develop a ship-specific Ship Recycling Plan (SRP). The SRP must be approved by the Competent Authority authorising the Ship Recycling Facility (SRF). The Competent Authority must send written acknowledgement of receipt of the SRP to the SRF, the shipowner and ship's flag Administration; and
- can only accept ships that comply with the HKC requirements.

Ships of 500 GT and above:

- must have and maintain an Inventory of Hazardous Materials (IHM) on board, along with an International Certificate on IHM. Existing ships must comply within five years of the HKC entry into force (Regulations 5.2 and 11.1);
- will require initial surveys to verify the IHM, renewal surveys and – in case of modifications on board – additional surveys during their operational life, and a final survey before recycling;
- must have an International Ready for Recycling Certificate after the final survey and before the recycling; and
- shall only be recycled at ship recycling facilities that comply with the HKC requirements.



Capacity challenges of the EU Ship Recycling list

European Shipowners | ECSA welcomes that the European Waste Shipment Regulation (WSR) was amended to clarify the legal landscape at the EU level by ensuring that the EU SRR takes precedence when certain conditions are met. One of these conditions is that EU-flagged vessels can only be recycled in a yard outside the EU if it is approved by the EU under the SRR. 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, and to meet the needs of ocean-going ships. Therefore, European Shipowners | ECSA urges the European Commission to **expand the EU list** and increase the resources needed to approve 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. The Commission should actively cooperate with third countries to improve standards in their facilities.

As almost 98% of global ship recycling takes place in four countries — Bangladesh, India, Pakistan, and Türkiye — all parties to the HKC, it is essential to continue supporting the work of the IMO and to add non-OECD yards to the EU list. Since 2016, 32 Indian ship recycling facilities have applied to the EU list, but none have been accepted⁴. Continuing cooperation with IMO to ensure high standards of non-OECD recycling and to advocate for the inclusion of these ship recycling facilities on the EU list is of utmost importance for European shipowners.

The HKC is the preferred instrument for European shipowners because it improves conditions for ship recycling and increases capacity on a global scale. The inclusion of non-OECD countries in the EU list is particularly important, given the growing demand for ship recycling. This demand is driven by the greening of the EU fleet under the Fit for 55 Package, IMO CII/EEXI regulations, and the decommissioning of oil and gas installations in the North Sea. As a result, the number of ships requiring recycling is set to rise significantly in the coming decade. With current capacity, ships remain in service longer than intended, delaying the fleet renewal. In fact, BIMCO estimates that over 15,000 ocean-going ships will need to be recycled in the next decade, which is more than twice the amount recycled in the previous ten years⁵. Addressing the capacity issue is therefore **crucial for the European shipping industry's compliance with environmental regulations and its commitment to sustainable practices**. Allowing for safe and sustainable recycling of vessels will also help transition the industry towards acquiring new, more efficient ships sailing on new fuels, thus reducing climate impact from international shipping.

Finally, a longstanding capacity challenge stems from the ongoing embargo on Cyprus-flagged ships in Turkish recycling yards, in place since 1987. This embargo violates Article 18 of the Treaty on the Functioning of the European Union (TFEU)

⁴ [List of applicant yards located in third countries, January 2025](#)

⁵ [News & insights, Ship Recycling \(bimco.org\)](#)



on non-discrimination⁶. Despite repeated calls from EU institutions and assurances from Turkish yards that they would recycle any EU-flagged ship meeting EU SRR requirements once listed, the embargo remains in force. Recycling yards included on the EU list must fully comply with the SRR provisions including the non-discrimination principle enshrined in the TFEU. In line with Article 16(5) of the SRR, upon hard evidence of violation, they should be removed from the EU list and have their license withdrawn.

Incentive schemes would not be fit for purpose

In February 2025, the European Commission published a comprehensive evaluation of the EU SRR. The Commission is expected to publish a study this year assessing measures to address the problems outlined in the evaluation, such as the ship recycling licence and the concept of 'beneficial owner', which are viewed as highly problematic by the shipping industry.

In the 2017 report from the European Commission on the feasibility of a financial instrument that would facilitate safe and sound ship recycling⁷, the Commission sees merits in a potential Ship Recycling Licence (SRL). Such a SRL requires ships calling at EU ports to obtain a prior licence from a centralised agency. When applying for the SRL, shipowners would be charged a contribution, covering a small administrative retribution and a premium earmarked for the individual ship. The premium would be determined based on the capital needed to bridge the financial gap between dismantling at an EU-listed yard and a non-listed one at the end of the ship's lifetime. The full capital amount would be paid back to the ultimate owner of the ship provided the ship is sent to an EU-listed ship recycling facility. The penalty for not opting for recycling in an EU-listed facility would result in a forfeiture of the accrued funds.

The SRL's complexity, especially the creation of new EU agencies and oversight bodies to enforce the licence raises concerns about added cost and bureaucracy. Therefore, the SRL is not aligned with the Commission's plea to deliver an unprecedented simplification effort by achieving at least 25% reduction in administrative burden, as mentioned in the 2025 Omnibus proposal⁸. Moreover, there are recognised issues regarding the SRL's compatibility with EU and international law, i.e. the UN Law of the Sea Convention (UNCLOS), World Trade Organisation rules, and the Principle of Common but Differentiated Responsibilities.

European Shipowners | ECSA believes that the upcoming entry into force of the HKC will render an EU financial instrument and fund redundant, as it will create a global, transparent system of standards and compliance for shipowners and ship recyclers alike. European Shipowners | ECSA therefore considers that the financial

⁶ [\(2016/C 202/01\) Treaty on the Functioning of the European Union](#)

⁷ [Report - COM/2017/0420 final - EN - EUR-Lex](#)

⁸ [European Commission Press release 26 February 2025: Commission simplifies rules on sustainability and EU investments, delivering over €6 billion in administrative relief](#)



gap between ship recycling facilities stems from various factors, making **an incentive scheme unfit for purpose.**

Conclusion

Considering a revision of the HKC requirements is essential to ensuring global standards for safe and environmentally sound ship recycling. European Shipowners | ECSA remains committed to supporting these efforts and urges the European Commission to work towards strengthening HKC requirements rather than introducing additional stringent criteria in the EU SRR. A clear legal framework for ship recycling globally, in which the Hong Kong Convention precedes the Basel Convention, is crucial to ensure a global level playing field.

Facilitating the inclusion of non-OECD yards on the EU SRR list, and increasing the resources needed to do so, will help addressing current capacity challenges while promoting safe, environmentally sound ship recycling on a global scale.

Finally, European Shipowners | ECSA believes that the entry into force of the HKC will render an EU financial instrument and fund redundant, as it will establish a global, transparent system of standards and compliance for shipowners, addressing the financial gap between EU-listed and non-listed ship recycling facilities.

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