

Secretary- general  
European Community Shipowners' Association  
Mr. M. Dorsman  
Hertogstraat 67  
1000 Brussels

Rotterdam, 21 December 2018

Subject: Ship recycling capacity figures.

Dear Mr. Dorsman, dear Martin,

With the entry into force on 1<sup>st</sup> of January 2019 of the EU-Ship Recycling Regulation, stipulating that EU-flagged vessels must be recycled by EU approved recycling facilities, a public debate started focussing on the needed and available capacity of such yards.

ECSA participated actively in this discussion and published press-items in this field using figures which deviate from other sources like f.i. EC, ISRA.

As ISRA attaches great value to correct data since these data can contribute to the public debate on sound and safe ship recycling, ISRA asked you to provide her with the data on which ECSA's calculations are based which ECSA has fulfilled.

ISRA has scrutinized the figures provided by ECSA profoundly and thoroughly. In this letter ISRA will not address all the findings but will restrict itself to the main issues, which have a big influence of the figures presented. The calculations made by ISRA deviate substantially from the ECSA findings. Please find attached some significant numbers and graphs about the past, the present and future developments.

Before addressing more specifically a number of figures, ISRA finds it difficult to understand why ECSA does not use the figures produced by the EC over the past years (Independent from the EC, ISRA has made an analyses of the demand of capacity over the past years and came with the same findings).

Concerning the demand of ship recycling capacity (capacity needed)

ISRA notes the following:

- ECSA uses in chapter 2 figures which were found in chapter 5. These calculations are based on just one year: 2016. ISRA does not understand why ECSA only uses this year (which figure in itself is already questionable) as – logically - using more years represent more reliable figures.
- Also ISRA does not see why ECSA constructs a table to calculate the capacity needed, this leads to miscalculations: figures in this table are based on the division of DWT/LDT instead of GT/DWT (If such a calculation would be made correctly),
- ECSA uses a rigid conversion factor,

The conversion factor does not represent the coefficient based on empirical data,

- Through these assumptions outcomes deviate severely with the findings of ISRA namely that an average of the volume over the past 8 years declined from an average of 750.000 LDT to 450.000 LDT., while ECSA maintains on 1,537620 LDT, and a shortage of available capacity of 1.287703 LDT.

ISRA wants to point out that the findings of ISRA are compatible (some minor differences) with those of the EC (see attachment). ISRA has used a longer period (from 2010) instead of the EC (2013) for its calculations and comes therefore with higher numbers of the recycling capacity needed.

Concerning the supply (capacity available)

- The figures produced by ECSA deviate substantially by the ISRA-figures. Also here can be referred to the figures of the EC (1.165500 LDT), which are almost comparable with the number used by ISRA (see attachment) .
- Moreover this capacity will increase in due time as a consequence of the extension of EU-listed yards). See also attached press release EC 6th of December 2018: “ In comparison, the updated European List has now a total available recycling capacity of 1.72 million LDT”.
- The capacity includes yards able to recycle very large ships.
- ISRA does not recognize at all the figure of 249.917 which ECSA produces which also means that doubts about available capacity over the past years must be strongly rejected.

Future developments

ECSA does not address future developments.

ISRA has made a prediction for future developments (see attachment):

Conclusion is that for the coming years the available EU-listed ship recycling capacity is more than sufficient to handle the predicted demand for EU-flagged volume to be dismantled.

Knowing this year Turkish yards will be approved, future capacity will be more than sufficient. Adding these yards to the already existing yards, makes further discussion on available EU-recycling capacity unessential, since this will be abundant no matter the size of the vessel.

Both ECSA and ISRA should be considered as reliable players in the discussion about supply and demand and are expected to act as such. A discussion about demand and supply in relation to the new SR Regulation can only be held on a fair base if reliable figures are used: ISRA is calling up ECSA using the empirical data provided by ISRA and the EC.

ISRA emphasizes that shiprecycling can only be seen in a broader context of the circular economy namely that shipowners and their representative organisations should take their responsibility concerning the sound and safe recycling of ships.

Sincerely yours, best regards ,

Reinoud Pijpers

Reinoud Pijpers  
Director International Ship Recycling Association  
Scheepmakershaven 59  
3011 VD Rotterdam  
+31 (6) 813 150 22

LDT	Flag				
Year	EU	NO	UK	WW	Gr Total
2010	616,644	192,196	60,242	7,391,810	8,260,892
2011	735,431	129,727	50,968	9,397,379	10,313,505
2012	1,081,617	33,777	85,464	12,396,713	13,597,571
2013	813,646	131,863	174,030	9,880,331	10,999,870
2014	351,147	81,411	169,840	8,027,339	8,629,737
2015	362,953	89,045	26,648	7,438,867	7,917,513
2016	434,257	100,136	93,875	9,509,021	10,137,290
2017	210,969	78,740	32,523	7,729,941	8,052,173
2018	15,959		4,967	1,219,391	1,240,316

Data analyses world fleet for recycling

Projection of recycling capacity required based on:

- Vessels EU flag (non-NO flag and non-UK flag)
- current fleet >500 GT
- current flag and no change of flag
- Average age of ships encountered last 8 years
- Filtered > and < y than 12500 Lightweight Ton

Tables:

EU flag	Total	<12500 LDT				≥12500 ldt						
Year	Vsls	GT	LDT	LDT/Vsl	Vsls	GT	LDT	LDT/Vsl	Vsls	GT	LDT	LDT/Vsl
2019	81	491600	240799	2973	76	322061	172706	2272	5	169539	68093	13619
2020	93	1080281	434972	4677	87	424062	232622	2674	6	656219	202349	33725
2021	83	692836	315532	3802	78	403331	203591	2610	5	289505	111941	22388
2022	88	1085923	451178	5127	81	517474	249953	3086	7	568449	201225	28746
2023	82	1256960	536835	6547	70	434586	214775	3068	12	822374	322060	26838
2024	109	2115227	816657	7492	89	687512	326042	3663	20	1427715	490615	24531
2025	145	2656121	1014675	6998	118	850114	389549	3301	27	1806007	625126	23153
2026	128	2397231	1060127	8282	102	846427	383666	3761	26	1550804	676461	26018
2027	155	3145675	1222880	7890	125	1162809	522504	4180	30	1982866	700376	23346
2028	203	4829609	1753212	8637	157	1578779	669153	4262	46	3250830	1084059	23566
2029	268	8569469	2967923	11074	193	2757531	1070309	5546	75	5811938	1897614	25302
2030	262	8765694	3119197	11905	187	2511434	1025758	5485	75	6254260	2093439	27913

“EUROPEAN COMMISSION DIRECTORATE-GENERAL ENVIRONMENT Directorate B - Circular Economy & Green Growth ENV.B.3 - Waste Management & Secondary Materials

Brussels, 14 September 2018

Explanatory note on the analysis by the European Maritime Safety Agency of vessels dismantled during the period 2013-2017

As a follow-up to meetings of the Committee on the EU Ship Recycling Regulation, the European Commission has requested assistance from the European Maritime Safety Agency (EMSA) on the calculation of the recycling needs of the EU shipping fleet. EMSA has estimated for the years 2013 to 2017:

- (i) the number of vessels flying the flag of an EU Member State sent annually to recycling facilities;
- (ii) the number of non-EU flagged vessels sent annually to ship recycling facilities;
- (iii) the number of vessels which were flagged to an EU Member State but changed flag to a non-EU Member State one year before getting dismantled.

On this basis of the above figures, it is estimated that, during the period 2013-2017:

☐ the yearly overall average weight of EU-flagged vessels which were dismantled amounted to 588.000 Light Displacement Tonnes (LDT);

☐ the yearly overall average weight of vessels which were flying the flag of an EU Member State and have changed flag to a non-EU country one year before dismantling amounted to 432.000 LDT.

The data used by EMSA are drawn from commercial sources (i.e. IHS1), and are deemed to represent the best available ones, but should be considered as estimates in view of the uncertainties inherent to such information, over which EMSA has no quality/accuracy control.

To get to the overall figures presented above, EMSA used the LDT data of the ships sent for dismantling for the period 2013-2017. For ships without LDT information, an estimation was made, based on a cross-reference for size ranges and ship type categories between ships with and without LDT and consequently all ships were eventually assigned with an LDT. For reference, the overall historical maximum capacity of the ship recycling facilities included in the current European List of ship recycling facilities amounts to 330.000

<sup>1</sup> <https://maritime.ihs.com/> <sup>2</sup> The term "historical maximum capacity" refers to the maximum annual ship recycling output as referred to in Article 32(1)(a) of the Ship Recycling Regulation. The maximum annual ship recycling output is determined by selecting the highest value occurring in the preceding 10-year period for each ship recycling

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LDT, while the theoretical maximum capacity of these facilities amounts to 1.165.000 LDT. Moreover, it is expected that these capacities will further increase in the future as and when new facilities are added to the List.

More information on the detailed data and calculated estimates done by EMSA is available in the Annex to this note.”

Unquote

Pressrelaese EC 6 December 2018

# Shipbreaking: Updated list of European ship recycling facilities to include six new yards

In the 4th version of [European List of ship recycling facilities](#) published today, the European Commission has added six new yards to the List. These include 3 yards from the EU – in Italy, Finland and Denmark, and for the first time, 3 yards located outside the EU – 2 yards in Turkey and one yard in the United States. From 31 December 2018, the [EU Ship Recycling Regulation](#) requires all large sea-going vessels sailing under an EU Member State flag to use an approved ship recycling facility included in the European List.

European ship owners own 35% of the world fleet. A large percentage of these is being dismantled on beaches in South Asia, under conditions harmful to workers' health and the environment. With the adoption of the updated List, the European Commission has taken an important step to help ensure that ships are recycled in facilities that are safe for workers and environmentally sound.

EU Commissioner for Environment, Maritime Affairs and Fisheries **Karmenu Vella** said: “*The EU is committed to reducing the impact of EU shipping industry on the environment, including through better protection of environment and workers in ship recycling. The inclusion of the first yards located outside the EU is a major milestone and the recognition of very significant efforts and resources dedicated by the concerned yards towards this goal. The updated List will increase the recycling capacity of the European List, and give European ship owners a wider range of recycling options.*”

The new yards in Turkey and USA have demonstrated that they fulfil the strict requirements for inclusion in the List and as a result will have access to the recycling of ships flying the flags of the EU Member States. In

addition, another 24 yards located outside the EU have applied for inclusion in the European List of ship recycling facilities. The Commission is currently assessing how these yards comply with the requirements for such inclusion, as set out in EU rules on ship recycling. This work is ongoing; the applications are being thoroughly reviewed and site inspections conducted to check their credentials.

The Commission has also published a [technical note](#) on the analysis by the European Maritime Safety Agency of vessels dismantled in the last 5 years. According to this note, which was also discussed with the EU Member States at the expert group meeting on ship recycling on 3 October 2018, the EU flagged vessels scrapped annually over the period 2013-2017 amounted to 588.000 Light Displacement Tonnes<sup>[i]</sup> (LDT) per year. In comparison, the updated European List has now a total available recycling capacity of 1.72 million LDT.

<sup>[i]</sup> Light displacement tonnes (LDT) means the weight of a ship in tonnes without cargo, fuel, lubricating oil in storage tanks, ballast water, fresh water, feedwater, consumable stores, passengers and crew and their effects; it is the sum of the weight of the hull, structure, machinery, equipment and fittings of the ship.

## **Background**

With the new update, the EU list of ship recycling facilities contains 26 yards. The EU list is regularly updated, to add more compliant facilities or to remove facilities which have ceased to comply. To be included in the European List, any ship recycling facility irrespective of its location has to comply with a number of safety and environmental requirements. New yards located within and outside the EU might be included in the List in 2019.

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