

PAKISTAN NEEDS HKC ACCESSION ON PRIORITY

Dr. Kanwar Javed Iqbal

Published in: **Pakistan Observer on 09 September 2023**
Weblink: **<https://pakobserver.net/pakistan-needs-hkc-accession-on-priority/>**
Total Words: **881**
Keywords: ***EUSRR, HKC, Life-cycle,***

OVER the years, the ship recycling industry has gravitated towards countries with low labour costs, weak regulations on occupational safety and limited environmental enforcement. Currently, South Asia is the global centre of ship recycling as India, Bangladesh and Pakistan account for 70–80 percent of the international market.

On the one hand, ship recycling is beneficial from a life-cycle assessment perspective considering the most environmentally sustainable way of disposing of old vessels. Whereas the flip side has concerns on clean and safe operations at most of the facilities located worldwide.

During the last ten years, we have observed response measures with stringent policies at international level for addressing global concerns regarding several hazards associated with end-of-life ships. The European Union has put in place a serious response mechanism through enforcement of EU Ship Recycling Regulation (EUSRR) on 30 December 2013. From December 2018 onward, large vessels flying the flag of an EU Member State can be recycled only in safe and sound ship recycling facilities included in the 'European List' under EUSRR.

In the recent past, we have also observed fines and imprisonment to EU flagged ship owners for non-compliance with EUSRR. On 27 November 2020, the Sunnhordland District Court in Norway sentenced ship owner Georg Eide to six months unconditional imprisonment for having assisted scrap dealer Wirana in an attempt to illegally export the TIDE CARRIER (aka EIDE CARRIER and HARRIER) to Pakistan for scrapping. The Court also ordered the confiscation of criminal dividends of NOK 2 million from Eide Marine Eidendom AS.

As a result, the flag of convenience is no longer a solution to sell or buy a European flagged end-of-life ship with the purpose to dismantle it at a recycling facility which is not registered in 'European List'. Considering the 35% share of EU flagged ships in end-of-life vessels annually, the business dynamics has now become more competitive and challenging for recycling facilities on South Asian beaches.

In the context, compliance of Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships (i.e. HKC) has become more important. The HKC is set to enter into force within 24 months, after Bangladesh and Liberia became Contracting States to the Convention

during June 2023. The HKC enforcement had very strict criteria due to which it took a long period of time for its enforcement since its adoption in 2009. It requires the ratification by 15 States, representing 40 per cent of world merchant shipping by gross tonnage and with a combined maximum annual ship recycling volume not less than three per cent of their combined tonnage. Deposit of accession instruments by Bangladesh and Liberia has triggered the HKC's entry into force on 26 June 2025, as the required conditions have now been met.

It is believed at large that HKC would create a win-win situation for all stakeholders considering it a little flexible and suitable for the nations running their recycling industry through beaching method. It is important that India and Bangladesh have competitive edge on Pakistan in terms of early HKC accession and preparedness response. Pakistan can also benefit from HKC through its accession on a priority basis. The relevant stakeholders have consensus that Pakistan should deposit HKC accession instrument to IMO without any further delay and focus on preparedness requirements concurrently because it is a matter of life and death for ship recycling facilities at Gadani Yard.

Before HKC accession by Bangladesh and Liberia, Pakistan was in bargain position with IMO regarding relaxation in timeline vis-à-vis developing its capacity through provision of funds on the lines of 'Safe and Environmentally Sound Ship Recycling (SENSREC) project in Bangladesh'. However, Pakistan was unable to harness the window of opportunity timely and would face a difficult situation in bringing end-of-life ships particularly after June 2025.

A large number of EU ship fleet is likely to be phased out for dismantling in near future in compliance to IMO's Green Shipping requirements. In this context, HKC accession and preparedness are important for Pakistan. For HKC preparedness in Pakistan, a capacity building programme may be formulated on lines of 'SENSREC' in Bangladesh to upgrade the business-as-usual case of Ship Recycling at Gadani Yard through adoption of best practices.

Both Federal and Provincial governments have shared responsibility to ensure 'Ease of Doing Business' in this sector by establishing coherent mechanism through formulation and promulgation of enabling policy, law (i.e. Pakistan Ship Recycling Act) and a strategy based on the principles and norms of green ship recycling practices. This should be aligned with HKC, EUSRR, ILO and all other international requirements and be done through synchronization of process between the centre and the province of Balochistan. Ship recycling facility at Gadani Yard should be declared as an industry along with establishing a Swift Single Window operation for all related approvals.

Ship recycling plots be leased for a longer duration to attract big investors and develop the industry through Public Private Partnership. There is a need to develop a landfill site, basic health, education, training and social

welfare infrastructure including a residential colony for workers at Gadani. Development of road and allied infrastructure for better hinterland connectivity is also essential along with provision of utilities i.e. water and electricity in the area. Finally, bring a credible classification society for certification services to the industry.