#### INTRODUCTION TO THE HONG KONG CONVENTION AND ITS REQUIREMENTS

# Nikos Mikelis International Maritime Organization

#### Ship Recycling Technology & Knowledge Transfer Workshop

Organized by the Secretariat of the Basel Convention in collaboration with:

the Ministry of Environment and Forestry of the Republic of Turkey, the Undersecretariat for Maritime Affairs of the Republic of Turkey, and the Ship Recyclers' Association of Turkey

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#### INTRODUCTION TO THE HONG KONG CONVENTION AND ITS REQUIREMENTS

- 1. structure of the Convention
- 2. entry into force mechanism
- 3. amending the Hong Kong Convention
- 4. a commercial consideration for ship recyclers
- 5. interim measures prior to entry into force

The structure of the Hong Kong Convention

#### **Structure of the Hong Kong Convention**

#### The Convention includes:

- 21 Articles, establishing the main legal mechanisms
- 25 regulations, containing technical requirements, divided in four chapters:
  - 1. General (regulations 1-3)
  - 2. Requirements for ships (regulations 4-14)
  - 3. Requirements for ship recycling facilities (regulations 15-23)
  - 4. Reporting requirements (regulations 24-25)
- 7 appendices, on lists of Hazardous Materials, forms for certificates etc

Separately, 6 non-mandatory guidelines are currently being developed providing clarifications, interpretations, and uniform procedures for technical issues arising from the provisions of the Convention

#### **Application of the Hong Kong Convention (Article 3)**

#### The Convention shall apply to:

- ships flying the flag of a Party; and
- recycling facilities operating under the jurisdiction of a Party.

#### The Convention shall not apply to:

 Warships; government owned non- commercial ships; exclusively domestically operated ships; and ships of less than 500GT, however, "each Party shall ensure by the adoption of appropriate measures that such ships act in a manner consistent with this Convention, so far as is reasonable and practicable".

## while, importantly, Article 3.4 also specifies:

for ships flying the flag of non-Parties, Parties shall apply the requirements of the HKC, to ensure that no more favourable treatment is given to such ships.

#### CHAPTER 1 – GENERAL PROVISIONS

#### **Regulation 3:**

Relationship with other standards, recommendations and guidance

Parties shall take measures to implement the requirements of the regulations of this Annex, taking into account relevant and applicable standards, recommendations and guidance developed by the International Labour Organization and the relevant and applicable technical standards, recommendations and guidance developed under the Basel Convention.

#### Requirements for ships

# (a) Initial implementation of the HKC

#### **Newbuildings:**

- prohibition/restriction in the use in shipbuilding of Hazardous Materials listed in Appendix 1 of the HKC;
- development of Part I of Inventory of Hazardous Materials (IHM) for materials listed in Appendix 2 of the HKC

# **Existing ships:**

 within five years from e.i.f., or at time of recycling if that is earlier, development of Part I of Inventory of Hazardous Materials (IHM) at least for materials listed in Appendix 1 of the HKC

### **Newbuildings and existing ships:**

- initial survey verifying Part I of IHM;
- issuance of International Certificate on Inventory of Hazardous Materials (ICIHM).

#### **Requirements for ships**

## (b) Ships in service

- prohibition/restriction in the use of Hazardous Materials listed in Appendix 1 of the HKC in ship repairs and maintenance;
- updating of Part I of Inventory of Hazardous Materials (IHM) after any installations of materials listed in Appendix 2 of the HKC;
- renewal/additional survey verifying that Part I of IHM continues to meet HKC;
- renewal of ICIHM with 5 years' maximum validity.

#### **Requirements for ships**

# (c) Ships preparing for recycling

- select an authorized facility (in a Party State) to recycle the ship;
- ensure that the facility is authorized/capable to deal with the types and quantities of hazardous materials contained in the ship (as per IHM);
- provide the facility with copies of the IHM, the ICIHM, and with any other relevant information;
- complete Part II (for operationally generated wastes) and Part III (for stores) of the IHM;
- notify the Administration (flag State) of intention to recycle the ship;
- once the approved Ship Recycling Plan is received from the facility, arrange for a final survey to verify the IHM and that the SRP reflects correctly the IHM and that it contains other required information;
- following the final survey obtain the International Ready for Recycling Certificate (IRRC) from the flag State or its Recognized Organization.

#### Requirements for ship recycling States

- establish the necessary legislation to ensure that Ship Recycling Facilities (SRF) are designed, constructed, and operated in a safe and environmentally sound manner in accordance with the regulations of this Convention;
- establish a mechanism for ensuring that SRF comply with the HKC;
- establish a mechanism for authorizing SRF; and
- designate one or more Competent Authorities (CA) and a single contact point to be used by interested entities.

#### Requirements for Ship Recycling Facilities (general)

- SRF located within the jurisdiction of a Party shall be authorized by that Party. The authorization shall have 5 years' maximum validity;
- SRF shall only accept ships that comply with the Convention, or which meet its requirements. Furthermore SRF shall only accept ships they are authorized to recycle; and
- SRF shall develop and implement a Ship Recycling Facility Plan (SRFP) that covers: worker safety and training; protection of human health and the environment; roles and responsibilities of personnel; emergency preparedness and response; and systems for monitoring, reporting and record-keeping.

#### Requirements for Ship Recycling Facilities (ship specific)

- a ship-specific Ship Recycling Plan (SRP) shall be developed taking into account information provided by the shipowner (i.e. IHM, ICIHM, etc);
- a SRF preparing to receive a ship shall notify its CA of the intent. The
  notification shall include details of flag State; of ship and its particulars;
  of owner and company; and of classification society. Also will include
  the IHM and the draft SRP;
- the SRP shall be approved, tacitly or explicitly, by the CA and then shall be made available to the ship for its final survey;
- When the ship has acquired the IRRC, the SRF shall report to its CA the planned start of recycling. The report shall include a copy of the IRRC. Recycling of the ship shall not start prior to the submission of this report;
- When recycling is completed, a Statement of Completion shall be issued by the SRF to its CA. The CA shall copy the Statement to the Administration which issued the IRRC for the ship.

# Work plan and proposed schedule for the development of the guidelines associated with the Hong Kong Convention



**How will the Hong Kong Convention enter into force?** 

#### **Article 17 Entry into force**

- 1 This Convention shall enter into force 24 months after the date on which the following conditions are met:
  - not less than 15 States have either signed it without reservation as to ratification, acceptance or approval, or have deposited the requisite instrument of ratification, acceptance, approval or accession in accordance with Article 16;
  - .2 the combined merchant fleets of the States mentioned in paragraph 1.1 constitute not less than 40 per cent of the gross tonnage of the world's merchant shipping; and
  - .3 the combined maximum annual ship recycling volume of the States mentioned in paragraph 1.1 during the preceding 10 years constitutes not less than 3 per cent of the gross tonnage of the combined merchant shipping of the same States.

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
World fleet	558,053,957	574,551,264	585,583,396	605,218,368	633,321,120	675,115,956	721,855,399	774,936,508	830,704,412	882,634,804
40% of World fleet	223,221,583	229,820,506	234,233,358	242,087,347	253,328,448	270,046,382	288,742,160	309,974,603	332,281,765	353,053,922
3% of 40%	6,696,647	6,894,615	7,027,001	7,262,620	7,599,853	8,101,391	8,662,265	9,299,238	9,968,453	10,591,618

In 2009 the requirements for entry into force of the HKC are that it has to be ratified by at least:

- 15 States;
- whose fleets amount to at least 353,053,922 gross tonnage (GT); and
- whose recycling facilities' combined maximum annual ship recycling volume is at least 10,591,618 GT.

In 2010 the criteria will change according to the then published figure of the total GT of the world fleet.

World fleet by flag 2009										
Registration	GT	% world	% cumulative							
PANAMA	190,663,127	21.6%	21.6%							
LIBERIA	91,695,845	10.4%	32.0%							
MARSHALL ISLANDS	49,088,266	5.6%	37.6%							
BAHAMAS	48,119,081	5.5%	43.0%							
HONG KONG	45,338,273	5.1%	48.1%							
SINGAPORE	41,046,576	4.7%	52.8%							
GREECE	38,910,582	4.4%	57.2%							
MALTA	35,036,988	4.0%	61.2%							
CHINA	30,077,129	3.4%	64.6%							
CYPRUS	20,168,906	2.3%	66.9%							
UNITED KINGDOM	16,958,032	1.9%	68.8%							
ITALY	15,530,633	1.8%	70.5%							
GERMANY	15,157,075	1.7%	72.3%							
JAPAN	14,725,189	1.7%	73.9%							
	198 VRJ									
	2 118									

# Calculation of the combined maximum annual recycling volume using the IHS Fairplay publication World Casualty Statistics

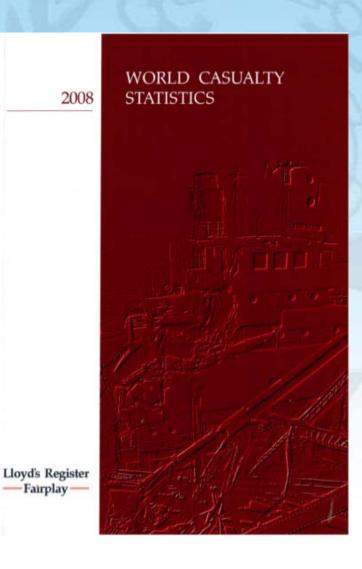


TABLE 9C DISPOSALS - BY CO COUNTRY OF BREAKING		TOTALS			CA.	SHIPS OF MISCELLANEOUS ACTIVITIES				
	No.	OT	Age	Mo.	OT.	.Dwr	Age	No.	GT	Age
AUSTRALIA	i	103	39		707			- 1	103	39
BANGLADESH	170	4,176,826	30	160	4,105,756	6,401,800	30	19	76,270	36
BELGIUM	33	11,554	28			-	1,00	33	11,554	28
BERMUDA	3	134	42		100			i i	114	43
BRAZIL	-1	647	34		247	100	-	1	447	3
CANADA	2	1,495	33				-	2	1,495	33
CHINA, PROPLE'S REPUBLIC OF	38	917,762	29	33	911,693	1,263,564	38	5	16,069	2
COOK ISLANDS	$\tilde{\mathcal{X}}$	465	41	1	465	490	41		40	
CROATIA	2	242	26	2	242	24.2	26		.14	
DENMARK.	32	12,011	37	2	1,229	1,354	47	30	10,712	.30
ESTONIA	2	2,342	37	2	1,665	1918	44	1	677	2
FRANCE	3	373	23			94	20	3	373	23
DUYANA	- 1	2,230	34	1	2,230	2,55 8	34	-		
INDIA	198	2,458,113	33	1.76	2,374,622	2,501,55.5	33	22	83,491	33
INDONESIA	11:	2,813	24	3	1,757	1,612	25	6	1,056	23
IAPAN		495	32	- 14	960	÷.		1	495	33
LATVIA	1	118	31	~	,		-	1	118	31
LITHUANIA	2	2,699	33	16		**	100	2	2,699	31
MEXICO	3	8,671	61	3	8,671	11,791	61		- 2	
NETHERLANDS	.5	6,602	23	- 1	4,863	3,702	26		1,739	22
NEW ZEALAND	3	3,007	41	- 1	2,033	991	39	1	934	40
NORWAY	12	6,261	3.8	3:	530	530	42	,	5,731	35
OMAN	1	514	43	- 1	574	706	43		900	
PAKISTAN	15	273,917	35	2,4	273,138	435,353	35	1	799	43
PONTUGAL	Ţ	249	33	- (	245	249	53	P	0	
ROMANIA	3	109	28	341		44.		, i	109	21
UESIA	10	12,348	27	- 4	W	10	-0.	10	12,348	27
SPAIN	12	6,165	33	2	3,143	4,495	3.8	10	3,022	35
TANZANIA	4	520	18.	4	520	292	18		-	
THAILAND	1.	677	32	- 1	677.	1,180	32		40	390
TURKEY	56	141,351	41	43	125,030	137,380	42	13	16,321	39
INITED ARAB EMIRATES	-1	950	43	1	950	1,065	43.	- 8		
INITED STATES OF AMERICA	14	196,410	53	18	191,734	213,419	50	- 6	4,676	60
INKNOWN	47	22,534	37	15	1,220	32,01%	46	39.	14,314	16
GRAND TOTAL	787	8,279,787	34	411	8.019.991	11,456,488	36	214	259,796	34

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RECYCLING STATE	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Max 2000-2009
ARGENTINA		461	-		-	22,403	-	-	-	28,697	28,697
AUSTRALIA	-		-	466	- 100	-	4,807	-	103	-	4,807
AZERBAIJAN	-	- 100	-		1,467	-	208			-	1,467
BANGLADESH	2,406,923	4,992,402	4,893,973	2,889,908	3,356,537	2,113,765	2,882,503	1,837,988	4,176,026	6,608,531	6,608,531
BELGIUM	-	1 - 1	283	-	10,220	1,374	2,064	878	11,554	5,267	11,554
BERMUDA	10.11000/	-		-	- 1		-	-	134	-	134
BRAZIL	-	8,680	15,372	6,985	16,490	701. E	-	- 1	447	467	16,490
BULGARIA	-	-	1,972	1,827	-	-	-	-	-	2,406	2,406
CANADA	128	-	54,629	17,895	561	-	21,328	8,233	1,495	161	54,629
CAPE VERDE	11999	10.2	-			100.01	-	-	-	1,290	1,290
CHILE	1,314	-		8,276	917	-	-	1,110	-	-	8,276
CHINA (PEOPLE'S REP. OF)	2,637,463	2,509,792	3,138,838	5,582,476	1,538,067	151,089	254,146	340,738	927,762	7,737,730	7,737,730
COLOMBIA	7.19	7,522				-	-	6,788	-	-	7,522
COOK ISLANDS	-	-		-		-	-	912	465	-	912
CROATIA	-	134	659	1,898	831	889	403	-	242	-	1,898
CUBA	-	13,342	1,843			-			-	-	13,342
DENMARK	497	309	9,941	15,120	10,674	19,704	15,688	11,538	12,011	15,829	19,704
ECUADOR	-	-	705		131	3,927		-	-	-	3,927
EGYPT	13,695	-		8,860	18,299	- 1		-	-	2,143	18,299
ESTONIA	1,266	1,193			1,163	- 0		239	2,342	-	2,342
FALKLAND ISLANDS		-				507		-	-	-	507
FRANCE				2		- 1	W-01 -	-	373	3,395	3,395
FRENCH POLYNESIA	- 1 - 1 - 1				J	888	100	-	-	-	888
GERMANY	- 1	10-	-			1,147			-		1,147
GHANA	-	-	6,629		-	-	1,005	898	-	-	6,629
GREECE	-	-		7,648	457	-	2,307	10,815	-	487	10,815
GUYANA	-	- 1		-	- 1	- I	-	-	2,230	-	2,230
HONDURAS	- 1	-	-	2,556	-	- 11	-	-	-	-	2,556
ICELAND	-	- 1		-	-	-	144	721	-	-	721
INDIA	5,987,392	4,767,933	6,751,349	5,886,259	1,619,505	1,123,487	852,990	1,332,492	2,458,113	7,561,258	7,561,258
INDONESIA	17,577	-	-	- i i-	1,285	209	-	-	2,813	6,695	17,577
IRAN	-	-			-	-	-	-	-	-	-
IRISH REPUBLIC	418	- 1		-	-	-	836	136	-	-	836
ISRAEL	-	-	-	2,876	-	-	-	-	-	-	2,876
ITALY	2,100	7,354	2,420	6,774	581	-	125	597	-	-	7,354
JAPAN	22,031	11,521	25,003	45,710	5,767	-	712	-	495	990	45,710
KAZAKHSTAN	-	340			- 1	-	- 10	-	-	-	340
KENYA	-	1,015		988	- 1	-	-	-	-	-	1,015
KOREA (DPR)	4,234	-				23,281		-	-	-	23,281
KOREA (REP. OF)	612	-	-	2,303	5,800	467	-	-	-	673	5,800
KUWAIT	-	-	-	153		-	-	-	-	-	153
LATVIA	629	-	1,386	5,450	1,400	6,976	2,434	11,384	118	-	11,384
LEBANON	-			999	1,213		_	-	-	-	1,213
LITHUANIA	270	2,790	193	1,919	4,297	118	4,584	685	2,699	721	4,584
MALAYSIA	-	-	-			-	-	-	-	-	-
MALTA	-	-	-	-	-	-	745	-	-	-	745
MEXICO	12,124	1,886	-	1,652	12,753	-	1,396	-	8,671	-	12,753
MONTENEGRO	-	-	-	-	-	-	-	120	-	-	120
MOROCCO	-	-	-	-	-	-	-	-	-	-	-
MYANMAR	_	_	-	12.418	-	_	_	_	-		12.418

RECYCLING STATE	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Max 2000-2009
NETHERLANDS	463	1,020	4,044	1,919	28.879	4,611	3,403	1,485	6,602	4.185	28,879
NETHERLANDS ANTILLES	-	1,020	-,044	2.927	20,013	-,011	1,422	1,400	- 0,002	4,103	2.927
NEW ZEALAND			_	2,021	366	_		1,390	3.007	_	3,007
NIGERIA		_	_		-	_	_	-	-	4,015	4,015
NORWAY		244	799	2.614	5.278	1,206		489	6.261	-	6,261
OMAN	-	-	-	-		-		-	574	-	574
PAKISTAN	789,216	1.738.640	997,236	816,961	209,055	47,530	186,987	379,601	273,937	2,100,637	2,100,637
PANAMA	-		-	2,371	-	-	-	-	-	-	2,371
PERU	-	7,669	-	18,168	-		-			6,892	18,168
PHILIPPINES	Control -		-		3,138						3,138
POLAND	-	-	-		-	1,028	-	-	-	-	1,028
PORTUGAL	- 1	499	-	10,836			-	1,409	249	3,466	10,836
REUNION	-	-	964			L		-	-	-	964
ROMANIA	-	-	7 7 3	-	2,613	-	-	-	109	-	2,613
RUSSIAN FEDERATION	5,446	4,001	6,791	16,805	7,377	3,335	19,404	9,848	12,348	5,318	19,404
SINGAPORE	314	-	-	-	-	697	-	-	-	-	697
SOUTH AFRICA	-	-	-	801	-	-		802	-	585	802
SPAIN (incl. Canary Isles)	26,421	8,605	27,285	32,614	12,633	6,121	6,871	1,041	6,165	14,206	32,614
SWEDEN	-	504	1 1 10		1,065					-	1,065
SYRIA	-	5,229	-			-	-	-	-		5,229
TANZANIA		-		-		-		-	520	-	520
THAILAND	1,217	-		-				-	677	-	1,217
TRINIDAD & TOBAGO	- /					-		-	-	400	400
TURKEY	294,541	164,728	385,437	280,367	200,183	137,693	148,448	117,817	141,351	557,251	557,251
TURKMENISTAN	-		-			-	-	-	-	-	-
UKRAINE	1,297		1,472			-	10,165	-	-	717	10,165
UNITED ARAB EMIRATES	-	-	-	-	-	-		-	950	-	950
UNITED KINGDOM	1,252	1,235	512	2,791	1,491	2,340	2,771	2,535	-	2,411	2,791
UNITED STATES OF AMERICA	20,055	140	6,624	26,219	79,139	24,629	79,362	47,490	196,410	10,868	196,410
URUGUAY	11,188	- 1	-		•	-		-	-	-	11,188
VIETNAM	55,285	33,585	3,912	15,398	8,076	1,898	5,813	3,834	-	-	55,285
OTHER	14,152	300.1	U .			-		-	-	-	14,152
UNKNOWN	2,486	2,708	36,390	185,985	27,784	70,891	78,574	18,834	22,534	270,829	270,829
TOTALO	40.000.000	44.005.404	40.070.004	45 000 100	7.405.400	0.770.610	4 504 645	4.450.617	0.070.707	04.050.500	05.040.040
TOTALS	12,332,006	14,295,481	16,376,661	15,928,192	7,195,492	3,772,210	4,591,645	4,152,847	8,279,787	24,958,520	25,648,649

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RECYCLING STATE	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Max 2000-2009
BANGLADESH	2,406,923	4,992,402	4,893,973	2,889,908	3,356,537	2,113,765	2,882,503	1,837,988	4,176,026	6,608,531	6,608,531
CHINA (PEOPLE'S REP. OF)	2,637,463	2,509,792	3,138,838	5,582,476	1,538,067	151,089	254,146	340,738	927,762	7,737,730	7,737,730
INDIA	5,987,392	4,767,933	6,751,349	5,886,259	1,619,505	1,123,487	852,990	1,332,492	2,458,113	7,561,258	7,561,258
PAKISTAN	789,216	1,738,640	997,236	816,961	209,055	47,530	186,987	379,601	273,937	2,100,637	2,100,637
TURKEY	294,541	164,728	385,437	280,367	200,183	137,693	148,448	117,817	141,351	557,251	557,251
Sum of five big ones	12,115,535	14,173,495	16,166,833	15,455,971	6,923,347	3,573,564	4,325,074	4,008,636	7,977,189	24,565,407	24,565,407
-	'	,	•	•	•	•	•	•		•	
REST OF THE WORLD	216,471	121,986	209,828	472,221	272,145	198,646	266,571	144,211	302,598	393,113	472,221
WORLD TOTAL	12,332,006	14,295,481	16,376,661	15,928,192	7,195,492	3,772,210	4,591,645	4,152,847	8,279,787	24,958,520	25,648,649
% of 5 to world totals	98%	99%	99%	97%	96%	95%	94%	97%	96%	98%	
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	
World fleet	558,053,957	574,551,264	585,583,396	605,218,368	633,321,120	675,115,956	721,855,399	774,936,508	830,704,412	882,634,804	
40% of World fleet	223,221,583	229,820,506	234,233,358	242,087,347	253,328,448	270,046,382	288,742,160	309,974,603	332,281,765	353,053,922	
3% of 40%	6,696,647	6,894,615	7,027,001	7,262,620	7,599,853	8,101,391	8,662,265	9,299,238	9,968,453	10,591,618	
		1000					Ter 101				
Year-to-year increase		103%	102%	103%	105%	107%	107%	107%	107%	106%	
rear-to-year increase		103/0	102 /0	103 /0	10376	101 /0	107 /0	107 /0	107 /6	100 /0	

average 105%

- The LR-F data used by IMO show that in the last decade around 97% of the world's recycled tonnage has been recycled by the same five recycling countries. Three of these countries have large capacities (7.7MGT; 7.6MGT & 6.8MGT); one has medium capacity (2.1MGT); and one has small capacity (0.6MGT). (The "capacity" of the rest of the world (0.4MGT) is less than that of Turkey)
- Ratification by two large recycling capacity countries is more than sufficient for the Convention's entry into force (10.6MGT).
- With an average annual increase of the world fleet by 5%, ratification by two large recycling capacity countries will be sufficient until 2015 or beyond.
- If there is even a small increase in recycled volumes in 2010, it might become
  possible for the recycling criterion to be met with ratifications by one large, one
  medium and one small recycling capacity countries.

How can the Hong Kong Convention be amended?

# **ARTICLE 18 Amendments**

- 2.1 Any Party may propose an amendment to this Convention.
  A proposed amendment shall be ... circulated to the Parties and Members of the Organization at least six months prior to its consideration.
- 2.2 An amendment proposed and circulated as above shall be referred to the Committee for consideration. **Parties** ,..., **shall be entitled to participate in the proceedings** of the Committee **for consideration and adoption** of the amendment.
- 2.3 Amendments shall be adopted by a two-thirds majority of the Parties present and voting in the Committee, ......
- 2.4 Amendments adopted in accordance with subparagraph 3 shall be communicated by the Secretary-General to the Parties **for acceptance**.

- 2.5 An amendment shall be deemed to have been **accepted** in the following circumstances:
  - 2.5.1 An amendment to an **article** of this Convention shall be deemed to have been accepted on the date on which **two-thirds** of the Parties have notified the Secretary-General of their **acceptance** of it.
  - 2.5.2 An amendment to the **Annex** shall be deemed to have been accepted at the end of a period to be determined by the Committee at the time of its adoption, which period shall not be less than ten months after the date of adoption. However, if by that date more than **one-third** of the Parties notify the Secretary-General that they **object** to the amendment, it shall be deemed not to have been accepted.

- 2.6 An amendment shall **enter into force** under the following conditions:
  - 2.6.1 An amendment to an article of this Convention shall enter into force, for those Parties that have declared that they have accepted it, six months after the date on which it is deemed to have been accepted in accordance with subparagraph .2.5.1.
  - 2.6.2 An **amendment to the Annex** shall enter into force with respect to all Parties six months after the date on which it is deemed to have been accepted, **except for any Party** that has:
    - 2.6.2.1 **notified its objection** to the amendment in accordance with subparagraph .2.5.2 and that has not withdrawn such objection; or
    - 2.6.2.2 **notified the Secretary-General**, prior to the entry into force of such amendment, that the amendment shall enter into force for it only after a subsequent notification of its acceptance.

Any Party that has declined to accept an amendment to the Annex shall be treated as a non-Party only for the purpose of application of that amendment.

and also:

#### **ARTICLE 19**

#### **Denunciation**

This Convention **may be denounced** by any Party at any time after the expiry of two years from the date on which this Convention enters into force for that Party.

while conversely:

#### **ARTICLE 17**

#### **Entry into force**

After the date on which an amendment to this Convention is deemed to have been accepted under Article 18, any instrument of ratification, acceptance, approval or accession deposited shall apply to the Convention, as amended.

The protection afforded by the amendment mechanisms of the Convention to all Parties ensures that the introduction of amendments will have to rely on the spirit of compromise and cooperation. Therefore, it will not be possible to force an amendment banning beaching on any Parties that did not agree to it.

Furthermore, even if a lobby could convince the majority of the Parties to introduce in the foreseeable future an amendment banning beaching, this would be to no-one's interest as it would create an impossible situation by removing vital recycling capacity from the Convention.

Will the Hong Kong Convention change the market?

Some recyclers are worried that, after the Convention's entry into force, the Convention will act as a barrier restricting:

- Convention facilities to recycle only Convention ships; and
- non-Convention facilities to recycle only non-Convention ships

and therefore, if a country ratifies the Convention, this would commit and restrict its recyclers to work only with Convention ships (and *vice-versa*).

As will be discussed in the next two slides, normal commercial forces will ensure that the Convention cannot operate as a barrier.

## (a) Recycling of non-Party ships in Party facilities?

According to regulations 16.1 and 17.2 of the HKC, ship recycling facilities in Party States can only accept ships that:

- comply with the Convention (Party ships); or
- meet the requirements of the Convention (non-Party ships).

The cost for a non-Party ship to meet the requirements of the Convention is estimated at not more that US\$30,000. For a Panamax (about 10,000 LDT) the cost of meeting the requirements of the convention therefore translates to around US\$3 per LDT, which represents a very modest cost.

Therefore, either for corporate social responsibility reasons, or simply because a Party recycling facility may be paying more than \$3 per LDT than a non-Party facility, a non-Party ship may legally cross the boundary into a Party facility.

and so, the first point is that after entry into force of the Hong Kong Convention non-Party ships will be able to be recycled in Party recycling facilities.

## (b) Recycling of Party ships in non-Party facilities?

According to regulation 8 of the Hong Kong Convention, Party ships can only be recycled at Party recycling facilities.

However, there is no legal restriction to selling; deregistering; and changing flag of a merchant ship. Therefore a Party ship can legally become non-Party ship and then be recycled at a non-Party facility.

The cost for a ship to change flag is around US\$10,000, which for a Panamax ship translates to around US\$1 per LDT, representing a **negligible cost** to its owner.

Therefore, the second point is that we can easily envisage a Party ship changing flag and thus legally becoming a non-Party ship in order to be recycled at a non-Party facility.

#### Therefore:

Party facilities will be able to accept:

Party ships and non-Party ships (at compliance cost to owner of about \$30K)

non-Party facilities will be able to accept:

Party ships (at flagging-out cost to owner of about \$10K) and non-Party ships

Thus, the HKC cannot act as a barrier, but will help those shipowners who want to choose between acceptable and non-acceptable recycling locations.

Interim measures for introducing technical requirements of the Hong Kong Convention on a voluntary basis

The conditions for entry into force of the Hong Kong Convention might take some time to be fulfilled and for the Convention to formally enter into force.

In the interim period up to the Convention's entry into force the option is:

- do nothing;or
- voluntarily implement relevant technical requirements of the Convention (as also required by Resolution 5 adopted by the Hong Kong diplomatic Conference).

The following are key technical requirements of the Hong Kong Convention, some of which may be considered as suitable interim measures:

- 1 prohibition of installation or use of Hazardous Materials listed in its Appendix 1;
- provision of the Inventory of Hazardous Materials: (a) to new ships;(b) to existing ships; and (c) to ships going for recycling;
- 3 Safe-for-hot work and Safe-for-entry: (a) obligations for shipowners; and (b) obligations for ship recycling facilities;
- 4 preparation of a Ship Recycling Plan for ships destined for recycling;
- 5 compliance of ship recycling facilities to the Convention's safety, health and environmental standards;
- authorization of Ship Recycling Facilities by the relevant Competent Authority;
- 7 surveying and certification of ships by their flag States; and
- 8 notification and reporting requirements to the recycling State and to the flag State.

If the recyclers' associations of Bangladesh, China, India, Pakistan, and Turkey agree amongst themselves that ships prior to being accepted for recycling in their facilities would need an Inventory of Hazardous Materials (developed in accordance with the guidelines specified in resolution MEPC.179(59)), then the IHM would become a *de facto* international requirement.

As another example consider India and Turkey (and maybe China) who already have a requirement for their recycling facilities to prepare a Ship Recycling Plan. It should not be too difficult to reach an agreement that all five States have the same requirement and also that the Ship Recycling Plan is created according to guidelines soon to be developed by IMO.

And as yet another example consider a possible common requirement (possibly even enforced through domestic regulation) that tankers arrive at recycling facilities with their tanks clean and gas free.

In May 2010, the Pattaya Workshop created a better understanding between recyclers, shipowners and the regulators. We are here today pursuing this path so that practical measures may be implemented in the near future for a safer and environmentally friendlier industry.

# thank you for your attention

The views expressed in this presentation are those of its author