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Shanghai

Press Release on the Joint Statement of the ASA SRC 27th Interim Meeting held 11 April 2024

The 27th Interim Meeting of the ASA Ship Recycling Committee was held online on 11 April 2024. The SRC members are firmly committed to ensuring full compliance with all applicable competition laws throughout the entire programme.

Ship Recycling Trend

Over the past eight quarters, the ship recycling of bulk carriers, tankers and container ships has fallen to its lowest level in 20 years. The strong demand that has come with the market shock combined with a smaller new building order book has kept older vessels in operation longer than usual. According to Clarkson data, the average annual recycling of commercial vessels in 2022 and 2023 is around 11 million DWT, which is about half of the average annual of 21.7 million DWT over the past three years (2019-2021). The ships that would have been recycled if the Cape of Good Hope rerouting had not been necessary, will likely be recycled soon after the situation is resolved. As a result, despite the short-term lull in ship recycling, the number of ships recycled between 2023 and 2033 is expected to be more than double the number of ships recycled in the past 10 years. The ASA SRC reconfirmed that there is an urgent need to develop SOC certified yards in MULTIPLE countries as possible receivers of the above-mentioned future strong demand as well as for reducing risks when a pandemic like Covid-19 emerges.

Hong Kong Convention (HKC)

The HKC coming into force will be essential to mind-reset by mandatory international rule. The HKC now will enter into force on June 26, 2025 following its ratification by Bangladesh and Liberia.

The ASA SRC re-affirmed the recognition that the entry into force of the HKC is an important milestone for the safety and environmentally sound recycling of ships worldwide. This is of significant importance to the IMO, the global shipping industry, and the marine environment. In particular, it is a historic development for workers and local communities in ship recycling countries.

The ASA SRC affirmed that the following action plan is essential in order to expand ratification of HKC to foster the level playing field in ship recycling:

1. PRIORITY RELEASE of VESSELS to GREEN YARDS

We further promote and strengthen the ASA SRC's standing policy of ensuring priority usage of HKC-certified yards and yards in the process of obtaining certification. India continues and is expected to be the core of green recycling, and it would be especially be great if India's successful experience in accelerating the growth of HKC green yards by motivation from shipowners could also be seen in Bangladesh. As recent signatories to the Convention, Bangladesh and Pakistan's domestic ship-recycling yards will have to upgrade their infrastructure and raise the standards of their premises to meet the requirements of the HKC.

2. RESOLVING INCONSISTENCY between the HKC and the BASEL CONVENTION / EU-SRR

Both the HKC and the Basel Convention are designed to ensure a safe and environmental friendly waste management, and we must ensure that conflicts between the two Conventions do not limit this historic opportunity. The ASA SRC supports the open, transparent, and high-standard industry environment that will result from the eventual entry into force of the HKC. The ASA SRC believes that there is a need to resolve possible conflicts between the HKC and the Basel Convention and to ensure that compliance with the HKC is not sanctioned by the Basel Convention. The ASA SRC also strongly hopes that the EU-SRR, a regional regulation, should be aligned with the HKC before its entry into force.

3. The ASA SRC is FIRMLY COMMITTED to CONTRIBUTING to GLOBAL ENVIRONMENTAL CONSERVATION by PROMOTING ENVIRONMENTALLY FRIENDLY SHIP RECYCLING

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Editor's Note:

The Asian Shipowners' Association (ASA) is a voluntary organization of the shipowner associations of Australia, China, Hong Kong, Japan, Korea and the Federation of ASEAN Shipowners' Associations comprising shipping associations of ASEAN countries. The aims of the ASA are to promote the interests of Asian shipowners. Between ASA AGM meetings, the ongoing work is carried out by five Standing Committees: The Seafarers Committee (SC), the Ship Insurance and Liability Committee (SILC), the Safe Navigation and Environment Committee (SNEC), the Shipping Policy Committee (SPC), and the Ship Recycling Committee (SRC). It has been estimated that ASA shipowners and managers control and operate around 50% of the world's cargo carrying fleet.