

The Hong Kong Convention and the ongoing work of IMO

Nikos Mikelis
International Maritime Organization

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IMO

Brief background to development of the Hong Kong Convention

- MEPC 42 (November 1998): The issue of ship recycling was first brought to the attention of MEPC (IMO's Marine Environment Protection Committee)
- MEPC 47 (March 2002): agreed that IMO should develop recommendatory guidelines to be adopted by an Assembly resolution
- MEPC 49 (July 2003) finalized the IMO Guidelines on Ship Recycling
- Assembly 23 (December 2003) adopted the IMO Guidelines on Ship Recycling by resolution A.962(23)
- Assembly 24 (December 2005) adopted resolution A.981(24) instructing MEPC to develop a "*new legally binding instrument on ship recycling*".

Resolution A.981(24) states that the new instrument will regulate:

1 the design, construction, operation and preparation of ships so as to facilitate safe and environmentally sound recycling, without compromising their safety and operational efficiency;

2 the operation of ship recycling facilities in a safe and environmentally sound manner; and

3 the establishment of an appropriate enforcement mechanism for ship recycling (certification / reporting requirements).

Background to the development of the Hong Kong Convention

Numerous meetings were arranged by MEPC for the development of the draft text of the convention:

- MEPC 54 & WG (March 2006) commence work on first draft submitted by Norway
- CG reports to MEPC 55
- MEPC 55 & WG (October 2006)
- 2nd ISWG (May 2007)
- CG reports to MEPC 56
- MEPC 56 & WG (July 2007)
- 3rd ISWG (January 2008)
- CG reports to MEPC 57
- MEPC 57 & WG (March 2008)
- 4th ISWG (September 2008)
- CG reports to MEPC 58
- MEPC 58 & DG (October 2008)
- Diplomatic Conference (May 2009)

3 years and 2 months from the first submission of draft text up to the adoption of the Convention is probably a record.

Adoption of the Convention

The 2009 International Conference on the Safe and Environmentally Sound Recycling of Ships took place at the Hong Kong Convention and Exhibition Centre, from 11 to 15 May 2009.

The Conference adopted the:

Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, 2009

also known as the “Hong Kong Convention” (HKC).

The Conference also adopted six resolutions, including:

- Resolution 3 *on the Promotion of Technical Co-Operation and Assistance*; and
- Resolution 5 *on the Early implementation of the technical standards of the Hong Kong Convention*

The diplomatic Conference



The diplomatic Conference



The diplomatic Conference



The diplomatic Conference



The diplomatic Conference





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The structure and requirements of the Hong Kong Convention

The HKC was developed by IMO with a full understanding of the legal and commercial practices of international shipping (ownership structures; sale & purchase; registration and deregistration of ships; port State control; etc).

The mechanisms for control and enforcement that are employed by the HKC were derived from earlier maritime conventions and are well tried and tested.

The HKC was therefore developed to provide a practical, workable and acceptable regulatory structure in the international maritime field.

IMO trusts that it is only a question of time before the HKC becomes the accepted international standard for the regulation of ship recycling activities.

Structure of the Hong Kong Convention

The Convention includes:

- 21 Articles, establishing the main legal mechanisms
- 25 regulations, containing technical requirements, 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, containing forms for certificates etc

Separately, 6 voluntary guidelines are currently being developed under the coordination of Japan 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.

Requirements for ships

(a) Ship beginning implementing 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) Ship 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) Ship 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 authorizing SRF;
- establish a mechanism for ensuring that SRF comply with the HKC; 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

MEPC Session :	MEPC 59	MEPC 60	MEPC 61	MEPC 62	MEPC 63	MEPC 64
Date (for 2011 and 2012 the dates are tentative) :	July 2009	March 2010	Sept-Oct 2010	July 2011	March 2012	October 2012
Guidelines for the development of the Inventory of Hazardous Materials	Adopted MEPC.179(59)					
Guidelines for safe and environmentally sound ship recycling			Finalization, and if appropriate adoption	Adoption		
Guidelines for the development of the Ship Recycling Plan				Adoption		
Guidelines for the authorization of Ship Recycling Facilities				Adoption		
Guidelines for survey and certification					Finalization, and then referring to FSI 20 (around June 2012)	Adoption
Guidelines for inspection of ships					Finalization, and then referring to FSI 20 (around June 2012)	Adoption

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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:*
 - .1 *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.*

The recycling capacity criterion

	2007	2008	2009
World fleet	774,936,508	830,704,412	882,634,804
40% of World fleet	309,974,603	332,281,765	353,053,922
3% of 40%	9,299,238	9,968,453	10,591,618

Therefore, with the publication of the 2009 world fleet GT data, 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.

The 2010 criterion will change according to the total GT of the world fleet for that year, when it is published in 2011.

Calculation of the combined maximum annual recycling volume using Lloyd's Register-Fairplay's publication World Casualty Statistics

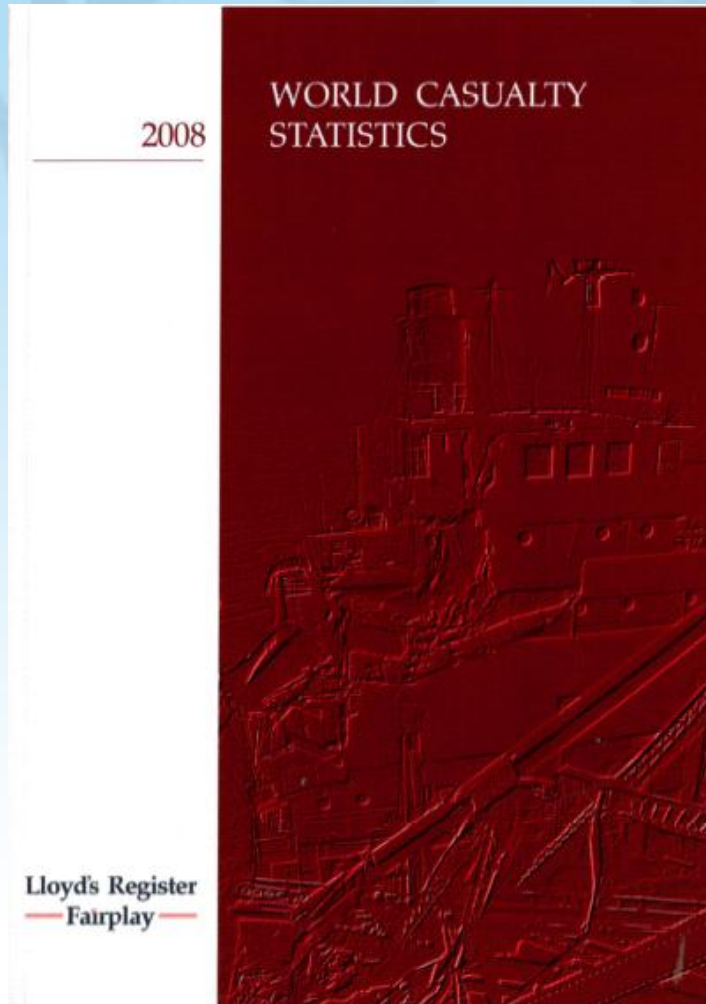


TABLE 7C: DISPOSALS - BY COUNTRY OF BREAKING 2008

COUNTRY OF BREAKING	TOTALS			CARGO CARRYING SHIPS				SHIPS OF MISCELLANEOUS ACTIVITIES		
	No.	GT	Age	No.	GT	Dwt	Age	No.	GT	Age
AUSTRALIA	1	103	39	--	--	--	--	1	103	39
BANGLADESH	170	4,178,826	30	160	4,105,756	6,401,880	30	18	76,210	38
BELGIUM	33	11,554	28	--	--	--	--	33	11,554	28
BERMUDA	1	134	42	--	--	--	--	1	134	42
BRAZIL	1	447	34	--	--	--	--	1	447	34
CANADA	2	1,495	33	--	--	--	--	2	1,495	33
CHINA, PEOPLE'S REPUBLIC OF	38	927,702	29	33	911,693	1,263,564	38	5	16,889	27
COOK ISLANDS	1	465	48	1	465	493	48	--	--	--
CROATIA	2	242	28	2	242	242	28	--	--	--
DENMARK	52	12,611	37	2	1,229	1,554	47	30	10,782	38
ESTONIA	3	2,342	37	2	1,868	198	44	1	677	24
FRANCE	3	373	25	--	--	--	--	3	373	25
GUYANA	1	2,230	34	1	2,230	2,558	34	--	--	--
INDIA	198	2,458,113	33	176	2,374,622	2,561,333	33	22	83,491	32
INDONESIA	11	2,813	24	5	1,757	1,832	23	6	1,056	23
JAPAN	1	495	32	--	--	--	--	1	495	32
LATVIA	1	118	31	--	--	--	--	1	118	31
LITHUANIA	2	2,699	33	--	--	--	--	2	2,699	33
MEXICO	3	8,671	68	3	8,671	11,791	68	--	--	--
NETHERLANDS	5	6,602	23	1	4,863	3,702	26	4	1,739	22
NEW ZEALAND	3	3,007	41	1	2,833	591	38	2	934	43
NORWAY	12	6,261	38	3	530	530	47	9	5,731	35
OMAN	1	574	43	1	574	706	43	--	--	--
PAKISTAN	25	273,937	35	24	272,138	435,153	35	1	799	49
PORTUGAL	1	249	53	1	249	249	53	--	--	--
ROMANIA	1	189	28	--	--	--	--	1	189	28
RUSSIA	10	12,348	21	--	--	--	--	10	12,348	21
SPAIN	12	6,185	35	2	3,143	4,495	38	10	3,022	33
TANZANIA	4	520	18	4	520	292	18	--	--	--
THAILAND	1	677	32	1	677	1,180	32	--	--	--
TURKEY	58	141,351	41	45	125,030	127,580	42	13	16,321	38
UNITED ARAB EMIRATES	1	950	43	1	950	1,088	43	--	--	--
UNITED STATES OF AMERICA	34	196,410	53	18	191,734	273,419	50	6	4,676	60
UNKNOWN	47	22,534	37	8	8,226	12,678	44	39	14,318	36
GRAND TOTAL	787	8,279,787	34	493	8,019,991	11,456,488	34	214	259,796	34

In the last 20 years five countries (Bangladesh, China, India, Pakistan and Turkey) have recycled nearly all of the world's tonnage. In the last 10 years they have recycled 96% to 99%, or an average of 97%, of all tonnage.

There are three recycling countries with large capacities (Bangladesh, China, and India); one with medium capacity (Pakistan) and one with small capacity (Turkey). Note that Turkey recycles more tonnage than the rest of the world put together.

The “maximum annual ship recycling volume” of each of the five countries was reached in 2009, which was a record year for the last decade:

Bangladesh	6,608,531 GT (26% of world total)
China	7,737,730 GT (31%)
India	7,561,258 GT (30%)
Pakistan	2,100,637 GT (8%)
Turkey	557,251 GT (2%)
Rest of world	393,113 GT

With an average annual increase of the world fleet by 5%, ratification by any two large recycling capacity countries will satisfy the capacity criterion 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.

A much better avenue for the future is to work towards ratification by all five ship recycling nations, this way divorcing commercial competition from safety and environmental protection. If all five recycling countries ratify the convention and the Convention enters into force, all flag States will have to also ratify, and in this way turning the Hong Kong Convention into a universal standard for ship recycling.

The tonnage criterion

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%
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Voluntary measures that can be implemented in the interim period up to the Hong Kong Convention's entry into force

Resolution 5 of the Diplomatic Conference on Early Implementation of the Technical Standards of the HKC

1. INVITES Member States of the Organization to consider applying the technical standards contained in the Annex to the Convention on a voluntary basis to ships entitled to fly their flag, as soon as operationally feasible;
2. INVITES ALSO Member States of the Organization to consider applying the technical standards contained in the Annex to the Convention on a voluntary basis to ship recycling facilities under their jurisdiction, as soon as operationally feasible;
4. INVITES the industry to co-operate with Member States of the Organization in applying the technical standards contained in the Annex to the Convention to ships and ship recycling facilities, as appropriate.

Of the key technical requirements of the Hong Kong Convention, the following could be considered as suitable interim measures:

- 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;
- Safe-for-hot work and Safe-for-entry: (a) obligations for shipowners; and (b) obligations for ship recycling facilities;
- preparation of a Ship Recycling Plan for ships destined for recycling;
- (progressive) compliance of ship recycling facilities to the Convention's safety, health and environmental standards.

The above ideas were discussed less than three weeks ago at the Pattaya IMO Regional Workshop on the Early Implementation of the Technical Standards of the HKC.

Whereas no specific date was agreed for a start of the voluntary implementation of measures, the representatives of the five recycling industries agreed on the value and the need of these measures.

Importantly, in Pattaya for the first time there was a general acceptance by the representatives of the associations of the five major ship recycling countries of the need for working in the future under the single international standard that is established by the Hong Kong Convention.

The Pattaya workshop recommended the following:

stakeholders to commence the voluntary implementation of the technical standards of the Hong Kong Convention on the provision and usage of the Inventory of Hazardous Materials;

stakeholders to assist in the development of the guidelines for the Ship Recycling Facilities and the Ship Recycling Plan, and thereafter to voluntarily facilitate the implementation of the SRFP and the SRP;

enhanced cooperation among all stakeholders in sharing practical knowledge and expertise and best practices, including the creation of a portal for information exchange. Also, national ship recycling associations should consider establishing a global platform for facilitating coordination, capacity building and cooperation;

requested the support of international organizations and multilateral funding agencies in the delivery of technical assistance; and

requested IMO to expand its technical co-operation activities and to conduct a workshop which will follow-up on the outcome of the Pattaya Workshop.

And, in way of conclusion, one last point:

States who want to demonstrate a commitment to the principles of the Convention, but who have not yet completed their national process and are therefore not ready to ratify, may sign the Convention "subject to ratification".

Article 16.1 of the HKC specifies that the Convention shall be open for signature until 31 August 2010.

A State which signs the Convention "subject to ratification", simply has an obligation to refrain from acts which would defeat the object and purpose of the Convention.

So far, France and the Netherlands have signed the HKC "subject to ratification".



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thank you for your attention