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Is Alang on the cusp of transformation?

Lloyd's List was granted exclusive access to the world's largest ship scrapyards in Alang, India. While progress has been made in bringing health and safety standards in line with the Hong Kong Convention at many Indian ship scrapping yards, with lives still being lost there is much more to do

10 Jul 2018 | **ANALYSIS**

by **Inderpreet Walia** | @w_inderpreet | Inderpreet.walia@informa.com

Once openly hostile towards environmental standards in the Hong Kong Convention, attitudes at Alang are changing with 61 of the 120 yards operating under its guidelines

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SAFETY STANDARDS IN ALANG — THE BIGGEST SCRAPYARD IN THE WORLD — WERE THRUST INTO THE SPOTLIGHT LAST YEAR, FOLLOWING REPORTS OF TWO FIRES.

A DECADE ago, the ship recycling industry adopted the Hong Kong Convention for the Safe and Environmentally Sound Recycling of Ships. But the regulation has yet to be ratified.

There are efforts by Asian countries — most notably India and Japan — to bring their yards up to an acceptable level of compliance. But have there really been any improvements?

Ship recycling in Alang, India, has been of grave concern to environmentalists, who claim caution is deprecated and businesses prioritise productivity before safety, potentially risking the health of thousands of workers and causing pollution.

Safety standards in Alang — the biggest scrapyard in the world — were thrust into the spotlight last year, following reports of two major fires at its yards.

According to the NGO Shipbreaking Platform — a coalition of environmental, human rights and labour organisations part-funded by the European Union — which has been vociferous in opposing the beaching method used in Alang due to the risks involved, the two incidents cost the lives of eight workers. These claims have still to be verified.

The Gujarat Maritime Board confirmed at least two fatalities.

In its 2017 annual report The NGO Shipbreaking platform also highlighted the alarmingly poor labour and living conditions for workers, as well as the poor environmental protection standards in Alang. However, it has not visited the yards for several years.

A few years ago, Alang was openly hostile towards the HKC. But attitudes are changing. At the beginning of 2018, around 61 yards of the 120 located in Alang were operating under the guidelines of the HKC, having acquired statements of compliance from classification societies such as Class NK, Rina and IR Class.

Transformation

A trip to the yards in Alang — a small town in the Gulf of Cambay, on the west coast of India — shows all the compliant yards have transformed standard operating practices.

These yards have improved infrastructure through the introduction of impervious flooring for secondary and tertiary cutting, as well as new cranes, storm water drainage and waste collection systems.

In addition, safe-for-entry, safe-for-hot work, confined-entry, working-at height and other safety procedures and environmental measures are in place.

The HKC, drafted in 2009, centres around safety during the ship recycling process. The treaty dictates specific guidelines for vessel construction operation and preparation, among others, as well as guidelines for ship recycling operations.

To be enforced, the treaty needs ratification from at least 15 member states, representing a minimum of 40% of the global merchant fleet by annual gross tonnage, while the combined annual ship recycling volume over the past decade must be at least 3% of the gross tonnage of the ratified countries' merchant fleet.

India is close to ratifying the convention. A draft bill has been put before the country's parliament and consultations with stakeholders have been taking place since December last year.

Can Alang change its ways?

By Inderpreet Walia

10 Jul 2018

Lloyd's List gets unique access to world's largest ship scrapping facilities

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Circular economy

Class NK consulting services manager Michihiko Takahashi, who has been assessing and consulting for yard compliance in Alang, said there were several ship recycling facilities in India that had developed their infrastructure and procedures. "Many yard owners are making investments to upgrade the standards of their recycling facilities," he asserted.

"There is a great chance that both India and Japan will comply with the HKC by the end of this year."

The Japanese classification society has issued a statement of compliance to 15 yards in Alang and is in the process of certifying another five.

Leela Group chairman Komalkant Sharma claims more than 60% of the yards in India are now following the HKC, as 61 yards already have certificates of compliance, while 23 yards are in the process of doing so.

Leela Group represents three shipbreaking yards in Alang: Leela Ship Recycling, Leela Green Ship Recycling and Sarvag Shipping Services.

At the same time, competition has increased for the cash buyers. Mr Sharma said there used to be only four players in the industry, but this number has risen to 17 in recent years.

The increased competition has brought consciousness to yard standards which can be attributed to the investments made by owners to upgrade infrastructure levels, according to Mr Sharma.

Cost barriers

The cost to yards of upgrading a typical scrapping plot, though, remains a barrier for some. Infrastructure works typically cost between \$250,000 - \$500,000, depending on the size of the designated area, plus classification society consultancy fees of \$20,000 - \$50,000.

Rajesh Arya, a fourth-generation ship breaker and owner of the Shubh Arya Steel yard, believes better risk returns on these investments would see more yards in Alang certified to HKC standards. He calls for more tangible rewards for yard owners who maintain better safety regulations, or tax incentives by the government.

In 2013, the Gujarat Maritime Board implemented its Ship Breaking Code, which streamlined ship breaking procedures in Alang.

1600 hrs is an important time of the day in Alang.

This is when the approximate 750 shop owners from Alang's secondhand market, selling refurbished items recovered from ships, gather in the yards for daily auction.

Recovered furniture, office equipment, machinery, crockery, old blankets, mattresses, lubricants, cables, antique paintings, firefighting equipment, even lifeboats, can be bought at almost one-third of market value.

India reuses most of the secondhand items from scrapped ships. Steel is a major source of raw material for the re-rolling mills, which rank fourth in terms of world steel production, with between 1%-2% of domestic demand supplied by the ship recycling industry.

According to a paper published by Anand Hiremath at el in 2018, the range of waste generated from the ship recycling process is a little as 0.5%-1% of each vessel's total weight, with the rest of the material being recycled and reused.

This circular economy provides enormous potential for innovation and the generation of diverse jobs.

There are around 25,000 workers directly employed in the ship scrapping industry, plus another 150,000 indirectly employed, data from the Gujarat Maritime Board shows.

India signed an agreement with the Japan International Co-operation Agency in 2017 on a \$76m loan to upgrade Alang- Sosiya yards.

The renovation project will cost \$111m, comprising the loan from JICA and \$25m from the Gujarat government.

The remaining \$10m will be jointly financed by the Gujarat government, as well as the Ministry of Shipping.

Gujarat Maritime Board will oversee putting the upgrade project into effect, with a completion date scheduled for 2022.