

2014 Conference:
Shipbuilding and Shipbreaking

IndustriALL Global Union



Sustainability and Ships







What is Sustainable Industrial Policy?



Sustainability

Meeting the needs of the present without compromising the ability of future generations to meet theirs

- The environment, the economy, and society must be considered as an integrated whole
- Everything affects everything
- A radical concept



Industrial policy

A plan to encourage desired patterns of industrial development and growth

- Strategically targets specific industries and sectors
- Considers transportation and communications infrastructures, education and skills, training, research and energy
- Creates a healthy economy and quality employment
- Minimizes negative environmental impacts
- Advances the interests of society as a whole



Why do we need it?

The Triple Crisis



The environment is in crisis

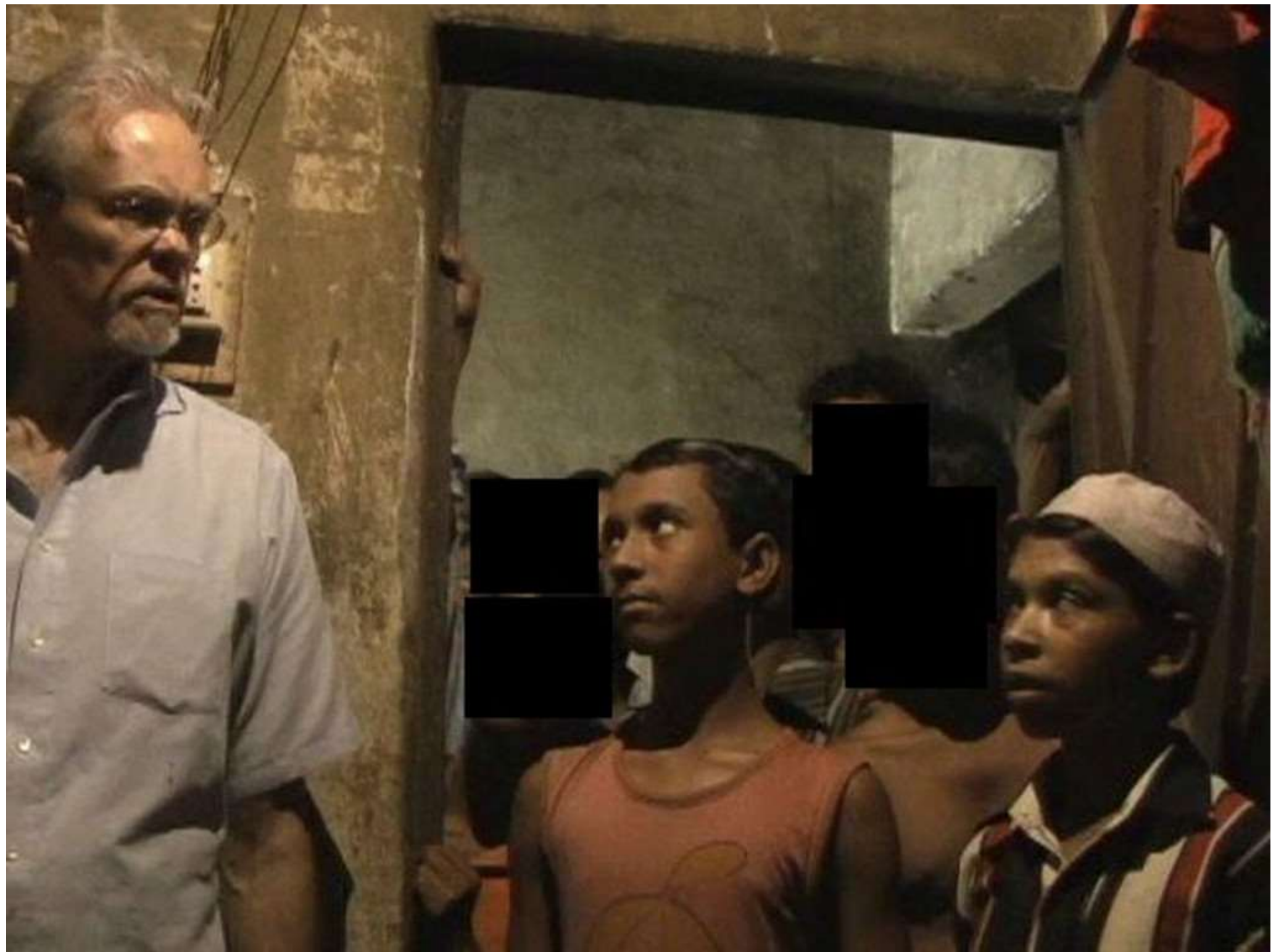
The economy is in crisis

Society is in crisis

Race to the bottom



- The historic link between wages and productivity is broken
- Globalized supply chains create downward pressure on wages
- Governments compete to attract foreign investment
- MNCs demand prices that do not reflect the true cost of labour
- Wealth accumulates at the top of the supply chain
- Collective bargaining has declined
- Resources wars loom





What does it look like?



Promoting equity

- Reducing inequality, increasing wages

Harnessing technology

- To address environmental problems and benefit workers

Advancing labour standards

Building sustainable industry in a globalised world

- More equal distribution of benefits

Just Transition

- Comprehensive industrial policies and social programs
- Allow workers to benefit from change
- Essential for sharing the costs and benefits of change fairly
- Considers today's workers, as well as future jobs





How can it be implemented?



Strengthen the role of government

- The free market cannot create sustainable development

Inclusive policies

- Unions must be part of industrial policy formulation

Set targets

- Both quantitative and qualitative indicators are needed



Who is going to pay for it?



Financing a sustainable future

Limit excessive corporate profits

Encourage investment over shareholder dividends

Reassess government spending priorities

Support industrial change through government investment

Close tax loopholes and recover missing tax revenue

Improve access to financing for sustainable production

Introduce a Financial Transactions Tax



What can IndustriALL do?



Towards Sustainable Industrial Policy

Discussion paper



SUSTAINABLE
INDUSTRIAL
POLICY





IndustriALL's Mission:

To usher in a new global economic and social model that puts people first, based on democracy and social justice

IndustriALL's Sustainable Industrial Policy

- IndustriALL has a critical role – all industrial sectors
- Shipbuilding and shipbreaking have an impact on sustainability
- Our members must have say in the direction their industries take

IndustriALL is developing a framework for sustainable industrial policy to influence governments, global institutions and MNCs

Get involved!

– our future depends on it



IndustriALL's Five Strategic Goals

1. Build union power throughout the world
2. Confront global capital
3. Defend workers' rights
4. Fight precarious work
5. Ensure sustainable industrial employment

Sustainable Shipbuilding and Shipbreaking

- Need a “life-cycle” or “cradle to grave” approach: shipbuilders should consider the recycling of a ship already at the time of its conception and design
- Industries should promote new technologies and eco-friendly products, and provide sustainable employment
- Safer, eco-friendly ships that produce less toxic waste and fewer emissions are in the interest of shipbuilding workers, maritime transport workers and shipbreaking workers alike



Shipbuilding - situation

- Economic crisis
- Over capacity of shipbuilding yards
- Need to refocus on value-added ships, offshore and sustainable energy-related equipment and products, or other business
- Changes are coming. To make it fair, Just Transition programmes are needed for workers, and the industry

Shipbuilding and Shipbreaking

- Complex global network of builders, owners, operators, flags, recyclers, and workers - with complicated trans-border links
- Need strong and comprehensive legally-binding rules covering all aspects of maritime industries
- The Hong Kong Convention on ship-recycling could be a first step (discussed in later slides)

Global Situation

- Global shipping downturn
- Weak economies since 2009 have facilitated the growth of the ship breaking industry
- Outlook on international shipping freight rates is weak over the near to medium term
- Large tonnages expected to come on stream post 2012, therefore expect a steady supply of vessels for demolition over the medium term
- Ship breakers have witnessed a healthy growth in operating income in recent years because of increased availability of ships for dismantling



Ship Breaking

- Ship recycling: potentially environmentally useful; virtually every part can be reused or recycled, especially as scrap metal
- Ship breaking: a ship disposal process involving the breaking up of ships for scrap recycling
- Ship lifespan: a few decades before refitting and repair becomes uneconomical
- Ships contain many hazards that if not dealt with properly can have significant detrimental human and environmental effects



Breaking the Vessel

- Remove fuels, oils, other liquids and combustible Materials
- Remove equipment
- Remove and dispose of asbestos and PCBs.
- Prepare surfaces for cutting
- Cut metal
- Recycle or dispose of materials





Shipbreaking

Demand for vessels for scrap

Affected by global economy, market demand for steel scrap, labour costs and other relevant costs, regulatory requirements, competition from other countries (mainly China), other variables

Future scale of the industry

Ship life-span:

~ **30** years (economic, technical, regulatory reasons)

2010 world ships: ~ **56,000** > 500 GT; ~ **32,000** > 3000 GT

Ships to be recycled each year:

~ **1,800** ships > 500 GT, or ~ **1,000** ships > 3,000 GT



Dismantling of ships

- Big players: India, Pakistan, Bangladesh, China
- The best international regulatory tool we have is the **Hong Kong Convention (2009)** (based on earlier International Maritime Organisation (IMO) Guidelines on ship recycling (2003))
- Not being ratified, so not coming into force
- Also, criticised for being weaker than the Basel convention, which governs the international disposal of wastes



Basel Convention

- Basel Convention controls transboundary movement / disposal of hazardous wastes
- A ship sent for recycling is qualified as waste
- Prohibits export of hazardous waste to parties which have not consented in writing to the specific import, or cannot manage the waste in an environmentally sound manner
- China, India, Bangladesh are parties to the Basel Convention, but it is not well enforced



Loopholes

- a ship not destined for dismantling, is not “waste” and the Basel rules do not apply
- If the final commercial voyage of a ship just happens, “by coincidence” to be to a destination that is conveniently close to a shipbreaking yard ... difficult to control



Hong Kong Convention

- The Hong Kong Convention “for the safe and environmentally sound recycling of ships”
- Legally-binding instrument
- Addresses environmental, and occupational health and safety, risks related to ship recycling



Hong Kong Convention

- Shipbreaking yards must be “authorized”
- Ships to be recycled must be “certified”
 - A ship-specific Recycling Plan must be prepared (considering information from existing ship surveys and certificates)
 - Plan must include measures to ensure safe working conditions
 - Must be approved by authorities



Hong Kong Convention

- Enters into force 24 months after ratification by:
 - i. 15 or more IMO member states
 - ii. States representing $\geq 40\%$ of world cargo capacity
 - iii. States with annual ship recycling volume ≥ 3 percent of global merchant shipping tonnage
- Ratification is not progressing!



Hong Kong Convention: conclusions

- Basel Convention was about wastes
- Hong Kong Convention is specifically about ships
- Includes assessments of both ships and breaking yards
- If entry into force is achieved, what is the incentive to comply?



Shipbuilding and Shipbreaking

- Demand strong/comprehensive legally-binding rules covering all stages of maritime industries
- Make the connection between shipbuilding and shipbreaking workers. Knowledge of union activities; health and safety, can be transferred
- Affiliates to ensure strong implementation of rules/guidelines (esp. shipbreaking in South Asia)
- Continue work with appropriate international institutions, (e.g. ILO, IMO, OECD (WP6))



Ruggie Principles

- The Ruggie principles imply that it is no longer just the “core” labour standards that must be respected, but all of the labour standards of the International Labour Organization (ILO)
- Ruggie Principles imply that corporations must comply with all laws and regulations applicable to your business activities, and
- Integrate international standards and guidelines into your business activities and business relationships with the aim of continually putting them into practice

Corruption

- The root of all unsustainable behavior?
- It is often discussed as being the key barrier to sustainability: corruption in all its forms, prevents progress on issues of health, the environment, development



GLOBOT

THE WORLD'S WORKER

BY TITIAN

WE'RE IN A ONE-
WORLD MARKETPLACE
NOW. GLOBOT!
WE HAVE TO PRODUCE
TO THE SAME HIGH
STANDARDS RIGHT
AROUND THE GLOBE



WHAT ABOUT
HEALTH AND
SAFETY
STANDARDS?



THAT DEPENDS....
WHICH PART OF THE
WORLD DO YOU
WORK IN?



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... Thank you!

Brian Kohler
Director – Health, Safety and Sustainability

