

The shipbuilding and shipbreaking industries

A decorative graphic consisting of several horizontal lines of varying lengths and colors (light blue, white, and dark blue) extending from the right side of the slide towards the center.

The shipbuilding industry

- Virtually all shipbuilding takes place in three countries:
China's shipbuilding capacity accounts for about 39 % of the world market, Korea and Japan combined accounts for about 45 %
- During 2004-2008 the demand for maritime transportation was high and the shipbuilding yards experienced a massive order book. These ships will be completed in 2008-2012
- Following the economic recession, however, the demand for maritime transportation has declined dramatically
- Thus, tonnage will be in excess of demand for at least 5-10 years to come

The shipbreaking industry

- Virtually all shipbreaking takes place in three countries:
70-80 % of the international market for shipbreaking of ocean-going vessels is located in India, Bangladesh and Pakistan
- The supply of ocean-going vessels for scrapping varies as a consequence of the global demand for maritime transportation
- Because of the decline in demand of maritime transportation the number of vessels scrapped is estimated to have reached 1,200, compared to 300-400 during the shipping industry's global boom years
- The demand for ships for recycling is driven primarily by the market demand for scrap metal, which is very unlikely to fall

Growth in the shipbreaking industry

- Economic growth, urbanization, industrialization, and the rise of the BRIC-nations result in increasingly scarce natural resources and higher raw material prices
- Recycling is an effective mean to reduce energy use and carbon emissions, enhancing resource sustainability and independence
- Therefore, scrap has become a strategic raw material and global scrap flows are expected to grow with 100 % from 2008 to 2020. USA and EU are the main steel scrap exporters
- Thus, scrap recycling is not only interesting in relation to shipbreaking industries in South Asia. To convert waste from other industries into valuable (secondary) raw materials can create jobs in countries all over the world
- The employment opportunities in the recycling sector include low-skilled work in particular but also medium- and high-skilled jobs

Shipbuilding and shipbreaking

- two different sectors

Shipbuilding	Shipbreaking	Comparison
Declining demand /employment	Rising demand /employment	Different market conditions
East Asia	South Asia (+USA, EU)	Different geographical location
Production in huge factories	Dismantling on tidal beaches	Different working conditions and health and safety issues
Traditional manufacturing	Recycling	Different industries

- Hence, unions should work with shipbuilding and shipbreaking as two different sectors to be able to properly address the various issues and challenges that workers in the two sectors are facing

Challenges, tasks and opportunities

- A lack of environmental protection and safety measures in the shipbreaking industry leads to high accident rates, health risks and extensive pollution of coastal areas. There has been a global shift to countries with comparatively weaker regulatory systems
- There is a strong need for unions to put pressure on the authorities to improve safety, health and working conditions in the shipbreaking industry. Global regulation is necessary.
- EU-directives have boosted recycling in Europe. To achieve a more fair and level playing field globally, unions should push for international agreements on higher environmental standards
- Shipbreaking can benefit from the experiences and technology within other recycling sectors such as aerospace, automotives, steel and electronics, which are primarily situated in developed countries.
- Unions should promote the view of shipbreaking as being part of the recycling sector