

Shipbreaking in South Asia

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profundo
ONDERZOEK & ADVIES

Introduction to the study

- The study explore and analyse the institutional aspect of the shipbreaking value chain and the actual situation of the workers in the Gandani, Chittagong, Alang- Sosiya and the Mumbai shipbreaking yards.
- The 2017-2020 TUCP programme of Mondiaal FNV focuses on selected high-risk sectors and value chains. One of the selected sectors is the shipbreaking sector in South Asia.
- The mapping aims to get insight in the actual situation of the shipbreaking sector in India, Pakistan and Bangladesh and gain a deep understanding on the institutional framework of the shipbreaking value chain from a national, regional and international perspective.
- This aim is to enable 1) effective support of local international lobby and campaign activities. partners in India, Bangladesh and Pakistan and 2) stratidjic direction for international and Dutch intervention messuers.

Metodology

The research covers value chain analysis, evaluation of key stakeholders in the shipbreaking sector, as well as studying the labour right and trade union situation in the three target countries.

This has been done through:

- Desk research
- Interviews with International Key Stakeholders
- Field research
 - Focus group discussions,
 - Interviews,
 - Transect walks and direct observations, and
 - Case identification.

Current trends

- Shipping is the main form of transportation for good: over 80% of the worlds traded merchandise is carried by sea.
- Developing countries contribute to the largest share of the seaborne trade.
- The largest ship-owning countries are Greece, Japan, China, Germany and Singapore.
- Shipping is the main form of transportation for good: over 80% of the worlds traded merchandise is carried by sea.

International Stakeholders

- Shipping companies
- Cargo owners
- Policy makers
- Industry associations
- Certification networks
- Port authorities
- Ship recycling facilities

Legal framework

- Basel Convention
 - The overarching objective of the Basel Convention is to protect human health and the environment against the adverse effects of hazardous wastes. The convention was adopted in 1989 and entered into force in 1992. To date, the Basel Convention has over 172 parties.
- Hong Kong convention
 - The Hong Kong Convention is the main legislation developed for the sector even though it has not yet entered into force. The convention intends to address 'all the issues around ship recycling', including environmentally hazardous substances, as well as concerns of working and environmental conditions at ship recycling locations.
- EU Regulation on Ship recycling
 - The EU Ship Recycling Regulation will be the first large-scale implementation of the Hong Kong Convention. It also incorporates some additional safety and environmental requirements. The implementation of the regulation will start in 2017 after the creation of a sustainable facility list and the implementation of some of the requirements of the regulation.

European Initiatives for the Sector

- Sector-based Covenants
 - The sector-based covenants (an initiative of the Dutch Government to address sector-wide risks) brings Mondiaal FNV a great opportunity to engage with key Dutch stakeholders involved in the shipbreaking value chain. As the maritime sector covenant is in early stages of negotiations, Mondiaal FNV could adopt a proactive position to shape its content.
- Ratification of the Hong Kong Convention
 - The ratification of the Hong Kong Convention will show the necessary commitment from the Dutch Government to put pressure on industry commitments to multistakeholder initiatives. Moreover, the ratification of the Convention would bring a worldwide legislation to a global problem.
- Engagement with Key Stakeholders
 - By engaging with key international stakeholders Mondiaal FNV can create direct impact in South Asia. Specifically, Mondiaal FNV could lobby and engage with Dutch ports, shipping companies and cargo owners with the goal of reaching corporate commitments concerning secure and fair working conditions.

Key Influences

- Legal developments and the companies' voluntary measures.
- A strong sustainability trend in the shipping.
- Being a highly price sensitive sector and very exposed to economic trends.

Way forward

Goals	Short term	Long term
Improved working conditions on the yards in South Asia	✓	
Include South Asian working conditions in the covenant process	✓	
Ratification of the Hong Kong Convention	✓	
Engage with key stakeholders to create corporate commitments	✓	✓
Work towards solutions for fair and safe employment in South Asia		✓



Current situation in the program countries

India

- In Alang there is 170 ship breaking plots with a capacity to break ships of all sizes including large super tankers, car ferries and container ships.
- Unlike Alang, Mumbai ship breaking yard has only 19 plots with a capacity to break medium size ships.
- The plots in Alang are owned by Gujarat Maritime Board. In Mumbai, the plots are owned by Mumbai Port Trust. In both cases, the plots are rented to private owners and infrastructure is developed by the nodal agencies and government.
- Apart from ship breaking activities, re-rolling, transportation and recycling facilities also contribute to the shipbreaking value chain.

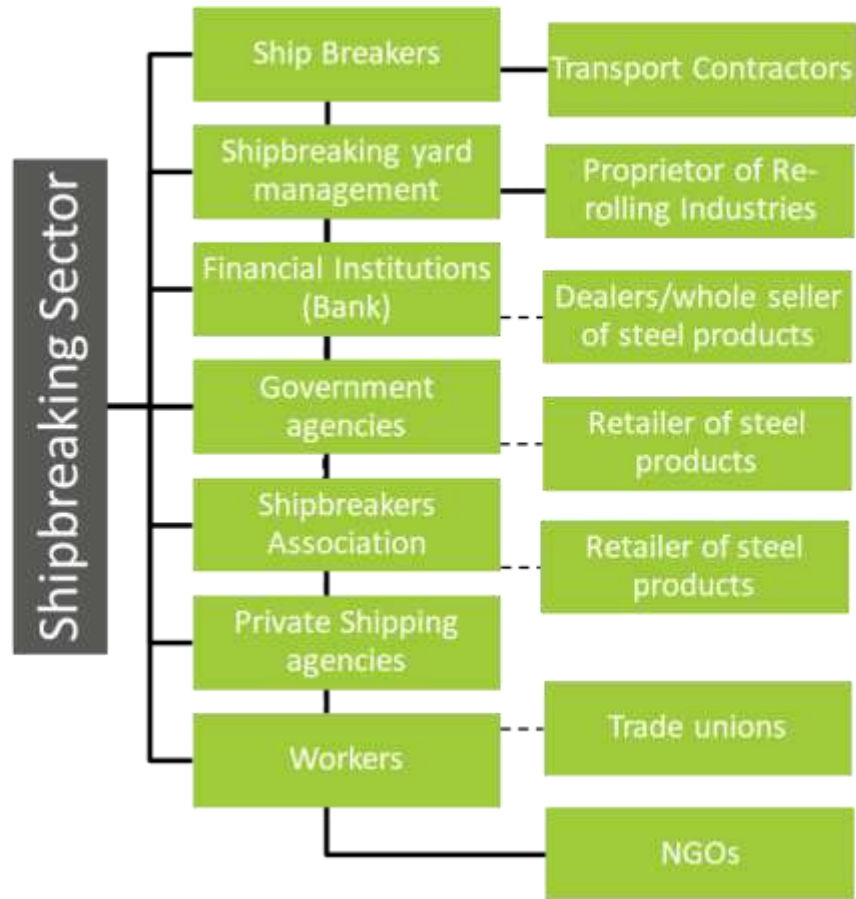
Bangladesh

- All the yards are established in closed to main land of Sitakunda and huge numbers of ship breaking workers are living adjacent to their working place and that makes the area as densely populated with high cost of renting house. It has an approximate annual turnover of \$1.5 billion and employs around 25,000-30,000 people in Bangladesh. This scrapping is the country's main source of steel and reduces the need to import the materials.
- Bangladesh is the port of choice for two reasons: the labour is cheap, the safety standards are poor.

Pakistan

- Shipbreaking contributes about PKR 12 Billion tax annually to the national exchequer and offers livelihoods to more and less 10,000 people directly and 200,000 indirectly.
- In 2012, the Industry has seen a surge in business with increased number of ships coming to breaking yards.

Key Downstream Stakeholders



Trade Union Situation

India

- MPTDGEU ~ 3.000 Members
- ASSRGWA ~ 16.000 Members
- SEWA~ 3.000 Members
- Attitudes:
 - The workers feel that the intervention of the union was extremely helpful in certain areas.
 - Non-members in the ship breaking yards lack self-confidence and courage to talk freely.
- Challenges: spirit of collective bargaining and consciousness on labour right are yet to be developed; Bureaucracy; Lack of capacity.

Bangladesh

- 8 registered trade union and a federation ~1.800 Members
- Unions only allowed on a yard level basis.
- 17% of workers are involved with a trade union but not active mebers.
- Large resistance from Shipyard owners.

Pakistan

- Ship Breaking Labour Union Gadani "Labour Union"
- Ship Breaking Workers Union Gadani "Workers Union" – Organised under NTUF
- The large majority of workers are reluctant to become trade union members.
- Grave hostilities between the unions.

Working conditions

India:

- Precarious and extremely vulnerable conditions.
- There is limited facilities for drinking water and sanitation.
- The economic and social context of the workers and their migrant status are exploited by the employers.
- Informal contract between the employers and workers.
- The current wage rate Rs 300-400 Per day.
- Grave Health and Safety Issues.
- Some PPE but often wrong sizes etc.

Bangladesh:

- Precarious and extremely vulnerable conditions
- There is no facilities for drinking water and sanitation.
- The economic and social context of the workers and their migrant status are exploited by the employers.
- Informal contract between the employers and workers.
- The current wage rate 20-25 BDT/h.
- Grave Health and Safety Issues.
- Few wear PPE.
- Nightshifts.
- Child labour.

Pakistan:

- Precarious and extremely vulnerable conditions
- There is limited facilities for drinking water and sanitation.
- The economic and social context of the workers and their migrant status are exploited by the employers.
- Informal contract between the employers and workers.
- The current wage rate 554-1130 PKR/day.
- Grave Health and Safety Issues.
- Few wear PPE.

Main differences

- Awareness,
- Trade Union capacity and trust,
- Child labour,
- Night shifts,
- Access to Health and Safety trainings,
- PPE.

Main Labour Right Risks

- Employment opportunities;
- Adequate earning & Productive employment;
- Decent working time;
- Stability & Security of work;
- Work life Balance;
- Safe Working Environment;
- Work that should be abolished; and
- Social Security.

Way forward

- Multi-pronged and pragmatic strategies that effectively coordinate all the key stakeholders of the shipbreaking value chain;
- The government stakeholders need to coordinate their activities and actively intervene to remove procedural bottlenecks.
- An integrated governance framework and regular monitoring
- Development of basic infrastructure
- Divide responsibilities between stakeholder.
- There is a need to involve likeminded NGOs to bring in changes in OHS and compliance related issues.
- Trade unions can initiate organising the workers into cooperative or savings group so that they can save some portion of their money for emergencies.
- Creation of a 'Welfare Fund' can be formed in which the employers and ship-owners can contribute their share.
- Workers participation in safety committees and other relevant policy making and implementation bodies is very important. There is need to campaign for representation in government forums and platforms.
- Trade unions need to prepare a road map for the future actions and priority areas based on the immediate needs of the workers.
- Tripartite meeting and social dialogue are extremely important in the ship breaking industry. Trade union, Employers' associations and the government should discuss and negotiate the possibility of organising regular tripartite meetings and social dialogues.
- Focus on transparency and accountability within the industry.

Focus Areas per Country

India

- Take the next step to lobby and build a institutional framework that can be trusted.
- Build a consistency in the activities conducted by the union.
- Create a living wage that can lead to a more stable economical situation for the workers including introducing the practice of keeping savings.

Bangladesh

- Establish trustworthiness for the trade union.
- While taking on interventions that is of an immediate nature in cooperation with local NGOs.

Pakistan

- Establish a secure position for the trade union.
- Focus upon fighting corruption and utilising the current momentum of the interest into the working conditions in establishing already existing measures.
- Utilize existing infrastructure.

Further Questions:

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