

2. India eyes 60% share of Global Ship Recycling Business

Prelims level: International - International Policies & Schemes

Mains Level: GS-II Bilateral, regional and global groupings and agreements involving India and/or affecting India's Interests.

Why in News?

- Union Minister for shipping has recently said that India is aiming to garner at least 60% of the global ship recycling business and emerge as a key destination for recycling warships and other ships.

About:

- The government exudes confidence that contribution from ship recycling activities to the country's GDP would reach \$2.2 billion, almost double compared to the current level.
- Currently, India recycles around 300 of the 1,000 ships which are demolished per annum globally.
- However, the likes of Japan, the United States and Europe were not sending their ships for recycling to India in the absence of ratification of a global convention. That scenario is set to change with the Recycling of Ships Act, 2019.

Recycling of Ships Act, 2019

Key features of the bill:

1. Authorization of Recycling Facilities:

- Under the Bill, ship recycling facilities are required to be authorized and ships shall be recycled only in such authorized Ship Recycling Facilities.

2. Ship-Specific Recycling Plan:

- The Bill also provides that ships shall be recycled in accordance with a ship-specific recycling plan. Ships to be recycled in India shall be required to obtain a Ready for Recycling Certificate in accordance with the Hong Kong Convention (HKC).

3. Restriction on Hazardous Material:

- It restricts and prohibits the use or installation of hazardous material, which applies irrespective of whether a ship is meant for recycling or not. Ships shall be surveyed and certified on the inventory of hazardous material used in ships.

4. Grace Period for Existing Ships:

- For new ships, such restriction on use of hazardous material will be immediate, that is, from the date the legislation comes into force, while existing ships shall have a period of five years for compliance.
- However, restriction on use of hazardous material would not be applied to warships and non-commercial ships operated by Government.

5. Impact:

- **Regularising Ship Recycling Industry:** The bill will help to provide for the regulation of recycling of ships by setting certain international standards and laying down the statutory mechanism for enforcement of such standards.
- **The Act ratifies the Hong Kong convention** that would facilitate an environment-friendly process of recycling ships and adequate safety for yard workers.

What is Hong Kong Convention?

- The Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, 2009 (the Hong Kong Convention), was adopted at a diplomatic conference held in Hong Kong, China in 2009.
- It was adopted by the **International Maritime Organization (IMO)** in 2009.
- The Convention is aimed at ensuring that ships, when being recycled after reaching the end of their operational lives, do not pose any unnecessary risks to human health, safety and to the environment.
- It also addresses concerns raised about the working and environmental conditions at many of the world's ship recycling locations.
- The Convention is yet to come into force because it has not been ratified by 15 nations, representing 40 per cent of the world merchant shipping by gross tonnage (capacity) and a maximum annual ship recycling volume of not less than 3 per cent of the combined tonnage of the countries.
- When India accedes to the IMO's treaty, after the approval by the Parliament, it will become the 14th contracting state to ratify the Convention.

Benefits to India:

- **Boost to Ship Recycle Industry:** Accession to HKC will provide boost to recycling sector as more ships will be allowed to come in from countries like Japan, Korea, to be

recycled. At present, a lot of countries raise environment and safety issues related to the ship-wrecking industry in India.

- **Investment Opportunities:** Being a world player in ship recycling, the move will allow global funds to come and invest in ship-recycling centres in India.
- **Green Recycling of Ships:** It will help India to bring in global best practices followed in recycling industries, ensuring that the ships are dismantled in an environment-friendly and responsible manner.
- It will help in addressing the major issues related to hazardous substances such as asbestos, heavy metals, hydrocarbons, ozone depleting substances and others, which pose a grave threat to the environment.

