

Our diverse and global Membership trades in many jurisdictions with differing regulatory requirements. As a Club we are committed to promoting sustainable ship recycling practices to assist in safeguarding our environment and ensuring the safety and wellbeing of workers involved in the shipbreaking process. We recognise the importance of responsible ship recycling in reducing the environmental impact of end-of-life vessels and supporting the circular economy within the maritime industry.

Through our proactive initiatives and collaboration with industry stakeholders, we strive to influence the undertaking of the highest standards of ship recycling in compliance with international regulations and guidelines.

By advocating for green ship recycling and offering our support and expertise, we aim to create a positive impact on the maritime sector and contribute to a greener and more sustainable future for all.

THE CURRENT REGULATORY ENVIRONMENT

Ship recycling is subject to a multitude of regulations and guidelines aimed at ensuring safe, environmentally responsible, and socially sustainable practices. The prominent international frameworks include the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, The Basel Convention, and the European Union Ship Recycling Regulation. Our dual aim is to help our Membership navigate this increasingly diverse and complex regulatory landscape and to promote a greener and more sustainable future for ship disposal.

The Basel Convention 1989

The Basel Convention has been adopted by 187 countries worldwide, and sets out requirements for notice, consent and tracking for movement of waste across national boundaries; it places a general prohibition on the exportation or importation of waste between parties and non-parties.

The Convention was amended in 1995 when the Basel Ban Amendment was adopted. This amendment prohibits the export of hazardous wastes from member countries of the Basel Convention to non-member countries, particularly those classified as developing countries. The Ban Amendment was opposed by some nations and did not enter force until December 2019.

The SRR (European Ship Recycling Regulation EC NO. 1257/2013)

The Basel Convention and the Ban Amendment were implemented in the EU by the EU Waste Shipment Regulations (WSR), which came into force in 2007. The WSR has now been superseded by the European Ship Recycling Regulation EC NO. 1257/2013, referred to as the SRR, which came into force on 31 December 2020. Norway, Switzerland and the UK also have similar implementing legislation.

The SRR applies not only to EU-flagged ships but also to non-EU flagged ships when they are calling at EU ports.

The SRR mirrors the green passport requirements in the Hong Kong Convention (see below) which require EU flagged vessels to:

- Have on board an Inventory of Hazardous Materials (IHM);
- Undertake surveys (roughly every five years) to check, amongst other things, that the inventory is up to date;
- Develop a ship recycling plan prior to recycling; and

- Only be sent for recycling at yards on the approved European List. The list was last updated on 11 November 2020. There are approved yards in various EU countries, the UK, Turkey and the USA but not in the Indian Subcontinent.

Obligations under the SRR are on ships and ship owners, and the SRR also requires EU Member States to legislate for penalties for infringements of the SRR. The EU Member State has discretion on the type or level of penalty, and the SRR provides that the penalty may be civil or administrative and must be “effective, proportionate and dissuasive”. The SRR is enforced through port state control inspections.

The Hong Kong Convention (HKC) for the Safe and Environmentally Sound Recycling of Ships

The HKC was adopted at a conference attended by 63 countries in 2009 but did not receive sufficient ratification until 2023. It finally entered into force on 26 June 2025.

The key requirements of the Convention, which mirror in parts the requirements of the SRR, oblige ships sent for recycling to carry an IHM specific to each vessel and for there to be a system of notifications as the ship is readied for recycling. In addition, ship recycling yards are required to provide a ship recycling plan, specifying the manner in which each individual vessel will be reused, depending on its particulars and its inventory.

It is noteworthy that the HKC does not have any country-based limitation on where a ship maybe recycled. Accordingly, ships and ship owners complying with Convention may not still satisfy the requirements of the Basel Convention or the SRR (or other non-EU Member state legislation that restricts where ships can be recycled).



► SUSTAINABLE SHIP RECYCLING – PERFORMING SCRAP TOWAGE

SHIPOWNERS

Our diverse and global Membership trades in many jurisdictions with differing regulatory requirements. As a Club we are committed to maritime safety and environmental responsibility. As the shipping industry evolves, so does the importance of responsible ship recycling practices. We recognise that the scrapping of end-of-life vessels is an integral part of the industry's life cycle, and it must be conducted with utmost care and consideration for the environment and the well-being of all stakeholders involved.

In this regard, we advocate for the sustainable performance of scrap tows, ensuring that shipowners and operators adhere to the highest standards of safety, pollution prevention, and regulatory compliance. By emphasising the importance of conducting scrap tows in a sustainable and environmentally sound manner, we aim to contribute to a greener and more sustainable future for the maritime industry as a whole.

CLUB COVER

Members are not obliged to notify the Club if they are intending to perform a scrap tow but Members are reminded of the provisions relating to towage by an entered vessel, as set out in their policy. In the context of scrap tows, it is important to highlight that cover is excluded if the towage performed was deemed to be unlawful. In this regard, Members should be aware of various international (and potentially domestic) legislation regarding the lawful recycling of ships, which we note below and summarise in more detail in our guidance note on 'Sustainable Ship Recycling'.

GUIDANCE ON SCRAP TOWS

We recognise that our Members performing scrap tows may not be in a position commercially to dictate the terms of the towage or otherwise be aware of the final destination of the tow. However, in addition to the obligation on our Members to ensure that the tow remains covered in accordance with the terms of the policy, we offer the following guidance:

Contract form

The Club has a list of approved contracts for towage that includes BIMCO's "TOWCON" and "TOWHIRE" forms, which are recommended for the performance of scrap tows. The latest version of these contracts contain some helpful amendments that address the risks faced by tug owners in scrap tow scenarios. In particular, Part 1 box 10 of both forms requires the Hirer to name the lead H&M insurer for the tow. In instances where the tow might be lost and salvage services are required, knowing the identity of the H&M insurer provides extra protection for Members. More importantly, however, clause 23 requires the Hirer to warrant that the tow has P&I, H&M and basic war risks insurance for the duration of the voyage and allows the tug owner to request copies of the policies in advance of the tow commencing. This is intended to help avoid a situation where the tow doesn't have insurance in place for the duration of the voyage, which potentially leaves the tug owner exposed to claims, especially from authorities and third parties, notwithstanding the terms of the contract.

Due diligence

It is important that Members should consider if the proposed towage falls within any of the Conventions or Regulations relating to ship recycling.

Notably, regardless of flag, any ship leaving an EU port may only be sent for recycling at yards on the European List of Ship Recycling Facilities. If Members are aware or have cause to believe that the tow is

intending to be scrapped, they are encouraged to check that the destination of the tow or disposal yard (if known) is in an acceptable jurisdiction.

Heightened due diligence and sanctions screening are also recommended if:

- the contract involves the towage of an elderly or laid up vessel;
- the tow has recently been sold and/or has changed to a flag-of-convenience;
- the charterers are unknown and potentially a special purpose vehicle (SPV) company of limited or no means/assets;
- towage is being performed to a country not on the European list or non-Basel Convention country; and/or
- there is conflicting information on where the tow is going and what for.