



JSA's Action for Ship Recycling

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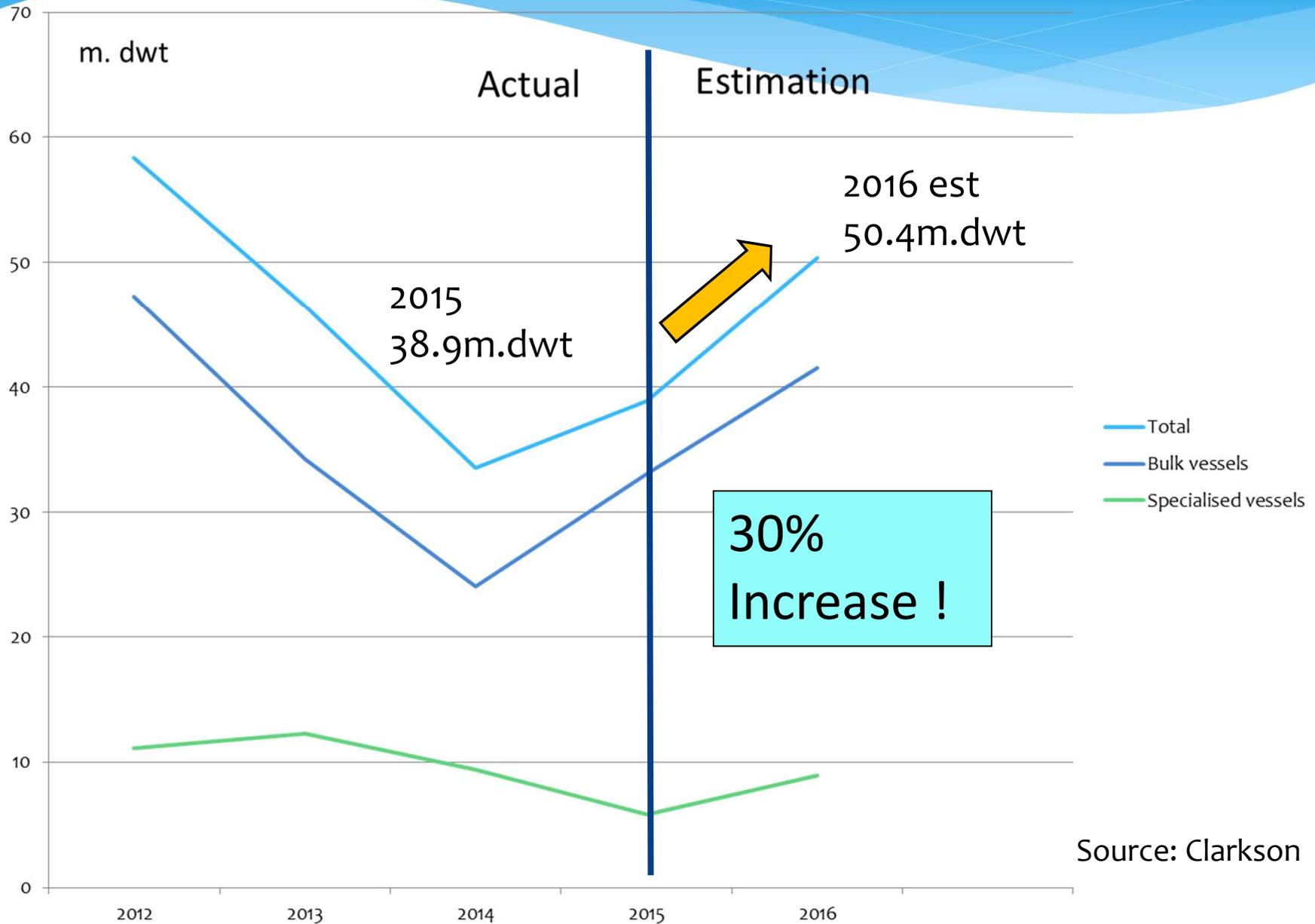
12 May 2016

NK Ship Recycling Seminar in Tokyo, Japan

CRADLE to REBIRTH



Trend of ship recycling demand



Trend of ship recycling demand



Chinese Steel Consumption falls from 2014

Chinese apparent steel consumption fell in 2015 for the second consecutive year.

- 2013 752mt (+13% yoy)
- 2014 743mt (-1.2% yoy)
- 2015 702mt (-5.5% yoy)

However consumption rebounds in Mar-16

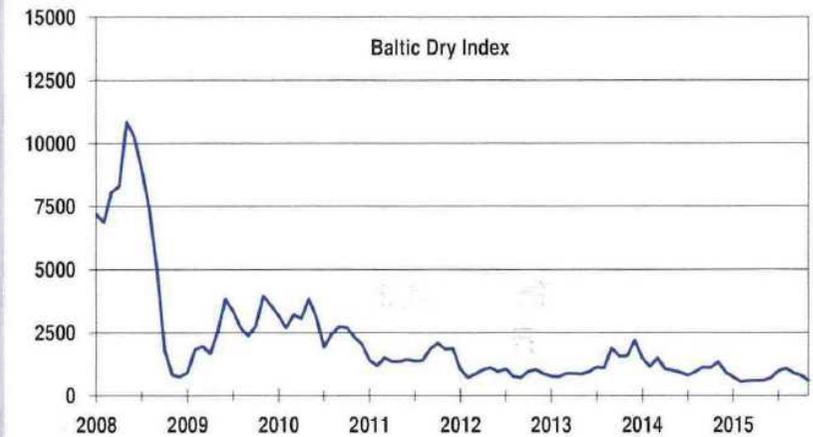


Source: Clarkson

Source: WSA, GTIS

21 April 2016

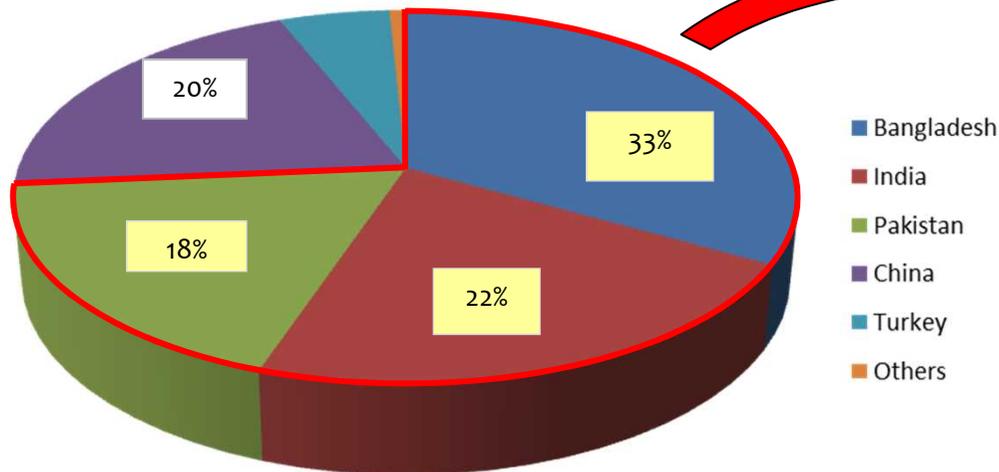
Shipping & the Silk Route | Moore Stephens/BNP Paribas



ISL

Capacity of recycling yards

Geographic breakdown by GT-% in 2015



Source: NGO Shipbreaking Platform

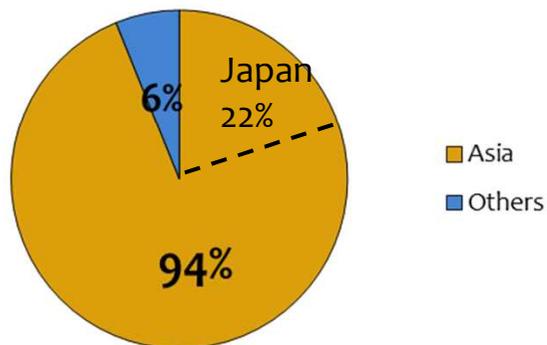
Share of
Indian Sub-continent:
73%

It's important to secure sufficient capacity of recycling facilities that comply with global safe environmental standards including Indian sub-continent on the back of a growing recycling demand.

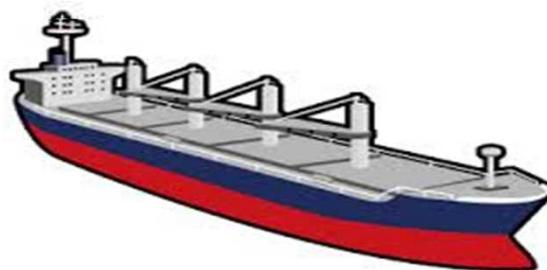
Presence of Asia in the Maritime World

Shipbuilding

Order book by country of build as of 1st Oct 2015 (dwt)

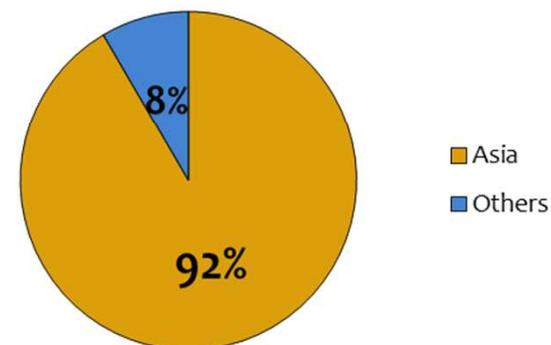


Asia includes China, Korea, Japan



Ship Recycling

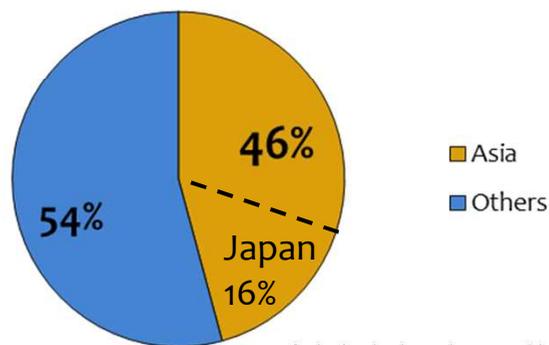
Broken-up ships by scrapping country Jan - end of Sept 2015 (dwt)



Asia includes India, Bangladesh, China and Pakistan.

Merchant Fleet

Merchant fleet by country of control as of 1st Jan 2015



Asia includes Japan, China, Korea, Singapore, Taiwan, Hong Kong, India, Indonesia, Malaysia and Vietnam.

JSA's action for ship recycling

Globally increasing interest in labour accidents and environmental pollution at ship recycling yards, especially in Asia

⇒ Need to regulate internationally

IMO started to work in 2000, and adopted the new Convention at a Diplomatic Conference held in Hong Kong in May 2009.



JSA's action for ship recycling

1. Hong Kong Convention/ HKC

The Hong Kong International Convention for Safe and Environmentally Sound Recycling of Ships, 2009

JSA contributed to the discussion about

- total framework of the Convention and responsibility that shipowners should carry out.
- maintenance and management of the Inventory of Hazardous Materials



Diplomatic Conference in May 2009

JSA's action for ship recycling

2. Muroran Ship Recycling Project in Japan

- Object : To establish an efficient manner for recycling in line with high safety and environmentally sound standards through an experiment to actually demolish a large ocean-going vessel, that proposes a new model of ship recycling system for developed countries.
- Demolished a PCC of 12,000GT with afloat method in 206 days at a public quay of the port of Muroran, Hokkaido from 9 Mar to 30 Sept 2010 for 206 days.



JSA's action for ship recycling

2. Muroran Ship Recycling Project in Japan

- Through the experiment, new technical development such as water jet cutters, research of recycling steel scrap into high-valued production
- Challenges toward commercialization :
 - Reduction in cost (shortening work period)
 - minimization of work with cranes
 - speed-up of cutting work in complicated ship's structure, etc.



JSA's action for ship recycling

2. Muroran Ship Recycling Project in Japan

- JSA cooperated closely in the experiment such as provision of a PCC to be demolished from a member company.



JSA's action for ship recycling

3. Dialogue with authorities/ recyclers in recycling states

- In Feb 2003: Visited India with JSA and shipbuilding industry
Alang yards, Pipavav yards, ship repair yard, steel factory, recyclers association etc.
- In Feb 2012: Visited India with MLIT, NK, JSA, etc.
Alang yards, Gujarat Government, Indian Government ,etc.



With Mr. Modi, Chief Minister of Gujarat Government

JSA's action for ship recycling

3. Dialogue with authorities/ recyclers in recycling states

- In Jan 2015: visited India with MLIT / NK / JBU / JSA etc.
Alang yards, Gujarat Government, recyclers association etc.

The chairman in an interview with various lot of media, drawing attention in India



JSA's action for ship recycling

3. Dialogue with authorities/ recyclers in recycling states

- In Oct 2015: visited India as ASF
 - Seeing is believing! Alang is not just Alang!!
 - Recognized efforts of recyclers to improve their facilities.
 - Dialogue with both authorities and recyclers.
 - Made public announcement regarding present Alang.

Shree Ram: Certified yard



Dialogue with Directorate General of Shipping
(Gov. of India)

JSA's action for ship recycling

3. Dialogue with authorities/ recyclers in recycling states

- In Mar 2014: visited Dalian (China) as ASF
Recycling yard, China Recyclers Association ,etc.



Company owned Ambulance



Recycling yard with dry dock method

JSA's action for ship recycling

3. Dialogue with authorities/ recyclers in recycling states

□ Evaluation of visits and dialogues

- Recyclers are becoming positive to improve their facilities.

NK Certified yards (4)

Coming soon (2)

In addition, NK is to start consulting with 6 more yards.

- National and regional Government officials pay increasing attention to improve facilities and to ratify the HKC, JSA assumes.

- JSA will proceed to conduct dialogues with concerned parties.

JSA's action for ship recycling

4. Early ratification of the HKC

- ✓ Aim to achieve required volume of ships for all HKC ratified countries
⇒ **Request Panama government** to proceed with early entry for HKC become valid. Panama revealed processing ratification expected by the end of this year.
- ✓ Aim to ship recycling countries ratify HKC asap. We will continue to request ratification by ship recycling countries.

<<< Condition to entry into force >>>

(1) Not less than **15 states** signed without reservation, (2) Fleet of signing states is not less than **40%** of the world's merchant shipping GT, (3) Maximum annual recycling volume of the signing states during the preceding 10 years constitutes not less than **3%** of their GT

Ship Recycling Seminar in London (on 3 Feb, 2016)

Organized by Japanese Government assisted by IMO
About 90 participants from 24 countries shared views

- ✓ NK's activity for improvement in India is considered as model case.
- ✓ Early entry into force of HKC is essential. Each country is requested to proceed with ratification.
- ✓ Relevant players should cope with this issue.

JSA explained Asian shipowners' basic policy in accordance with ASF SRC standing policy.

Rising attention to India!



EU Ship Recycling Regulation

□ **Confusion** brought about by the regulation

- Undermine the HKC
- Eliminate recycling yards in Southwest Asia
- Potential risk of an enormous amount of levy for not only EU flagged ships but all flagged ones due to a financial mechanism under the regulation

What is Environment-Friendly...

- ✓ Environment-Friendly can be considered from:
 1. Scientific view
 2. Social Environment view (Industry rooted in the region)
- ✓ Current EU SRR, which is based on their justice (Scientific view?) unilaterally provides quite high hurdles to regional industry without giving chance for improvement in South West Asian Ship recycling countries.



*JBU: Japan Federation of Basic Industry Worker's Union

Proceeding with improvement of recycling yards

JSA encourages government authorities and recyclers to improve their facilities through having dialogues with them.

JSA encourages its member companies to sell their ships preferentially to certified yards or yards making an effort to become certificate compliant with the HKC.

As a result, JSA cooperates and contributes to NK certifying recycling facilities compliant with the HKC.

Proceeding with improvement of recycling yards

Japanese Government is proceeding with project for the improvement of recycling yards in Alang, India at the request of shipping industry.

JSA is in close communication with Japan Federation of Basic Industry Worker's Union (Kikan Roren) affiliated with IndustriALL which supports constructing and managing a training center for recycle yard labourers at Alang.

JSA stance to be taken

Secure sufficient recycling capacity in line with globally safe environmental standards in a number of countries

Enforce the global standard; eliminate local regulations

All Japan synergy (Government, JSA, NK, shipbuilders)



Actions required

1. Increase colleagues having same goal.
2. Encourage governments to ratify the HKC.
3. Encourage recyclers to improve their facilities.

Action plan

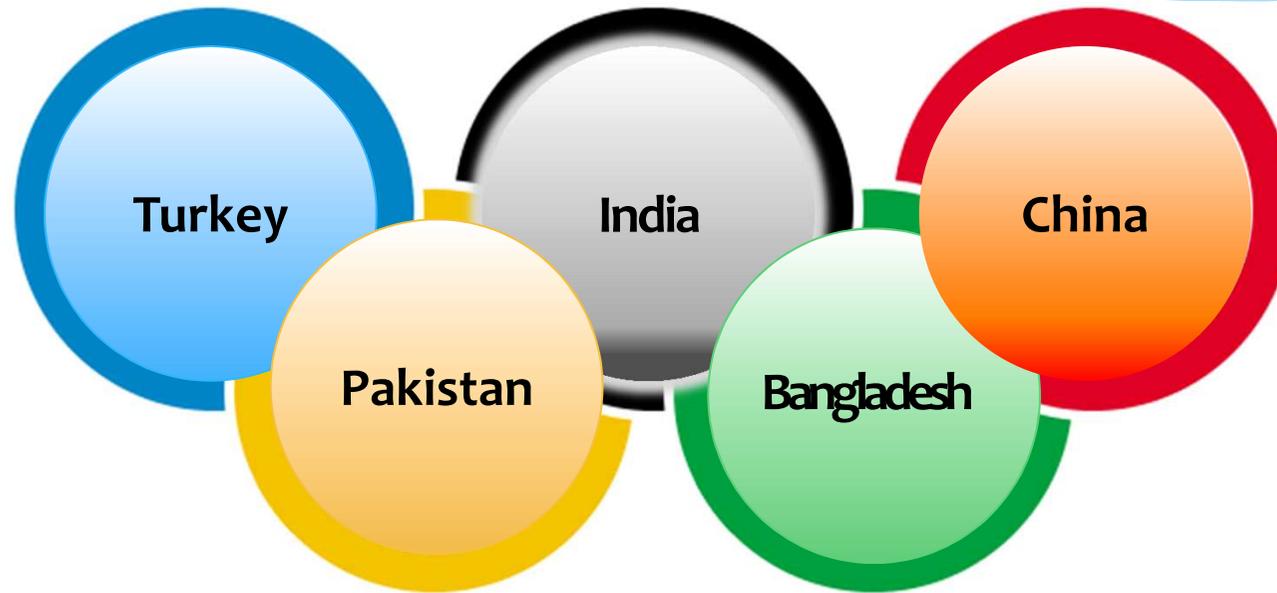
1. Encouragement for improvement of recycling yards
 - ✓ Selling ships preferentially to certified yards in order to motivate other recyclers to improve their yards.
 - ✓ Selling ships preferentially to yards that are on the way to become certified in order to support such yards to demonstrate a proper demolition process.
 - ✓ Expand the "Alang model" to other yards
2. Strengthen to take the Inventory of Hazardous Material
3. Pay close attention to ongoing EU financial mechanism and EU approved yards list.

Action plan

4. Dialogue with governments, recyclers, etc.
 - ✓ Visit to Beijing to hold an interim meeting and have dialogue with Chinese recycling industry in Sept.
 - ✓ Seek possible arrangement of dialogue with Indian recyclers industry (SRIA) at the earliest opportunity.

5. Dialogue and cooperate with shipowners' associations throughout the world.
 - ✓ Dialogue with ECSA
Planned for 29 June in London after ECSA's visit to India in late April.

6. Encouragement of early ratification of the HKC to recycling states, and so on.



The Olympic Movement is...

the concerted, organised, universal and permanent action, carried out under the supreme authority of the IOC, of all individuals and entities who are inspired by the values of Olympism. **It covers the five continents. It reaches its peak with the bringing together of the world's athletes at the great sports festival, the Olympic Games.** Its symbol is five interlaced rings.