



Subject : Evaluation EU-SRR/EU- WSR

Date : 19 March 2025

Submission of the International Ship Recycling Association (ISRA) on Report EC of 19.2.2025, COM(2025) 52 final, on the application of Ship Recycling Regulation EU No 1257/ 2013 and amending the Waste Shipment Regulation No 1013/2006.

Introduction

With this document, ISRA formally responds to the request of the European Commission (EC) for comments, communicated by the EC at the “Meeting of the Commission Expert Group on Ship Recycling, the 25th of February 2025”.

This request regards the evaluation of the European Ship Recycling Regulation (EU-SRR) and the amendment of the European Waste Shipment Regulation (EU-WSR).’

ISRA strongly supports these comprehensive and rigorous regulations, which play a critical role in ensuring safe and environmentally sound ship recycling. Beyond their direct impact on the ship recycling sector, these regulations contribute significantly to broader climate and sustainability goals, particularly in decarbonization and the circular economy through material reuse. ISRA has consistently advocated for high standards, transparency, and technical excellence in ship recycling regulations and commends the European Commission for its commitment to maintaining these principles.

We also greatly appreciate the opportunity to engage in Expert Group meetings, which facilitate valuable exchanges between stakeholders and the European Commission on a range of relevant topics. The “Have Your Say” platform serves as an important mechanism for submitting insights and supporting evidence to inform policy decisions. Additionally, ISRA has always found bilateral engagements with the Commission to be constructive, offering meaningful opportunities for dialogue, information exchange and collaboration.

We extend our sincere gratitude to the European Commission for its openness and commitment to stakeholder engagement. We hope that this collaborative and transparent approach will continue in the future, fostering further improvements in ship recycling policies and practices.



Key issues to be addressed

ISRA recognizes that the European Commission's evaluation is comprehensive and well-structured, providing a solid foundation for the development of more effective policies in the ship recycling sector. However, ISRA emphasizes the urgent need for accelerated policy developments, given the sector's persistent lack of a global level playing field. The evaluation clearly highlights several critical issues that must be addressed in a timely manner, particularly concerning the unfair competition faced by EU-listed facilities. In this regard, ISRA urges the European Commission to initiate and support new measures to address these challenges effectively.

From ISRA's perspective, the following key issues should be prioritized and addressed in the near future:

1. Reflagging as a Means to Circumvent Regulations

Reflagging remains a significant loophole that undermines the effectiveness of the regulation, with substantial evidence demonstrating its widespread use. ISRA calls for an accelerated process to develop a viable solution, which could include:

- Expanding the regulatory scope to base compliance on ship ownership rather than flag state jurisdiction.
- Transferring regulatory oversight from the flag state to the shipowner's country of registration.
- Introducing a preventive financial mechanism that imposes a substantial monetary guarantee when a vessel is reflagged with the intent of circumventing its dismantling obligations under the EU-listed yard requirements.

2. Implementation of a Financial Instrument to Prevent Regulatory Evasion

A financial instrument could serve as an effective deterrent against regulatory circumvention. ISRA strongly advocates for the timely completion and publication of the ongoing study on the feasibility of such an instrument. Ensuring the availability of this study as soon as possible will provide critical insights into potential mechanisms to enhance compliance and regulatory enforcement.



3. Impact of the Hong Kong Convention (HKC) on Competitive Practices

With the upcoming enforcement of the Hong Kong Convention (HKC), there is a risk that unfair competition practices may become institutionalized. The evaluation has indicated that a majority of HKC-certified facilities continue to operate below acceptable standards. Consequently, discussions on various “export regimes,” including the EU-SRR, EU-WSR, HKC, and Basel Convention (BC) with its Basel Ban Amendment, should always consider the existing disparities between ship recycling facilities.

4. Addressing Material Usage Disparities

Beyond substandard practices, certain ship recycling countries allow the use of materials in ways that provide them with a competitive advantage, enabling them to offer higher prices. ISRA requests that the European Commission examine whether these disparities can be addressed, as they significantly impact fair competition within the sector.

5. Enhancing the EU List Procedure

The EU List procedure has proven to be an effective instrument, not only by ensuring transparency through the publication of inspection reports but also by fostering overall improvements in the ship recycling sector. ISRA believes that this rigorous inspection and verification process contributes substantially to the enhancement of facilities, including those located within EU Member States. However, this should be done without duplicating the efforts of national authorities. ISRA requests that the European Commission conduct an assessment to evaluate the potential implications of extending this approach to Member State facilities.

ISRA remains committed to supporting high standards in ship recycling and urges the European Commission to take decisive action on these critical issues. We look forward to continued collaboration and constructive dialogue in addressing these challenges.



General evaluation

The evaluation provides a comprehensive and in-depth analysis, covering all relevant aspects of ship recycling. It appropriately situates the policy within a global context, highlighting the competitive challenges faced by EU-listed facilities in contrast to substandard recycling operations, particularly in terms of safety and environmental standards.

Additionally, the evaluation thoroughly examines a wide range of topics related to ship recycling, ensuring a well-rounded and accurate assessment. Overall, it offers a complete and precise analysis of the European Ship Recycling Regulation (EU-SRR), serving as a solid foundation for future policy developments.

Main items in the evaluation

Reflagging

Appreciation ISRA

The evaluation sharply identifies the weaknesses of the EU SRR, the main weakness being the reflagging of EU flagged ships. Of course, ISRA completely underwrites this analysis. “One important factor explaining the low number of EU-flagged vessels reaching the dismantling stage is that shipping companies used the practice of reflagging to their end-of life vessels.”

Hong Kong Convention (HKC)

Appreciation ISRA

The evaluation clearly highlights the shortcomings of the Hong Kong Convention (HKC), and ISRA fully endorses its findings—both regarding the inadequate conditions of many ship recycling facilities and the apparent deficiencies in the certification process for compliance with the HKC. ISRA acknowledges the serious concerns raised in the evaluation, particularly regarding numerous ship recycling facilities in Southeast Asia that continue to operate under substandard conditions, posing significant environmental and safety risks.



The evaluation emphasizes that:

“However, without prejudice to an upcoming political choice, it seems clear that the provisions of the Hong Kong Convention still fall short of what is required under the SRR on sustainable criteria for ship recycling. (...) The current situation in many yards outside the European List (especially in South Asia, which remains the largest region for ship recycling) is far less advanced than for those in the European List, and substantial progress will be needed for these yards to reach the level of facilities on the European List.”

“It seems unreasonable to rely solely on the current Hong Kong Convention’s standards to ensure real progress towards sustainable ship recycling. In the absence of the SRR and reliance only on the Hong Kong Convention, there is, for example, a serious risk that a significant number of yards operating under poor conditions could obtain HKC certification and become eligible for dismantling EU-flagged vessels. Many ship recycling yards have been certified as ‘Hong Kong compliant’ by classification societies in recent years, despite clear evidence that some of them continue to operate under poor environmental and safety conditions. It is currently unclear how such situations could be avoided once the Hong Kong Convention enters into force. This presents a serious potential shortcoming in the implementation of the Convention, which should be addressed accordingly. In the meantime, it would not be prudent to set aside the EU SRR and rely solely on the Hong Kong Convention framework. The EU approach can continue to operate alongside efforts to promote an ambitious strategy for improving the criteria under the Hong Kong Convention and ensuring its proper enforcement.”

Given these concerns, ISRA strongly supports the position that the HKC, in its current form, is insufficient to guarantee sustainable and safe ship recycling. The risk of substandard facilities obtaining HKC certification despite failing to meet essential safety and environmental criteria remains a significant challenge. ISRA emphasizes that the EU Ship Recycling Regulation (EU-SRR) should not be weakened or replaced by reliance on the HKC framework alone. Instead, the EU should continue enforcing its stringent regulations while working towards strengthening the implementation and enforcement of the HKC to ensure meaningful progress in global ship recycling standards.



The European List of approved ship recycling facilities (“The EU-List”)

Appreciation ISRA

The evaluation provides a clear and detailed description of the procedure for inclusion in the **EU List of approved ship recycling facilities**. It effectively outlines the steps required for a facility to secure a place on the EU List, emphasizing the rigorous and transparent nature of the process. Through **initial reviews, midterm reviews, and publicly available reports from unannounced inspections**, the evaluation highlights how this system ensures compliance with high safety and environmental standards.

The availability of inspection reports serves as an important mechanism for continuous improvement, allowing other ship recycling facilities to enhance their operations based on the findings. The **European Commission itself acknowledges the positive impact of this transparent auditing system**, stating:

“To be included in the European List, any ship recycling facility, irrespective of its location, must comply with a number of safety and environmental requirements. (...) Ship recycling facilities located in third countries and intending to recycle ships flying a flag of a Member State have to apply to the Commission for inclusion in the European List. The Commission then evaluates and checks how these yards comply with the requirements, including through inspections, and proposes their inclusion in the European List when these requirements are met. All inspection reports are publicly available.”

Furthermore, the evaluation confirms that the **application and inclusion process for ship recycling facilities in the EU List has led to tangible improvements**, as highlighted in the following excerpt:

“(...) What is clearer is that the process of application and inclusion of ship recycling facilities in the European List led to improved working conditions and important investments to mitigate pollution, changing dismantling practices and improving the treatment of hazardous waste.”

Additionally, the European Commission emphasizes that the **Ship Recycling Regulation (SRR)** has had a **significant positive impact**, particularly due to the independent, transparent, and professional auditing system conducted for third-country facilities:

“The positive impact of the SRR is often linked to the SRR standards associated with an independent, transparent, and professional auditing system carried out by the Commission in third-country facilities. (...) Concrete measures and investments have been undertaken by applicant yards to improve working conditions, mitigate pollution, modify dismantling practices, and enhance hazardous waste treatment.”



These efforts were made to comply with SRR standards and gain inclusion in the European List. The compliance assessment is a thorough process that lasts several years and includes multiple inspections.”

Conclusion

ISRA fully supports the **transparent and rigorous auditing system implemented under the EU-SRR**, recognizing its role in raising standards within the ship recycling industry. The **EU List process not only ensures compliance but also encourages continuous investment and improvement in facilities worldwide**. The availability of publicly accessible reports further reinforces accountability and serves as a benchmark for other facilities seeking to align with **higher environmental and safety standards**.

Given its proven effectiveness, ISRA encourages the **continued enforcement and further strengthening of this system**, ensuring that the high standards of the EU-SRR remain a key driver for sustainable ship recycling globally.

Price per LDT

Appreciation ISRA

The evaluation clearly highlights the persistent lack of a **level playing field** in the ship recycling sector. The disparity between **responsible EU-listed facilities** and substandard operations—particularly those employing **beaching methods**—continues to create **significant inequalities in fair competition**.

Beyond regulatory differences, the evaluation also underscores that **high demand for steel scrap, particularly through the re-rolling method, further exacerbates this competitive imbalance**. This demand allows certain regions to offer higher prices for end-of-life vessels, putting **EU-listed facilities at a competitive disadvantage**. The evaluation provides concrete data illustrating this price discrepancy:

“In 2023, the price range offered in South Asia for bulk carriers and tankers was constantly above EUR 500 per LDT, while EUR 280-340 was offered in Türkiye and EUR 84-102 in the EU. The price difference is mainly explained by (i) the use of the so-called ‘beaching method’ in ship recycling facilities in South Asia and (ii) the high demand for steel scrap, which is reprocessed through the re-rolling method for the construction industry at a lower cost than in the EU.”



Conclusion

ISRA strongly supports measures that **address these market distortions** and promote a fairer competitive environment for **EU-listed ship recycling facilities**. Without intervention, **substandard recycling practices will continue to undermine responsible facilities**, discouraging investment in **safe, environmentally compliant ship recycling operations**.

ISRA urges the **European Commission to take decisive action** in ensuring that competitive disadvantages—stemming from **lower regulatory standards, environmentally harmful dismantling methods, and price imbalances**—are effectively addressed in future policy developments.

Transboundary movements

Appreciation

ISRA fully aligns with the European Commission’s position on the **transboundary movements of end-of-life vessels** and supports the application of existing EU regulations to ensure **responsible and environmentally sound ship recycling**. The evaluation effectively outlines the regulatory framework governing such movements, emphasizing the **practical implications based on where a vessel is declared as waste**:

“In practice, the EU rules applicable to the transboundary movements of an end-of-life vessel depend on the location where such a vessel becomes waste. If a vessel becomes waste in the EU, then it cannot be exported outside the OECD, in line with the provisions in the Waste Shipment Regulation, which implements the Basel Ban Amendment. In addition, if that vessel is flying the flag of a Member State, it can only be recycled in facilities included in the European List of ship recycling facilities, in line with the SRR.

If a vessel flying an EU flag becomes waste outside the EU, then it is only subject to the SRR and not to the ban on export to non-OECD countries: it can be recycled in facilities outside the OECD, as long as the facility is included in the European List established under the SRR.”



Conclusion ISRA recognizes the importance of **clear and consistent regulations** governing the movement of end-of-life vessels and supports the **EU's strict enforcement of waste management rules under the Waste Shipment Regulation (EU-WSR) and the Ship Recycling Regulation (EU-SRR)**. These rules are **critical to preventing improper disposal practices and ensuring that vessels are recycled under environmentally and socially responsible conditions**. *However, the applicability of the Basel Convention also influences the movements. ISRA notes that in addition to the findings in the Report, this influence can be described as follows:*

“In practice, the EU rules applicable to the transboundary movements of an end-of-life vessel depend on the location where such a vessel becomes waste. If a vessel becomes waste in the EU, then it cannot be exported outside the OECD, in line with the provisions in the Waste Shipment Regulation, which implements the Basel Ban Amendment. In addition, if that vessel is flying the flag of a Member State, it can only be recycled in facilities included in the European List of ship recycling facilities, in line with the SRR.

If a vessel flying an EU flag becomes waste outside the EU, then it is only subject to the SRR and not to the ban on export to non-OECD countries, unless it is located in an BC and OECD country, in which case the BAA is also applicable.

If the EU flag is located in a BC country, not being a BC Annex VII state, destined for another BC country, the BC PIC is applicable, under the obligation to dismantle only at an EU listed yard. This obligation is not applicable on non-EU flags unless as condition under the PIC.

If a ship, EU flag or not, becomes waste outside the EU/OECD in a non BC country and is destined to be exported to a BC country, import by the BC country is forbidden”.

ISRA remains committed to working with the European Commission and industry stakeholders to further **strengthen compliance mechanisms** and **promote fair and sustainable practices** in global ship recycling.