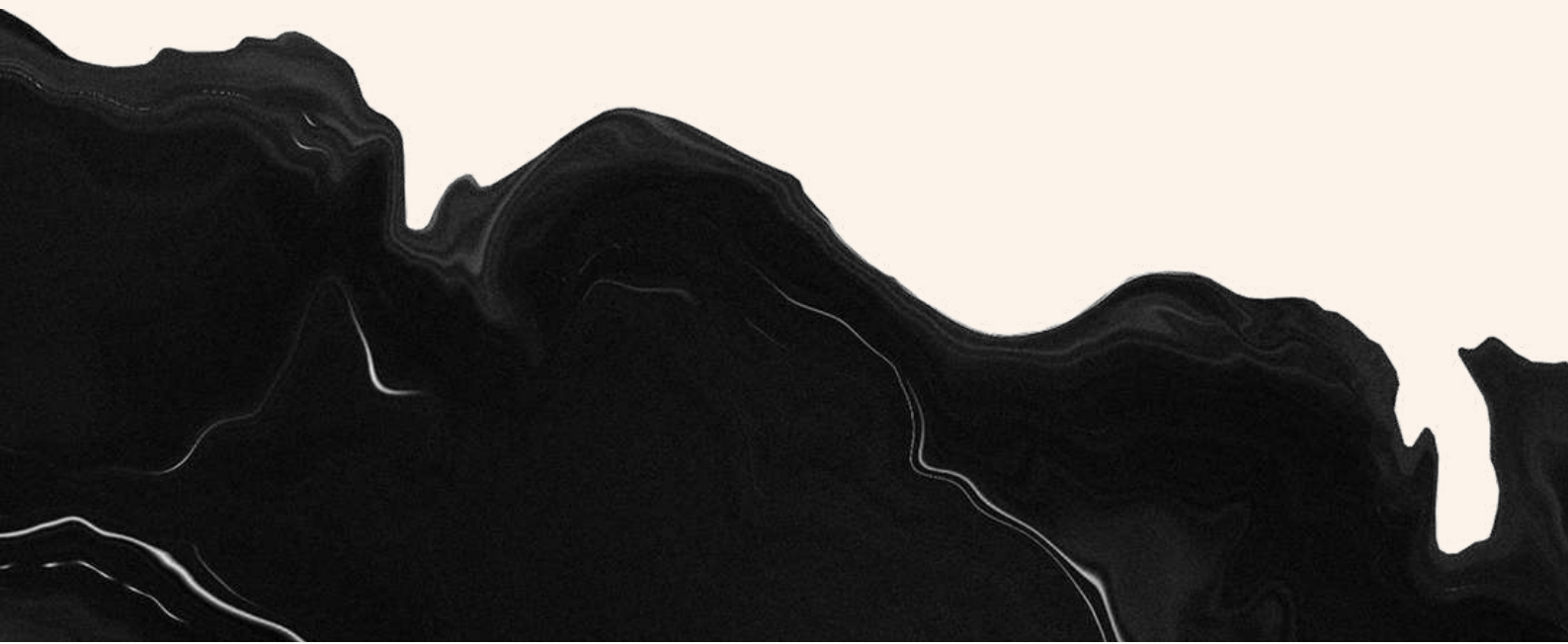


# SOUTH ASIA QUARTERLY UPDATE

#33



# VISION & MISSION

Vessels are recycled in facilities that ensure clean, safe, and just practices that provide workers with decent jobs. Vessels will be toxic-free and no longer cause harm to workers, local communities, or the environment at end-of-life.

To act as a catalyst for change by effectively advocating for clean, safe, and just ship recycling globally. This necessitates denouncing dirty and dangerous practices, such as the dumping of end-of-life vessels on the beaches of developing countries. Our commitment to finding sustainable global solutions is based on the respect of human and workers' rights and the principles of environmental justice, producer responsibility, 'polluter pays', and clean production.

APRIL 2023  
**SAQU #33**

In this quarterly publication, we inform about the shipbreaking practices in South Asia, providing an overview of accidents that took place on the beaches of Bangladesh, India and Pakistan, relevant press media as well as research. We aim to raise public awareness about the many negative impacts of shipbreaking in South Asia as well as developments aimed at the protection of workers' rights and the environment.



# 6

*workers suffered in accidents on South Asian shipbreaking beaches*

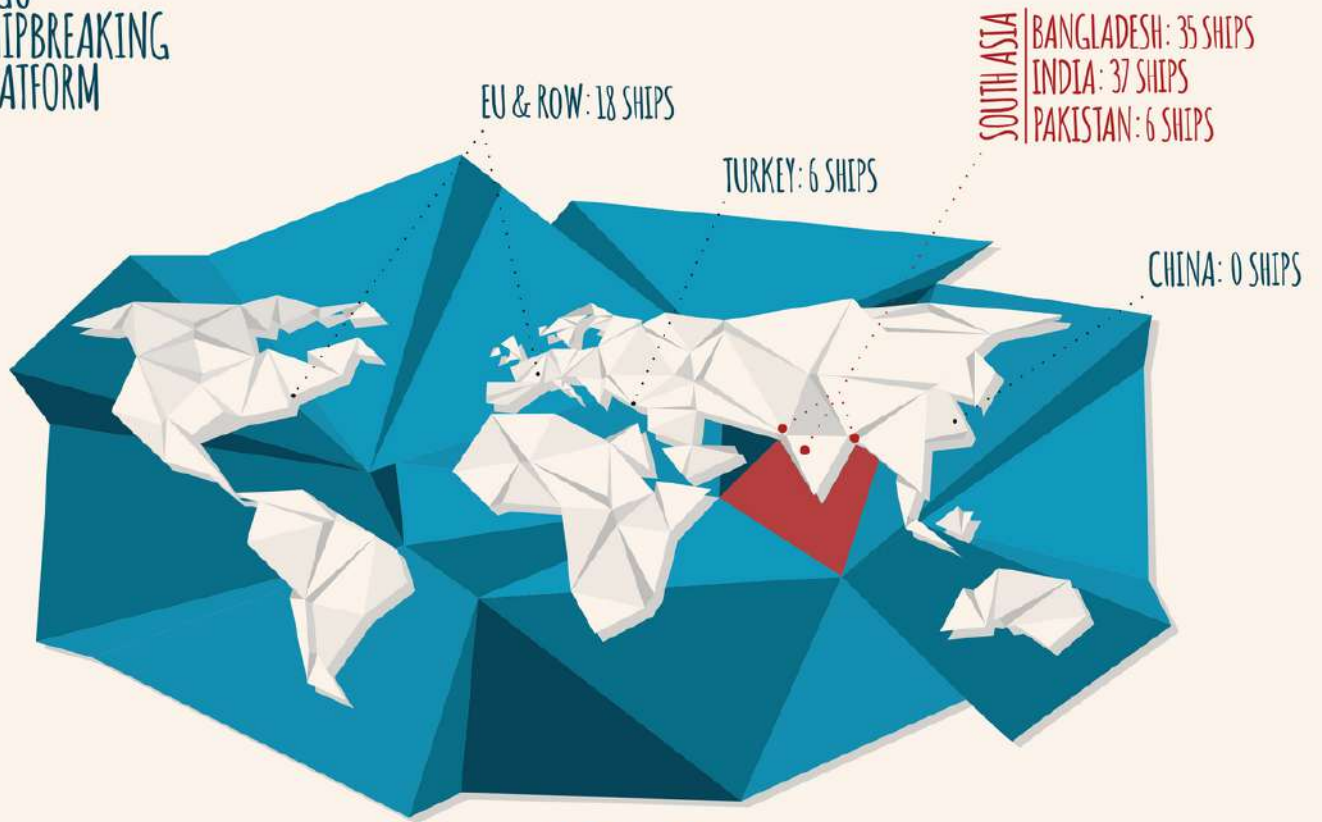


# 76%

*of ships ended up on South Asian beaches*

03

# SHIPBREAKING RECORDS



**TOTAL**  
102 SHIPS DISMANTLED WORLDWIDE  
JANUARY - MARCH 2023



ON THE BEACH

OFF THE BEACH

## 04

# ACCIDENTS

## BANGLADESH

On 12 January, two accidents have taken place at the shipbreaking yards in Sitakunda, Chittagong. Md. Rashedul Islam (24) lost his life while dismantling the TESLA (IMO 9246138) at Taseen Steel in Sonaichari. The worker was hit by a heavy iron piece after a rope, used to pull a part of the ship to shore, snapped and hit the worker on his head. The accident happened during an illegal night shift. Md. Rashedul was taken to the emergency department of the Chattogram Medical College Hospital and was declared dead at 10pm. On the same day, Delwar (35) got injured after a fire erupted during the cutting of gas pipes inside the ship. Delwar was part of the cutting group at APS Corporation.

On 29 January, Nurnoby (33), a cutter man, was injured at Premier Trade Corporation. A piece of iron fell on his leg and broke his toes. According to local sources, Nurnoby received inadequate treatment at the hospital.

On 13 February, Foysal (32), a cutter helper, got injured when he fell from one meter height while working inside the vessel ATLANTIC ENERGY (IMO 7702401), owned by South Korean company Sinokor, at Kabir ship recycling yard in Shitalpur.

On 15 February, Melon (28) suffered an injury while working on the vessel CHANG FA HAI (IMO 8614479), owned by Chinese Changjiang National Shipping at SN Corporation – Kadamrusul.

On March 9, Ashraf Mollah (66) lost his life after sustaining burn injuries from an explosion while cutting a pipe. The accident took place at Taher ship yard at Bauralia in Sitakunda. The worker was rushed to the Chittagong Medical College Hospital in a critical condition, and was declared dead around 11am.

## 05

## DEVELOPMENTS IN SOUTH ASIA

### BUSINESS CRASH IN SOUTH ASIA

The worldwide market conditions following the pandemic and the still ongoing US sanctions regarding the Russia-Ukraine war have halted shipbreaking imports in South Asia since last year.

The year 2022 was the lowest of the last four years regarding imports in Chattogram, Bangladesh which has caused a scarcity of steel scrap in the country. The US dollar crisis has forced around 30 shipbreaking yards to close. According to the Bangladesh Ship Breakers Association, 80 of the 150 Bangladesh shipbreaking yards have closed down between 2012-2019. Currently, only around 20 shipbreaking yards are active in Sitakunda. Last July, Bangladesh's central bank reduced the value of letters of credit that can be issued for foreign currency purchases to \$3m. Only some ship recyclers are now able to open letters of credit for small vessels.

In Alang, India, according to industry officials, the yards are experiencing their lowest levels of tonnage beached in 15 years. The industry also claims that the decision taken by the Bureau of Indian Standards to remove certain recycled products from the approved list has negatively affected the sector. This has forced the yards to divert more steel from re-rolling mills to the furnaces melting the scrap. Moreover, the Gujarat Maritime Board raised the rental costs for the shipbreaking plots on the beach. According to the Ship Recycling Industries' Association of India, the GMB currently taxes Rs 700 per square meter.

The ongoing financial crisis in Pakistan has halted the import of ships in Gadani. The local banks have restricted the financing of shipbreaking yards. The refusal to open letters of credit for the import of vessels for breaking up has resulted in serious shortage of steel raw materials to make construction bars and other necessary materials used by the steel cottage industries in the country.

## 06

## DEVELOPMENTS IN BANGLADESH

### FATAL EXPLOSION AT SHEEMA GROUP'S OXYGEN PLANT IN SITAKUNDA, CHITTAGONG

On March 4, an explosion at Sheema's oxygen plant in Sitakunda, Chattogram caused seven deaths and over 30 injured. The victims were transported to the Chattogram Medical College Hospital. Two people lost their lives at Kadamrusul market, about a kilometer away from the explosion spot. The Sheema oxygen plant is a subsidiary of Sheema Automatic Re-Rolling Mills Limited in Kadamrusul, which is part of the Sheema Group, a business conglomerate engaged in shipbreaking and steel manufacturing activities. The recent explosion incident at Sheema's oxygen factory has aggravated the company's debt of Tk1000 crore. Altogether 16 people, including three owners of Sheema Oxygen Plant Limited, have been prosecuted following the explosion. Sheema Group sells oxy-acetylene from the plant mainly to the shipbreaking yards and steel mills in Sitakunda. According to Tofazzal Hossain, an explosives inspector in Chattogram, the reasons of the explosion, which took around 30 hours to be extinguished, are not yet clear.

The incident at Sheema oxygen plant has revealed once again the absence of workers' safety and the lack of inspections and monitoring by government authorities. In the last decades, Sitakunda has often been in the headlines for accidents inside shipbreaking yards, steel re-rolling mills and other manufacturing plants and for its rapid and unplanned industrialisation.

# 07

## **YARD OWNERS KEEP DESTROYING PROTECTED FOREST IN SITAKUNDA**

The industry keeps destroying environmental ecosystems in the Sitakunda area to build up new shipbreaking yards. Already in 2009, a total of 14,000 mangrove trees were illegally cut to expand the dirty and dangerous shipbreaking activities in Chattogram and were never replanted. As we write, despite of a High Court's ban, Kohinoor Steel is building a yard on five acres of protected land in Sitakunda's reserve forest. The High Court's ban was issued in 2020 after a case filed by Platform's member Bangladesh Environmental Lawyers Association (BELA) against the leasing of protected land. The High Court cancelled the leasing out of forest lands and directed the government to protect all the reserves in the country from any use other than forestation. Yet, in February 2022, the Chattogram District Administration leased out protected land to Kohinoor Akhtar and, in August 2022, the Department of Environment issued clearance to Kohinoor Steel. Ms Rizwana Hasan, chief executive of BELA, sustains that the land in the reserve forest has been allotted illegally by defying the High Court's order, and has therefore filed a new petition against this allocation.

## **S.N. CORPORATION - UNIT 2 AND KABIR STEEL IN SHITALPUR CONSIDERED "GREEN" BY PRIVATE CONSULTANT NYK**

In March 2023, S.N. Corporation Unit 2 and Kabir Steel, both located in Shitalpur, received a so-called Statement of Compliance with the Hong Kong Convention (SoC) from Japanese classification society ClassNK, acting in its private capacity. The current SoCs issued to beaching yards have been given on the basis of check-listing whether the yards can fulfil the requirements under the Hong Kong Convention as interpreted by the classification societies, without looking in depth at the actual practice of the yards. To illustrate how void these certificates are: the Hong Kong Convention, and domestic laws, require that environmental monitoring is carried out at the yard. This requirement thus needs to be fulfilled for receiving a SoC. A closer look at the environmental findings reveals that the monitoring is of poor quality - indeed, many of the pollutants that are well known to exist in high concentrations on the beach are not even detected. Clearly, SoCs do not provide a guarantee that conditions at the yard are safe and environmentally sound. Not only are there problems with shipbreaking in the intertidal zone ignored, but it is understood some yards have SoCs without impermeable flooring also in the secondary cutting zone. Finally, SoCs are issued to yards where hazardous materials cannot be safely managed downstream - but are instead left to accumulate in small storage facilities onsite.

## 08

**AN UPDATE ON GADANI**

The Pakistani shipbreaking industry is the third largest in the world, after India and Bangladesh. It is located around 60 km South-west of Karachi and covers the 10km coast of Gadani. Prior to Pakistan's independence in 1947, informal shipbreaking operations were carried out in Gadani and then expanded to India and Bangladesh. As a result of low labour costs, almost no occupational health and safety regulations, as well as low enforcement of environmental rules, this sector developed rapidly.

In 1978, realising the potential importance of the shipbreaking to the national economy, the Government of Pakistan announced several measures, including the classification of Gadani as a port, the reduction of import taxes on end-of-life ships, and the establishment of a unit to address infrastructure and logistics matters. The Government of Balochistan under the Balochistan Development Authority (BDA) Act of 1974 created the "The Balochistan Ship Breaking Industry Rules, 1979" to regularise the shipbreaking sector as an industry. However, these rules have never been updated in accordance with Pakistan's 1997 Environment Act, which means they should be reviewed. Additionally, the shipbreaking industry in Pakistan has never been officially declared an industry and has been operating informally. In Gadani, there is a total capacity of four acres which counts for about 335 parcels or plots. Nowadays, there are 134 plots registered, from which only 34 are owned by the government and leased by the BDA. This industry became a major source of tax revenue for the provincial and federal government and for the BDA. The remaining 101 plots are owned or leased by private owners.

**DOWNWARD CURVE IN THE INDUSTRY**

After producing an average of one million tons of scrap in the 1980s, with more than 30,000 direct employers, by 2001 the yards produced less than 160,000 tons. At that time, the Government of Pakistan reduced shipbreaking taxes from 15% to 10% and offered further incentives in an attempt to boost the sector. The measures turned out to be effective with a modest increase in employment to a total of around 6,000 workers. In 2012, the industry experienced a new expansion in business, with an increased number of ships entering the yards. In 2015, an average of 10-15,000 workers were directly employed in the industry.



# 09

The Gadani shipbreaking industry received huge attention after the dramatic explosion of 1 November 2016, the worst tragedy in the history of shipbreaking. At least 29 workers were then killed and more than 60 workers were reported injured, many of them suffering severe burn wounds. Gradually, the industry started to decline as a result of some government policies such as high taxation rates, increasing accidents which resulted in high number of deaths and injuries, as well as competition from the other South Asian destinations. In 2019, Gadani shipbreaking industry was generating less than one fifth of the scrap it used to generate in the 1980s.

Recently, the sector is collapsing due to different socio-economic factors, with only two or three yards operating.

## **Socio-Economic Factors**

1. High interest rate up to 20%. Banks, such as Standard Chartered and Sonali Bank, have restricted the issuance of letters of credit to yard owners.
2. Custom duties. Three years ago, the industry started paying custom duties as it was declared an industry, but, in fact, it still operates informally.
3. Stricter inspections.
4. Falling demolition rates.
5. Smuggling of scrap steel. Scrap steel smuggled from Iran is now used as an alternative.
6. Governance issues between provincial and federal government.



# 10

## **CURRENT CONDITIONS IN GADANI**

The harsh working conditions in Gadani became widely known after the explosion on 1 November 2016. Yet, workers' safety and environmental protection are still largely ignored. Every plot now has a water filter installed and a washroom, but there is still a lack of basic infrastructures and services such as access to adequate medical assistance in case of accidents, sewage systems, schools and proper housing. Most workers make their own housing arrangements in the area surrounding the yards. They live in shanties along and around the road behind the yards which are made out of materials from the ships.

The majority of the workforce are migrant workers who come from Khyber Pakhtunkhwa, Punjab and Sindh. Many Rohingya, Bengalis and Burmese have also become part of the labour force in Gadani.

Although they work for years, workers usually do not work longer than the minimum 4-months period in the same yard. There is only work where there is a ship waiting to be dismantled. The shipbreaking workers earn around 30,000 Pakistani rupees/month, which is more than the very low Pakistani minimum wage of 25,000 rupees/month. Most of the laborers are not directly employed by the shipbreaking company but they work through contractors (Jamadaar). In this way, the owners avoid liability. In Pakistan, when a worker works less than four months, the employer is not considered liable. Also, workers are not covered by social security, hence they are not entitled for registration. If a worker dies performing his job at the yard, his family can only hope that the labour union will pay out the mere 200,000 rupees (about 2000 USD) that is often only verbally promised. If they are injured, workers have no local hospital to go to. The nearest hospital is located in Karachi, yet injured workers have no access to ambulances. At the moment, very few workers are in Gadani. Most of them returned to their home villages since there is no work at the yards. Some currently have some occasional job by collecting "iron dust". They filter the metallic parts from the sand of the beaches. They have to dig out around 4 to 5 meters of sand to find different valuable pieces. They receive 50% from the selling of these pieces and the other 50% goes to the yard owner. If they collect 1 ton of these pieces, they receive half of 180,000 Pakistani rupees. "Sometimes this can even be done in one day", they say.

# 11

Yard owners usually only give helmets to the workers. The rest of the "*personal protective equipment*"(PPE) has to be purchased by the labourers themselves at a local shop in Gadani. All materials in the shop, such as clothes, boots, and "*napkins*" to cover the mouth which are used as masks, are second-hand. There are no appropriate and new equipments in Gadani.

The shipbreaking workers are calling for safer working conditions. They claim that "*the lives of workers should be protected by proper monitoring of occupational safety and supported by an emergency health facility*". There is only a primary health care centre in Gadani, which only provides very basic first aid to the community. The Karachi hospital is very far away from the yards (around 1h driving). The workers also demand for "*effective clean water at the yards and canteens, as well as daily wages according to inflation rates*".

## **BLUE ECONOMY – AN OPPORTUNITY FOR PAKISTAN TO MOVE “OFF THE BEACH”**

Blue economy is defined by the World Bank as the "*sustainable use of ocean resources for economic growth, improved livelihoods, and jobs while preserving the health of the ocean ecosystem.*" The Blue Economy potentially offers many investment opportunities in the maritime sector, in which the ship recycling industry is included. Despite the current economic crisis in Pakistan, it could serve as a boost for all Pakistan's financial and geo-economic sectors and act as an incentive for the shipbreaking industry to move "*off the beach*".



## 12

# RESEARCH & READINGS

## 2022

Lin Lin, Kuishuang Feng, Peng Wang, Zheng Wan, Xianghui Kong, Jiashuo Li

The research carries out historical analysis and future projection of global ship scrap and pollutant emissions, based on shipping databases. It combines three methods to estimate the theoretical scrapping tonnage of end-of-life vessels in the next 30 years, and for the first time quantifies the emission reduction potential under multiple scenarios. The shipbreaking industry is an hazardous industry that is responsible for the release of innumerable hazardous wastes that are both harmful for the workers and the environment. The study reveals that waste emissions in the three shipbreaking countries in South Asia have increased significantly by 6.5 times between 1990 and 2019. Although the volume of scrapped ships is expected to reach 75–95 million gross tons per year by 2050, the researchers project that the cumulative waste emissions from 2020 to 2050 will be reduced by 92% and 79% under the EU Ship Recycling Regulation and the Hong Kong Convention, respectively.

[Hazardous waste from the global shipbreaking industry: Historical inventory and future pathways](#)

## OUR REPORTS

### NGO Shipbreaking Platform

[Breaking Out: Anchoring Circular Innovation for ship recycling](#) (2022)

[The Toxic Tide - Data and figures](#) (2021)

[Contradiction in terms: European Union must align its waste ship exports with international law and green deal](#) (2020)

[Study Report on Child Labour in the Shipbreaking Sector in Bangladesh](#) (2019)

[Behind the Hypocrisy of Better Beaches](#) (2019)

[Recycling Outlook. Decommissioning of North Sea Floating Oil & Gas Units](#). (2019)



To ensure that safe and clean ship recycling becomes the norm, and not the exception, the Platform will continue to inform policy makers, financial and corporate leaders, as well as researchers and journalists. With a broad base of support both in orientation and geographically, including membership in ship owning as well as shipbreaking countries, the Platform plays an important role in promoting solutions that encompass the respect of human rights, corporate responsibility and environmental justice.

**WILL YOU JOIN US?**

**IF YOU SHARE OUR VISION PLEASE MAKE A DONATION  
TO SUPPORT OUR WORK OR CONTACT US TO FIND OUT  
HOW WE CAN WORK TOGETHER!**

**SUPPORT  
OUR WORK**



Since 2009, around 7751 ships were scrapped in South Asia, causing at least 436 deaths and 384 injuries. The figures on accidents are likely to be much higher. Occupational diseases are not even registered in these statistics and are difficult to monitor.

**WE ARE NOW CALLING FOR YOUR SUPPORT TO HELP INJURED WORKERS AND ASBESTOS VICTIMS IN BANGLADESH. CHECK OUT OUR FUNDRAISING CAMPAIGN FOR MORE INFORMATION BY [CLICKING HERE](#) OR ON THE IMAGE BELOW.**

# FUNDRAISING CAMPAIGN

HELP PROVIDING TREATMENT TO  
INJURED WORKERS AND ASBESTOS VICTIMS  
IN BANGLADESH



**DONATE NOW**



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WE THANK THE EUROPEAN COMMISSION AND THE LIFE PROGRAMME FOR THEIR SUPPORT.

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