

JANUARY 2021 EUROPEAN UNION BULLETIN

1- Overcoming the Seafarer Crisis: Enabling Crew Changes and Repatriation

The Covid-19 pandemic has created an unprecedented crew change crisis which has led to hundreds of thousands of seafarers being impacted and in many instances left stranded on ships, beyond the expiry of their contracts. Despite significant efforts by international organizations, governments, industry associations, labor unions, NGOs and individual companies including the adoption on 1 December 2020 by the UN General Assembly of a resolution on International cooperation to address challenges faced by seafarers as a result of the COVID-19 pandemic to support global supply chains, the issue is still far from resolved.

This is not an acceptable way to treat seafarers, who are the frontline workers of the maritime industry carrying 90% of global trade. Fatigue after extended periods at sea has significant consequences on the physical and mental wellbeing of seafarers. It also increases the risk of maritime incidents and environmental disasters, and poses a wider threat to the integrity of global supply chains, which depend on safe and reliable maritime transport.

This is why a taskforce of stakeholders from across the maritime value chain has identified the following key issues preventing crew changes, that require urgent action:

- While high-quality health protocols have been adopted internationally, they have not been consistently implemented in practice. This has led authorities to perceive seafarers as a Covid-19 risk, which has limited the possibilities of crew changes.
- Implementing high-quality crew change protocols will reduce the economic risk of disrupted supply chains but will lead to increased short-term costs.
- The disruption of international air travel has reduced the number of flights, causing connectivity issues between major crew change hubs and major seafaring nations, which has complicated crew changeovers.

Taking action to deliver on our shared responsibility

We, the signatories to The Neptune Declaration on Seafarer Wellbeing and Crew Change, recognize that we have a shared responsibility to ensure that the current crew change crisis is resolved as soon as possible and to use the learnings from the crisis as an opportunity to build a more resilient maritime supply chain.

We believe that the most effective way of addressing the crew change challenge and building a more resilient maritime logistics chain, is by working together across the value chain with industry stakeholders, organizations and with governments to implement solutions that work in practice.

Therefore, we commit to take action to resolve the crew change crisis, based on our position and role in the valuechain, thereby ensuring the rights and wellbeing of the seafarers supporting global supply chains. We call on our peers and other stakeholders, in particular relevant government bodies, to join us in our efforts.

To make tangible improvements, the following actions should be implemented:

• Recognize seafarers as key workers and give them priority access to Covid-19 vaccines

Seafarers should be recognized as key workers by all governments in line with the UN General Assembly resolution adopted on 1 December 2020 and the transition of seafarers across borders should be facilitated based on internationally agreed, high-quality health protocols.

Governments and other stakeholders should work together with the maritime industry to ensure that seafarers, irrespective of their nationality, get priority access to Covid-19 vaccines alongside other key workers and health care professionals in recognition of their critical role in global supply chains and trade. This should include developing protocols that ensure vaccinations are correctly certified and effectively administered to seafarers as well as establishing a standardized format for health passes that contain tamper proof information about vaccination and testing status to facilitate crew changes.

- **Establish and implement gold standard health protocols based on existing best practice**

The maritime industry and governments should implement The Recommended Framework of Protocols for ensuring safe ship crew changes and travel during the Coronavirus (COVID-19) pandemic³ which has been recognized by the International Maritime Organization.

To minimize the risk of Covid-19, to build trust that crew changes can be carried out in a safe manner, and to ensure that the measures taken can be universally accepted, the implementation of the Framework of Protocols should be based on the highest practicable standards. The STAR Crew Change Protocols, which are based on existing best practice, are thus recommended for industry-wide adoption.

- **Increase collaboration between ship operators and charterers to facilitate crew changes**

Facilitating crew changes based on high-quality health protocols is a shared responsibility which will create benefits for all by minimizing the risk of Covid-19 spread on vessels, minimizing the risk of disruptions to global supply chains, while contributing to maritime safety and the wellbeing of seafarers.

Ship owners and charterers should share relevant information transparently and collaborate to ensure that necessary crew changes can be carried out with the least impact possible in terms of cost and delays. The owner should provide the charterer with as much notice as possible on intended crew changes, while the charterer should make all reasonable efforts to accommodate crew changes including when the vessel has to make a reasonable deviation.

No charter contracts should contain clauses preventing necessary crew changes from being carried out, as the aggregate effect of such clauses could be a serious obstacle to the safe operation of maritime trade and the protection of the wellbeing and rights of seafarers.

By implementing high-quality health protocols, ship owners can reduce the risk of trade disruption due to Covid-19, which also creates benefits to charterers. These benefits should be reflected in chartering decisions to create incentives for shipowners to implement high-quality health protocols and be transparent about actions taken as well as costs incurred.

- **Ensure air connectivity between key maritime hubs for seafarers**

The aviation industry should work together with the maritime industry to ensure that airlift capacity is established between major crew changing hubs and seafaring nations. Additionally, the aviation and maritime industries as well as governments – involving all relevant ministries and agencies – should work together to establish a universally accepted and harmonized framework of standards for the validation of trusted health data for seafarers to facilitate border crossing and ensure the long-term resilience of air connectivity.

(Source: Global Maritime Forum)

2- European shipowners are facing a serious shortage of ship recycling facilities as EU authorities have not approved a single facility in the Indian subcontinent.

Despite the fact that 93 recycling yards in India and Bangladesh have now been validated by major classification societies as compliant with the requirements of the IMO's Hong Kong Convention even though it has not yet entered force, none have been approved by the European Union (EU)

The EU cites poor downstream waste management infrastructure and lack of access to nearby emergency health facilities as reasons. However, some observers believe the EU's stance is politically driven.

The bloc's most recent November 2020 list of approved facilities numbers just nine – eight in Turkey and one in the US – despite 39 applications. However, recycling facilities complying with the IMO's Hong Kong Convention standards now total 109, according to Dr Anil Sharma, founder and ceo of GMS, the world's largest cash buyer of end-of-life ships.

Sharma spoke recently at an Immediasea recycling webinar, with other sector participants. In addition to the 92 Indian yards approved under the Hong Kong Convention, there are also 14 in Turkey, two in China, and one in Bangladesh.

Many have applied to the EU to validate their facilities, but are still waiting. Meanwhile, many owners and operators have limited recycling options for end-of-life ships because global ship dismantling capacity is now seriously inadequate.

Hazardous waste?

What many believe is now an absurd situation has arisen because, since 2019, the Basel ban, part of the Basel Convention and the related European Ship Waste Regulation, prevent the export of hazardous waste from OECD countries to non-OECD nations. Under the EU's Ship Recycling Regulation (SRR), which upholds the Basel ban, European owners' ships which fly one of the trading bloc's flags, or which sail from a European port on a final voyage, cannot be recycled at a facility that is not approved under the EU's SRR.

There are many complex legal and economic arguments. Can a ship that sails under her own power, legally manned, and with a compliant Inventory of Hazardous Materials, technically be categorised as "waste", for example.

Those who don't agree highlight recent containerships sold initially for recycling which, following the recent box market boom, were sold on for further trading. They were clearly not "waste", they say.

Meanwhile, for countries such as Bangladesh, India and Pakistan, which rely on scrap steel, many thousands of workers are gainfully employed both directly and indirectly as a result of ship recycling business.

Bangladesh, without access to iron ore, must use recycled steel to feed its steel mills, Sharma pointed out.

Regulation versus efficient operation

Other presenters were also critical of the EU's stance. The International Chamber of Shipping's (ICS) John Stawpert, manager for the organisation's Environment and Trade, asked whether the trading bloc was more concerned about ensuring the validity of its own regulation, rather than the efficient operation of the global ship recycling business.

Sotiris Raptis, director of the European Community Shipowners' Associations Maritime and Safety Division, expressed regret that no Indian recycling facilities had yet been approved by the EU. This was despite vast improvements in facilities and working conditions over recent years, he said, supported by classification society approvals.

Petter Heier is chief executive of Grieg Green, a division of the family-owned Grieg group which has overseen the recycling of about 120 vessels. He said that European yards which had tried their hand at recycling had fallen short. "Europe still has a long way to go technically," he declared.

A Turkish recycler, Ilker Sari of Turkey's Rota Shipping, commented on EU constraints. More recycling space was needed in Turkey's recycling region, he said, but of the 22 facilities operating there today, he pointed out that 15 yards had applied for EU validation but only seven had been approved so far.

Now, with an influx of unwanted cruise vessels, vessels were being laid up in regions of the Mediterranean waiting for suitable recycling capacity.

Penalising European owners

The fear is that the EU's stance, with seeming reluctance to compromise, will penalise European owners through unnecessary barriers. The recycling industry, experts say, is unrecognisable compared with ten years ago, with massive investment in facility upgrades, as evidenced by classification society validation under the Hong Kong Convention.

The EU would like to see end-of-life ships dismantled in European facilities. But sources point out that ship recycling is labour-intensive; there are few existing recycling yards in Europe; and there is a very limited market for scrap steel across the trading bloc.

The issue is likely to loom large in the months ahead. Owners of older vessels face a decision on whether or not to invest in expensive ballast water management systems, for example, to facilitate another few years of trading. They will also face possible future costs relating to compliance with the IMO's intended Energy Efficiency Existing Ship Index (EEXI) and Carbon Intensity Indicator (CII).

(Source: seatrade-maritime.com)

3- China and EU reach agreement in principle on investment

On 30 December 2020, China and the EU have concluded in principle the negotiations for a Comprehensive Agreement on Investment (the "CAI"). This deal followed a call between Chinese President Xi Jinping and European Commission President von der Leyen, European Council President Charles Michel and German Chancellor Angela Merkel on behalf of the Presidency of the EU Council, as well as French President Emmanuel Macron. China has committed to a greater level of market access for EU investors than ever before, including some new important market openings. China is also making commitments to ensure fair treatment for EU companies so they can compete on a better level playing field in China, including in terms of disciplines for state owned enterprises, transparency of subsidies and rules against the forced transfer of technologies. For the first time, China has also agreed to ambitious provisions on sustainable development, including commitments on forced labour and the ratification of the relevant ILO fundamental Conventions.

Both China and the EU believed that the CAI will create a better balance in the China-EU trade relationship. As stressed by President Xi, the agreement was balanced, high-standard and mutually beneficial and it has shown China's determination and confidence to push high-level opening up. The agreement will provide greater market access, higher level of business environment, stronger institutional guarantees and brighter cooperation prospects for mutual investment.

One of the items agreed under the CAI is international maritime transport. China will allow investment in the relevant land-based auxiliary activities, enabling EU companies to invest without restriction on cargo-handling, container depots and stations, maritime agencies, etc. This will allow EU companies to organise a full range of multi-modal door-to-door transport, including the domestic leg of international maritime transport.

(Source: International Chamber of Shipping –ICS)

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