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RECYCLING OF SHIPS

Report of intersessional correspondence group on ship recycling

Submitted by the United Kingdom

SUMMARY

<i>Executive summary:</i>	This report summarizes the work of the intersessional correspondence group on Ship Recycling established by MEPC 57. It provides comments on addressing the concerns raised relating to the adequacy of ship recycling capacity which may or may not be available both before and following entry into force of the International Convention for the Safe and Environmentally Sound Recycling of Ships
<i>Strategic direction:</i>	7.1
<i>High-level action:</i>	7.1.2
<i>Planned output:</i>	7.1.2.1
<i>Action to be taken:</i>	Paragraph 28
<i>Related documents:</i>	MEPC 57/21; MEPC 57/WP.6; MEPC 57/3/13 and MEPC 56/WP.5

Introduction

1 During MEPC 57 the Committee, with respect to discussions on the matter of vessels flying the flag of a Party State being recycled at non-Party State facilities, concluded that the International Convention for the Safe and Environmentally Sound Recycling of Ships (referred to hereafter as the Convention) should maintain only Party to Party provisions in the Convention, but also identified the concerns of a number of delegations with respect to the provision of recycling capacity which may not be available both before and following entry into force of the Convention.

2 The Committee agreed to prepare a draft resolution, addressing the adequacy of ship recycling capacity, to be adopted at the Diplomatic Conference alongside the Convention.

For reasons of economy, this document is printed in a limited number. Delegates are kindly asked to bring their copies to meetings and not to request additional copies.

3 Taking into account the work plan proposed by the Working Group on Ship Recycling, the Committee established an intersessional correspondence group on Ship Recycling to address the concerns relating to the adequacy of ship recycling capacity which may not be available both before and following entry into force of the Convention.

4 MEPC 57 further noted that the United Kingdom would serve as coordinator of the Ship Recycling Correspondence Group.

5 The terms of reference of the group are included as annex 1 to this report.

Ship Recycling Correspondence Group process

6 In order to provide the necessary input for subsequent discussion by MEPC 58 the group agreed to work to a timetable taking its deliberations from April 2008 to July 2008. Participation in the group was open to all delegations (governments and organizations) that could provide the necessary expertise on a timely basis, or had a particular interest in the issue.

7 The following 31 Member States participated in the group:

Australia, Belgium, Brazil, Canada, China, Czech Republic, Denmark, Finland, France, Germany, Greece, India, Iran (Islamic Republic of), Italy, Japan, Malta, Marshall Islands, the Netherlands, Norway, Panama, Portugal, the Republic of Korea, the Russian Federation, Saudi Arabia, South Africa, Spain, Sweden, Turkey, the United Kingdom, the United States and Venezuela;

the following Associate Member of IMO:

Hong Kong, China;

the following United Nations specialized agency:

United Nations Environment Programme (UNEP) (Secretariat of the Basel Convention);

the following intergovernmental organization:

The European Commission;

and the following six non-governmental organizations:

ICS, BIMCO, IACS, FOEI, INTERTANKO and Greenpeace International.

8 Initially the members of the group were requested to submit their proposals for addressing the concerns relating to the provisions of recycling capacity, as raised during MEPC 57. The coordinator received responses from Brazil, Canada, France, Greece, the Marshall Islands, the Netherlands, Norway, Belgium, the European Commission and Friends of the Earth International. A summary of the responses received is included as annex 2 to this report.

9 Whilst the initial submissions from the group were limited and could not be regarded as a clear majority view of the group, there was an indication that a possible solution to address the concerns relating to ship recycling capacity may be found in the development of the entry-into-force provisions of the Convention.

10 Taking into account these views, the coordinator prepared an interim report for the group giving consideration to the possibility that the concerns raised could be addressed through the entry-into-force provisions of the Convention and as such the contents of a draft conference resolution on available capacity would have a dependency on the specific requirements of a particular entry-into-force provision.

11 From the initial responses, three potential options for entry-into-force provisions were given consideration:

- .1 **Option 1** – proposes that the Convention shall enter into force at a specified point in time after a percentage of the world's tonnage and a specified number of countries have ratified the Convention. See annex 3 to this report for detailed text.

This option resulted from the initial comments raised by the Netherlands and the European Commission who both expressed a belief that there would not be a lack of ship recycling capacity fulfilling the requirements of the Convention on entry into force due to the fact that recycling States such as China, India and Turkey are currently striving to meet the standards of the Convention and the timescales involved.

Additionally, Greece made an observation as to whether the entry-into-force provisions should specify that the required number of States for ratification is geographically (or geopolitically) representative.

It was considered that such an entry in force mechanism would not require a draft conference resolution.

- .2 **Option 2** – proposes that the Convention shall enter into force at a specified point in time after (a) a percentage of the world's tonnage and a specified number of countries had ratified the Convention; and (b) it has been verified that a specified percentage of ship recycling capacity in accordance with the Convention was available. See annex 4 to this report for further details.

This option resulted from the initial proposal made by Japan in MEPC 57/3/13 and supported by Greece.

- .3 **Option 3** – proposes that the Convention shall enter into force at a specified point in time after a percentage of the world's tonnage and a number of countries have ratified the Convention with a defined implementation schedule. The implementation schedule would specify when the relevant regulations of the Convention would take effect. Certain regulations would take effect at some point in the future; this point could be a specified date or when specified ship recycling capacity has been achieved. See annex 5 to this report for further details.

This option was developed after giving consideration to a proposal made by the Marshall Islands, to the integrated nature of the Convention and also taking into account a draft conference resolution forwarded by Canada.

12 An additional solution was put forward by Belgium who suggested a mechanism that makes it possible to use recycling facilities in non-Party States by implementing an audit and authorization mechanism through the MEPC. Taking into consideration the terms of reference for the group, in particular point 3, and the views of the IMO Legal Office expressed

in MEPC 56/WP.5 paragraph 11 relating to auditing, the Coordinator arrived at the decision that this proposal should not be considered further.

13 Options 2 and 3 necessitated asking the group to consider a means of calculating the threshold value for the percentage ship recycling capacity as well as by whom and how it will be calculated that the threshold value has been achieved.

14 A second calling was circulated to the group whereby its members were requested to consider the report and to respond to several action points raised by the coordinator.

15 The coordinator received responses to the second calling from Belgium, China, Denmark, France, India, Norway, Japan, the Russian Federation, Turkey, the United States, UNEP (Secretariat of the Basel Convention), ICS and BIMCO, and Greenpeace and Friends of the Earth International. A summary of the responses received, including an overall summary by the coordinator, is included as annex 6 to this report.

16 In the responses that were received, the majority agreed that it is not feasible to draft a conference resolution which, on its own, addresses effectively the circumstances whereby sufficient recycling capacity may not be available following entry into force of the Convention and which does not conflict with the requirements of the Convention itself, or require amendments to the text of the Convention as drafted.

17 It is noted that Belgium, Russia and Greenpeace and FOEI did not agree with the majority view.

18 Whilst Belgium recognized that the consideration of the entry-into-force provisions may be helpful, it did not deem that it is a pre-requisite and that the Convention should provide for an interim period or transitional period.

19 The Russian Federation stated that the group had not been instructed to discuss the necessity of a draft resolution.

20 In a joint response Greenpeace and FOEI stated that a resolution encouraging implementation prior to the entry into force of the convention, including provisions for technical assistance, would be useful.

21 It should also be noted that the United States questioned why a conference resolution would be used at all if the group intends to address capacity concerns only with Party facilities and through the mechanism of the entry-into-force provisions. The United States also reiterated the continued reservation of their position on the use of non-Party facilities that are operated in a safe and environmentally sound manner.

22 Whilst some reservation and comments were received, all responses agreed that from the basis of the discussion of the first calling of the group, the entry-into-force provisions and conditions are a possible way of making progress on the ship recycling capacity problem.

23 Three possible options for entry-into-force provisions were presented to the group, on which several group participants provided their views. Those views are reflected in annex 6 of this report. From the responses of the group it is apparent that much favour is shown for Options 2 and 3. It should be noted that whilst Option 1 does not address the concerns with respect to the provisions of recycling capacity there were some within the group who expressed their support for this option.

24 With reference to data that would be required for the estimation of ship recycling capacity the majority of the responses received from the group indicated that:

- .1 data on recycling capacity should be obtained from the same source of published data used by IMO for entry-into-force provisions of other conventions. This would be Lloyd's Register – Fairplay who currently provides IMO with tonnage figures upon which IMO bases entry-into-force conditions for other conventions;
- .2 if the entry-into-force conditions are not based on published data, then the data on ship recycling capacity should be obtained from each State at ratification and for each year thereafter until the Convention has entered into force. However it was not believed it was necessary to pursue this matter due to the majority agreeing to .1 above;
- .3 it is acceptable to use gross tonnage as a unit of measurement for calculation purposes. The reason for this is that, from a practical viewpoint, a single unit should be used. Also, there are many discrepancies in published data and these discrepancies are much more pronounced with respect to ship numbers compared to tonnage. It is noted that whilst lightship (Ldt) is used by ship recyclers, it suffers from poor reporting and most of the data available is in terms of gross tonnage;
- .4 it is acceptable to use a vessel size minimum threshold of 100 GT for calculation purposes. The reason for this is that all the data currently used for calculating whether entry-into-force conditions have been met are for vessels which are 100 GT and above. If it was proposed to use a minimum threshold of 500 GT in the ship recycling convention, specific tables of data would have to be produced for this purpose alone and data may have to be extracted from archives. This would incur a cost and would suffer from the fact that this data does not exist in open literature which in turn does not lend itself to transparency; and
- .5 the Depositary shall decide that the ship recycling capacity has been achieved. The reason is that this is normal practice with other IMO conventions. Norway's comment that this is acceptable, providing that the formula for calculating recycling capacity is robust, should be noted. It should also be noted that the United States stated that this Convention is very different to other IMO conventions.

25 The group were also asked to consider whether or not there was a need to include in a draft conference resolution a clarification that recycling ships that are flying the flag of the State which has signed the Convention at recycling facilities under the jurisdiction of a non-Party State would not be interpreted as defeating the object and purpose of the Convention prior to its entry into force. The majority of responses stated that this was not necessary and as such it is recommended that this matter is not considered further.

26 Finally the group was asked to consider the benefit of including in a draft conference resolution a mechanism to facilitate the implementation of the Convention and to establish technical co-operation. Whilst many of the responses recognized the benefit of technical co-operation it was clear that this matter requires much further consideration. As such it is recommended that this matter is not considered further by the group.

Summary of the deliberations of the Correspondence Group on Ship Recycling

27 It should be noted that the comments received cannot be regarded as the clear majority view of the group. However taking the majority view of the responses received the following is indicated:

- .1 it is not feasible to draft a conference resolution which addresses the circumstances whereby sufficient recycling capacity may not be available following entry into force of the Convention and which does not conflict with the requirements of the Convention itself;
- .2 the entry-into-force provisions and conditions are a possible way of making progress on the ship recycling capacity problem;
- .3 preference was given to the entry-into-force provisions defined in Option 2 followed by Option 3 then Option 1 of paragraph 11 above, the details of which are given in annexes 3, 4 and 5 respectively to this report;
- .4 if the entry-into-force provisions include a condition which requires it to be verified that a percentage of recycling capacity in accordance with the Convention is available, then it will be necessary to state in a diplomatic conference resolution:
 - (i) the means of calculating the threshold value for the percentage ship recycling capacity;
 - (ii) how will it be calculated that the threshold value for the percentage ship recycling capacity has been achieved; and
 - (iii) by whom it will be decided that the threshold value for the percentage ship recycling capacity has been achieved;
- .5 in relation to (i), (ii) and (iii) of the above paragraph .4, the majority view of the group expressed the view that:
 - (i) data on recycling capacity should be obtained from the same source of data used by IMO for entry-into-force provisions of other conventions, i.e. Lloyds Register – Fairplay;
 - (ii) it is acceptable to use gross tonnage as a unit of measurement for calculation purposes;
 - (iii) it is acceptable to use a vessel size minimum threshold of 100 GT for calculation purposes; and
 - (iv) the Depositary shall determine when the set conditions for ship recycling capacity have been fulfilled.

Action requested of the Committee

28 The Committee is invited to consider the information in paragraph 27 and decide as appropriate.

ANNEX 1**TERMS OF REFERENCE FOR THE CORRESPONDENCE GROUP ON SHIP
RECYCLING**

Terms of reference for the correspondence group:

- .1 The correspondence group is instructed to prepare a draft resolution for the diplomatic Conference to address the circumstances in which sufficient recycling capacity may not be available both before and following entry into force of the Convention, taking into account the decisions made at MEPC 57.
- .2 The draft resolution should encourage States to ratify the Convention at the earliest opportunity and should address disincentives for flag and recycling States to ratify the Convention.
- .3 The draft resolution should not conflict with the requirements of the Convention itself, and should not require any amendments to the text of the Convention as drafted.
- .4 The correspondence group should also consider the draft resolution in the context of the entry-into-force provisions.
- .5 The correspondence group should report the outcome of its deliberations to MEPC 58.

ANNEX 2

RESPONSES FROM CORRESPONDENCE GROUP FOR 1ST CALLING

Organization	Summary of Comment
Brazil	<p>Brazil suggested that the CG considered the European Commission Green Paper on Better Ship Dismantling {SEC (2007) 645} as a useful and comprehensive approach to the debate of ship recycling.</p> <p><i>(The Coordinator would like to bring to the attention of the CG Commission Staff Working Document titled Accompanying document to the GREEN PAPER on better ship dismantling {COM(2007) 269 final})</i></p>
Belgium	<p>Belgium believes that the criteria set out in ISRWG 3/2/9 for the use of non-Party facilities were valid, however the annex to ISRWG 3/2/9 was not an appropriate solution that could be supported.</p> <p>The proposal put forward by Belgium for recycling ships in non-Party recycling States. See annex 6 for the details of the proposal from Belgium.</p>
Canada	<p>Canada put forward a proposal for a possible conference resolution for the group's consideration. The resolution provides transitional provisions for a period of five years from entry into force or until entry into force of the Convention.</p> <p>Canada expressed interest in the concept outlined by the Marshall Islands and stated that it would be worth further consideration by the CG as it may offer a way for the coming into force formula to reflect ship recycling capacity.</p> <p>Canada went on to propose that a State that opted out of the Convention's provisions for ship recycling facilities should not be considered as a Party with authorized facilities and as such would not be included in the calculation for ship recycling capacity in the coming into force formula.</p>
France	<p>France considers that the issue of ship recycling capacity may be adequately addressed though further work on the entry-into-force provisions of the draft Convention.</p> <p>France is currently reviewing existing IMO resolutions and will make a proposal to the 2nd calling for comments.</p>
Greece	<p>Greece submitted their initial thoughts and advised they would contribute further at the 2nd calling for comments.</p> <p>Greece commented on the possible reluctance of the major flag States to ratify the Convention if for any known specific reason they shall be putting their ships at a disadvantage.</p> <p>Greece concurs with the entry-into-force criteria proposed by Japan.</p>

	<p>In addition Greece considers that a transitional period after entry into force should be provided for a minimum of five years but no longer than 10 years where there will be an exemption for Party ships to be recycled at authorized facilities in States Party to the Convention.</p> <p>With respect to ship recycling capacity Greece believes that more than 60% of ship recycling capacity in authorized ship recycling facilities in States Party to the Convention, in at least four continents, is the minimum entry-into-force requirement.</p>
Marshall Islands	<p>The Marshall Islands presented a summary of different entry-into-force scenarios (four in total).</p> <p>The Marshall Islands proposed a solution that utilizes the traditional IMO entry-into-force provisions modelled around the entry-into-force mechanism for MARPOL Annexes I and II. Marshall Islands therefore considered dividing the Convention into two Annexes. Annex I applicable to ships and Annex II applicable to Ship Recycling Facilities. With delayed implementation for Annex II similar to MARPOL whereby Annex II came into force 3 years after the coming into force of Annex I.</p> <p>See annex 5 for an extract of the proposal made by the Marshall Islands.</p>
Netherlands	<p>The Netherlands stated that the elements in the Japanese document are well thought out but may well generate long deliberations and perhaps a more practical approach would be to apply the standard IMO entry-into-force mechanism.</p> <p>Based on the fact that recycling States are developing quickly and countries like China, India and Turkey are striving to meet the standards of the Convention, the Netherlands foresee that recycling capacity must be available in a time frame that can be seen.</p> <p>The Netherlands believe that it is realistic to add three years onto the adoption date of May 2009 to allow for the Convention to be ratified by the specified number of countries and as such the earliest entry into force would be around January 2012. After such a period it may be necessary to have a transitional period and Canada's proposal could be very useful in this respect.</p> <p>The Netherlands referred to document ISRWG 3/2/10, submitted by the United Kingdom, and proposed a mechanism to facilitate the implementation of the Convention by the consideration of an implementation Committee established as part of the Convention resolution.</p>
Norway	<p>Norway advised that they had no comments for this calling and would respond to the 2nd calling for comments.</p>

European Commission	<p>The Commission advised that they had not as yet finished their internal discussions.</p> <p>The Commission's initial thoughts were that the resolution should address the interim period from adoption to entry into force whilst promoting ratification and the earliest possible implementation.</p> <p>The Commission does not believe there is a lack of recycling capacity fulfilling the requirements of the draft Convention. The Commission refers to the COWI study of June 2007.</p> <p><i>(This has not been attached as an annex to this report as it is a very large document. The document is available at:</i> http://ec.europa.eu/environment/waste/ships/pdf/ship_dismantling_report.pdf<i>)</i></p> <p>Whilst the Commission questions whether it is necessary to complicate the entry-into-force mechanism by including ship recycling capacity, it acknowledges that MEPC showed a clear tendency to this approach.</p> <p>The Commission therefore brings about the question of how ship recycling capacity will be calculated and suggests that it might be acceptable to collect the necessary data through self-assessment of recycling States, that is States should within a limited period of time notify IMO of their recycling capacity that fulfils the requirements of the Convention. It is envisaged that an exact wording for the provision will be submitted to the 2nd calling for comments.</p>
Friends of the Earth International	Expressed support for ensuring that ship recycling capacity is met on entry into force.

ANNEX 3**OPTION 1: PROPOSED ENTRY-INTO-FORCE PROVISIONS****ARTICLE 17**
Entry into force

1 This Convention shall enter into force [12] [24] months after the date on which not less than [25] States, the combined merchant fleets of which constitute not less than [25] per cent of the gross tonnage of the world's merchant shipping have either signed it without reservation as to ratification, acceptance or approval, or have deposited the requisite instrument of ratification, acceptance, approval or accession in accordance with article 16.

2 For States which have deposited an instrument of ratification, acceptance, approval or accession in respect of this Convention after the requirements for entry into force thereof have been met, but prior to the date of entry into force, the ratification, acceptance, approval or accession shall take effect on the date of entry into force of this Convention, or three months after the date of deposit of the instrument, whichever is the later date.

3 Any instrument of ratification, acceptance, approval or accession deposited after the date on which this Convention enters into force shall take effect three months after the date of deposit.

4 After the date on which an amendment to this Convention is deemed to have been accepted under article [18], any instrument of ratification, acceptance, approval or accession deposited shall apply to this Convention, as amended.

ANNEX 4

**OPTION 2: PROPOSED ENTRY-INTO-FORCE PROVISIONS WITH A SPECIFIED
REQUIREMENT FOR SHIP RECYCLING CAPACITY****ARTICLE 17
Entry into force**

1 This Convention shall enter into force [12] [24] months after the date on which not less than [25] States, the combined merchant fleets of which constitute not less than [25] per cent of the gross tonnage of the world's merchant shipping, **and the combined maximum annual ship recycling volume in the past [10] years of which constitute not less than [3] per cent of the gross tonnage of the combined merchant shipping**, have either signed it without reservation as to ratification, acceptance or approval, or have deposited the requisite instrument of ratification, acceptance, approval or accession in accordance with article 16.

2 For States which have deposited an instrument of ratification, acceptance, approval or accession in respect of this Convention after the requirements for entry into force thereof have been met, but prior to the date of entry into force, the ratification, acceptance, approval or accession shall take effect on the date of entry into force of this Convention, or three months after the date of deposit of the instrument, whichever is the later date.

3 Any instrument of ratification, acceptance, approval or accession deposited after the date on which this Convention enters into force shall take effect three months after the date of deposit.

4 After the date on which an amendment to this Convention is deemed to have been accepted under article [18], any instrument of ratification, acceptance, approval or accession deposited shall apply to this Convention, as amended.

(Note: This proposal is a direct extract from Japan's submission, MEPC 57/3/13)

ANNEX 5

OPTION 3: PROPOSED ENTRY-INTO-FORCE PROVISIONS WITH AN IMPLEMENTATION SCHEDULE BASED ON A CAPACITY CRITERION

This mechanism involves an IMO entry-into-force mechanism based on number of contracting States and tonnage, plus an implementation schedule contained in a regulation in chapter 1 of the Convention which would delay the coming into effect of requirements for Party ships to be recycled in Party facilities until the capacity condition has been met. Recycling facilities located in Party States would be free to recycle Party flagged ships as well as non-Party flagged ships.

After entry into force of the Convention and during the first stage of its implementation, Party flagged ships and recycling facilities in Party States will have to comply with the requirements of the Convention for ships and for recycling facilities respectively, but there will be no requirement for Party ships to be recycled in Party facilities, nor a requirement for Party facilities to recycle only Party ships. In this way the capacity issue is resolved.

By specifying the implementation schedule in a regulation there is a possibility to make amendments to the Annex to the Convention after its entry into force without having to amend its Articles.

The proposed text for article 17 and regulation *1bis* is as follows:

ARTICLE 17 Entry into force

1 Subject to paragraph 5 of this article, this Convention shall enter into force [12] [24] months after the date on which not less than [25] States, the combined merchant fleets of which constitute not less than [25] per cent of the gross tonnage of the world's merchant shipping, have either signed it without reservation as to ratification, acceptance or approval, or have deposited the requisite instrument of ratification, acceptance, approval or accession in accordance with article 16.

2 For States which have deposited an instrument of ratification, acceptance, approval or accession in respect of this Convention after the requirements for entry into force thereof have been met, but prior to the date of entry into force, the ratification, acceptance, approval or accession shall take effect on the date of entry into force of this Convention, or three months after the date of deposit of the instrument, whichever is the later date.

3 Any instrument of ratification, acceptance, approval or accession deposited after the date on which this Convention enters into force shall take effect three months after the date of deposit.

4 After the date on which an amendment to this Convention is deemed to have been accepted under article [18], any instrument of ratification, acceptance, approval or accession deposited shall apply to this Convention, as amended.

5 Implementation with the requirements set out in the Annex shall be in accordance with regulation *1bis* of chapter 1 of the Annex.

CHAPTER 1 - GENERAL PROVISIONS

Regulation 1*bis* - Implementation schedule

The regulations in this Annex shall be implemented according to the following schedule:

- .1 the regulations and appendices to this Annex shall be effective as of the date of entry into force of this Convention, except as provided in subparagraph 2; and
- .2 the following regulations will become effective once the [capacity criterion to be defined] is achieved: regulations 8, 9, [10,] paragraph 1.4 of regulation 11, paragraph 11 of regulation 12, paragraphs 2, 3 and 4 of regulation 15, paragraph 2 of regulation 18, and regulations 25 and 26.

ANNEX 6

SUMMARY OF COMMENTS TO THE 2ND CALLING OF THE CORRESPONDENCE GROUP ON SHIP RECYCLING

QUESTIONS	Belgium	China	Denmark
<p>7.1 Do the members of the CG agree that, on the basis of the solutions put forward to the first calling of the CG, it appears that it is not feasible to draft a diplomatic conference resolution which addresses the circumstances whereby sufficient recycling capacity may not be available before and following entry into force of the Convention which does not conflict with the requirements of the Convention itself, or require amendments to the text of the Convention as drafted, without first considering the entry-into-force provisions and conditions?</p> <p>If not, please explain how the proposed resolution could address the capacity concerns without being in conflict with the requirements of the convention.</p>	<p>No</p> <p>Consideration of the entry-into-force provisions may be helpful but is not a pre-requisite.</p> <p>Belgium proposes that the Convention should provide for an interim period or period of transition after the entry into force.</p>	<p>Agree</p> <p>China is not convinced that the conference resolution itself could effectively address this issue.</p>	<p>Agree</p> <p>Denmark states that it seems reasonable to discuss the entry-into-force provisions and conditions first.</p>
<p>7.2 Do members of the CG agree that on the basis of the discussion of the first calling of the CG, the entry-into-force provisions and conditions are a possible way of making progress on the ship recycling capacity problem? This would be consistent with the terms of reference which state that the correspondence group should also consider the draft resolution in the context of the entry-into-force provisions.</p> <p>If you do not agree with this statement, please give your reasons.</p>	<p>Yes</p> <p>Belgium states that the CG should not draft an entry-into-force provision but provide options</p>	<p>Agree</p> <p>China thinks that this issue could be better addressed in the context of entry-into-force provisions.</p>	<p>Agree</p>
<p>7.3 If it is agreeable to further discuss the entry-into-force provisions and conditions, members of the CG are requested to list in order of their preference the options for entry-into-force provisions presented in annexes 3 to 5 of this report and the preferred frame for the resolution.</p>	<p>No comment</p>	<p>Option 2</p>	<p>Option 1 by increasing the % of the gross tonnage of the world's merchant shipping to, for instance, 40%</p> <p>Option 3 support France's comment</p> <p>Option 2</p>
<p>7.4.1 Should the data on recycling capacity be obtained from the same source of data used by IMO for entry-into-force provisions of other conventions?</p>	<p>Yes</p>	<p>Yes</p>	<p>No fixed opinion</p>
<p>7.4.2 If the entry-into-force conditions are not based on published data should the data on ship recycling capacity be obtained from each State at ratification and for each year thereafter until the Convention has entered into force?</p>	<p>No Comment</p>	<p>No</p>	<p>No fixed opinion</p>
<p>7.4.3 Is it acceptable to use gross tonnage as the unit of measurement?</p>	<p>Yes</p> <p>But need to consider LDT if so asked by other recycling countries.</p>	<p>No</p> <p>Lightweight tons is more appropriate</p>	<p>No fixed opinion</p>

QUESTIONS	Belgium	China	Denmark
7.4.4 Is it acceptable to use data for a vessel size minimum threshold of 100 GT?	Yes	No preferences	No fixed opinion
7.4.5 Who and how shall it be decided that the ship recycling capacity has been achieved?	The Depositary or MEPC	The Depositary	The Depositary
7.5 Does the CG consider it necessary to include in the draft resolution a clarification that recycling of ships that are flying the flag of State which has signed the Convention at recycling facilities under the jurisdiction of another State would not be interpreted as defeating the object and purpose of the Convention <u>prior to entry into force of the Convention?</u>	No	No	No comment
7.6 Does the CG consider it necessary to include in the draft resolution a mechanism to facilitate implementation and technical co-operation?	No May not be necessary but may be of some use – the Coordinator takes this as a negative response.	Yes	Yes

QUESTIONS	France	India	Norway
<p>7.1 Do the members of the CG agree that, on the basis of the solutions put forward to the first calling of the CG, it appears that it is not feasible to draft a diplomatic conference resolution which addresses the circumstances whereby sufficient recycling capacity may not be available before and following entry into force of the Convention which does not conflict with the requirements of the Convention itself, or require amendments to the text of the Convention as drafted, without first considering the entry-into-force provisions and conditions?</p> <p>If not, please explain how the proposed resolution could address the capacity concerns without being in conflict with the requirements of the Convention.</p>	<p>Agree</p> <p>France states that it is not feasible to draft a diplomatic conference resolution addressing the issue of sufficient recycling capacity.</p> <p>Capacity cannot be regulated by a resolution if that resolution makes different provisions to the Convention.</p>	<p>Agree</p> <p>However, following agreement on the principles of entry into force the CG should be in a position to draft a resolution.</p>	<p>Agree</p> <p>Norway believes that MARPOL Annex VI Conference resolutions 3 and 5 indicating a policy direction after entry into force of Annex VI is a good example on how a resolution may be used on political issues.</p>
<p>7.2 Do members of the CG agree that on the basis of the discussion of the first calling of the CG, the entry-into-force provisions and conditions are a possible way of making progress on the ship recycling capacity problem? This would be consistent with the terms of reference which state that the correspondence group should also consider the draft resolution in the context of the entry-into-force provisions.</p> <p>If you do not agree with this statement, please give your reasons</p>	<p>Yes</p> <p>The entry-into-force provisions and conditions offer the only possible mechanism for addressing the ship recycling and related concerns.</p> <p>Capacity and any possible deficiencies in capacity can only be resolved in a sustainable manner by market forces and the balance of supply and demand, in the same way that it happens in shipbuilding, ship repair and the provision of adequate transport capacity.</p> <p>France therefore does not see capacity as being a problem that will necessarily need to be regulated through the new Convention. Nevertheless, France understands that some Member States expressed concerns during MEPC 57.</p>	<p>Yes</p>	<p>Yes</p>
<p>7.3 If it is agreeable to further discuss the entry-into-force provisions and conditions, members of the CG are requested to list in order of their preference the options for entry-into-force provisions presented in annexes 3 to 5 of this report and the preferred frame for the resolution</p>	<p>Option 3 Option 2 Option 1</p> <p>The main advantage of Option 3 is that there is no need to wait for recycling capacity to build new ships with an Inventory of Hazardous Materials or to create an IHM for existing ships. The sooner we start the better it will be for the dismantling process.</p>	<p>Option 2</p>	<p>Option 2 Option 1 Option 3</p> <p>Norway does not believe the Committee should be given any role in relation to the entry-into-force condition.</p>
<p>7.4.1 Should the data on recycling capacity be obtained from the same source of data used by IMO for entry-into-force provisions of other conventions?</p>	<p>Yes</p> <p>France agrees to consider a capacity criterion as long as this is as simple as possible.</p>	<p>Yes</p>	<p>No preference</p>

QUESTIONS	France	India	Norway
7.4.2 If the entry-into-force conditions are not based on published data should the data on ship recycling capacity be obtained from each State at ratification and for each year thereafter until the Convention has entered into force?	No France is looking for an independent criterion that is easy to implement. It is dangerous to rely on State reporting as it seems that usually only a small proportion of States satisfy the reporting requirements of IMO.	Yes – from the time of deposition of instrument of ratification, States should be required to declare recycling capacities.	Yes – further examination should be given to the ability to build upon States declaring their capacity when the instrument of ratification is deposited.
7.4.3 Is it acceptable to use gross tonnage as the unit of measurement?	Yes LDT is used by ship recyclers. However, it suffers from particularly poor reporting, so France is in favour of using gross tonnage as the unit of measurement.	GT is acceptable but LDT is preferable.	No comment
7.4.4 Is it acceptable to use data for a vessel size minimum threshold of 100 GT?	Yes The difference between using 500 GT and 100 GT is quite small (less than 5%) while the benefit of using 500 GT is to avoid complications.	Yes Japan supports the comments made by France.	No comment
7.4.5 Who and how shall it be decided that the ship recycling capacity has been achieved?	The Depositary	The Depositary	The Depositary Provided that the formula is robust.
7.5 Does the CG consider it necessary to include in the draft resolution a clarification that recycling of ships that are flying the flag of State which has signed the Convention at recycling facilities under the jurisdiction of another State would not be interpreted as defeating the object and purpose of the Convention <u>prior to entry into force of the Convention</u> ?	No Furthermore, under Option 3, it is not logical to address the exempt capacity concerns.	No	No
7.6 Does the CG consider it necessary to include in the draft resolution a mechanism to facilitate implementation and technical co-operation?	Support s the eventual adoption of a conference resolution addressing technical support .	No Promoting Technical Co-operation would be helpful but should be dealt with by the TCC.	Promoting Technical Co-operation is important.

QUESTIONS	Japan	Russia	Turkey	USA
<p>7.1 Do the members of the CG agree that, on the basis of the solutions put forward to the first calling of the CG, it appears that it is not feasible to draft a diplomatic conference resolution which addresses the circumstances whereby sufficient recycling capacity may not be available before and following entry into force of the Convention which does not conflict with the requirements of the Convention itself, or require amendments to the text of the Convention as drafted, without first considering the entry-into-force provisions and conditions?</p> <p>If not, please explain how the proposed resolution could address the capacity concerns without being in conflict with the requirements of the convention.</p>	<p>Agree</p> <p>Japan states that it is not feasible to draft a conference resolution in advance of considering the entry-into-force provisions.</p>	<p>No</p> <p>Russia states that the CG is not instructed to discuss this.</p>	<p>Agree</p> <p>It might not be feasible and it may be more appropriate to work through the actual Convention entry-into-force provisions.</p>	<p>Agree.</p> <p>The USA questions why a conference resolution would be used at all.</p> <p>The USA notes the proposal made by the Royal Belgian Ship Owners.</p> <p>The United States continues to reserve its position on the use of non-Party facilities that meet or exceed Convention standards as set forth at annex 3 of MEPC 57/21.</p>
<p>7.2 Do members of the CG agree that on the basis of the discussion of the first calling of the CG, the entry-into-force provisions and conditions are a possible way of making progress on the ship recycling capacity problem? This would be consistent with the terms of reference which state that the correspondence group should also consider the draft resolution in the context of the entry-into-force provisions.</p> <p>If you do not agree with this statement, please give your reasons</p>	<p>Yes we agree.</p> <p>Japan supports the comments made by France.</p>	<p>Yes</p> <p>The CG should discuss the draft resolution and the entry-into-force provisions.</p>	<p>Yes we agree</p>	<p>Agree</p> <p>The US states that this may be one possible way forward but with some reservation.</p> <p>Agree with Norway that any entry-into-force conditions should only be presented as preliminary consideration.</p>
<p>7.3 If it is agreeable to further discuss the entry-into-force provisions and conditions, members of the CG are requested to list in order of their preference the options for entry-into-force provisions presented in annexes 3 to 5 of this report and the preferred frame for the resolution</p>	<p>Option 2</p>	<p>Option 2 Option 3 Option 1</p>	<p>Option 2</p> <p>However historic data on recycled ships does not directly imply that “green”/authorizable capacity exists or will exist in the corresponding State. As such the Japanese proposal in MEPC57/3/13 is not the favoured way forward for proceeding with Option 2 Option 3 Option 1</p>	<p>The United States notes that each proposal contains elements that may significantly delay entry into force, and each option has potential problems.</p> <p>The United States will continue to give consideration in preparation for the next intersessional meeting.</p>
<p>7.4.1 Should the data on recycling capacity be obtained from the same source of data used by IMO for entry-into-force provisions of other conventions?</p>	<p>Yes</p>	<p>Yes</p>	<p>Yes</p>	<p>Some clarification will be required in this area if recycling data is to be used.</p>
<p>7.4.2 If the entry-into-force conditions are not based on published data should the data on ship recycling capacity be obtained from each State at ratification and for each year thereafter until the Convention has entered into force?</p>	<p>No</p> <p>We support France.</p>	<p>Yes – but not sure each State will provide the necessary information in due time.</p>	<p>Yes</p> <p>Turkey stated that consideration must be given to a uniform way of compiling data.</p>	<p>Options beside database driven statistics should be considered. USA would be cautious to base future recycling capacity on past performance data.</p>

QUESTIONS	Japan	Russia	Turkey	USA
7.4.3 Is it acceptable to use gross tonnage as the unit of measurement?	Yes We support France.	Yes	No. Lightweight tons is more appropriate.	Yes – if the databases mentioned in 7.4.1 are the preferred option for quantifying the volume of ship recycling
7.4.4 Is it acceptable to use data for a vessel size minimum threshold of 100 GT?	Yes We support France.	No - should use 500 GT.	Yes	No 500 GT to prevent the erosion of the data's accuracy.
7.4.5 Who and how shall it be decided that the ship recycling capacity has been achieved?	The Depositary	The Depositary	The Depositary but no real preference.	The United States state that States assuming the legal obligation in the Convention should have some role in deciding when capacity conditions are met, taking into account recycling capacity information provided by States.
7.5 Does the CG consider it necessary to include in the draft resolution a clarification that recycling of ships that are flying the flag of State which has signed the Convention at recycling facilities under the jurisdiction of another State would not be interpreted as defeating the object and purpose of the Convention <u>prior to entry into force of the Convention?</u>	No	No	Yes	No
7.6 Does the CG consider it necessary to include in the draft resolution a mechanism to facilitate implementation and technical co-operation?	No	No	Yes - but unsure how it would work in practice.	No

QUESTIONS	Secretariat of the Basel Convention	ICS and BIMCO	Greenpeace and Friends of the Earth International
<p>7.1 Do the members of the CG agree that, on the basis of the solutions put forward to first calling of the CG, it appears that it is not feasible to draft a diplomatic conference resolution which addresses the circumstances whereby sufficient recycling capacity may not be available before and following entry into force of the Convention which does not conflict with the requirements of the Convention itself, or require amendments to the text of the Convention as drafted, without first considering the entry-into-force provisions and conditions?</p> <p>If not, please explain how the proposed resolution could address the capacity concerns without being in conflict with the requirements of the convention.</p>	Agrees	Agree. However do not believe it is an impossible task and see Canada's proposal as a way forward, providing it is a draft that will be amended as necessary with respect to the development of entry-into-force provisions.	No - a resolution encouraging prior entry into force of the convention including provisions for technical assistance would be useful and should encourage investment in more sustainable platforms such as graving docks and dry docks.
<p>7.2 Do members of the CG agree that on the basis of the discussion of the first calling of the CG, the entry-into-force provisions and conditions are a possible way of making progress on the ship recycling capacity problem? This would be consistent with the terms of reference which state that the correspondence group should also consider the draft resolution in the context of the entry-into-force provisions.</p> <p>If you do not agree with this statement, please give your reasons</p>	Yes	Yes	Yes
<p>7.3 If it is agreeable to further discuss the entry-into-force provisions and conditions, members of the CG are requested to list in order of their preference the options for entry-into-force provisions presented in annexes 3 to 5 of this report and the preferred frame for the resolution</p>	Option 3	Option 2	Options 2 and 3 are not acceptable as they are worded now - Option 2 because it relies on historical data, hence capacity which does not comply with the requirements of the Convention; Option 3 because it is not accompanied by an implementation mechanism.
<p>7.4.1 Should the data on recycling capacity be obtained from the same source of data used by IMO for entry-into-force provisions of other conventions?</p>	Yes	Yes	No – Lloyds Register Fairplay currently do not have any data on the capacity of facilities that are compliant with the requirements of the Convention.
<p>7.4.2 If the entry-into-force conditions are not based on published data should the data on ship recycling capacity be obtained from each State at ratification and for each year thereafter until the Convention has entered into force?</p>	If possible, entry into force should be based on published data.	No comment	Yes
<p>7.4.3 Is it acceptable to use gross tonnage as the unit of measurement?</p>	Yes	Yes	Yes

QUESTIONS	Secretariat of the Basel Convention	ICS and BIMCO	Greenpeace and Friends of the Earth International
7.4.4 Is it acceptable to use data for a vessel size minimum threshold of 100 GT?	Yes	No preference	No comment
7.4.5 Who and how shall it be decided that the ship recycling capacity has been achieved?	The Depositary	The Depositary	No comment
7.5 Does the CG consider it necessary to include in the draft resolution a clarification that recycling of ships that are flying the flag of State which has signed the Convention at recycling facilities under the jurisdiction of another State would not be interpreted as defeating the object and purpose of the Convention <u>prior to entry into force of the Convention?</u>	No	Yes – providing certain provisions of the Convention are taken into account.	No
7.6 Does the CG consider it necessary to include in the draft resolution a mechanism to facilitate implementation and technical co-operation?	This requires further consideration.	No comment	No comment

QUESTIONS	Coordinator's Summary
	<p>General Comment</p> <p>There were 68 individual members of the correspondence group.</p> <p>A total of 41 States or Organizations were represented, made up of 31 Member States, 1 Associate Member State, 1 UN Specialized Agency, 1 intergovernmental organization and 6 non-governmental organizations.</p> <p>The Coordinator received a total of 13 individual comments from the correspondence group.</p> <p>In the comments received, when “no comment” was the response to a question, the Coordinator has taken this to mean that there is no opposition to the proposal.</p>
<p>7.1 Do the members of the CG agree that, on the basis of the solutions put forward to first calling of the CG, it appears that it is not feasible to draft a diplomatic conference resolution which addresses the circumstances whereby sufficient recycling capacity may not be available before and following entry into force of the Convention which does not conflict with the requirements of the Convention itself, or require amendments to the text of the Convention as drafted, without first considering the entry-into-force provisions and conditions?</p> <p>If not, please explain how the proposed resolution could address the capacity concerns without being in conflict with the requirements of the convention.</p>	<p>10 responses agreed, 3 responses did not agree., as such.</p> <p>From the responses received the majority agree that it is not feasible to draft a diplomatic conference resolution which addresses the circumstances whereby sufficient recycling capacity may not be available following entry into force of the Convention which does not conflict with the requirements of the Convention itself, or require amendments to the text of the Convention as drafted.</p> <p>It is noted that Belgium, Russia and Greenpeace and Friends of the Earth International do not agree and their reasons are expanded further in the report to MEPC58.</p>
<p>7.2 Do members of the CG agree that on the basis of the discussion of the first calling of the CG, the entry-into-force provisions and conditions are a possible way of making progress on the ship recycling capacity problem? This would be consistent with the terms of reference which state that the correspondence group should also consider the draft resolution in the context of the entry-into-force provisions.</p> <p>If you do not agree with this statement, please give your reasons</p>	<p>13 responses agreed.</p> <p>Whilst some reservation and comments have been received, from the responses received, all agreed that from the basis of the discussion of the first calling of the CG, the entry-into-force provisions and conditions are a possible way of making progress on the ship recycling capacity problem and believe that this is consistent with the terms of reference which state that the correspondence group should also consider the draft resolution in the context of the entry-into-force provisions.</p>
<p>7.3 If it is agreeable to further discuss the entry-into-force provisions and conditions, members of the CG are requested to list in order of their preference the options for entry-into-force provisions presented in annexes 3 to 5 of this report and the preferred frame for the resolution</p>	<p>Seven comments stated Option 2 as the preferred option.</p> <p>As such, from the responses received it is apparent that much favour is shown to Option 2 but no clear opinion can be drawn.</p>
<p>7.4.1 Should the data on recycling capacity be obtained from the same source of data used by IMO for entry-into-force provisions of other conventions?</p>	<p>Two responses showed no preference and one stated that further clarification would be required. There was one definitive no.</p> <p>As such, the majority agreed that data on recycling capacity be obtained from the same source of data used by IMO for entry-into-force provisions of other conventions.</p>
<p>7.4.2 If the entry-into-force conditions are not based on published data should the data on ship recycling capacity be obtained from each State at ratification and for each year thereafter until the Convention has entered into force?</p>	<p>The majority agreed that if the entry-into-force conditions are not based on published data then the data on ship recycling capacity should be obtained from each State at ratification and for each year thereafter until the Convention has entered into force. However the Coordinator does not believe that it is necessary to pursue this matter due to the majority agreement on 7.4.1.</p>
<p>7.4.3 Is it acceptable to use gross tonnage as the unit of measurement?</p>	<p>The majority deemed it acceptable to use gross tonnage as a unit of measurement (9/13 stated yes, with 3 showing no preference).</p>

QUESTIONS	Coordinator's Summary
7.4.4 Is it acceptable to use data for a vessel size minimum threshold of 100 GT?	The majority deemed that it is acceptable to use a vessel size minimum threshold of 100 GT (7/13 stated yes, with 2 showing no preference).
7.4.5 Who and how shall it be decided that the ship recycling capacity has been achieved?	The majority deemed that the Depositary shall decide when ship recycling capacity has been achieved (11/13 stated the Depositary).
7.5 Does the CG consider it necessary to include in the draft resolution a clarification that recycling of ships that are flying the flag of State which has signed the Convention at recycling facilities under the jurisdiction of another State would not be interpreted as defeating the object and purpose of the Convention <u>prior to entry into force of the Convention</u> ?	<p>The majority did not deem to consider it necessary to include in the draft resolution a clarification that recycling ships that are flying the flag of a State which has signed the Convention at recycling facilities under the jurisdiction of another State would not be interpreted as defeating the object and purpose of the Convention prior to entry into force of the Convention (9/13 stated no).</p> <p>The Coordinator believes that this matter is now concluded and will not be considered further by the CG.</p>
7.6 Does the CG consider it necessary to include in the draft resolution a mechanism to facilitate implementation and technical co-operation?	<p>There is no clear majority on this matter. The benefit of technical co-operation is recognized by the CG and it is clear that this needs further consideration. (5 stated no).</p> <p>The Coordinator believes that this should be addressed through another resolution as necessary and that this matter does not need further consideration by the CG.</p>