



TO:

UK Minister for Environment, Food and Rural Affairs

Rt Hon Andrea LEADSOM MP

secretary.state@defra.gsi.gov.uk

COPY SENT TO:

UK Basel Focal points: stephen.cowperthwaite@ defra.gsi.gov.uk; transfrontier@sepa.org.uk; shipments@environment-agency.gov.uk

European Commission: julio.garcia-burgues@ec.europa.eu; emilien.gasc@ec.europa.eu; ENV-SHIP-RECYCLING@ec.europa.eu

CONCERNING: Illegal export of the vessel NORTH SEA PRODUCER to shipbreaking yard in Bangladesh

Dear Minister Andrea Leadsom,

Brussels, 25 October 2016

With this letter, the NGO Shipbreaking Platform wishes to alert the UK Government of a serious violation of the European Waste Shipment Regulation. The *North Sea Producer* (IMO 8124058) left the UK on 17 May 2016 with the tug boat *Terasea Hawk* (IMO 9624598) and sailed straight to Bangladesh, where it arrived on 14 August 2016. On 16 August 2016, the *North Sea Producer* was beached at the Janata Steel shipbreaking yard located North of the port city of Chittagong. The ship is likely to contain large amounts of highly contaminated slops and residues.

The *North Sea Producer* was used as an oil and gas floating production storage and offloading (FPSO) vessel in the North Sea at the MacCulloch oil field, 250km north-east of Aberdeen, for ConocoPhillips. When the MacCulloch field was closed, the FPSO was brought to Teesport in Middleborough where it was laid up since 2015. Having operated in the North Sea as an FPSO, the vessel is likely to contain large amounts of slops and residues that are contaminated by NORM (natural occurring radioactive material) and sulphur. We have no information that would lead us to believe that the *North Sea Producer* has been decontaminated before leaving the UK. Even if parts of the oil slops had been cleaned out, the vessel would still be considered hazardous waste given the various hazardous materials in its structure and tanks.

Local newspapers wrote in late April 2016 about the sale of the *North Sea Producer* - the North Sea Production Company was quoted as still being the owners and soon to strike a deal of which the details were confidential: <http://www.gazettelive.co.uk/news/teesside-news/north-sea-producer-going-nowhere-11255121>. Later, local newspapers stated to have been informed that the FPSO would be reused at the Tin Can Island Port in Nigeria. However, when the ship left Teesport on 17 May 2016 it sailed straight to Bangladesh, with only a few fuel stops on its way, and it is likely that the first AIS destination of the tug when leaving the UK was Namibia. [1]

In equasis.org, a public information system managed by several Maritime Administrations including from the UK, the *North Sea Producer* was announced 'to be broken up' on 10 February 2016. Equasis also indicates that a change of name to *Producer* occurred in April 2016.

The *North Sea Producer* was owned and operated by UK-based **North Sea Production Company**, a joint venture between Danish **Maersk** and Brazilian oil & gas company **Odebrecht**, with 50% ownership each. [2] The case has recently been high up on the agenda in Danish media, prompting both policy makers and investors of Maersk to react. [3] Whilst Maersk claims that they sold the vessel for further operational use, they have so far been unwilling to reveal to whom and for what purposes it was sold. [4] As reported in the media, the *North Sea Producer* was not in a good state and it is highly unlikely that it found a new owner within the oil and gas sector, taking the market conditions into account. It is highly likely that the North Sea Production Company sold the ship directly to cash buyers GMS - **Global Marketing Systems**: <http://www.gmsinc.net> - a company specialised in selling end-of-life tonnage to the beaching yards in South Asia.

A Saint Kitts and Nevis-based company, “Conquistador Shipping Corporation,” [5] is listed as the new *registered* owner of the ship during its last voyage and is the company that sold the vessel to Janata Steel shipbreaking yard with the help of a Chittagong-based agent named Vertex Maritime. It is likely that GMS is behind the setting up of Conquistador Shipping Corporation for ship registration purposes. Solar Shipping Lines Weekly Demolition Report stated GMS as the cash buyer selling the ship to the breaking yard [6], as have investigative journalists from Denmark. In order to disguise their involvement in the sale of end-of-life vessels, cash buyers usually use anonymous post box companies, often located in the state whose flag of convenience is used for the last voyage. Similarly, the contracts with the local shipbreaking yard, or papers for the authorities, are signed by local agents so that the name and signature of the cash buyer does not appear on any document.

We recall that the Basel Convention, which has been transposed into the European Waste Shipment Regulation, clearly states: *For the purpose of this Convention, any transboundary movement of hazardous wastes or other wastes: [...] (c) with consent obtained from States concerned through falsification, misrepresentation or fraud; or [...] (e) that results in deliberate disposal (e.g. dumping) of hazardous wastes or other wastes in contravention of this Convention and of general principles of international law, shall be deemed to be illegal traffic.*

Further: *In case of a transboundary movement of hazardous wastes or other wastes deemed to be illegal traffic as the result of conduct on the part of the exporter or generator, the State of export shall ensure that the wastes in question are: (a) taken back by the exporter or the generator or, if necessary, by itself into the State of export, or, if impracticable, (b) are otherwise disposed of in accordance with the provisions of this Convention, within 30 days from the time the State of export has been informed about the illegal traffic or such other period of time as States concerned may agree. To this end the Parties concerned shall not oppose, hinder or prevent the return of those wastes to the State of export (Article 9.2).*

Based on the enclosed information we hereby call upon the UK to exercise its duty in enforcing the European Waste Shipment Regulation to ensure that the North Sea Production Company is charged for the illegal hazardous waste trafficking. The Platform also expects that the UK ensures that the North Sea Production Company is held responsible for the safe and environmentally sound disposal of the *North Sea Producer* and the hazardous wastes it contains. The ship is now beached at Janata Steel ship recycling yard in Chittagong, however it is unclear whether the breaking has already started. It should be noted that the conditions at the shipbreaking yards in Chittagong are known to be the worst and that there is no capacity in Bangladesh to dispose of the hazardous wastes in a safe and environmentally sound manner. The UK should also urgently warn its Bangladeshi counterparts of the breach of the Basel Convention and violation of the European Waste Shipment Regulation. The vessel has been allowed into Bangladesh based on a fake certificate that states that the tanker does not contain any hazardous materials. The import of end-of-life ships containing hazardous waste into Bangladesh is banned, but circumvented with such false certificates.

In the coming years a high number of vessels, including semisubmersible platforms, used by the oil and gas sector operating in the North Sea will be decommissioned. It is therefore also key that the UK government effectively prevents any future illegal waste trafficking as we have seen with the case of the *North Sea Producer*.

We kindly ask you to notify the NGO Shipbreaking Platform as a matter of urgency upon receipt of this letter as to what actions shall be taken by UK authorities on this matter.

We remain of course in the meantime available to assist in any way deemed necessary.

Yours Sincerely



Ingvild Jenssen
Policy Director
NGO Shipbreaking Platform
www.shipbreakingplatform.org

NOTES

[1] Here are some of the news stories on the ship:

<http://www.gazettelive.co.uk/news/teesside-news/north-sea-producer-history-whats-10560174>

<http://www.gazettelive.co.uk/news/teesside-news/could-friday-farewell-north-sea-11285085>

<http://www.gazettelive.co.uk/news/teesside-news/third-time-lucky-north-sea-11305980>

[2] See link to the archived Maersk website (which has now been removed):

<https://web.archive.org/web/20160316125625/http://maersk-fpsos.com/Activities/Fleet/Pages/NorthSeaProducer.aspx>

[3] See links to Danish press coverage:

<http://politiken.dk/oekonomi/ECE3430107/maersk-skib-skrottes-paa-strand-i-bangladesh-i-strid-med-loefter/>

<http://nyheder.tv2.dk/udland/2016-10-16-bogstaverne-er-skrabet-af-men-den-er-god-nok-her-er-det-danske-skib>

Also covered in local UK news:

<http://www.gazettelive.co.uk/news/teesside-news/north-sea-producer-gone-riverside-12033913>

[4] See Annex I for an official statement sent by the Maersk Group on the sale of the North Sea Producer

[5] Conquistador Shipping Corporation is domiciled at P.O. Box 583, Morton House - Government Road Charlestown, Nevis. As you can see from the offshore leaks documentation this is a typical post box company address: <https://offshoreleaks.icij.org/nodes/238869>

[6] See Solar Shipping Lines Weekly Demolition report: <https://www.danwatch.dk/wp-content/uploads/2016/10/Solar-Shipping-Lines-Weekly-Demolition-Report.pdf>

ANNEX:

Statement received by John Kornerup Bang
of Maersk Group Sustainability on 24 August 2016:

“North Sea Production Company Ltd (A Joint Venture involving Maersk FPSO) sold the FPSO North Sea Producer for redeployment to a third party in April 2016.

Maersk Group learned last week that the vessel had been resold to a ship recycling yard in Chittagong, Bangladesh.

The agreement with buyer includes requirements of recycling taking place to the standards of the Hong Kong Convention for Safe and Environmentally Sound Recycling of Ships.

As industry reports describe sub-standard recycling in Bangladesh, we immediately reached out to buyer to assure us that recycling is in fact carried through in compliance with the Hong Kong Convention. This can only be ensured through buyer as Maersk Group or the joint venture do not have legal authority towards the Chittagong yard, as we have sold off the vessel to a third party. The buyer has confirmed in writing that the recycling will be performed wholly in accordance with the Hong Kong Convention and that the recycling yard is compliant with that Convention.

For future sale of vessels for redeployment, the Maersk Group will ensure more specific contract clauses on recycling as well as dissemination to both fully and partially owned entities to ensure recycling is taken place according to our standards.

There is a clear need for each and every actor in the industry to look at what they can do to change the fact that 70% of vessels are recycled at sub-standard beaches. The Maersk Group has taken its starting point in Alang, India, with a substantial effort to work directly with yards to upgrade social and environmental standards in close collaboration around recycling of our vessels, demonstrating that responsible ship recycling can indeed be done on an industrial beach. We are already seeing fast progress and more yards seeking certification for Hong Kong compliant recycling.”