German ship fund Norddeutsche Vermögen continues to exploit substandard shipbreaking to maximise profits – clear contradiction to company’s values

27/01/2016

Brussels, 27 January 2016 – German ship owner Norddeutsche Vermögen Holding GmbH & Co, a company offering shares in ship funds, and its subsidiary Norddeutsche Reederei Schuldt, have seen another three of its vessels arriving at the beaches of South Asia in 2015: the “Northern Glance” (registered under the name “APL Malaysia”, IMO 9196917) hit the beach of Chittagong, Bangladesh, the “Northern Diversity” (IMO 9147112) and the infamous “Northern Vitality” (IMO 9122423) were rammed up the beach in Alang, India. The “Northern Vitality” has been under the Platform’s spotlight for
the last three years: the vessel's story is a prime example for the ship owners' circumvention of the law and the company's lack of responsibility for end-of-life management. Ship funds, while referring to values such as 'tradition' and 'honesty', are meant to maximise profits for its private investors – at whatever price it takes.

In September 2012, the Platform found that the owners of the "Northern Vitality" intended to sell the 1997-built ship for breaking in India with the help of a cash buyer. At the time, the vessel was moored in the German port of Wilhelmshaven – and the sale for scrap to India would have constituted a breach of the EU Waste Shipment Regulation that prohibits any export of hazardous waste to developing countries. Hazardous materials such as asbestos, refrigerants, oil residues, sludge and heavy metals were bound to be on board the vessel, either in its structure or in electronic equipment, in paints and the ship’s stores. The Platform informed the port authorities, the responsible Environment Minister in the state of Lower Saxony and the European Commission in order to prevent an imminent illegal export to India. As a consequence, the vessel was arrested in Wilhelmshaven and was only allowed to leave once Norddeutsche Vermögen produced proof that the "Northern Vitality" would be repaired in Varna, Bulgaria, for further operational use, and would not be sold to the breaking beaches of Alang.

Around the same time in September 2012, two other ships owned by Norddeutsche Vermögen and its subsidiary Norddeutsche Reederei Schuldt were beached in Alang: the "Northern Felicity" was renamed "Felicity" and reflagged under the typical end-of-life flag St. Kitts and Nevis just before beaching. The "Northern Dignity" hit the beach of Alang renamed as "C Wind" and flagged out to St. Kitts and Nevis as well. These end-of-life flags are typically a sign that the ship owner has used a 'cash buyer', an intermediate scrap dealer, who very conveniently takes over all financial and legal responsibilities from the last beneficial owner of a vessel and thus assists the ship owner in maximising profits.

Three years after the case was highlighted by the Platform and various media reports, the "Northern Vitality" has now hit the beaches of Alang in December 2015. The shipbreaking yard that received the vessel, Priya Blue, has received a statement of compliance with the Hong Kong Convention (HKC), an international convention on ship recycling which is not in force.

"The compliance with the Hong Kong Convention does not mean that these yards comply with European standards – for instance regarding downstream management of hazardous waste – and serious concerns regarding the dismantling of vessels in the intertidal zone of beach have not yet been addressed", says Patrizia Heidegger, Executive Director of the NGO Shipbreaking Platform. "Maybe it is just a coincidence, or the ship owner sold to a HKC-compliant yard knowing that the vessel is under surveillance. Left aside the inadequacy of the requirements under the Hong Kong Convention, Norddeutsche Vermögen does not seem to care at all about the end-of-life management of its vessels: or why would they otherwise have a ship scrapped on a beach in Bangladesh where conditions are known to be worst?".

Since at least the 2012 case, the company was fully aware of the serious concerns surrounding substandard shipbreaking in South Asia. This did not make the company reflect on its practices. In 2015, also the "Northern Dignity" was sold for scrap to Alang, India, and – even worse – the "Northern Glance" ended up on the beach of Chittagong, the worst shipbreaking zone globally, where child workers are used illegally to scrap the vessels on an intertidal mudflat and the government is not capable of setting up a treatment facility for hazardous wastes. Since 2012, Norddeutsche Vermögen and its subsidiaries Norddeutsche Reederei Schuldt and Reederei Karl Schluter have sold at least 16 vessels for beaching.

Maritime databases indicated that Norddeutsche Vermögen was the last beneficial owner of the “Northern Vitality” and remained so after its repair in 2012. It is possible that the German owner sold the containership to another anonymous company before it ended up on the beaches of Alang – in any case, the "Northern Vitality" saga represents a prime example of how ship owners escape the law by selling either to cash-buyers – as in most cases of the Norddeutsche Vermögen ships – or to anonymous, dodgy shipping companies with the intention to profit from substandard scrapping on South Asian beaches.

It is shameful that Norddeutsche Vermögen, certainly aware of the controversial dismantling practices taking place in South Asia, has deliberately chosen to close its eyes to the realities on the ground. On its website, the company claims to base its business on "Hanseatic values", "responsibility for the present and the future", and "acting in a fair manner". The
website is illustrated by the picture of the “APL Malaysia” / "Northern Glance”, now stranded in Bangladesh and taking its toll on people and the environment.

(Pictured: The “APL Malaysia” / "Northern Glance” during its glory days – now stranded on the beaches of Bangladesh)

The NGO Shipbreaking Platform calls upon Norddeutsche Vermögen and the private investors trusting in the value of the company, to ensure the clean and safe recycling in line with the EU Ship Recycling Regulation in case any of the more than 40 vessels owned by Norddeutsche Vermögen currently has to be sold for demolition in the future.

The German press reported about the "Northern Vitality" in 2012:
- Die Tageszeitung (http://www.taz.de/?id=5083723/)
- NWZ (http://www.nwzonline.de/wilhelmshaven/uebungsschiff-liegt-am_a_1,0,1441424567.html)
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http://www.shipbreakingplatform.org

http://www.noordzee.nl

http://www.bellona.org

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We gratefully acknowledge the financial support of the European Commission.