

GREAT LAKES SEAWAY REVIEW



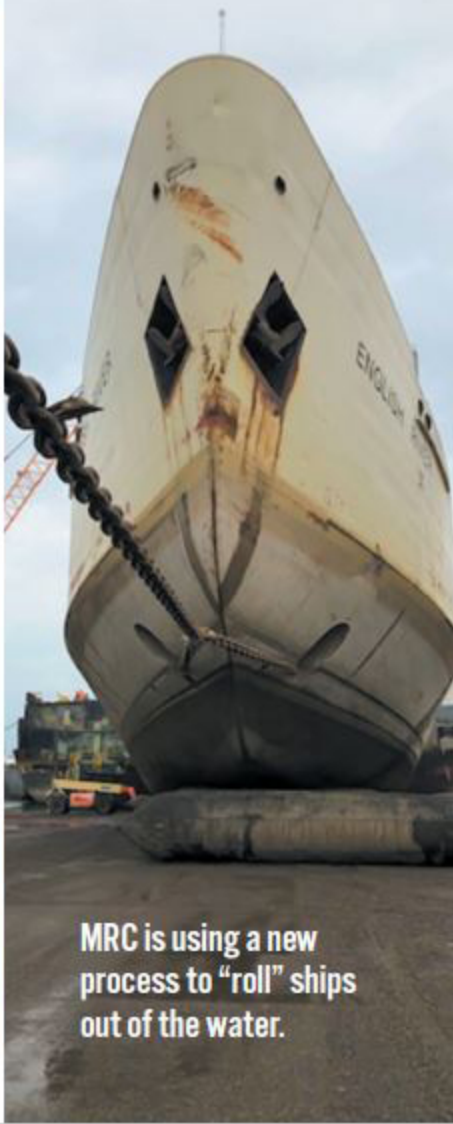
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process to “roll” ships
out of the water.

REGIONAL SHIPBREAKING

SHIPYARD COMPETES GLOBALLY WHILE MEETING STRICT REGULATIONS

Shipbreaking on the Great Lakes isn't what it used to be. Wayne Elliott, Owner of Marine Recycling Corporation (MRC), can attest to that. But despite heavy overseas competition, it hasn't gone away completely.

As a crew from MRC prepared to tow the barge *Sarah Spencer* from Toledo to Port Colborne in the fall, Elliott talked candidly about the business and how it has evolved since Wayne and his father, Ken Elliott, founded it in Hamilton in the early '70s.

MRC is using a new process to "roll" ships out of the water. Starting with the former cement carrier *English River* and following with the *Spencer*, the ships will be removed using large inflatable rubberized marine airbags. Taking the ships out of the water is a sound environmental practice, removing any possibility of solid or fluid materials entering the water.

"We have some pretty cool technology computerized and runs off of manifolds to add and take away air from an individual bag as required," Wayne Elliott said. "Once the ships are in position on dry land, they'll be blocked, the bags pulled out from under them and the next one set up and rolled out."

A lot of preparation goes into each job long before the removal of any metal begins. The first step involves the inspection, sampling and testing of all the spaces on the vessel. MRC maintains strict adherence to a large governing body of regulations and rules.

Ships, older ones in particular, are full of environmental hazards like asbestos, lead paint, PCBs and oils, all of which must be removed prior to scrapping. MRC has numerous technicians certified in handling hazardous materials, including asbestos, and working in confined spaces. The company is the world's first ISO 14001 Certified ship recycling company, specializing in end of life vessel management.

Expanding business

While the arrivals of the *English River* and the *Paul H. Townsend*, another former cement carrier, looked every bit like typical lakeers arriving for scrapping at Port Colborne, they represent a change in business practice. These ships are coming into the yard because of another evolution in technology—the

use of large hydraulic shears on the end of excavators.

"Ask anyone who has scrapped or torched a ready-mix cement truck," said Elliott. "The cement gets hot and pops off the steel and sticks to you ... That's why I stayed away from them in the past."

Use of the shears has eliminated the problem, allowing MRC to handle the former cement boats. Hydraulic shears were originally used for demolition, as a safer way to take down buildings. The big scissor-like tool comes in different sizes. MRC has the largest size, plus a couple of units that have what they call the "shipbreaking tool," an extra ton and a half of steel that protects the shear. The technology is safer and more efficient, said Elliott. A good operator can cut 100 tons in a day.

Financial risks

The upfront investment in shipbreaking is significant and includes conducting inspections, handling hazardous materials abatement and towing the ship. All of this takes place before MRC has sold a single piece of metal. It's a big risk, despite





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ship plating being in demand at steel mills. The metals markets change daily and although there is some predictability, there's no guaranteed payout.

When Elliott started out in business, the average price paid by the steel mill was about \$150 per ton.

"These last 15 or 17 years, it's varied between \$100 a ton and \$500 a ton," he said.

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The scrap steel market determines whether you're going to make or lose money—and how much either way. By the time the waste abatement is done, it's generally two to three months before any metal is available, and the scrap market changes monthly.

"That's the biggest financial challenge to the business," said Elliott candidly. "At the end of the day, it's all a gamble."

The risk isn't just felt in North America. The traditional Asian markets have suffered declines as well, even with an abundance of cheap labor and little regulation. In 2015, half the world's shipbreakers went out of business when the market crashed to its lowest point, according to Elliott.

Environmental risks

The stigma of overseas shipbreaking is a prickly subject, but one that can't be ignored. Elliott is not afraid to address the elephant in the room.

"We've always taken the stand that lakes don't belong on the ocean, whether they're under tow or under power," he said.

MRC leadership has worked diligently to address the environmental issues of towing vessels for scrap by urging Transport Canada to enforce the existing regulations about insurance and by adopting clean ship policies before towing occurs. For many years, these tows went across the ocean with no insurance. According to Elliott, an estimated 10 percent of overseas tows have sunk.

An insurance certificate may have been issued, but no one ever checked whether there was really any substance behind it.

This practice has led to a number of costly clean-ups and environmental damage along Canadian waters. Elliott pointed to the wreck of the Canadian *Mtner* on Scurie Island, a rich lobster fishing ground, as an example. Incidents like this led to the adoption of the Nairobi Convention—a partnership between governments, civil society and the private sector—by Canada and Transport Canada, which is now fully enforcing its towing regulations, an effort Elliott said will help level the playing field with international shipyards.

"If you wanted to leave Canada with a ship today, for anywhere, you've got to have all the oil out," he said. "When we do a ship or a tanker, the pipelines are flushed. Hydrocarbons and pipes have caused a lot of deaths and terrible injury. They could have made it safer in Bangladesh and India by doing some

of this in advance, and we've always said that towing is the riskiest part of shipbreaking."

Expanding west

MRC employs about 200 people between its main shipbreaking yard in Port Colborne and a small facility in Nova Scotia. Wayne's son, Jordan Elliott, is "the chief ticket" for these operations, working to make a name for the company around the world.

"He's very ambitious. He just loves what we do, and he's done a great job managing multiple facilities so far," Elliott said. "He's got a great crew and guys that have been with us a long time, young men who came to us right out of school. Now they're foremen and superintendents."

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As the Great Lakes fleets replace aging vessels, the availability of older tonnage for scrap has decreased. The end of life scenario for ships on the coasts, however, is full of potential. So, MRC is expanding its business to Vancouver Island, British Columbia on the West Coast, where they plan to recycle everything from ferries, government vessels and commercial vessels. In Nova Scotia, MRC's facility is temporarily situated for a rebuild to allow for the same roll-out methods for shipbreaking. Negotiations are also underway to potentially expand MRC's green and safe practices to a facility in Myanmar, in the southeast Asian market.

"We think we do good things in our little corner here in Port Colborne," Elliott said. "We're small on a worldwide basis, I realize that, but we do good things for the environment. We employ people. These are not easy businesses, and these are special people that work with us."

Patrick Lapinski ■

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