

## **Maritime Cyprus – 14 September**

### **Shipping Politics - Regulators V Industry: Opening Remarks by Karin Orsel, Vice Chairman, ICS**

Mr Secretary-General, Honourable Minister, Mr Commissioner, Ladies and Gentlemen,

The title of this session might give the impression that the politics of shipping is somehow characterised by conflict between the shipping industry and its regulators.

This, of course, is not the case, and from the perspective of ICS our relationship with our regulators (by which I mean the IMO and its Member States) is a relationship that is firmly based on co-operation.

When it comes to IMO, you can count on the shipping industry as being amongst its greatest supporters.

For the most part the industry shares the same objectives as Governments. We are all committed to the *continuous improvement* of maritime safety and environmental protection. And we all agree that the best means of delivering this is through the *global* framework provided by the IMO. We are a global industry requiring global rules. Otherwise we would have chaos.

One of the reasons for IMO's great success is that it provides a global forum for producing rules on the basis of real consensus, with decisions normally based on the technical merits of any proposals for rules changes.

For the most part, at least until recently, IMO has been relatively free of 'high level' politics. China, the United States and the EU Member States, as well as the large open registers, all co-operate to produce the best technical solutions.

As a result of this consensus, all of the IMO Member States then feel a sense of ownership of the new rules which are adopted, so when they get home they generally ensure that the rules are then ratified and genuinely enforced on board the ships for which they are responsible.

If anyone has any doubts about this, just look at the Port State Control record of the eight largest open registers responsible for 64% of the world merchant fleet – which, as well as Cyprus, include several non EU-States such as Panama, Liberia and the Bahamas. All of these flags are on the Port State Control 'white lists' of the Paris and Tokyo MOU areas, due to their low number of ship detentions.

However, not everything is sweetness and light. Tensions exist in several areas, not so much with the governments at IMO, but due to the approach sometimes taken on maritime issues by the European Union.

We have noticed a tendency to politicise the IMO rule making process, with the EU increasingly exercising what is, in effect, a 'block vote' amongst its 28 Member States.

This is bad in two ways. The increased level of co-ordination from Brussels of the positions that EU Member States can adopt during IMO debates reduces the ability of EU States to react to the discussions using their own technical expertise. This risks affecting the quality of the debate at IMO, and the quality of

the IMO rules that are finally developed. But it also reduces the feeling amongst non-EU Member States that the rules have been developed through a process of genuine negotiation, as opposed to crude power of voting rights. The EU wants to speak at IMO as if it is a single state, like China or the U.S., but while retaining 28 votes. ('Having its cake and eating it'.)

Related to this is the unhelpful tendency of the EU to pre-empt IMO discussions by adopting *unilateral* regional regulations in advance. It has done this with the recent EU Regulation on the Monitoring and Reporting of CO<sub>2</sub> emissions, having adopted it before the IMO negotiations have been completed, even though they have been going well.

This is perceived by many non-EU States as an ultimatum: IMO must agree to what the EU has already decided or be faced with regional regulation. In theory, the EU MRV Regulation says that the Commission can realign its Directive to match what is finally agreed by IMO. But if the IMO does not agree to what the EU wants, there is little real confidence that the Commission will be actually willing to compromise.

The other problem we see is national delegations at IMO increasingly being led by environmental officials, rather than transport officials. Many of these environmental officials appear to know very little about shipping, or the implications of the rules which they are trying to develop.

We are all familiar with the problems that have resulted from the IMO Ballast Water Management Convention which are primarily due to the people responsible

mandating technology that had not yet even been developed, without any understanding of the great uncertainty this would create, or the profound economic impact this might have on the industry - although on this occasion the political pressure for IMO to act for the most part came from the United States, and nations such as Canada and Australia, which have very few internationally trading ships.

I think I have said enough for now as an initial contribution and I look forward to the rest of the discussion.