

FACILITATION COMMITTEE  
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Agenda item 16

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## ANY OTHER BUSINESS

### Maritime corruption Impact on global trade, port governance and seafarers

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#### SUMMARY

*Executive summary:* This document comments on how maritime corruption has a negative effect, how it impedes social and economic development and how it may contribute to other risks such as security in ports, on board ships and on the well-being, health and safety of seafarers

*Strategic direction, if applicable:* 5 and 6

*Output:* Not applicable

*Action to be taken:* Paragraph 12

*Related documents:* PSCWS 7/3/7; TC 66/INF.3; FAL 39/6/1; LEG 95/5 and FSI 17/INF.20

#### Background

1 Maritime Anti-Corruption Network (MACN) is a global business network established in 2011 as an industry-led initiative, working collaboratively towards the vision of a maritime industry free of corruption that enables fair trade to the benefit of society at large. Since its inception, MACN has worked to eliminate corruption in the maritime supply chain in partnership with Governments and other stakeholders. One of MACN's strategic priorities is to engage organizations, associations, Governments and civil society in the fight against corruption. By engaging with other organizations, the shipping industry can gain support to tackle corruption and raise awareness of the challenges.

2 Further information about MACN is available at: <http://www.maritime-acn.org/#home>.

3 In 2017 a number of key industry organizations and associations together with MACN formed an alliance to further address key corruption issues impacting on the shipping industry. The aim of the alliance is to coordinate the work of MACN with other organizations and associations that may work independently of the current MACN structure.

4 By forming this alliance, the industry will also use its collective voice to engage with IMO and other institutions as it seeks to tackle corruption in the maritime sector.

### **Discussion**

5 The maritime industry is exposed to the risk of many forms of corruption, particularly with respect to the multilayered interface with ports and harbours. Corrupt demands include unlawful requests for payments to allow ships to enter and depart the port or disproportionate penalties being applied for minor errors. Such practices can lead to interruptions to normal operations, ships being delayed, and/or put off-hire, incurring higher operational costs and, in cases where the Master refuses to accede to the demands, seafarers being physically threatened.

6 It is the Master and crew who must manage any situations that may arise when officials and/or other stakeholders make corrupt demands. Managing confrontations with officials can be challenging, requiring diplomacy as well as adept negotiation skills to avoid potentially adverse outcomes. Such situations cause great stress and have a debilitating effect on the health and safety of seafarers.

7 Shipping companies can be adversely affected by the improper use of the wide discretionary powers held by some port officials. It is difficult to plan ahead where requirements for port entry are not transparent or are deliberately misapplied. Port authority and other personnel should not have the power to interpret regulations as they choose in order to invent a violation. This should not be the intent of the application of maritime legislation.

8 These practices have far reaching consequences that, as well as being detrimental to shipping operations and port communities, can lead to seriously damaging effects on trade and investment, which in turn can have a negative effect on social and economic development.

9 MACN has developed an online platform that utilizes an anonymous reporting mechanism to collate the impact maritime corruption has on the shipping industry. This mechanism confirms that with over 19,000 incident reports collected to date, corruption in ports is widespread. In 2017 alone, the MACN anonymous incident reporting mechanism received reports of over 260 incidents worldwide directly relating to safety of the ship and crew.

10 Findings of this kind are also supported by external academic research that confirms and further demonstrates how corruption in the maritime sector drives up the cost of trading and impedes economic and social development. Further information can be found via the following link:

<http://www.sirc.cf.ac.uk/Uploads/Publications/The%20relationships%20between%20seafarers%20and%20shore-side%20personnel.pdf>

11 The co-sponsors seek increased focus from IMO and individual Member States to take a stand against maritime corruption and to recognize the damaging effects it has on global trade and social and economic development of Member States.

### **Action requested of the Committee**

12 The Committee is invited to note the information contained in this document and consider an appropriate response to the request in paragraph 11.