



## Key Issues

# The Future of IMO

In March 2018, the UN International Maritime Organization (IMO) marked the 70th anniversary of its foundation at a special event at its London headquarters attended by Her Majesty Queen Elizabeth II.

ICS, as the first non-governmental organisation to be granted IMO consultative status in 1961, was proud to attend this celebration, and counts itself among IMO's greatest supporters. But as a good friend committed to IMO's future, it is appropriate for the industry to identify concerns before they evolve into more serious issues that could potentially diminish IMO's continuing role as a successful global regulator.

IMO is actually one of the smallest of the various United Nations agencies, but in many ways it provides a model of what can be achieved by governments when they decide to take international co-operation seriously. IMO is also a model of regulatory efficiency having developed a wide range of international Conventions governing every aspect of maritime safety and environmental protection, adopting rules and standards that are genuinely implemented globally across the entire industry, through a combination of flag state enforcement and a sophisticated system of Port State Control.

The two principal IMO instruments – the Safety of Life at Sea Convention (SOLAS) and the International Convention for the Prevention of Pollution from Ships (MARPOL) – have been ratified by just about every maritime nation, and now apply to virtually the entire world fleet of internationally trading ships.

The great success of IMO has been its ability to develop complex global regulations for international shipping through a process of consensus, with decisions largely taken on the basis of their technical merits, regardless of the serious political differences that inevitably exist among its 172 Member States.



HM Queen Elizabeth II and IMO Secretary-General,  
Kitack Lim, March 2018



The mantra of ICS is that shipping is an inherently global industry requiring global rules. The alternative would be chaos, commercial inefficiency and market distortion. The maintenance of the comprehensive global maritime regulatory framework, which is provided so successfully by IMO, therefore remains one of the shipping industry's top priorities.

If a ship is trading from Brisbane to Buenos Aires, the same rules governing navigational safety, seafarers' training standards – or the legal liabilities that will apply should something go wrong – need to be the same at both ends of the voyage. The greatest threat to the authority of IMO has always been the possibility of unilateral or regional regulation, the worst offenders historically being the United States and, more recently, the European Union.

Shipping operates in the ocean, a harsh environment that will always present a high degree of physical risk, as any seafarer confronted with rough weather will attest. Despite every best effort, maritime accidents, including those which may result in pollution, will regrettably sometimes continue to occur.

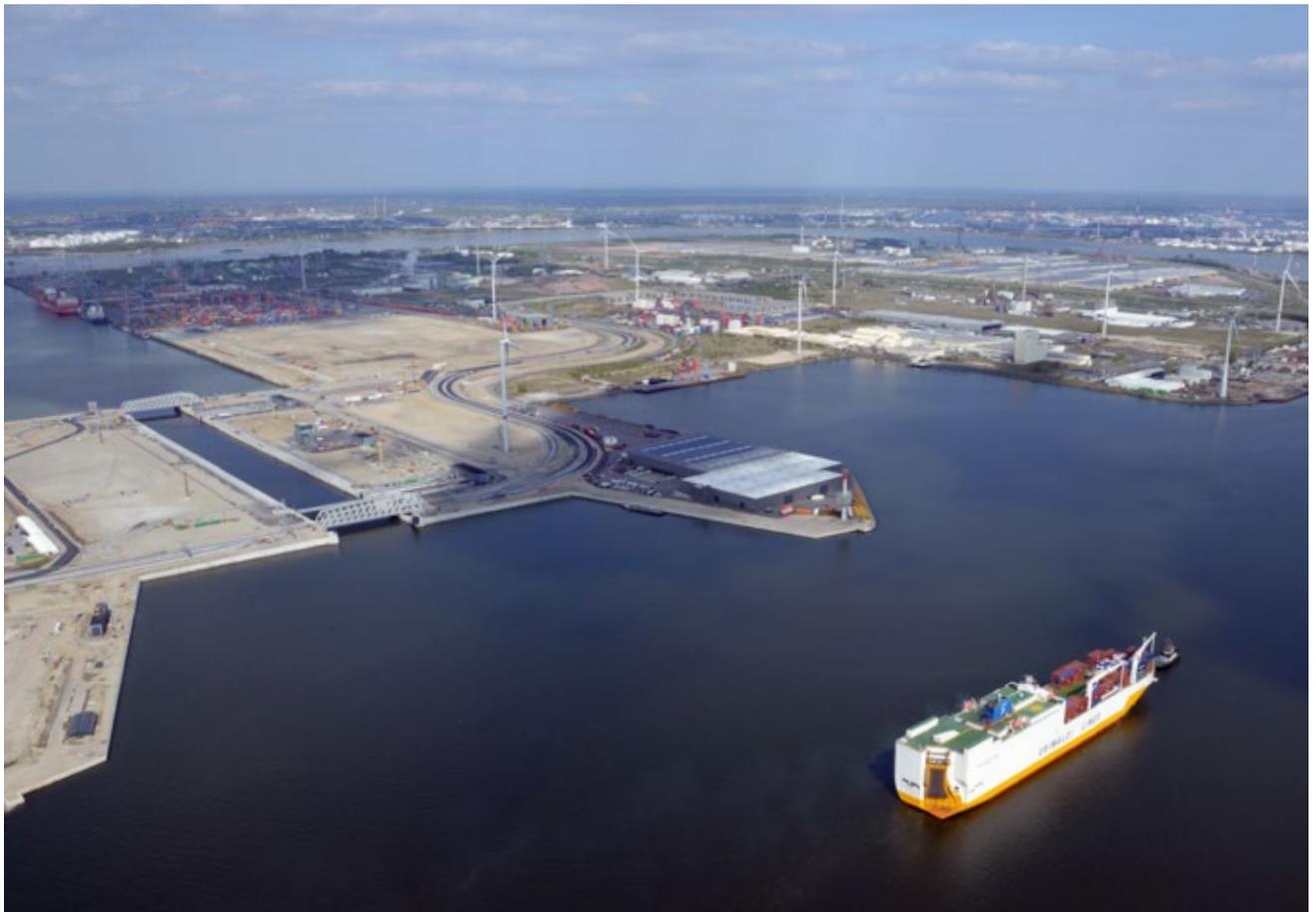
Unfortunately, when serious incidents happen while transporting about 90% of global trade, there can be a tendency for local politicians, who may lack any knowledge of IMO, to resort to 'knee jerk' reactions. The most dramatic

examples of such political pressure, demanding unilateral responses which greatly threatened the IMO regulatory framework, occurred after the 'Exxon Valdez' disaster in Alaska in 1989 and following the 'Erica' and 'Prestige' oil spills off the coast of North West Europe in 1999 and 2002 – although the authority of IMO managed to survive these severe pressures intact.

In considerable part due to the success of IMO regulations, the number of serious oil spills has reduced dramatically over the past 25 years, despite a massive increase in maritime trade (see page 22). But there is also a danger of unilateral action by governments with respect to other regulatory challenges.

This is particularly the case with efforts to reduce shipping's CO<sub>2</sub> emissions, as discussed elsewhere in this Annual Review. For example, the European Parliament continues to press for regional action, claiming unfairly that IMO is somehow not moving quickly enough, when the reality is that the international shipping sector is already decarbonising far faster than the rest of the world economy – despite the fact that the majority of its vital activity serves emerging economies, which also now control about half of the world merchant fleet.

Over the past 20 years or so, ICS has also observed an inexorable 'politicisation' of IMO debates. To some extent this has been due to the intrusion of the politics of climate change and the increasing focus of IMO, in recent years, on environmental issues.



Many of the government delegates attending IMO meetings are now drawn from environment ministries rather than being transport officials with specialist technical knowledge of shipping. This is also perhaps a reflection of the evolving makeup of IMO, with many so called 'traditional' maritime nations (principally OECD countries) no longer having large numbers of officials with extensive experience of seafaring or technical issues. On the positive side, however, non-OECD nations are at last starting to fill the vacuum, as they send articulate representatives with strong shipping expertise and who are confident contributors to IMO debates.

Another positive feature of IMO is that, unlike at many other UN agencies, governments generally avoid joining up together as regional blocs, such as the 'Group of 77' developing nations which often present joint positions at bodies such as the United Nations in New York. This

more flexible approach at IMO allows specialist experts within individual government delegations to contribute meaningfully to policy discussions, while keeping an open mind about what might ultimately be in the best collective interest towards finding a solution to the particular issue which IMO is seeking to address.

ICS has noted that the Member States of the European Union (which currently control 28 seats at IMO) increasingly speak behind single positions, co-ordinated by the European Commission in Brussels. The danger in the future is that non-EU nations might similarly decide to emulate this approach and co-ordinate themselves into political blocs, which would have a very detrimental impact on the quality of IMO decision making.



If future IMO decisions on controversial topics are only pushed through because EU nations have acted as a bloc, there is a danger that other Member States may no longer feel the same sense of ownership of these decisions, reducing their commitment to the ratification and implementation of any new regulations that may be adopted.

IMO has contributed greatly to improving the shipping industry's safety record and its environmental performance. However, there is also growing concern throughout the shipping industry that something might be wrong with the quality and quantity of some recent regulatory changes. All too often the industry has seen proposals by governments being taken forward without any real evidence of a compelling need when assessed against the economic impacts and the actual benefits delivered.

For several years, ICS has argued that far more emphasis should be given, when rule changes are proposed, to full and proper regulatory impact assessments that take greater account of the economic sustainability of maritime

transport. More attention could also be given by IMO Member States to the practicality and timescale allowed for the implementation of new regulations. It is far better for this to happen before new rules are adopted, not several years after adoption when it is far too late.

ICS does not question the good intentions behind proposals that are made by IMO Member States. But ICS believes that consideration of future regulation should be fully consistent with the United Nations Sustainable Development Goals, which acknowledge that the environmental, social and economic pillars of development are all inextricably linked.

As a result of a significant submission on the theme of 'better regulation' made by ICS and the International Association of Classification Societies, this issue is now being addressed by the IMO Council. It is very much hoped that positive results from these important deliberations will emerge during 2018.



IMO in session in London