

**Hon Peter MORRIS**

Speech

At

**Quality Shipping  
Conference**

**COPENHAGEN**

**10<sup>th</sup> July 2002.**

Sixteen months and four days have passed since I presented the report of the International Commission on Shipping (ICONS) at the APEC Symposium on Safer International Shipping. We named the report quite deliberately “Ships, Slaves and Competition” denoting subjects covered by the report.

At the time I said I believed the recommendations were pragmatic, achievable and with the commitment of industry and government interests the bulk of them could be progressively implemented within 18 months, as they required decisions by national administrations only.

That was the conclusion we four Commissioners had reached after dealing with 126 written submissions and consulting with more than 430 people around the world during the previous nine months.

This morning I want to:

- Summarise the responses to the report and its recommendations.
- Review progress made since March 2001 in the elimination of sub standard shipping and ending the abuse of seafarers.
- Consider the implications for quality shipping of the new security measures and their potential effectiveness and the outlook for competent seafarers.

The work of the Commission became much greater and more complex than any of us envisaged at the outset.

We could not have performed our task without the substantial help and recognition we received from government maritime agencies, Minister David Collonette of Canada, Ministers Keith Hill and David Jamieson of the United Kingdom plus a range of individuals, companies and industry organisations.

Our recommendations were in two main blocks—one dealing with the welfare of people who work in the industry and the other with port state control activities.

Recommendations 1 to 7 and 9 to 11 inclusive covered crew and competency matters.

Recommendation 8 addressed the issue of multiple inspections of ships.

Recommendations 12 and 13 relate to the fishing industry.

Recommendations 14 to 16 were directed to owner’s interests.

Recommendations 17 and 18 were directed at Flag States.

Recommendations 19 to 21 addressed Class issues.

Recommendations 22 to 32 dealt with port state matters.

Recommendation 33 aimed at providing financial assistance for seafarers groups that provide support services for international seafarers.

Recommendation 34 called for action by cargo owners.

Recommendations 35 to 37 are directed to the IMO.

Recommendations 38 and 39 refer to the I L O.

Recommendation 40 relates to sheltered waters for vessels in distress.

Finally Recommendations 41 to 43 address transparency.

We have been heartened by the generally positive and constructive responses to our report and its recommendations. There were differences in degrees of response and there were differences on some items on a geographical basis.

We have been encouraged not so much by the detail of the nature of responses to our recommendations but rather by the direction of the responses expressed. Some parties saw recommendations as unnecessary because there was an existing Convention or industry agreement with guidelines, no matter that the provisions of the Convention or guidelines of an agreement were not being observed.

It seemed to be what we call at home patch protection!

The response from some quarters to our recommendation to reduce multiple ship inspections was to put the issue in the too hard basket despite the clamour that has been made about multiple ship inspections.

Abandonment of seafarers was recognised as a problem, but not seen as a matter of urgency by some parties. Some states however already have repatriation measures in place for abandoned crews.

One industry organisation concluded that information on the abuse of seafarers on cruise ships operating to U S ports came from the I T F implying that it did not have credibility. It preferred the denial from the International Council of Cruise Lines. That organisation seemed to be unaware of the work of and information from the seafarers' welfare organisations of North America most of which are clergy based.

There was general support from government maritime agencies for port state inspections to ensure compliance with I L O 147. It continues to disappoint us that Japan as the second largest economy in the world, a major ship owner and a major user of shipping services declines to inspect visiting vessels to ensure compliance with ILO.

It would be great leadership that Japan could give to the Asia Pacific MOU it hosts.

Port States gave general support to heavier penalties for ships detained with serious safety deficiencies and strong support for the rigorous application of I M O Assembly Resolutions A739 (18) and A 789 (18) concerning the monitoring of their recognised Organisations.

There was strong support for the recommendations on transparency but some then qualified their support by falling back on the old defence of “commercial confidentiality.”

The declaration of support for quality in shipping by Intertanko, Intercargo, I M I F and Bimco is the beginning of the new message that others need to back.

In summary let me say we are pleased with the responses we have received from industry, government maritime administrations and international agencies. We are impatient that the reforms and actions necessary to end the abuse and exploitation of seafarers are moving so slowly.

### **So what has happened since the ICONS report was presented?**

Unfortunately there has been continuing emphasis on the conditions of the metal and machinery to the exclusion of priority for the consideration of the employment conditions for men and women working on board. (I L O 147).

As I said earlier we believed that the most of our recommendations could be implemented within 12 to 18 months. That is if there was a political will to act.

At that time we were in the aftermath of the Erika. There was a momentum for reform generated by the Erika particularly in relation to the European Union and the European Commission. The two ERIKA packages had been proposed when suddenly the tragedy of 911 shocked and changed the world.

Other speakers in this panel are covering the detail of measures initiated in response to 911.

The International Maritime Organisation (I M O) has been frequently criticised for its lack of teeth, the refusal of its members to give the organisation the powers to deal with delinquent flag states and its failure to take remedial action against sub standard shipping.

Similarly the International Labour Organisation (I L O) has also been criticised for its lack of teeth and the time it took to do anything to stop abuse and exploitation of seafarers. It was long on conventions but short on actions, again because it was not given the power or the resources by its member states.

- September eleven changed all that.
- The IMO is being given resources and support to establish measures to ensure ship and port security.
- The I L O is working to establish an effective form of authentication of seafarers' identity.
- Simultaneously the E U is moving ahead with its packages to improve maritime safety, the establishment of the Maritime Safety Agency and the vetting of Classification societies.
- The Organisation for Economic Cooperation and Development (OECD) is pushing forward with its crackdown on sub standard shipping. The OECD has a useful role to play in exposing the economic aspects of sub standard shipping and its associated evils.
- Concurrently the Paris MOU has declared a three months blitz from 1<sup>st</sup> July 2002 on shipping entering E U ports to ensure International Safety Management Code (ISM) compliance.
- The Paris MOU will also publish on its web site the formula used to select ships for inspection. Member states have agreed to ensure that the details of detained ships are placed on the Paris MOU web site and on EQUASIS as soon as a ship is detained. This will create a higher level of transparency.
- From August 1<sup>st</sup> Member states will be required to take tough action against ships whose crew members do not meet the new STCW 95 qualification requirements.

To the best of my knowledge there has never been such a collective effort to improve the quality of shipping, its transparency and accountability, the security of ships and ports and to authenticate the identity of the persons on board visiting vessels.

All these measures will impose a substantial new layer of costs on sea transport and a raft of obstructions to the free flow of trade especially during the phasing in period.

**If however there is careful planning for the introduction of the new practices and sub standard shipping is eradicated there could be operational savings that could help offset the additional costs being imposed.**

**If executives and administrators work cleverly there can be a degree of complementarity and an offset of costs.**

**Importantly it should see the creation of a fairer market in shipping services where all shipping operators comply with the international maritime safety requirements. Competition would be real competition not the unfair competition that exists today.**

It is clear that there is a prospect of unilateral action by the U S and/or the EU in respect of some of the measures being proposed.

If it means that is the only way that to get the job done then I have no doubt it will happen.

The code of silence and secrecy in sectors of the shipping industry has provided a hothouse for the development of sub standard practices and abuse of crew in the past.

There are sophisticated and secret recruitment services for crew of some commercial shipping and international fishing ships. They involve illegal documents, frequent flag changes, signing people up for fictitious jobs, sale of so called jobs at exaggerated prices, issue of unearned or fraudulently obtained certificates, blacklisting of seafarers who complain or try to collect their correct wages, literal disappearance of crew, intimidation and fear.

This is not new information. We were told about it in the Ships of Shame inquiry ten years ago. Authorities in the nations concerned are well aware of these practices, as are the manning agents and ship owners/managers who participate. The Commission was told of the same practices and more.

The point is that the concealment and intimidation systems are well established. There are well-established systems for the secret transfer of people from nation to nation without the beneficial owners being able to be identified or in some cases the crew to be traced.

International shipping processes are an ideal vehicle to move money, materials and people around with little risk of public scrutiny or accountability.

U.S. ship security measures will be little short of papering over the cracks unless the secrecy attaching to the ownership and operation of substandard shipping is shattered and the issues of concealment of ship ownership and crew authentication linked to the operations of some manning agencies are addressed

Terrorism activity is facilitated by the benign global acceptance of secrecy in international shipping.

When one examines the ownership patterns of offshore registers it is clear that the developed countries are the major owners. The so-called secret owners, clandestine or legitimate can all live together under offshore flags.

At the 1<sup>st</sup> January 2000 not one ship on the Panamanian, Liberian, Bermudan or Vanuatu registers was owned by a citizen of those countries. In the case of Bahamas 0.7% of the fleet was owned by Bahamians and 0.1% of the Malta fleet was owned by Maltese citizens.

The top four countries of ownership on the Liberian register at 1st January 2000 were in order US, Greece, Norway and Germany.

The top four countries of ownership on the Panamanian register at 1<sup>st</sup> January 2000 were in order Japan (40%), Greece, Korea and Hong Kong. Patterns of ownership linked to age and type of vessel can be helpful in pointing to the true owners.

The tragedy of 911 has brought a pressure to clean out the evils of sub standard shipping that would not have otherwise occurred.

Greater ship security offers the opportunity to achieve higher quality in shipping and a fairer market.

I would like to see the measures to authenticate identity of crew members and ensure ship security linked to measures that will improve working conditions for crew. Action to effectively control manning agencies would be a start.

A safe ship, a secure ship requires skilled, competent and committed crew cannot be achieved with the whip, the lash and exploitation.

Long periods away from home, isolation and loneliness are part of the misery of going to sea today. Social conditions on board are a major determinant in the performance of crew.

Let me conclude:

Quality shipping needs quality management, quality profile, quality accountability, and quality crew.

It also means quality career paths for crew and management.

There are signs of improvement and we are seeing signs of quality leadership.

We need to see more quality leaders and they need to be training quality officers and ratings.

We need to see champions of fair treatment of seafarers –where crew are seen as partners not the enemy!

