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**Chair**

**International Commission on Shipping**

**(ICONS)**

**Speech Notes**

**BIMCO-SOHMEN Forum**

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Thank you for the opportunity to tell you something of the work of the International Commission on Shipping or ICONS as we have become known.

Our report was presented in Sydney on the 6<sup>th</sup> March 2001. It is entitled Ships, Slaves and Competition - a title that describes the contents of the report.

‘Ships’ refers to the operations of international shipping, some 85 to 90 per cent of which is quality shipping that complies with international safety requirements.

‘Slaves’ refers to the tens of thousands of seafarers from developing nations who are exploited, abused and ill treated in the pursuit of lower freight rates.

‘Competition’ refers to the unequal struggle between quality ships that comply with international safety requirements and the sub standard ships that do not.

It is this struggle to satisfy the demands of cargo owners for lower and lower freight rates that drives the operation of unsafe ships, the inhumane treatment of seafarers and the destruction of the marine environment.

I want now to briefly outline:

- what we did, where we went
- who we met and what we were told
- what we identified as the key issues
- summarise the main recommendations we have made
- and outline the actions that should be taken to effectively eliminate sub standard shipping.

Following its worldwide call for submissions in March 2000 the Commission received 126 submissions most of which were substantive.

Almost all were approved for display on the ICONS web site, which became a useful reference centre for information on the work of the Commission [www.icons.org.au](http://www.icons.org.au)

We undertook a series of public and private meetings at major regional locations to gather information first hand, to listen to local views on shipping and seek elaboration of matters mentioned in submissions.

Public meetings were held in Sydney, Mumbai, Manila, Vancouver, Montreal, New York, Washington, Miami, London and Limassol.

People we met included ship owners, ship managers, class, port state control authorities, trade unions, blacklisted seafarer organisations, representatives of seafarers' families, seafarers welfare organisations, Protection and Indemnity Club managements, Ministers responsible for Shipping, and departmental representatives.

From the outset, as Chairman, I was greatly encouraged by the ready acceptance of the Commission's independence and impartiality.

This was highlighted in Manila where we were able to provide an opportunity for local people to raise their grievances through the chair.

In all we met more than 400 people - their names appear in Appendix 3 of the report.

ICONS played a catalytic role in bringing parties together and establishing common linkages to develop means of improving the

international shipping industry and providing safer conditions for seafarers.

The Commission had dual roles – to enable people to put their concerns and grievances; and to enable the Commissioners to discuss with people the information they had provided.

We set out to identify problems associated with the safe operation of international shipping, to examine allegations of abuse, exploitation and ill treatment of seafarers and their families, then to develop practical solutions.

We met quality ship operators who treated their crews well, operated good ships, ran quality businesses and wanted to see sub standard shipping eradicated.

On the other side, extensive information was provided to the Commission on the cheating of seafarers, their blacklisting, manipulation of family allotment remittances, reduced contractual compensation entitlements linked to ‘quit’ claims and general releases and placement fees for jobs.

The worst features included delayed or non payment of wages, denial of adequate food and accommodation, denial of medical treatment and rest time, physical and psychological abuses, sexual assault and abandonment.

Such practices are in clear breach of ILO conventions and most Port State laws.

The worst abuses seemed to be associated with Fishing and a separate Annex on Fishing is attached to the ICONS report.

In a large number of cases, the welfare of the suffering seafarers is dependent on charity and much of the information on their ill treatment was presented by seafarers’ welfare organisations.

For many thousands of today's international seafarers life at sea is modern slavery and their workplace is a slave ship.

Their life at sea is modern slavery. Their stories are told in the submissions from the port chaplains of the seafarers' welfare organisations and the trade unions.

Some individuals in the shipping industry seem to have been offended by the reference to "slaves" in the title of the report.

Well may they be offended, for their upset seems to originate from an ignorance of what is happening to their own employees in their own industry.

Who benefits from their misery and pain suffered by seafarers?

Everyone from the ship owner and ship manager to the charterer, the cargo owner or the tourism operator if it is a cruise ship.

How do we end this exploitation and inhumane treatment of working seafarers?

One solution is to name the beneficiaries, shame their actions and shut the down the infamous operations.

Appalling practices have continued despite efforts by the majority of shipping operators, governments and international agencies to curtail them - because cargo owners support companies using sub standard ships.

**The obscenity is that the beneficiaries of the suffering include some of the wealthiest individuals and corporations on earth.**

They need to be held accountable for the way their cargoes are transported just as every other industry is.

Just as the petroleum industry is accountable for its product in tankers, whether ship or road.

The most frequent issues raised both in submissions and discussions were:

- criticism of the performance of classification societies and the failure of flag states to carry out their responsibilities
- ill treatment and underpayment of crew, port state control, crew competency, crew availability, fraudulent certificates,
- the failure of IMO members to support IMO in the performance of its duties,
- an almost unanimous call for full transparency of information in the industry,
- criticism of the Convention on Standards of Training Certification and Watch Keeping - STCW - white list process
- passport holders without maritime qualifications,
- non compliance with ILO conventions
- the horrors of the international fishing industry
- and the failure to give adequate recognition to quality shipping.

## **CLASS**

The Commission was told repeatedly that classification societies should be required to perform to set standards and criteria.

Comments were that they were inept, inconsistent, inflexible, incompetent, and involved in conflicts of interest;

that they concentrated on market share to the exclusion of their responsibilities, that some surveyors lacked qualifications and that class ought to carry greater liability for their actions.

The conflict of interest allegations related to classification societies that performed services for the shipowner and simultaneously acted as delegated agent for a flag state on the same ship.

There were perceptions that the International Association of Classification Societies - IACS - lacked the power or the will to improve the performance of classification societies.

At the same time there was general acknowledgment that IACS constituted the greatest knowledge and skill base available on ship safety matters.

Overall, there was an expectation that IACS could do much more to eliminate sub standard shipping than had occurred to date.

## **FLAG STATES**

There were frequent requests that flag states should be made to carry out their obligations under the international maritime safety conventions.

But there were no realistic answers to our question ‘how can that be done?’

There was a widespread view that the International Maritime Organisation - IMO - efforts on flag state implementation had been largely ineffective, that the IMO as an organisation was hamstrung by its members and unlikely to be given the power to enforce flag state performance.

## **PORT STATE CONTROL**

There was a unanimous view that port state control had become an essential element of ship safety regulation.

Some saw port state control as the real line of defence against sub standard shipping.

There were calls for greater uniformity and consistency in port state inspections, a need to harmonize procedures and processes, better targeting of vessels for inspections, greater attention to be given to International Safety Management audits and greater effort to inspect for ILO compliance.

There were consistent calls for heavy financial penalties to be imposed on owners of detained sub standard ships as a deterrent.

## **CREW ABUSE AND ILL TREATMENT**

Much attention was given in submissions and meetings to the ill treatment, abandonment, cheating, exploitation and blacklisting of seafarers.

This included crews of trading vessels, cruise ships and fishing vessels across the range of industry.

It is clear that were it not for the support services from seafarers' welfare organisations and unions, the appalling plight of many thousands of international seafarers would be immeasurably worse.

Crew competency and fraudulent certificates were matters of considerable concern and are discussed in the report.

Concern was expressed regularly about the growing shortage of competent ship officers by shipowners and the need to increase the number of new officer trainees.

Some quality operators believed that training was the responsibility of governments.

Others conducted their own induction and training programs and did not have problems in recruiting and retaining competent officers.

## **TRANSPARENCY**

The Commission was impressed by the almost universal calls for full transparency across the international shipping industry.

There was strong support for the expansion of the international on-line data system EQUASIS and the addition of information on charterers and major cargo owners to its database.

The calls for greater transparency extended beyond the corporate veil on ship ownership and commercial operations to include information on crew illnesses, injuries and fatalities, effective accident and incident investigation procedures and public reporting of the investigations.

Because at the moment nobody knows how many die or are injured at sea.

The Commission noted the comment that the trend towards increased litigation in shipping has run counter to the expressed need for openness and public accountability in the industry.

To some it seemed that sectors of the industry were determined never to learn from past errors and accidents - in contrast to the moves towards accountability and transparency in other transport sectors.

In road, rail and air transport, public identification of the causes of crashes and fatalities is the enabling tool for better designs, better safety standards and safer practices to be developed.

Before I outline the Commission's recommendations I want to make some general observations about the image of international shipping.

In the United States and Europe we heard complaints about the poor image of the industry despite the fact that 85 to 90 per cent of the industry operates to acceptable quality standards.

Industry representatives said there was little public recognition of the fact that shipping carries more than 90 per cent of international trade and will do so for the foreseeable future.

Most of it is done efficiently, safely and reliably by quality operators.

Yet the poor image of the industry prevails.

This is partly the result of the quality operators and their associations not taking an overt public role in eradicating sub standard shipping.

For instance, their silence in the face of shipping and environmental disasters like the ERIKA indicates a mute endorsement of sub standard operations.

Which results in the demand for more regulations and more costs for the quality operators when the more appropriate action may be a greater effort in applying existing rules and standards to sub standard operators.

The ritual whinges about the level of safety regulation and the frequency of port state inspections from some quarters in the international shipping industry is misdirected.

Quality ship owners need to be speaking out, giving leadership on safe shipping and the prevention of disasters - so avoiding the need for more regulations - rather than leaving it to governments to react to public opinion in the face of disasters.

The current situation is that ‘the tail is wagging the dog’ in that sub standard shipping generates a demand for more and more regulation, that is imposed on the rest of the industry which already complies with international safety requirements.

There are some voices speaking out for quality - voices like Intertanko and more recently Intercargo - but many more voices need to be heard – in unison.

I want to hear BIMCO giving leadership in the campaign to place the shipping market on a more equal footing.

I want to hear BIMCO speaking out for compliance with the international maritime safety requirements.

I want to hear of BIMCO pressuring governments to ensure that all international shipping complies with those safety requirements and to end to the soft approach of some port state control authorities.

The Commission was impressed by the number of quality operators who emphasised that in their companies the decision to provide a quality service and operate quality ships was made at top level.

This view was summed up well by a leading Greek shipping owner who said

*‘the fish stinks from the head’.*

Sadly, most of what the Commission heard about the problems plaguing seafarers in the industry is not new.

These problems were detailed in the original Ships of Shame report to the Australian Parliament of 1992 and have been well documented in various ILO and IMO reports.

My observation is that generally over the past eight years the conditions of the ships has improved but those of their crews have worsened.

Mostly missing from the debate about the activities of sub standard shipping are the ultimate beneficiaries - the cargo owners.

Competition in the provision of shipping services has been the catch cry among most cargo owners.

But at what cost? Whose cost?

I mentioned at the outset the unequal struggle between quality ships that comply with international safety requirements and sub standard ships that do not.

The OECD studies have identified the substantial cost savings to be gained by avoiding the international safety requirements. They are equivalent to 15 to 16 per cent of the annual operating costs of a ship in the international trades.

The Commission believes that competition in shipping services needs to be defined as

‘comparative rates for the provision of shipping services using ships that comply with all the international requirements for ship safety, management and personnel practices’.

We want to see cargo owners speak out for competitive quality shipping services that do comply.

Champions who will give leadership for compliance with the standards and eschew the practices associated with sub standard shipping.

The drive by cargo owners for lower and lower freight rates where the benchmark is shipping that does not comply must be exposed publicly.

As an example of a positive initiative, the European Shippers Council has established a quality Code of Conduct for its members - this will require effective support from its member over time to ensure its success.

I now turn to the ICONS recommendations.

In developing its recommendations the Commission noted the strong shift towards unilateralism and regionalism.

The leadership shown by the United States Coast Guard in effecting measures that go well beyond port state control following the M T Neptune Dorado incident, opens up new opportunities for addressing the problems created by sub standard shipping.

And the post ERIKA packages of the ascendant European Union indicate a localised approach to dealing with the dangers created by sub standard shipping.

The Commission's recommendations are in two main blocks - the welfare of the people in the industry and their families and port state control activities.

They are parts of an overall blueprint for action that the commission believes is practical, is achievable and will eliminate most sub standard shipping.

Many of the recommendations are matters for decision by individual administrations and do not need further international agreements.

Most can be implemented in 12 to 18 months and the remainder within five years.

The full text of the report's 43 recommendations is contained in the executive summary circulated to you.

The recommendations, as a matrix, provide an action plan for full transparency and public accountability as in other forms of transport.

They include:

- stronger supervision of classification societies by the European Commission and tougher policy application by the societies to their clients
- improved flag state performance,
- tighter port state controls and implementation of reward systems for quality ships
- more rigorous inspections for ISM compliance
- severe penalties for charterers and major shippers using sub standard ships
- establishment of a confidential ship safety incident reporting system [COSHIRS]
- deterrent financial penalties on owners of detained ships
- reduction in multiple inspections of ships
- stricter control of manning agencies and prohibition of blacklisting of seafarers
- ending the abuse and ill treatment of seafarers and their families

- support for abandoned seafarers and seafarers welfare organisations
- lifting training and qualifications and ending fraudulent practices on crewing.
- support for international agencies such as IMO and ILO
- designation of ports of distress

I believe the recommendations are pragmatic, achievable and with the commitment of industry and government interests, the bulk of them can be progressively implemented within 18 months.

The onus is now on quality ship owners, their organisations, charterers and cargo owning or passenger customers to champion their implementation in collaboration with governments, trade unions, port state authorities and international maritime agencies.

We look to BIMCO as the world's largest ship owner organisation to take up the challenge of giving leadership in :

- the campaign to eliminate sub standard shipping and end the abuse and exploitation of seafarers
- ensuring that ship owners who meet the international maritime safety requirements are not disadvantaged in the market place.

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