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Influence and transparency at the IMO: the name of the game

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Abstract

The International Maritime Organization (IMO) is a specialized United Nations agency responsible for regulating maritime transport. The purpose of this paper is to shed some light into the following issues: what are the main parameters of influence at the IMO? Who among Member States, industry or other players, are the main influencers? And is the process transparent enough? To address this issue, a perspective mainly but not exclusively based on the authors' own experience from the activities of IMO's Marine Environment Protection Committee (MEPC) and specifically its recent focus on how to decarbonize shipping is taken. To that effect, the paper examines several issues that may be relevant, including delegation size, delegation composition, number of submissions and other factors that may affect representation and influence in IMO decision making. The paper also addresses the issue that was recently put forward by several Non-Governmental Organizations (NGOs), that the shipping industry deliberately promotes strategies and tactics that slow down the drive for decarbonization and that transparency at the IMO leaves a lot to be desired. A conjecture of the paper is that better transparency and stricter representation rules at the IMO could surely lead to some improvements. In particular it is found that the current rules (or lack thereof) may unduly favor some stakeholders. However, even though the drive to decarbonize shipping goes at a slow pace, the paper finds no evidence of a coordinated attempt to slow down the process. A related conjecture concerns the fragmentation of influence at the IMO, which can perhaps explain why things are not moving very fast.

Keywords: shipping decarbonization; IMO; maritime governance

1. INTRODUCTION

The International Maritime Organization (IMO) is a specialized United Nations (UN) agency regulating maritime transport. Areas of competence include maritime safety, maritime security, marine environmental protection, legal matters, technical cooperation and others.

The IMO has been recently under attack by various Non-Governmental Organizations (NGOs) as regards its stance on environmental issues and especially Climate Change, as regards the influence of industry in the regulatory process and as regards transparency in that process. Triggered by this, the purpose of this paper is to shed some light into the following issue: what are the main parameters of influence at the IMO? Who among Member States, industry or other players, are the main influencers? And is the process transparent enough? To address these and related issues, a perspective mainly but

not exclusively based on our own experience within the activities of IMO's Marine Environment Protection Committee (MEPC) and in particular its recent focus on how to decarbonize shipping is taken. To that effect, the paper reviews the position of the NGOs that accuse the IMO as regards influence and transparency, describes the IMO regulatory structure, and then analyzes several issues that may be relevant, including delegation size, delegation composition, number of submissions and other factors that may affect representation and influence in IMO decision making. Some recommendations are also offered.

If one is to examine the above issues in a focused way, perhaps no other topic is more relevant than Climate Change and specifically greenhouse gas (GHG) emissions from ships and what the IMO is doing to reduce them. In fact, and after many discussions, the first ever mandatory global GHG reduction regime for ships was set in July 2011 when a roll call vote at the IMO/MEPC resulted in the adoption of mandatory measures. These were the Energy Efficiency Design Index (EEDI) and the Ship Energy Efficiency Management Plan (SEEMP), which were adopted as an Annex to MARPOL's Annex VI. Note that as is common practice among UN bodies, IMO operates on a consensus basis and voting is therefore being avoided as it is perceived to be too divisive. However, with respect to EEDI/SEEMP it was impossible to achieve consensus and the measures were adopted by vote in spite of fierce resistance by a group of developing countries, including China, India, Brazil and Saudi Arabia.

The issue of GHG emissions was at stake again in all meetings of the MEPC after 2011. But even before 2011 the IMO initiated a parallel discussion on Market Based Measures (MBMs) to reduce GHG emissions from ships, discussion which was suspended in 2013, and in 2016 the so-called IMO Roadmap to reduce GHGs was adopted. The Roadmap stipulated the formulation of an Initial Strategy on GHGs by 2018 which with a view to finalizing the strategy by 2023 (for a discussion of this and other issues as regards decarbonization see Psaraftis (2018)).

The GHG agenda was set high as the IMO entered the 72nd session of the MEPC (MEPC 72, 9-13 April 2018), where some important issues were about to be addressed, including drafting a strategy for the reduction of GHGs, the implementation of the 2020 sulphur cap, the Ballast Water Management Convention and the recently addressed issue of marine litter. In a historical move, MEPC 72 adopted the so-called Initial IMO Strategy, which set out a vision to drastically reduce GHG emissions from international shipping. An ambitious target was set to reduce CO₂ emissions per transport work, as an average across international shipping, by at least 40% by 2030, pursuing efforts towards 70% by 2050, compared to 2008; and to reduce the total annual GHG emissions by at least 50% by 2050 whilst pursuing efforts towards totally phasing them out (IMO, 2018a).

It was actually during the period between MEPC 71 in July 2017 and before MEPC 72 in April 2018, and perhaps not by coincidence, that IMO was put under fire for its allegedly weak governance structure, which, according to some reports, supposedly allowed the private shipping sector to stall action on Climate Change.

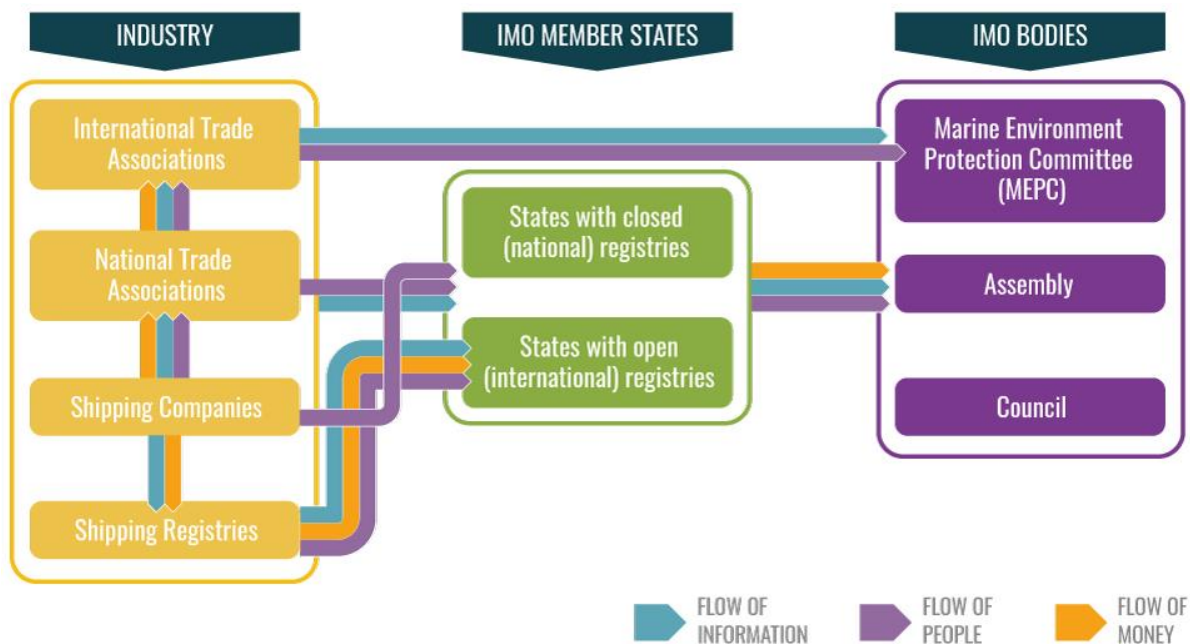


Figure 1: IMO policymaking influence map – Source: InfluenceMap (2017)

In October 2017, the British non-profit think tank InfluenceMap published a report entitled ‘Corporate capture of the UN IMO: How shipping lobbies to stay out of the Paris Agreement on climate’ (InfluenceMap, 2017), which pointed to the industry's unusually large influence in the IMO. They presented evidence on how "industry figures are provided with seats at the heart of negotiations" and examples of how Member-States being represented by national trade associations and corporate official; for the latter they present the case of shipping registries that head the delegation of some States with open registries. Figure 1 depicts InfluenceMap's view on how industry can influence the decisions of the IMO. For instance, the report claimed that the Marshall Islands, the flag with the world's third largest fleet in the world, is represented in part by International Registries Inc. (IRI), a US-based private shipping company that operates the country's open registry and that "payments to the Marshallese government make up about 10% of the state's yearly non-aid revenue".

Three main industry trade associations which have observer status at the IMO, the International Chamber of Shipping (ICS), the Baltic and International Maritime Council (BIMCO) and the World Shipping Council (WSC), were directly accused on lobbying to delay GHG emissions reduction measures, reject any binding GHG emission targets and that they "collectively opposed ambitious energy efficiency standards and appear unsupportive of a price on carbon".

Although the above report raised some valid points on how industry can influence the IMO negotiations, its scoring methodology was, in our view, simplistic and questionable. For instance, through an analysis of websites, social media and even CEO messaging, companies and trading associations were scored based on their support of binding GHG emission standards or carbon policies e.g. taxes or

trading schemes. Points were taken away if these players opposed raising the ambitions of EEDI or if they did not support the Emissions Trading System (ETS) of the European Union (EU). However, that an organization expresses caution on GHG targets or on ETS, or on further improvements to the EEDI because it feels a certain measure might not be technically feasible or because it might compromise safety or create distortions does not necessarily mean that this organization has adopted this position in order to delay progress at the IMO. BIMCO and ICS, among others, have replied to these allegations (see ShippingWatch 2017a,b).

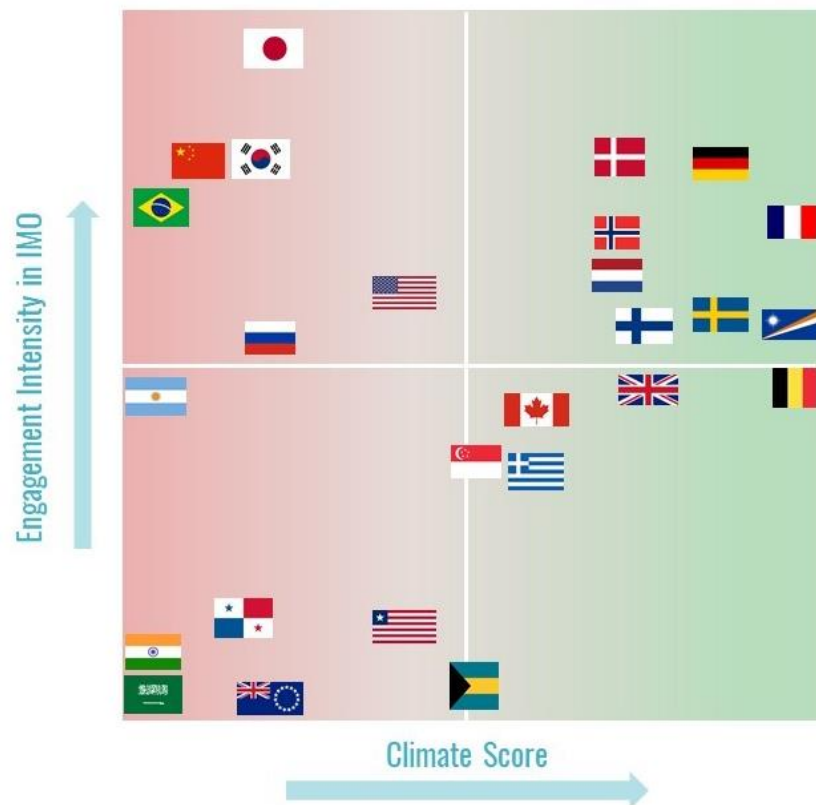


Figure 2: Engagement at IMO vs Climate Score – Source: InfluenceMap (2018)

Ahead of the MEPC 72 meeting in April 2018, where IMO members states and other stakeholders were expected to agree on the future environmental strategy, the above NGO released a new report which focused on the influence of individual countries and their close ties to shipping companies (InfluenceMap, 2018). The report published the findings of their research that explored how around 25 key nations pushed to influence the outcome of the IMO talks on climate change. The research on engagement at the last four MEPC meetings (based on the number of submissions, speaking time during the plenary meetings and the size of delegations) showed that despite their large amount of registered tonnage and contribution to IMO's budget, “open registry” states such as Panama and Liberia were not particularly active. Based on these metrics the most active countries were found to

be Japan, Korea, Denmark, China and Germany. Finally, the report sharply criticized Japan for using its economic influence over open registries such as Panama to push against ambitious climate policy. Figure 2, taken from InfluenceMap (2018), illustrates two metrics, Climate Score and Engagement Intensity on the horizontal and vertical axes respectively. The countries most active on climate at the last four MEPC meetings are the ones with high Engagement Intensity scores. The Climate Score is based on a scoring methodology that assesses Member States on three climate policy areas, such as the support of binding GHG emission targets, the support of ambition for energy efficiency standards through EEDI and the support of an ambitious long-term GHG reduction pathway.

To compute the Climate Score, various IMO documents and media reports were gathered, so as to analyse the expressed opinion of various Member States on the three above-mentioned policy areas. If a country opposed, for instance, quantitative GHG reduction targets (which is the case for China and Brazil) on the basis of the principle of Common But Differentiated Responsibilities and Respective Capabilities (CBDR-RC, of which more in Section 4.2), or had reservations on further improvements of the EEDI (the case of Japan, South Korea and Brazil), even on the basis of some valid technical or safety concerns, then they received a low score. However, EEDI has indeed been proven in many cases problematic, see for instance Psaraftis (2018) and Polakis et al. (2019), so raising concerns about it does not necessarily imply that one is against reducing GHG emissions. At the other end of the spectrum, countries that supported the Initial IMO Strategy even without stating how GHG emissions reductions can be achieved, received high scores. This means that the scoring methodology was simplistic and questionable and maybe demonstrated some lack of knowledge of the vast array of issues behind GHG emissions reduction.

A bit after MEPC 72 and in advance of IMO's Council meeting (Council 120th session, 2-5 July 2018) Transparency International, an international NGO based in Berlin, released a full report assessing IMO's governance structure (Transparency International, 2018b). The report described a number of flaws in the IMO's governance, including a disproportionate influence of private industry and an unequal influence of certain Member States in the policymaking process, and highlighted the lack of delegate accountability and the fact that the public, and also NGOs, are often unable to find out their national delegation's position in debates and negotiations. Transparency International had actually published earlier (April 2018) a summary of the report raising the following concerns (Transparency International, 2018a):

- Journalists are unable to report freely on IMO meetings and Non-profit organizations with consultative membership of the IMO can face expulsion if they criticize the agency or report on country views.
- The majority of the world's commercial fleet (52 per cent) is registered in (and flies the flags of) only five states, Panama, Liberia, the Marshall Islands, Malta and the Bahamas, many of which are known as tax havens for ships. Together, these five states contribute 43.5 per cent of the total funding from the IMO's 170 Member States. These countries potentially have an

exaggerated weight in the IMO policymaking processes, particularly if no mechanism against undue influence exists.

- Member-States are able to appoint employees of corporations, including shipping companies, to their delegations, and they have dominated some delegations. These delegates can actually determine “their government’s position on IMO policy” and “are not subject to conflict of interest rules nor to a code of conduct”.

The full report concluded with a large list of recommendations, the main points of which suggest that the IMO and the Member-States should (Transparency International, 2018b):

- a. Engage in a process of open dialogue with its external stakeholders on how to improve transparency
- b. Take steps in order to ensure that the decision-making process better reflects the public interest
- c. Ensure that those engaged in decision-making are subject to robust integrity rules and measures.

We believe that the report of Transparency International presents some valid observations and highlights several areas that need attention, for instance on shipping companies being allowed to send people to national delegations and also on open access of information and publishing participant lists of all meetings, including working groups. At the same time, we also agree with a comment published in Lloyds List (2018) to the effect that "reports such as those produced by groups, including Transparency International, do not fully understand how the IMO works and are fundamentally driven by environmental concerns rather than efficient policy making."

Triggered by the above reports, as well as by the recent drive to decarbonize shipping, we think that further analysis is in order. To that effect, the rest of this paper is organized as follows. Section 2 provides some further background on the IMO processes. Section 3 performs our own analysis, including looking at delegation size, delegation composition and number of IMO submissions as potential indicators of influence at the IMO. Finally, Section 4 looks at the way ahead, and provides some recommendations for better IMO governance.

2. BACKGROUND ON IMO PROCESSES

2.1 IMO membership and stakeholders

The IMO is a UN organization established in 1948 and has now as primary purpose to develop and maintain a comprehensive regulatory framework for shipping which includes, amongst others, safety, environmental protection, legal matters, technical co-operation and maritime security. Until 1982 its name was IMCO (for Inter-Governmental Maritime Consultative Organization) and its headquarters are in London, UK.

The IMO currently has 174 Member States and three Associate Members (Faroe Islands, Hong Kong - China and Macao - China). Most UN Member States are also members of IMO, except some landlocked countries such as Afghanistan, Botswana, Liechtenstein, Rwanda and others. All major maritime nations are represented at the IMO. One may notice that Bermuda, the 10th largest ship owning country in terms of deadweight according to UNCTAD (2018), is not an IMO Member State. Bermuda is however a party to all major IMO Conventions through the United Kingdom (UK) which is a Member State, and signatory to such conventions, on behalf of itself and its Overseas Territories; Bermuda is actually the largest UK overseas territory by population.

Various industry interests are also, more explicitly, expressed through NGOs that have the capability to make a substantial contribution to the work of IMO as they have been granted consultative status by the IMO Council. To date the various interests are well represented, as there are 81 NGOs in consultative status, including shipowner associations (e.g. BIMCO, ICS, International Association of Dry Cargo Shipowners (Intercargo), International Association of Independent Tanker Owners (Intertanko), various shipping-related associations such as International Association of Classification Societies (IACS), Community of European Shipyards' Associations (CESA), International Association of Ports and Harbors (IAPH), Cruise Lines International Association (CLIA), the Oil Companies International Marine Forum (OCIMF), but also well-established environmental organizations such as Greenpeace International, World Wide Fund for Nature (WWF) and Friends of the Earth International (FOEI) and even academic organizations such as the International Maritime Lecturers Association (IMLA) or the International Association of Maritime Universities (IAMU) or professional associations such as the Institute of Marine Engineering, Science and Technology (IMAREST) and the Royal Institution of Naval Architects (RINA),

In addition, the IMO has entered into agreements of cooperation with other intergovernmental organizations (IGOs) on matters of common interest. To date there are 64 intergovernmental organizations which have signed agreements of cooperation with IMO including the Caribbean Community (CARICOM), the Commonwealth Secretariat, the Council of Europe, the Organisation for Economic Co-operation and Development (OECD) and others.

2.2 Structure, Operations and Financing

The IMO is mainly a technical organization and most of its work is carried out in a number of committees and sub-committees. As illustrated in Figure 3, the main committees, which are open for participation from all Member States, are the Maritime Safety Committee (MSC), the Marine Environment Protection Committee (MEPC), the Legal Committee (LC), the Technical Cooperation Committee (TCC) and the Facilitation Committee (FAL). IMO's basic fora dealing with maritime safety and security are the Maritime Safety Committee (MSC) and the Marine Environment Protection Committee (MEPC) for matters concerning marine environmental protection. There are one or two annual meetings of each of these committees and between them, progress on specific matters is also achieved through correspondence groups, participation to which is open to all interested parties, with Member States and NGOs being particularly active. For specialized matters, intersessional meetings (that is, meetings between consecutive committee meetings) may take place. On the subject of GHGs, MEPC has held 5 intersessional meetings between MEPC 70 (2016) and MEPC 74 (2019).

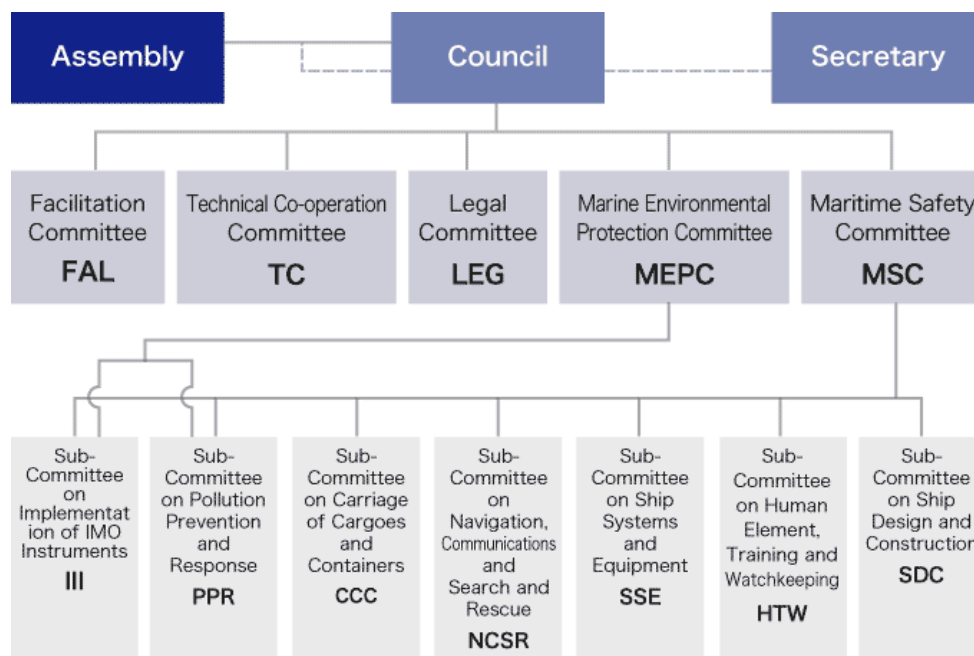


Figure 3: IMO's structure – Source: ClassNK (2019)

IMO's highest governing body, the Assembly, consists of all IMO Member States meets once every two years and between sessions, the Council, consisting of 40 Member Governments elected by the Assembly, acts as IMO's governing body and supervises the work of the IMO.

Finally, the IMO is supported by a permanent secretariat of employees who are representative of the organization's members. The secretariat is composed of a Secretary-General who is periodically elected by the Assembly, and various divisions such as those for marine safety, environmental

protection and a conference section. Kitack Lim (Republic of Korea) was elected Secretary-General of the Organization by the 114th session of the IMO Council in June 2015 for a four-year period beginning 1 January 2016 and has recently secured the organization's support for a second term, subject to approval by the Assembly in December 2019. The two previous Secretary Generals were Mr. Koji Sekimizu (Japan, 2012-2016) and Mr. Efthimios Mitropoulos (Greece) who served for two terms (2004-2011).

IMO's activities are mainly funded by assessed contributions on its Member-States and Associate Members, however voluntary contributions from Member States, governmental agencies, intergovernmental bodies and other public, private and non-governmental sources are also accepted. Further income is received through commercial activities (including the sale of publications and catering and conference services) and through miscellaneous revenue (including interest on financial assets). IMO is very transparent when it comes to its financial statements; the ones for 2010 through 2017 are publicly available at the IMO website (see IMO(2019)).

Regarding the assessed contributions to the IMO budget, these are based on a formula which is different from the one used in most other UN agencies: the amount paid by each Member-State depends primarily on the size of its registered merchant fleet in total gross tonnage. There has been some criticism on IMO's financing as well, for example that: (a) the formula of the assessed contributions is not publicly available, (b) some international organizations and Member States make donations to the IMO for specific activities, which could raise questions as to how resistant to influence the IMO law-making process is and, (c) the top contributors are Open Registries leading to the view that the finance mechanism brings the organization closer to the interests of flag states, and thereby the industry (InfluenceMap, 2017).

Table 1: Rank by Ownership, deadweight of flagged vessels and IMO budget contribution. Source: Authors

| Member State /Institution | Ownership Rank ₁ | Flag of Registration Rank ₂ | Budget contribution Rank ₃ | Total Contribution (2014-2017) in GBP |
|---------------------------|-----------------------------|--|---------------------------------------|---------------------------------------|
| Panama | | 1 | 1 | 20,507,975 |
| Liberia | | 3 | 2 | 12,013,449 |
| Marshall Islands | | 2 | 3 | 10,011,562 |
| Sweden | 35 | | 4 | 9,014,515 |
| United Kingdom | 12 | 18 | 5 | 7,925,754 |
| Singapore | 5 | | 6 | 7,106,327 |
| Korea | 7 | 20 | 7 | 5,363,264 |
| Bahamas | | 8 | 8 | 5,240,251 |
| China | 3 | 7 | 9 | 5,036,015 |
| Malta | | 6 | 10 | 4,985,847 |

| | | | | |
|---------------------|----|----|----|-----------|
| Japan | 2 | 10 | 11 | 4,904,299 |
| Greece | 1 | 9 | 12 | 3,978,104 |
| European Commission | | | 13 | 2,085,120 |
| Norway | 9 | 17 | 14 | 1,957,581 |
| Canada | | | 15 | 1,075,440 |
| United States | 8 | 22 | 16 | 1,002,355 |
| Germany | 4 | | 17 | 543,116 |
| Malaysia | 22 | | 18 | 227,722 |
| Netherlands | 23 | | 19 | 174,509 |
| India | 16 | 15 | 20 | 109,251 |

Data: Ranks for countries of ownership¹ and flag of registration² in terms of deadweight tonnage - Source: UNCTAD (2018)

Contributions to the IMO for 2014 through to 2017 are based on the yearly financial statements – Source: IMO (2019)

With this additional background in mind, we now proceed to our own analysis , so as to attempt to identify parameters or other issues that may be relevant as regards influence or power at the IMO. Again, the analysis is based mainly on our own experience, mainly in the context of the MEPC. In that sense, whatever results we claim are only conjectures and the treatment is certainly non-encyclopedic.

3. ANALYSIS

Our analysis has looked at delegation size, delegation composition and number of submissions as factors that may be connected to influence at the IMO, with a focus on MSC and MEPC meetings. To do so, we have used IMODocs, which is the IMO document repository, to identify more than 10,000 submissions to MEPC and also MSC by 47 IMO Member States and NGOs. We have added MSC submissions to see if there is a difference vs MEPC and since the two committees regularly interact on a number of issues. Analysis of delegation size was based on the list of participants for each session; for these 47 IMO members we processed an average of more than 1,000 delegates per MSC or MEPC session. Details follow.

3.1 Delegation Size

Is delegation size a proxy for influence at the IMO? In a strict sense it is not, as a large delegation may be, theoretically at least, not very visible in terms of submissions to the IMO or the discussions there. By contrast, a small delegation can be very vocal or prolific in terms of submissions, again theoretically. However, to the extent the members of a delegation can be used to represent the delegation not only at plenary but also at the various working groups that take place simultaneously, then obviously a large delegation may have an advantage over a smaller one. In addition, a large delegation may project

a sense of superiority in the meeting, if the size of a delegation is perceived by some as related to the resources that a delegation has at its disposal (and in many senses it is).

Each delegation is structured into the following personnel categories, not all of which may appear in a specific delegation's roster: the head of delegation, representatives, alternates, advisers and observers. Typically heads of delegations, representatives, and alternates are staff members of the respective Member Governments. More on delegation composition in Section 3.3.

Table 2 lists delegation sizes for the top 20 IMO Member States (in terms of controlled fleet in 2018) that attended MEPC 72, the landmark MEPC that adopted the Initial IMO Strategy, again in 2018. We consider representation at MEPC 72 (see IMO(2018b)) as a good proxy of representation at MEPC in general, however later in the paper we present aggregate statistics of the most recent meetings of MEPC as well as MSC. The table also juxtaposes delegation size vs the DWT of the controlled fleet of the Member State and also shows the ratio of delegate size divided by fleet DWT.

Table 2: Delegation size for the top 20 fleets.

Source: IMO (2018a), UNCTAD (2018)

| Member state | Head of delegation, representatives, alternates | Advisers, observers | TOTAL=N | DWT of controlled fleet (000 tons) | 1000N/DWT |
|--------------|---|---------------------|---------|------------------------------------|-----------|
| Greece | 3 | 7 | 10 | 330176 | 0.303 |
| Japan | 12 | 33 | 45 | 223615 | 2.012 |
| China | 3 | 15 | 18 | 183094 | 0.983 |
| Germany | 4 | 16 | 20 | 107119 | 1.867 |
| Singapore | 1 | 10 | 11 | 103583 | 1.062 |
| Hong Kong | 2 | 1 | 3 | 97806 | 0.307 |
| Rep. Korea | 5 | 19 | 24 | 77277 | 3.106 |
| USA | 3 | 15 | 18 | 68930 | 2.611 |
| Norway | 6 | 11 | 17 | 59380 | 3.031 |
| Bermuda | 0 | 0 | 0 | 54252 | 0 |
| Taiwan | 0 | 0 | 0 | 50422 | 0 |
| UK | 3 | 14 | 17 | 49989 | 3.401 |
| Mexico | 3 | 4 | 7 | 39323 | 1.780 |
| Denmark | 10 | 14 | 24 | 39212 | 6.121 |
| Turkey | 3 | 7 | 10 | 27241 | 2.550 |
| India | 3 | 0 | 3 | 24852 | 1.207 |
| Switzerland | 2 | 2 | 4 | 24805 | 1.613 |
| Belgium | 3 | 2 | 5 | 23630 | 2.116 |
| Russia | 3 | 10 | 13 | 22219 | 5.851 |
| Indonesia | 21 | 2 | 23 | 20299 | 11.331 |

One can make a number of observations from the table:

1. The number of delegates among Member States ranges widely. There seem to be no guidelines on delegation size, either as a total or in terms of the various sub-categories. This is totally left to each Member State.
2. There certainly exists no visible correlation between delegation size and fleet size. For instance, Greece, the Member State with the largest controlled fleet in the world, has a rather small delegation, in fact same size as Turkey, whose fleet is about 8% the size of Greece in terms of DWT. Greece has the smallest non-zero ratio of delegation size/fleet size.
3. Japan is by far the most populous delegation (45), Rep. of Korea and Denmark (24 each) distant seconds, with Indonesia (23) not far behind. USA, Germany, China, Norway are a cluster of countries that are next (between 17 and 20).
4. Indonesia is top in terms of ratio of delegation/fleet size, with Denmark a distant second.
5. Two countries with significant fleet (Bermuda and Taiwan) sent no delegations. It was noted before that Bermuda is not a member of the IMO.
6. Some countries which were very vocal at MEPC 72, especially on GHGs, e.g. Brazil (22 delegates) and Saudi Arabia (12 delegates), are not in the top-20 table.

As an aside we note that a reasonable estimate of the cost of more than 40 delegates traveling from Japan to London for a week is 150,000 USD, and if we also count that many of these people also attended the intersessional meeting on GHGs the week before and that Japan traditionally hosts a welcoming reception right before the MEPC, one can get an idea of the resources that some Member States are allocating to IMO meetings. And this is only for MEPC and does not take into account resources allocated to preparing submissions to the IMO (of which more in Section 5).

On the other hand, one could argue that the small size of its IMO delegation has certainly not prevented Greece from being No. 1 in terms of world fleet. The question of course is to what extent this or other countries are able to influence the IMO decision making process and what are the factors that may contribute to such influence. In that respect, fleet size can not, in and of itself, be a proxy for such an influence. Table 3 is the equivalent of Table 2 for some of the major IMO observer organizations. These are listed by decreasing order of delegation size. There is no official differentiation on personnel categories for each delegation. The table is not exhaustive.

Again, there seem to be no guidelines on delegation size. It can be seen that the delegations of some IMO observer organizations surpass in size that of some of the IMO Member States. It is remarkable for instance that the Clean Shipping Coalition (CSC), an NGO, had 29 delegates under its umbrella at MEPC 72 (more on this later). It is also interesting that ship owners are represented via not one, but via several distinct organizations. In the above table we can see ICS, CLIA, Intertanko (representing tanker owners), Intercargo (representing dry bulk owners), BIMCO, WSC (typically representing

container owners), Interferry (representing owners of Ro-Ro ferries), and even the International Parcel Tanker Association (IPTA). Collectively these organizations fielded as many as 47 representatives at MEPC 72. Of the above associations, ICS and BIMCO are ship type- neutral and the others represent sectoral interests, which however appear quite fragmented.

Table 3: Delegation size, IMO observer organizations, MEPC 72. Source: IMO (2018b)

| OBSERVER ORGANIZATION | Number of delegates |
|-----------------------|---------------------|
| CSC | 29 |
| European Commission | 20 |
| IACS | 20 |
| ICS | 18 |
| CLIA | 10 |
| IMAREST | 10 |
| OCIMF | 8 |
| Intertanko | 7 |
| CESA | 7 |
| BIMCO | 5 |
| WSC | 5 |
| Intercargo | 4 |
| Interferry | 2 |
| OECD | 2 |
| IAPH | 2 |
| IPTA | 1 |

To shed more light, we turn into an analysis of the composition of each delegation in the section that follows.

3.2 Delegation Composition

After a cursory investigation, and using again MEPC 72 (IMO, 2018a) as a representative example, the following remarks can be made:

1. There seem to be no rules on who can be admitted to sit on a delegation. The willingness of the delegation to include someone is about the only prerequisite. One does not even have to be a citizen of a Member State delegation to be included in its roster. A national delegation can have a mixture of government officials and industry representatives, with no established norm on composition.
2. An industry representative has the choice of coming under a number of delegations. Only one can be used for a specific meeting, but there is a choice. Example: If someone is a staff member of a shipping company, he can come under any of the shipping industry observer organizations (see above) or under a specific Member State.
3. If shipowners' interests could field 47 representatives at MEPC 72 as shown above, the number itself is misleading, as a shipping company person can alternatively be included in the roster of a Member State, as an adviser or as an observer. For instance, of the 45 Japanese delegates, 7 were from the Japanese Shipowners Association. Of the 10 Greek delegates, 4

were from the Union of Greek Shipowners (they could also come under the umbrella of the Hellenic Chamber of Shipping- HCS, but that was not the case in MEPC 72). Of the 24 Danish delegates, 2 were from Danish Shipping and 4 from A.P. Møller-Mærsk. And so on. In that sense, ship owners interests are very well represented at the IMO, even though there is certainly a lot of fragmentation.

4. The same is true on the representation of other members of industry. Of the 21 Brazilian delegates at MEPC 72, 5 were from mining and logistics giant Vale. Also, a staff member of a classification society can be included either under IACS (the International Association of Classification Societies) or under a specific Member State. As an example, at MEPC 72 classification society DNV-GL had 4 delegates with the German delegation, 4 delegates with the Norwegian delegation, and 2 delegates under IACS (that's a total of 10 delegates). The Korean Register of Shipping had 5 delegates with the Republic of Korea delegation, plus 5 under the IACS delegation (again a total of 10 delegates). And so on. We shall see numerous additional representation possibilities for class societies later in this section. This means that class is extremely well represented at the IMO, and way beyond its official representation which is IACS.
5. The European Commission delegation (20 members) included not only European Commission staff, but also members of the European Parliament (7 members), even though their roles are distinctly different. The European Commission only has observer status at the IMO, even though it has long sought for the EU to become a regular member (something that would deprive EU Member States of the freedom to act independently). As per Section 2, the European Commission, together with the EU 28 Member States, is entitled to make submissions to the IMO, on matters that supposedly have "EU content". For these submissions, an EU Member State is not allowed to deviate from the position expressed in the submission.
6. The composition of the CSC delegation at MEP 72 is worth noting. It consisted of 29 people, by far the largest of all observer organizations and second only to Japan as compared to the top-20 Member States of Table 2. None of these people are CSC staff members, as CSC is an umbrella organization that hosts several others. In the delegation, one can see people from NGOs such as Seas at Risk, Transport and Environment, Environmental Defence Fund, International Council on Clean Transportation, International Windship Association, and from a variety of other organizations including University College London (UCL) (5 members). Influence Map, the NGO that raised the issue of corporate capture at the IMO, was also under the CSC umbrella at that meeting. See also point No. 8 below regarding UCL coming under the IMAREST umbrella.
7. The affiliations of delegates can be sometimes misleading, or hidden. Take for instance the case where a shipping company staff member may come as an adviser of the Greek delegation, but his affiliation as it appears in the IMO delegates list not is the one of his own company, but that of the Hellenic Chamber of Shipping (HCS), which is the official advisor to the Greek

government on shipping matters, and who sends him there to represent them. This means that the original affiliation of someone who attends IMO meetings may be partially or completely hidden. We shall see other examples below.

8. Other cases of hidden affiliation are with IMAREST, which is a marine professionals association. For instance, at MEPC 72 a staff member of UK classification society Lloyds Register (LR) was listed as environmental manager of IMAREST, with that person's LR affiliation suppressed. Also IMAREST regularly lists as members staff of UCL, again without listing their UCL affiliation. The hidden identity may give LR and UCL an additional outlet to express their interests, which in reality may not necessarily be identical to those of IMAREST. For UCL this would be a second outlet in addition to CSC (as per point No. 6 above). For LR, this would be one more outlet in addition to IACS and the UK which they can also use. And if this were not enough, we are aware of an MEPC working group on environmental risk evaluation criteria where an LR staff member was included as a member of the CLIA delegation (that is 4 possible delegations and counting that can represent a classification society).
9. Who can speak at the IMO? People who take the floor on behalf of Member States are not limited to the heads of delegations or to official representatives (eg civil servants working in specific ministries, coast guards, embassies, etc), but may also include advisers who are coming from a broad variety of organizations, including national research institutes, universities, national industry or maritime advisory associations, shipping companies, classification societies, consulting companies, etc. Apparently, the right to take the floor is given to these people by the respective Member States and what they say has been cleared by these Member States in accordance with the position of the Member State on the subject of the discussion. This scheme allows a specific company or group (such as for instance the classification societies mentioned earlier) to be given the floor not via one but via multiple delegations in the same meeting.
10. The same is true as regards people who take the floor on behalf of observer organizations. Even though most observer organizations have specific rules on who may take the floor and what should be said, others are less strict and we may see situations where what the speaker may say on the floor may primarily favor their original affiliation (which as mentioned above may be hidden) vis-à-vis the position of the delegation on behalf of whom they speak. And even if the latter is the case, the fact that a company or a group can be given the floor not via one but via multiple delegations may very well distort representation.
11. There seem to be no rules on possible switching among delegations, which seems to be free. In that sense, a person may come under delegation A in one meeting, and under delegation B in another meeting, with the listed affiliations being not necessarily the same (if they are not hidden). This possibility maximizes the benefits of that person's original affiliation to promote its interests as they see fit.

3.3 Number of Submissions

The number of submissions to the IMO is surely an indicator of influence or power. Simply speaking, if you do not submit, only by coincidence someone else will submit something that conforms with your interests. A Member State that regularly submits (say) 5 to 10 submissions per MEPC (or MSC) meeting, has a higher chance of seeing some of them adopted, than another Member State that sends much fewer or no submissions. Of course, submission does not necessarily guarantee adoption, however persistent submissions project a sense of leadership and may bear fruit in the long run. A Member State that typically does not submit, cannot aspire to have a leadership position, and is relegated to the role of commentator of other delegations' submissions (in the best case), or simply to the role of observer (in the worst case). If you want to lead, you have to submit.

Of course, submission, non-submission, or limited submission is a matter of choice. Nobody forces someone to submit, and it may very well be that as a matter of national strategy some delegations may have chosen to adopt a “passive” role, that of mainly commenting on others' submissions or staying at the sidelines and watching others debate the issues. Making a non-trivial submission takes significant resources, possibly involving R&D or studies to support positions, and if these resources are not available or are limited maybe the best strategy is to use them in terms of responding rather than proposing. Of course, such a strategy is not necessarily the best way to go after someone's interests.

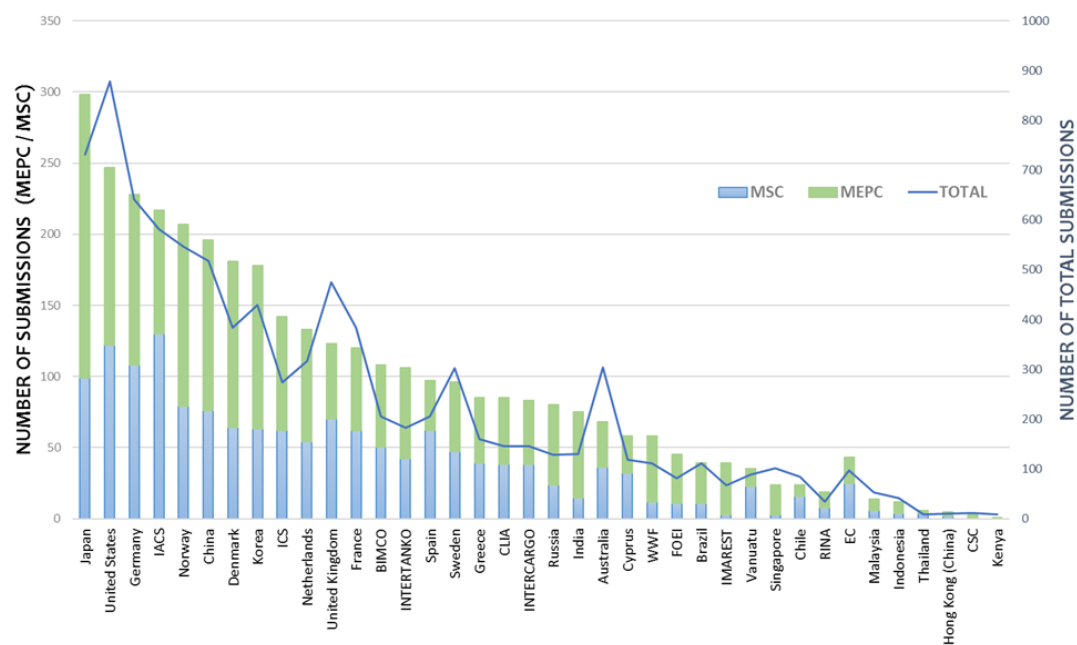


Figure 3: MSC and MEPC (left vertical axis, bar chart) and total IMO submissions (right vertical axis, solid line) since 2010.

In the above we present some aggregate IMO submission statistics for MEPC and MSC meetings since 2010. As said earlier, we have added MSC submissions to see if there is a difference vs MEPC and since the two committees regularly interact on a number of issues. To get a wider perspective, we have also added the total number of submissions to the IMO as will be further explained.

The left vertical axis of Figure 3 shows the MSC and MEPC submissions of various delegations since 2010. Submissions are shown as a bar chart of the figure (blue: MSC, green: MEPC). The right vertical axis of the same figure shows the total number of IMO submissions for the same period (not limited to MSC or MEPC). The ranking in the horizontal axis of Figure 3 is by total number of MSC and MEPC submissions. Joint submissions are counted for each of the submitters. In the period since 2010, there have been a total of 10,146 submissions to the IMO, of which 2,252 have been to the MEPC and 1,780 to the MSC (the rest have been submitted to other IMO committees, subcommittees, working groups or other bodies).

In Figure 3 submissions by the EU-28 (submitted via the European Commission) are treated separately under label EC and do not count in the submissions of each of the 28 EU Member States. For joint submissions, information on who, among the submitters, took the initiative to originate the submission was not readily available and is not reflected in the figure. In that sense, the figure probably underestimates the leadership position of delegations who originated joint submissions, by putting them at an equal footing with their co-submitters. The figure also does not show the submissions by the IMO Secretariat, as these do not shed any light on the influence of any particular delegation.

It can be observed from Figure 3 that for the period since 2010, the US, Japan, Germany, IACS and Norway have been the top five IMO delegations (in that order) in total number of submissions. The order in terms of MSC+MEPC submissions is very similar: Japan, US, Germany, IACS and Norway. Greece, the world's top fleet, is ranked as low as No. 17 in terms of MSC and MEPC submissions and No. 18 in terms of total IMO submissions. There seems to be no substantial difference in activity between MSC and MEPC submissions, ie one delegation being very active at MSC but not very active at MEPC or vice-versa. Some individual differences do exist, for instance Japan being more active in MEPC vs MSC while IACS is more active in MSC vs MEPC.

Figure 4 shows average delegation size for the last two MSC and the last three MEPC meetings versus total number of submissions since 2010, for selected IMO Member States. The total number of delegates registered in these 5 sessions was 5,427. The size of the circle for each Member State is proportional to that Member State's controlled fleet in 2018. In Figure 4 Japan (and to a lesser extent the US) stand out as outliers, in terms of average delegation size (for Japan), and, to a lesser extent, in terms of number of submissions (for both the US and Japan). It should be noted that according to UNCTAD (2018), in 2017 China, Korea and Japan accounted for 23.34, 22.51 and 12.94 million GRT in newbuildings (respectively). These three countries total to 58.79 million GRT, versus 64.99 million GRT for the world shipyards (this is a share of 90.45% of global newbuildings). This, together with

fleet size, can perhaps explain the high submission profiles for these countries. It should be noted that shipbuilders' interests are also represented in Europe by CESA and in Asia by ASEF (the Active Shipbuilding Experts' Federation). In the above period, CESA had 13 submissions (joint with a number of other observer organizations) and ASEF, which was granted consultative status in 2017, only one.

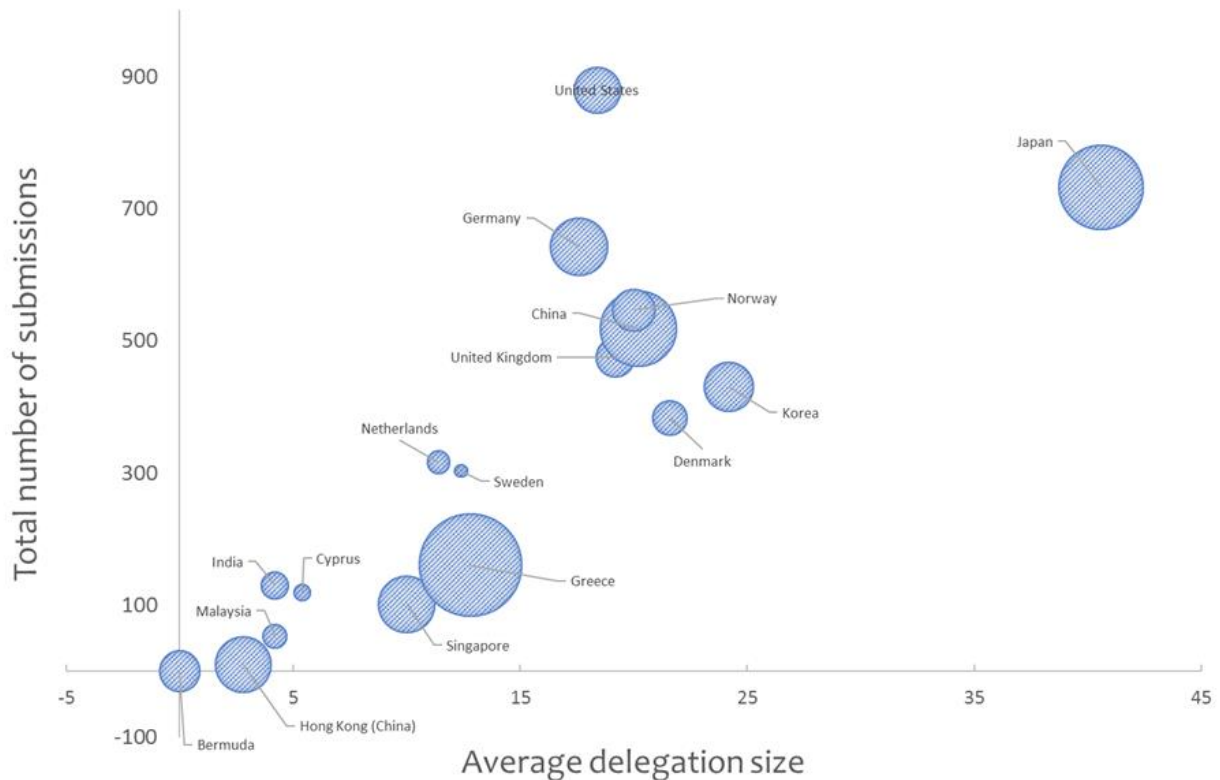


Figure 4: Average delegation size vs total number of submissions and fleet size for some Member States. The areas of the circles are proportional to the controlled fleet size in DWT in 2018.

The high submission profiles of Norway, Germany, UK and to a lesser extent Denmark can be perhaps explained by the significant maritime clusters that are present in these countries. These clusters include shipbuilding, marine equipment, class, banking, marine insurance, and other related industries. In contrast Greece, No. 1 in the world in terms of controlled fleet but practically non-existent in terms of shipbuilding, perhaps looks like a “sleeping giant” in terms of both delegation size and total number of submissions.

Of course, its few IMO submissions certainly did not prevent Greece’s controlled fleet to attain No. 1 status in the world. In that sense, it is clear that IMO submissions and delegation size are clearly not relevant for a Member State’s controlled fleet size. However, a question that can be asked is, which of the major IMO regulatory developments in recent years has had the distinct footprint of Greece? We can think of only one, the bulk carrier double hull issue, when due to the intervention of Greece in 2004 (see for example IMO(2004)) the IMO reversed its earlier decision to require double hulls

for bulk carriers. That was an MSC activity. By contrast, in major recent IMO regulatory activity, including the MEPC drive to decarbonize shipping and the Initial IMO Strategy which is likely to significantly influence the shape of the industry in the years ahead, Greece has been conspicuously low-key, at least thus far. In the words of a prominent member of the Greek shipping industry, *“In the nineteenth century we were part of the transport system. Now we are just taxi drivers waiting for someone to hire our cab.”* Figure 5 is a variant of Figure 4 with fleet size removed but with observer organizations added.

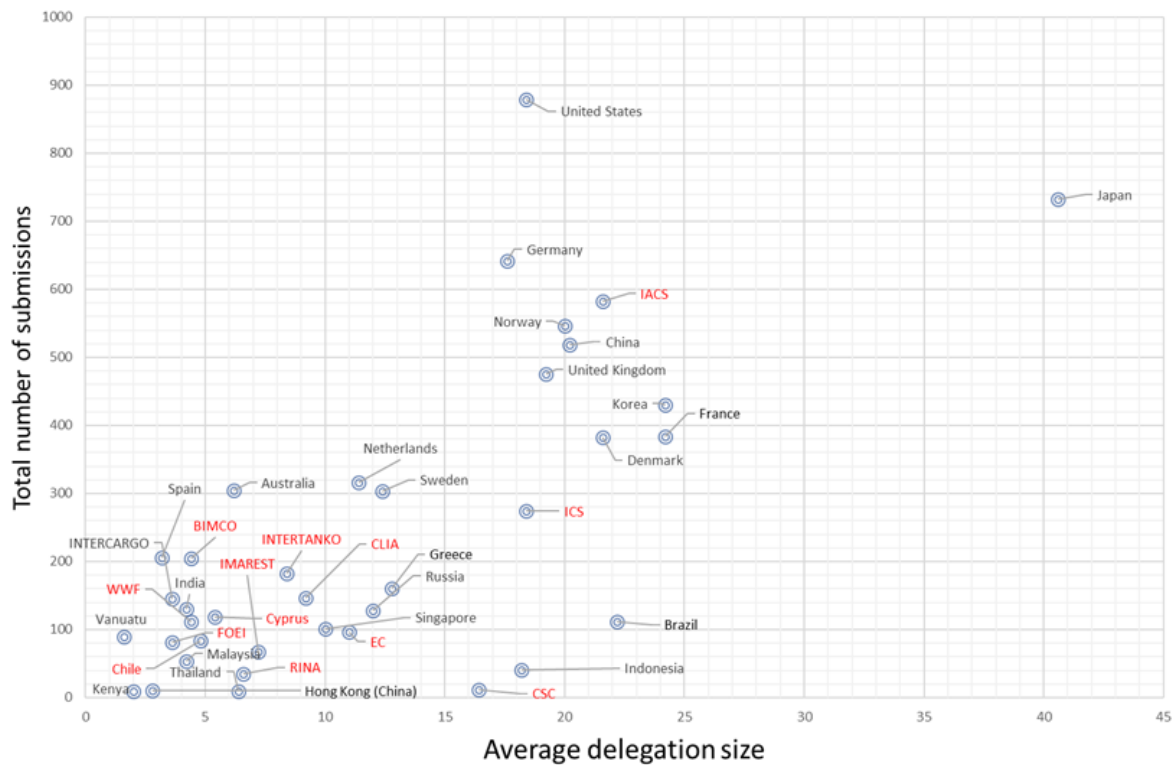


Figure 5: Average delegation size vs total number of submissions and fleet size for some Member States (blue) and observer organizations (red).

Among IMO observer organizations, IACS clearly stands out, being No. 4 in terms of overall total submissions and even surpassing all Member States except the US, Japan and Germany. Other industry associations such as ICS, BIMCO and Intertanko follow at a distance. Given that (as per previous sections) some IACS members can also participate in an IMO meeting under multiple different delegations (including IACS itself) and hence may influence the discussion of what is submitted via these delegations as well, the above confirms the significant and perhaps extraordinary profile of class in IMO business.

This is certainly to be correlated with the fact that the maritime mode is the only transportation mode that has classification societies. There is nothing even remotely equivalent to class in road, rail or air

transportation, and in fact these paradigms mean that one could conceivably think of a world in which class does not exist in shipping either. However, the likelihood of this happening is practically non-existent. Classification societies have historically developed into entities that have been assigned by flag states the task of monitoring regulation compliance, and in fact have developed rules of their own for practically any aspect of ship strength, safety, security, training and environmental performance. In parallel to their regulatory activity, they also have a commercial arm, in terms of selling services of all kinds to shipyards and ship owners. Some class societies have substantial R&D departments and have even developed their own ship designs and are actively promoting fuels such as LNG and other solutions to decarbonize shipping. It is not within the scope of this paper to discuss the history and role of Class in shipping, however our analysis confirms that their influence on the industry is significant, and due to the very lax IMO governance rules, perhaps it is way more significant than what they should normally be entitled to. Thus, and even though we may stop short of claiming that “what is good for DNV-GL is good for Norway” (or for Germany for that matter), the fact that IMO rules allow class to be represented via multiple outlets and act in unison on selected matters with no checks and balances whatsoever is, in our opinion, a source of concern for IMO governance and should be rectified.

4. THE WAY AHEAD

4.1 IMO Discussion on Reform

The publication of Transparency International's report was actually the second time in just six months that the IMO was hit by massive criticism, after the one by InfluenceMap. Both reports have attracted much attention from the media as various articles were published in Lloyds List, ShippingWatch and other outlets.

In May 2018, Lloyds List (2018) reported that Australia was preparing a proposal to the Council to put matters of transparency, representation and the role of industry organizations on the table. This move has been supported by a number of countries, and in the 120th Council meeting (July 2018), a submission by Antigua and Barbuda, Australia, Bahamas, Canada, Georgia, Guatemala, Islamic Republic of Iran, Jamaica, Liberia, Spain, Ukraine, and United Arab Emirates called for the Council to be more active in setting, directing and monitoring policy, for Council and Assembly decisions and discussions to be made more accessible to Member States and the public; and to examine the role of industry bodies attending IMO meetings and whether these bodies accurately reflect the breadth of maritime interests; see doc. C 120/4/5. According to the submission the latter was requested "in light of the concerns raised by InfluenceMap, Transparency International and other commentators". They also proposed amendments to the Guidelines to be considered in order to "clarify that reasonable criticism of IMO will not prevent an organization from gaining or maintaining consultative status".

At the 120th Council meeting the establishment of an open-ended working group, to meet at C 121, was agreed in order to consider the various reform proposals. In addition, the Council removed restrictions so that those wished to release their documents to the public prior to a meeting could do so. Interestingly enough, a group of countries that includes the US, UK, Panama, Marshall Islands, Japan and then United Arab Emirates has disagreed that the working group should even discuss issues of greater access to information and the role of industry bodies; see IMO(2018c)

Australia in a submission to the Council's 121th session (IMO(2018d)) has identified a number of options to increase public access to discussions and decisions including: providing access to documents prior to consideration at meetings; providing public access to live video streaming of plenary meetings of the Council and the committees; reform of the media guidelines to allow more comprehensive reporting of IMO issues; and providing free electronic copies of consolidated versions of key IMO instruments and administrative documentation. The submission dealt with an important issue that has also been highlighted in Transparency International's criticism, namely the fact that press can not name speakers in open plenary without consent and quote their views. In Australia's view, delegates represent their national governments and "statements made during plenary are statements of confirmed government policy and should therefore be able to be quoted without permission".

Although none of the above was decided during the meeting, a number of substantive issues were discussed during the 121th Council session and a working group will be re-established at the Council's next session (C122 in July 2019).

4.2 IMO Governance vs the Initial IMO Strategy

Is the shipping industry deliberately trying to slow down the IMO in its quest to decarbonize shipping, as claimed by InfluenceMap? This is a very serious accusation, and to prove it one will have to prove intent, which is very difficult or impossible. We were not able to do so in the context of our analysis. However, below we comment on the issue.

The adoption of the so-called Initial IMO Strategy to reduce GHG emissions in April 2018 (MEPC 72) was certainly a landmark decision (IMO, 2018a). The big question however is what happens next and how fast one can move to implement measures that would make a difference. Indicative of the pace at the IMO is the fact that after a fierce debate at MEPC 73 in October 2018, the updated plan all the way to MEPC 80 in 2023 replaced the initially suggested word “prioritization” (of the candidate measures to reduce GHGs) by the word “consideration”, which surely projects a much weaker political will. This choice of wording can explain why no decision was made on any measures at MEPC 74 in May 2019. MEPC 74 did exactly what MEPC 73 instructed it to do: it just considered the measures that were proposed. When the IMO will move to the next click, from consideration to prioritization, or even to decision, is anybody's guess.

Was the shipping industry behind the above change in wording? It is hard to say, let alone prove it, and in our opinion the wording was chosen so as to bring onboard Member States such as the US and Saudi Arabia, who are opposed to the Initial IMO Strategy, not to mention Brazil, India, and others who have expressed serious concerns about it. In that sense, using the word “consideration” was a compromise solution: in order not to lose consensus, use a wording that gets the least common denominator, even though the use of such a wording may compromise what may eventually be achieved afterwards, and how fast this can be achieved.

But the Initial IMO Strategy itself is full of such compromises. For instance, the two stated principles that are centrally included in the Strategy (a) non-discrimination/no more favorable treatment and (b) Common But Differentiated Responsibilities and Respective Capabilities (CBDR-RC) are in direct conflict with one another. The latter principle was included so as to placate the above group of developing countries (mainly Brazil, Saudi Arabia, India, and others) who stood and continue to stand firmly behind CBDR-RC. According to this principle, the formulation of which dates as far back as the Kyoto protocol, developing countries claim they have a “differentiated” (read “lower-degree”) obligation to reduce GHG emissions, at least vis-à-vis developed countries. It is not the purpose of this paper to comment on CBDR-RC (for a discussion versus maritime GHG emissions see Psaraftis (2018)). But in our opinion, if there is a single major obstacle for any progress on maritime GHG

emissions reduction, it is definitely CBDR-RC, and one will need to find a way to circumvent or even eliminate this principle altogether if any serious progress is to be made. So long as CBDR-RC is there, and it is clear it is there for political reasons, any talk about industry dragging their feet on GHGs misses the point.

It is of course conceivable that shipping companies or other industrial interests in Brazil, Saudi Arabia, India and others are responsible for these countries' stance on CBDR-RC and hence GHGs. In other words it is conceivable that CBDR-RC, even though it invokes a societal cause enshrined in the Kyoto protocol, is used as an argument to “camouflage” whatever other real reasons exist for these countries negative stance on GHGs. However, to the extent that something like this is the case, it is only speculation. On their part, industry associations such as ICS, BIMCO and others are not advocates of CBDR-RC. But in the specific debate between CBDR-RC advocates (mainly developing countries) and opponents (mainly developed countries), these associations are side-lined and prefer not to be directly involved. Whether such a continuing debate suits them so that discussion on GHG does not move very fast is a hypothesis that cannot be proven.

Another compromise that was reached just prior to the formulation of the Initial IMO Strategy at MEPC 72 was to include both “speed reduction” and “speed optimization” as short term measures to reduce GHG emissions. This is so because Chile and Peru objected to the use of the term “speed reduction” as a possible emissions reduction measure, on the ground that this may constitute a barrier to their exports to Asia (and particularly to those that involve perishable products such as agricultural products and others). They suggested the use of “speed optimization” instead. In a classical IMO compromise move, both wordings were included in the IMO decision text. However, what is meant by “speed optimization” in that text is far from clear and hence is subject to different interpretations.

It turns out that the term “speed reduction” is not well defined either. In many IMO submissions and in some other documents such as studies, papers, etc. there is widespread confusion on how this term is interpreted. Sometimes it is interpreted in a literal sense, that is, reducing speed irrespective of how the reduction is achieved. In that sense, it is often used as a synonym for “slow steaming,” which is a voluntary measure. But some other times the term is interpreted as mandating speed limits. In fact, a recurrent measure that has been and is being promoted by various NGOs is to impose speed limits. Leader of this movement is none other than CSC, who in fact had proposed the measure to the IMO in 2010. However, that proposal was rejected at the time. In spite of this decision, lobbying for speed limits has continued by CSC and other groups. As a result, speed limits were included in the roster of candidate short-term measures of the Initial IMO Strategy.

More players recently joined the speed limit bandwagon. France submitted a document to the IMO supporting the idea. Greece submitted another document advocating mandatory speed adjustments or maximum allowed main engine fuel consumptions. Shortly before MEPC 74 (May 2019), a group

of more than 100 shipping companies, many of them Greek, issued an open letter advocating speed limits. A Tradewinds poll showed 61% support for the measure; see TradeWinds(2019). At both MEPC 74 and the intersessional meeting that preceded it, environmental groups protested in front of the IMO headquarters asking for ships to slow down to save the planet. A high school student gave a passionate speech to that effect. At the same time, industry giant Maersk and other stakeholders such as the UK chamber of shipping came out against the measure.

The speed limit option was discussed at MEPC 74 (May 2019), among other measures. To the disappointment of its advocates, the measure was not endorsed, as many stakeholders objected to it. Among those, industry associations like ICS and BIMCO are not in favor of the measure. But MEPC 74 did not reject it either, so the measure is still alive, at least theoretically.

Does disagreement on speed limits imply that the shipping industry is deliberately dragging its feet on an option that could really make a difference? We have found no evidence for that. Speed limits is a very controversial policy option and, if anything, the real reasons that some stakeholders advocate it should be explored and brought forward. These include a freight rate increase because of the shrinkage of the transport capacity supply curve, which could explain why some ship owners support the measure. But as Psaraftis (2019) points out, “the real reasons for advocating speed limits are seldom revealed in the public debate, and all promoters typically play the “do-gooder” card, that the option is good for the environment, and in particular vis-à-vis the Initial IMO Strategy.” In that sense, if it can be understood why some ship owners would support this idea, why environmental NGOs would support it is less obvious. For one thing, it is clear that such a measure would not apply the “polluter pays” principle, would not internalize the external costs of GHG emissions and it would not incentivize the development of low carbon fuels and other energy saving technologies that would reduce GHGs. It would treat two ships of vastly different energy efficiencies the same, by forcing them to sail at the same speed and thus unfairly penalize the energy efficient ship. Yet, NGOs such as CSC and others are firmly advocating the measure, and over the years have found the money to finance studies that provide support for it.

A measure that would definitely incentivize development of alternative fuels and energy saving technologies would be a bunker levy or another Market Based Measure (MBM). MBMs were examined by the IMO/MEPC in 2010, but after many discussions there was no preference for any of the 11 MBM proposals and finally the discussion was suspended in 2013. The main reason was the objection of the developing countries mentioned above (plus China at the time) on the ground that MBMs are allegedly incompatible with CBDR-RC (see Psaraftis (2018) for a discussion).

At this point in time MBMs are included in the Initial IMO Strategy as a candidate medium-term measure (to be finalized and agreed to between 2023 and 2030), as follows: “New/innovative

emission reduction mechanism(s), possibly including Market-based Measures (MBMs), to incentivize GHG emission reduction.”

Note the word “possibly”, which means that the fate of MBMs at the IMO is unclear at best. After the above ill-fated discussion, interest on MBMs, at least at the IMO, seems currently very slim, and this is all across the stakeholder spectrum. France and some Pacific islands proposed that the discussion reopen, but this has not yet happened. A comparison between speed limits and MBMs is in Psaraftis (2019).

A player that may have some influence over this process is none other than the EU. The EU has agreed to align itself with the IMO process, and essentially refrain from acting on a possible inclusion of shipping into the EU ETS before seeing what the IMO intends to do on GHGs. ETS is an MBM, and the EU ETS is a major instrument in EU energy policy, covering electricity production and several other major industries (but not shipping). The European Commission is closely monitoring the IMO process, starting from what is agreed on the initial strategy in 2018 and all the way to 2023. Thus far it has refused to take the ETS option off the table or even to specify what would trigger action on its part. Whether this might put some pressure on the IMO to resume the suspended discussion on MBMs and adopt a global MBM before the EU moves on ETS, or do something else that provides concrete evidence that GHG emissions will be reduced, is unclear at this time. And even though the Damocles sword of an ETS looks like the default scenario for the EU if progress at the IMO is not deemed satisfactory, precisely what action the EU will take and when that action will be taken is equally unclear.

4.3 Conjectures

Before we can make some recommendations, from the all of above we can make a number of conjectures. We use the term conjectures instead of conclusions because these are based on a non-encyclopedic amount of factual evidence augmented by our own experience and for these reasons these results are not necessarily generalizable. The conjectures are as follows.

1. For a UN agency tasked with such important responsibilities, and even though the IMO appears to be functioning reasonably well, IMO governance sometimes is lacking and is subject to considerable improvement. In particular, rules as regards representation are too lax and may open the door to situations that do not necessarily promote transparency and a level playing field.
2. There seems to be no proven evidence that the shipping industry, fragmented as it is, is deliberately stalling the drive to decarbonize shipping.
3. At the same time, a variety of reasons, mostly political, are responsible for the slow pace of the regulatory process to decarbonize shipping. There seems to be no evidence of collusion by IMO stakeholders to that effect.

4. IMO Member States that seem to be the most potent influencers of IMO policy are Japan, the US, Germany, Norway and China, with Denmark and Korea not too far behind.
5. The above is matched or sometimes even surpassed by IACS, whose members have the additional privilege of being allowed to influence IMO policy via multiple additional outlets, in addition to IACS itself. This constitutes in our opinion, a serious deficiency in IMO governance.
6. Greece, the world's No. 1 shipping power in terms of controlled fleet, has adopted a low profile role at the IMO and does not seem to be a main influencer in IMO business.
7. Representation within some delegations and especially NGOs is sometimes hidden and non-transparent. This is another deficiency in IMO governance.
8. The EU has the potential of influencing IMO developments, mainly as regards the pace of the decarbonization process, but has not taken full advantage of this potential as of yet.

4.4 Recommendations

Can something be recommended to improve IMO governance? In Table 4 below we suggest some possible reform actions, the majority of which (or perhaps all) are probably too radical to be agreed upon.

Table 4: Suggestions for IMO governance reform

| Suggestion | Comment |
|--|--|
| Limit the size of each delegation. For instance, five people maximum as regular members, plus up to five advisers or observers. | There should be enough people to attend the plenary session and working groups running in parallel. Japan may find this measure unfair, but delegation size can not be uncontrollable. |
| For Member States, regular delegates should be public servants and staff of the respective Member Governments | This may sound self-evident and is coupled with the no-outsourcing requirement (see below). |
| For observer organizations, regular delegates should be employees of the respective organization. | This would eliminate the possibility that NGOs field a “dogs-and-cats” delegation, of which each member promotes its own interest. |
| Representation at the IMO cannot be outsourced. | We also find this self-evident, as the interests of the representer and those of the representee may not coincide. Delegations can include advisers and observers, but these cannot officially represent them (see also next point). |
| Advisers and observers cannot take the floor. | This is coupled to the no-outsourcing requirement and is a measure to avert conflict-of-interest situations. |
| The real affiliations of delegates should be listed. These are the delegates' employers. There should be no hidden affiliations. | Again, self-evident. |

| | |
|--|--|
| <p>If a delegate has dual or multiple employers, only one can be used at an IMO meeting, but all employers should be listed.</p> | <p>There should be full transparency on who is who at the IMO.</p> |
| <p>An organizational entity (shipping company, port, consulting company, university, research organization, class, shipyard, consulting company, or any other private company) cannot send delegates to more than one delegations.</p> | <p>This would avoid interests being represented via multiple parallel channels.</p> |
| <p>Class can only send delegates to IACS.</p> | <p>Class societies will scream in protest to this suggestion, however the current very lax scheme allows them way too many representation possibilities and hence undue influence.</p> |
| <p>Switching delegations between different IMO sessions is not automatic; it is subject to request by the delegate and approval by the IMO secretariat.</p> | <p>There should be some control on how various hats can be switched at the IMO.</p> |
| <p>Each delegate should sign a form stating that there is no conflict of interest in representation and listing also his/her previous employers during the last 5 years.</p> | <p>This is self-evident. A question is how this will be enforced. There should be penalties for violators.</p> |
| <p>The identity of persons who speak at the IMO is recorded and is publicly available. All meetings including working group meetings are video-taped and can be made available.</p> | <p>Another suggestion in the interest of transparency. Of course, knowing that what one says is publicly available may change the content of what is said, however people and delegations should be held accountable to their positions.</p> |
| <p>In discussions on the terms of reference of studies or procurement contracts, taking the floor under any delegation disqualifies one's employer from bidding.</p> | <p>This is a very serious issue and is suggested so as to avoid situations in which people, hidden under judiciously chosen delegations, promote the interests of their real affiliations by participating in discussions on the terms of reference of the very studies for which they will later bid.</p> |

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