TRANSCRIPT
The Ninth Cadwallader Annual Memorial Lecture

The Ship and the Plane, are they the same?

Corporate Social Responsibility: Shipping and Aviation Compared

Issues Discussed:

- Regulatory Regimes and Statutory Controls
- Accountability to the public and for the environment
- Perceived Image/Trust Culture
- Lessons to be learnt from each industry

Chairman: **Dr Aleka Mandaraka-Sheppard**, Founding Director - LSLC, Visiting Professor - UCL

Speakers: **Professor Erik Røsæg** - Scandinavian Institute of Maritime Law
Sir Stelios Haji-Iaonnou - Chairman, The easyGroup
Spyros Polemis - Chairman – International Chamber of Shipping & President of the International Shipping Federation
Rupert Britton - Secretary and Legal Adviser to the UK Civil Aviation Authority

Venue: **Lloyd's of London**
Date: **16th November 2006**
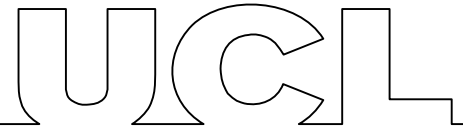
THE LONDON SHIPPING LAW CENTRE
Forum for Shipping, Trade and Maritime Safety

The Ninth Cadwallader Annual Memorial Lecture

The Ship and the Plane, are they the same? Corporate Social Responsibility; Shipping and Aviation Compared

TRANSCRIPT OF THE LECTURE

Chairman: – Dr Aleka Mandaraka – Sheppard
Founding Director – LSLC, Visiting Professor - UCL

Speakers:
Professor Erik Røsæg
Scandinavian Institute of Maritime Law

Sir Stelios Haji-Ioannou
Chairman of the of easyGroup

Spyros Polemis
Chairman – International Chamber of Shipping & President of the
International Shipping Federation

Rupert Britton
Secretary and Legal Adviser to the UK Civil Aviation Authority

Lloyd's of London

16th November 2006

SPONSORS OF THIS EVENT

PRIME SPONSOR

HOLMAN FENWICK & WILLAN

GOLD

ELKA Shipping (London) Ltd.

SILVER

Lloyd's Register

BRONZE

SMIT Salvage (The Netherlands), Steamship Insurance Management Services Ltd., Tsakos (London) Ltd., Tsavliris Salvage Group

SUPPORTERS

The Nautical Institute, Numast, Spinnaker Consulting Ltd.

Part A   **page**

Part B

Part C

Part D

Chairperson - **Dr. Aleka Sheppard**

Introduction

My Lords, distinguished speakers, guests and members; it is with great pleasure that I welcome you on behalf of our President, Vice President and Steering committee.

I am delighted to see this room is full of knowledgeable people drawn from both shipping and aviation. We have set a hard task for our speakers and I hope you will contribute to the debate on corporate social responsibility.

My name is Aleka Mandaraka Sheppard. I am the founder and Director of the Centre.

The Centre has established an international reputation in maritime legal education and commercial practice over the last 12 years. It draws together multidisciplinary experts from all sectors of the industry, at our monthly events, on new trends and developments, and has pioneered risk management education.

The eight previous Cadwallader lectures, have contributed substantially to the debate on serious matters concerning the shipping industry. Last year, the session on EU policy about marine pollution and criminalisation was the most passionate and heartfelt I can remember, culminating in a positive initiative taken by the industry. Certain questions about the EU directive were recently referred to the European court of justice by the English High court

So, how do we follow that? With something rather novel; something that I, and many people in this room, have raised: how does shipping compare with aviation in regulatory terms?

Similarities between shipping and aviation may not be that obvious at first sight. However, look more closely, and you see twin transportation industries, indispensable to the movement of people and goods, both safety conscious, and both highly regulated at national, international and EU levels.

Each industry has safety management systems, and high standards to ensure implementation of international regulations. These are supported

by mechanisms for blacklisting and banning unsafe ships and aircraft from operation.

It all sounds good, doesn't it? But there is something very fundamental we need to tackle and this is what our panellists will be addressing you about this evening

By bringing together experts from both industries, we aim to draw out the similarities and differences in safety regulations, compliance controls, and accountability.

Accountability in responding to safety regulations, in accident investigation, in applying effective measures to discourage non-compliance, and accountability as an essential aspect of corporate social responsibility

Of course, we cannot cover all the issues tonight, But, at least, we hope to send a message to legislators and regulators that: first, they must understand from experts what the respective industries are accomplishing; and second, they take the very real achievements into account when preparing new measures and reviewing existing ones.

Equally high on the agenda tonight is exchanging ideas about how to improve the public's perceptions of both industries. Perceptions tend to reflect an industry's day to day performance and how operators respond to emergencies.

Although performance may, sometimes, fail to meet the expected standards, public perceptions can often be distorted by the media; this hinders the development of a 'trust' culture.

We need to tell our story to a much wider public, but we must ensure first that we have our house in order.

So, the broad questions for tonight are:
First, how do the industries differ in issues about safety?

Second, how effective are the enforcers of regulations with regard to each industry?

Third, do operators apply self-imposed discipline to the management of risks beyond mechanical compliance with regulations?

Fourth, how do the industries respond to measures taken for adequate compensation to victims?

Fifth, are we confident about telling our story to the wider public and, if not, what can we do about it?

Let us celebrate this event as the beginning of a continual dialogue cultivating a 'trust culture' for both industries. Let us fight for what we know is right, strive to correct what is not right; and redouble our efforts to communicate the importance of our industries, what they have achieved, and how responsibly we manage them.

Is that too ambitious? I do not think so; we've got to aim high and find a way of achieving this.

There are a number of people to thank for making this event possible. First, I would like to thank our panellists, for their enthusiasm in sharing with us their specialist knowledge.

Second, our sponsors; we are most grateful to Holman Fenwick & Willan, for taking the lead as a prime sponsor. HF&W is one of the foremost law firms specialising in Shipping & Transport, Insurance and Aviation with offices around the world, including, most recently, Melbourne and Dubai.

We are again indebted to our regular sponsors: Informa publishers, Elka shipping, Lloyd's Register and Tsavliris Salvage, who generously support us every year. Thanks are also due to Smit salvage, Tsakos (London), and Steamship P & I club for their contribution, and to many others for supporting this event.

Thank you all, for setting such an example with your generosity.

Third, I would like to thank, on your behalf, my right hand, Gerard Mathews, manager of the Centre, for his tireless efforts to make the event a success.

Now I come to the confessions: We have had a couple of mishaps on the way, first we lost one speaker, Ravi Mehrotra of Foresight, who regrets he cannot be here for health reasons. Second, as you know, Stephen Van Dyck, Chairman of Intertanko, was to chair the proceedings. Unfortunately, he was obliged yesterday to return to US for personal reasons.

If you will allow a certain adaptation of Oscar Wilde's words from the Importance of Being Earnest: to lose one panel member may be regarded as a misfortune, to lose both looks like carelessness. I hope you will feel that it is just a misfortune.

But we have been able to counter Ravi's absence with some good fortune in that Spyros Polemis has stepped in for Ravi. However, we have been unable to secure the services of another high profile chairman, so faute de mieux, you will have to put up with me to chair the discussion.

My Lords Ladies and gentlemen: I invite you to take a measured glance at the similarities and differences between shipping and aviation, under the aegis of this ninth Cadwallader lecture.

I will now ask Professor Erik Røsæg of the Scandinavian Institute of Maritime Law to compare shipping and aviation in the context of corporate social responsibility. Erik has been an advisor to the Norwegian government, the EU and IMO on matters of maritime liability and insurance issues
Thank you

Professor Røsæg
Madame chair, ladies and gentlemen,

I am extremely grateful to the London Shipping Law Centre and Dr. Sheppard for inviting me and giving me the opportunity to reflect a little on CSR in shipping and aviation before an audience like this. I will do my best in the 25 minutes allotted to me.[1]

I will certainly not take upon myself the role of some sort of a prosecutor; pointing out shortcomings of the industries' CSR, telling what to do and leaving it to others to defend. On the contrary, I see a lot

---

[1]   I also wish to thank Dr. Aleka Sheppard for her constructive comments. Of the literature I have used for this presentation, I would in particular like to mention: Norman E Bowie and Patricia H Werhane: Management ethics (Malden: Blackwell 2005), Karin Buhrman & Jacob Dahl Rendtorff (ed.): Virksomhedens Ledelse og Sociale Ansvar (Copenhagen: Jurist- og Økonomforbundets forlag 2005), Richard Smerdon: A Practical Guide to Corporate Governance (2nd ed; London: Sweet & Maxwell 2004), Hugh O'Donnovan: Flags of Convenience - a Growing Issue for European Transport? In: P.D. Dagtoglou et al (ed): European Air law Conference Seventh Annual Conference (Athens: Ant. N. Sakkoulas Publishers 1995), Janet Dine: Companies, International Trade and Human Rights (Cambridge: Cambridge University Press 2005) Ch. 5, David E Hawkins: Corporate Social Responsibility (New York: Palgrave 2006), Hans M Soekkha (ed.) Aviation Safety (Utrecht:VSP 1997), Willian B Werther and David Chandler: Strategic Corporate Social Responsibility (Thousand Oaks: Sage 2006).

of good work being done. And when something goes wrong, it is perhaps due to incompetence rather than bad will - if that's any better.

Corporate Social Responsibility (CSR) is about citizenship of corporations. A corporation may be a good citizen in many ways, for example by:
- abiding by legislation, even if there is no efficient enforcement
- cooperating when new legislation is considered
- promoting the intention of legislators, and not keeping to the bare minimum
- not taking advantage of the law and holes in the legislation - whatever that is
- and finally, as perhaps most of us will think of in this context, good social responsibility can be shown by donations and charity

CSR has become some sort of a mantra, in the EU and in the debate in your Parliament around the Companies Bill and earlier, radical proposals.[2] These debates may not necessarily yield more than nice CSR policy statements on glossy paper. For our part, we shall have to look at the actual facts.

My starting point is, not surprisingly, that CSR is a good thing. But there is obviously a great difference between CSR policies to protect human life and the environment on the one hand, and donations on the other. I really admire most of the generous donors, of which there are many in shipping and aviation. In respect of some donations, this may be different. I must say that I have always wondered why directors or owners should be allowed wide discretion to sponsor their daughter's football club - with tax deductions. But we will leave that debate, as there are more than enough CSR issues concerning human life and the environment in aviation and shipping.[3]

A good and trustworthy CSR policy would be advantageous for a company in many respects:

---

[2]   See in particular Directive 78/660/EEC art 46 (as amended by Directive 2003/51/EC) and Directive 2006/46/EC, 10th recital and Commission Recommendation 2001/453/EC on the recognition, measurement and disclosure of environmental issues in the annual accounts and annual reports of companies, and also the Green Paper Promoting a European framework for Corporate Social Responsibility (COM(2001) 366 final). The UK Parliament Bills on directors' responsibilities and reporting ("show and tell") include the Companies Bill (currently being debated), which in this respect is similar to the Performance of Companies and Government Departments (Reporting) Bill, 2004. A much more radical proposal was the Corporate Responsibility Bill, 2003.
[3]   This focus corresponds well with the so-called triple bottom line: People, Planet and Profits.

- The directors, owners and employees may find the job more meaningful and be better motivated if their values are reflected in a CSR policy
- After an accident or in another crisis, a good CSR reputation would be a flying start in the management of the crisis
- The CSR policy may contribute to the resolution of a long term sustainability problem of the company, *eg*, alternatives to fossil fuels
- And finally, the CSR policy may avoid conflicts with widely held views on protection of human life and the environment.

It is perhaps these external pressures that are the more problematic.

A really good CSR policy takes on board not only what is the interest of the company, but also external policy demands. But there is, of course, and I admit that, a limit to the influence such external forces should have on a business.

1   How do the industries differ in issues of safety?

The first issue the panel is asked to reflect on this evening is how the shipping and aviation industries differ in issues of safety. Being a lawyer, and in particular an academic lawyer, it is not an easy task to respond to a problem like that. This is a matter for engineers and statisticians.

However, I do recognize apples and pears when I see them. And to me it seems like the two industries are not easily comparable. For one, the technologies are different. Is there then a presumption that the safety statistics should be the same?

Such problems in being accurate open the way for me, who admittedly is a dilettante in this issue, to express some views.

Apparently, the human factor element came in later in shipping than in aviation, and is perhaps still less developed in many companies. Two examples from a recent accident investigation may illustrate this:
- In this case the bridge on the high speed craft looked more or less like a cockpit, and there were two navigators. But the two navigators did not have formalized procedures for interaction. This was part of the cause of the accident.

Another example from the same incident :

- the ISM handbook on board should take all factors, including the human element, into consideration. But that did not help - because the culture in the shipowning company allowed the handbook to remain virtually unopened.

This, I submit, would never have happened in aviation.

Further on, there may be a relevant difference between the industries that a producer of a plane has his name associated with the plane during its lifetime and issue new instructions and gather information, while a shipbuilder does not have a brand name to defend in the same way. Would it not be likely that this has some bearing on the safety?

And finally: In shipping, there are obviously some substandard vessels around, while this is far from the same problem in aviation.

If there is a difference in safety between the two industries, I would therefore think that the aviation industry is the safer.

2 How effective are the enforcers of regulations with regard to each industry?

The next issue given to us to comment on is how effective the enforcers of regulations with regard to each industry are. Also this is quite a challenge, given the great variety of enforcement agencies involved, and the great variations within each of the industries.

Planes and vessels alike may be subject to safety checks based on local jurisdiction - port state control and ramp checks - as well as safety checks based on the jurisdiction of the state of registry.

A very topical issue is the use of classification societies and other consultants for safety inspections. Practices vary greatly. However, if more surveys are delegated to private entities in shipping than in aviation, this is perhaps because passengers are dominating in aviation. In passenger shipping, it is less frequent that classification societies carry out surveys on behalf of a government.

For my part, I think the delegation or non-delegation is not very crucial. It is much more important what kind of resources and recruitment the surveying organization has. Unfortunately, it is not always so that governments are the better in this respect.

The really crucial difference between aviation and shipping in respect of enforcement of safety standards is, however, that international shipping to a large extent is free, while aviation is subject to licensing. In aviation, it is for the airline to establish its identity and prove that all government requirements are met. In shipping, it is for the governments to establish the identity of the shipowner and eventually justify a black listing of his ships. Similarly, in aviation a change of the state of registry will be monitored by the licensing authorities. In shipping, on the other hand, the shipowner is free to change the flag of the vessel, even to escape new regulations issued by the previous flag state. Paradoxically, it may be easier to change flag than to change classification society under the practice of the leading classification societies.

This structural difference between the two industries - deeply rooted in the freedom to navigate - is no incentive to responsible social corporate behavior. And it got to hamper the international enforcement of the safety standards.

I do not suggest to restrict the freedom of the seas or to introduce a licensing system for shipping to make enforcement of safety norms more efficient. However, flag states certainly must coordinate their efforts, like in the port state control MOUs and the European Maritime Safety Agency. And while such systems are being developed, shipping must be seen not to take advantage of the situation.

3 Do the operators ensure self-imposed discipline to the management of risks beyond mechanical compliance?

I now turn to the third topic assigned to us: Do the operators ensure self-imposed discipline to the management of risks beyond mechanical compliance?

There is certainly a great deal of good, systematic work being done here. Many companies issue CSR reports, showing what they are doing. Obviously, some companies may also do the right thing without producing a CSR report.

The reports are generally trustworthy and detailed as I see it, and may deal with issues like:

- Environmental Management Systems
- Environmental Accounting
- Preventing Air Pollution

- Social Responsibility
- Caring for Employees
- Social Contributions

However, if one looks at the reports that I have found at the registers for such reports, there are a much more CSR reports in aviation than in shipping. Perhaps this is not so remarkable when one bears in mind that airlines are much more dependent on having a good brand name in the general public - their potential passengers - than most of the shipping is. Also, aviation represents the greater environmental problem in the outset. However, both of the industries need from time to time to curry favor with the governments - and then a visible long-time CSR commitment obviously would be advantageous.

There are, however, also airlines and sea carriers that do not have a good CSR policy. It may be that their focus is profits only, or simply that they have not have the sophistication or surplus resources necessary to develop a CSR policy for the company.

It is not for me to estimate how much of the industry that do well in CSR, and in which areas. Unfortunately, CSR efforts are most likely quite limited in long-term environmental matters. There is not much of a demand for really green services for the carriage of goods. The fact that a bill of lading from one carrier is as good tender as a bill of lading from another under a CIF contract or a letter of credit fits well with this view. Even consumers who wish to buy fair trade products do not yet ask how it was carried to Europe.

In the same way as cargo owners, our idealistic youth has a limited interest in corporate social responsibility I'm afraid. A firm called Universum produces statistics of the preferred employers of graduates - so called employer branding. But the more attractive employers remain attractive regardless of possible low ethical ranking. I am afraid that investments in Corporate Social Responsibility may not be lucrative employer-wise; neither in shipping, aviation nor in any other business.

If cargo owners and employees are not interested, it of course hampers the development of CSR strategies in our industries.

Whatever percentage of the industries that do well in CSR, there are unresolved problems that are problematic to the whole industry. My example here is the small boats at risk with refugees at sea. It is generally believed that merchant ships often pass such vessels.

If this is true, there is a lack of corporate social responsibility. But I must admit that it may be difficult to find a place to disembark the refugees after they have been taken on board.

If it is not true that merchant ships leave humans to their destiny in this way, we still have a problem: Why do people so willingly accept as a truth that seafarers behave in this inhuman way? There must be something seriously wrong with the image of corporate social responsibility. This does not make whatever really exists of a problem easier to deal with.

4 How do the industries respond to measures taken for adequate compensation of claimants?

I will now turn to the issue of how the industries respond to measures taken for adequate compensation of claimants. The measures referred to could either be a claim of compensation from someone who allegedly has suffered a loss, or a government measure to revise the liability rules.

From the claimants' perspective, there are both good and bad stories about claims handling. I do not have sufficient basis to make generalized statements. Unlike some, I do not think it is outrageous to invoke time limitation or amount limitation rules when enacted by the relevant government. And my impression is that compensation often is fairly prompt.

The exception is when the shipowner or his assets are difficult to reach, so that the claimant's only realistic chance is to settle with his insurer. As long as there is no direct action against the insurer, this would be negotiations where the claimant, not having a legal claim directly on the insurer, would be the underdog. I do not think this is good CSR practice. Either the shipowner and his assets should be reasonably available, or his insurer should be subject to direct action.

From the legislator's point of view, a conspicuous difference exists between the two industries, while the airline industry tend to readily accept reforms in the liability law, the shipping industry generally tends to resist as long as possible.

An explanation can perhaps be found in the structure of the insurance. Aviation is based on market insurance. Shipping liability is dominated by

mutual clubs, which also lobbies for the industry *en bloc* in liability matters. In shipping, therefore, new legislation must have wide support to be accepted. Such wide support within the industry is difficult to gather when shipowners to a large extent insure themselves. This is a CSR problem. But in all fairness it must be said that the shipping industry now has demonstrated exemplary social responsibility in the negotiations on the implementation of the Athens Convention on passenger liability that recently were successfully completed in the IMO.

5 Are we confident in telling our story to the wider public and, if not, what can we do about it to improve the public's perceptions of the industries?

My last issue concerns the public perception of the industries.

Being infrastructure industries, one cannot expect great enthusiasm from the general public. There will always be some leaves on the tracks. But I think some enthusiasm would only be fair:
- There is a great deal of responsibility and of generous donors in the industry
- Shipping is, generally speaking, a very environmental friendly and safe way of transport
- Aviation has admittedly its environmental problems. But it also is a prerequisite for good work. Would it at all be possible to imagine that the Kyoto agreement would have been concluded if the representatives could not meet face to face - by plane?

However, there are also problems. The public needs transparency and accountability. They need, for example, to know who's really responsible for the tanker that may be a potential environmental risk. And they need a feeling that the governments and courts can tighten the grip if needed. It is for the industries to ensure that this is not needed.

Chairperson - Dr. Aleka Sheppard
Thank you, Erik, for the very thorough research which is actually a subject for a whole thesis and I sent one of my students to the World Maritime University to do research on corporate social responsibility.

Now, for your purposes and to make it easier for you to ask questions later, I would like to summarize what Erik said.

On the safety issues he pointed out that the aviation industry is safer than shipping. He also pointed out that the human factor has a greater

role to play in shipping than aviation and also he pointed out that the role of manufacturers of ships is different from the role of manufacturers of aeroplanes.

Now, the second point on enforcement of safety he pointed out quite rightly that there are structural differences between the two industries and the delegation of the duties of enforcement to the classification societies may not be that big a problem, but a big problem he thought is, first the licensing in aviation, second that a change of state of registry in aviation is monitored by the licensing authority while in shipping you change flags very easily.

Now, although these points will be tackled by Stelios, I would like you to bear them in mind for your questions.

As regards 'Self-imposed discipline to manage risk' - aviation has to keep a very good brand name while in shipping perhaps the demand for green services is not so important to all; we have reservations on that of course, but we will point that out later.

Accountability for compensation to victims, there has been resistance in shipping to new legislation while shipping now has been praised for the big step it made recently at the IMO legal committee in Paris to progress in the negotiations of the Athens Convention. This would have been a big issue for this meeting.

The final point was, 'what are the public perceptions?', and Erik said that the public demands transparency and accountability, so if anybody has any questions to add to that later.

Now I would like to turn to Sir Stelios, who is Chairman of the easyGroup as you all know, and perhaps the most innovative entrepreneur of our age; he will respond on behalf of aviation. Sir Stelios.

Sir Stelios Haji- Ioannou
Thank you very much for inviting me to contribute to this debate, when my friend George Tsavliris suggested that I should take part he said I should be here because I have a foot in both camps basically, I am involved in both shipping and aviation, so in fact I have got a bit of a divided loyalty. I did not actually stand up to answer on behalf of aviation I will try to make a balanced case, I haven't got a prepared

speech I am going to just give you some of my thoughts and then during the debate hopefully we are going to try and essentially learn from each other. I think there is a purpose to these events, they are worth having so both industries can learn from each other.

As many of you know I come from a shipping family anyway, so I started my working career in shipping and there was an incident that many of you I know will probably remember still of an accident of one of my father's ships in Italy in 1991, a ship called the Haven and that acted as a very big lesson in life when you actually are subjected to that sort of event at the age of 24 I think it has been a life-changing event if you like in my life. Thankfully and as I say for the record, the whole process was completed and we were cleared of any responsibility eventually; it took many years, Italian justice does not move very fast but it gave me a lot of time to think about safety and one thing I have learned which I actually make a motto of my then start-up airline is the following: when it comes to safety, "if you think safety is expensive, try an accident", and that I think really sums it up, if you think you are spending too much on safety, try having an accident in your business and then you will realize what happens.

Now, with this in mind, I went on to create a shipping company first, Stelmar, that went on listed on the New York Stock Exchange and was sold last year; I went on to create an airline that, touch wood, has an impeccable safety record and you should always touch wood when you say these things, you know you shouldn't tempt fate, but so far it has an impeccable safety record. In a way things come round in a circle, I am now back into shipping in a small way with easyCruise – a cruise ship, a passenger ship if you like. And in a way that's where a comparison might be slightly simplistic, slightly naïve in the sense that, I mean I don't know exactly how many people are from aviation or from shipping in this room but I suspect most people who think of aviation in this audience think of the planes we all go on to our holidays or back home or whatever; in other words a passenger plane, and then we are comparing it to a cargo ship. There is cargo aviation as well, it is not very big actually because it is an expensive way of moving goods and it's subjected perhaps to a different level of scrutiny from the public than passenger aviation, so a fairer comparison, if one were to actually start making comparisons, would be to take passenger shipping and passenger aviation and see if there are any real differences and, then, if you really have an interest to compare cargo shipping with cargo aviation that might be a more valid comparison.

The biggest problem with comparing apples with oranges or whatever the two fruits you used were, Professor, is essentially that one is consumer facing and the other is business to business; when you are in a consumer facing business, whether that is aviation for passengers or shipping for passengers, whether it is a cruise liner or a ferry boat, and there are enough of those, it is not a small industry, especially if you include the ferries you basically live or die by your reputation, with very few exceptions, people don't really have to use your product or your services; so, essentially, if you have a good reputation they will use your product; if you destroy your reputation you pretty much go out of business, people don't need to use your services, someone else will offer their service if there is a need. In the kind of industry, where not only the provider of the service doesn't have a brand but also the buyer of a service doesn't have a brand, is where things like reputation tend to matter less; individual, as we have heard change names, change companies, change the way they move their products, and I am thinking of the customer still, and therefore they are perhaps less choosy about which ships they will use to carry their cargoes. As a passenger on an aeroplane you are buying the ticket for yourself typically, so you have a very strong interest to choose well; if you are shipping by sea you may not. I think that the aviation industry realized that very early on. We have seen examples of airlines going out of business practically because they had an accident and that's why aviation became very safety-conscious.

The other thing I have thought about which strictly speaking is not the safety we are talking about, it is security related; but think how much money the aviation industry lost after September 11th - an external shock to the system that shook the confidence of people in flying; it had a dramatic effect in the take up for flying at least for a period of time, at least in some parts of the world, America primarily. So, it's very interesting to actually see what an external shock does; demand seriously went down in America after September 11th, so it gives you a hint what can happen to an individual company if, God forbid, there was an accident.

The differences have been well articulated by the previous speaker, but I would just like to comment on some of them further. The concept of flag state in shipping, the registration of the ship which is the flag, not necessarily doing the regulation themselves, but delegating to the classification society, which is an association - essentially the owners themselves forming in a different way – is actually self-regulation in reality. In aviation, especially the more developed nations have a very well developed authority that actually regulates aviation directly, it

doesn't delegate it to anybody and I am delighted we have a representative from the Civil Aviation Authority of the UK who is the regulator of easyJet, so I have to be nice to him! They are basically the policemen; they are the people who can ground an airline, if they believe it is actually unsafe. So, the whole system is from the beginning set up differently. The government has kept regulation of aviation in their own hands for financial reasons by the way, because originally it was meant to be one flag carrier per state and it was all about the government of Britain regulating British Airways to fly to other countries and the other country, let's say Greece, where I come from, the Civil Aviation Authority of that country regulating Olympic Airways, which was the only carrier they ever regulated; so it was getting a little cosy and that company had the right to fly back to Britain and everything else, so it was a series of duopolies basically – a series of monopolies at national level having bilateral lives in each other's countries. That's why I think the regulators kept it in the government because it was meant to be regulating monopolies. In shipping it's different, it was always meant to be international and self-regulation developed.

I think it's very interesting to watch what is going to happen with open skies in Europe because now we have a regime in Europe, and there are 25 member states and still growing, where technically any airline licensed by any of the 25 states can come and fly within any other state; and it sounds wonderful when you think of UK regulated airlines going and kicking up fuss in France, for example, where they don't have any competitors; so easyJet flying Paris/Nice, inside the heart of the French aviation system regulated from Britain, so in a way it brings good competition; but I wonder whether at some stage it will create safety issues because with 25 safety regulators, each of these will have to enforce standards to the same degree, and planes registered in one of the 25 countries can come and fly domestic flights in Britain; so I think we are entering an era where Europe is going to slightly look more like shipping in terms of safety in aviation.

Perhaps the gentleman from the Civil Aviation Authority can actually comment how far airport controlled safety checks can go, in the sense that in shipping we have Port State Control, so someone from the port can board the ship because it is in the port and do checks and prevent it from sailing and everything else. It would be very interesting to see whether we begin to see that in aviation, for example, the British Civil Aviation Authority, because you are in a British airport, boarding a plane and saying, 'you are not complying with the standards; I don't care what

the tail of the aeroplane says, you are in my airport and therefore I will check you'.

The other interesting difference is that we all know, and I'm not going to say anything terribly new, that human error is the most common cause of accidents. Humans are the weakest links in this chain. Whether we like it or not machines tend to be a lot more reliable than human beings unfortunately; so focusing on the human factor, it is the way you improve safety beyond a certain point, and actually a lot of the design is about helping the machine prevent the human from making a mistake; but it is interesting that aviation still sticks to the concept of a pilot being 'type rated' on a particular aircraft, not even the manufacturer is; in other words he is not a Boeing pilot, he is a Boeing 737 pilot, and sometimes he is only a Boeing 737 700 pilot, not a 200 pilot; and when generations jump, you have to retrain them; so if you go to a 900, or whatever, you have to train them again; so you hold a licence that only entitles you to fly a particular type of plane. In shipping with lack of standardization and with more than two manufacturers – tens or hundreds of manufacturers – it's a lot more difficult to stick to that theory, but I suspect one of the reasons aviation's safety appears to be better is because people are specifically trained for a particular piece of equipment; you marry the human with the machine and optimize it so the pilot doesn't have to think where to go in an emergency, he is trained that the lever on the 737 is there and the manual is second nature to him; it's not something that gathers dust on the shelves in the office, it is something that is in the plane – it is there - and he is trained to look at it all the time for the specific machine he has been licensed to fly.

Before I move on to other aspects of corporate and social responsibility like the environment, and I know this is an issue for aviation and I am happy to talk about it, I would like to leave you with some thoughts about what is the right safety standard anyway; I have explained how I have been in at least two safety critical industries – aviation and shipping – but in other ways, in smaller ways perhaps, I am involved in bus transport, also safety critical – 14 people on a bus on the M1 having an accident would not be good for the brand or for the people, it's just as critical; the numbers are smaller but it is very critical. Safety critical is even staying in a hotel nowadays; those of you who come to Greece may have seen the reaction of the public when something happened in a hotel room in Greece. So safety actually is touching a number of industries not only shipping and aviation and I think we have to look at a wider spectrum and say, 'OK how does that industry manage their safety?'.

Another example is railways, which I think in this country have not had a very good record actually in the last ten or fifteen years. It doesn't make me think twice about getting on a train, I don't know why, but I still use them; if you think about safety records that are getting close to unacceptable, I think you have to look at that industry as well. So, how often do you have accidents on the M1? Is it one too many, should you do something about that industry? So I think shipping ought to really look at – because it doesn't have a reputation to protect on an individual level that much, whether you really need to find the standard if you like. What should the record be; how many lives per x thousand people going to sea can you really afford to lose? I think measuring safety is the beginning to improving it, so setting a standard and trying to stick to it is very, very important. And maybe the right number is zero, I'm not suggesting we should tolerate losing people but measuring what you do and actually sticking to it and improving on it is very important.

Now, the environment, and I will leave you with that subject. As I explained, at the very beginning of my career I had a very big environmental problem – oil pollution from a ship accident – so, although at the moment aviation seems to be under more scrutiny than shipping, when things go wrong in oil tankers it gets really messy and the compensation can be pretty big. I don't think either of the industries at the moment can actually ignore environmental issues. The one might be higher profile and might be doing it regularly, the other can actually get into a lot of trouble if something, God forbid, goes wrong. For example in aviation the activists are arguing that the low cost airlines are destroying the planet. They have published a leaflet which is called 'easyClimate' and this is a serious – well, serious, they call themselves 'plainstupid.com' – but it is an activist organization that actually argues that people should stop flying; they say we have gone too far with all these cheap flights around Europe, they call it 'binge flying'. They say binge flying is bad for the planet and we should stop it, we should tax it out of existence. They blockaded my office the other day in Camden and nearly trashed the Civil Aviation Authority's offices, so they are becoming more aggressive. We have to do something about it, I mean since the subject is corporate social responsibility you can't hope they will disappear or ignore them, you have to do something about it.

As an airline we are taking it seriously, first of all we are trying to educate people that it is not really us who is destroying this planet and you start giving statistics, you know 1%, 2%, 3% of global emissions come from aviation, and that's when you lose the audience because

people don't believe you – of course I'm going to say something like that, so I don't think the answer is to keep defending yourself and saying, 'It's not me, it's not me, it's someone else!'. It is actually power stations, it is actually cars, that account for nearly half the pollution, but people don't listen. So if they're focused on us we have to do something about it, so we are actually seriously, as a plc, considering a programme where, through a system of voluntary donations, we will start buying offsets and trying to put into perspective so this is the, if you like, the emissions you produce with this flight; this is what you have to do to offset them. So, because we have a reputation to protect and because we are worried that if people turn against us they will stop flying with us, I think we need to be pro-active and go out and tell them: yes, this is an activity that pollutes, but we do this:– we go and plant trees or whatever the offset is – and I think another argument which may or may not stick, and I will leave you with that, is that actually flying is good for people at large in the sense that it is not an undesirable activity you need to tax out of existence like smoking for example. Flying is good because it promotes economic activity, it promotes tourism, it brings people together, it promotes cultural understanding, it prevents – (this might be going a step too far, but with all these people having second homes in France, it is unlikely there will be a war between Britain and France now), so I can, I think, say that it promotes peace between nations! OK, I may have gone too far, but ...

On that note I am going to leave you and leave it to Spyros to speak on behalf of the shipping industry a bit more. I will take and answer questions at the end. Thank you very much.

Dr. Aleka Sheppard
Thank you Sir Stelios for the great value of your speech and your humour. You actually made five or six major points for the audience to remember.

First, aviation is more consumer based than shipping so aviation is under more scrutiny and so more safety conscious because they would go out of business. Second, there are structural differences between the two industries which Erik also mentioned and you validated. Third, you pointed out, which we are going to discuss later on, what is the difference between the Port state Control and aviation airport control, which is the Ramp checks, as they are known. The fourth point is that human error is the weakest link, and we all agree about that, but in

aviation you said that people are specifically trained for specific tasks so they know what they are doing. The fifth point you made, and this is very important, is that we have to measure our safety and improve it; this is what risk management is all about, identify your risks and manage them. The sixth point concerns environment: we must have 'easyPlanet', or easyClimate, as the activists put it, and it is not good to defend ourselves when people complain; a very important point for public perceptions and for the public image of both industries; we must be proactive to tell people what we are doing to prevent environmental pollution.

Thank you Stelios.

Now let's hear the response on behalf of the shipping industry by Spyros Polemis. Apart from being elected the new chairman of the International Chamber of Shipping and the President of the International Shipping Federation, Spyros has held leading positions with numerous other prominent maritime organizations. I'd like to add a personal note here, Spyros and I have two things in common: we both come from the island of Andros and we both have passion for shipping. The first has nothing with my asking him to be on the panel, but the second has a great deal. Spyros.

Spyros P. Polemis

Introduction

Madame Chairperson, Aleka, thank you very much for that introduction. My Lords, Ladies and Gentlemen, it is a privilege and an honour to be invited to speak to such a distinguished audience.

Firstly, I would like to congratulate Dr. Mandaraka-Sheppard for once again selecting an important and highly topical subject for us to consider, but also one which is so vast and so complex. In the short time available I will try to assist in setting the scene for what must be an ongoing dialogue. Professor Røsaeg has given us a thought provoking introduction to Corporate Social Responsibility, and suggested some of the differences between the approach of the shipping and aviation industries. Stelios has responded on behalf of the aviation industry, although I am not so sure whether it was purely on the aviation industry, and I would like to focus on how the shipping industry is responding to the challenge of being a 'good corporate citizen'.

ICS/ISF

ICS and ISF promote the following important principles: *firstly*,
- quality shipping and continuous improvements in standards, *secondly*
- international regulation, complemented by self regulation, not regional regulation, *and thirdly*
- proper standards for the employment of seafarers.

Most importantly, however, ICS and ISF have as members the national shipowner associations of over 40 countries. We therefore represent all types of vessels, all sectors, and all trades, and are quite unique in our ability to speak for the global industry.   Indeed through the wide spectrum of our membership we represent around 70% of the world's tonnage. Accordingly, we have a vital role in speaking for the industry at IMO, ILO and in other international bodies, and we are at the forefront of our industry's efforts to address constructively the issues raised by Professor Røsaeg.

The Shipping Industry today

The shipping industry has been around for a long time [much longer than aviation], and the last two decades in particular have seen continuous improvement in the safety, operational standards and governance of the shipping industry

I would like to mention some of these improvements

- there has been a steady improvement in the industry's record of incidents concerning safety and environmental pollution
- a comprehensive system of international regulations has been put in place and has been already enhanced, covering the construction, maintenance and operation of vessels
- the industry has supplemented international regulation with its own 'best practice' self regulation, through ICS, ISF and other sector specific industry associations , *and also*
- shipowners are now more focussed on their responsibilities as 'good corporate citizens' and the high expectations which the public has of our industry

Nevertheless, the industry is **not** complacent. Shipowners are alive to areas of concern and the need for demonstrable continuous

improvement. There is a perception that in some areas of corporate social responsibility, the aviation industry may have something to teach us and we are open to that learning process.

Corporate Social Responsibility

Professor Røsaeg has given us a comprehensive definition of Corporate Social Responsibility, and why it is a good thing. Ultimately decisions on how far to go down this road are a matter for individual companies, [though for many it is a necessary step to take, enlightened self-interest if you like].

However, many of the issues which shipping companies will want to embrace can be, and are being, tackled at an international industry level, and I would like to highlight five areas of challenge for the industry which are an intrinsic part of our agenda for greater corporate social responsibility.

Challenge 1 – Standards of Construction and Maintenance

Standards are prescribed by International Regulation, enacted by flag States and sometimes delegated to Classification Societies acting as responsible organisations on their behalf.

In the past, this has lead to the possibility of different standards being applied, which has certainly not helped efforts to raise and to level standards in our industry.

I would highlight three initiatives which are collectively leading to higher, and importantly, consistent standards

Firstly,

- the Common Structural Rules (now you see that the initials are the same as Corporate Social Responsibility) for construction of tankers and bulk carriers.
  Implemented by the International Association of Classification Societies, in consultation with the industry, these are designed to ensure that all IACS members apply exactly the same construction criteria for these ships. One day, perhaps driven by the change in emphasis in the International Maritime Organisation to a 'goal-based approach' to the regulation of construction standards, we may see a

welcome extension of this process to other ship types and to a further improvement in the CSRs.   S*econdly,*

- The IMO Voluntary Member State Audit Scheme, which while still in its infancy, will ensure consistency of application of rules and international instruments by flag states. Additionally the Round Table of international shipping associations produces the Shipping Industry Guidelines on Flag State Performance which show how flag states perform against a range of indicators, and an update to these guidelines will be issued very shortly. *Thirdly,*

- We have as the 'policemen' of the international regulatory system the Port State MOU's which check that international instruments are being complied with, and are empowered to oblige ships to address shortcomings or have their trading activity curtailed.

Taken together, and fully developed and implemented, I believe we have a sound framework of international compliance and continuous improvement, which address the concerns highlighted by Professor Røsaeg.

Could we do more? – Undoubtedly.

It is interesting to observe that when a ship is constructed, the warranty and thus the liability on the ship builder only extends for twelve short months, unlike the 'cradle to grave' service (obligation) of aircraft manufacturers. Furthermore the aircraft manufacturers take a leading role in accident investigations. Are there lessons to be learned here? Absolutely.

Following the example of the aviation industry, I also suspect that there is far more scope for safety-related information exchange amongst shipbuilders, insurers, classification societies and shipowners. We should **not** use commercial concerns as a convenient shelter to hide any failure to share safety-related information.

Challenge 2 – Developing a Safety Culture in Operation

There is no doubt that as an industry we have further to go in the development of a genuine 'safety culture'.

The *'Erika'* and *'Prestige'* disasters marked a turning point in co-operation between the regulators and the regulated. Actions driven by

short term political expedience have, with time, given way to a more considered and genuinely progressive approach to continuous improvement. But we cannot be complacent, as it will only take another accident to increase the slope of the hill that we have to climb. It is all too simple to say that we need to comply not with the letter of the ISM Code, for example, but with its fundamental spirit of corporate social responsibility and management accountability.

A case in point is the conclusion of the inter-industry group which is looking into the causes of a series of explosions on chemical tankers, and in which ICS played a leading part. What was disturbing was that most of the incidents studied arose from a failure by otherwise competent and apparently well trained personnel to follow correct and well established industry procedures. Similarly, the number of incidents involving violations of MARPOL regulations and the use of oily water separators, in particular, raise similar concerns.

ICS and ISF are closely engaged in this complex topic. But with a true 'safety culture', **everyone** involved in shipping operations must think about safety, compliance and continuous improvement, as a matter of course. A common feature of incident reports is the notion of a trail of errors culminating in the eventual accident. It follows that it only takes one break in the chain to avoid the accident, and compliance with procedure and an innate obedience to the safety culture will address problems as they arise and ultimately avoid disaster.

Challenge 3 – Fair and deliverable Liability Regimes

The internationally agreed liability and compensation regimes are an integral part of the shipping industry's accountability to the public when accidents happen, and assist in our aim of being good corporate citizens.

The regimes agreed under the auspices of IMO, such as the Oil Pollution Civil Liability and Fund Conventions, the Bunker Spills Convention, and the Athens Convention are aimed at providing prompt and adequate compensation in cases of pollution or passenger claims.

They have been adopted following thorough debate in which all stakeholders – including States with differing interests, and the various industry bodies - have had the opportunity to participate. Generally, the IMO process has resulted in instruments which are balanced and fair. In these debates, ICS strives to assist states in achieving liability regimes

which will be workable in practice and therefore capable of early implementation.

The shipping industry's unique and incredibly efficient P&I Club system has served the interests of all stakeholders for generations. The Club system is the foundation of the international liability and compensation regimes. It has responded well to the demands of states and the needs of society. Under the IMO regimes which I mentioned earlier, shipowners have accepted strict liability so that claimants do not need to prove fault. Pollution and passenger claimants are protected further by the right to claim directly against the Clubs. It is true that the shipping industry has resisted direct action in relation to certain claims (e.g. wreck removal and cargo claims), but where claimants are "consumers" in the broad sense of that word or "third party pollution victims" industry has co-operated with governments in the introduction of this additional protection. But the demands of states have put pressure on the Club system. We see this most recently in the context of passenger liability, where the high levels of liability agreed in the 2002 Athens Convention have fuelled an ongoing debate within the Clubs which goes to the very roots of mutuality. Demands for criminal liability also pose a significant threat to the shipping industry. The IMO regimes are based on the concept, and this is very important, of <u>compensation not punishment</u> and the focus of all regulators should also be prevention not punishment.

A further challenge is that policy makers - most recently in Europe - keep chipping away at the concept of limitation itself. The problem with excessive or unlimited liabilities is that, in the event of a major claim, shipowners and their insurers will simply go out of business and as a result no one will be compensated properly. Unlimited liability is in this context a non-sensical concept as it is the concept of increasing liability to reform the few low standard operators.

Professor Røsaeg has commented that the shipping industry resists reforms to liability laws for as long as possible. I don't think this is fair. There are in fact a number of examples where the industry has been proactive in accepting higher levels of liability before they have been imposed by law, particularly in the context of oil pollution. Many of you will recall Tovalop and Cristal, the voluntary industry compensation regimes. More recently the industry has introduced Stopia and Topia, by which it has volunteered to make a greater contribution to the compensation of oil pollution claimants.

I cannot leave this particular challenge without commenting briefly on the slow uptake by states of some of the internationally agreed conventions. This is a major obstacle to promoting a responsible and responsive shipping industry, and contributes to the perception that the industry is deficient in providing adequate compensation for claimants. This in turn encourages others such as the European Commission to adopt rules and regulations for the industry, which generally are not so well-considered and balanced as those developed under the auspices of IMO. The failure of some states to ratify is perhaps a reflection of the low level of public interest in the shipping industry; Signing up to the latest international maritime conventions will hardly be a major vote winner. ICS and ISF will continue to urge states to ratify the IMO and ILO conventions.

Challenge 4 – Minimising the Environmental Impact of Shipping

Professor Røsaeg noted that there is little competitive advantage for a shipping company in being greener than his competitor. I would say that we are standing on the first step of this progression and a few companies are now seeing the real advantage of differentiation.

This however merely serves to emphasise that environmental solutions for shipping have to be sought at industry level partly through commercial advantage but largely through a sense of social responsibility and assisted by international regulations.

In comparison with other forms of transport, shipping is regarded as being more environmentally friendly. For example, we can produce statistics to show how in terms of emissions per tonne of cargo carried per mile, shipping is far cleaner than any other transport mode including aviation. By this measure we can see that CO_2 emissions from aircraft are as much as twenty times greater than for shipping. However, as shipping carries about 90% of world trade by volume, one has to take into account the overall environmental impact.

We cannot afford, therefore, to rest on our laurels, and nor do we intend to do so. There is no doubt that society expects more of us in our efforts to reduce our impact on the environment.

The main areas of environmental concern on which we are focussed as an industry are:

Firstly,

- Air emissions, for reasons related both to global warming and local pollution, *secondly*
- Pollution of the oceans (including management of ballast water exchange, and prevention of discharge of oily waste), *and thirdly*
- The end of life recycling of vessels

Time does not permit me to describe the industry initiatives which we are developing (often in concert with IMO).

But ICS is playing a leading role, guided by the caveat that the solutions developed must be:

- Practical
- Capable of international application – to avoid a proliferation of conflicting local regulations, *and thirdly*
- Able to deliver Net Environmental Benefit, rather than fixing one problem at the expense of another.

Can we learn from aviation? There is no doubt that there is enormous pressure on airlines to reduce environmental impact. An observation is that while in shipping the pressure tends to be on changing operational practices to reduce pollution, the aviation industry relies far more on solving the problem at source, with significant resources devoted to Research and Development activities by engine manufacturers. This also is a lesson for us.

Challenge 5 – Global Standards for Seafarer Employment and Training

Proper treatment of our seafarers, regarding both employment standards and training is an important part not only of our CSR, but is in the self-interest of shipowners who require well trained and properly motivated seafarers to run the increasingly expensive and complex ships which we operate.

Global standards for employment **have** been progressively developed by ILO, and these have now been consolidated in the Maritime Labour Convention 2006. ISF played a central role on behalf of the industry in bringing this to fruition The early ratification of this convention would provide the necessary benchmark against which consistent standards can be overseen by both Flag and Port States.

Likewise there are global standards for training through STCW 1995 (which is shortly to be updated and where again ISF will be submitting the industry's proposals).

Shipping is perhaps different from aviation in that we rely heavily on a highly mobile workforce predominantly from developing countries, who leave their domicile and make our ships their home for extended periods. For this reason above all others they deserve particular consideration and protection.

International regulation provides the basic building blocks to ensure proper and consistent standards for the treatment of seafarers, and there is no excuse for their poor treatment, by employers or by governments

Public Perceptions

Having outlined the challenges, and emphasised the efforts already being made by the shipping industry, I would like to finish by commenting on the public perceptions of our industry.

There is no doubt that the positive contribution of this great industry is not well understood by the public at large, and indeed, of greater concern, by some decision makers who determine how we are regulated.

I suggest that the shipping industry could and should do more to promote its role in global society, and the overall benefits which we bring, as well as our aim to be good and socially responsible corporate citizens.

To put things into perspective how many people even in this room know that there are over 50,000 ocean going vessels that cover some 450 billion tonne miles every single day with incredibly efficiency in delivering goods all over the world through different cultures, different customs, different time zones, different nations.

There are three main differences at least in comparison with our colleagues in the aviation industry:
Firstly,
- The aviation industry carries people by and large, the shipping industry carries cargo.

- With the exception of the cruise and ferry businesses, the public have little direct contact with, or, dare I say, awareness of the shipping industry, *and thirdly*
- our industry is mainly comprised of a wide range of small and medium size companies, who do not perhaps have the same means or motivation to spend significant sums on promoting their brand or public image as do the large public corporations of the airline industry. Shipping does not need to advertise, aviation does.

ICS and ISF, as well as our member shipowner associations, are alive to the need to improve the profile of our industry, though it is unrealistic to think that we can have the impact which the large airlines can have when promoting their messages to the public at large. This is not an issue for introspection, it is a reason for continuing to provide our important services with thorough professionalism, management accountability and corporate social responsibility.

Perhaps the most important thing we can do as an industry is to deliver on our promises and plans for good corporate citizenship.

Madame Chairman, I am grateful for this opportunity to put forward the efforts already made by the shipping industry in our aim to be good corporate citizens, as well as some of our aspirations for the future. Thank you very much for listening.

Dr. Aleka Sheppard
Thank you, Spyros, for an excellent response on behalf of the shipping industry. There is really so much that Spyros has covered that it is impossible really to summarize. He covered the basic challenges for the industry, one was the standards, second was the safety culture, the third was liability regimes, and the fourth was to minimize the environmental impact. It seems that everything goes so rosily well, and to me the most important point that Spyros made was that there is a need to change attitude because the industry as a whole, the organizations, make a big effort together, if we could change the attitude of some people – operators – and perhaps the attitude of some flag states, then that would enable the industry as a whole to deliver its promises and plans for good corporate citizenship as Spyros said.

Now, we have come to the end of the speeches and we have time for questions. I have not yet introduced the fourth member of the panel who is Rupert Britton. Rupert is a solicitor, and has studied at Oxford

University; he is a fellow of the Royal Aeronautical Society and he is the legal advisor to the Civil Aviation Authority. If you are ready to ask questions we will proceed; if you are not ready then we have to go for drinks! In case you have some questions afterwards.

FORUM DISCUSSION

Sir Stelios
Perhaps Rupert can comment on the Port State Control equivalent in airports versus ports?

Rupert Britton
Yes. We do carry out Ramp checks on aircraft. From time to time one used to see dreadful old crates arriving at UK airports that you could see through the tyres and there weren't enough seats for everyone on board etc etc, so we have always had power to detain such aircraft, to stop them from taking off.

The European Commission was very concerned about this problem following, I think, the Flash Air accident out in Egypt, and there is the safety of foreign aircraft directive which requires states to look at third country aircraft coming in and we do have a programme whereby we carry out ramp inspections of those aircraft on a fairly random basis and there is a standard check list that we look at. I have to say it is a fairly superficial check of the state of that particular aircraft, I mean it doesn't tell you very much about the culture of the operation or how competent it is, what you are essentially looking at is the aircraft on the day and, as you may know, everything in aviation is licensed, the aircraft has to have a certificate of airworthiness etc, the operator has to have an air operator's certificate, all the crew have to be licensed, so you can check the licences – are they OK, are they valid, do they look forged?

I mean, believe it, we have seen the odd forged licence on board some aircraft which is slightly worrying if you are about to fly in it! So it does play a part but it is relatively superficial, I mean there is so much more behind that which really underpins safety and I think one thing I would say is that the International Civil Aviation Organization which sets the basic international standards, they carry out regular audits of states' regulatory authorities – how competent are they, are they a shambles or are they non-existent?

I am happy to say the CAA passed with flying colours, but wasn't so good in the UK's overseas territories which we are having to do something about, and that really tells you very much more about how good and how safe that operation is. Now if the regulatory authority is a shambles or is non-existent, that operator will probably go on a blacklist and will not be allowed to fly into the EU, so that takes care of that.

David Cockcroft - International Transport Workers Federation
We represent workers both in shipping and in aviation, so I suppose, like Stelios, I have a foot in both camps. I think that the point that was just made by Mr. Britton is extremely important in showing the distinction between the two industries because ultimately however much you might rely on corporate social responsibility, you need enforcement – it is the enforcement, it's the culture of the aviation industry, and people have got used to flying on aeroplanes and therefore they pay a lot more attention to what happens on a plane unfortunately than they do to what happens on a ship, but that enforcement culture is absolutely important. I have got two questions for you really. One is that Mr. Polemis, who is very well known to us because we have negotiated for the last five years with the International Shipping Federation on the new consolidated maritime labour convention of the ILO, and he said that he represents around 70% of the world's shipping industry, and my question is what are we going to do about the other 30% because really they are the ones that really cause the trouble the whole issue in shipping has been unfair competition between people who are interested in corporate social responsibility and who also are prepared to respect and observe the standards and the minority, but they are unfortunately a large minority, who try and get away without observing them and that refers not just to safety standards but also to social standards which are a matter of considerable concern to the trade unions within the industry, and that also reflects that ultimately if you want a safe industry, you've got to pay proper attention to human factors. So I think that's the most important thing.

The other question which I want to ask is that it's good that the shipping industry should take lessons from the aviation industry, but I wonder whether the aviation industry may be going somewhat in the same direction as the shipping industry as there is less and less observation of State control opportunities for enforcement and, as we see some flag of convenience type of initiatives happening also in the aviation industry. It is an interesting idea to see whether the two industries are coming closer together either in a good direction or in a bad direction.

Spyros Polemis

There is a very similar system to what exists for the aviation industry. You know about the system of detentions which works exactly in the same way whereby if you get 3 detentions, three strikes and you are out.

Neale Rodrigues – The Standard P & I Club

We touched very briefly on the issue of the human element in both the airline industry and the shipping industry. One of the problems that I think we have got is ships are becoming more sophisticated, they're becoming bigger, yet governments and flag states are saying that these ships which sail around the world with either tons of oil or at great speeds if they are container ships are safe to sail with say 13 or 14 crew. A lot of the problems coming up are due to fatigue, we are asking too much of our seafarers, so is it time that we looked at changing what we call the minimum manning levels to something that is more relevant?

Spyros Polemis

I suppose you are asking me, are you, as in shipping?

You did say that this is a matter for minimum safety levels, manning levels. This is something which is continuously looked at, but as you are aware, depending on ship types, there is increasing automation and, as my friend Stelios said, we tend to rely more on machines because they make fewer mistakes, and that doesn't mean of course that the number of crew on board any type of ship isn't important, but that is the trend – the trend is that we are going to rely, or we are going to have to rely, more on machines rather than on people, so the number of crew is related to that, it is not an absolute number, you mentioned 13/14, it depends on size and it depends on the type of ship. Thank you.

Aline de Bievre - Shipping researcher and reporter

I have a question for Mr. Britton please. Mr. Britton, some analysts or commentators on the shipping industry today say that the boom in shipbuilding capacity today is the biggest threat to good ship construction standards. Now, against this background, owners have been moaning or complaining in recent years that there is not sufficient accountability of shipyards for the robustness and safety of the ships which they build and two initiatives have been gaining ground in recent years. One initiative concerns tripartite meetings between shipowner

representative bodies, shipyards and thirdly classification societies. These tripartite meetings started in the year 2000, I believe, in Korea, and they take place on an annual basis but they are not in the public domain and certainly there is at present no participation in these tripartite meetings of the International Maritime Organization.

Now, the second initiative that is underway to try to improve the accountability of shipyards with respect to safe and robust ship designing construction is at the level of the International Maritime Organization, which is the governmental public level, and that initiative concerns the development of goal-based standards for safe new ship construction. That IMO work started two years ago and has active participation of the classification societies; it will continue in Istanbul next week when the Maritime Safety Committee meets again, but these IMO discussions are very complex. Two weeks ago the chairman of the Hong Kong Shipowners' Association was speaking in London at the Royal Institute of Naval Architects and said that although the IMO work on goal based standards is very welcome, "the IMO discussions have got stuck in bureaucratic red tape", those were his words, and he also said that the goal based standard debate at IMO is now generating so many layers into the goal based standard concept that the layers are more than there are in a French cancan dress!

So, my question now is how does the aircraft industry cope with this? Do you have a safe design standard for aircraft?

Rupert Britton
Absolutely! Don't worry about it. All aircraft are built to standards, Federal Aviation standards or Joint Aviation standards in Europe and it's a long time since aircraft used to break up in mid-air because they were badly designed or built. I mean you're going back fifty or sixty years or more, so they are designed to a very high standard: they have to have a type certificate granted by the states in which they were manufactured, they have to have a certificate in the states in which they are operating, the manufacturers have to have an approval from the regulatory authorities, the CAA grants approval to all the manufacturers in this country. If we are not satisfied with the way they are manufacturing or if they are trying to cut corners, or whatever, we will suspend their approval, and we have done that with household names this year. If we are not satisfied, they know they are subject to whistle blowing which is a hot topic these days I guess, and we do get reports. We will go into

their factories and see what they are doing and if we don't like it they come to a stop.

Stephen Smid - Commodity and maritime arbitrator
My question is addressed to Mr. Britton.

Perhaps an individual who tends to fly a bit, I use easyJet I must say, and my question is this: does the Civil Aviation Authority exchange information with other authorities throughout the world?

Two, is that information collated?

Three, do you have a database where all that information is available?

Four, do you have a list of, as it were like a Michelin test, of those airlines which are particularly risky or those carriers which are particularly risky?

Five, does the public have access to this information?

Rupert Britton
Well, picking out let's say question three first of all, for the last thirty odd years CAA has operated what is known as a Mandatory Occurrence Reporting Scheme whereby it encouraged reports of safety events from all operators in the industry and the manufacturers to be made to the CAA and those reports are collated, they are disseminated, they are published – mainly to the industry, but abbreviated versions are available to the public and we do encourage reporting for safety reasons. If you do make a report under that scheme you will not be prosecuted if you have got it wrong, for example, and the law has recently changed on that just to make that absolutely clear. So, free reporting is very much encouraged, it is very useful and is disseminated.

Stephen Smid
Can I ask you or one of your colleagues, I'm thinking of travelling on a certain charter flight, have you got any bad information, are they safe?

Rupert Britton

Well, are they on the black list first of all, you can check that, and that's public, and they probably won't be and if they're UK they certainly won't be.

Sam Ignarski - Marine underwriter

I assume this corporate social responsibility at least is a branch of somewhere in the ethical range. I'm thinking about a time when I knew some people getting involved in the aviation insurance world and they were somewhat surprised at the sort of shadowy tactics that were in place to do with commissions and this kind of thing, I don't want to name any names. And then I read a book about British Airways and Virgin Airlines and how they were tapping into each other's computer systems and so on. So my question is to Stelios, has he noticed any ethical problems in aviation that are perhaps more shadowy than on the maritime side? Because I've heard the safety stuff and I think I believe all that, I'm just wondering about the other areas that aren't necessarily so crucial to passenger safety and so forth.

Sir Stelios

I think you're inviting me to engage in British Airways bashing, which I'm delighted to do! I think that because aviation tends to be populated by companies that are slightly larger than average, there are quite a few small ones now, that's no longer technically 100% true, and many of them are listed and therefore are exposed to the scrutiny of the stock market and there is a lot of transparency there and everything else. Normally we don't get many issues like the ones you're describing, but I don't think any industry is exempt in the same way that you can always find one bad apple somewhere

Sam Ignarski

Well, it's quite a big bad apple when it's the flag carrier, isn't it?

Sir Stelios

Well, don't go that far. In other words you don't have to go back to the dirty tricks with Virgin, two of their people were recently suspended because of an investigation on anti-trust matters, it's not safety related but it is an illegal thing to co-operate on setting fares. There are always things like that happening, thankfully we haven't been involved in any,

but I'd like to think it's the people rather than the companies that actually do that.

Mr. Dimitris Capaitzis – Naval Architect
A short question on the relationship between makers and operators. In the shipyards these days, as Mr. Polemis said, is a twelve month affair, twelve month guarantee, while with aviation it's a life-long relationship. These days shipyards tell you you can have it any colour as long as it's black. Would Boeing Aviation dare take this attitude let's say with British Airways or with easyJet?

Sir Stelios
The question is whether the manufacturers in aviation are looking after their products, is that what you asked?

Mr. Capaitzis
I mean the manufacturers in aviation are very responsible, the manufacturers in shipping are primitive!

Sir Stelios
Well, there are so many of them and they don't have a brand to protect, that's why they try to limit their contingent liability to twelve months. It's survival I suppose, I don't know.

Captain Spyros Carnessis – Elka Shipping
Mr. Britton, on a question of pollution, we have a ship which is in distress and we have an aeroplane which is in distress, the ship, unfortunately, cannot have a port of refuge because it is not allowed and the captain takes the decision to go aground to save the ship and the people and creates pollution. The aeroplane drops three hundred tons, or five hundred tons, at sea and lands. Do you have pollution liability?

Rupert Britton
Well, you probably would have a pollution problem, but I think the moral is that if you have a problem in an aeroplane you want to get it down on the ground asap. The classic case where that didn't happen was the SwissAir disaster off the north-east coast of the US where they went through all the drills, they were concerned about dumping fuel, and the

fire got to them before they were able to land. So I think in those circumstances it's safety first, pollution second.

Dr. Chris Leontopoulos - Lloyds Register
I would like to ask whether you see any benefit at all, it's a hypothetical question, for a classification society to be involved in the approval of aeroplanes in terms of CSR construction methods and so on.

Sir Stelios
I suspect the authorities that do certify aeroplanes, where they are made actually, would want to keep that for themselves, so I don't think they'd delegate it.

Rupert Britton
It's quite profitable work I should think.

Sir Stelios
But speaking on the same point, I think one should notice the fact that the Airbus A380, which is arguably the most proud industrial project in Europe over the past five years/ten years costing more than ten billion Euros and counting, who knows, is actually two years late and has caused a lot of embarrassment, a lot of red faces, a lot of claims for liability, because they are not exactly sure whether it's safe yet. So that should give you an idea about the safety-consciousness of this industry, they are willing to ground its proudest achievement in the last ten years just in case it's not quite safe yet and it's actually two years late from the original plan, so they are willing to put profits behind safety, I think that's the way to look at it. Is that a fair comment?

Rupert Britton
Absolutely.

George Tsavliris – Tsavliris Salvage Group
I'd like to ask a question which I'd like to address to you, Erik, and you, Rupert. In the shipping industry, in general, it's all quite well known that we've been through a lot of these aspects of problems regarding criminalisation with accidents; we have had the *'Erika'* and the *'Prestige'* both of which you have mentioned, and Stelios, as he mentioned in his presentation, went through a very hard reckoning experience with the

'Haven' which was a bit close to the bone. What I'd like to ask is this, we had the Concord Air France accident years ago, which was quite horrific, when she took off from Paris. I don't know whether I'm misinformed, but I never saw any real direct impact or any implications or anybody being criminally pursued there. We heard a lot of talk about it in the paper, a lot in the press, but quite frankly I never heard of anybody being put behind bars, or anybody going anywhere near being put behind bars, as we have seen in the shipping industry. Would each one of you like to comment on that, thank you.

Rupert Britton

I think in relation to that Concord accident there are criminal proceedings on foot in France and they have a number of defendants including the regulators, which pause for thought at Gatwick actually. The other rather notorious French case which has just come to an end was the A320 accident in about 1992, where again they put several people on trial including, I think, the Airbus chief designer, and I think there were not guilty verdicts last week on that. So, that's an example of an accident 14 years ago, it takes the French criminal system to work its way through. We are seeing in this country a growing, let's say, police interest in accidents. Fortunately the accidents here have been to general aviation, rather than public transport. It very much used to be the case that the Air Accident Investigation Branch, as the sort of independent investigators, had a clear run at all accidents. We are seeing now a different trend with the police pitching up, slight competition between the two – is it a crime scene or is it an accident? And there are a couple of manslaughter trials current in this country coming up for general aviation accidents. So it is a trend, I think, it has probably come from the railways, where the horrendous accidents in the 1990s that police get in there and they have needed to sort out their systems. In aviation it has been OK so far but there is this trend of growing criminalization.

Professor Røsæg

If I may continue. I think that there is first of all a question of how much you believe in criminalization in respect of accidents. Personally I do not believe very much in that. If criminalization should have an effect it had to hit the situations where no accident occurred and it perhaps had to hit the persons that are actually taking the decisions. It's very difficult for a master to resist when he is ordered to do something or if he feels it is his obligation to do something. So I feel that, perhaps, sometimes in shipping there has been an over reaction.

There is also another very interesting aspect to this, because we all, I think, fear very much the possibility that the plane that has an accident next time may be ours. We tend to attribute plane accidents perhaps to things that happen and there is not this pilot's error. On the other hand, in a road traffic accident, I think, we have a tendency to attribute it to the driver. Then shipping accidents, they are a little in between and, for example, in my country it depends very much on whether it's a foreign ship with an unidentified owner or if it's the local ferry, I think that's a huge difference. So also for those reasons I think we should be very careful with using criminalization.

Chris Horrocks

In shipping of course we have vessel traffic systems, we have limited control of ships from the shore, but in the aviation business you have a completely different concept, three dimensional air traffic control. One hears anecdotal stories sometimes about the variable quality of air traffic control around the world, and I wonder whether Spyros as an operator, or Rupert Britton as a regulator, would like to say anything about the quality of air traffic control and, on a global basis, the way in which air traffic control is supervised. Thank you.

Rupert Britton

Right, well, Tanzania, has a good military system which we have just read about in the papers this week. Apart from that, it is variable. Certainly in Europe, the latest approach is a single European sky which is designed to try and simplify the provision of air traffic control throughout Europe, instead of having a centre in each state, you try and simplify it so you just have a few and they should work together on a much more harmonized basis and there are sort of enhanced standards all round; and the other thing is separation from the regulator and the provider, which we did when National Air Traffic Service was separated off from CAA about five years ago. That is designed to try and ensure there is proper regulation of this activity. The Americans are very sophisticated, Australia and much of Asia. Africa is a problem I have to say, eased of course with the TCAS systems in aircraft, so it is not just a case of 'see and be seen and hope for the best', there is quite a lot of technical kit on board which should try and avoid an accident, as long as they don't work against each other which can be difficult.

Andrew Linington - Nautilus UK

I was interested in comments made about the role of human element. I think comparing the roles and responsibilities of seafarers to roles and responsibilities of airline pilots is very instructive. I think it is also interesting to see the difference in treatment that seafarers have and the difference in treatment airline crew have. The fact that ITF omission to seafarers deal was of many hundreds of cases a year of unpaid wages, stranded seafarers in foreign ports, things like that, which you wouldn't have in aviation, I think is perhaps one indicator as well. Is there not a case that the industry should start respecting, and society should start respecting, seafarers in the way that airline crew are respected. And would the panel agree with the comments made recently by somebody from the American P&I Club that seafaring is now a third world occupation and, if that is the case, are people satisfied with that being so?

Spyros Polemis

I think yes, that is a correct observation, most definitely we want – and I did say as much this evening – that they should be respected, and I did mention not just by others, but also by shipowners, but also by regulators, by states, by countries. Also there is one factor with shipping which has not been mentioned thus far, that is that the people that serve on board are away from their families for extended periods of time which has always been a subject for consideration and discussion in shipping because shipping is sensitive to this and it has become increasingly more sensitive because it is a problem; it is not something which is well accepted in other parts of society, I mean to be away from your family for a long time, and as I said I do agree with your comments and this is something which is continuously being reviewed and discussed. Thank you.

Colin Sheppard – LMAA Arbitrator

Thank you very much. I would just like to dwell on the concept of terrorism for a moment; we have heard a little bit about it but not a great deal. This is always in the forefront of our mind when we travel by plane; does the panel think that there is a danger that terrorism may be spreading to shipping? If so in what respect and are there steps that can be taken to prevent it?

Spyros Polemis

Yes, I'd like to reply first. It is of great concern to shipping, this question of terrorism and we have tried to convince governments that they should be responsible for providing the necessary protection because obviously shipping – I mean we are not policemen, there is no way we can react - it is only governments that can react to terrorism, and in spite of that they have also recently agreed on a new compensation liability regime where we would be responsible in case of a terrorism act to compensate victims, although obviously we have no means of preventing terrorism. But I would like to emphasize that governments should really think more seriously about this question of terrorism and how they can protect both the airline industry as well as the shipping industry. The shipping industry is very vulnerable because the ocean is vast, I think it's probably easier to attack ships than it is to attack planes, planes are high up in the sky, you would have to have either a rocket or another aeroplane to do that, but for shipping it is so much easier, and therefore I think that governments have not given this particular consideration enough thought or enough attention and focus until, knock on wood, something actually happens. Thank you.

Sir Stelios

Obviously, being involved in aviation I have always been very aware of terrorism risk, God forbid, but I am also now involved in cruise shipping and I can assure you that it is very high on the agenda in the cruise industry; the way people get on and off cruise ships and how much identification you have to make before you allow them on is a big subject within that industry.

Cargo might be slightly less, I am not familiar, I am not closely involved in that industry. But let me offer a thought about how terrorists might pick their targets, and again it's dangerous to predict how a sick mind might think, but evidence so far suggests that they are probably more interested in doing things that would disrupt the day to day lives of a lot of people, that's why they are more interested in the tube, the underground, than an oil tanker or even a cruise ship in the sense that they might devastate an industry; devastate four thousand people on the cruise ship, the owner, the industry, no-one may ever go again on a cruise, but the rest of society will probably go on regardless.

Now, they attack a few aeroplanes, and in America aeroplanes as you know are part of the fabric of society, or the tube in London, and they have a much, much bigger impact. So if anyone can venture a guess in

what they are more interested in attacking I think you will see that the tube is completely undefended practically; you don't have to give your identity to get in, you can carry anything you like pretty much, so it's a scary thought but I think they are more likely to go to mass transport than an oil tanker.

Colin Sheppard
Are you frisking passengers going on board ferries to the same extent that they are for aircraft or for cruise ships? Or is that at all possible?

Sir Stelios
In some ports of cruise ships the security checks look a bit like an airport. In Miami where cruise ships of three or four thousand people are boarding the procedures look like an airport, but it is not possible in every port, you know there are a lot of small cruise ships and a small Caribbean island you're not going to have an airport terminal there, so it is variable at the moment in cruise shipping; it is not to the same standard as aviation, and yet you have an example like August 10th where, at the stroke of a pen, a government minister took the UK airports to the highest level of security. There wasn't even an actual attack, on the threat of an attack they disrupted the lives of hundreds of thousands of people overnight. People were stranded left right and centre, they slept away from home for days and days and days. That's probably what the terrorists are really after. That's the maximum impact, that's what they would go for.

Spyros Polemis
I'd like to give you a startling example. One of the aspects of possible acts of terrorism is that we have complained to authorities all over the world about the fact that a lot of say the port authority policemen, coastguards, depending on where you are, they walk on board with guns, so we have told the authorities how is it possible that we are supposed to prevent people from boarding ships with guns according to the ISPS code which we have implemented and your own people are allowed to do this. What do they need their guns for? You can imagine that any one of these people could be a terrorist, it is so easy to copy their ID cards, it is easy especially in some parts of the world to obtain a gun, very easy, so therefore somebody that impersonates an officer can walk on board ship and create havoc. That is just one, just one aspect which is not given the necessary attention by states, by governments.

Professor Røsæg

I cannot resist the opportunity to mention that the Athens Convention that was referred to does not impose liability for terrorism, it does impose liability for lack of prevention of terrorism, that is I think at the core of the social responsibility of those who are running shipping. It is also by the way a very good example of a new liability rule that was resisted for a long time.

Tony Nunn - Insurance Industry representative

We have heard a lot about what responsibilities are being put on both the aviators and the mariners, and of course ships' masters particularly. I am wondering whether very briefly you consider that the commercial aspect and the commercial responsibility that this is going to put on ship owners and aviators, are we the travellers going to be paying for this because it seems to me that it's becoming more and more difficult with more and more regulations - however justifiable they may be, is this going to become a greater responsibility for you as the operators?

Spyros Polemis

I think that the short answer is yes, ultimately yes, it will be paid for by the consumer.

Sir Stelios

Well, I will have to go back to my original comment, if you think safety is expensive, try an accident! It might be slightly more expensive, but it is worth paying for it.

Dr. Aleka Sheppard

What we have achieved so far actually to my mind is that we have succeeded in having a dialogue and I hope that we will be able to carry that forward, a dialogue which is very constructive and we can learn a lot from each industry. It seems to me that we, the shipping industry, has more to learn from aviation and I wonder, since the licensing system in aviation is the striking difference with shipping, whether anybody in this room thinks that it is feasible and appropriate to have a licensing system in shipping?

Professor Røsæg

I would like to comment on that. I am certain that I have already said that I do not think that that is the way to go, but I really do think that we are at some of the core problems here, because we do not know who is behind ship owners and the ships that go to our ports. I think there is a striking difference between the blacklisting of shipping and the blacklisting of aviation for substandard performance. In aviation you blacklist a company because you know that it is not the individual plane, it is the whole system. In shipping all you can do, the best you can do, is to blacklist a ship because you do not really know who is behind it. So you need more transparency here, not perhaps by a licensing system, but in another way.

Sir Stelios

Forgive my ignorance, but can't you actually focus on the ISM certificate holder?

Professor Røsæg

Yes, but that doesn't give very much information really, it gives more, much more, than we used to have.

Sir Stelios

The blacklisting in aeroplanes doesn't happen at the ownership level, the ownership is academic anyway, it could be the stock market and the share holders, it's the air operator's certificate that actually is credited with the Mandatory Clearance Report so there should be statistics about the ISM certificate holder I guess, in aviation it's called AOC, Air Operator's Certificate, so I suppose more control at that level might be advisable.

Professor Røsæg

Could I also add that in one instance now in the EU not only an airline now has been blacklisted, but also all airlines operating or registered in one specific country, that's Congo. So they actually have gone to the very core of the control system.

Dr. Aleka Sheppard

Well, since Stelios mentioned the airworthiness certificate, could we, in shipping, have a seaworthiness certificate to function in the same way as the airworthiness certificate in aviation?

Robert Bennett - Norse Management (representing shipowning interests)

It's possible to say that the industry is adapting if we take a look at the oil tankers and oil majors with OCIMF and the new TSMA system where various shipowners are graded and given opportunities to trade the oil and we are seeing this coming into the dry bulk market with Right Ship and on the Capesizes in particular. So it is arguable that the shipping industry from the oil companies, and I see some representatives here tonight, are doing this for themselves anyway and marginalising the so-called poor owners on a commercial level.

Paul Coley - The Maritime Coastguard Agency, UK.

I believe our two speakers who commented from the panel were both correct in my view the last time round about the ISM certification, because I do believe that one of the difficulties we've got in the maritime field is transparency and it's all too easy for those companies, the 30% of companies we have difficulties with for example, to be the ones that we can truly locate and find out their background and if they have any liability and come back on those companies, but we do have a system in place which is the ISM code and the documents of compliance is linked to the operating company in exactly the same way as in the aviation industry. I feel that there are difficulties because of the sheer numbers of operators and the diversity in the countries we are involved with. We don't have in the same way as the aircraft industry a few players. We can't deal with the manufacturers in the same way as we can in aviation because shipyards are so diverse, many different countries. In the same way we have the companies that are very much diverse don't have the public image to protect, it's all too easy to change from one company name to another.

Sir Stelios

How many ISM certificates are in existence? What are we talking about, 1,000, 10,000, 100,000?

Paul Coley

I don't know whether the IMO could give us a figure, I couldn't off the top of my head, but it's going to be thousands.

Sir Stelios

And how many AOCs are there in the UK?

Rupert Britton

A couple of hundred.

Sir Stelios

A couple of hundred. So out of two hundred people who are licensed to fly aircraft out of the UK, from the UK government, and on a global basis ten thousand in the maritime industry. The numbers are not dissimilar actually.

Paul Coley

You're talking about the UK industry, we would have a similar number of operators that are licensed by the UK, but of course you have many operators that are licensed in many different flag states, so that's the difficulty is trying to get to the transparency of who's behind the company and I believe that we have the systems in place to start doing that with the Port State Control regimes which can start to monitor the performance of different companies, but we have to try harder to get behind the names of the companies.

CLOSING OF PROCEEDINGS

Dr. Aleka Sheppard

I think we have come to a close and I don't think I can summarise what was said! An important message, I think, that transpires from these discussions is that we must operate a business in a manner that exceeds the ethical, legal, commercial and public expectations; Is that possible, to run a business and make profit? I wonder. We shall continue these discussions, but in the meantime, since this event includes accountability towards protecting the environment, the Centre thought it appropriate to present an award for environmental initiative in recognition of an individual for his outstanding contribution to the shipping industry. Unfortunately that individual has not been able to

come to London because of illness, but his son is here to collect it, and I would like to call upon our LSLC Steering Committee member, George Tsavliris, who provided the funding for the purpose of this award, to announce the recipient and deliver the award. George.

George Tsavliris
Thank you Aleka. I will keep this short and simple because you are all getting quite tired. One of the main issues which was discussed here this evening was the environment, I'm sure that we are all concerned about it, on a global basis whether it's sea or aviation or anything else for that matter, and I have great pleasure in presenting an award to a man who I have never known to be more devoted to issues of the environment. He is Dimitris Mitsatsos, the founder of HELMEPA. His career goes back, I think, for coming up to a quarter of a century; he also happens to be a hero having lost his right arm in the invasion of Cyprus in 1974. Unfortunately he couldn't be with us this evening because, as Aleka said, he is actually ill in Greece, and I would like to call upon his son, Mr. Constantinos Mitsatsos, to come and receive the award, thank you.

Incidentally, the award, being Greek and very nationalistic, is a replica of a warship going back to 500 years BC, which is a few thousand years of history when compared with the topic which we have discussed this evening, aviation, which does not go back that far.

Constantinos Mitsatsos
My father would have liked very much to have been here this evening but, unfortunately, he is presently in hospital with slight health issues with his back. Thank God he is making progress and he will be back on his feet soon as strong as ever.

I wish to thank you on his behalf for this wonderful present and for this acknowledgement for his work and efforts in his commitment to save the seas from pollution. Thank you.

George Tsavliris
Vote of thanks to the Panel, the Centre's manager, the delegates and to Dr Sheppard for her endless and outstanding enthusiasm.

Curricula Vitae of the members of the Ninth Cadwallader Lecture Panel

Dr Aleka Mandaraka-Sheppard – Chairperson

Aleka is the Founder and Director of the London Shipping Law Centre and Visiting Professor of Maritime Law at University College London, UCL, where she established and headed the Shipping Law Unit from 1993 to 2006

She currently advises shipowners and other organisations on risk management, maritime law and safety issues, with other experts of ORA MRM Ltd, which she founded in 1998; she runs in-house training programmes in these areas

She has over 25 years experience in the practice and teaching of maritime law: Previously worked with commercial shipping companies and insurance brokers (1979-1982); practised maritime law with Holman Fenwick and Willan (1982-1993); taught Maritime law to postgraduate students of the University of London (1993-2006)

She is a solicitor of the Supreme Court of England and Wales. She studied law first at Athens University, qualified as a barrister and then studied English law and maritime law at UCL (LLM degree) followed by her study in organisational behaviour at Kings College London, being awarded her Ph.D degree in 1982; she qualified as a solicitor in 1990 while practising at HFW

She is the author of two books, one in Organizational Behaviour and the other on Modern Admiralty Law (with risk management aspects); she writes extensively and teaches in these fields; she frequently speaks at international conferences and chairs events

She is an accredited mediator in maritime and commercial disputes

* * * * *

THE PANELLISTS

Professor Erik Røsæg

1979-86	Law studies, University of Oslo
1986-87	Studies at London School of Economics
1982	First position at the University of Oslo
1992	Dr. juris and Professor of commercial law. Since then employed by the University of Oslo, except for 1996-97, when he was a legal advisor in the Ministry of Justice.
2000-06	Director of the Scandinavian Institute of Maritime Law
1999-00	Chairman of law reform committee on certain insurance questions
1990-	Advisor to the Norwegian Government, EU and IMO on maritime liability and insurance issues. Extensive negotiation of new treaties.
2006-07	Guest Researcher at the Institute of Maritime Law, Southampton

* * * * * *

Sir Stelios Haji-Ioannou

Stelios was born in Greece on the 14th of February, 1967. The son of Loucas and Nedi Haji-Ioannou, he was educated in Athens to High School level and in 1984 continued his education at the London School of Economics. He also graduated from the City University Business School with an MSC in Shipping Trade and Economics. Stelios has also been awarded a total of three honorary doctorates from Liverpool John Moores University, Cass Business School City University and the Cranfield University.

He is best known for creating easyJet PLC when he was 28. He is often credited as the pioneer who changed the European aviation scene for the benefit of millions of consumers. easyJet PLC was partially floated on the London Stock Exchange in 2000 but Stelios remains the largest single shareholder. A serial entrepreneur, Stelios has established more than 16 ventures, the first of which was Stelmar Shipping at the age of 25. In the Queen's Birthday Honours List in June 2006 it was

announced that Stelios would receive a knighthood for services to entrepreneurship.

Stelios floated Stelmar Shipping on the NYSE in 2001 and in 2005 he sold it to OSG Shipping Group for approximately $1.3 Billion. Nowadays, acting through his private investment vehicle, the easyGroup, which owns the easy brand and licenses it to the various easy branded ventures, including the airline, Stelios sees himself more as the manager of the brand and less as a manager of one of the companies. He continues to extend the brand by creating new easy branded ventures in the areas of travel, leisure, telecoms and personal finance.

On the "giving something back" side, Stelios is interested in education for under-privileged students and sustainable development. In 1992 he founded CYMEPA, the Cyprus Marine Environment Protection Association. This is a non-profit making association of ship owners and Cyprus-based business people who believe in sustainable development. Stelios recently endowed this association with a further gift worth more than $600,000. In 2005 he made a pledge to both his alma mater, the London School of Economics and the City of London Cass Business School , worth £3m for the funding of 100 scholarships over 10 years in each establishment. The students will be known as the Stelios Scholars. In 2006 he sold his private art collection for a total of 730,000 euros, the proceeds of which went to a Greek children's charity.

$$* * * * * *$$

Spyros M. Polemis

Spyros M. Polemis was born in Greece and educated in Athens, London and the United States of America. He attended Stevens Institute of Technology, Hoboken, New Jersey, USA where he obtained a Degree in Mechanical Engineering, majoring in Naval Architecture. After college, he did his National Service with the Greek Coast Guard as an Officer/Ships' Inspector. Thereafter, he worked for the family business until 1970, when he formed his own Company. He is Chairman and Managing Director of **Seacrest Shipping Company Ltd**., international shipbrokers, in London.

Past Chairman of **Intercargo**, past Name (underwriter) of **Lloyds of London (Insurance),** Ex- Chairman of the **North of England P&I Association** and Ex-Chairman of the **Newcastle P&I Association Ltd**..

He currently holds the following positions:
- Chairman of the **International Chamber of Shipping** and President of the **International Shipping Federation**
- Vice Chairman of the **Greek Shipping Cooperation Committee**
- Vice Chairman of the **Intertanko Hellenic Forum**
- Member of the Board of the **Union of Greek Shipowners**
- Member of the **Intercargo Management and Executive Committees**
- Member of the London Committee of the **American Bureau of Shipping**
- Member of the Council of the **American Bureau of Shipping**
- Member of the **Det Norske Veritas Greek Committee**
- Director of the **Hellenic Mutual War Risks Association**
- Member of the Council of **Intertanko**
- Member of the **Executive Committee** and a member of the **Board of the North of England P&I Association**.
- Member of the **IMIF (International Marine Industries Forum)**
- Member of **The Baltic Exchange**

Non Industry Associations:
- Ex- President of the **Yacht Club of Andros**
- Member of the **Board of the Archdiocese of Thyateira and Great Britain**
- Archon of the **Greek Orthodox Patriarchate of Constantinople**
- Member of the **Society of Naval Architects and Marine Engineers,** New York, USA.
- A Freeman of the **City of London.**
- A Liveryman of **The Worshipful Company of Shipwrights.**
- A member of **The Royal Thames Yacht Club.**

Interests: He is a passionate sailor and yachtsman, and likes sports such as tennis and skiing. He also enjoys photography, cooking, model making and winemaking.

＊ ＊ ＊ ＊ ＊ ＊

Rupert Britton

Rupert Britton is Secretary & Legal Adviser to the UK Civil Aviation Authority. He was appointed in 1994 having been Deputy Legal Adviser since 1980.

Among the posts he has filled have been Company Secretary of National Air Traffic Services Limited and Highlands & Islands Airports Limited when those companies were subsidiaries of CAA.

He is currently Company Secretary of Air Safety Support International Limited which carries out oversight of safety regulation in the UK's Overseas Territories. He is a Trustee of the CAA Pension Scheme and the Air Travel Trust.

Rupert Britton is a solicitor of the Supreme Court of England and Wales and has a degree in law from Oxford University. He is a Fellow of the Royal Aeronautical Society and is a committee member of the Air Law Group.

* * * * *