

**11<sup>th</sup> Cadwallader Debate, 24 November 2010**

**POLITICIANS, THE EUROPEAN COMMISSION, REGULATORS AND SHIPPING: WHAT IS THE MISSING LINK AND THE WAY FORWARD?**

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Dear Aleka, my Lord, your Excellencies, Ladies and gentleman,

It is my very great pleasure to have today the opportunity to respond to the points raised by Spyros Polemis and Michael Grey and, with the support of Lee Scott, engage in an open debate about EU regulations and the shipping industry, as I have certain responsibility of EU shipping regulations approved during the last 10 years.

Often, it is just too easy to take shots at Brussels and blame "Eurocrats" of all misfortunes in general and of the shipping industry in particular. Sometimes I have the feeling that good EU developments, highly appreciated by the shipping industry, are systematically neglected in some quarters. Maybe it is a good marketing strategy, but the approach is not necessarily impartial, it is rather ideological.

I

I think that Michael Grey has asked a sensible wartime question: "is your journey really necessary?" Let's have a look at historical developments and see where the shipping industry stands today. We cannot debate

about the worthiness of the regulation journey without having a "reality touch".

Not so long ago, the perception of shipping activities by the general public opinion, in Europe and elsewhere, was linked to tragedies and environmental catastrophes. Shipping was seen as a risk-prone industry, with obscure commercial interests taking full advantage of the so-called "freedom of the seas".

After a long series of high profile accidents – you may well remember names like the "*Estonia*", "*Amoco Cadiz*", "*Torrey Canyon*" or "*Herald of Free Enterprise*" – the consecutive oil spills of the "*Erika*" in 2000 and "*Prestige*" in 2002, put the situation of the shipping industry in the "to-do now" list of Heads of State and Prime Ministers in the EU.

In a way, it was unfortunate that the European Commission obtained political support for its long standing proposals to reinforce maritime safety standards only after those marine disasters happened. Like in the case of the "*Exxon Valdez*" some years before, the shipping community learnt again the hard way the lesson that it is wrong to be reactive and just wait for the next big one to happen.

After the "*Erika*" and "*Prestige*" regulatory packages came the globalization years. The shipping industry – and European shipping in particular – took full advantage of the expansion of sea-borne trade. It has been one of the most successful industries in the world.

Indeed, the years, 2002-2008, have been the best years ever, in terms of profits, expansion of the fleet and consolidation of shipping clusters.

Nobody can claim seriously that EU regulatory measures, tackling serious gaps on maritime safety and security issues, have harmed or have had a negative impact on shipping business.

Today, in the aftermath of the economic crisis, the European shipping industry has solid reputation and is well placed to take advantage of the recovery: it provides the most technologically advanced fleet in the world; it has an exceptional safety record (accidents are at historical lows) and it is solidly established in all segments of the international shipping markets.

Without doubt, the competitive advantage of European shipping results from the know-how and insight of industry captains, like Spyros Polemis, and from the commitment of those Governments that remain convinced that shipping is a long-term growing industry that creates added-value and jobs and provides a service of exceptional importance for the well-being of business and European citizens.

My claim is that EU regulation is a "must", in so far it stands for safe, secure and efficient shipping in cleaner oceans. It protects the European shipping industry and provides a "quality label" appreciated by shippers and authorities all over the world.

## II

Mr. Chairman, Ladies and Gentlemen,

The proposers of the motion seem to consider that the European Commission, or "Brussels", as they like to call us, disregards the basic rules for making good regulations in the shipping sector. The good advice of the shipping industry would be systematically mistreated and we would

bring forward unwanted pieces of regulation based on misconceived ideas. Mr. Grey has even put forward six questions, wondering, inter alia, about common sense and regulations making things worse in every way.

The image of faceless, arrogant Eurocrats, isolated in an ivory tower, with outlandish ideas about shipping and with absolute freedom to do whatever they like may satisfy the "inner urges" of some of our friends.

But this image is far away from reality.

First, most of our regulatory work is based on the work done by practical people and experts. We rely on the enormous amount of work of expertise and know-how of the IMO, ILO and other international bodies like the Paris MoU on Port State Control. And yes, we have created the European Maritime Safety Agency, EMSA. The European taxpayer invests 50 million EUR per year to have more than 200 people/experts working exclusively on maritime safety issues, and to have under contract stand-by vessels to fight marine pollution, if this happens.

Second, we are under the strict obligation to carry out, each time we propose a piece of regulation, a full impact assessment study which shall not analyse only the qualitative effects of what we will finally propose, but shall include a full quantitative analysis and basically answer the questions if and why we need to propose, and if we are not better off following other routes, as "do nothing" or promote self-regulation. The basic pre-requirement is to have wide consultation with all interested parties. I think that the International Chamber of Shipping is well aware of our efforts in that regard. And then our impact assessment is scrutinised by an independent Body of senior people and experts. And it only passes the "test" if the "proof" of proper consultation is accepted. Only then a proposal can be made.

And even during the process of the final adoption of the legal text, industry has every opportunity to further make its points known to the Council of Ministers and to the democratically elected EP.

I think it is also clear that the shipping industry is a quite diverse industry and involves very different interests. Often, there is no consolidated industry position which regulators could take into account. And we should never forget that there are also many other stakeholders apart from shipping industry entitled to present their views and proposals.

Two years ago, in the verge of the financial crisis, we invited a group of senior shipping professionals, representing a wide variety of interests, to give us their independent opinion about current threats and opportunities for the shipping sector.

They didn't come to Brussels just to tell us what we wanted to hear. They shared their strategic thinking with us and, I would say, they were quite clear and straightforward in their conclusions: in our time, safety, security and/or environmental regulations do not represent a threat for the quality-minded shipping industry.

The threats come from the risks of protectionist measures hampering sea-borne trade, from maritime transport restrictive practices and from unfair competition by sub-standard shipping.

The Commission, with the EU Member States, is making a real and constant effort for avoiding protectionism and keeping shipping markets open. Some of you may well remember the conference in Copenhagen last year, to which all shipping nations in the world were invited. In our bilateral discussions with China, India, Brazil and other emerging economies, the opening up of maritime transport services is a top priority.

We put just one requirement to our world-trade partners: the effective respect of IMO instruments and other internationally agreed rules.

### III

Mr. Chairman, Ladies and Gentlemen,

I come now to the claim that the EU has a negative influence in bodies where international shipping rules are developed.

Clearly, if the Commission and the EU Member States are keen to be pro-active in the IMO it is because we strongly believe in IMO.

There is little doubt that IMO brings together the best technical experts in the world in order to produce excellent, fit to purpose regulations. And, for me, Director in charge of Maritime Transport in the European Commission, there is no doubt that the EU and IMO pursue the same goal of "safe, secure and efficient shipping in clean oceans".

The claim that the European Commission has a hidden agenda to "politice" the work of other international institutions is really difficult to understand. I cannot even imagine what secret purpose we could have. We are a very transparent Institution, under the permanent scrutiny of the European Parliament and of the Council, as well as media and interest groups.

The distinction between technical work at IMO and political approach by the EU is arbitrary. For example, discussions about climate change and green house emissions in IMO are certainly not only technical; they have of course a political dimension and rightly so!. The experts working on those issues represent Governments defending different political priorities in an inter-governmental negotiation.

Those that have worked with us know that we are very open and that we seek cooperation with the industry, with other quality minded nations in the world and with all other interested parties.

I believe that there is a matter of common sense to insist that good work made by IMO is there to be implemented. It is just not acceptable that agreed conventions are not enforced or that the technical solutions to urgent problems are delayed for months or years, often with dilatory tactics jeopardizing the excellent work of IMO experts. This is why we, European Commission and EU Member States, insist in the effective enforcement of IMO instruments. This is also the reason why we push for timely responses to urgent problems. We refuse to be reactive and waste time and resources waiting for the next big accident to happen.

In his introduction, Michael Grey has claimed that the representatives of the EU Governments are whipped into line like naughty schoolchildren by the Commission before IMO meetings.

Michael, believe me if I tell you that in Brussels, we don't use whips. And, please, do not underestimate the courage and value of the representatives of the UK, of the Hellenic Republic or of any other European Governments. I can assure you that we are not teachers and they are not schoolchildren. Indeed, we are, all of us, quite grown up people.

But it cannot be a surprise for anybody that like-minded countries organised in a Union to which they have transferred some parts of their sovereignty for reasons of added value and efficiency would like to coordinate positions in international negotiations.

#### **IV**

Mr. Chairman, Ladies and Gentlemen,

Before ending my presentation, I have to say something about the maritime professions.

It is true that we have a serious problem for attracting to the industry competent and skilled sea-farers. There are several reasons for that. In the past years, the exponential growth of the world fleet has led to a massive need of new recruits. Training standards and certification have become crucial issues.

Moreover, one of the side-effects of regulation is that the administrative, clerical work of Masters and officers has also increased exponentially. In the coming years, the use of smart technologies and advanced IT systems – what we call 'e-maritime' – should help to reduce the burden.

Our current priority is to address the social issue, in particular the enforcement of the agreement reached concerning the implementation of the Marine Labour Convention in the EU, and the update of the STCW convention. A high level group of personalities from Industry, Seafarers, Academic is currently helping us to see how we can combine competitiveness of EU fleet and employment of EU seafarers.

**Mr. Chairman, Ladies and Gentlemen,**

We are, all of us, industry leaders, politicians, regulators, maritime professionals, the watch officers in duty in the bridge of a huge vessel called "the Shipping Industry".

Instead of looking with binoculars to the horizon, some of us are distracted with hobbies such as taking shots at Brussels or remembering the good old times when regulators and regulations didn't bother them.



Francis de Sales, a Frenchman born in the 16<sup>th</sup> century is reported to have said the following wise words: "With the eyes of an eagle we are able to spot the mistakes of others, with the eyes of a mole we look at our own". The man must be right as he even became a Catholic saint afterwards.

What strikes me more is that we all know that, being at sea, we need to be proactive and forward looking.

The future is quality shipping through good cooperation between the industry, the experts and the regulators. The European Commission is ready for this.

I hope this has been of interest and I thank you very much.