

Regulators must consult shipping

Shipping gets a raw deal from regulators, writes **Aleka Sheppard**, founder and chairman of the London Shipping Law Centre – Maritime Business Forum

The international shipping industry has long felt itself to be inadequately served by governments and politicians. Precisely because it is international and incurs most of its costs on the high seas, shipping is generally short-changed by political systems attuned to national land-based interests.

Yet the actual importance of global trade is starkly obvious. About 95% depends predominantly or partly on sea transport. Without huge investment in ships and ports, insurance facilities and skilled seafarers, world trade would virtually cease. So, why does all this not

seem to matter as much as it should to politicians and governmental organisations?

Fotis Karamitsos, the EC's maritime transport director, has an explanation as to why shipping ranks low in public opinion (which in turn drives so much political activity). He shared this with attendees at the Cadwallader debate last month, organised by the London Shipping Law Centre – Maritime Business Forum.

"Not so long ago, the perception of shipping activities by 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," he said.

He cited high profile accidents such as those involving Estonia, Amoco Cadiz, Torrey Canyon, Herald of Free Enterprise, Erika and Prestige, which had made it much easier for the European Commission to obtain political support for its proposals to reinforce maritime safety standards.

For Karamitsos, regulation is a "must," in so far as it stands for safe, secure and efficient shipping in cleaner oceans, protecting the European shipping industry and providing a "quality label appreciated by shippers and authorities all over the world."

That's fine but how far does the shipping industry influence this regulation? The EC has massive resources at its disposal. What will it want from the industry when "the European taxpayer invests €50M/year to have more than 200 experts working exclusively on maritime safety issues?"

'Shipping is generally short-changed by political systems'

The EC claims to engage in widespread consultation with "all interested parties" but some industry bodies feel this is sometimes limited and late in the day, giving them little scope to influence the Brussels juggernaut.

Spyros Polemis, chairman of the International Chamber of Shipping, agreed that the Commission did have a system of consultation with the industry over new regulations and that commissioners and senior officials were relatively accessible. However, as he told the Cadwallader audience, while the EC might sometimes be willing to listen to the industry when proposing legislation or regulation, it was often very difficult to divert the Commission from its path "should this interfere with its underlying ambitions to increase

its authority in relation to individual EU member states".

"It would be much more helpful if the Commission could routinely first discuss its ideas informally with international industry representatives so that we can point to the pros and cons before potentially misconceived ideas become formal proposals, which are then far more difficult to withdraw or amend," he said.

It followed that the Commission and regulators should accept that consultation cannot be *ad hoc* but has to be permanent and continual, with bodies such as the International Chamber of Shipping and the International Shipping Federation who are experienced at obtaining consensus within the industry.

It was also felt that the Commission and industry should tap into each other's expertise as partners. What should the industry be doing to facilitate constructive engagement with regulators and Brussels? Lee Scott, parliamentary private secretary to the secretary of state for transport, felt the industry was not "optimally tapped in" to the EU and would benefit from re-examining its approach to engagement in the policy and regulatory process. He recognised that "the EU is a complex beast to navigate" but it was "worth the struggle" if EU organisations were to regulate on the basis of a solid understanding of underlying issues and consequences.

The situation points to an upgraded and sustained effort on the part of the industry to liaise steadily with regulators. Acting in concert or perhaps via specialist representation in Brussels, it is vital to involve the people in shipping right at the outset when new regulation or legislation is contemplated.

Only in this way will it be possible to understand fully each other's point of view and become involved in constructive engagement. This is paramount to creating laws and regulations that are well founded, commercially acceptable and effective. **ES**

The industry has little scope to influence 'the Brussels juggernaut', argues Aleka Sheppard

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