

Dr. Helmut Sohmen's speech at BIMCO, 23<sup>rd</sup> May 2005

“Moving forward in shipping”

Your Royal Highness, Excellencies, Mr. President, Fellow Shipowners, Ladies and Gentlemen, Friends.

It is an honour to have been invited to address you today at this august gathering celebrating BIMCO's first hundred years. I am excited to be back in Copenhagen and in the presence of so many good and great of our industry. My thanks to the President for his kind invitation.

Honorary Presidents are normally expected to stay quiet in retirement. And at the end of my speech you may think that this is exactly what I should have done!

BIMCO has traditionally had three pillars to its work; information, documentation, and training. We should add a fourth which I would loosely call 'argumentation'. It would of course add a more political dimension to BIMCO's scope, but a dimension I believe the organization is well equipped to handle.

The industry has traditionally enjoyed relative freedom of choice. Official oversight used to be comparatively light. For its part, shipping consistently produced an essential and ubiquitous service. The ready availability of maritime transport has in fact come to be taken for granted. But the leeway given to the industry also provided room for those whose sense of responsibility and morality has left something to be desired. Self-discipline has its limits and, naturally, the higher the expectations the greater the strains on its effectiveness.

By appearing to react defensively every time institutional or procedural reforms are suggested or mandated by outside parties, shipping is seen at best as reluctant, and at worst on the run. It may be a sense of solidarity that leads to a lack of internal criticism when malpractices are identified. I would argue that this sentiment is misguided. Shipping has produced its fair share of environmental disasters, and despite a vastly improved record, accidents still happen. With every calamity, the political pressures on authorities at all levels 'to do something' of course increase.

Non-governmental organizations and a multitude of informal lobby groups have also been stronger. They continue to perfect both the quality of their arguments and their campaign techniques. There is no doubt that most of them are also well aware of the weak political support for our industry, and are more than conscious of its sizeable collective financial response capability. On both counts, we are an easy target for the claims industry that has managed to build up around us.

We shipowners may well regret the fact that far from being admired for what shipping services do for the world's economic development, we are actually regarded as intrinsically suspect. But we have to face that reality. The atmosphere of automatic culpability that surrounds shipping was created largely by ourselves, since other transport industries - take airlines, trucking, or railroads - that are also capable of causing death and destruction have managed not to be vilified after every accident.

In most other settings major incidents are attributed to individual human failure or procedural deficiencies. By contrast, when something happens in the maritime industries not only the single rotten apple but the whole basket gets condemned. Professional standards at large are criticized. The competence of technical advisory services is questioned, with ill-advised calls for their nationalization never far away. It is symptomatic that when oil is spilt from pipelines, as happens from time to time, the media interest is much more subdued than when the pollution source happens to be a ship. There are of course no industries with a totally accident-free record.

In the 1995 BIMCO Review I wrote: "(We are) intensifying a public belief that ship operations constitute a dangerous activity undertaken largely by unserious people which governments are barely able to control". Many commentators then agreed with me. But over the past ten years, what measures have we taken that were really successful in reversing the trend? To what extent is the world aware of the strong reduction in the number of major marine spills in recent years? Or of the existence of extensive compensation arrangements and clean-up expertise through the International Oil Pollution Compensation Funds and the International Tanker Owners Pollution Federation?

We talk a lot about of the image of shipping and the need to polish it. But public relations efforts that are perceived as self-serving and which are not backed by consistent and verifiable action on a broad front can easily backfire. In my view, simply throwing more money at the problem is not the answer.

Governments have introduced port-state controls with some success. These controls can be effective in stopping badly maintained ships on the spot although they do not necessarily make ready converts of bad operators. Governments are now considering changing existing liability schemes to force higher standards through increased financial penalties. There is not a yet a consensus. But it does not help shipping's image to come out fighting such proposals as a matter of principle. Emotional knee-jerk protest instead of careful explanation and argument is prone to be regarded as either unwillingness to cooperate or as an attempt to hide something. We lose more credibility and more point in the debate, and political pressure on governments will increase resulting in the use of ever larger sledgehammers.

Let us look in the mirror; demonizing officials and politicians for their lack of understanding of the industry's characteristics, and for their possible fervour in calling for improvements has not gotten us anywhere. Dialogue is essential, education is important, and a readiness to listen to the other side before mishaps occur are as important a part of any formal lobbying strategy as are frequent discussions on technical and operational details. This is what I meant by the word 'argumentation': the willing, constructive, and ongoing engagement with those that are sceptical of our record as an industry should become a part of BIMCO's overall mission. Because given the breadth and scope of its membership and organization, BIMCO's voice carries a lot of authority. Let us capitalize on it.

In summary, the points I have been trying to make are:

1. Shipping has manoeuvred itself into a position where the failing of a single participant can result in collective guilt. When you think about it, a unique situation not even matched by the nuclear power sector.
2. Attempts to change the current public mindset about shipping will take a while. Expectations of quick fixes are therefore misplaced. General advertising campaigns with largely defensive messages will not be able to more than scratch the surface of deep-seated public suspicion. I said that much in this year's BIMCO Review.
3. Self-discipline needs concrete action by all sectors of the industry. Verbal assurances are seen as self-serving and are no longer accepted. When accidents happen, those involved must promptly come forward and be ready to shoulder responsibility. Media interest is often much less intense when the public sees owners taking personal charge following an accident. When no recognizable face steps forward, condemnation of that fact by the peer group should be considered as an act of communal self-preservation, not of betrayal.
4. It is totally unrealistic to assume that industry protagonists will always agree: we are too ego-centred for that. Further industry consolidation will not necessarily change that fact. Let us instead broaden the range of issues on which we all can agree to avoid the appearance of continuous disunity within our ranks, in particular when new ideas for improvements to existing approaches and systems are on the table.
5. We should accept as a premise that our critics are not always wrong in principle, misguided in motivation, or erring in their professed goals. Politicians have to act on behalf of their constituents. Non-governmental organizations can have valid agendas. Often they now speak for large numbers of interested - and increasingly astute - observers. The solution is dialogue, dialogue, and more dialogue, even when the process is repetitive, frustrating, and takes time.
6. Shipping in recent times has become commoditised and de-personalised. Public relations efforts must do more to associate our industry with the human side of our business, not only dwell on statistics, operational achievements, or technical jargon which most people do not understand or find boring. The action of individual players certainly remains as important as the good work of the industry bodies. We might use this effort also to attract the attention of the younger generation. Human resources are getting scarce in shipping and BIMCO may wish to spearhead a global campaign focusing on maritime education in a coordinated fashion.
7. Whatever we do, and whatever we say, let us stay rational, factual, open-minded, and honest. And let us remember the old wisdom: "Do not pick fights with people who buy their ink by the barrel."

Thank you again for giving me this opportunity to share some thoughts on a difficult subject with you. I warmly congratulate BIMCO on its 100 years of excellent service and wish it and all its officials well for the future.