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COUNCIL - 90th session

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SUMMARY RECORD OF THE FOURTH MEETING

**held at IMO Headquarters, 4 Albert Embankment, London SE1 7SR
on Tuesday, 17 June 2003 at 2.30 p.m.**

Chairman: Mr. CHEN TZE PENN (Singapore)
Vice-Chairman: Mr. J. FRANSON (Sweden)
Secretary-General: Mr. W.A. O'NEIL

A list of participants is given in document C 90/INF.1.

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AGENDA ITEM 14 - CONSIDERATION OF THE STRATEGY AND POLICY OF THE ORGANIZATION, INCLUDING THE REPORT OF THE WORKING GROUP (C 90/14 and Add.1, C 90/14/1; C 90/5/Add.1) (continued)

Mr. CHRYSOSTOMOU (Cyprus), congratulating Mr. Franson (Sweden) on his chairing of the *Ad Hoc* Council Working Group, said he shared the view of a number of Members of the Group that micro-management of the Committees should be avoided. It was for the Council to take decisions in the matter of the strategy and policy of the Organization. He agreed that there should be a further session of the Working Group, and that its terms of reference should be modified.

Referring to the draft Mission Statement contained in annex 2 to document C 90/14/Add.1, he said that the word “efficient” was unnecessary and should be deleted since the word “sustainable” implied efficiency.

Mr. HANSEN (Denmark) said that he endorsed the action requested in paragraph 3 of the document and approved the Working Group’s report. He would prefer the word “efficient” in the draft Mission Statement to be retained. As had been pointed out earlier by Malta under agenda item 8, it was very important that IMO should seek to ensure efficient shipping. That meant that whenever regulating, it had to decide on how to achieve the goals of pollution prevention and safety and security at sea in a way that did not impede, but rather promoted, the efficiency of shipping.

Concerning the way forward for elaboration of the Strategic Plan, he supported the proposals contained in document C 90/14/1.

Mr. PAPACHRISTODOULOU (Greece) welcomed the outcome of the second meeting of the Group, and would like to see its work continued and finalized. He too supported the proposal for a third meeting of the Group with revised terms of reference. As stated in paragraph 6 of document C 90/14/1, the Strategic Plan should be comprehensive and concise.

Mr. ROWE (United Kingdom), welcoming the progress achieved, said that in considering proposals for strategic objectives for the Organization the Council should apply three tests: first, were the objectives precisely defined, secondly, were they measurable, and thirdly, did they add value to what was already stated in the Mission Statement and strategic directions. He remained somewhat sceptical as to the preliminary draft objectives set out in annex 6 to C 90/14/Add.1, which did not appear to meet those tests. He would prefer to keep the Plan on a genuinely strategic level.

He endorsed the Secretary-General's suggestion for a six-year cycle for the Strategic Plan.

Mr. OZUGERGIN (Turkey) said he favoured retention of the word “efficient” in the draft Mission Statement. He could agree that the Working Group should be tasked with completing its outstanding work before the twenty-third session of the Assembly.

Mr. GENNÉ (Argentina) said that he too would like the word “efficient” to be retained, for the reasons outlined by Denmark. He supported the proposal for revised terms of reference for the Working Group set out in paragraph 7 of document C 90/14/1.

Mr. KORAN (United States) said that in his view the Committees should build on the work accomplished thus far, and there was no need for another meeting of the Group before the forthcoming Assembly. An excellent draft Mission Statement and strategic directions had already been developed, and to add another level of detail would risk micro-managing the work of the technical committees and of the Secretariat.

Mr. ASUQUE (Philippines) wholeheartedly endorsed the strategy and objectives defined in the report, which specifically addressed the concerns of small island developing States and least developed countries. The report also recognized the importance of the human element by shifting emphasis on to people.

There was need for further work on the preliminary draft objectives and the Mission Statement to ensure consistency, and he therefore supported the proposals contained in document C 90/14/1.

Mr. BELL (Bahamas), supported by Mr. ALMEIDA (Brazil), said he was pleased to note that the Strategic Plan recognized the concept of a chain of responsibility, whereby IMO Member States, Administrations, owners, management, ships' masters and other stakeholders all had their own particular responsibility for achieving the goals set.

He agreed with Denmark that the word "efficient" should be retained, and also agreed that the Group should continue its work rather than forwarding it to the Committees.

Mr. ALLARD (Panama) welcomed the exercise being carried out by the Working Group, which was of great importance. At a time when new developments and new challenges were facing the Organization, there was need for a strategic plan to direct future work.

Concerning the preliminary draft objectives, he did not think that there was any danger of the proposals leading to micro-management or to overmuch concern with detail. On the contrary, it had been clear from the discussions that there was a desire to see the Council more closely involved in deciding the strategic direction the Organization should follow. The proposals made by the United Kingdom might be helpful in that regard.

He supported the proposal that the Working Group should continue its work, and shared the views of those who considered that the word "efficient" in the draft Mission Statement was superfluous and should be deleted.

Mr. LEE (Singapore) said that more time was needed for the Group to finalize its work before the twenty-third Assembly, and he therefore endorsed the way forward set out in document C 90/14/1 as well as the proposed content of the Strategic Plan. He also associated himself with the three-point "litmus test" for the strategic objectives suggested by the United Kingdom.

Mr. AMEYAW-AKUMFI (Ghana) joined in endorsing the proposals made in document C 90/14/1, in particular the proposal for the revision of the Group's terms of reference contained in paragraph 7.

Mr. KOBASHI (Japan) pointed out that in future there would be need to prioritise projects based on the Strategic Plan, and to reallocate budgetary resources accordingly.

Mr. NASTRUCCI (Italy), supported by Mr. NTULI (South Africa), agreed that the Group's work was important for the Organization and should continue. The word "efficient" in the draft Mission Statement was redundant and should be deleted.

Referring to document C 90/14/Add.1, he suggested that annex 4 (Strategic Directions for IMO), annex 5 (Preliminary Draft Objectives) and annex 7 (Performance Indicators) should be translated into the Organization's other official languages, Arabic, Chinese and Russian.

Mr. GRÉGOIRE (Canada), supported by Mr. DAVIDSON (Australia), supported the view expressed by Japan and endorsed the proposals contained in document C 90/14/1.

He considered that the word "efficient" was important and should remain, and agreed with the Secretary-General's suggestion that a time frame of six years should be envisaged for the development of the Strategic Plan.

Mr. VASSALLO (Malta) said that he would be somewhat reluctant to agree to a further meeting of the Working Group in view of the current budgetary constraints. The general principles of the Strategic Plan could be established by the Group and the details worked out at Committee level, although he recognized that transferring such work to the Committees might result in considerable delays. There would therefore be need to ensure that a response was received as speedily as possible.

Although he had no strong views on the matter, he considered that the word "efficient" had commercial connotations, and he would prefer it to be deleted from the Mission Statement.

Mr. CHRYSOSTOMOU (Cyprus) pointed out that the proposal by Brazil with respect to the restructuring of the Organization referred to in paragraph 4.22 should not merely be noted, but kept alive until work on the Strategic Plan had been completed, as there might be need to return to it in the future.

Mr. FRANSON (Sweden), speaking as Chairman of the Working Group, said there had been considerable discussion of the Brazilian proposal, but it had been concluded that it was outside the Group's terms of reference. However, should the Council wish to return to it at a later stage, there was no reason why it should not do so.

The CHAIRMAN, summing up the discussion, noted that there had been a majority in favour of including the word "efficient" in the Mission Statement, and a majority in favour of the reconvening of the Working Group. In response to a question from Mr. ROWE (United Kingdom), he said that the proposal for applying three "tests" to the Strategic Objectives had met with general agreement.

Mr. ASUQUE (Philippines) pointed out that if the word "efficient" was retained in the Mission Statement consideration would need to be given to its inclusion in the other texts relating to the Strategic Plan, and suggested that the Working Group should be given that task.

The CHAIRMAN recalled that under agenda item 5 the Council had taken note of the MSC's invitation to consider the outcome of the its debate on a proposal made by the Bahamas and Greece concerning the inclusion of a reference to the development of goal-based new-ship construction standards in the Strategic Plan. He invited comments on that proposal.

Mr. BELL (Bahamas) said that as indicated in paragraph 8 of its report (document C 90/5/Add.1), the MSC had decided that it did not know enough about the contents of the Strategic Plan to recommend inclusion in it of the development of goal-based new-ship construction standards, although it had recognized that such development was of strategic importance. It had included the item on the agenda of its next session, and had decided to establish a working group at that session to consider the matter in greater detail.

For his own part, he considered that the development of basic standards by IMO was a vital long-term activity that should be incorporated in the Strategic Plan to ensure the necessary breadth of vision and overview by the Council. He therefore proposed that the draft strategic directions for IMO set out in annex 4 of the annex to document C 90/14/Add.1 be amended by adding the words “including the development of goal-based new-ship construction standards” at the end of the second bullet point in paragraph 2(a). He further proposed that the *Ad Hoc* Council Working Group be requested to consider how best that amendment might be reflected in the draft preliminary objectives set out in annex 6.

Mr. PAPACHRISTODOULOU (Greece) supported those proposals.

Mr. NYGAARD (Norway) said that while he did not wish to prejudice further consideration of the goal-based new-ship construction standards in the MSC and its working group, he did not consider it appropriate that the matter should be included in the Strategic Plan for the time being. The development of such standards had wide-ranging implications and should be given careful thought.

Mr. AMEYAW-AKUMFI (Ghana) agreed that the matter should be given further consideration by the *Ad Hoc* Council Working Group and the relevant technical committees before any decision was taken.

Mr. CHRYSOSTOMOU (Cyprus), supported by Mr. GENNÉ (Argentina) and Mr. BELL (Bahamas), said that, as indicated in paragraph 8.5 of document C 90/5/Add.1, the MSC had acknowledged that the development of goal-based new-ship construction standards would be a new and significant role for IMO and had recognized that the issue was one of strategic importance. He therefore supported the proposal by the Bahamas that the draft strategic directions should be amended and that the Group should consider how best to reflect that activity in other relevant texts.

Mr. HANSEN (Denmark) said that he endorsed the inclusion of the activity in the Strategic Plan in principle, but would prefer the Council to instruct its Working Group to decide on an appropriate wording.

Mr. KORAN (United States), supported by Mr. GRÉGOIRE (Canada) and Mr. KEOBASHI (Japan), shared the views expressed by Norway. The *Ad Hoc* Council Working Group was not the appropriate forum for consideration of the matter, which should be handled by the MSC.

Mr. VASSALLO (Malta) said that the MSC had already decided that the activity was of strategic importance, and it should therefore be included in the Strategic Plan. Failure to take a decision on the matter at the current session of the Council could lead to a delay of several years, which would be undesirable.

Mr. ROWE (United Kingdom) said that it was not clear how far the Council should go at the present session and he would prefer the course of action proposed by Denmark. The *Ad Hoc* Council Working Group would, however, require further guidance from the MSC and perhaps the MEPC regarding technical details of the development of the new standards.

Mr. NYGAARD (Norway) asked whether a decision to include the activity in the Strategic Plan implied an agreement in principle that the activity should proceed and that the MSC would be charged with carrying it forward.

The CHAIRMAN said that it was his understanding that the Council wished to include the activity in the Strategic Plan and strategic directions for IMO. The MSC would have no objections to such a decision and would co-operate in following it up appropriately.

Mr. DE ROSE (observer, International Association of Classification Societies), speaking at the invitation of the Chairman, pointed out that the *Ad Hoc* Council Working Group had not received any guidance on the nature of goal-based new-ship construction standards. IACS had been requested to make submissions to MSC 78, and would do so in consultation with the delegations of the Bahamas and Greece. However, until the outcome of the consideration of such proposals was available, it would be difficult for the *Ad Hoc* Council Working Group to make further progress.

In response to a suggestion from the CHAIRMAN, he agreed that IACS would make direct representations to the *Ad Hoc* Council Working Group to avoid any delays.

The CHAIRMAN invited the Council to approve the report of the second intersessional meeting of the *Ad Hoc* Council Working Group on the Organization's Strategic Plan. In particular, he invited the Council to approve the Mission Statement for the Organization; to note the trends, developments and challenges facing the Organization over the Strategic Plan period as identified by the Working Group; to approve the strategic directions for the Organization of the Strategic Plan period, with the inclusion of a reference to the development of goal-based new-ship construction standards; to note the proposal made by the delegation of Brazil with respect to restructuring of the Organization; to note the discussion on the development of objectives and the examples developed by the Working Group; to approve the reconvening of the Working Group to continue development of the Strategic Plan; to note the examples of possible performance indicators, and the sources of information currently available to the Secretariat, which might be used when considering the collection and collation of data; and to approve the recommendation that the Strategic Plan be developed on a six-year basis, with reviews at each biennium to ensure that it was maintained up to date.

It was so decided.

The CHAIRMAN next invited the Council to approve the proposals submitted by Canada, Cyprus, Denmark, Singapore, the Netherlands, Sweden and the United Kingdom in respect of consideration of the strategy and policy of the Organization, including the report of the *Ad Hoc* Council Working Group on the Organization's Strategic Plan. In particular, he invited the Council to approve the reconvening of the *Ad Hoc* Council Working Group between June and November 2003 to continue its work on a draft of the Strategic Plan in accordance with the revised terms of reference and timetable, with a view to reporting to the twenty-second extraordinary session of the Council and the twenty-third session of the Assembly concurrently.

He further invited the Council to approve the development of a strategic plan that would be at once comprehensive and concise, and would only incorporate: a Mission Statement for the Organization; trends, developments and challenges in the shipping and maritime world; strategic directions in which the Organization should go, based on the emerging trends, developments and challenges; defined, measurable objectives to be met to fulfil the strategic directions; and performance indicators for the measurement of performance of the Organization and its objectives. Finally, he invited the Council to approve the revision of the terms of reference for the *Ad Hoc* Council Working Group as proposed in the annex to document C 90/14/1, noting that further work was needed within the specified time frame in the revised terms of reference which would include: the translation of the strategic directions into high-level action plans; a prioritization of the areas of work; and a projection of the Organization's prospective resource requirements. Finally, he invited the Council to agree that the annexes 2, 3, 4, 6 and 7 to the report of the second meeting of the *Ad Hoc* Council Working Group provided a good basis for the further work of the Working Group and for timely finalization of the Strategic Plan, in accordance with the amended terms of reference.

It was so decided.

AGENDA ITEM 15 - IMO MODEL AUDIT SCHEME (C 90/15 and Add.1, C 90/15/1)

The SECRETARY-GENERAL said that document C 90/15 provided a summary of developments relating to the IMO Model Audit Scheme since the Council's previous session. At its eighty-eighth session in June 2002, the Council had requested the MSC, MEPC and TCC to give, each from their perspective, initial consideration to the IMO Model Audit Scheme, which had been proposed by 19 countries. It had also suggested that consideration be given to the desirability of establishing an *Ad Hoc* Joint MSC/MEPC/TCC Working Group to meet during MSC 77 to consider the matter further, utilizing terms of reference agreed to by the Council at its eighty-ninth session in November 2002.

The MEPC had discussed the matter at its forty-eighth session in October 2002. Having noted that the matter would be considered further at MEPC 49 and that the outcome of the discussion would be submitted to the twenty-second extraordinary session of the Council, it had endorsed the proposal to establish a Joint MSC/MEPC/TCC Working Group which would meet during MSC 77. As reported in document C 90/7 under agenda item 7, the TCC had considered the proposed Scheme from a capacity-building point of view at its fifty-second session in November 2002, and had also endorsed the establishment of a Joint MSC/MEPC/TCC Working Group. The MSC had considered the request of the Council at its seventy-sixth session in December 2002. It had approved safety- and security-critical areas for the proposed Scheme and had agreed to the establishment of a Joint MSC/MEPC/TCC Working Group, which would meet during MSC 77.

The United Nations General Assembly, at its fifty-seventh session in December 2002, had adopted a resolution on Oceans and the law of the sea, in which it welcomed the decision of IMO to develop the Model Audit Scheme and encouraged the Organization to work towards that end, as reported in document C 90/15. The MSC, at its recent seventy-seventh session, had given further consideration to the Model Audit Scheme and the work of the Joint MSC/MEPC/TCC Working Group. The outcome of the Committee's consideration of the matter and the report of the Joint Working Group were set out in document C 90/15/Add.1.

In its consideration of the Scheme, the Joint Working Group had reviewed an analysis of all the documents referred to it and had structured its work to ensure that all the matters identified in the various documents submitted were adequately addressed. During general discussion of the Scheme, the decision of MSC 77 that the Scheme and the proposed Code for the implementation of IMO instruments being developed by the FSI Sub-Committee should be compatible had also been considered. While diverging views had been expressed on the linkage of the Code to the Scheme and the time frame for the development of both, the Group had agreed that the Scheme would contain references to the Code, and had agreed that the framework of the Scheme would be developed in such a way that, should the Code not materialize, the Scheme would remain independent and viable.

In its consideration of the objectives of the Scheme, the Joint Working Group had recognized that the enactment of appropriate legislation and its implementation and enforcement were the three key elements by which a Member State's performance could be measured with respect to its treaty obligations. It had therefore developed the over-arching aim and 10 supporting objectives of the Scheme, which were reflected in paragraph 11 of the Group's report and in the draft Framework for Member State Audits set out in annex 1 to that report.

With regard to the principles of the Scheme, there had been some support for the proposal that audit reports should not be anonymous and should be made public, but most delegations had been of the view that the anonymity of the audited State should be maintained. The Group had agreed on key elements of the principles, which were reflected in paragraph 14 of its report and in the draft framework document.

With reference to the scope of the Scheme, the Group had agreed that the areas/sectors of the competent authority of a Member State, which should be audited, would be included under the scope or would naturally be determined by it. The Group had decided that the scope should comprise sections on IMO instruments, obligations and responsibilities of a Member State, and areas to be covered by the Scheme. Those sections had been reflected in the draft framework document. The Group had given special consideration to the inclusion of UNCLOS within the scope of the Scheme, and had decided that the provisions of UNCLOS should not be subjected to audits. A generic reference had been included in the draft framework to acknowledge UNCLOS as an umbrella convention.

After an extensive discussion on the IMO instruments to be included, the Group had recommended the initial inclusion of nine instruments and had also recommended that the matter should be kept under review. The list of instruments recommended for inclusion was contained in the draft framework. In its consideration of the obligations and responsibilities that would form the core structure of the scope of the Scheme, the Group had concluded that they should comprise those contained in the applicable IMO instruments and those on which a Member State was required to act in the capacity of a flag, port and/or coastal State.

With regard to the areas to be covered, a range of administrative, legal and technical areas had been identified.

The Group had considered the organization and management of the Scheme and had recommended that the Secretary-General should assume responsibilities for its management and implementation; of the Scheme; the appointment of auditors in consultation with the Member State to be audited; the establishment of audit teams; ensuring that auditors were appropriately qualified and trained; concluding a Memorandum of Understanding on the mandate for the audit

with the Member State to be audited; planning audits within an overall IMO timetable; distribution of anonymous audit summary reports; and maintaining, in confidence, appropriate documentation derived from the audits of Member States. The group had also identified areas of responsibilities of Member States and audit team leaders with respect to the planning and conduct of audits. The details of the various responsibilities were reflected in the draft framework document.

The Group had been of the opinion that capacity-building and technical assistance would be essential for the success of the Scheme and had developed a detailed list of potential areas for the development of those two aspects, including within the IMO Secretariat. Full consideration of that matter by the Group was reflected in paragraphs 34 to 38 of the report.

The Group had also identified several areas where funding would be required for the Scheme's development, for associated administrative and operational costs and for capacity-building. Whilst no sources of funding had been identified, it had noted several areas where funding could be sourced. It had identified further areas of work which would be necessary to complete the documentation for the Scheme, and had developed the draft framework for Member State Audits set out in annex 1 to the report, as well as draft Procedures for Member State Audits, which required further work and were set out in annex 2 to the report. In order to progress the work, the Group had developed a work plan leading up the twenty-fourth session of the Assembly and had recommended the establishment of a correspondence group, with appropriate terms of reference, set out in annex 3 to the report, as well as the convening of two further sessions during that period.

The Group had developed a draft Assembly resolution on the Voluntary IMO Model Audit Scheme for consideration and approval by the Council, with a view to its submission to the twenty-third session of the Assembly for adoption. The Assembly would thereby endorse the decisions taken by the Council with respect to the Audit Scheme as well as the further work needed to bring the Scheme to fruition. The draft resolution was set out in annex 4 to the report.

MSC 77 had considered the report of the Joint Working Group, and its outcome was reported in annex 2 to document C 90/15/Add.1. During its consideration of the Scheme, the Committee had noted that the proposal from Spain to make the Scheme mandatory had also been submitted to the current session of the Council, and had therefore decided that the issue was for the Council to decide. The outcome of FSI 11 relating to the draft Code for the implementation of IMO instruments had also been considered and the Committee had endorsed, in principle, the recommendations of the Sub-Committee on who should be covered by the Code; the time frame for its development; and that both the Sub-Committee and the Joint Working Group should remain apprised of developments on both issues to ensure compatibility.

In considering the report of the Group, the MSC had noted the discussions on the relationship between the Scheme and the proposed Code for the implementation of IMO instruments, in particular the proposed time frame for the development of the Scheme and that of the proposed Code, and had decided that it was for the Council to consider whether the Scheme and the proposed Code should be linked. It had endorsed the Group's view on the proposed objectives, the overarching aim and the 10 supporting objectives of the Scheme. With regard to the principles of the Scheme, it had noted the Group's discussion on the retention of the anonymity of the audited State, and had endorsed the key principles agreed by the Group. In considering the scope of the audit, it had noted the three sections proposed by the Group and had endorsed the latter's decision, subject to MEPC's and TCC's concurrent decision, on the inclusion of a generic reference to UNCLOS under the scope of the Scheme.

With respect to the IMO instruments to be included in the Scheme, the MSC had approved the Group's recommendation for the inclusion of SOLAS 74 as amended and as modified by its 1978 and 1988 Protocols, and had accepted that SOLAS chapter XI-2 on Measures to enhance maritime security and the ISPS Code should be excluded from audits under the Scheme for the time being; the STCW 78 Convention, as amended, with certain conditions; the 1966 Load Lines Convention as modified by its 1988 Protocol; the 1969 Tonnage Convention; and the 1972 COLREG Convention, as amended.

The MSC had noted the progress made by the Group on the development of the Scheme, endorsed the draft Assembly resolution on the Voluntary IMO Model Audit Scheme, and approved the Group's report in general.

With regard to the outcome of the consideration by the fifty-third session of the Technical Co-operation Committee of the Joint Working Group's report, which was reported in document C 90/7/1, the TCC had concentrated on the technical co-operation-related aspects, in particular the capacity-building and funding elements of the Scheme. While it was recognized that the proposed ITCP for the 2004-2005 biennium did not contain specific programme and funding allocation to cater for the possible technical assistance needs during the development and pilot stages of the Audit Scheme, the TCC had been informed that the proposed ITCP contained enough latitude to provide some assistance such as advisory services, and, if there was any need to provide additional funds, the unprogrammed reserves might be used at the discretion of the Secretary-General.

The TCC had reviewed the proposed draft Assembly resolution, particularly operative paragraph 6 relating to the organizational centre for co-operation activities, and had proposed certain amendments for consideration by the Council. It had endorsed the outcome of the Working Group's consideration of the Scheme and of its capacity-building, technical co-operation and overall funding aspects, and had approved the proposed draft Assembly resolution. It had also approved the Group's report in general and had agreed on the work plan for the development of the Scheme.

The CHAIRMAN suggested that paragraph 8.2 of the proposal by Spain contained in document C 90/15/1 should be considered in the context of the report of the Joint Working Group, and that paragraph 8.1 should be considered after the Council had completed its consideration of that report.

He invited the Council to take the action requested in paragraph 51 of annex 1 to document C 90/15/Add.1 namely, taking into account the recommendations of the MSC, MEPC and TCC respectively, to note the general discussion on the Scheme, as reflected in paragraphs 5 to 10 of the report.

Mr. CHARALAMBOUS (Cyprus) noted that the matter under discussion had yet to be considered by the MEPC. He trusted that the Council would revert to it at its next session, in order to take into account any comments made by that Committee.

Mr. FINLEY (Panama) shared that view.

He drew attention to paragraph 24 of annex 1 to document C 90/15/Add.1, which stated that the Group had considered the obligations and responsibilities that should form the core structure of the Scheme and had concluded that they should be those contained in the applicable

IMO instruments and those on which a Member State was required to act in the capacity of flag, port and/or coastal State. The obligations and responsibilities should be auditable in accordance with the Code for the implementation of such instruments. Given that the linkage between the Code and the Audit Plan was clearly set out in paragraph 24, he believed that the Council should be invited formally to recognize the interdependence of the two processes and to fix a coterminous time frame for them. Furthermore, if the Council were to endorse the setting up of a correspondence group, it should be chaired by the current Chair of the FSI correspondence group in order to avoid duplication of effort.

Mr. BELL (Bahamas) fully endorsed Panama's suggestion that the linkage between the Code and the Audit Scheme should be recognized in any proposals drawn up by the Council. It was essential that the auditors knew what Member State obligations and responsibilities had to be audited, and the only place where they would be set out in full would be in the Code.

Mr. RASMUSSEN (Denmark) referred to paragraph 9 of annex 1 to document C 90/15/Add.1, which stated that the delegation of Panama had informed the Group that it was totally confident that the Code would progress through FSI on the currently envisaged timetable. Recalling that there had already been extensive debate on the issue in the Joint Working Group, he urged that the conclusions of the report should be accepted. The linkage between the Code and the Audit Scheme was mentioned several times in the report and to emphasize the point further was unnecessary.

Speaking as co-ordinator of the FSI correspondence group, he said that he would be willing to chair the additional correspondence group if the Council so wished.

Mr. NASTRUCCI (Italy) said he fully endorsed the report contained in annex 1 to document C 90/15/1/Add.1.

Mr. ROWE (United Kingdom) said that in his view the report adequately recognized the connection between the development of the Code and the development of the Model Audit Scheme. He recalled that both projects had originally been considered in the light of the responsibilities of Member States as flag States, and quite rightly, at the request of the Bahamas, their scope had been widened to include port and/or coastal State responsibilities. He could not accept, however, that any element of conditionality should be introduced; it had been agreed that work on the two projects would proceed in parallel, and that there would be plenty of opportunity for cross-referencing. To go further than to acknowledge the linkage might introduce an element of unnecessary risk, as it was not possible to predict what concerns might delay progress on a particular issue.

The matter had been debated at length in the Joint Working Group, and the majority view had been that the Model Audit Scheme should remain independent and viable in the unlikely event that the Code was not developed in time for adoption at the twenty-fourth session of the Assembly. He urged the Council to recognize that the report represented a fair reflection of the debate and to endorse it as it stood.

Mr. KORAN (United States) associated his delegation with the views expressed by the representatives of Denmark, Italy and the United Kingdom. While ideally work on the Code and on the Model Audit Scheme should proceed in parallel, there would be no justification in delaying one project in the event that delays were experienced on the other, and he therefore recommended that they be considered separately. He too urged that the report be approved as it stood.

Mr. EUN LEE (Republic of Korea) said he wholeheartedly supported the concept of a Model Audit Scheme which would help to promote implementation of IMO conventions and aid compliance with maritime safety and marine environment protection regulations.

In respect of the proposal by Spain, it was his view that the Scheme should eventually be made mandatory and its results open to the public. He nevertheless supported its adoption on a voluntary basis initially, as many Member States, including his own, needed some time to make the necessary preparations. Recognizing the obligations that would come with the Scheme, he emphasized the importance of continuing and effective technical co-operation. He supported the draft Assembly resolution as set out in annex 4 to the report.

Mr. KOBASHI (Japan), supported by Mr. LEE (Singapore), Mr. GARCÍA (Spain) and Mr. STUITJE (Netherlands), endorsed the comments made by Denmark, the United Kingdom and the United States. While recognizing that there was a link between the Code and the Model Audit Scheme, he did not believe it was an exclusive link, as an instrument could be audited without reference to the Code. He did not have any objection to incorporating the Code into the Model Audit Scheme once it had been completed, but was of the view that the Scheme could exist independently of the Code.

Mr. CHARALAMBOUS (Cyprus) suggested that the concerns in respect of the establishing of a coterminous time frame for both the projects might be met if the MSC were requested to ensure that the FSI Sub Committee met the deadline of December 2005 for development of the Code.

Mr. VASSALLO (Malta) sought an explanation from the representative of Panama as to why he wished to formalize the linkage between the Model Audit Scheme and the Code. While it was clear that all recognized the link between the Code and the Scheme, many, including his own delegation, believed that the Code, while desirable, was not essential.

In connection with the suggestion made by the representative of Cyprus, he wondered whether there might be budgetary implications in requesting the MSC to ensure that the Code was delivered on time.

Mr. FINLEY (Panama) said that his desire to formalize that linkage had arisen from his delegation's participation in both the Joint Working Group and the FSI Sub-Committee. He explained that his concern was how obligations and responsibilities under the Scheme could be audited if the Code were not available. Referring to the timescale for the development of the Scheme set out in paragraph 48 of annex 1 to document C 90/15/Add.1, he pointed out that the action proposed in respect of the period March to June 2005 included modification of the Scheme in line with the outcome of the draft Code.

Mr. RASMUSSEN (Denmark) said that both the MSC and MEPC had approved a complete timetable for development of the Code, and it was therefore unnecessary to repeat the exercise. The report was the result of lengthy discussions and it was clearly the view of the majority of Council Members that it should be approved unamended.

Mr. MOUZOUROPOULOS (observer, Belize) said he wished to revisit the legal implications of making an audit public. In practice, there might be leaks of information from a particular country and possibly press speculation in the event of a casualty attributable to a serious finding in an audit. He wondered whether it might be appropriate to recommend that audit reports should remain confidential for a period of, say, six months and then be made public.

In examining the issues of transparency and confidentiality involved, the Organization should be clear about the legal implications associated with a particular course of action.

Mr. CHRYSOSTOMOU (Cyprus), speaking as Chairman of the Marine Environment Protection Committee, noted that, as discussion had been brought to a close on the matter of linkage, that matter would not be discussed at MEPC 49 when the Committee would consider the Joint Working Group's report.

The CHAIRMAN invited the Council to note the general discussion on the Scheme and, in particular, that the Scheme would contain references to the Code, as appropriate; and that the framework of the Scheme would be developed in such a way that, if the Code did not materialize, the Scheme would remain independent and viable.

It was so agreed.

The meeting rose at 5.35 p.m.