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SUMMARY RECORD OF THE THIRD MEETING

**held at IMO Headquarters, 4 Albert Embankment, London SE1 7SR
on Tuesday, 30 June 2009 at 9.30 a.m.**

Chairman:	Mr. J. FRANSON (Sweden)
Vice-Chairman:	Mr. D. NTULI (South Africa)
Secretary-General:	Mr. E. E. MITROPOULOS

A list of participants is given in document C 102/INF.1.

N.B. Corrections to the summary record should be submitted in writing, preferably on a copy of the summary record, to the Conference Division, IMO Secretariat, 4 Albert Embankment, London SE1 7SR not later than 11 December 2009.

Corrections to all summary records of the session will be issued in a consolidated corrigendum.

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AGENDA ITEM 6 – VOLUNTARY IMO MEMBER STATE AUDIT SCHEME (C 102/6, C 102/6/1, C 102/6/2 and C 102/6/3) (continued)

Mr. de GRACIA (Panama) recalled that his country had been audited in December 2008, which had been a positive experience. His country had also hosted a training course for auditors, and had provided auditors for the scheme.

Mr. MARSICO (Argentina) said his country had submitted to a voluntary audit, and the conclusions drawn in preparing for and undergoing that process, which had been successful, had allowed improvements to be made in many areas. As a result, resources had been optimized, procedures had been improved, new technology had been incorporated and training had been undertaken. Auditors from his country had participated in the first training course for auditors which had been held in Ecuador in 2006, which meant his country was therefore able to carry out internal audits. He called on all Member States that had not yet done so to submit to a voluntary audit, as it provided an opportunity to improve their national institutions.

Ms VENKATACHALAM (India) thanked the Secretary-General for his comprehensive report contained in document C 102/6. She further welcomed the critical appraisal of the scheme in its current form, as contained in document C 102/6/1, including the aspects preventing its universal and inclusive implementation in a timely manner. Her delegation was encouraged by the fact that 50 States had volunteered to be audited since the scheme’s launch in 2005, representing 85 per cent of world shipping tonnage.

While the number of States volunteering to undergo the audit process was relatively low, she noted that it took time for States to prepare for audit and that there was, in fact, a shortage of qualified auditors. It therefore would have been difficult to carry out prompt audits, had more States volunteered in the early stages of the scheme. Furthermore, a more effective mechanism to communicate and discuss the findings of completed audits was required; she proposed holding regional workshops under the ITCP in order to share experiences. She encouraged the Secretary-General and his team to continue their efforts to persuade Member States to join the scheme, to continue to expand the number of qualified auditors, and to improve relevant training. Finally, she announced that her country had volunteered for an audit, which would lead to a better understanding of national capacity and directions for future improvement, and thereby enhance maritime safety and pollution prevention.

Mr. KLUYEV (Russian Federation) said there was no doubt regarding the usefulness of the audit scheme, and his country had supported it from the beginning. His country was preparing to be audited in September or October 2009. From those preparations, it had become clear that the scheme required some adjustments, with particular regard to the formal nature of the process, which did not always provide accurate findings. He emphasized the merit of the system and called on all States that had not yet done so to submit to a voluntary audit as soon as possible. Given that the scheme might become mandatory, and on the basis of its experience, his delegation believed some refinement was necessary to the process, and would be submitting a proposal in that regard to the Assembly.

Mr. ISLAM (Bangladesh) said his country had offered to submit to a voluntary audit through the ITCP, following the offer of technical assistance referred to in paragraph 10 of document C 102/6 and paragraphs 23 and 24 of document C 102/6/2. His country was also prepared to nominate auditors to participate in the scheme and would be providing names to the Secretariat.

Mr. VASSALLO (Malta), emphasizing the importance of the scheme and thanking the Secretary-General for his report, said that his country had received and provided training for auditors, as well as providing auditors for the scheme. His country was now prepared to offer to undergo a voluntary audit, having carried out several mock audits and having ensured its readiness.

In welcoming the recorded success of the audit scheme, he agreed with the comment made by the representative of the Russian Federation regarding the overly formal nature of the end of the audit process. The fact that 50 countries had volunteered, which represented 85 per cent of world shipping tonnage even without Malta's 35 million tonnes, was an indication that a mandatory process was not necessary, and that the Organization had been able to make good progress in the previous three years despite the voluntary and global nature of the scheme.

Mr. FLEITAS (Uruguay, observer) welcomed the Secretary-General's report contained in document C 102/6. He reiterated the comments he had made at the fifty-ninth session of the Technical Co-operation Committee that, despite financial and economic difficulties and Uruguay being a developing maritime country, it had been audited during 2008. The outcome of that audit had defined both achievements and opportunities for continued improvement. Assembly resolution A.974(24) encouraged governments to examine the possibility of providing resources for the satisfactory implementation of the scheme, and his country had provided the Organization with qualified auditors. He hoped the modest but valuable experience gained by his country would benefit other Member States in the audit process.

The SECRETARY-GENERAL said document C 102/6/1 responded to the request by the Council, at its 101st session in November 2008, to provide an analysis of factors that might lead to the further development of the audit scheme into an institutionalized process within the relevant mandatory instruments of the Organization. At the previous Council session, he had expressed two concerns about the current voluntary scheme.

First, there had been a noticeable decline in the number of States volunteering to be audited each year, with the possible negative consequences that might have on the scheme and the achievement of the Organization's objectives. The second concern was that, if action were not taken to move the scheme into a new phase in the short term, non-participating Member States could miss the opportunity to enhance their capacity to better serve safety and environmental protection, which was a favourable outcome for any Member being audited.

Those concerns remained, and in order to assist the Council to reach positive decisions on the way forward, document C 102/6/1 addressed as many of the relevant issues discussed at the previous session of the Council as possible.

The synopsis of compliance monitoring in international transport sectors provided an analysis of the compelling need for an institutionalized compliance-monitoring regime within the maritime transport sector, with respect to States' obligations to meet the requirements of the various mandatory IMO instruments to which they were party. A major factor which made the implementation of the current voluntary scheme unpredictable and which called into question the achievability of the principles of universality and inclusiveness was the reliance on Member States' acceptance of, and commitment to, the implementation of the audit scheme; that was unsustainable as a core component of a compliance monitoring regime.

An audit scheme that provided for all Member States to be audited would undoubtedly facilitate the attainment of the objectives of enhanced safety, security and environmental protection. It would also provide for a time-bound audit timetable and the determination of adequate financial and human resources that could be appropriately apportioned amongst all

Member States. That would remove one of the perceived impediments to some Member States not volunteering to be audited; thus, a healthily functioning scheme involving all Member States would bring measurable and beneficial results to all.

International shipping treaties were accepted and implemented, in good faith, by the parties, which relied on each other to fully and effectively implement their provisions. As a result, ships flying the flag of parties to those treaties enjoyed unfettered access to ports of other parties on the assumption that the ship and its flag State complied with the treaties' obligations.

It could be argued that, to sustain the principle of good faith, States needed to demonstrate that they had indeed complied with their treaty obligations, including those that were largely within national jurisdiction, such as port and coastal State duties and responsibilities. Although there was no explicit requirement in IMO treaties to validate the compliance of parties with their full range of duties and responsibilities, a move in that direction would not only sustain the principle of good faith, but would also promote the attainment of the objectives of the Organization and strengthen governments' commitment towards the further enhancement of safety, security and environmental protection.

The introduction of a mandatory compliance monitoring regime, such as that proposed in the document under consideration, was not without precedent, as a comparable one already existed in the aviation transport sector. The International Civil Aviation Organization (ICAO) had introduced a voluntary audit programme in 1995 which, four years later, had been transformed into a mandatory programme known as the Universal Safety Oversight Audit Programme. ICAO's mandatory audit regime had been accepted by 190 Contracting States to the Convention on International Civil Aviation, of which 168 were IMO Member States, and also parties to the Organization's most prominent treaty instruments. Therefore, for governments to develop and accept a monitoring regime in one sector of international transport and not do the same in the other could give rise to reasonable questions. He had previously expressed the view that, if the Organization did not move towards strengthening the credibility of the scheme, it might play into the hands of the critics of shipping, while at the same time leaving unrecognized the significant efforts made by States to achieve full compliance with their duties and responsibilities under IMO conventions.

The issue of resources for the smooth operation of the audit scheme in a mandatory form and those resources that should be available to assist the execution of corrective measures related to audit findings was covered by paragraphs 14 to 24 of document C 102/6/1. To provide an audit programme covering all 168 Member States and three Associate Members, an audit cycle of seven years was envisaged. That would equate to approximately 24 audits per year and, taking into account the current practice of an average audit team of three people, the annual cost to carry out those audits would be in the region of £264,000. After the second year of audits, there would be an additional budgetary requirement of about £6,000 for every follow-up audit, making a total of £144,000 per year.

With respect to human resources, there were two components. The first was the availability of auditors, particularly audit team leaders. From the experience gained so far in the implementation of the scheme, approximately 30 audit team leaders should be identified yearly and advance commitment should be received from States nominating them of their availability to undertake the assigned tasks. Further consideration of that resource requirement would have to be considered as part of any work to further develop the scheme.

The second component was Secretariat resources to deliver an institutionalized scheme. Taking into account the current level of Secretariat involvement in the audit process, it was clear that an augmented level of participation in the audit process would be necessary to ensure consistency in, and thoroughness of, the audit. Additionally, audit reports would have to be handled in more detail and centrally to facilitate the timely delivery of a quality product. In that regard, it was envisaged that one staff member should be part of the audit team. To achieve a credible outcome, it was estimated that four additional IMO staff members would be required, each to handle five audits from start to finish and also to serve additional follow-up audits in subsequent years. There would also be the need for administrative support staff. The estimated total cost for four additional Professional staff members and two additional General Services staff members had been established at approximately £430,000 annually. Options for providing the required resources, or complementing them, if necessary, should be further explored during any work on the development of the scheme.

Resources for dealing with corrective action and other technical co-operation activities related to the scheme could be sourced through bilateral arrangements or through the Organization’s ITCP. With respect to the ITCP, document C 102/6 contained elements currently provided under the programme which had not yet been fully utilized by Member States.

In previous discussions on the provision of assistance to Member States to implement corrective action, reference had been made to ICAO’s International Financial Facility for Aviation Safety. Paragraphs 21 to 24 of the document provided a summary of that facility, which was not a novel mechanism for raising development funds other than in its provision of a soft loan facility to ICAO’s Contracting States in need of funding to remedy deficiencies related to aviation safety. However, until more Member States had been audited, it would be difficult to estimate technical assistance resource requirements to address shortcomings identified during audits.

In his note on the scheme submitted to the 101st session of the Council, he had identified two ways in which the IMO scheme could be institutionalized. The first would be the adoption of a new treaty instrument specifically for that purpose, and the other the introduction of amendments to existing relevant mandatory instruments to make the *Code for the implementation of mandatory IMO instruments* a treaty obligation. In doing so, a specific requirement should be included in each relevant instrument calling for the legislation, implementation and enforcement of the provisions of the Code and of the treaty instrument concerned to be audited.

During the debate at that session of the Council, the second option had generally been viewed as the possible way forward, and table 2 therefore contained a breakdown of the ten mandatory instruments currently covered by the scheme, the number of Member States that were party to those instruments, and the associated percentage of world shipping tonnage. It was clear from the table that the incorporation of appropriate requirements within the existing instruments to make the scheme mandatory would provide the widest coverage of between 146 and 156 Member States in the near future. It would also provide certainty as to when a mandatory scheme would become effective, as well as give latitude to bring any other IMO treaty under the scheme as and when it was decided to do so.

Concern had been expressed as to the possibility of the *Code for the implementation of mandatory IMO instruments* being subjected to amendment by different bodies of the Organization with responsibility for the mandatory instrument concerned, for example the Maritime Safety Committee or the Marine Environment Protection Committee. Without going into detail, he suggested that the underlying concern of differing or conflicting requirements being made part of the Code was highly unlikely.

Paragraph 32 contained his views on how the institutionalization of the scheme could be pursued. There might be other ideas, but that should be the subject of the preparatory work, if agreed. A possible time frame was laid out in table 3, together with details of the concerned bodies of the Organization that could be involved in the further development of the scheme. He believed that aiming to implement an institutionalized scheme by 2014 was not unrealistic; it provided ample opportunities for all matters to be thoroughly addressed and for lessons learned from the implementation of the current voluntary scheme to be taken fully into account.

He recalled that Circular letter No.2920, containing the discussion of the Council on the further development of the scheme and a questionnaire, had been distributed after the previous Council session to seek information from Member States on what they knew about the scheme, their knowledge of the technical assistance relating to the scheme the Organization could provide, and whether consideration had been given by their government to volunteer for audit, including any difficulties experienced in volunteering for audit. As of 15 June 2009, only twelve Member States had completed and returned the questionnaire. Of those, three Members had already been audited and another had volunteered for audit. In short, the respondents had advised that they were fully aware of the scheme and the associated documentation. With respect to the available technical assistance by the Organization, only one respondent was not aware of it and the same respondent had not considered volunteering for audit. The other respondents had considered volunteering for audit at the senior level of government and were either undertaking internal audits or reviewing legislation and procedures to assure compliance with the provisions of the treaties concerned and those of the *Code for the implementation of mandatory IMO instruments*.

Although the response to the questionnaire had thus far been little, the respondents had come from all geographical regions of the world. It seemed reasonable to conclude that the scheme was well known and that the availability of technical assistance for helping Member States to participate in the scheme should be publicized regularly. He personally raised that issue during missions to Member States, and had not visited any country that was not aware of the scheme.

He was convinced that the way forward, in order for the Organization to derive maximum benefit from the audit scheme, should be a one-way path leading to a mandatory scheme. The gains in enhanced safety and environmental protection, both for the individual countries and shipping as a whole, far outweighed the financial burden that would accrue from a move to a mandatory scheme. Furthermore, apart from honouring their obligations under the IMO conventions to which they were party, all flag, port and coastal States would reap benefits that were worth the increased contributions they would have to bear under the scheme in a mandatory form. He therefore commended the move to the Council, hoping that it would share his views and act accordingly.

In conclusion, he thanked Mr. Barchue for his work as the head of the Member State Audit and Internal Oversight Section, commending in particular his professionalism and integrity.

Mr. POLDERMAN (Netherlands), introducing document C 102/6/2 providing information on his country's experiences concerning the Voluntary IMO Member State Audit Scheme, said that it addressed the all-important preparatory phase and its positive impact on the audit, areas that had been identified for improvement, and lessons learned, and also some general conclusions, in particular that the development of a "strategy" as referred to in paragraph 3 of Part 1 of resolution A.996(25) had proved to be an effective mechanism for evaluating the effectiveness of the national maritime administration, that independent peer review had helped to foster a willingness at all levels to improve the quality of the organization concerned and its activities, and that the experience had been positive and useful and had resulted in organizational improvements and better performance.

He hoped that the information contained in the document would assist Member States when considering whether to volunteer for the audit scheme as universal participation would be of great benefit to protecting life at sea and the marine environment. To that end, the Netherlands was willing to share its knowledge, expertise and experiences, in particular with those Member States that were still considering whether to volunteer for the scheme, and to offer financial assistance, in the form of a donation of 25,000 euros to the Integrated Technical Co-operation Programme (ITCP), for Member States which, due to plausible financial constraints, were unwilling to volunteer for an audit.

Mr. NORDSETH (Denmark), introducing document C 102/6/3, said that it contained a link to a website that Member States could visit to find out more about his country's experiences in preparing for and implementing the corrective action plan. Denmark had been audited in 2006 and had now succeeded in achieving the identified goals. He encouraged other Member States to volunteer for the audit scheme.

Mr. MARSICO (Argentina) welcomed the information contained in document C 102/6/1. He recalled that the relevant Assembly resolution had not excluded the possibility of the audit scheme becoming mandatory, and certainly his own government had always been aware of such a possibility. Argentina was a Party to the Convention on Civil Aviation and was regularly audited under ICAO's Universal Safety Oversight Audit Programme. He could see no reason why the maritime sector should not be subjected to the same regime as that governing the air industry. Argentina had recently undergone an audit. The exercise had involved much effort, but had been worthwhile and the adoption of the *Code for the implementation of mandatory IMO instruments* by Argentina's maritime administration had noticeably improved its functioning in terms of transparency and coordination. So far the audit scheme had proved to be effective, but it needed to be universally applied in order to benefit the maritime community as a whole. As ICAO had indicated, failure to monitor security in one country affected the civil aviation community as a whole and the same applied to the maritime sector. His delegation generally supported the Secretary-General's proposals. Some aspects would require further discussion in order to find a formula that was acceptable to all Member States, particularly in the case of those related to the mandatory application of certain regulations and technical cooperation in connection with small and less-developed countries, and the financial implications of a mandatory scheme. He was convinced that once the underlying principles of the proposals were properly understood, a way would be found to satisfactorily implement such a scheme.

Mr. ISHIZUKA (Japan) expressed support for the Secretary-General's proposals for implementing the audit scheme and for amending the conventions as necessary. He welcomed the information provided by the representatives of the Netherlands and Denmark. Japan would be submitting a report on its own experiences to the twenty-sixth session of the Assembly. Japan's audit, which had begun in February 2007, had taken approximately two years. Early in the preparation phase, the International Organization for Standardization's (ISO) quality management system (QMS) had been introduced and certified by the External Auditor in order to assist the implementation of mandatory IMO instruments. Japan had also been granted ISO certification for its core activities, such as ship inspection. Two internal audits had also been conducted. They had revealed several shortcomings, which had been corrected. The external and internal audits by ISO had facilitated the IMO audit, which had concluded that Japan's maritime administration generally met the obligations of mandatory IMO instruments. Many of the suggestions made had enabled the administration to strengthen its internal communication system and to improve its training programme. They would also be helpful in the implementation of mandatory instruments. The Voluntary IMO Member State Audit Scheme was crucial for maritime safety and protection of the marine environment. Hence, Japan would be pleased to share its experiences with Member States and to continue its support for promulgation of the scheme.

Mr. BELL (Bahamas) expressed support for the idea behind the audit scheme. He thought that the current scheme was working well and that it should continue to make a positive contribution to marine protection and ship safety and security. However, he had serious concerns about making the scheme mandatory at the present time. Those concerns could be broken down into two phases. The first involved those countries that had not yet volunteered to be audited and for whom the process was unaffordable. It would therefore fall to the Technical Co-operation Fund to pay for those countries to be audited. In addition, it appeared that the cost of recruiting dedicated staff would amount to some £430,000 per annum. That would involve a large increase in the Bahamas' already sizeable assessed contribution. In his view, contributions should be based on countries' ability to pay rather than on the tonnage of their fleets. He had no objection to funding his country's audit, but it seemed unfair to expect a developing country to pay for the auditing of other developing countries. Bearing in mind that at least 85 per cent of the world fleet was already covered, the benefits would only accrue to less than 15 per cent of world tonnage. Unlike the ICAO, IMO already had a monitoring regime to ensure that those ships were up to standard: a comprehensive certification scheme under the various conventions and port State control.

The second phase concerned countries that had already funded their own audits and which might be unwilling to pay to be re-audited in the future if there was a large increase in the assessed contributions as a result of the audit becoming mandatory.

Mr. BARKATSAS (Greece) commended the Secretariat on a balanced document. He endorsed the approach indicated in the document concerning the introduction of requirements within applicable mandatory IMO instruments in order to make the Code and audits mandatory. Another element of paramount importance was the resource implications of an institutionalized scheme. Making the scheme an institutionalized and regularized process presented some challenges and careful deliberation on a way forward was essential to promote ownership of the process by Member States, as well as acceptance of the benefits to be derived from the scheme. To ensure that the institutionalized scheme delivered the desired results, he urged the Council, in recognition of the expectations of the Assembly, to consider commencing a time-bound process for the further development of the scheme, as suggested by the Secretary-General. He supported the approach described in the document for the further development of the scheme, as well as its phased introduction through institutionalization. He also endorsed the draft Assembly resolution outlining a proposed time frame and schedule for further development.

Mr. OLIMBO (Italy) thanked the representatives of the Netherlands and Denmark for sharing their experiences. He also commended the Netherlands for offering to contribute so generously to the ITCP. The document under review presented useful ways to further develop the audit scheme and he supported the actions set out in paragraph 36 and the proposed time frame in table 3. Having volunteered to be audited in 2007, Italy continued to value the benefits it had derived in terms of better cooperation among the various administrations involved in the implementation of IMO standards. It was clear that the audit scheme promoted maritime safety and environmental protection, and therefore his delegation firmly supported the Secretary-General's proposals. With regard to further developing the training aspects of the scheme, he believed that it would benefit from at least one permanent facility where courses for auditors and assistance in the preparation of administrations could be delivered. A permanent centre working with IMO in the organization of such training activity would guarantee continuity and consistency in programmes, a facility for testing new modules within a historical context, the possibility of harnessing other experiences in the field for classroom courses, and a reduction in the Secretariat's workload. Bearing in mind the content and short duration of the courses, he suggested that the International Maritime Safety Security Environment Academy (IMSSEA) should be considered. IMSSEA had recently been established in Genoa and was recognized as a training centre by IMO. Its importance had been formally recognized through a memorandum of understanding between IMO and Italy.

If the Council approved the future institutionalization of the audit scheme with a permanent training centre, the Italian Government and IMSSEA would work closely with IMO to ensure that the proposal became a reality.

Mr. RIBEIRO (Brazil) said that in line with its support for a mechanism to guarantee compliance by parties with their duties and responsibilities under the IMO conventions, Brazil had volunteered to be audited in September 2009. The proportion of the world's tonnage covered by the Member States that had so far volunteered to be audited was relevant. He therefore drew attention to table 2 containing a breakdown of the ten treaties covered by the scheme and the percentage of world tonnage covered by each of them. According to his calculations, the combined tonnage of the Member States referred to in Circular letter No.2963 amounted to 87 per cent of world tonnage. When India and Malta were taken into account, the percentage reached almost 92 per cent. That outstanding result had been achieved under a voluntary audit scheme. With regard to the questionnaire attached to Circular letter No.2920, it appeared from the Secretary-General's comments that the response had been disappointing. Therefore, Brazil considered that, before seeking agreement on the institutionalization of the scheme, the Organization should redouble its efforts to minimize or eliminate any possible difficulties that had prevented the audit scheme from succeeding in its voluntary form. He believed there were significant reasons for maintaining the scheme in its voluntary form for the time being.

Mr. MRUGALSKI (Chile) said that Chile's experience of the implementation of its audit had helped build the capacity of its maritime institutions and led to improved internal processes. Referring to the document under consideration, his delegation endorsed the actions proposed to encourage Member States to volunteer. The timetable contained in table 3 appeared satisfactory. However, the financial aspects needed to be resolved in order to enable developing countries to comply with the requirements.

Mr. SERGHIOU (Cyprus) commended the Secretary-General for having given serious thought to the issues that had been identified by the Council at its 101st session, namely the financing of developing countries and governance. It was unsatisfactory that the question of financing should remain in abeyance until the results of the audits were known. He still believed that if developing or least developed countries were going to be subjected to mandatory audits, a dedicated financial facility should be provided and funded out of voluntary contributions. The methods employed by the International Financial Facility for Aviation Safety (IFFAS) might be relevant because, unlike the ITCP Fund, it provided a soft loan facility that Contracting States could use to improve their infrastructure. Unfortunately, that crucial point had been omitted from the document. With regard to governance, he did not agree with the analysis provided in paragraph 29 of document C 102/6/1. The issue was not theoretical and the rules of procedure of each organ amply demonstrated that governance was not carried out uniformly. His delegation also believed that the FSI Sub-Committee would not be the appropriate body for dealing with the Code if the audit scheme were to become mandatory. Not only was it a flag State organ, its terms of reference would have to be changed. Where environmental issues were concerned, the MEPC would require a different monitoring system from the MSC because of fundamental differences in their fields of operation. Therefore, his delegation still believed that oversight of the programme should be entrusted to an overarching body.

The actions requested under paragraph 36 were acceptable provided that the timetable made provision for discussion of the finance aspect and the question of governance was left in abeyance until the Council had a clearer idea of how the system would operate.

Ms BERGLUND (Sweden) said that the continuous and sustainable development of the Voluntary IMO Member State Audit Scheme was vital to her delegation. Since the establishment of the scheme, 28 per cent of IMO Member States had volunteered for audit – which had proved to be an effective tool for reviewing the responsibilities of States in the context of the major IMO instruments. Recalling that most Member States and the Secretariat had been actively involved in the development of the scheme, she noted with concern the decreasing number of countries volunteering to be audited. Document C 102/6/1 showed that nominated auditors were generally from Member States that had the resources required to conduct audits – an approach inconsistent with the principles of universality and inclusiveness. While it had been announced that Member States volunteering for audit accounted for 85 per cent of world shipping tonnage, she recalled that the scheme had not been established to assess shipping performance but to monitor the compliance of flag, port and coastal States with their obligations under IMO conventions. Sweden was appreciative of the efforts made by the Secretariat to successfully implement the scheme. In spite of the many legal and financial difficulties faced in the process, the Council should do its utmost to ensure that the original objectives of the scheme were fulfilled. Her delegation therefore fully endorsed the proposals made by the Secretary-General.

Mr. PEACHEY (Australia) stressed his country's enthusiasm for the Voluntary IMO Member State Audit Scheme. Having been audited in 2008, Australia had found the third-party appraisal of its administration and implementation of IMO mandatory instruments a beneficial experience. The scheme provided valuable assistance to Member States in constructively addressing priority areas for intervention and improvement, and it also sent out a strong signal to the global community that IMO took its responsibilities seriously. Supporting the institutionalization of the scheme, he commended the comprehensive document prepared by the Secretary-General and agreed on the proposed time frame and schedule for the further development of the scheme.

Mr. STURT (New Zealand) said that the benefits of an international regulatory mechanism for maritime safety and security and environmental protection were obvious to all, but its success relied on all States acting in good faith to fulfil their responsibilities. As a net user of shipping, his country relied on IMO conventions to promote the safety and security of seafarers in its waters and to protect the environment from pollution from foreign shipping. He drew attention to the fact that New Zealand exercised port State control, which was only a poor substitute for effective flag State control. It was essential to extend coverage of the audit scheme to all Member States, taking into account the financial constraints holding back a number of Member States from volunteering for audit. The timetable contained in the document would allow sufficient time for the issue of funding to become clearer and for a strategy to be developed in that connection. Accordingly, he supported the efforts to institutionalize the audit scheme.

Ms TANG China), stressing the important role of the audit scheme in helping Member States to enhance their ability to implement IMO instruments, said that China had already applied for audit. She recalled that the current audit scheme had been in operation for two years and had proved to be both flexible and effective, since Member States applied on a voluntary basis and supported the cost of their own audit. The implementation of a mandatory audit scheme would require amendments to the relevant IMO conventions. According to the guidelines for the organization and methods of work of the committees and other subsidiary bodies, only compelling needs could justify such a measure, and that was not currently the case. She expressed concern that the proposed plan and time frame for the implementation of the mandatory audit scheme would increase Member States' contributions. In the context of the present global economic recession, governments exercised stricter control of their expenditure and China would, for the time being, be unable to meet the financial requirements of a mandatory scheme. In order to sustain the vitality of the voluntary audit scheme, the Secretariat and Member States should further cooperate to enhance capacity-building in developing countries.

Ms SKARD (Norway) said that the audit scheme had successfully contributed to improving her country's maritime administration. It should be in the interest of all Member States to enhance the quality of their maritime administrations, although costs were incurred by audits. She fully agreed with the Secretary-General's view that the gains towards enhanced safety and environmental protection far outweighed the financial burden that would accrue from a move from a voluntary to a mandatory scheme. Her delegation therefore supported the time frame on the way forward set out in document C 102/6/1.

Mr. LANTZ (United States) expressed his government's support for the establishment of a mandatory audit scheme while recognizing the need for further discussion on the issue of its financial implications and on ways in which the costs of the scheme could be met by the Organization.

Mr. NORDSETH (Denmark) concurred on the desirability of making the audit scheme mandatory with a view to making the global regulatory mechanism fully effective. He therefore endorsed the request for the Secretary-General to prepare a draft Assembly resolution in that connection, including a time frame. Denmark also wished to participate in the discussions on the financial repercussions of the proposed mandatory scheme.

Mr. KLUYEV (Russian Federation) expressed appreciation to Member States that had shared their experience of audit and would welcome contributions from other countries, particularly regarding any difficulties encountered. While it was heartening to learn that audited countries represented more than 80 per cent of world shipping tonnage, the statistics relating to port State control showed that 10 per cent of vessels accounted for 90 per cent of problems arising. The "black lists" established by the Paris and Tokyo MoUs on Port State Control contained flag States that had not participated in the voluntary audit scheme, therefore only mandatory auditing would promote the full implementation of IMO instruments. Echoing the concerns expressed over financial implications, the Russian Federation was not in favour of supporting the cost of audits in developing countries – some of which were offering flag registration on a commercial basis and should therefore bear their own audit costs. On other financial issues, he requested the Secretary-General to prepare a more detailed analysis of required expenditure, which could be forwarded by Member States to their national financial institutions. He was also concerned at the suggestion to include representatives of the Secretariat in the audit teams and wished to ensure that auditors were selected from Member States.

Turning to the document, he reiterated the need to further refine the scheme based on Member States' experiences of audit. He shared the Secretary-General's view on the essential role of the FSI Sub-Committee in the context of the scheme, and considered that it should be instructed not only to consider ways of making auditing mandatory but also to analyse the scheme and propose ways of improving it. The Secretariat should provide a more detailed analysis of audits already carried out to facilitate the Sub-Committee's task. On that basis, he would endorse the time frame set out in table 3.

Ms FERNÁNDEZ (Panama) said that Panama's experience of audit had been beneficial since it had helped to identify failings in its national maritime administration. She urged other Member States to offer themselves for audit while stressing the importance of preserving the voluntary status of the scheme, convinced that mandatory auditing would be counter-productive. Taking into consideration that the objective of audit was to identify areas of difficulty and ways of overcoming them, she wondered how Member States could be encouraged to become involved in the process. The budgetary implications of an institutionalized scheme should be considered carefully, particularly when the Council was endeavouring to rationalize the use of the Organization’s resources. Despite the success of the voluntary scheme, it was necessary to determine the reasons why there were countries that had not yet volunteered for audit. If the limiting factor was the cost of audit, assistance should be provided to those Member States concerned. Moreover, she pointed out that in any event a mandatory scheme to be financed by the Organization would place even greater budgetary pressure on the latter. In reference to the comparisons made between IMO and ICAO in the document, she concurred with the Bahamas that the situation of IMO was different in that it had a successful monitoring mechanism.

Mr. LIM (Republic of Korea) said that in the light of his country’s experience of audit, his government fully endorsed the Secretary-General’s proposal to make the audit mandatory and welcomed his suggested five-year plan. It would be appropriate for Member States to discuss the cost issues expected to arise in the context of the mandatory scheme. He suggested that regional workshops and seminars be held with a view to enhancing Member States’ awareness of the benefits of the audit scheme. He also suggested that a representative of ICAO should be invited to the following session of the Council to share its experience of the Universal Safety Oversight Audit Programme, in particular how it contributed to air traffic safety, how cost matters were addressed and how the least developed countries overcame any difficulties encountered.

Mr. LAM (Singapore), commending the objectives of the audit scheme, shared the Secretariat’s concerns regarding the declining rate of applications for voluntary audit. As one of the countries that had taken part in the pilot audit project that had preceded the implementation of the current audit scheme, and having also recently undergone an audit, Singapore highlighted the benefits of the audit process. While supporting the approach proposed by the Secretariat, he called for further efforts to achieve a more targeted Integrated Technical Co-operation Programme in order to help Member States to be successfully audited and to address their individual concerns. His government was working with the Secretariat to develop a new Voluntary IMO Member State Audit Scheme training course later in the year, under the Singapore/IMO Third Country Training Programme. Its underlying objective was to encourage other Member States to participate in the scheme. He would also be pleased to share his country’s experience of audit with other Member States.

Mr. NOGUEIRA (Spain) said that his government had always advocated an audit system, in particular a mandatory scheme, for the purpose of improving maritime safety and pollution prevention. Spain had already undergone an audit which had helped it to enhance its maritime administration. He agreed with the proposals set out in the document while recognizing the need to take into account any necessary adjustments for the scheme to be successful.

Mr. ELAHI (Bangladesh) thanked the Netherlands and Denmark for sharing their experiences on the subject, as that would no doubt encourage other Member States to apply for audit. He associated himself with the comment made by Sweden on the role of the scheme in the administration of flag, port and coastal States. His government, however, did not support the proposal to make the audit scheme mandatory.

Mr. ESCHERICH (Germany) thanked the Secretary-General for the comprehensive report. Germany had undergone audit in 2007 and, like Denmark, the Netherlands and other Member States had greatly benefited from the exercise. He therefore supported the proposed schedule for the process of making the scheme mandatory. The financial and possible organizational implications would need to be assessed, but his delegation was convinced that the gains for the international maritime community would outweigh the financial burden involved in a move from a voluntary to a mandatory scheme. The proposal by the representative of the Republic of Korea to invite ICAO to give an account of its experiences in implementing its Universal Safety Oversight Audit Programme should be explored.

Mr. COCKBURN (United Kingdom) thanked the Secretary-General for his useful report. He associated his delegation with the views expressed by other Member States that supported a mandatory audit scheme and endorsed the proposed timetable. However, he understood the concerns expressed by some delegations on the financing of a mandatory scheme and sought clarification from the Secretariat as to what juncture in the time frame that issue could be addressed. While the figure of 85 per cent of the world shipping tonnage that was accounted for by the 50 Member States that had volunteered was impressive, it should be remembered that those States represented only one third of the Organization's membership, and that proportion needed to be increased.

Ms VENKATACHALAM (India) joined previous speakers in thanking the Secretary-General for his report and in expressing appreciation to Denmark, the Netherlands and Japan for sharing their experiences of the voluntary audit. However, she joined Brazil, China, the Bahamas, the Russian Federation and Panama in expressing reservations on the timing of the proposed move to a mandatory scheme. The reasons why Member States were not volunteering for audit needed to be explored before institutionalization of the scheme was considered. India needed time to assess the benefits of the audit before deciding whether it should become mandatory.

Mr. POLDERMAN (Netherlands) joined all those that had applauded the Secretary-General and his staff for preparing the detailed proposals of ways to develop the audit scheme further. The Netherlands fully supported the aim of securing universal participation in the scheme, and making it mandatory was the best way to achieve that goal. He agreed with Sweden that the proportion of world tonnage that volunteering Member States accounted for was not the most important consideration in calculating the percentage of Member States participating in the scheme. He shared the Secretary-General's view on the roles of the Organization's various bodies in implementing the scheme and on the time frame within which to bring it to fruition. Its institutionalization would create an additional financial burden for all, but the gains in enhanced safety and environmental protection would by far outweigh the financial drawbacks. He thanked Italy for offering to establish a permanent training centre for auditors at the International Maritime Safety, Security and Environment Academy in Genoa.

Mr. LEGROUX (France) said that he shared the views of those in favour of the proposal. A chain was only as strong as its weakest link, and maritime safety constituted such a chain. It was therefore essential that all Member States participated in the scheme. He endorsed the proposed schedule. Financial and legal constraints were not a sufficient reason for failing to develop the scheme.

Mr. AZUH (Nigeria) sought clarification from the Secretariat on the rationale behind the proposed time frame for institutionalizing the audit scheme and on the estimated cost of an audit under a mandatory regime. He endorsed Italy's proposal to institute training courses for auditors at IMSSEA.

Mr. VASSALLO (Malta) said that the fact that a third of IMO's membership had already volunteered for audit under the scheme was evidence of the progress so far achieved in implementing the scheme. Malta had no objection to the scheme's being made mandatory, although that action would not, in his view, encourage those Member States that had not yet undergone audit to do so. It was essential to ensure that such States received individual assistance in understanding exactly what the audit process involved and had sufficient financial resources to enable them to make adequate preparations for it. It was also important to bear in mind that, for some IMO Member States, the maritime industry was a low priority. He welcomed Italy's proposal that IMSSEA should provide training for auditors as it was better equipped than WMU and IMLE for short-term training. It was important that a representative of the IMO Secretariat should be included in audit teams in order to ensure continuity and consistency in the audit process. The FSI Sub-Committee was the competent body to deal with issues arising out of the *Code for the implementation of mandatory IMO instruments*.

Mr. GINDIA (Egypt) expressed his appreciation of the Secretary-General's comprehensive report, which he fully supported, and thanked Denmark and the Netherlands for their documents. The concerns expressed by the Bahamas, Brazil, China, India and other Member States and the obstacles hampering the full use of the scheme needed to be overcome before it could become mandatory, and the time frame for its institutionalization needed to be longer than five years to ensure that all States were fully prepared to undergo audit. In that regard, Egypt would welcome the participation of neighbouring and other Member States in the training courses for maritime auditors offered by the Arab Academy for Science and Technology and Maritime Transport, which had developed considerable experience as a maritime training institute since its inception in 1972.

Mr. MALIK (Malaysia) joined previous speakers in expressing appreciation of the document under review. Malaysia had greatly benefited from the audit process as it had enabled it to develop strategies to ensure its continued compliance with IMO's mandatory instruments. He therefore agreed in principle with the proposals to develop the scheme further, but the financial requirements of the audit process and capacity-building needed to be clearly identified.

Mr. BRADY (Jamaica) said that Jamaica fully supported a mandatory audit scheme as its benefits for Member States were inestimable. Such a scheme would also help the industry to gain the recognition it sought from the non-maritime global community. However, he shared the concerns expressed by the representatives of Bahamas, China, India, Brazil and other Member States over the time frame for the institutionalization of the scheme and the additional costs that a mandatory scheme would involve. In the current financial climate, his government would be unwilling to provide any further budgetary support. He concurred with the view expressed by the representative of Japan that certification under ISO standards was an effective way of preparing for audit. He thanked Italy for offering to provide training for auditors at IMSSEA in Genoa.

Mr. FERRER (Philippines) joined previous speakers in thanking the Secretary-General and the Netherlands and Denmark for the documents under review. Recognizing the benefits of the audit scheme, his country was due to be audited in October. As it was essential to achieve universal participation in the scheme, the current voluntary scheme should become mandatory, but before a decision on the timing of the change could be made, the concerns expressed by many Member States over the financial and resource issues associated with making the scheme mandatory needed to be addressed and a consensus reached. Member States needed to be helped and encouraged to take part in the scheme. He therefore welcomed the funding being provided by the Netherlands to the ITCP, Singapore's participation in the development of a new auditor training course, and the proposal by Italy to institute short-term courses for auditors at IMSSEA in Genoa. He also endorsed the suggestion made by the Republic of Korea that a representative of ICAO should be invited to share with Council Members its experience with the Universal Safety Oversight Audit Programme.

Mrs. KOTCHARAT (Thailand) thanked the Secretariat for the comprehensive document. Thailand had learnt useful lessons from its audit under the scheme. While it welcomed the achievements of the audit scheme, it shared the views of the Bahamas and China that there was currently no compelling need for a mandatory scheme as the proportion of Member States that had volunteered to be audited accounted for 85 per cent of the world's shipping tonnage. Moreover, as many developing countries were facing severe budgetary constraints, the audit scheme should remain voluntary for the time being.

Mr. NTULI (South Africa) said that his country had undergone audit and had found it a valuable experience. South Africa worked hard to ensure that IMO instruments were implemented universally, and it therefore supported initiatives aimed at achieving that objective. Huge benefits could be derived from the scheme, and the Organization's long-term aim should therefore be to institutionalize it and make it mandatory. However, as the scheme was adopted by consensus in its voluntary form, its conversion into a mandatory one should also be by consensus. More effort should be devoted to encouraging Member States, particularly developing ones, to volunteer for audit. One encouraging measure might be to institute a time frame in which States could make use of the scheme in its voluntary form and then to build on the initiatives aimed at converting the scheme to a mandatory one. He welcomed the initiatives undertaken by Italy, Singapore and Egypt in providing training to enable effective implementation of scheme. South Africa supported subregional training and capacity-building efforts, and urged the use of existing subregional training facilities to provide training related to the voluntary audit scheme.

The meeting rose at 12.35 p.m.