



COUNCIL - 89th session

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SUMMARY RECORD OF THE SEVENTH MEETING

**held at IMO Headquarters, 4 Albert Embankment, London SE1 7SR
on Friday, 29 November 2002, at 9.30 a.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 89/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 23 May 2003.

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

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AGENDA ITEM 19 - RESOURCE MANAGEMENT:

**(d) WORK PROGRAMME AND BUDGET PROSPECTS FOR 2002 (continued)
(C 89/19(d) and Add.1)**

The SECRETARY-GENERAL recalled that he had referred earlier to the level of the accumulated reserves as envisaged at the end of 2002, and had proposed certain transfers to the Headquarters Capital Fund and Training Development Fund. Initially, in document C 89/19(d)/Add.2, he had set the transfer in the immediate context of the proposed ERP investment. The Council's decision to defer a decision until June 2003 would clearly affect the prospective timing of withdrawals from the Headquarters Capital Fund.

The Council had now to decide on the level of transfers from accumulated reserves. He recommended a transfer of £2.9 million to strengthen the depleted resources of the Headquarters Capital Fund and a transfer of £200,000 to the Training and Development Fund, to be timed in accordance with the Organization's cash flow needs in 2003. Those figures were £300,000 lower than his earlier proposals in document C 89/19(d)/Add.1, to take account of potential drawings in 2003 from accumulated reserves for possible supplementary estimate needs.

The Council also had to approve the planned capital programme. He intended to revert to the subject of the 2003 Capital Investment Programme at the ninetieth session, in the light of conclusions reached concerning the timing of an ERP or alternative system and prospective capital demands in 2004-2005. The immediate needs were to meet the Organization's cost-sharing obligations under the Lease for the Headquarters Building and to keep up the momentum on IT investment. He had also included a provision of £200,000 for support for current systems and to ensure that the momentum of the Change Management Programme was maintained.

On a technical point, it should be noted that decisions concerning the transfer of additional resources to the Organization's funds were taken within the ambit of Article 26 of the IMO Convention, which gave the Council authority to perform all the functions of the Organization between sessions of the Assembly.

There remained the question of the distribution of interest earnings under the Contributions Incentive Scheme. He had reported to the Council's eighty-eighth session in June that since a cash surplus of £250,148 had been achieved in the biennium 2000-2001 it might be possible partially to settle the accumulated liability under the Scheme, which had stood at £948,989 at the end of 2001. The surplus from the biennium would have to be applied first to the interest earnings for 1998 of £286,583. He had suggested that the Council should look at the position concerning distribution of interest payments under the Incentive Scheme against the background of the extensive demands on accumulated reserves to finance the Headquarters Capital Fund. It would be appreciated that since there was no provision in the regular budget for financing demands under the Headquarters Capital Fund, there were bound to be conflicting priorities and demands on the accumulated reserves. Given the prospects of heavy capital requirements and the uncertainties for 2004-2005, the Council might judge it more prudent not to make any payments under the Incentive Scheme at that juncture.

Mr. CHARALAMBOUS (Cyprus) expressed sympathy to the delegation of Kenya for the incident in Mombasa the previous day, and to all Member States whose citizens might have been affected by it.

He could endorse the action requested of the Council in paragraph 11.1 of document C 89/19(d)/Add.1, and could agree that no repayments under the Contributions Incentive Scheme should be made for the present and that the matter should be further discussed at the next session of the Council, when more information would be available.

With regard to capital investment for 2003, he suggested that the Council should request the Secretary-General to purchase some computers for the use of delegates during meetings, and asked whether the Organization would need funds to meet obligations with regard to the congestion charge to be introduced in London in 2003. He would also appreciate clarification as to whether there was need to strengthen the Internal Oversight Unit and whether provision should be made for that purpose.

The SECRETARY-GENERAL said he was currently discussing the situation with regard to congestion charges with the United Kingdom authorities. He reminded the Council that the charges were a matter for local government and not for national government.

Mr. ALLAN (United Kingdom), referring to the question of the Headquarters building, said that following an assessment of the feasibility study carried out, it had been found that there was not yet sufficient information to enable the Council to make a decision on the matter. However, he had obtained funds to commission a more detailed study, which would cost in the region of £450,000 to £550,000 and would include the setting up of a joint Project Board on which the IMO Secretariat would be represented.

The consultants would be required to complete the study and prepare a report for consideration by the twenty-second extraordinary session of the Council, and subsequently the twenty-third session of the Assembly, in November 2003. Over the twelve months following the twenty-third Assembly, the Project Board would look at the proposed options, which would then be considered in more depth by the Council in November 2004, enabling a final report to the Assembly to be made in 2005.

He would look into as wide a range of options as possible in order to bring the Headquarters building into the twenty-first century and to improve facilities both for the Secretariat and for Member States. He would endeavour to provide an interim report for the ninetieth session of the Council.

Mr. YUDIN (Russian Federation), referring to document C 89/19(d), said that there appeared to have been some difficulties with budget planning, since only ten months after the adoption of the budget several allocations previously approved had been subject to review. That was evident from paragraph 3.6 on overtime and temporary assistance, paragraph 3.7 on indirect costs, and paragraph 9.3 on management training and human resources development. In annex 4 on printing and publishing activity, there were supplementary estimates amounting to almost £300,000. In his opinion those were expenditures which should have been planned for earlier or even avoided altogether. He hoped that in future care would be taken to make allowances to cover unforeseen expenditure without resorting to the traditional borrowing from the Printing Fund, but trying to make savings under other headings of the budget.

Ms. MOETZEL (Germany) strongly supported the views expressed by the representative of the Russian Federation. She did not understand why so soon after an Assembly session at which the budget had been one of the main items, there was need to make such a major revision

of the appropriations. She would encourage the Secretariat to put more effort into planning expenditures in advance, and into ensuring transparency in the budget papers presented to the governing bodies. Estimates for printing and publishing activities should be submitted to the Council at the beginning of the budgetary period. She thanked the United Kingdom for the efforts being made to improve the Headquarters building, and agreed that it was important that adequate facilities be provided to meet the increasing need for delegates to keep in touch with their capitals during meetings.

She urged the Secretary-General to find a solution to the problem of congestion charges which would not result in further budgetary appropriations: in the absence of any special agreement between the United Kingdom Government and IMO, any such charges on staff should not be reimbursed.

Mr. KORAN (United States) said that he too was concerned about the delay in receiving documents and the insufficient transparency regarding some of the items, and suggested that the External Auditors should look at the appropriateness of some of the transfers of funds made from one account to another. He was also concerned about the very limited explanations given as to why some expenditures were well over the level which had been approved only the previous year, although he appreciated that some of the difficulties might be due to the Organization's outdated information system. He had been disappointed that the Council had not been able at the current session to authorize the Secretary-General to acquire a new system. His delegation would strongly support the use of accumulated reserves to make payments under the Contributions Incentive Scheme.

Mr. GALEA (Malta) pointed out that it was unlikely that congestion charges would be waived for diplomatic missions in London: since they fell under local jurisdiction, they would not be covered by the Vienna Convention. His delegation had estimated that it would have to pay about £1,500 per vehicle per year in congestion charges. While sympathizing with IMO staff, he was not in favour of making provision in the budget to compensate them for such charges.

The CHAIRMAN invited the Council to take note of the information contained in document C 89/19(d) and its addendum; to note the forecast out-turn level of expenditure for 2002 and the estimated transfers between Major Programmes; further to the approval given by the Council at its eighty-eighth session, to authorize the Secretary-General to make transfers between Major Programmes to the extent that balances would be available to cover or reduce deficits in programme appropriation balances; to note the measures taken by him to finance, in 2002, the cost of the salary scale increase for General Service staff following the salary survey and approved by the Council, as recommended by the International Civil Service Commission, including the costs of retrospection; to note the measures taken to finance the cost of the new demands on safety and security arising from Assembly resolution A.924(22); to endorse the Secretary-General's proposal in document C 89/19(d) for a supplementary estimate for the Printing Fund to finance additional demands arising from the printing and publishing programme; and to endorse his actions in sustaining the Change Management Programme by drawing from the balances of the accumulated surpluses to meet the shortfall under the Training and Development Fund.

He further invited the Council to note the forecast cash position of the Organization's reserves at 31 December 2002, and agree to transfers of up to £2.9 million to the Headquarters Capital Fund and £0.2 million to the Training and Development Fund; to note the prospective

demands on the Headquarters Capital Fund; to approve the planned capital programme for 2003, taking account of the additional expenditure required to maintain the current financial systems; to note that completion of the Change Management Programme would be deferred until 2006, in the light of its decision under agenda item 11; to note with concern the depletion of the Headquarters Capital Fund reserves and to look forward to the Secretary-General's proposals for future demands in the 2004-2005 biennium; to note the authority given to the Secretary-General by the Assembly at its twenty-second session, in Assembly resolution A.906(22), to draw, if necessary, on the Printing Fund, the Headquarters Capital Fund, the Technical Co-operation Fund and the Termination Benefit Fund monies to finance the approved regular budget programme appropriations; and to urge Member States to remit their assessed contributions promptly in accordance with the Organization's financial regulations and rules.

It was so decided.

Mr. KORAN (United States) said he assumed the summary of decisions would show that the Council had approved the recommendation by the ICSC on the salary increase for Professional staff, subject to its approval by the United Nations General Assembly.

Ms. MOETZEL (Germany) said the comments made expressing discontent with the revision of the budget and rejecting compensation of staff for the congestion charge should also be reflected in the summary of decisions.

The SECRETARY-GENERAL said that as he saw it those comments did not constitute a decision and would be covered in the summary record. Further details on the position regarding the congestion charge would be made available at a later date. In the meantime, he had noted that, should the charge not be waived by the United Kingdom Government in the case of IMO, staff who incurred the charge should not be compensated.

Mr. GALEA (Malta), supported by Mr. ASUQUE (Philippines), said that while he appreciated the Secretary-General's explanation, a proposal made by one delegation and supported by another delegation, and which had not been opposed, should constitute a decision of the Council.

Mr. CHARALAMBOUS (Cyprus), supported by Mr. RASMUSSEN (Denmark), suggested that the summary of decisions should indicate that the Council had noted the comments made by the representatives of the Russian Federation, Germany and Cyprus, as recorded in the summary records. He hoped that those comments would be followed up, and an appropriate report made at the next session of the Council.

The CHAIRMAN accordingly invited the Council to approve the recommendations made by the International Civil Service Commission, with regard to the proposed salary scale increase for Professional staff, subject to approval by the UN General Assembly; and to note the comments made by several delegations with regard to the imposition of the congestion charge from 2003 by the London authorities, as reflected in the summary records of the current session of the Council.

It was so decided.

**AGENDA ITEM 20 - REVIEW OF THE WORK PROGRAMME AND BUDGET FOR 2003
(C 89/20 and Add.1)**

The SECRETARY-GENERAL said that documents C 89/20 and Add.1 reported on the review of the Organization's work programme and budget for 2003, which was the second year of the twenty-second financial period 2002-2003.

He recalled that in accordance with the Organization's Financial Regulations and Financial Rules, the Assembly at its twenty-second session in November 2001 had authorized the Council to review the 2003 programme budget provisions, and if it decided it was necessary, to approve any appropriate recalculation of the 2003 appropriations and assessment figures in the light of the budgetary and exchange rate situation at that time. He had accordingly reviewed the 2003 programme budget appropriations and assessments, taking into account external pay and price factors affecting the budget as well as the recommendation of the ICSC, arising from its two sessions in 2002, for adjusting the United Nations common system on pay and allowances in line with the approved methodology.

He recalled that the appropriation for 2003 approved by the Assembly at its twenty-second session had amounted to £20,028,600, which represented 2.7% above the appropriation for 2002; the net assessment of £19,428,600 represented a 2.8% increase over 2002. The total number of meeting weeks approved for the year 2003 amounted to 19.7. In that connection, the Council would have noted that the Diplomatic Conference on Ballast Water Management planned for October 2003 had been postponed to the early part of 2004 following the recommendation of the MEPC at its forty-eighth session. He intended that the provision of £56,500 made in the 2003 budget should be used to offset other unforeseen and unbudgeted demands for 2003, as noted in addendum 1 to document C 89/20.

The programme budgets for 2003 had been constructed on the budgetary assumptions of average earnings and retail price index increases in the United Kingdom economy of 2.3% and 3% respectively. An exchange rate of US \$1.41 to the pound sterling had been used to translate dollar-based expenditure items into sterling. The latest authoritative reports on the United Kingdom economy showed that the all-items retail price index forecast for 2003 was comparable to his budgetary assumptions. The average pound to dollar rate of exchange for 2003 was currently forecast at US \$1.50 to the pound sterling, which represented a continued appreciation of the pound sterling against the dollar. If it were to remain at that level in 2003, some budgetary surpluses would be generated under US dollar-denominated expenditure components.

Whilst, therefore, some budgetary savings were forecast, the Organization also faced two significant unforeseen and unbudgeted expenditure demands in 2003, as noted in addendum 1 to document C 89/20. First, there was a prospective increase in the Professional salary scale. Document C 89/19(a)/Add.1 explained that the ICSC had reviewed the current margin between the United Nations scale and the comparative scale at its fifty-fifth session in July 2002, and had recommended a new salary scale for staff in the Professional and higher categories to take effect from 1 April 2003. The General Assembly would take a decision on that recommendation at its fifty-seventh session. The new scale would reflect differential salary increases in order to achieve the desirable mid-point margin of 115 at all grades. However, he had received some information to the effect that that might not be the case. If approved by the General Assembly, the Council would appreciate that its impact on the appropriation of an additional £509,300 to the 2003 annual pay bill would be significant. He had reviewed the budgetary implications and considered that since it represented approximately 2.4% of the total appropriation, it would be impossible to absorb that unforeseen demand within the 2003 appropriation.

The second unforeseen item concerned the Van Breda health insurance scheme. The Council would appreciate that, in accordance with article VI of the Staff Regulations and Staff Rules and in line with employment conditions in other United Nations organizations and international bodies, the Organization was responsible for providing a scheme of social security to staff, including a medical insurance scheme. It provided medical cover through a large international health care insurer called "Van Breda", which represented a group of insurance underwriters. Medical cover provided by Van Breda had worldwide cover, which met the requirements both of active staff and of retirees who were drawn from many Member States. The costs of medical care were reimbursed to staff by Van Breda from the income from premium payments, and until 1999 the Organization and the staff had contributed the insurance premiums in the ratio of 60:40. The Council would recall that the Organization had adopted a policy of ZNG during the period 1997 to 2001. In order to deliver the work programme within the appropriation approved and following consultation with the staff on the terms of a new Van Breda policy, the premium distribution formula had been adjusted from 60:40 to 50:50.

During 2000 and 2001 the Organization had experienced a number of unfortunate long-term sickness absences, some of which had been due to serious illnesses. Consequently, the total amount of claims reimbursed annually during that period had been higher than the annual premium income. That reversal of past performance had been compounded by the fact that the costs of medical care in London were among the highest in the world. As a result, the insurers had experienced considerable losses in the two years, losses which they had been unable to recoup through premium increases because of a "cap" of 15% included in the insurance scheme. After analysing the Organization's recent premiums and claims performance, and the underlying nature of the claims, Van Breda had advised that coverage could only be continued in 2003 with a 40% increase in premiums. It was understood that that increase was unavoidable in order to achieve a long-term stable relationship between premiums and reimbursements. Following consultation, Van Breda had agreed to introduce the premium increase in two stages, 25% on 1 January 2003 and 24% on 1 July 2003.

The Council would recall that during the course of the Intersessional Working Group's consideration of the 2001 accounts and audit, it had been briefed by the IMO Administration on the deep concern of staff members regarding the effect of such a substantial increase in medical insurance premiums on their disposable monies. As reported in document C 89/19(b)/Add.1, the Group had been very sympathetic to staff concerns, recognizing both the high cost of medical care in London and the Organization's social security obligations. It had requested him to review the impact of the substantial premium increase on staff members, and had asked the staff and the Administration to consider how those costs could be reduced. The new formula presented in the document for medical insurance premiums was based on the cost-sharing ratio adopted for the United Nations common system pension contributions to the Joint Staff Pension Fund, and would be based on best practice amongst other agencies. The additional cost on the regular budget, if approved, would be some £263,400.

The Organization's work programme for 2003 would be a heavy one, particularly with the growing demands arising from the implementation of maritime security measures and of the Change Management Programme.

He had presented the budgetary impact of the additional and unforeseen demands on the Major Programmes in Table 1 of document C 89/20/Add.1. The cost change analysis in Table 2 showed that the gross supplementary appropriation totalled £514,800, but after deducting the

forecast increase in the estimated support cost income of £125,800, the funds required to finance the supplementary appropriation amounted to £389,000. He had concluded that the funding of the supplementary estimates should be made from accumulated reserves, since the assessment burden on Member States should not go beyond the level approved by the Assembly at its twenty-second session. However, the level of supplementary estimates would need to be reviewed and adjusted when the General Assembly had taken decisions on the Professional salary scale. Calls on the accumulated reserves had been extensive: during the past few years the Organization had absorbed unforeseen and unbudgeted expenditure items from accumulated reserves, since there was an increasing need to use those reserves for the Headquarters Capital Fund. That Fund would have to finance a growing number of liabilities on a sustained basis.

He thanked those Member States which had fulfilled their financial obligations, and on receipt of the invoices he would again urge all Members to comply with the Organization's Financial Regulations. Assessment notices for 2003 and related invoices would be sent to Member States in December 2002. In accordance with past practice, the assessment for 2003 would be based on the Lloyds Registry tonnage data at 30 June 2002, as reported to IMO, and the United Nations contribution scale for 2003 would be that approved by the General Assembly at its fifty-fifth session.

Mr. YUDIN (Russian Federation) said that the late issue of document C 89/20/Add.1 meant that his Government had been unable to study it, and was therefore unable to support several of the proposals contained in paragraph 8. In regard to medical insurance, it was necessary to maintain the Organization's policy of zero nominal growth, and the existing ratio of the premium payments between Member States and staff of 50:50 should therefore continue to prevail. In regard to the conclusion, in paragraph 3.6 of the document, that the Council should be invited to adopt a new cost-sharing formula of two thirds:one third to mirror best practice among United Nations organizations such as the World Health Organization (WHO) and the World Intellectual Property Organization (WIPO), he pointed out that, for WHO, health matters were naturally a priority and that, in the case of WIPO, only 12% of its budget was financed through contributions from its members, the remaining 88% being funded through patent registrations. Furthermore, the two European organizations outside the United Nations system, the Council of Europe and the Organization for Security and Co-operation in Europe, applied the same 50:50 ratio of contributions as IMO.

The Organization appeared to be applying double standards. While it had been maintained, in discussions under agenda item 10, that the Secretariat would be unable to meet the additional comparatively small cost of reinstating summary records for diplomatic conferences, and that that cost would need to be met through increased assessment levels, it was now being proposed that the funding of the additional cost of a revised cost-sharing formula should be made from accumulated reserves. His delegation was therefore unable to support the proposal contained in paragraph 8.4 of document C 89/20/Add.1 for a revised distribution of the medical insurance premiums.

Mr. CHARALAMBOUS (Cyprus) said that it was the duty of employers to ensure that employees were not worse off as a result of changes in the distribution formula for health insurance, and he therefore supported the revised cost-sharing arrangements for medical insurance cover that had been proposed. In regard to the late issue of documents, it was for the Council to decide once and for all whether it wished to continue giving the Secretariat the latitude to issue documents as late as was necessary to include the most up-to-date information,

or whether it wished to set a deadline. Referring to the practice of awarding promotions to certain employees on a individual basis in recognition of their long service to the Organization, he proposed that the Secretary-General should consider establishing that practice on a general basis and report to the Council at its next session on the financial impact.

Mr. GALEA (Malta) associated his delegation with the views expressed by Cyprus concerning medical insurance cover and the submission of documents.

Mr. FRANSON (Sweden) agreed with the Russian Federation that the Organization was applying double standards, and endorsed the views expressed by Cyprus on medical insurance. A formal time limit should be established, to be determined by the Secretariat, for the submission of documents to the Council.

Mr. GASC (France) pointed out that if time limits for the submission of documents were set for Member States, they might find it difficult to meet them. Documents issued by the Secretariat, especially those relating to budgetary and staff matters, should be posted on the Organization's web site at least two weeks before a session. He supported the proposal that the Secretary-General should consider instituting an arrangement for the promotion for long-serving staff.

Ms. MOETZEL (Germany) said that Member States needed to receive documents, particularly those relating to budgetary items and staff matters, longer than two weeks in advance of a meeting to enable them properly to consult their national administrations over particular issues. She regretted that no decision had been reached concerning the introduction of an ERP system, which would have facilitated the Secretariat's task in that respect. She was concerned over the increase in non-budgeted demands, leading to the proposed additional appropriations: such demands should ideally be met from the approved regular budget or, failing that, from accumulated reserves. She agreed with the Russian Federation that a zero nominal growth budget continued to be necessary and should be maintained.

While she sympathized with staff members over the increase in medical insurance premiums, she urged them to accept that rising medical costs and premiums were part of a general trend, and that in most cases those costs had to be borne in full by staff. In view of the increase over the previous two years in medical problems experienced by IMO staff in the Headquarters building, she requested the Secretary-General to study the possible reasons for that increase, and to submit his findings both to the Council and to the United Kingdom Government so that they could be taken into account when possible changes in the building were considered.

The SECRETARY-GENERAL explained that under the Van Breda scheme, a staff member recovered 80% of the cost of the medical services received, not the full cost.

Mr. RASMUSSEN (Denmark) endorsed the views expressed by Cyprus on medical insurance and supported the Secretary-General's proposals on the matter. He pointed out that a deadline for the receipt of documents set too far in advance of meetings would preclude the possibility of including up-to-date information. There was need, however, to set some time limit, on which the Secretariat should provide advice.

Mr. PEREIRA (Brazil) shared that view.

Mr. ALLARD (Panama) endorsed the proposals made, although it was unfortunate that in the discussion the major issue of the cost of health insurance should have been compared with the minor issue of the cost of summary records. He noted that even if a deadline were to be established, Member States should continue to receive addenda right up until the start of a session, so that the information contained in the main document could be updated.

Mr. DAVIDSON (Australia) noted that an increase in the salaries of Professional staff members had been proposed, the formulation of which probably included a comparator for health insurance costs. He asked whether any market testing had been conducted to determine whether the Van Breda insurance scheme was the most appropriate one for the Organization. As an alternative, a contributions scale for each member of staff could be fixed as a percentage of salary, and any subsequent increase in premium charges could be met by the Organization.

The CHAIRMAN suggested that the Secretary-General should be requested to study the matter of a deadline for submission by the Secretariat to the Council of administrative documents, and to submit his conclusions to the Council at its next session.

The SECRETARY-GENERAL said that the Secretariat had always begun preparing the Organization's work programme and budget at an early stage, to ensure that the relevant documents were submitted to Members of the Council six weeks in advance of its session in June. The establishment of a deadline for other Council documents would facilitate the Secretariat's task, but would prevent the inclusion of up-to-date information, which the Secretariat had always been concerned to provide. Document C 89/20/Add.1 had been issued late because it had been intended to include a decision by the General Assembly, which in the event was unfortunately not made, on the ICSC's report on Professional staff salaries. He was prepared to study the issue and to submit his conclusions to the Council at its next session.

Mr. JONES (Director, Administrative Division), replying to the point raised by Germany, explained that the Secretariat had already commissioned the Robens Health Research Institute to conduct a clinical examination of the possible causes of the ill health of several staff members to see whether there was a connection between the nature of their illnesses and the so-called "sick building syndrome". However, the Institute had concluded that there was no connection.

Mr. PINTO (India) observed that the trade-off between the need for up-to-date information and the need to receive documents sufficiently in advance had to be a reasonable one, for there was little chance of absorbing any information if it was made available only hours beforehand. He therefore urged that a sufficient time limit be established to enable Member States to come to meetings properly prepared. Any addenda could be made available at the meeting itself.

Mr. HILL (observer, Liberia) agreed that documents should be submitted to Member States a few weeks before Council sessions, and that any addenda required should be prepared subsequently. The proposed increase of 40% in medical insurance premiums was excessive, and he urged that efforts be made to find a more competitive source of cover. In regard to the other proposed budgetary expenses, he urged the Organization to make long-term budgetary projections of perhaps five years ahead, to enable it to become financially independent of income from registries.

The CHAIRMAN invited the Council to take note of the information contained in document C 89/20 and its addendum and the conclusion of the Secretary-General's review of external pay and price factors; to note the Secretary-General's continuing commitment to achieve

economies where possible; to note that the recommendation of the MEPC at its forty-eighth session to defer the Diplomatic Conference on Ballast Water Management from October 2003 to early 2004 would result in budgetary savings in 2003; to decide on a revised distribution of the medical insurance premiums to take effect from 1 January 2003; to note the approved staff complement and the staff turnover level required to contain expenditure within the approved appropriation; to approve the prospective requirement for a supplementary estimate in appropriation of £514,800; and to decide that the financing of a supplementary estimate of £389,000 (after taking account of additional forecast technical co-operation support cost income of £125,800) should be made from accumulated reserves.

He further invited the Council to note that the Secretary-General would report to the ninetieth session of the Council on the final level of supplementary estimates required in the light of the decisions of the General Assembly; to approve the Secretary-General's proposal in document C 89/20 for a supplementary estimate under the Printing Fund of £177,600 to finance the printing and publishing programme in 2003; to note the authority given to the Secretary-General by the Assembly at its twenty-second session in resolution A.906(22) to draw, if necessary, on the Printing Fund, the Headquarters Capital Fund, the Technical Co-operation Fund and the Termination Benefit Fund monies to finance the approved regular budget programme appropriations; and to urge Member States to remit their financial contributions promptly in accordance with the Organization's Financial Regulations and Rules.

Mr. YUDIN (Russian Federation) reiterated that he was unable to accept the revised distribution of medical insurance premiums proposed in paragraph 8.4 of document C 89/20/Add.1. The issue had not been sufficiently studied, and his delegation would be unable to reach a decision on the matter until it had seen the reviews conducted by the Joint IMO Administration/Staff Working Party. It therefore reserved its position.

Mr. CHARALAMBOUS (Cyprus) recalled that the Secretary-General had brought to the attention of the Council at its eighty-eighth session the possibility of financial implications arising from an increase in medical insurance premiums. He suggested that the Secretary-General should be asked to provide some background information to the Council at its next session, in order to set the insurance scheme in a wider context.

Ms. MOETZEL (Germany) supported that suggestion.

The SECRETARY-GENERAL suggested that the Working Group on the Organization and Methods of Work of the Council should be asked to take up the question of time limits for the submission of documents.

Mr. JONES (Director, Administrative Division), confirmed that the Secretariat had, on the suggestion of the External Auditor, alerted the Council at its previous session to the adverse relationship between Van Breda's income from premium payments and its expenditure as a result of a substantial increase in medical claims, which had resulted in the company's having to absorb a loss in the region of £500,000 during the two-year period 2000-2001. Van Breda had been unable to increase premiums during that period because a "cap" had been placed on such increases. The insurer had therefore concluded that the Organization would either have to pay a 40% increase in premiums in order to improve the claims/premiums ratio or withdraw from the scheme.

However, no other broker had been found that could offer the same level of coverage as Van Breda. First, the Van Breda scheme covered pre-existing medical conditions, whereas other insurance schemes had been found to require a pre-examination of staff members. Secondly, it provided worldwide coverage, so that staff members covered under the scheme at the time of retirement were able to continue to draw on it. The scheme was based on the broker's estimated prospective income from the premiums and on performance. An insurance premium and policy that were specific to IMO had been negotiated with Van Breda in 1999, after the latter had pointed out that the Organization had been subsidizing the United Nations scheme in the amount of some £200,000 per year. Two factors had driven the current increase in premiums: the high costs of medical care in London and an analysis based on the Organization's democratic structure. It was hoped that the 40% structural increase would stabilize the scheme.

It was neither in Van Breda's interests nor in the interests of the Organization for premium levels to be reviewed annually, because, first, it was essential that insurance cover was maintained and secondly because staff members were deeply concerned over the matter. The Council Intersessional Working Group on Accounts and Audit, following a meeting with staff representatives on 15 October, had suggested that staff should not be penalized by the adverse effect of increased premiums on their terms of employment. The joint IMO Administration/Staff Working Party subsequently established had proposed a new cost-sharing formula which was similar to the cost-sharing ratio applied to the Organization's pension scheme. At the same time, staff members recognized the need to counteract the high costs of medical care in London by seeking cost-effective health-care suppliers, and therefore recognized their obligations in relation to the effect of those high costs on the Council. While sharing the concern expressed by the representative of Australia over possible future increases in premiums, he observed that Van Breda had indicated that it expected any such increases to be in line with general medical inflation.

The CHAIRMAN invited the Council to decide to refer the matter of setting possible deadlines for submission of Council documents to the Working Group on the Organization and Methods of Work of the Council, and to request the Secretary-General to prepare a proposal in this regard, for consideration by the Working Group.

It was so decided.

STATEMENT BY THE REPRESENTATIVE OF KENYA

Mr. NDEMO (Kenya) said that, as Member States would be aware, terrorists had, on the morning of 28 November, rammed a vehicle laden with explosives into a hotel in the coastal town of Mombasa, causing extensive damage involving the loss of both human life and property. The extent of the damage would be known as soon as he had received a comprehensive communication from his Government. On behalf of his delegation, he extended his condolences to the bereaved families of the victims and assured the international community that everything would be done to put an end to such incidents, which violated the dignity of human civilization. He assured the maritime community that maritime transport and the port of Mombasa had not been affected and that adequate security arrangements were in place.

The CHAIRMAN, on behalf of the Council, extended his sympathies to Kenya and to the other countries affected by the tragedy.

The SECRETARY-GENERAL, on behalf of the Secretariat, joined in expressing his sympathies to the Government of Kenya and his condolences to the families of the victims of the incident.

AGENDA ITEM 21 - REVIEW OF THE ORGANIZATION'S FINANCIAL FRAMEWORK IN ACCORDANCE WITH ASSEMBLY RESOLUTION A.906(22) (C 89/21 and Add.1)

The SECRETARY-GENERAL recalled that at its twenty-second session the Assembly had decided, on the Council's advice, to leave the Organization's financial framework unchanged. The Council had been asked, however, to keep that framework under review and to report to the Assembly's twenty-third session. The framework had been reviewed previously, during the nineteenth and twentieth biennia, and the package of measures adopted by the Assembly at its seventeenth session in November 1991 had been strengthened at its nineteenth session, when additional requirements had been added to rule 56*bis* and rule 56*ter* concerning the right to vote and to be elected to the Council.

During subsequent reviews, the Council had concluded that the package remained broadly effective. He pointed out that 98.3% of the contributions for 2001 had been received by the end of that year. The Council, at its eighty-eighth session, had agreed that it would be useful to be provided with background information relating to the experience of other United Nations organizations on the relative effectiveness of Contributions Incentive Schemes. He recalled that a cash surplus had to be produced before interest earnings could be distributed in accordance with the provisions of the Organization's scheme, introduced in 1988, and which had not been as effective as originally anticipated. As requested, he had provided a summary of the experience of other United Nations organizations that had similar but not identical schemes in place.

Mr. CHARALAMBOUS (Cyprus) proposed that, in view of the lack of time in the current session to address ways of securing prompt payment of contributions and of arrears of contributions, and to discuss the use of rules 56*bis* and 56*ter*, the item should remain on the agenda and discussion of it should be deferred until the Council's ninety-ninth session.

Mr. ALLAN (United Kingdom) supported that proposal.

The CHAIRMAN invited the Council to note the Secretary-General's advice to the Council on this matter and to further note the updated statistical analysis which he had provided; to also appreciate the additional information which the Secretary-General had provided concerning the experiences of other UN organizations regarding the effectiveness of financial incentive schemes; and to decide, in view of the requirements of resolution A.906(22) for the Council to report to the twenty-third session of the Assembly on this matter, to retain this item on the agenda of its ninetieth session, and to invite Member States to put their proposals and suggestions forward for the consideration of the Council at its ninetieth session, as a means of concluding this issue.

It was so decided.

AGENDA ITEM 22 – PROPOSED AMENDMENTS TO THE FINANCIAL RULES AND REGULATIONS (C 89/22; C 89/22/Add.1)

The SECRETARY-GENERAL recalled that, in response to paragraphs 20, 21 and 53 of annex 2 to document C 89/19(b)/Add.1, he had agreed with the External Auditors that the

Financial Regulations and Rules needed certain amendments. Document C 89/22 therefore included a proposed amendment to Financial Rule 111.1.3 whereby receipts would be recorded in the accounts on an accrual basis, thus bringing the rule into line with IMO's longstanding practice and with the United Nations Accounting Standards.

He had also agreed to clarify the roles and responsibilities of the Internal Oversight Section (IOS). Document C 89/22/Add.1 contained proposed terms of reference for IOS, which would be included in the Financial Regulations and Rules when they were revised.

The CHAIRMAN invited the Council to take note of the information provided by the Secretary-General in document C 89/22 and its addendum; to approve the proposed amendment to Financial Rule 111.1.3; and to approve the proposed terms of reference for the Internal Oversight Section to be incorporated in the Organization's Financial Regulations and Rules.

It was so decided.

AGENDA ITEM 23 - RELATIONS WITH THE UNITED NATIONS AND THE SPECIALIZED AGENCIES:

(a) REPORT ON THE DECISIONS OF THE GENERAL ASSEMBLY OF THE UNITED NATIONS ON MATTERS OF RELEVANCE TO IMO (C 89/23(a); C 88/21(a))

The SECRETARY-GENERAL said that the resolutions adopted by the General Assembly of the United Nations and contained in documents C 88/21(a) and C 89/23(a) were reported to Council for information, and no specific action or decision was requested.

Regarding General Assembly resolution 56/88 on measures to eliminate international terrorism, as requested by the Secretary-General of the United Nations for inclusion in his annual report to the General Assembly, he had provided information on recent IMO activities relating to the prevention and suppression of acts of terrorism against shipping, including IMO Assembly resolution A.924(22), the recommendations of the Intersessional Working Group on Maritime Security (ISWG) and the views of the Legal Committee, the FAL Committee, the SPI Working Group and the STW Sub-Committee, leading to the Diplomatic Conference in December 2002.

He had also informed the United Nations that, simultaneously with the review process, but without awaiting its full conclusion, funds had been allocated to assist countries to assess and put in place appropriate infrastructure and measures to strengthen port safety and security. He had also made the Counter-Terrorism Committee of the Security Council aware of the activities of the Organization, and information on those activities was now available on Counter-Terrorism Committee's website.

As in the past, the IMO Secretariat would closely monitor further measures or developments in connection with the resolutions. Any developments of interest to IMO would be reported to Council for information and action as might be necessary.

The CHAIRMAN invited the Council to note the information contained in the two reports, and to express its appreciation to the Secretary-General for bringing information on recent IMO activities relating to maritime security to the attention of the United Nations General Assembly and the Security Council Committee, as part of the United Nations system-wide effort to combat international terrorism.

It was so decided.

**(b) CO-ORDINATION WITHIN THE UNITED NATIONS SYSTEM
(C 89/23(b); C 89/23(b)/Add.1; C 89/23(b)/1; C 88/21(b)/Add.1)**

The SECRETARY-GENERAL stated that the main outcome of the meetings of the United Nations Chief Executives Board for Co-ordination (CEB) on 10 and 11 April 2002 and 8 and 9 November 2002 was reported to Council in documents C 88/21(b)/Add/1 and C 89/23(b)/Add.1. In document C 88/21(b)/Add.1, Council was informed that the 2002 first regular session of CEB, as proposed by the Secretary-General of the United Nations, had focused its work on two main issues, namely the treatment and prevention of diseases, including HIV/Aids and malaria, and system-wide support for sustainable development in Africa. An account of the discussion on both issues was given in paragraphs 3 to 16.

As indicated in paragraph 16, IMO had participated in the regional consultation in support of the New Partnership for Africa's Development (NEPAD). The NEPAD secretariat was undertaking the task of developing the various project ideas into specific projects and programmes and would contact all agencies to put into effect the agreed procedures for a coherent and collective United Nations response. He was looking forward to receiving the proposal from the Executive Secretary of the Economic Commission for Africa, and, in the meantime, would continue to strengthen the relations of IMO with the United Nations system in order to meet the challenges set for the development of Africa in the new Millennium Declaration.

Paragraphs 17 to 20 provided an account of the discussion on the functioning of the High Level Committee on Programmes (HLCP). The main recommendations of HLCP noted by CEB were indicated in paragraph 20. CEB had also taken note of the report of the High Level Committee on Management (HLCM).

Document C 89/23(b)/Add.1 informed Council that the 2002 second regular session of CEB had related its agenda to preventing armed conflicts, addressing two themes to be covered in the first annual report of the United Nations Secretary-General to the General Assembly on the implementation and follow-up to the Millennium Declaration. An account of that discussion was given in paragraphs 2 to 3. In paragraphs 4 to 7 he reported on his briefing to CEB on the maritime security work of IMO leading to the Diplomatic Conference on Maritime Security, and on the establishment of co-operation with the International Labour Organization and the World Customs Organization. Paragraphs 8 and 9 related to the future role of the HLCP in the follow-up to the Millennium Declaration. Regarding the outcome of the World Summit on Sustainable Development, CEB had welcomed the establishment of an open-ended working group to give focused attention to the issue of follow-up and to assist HLCP in preparing its further discussion. IMO had been actively represented at the Summit and a report on the outcome would be considered by Council under item 23(c). In pursuance of the co-ordination responsibilities of IMO as a specialized agency of the United Nations, the Council was invited to take note of the information provided.

Document C 89/23(b)/1 gave an update of the study on the implications for IMO of the entry into force of the United Nations Convention on the Law of the Sea, originally issued in 1997. The updated document reflected IMO's work as at the date of the document's issue. Following consideration by the Council, information on the outcome of the Diplomatic Conference on Maritime Security would be included to complete the updating of the study to the end of 2002. Further updating would follow after each regular session of the IMO Assembly.

Mr. GALEA (Malta) congratulated the Secretary-General on IMO's active participation in CEB, which was working successfully to achieve greater co-ordination between the various arms of the parent body.

Mr. CHARALAMBOUS (Cyprus) suggested that, once completed, the study should appear on the IMO public website for reference purposes and to highlight the Organization's contribution.

The CHAIRMAN invited the Council to note the information provided by the Secretary-General in document C 89/23(b)/Add.1, as well as that provided in the previous document C 88/21(b)/Add.1, deferred for consideration by the Council at its eighty-eighth session, as amplified in his presentation; and regarding the updating of the study submitted in document C 89/23(b)/1, to recommend to the various organs and bodies of the Organization to keep it in mind as a reference document in the context of their work.

It was so decided.

(c) REPORT ON THE OUTCOME OF THE WORLD SUMMIT ON SUSTAINABLE DEVELOPMENT (C 89/23(c); C 89/23(c)/Add.1)

The SECRETARY-GENERAL said the World Summit on Sustainable Development, held from 26 August to 4 September 2002 in Johannesburg, South Africa, had been organized ten years after the 1992 Earth Summit in Rio de Janeiro, which had adopted Agenda 21 as an action programme for sustainable development, balancing economic and social needs within the capacity of the earth's resources and ecosystem. The main objective of the Summit had been to review the progress of implementation of Agenda 21 and to reconfirm political commitment to sustainable development.

Chapter 17 of Agenda 21 was particularly relevant to the responsibilities and work programmes of IMO. Following the Rio Summit, IMO's achievements had been significant, including adoption of a number of new international conventions, protocols and major amendments, all addressing issues specifically tasked to IMO under Agenda 21, covering prevention of air pollution, pollution preparedness, dumping, compensation regimes for maritime accidents and various other issues. The Organization had also designated Particularly Sensitive Sea Areas and had provided active support to developing countries through IMO's Integrated Technical Co-operation Programme. Those achievements had been highlighted in the Preparatory Committee meetings preceding the Summit.

At the Summit itself IMO had been represented by the Secretariat. Thousands of copies of a pamphlet describing IMO's major achievements over the previous decade had been circulated, and an IMO pavilion had been set up in the Water Dome. The Organization had participated in numerous side events and had provided information on its environmental programmes, including PEMSEA, the Marine Electronic Highway and GloBallast Projects.

The Summit had reaffirmed sustainable development as a central issue on the world's agenda, and had given new impetus to global action to fight poverty and protect the environment. It had also adopted the Johannesburg Declaration on Sustainable Development and the Plan of Implementation, a renewed action programme. Key issues relevant to IMO activities were listed in paragraph 6 of document C 89/23(c)/Add.1.

He drew attention to paragraph 33, which invited States to ratify or accede to and implement IMO Conventions, including the AFS Convention for Prohibition of the Use of Harmful Anti-fouling Paints; and urged IMO to consider stronger mechanisms to secure implementation of IMO instruments by flag States, as well as to finalize the IMO International Convention on the Control and Management of Ships' Ballast Water and Sediments.

He also drew attention to paragraph 29(c), which called for the establishment of an effective, transparent and regular inter-agency co-ordination mechanism on ocean and coastal issues within the United Nations system, and paragraph 34, which called for the establishment by 2004 of a regular process under the United Nations for global reporting and assessment of the state of the marine environment, including socio-economic aspects.

The main outcome of the Summit had been reported to the forty-eighth session of MEPC, which would consider any follow-up action required at its meeting in 2003.

On regular inter-agency co-ordination mechanisms, the CEB had welcomed the establishment of an open-ended working group of the HLCP to give focused attention to the issue of follow-up to the Summit and to assist HLCP in preparing further discussions in the matter at its next session. He would arrange for IMO to participate in the open-ended working group to ensure that IMO's role and mandate was taken into account in the follow-up to the Summit.

The activities of GESAMP were closely related to the proposed global reporting and assessment of the state of the marine environment, and IMO should therefore be involved in determining how future activities in that area would be handled.

Mr. CHARALAMBOUS (Cyprus) suggested that the Council should instruct the Committees and their subsidiary bodies to take into account appropriate elements of the Summit's Plan of Implementation when preparing proposals for the long-term work programme of the Organization for consideration by the next Assembly. He suggested that the Secretary-General should do the same when preparing his budget proposals for 2004-2005, in particular as far as inter-agency co-operation was concerned.

The CHAIRMAN invited the Council to take note of the information provided in the report of the World Summit on Sustainable Development, and to request the Secretariat, MSC, MEPC and TCC to take into account the relevant paragraphs of the Plan of Implementation in their respective activities.

It was so decided.

**AGENDA ITEM 25 – RELATIONS WITH INTERGOVERNMENTAL ORGANIZATIONS
(C 89/25 and Add.1; C 88/23 and Add.1)**

The SECRETARY-GENERAL recalled that the Council, under item 10 of the agenda of its eighty-eighth session entitled "Prevention and suppression of acts of terrorism against shipping", had agreed to develop a Memorandum of Understanding with the World Customs Organization (WCO) and had authorized him to sign it on behalf of the Organization.

In document C 88/23/Add.1 he had provided an account of the relationship between IMO and WCO since the Organization's inception and had drawn Council's attention to resolution A.64(III), adopted by the Assembly at its third session in 1963, approving the maintenance of

co-operation and exchange of information on matters of mutual interest with the Customs Co-operation Council (CCC), (now the World Customs Organization). Since that session, IMO had continued to invite WCO to send observers to sessions of the Assembly. WCO had been invited to meetings of the Council, and MSC as well as of their subsidiary bodies, and on a reciprocal basis IMO had been represented at certain WCO meetings when items of interest to it were being considered. At its twenty-eighth session in May 1972, Council had reviewed the existing Arrangements of Co-operation between IMO (then IMCO) and intergovernmental organizations, and had concluded that they should be maintained.

In document C 88/23/Add.1 he advised Council that there was no need to enter into a new agreement with WCO, since the existing Arrangements of Co-operation could be supplemented by a Memorandum of Understanding between the two organizations. In document C 89/25 he reported that he had met with the Secretary-General of WCO in Brussels and concluded a Memorandum of Understanding on 23 July 2002.

He also reported in document C 89/25 that he had received a proposal from the Secretariat of the South Pacific Community (SPC) to conclude an Agreement of Co-operation with a view to enhancing relations between the two organizations for meeting maritime needs in the Pacific. He had also received a proposal from the Port Management Association of West and Central Africa (PMAWCA) to conclude a similar agreement that would enhance co-operation in promoting the development of the safety of shipping and port sectors among the States of West and Central Africa.

Consultations with the secretariats of SPC and PMAWCA to discuss the terms of the draft Agreements of Co-operation had been completed and the proposed texts, which followed the pattern of agreements previously concluded by IMO with other intergovernmental organizations, were annexed to document C 89/25 for consideration and approval by Council in accordance with Article 25 of the IMO Convention. If approved, the two agreements would be submitted to the Assembly for consideration and final approval at its twenty-third session in 2003.

In document C 89/25/Add.1, Council was informed that, despite the demise of the 1971 IOPC Fund Convention, the Agreement of Co-operation with the 1971 Fund would continue as long as the Fund continued to enjoy international legal personality and had ongoing responsibilities under that Convention.

In the same document, he informed the Council that the Secretary-General of the United Nations had received a communication from the interim Chairperson of the Commission of the African Union indicating that as of 8 July 2002, OAU had ceased to exist and had been replaced by the African Union as of 9 July 2002. Since the OAU Charter had been replaced by the Constitutive Act of the African Union, the Agreement of Co-operation between IMO and OAU, in force since 21 February 1974, had now lapsed. In accordance with Article 25 of the IMO Convention, IMO would need to receive a formal communication from the Commission of the African Union regarding its intention to assume the privileges and responsibilities formerly assumed by OAU, as stipulated in the provisions of the Agreement of Co-operation between IMO and OAU. Council would be advised when such a communication was received.

The CHAIRMAN invited the Council to express its appreciation to the Secretary-General for his clarification on the existing arrangement for co-operation with the World Customs Organization (WCO), which had been in force since 1963; to endorse his approach to the Secretary-General of WCO regarding co-operation on maritime security matters; and to note with satisfaction the conclusion of the Memorandum of Understanding between IMO and WCO.

He further invited the Council to approve the proposed agreements of co-operation with the secretariat of the South Pacific Community (SPC) and the Port Management Association of West and Central Africa (PMAWCA), which would be submitted to the Assembly for consideration and approval at its twenty-third session in 2003. In accordance with the practice in respect of previous agreements, the SPC and PMAWCA would be extended the privileges and facilities envisaged in the agreements on a provisional basis pending the decisions of the Assembly. Those privileges would be withdrawn if the agreements are not approved by the Assembly.

Lastly, he invited the Council to take note of the information provided by the Secretary-General in document C 89/25/Add.1, as amplified in his presentation, regarding the agreements of co-operation with the International Oil Pollution Compensation Fund (1971 Fund) and the Organization of African Unity (OAU).

It was so decided.

**AGENDA ITEM 26 – RELATIONS WITH NON-GOVERNMENTAL ORGANIZATIONS
(C 89/26 and Add.1)**

The SECRETARY-GENERAL said that paragraphs 1 and 2 of document C 89/26 recalled that the application for consultative status from IMTA-Interferry had been referred by Council to MSC and MEPC for advice. Paragraphs 1 to 4 of document C 89/26/Add.1 contained the views of MEPC on that application. However, the seventy-sixth session of MSC would not meet until after the Council session and its advice would, therefore, be reported to the ninetieth session of Council in June 2003, when a decision would be taken.

He recalled Council's decision at its twenty-first extraordinary session in November 2001 that the activities of Greenpeace International should be monitored and reviewed at the next periodic review of the Rules Governing Relationship with Non-Governmental International Organizations. In compliance with that decision, and in paragraphs 3 to 7 of document C 89/26, he informed Council about two communications received from the embassies of Turkey and Greece in London, referring to the boarding and occupation by Greenpeace activists of the Greek oil tanker **Crude Dio** on 4 July 2002, outside the Turkish territorial sea and off the northern entrance to the Strait of Istanbul. He had written to Greenpeace International drawing its attention to that matter and also to the incident involving two BNFL ships in the Tasman Sea. The views of Greenpeace International were now available for consideration in the annex to document C 89/26/Add.1.

He asked Council to note BIMCO's request to be addressed by its acronym rather than by its full name.

Mr. CHARALAMBOUS (Cyprus) noted that Cyprus and Malta had suggested to MSC in May 2002 that the Diplomatic Conference on Maritime Security be invited to adopt a resolution calling upon the Council to address the issue of demonstrations and related activities in connection with ships.

Mr. CARROLL (observer, Greenpeace International), speaking at the invitation of the CHAIRMAN, said that, regarding the Secretary-General's letter and the Council's decision at its twenty-first extraordinary session, Greenpeace had reaffirmed its undertaking to abide by the rules of safe navigation. Greenpeace was an organization concerned with protecting the environment, and was thus doing its utmost to protect the marine environment and ensure safety

at sea. It was committed to ensuring that all protests complied with international law and rules governing prevention of collisions at sea.

Greenpeace recognized that its presence at IMO was a privilege, not a right, and appreciated the opportunity to contribute to IMO's work in areas within its expertise and where it considered that further development of international law protecting the marine environment was necessary. It looked forward to further constructive engagement in fulfilling the aims of IMO and achieving Greenpeace objectives. It had taken very seriously the discussions relating to maritime security and, accordingly, was reviewing its staff guidelines dealing with marine issues, which would be further reviewed, revised and implemented after the Diplomatic Conference, to take into account any new concerns and considerations.

Mr. CHARALAMBOUS (Cyprus) suggested that the issue should remain pending until Council's ninetieth session, when it could reconsider any proposals for the Assembly's consideration and adoption in connection with NGOs. He asked Greenpeace to provide Council with information on what measures it would be putting in place to ensure the safety and security of ships at sea, and also to explain the relationship between Greenpeace International and its local affiliates.

Mr. KORAN (United States) associated his delegation with the comments made by Cyprus. He requested the Secretariat to monitor Greenpeace activities over the next six months and to report any incidents to Council's ninetieth session.

The CHAIRMAN invited the Council, regarding the application for consultative status from the International Marine Transit Association/Interferry (IMTA-Interferry), to note the information provided by the Secretary-General that the Council would be able to take a decision only at its ninetieth session in June 2003, when the views of the MSC would be available for its consideration.

He further invited the Council to note the receipt of communications from Turkey and Greece regarding the boarding and occupation by Greenpeace International activists of the Greek oil tanker **Crude Dio** outside the Turkish territorial sea off the northern entrance to the Strait of Istanbul on 4 July 2002; to note the views of Greenpeace International on this matter, as well as on the incident involving BNFL ships in the Tasman Sea; to note the views expressed by Members of the Council, reiterating the necessity for Greenpeace International to comply with the international regulations concerning the safety of navigation, and in particular collisions at sea, and to request the Secretariat to monitor the activities of Greenpeace; and to decide to review this matter at the next periodic review of non-governmental organizations to be held at its ninetieth session in June 2003.

It was so decided.

AGENDA ITEM 27 – REPORT ON WORLD MARITIME DAY 2002 (C 89/27 and Add.1)

The SECRETARY-GENERAL said that document C 89/27 and its addendum reported on the arrangements made to celebrate World Maritime Day 2002. The theme for 2002, endorsed by Council at its twenty-first extraordinary session, had been "IMO – Safer shipping demands a safety culture". Appropriate information material related to that theme had been prepared and circulated to Member Governments and organizations. 2002 had marked the twenty-fifth anniversary of World Maritime Day, which had first been celebrated in 1978, and a celebration had been held at IMO headquarters on 26 September 2002. He had hosted a reception attended

by many distinguished guests, including members of the diplomatic corps in London, shipowners, representatives of the organizations and bodies associated with the work of the Organization and the IMO Secretariat. He had expressed his gratitude to all of them for their presence, which had helped to make the reception and celebration of the Day a great success.

Information available indicated that World Maritime Day had been appropriately observed in many Member States and by a number of organizations associated with IMO. Details of messages received and of special arrangements made by Governments and organizations were provided in the documents before Council. Since the issue of document C 89/27/Add.1, he had received further messages of congratulation and notices of celebration from the Governments of India, the Islamic Republic of Iran, Peru and the United States.

He expressed his sincere appreciation and thanks to Governments, organizations, IMO staff and other individuals who had lent their support to the commemoration and celebration of the twenty-fifth anniversary of World Maritime Day 2002. Their co-operation had ensured that the Day was a great success and would continue to be a source of inspiration and encouragement to the Secretariat and to the world maritime community. In accordance with the procedure approved by Council, the necessary arrangements were being made for the celebration of World Maritime Day 2003, with the proposed theme "IMO: Committed people working for safe, secure and clean seas".

The CHAIRMAN invited the Council to take note of the fact that World Maritime Day had celebrated its twenty-fifth anniversary in 2002 and had been a tremendous success, and to extend its appreciation to the Secretary-General for the excellent arrangements made by him to mark the Day; to also note, in particular, the very worthwhile contributions which various Member Governments and organizations had made to the success of the Day by the attendance of their representatives at the function held at IMO Headquarters on 26 September 2002, the special events organized by them, and through the kind messages sent to the Secretary-General on the occasion, and to join the Secretary-General in expressing gratitude to those Governments and organizations.

With regard to World Maritime Day 2003, he invited the Council to note the Secretary-General's proposal that the theme for the Day should be "IMO: Committed people working for safe, secure and clean seas", and to approve that the theme would be as proposed; and to authorize the Secretary-General to make the necessary arrangements for the celebration of the Day, in accordance with the practice approved by the Council and the Assembly.

It was so decided.

AGENDA ITEM 28 – MEMORIAL TO SEAFARERS (C 89/28)

The SECRETARY-GENERAL said that document C 89/28 reported on the most recent developments concerning the Seafarers Memorial Trust Fund, following successful completion of the Memorial project in 2001. Progress was being made towards achieving the scheme's second objective, namely the establishment of a chair on maritime safety and marine pollution prevention at the World Maritime University, at an annual cost of US\$100,000. His intention was to build up a substantial capital fund from voluntary donations, with a view to funding the chair on a sustained basis.

Since the issue of the document the Fund's balance had risen to over US\$200,000 and he reiterated his appreciation of the generosity of contributors, including Governments, shipowners, companies, seafarer organizations, classification societies, international organizations and individuals, which had achieved good results so far. To advance the project further, he appealed to all potential donors to contribute as generously as possible. Meanwhile, progress had been made towards completing the setting up of the Board of Trustees, and a report on further developments would be provided to the Council session in June 2003.

The CHAIRMAN invited the Council to note the information provided in document C 89/28, as amplified by the Secretary-General, on the successful completion of the Memorial project, which marked the accomplishment of the first objective set by the Seafarers' Memorial Trust Fund, and to decide that it should now move to the implementation of the second objective, namely the establishment of a chair on maritime safety and marine pollution prevention at the World Maritime University. A good start had been made, but more funds needed to be secured. He invited the Council therefore to encourage all those entities already approached or to be approached by the Secretary-General, to contribute generously, so that the accomplishment of the new objective could be achieved as early as possible; to congratulate the Secretary-General for his ceaseless efforts to bring the entire project to fruition, and to invite him to continue promoting the Seafarers Memorial Trust Fund scheme and report on developments to the next session of the Council.

It was so decided.

The meeting rose at 12.35 p.m.