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"IMO healthy despite debts"

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SIR, I am grateful for the sympathetic article in your journal of July 26, on the current situation in the International Maritime Organisation (IMO). However, with great respect, this report — titled Tide of change leaves IMO floundering — might give the impression that things are wrong in IMO on a wider front than is really the case.

It is, I feel, my duty to place before your readers, which essentially means the world maritime community, the facts of the situation.

Let me straight away mention that IMO is facing a serious financial crisis or more precisely a "ways and means" crisis solely because many member states have not paid their assessed contributions. It is clearly a revenue crisis.

Expenditure has always been carefully controlled and it has never exceeded the approved budget. In fact, as I will explain later, in most of the preceding years, savings were made and substantial sums were refunded to member states. I am not aware of any parallel of this kind. The council and the assembly has repeatedly recorded its appreciation of the prudent financial management of IMO.

I wish now to explain the nature and extent of the revenue crisis IMO faces today. The assembly of organisation, which is the sovereign body of IMO comprising all member states, meets every two years to:

- (i) Review the working of the organisation during the preceding two years,
- (ii) Approve the policies and programmes for the following biennium,
- (iii) Approve the budget of the organisation for each of the two years of the next biennium,
- (iv) Approve the apportionment of the budget among member states according to an agreed system.

According to the financial regulations, contributions assessed on member states, as approved by the assembly, are due and payable within one month of notification by the secretary general. In practice, while some member states pay well in time, many others usually pay later in the year. Several member states sometimes do not pay during the following years. That is how arrears build up.

As secretary-general, I have had to devote a considerable part of my time to maintaining contacts with member states in order to invite them to pay their assessed contributions. At each six-monthly meeting of the council of the organisation, I report the financial situation. The council has always backed up my efforts strongly.

The financial problem began to assume serious proportions during 1988 when contributions were not paid as due, despite every possible effort by

'IMO healthy despite debts'

Last week Lloyd's List reviewed the present financial difficulties of the International Maritime Organisation. Today, C. P. SRIVASTAVA, the IMO's outgoing secretary general, responds to that article and sets out his appraisal of the revenue crisis currently facing the organisation.

correspondence and by personal intervention through the diplomatic missions of member states in London as well as through UN offices in the capitals of member states. Due to shortfall in receipts, the working capital fund (£1.25 million) had to be used up completely. Against this background the council decided in November, 1988, to make a substantial cut in the work programme for 1989. This was an essential act of prudence. The council, in exercising the authority vested in it by the assembly, approved a new budget for 1989 aggregating £10,564,700, on the basis of the revised work programme.

When the year 1989 commenced, there were considerable arrears for 1988 and earlier years. In addition the contributions for 1989 became due and payable. The relevant amounts, as on Jan 1, 1989, are given below:

(i) Arrears of contributions for 1988 and earlier years still due to be paid — £3,621,275.

(ii) Contributions for 1989 due and payable within a month of the notification sent to member states on Dec 22, 1989 — £10,237,100.

Total amount due to IMO — £13,858,375.

As on July 31, 1989, only £7,814,547 of the above total of £13,858,375 had been received. The balance still outstanding is, therefore, £6,043,828.

If the balance amount still due, namely £6,043,828, were received, IMO would be able to:

(i) Meet the entire approved expenditure for the year, namely £10,564,700,

(ii) Replenish completely its working capital fund of £1.25m,

(iii) Have a surplus of £2,371,275, which I fondly hope, would be kept aside for any future rainy day.

The amounts due to IMO are not bad debts. They are owed by sovereign member states. There is no suggestion at all that any of them would never pay. In many cases delays are caused by financial procedures or the budgetary cycle. In some cases political or economic problems are the cause.

I am making every possible endeavour to secure payments and they are gradually coming in. The support of Lloyd's List has been consistently given to us in this regard, for which I am immensely grateful.

In all other respects, IMO is in extremely good shape. The following facts are relevant:

(i) The annual budget of the organisation is tightly controlled. It is about the smallest in the UN system. Despite this, prudent financial management and exchange rate factors enabled surpluses to be achieved during the last six years which were returned in subsequent periods to member states. These refunds ranged from \$1m in 1983 to \$1.75m in 1987, and even in 1988 a surplus of £632,942 was refunded.

(ii) The staff of the organisation is also rigorously controlled, and is also among the smallest in the UN system. During the preceding ten years, no new professional posts have been created except for "language posts" such as translators. The language posts are created only when member states themselves decide upon a wider use of different languages in order to promote the effective implementation of IMO's work on a global basis.

(iii) All policies and programmes of IMO have the full and unanimous support of member states.

(iv) IMO has been described by the joint inspection unit of the United Nations, appointed by the UN General Assembly, as a "model agency" which functions efficiently and effectively.

(v) The guiding philosophy of IMO is co-operation among all member states of North and South, East and West. We call it the IMO spirit.

(vi) IMO has already developed a well co-ordinated and comprehensive regime of global technical standards for maritime safety and pollution prevention. These are incorporated in IMO's conventions and protocols, nearly all of which are in force as part of prevailing international maritime law.

(vii) Our technical co-operation programme in the field is financed entirely by voluntary contributions. We have a global programme, largely devoted to maritime training which includes the World Maritime University, Malmö, and its branches around the world, the IMO International Maritime Academy, Trieste, and IMO International Maritime Law Institute, Malta. This programme is supported by all our member states, by UNDP, by shipowners, seafarers, classification societies, private foundations and many others. As a result of this programme, highly trained and motivated maritime specialists are now occupying senior positions such as directors general of shipping, general managers of ports, surveyors, technical managers of shipping companies and professors in maritime training academies. All of them are a force for global co-operation and effective implementation of IMO's standards for maritime safety and pollution prevention.

(viii) There is a very clear policy direction for the organisation, provided by the assembly in resolution A. 500 (XII) which calls for consolidation, implementation and further progress in a prudent and cost-effective manner.

(ix) IMO has the capability to respond speedily to developing situations. Some time ago IMO was called upon by the UN General Assembly and by the heads of states and governments of leading countries to deal with questions of unlawful acts against the safety of maritime navigation. IMO developed and adopted the requisite international treaty instruments in record time.

(x) IMO has been called upon again by the recent Paris summit to deal with the problem of oil spills on a global basis. IMO has already established contacts with concerned member states to pursue this important matter.

IMO is thus an extremely well-established organisation. It has global acceptability and is renowned as an agency of the United Nations system which works. All IMO needs is the payment of the approved funds for its management. With that support, IMO will continue to serve the world maritime community efficiently. No Sir, IMO is not floundering nor is it without direction.

Yours faithfully

C. P. Srivastava,
secretary general,
International Maritime
Organisation.