

# The Worshipful Company of World Traders



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## Introductory remarks

Master, Wardens, Lords, Aldermen, Sheriff, Chief Commoner, Ladies and Gentlemen.  
It is a great honour to have been invited to deliver the Tacitus lecture for 2020, in this magnificent and historic setting of the Guildhall.

## Significance of shipping and IMO's role

I have been engaged in the maritime industry for my entire working life from being a Naval officer to President of the Port of Busan. I now have the great honour and privilege of heading the International Maritime Organization, the United Nations agency responsible for the regulatory framework of international shipping.

That may sound like a very “niche” position; possibly not something that might affect you very much.

But what I hope to do today is show you;  
First, that ships and shipping are absolutely essential to the lives of everyone on the planet.

Second, that our work within the UN family is actively bringing broad, universal values to create a level playing field and incentivize innovation and sustainability.

And third, how IMO is safeguarding a global regulatory framework that leaves no one behind, whilst ensuring that the maritime industry adapts to future challenges and embraces opportunities to foster sustainable development and economic growth.

I want to talk to you about “sustainable shipping for a sustainable planet” – which is both the title of my lecture and the theme we have chosen for 2020 to underpin our contribution to the UN Decade of Action for Sustainable Development, which has just begun.

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## Relevance of shipping to the audience

But let's begin a bit closer to home.

I wonder how many of you, after a busy day at work, ever choose to relax in an armchair and watch some TV? Maybe you have a snack, perhaps a drink. Some, like me, may enjoy an occasional glass of wine.

Millions of people, all over the world, do something like this every day.

It does not occur to many of them to thank shipping for these simple pleasures.

Yet their TV probably arrived in a containership; the grain that made the bread in their sandwich came in a bulk carrier; your drink of choice probably came by sea, too; as did the glass and the plate.

The furniture in the room may have been imported by sea, or, if locally produced, the timber arrived from overseas in a log-carrier.

Indeed, if you look around, almost everything you see has been touched by shipping in some way. Raw materials, component parts, finished goods, fuel and food are all moved around the world by ships.

I believe you, present here today, understand more than others, how much shipping and trade are contributing to the world economy and connecting all people.

## Facts and figures on global shipping

As you are well aware, shipping carries more than 80 per cent of world trade, largely because ships enjoy unrivalled superiority over all other forms of transport when it comes to carrying massive quantities of cargo cost effectively, efficiently, cleanly and safely.

During 2018, the over 95,000 merchant ships carried a record 11 billion tonnes of cargo. When you factor in the distance travelled, estimates say shipping was responsible for some 58 thousand billion tonne-miles – a truly staggering figure!

Although cargo transport slumped dramatically during 2018; and the industry today faces external challenges that are likely to make the next decades a period of systemic change, for now, I want to stress that shipping affects us all; and we all rely on it. Every one of us owes a debt of gratitude to this largely unsung industry.

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## Why shipping is important yet “unsung” to the general public

What do I mean when I say shipping is an “unsung” industry?

Well, of all the sectors that make up the global transport infrastructure, shipping has a relatively low public profile.

Most people are very familiar with air travel – including all its rituals and frustrations!

Railway trains not only cross vast empty plains but also rattle through busy cities and towns. The lorries, cars and vans that crowd the road network are a part of our everyday life.

But, by contrast, most people rarely encounter a ship, except perhaps for the occasional trip on a ferry or cruise ship, or in the distance on the horizon, whilst at the seaside.

This is true even in many coastal cities. As ships grew exponentially in size, in the second half of the twentieth century, maritime traffic migrated from traditional port areas to purpose-built, dedicated sites away from the main centres of population – meaning that, for most people, shipping is “out of sight and out of mind”.

## Painting a picture of modern shipping

All this means that people tend to have a very outdated idea of what modern shipping looks like. I don't know if any of you have ever visited a modern ship; but, if you get the chance, I urge you to take it. And be prepared to change some of your preconceptions!

You are more likely to find the ship being controlled by a single joystick and a mouse-ball in the hand of the navigator than by a sailor struggling with a spoked wheel. The chief engineer will spend as much time tapping a keyboard as using a spanner.

So, today, the ships that we all rely on are modern, technologically advanced workplaces. And, as I hope to show you now, the work of IMO plays an important part in shaping these developments.

## IMO and shipping in the UN context

I mentioned earlier that IMO is one of 15 specialized agencies of the United Nations. To put that in context, other specialized agencies you may be familiar with include FAO – the Food and Agriculture Organization, WHO – the World Health Organization; and IMF – the International Monetary Fund.

You may ask “Why does shipping fall under the gaze of the United Nations”?

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Shipping is perhaps the most international of all the world's great industries. The ownership, management and operational chain surrounding any particular vessel can include many different countries.

It is not unusual to find that the owners, financiers, builders, operators, charterers, insurers and the classification society, not to mention the officers and crew, are all of different nationalities and that none of these are from the country where the ship is registered or “flagged”.

Not only that, the nature of shipping means these huge assets spend their lifetime moving between continents and countries in international waters.

There is, therefore, a clear need for a framework of international standards to regulate shipping.

And that’s where IMO comes in.

### Brief historical notes on IMO

To fully understand the history of IMO, I have to start well before its establishment in 1948, with the most famous of maritime disasters; the sinking of the Titanic on 15 April 1912, which, after hitting an iceberg, resulted in the death of 1,523 people.

As would be the case many times in the future, this major maritime accident proved to be the catalyst for the adoption, in 1914, of the first International Convention for the Safety of Life at Sea (SOLAS), which first entered into force in 1933.

But it was not until the United Nations was established after World War II that a permanent international body was set up to develop and maintain international standards for shipping.

In 1948, an international conference in Geneva adopted a convention formally establishing what is now IMO. This came into force in 1958 and the new Organization met for the first time the following year.

IMO commenced its work by updating and strengthening safety measures, under the SOLAS Convention, however its remit soon expanded to consider the environmental impact of shipping.

As with the international safety regulation, it all started with a major environmental disaster, the Torrey Canyon oil spill off the south-west coast of the UK in 1967, spilling an estimated 25 - 36 million gallons of crude oil. An event some of you might remember.

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It led to significant changes in international safety regulations, but most notably to the adoption of IMO's second major instrument – the International Convention for the Prevention of Pollution from Ships or MARPOL.

Since then, IMO's main task has been to develop and maintain a comprehensive regulatory framework for international shipping.

But – enough of the history lesson! What does IMO do today, and why does it matter to so many other people all over the world?

### IMO's role - How IMO measures help improve shipping

Over time, IMO's mandate expanded to legal and security matters, the efficiency of navigation, as well as technical cooperation and capacity building.

Today, IMO has 174 Member States, as well as 143 NGOs and IGOs with observer status and maintains a comprehensive body of 50 international conventions, supported by literally hundreds of guidelines and recommendations that govern a ship's life-cycle from the cradle to the grave: from ship design and construction, through ship navigation to ship recycling.

Broadly speaking, IMO instruments fall into four categories: safety, environmental protection, efficiency of navigation and compensation.

The first category ensures the safety of ships, navigation as well as seafarers, fishers and passengers through global standards for ship design, construction, equipment, operation and crewing, but also seafarers' and fishers' qualification and training, and safety management and operation by shipping companies.

The second category ensures the protection of the environment from shipping activities with rules concerning the prevention of marine pollution by oil, and other harmful substances, air pollution and emissions from ships, and oil spill clean-up and response mechanisms.

The third category, ensures the efficiency of navigation by facilitating international maritime traffic, including the arrival, stay and departure of ships, persons and cargo from ports.

The final category is concerned with the aftermath of accidents. In particular, with establishing mechanisms for ensuring that those who suffer the consequences of an accident – like seafarers, passengers and pollution victims – can receive adequate compensation.

The only aspect of international shipping that IMO is not engaged with is the commercial operation of ships.

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### Capacity building – leaving no one behind

Aside from our regulatory work, a key part of IMO's contribution to the sustainability agenda is our technical cooperation work.

If the benefits of sustainable growth are to be evenly spread, all countries must be able to play a full and active part in the global supply chain and build strong transport infrastructures.

IMO recognizes that not all its Members have an equal ability to participate in maritime activity or implement the measures agreed at IMO.

Which is why we have established extensive technical cooperation and capacity building programmes to assist developing countries in the implementation of IMO instruments.

Typically, this involves arranging training, workshops and seminars on particular subjects.

We operate 12 global programmes ranging from providing technical advisory services to supporting sustainable development and the blue economy.

We are currently also implementing around 10 donor-funded long-term projects on, among others, the reduction of greenhouse gas emissions, technology transfer and maritime security, in partnership with UNEP, the European Union and IMO Member States.

We have also founded two educational institutions, the World Maritime University in Sweden and the International Maritime Law Institute in Malta, which are designed principally to offer advanced education in maritime subjects to students from less developed countries.

So, as I hope you can see, it is largely thanks to IMO that the trouble-free transport of billion tonnes of goods by sea is possible.

It is also, I must add, a testimony to the highly responsible attitude within the shipping industry itself, at all levels, and the fantastic spirit of collaboration displayed among IMO Member States.

### IMO, shipping and sustainability

Let me now move on to the second part of what I want to talk to you about today.

IMO is part of the United Nations family; and, as I am sure you know, the UN family acts across a whole range of areas under the broad objective of creating a better and fairer society for everyone to live in – in the words of the UN Charter “to promote social progress and better standards of life....”

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So how does that apply to shipping, and to our work as the industry's regulator?

Today, action on these core values of the UN system is focused around the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals or SDGs, adopted in 2015.

This Agenda calls for action by all countries to eradicate poverty and achieve sustainable development, while protecting the planet from environmental degradation, by 2030, worldwide. The SDGs provide a unique opportunity to transform the world for the better through stable and inclusive growth.

Helping our Member States achieve the 2030 Agenda is one of our key goals.

Aside from the key role shipping plays as the carrier of global trade, maritime activities also provide an important source of income to many developing countries.

Indeed, developing countries now lead the world in some of shipping's most important auxiliary businesses, including ship registration, the provision of seafarers and ship services.

They also play a significant part in ship owning and operating, shipbuilding and repair and port services.

It is widely recognized that most of the elements of the 2030 Agenda will only be achieved with a sustainable transport sector – including shipping and ports – supporting world trade and facilitating the global economy.

Every single piece of IMO's all-embracing regulatory structure and capacity building activities creates the conditions in which international shipping can operate sustainably; safely, securely and with a minimal impact on the global environment

This is the central pillar of IMO's mission.

### The challenges and opportunities ahead

This brings me to my third point: how is IMO ensuring that the maritime industry adapts to future challenges and takes advantage of opportunities to foster sustainable global trade and economic growth?

Shipping is entering a new era, driven by regulatory imperatives, by commercial necessities, by changing social expectations and by new technologies.

There will be more changes in shipping over the next 10 years than in the past 50.

So, what are the challenges and opportunities facing the shipping industry today? And consequently, facing us, as its global regulator?

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## Digitalization and new technologies

Digitalization, big data, and new technologies such as artificial intelligence and robotics have the potential to take shipping and the maritime community into a bright new future.

One of these future scenarios is autonomous shipping, which has the potential to redefine our industry.

Modern ships already include complex automated systems which have allowed for a gradual reduction in onboard manning.

Increased data collection, processing and interconnectivity capabilities, enabling automated systems to be controlled remotely or through artificial intelligence, may ultimately result in unmanned ships.

This has the potential to increase safety, improve environmental performance, and enable more cost-effective shipping.

These technologies are developing rapidly, and autonomous ships are currently being trialled in some sea areas. However, the operation of autonomous ships will need to be at least as safe as existing vessels if they are to secure regulatory approval, the support of ship owners, operators, seafarers and wider public acceptance.

Most predictions are that autonomous or semi-autonomous operation would be limited to short voyages. However, it is clear that the level of automation in the maritime industry will increase substantially.

IMO is now working to ensure shipping can embrace the digital and automation revolution – while ensuring safety, environmental protection as well as cyber security.

These are exciting times!

## Human element and gender equality

This may be the era of technology. But IMO never forgets the men and women onboard and ashore enabling the smooth operating of our international industry.

I cannot stress enough how essential the over 1.6 million seafarers and the over 40 million fishers worldwide are, for safe and sustainable shipping and fishing.

The wellbeing of seafarers and fishers remains a priority for IMO. Their health, education, safety and legal protection are vital issues for us – and, I can assure you, for the shipping industry, as well.



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I have pledged to ensure that maritime personnel are always one of the first considerations in any measures that are debated and adopted at IMO.

And this includes our continuing support for gender equality. Shipping has historically been a male-dominated industry and women are still severely under-represented.

The employment of women in all industries is a critical driver to ensure sustainable growth and global prosperity. Promoting gender equality in the maritime world has been on the IMO agenda for well over 30 years, it was our major focus of our work last year and will continue to be central to our work going forward.

### IMO's and the protection of the environment

#### Climate change

Ladies and gentlemen,

the biggest single challenge we all face today is the fight against global warming and climate change. Everyone has a responsibility and shipping has already commenced its work, but more needs to be done.

Decarbonization is the objective. In 2018, IMO adopted a detailed Initial Strategy to achieve it, with clear goals and ambitions that emissions from shipping should peak as soon as possible and that total annual GHG emissions should be reduced by at least 50 per cent by 2050 compared to 2008 (an individual ship has to reduce its emissions by over 80%); while, at the same time, pursuing efforts towards phasing them out entirely as soon as possible in this century.

This Initial Strategy will be finalized by 2023, based on further research, studies and experience.

This Strategy is helping to drive shipping's transformation towards a sustainable, decarbonized future. Our challenge now is to ensure it is implemented, and its ambitions realized. It won't be easy. Ships have a relatively long lifespan, and global trading is still predicted to rise.

This means that, to deliver the Strategy, significant numbers of zero-carbon ships, or ships that can be easily adapted to use low or zero carbon fuels, will have to enter the fleet as early as the 2030s.

That's what makes the Strategy so ambitious. Maximizing technical or operational measures will only allow for an emission reduction of around 50%.

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New technologies and new fuels will be vital if our targets are to be met.

I am certain that these ambitious regulatory targets will act as the catalyst for technology, triggering research, development and innovation.

While research into developing zero-carbon marine fuels is underway - with hydrogen, ammonia or biofuels considered viable options - more action is needed to speed-up this process.

To achieve this, IMO is stepping up its efforts to act as the global forum and promoter of R&D in zero-carbon marine fuels, bringing together interested stakeholders from around the world.

The first steps are being taken by the shipping industry, which has shown its commitment by proposing the creation of a new 5 billion US dollar R&D fund based on a mandatory fuel levy. This proposal will be discussed at IMO in April this year.

But it must be a collaborative effort. Industry, governments, the financial sector and others all have their responsibilities and are expected to play their part. Now is the time for action on climate change.

### Cleaner fuel – IMO 2020

We have seen such collaborative efforts before, many times.

In recent years, for example, IMO Member States, the shipping, oil and bunker industries and many other stakeholders worked tirelessly to pave the way for the harmonized and smooth entry into force of the global reduction in the sulphur content in ships' fuel oil from 3.5% to 0.5%, usually referred to as "IMO 2020".

It appears that the preparation efforts have reaped benefits, as the implementation of this regulation, dubbed by some as the most controversial regulation in the history of the Organization, is going smoothly.

The benefits of IMO 2020 cannot be overstated. It is estimated that hundreds of thousands of lives, particularly those living in coastal areas, will be prolonged as a result of this regulation. The shipping industry has come together to have a hugely beneficial impact on human health.

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### Protection of the oceans – opportunities of the blue economy

But of course, IMO's current work is not only limited to air pollution - the protection of our oceans is vital to ensure a healthy planet.

Shipping is just one of many stakeholders competing for use of the oceans. The world's oceans provide raw materials, energy, food, employment, a place to live and a place to relax.

This so-called "blue economy" of ocean-related activity is expanding rapidly. But the blue economy must be balanced and sustainable. It must not come at the expense of the ocean and marine ecosystems.

Marine plastic litter is a major concern. All of you may have seen the devastating pictures of turtles or seals entangled in plastics or fishing gear.

Although over 80% of marine litter is estimated to be land-based and the discharge of garbage from ships has been prohibited since the 1980s, IMO is strengthening its work to further reduce marine litter and in particular plastics from merchant ships and fishing vessels through a Marine Plastic Litter Action Plan.

IMO has also started to consider measures to reduce underwater noise. Noise can negatively impact ocean animals and ecosystems by reducing their ability to communicate with group members, avoid predators, find food and navigate.

Through its many initiatives on ocean matters, IMO underpins development of the maritime sector and the "blue economy".

### Arctic shipping (Polar Code)

We are currently also witnessing the development of new trading routes, which can affect trade flows permanently. The increase of shipping activities in the Arctic and the potential opening of the Northwest Passage or Northern Sea Route - though sadly caused by climate change – can provide shipping with many opportunities.

The opening of the Arctic shipping routes, for example, would cut thousands of miles and weeks off journeys from China or Japan to Europe, that currently go through the Panama or Suez canals.

This increase in activity can expose ships which operate in the harsh Arctic and Antarctic regions, and the regions themselves, to many unique risks.

Which is why ship safety, and the protection of the pristine environments around the poles, have always been on IMO's agenda. The most important, and comprehensive protection mechanism is the Polar Code, rightly seen as an historic milestone in the Organization's work.

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Yet there is still need for further work. The maritime infrastructure for ships operating in polar waters must be further strengthened.

Navigational charts, search and rescue facilities, a comprehensive network of icebreaker support, port reception facilities and the provision of maritime safety information, all need to be addressed by the shipping community to ensure safe and environmentally sound voyages.

To progress this work, in collaboration with Member States, IMO has been participating in the Arctic Council, as an observer member, since 2019.

### Changing trading patterns – introduction

Changing global trade flows also intensify the strain placed on international shipping in other areas of the world.

The changes caused by moderate growth in the global economy, trade tensions and global conflicts, have a lasting impact on the landscape shipping operates in.

### Piracy and security issues

Security threats to the port and shipping sectors continue to evolve, affecting shipping routes with an impact on global trade, but most importantly posing a life-threatening risk to seafarers.

Emerging issues include the fallout from piracy and armed robbery particularly in the Gulf of Guinea. There is a need for global and regional efforts to fight these threats.

IMO, through cooperation among littoral States, is trying to make progress in strengthening the support to countries around the world to boost their maritime security capacities. The successful approach in the Gulf of Aden, which reduced piracy incidents significantly, is expected to be utilized in the Gulf of Guinea to ensure the security of ships, but in particular the seafarers.

### Efficiency of shipping: the facilitation of trade

The new landscape is also characterized by a larger role played by technology and a focus on increased efficiencies across the supply chain.

Let's take for example our work to enhance trade efficiency.

Knowing the many challenges awaiting shipping and international trade in the coming decades, IMO is working to ensure the adoption of technologies that increase the connectivity and efficiency of working practices in maritime transport and ship

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management; be it in marine communications or the exchange of information in the ship-to-ship as well as the ship-to-shore interfaces.

Cooperation and communication between shipping, ports and logistics will be vital to enhance the efficiency and sustainability of shipping and therefore facilitate trade and foster economic growth and prosperity.

Capitalizing on technological advances will be a simple and effective way to make shipping – and the whole supply chain – much more efficient, for the more than 11 billion tons of goods that are traded annually by sea across the globe.

But to address these challenges properly, many different stakeholders will have to work together.

Communication, cooperation, collaboration and consensus are keys to our success – and IMO has a long tradition in all of them.

### Future outlook for shipping

Ladies and gentlemen,

It is a fact that, today, we live in a global society, supported by a global economy – and that this economy simply could not function, if it were not for ships and the shipping industry.

The benefits of sustainable global economic growth are clear: prosperity is more widely spread; skills and technology can be widely shared, and both individuals and countries can take advantage of previously unimagined opportunities.

Trade tensions, a global shift towards protectionism and, yes, the demands of meeting increasingly rigorous environmental expectations all contribute to short term economic prospects for shipping being not bright.

Nevertheless, international maritime trade is still predicted to grow by an average of 3.5 per cent over the 2019 to 2024 period.

And that is because, whatever else may happen, one thing is certain. We may live in a time of fundamental shifts in the social and geopolitical order and growing uncertainty around trade.

But the movement of raw materials, energy and the transport of manufactured goods and products between continents would not be possible without cost-efficient maritime transport. And these are things on which sustainable growth and development will depend.

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## Pressures on shipping to remain sustainable

Shipping remains unchallenged as the carrier of the raw materials and finished products that people everywhere want and need.

It must meet the increasing demands of its customers, and of society, regarding environmental and social performance. It must continually adjust to new expectations and developments.

Of course, at the same time, there is an equally strong pressure to achieve economic sustainability.

Are these two objectives compatible?

Higher standards of safety and environmental performance often come at an initial financial cost. But they also provide opportunities to find truly effective and financially sound, long-term solutions. Research and development can both improve environmental performance and safety and cut operating costs overall over time.

## Conclusion

Shipping is entering an exciting, new age. Under the banner of IMO, all relevant stakeholders – including governments, the shipping industry, ports, technology suppliers, academia, investors and environmental groups – are actively working to ensure that shipping has a truly sustainable future so that people everywhere can continue to reap the benefits of an industry they fundamentally rely on, but rarely see.

With is, I would like to thank the World Traders' Company for inviting me to provide the Tacitus Lecture and wish all present here every success and prosperity. Thank you.