Impact of New Maritime Security Measures

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SUMMARY
The International Maritime Organization (IMO), when it amended the 1974 Safety of Life at Sea (SOLAS) Convention, increased port and ship security to a new level. The new protocol is called the International Ships and Port Facility Security (ISPS) Code and it mandates elaborate security-related regulations that affect international shipping. The ISPS Code has two parts, the first mandatory, and the secondary optional. However, the US has declared that it will be regarding parts A and B as both central to maritime security and therefore obligatory. Moreover, it is predicted that the European Union countries will follow suit. In light of these developments, the United States American Bureau of Shipping (ABS) is introducing its own stringent measures to interface with the regulations of the ISPS Code. The thrust of these new measures is to deter potential terrorist and pirate attacks, and the driving forces behind this legislation stem from international groups such as the United Nations Counter-Terrorism Committee, who study and deal with global terrorism. These committees believe that present security laws are archaic, and have to be updated with the rapidly evolving maritime industry. The IMO and ABS plan to initiate the transition from the previous policies to the updated version in July 2004.

Unfortunately, however, the new ISPS Code may nevertheless produce as many problems as it solves. First, compliance with the ISPS will be costly for private and public institutions alike. While advocates view the ISPS Code as an asset to public interest because it provides protection from pilferage, and a safe means of transporting cargo and passengers, companies see the ISPS Code in a different light, viewing it as a liability with high initial cost and expensive annual expenditures. Another disadvantage for US owned and operated companies is that the ISPS Code will most likely face more strict regulations than their international counterparts, and smaller US-based companies may find themselves on the edge of a financial precipice. Similarly, larger companies will be met with the cost of training crews and officers for the Code, and hiring additional labor for port and ship security. In turn, this will result in possible lost revenue due to cargo delays and increases in insurance and operating costs, all of which will be devastating to profits.

Cost savings have been a major concern for both US and international owned and operated maritime companies, especially since the costly Oil Pollution Act (OPA) of 1990. True, the OPA was in response to an environmental disaster rather than terrorist attacks, yet the costs of compliance with the OPA were, and still are, a daunting cost to shipping. The financial shock wave was crippling to companies delivering crude oil to the US, many companies spent millions revamping their fleets. Likewise, the ISPS Code will be costly since it deals with the complete spectrum of shipping, and is not limited to one specific trade.

The ISPS Code, however well intentioned, will most likely be blamed on an increase in operating cost, and a decrease in profits. Nevertheless, the looming deadline of July 2004 approaches. The USCG is working closely with the ABS to prepare for the new regulations, and is planning to impose financial penalties for those who are not up to par come this July. This is an expensive course to embark on and will be discussed in the research paper.

Reference:

The United States American Bureau of Shipping, http://www.eagle.org/prodserv/shipsecurity/index.html

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