

Exploring the linkages of port integrity commitments and corruption risks in different shipping markets

Presented at IAME 2022, Busan



Paraskevi Kladaki
Department of Shipping, Trade and Transport, University of the Aegean, Greece



Athanasios A. Pallis
Department of Maritime Studies, University of Piraeus, Greece



Gordon Wilmsmeier
Facultad de Administración, Universidad de los Andes, Bogotá, Colombia
Kühne Logistics University (KLU), Hamburg, Germany



Please cite this as: Kladaki P., Pallis A.A. and Wilmsmeier G. (2022). Exploring the linkages of port integrity commitments and corruption risks in different shipping markets. IAME 2022 Annual Conference, Busan, S. Korea.

The Study

- **Theme:** Corruption & integrity in shipping and ports
- **Scope:** Identify & measure integrity in the port sector
- **Methodology:**
 - I. **Constructing a global port database:**
 - I. Integrity commitments of ports (of different actors involved)
 - II. Corruption incidents in ports (2011-2022; the *MACN* database).
 - III. Type/Number of Services and Calls per port
 - IV. Country-related integrity/transparency indicators
 - II. **Analysis:**
 - I. Descriptive statistics (regional dimension)
 - II. Model and correlations (in progress) to identify patterns of corruption incidents.

Bribery incidents in ports (2011-2021)



47.153 incidents



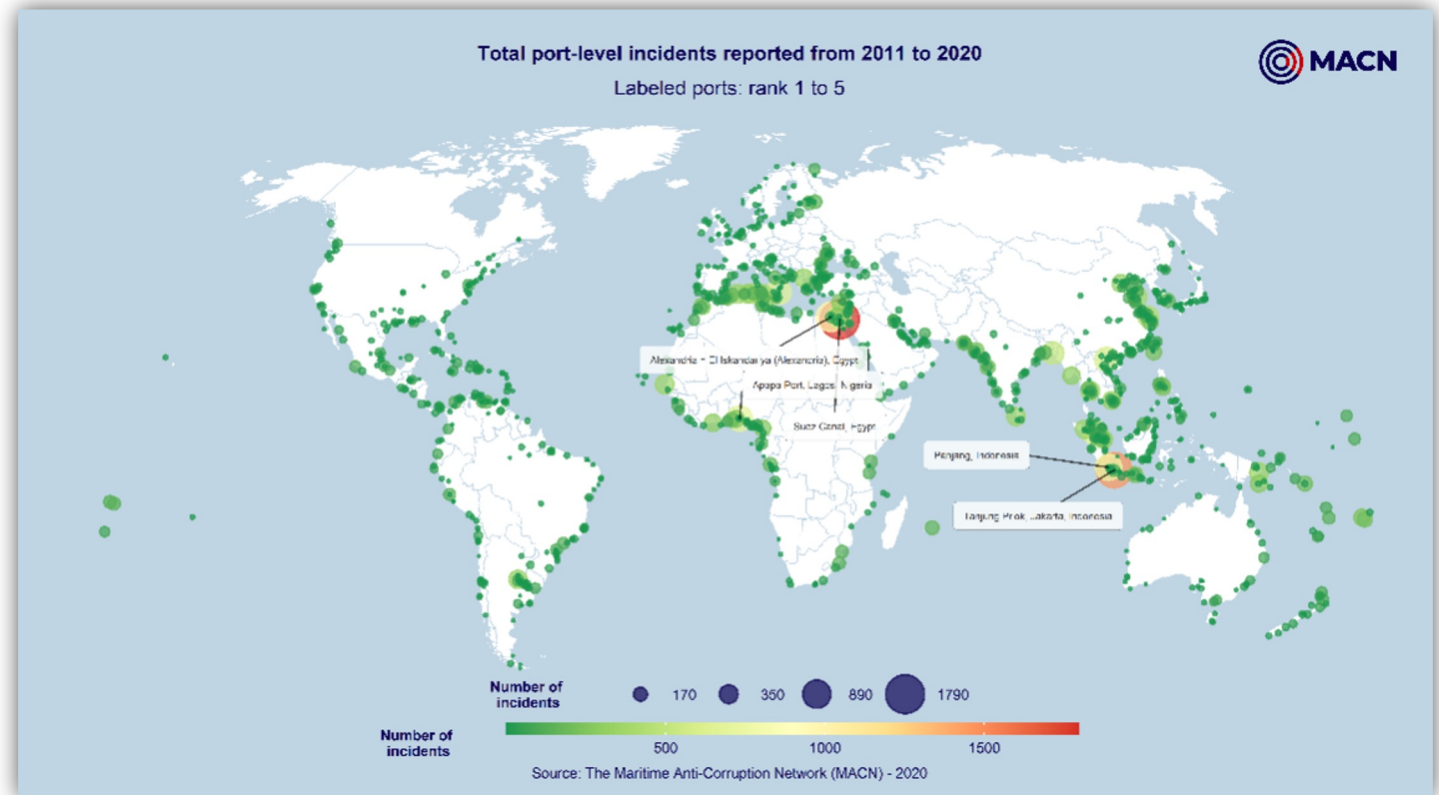
151 countries



1.264 ports



Port authorities
(52%)



Source: MACN Incident Reporting (2011=2021)

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Rationale of the Study

Corruption Incidents:

A visible challenge for the maritime industry

Incidents usually occur **during the approach and mooring of ships in ports**

Especially during the procedures of **clearance and inspection of ships.**

Such incidents can include:

Under-invoicing to avoid customs duties and taxes,

Bribes to gain contacts

Facilitation payments to marine officials during **vessel clearance processes.**

International attempts to tackle corruption

- The **Maritime Single Window**
 - Target: Improvements in the efficiency of customs procedures in ports (especially clearance) (IAPH 2021)
- **Latest IMO initiative:**
 - “Guidance to address bribery and corruption in the maritime sector” (IMO 2020)

Benefits of mapping Port Integrity Commitments

1
Compliance with
International standards



2
Transparency
and Efficiency



3
Improved safety
 Vessels crew.
 Cargo
 Port employees



4
Elimination of
port delays



5
Port selection



6
Improved trust



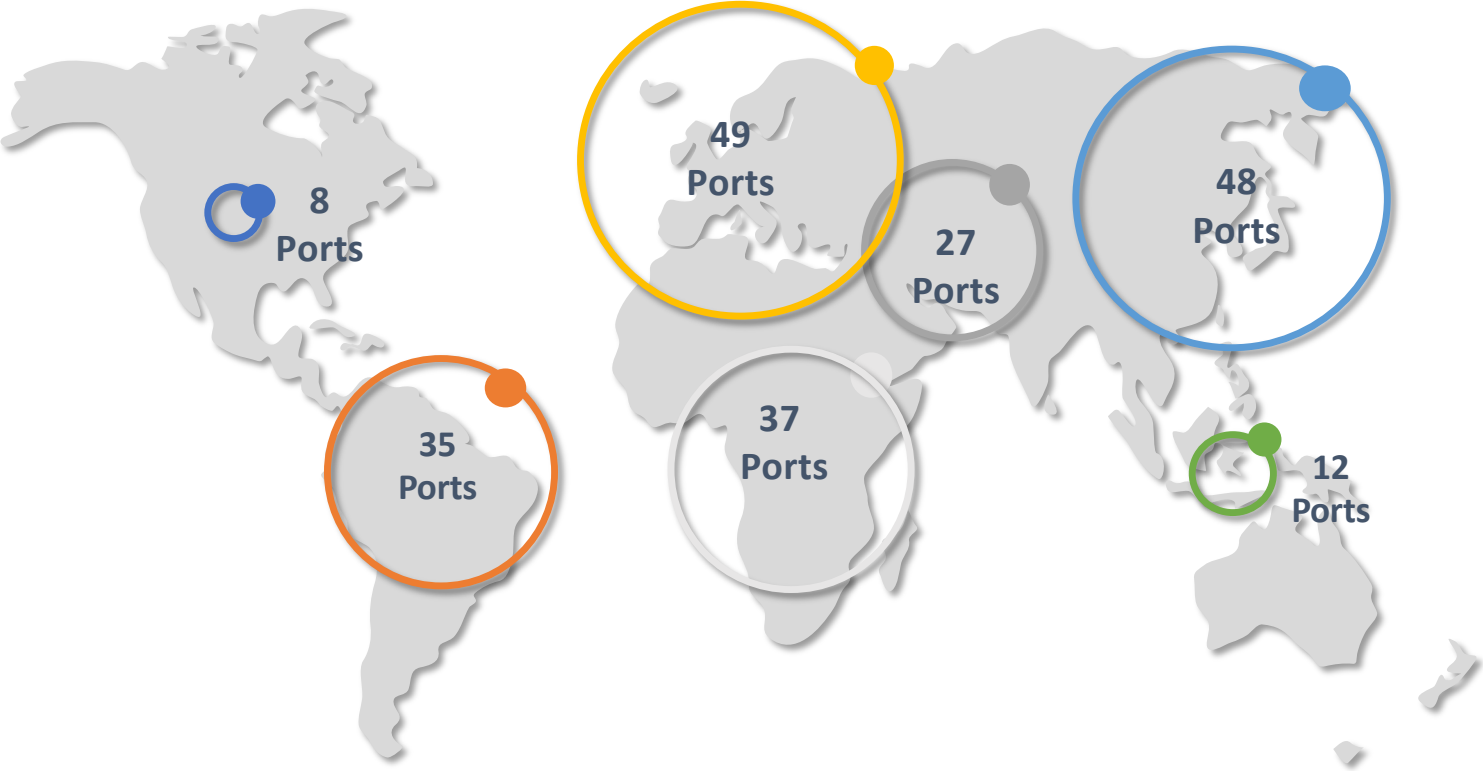
7
Corporate Social
Responsibility



8
Competitive advantage



Database: integrity commitments of 216 ports



● **LATIN AMERICA & CARRIBEAN**
35 PORTS

● **MIDDLE EAST & NORTH AFRICA**
27 PORTS

● **EAST ASIA & PACIFIC**
48 PORTS

● **NORTH AMERICA**
8 PORTS

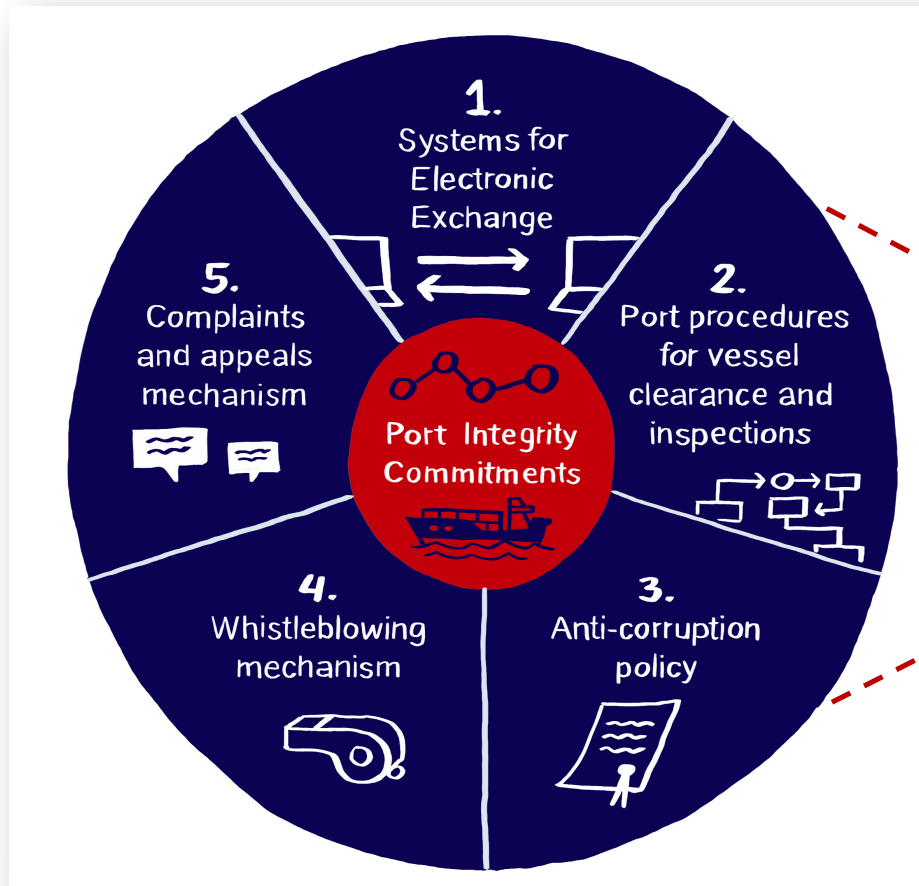
● **SUB-SAHARAN AFRICA**
37 PORTS

● **EUROPE & CENTRAL ASIA**
49 PORTS
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● **SOUTH ASIA**
12 PORTS

The integrity exercise:

Five (5) Commitments - Four (4) Key Stakeholders



1.
The **Port Authority**
(or the relevant port
management entity)

2.
The **Customs Authority**

3.
The **Immigration
Authority**

4.
The **Port Health
Authority**

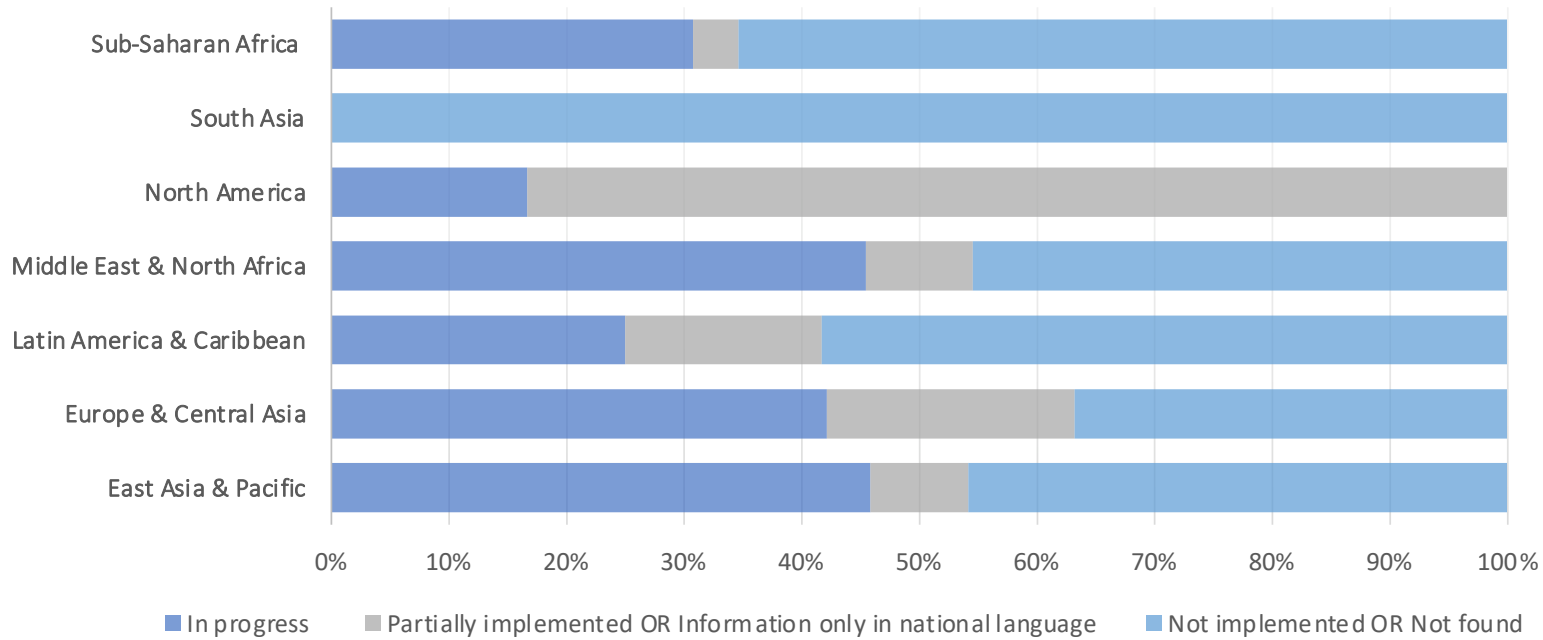
Port integrity commitments in detail

Domain	Indicator (Question)	Unit of Analysis	Rationale
B. Port Integrity Commitments	<ul style="list-style-type: none"> B1: Does the port use systems for Electronic Exchange of Information between Ships & Port? (as defined in April 2019 FAL Convention) 	<ul style="list-style-type: none"> Port Authority/ Operator 	<ul style="list-style-type: none"> Data on integrity efforts at the port and government agency level.
	<ul style="list-style-type: none"> B2: Are Port Procedures for vessel clearance and inspections available online? 	<ul style="list-style-type: none"> Port Authority 	<ul style="list-style-type: none"> Data is collected via desktop research and via survey data from each authority covered.
	<ul style="list-style-type: none"> B3: Is the authority's anti-corruption policy available on the authority's website? 	<ul style="list-style-type: none"> Customs Authority 	<ul style="list-style-type: none"> This data provides an entry point for action and improvements at the port level
	<ul style="list-style-type: none"> B4: Does the authority or other relevant government body have a comprehensive whistleblowing mechanism in place? 	<ul style="list-style-type: none"> Immigration Authority 	
	<ul style="list-style-type: none"> B5: Does the authority or other relevant government body have a comprehensive complaints and appeals mechanism in place? 	<ul style="list-style-type: none"> Port Health Authority 	

Findings from mapping integrity:

i.Descriptive Statistics

Figure 1 -Availability of anti-corruption policy per region



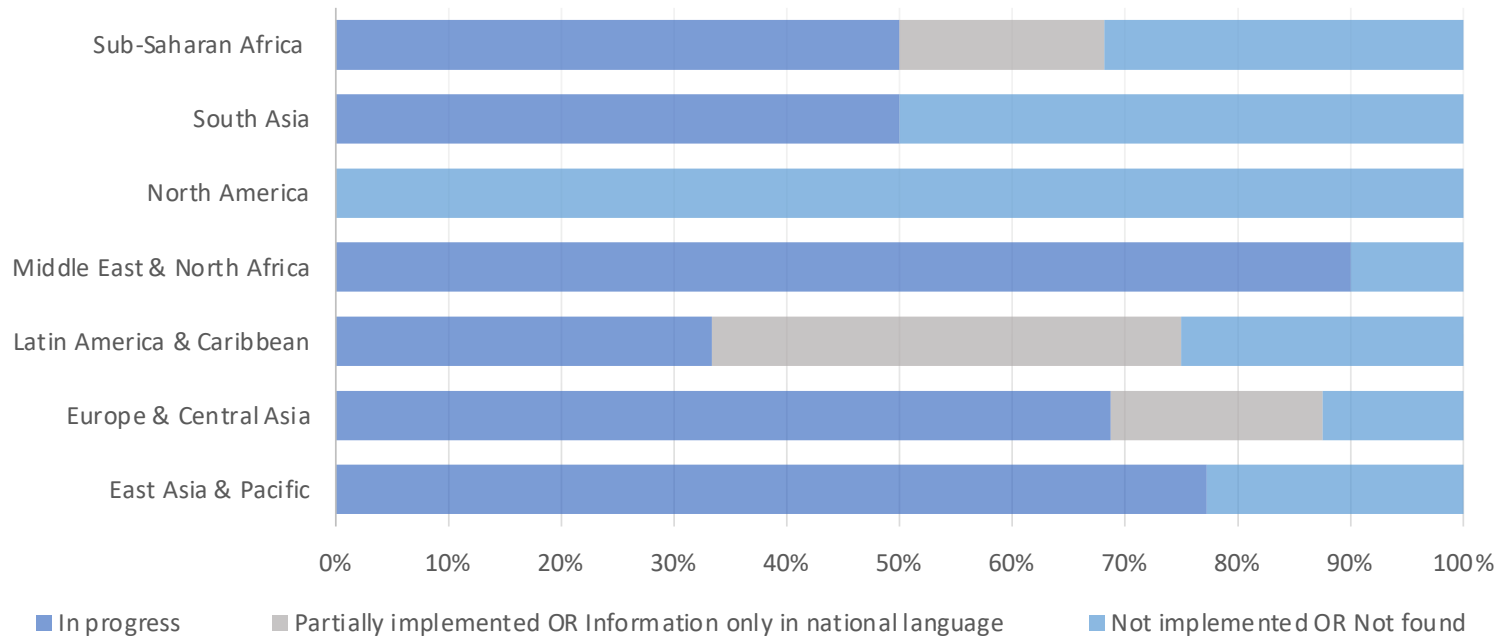
Note: Based on a total of 106 ports in 51 countries, data collected during Q3 and Q4 of 2021.

Source: Authors

Findings from mapping integrity:

i.Descriptive Statistics

Figure 2 - Use of systems for electronic exchange of information between ships and port, per region



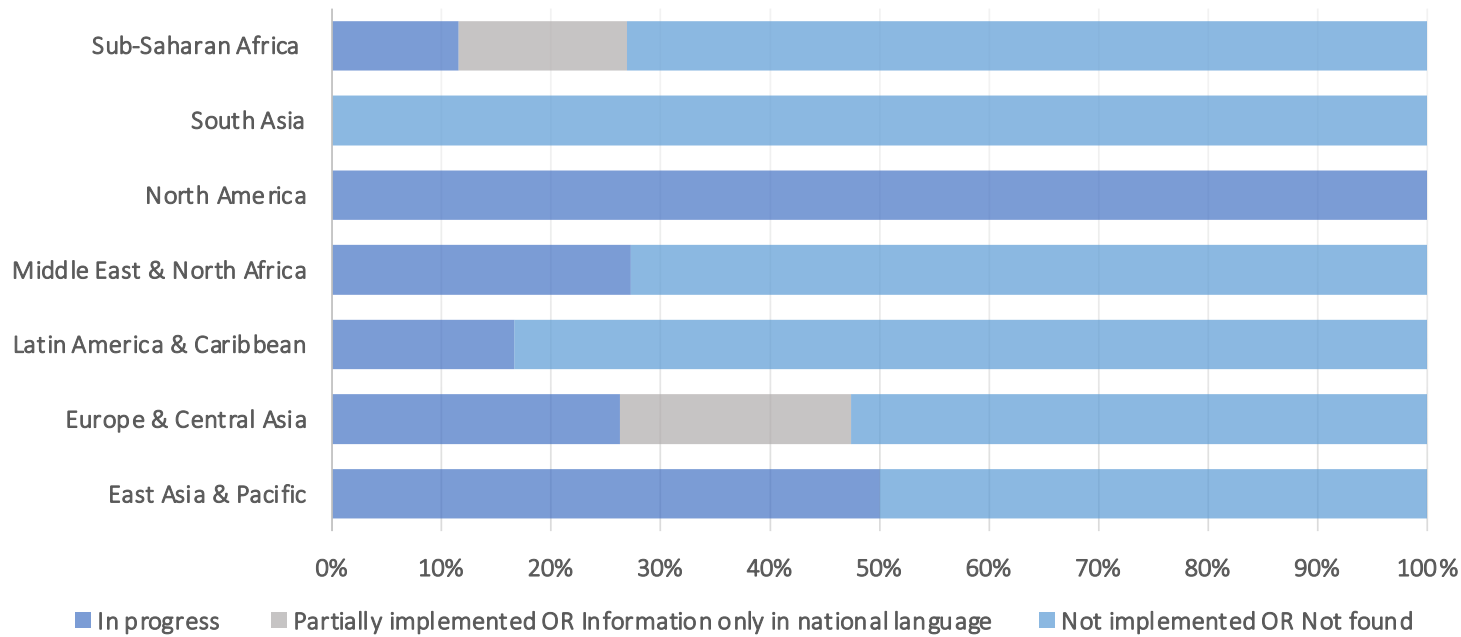
Note: Based on a total of 106 ports in 51 countries, data collected during Q3 and Q4 of 2021.

Source: Authors

Findings from mapping integrity:

i.Descriptive Statistics

Figure 3 - Availability of a whistleblowing mechanism, per region



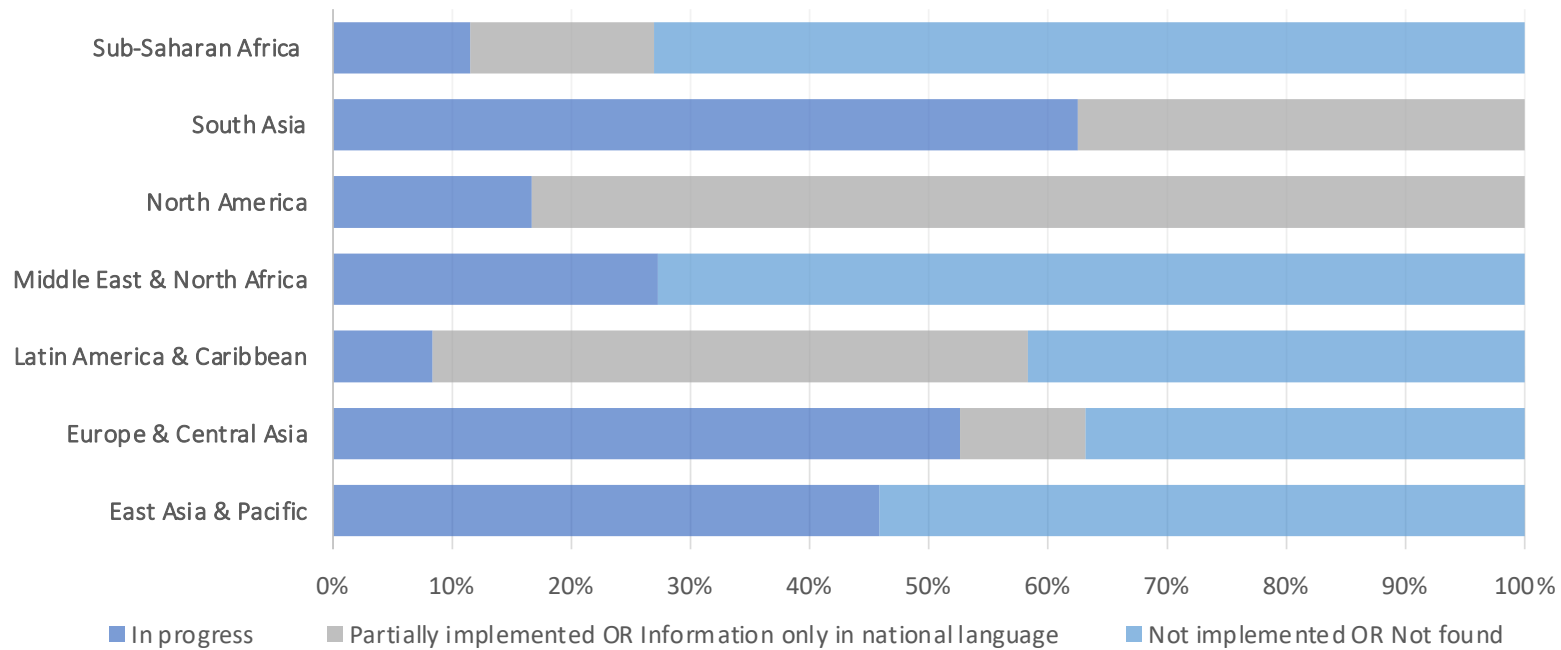
Note: Based on a total of 106 ports in 51 countries, data collected during Q3 and Q4 of 2021.

Source: Authors

Findings from mapping integrity:

i.Descriptive Statistics

Figure 4 - Availability of complaints and appeals mechanism, per region



Note: Based on a total of 106 ports in 51 countries, data collected during Q3 and Q4 of 2021.
Source: Authors

Findings from mapping integrity:

i.Descriptive Statistics

Table 1 - Full implementation in surveyed ports per actor

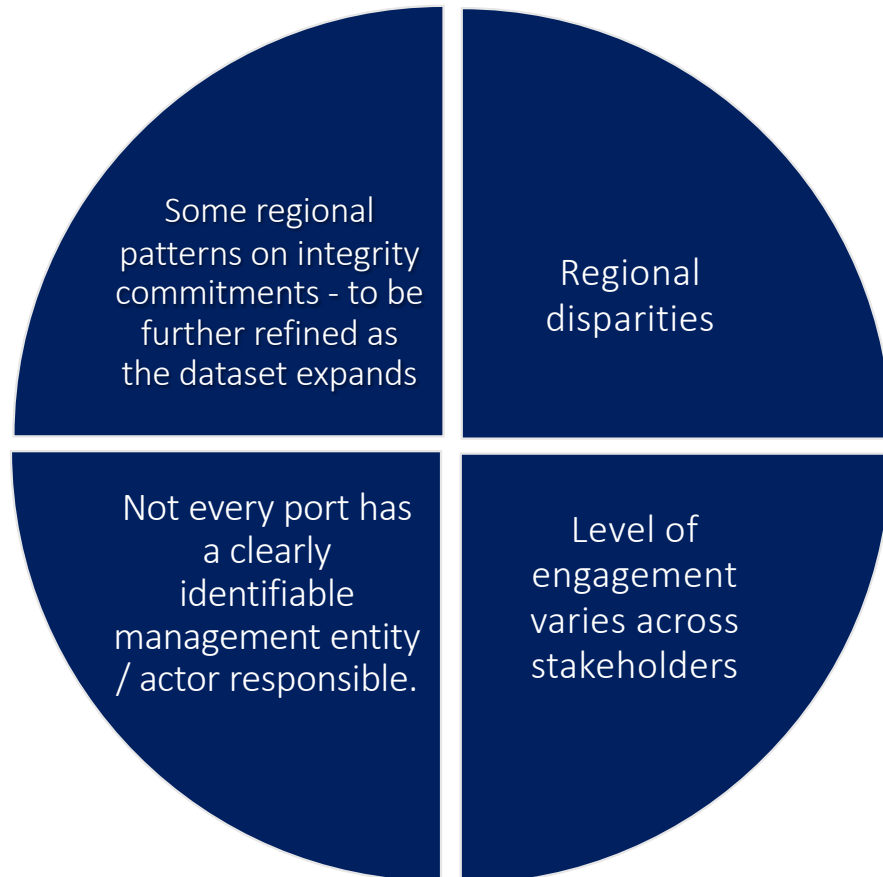
	Port Authority	Customs Authority	Immigration Authority	Health Authority
Systems for Electronic Exchange of Information *	10	-	-	-
Port Procedures for vessel clearance and inspections	12	33	4	3
Anti-corruption policy	11	24	8	0
Whistleblowing mechanism	4	4	5	1
Complaints and appeals mechanism	12	12	7	7

Notes: Based on a total of 106 ports in 51 countries, data collected during Q3 and Q4 of 2021.

* This key area is assessed only for the Port Authority

Source: Authors

Findings from mapping integrity motivate further research



- 👉 Need to identify causes, increase engagement level.
- 👉 Need to identify causes and actions towards better and even implementation.
- 👉 Governance patterns may provide a key towards better understanding.

The next steps: Building the model

Objective: Weather and how variables such as the **number of reported corruption incidents, the reported severity of these incidents, and the type of actors involved**, are correlated with different sets of independent variables (*levels of integrity commitments per stakeholder, port calls per country, type of maritime trade per country*) *

NOTE: Classification of data is geographical, and findings will be discussed on a regional and country basis.

$$y_1 = \beta_0 + \beta_1 * X_1 + \dots \beta_n * X_n + \varepsilon_i$$

$$y_2 = \beta_0 + \beta_1 * X_1 + \dots \beta_n * X_n + \varepsilon_i$$

$$y_3 = \beta_0 + \beta_1 * X_1 + \dots \beta_n * X_n + \varepsilon_i$$

* Via statistical analysis (Including regression analysis, correlations analysis, one-way ANOVA and Kruskal Wallis analysis of variance); attempts for further modelling are in progress.

The next steps: Building the model

Dependent Variables:

Y_1 (Corruption incidents.1)

Y_2 (Corruption incidents.2)

Y_3 (Corruption incidents.3)

$$y_1 = \beta_0 + \beta_1 * X_1 + \dots + \beta_n * X_n + \varepsilon_i$$

$$y_2 = \beta_0 + \beta_1 * X_1 + \dots + \beta_n * X_n + \varepsilon_i$$

$$y_3 = \beta_0 + \beta_1 * X_1 + \dots + \beta_n * X_n + \varepsilon_i$$

Independent Variables:

β_1 (Integrity commitment.1)

β_2 (Integrity commitment.2)

β_3 (Integrity commitment.3)

β_4 (Integrity commitment.4)

β_5 (Integrity commitment.5)

β_6 (Corruption incidents.1)

β_7 (Corruption incidents.2)

β_8 (Total calls)

β_9 (Calls/ Type of Trade.1)

β_{10} (Calls/ Type of Trade.2)

β_{11} (Calls/ Type of Trade.3)

β_{12} (Calls/ Type of Trade.4)

β_{13} (TRACE Country Risk Score)

Special Thanks & Acknowledgments

This Research has benefited by the special contribution of:



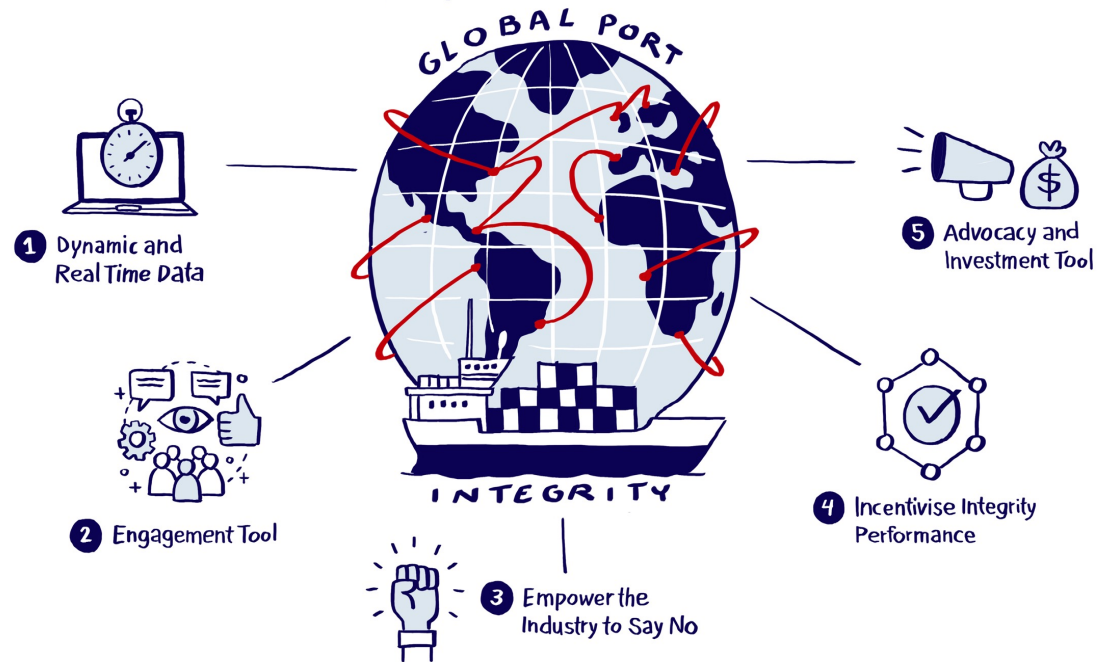
MACN: The Maritime Anti-corruption Network

A global business network that provides a unique forum for businesses to contribute to the elimination of corrupt practices in the maritime industry. MACN is composed of vessel-owning companies and others in the maritime industry, including cargo owners and service providers.



“EN.I.R.I.S.S.T.+ (Intelligent Research Infrastructure for Shipping, Supply Chain, Transport and Logistics)”

Funding: NSRF 2014-2020 Action “Strengthening Research and Innovation Infrastructures” and financed by the Operational Program “Competitiveness, Entrepreneurship and Innovation” (MIS 5027930)



Thank you for your attention

Paraskevi Kladaki

Department of Shipping, Trade and Transport, University of the Aegean, Greece

Athanasios A. Pallis

Department of Maritime Studies, University of Piraeus, Greece

Gordon Wilmsmeier

Facultad de Administración, Universidad de los Andes, Bogotá, Colombia
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