



Corruption in the Maritime Sector

What is the issue?

As noted in a [2021 review](#) by the Anti-Corruption Resource Centre, “[c]orruption is not a disease or deviation, but the historical standard.” Corruption is also evident in maritime sectors. This includes [waste dumping at sea](#), the illegal wildlife trade ([estimated to be worth between USD 7–23 billion in 2014](#)), and illegally caught marine species that [enter legal supply chains all too easily](#).

For the [shipping industry](#), corruption at ports is linked to facilitating faster processing, [illegal purchase of letters of credit](#), under-invoicing, bribes paid to gain contracts, illegal payment to marine surveyors, illegal fuel smuggling, etc. [Recent research](#) has found correlations between corruption and shipping incidents to suggest that corruption facilitates substandard shipping that can lead to serious safety and environmental incidents. In the fishing industry [criminal involvement in the sector](#) is widespread, in particular in connection with illegal, unregulated and unreported (IUU) [fishing](#) manifests in organised crime, [state-corporate crime](#), embezzlement, illegal trade in fish, [human trafficking](#), money laundering, tax and customs fraud. [Fisheries crime](#) overall has been estimated to lead to economic losses of around [USD 10-23.5 billion](#).

Corruption and human rights are intimately interconnected – research has found a strong correlation between high levels of corruptions and [widespread human rights violations](#). When businesses engage in direct or indirect corruption, they may be contributing to human rights abuses in furtherance of their business activity. In the ocean sector, achieving a blue economy that is [socially equitable, environmentally sustainable and economically viable](#) requires businesses to play an active role in mitigating systemic corruption in their global operations, affiliates and supply chains.

Whose human rights are impacted?

Corruption has many corrosive effects. It undermines human rights at many levels and in many ways:

ABOUT THE OCEAN AND HUMAN RIGHTS PLATFORM

Led by the [Institute for Human Rights and Business](#) and the [Rafto Foundation](#), the Ocean and Human Rights Platform is a collaborative movement to raise awareness to prevent and address adverse human rights impacts across the ocean’s industries. The Ocean Platform works with a global network of business, government, human rights defenders, civil society partners, academia and national human rights institutions.

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» CASE STUDY

The Maritime Anti-Corruption Network ([MACN](#)) has [successfully partnered with Customs authorities in Nigeria and Indonesia](#) to target corruption risks during cargo clearance processes and to set up safeguards to ensure greater integrity at ports, including through training for customs officials and the establishment of grievance mechanisms.

At the global level

Corruption reinforces existing societal and global disadvantages and inequalities. For example, Chinese and European industrial fleets reap the benefits of a corrupt ocean economy while Senegalese fishermen face the collapse of up to [90% of fisheries](#) and therefore serious threats to their rights to adequate standards of living.

At the national level

Corruption undermines the rule of law, public trust in institutions and national economic development. Countries with high levels of corruption are also strongly correlated with [widespread human rights impacts](#). Recent research has identified that the illicit seafood trade ultimately affects tax revenues for maritime African and Asian countries much more than other parts of the world, estimated to be US\$0.83 to US\$1.50 billion and US\$0.81 to US\$1.60 billion annually for these continents respectively. This means far fewer resources for much-needed job creation, education, health, welfare and other basic services in developing coastal states which are essential for the realisation of economic, social and cultural rights.

At the individual level

Marginalised and vulnerable communities and individuals suffer disproportionately, as they are impacted by dysfunctional public services and criminal activities that result from corruption. Enforcement policies can also target the wrong parties and [fail to make adequate distinction](#) between the systemic roots of corruption amongst powerful actors and the minor acts of individual workers or fishermen, it can lead to the disproportionate criminalisation of **local communities** as well as **workers**. Anti-corruption defenders and human rights defenders speaking out against corruption are increasingly at risk of threats and attacks, as [catalogued in 2022](#).

At the transactional level

Corruption distorts resource allocation, typically away from those who are most marginalised, such as when [fisheries resources](#) that would otherwise be available for local communities goes to those who have procured licenses through corruption. It can put [seafarers](#) at risk of false arrest, detention and imprisonment, as well as [physical or mental threatens or violence](#).

Which businesses should pay attention?

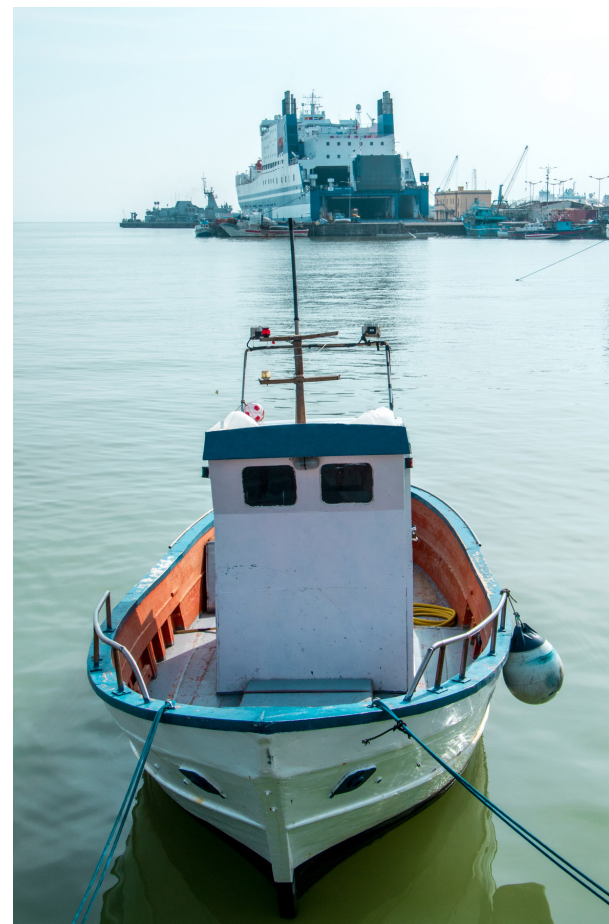
Corruption exists in many forms in maritime sectors and [subsectors](#). All maritime actors should pay attention to corruption including:

1. **All ocean related businesses:**
 - Fishing and aquaculture
 - Tourism
 - Shipping
 - Ports
 - Blue carbon/marine carbon capture and storage
 - Offshore renewables
 - [Offshore oil and gas](#)
 - Marine mining
 - Marine genetic prospecting
 - Desalination
2. **Businesses that supply goods** (equipment suppliers, shipbuilding facilities, shipbreaking facilities, etc.) and **services** ([marine engineering](#), marine servicing, construction firms, logistics, lawyers, financiers, accountants, etc.)

🔊 CASE STUDY

In 2020, the Brazilian authorities filed a [civil lawsuit against Maersk](#) for alleged corruption involving shipping contracts with state-run oil firm Petrobras. In the same week, prosecutors took a [similar action](#) against oil trader Trafigura for allegedly bribing Petrobras employees in order to secure fuel shipments.

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3. **Buyers of ocean products** (wholesale, retail and consumers): Purchasers of fish or other marine products, including wildlife, need to be aware of the provenance of purchases. Large companies should seek to examine corruption risks at all upstream stages of the supply chain including the access and preparation, fishing, landing, processing, transport and sales stages. They should also look into corruption risks downstream, such as at the point of consumer retailers (where bribery may be used to avoid local market inspections) and the generation of profits (where there is a risk that bribery could facilitate the laundering of profits from illegal trade).

What should businesses do?

Actions for businesses to address systemic corruption across their operations and supply chains include:

- **Integrate anti-corruption efforts in business policy and strategy.** The OECD Guidelines on Multinational Enterprises provide guidance on integrating anti-corruption strategies alongside other responsible business conduct topics such as human rights and environmental protection. Building a meaningful approach to integrity beyond mere compliance can also help employees understand that corruption is not a victimless crime but one that has real world impacts for people and their rights.
- **Critically examine assumptions about corruption.** It is dangerous to assume that corruption is isolated to just a few poorly governed jurisdictions. Instead, businesses should assume that the risk of corruption exists in every part of the value chain and make efforts to identify high-risk areas for corruption (See box: *Resources: Initiatives*).
- **Be aware of the “whack a mole” nature of corruption.** The assumption that suppressing corruption in one area will solve the problem may be counterintuitive, as suppression often prompts corrupt activity to emerge elsewhere under a new guise. Those engaged in corruption often sidestep legislation or restrictions to perpetuate illicit activities. Businesses should avoid “silver bullet” solutions and instead have a high-alert and evolving system to anticipate new risks.
- **Involve stakeholders in designing approaches to reduce and resist corruption,** as those who are suffering from its effects are likely to have the knowledge of its mechanisms and impacts. For example, this could include involving fishermen and inspectors who understand the approaches used to undermine and bypass controls.
- **Support and engage in contract transparency** to improve public knowledge and accountability. This is particularly justified where the contracts involve public natural resources such as fish or minerals.
- **Whistleblower lines can be an effective avenue** for insights into potential corruption, provided that whistleblowers are protected from retaliation by their employers or other involved parties.
- **Ensure remedies reach those harmed.** If there are monetary penalties applied for corruption, they usually go into state coffers, with little to no thought to providing remedy for those actually affected. Corruption is often thought of as a victimless crime. It is not. Those affected should have a measure of remedy as well in line with a human rights approach.

FINANCE

- **Recent experience** has shown that there can be widescale corruption in the fishing sector that is facilitated by international financing. Banks need to pay particular attention to **regulatory capture** and other methods used to gain access to fishing resources—even where these may not cross the line into legally defined corruption, they **facilitate illegal fishing** and jeopardise the sustainable management of fishery stocks.
- The global growth in anti-money laundering and counter-terrorism laws (AML/CTF) have prompted financial institutions to establish formal compliance procedures to identify these crimes in connection with the provision of their financial services. Such systems of risk assessments and “know your customer” due diligence provides a strong foundation for financial institutions to build upon and expand. Banks and investors should seek to incorporate human rights due diligence in their AML/CTF and risk systems to ensure that they are addressing both direct forms of crime as well as indirect human rights abuses in the supply chains of their customers.
- Financial institutions have a powerful tool to address unsustainable and illegal practices in the maritime sector, which is their ability to decline financing or underwriting such projects. By way of illustration, the UNEP Finance Initiative, Oceana and insurers have joined together to prepare guidance for insurers on **excluding IUU fishing** from insurance coverage. To both assure the long-term viability of investments for shareholders and to fulfil their commitments to environmental and human rights principles, financial institutions should use their leverage to encourage ethical and rights-respecting practices in the ocean economy.

**RESOURCES: Some useful existing work/initiatives**

- Transparency International and its annual Corruption Perception Index
- WJP World Rule of Law Index
- U4 Anti-Corruption Resource Centre
- Basel Institute on Governance
- World Economic Forum, Partnering Against Corruption Initiative & Global Future Council on Transparency and Anti-Corruption
- Trace, Key Red Flags That Could Indicate Bribery Risk

Fishing

- A number of UN agencies have joined together to address IUU fishing, including the related corruption and criminal elements.
- UNODC Fisheries Crime Initiative – FishNET
- Fisheries Industry Transparency Initiative (FITI)
- Blue Justice Initiative
- PescaDolus

Shipping

- Maritime Anti-Corruption Network
- Maritime FairTrade
- Curbing Corruption – shipping section
- Maritime Corruption Research Consortium

Other**Basel Institute of Governance – Wildlife Crime**

The International Maritime Organization (IMO) is developing anti-corruption guidance and amending the Convention on Facilitation of International Maritime Traffic, requiring public authorities to coordinate efforts to detect, investigate and sanction corruption related to ships' calls in the port. It established the [Code of Good Conduct as part of Port State Control Procedures](#) that is focused on three fundamental principles: integrity, professionalism and transparency. The [IMO Global Integrated Ship Information System \(GISIS\)](#) has a mechanism that provides for the reporting of corruption, but the report can only be made by Flag State administrations and not directly by the public thereby limiting its effectiveness.

**RESOURCES: International standards & guidance**

- United Nations Convention against Corruption (UNCAC) (2003)
- African Union Convention on Preventing and Combating Corruption (2003)
- OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (1997)
- OECD Guidelines on Multinational Enterprises (2011) – chapter on corruption
- UN Global Compact 10 Principles – Principle 10 on corruption
- UN Guiding Principles on Business and Human Rights (2011)
- ISO 37001 – Anti-bribery management systems

Fisheries

- Copenhagen Declaration Against Organized Crime in the Global Fishing Industry
- UNODC, “Rotten Fish: A Guide On Addressing Corruption In The Fisheries Sector,” (2019)
- UNEP FI, Oceana, “Risk assessment and control of IUU fishing for the marine insurance industry,” (2019)