

MARITIME SAFETY COMMITTEE  
102nd session  
Agenda item 16

MSC102/16/3  
24 March 2020  
Original: ENGLISH  
Pre-session public release:

## NAVIGATION, COMMUNICATIONS AND SEARCH AND RESCUE

### Cost implications related to the dissemination of maritime safety information over multiple recognized mobile satellite services

Submitted by IMSO

#### SUMMARY

*Executive summary:* This document provides comments on cost implications issues related to the dissemination of Maritime safety information (MSI) over multiple recognized mobile satellite services described in paragraph 2.7 of document MSC 102/16 (Report of NCSR 7) and sets out some options to resolve this issue

*Strategic direction, if applicable:* Other work

*Output:* 6

*Action to be taken:* Paragraph 10

*Related documents:* MSC 102/16, paragraph 2.7 and NCSR 7/23, paragraphs 9.21 to 9.24

#### Introduction

1 This document is submitted in accordance with paragraph 6.11.5 of the *Organization and method of work of the Maritime Safety Committee and the Marine Environment Protection Committee and their subsidiary bodies* (MSC-MEPC.1/Circ.5/Rev.1) and provides comments on document MSC 102/16 (Report of NCSR 7), in particular paragraph 2.7, regarding cost implications issues related to the dissemination of Maritime safety information (MSI) over multiple recognized mobile satellite services and sets out some options to resolve this issue.

2 NCSR 7 considered the cost implications, including additional resources needed, related to the dissemination of MSI over multiple recognized mobile satellite services. During the consideration, concerns were expressed, in particular, about the potential escalation of costs for MSI providers, the risk of a potential reduction of MSI messages disseminated to

ships, the impact on the future recognition of new GMDSS services and, most importantly, on the safety of ships and the sustainable development of shipping. Views were also expressed indicating the urgent need for IMO to liaise with relevant international organizations, with the involvement of Member States, in order to:

- .1 develop appropriate solutions to address cost-related issues for the dissemination of MSI over multiple recognized mobile satellite services; and
- .2 consider the establishment of a cost-sharing formula to alleviate the cost burden put on Member States responsible for the dissemination of MSI in different NAVAREAs and METAREAs due to the recognition of new mobile satellite services for use in GMDSS.

3 After consideration and recognizing that this was mainly a policy issue, NCSR 7 agreed to refer the matter to the Maritime Safety Committee for consideration and invited interested Member States and international organizations to submit proposals to the Committee, as appropriate.

4 NCSR 7 was also tasked to consider a revision of resolution A.707(17) on *Charges for distress, urgency and safety messages through the Inmarsat system*, with regard to the ship-side billing only. It was agreed that the current practice of no charge to the vessels for GMDSS safety services, including reception of MSI and SAR related broadcasts, would remain.

### **Discussion**

5 The current shore-side costs for navigational and meteorological broadcasts through recognized mobile satellite services are borne by NAVAREA/METAREA coordinators (hereinafter referred to as "shore-side authorities") throughout the world. However, beneficiaries of these messages are not only ships under the flags of those States providing the navigational and meteorological broadcasts but also ships under the flags of many other States not providing such messages.

6 This situation will stimulate the sense of fairness if costs associated to such messages broadcast are escalated over multiple recognized mobile satellite services. Public opinion to reduce such costs will be getting large as a matter of course.

7 The introduction of additional recognized mobile satellite services was expected to promote competition, create innovation and reduce cost. Inmarsat has implemented the SafetyNET II service which now gives the shore-side authorities a choice to remain on the SafetyNET system or move to the SafetyNET II service and reduce the cost of broadcasting MSI, including fixed price bundles or pay as you go. It is noted that the new service provider Iridium has introduced services successfully with full global coverage and MSI packages that are understood to be substantially lower than the cost of traditional charges. Therefore, it can be concluded that the strategy of introducing competition has been a great success.

8 The options hereunder are what might be helpful to ease such concerns and to promote discussions in the Committee:

- .1 Option 1: Maintain current strategy

As a positive outcome of the competition, the recognized mobile satellite service providers are now providing new features at lower costs. It is expected that up to two thirds of the costs can be reduced by moving from

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Inmarsat SafetyNET to SafetyNET II. Iridium has also informed IMSO that they intend to keep costs very low. Therefore, if the shore-side authorities take advantage of the cost savings offered by both providers, they could achieve savings close to 50% of their legacy charges for MSI in the long run. Although this option would not resolve a sense of fairness on payment among the IMO Member States, it would assist in reducing cost to the shore-side authorities.

.2 Option 2: Use existing fund or funds

This option to reduce costs on the current shore-side authorities is to use the existing budget of an international organization or organizations and to share their burdens with others. There are some international organizations which include most of the beneficiaries as the Member Governments.

Depending on the total cost required by recognized mobile satellite services, additional contributions by their Member Governments might be needed. The budget authorization body will need to authorize such new expenditure and new contribution, if necessary.

This option is a relatively quick way to resolve the issue to enjoy a sense of fairness, although the fairness achieved might not be one hundred percent satisfactory.

All recognized mobile satellite services must prepare estimated total costs for consideration, but there is a difficulty to estimate such total cost since there are intermediate companies who are adding their own profit between the user shore-side authorities and the recognized mobile satellite services. The recognized mobile satellite services business model itself may need to be reconsidered.

.3 Option 3: Establishment of a new fund

This option is to establish a new fund. The share of contribution by each State to this new fund is free for discussion and can be decided depending on the benefit received from the broadcast (i.e. proportion to the tonnage).

However, since this option requires a new international convention, normally it takes a very long time to conclude an agreement. Even though States agreed and signed the new convention, there is no guarantee that the new convention enters into force.

9 IMSO, as an international organization, is neutral among these options described above. IMSO also welcomes any better option than those described here if any. Bearing in mind that an additional recognized mobile satellite service provider is expected to be approved in the very near future, IMSO sincerely hopes that this problem is resolved as soon as possible. IMSO also suggests the engagement of IHO and WMO in this work with regard to funding. IMSO, therefore, recommends the Committee to consider all options considering trade-off between speed, sense of fairness and possibility of each option.

**Action requested of the Committee**

- 10 The Committee is invited to:
- .1 consider all options described in this document, considering trade-off between speed, fairness and possibility;
  - .2 consider other options better than the ones proposed in this document, if any;
  - .3 seek the engagement of IHO and WMO with regard to funding; and
  - .4 decide, as appropriate.
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