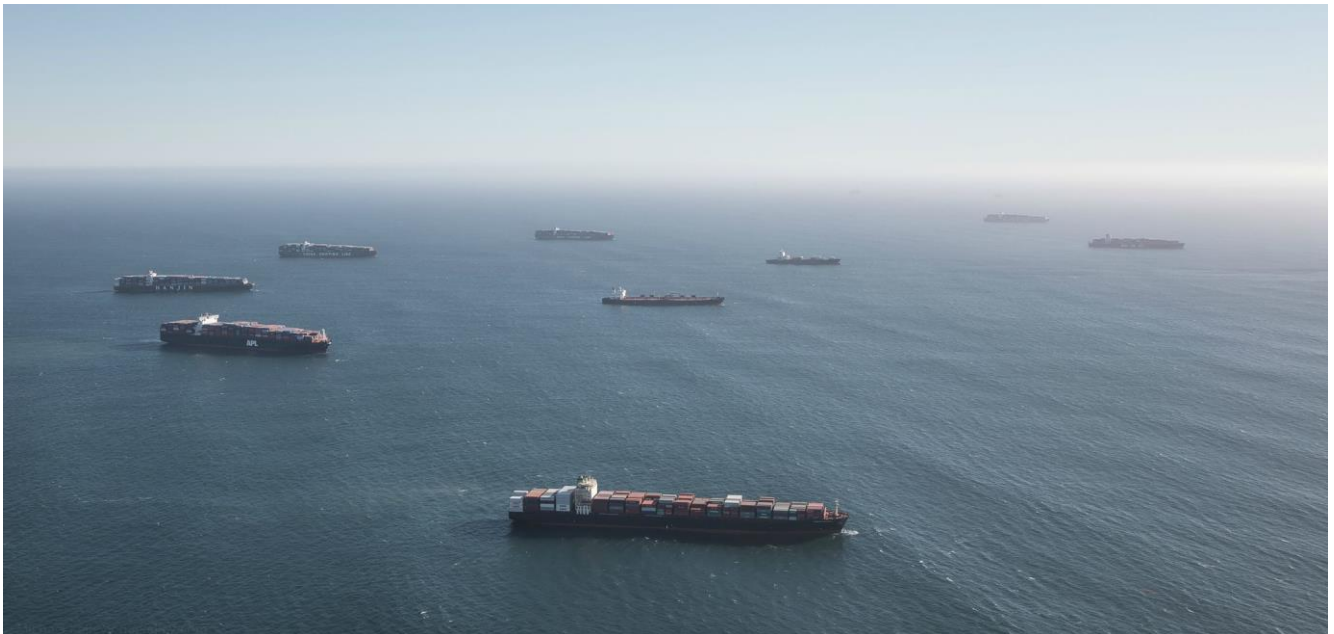


POLITICS AND POWER AT SEA

The Power and Political Strategies of Firms in
International Maritime Regulation



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Abstract

This thesis examines the relationship between maritime firms' political strategies and their political power. The thesis takes departure in two theoretical frameworks which categorize business power and corporate political strategies, respectively. The theories provide the foundation for analyzing power, political strategies, and their relationship. The research question of the thesis is *"How do firms' political strategies relate to business power in international maritime regulation?"*.

The thesis takes a deductive, qualitative approach to the research question. By using interview data from individuals from the industry as well as official documents from the International Maritime Organization, the thesis identifies the instrumental, structural, and discursive power of international maritime firms. In addition, the thesis determines the political strategies carried out by maritime firms. Finally, the thesis relates power and strategy to each other to provide a unified understanding.

The primary conclusions of the thesis are that firms carrying out defensive strategies in international maritime regulation tend to rely on their structural power in certain countries, while proactive firms rely on both their structural and discursive power in relation to other countries. An important theoretical point is that business power and business strategy differs between industry segments, and that maritime firms as a group differs in terms of the power wielded.

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Front page picture: Ships are waiting to access Los Angeles Harbor during a strike in early 2015. Photo: Michael Kelley

1 INTRODUCTION

The political role of firms in global regulation is a recent topic in International Political Economy (IPE) research. With new environmental challenges, a changing global economic landscape, and different international institutions in different industries, the role of firms as political actors who shape regulation alongside states is an incredibly interesting field of research, and a natural question arises: what kind of power do firms have to influence regulation? From firms' perspectives, the same consideration is just as crucial – rapid technological developments, shifting demands for goods and services, and political developments all impact the competitiveness of modern, global firms. To them, the question is: what kind of political activities or strategies can we, as firms, carry out in order to remain competitive in a globalized economy? Between those two questions is an interesting puzzle, namely how the power of firms and the political strategies of firms relate to each other. That is the central puzzle that this thesis takes on.

In order to approach this puzzle, this thesis delves into the complex world of global environmental maritime regulation. This is a global industry responsible for transporting the goods of globalization from continent to continent. It is regulated by a UN institution, the International Maritime Organization (IMO), where states agree on worldwide maritime regulation. At the same time, ships – the object that is regulated – are not bound to a single state or area, but rather free to register wherever they wish. The firms that are driving this industry do not always have the same political goals, and neither do the states that participate in the IMO. This dynamic tension between states, firms, and the regulatory institution itself provides a good window for understanding the relationship between firms' power and their political strategies.

We have our puzzle and we have our window – but we need a 'lens' that can guide our understanding of both power and political strategy. In this thesis, this theoretical lens is provided by two theories – one examining firm power, and the other examining political strategies. The former is Doris Fuchs' contribution "Business as an Actor", in which Fuchs distinguishes between different types of business power. These three types of power – instrumental, structural, and discursive – is the lens that will help this thesis conceptualize and analyze firms' power. The latter is Oliver & Holzinger's "The Effectiveness of Strategic Political Management", where Oliver & Holzinger distinguishes between four generic political strategies that firms can carry out. Together, these two theories provide the conceptual lenses through which this thesis approaches power and political strategies.

This is the premise of the thesis. The puzzle is how firms' power and political strategies relate, the window that we use to examine this is the maritime industry, and the theoretical lenses we use are provided by Fuchs and Oliver & Holzinger. In essence, the research question of the thesis is:

How do firms' political strategies relate to business power in international maritime regulation?

1.1 SUB-QUESTIONS

In order to answer the research question, the analysis of the thesis is trifold: The first part is dedicated to examining the power of maritime firms by using Fuchs' typology. The instrumental, structural, and discursive power of firms is examined, and differences between power over individual states and influence in IMO itself are carefully distinguished. The second part is dedicated to analyzing the actual political strategies that firms carry out using Oliver & Holzinger's four generic strategies. Here, there are distinctions between certain segments of the industry and how they carry out different political strategies. The third part brings the analysis together and systematically relates the power of firms to the political strategies of firms. Crucially, this part examines both the effectiveness of strategies drawn from firm power, but also the effect that political strategies have on firms' power.

As such, the three sub questions of this thesis corresponds to these three analytical parts:

- ***What political power do firms wield in international environmental regulation of shipping?***
- ***What strategic political activities do firms undertake in international environmental regulation of shipping?***
- ***How does business power and political strategies relate to each other?***

The central argument of this thesis is that *political strategies which aim at influencing international political outcomes directly rely heavily on structural and discursive power of firms in certain states*. The rest of this introduction specifies how the thesis is scoped and structured.

1.2 LIMITATIONS AND SCOPE

The world of shipping is very large and includes many different political actors. In order to focus the efforts of this thesis, the IMO and national states are chosen as primary regulatory 'arenas'. This means that regional political entities (such as the EU, or the American-Canadian efforts to regulate shipping) are left out of this thesis. This is in line with Braithwaite and Drahos (2000, pp. 425–426), who argue that IMO is the most important organization of states.

Similarly, the multitude of economic actors is staggering – the industry itself is composed of shipowners across the world divided in terms of what they transport or what their product or service is. In order to limit the scope of the analysis, examples from the industry are drawn from the most prominent examples rather than systematically for each industry sector.

The third leg of the analysis presents some considerations between certain strategies and power which indicate that there is very little relation between those entities. This choice was made to show the reader explicitly what the analysis implied across all generic strategies. In turn, the discussion of the results focus primarily on those relationships where the analysis shows a strong link in order to provide a more interesting perspective.

1.3 OUTLINE OF THE THESIS

The rest of this thesis is structured as follows: First, a literature review shows the academic traditions in which the thesis is positioned. Specifically, the two main strands – IPE and business strategy research scholarship – are addressed. Second, an in-depth overview of Fuchs' and Oliver & Holzinger's theories is provided, which outlines their typologies and concepts. The section ends by tying the theories into an analytical framework which is deployed in the analysis. Third, a section will explain the method used by this thesis which includes methodological considerations, choice of data, research design and approach, and scientific assumptions. Fourth, a short section provides the reader with an overview of the industry, the main regulatory institutions, and the most important economic and political actors. The fifth part is the analysis, divided into business power, business strategies, and the relationship between these. Finally, a section will deliberate on the broader theoretical implications of the thesis, leading in to the conclusion at the end.

2 LITERATURE REVIEW

The purpose of this literature review is to show that there is a gap between the understanding of business power provided by IPE scholars and the current status of strategic political management literature while briefly summarizing the most relevant research in each field. The literature review will be divided into two parts, with the first examining IPE literature and the second one examining business strategy literature.

2.1 BUSINESS POWER IN IPE

Traditionally, IPE has focused on business as a political actor from a macro perspective and relegated the power of business either as a function of state power (for example, see Waltz, 1959, 2010) or as a function of societal structures controlled by elites or first-world countries (for example, see Wendt, 1992, 1999)(Fuchs, 2005). While the idea that firms are political actors in their own right have existed in the U.S. since the 1970s

(Mitnick, 1980; Peltzman, 1975, 1976; Stigler, 1971), this strain of literature has been very formalistic as well as limited to an American context.

IPE scholars have explored business in global governance and regulation without addressing the power of firms explicitly. A number of scholars led by David Vogel sought to understand how firms could participate in rule-making and self-regulation and what effect different levels of regulation could have on firms across borders (Genschel & Plümper, 1997; Moon & Vogel, 2008; Vogel, 1997, 2010). In the same vein, a seminal book was published in 2009 by Mattli & Woods which included a landmark contribution by Abbot & Snidal (2009; Mattli & Woods, 2009). This chapter characterized the relationship between states, firms, and NGOs in global governance and focused on how new regulatory schemes arise from collaborations between these actors. This nicely shows that this strain of literature in IPE focuses mostly on how governance can be carried out by both public and private actors but lacks a focus on business power in itself.

The first acknowledgement within IPE literature that firms could be important political actors in the international political economy came from Levy & Egan (2000). They suggested that the globalization that has occurred the last few decades and the associated mega-MNCs that proliferate the economy wield power comparable to states, and that this power can take different forms. This is the foundation upon which Fuchs built her ideas of business power (Fuchs & Kalfagianni, 2009; Fuchs, 2005, 2007; Partzsch & Fuchs, 2012). Fuchs' seminal contribution (which is described in more detail in the following chapter) categorizes the types of power that firms can have in global governance. From Fuchs' point of view, we should view power from different perspectives to fully understand the influence that business 'as an actor' can mobilize.

To add to the conversation in IPE about corporate political power, Falkner pointed out that we should distinguish between industries or industrial segments when discussing power and interests (Falkner, 2008, 2010). Falkner builds on Fuchs, but argues that it makes more sense to have a more diverse view of 'business'. Instead of assuming business is a homogenous group of firms, Falkner looks into an older paper (Porter & Linde, 1995) and suggests that firms differ along certain dimensions because of the differential effect international regulation has on individual firms or industries. First, he argues that nationally-oriented and internationally-oriented firms have different interests simply because they cater to different markets. International firms seek rule-harmonization and freer trade, while nationally-oriented firms tend to prefer protectionist measures which protect their market shares.

Second, he argues that technological leaders and laggards have different interests due to their difference in ability to comply with regulation. Technological leaders are able to more effectively implement new technological measures and increase their competitive stance vis-à-vis laggards, who are in the opposite

situation. This dynamic creates a tension between those groups. Third, firms who are situated along different parts of the supply chain may experience very different effects of regulation and may be supportive or unsupportive of regulation because of impacts on costs or reputational effects. By using the UNFCCC as a case, Falkner shows how these differences between firms can result in fragmentation of 'business' as an actor, leading us to consider 'business power' as something relating to segments of industries rather firms at large. (Falkner, 2008, 2010).

Common to these scholars is the idea that firms can influence the global political economy based on different types of power. Neither set of IPE scholars are particularly interested in how power is exercised by the individual firm, which means there is a strong language developed to explain the overall trends and types of power and relatively weaker descriptions of the associated activities. In other words, IPE scholarship has not yet answered the question: *"If a firm has power, how does it use it?"*.

2.2 BUSINESS POWER IN BUSINESS STRATEGY

The political activities of business have been examined in recent years under the concept 'Corporate Political Activity' (CPA). This literature takes departure in the idea that a firm can influence the institutions (North, 1990) which constitute its business environment, such as regulation, norms and values governing the society (Scott, 1995). Scholars have shown that regulation is an important determinant of firm performance (Hillman & Hitt, 1999; Shaffer, 1995) and thus a subject of corporate strategy to reduce uncertainty (Boddewyn, 1988) or gain a competitive advantage (Baron, 1995).

Research conducted in the last decade has for the most part sought to answer two central questions (Keim, Schuler, & Hillman, 2004; Lux, Crook, & Woehr, 2011; Oliver & Holzinger, 2008): What drives a firm to engage in political strategies, and when do political strategies increase the profitability of the firm? The comprehensive overview of the literature by Lux et al. (2011) shows that this is the focus of many articles published in the field. Lux et al. themselves only treat two kinds of political activity: campaign contributions and lobbying (Lux et al., 2011, p. 226), but deal with a multitude of antecedents such as the industry competition, firm size, and incumbent or dependent politicians. It is clear that this recent research is less focused on the breadth and effectiveness of activities, and more focused on the drivers behind firm engagement in either lobbying or political contributions.

An important contribution in this vein was provided by Hillman & Hitt (1999) who argued that a firm's strategic options for impacting the political system in a given country either focused on the decision makers themselves through the provision of information or financial incentives, or focused on the constituents who uphold support for the decision makers. Since Hillman & Hitt, scholars have thoroughly explored the

determinants of corporate political activity but strictly focused on national political systems, in particular the U.S. The landmark contribution, which is also deployed in this thesis was provided by Oliver & Holzinger (2008) who summarized existing research and provided a comprehensive framework outlining options for corporate political activity. Oliver & Holzinger's basic premise was that it was possible to categorize generic political strategies and then associate these strategies with firm capabilities.

Since 2008, there has been little extension of Oliver & Holzingers contribution, and scholars have instead sought to explore corporate political activity from different approaches, such as the resource-based view or different institutional perspectives (Lawton, McGuire, & Rajwani, 2013). Common to this vein of literature, scholars have a very well developed language to determine the specific activities and strategies that firms can carry out to gain political influence, but have yet to explore how macro-level effects, such as industry power, influence the effectiveness of these strategies.

2.3 ADDITIONAL PERSPECTIVES

In addition to research positioned squarely within either of these academic traditions, there is also valuable research which has uncovered how to understand the maritime industry. An authoritative work on the industry in general is Martin Stopford's "Maritime Economics" (2009), which provides a comprehensive overview of the industry, the most important economic actors, the economics of maritime operations itself as well as the history and regulation. His contribution is not based on a theoretical approach per se, but provides a window to the industry from the eyes of an economist.

Another important contribution outside these two theoretical traditions is Elizabeth DeSombre's examination of the dynamics of flagging standards (DeSombre, 2005, 2006). Her basic premise is that globalization and the nature of the shipping industry provides an interesting dynamic which results in a convergence of global standards. However, DeSombre's work is as much an explanatory contribution as it is an overview of the current tension between flags of convenience and older maritime states. Her focus is not the political activities of firms, but rather the political activities of states and the regulatory competition between states and the associated dynamics.

Finally, a classical inquiry into the structure of the global maritime industry and its regulation was provided by Braithwaite & Drahos (2000). They approached global business regulation by examining the tension between principles, and in the case of shipping, they provided an overview of the history of shipping regulation, the most important actors (historically and current), and the contest of principles which are the result of these actors and the system in which they operate. Braithwaite & Drahos did not delve further into

the political relationship between different segments of the industry or the industry and nation states, but focused instead (much like DeSombre) on the contestation of principles enshrined by the actions of states.

2.4 BRIDGING THE GAP

It is clear that these different literatures effectively provide two different perspectives on the same issue, namely corporate political power and influence. We have seen how IPE scholarship has developed a set of theories and a body of knowledge exploring the macro-level power of firms in the globalized political economy, while business strategy researchers have developed a broad understanding of the effectiveness of different corporate political strategies and activities (and their micro-level determinants) in a domestic setting.

There are some scholars who are already bridging this gap, although from a different approach than this thesis. Ponte, Lister, and Poulsen are currently examining the maritime sector by using both IPE approaches and supply chain approaches to understand how drivers in the maritime supply chain can push for higher environmental standards or how IMO can create a more effective regulatory environment (Lister, Poulsen, & Ponte, 2015; Lister, 2015; Poulsen, Ponte, & Lister, 2016).

This thesis takes departure in these academic literatures by focusing on Fuchs' typology of business power and Oliver & Holzinger's typology of business strategies (Fuchs, 2007; Oliver & Holzinger, 2008). The next section provides a deeper explanation of these two theories as well as the operationalization of their concepts.

3 THEORIES

This section will first describe Fuchs' conceptualization of power, and second Oliver & Holzinger's typology of corporate political strategies. The reason for combining these two theories specifically is that trifold: First, each theory offers a very strong conceptual language that assists the analysis. Fuchs' demarcation of types of power and Oliver & Holzinger's generic political strategies are clear concepts which both lend themselves to analysis of their presence and interaction. Second, Fuchs' theory captures a range of different perspectives on the same issue which broadens this thesis' ability to provide insight. A narrower focus which takes departure in one perspective of power would capture less of the complexity of global maritime regulation and the interaction between different forms of power (Fuchs, 2007, p. 65). Third, Oliver & Holzinger's four generic strategies takes into account the interests of the firms that are carrying out these political activities – it is a central element of the model. This goes hand in hand with Fuchs' types of power and Falkner's insight that firms differ in terms of interests.

It should be noted that there are different elements from each theory which this thesis does not take into account. Fuchs' contribution contains some considerations on the dominant relationship between business power and business political activities, but these are left out of this thesis. The primary reason for this is that Fuchs links power to categories of political activities which 'business' as a whole conduct, as opposed to the activities individual firms carry out. When we recall Falkner's insight that 'business' often is composed of different actors and interests, it makes more sense to associate Fuchs' types of power with clearly outlined strategies that individual firms or industry segments carry out.

Oliver & Holzinger's contribution contains a lengthy discussion of firm capabilities from a resource-based view. It is beyond the scope of this thesis to examine the capabilities which are necessary for individual firms to conduct political activities or how these capabilities relate to broader power concepts. As such, that part of Oliver & Holzinger's theory is not utilized in this thesis.

3.1 FUCHS: THE TRIFOLD CONCEPTUALIZATION OF POWER

The conceptualization of business power is constructed by Fuchs around three 'faces' or perspectives of power: An *instrumental* perspective of power, a *structural* perspective of power, and a *discursive* perspective of power. The core argument put forth by Fuchs is that a complete account of business power should consider all three perspectives rather than just one or two. Below, a more detailed explanation is provided of each perspective.

3.1.1 INSTRUMENTAL POWER

Perceiving power as the ability of one actor to force another actor (or set of actors) to do something they otherwise would not have done is a classical definition which Fuchs attributes to Dahl (1957). In modern political science, studies of instrumental business power (especially in an American context) have focused on campaign finance and lobbying, while critical state theories have widened the instrumentalist perspective to include personal ties and 'revolving doors' (Fuchs, 2007, p. 57).

In either case, the instrumental perspective is built on the idea that an actor's resources can be used to directly influence a given set of policymakers to influence policy outcome. The actor's resources can be either financial or relational (Fuchs, 2007, p. 57), but we may add that information and expertise also can be resources in a specific context. An instrumental approach to power would seek to identify the relevant resources held by firms as well as the way the firm can leverage these resources in a given regulatory setting.

3.1.2 STRUCTURAL POWER

Whereas the instrumental perspective focuses on power as something derived from material circumstances which affects the political 'output', the structural perspective focuses mainly on material or societal structures which determines who can decide what, and what options they have (Fuchs, 2007, p. 58). Structural power is considerably more complex than instrumental power to analyze. According to Fuchs, a structuralist analysis of power includes agenda-setting power, societal dependency on private sector activities, and decision-making power of firms (Fuchs, 2007, pp. 58–59).

Agenda-setting power refers to the ability of business to control the range of possible policy options so that only the most beneficial (or least harmful) options are allowed to enter deliberation by public officials or society in general. This is done by managing the "social and political values" or "institutional practices" which effectively limits what kind of issues and solutions which can be discussed (Bachrach & Baratz, 1970; Fuchs, 2007, p. 58). Fuchs contends that it is very difficult to assess agenda-setting power, because it doesn't "leave a trace" the way that straightforward material activities do (Fuchs, 2007, p. 59).

Societal dependence on private sector activities allows firms within that sector to control the range of possibilities even before 'bargaining' starts. When a given sector or group of firms have a very important societal function (or their absence would severely impact the provision of public goods) they have significant leverage over public policymakers. The quintessential example is that of the British finance sector (Fuchs, 2007, p. 58). The ability of finance-sector firms based in London to wire billions of Pounds overseas within seconds commands a considerable influence, and with this knowledge - that firms can relocate assets relatively easy and make them productive elsewhere – public policymakers know that they constantly have to formulate policies that are acceptable by this industry even before bargaining starts.

A very important aspect of structural power is the ability of firms to become their own rule setters. Fuchs (p. 59) emphasizes firms' positions in networks and 'material structures' as sources of structural power, and the reasoning here is that firms can shape society not only by influencing policymakers, but also by setting the rules themselves. In current global governance, this happens when firms successfully retain the power to self-regulate or self-enforce rules instead of relinquishing this control to public authorities. This kind of power requires the correct institutional framework, i.e. the 'material structures' which Fuchs mentions.

3.1.3 DISCURSIVE POWER

The discursive perspective takes a more sociological perspective on power and emphasizes the 'power of ideas' (Fuchs, 2007, p. 60). A discursive perspective focuses less on the material resources or structures which

governs the power relations between actors, and looks instead at the ideas and values which shapes our perception of reality. In Fuchs' words:

"Discursive power shapes perceptions and identities and fosters the interpretation of situations as of one type rather than another. Thus, it influences the framing of policy problems and solutions, of actors in the political process, and of politics and the political as such." (Fuchs, 2007, p. 60)

Fuchs contends that there are a number of different approaches to discursive power and influence, but the two key insights are that (1) discursive power allows actors to create interests among other actors, and (2) discursive power is very much related to legitimacy.

The ability of discursive power to create interests is a very interesting thought, because it is a complete reversal of the concept of power compared to the structural or instrumental perspectives. Fuchs points out that while structural power may be successful in keeping the political agenda in check, the use of discursive power would never allow political conflicts to arise in the first place, because actors' perceptions of the problem and its associated solutions would align (Fuchs, 2007, p. 61). To illustrate this, suppose that the global maritime industry wields effective discursive power. By carrying out activities over a period of time which draws on this power, the industry manages to define the way that environmental issues are analyzed and understood. When an environmental issue appears, the scientists, practitioners, and policymakers all have the same idea of how to approach it and determine the policy response, which is determined by the dominating perspective propagated by the firms' discursive activities. The final result is that the policy response is more business-friendly than it otherwise would have been, because the way of analyzing the problem and the 'acceptable' policy responses already have been defined. Most importantly, this exercise of power leaves virtually no trace, because once the dominating discourse is settled, the framing of problems and politics seems natural to everyone.

Discursive power is in large part determined by the legitimacy of a given actor or set of actors. Fuchs argues that legitimacy in this case requires political authority, because without political authority other actors will not put trust in your statements, let alone listen in the first place (Fuchs, 2007, p. 61). Sources of political legitimacy vary, but for nonstate actors, Fuchs highlights (1) public trust in ability to 'obtain desired results' and (2) public trust in intentions. The first source closely relates to the ability of business to provide societal benefit or solve societal problems. The second source would relate to the ability of business to prove that

they intend to solve societal problems or benefit society rather than follow narrow interests counterproductive to societal goals.

3.2 THEORETICAL QUALIFICATIONS OF FUCHS' "NETWORK"

There is somewhat of an inconsistency in Fuchs' paper regarding 'networks'. In her section about instrumentalist approaches, she mentions social networks as elements that enable firms to exert influence on policymakers through more effective campaign financing and lobbying (Fuchs, 2007, p. 57). However, in the section immediately after, she stresses that "... actors in control of pivotal networks and resources have the capacity to adopt, implement, and enforce rules affecting the general public as well" (Fuchs, 2007, p. 59). It appears that control of networks both can be an element of instrumental power, as well as an enable of structural power.

This thesis does not delve into social networks and their relevance for either type of power. Recent scholarship has shown that social network analyses in IPE can be extremely insightful, but ultimately requires dedicated research methods (Fourcade et al., 2015; Henriksen, 2014; L. Seabrooke & Tsingou, 2014; Leonard Seabrooke, 2014). Trying to include social networks as a resource qualitatively would not necessarily provide any interesting insights without the use of these methods, and thus effort has been put on more tangible resources at the disposal of firms in the case of instrumental power. It should be noted, however, that later in this thesis, Respondent R5 brings up relationships between individuals explicitly as an element of trust (i.e. legitimacy and, by extension, discursive power), so it seems to have relevance even if it is rather an element of discursive rather than instrumental or structural power.

3.3 OLIVER & HOLZINGER: CHARACTERIZING POLITICAL STRATEGIES

Oliver & Holzinger (2008) characterize four generic political strategies which an individual firm may carry out. They use two dimensions to distinguish these strategies, namely (1) whether a strategy aims to maintain or create firm value, and (2) whether a firm seeks to comply with rules or influence the political system. Consequently, Oliver & Holzinger distinguishes between *defensive*, *anticipatory*, *reactive*, and *proactive* strategies which are explained in further detail below.

3.3.1 DEFENSIVE

The defensive strategy aims to maintain value by influencing the political system (Oliver & Holzinger, 2008, pp. 506, 507). Incumbent firms in a profitable sector use this strategy to prevent competitors from entering the market or to prevent policymakers from passing regulation which would decrease the profitability of the

sector. In general, this strategy seeks to maintain status quo in all aspects, and it is done through virtually one activity: lobbying.

While Oliver & Holzinger do not explicitly define 'lobbyism' in this context (and neither does Fuchs), we can look elsewhere to understand lobbying as an activity which involves gaining access to policymakers, creating a conducive attitude to the lobbyist's goals, and influencing policymakers in the lobbyist's favor (Thomas & Hrebienar, 2009, p. 133). Oliver & Holzinger emphasize that for lobbying to be effective, the firm and the policymakers must share social networks and the firm's lobbyists must have political social capital (Oliver & Holzinger, 2008, p. 510). The quintessential example is the tobacco industry lobbying against anti-smoking laws, where Oliver & Holzinger draw on a specific Irish example to illustrate how tobacco firms tried to prevent new rules from being passed (Oliver & Holzinger, 2008, p. 509).

3.3.2 ANTICIPATORY

This strategy is diametrically different to the defensive strategy. Instead of maintaining value, the firm seeks to create new value, and it does so by complying with rules rather than influencing the system (Oliver & Holzinger, 2008, pp. 506–509). In general, anticipatory political strategies aim to gain a first mover advantage by anticipating and reacting to future public policy changes (Oliver & Holzinger, 2008, p. 507). This implies using knowledge about these policy changes to develop new value for the firm ahead of other firms or even other industries.

The most important activities here are not those that seek to influence the policymaking, but rather activities that aim to enhance the firms' knowledge about the trajectory of regulation. Oliver & Holzinger emphasize elements such as hiring ex-public officials and attendance at conferences where public policymakers are present, but all activities that help the firm gain more knowledge about future public policy is part of the anticipatory strategy.

3.3.3 REACTIVE

The reactive strategy is far-removed from the political system, because it aims to maintain value simply by complying with rules (Oliver & Holzinger, 2008, pp. 507–509). As the name implies, it is a strategy where a given firm is less concerned with the cost of compliance, and more interested how compliance with regulation (reacting to public policy) can be achieved in the most cost-effective, value-maximizing way. The activities outlined by Oliver & Holzinger are all internal to the firm (rapid internal reconfiguration and investments in skill development), but the authors make some deliberations on the merit of considering effective compliance to be a tool to legitimize the firm in the eyes of society (Oliver & Holzinger, 2008, p. 509).

It is different from the anticipatory strategy since reactive firms retain their existing value base rather than seek to gain a first-mover advantage in a new value field. The example provided by Oliver & Holzinger provides us with a clear picture: The bank Barclays developed efficient reporting mechanisms to comply with Basel 2-requirements, which saved the bank money (Oliver & Holzinger, 2008, p. 509) – an example of a reactive strategy. If the bank had followed an anticipatory strategy, the bank would have sought to understand the requirements well in advance before they came to effect, and based on this information developed their operations to move into new value areas ahead of other firms. The key difference is the interaction with the political system; even when following an anticipatory strategy, the firm must understand what is going on 'in there' as opposed to a reactive approach where the firm only relies on the formal output of the system.

3.3.4 PROACTIVE

This strategy is the one that interacts the most with the political system, because it aims to create new value by influencing public officials and policymakers (Oliver & Holzinger, 2008, pp. 506–507, 511–512). In general, a proactive strategy involves trying to change norms, standards, and beliefs of an industry and the policymakers that shape regulation. A successful, ideal proactive strategy manages to shape the trajectory of public policy by influencing the institutions surrounding the firms, which can be policymakers as well as other organizations, individuals, and the general public (Oliver & Holzinger, 2008, p. 511). The main activities associated with the proactive strategy are constituency building, cooperation with public policymakers, alliances with other organizations (such as NGOs), development of best practice solutions, and intense lobbying efforts (Oliver & Holzinger, 2008, p. 511).

Oliver & Holzinger deploys the example of BP which followed a proactive strategy in the late 1990s. By changing the existing norms and ideas which shaped the public perception of what acceptable regulation constituted, BP was able to direct public policy in a direction where they not only were well-equipped to meet new regulation requirements, but also put their competitors in a disadvantageous position – a double win (Oliver & Holzinger, 2008, p. 511).

The proactive strategy is broad because it encompasses many different activities that are either directly or indirectly aimed at the political system. Because of this, there is some overlap with other strategies, most notably the defensive one. With the defensive strategy, we saw that lobbying was the primary activity, but the proactive strategy also includes lobbying (albeit with a different aim).

3.4 THE ANALYTICAL FRAMEWORK OF THE THESIS

This section specifies how each theory (Fuchs and Oliver & Holzinger) are operationalized and used in an analytical context.

3.4.1 FUCHS' FACES OF POWER OPERATIONALIZED

The first set of concepts are the types of power introduced by Fuchs: instrumental, structural, and discursive power. To assess instrumental power, this thesis takes departure in the idea that the instrumental perspective is concerned only with resources that the actor in question can deploy directly. In this context, the thesis operationalizes instrumental as financial resources that are available to maritime firms as well as 'locations' in the regulatory process where these resources can be deployed. Financial resources are used by firms to finance lobbyists, provide campaign contributions to politicians, finance the provision of information, research and reports, or in some cases pay for media coverage in the form of advertisement. The underlying assumption here is that more financial resources translate into more instrumental power as long as there are places in the policy process where firms can deploy these resources.

Structural power is more difficult to operationalize, but can still be enshrined by certain elements, namely *societal importance* and *formal decision-making power*. When a firm has high societal importance, the activities of the firm are required in order to carry out certain societal functions that other bodies are not equipped to do. Higher societal importance equals more structural power because the societally important firm(s) must be taken into account in any policy deliberation lest the societal impact they have is lost. In practice, this means that this thesis collapses agenda-setting power and societal importance into one entity; one or the other indicates structural power, but both agenda-setting power and societal importance is a much stronger indication of structural power. Formal decision-making power, on the other hand, refers to the degree which private actors have formal authority to regulate their own operations. More formal corporate decision-making power equals more structural power, and this includes private rating- and regulatory schemes.

Discursive power is more complicated, but drawing on Fuchs we can see that two important elements constitute discursive power: *public trust in ability* and *public trust in intentions*. Trust in ability means that the public or other actors trust the firm's ability to carry out societal functions in accordance with societal goals. Trust in intentions mean that the public or other actors trust the firm's intentions to actually serve the desired societal purpose rather than narrowly pursuing self-interests. In practice, this thesis is more focused on the trust in intentions-aspect, under the assumption that most public officials universally trust ship owners' ability to operate effectively.

TABLE 1: OVERVIEW OVER OPERATIONALIZATION OF FIRM POWER

	Instrumental Power	Structural Power	Discursive Power
Indicator	Financial Resources Regulatory 'locations' to use resources	Societal Importance of Firm and the ability to control the agenda Formal Decision-Making Power	Public trust in Firm ability and intentions

3.4.2 OLIVER & HOLZINGER OPERATIONALIZED

Oliver & Holzinger categorize political strategies according to the primary objective of the strategy as well as the value and compliance perspective. Without access to the internal reasoning of firms and industry organizations, it is relatively difficult to directly assess the value and compliance perspective of a given political strategy. However, the activities are related so closely to the different strategies that this thesis can deploy them as indicators. This will also tell us indirectly something about the reasoning behind that specific activity – for instance, a firm lobbying against new regulation must necessarily seek to maintain status quo and, by extension, the existing value base, which is typical for a defensive strategy. Below, the operationalization of each type of strategy is outlined in order to explain how to find these strategies in the empirical evidence.

The reactive strategy is associated with activities that are centered around the firm's effective implementation of regulation. A firm or group of firms following a reactive strategy can be detected when they are eager to carry out activities that allow them to effectively respond *after* the actual political process has taken place. They don't actually participate in the process, nor do they try to anticipate how regulation will be shaped. Examples of activities are internal development of practices or efficient training of personnel after regulation has taken effect.

The anticipatory strategy can be identified by finding activities the firm or group of firms carry out to preempt the output of a regulatory process. These activities should aim to provide the firm with a competitive edge because the firm can become first-movers based on information from the political system itself. Examples of

activities are participation in policy development meetings or frequent contact with or hiring of public officials and policymakers.

The defensive strategy and the proactive strategies are potentially the most difficult ones to distinguish, because they both involve lobbying as an activity, and in general consist of activities that try to influence policy outcomes. The core difference is whether an activity is aimed at preserving status quo (a defensive approach) or promoting new regulation (a proactive approach). As such, a core element of the analysis is to assess whether a political activity is focused on maintaining status quo or seeking to support new or amended regulation. In addition, Oliver & Holzinger specifies that from their perspective, some activities are unique to proactive strategies – namely, firm-NGO-collaboration and development of best-practice solutions that redefine standards (Oliver & Holzinger, 2008, p. 511). As such, assessing defensive strategies will be based on political activities that seek to influence policy outcomes in favor of status quo, such as lobbying and information provision, while proactive political strategies are determined by activities that influence policy outcomes in favor of new regulation. This includes lobbying and information provision, as well as NGO-firm-collaborations and public statements by firms supporting new regulation and redefining policy expectations.

TABLE 2: OVERVIEW OVER OPERATIONALIZATION OF FIRM STRATEGIES

	Reactive	Anticipatory	Defensive	Proactive
Indicator	Activities which allows the firm to effectively implement regulation	Activities which help the firm identify and prepare for future regulation	Activities which influence policymakers to maintain status quo	Activities which influence policymakers to agree on new regulation beneficial to the firm

4 METHOD

This thesis will conduct qualitative analyses to answer the sub-questions and the main research question. This section will go through the main foundation and scientific assumptions that underpin this thesis. Subsequently, the research approach and research design are outlined along explanations of the data used in this thesis. Finally, some core methodological considerations are addressed.

4.1 PHILOSOPHY OF SCIENCE AND BASIC ASSUMPTIONS

The foundation of this thesis is a soft ontology grounded in critical realism. The term 'soft ontology' was coined by Eli Hirsch (1996) to explain a system of thought aimed at reconciling ontological differences. This term is central to this thesis, because the theories themselves contain apparent contradictions. In Fuchs' framework, she works with clearly delimited types of power, as well as the sources of these types of power and the ways they can be measured. This way of presenting reality echoes a more positivistic approach because of the clear demarcation of different social entities (in this case, power) as well as the ways to observe them, and the implicit understanding that these types of power exist whether we observe them or not (Moses & Knutsen, 2012). However, at the same time a central element of discursive power is the ability to change individuals' perception of reality, problems, and 'things' in general (Fuchs, 2007). This represents a reality where things are not enduring or objective, but rather can be defined by actors through the lenses that these actors use to see the world.

Similarly, Oliver & Holzinger take the same positivistic route and seek to clarify generic political strategies that exist and can be measured (Oliver & Holzinger, 2008). However, as part of the proactive political strategy, Oliver & Holzinger point out that an underlying element of this strategy is to change constituents' beliefs and norms about political requirements (Oliver & Holzinger, 2008, p. 511). While Oliver & Holzinger do not expand on this, it seems reasonable to extend the idea and consider the possibility that a firm not only might change norms and beliefs about a specific thing, but also norms and beliefs about how the world and reality should be considered.

In both cases, it is apparent that a contradiction can occur between the implicitly positivistic approach of both sets of authors and the way that elements in each framework assume reality as something that can be shaped by perceptions of actors. To alleviate this tension, this thesis embraces that contradiction by acknowledging that it is possible that reality can be shaped by social actors while, at the same time, we can understand, categorize, and study the apparent mechanisms and processes that result in actors' redefinition of reality.

Closely related to this is the notion of critical scientific realism (Bhaskar, 2013; Moses & Knutsen, 2012). The central idea behind this philosophical approach is that scholars can study and understand causal mechanisms that actually do exist, which resembles a core point often expressed by positivists. However, critical realists are always aware that there may be many layers of truth, and that any given understanding of causality potentially reflects a deeper layer of truths (Moses & Knutsen, 2012). Because of this, a critical realist should always be careful to accept the possibility that other research strategies deployed on the same issue may

uncover these deeper layers of reality, and that the results of one specific strategy should be viewed in this light.

Concretely, this means that the relationships between power and political activities uncovered in this thesis should be viewed with some skepticism – not because we should question whether these relationships exist, but rather because there very well could be underlying mechanisms and processes that shape these relationships. Any given relationship that this paper identifies could be a representation of a deeper layer of causalities that we should study more carefully. This point is especially important since it is relatively recent that scholars systematically started examining corporate political power and activities.

4.2 RESEARCH APPROACH

Commonly, a distinction is made between deductive and inductive research approaches in naturalist and critical realist social science. A deductive approach takes departure in claims that we consider to be true in order to explain single events (Moses & Knutsen, 2012). In other words, a deductive research approach needs to ground itself in established theories or axioms which guides the type of data collected and the analysis of the data, both of which the theory of choice typically defines or assumes. Conversely, an inductive approach starts with the empirical evidence and then builds explanations from the 'bottom up' without pre-existing truths or frameworks that guides the analysis (Moses & Knutsen, 2012).

This thesis takes a deductive approach which is guided by the two main theories by Fuchs and Oliver & Holzinger. The two main theories define what social entities the thesis examines, and the core idea behind both theories – that certain social actors can influence political processes – provides the fundamental assumption which this thesis builds upon. More importantly, the deductive approach implies that the thesis' understanding of social reality is defined by these theories. This is not necessarily a problem, but recalling the critical realist stance of this thesis, we should be open to an understanding of reality which is based on different theories and assumptions of social entities.

4.3 RESEARCH DESIGN

This thesis answers the research question by conducting a case study. This means that a single case is used – the global maritime industry – to examine the relationships between power and political activities. Generally, a distinction is made between a case study and a comparative study (Bryman & Bell, 2007; Moses & Knutsen, 2012). In the latter, two or more cases are compared in order to draw or infer insights from the differences and similarities between the cases in order to outline meaningful relationships between entities. In the former, a single case is used in order to examine the mechanisms and processes in-depth. The value of a case study is that it allows the researcher to generalize certain relationships from the case and provide future

research with better indications of the relationships at hand (Ruddin, 2006). In this thesis, it seems reasonable to use a case study to examine a novel set of processes and mechanisms relating to politics and the power of firms because these dynamics are less researched. A comparative research design would be more valuable if we knew which dynamics we should look at and then compare between two industries. However, given the relative novelty of this area of research and its interdisciplinary foundations, both research design choices could have provided the basis of this thesis.

4.3.1 THE CHOICE OF CASE

The choice to use the maritime industry and its regulation is based on the notion of a *critical case* (Bryman & Bell, 2007, p. 64; Yin, 2013). A critical case is a case which allows the researcher to establish links between concepts based on the case. The environmental regulation of the maritime industry provides the opportunity for this because of the strong impact regulation has on firms, the impetus for firms to engage in the political system, and the role of an international regulatory institutions – IMO – in which regulation is agreed upon by states. This interesting dynamic between states, strong, multinational firms, and a central regulatory arena should provide adequate opportunity for this thesis to assess both firm power and political strategies in this system of global governance.

4.4 SOURCES OF DATA

4.4.1 INTERVIEW SUBJECTS

Interviews were conducted with six individuals from the maritime world ranging from an industry Vice President to an NGO-employed specialist. Four of the interview subjects were Danish, one respondent was an American based in Washington, D.C., and another was Norwegian with primary responsibilities in Brussels. The subjects were interviewed according to an interview guide which was adjusted slightly to account for the specific perspective of the respondent in question. An example of this is that corporate representatives were asked to explain whether other actors trusted them, while non-corporate actors were asked whether other actors (including themselves) trusted the intentions of firms. All of the interviews were semi-structured, which allowed for further questioning on more relevant parts (such as specific examples or a more thorough explanation of a point)(Brinkmann & Kvale, 2014).

The questions asked were linked to the operationalization of the concepts of power and the political strategies. This means that the interviews sought to establish to what extent firms had instrumental, structural, or discursive power and whether firms engaged in defensive, anticipatory, reactive, or proactive strategies. Additionally, questions were included that sought to establish the relationship between power and the effectiveness of the political activities.

All except one interview (R5) were recorded and reviewed to extract the key points in accordance with the analytical framework. A broad range of individuals from different countries and different sectors (industry, national administrations, and NGOs) were approached, but these efforts were hindered since the data collection period collided with the 69th meeting of the IMO Environmental Committee (MEPC). All six interviewees who participated are anonymized in this paper.

TABLE 3: OVERVIEW OVER INTERVIEW RESPONDENTS

Respondent reference	Position
R1	CEO, Danish maritime environmental consultancy firm
R2	Senior Adviser, Danish Industry Organization
R3	Member of Secretariat, Danish Environmental NGO
R4	Policy Director, International Environmental NGO
R5	Vice President, International Industry Organization
R6	Senior Researcher, Danish University

4.4.2 OFFICIAL DOCUMENTS

The International Maritime Organization (IMO) has a database¹ where most of their internal documents can be downloaded by the public. This includes meeting minutes, lists of participants in specific meetings, drafts produced by some working groups and papers submitted by delegations and observers. In conjunction with interview data, these documents support the parts of the analysis that concerns the inner workings of the IMO.

A brief word on the structure of these documents is warranted. While these documents are published by the MEPC under the umbrella of IMO, the papers themselves are submitted to IMO by different delegations or observers with the exception of participation lists and full meeting reports. By IMO nomenclature, a document is titled based on the sessional number and the agenda subject, and this is the name of the document referenced with a subtitle provided by the submitter.

These documents do not represent the opinion of IMO, but rather the views and interests of those submitting it, and they are used accordingly. In the context of this thesis, two main types of documents were analyzed;

¹ They are found at <https://docs.imo.org>

participation lists, where the individuals participating in a delegation are listed all the way down to their title and division; and submissions from delegations and observers.

4.5 METHODOLOGICAL CONSIDERATIONS

There are three important considerations which must be addressed before continuing. First, the bias in responses due to the number of Danish respondents vis-à-vis non-Danish respondents poses a threat to the internal validity of the analysis. If the perspective of Danish respondents differs fundamentally from non-Danish perspectives, extrapolating conclusions from the Danish industry and its political approach should be done carefully, if at all. To take this into account, this thesis will only elevate insights from the Danish industry to an international level if there are either supporting insights from the international respondents or supporting evidence in either IMO documents, submissions from members, or other data to back it up. However, as the analysis will show, the significant difference between the Danish industry and the global industry as a whole will show that these differences are analytical points in itself, both in terms of political strategy and political power. As such, the fact that the majority of respondents are Danish is not a problem, but rather poses a possibility for gaining deeper insight into the Danish industry.

The second consideration is the weakness implied by the lack of response from public officials. This is particularly problematic since a core part of discursive power is the legitimacy of the industry in the eyes of the policymakers – i.e. the national administrations. It would be severely problematic if this thesis only relied on statements from the industry itself to assess the trust placed in the industry. However, responses from NGOs (R3, R4) and individuals not directly employed by the industry (R1, R6) nuance this, and their interaction with the industry and national administrations suggests their responses to some extent can show the perspective from the national administrations. In addition, both industry respondents (R2 and R5) had a background as public officials which allowed them to speak from experience on this matter. In sum, it is reasonable to assume that even though there are no public officials as respondents in this thesis, the collective perspective provided by the respondents as a whole is enough to provide some insight into the relationship between national administrations and the industry, both internationally and nationally.

Finally, an important consideration arises due to the use of professional industry and NGO representatives as respondents. These respondents are professionally employed in a role which requires them to advance a certain cause politically, and it is a risk that the interview responses provided in this thesis are provided in such a way that the response itself advances this political cause. This is an issue which other authors have acknowledged (Berry, 2002). In this thesis, this consideration is a basic premise which is mitigated by triangulating responses across different respondents and, ideally, across sectors and nationalities.

Triangulation of responses is always important, but since this thesis works with political employees, it is even more important to base analytical conclusions on as many independent responses as possible. Despite these three core considerations, the validity and reliability of this thesis should be adequate due to the differences in terms of respondent backgrounds, the ability to triangulate effectively across responses, and official documents and data which can act as supportive empirical evidence.

5 THE REGULATORY LANDSCAPE OF SHIPPING

International regulation is centered on two important elements; The United Nations Convention on the Law of the Sea (UNCLOS) and the International Maritime Organization (IMO), which is a specialized UN agency. UNCLOS is a treaty which determines the roles and responsibilities of states (flag-, coast-, port-state roles) as well as the extent of IMO authority. In addition to this, the EU is a political actor in and of itself, and firms, NGOs, and Business/Industry NGOs (BINGOs) are proliferate the landscape. This section outlines the most important actors and arenas and the most important divisions between organizations and firms.

5.1 MAIN REGULATORY INSTITUTIONS

5.1.1 IMO

IMO is a specialized UN-agency which is tasked with making international rules of maritime conduct. Specifically, IMO develops and adopts rules concerning safety, security, and pollution of ships (International Maritime Organization, 2016a). Under the mandate of UNCLOS, IMO can develop and adopt requirements for vessels relating to “*ship design, construction, equipment, manning, operation and disposal*” (International Maritime Organisation, 2015; International Maritime Organization, 2016a) which indicates that IMO can impose rules on vessels across the vessel lifecycle and the specific activities on board the vessels. These rules are enshrined in international conventions which IMO continually revise – the most important one in the context of this thesis is the International Convention for the Prevention of Pollution from Ships, universally referred to as “MARPOL”.

Formally, the IMO works through a number of committees and sub-committees which are all tasked with a specific matter (International Maritime Organisation, 2015). These committees consist of national delegates from the largest maritime states (typically diplomats or experts from national maritime authorities) who have one vote per state² and observer organizations (from NGOs, BINGOs, and other international organizations, such as the EU) that can contribute to the debate but cannot vote. Crucially, national delegations can choose to invite ‘advisers’ along who sit on the back row of the delegation in question and act as technical experts.

² According to Part XIII in the IMO Convention - (United Nations, 1948)

These 'advisers' can be anyone, and typically they are specialists from a classification society or firm representatives with technical knowledge.

These committees typically meet every 8-12 months during intense one-week sessions in London. During these sessions, the delegates are tasked with agreeing on draft texts which are approved by the relevant committee and subsequently adopted by the IMO General Assembly. These texts constitute amendments to existing conventions or brand new ones, which means that state-level conventions originate in the 'machinery' that is the IMO committees and sub-committees.

According to UNCLOS, IMO can only adopt regulation but not implement it. The member states who approve the regulation at the IMO General Assembly must subsequently ratify it if it is a new convention, or simply accept the new rules when it is an amended one. In any case, the actual implementation and enforcement is left to the states.

5.1.2 FLAG STATES

Flag states are states that are responsible for vessels under their flag (i.e. registered in that country) in terms of compliance with IMO regulation (DeSombre, 2006; Svensson, 2014, p. 9). When regulation has entered into force, it is the responsibility of the flag state of a given vessel to ensure that the vessel complies with all relevant regulation. During the course of the 20th century, the term 'flags of convenience' was coined to capture the idea that a ship could 'flag out' and register in a country that had lower standards or did not enforce internationally accepted standards (DeSombre, 2006). This was possible because the ship as a unit of production is incredibly mobile, as opposed to factories which are somewhat more difficult to move. Today, the states that are known as flags of convenience are members of the IMO and accept IMO standards (DeSombre, 2006). While enforcement at open sea is left to the flag state, coastal and port states have authority to make sure that vessels in their waters comply as well.

5.1.3 COAST/PORT STATES

UNCLOS specifies that coastal and port states have the right to prevent ships from entering their waters if they do not comply with the environmental laws of the specific coastal or port state (DeSombre, 2006; Svensson, 2014; United Nations, 1982). In theory, this would mean that even if a vessel was registered in a low-standard flag state, it would still have to comply with German laws when berthing in Hamburg, or vice-versa the Dutch in Rotterdam, but this has historically posed some issues – see section 6.2.1. In general, coastal and port states are concerned with the protection of their environment and have been "*the primary initiators of environmental regulation for shipping*" (Svensson, 2014, p. 9).

5.1.4 EU

The EU is an important international organization in the regulation of shipping. There are two primary reasons for this: First, EU can leverage their 28 member states' resources to push for specific regulation in the IMO. Second, EU can adopt IMO regulation and dictate enforcement levels for member states. The latter is particularly interesting, because (as noted) IMO cannot force states to enforce a certain policy in a certain way. The EU can then act as the enforcement guarantee for European waters and effectively ensure a minimum level of enforcement across all member states. Other than this, environmental shipping regulation in the EU is less important and IMO. EU can fill some of the holes in IMO's minimum-standards approach, but "by far, the most important organization has been the IMO." (Braithwaite & Drahos, 2000, p. 425).

5.1.5 FIRM/NGO SELF-REGULATION

While there are no ship-owner- or supplier-led standard setting initiatives in shipping, a very important group of organizations called classification societies exist. They are enshrined in the International Association of Classification Societies (IACS), and include large, historical organizations such as Lloyd's and DNV GL. Their role is twofold: First, classification societies interpret IMO rules in Unified Interpretations which "clarify the intent and application of the international standards" (Braithwaite & Drahos, 2000; IACS, 2011, p. 10), which means classification societies effectively translate IMO regulation into usable guidelines. Second, if IMO agrees on goal-based guidelines without technical specifications, classification societies develop rules that will "allow the industry to meet those targets" (IACS, 2011, p. 10). These organizations contain very specialized knowledge of naval architecture and operations and do not only as a group hold observer status in IMO, but individual organizations participate in national delegations as advisors or delegates (IACS, 2011; MEPC, 2014f; Sub-Committee on Pollution Prevention and Response, 2014)(Interview with R1, 2016).

5.2 FIRMS

The firms that proliferate the maritime landscape vary in size, function, and the product or service they provide. Taking a note from Robert Falkner (Falkner, 2008, 2010 as mentioned above), we should be careful to ask, "how do firms differ?" and "where do firms' interests diverge?". This section will shed light on this, and later in the thesis this background knowledge will help understand some key points about the regulation of international shipping.

By maritime firms, this thesis refers to all firms who, broadly speaking, are a part of the maritime sector. This involves shipping firms, which are the firms who usually own the vessels and, especially in container shipping, are responsible for planning the shipping lanes and the transport services. Shipping firms are also firms that transport 'dry bulk' cargo, which is cargo that is not containerized, not liquid, and usually stored in massive

bays onboard the vessel – bulk iron transports are examples of this. Shipping firms are also tankers, most importantly crude oil tankers, but here the major oil companies (Exxon, Shell, etc.) play an important role as well by owning and operating their own fleets of tankers. The group 'maritime firms' also refers to firms that supply the actual vessels (shipyards), the firms that supply shipyards and shipowners with equipment (equipment manufacturers), and firms that supply engines to shipyards (engine manufacturers)(Stopford, 2009). Throughout this thesis, the term 'shipowners' and 'shipping firms' are used interchangeably for the purpose of simplicity.

It is evident that these distinctions alone indicate differences in terms of interests. The interests of shipyards do not necessarily align with those of the shipping firms – in fact, these two groups of firms' interests are opposite, since shipyards always want to increase sales of vessels to shipowners, and shipowners want to spend the least amount possible on ships that comply with regulation. The same dynamic is true for equipment manufacturers vis-à-vis shipowners, and engine manufacturers vis-à-vis shipyards and shipowners.

In addition to this, there are segmentations within the industry that are less than obvious at an initial glance. The most important difference between firms within the same formal category is the individual firm's ability to profit from new regulation. There are some firms that are much better at utilizing new technology or new regulation and gain a competitive edge vis-à-vis those competitors who are less adaptable. This was emphasized by all the Danish interviewees, and is in line with industry initiatives such as Green Ship of the Future (GSF), where Danish firms attempt to collaborate to develop industry-wide utilizations of green technology³ (Interviews with R1, R2, R3, R6, 2016). This is very important; this kind of 'invisible division' within the industry between different groups of shipowners highly impacts the political division of the shipping industry. This point will become more pronounced in later sections of this thesis, and it is completely in line with Falkner's central point (Falkner, 2010).

5.3 ORGANIZED INTERESTS: BINGOs AND NGOS

Separately from firms are organizations which exist to represent groups of these firms in the IMO or advocate their interests in general. In this thesis, these organizations are termed 'BINGOs'; Business and Industry Non-Governmental Organizations. There are numerous BINGOs in international shipping, and they are usually divided in terms of sector; i.e. independent tanker-owners are represented by INTERTANKO, liner shippers (like Mærsk) are represented by World Shipping Council (WSC), and so on. The largest BINGO is BIMCO which

³ The author has been present at two GSF meetings, and references to GSF are based on author's own account.

have more than 2200 corporate members worldwide across industry segments, but the International Chamber of Shipping (ICS) is also very important as a representative of all shipowners and operators specifically (BIMCO, 2016; ICS, 2015; Intertanko, 2016; World Shipping Council, 2016). Many of these BINGOs have a formal seat in the IMO as observers without voting power. This allows these BINGOs to submit proposals and input to the various meetings.

As the counterweight to BINGOs, grassroots movements or civil society groups working with environmental issues also have observer seats in the IMO. In this thesis, these organizations are simply termed Non-Governmental Organizations (NGOs). The most important ones are Greenpeace and Transport & Environment (T&E), of which the latter is an umbrella organization with many national members. Some NGOs have specific focus on certain issues, like shipbreaking, while others are concerned about broader issues (Greenpeace International, 2016; International Maritime Organization, 2016c; NGO Shipbreaking Platform, 2016; Transport and Environment, 2015).

6 POWER OF MARITIME FIRMS

6.1 INSTRUMENTAL POWER

6.1.1 FINANCIAL RESOURCES OF SHIPPING FIRMS

To assess the size and magnitude of financial resources in shipping requires data on firm financial statements and, ideally, information about the spending on political activities in general. The first element is relatively straightforward to assess, while the latter is more difficult. There are, however, data sources on an industry-level which may help this analysis.

TABLE 4: OVERVIEW OVER THE LARGEST FIRMS IN THE SHIPPING INDUSTRY, 2014. SOURCE: STATISTA.

Name of firm	Revenue (billion USD)
A.P. Møller-Mærsk Group (Denmark)	47,5
Nippon Yusen (Japan)	22,4
Kuehne + Nagel (Switzerland)	19,1
Mitsui OSK Lines (Japan)	17,0
CH Robinson Worldwide (U.S.)	13,5
Hyundai Glovis (South Korea)	13,2
Kawasaki Kisen Kaisha (Japan)	12,5
China COSCO Holdings (China)	10,4

The 10 largest maritime firms are quite sizeable, as the table shows. Collectively, these 10 firms have revenues in the same order of magnitude as the GDP of medium-sized countries (Hungary and Ukraine have 119 and 88 billion USD GDP, respectively (CIA, 2016a, 2016b)), but individual firms are quite large in and of themselves (Statista, 2014). In a domestic context, these firms are large; the Mærsk group as a whole is the second largest firm in the Nordic countries measured on revenue (Forbes, 2016; Largestcompanies.dk, 2016). In essence, this industry is composed by very large multinational firms.

Additionally, we can observe the magnitude of lobbying activities in a domestic US context to provide some clarity on the extent on lobbyism spending. Using data from OpenSecrets.org, we see that the annual lobbying in sea transport in the U.S. was approximately \$24 million in 2015, and that Mærsk was the second-largest individual client with a spending of \$1,36 million. While these numbers may seem large, the \$24 million does not even place sea transport lobbyism in the top 20 of most lobbied industries in the US. The relatively small magnitude of lobbyism compared to the size of the multinational firms involved suggests that spending on lobbyism by firms could easily could be expanded, even if the numbers only relate to an American context.

This picture was confirmed by R3 and R4. Both interviewees specified that from their point of view (as independent NGOs), firms were able to mobilize resources that were far beyond the scope of NGOs (Interview with R3, R4, 2016). These resources were not necessarily poured into campaign financing to gain a direct leverage over politicians, but rather consisted of physical presence (i.e. number of employees attending) at policy development meetings and the provision of information drawing on the large organizations behind them. R1 explicitly emphasized the important role of information provision and pointed to the fact that ICS, which represents more than 80 % of world merchant tonnage, could draw on the combined resources of dozens of very large firms (Interview with R1, 2016).

It is evident from these facts that global shipping firms have sufficient financial resources to engage in the political process if they wish to do so. Compared to the immense magnitude of the revenues of these firms, campaign contributions and the provision of lobbyist activities are relatively minor (if present, at all) in comparison with the revenues and asset values that shipping firms hold. Nevertheless, the size of the shipping organizations allows shipping firms to engage the political system with a considerable amount of resources either through BINGOs like ICS or individually.

6.1.2 LEVERAGING FINANCIAL RESOURCES IN THE POLICY PROCESS

6.1.2.1 *IMO*

The question is whether the other criteria for instrumental power is observed, namely the ability to engage the political process at specific points. Specifically, this to the extent that these resources can be used to influence the IMO and national governments, respectively.

As we saw in section 5, the IMO is not important as an organization itself, but rather important as an arena where national delegations and their advisors agree on policy outcomes. From an instrumentalist perspective, this means that permanent lobbying at the IMO is irrelevant, and that lobbying should be coupled to specific meetings and delegations instead. Conventional lobbying in domestic or regional contexts involve individuals with permanent access to policymakers or public servants which they can influence through meetings and contacts, with Washington, D.C. and Brussels as prime examples. In IMO policymaking, the public servants in the organization itself have virtually no impact on the finalization of policies since member states agree on specific texts all the way down to punctuation and headlines. Additionally, the meetings of the MEPC and PPR are relatively rare but very intense, so efforts to establish permanent lobbying would be focused on these sessions.

In order to engage IMO sessions and seek to influence the decisions as they are made, firms can either access as observers (i.e. as part of a BINGO) or as members of a national delegation. This approach provides the firm with an opportunity to leverage some of the financial resources. As part of an observer group, the firm or group of firms can spend resources on scientific studies and reports which can be submitted to the IMO as part of an argument, a position, or simply for information. R1 specifically mentioned the ability of ICS to mobilize an incredibly large dataset to underpin a political point in the IMO (Interview with R1, 2016).

If firms are part of the national delegations, they cannot submit papers of their own but only assist the national delegation proper with the formulation of arguments and input. This process takes place well before the actual session, but firms can play a role at the session itself by acting as technical experts and advisers to the national delegation. In working groups and draft groups where participants are under time and information pressure, a corps of corporate advisers that can assist and influence the policymakers as the decisions are being negotiated may be an important way for firms to leverage their financial resources.

6.1.2.2 *STATES*

As explored in earlier chapters, states are not only the principal actors when it comes to IMO meetings, but also responsible for implementing IMO regulation either in the role of flag states or coastal and port states.

This means that firms have entry points in the process through the states to affect IMO regulation before it reaches sessions and after it has been agreed upon.

States acts as entry points because the firms can leverage their financial resources to 'get into' IMO or influence the national delegation. In the first case, firms can try to convince a given national delegation that the firms should be well represented in the advisory ranks. The advisor role of firms is explored in the previous section, but it hinges of the ability of firms to actually become a part of the delegation. It is worth noting that some countries are much more willing to take corporate individuals on as advisors than others. At MEPC 66, 67, and 68, Denmark had 13, 11, and 11 corporate advisors at each meeting, respectively. At the same meetings, the US had 6, 6, and 5, while Greece had 2, 4, and 8. The largest shipping nation in the world measured in registered tonnage, Panama, had 0 corporate advisors at each meeting (MEPC, 2014f, 2014i, 2015a). There can obviously be a plethora of reasons for this difference, but the extreme case of Denmark shows that firms potentially can have a strong presence in the delegation.

The second relevant capacity of states are as implementers and enforcers of IMO rules. Here, firms may try to use their financial resources to directly influence the way that the state handles the specific rules of enforcement or the speed of implementation. A key example of this was shown by the 2015 implementation of more stringent Sulphur emission rules in the Baltic and North Seas. Each country bordering the regulated areas could decide independently of IMO how tough enforcement should be, which led to a public debate about how effective enforcement was and should be (Bartels, 2016; Raun, 2014b, 2015a; Rozmarynowska, 2015; Trident Alliance, 2016b; Vogdrup-Schmidt, 2015a). Some segments of the industry responded by pouring resources into activities that should convince Danish policymakers and public officials to adopt a favorable stance, most famously by creating an entire organization with the sole purpose of highlighting the apparent need for more enforcement (Trident Alliance, 2016b).

However, implementation and enforcement issues can be determined by EU Regulations or Directives which effectively forces countries to adhere to a certain standard. The latter case was demonstrated when Romania was threatened with financial sanctions by the EU Commission since the country had not implemented the EU Sulphur directive, which effectively was an EU-mandated implementation of the rules adopted by the IMO (Raun, 2015c; The European Parliament & The European Council, 2012). This problem shifts the issue of instrumental power from states to the EU in the case of enforcement and implementation. More generally, the data does not decisively show that firms wield instrumental power in the implementation phase.

To sum up the instrumental perspective, it is clear that the shipping industry as a whole controls sizeable financial resources in the magnitude of tens of billion dollars. However, due to the difficulty of leveraging

these resources in IMO itself, firms need to leverage them either in individual states. This may be effective in IMO if the firms can use instrumental resources to gain access to the negotiations, but may also be effective in influencing a state's stance on implementation after the policy is agreed upon.

6.2 STRUCTURAL POWER

6.2.1 SOCIETAL IMPORTANCE

When we take a look at societal importance, shipping has historically been a very interesting industry. It is important on a global scale as an enabler of globalization, but also important to individual states as a guarantee of trade or economic activity. Some segments of the industry, namely classification societies and insurers, also have a very important structural role because of their importance as type approvers and underwriters.

6.2.1.1 *THE GLOBAL IMPORTANCE OF THE SHIPPING INDUSTRY*

From 1870 to 1998, share of world exports in world GDP increased from 4,6 % to 17.2 % (World Trade Organization, 2013), indicating an increased reliance of the global economy on cross-border trade. Exports in goods from the US to the EU alone increased from \$143.9 billion in 1997 to \$184.66 billion in 2015, adjusted for inflation⁴ (US Census Bureau Foreign Trade Division, 2016). China conducted trade worth of €850 billion with the US and EU alone in 2014 (European Commission, 2014). When these numbers are understood in terms of physical products rather than numbers on a spreadsheet, the immense importance of efficient sea transport becomes apparent. The IMO estimates that shipping globally loaded more than 8.4 billion tons of cargo in 2010, of which non-bulk, non-tanker goods (such as containerized cargo) accounted for 3.3 billion tons (IMO, 2012). It is widely acknowledged that shipping is responsible for transporting more than 90 % of global trade, with the last 10 % being divided between road, rail, and aviation transport (IMO, 2012, p. 7). If all vessels were laid up tomorrow, it would bring intercontinental trade to a screeching halt.

6.2.1.2 *THE EU AS AN EXAMPLE OF THE IMPORTANCE OF SHIPPING*

This societal importance was amply demonstrated in Europe in the late 20th century. Flagging out to flags of convenience, in which a vessel registered in a country with low regulatory standards, was a common problem (DeSombre, 2006). In theory, any port could enforce national rules on berthing vessels and 'negate' the lack of regulatory oversight that a convenient flag implied, but this was impractical in the EU; if a given port began withholding vessels that did not comply with the state or port regulations, then other vessels would simply berth at adjacent ports in nearby countries. Due to the geographical closeness and adequate land-based infrastructure, it would make little difference to the supply chain whether a ship berthed in Rotterdam or in

⁴ Author's own calculation using www.usinflationcalculator.com which is based on US government CPI data.

Hamburg. This was a clear example of a 'race to the bottom' where states continually lowered their standards to attract (or not lose) sea transport (DeSombre, 2006; Genschel & Plümper, 1997; Vogel, 1997).

In the wake of the *Amoco Cadiz* disaster in 1978, European states formed a Memorandum of Understanding which became the Paris MoU in 1982 (Paris MoU, 2016). This organization would standardize requirements and enforcement across European states so that vessels would face equally high standards regardless of which European port they berthed at. The Paris MoU was largely effective, but as shown above, shipping retains its position as the global enabler of globalization.

6.2.1.3 THE ECONOMIC IMPORTANCE OF SHIPPING FIRMS IN STATES

The country where the majority of respondents are native, Denmark, is a good case to demonstrate the potential importance of the industry. About one quarter of the total exports of Denmark consists of sea transport – this corresponds to about half the total export of services (Danmarks Statistik, 2016a, 2016b). The Danish Maritime Authority concluded in a report from 2015 that 2,2 % of the Danish work force was directly working in the Danish maritime industry, and the value of the total production of the industry – DKK 335 billion – corresponded to 9,7 % of the total production of the Danish economy (Arbejderbevægelsens Erhvervsråd & Søfartsstyrelsen, 2015). This is very strong indication that the Danish maritime industry in particular wields structural power, given its importance for the Danish economy. R5 provided an interesting observation here; in his experience, Mærsk had a strong voice in Denmark because of Mærsk's size in the Danish economy (Interview with R5, 2016). This was backed up by R1 who contended that Mærsk historically had influenced Danish trade and maritime politics heavily (Interview with R1, 2016).

When looking at the largest flag states in the world, a similar pattern emerges. Of the two largest flag states in terms of registered tonnage, namely Panama and Liberia, the shipping industry accounts for a significant part of Panama's and Liberia's exports - in the case of Liberia, some estimates say that the registries account for 25 % of total government revenue (Financial Times, 2011; PBS, 2004; Schoen, 2013). Taken together, about one third of the total world merchant fleet (by tonnage) is registered in these two countries. Like in the case of Denmark, these statistics indicate that the industry wields structural power over Panama and Liberia simply because of the economic importance of the industry. It should be noted that there are several examples of joint submissions where ICS and either Panama or Liberia has cooperated to provide MEPC with a point of view, sometimes in cooperation with other BINGOs (MEPC, 2012, 2014e, 2014g, 2014h). This indicates that there is some interaction and cooperation between these actors.

6.2.1.4 INDUSTRY AGENDA-SETTING IN DENMARK

There is little indication that policy proposals are scrapped in the very early stages of policy development because of implicit threats by the industry. One respondent, R1, could not recall any proposal in Denmark which had been scrapped before the actual policy process due to the knowledge that the industry would be steeply against it or that it would lose economic activity. Another respondent, R2, who had worked in both the industry and the Danish administration, said:

“Sometimes, you think to yourself [as a public official] that this or this area would be nice to have regulated. But if it’s not realistic to pass as regulation, it is a waste of resources to try to develop it.” (R2, 2016)

R2 did not relate this specifically to the reasons why some regulation would be politically unfeasible, but R2 had previously talked at lengths about the close collaboration between the Danish industry and the Danish state agencies. R2’s statement is remarkable because it demonstrates that public officials hesitate to go ahead with proposals that they know would be difficult to pass. R6 also contended that proposals that have no realistic chance of passing are not developed (Interview with R6, 2016).

These three responses do not necessarily indicate that the Danish industry wields agenda-setting power. While it is a core structuralist point that certain proposals never are made “because the relevant actors know that these proposals do not have a chance of being adopted” (Fuchs, 2007, p. 58), the actors responsible for this is not Danish firms, but rather the states in the IMO. From the Danish responses, it seems like both Danish firms and the Danish administration would go ahead with more ambitious proposals if the political situation in the IMO was different (Interview with R1, R3, R6, 2016).

6.2.1.5 INDUSTRY AGENDA-SETTING INTERNATIONALLY

There is little evidence that the maritime industry controls which proposals reach the regulatory agenda. On the contrary, R1 pointed out that antifouling measures (in which the hull is protected against marine growth using paint) had been imposed very strict international requirements even in a situation where no cost-effective solution existed at the time and which had impacted the entire industry very negatively (Interview with R1, 2016). R5 contended that in general countries give some credence to the viewpoints of the industry (Interview with R5, 2016). It was unclear from R5’s response, however, whether this credence impacted policies before or during the IMO process – in the latter case, it would simply speak to the effectiveness of firms’ lobbying, and in the former case would constitute something closer resembling agenda-setting power.

R4 gave an interesting answer in this regard. R4 pointed at that, from her perspective, the international industry influenced heavily what was debated at specific policy meetings in certain areas of regulation, but

not because the industry could control the agenda or what people submitted (Interview with R4, 2016). Rather, this influence was exerted through certain smaller flag states where these states would rally up against specific issues or proposals that were then dropped. This is very interesting, because this dynamic does not represent agenda-setting power, but is rather a result of the peculiar structure of IMO and voting power distribution among states. There was no indication in R4's response that pressure was exerted before the MEPC meetings – indeed, many of R4's central points revolved around the alliance between flags of convenience and the industry at the meetings themselves.

This is actually a really important point. Not only have we established that there often is agreement in IMO between some industry segments and flags of convenience (by R4's account and the publicly available submissions), we can also see that the industry as a whole are incredibly significant economic actors in these countries. This is exactly the kind of pattern we would see in a situation where the industry wields structural power; a group of firms can dictate a state's position on regulation with the implicit threat of reflagging if the state objects. The important thing here is that structural power in shipping seems to be focused through states, not the system as a whole. It is the relative importance of the industry in each state that allows the industry to wield structural power, not the importance of the industry as a whole on the global scale.

6.2.2 INDUSTRY DECISION-MAKING POWER

Another source of structural power is the ability of an industry to formally retain the ability to self-regulate or self-enforce. Currently, there are no schemes which delegates formal decision-making power to firms since IMO-regulation takes primacy except where states have stricter rules. However, insurers and classification societies play an important role in the implementation of maritime regulation.

6.2.2.1 PRIVATE REGULATORY SCHEMES

There are no industry-led initiatives that actively develop regulation, standards or requirements for global shipping (Lister et al., 2015). Some initiatives have been launched during the last few decades led by firms with the aim to either create more efficient shipping (indirectly lowering CO₂-emissions) or create scoring frameworks to allow cargo owners and freight-forwarders to choose environmental alternatives (Lister et al., 2015, p. 191; Poulsen et al., 2016). Examples of these include the Clean Cargo Working Group, the Environmental Ship Index, the Clean Shipping Index, and more (Clean Cargo Working Group, 2015; Clean Shipping Network, 2015; World Port Climate Initiative, 2015). Additionally, these initiatives cover relatively few commercial vessels, and they are not compatible even if some firms (such as Mærsk) participate in several schemes due to different methodologies and areas covered (Lister et al., 2015, p. 191).

There are industry-led organizations that actively work with firm members to ensure enforcement, but this does not constitute industry decision-making for two reasons: First, the rules enforced are determined by the IMO and not by the industry. The concrete requirements are set in stone as flag state or coastal state law, and the firms that participate in enforcement-concerned industry organizations cannot set rules themselves. Second, the activities of such organizations often do not go beyond merely advocating that enforcement should be higher. The prime example, the Trident Alliance, has not agreed on benchmarks for self-monitoring nor indexes that allows customers to choose the 'greener alternative', but instead only conducts advocacy (Trident Alliance, 2016a, 2016b).

6.2.2.2 CLASSIFICATION SOCIETIES

One important group of firms are the classification societies. At first glance, the fact that a group of firms have power to approve implementation of standards with a fully industry-developed classification system might indicate that the industry wields significant structural power. However, the role of classification societies should not be interpreted representing maritime industrial power. First, the largest classification societies (enshrined by IACS) are commercially independent entities from the entities that they set standards for (shipyards) and the firms that rely on their expertise (shipowners and insurance companies). When a ship is deemed 'in class' and stamped with the approval of a class society, it is not the maritime industry monitoring compliance itself, but rather a pseudo-commercial actor without commercial maritime operations with high degree of technical expertise that certifies a ship is in compliance (IACS, 2011). To further mud this image, class societies sometimes provide technical consulting services to shipowners, operators, or shipyards (Lloyd's Register, 2016).

Second, IMO regulation always take primacy to class society rules. While class societies may develop and publish their own rules, technical guidelines, and construction standards, these are often just reflections of IMO regulation that are either prescriptive or goal-based (IACS, 2011, p. 10). In the formulation of these rules, IACS as a whole holds immense technical knowledge, but only provide input as to how these rules can be implemented technically. As R1 noted, "IACS is very careful not to be political" (Interview with R1, 2016). In this context, the role of insurance firms is important to note. According to Braithwaite & Drahos, "the most solvent insurers protect their solvency by declining to insure ships classified by low-cost-low-integrity classification societies." (Braithwaite & Drahos, 2000, pp. 426–427). Some of these firms even have consultative status in IMO (International Maritime Organization, 2016c). This relationship between insurance firms, classification societies, and IMO regulation indicates that insurers have a clear incentive and a structural position (given their important role as underwriters) to drive regulatory standards up. An example provided by Braithwaite & Drahos is that insurance providers drove up prices for insurance of old tankers

while keeping premium low for younger tankers, even if both groups of vessels complied with existing IMO regulation because regulation differed depending on the year in which the ship was built (Braithwaite & Drahos, 2000, p. 428). As such, even if IACS and insurers seek to be 'politically neutral' in IMO, these groups of firms are potentially very powerful in a structural sense.

In sum, it is unsurprisingly difficult to assess the structural power of international maritime firms, but the data suggests that the structural power differs wildly across industry segments and national borders. Since the Paris MoU, shipping firms have not been able dictate lowest standards in European harbors, and there is little indication that firms control the agenda in the IMO. However, the economic importance of the industry in countries like Denmark, Panama, and Liberia indicates that shipowners wield structural power in national contexts. Similarly, classification societies and insurance firms hold a critically important role in shipping which allows them to potentially wield very strong structural power.

6.3 DISCURSIVE POWER

Looking at the shipping industry as a whole, the assessment of the discursive power of firms differ wildly between industry segments and, even stronger, between states. This section shows that some parts of the industry wields significant discursive power in international maritime regulation due to the trust some public officials place in the ability and intentions of specific maritime firms.

6.3.1 THE DANISH INDUSTRY

The interview data showed a very interesting pattern. Danish respondents who had a background in the industry or the public administration⁵ reported that public officials placed a high degree of trust in Danish maritime firms (Interview with R1, R2, R3, R6, 2016). The responses indicated that this was true across different segments of the industry, which would include both larger and smaller shipowners as well as component and equipment manufacturers based in Denmark. R1 had a very interesting observation here:

"Yes, I definitely think there is trust [between public officials and firms], and one of the reasons is that there is agreement in Denmark that we, our [Danish] shipowners and firms, supply quality shipping. That is the only way to survive because there is someone else who are willing and are able to lead the race to the bottom anyways." (R1, 2016)

R2 confirmed the trust:

⁵ R2 was currently employed by the industry, but had a background in the Danish public administration

"[The trust] is there to a large extent. It's not like the [Danish] authorities always think 'okay, we take what it says here word for word.'. The authorities have a preconceived notion about some types of proposals from some types of actors. And when there's a proposal from ICS, maybe in cooperation with INTERTANKO or others, they authorities might think 'what actually lies behind this proposal – why is it that they propose this?'. [...] But when we [the Danish industry] say something, the authorities, whether it is the Danish Maritime Authority or the Danish Ministry of Environment, then they will generally consider that a good and credible input." (R2, 2016)

These two quotes show very nicely the degree trust between Danish public authorities and Danish firms, especially vis-à-vis that between other countries' authorities and firms. Both R1 and R2 emphasized that this relationship between the industry and the public authorities was relatively rare. R1 pointed out that only The Netherlands and Norway came close to the same level of collaboration between state and firms, and R2 said the same thing with reference to the delegations that other countries bring to IMO (Interview with R1, R2, 2016).

All Danish responses point in the same direction: There is a high degree of trust, but also of interest alignment. Especially R1 and R3 emphasized that there was a consensus in Denmark between shipowners, equipment suppliers, and authorities that Denmark as a whole was in competition with not only other states, but also the rest of the industry. This would constitute a perceived reality where the goals of the Danish state in the context of IMO and regulation of shipping would be very closely aligned with Danish industry interests. Working to ensure proper protection of the environment goes hand in hand with protecting Danish economic interests.

R2 emphasized that the industry is conscious that proper implementation or over-implementation of regulation, as well as CSR measures, constitute an element in this trust (Interview with R2, 2016). Seen in relationship with both R1 and R2's emphasis on the importance of bringing firms along on IMO delegations and the actual size of Danish advisory delegations, it seems plausible that the trust placed by authorities in the intentions of firms is associated with a trust in ability (MEPC, 2008c, 2015a)(Interview with R1, R2, 2016). This is supported by the fact that throughout the interviews, both R1 and R2 said that the authorities potentially relied on the technical expertise of firms, either in preparation for an IMO meeting or at the meeting itself.

If we consider Fuchs' discussion of discursive power, she emphasizes that discursive power "... shapes perceptions and identities and fosters the interpretation of situations as of one type rather than another." (Fuchs, 2007, p. 60). In this case, there is reason to believe that the status of the Danish industry as a legitimate actor in the eyes of the Danish administration allows the industry to shape the public officials' interpretation of the issue at hand. The situation does not become one where the industry is pitted against regulators⁶, with regulators trying to curb the negative externalities of firms, but rather a situation where the industry successfully convinces policymakers that the Danish industry is a key component to solving environmental problems.

R2's explicit mentioning of ICS and INTERTANKO as actors that the Danish authorities trust less than others further shows that discursive power among firms is by no means ubiquitous, even if Danish firms such as Mærsk are members of ICS. R6 gave a different perspective on this. Even if R6 stated that there is a high degree of trust between firms and public officials, he argued that Danish policymakers look equally at proposals from different sources (Interview with R6, 2016). What was important was the argument and the facts, not the sender. This weakens the powerful statement by R2 somewhat, however, we should remember that R2 had a background in the Danish administration as opposed to R6.

6.3.2 THE INTERNATIONAL SITUATION

R4 and R5 provided valuable perspective even if they gave quite different answers. R4's central point was that (from an NGO point of view) there was little reason to trust the intentions of the majority of shipping firms since they almost universally strived for low-cost solutions (Interview with R4, 2016). She gave specific examples of certain policy areas where shipping firms 'greenwashed'⁷ their activities extensively through intermediary firms. There were exceptions, though. R4 stated that the degree of trust between R4's NGO and firms that "over-complied" in accordance with the NGO standards was very high. Conversely, when firms reneged on their efforts, trust between firm and NGO was broken. Conversely, R5 argued that the degree of compliance or over-compliance in the industry had little effect on the degree of trust or credibility of firms. This was due to both a lack of data on compliance, as well as a general lack of enforcement on many issues (Interview with R5, 2016). R5 stated that in general, credibility was influenced by the public stance of the firm, but later on also emphasized the role of social relationships heavily.

⁶ R2 actually explicitly made a point of arguing that the Danish maritime industry differs in nature from other sectors exactly because of this.

⁷ The term 'greenwashing' refers to activities aimed at making the sustainability of a firm look better than it actually is.

From R4 and R5's responses, it is difficult to get a clear image of the degree of trust that is placed in the international maritime industry by national delegations and administrations. Specifically, R5 stated that it varies enormously from state to state (Interview with R5, 2016). Even if R5 considered himself and his organization to be trustworthy in the eyes of some national administrations or governments, the specific trust placed in R5 and his organization would vary from administration to administration. R5 relayed some examples for his time as a regulator where some segments of the industry (enshrined by their industry organization) would produce "unprofessional" criticism of regulatory proposals. This was opposed by industry segments who were critical, but in a very professional and constructive manner (Interview with R5, 2016). As a regulator, R5 would listen much more closely to what the constructive organizations were saying, and more or less ignoring what the unconstructive organizations were suggesting.

Even if R5 did not explicitly say that he trusted some organizations more than other, it seems like the constructive organizations gained some legitimacy in the negotiations due to their apparent professionalism. If a regulator like R5 was willing to listen to their input and take their views seriously, this constitutes the basis for significant discursive power, especially in the contrast with the not-so-constructive elements of the industry. The ability to "shape perceptions" in the regulators' views of the world could very well depend on the legitimacy of these organizations in their repeated dealings with regulators and, more broadly, public officials.

Additionally, R5 provided an excellent point in this view: With firms like Mærsk, who are known for being at the forefront of environmental conscience in shipping, R5 suggested that it is very possible that some governments place some degree of trust in Mærsk's proposals because of this profile (Interview with R5, 2016). However, the big caveat here is that this only works if the government in question shares Mærsk's environmental concerns. An unsympathetic government would possibly listen to Mærsk's viewpoints given the firm's position as the largest shipping firm in the world, but would otherwise ignore the sentiments put forth. This is a very important point, because the implicit understanding among Danish interviewees has been that the Danish administration wants solid environmental regulation. When we consider the possibility that many countries with a seat in MEPC or IMO do not want as strong regulation as Denmark, it diminishes the possibility that firms can wield discursive power. It is not enough that an administration considers you a legitimate voice and gives you credence; effective influence over their perception of problems and solutions may be very difficult if the administration in question does not share your base sentiment.

7 POLITICAL ACTIVITIES

7.1 REACTIVE

A significant segment of the maritime industry takes a reactive approach to environmental regulation. The reactive approach is characterized by activities that allow firms to efficiently meet new standards and regulations while maintaining the existing value base (Oliver & Holzinger, 2008, pp. 505–507).

A good example of firms following reactive strategies is provided by the implementation of new requirements for airborne Sulphur-emissions in the Baltic and North Sea. This regulation took effect in early 2015, and prompted responses by shipowners in terms of compliance strategies. Depending on the competitive situation of each firm and the specific segment of the industry in question, different shipowners adapted different strategies in order to effectively comply with the new rules (Knudsen, 2014). Two main modes of compliance were adopted; some firms decided to install a filter (a “scrubber”) onboard their vessels to clean the air of Sulphur particles (Jones & Brittany-Ferries, 2015; Knudsen, 2014; Pathak & MEC Intelligence, 2015; Raun, 2015b) while other firms decided to implement the use of low-Sulphur fuel (Knudsen, 2014).

This is also true for equipment manufacturers. In the case of the new Sulphur rules, contractors were required to adhere to the demands of the regulation in order to supply compliance-approved scrubbers to shipowners. Alfa Laval, a Danish firm which is a scrubber supplier, conducted testing and development of scrubbers before the rules were in force (but after they were passed in the IMO) to optimize their solutions relative to the legal requirements (Rozmarynowska, 2015). The testing was in part conducted on the DFDS vessel *Ficaria Seaways*, which provided an opportunity for DFDS to assess how effective the scrubber would be as a compliance solution (Danish Ministry of the Environment & Environmental Protection Agency, 2012). This shows how both shipowners and equipment manufacturers in this case carried out activities that would enable them to efficiently react to regulation.

7.2 ANTICIPATORY

Relative to the reactive strategy, the anticipatory approach revolves around activities that allow a given firm to use knowledge about impending regulation to gain a competitive advantage. Crucially, these activities take place well before a policy is agreed upon. There are examples of some firms in the maritime sector which take this approach.

At a conference at CBS in March 2016, the CEO of DESMI Ocean Guard explained the business model of the firm to a number of industry and academia individuals⁸. Well in advance of the ratification of the Ballast Water Management Convention (which was expected to happen in the late 2000s or early 2010s), DESMI and Mærsk made a joint venture with the goal of creating a new market for ballast water treatment systems, which the Convention would require (ABS, 2015; International Maritime Organization, 2016b). This decision was based on the knowledge that DESMI and Mærsk had of the trajectory of future regulation and the global political attitude towards the convention, which would require a large number of signatories before taking effect.

At the same conference, a consultant from BIMCO showed the conference an outline of the phases where the primary activities of maritime firms took place relative to the regulatory work⁹. The main activities were clustered around the ratification phase, where firms would conduct activities in anticipation of regulation entering into force either to open a new market or most efficiently implement new regulation. According to Oliver & Holzinger, the anticipatory strategy is aimed at gaining first mover advantages through activities that allow firms to understand what the next policy change will be, such as hiring ex-government officials and investing in scanning the horizon for future regulation (Oliver & Holzinger, 2008, p. 507). DESMI Ocean Guard is a great example of these activities, and the explicit goal with DESMI Ocean Guard was to gain a first mover advantage in a future market. But the activities outlined by BIMCO for the industry as a whole did not involve finding out how future regulation would look. Rather, these activities were centered on the technical development of compliance mechanisms. BIMCO's perspective serves to show that even if firms say they anticipate future regulation and act accordingly, they are actually conducting a reactionary strategy even though they begin the reaction well in advance of the regulation taking effect.

One of the main observable activities which relate to anticipation of future regulation is the participation of firms in IMO delegations. R2 contended that firms participating in IMO delegations and in IMO working groups that discuss future regulation (i.e. much earlier than where BIMCO's perspective starts) may have an advantage because these firms know what public officials discuss, what regulation is on the agenda, and which delegations that gravitate towards approval on the next meeting (Interview with R2, 2016). Looking at the participation lists from a meeting of the Pollution Prevention and Response (PPR) committee under MEPC in February 2015, the agenda contained detailed technical discussions about Ballast Water Management

⁸ This account is based on the author's own notes, as the author was present at the conference. No meeting minutes have been released from the conference.

⁹ See above note.

systems, considerations on the impact of shipping on the Arctic, and a discussion of the regulation of different types of air pollution (Sub-Committee on Pollution Prevention and Response, 2015a).

From Denmark, maritime suppliers such as MAN Diesel & Turbo and Alfa Laval, as well as Danish shipowners like Mærsk and DSA, were a part of the delegation (Sub-Committee on Pollution Prevention and Response, 2015b). These are all firms that will be impacted by future changes in regulation of ballast water, air pollution, or Arctic shipping, either as compliers (the shipowners) or suppliers (MAN Diesel & Turbo and Alfa Laval). Even if these firms do not explicitly follow an anticipatory strategy, this is clearly a very anticipatory activity. It is difficult to see how firms could be more on top of future regulation than participating at the very meetings where regulation is considered in its earliest stages. The Danish delegation, however, is a special case, and many national delegations do not bring corporate representatives to meetings in either PPR or MEPC, let alone firms that have a direct interest in the regulation (Sub-Committee on Pollution Prevention and Response, 2014, 2015b)(Interview with R1, R2, 2016).

In sum, there is evidence that some segments of the industry conduct anticipatory activities, but the general trend is that firms take a more reactive approach.

7.3 DEFENSIVE

Contrary to the two previous strategies, defensive approaches are centered on influencing the political system to maintain status quo. In general, international BINGOs take this position, which is enshrined in their input to IMO and their general advocative stance. This is especially visible when IMO has discussed efficiency requirements, air pollution, and ballast water regulation.

In the first case, MEPC 68 debated whether to go ahead with mandatory efficiency requirements for vessels as an indirect measure to curb CO₂-emissions. Before MEPC 68, ICS, INTERTANKO, INTERFERRY, WSC, and BIMCO submitted a paper which raised a number of issues in objection to a straightforward efficiency-regulating scheme (MEPC, 2015c). The submission deployed a number of practical arguments, especially lines of argument that emphasized the effect the regulation would have on the speed of ships, and policy-centered arguments that focused on the fact that no other transport sector is subjected to mandatory efficiency requirements (MEPC, 2015c, pp. 3–4). The wording of the final paragraph of the submission clearly shows where the submitters stand: *“Those recommending that IMO establish mandatory operational efficiency regulations for the world's fleet have proposed a novel and challenging regulatory destination.”* (MEPC, 2015c, p. 4). The submission highlights the complexity associated with the proposal in order to convince the regulators to scrap the proposal altogether or delay it to keep status quo as long as possible. This is exactly

the kind of submissions we would see from organizations following a defensive strategy (Oliver & Holzinger, 2008, pp. 509–510); it seeks to influence the political process and it aims to maintain current regulation.

In the second case, MEPC 66 debated when proposed rules for NO_x emission control area zones (ECAs) should take effect. This discussion was raised by Russia who sought to delay it, and submissions from parties on either side of the debate became important positions (MEPC, 2013b, 2014a, 2014b, 2014d). BIMCO and WSC submitted an interesting paper contributing to this debate (MEPC, 2014c). In the paper, BIMCO and WSC contended that the technology to conduct efficient abatement is available (MEPC, 2014c, para. 6–7), and pointed out that concerns over implementation costs are a fundamentally different discussion than the discussion about available technology (MEPC, 2014c, para. 8). BIMCO and WSC then proceeded to argue that the 2008 amendments to MARPOL was heralded as an “outstanding example of establishing protective international air quality standards” because these standard represented a continuous stable regulatory environment (MEPC, 2014c, para. 10).

Following this, BIMCO and WSC suggested that because implementation of the NO_x ECA zone threaten international rule stability due to unilateral responses by the U.S., a compromise suggestion should be chosen instead (MEPC, 2014c, para. 11)(MEPC, 2014a). Essentially, this compromise suggestion would delay the implementation of the zones and of all future zones as well. Regardless of whether the arguments by BIMCO and WSC are solid or not, it is a clearly defensive action to wedge into a discussion between states and support a compromise that is closer to status quo. This is especially true when there are opposite firms who stand to benefit from new market opportunities due to the requirement for new abatement techniques – BIMCO and WSC themselves mentions MAN Diesel & Turbo and Wärtsilä as engine manufacturers who state that the technology is available (MEPC, 2014c, para. 6).

The third example relates to the 2008 amendments of MARPOL which BIMCO and WSC mentioned. Here, MEPC discussed how to strengthen air pollution requirements, focusing on NO_x, SO_x, and Particulate Matter (PM) (MEPC, 2008a). In this case, ICS submitted a paper which brought forth a number of arguments (MEPC, 2008b). Three paragraphs are worth noticing here: In paragraph 3, ICS states that it agrees with the overall objective of ensuring adequate and efficient regulation for air pollution reduction. In paragraph 4, ICS takes an expert group report as basis for stating that “[the proposal to set stricter requirements for Sulphur emissions] could not be applied on a mandatory basis for many years (...)” (MEPC, 2008b, para. 4). In paragraph 5.5, ICS explicitly argues that the time to adjust for the shipping industry and related industries should warrant that “(...) the application dates themselves should be reviewed” (MEPC, 2008b, para. 5.5). This is perfectly in line with Oliver & Hollinger’s outline of the defensive strategy; not only is ICS trying to maintain status quo as long as possible by seeking to delay the date of effect, ICS does so by explicitly relating

to the slow rate of change in the industry (and related industries), which is one of the key reasons why firms seek a defensive strategy in the first place (Oliver & Holzinger, 2008, p. 510).

These submissions are in line with what INTERTANKO and ICS have stated in public (Andersen, 2013a, 2013b; Kristiansen, 2013). This strategy is particularly clear when we oppose this with the view of those who follow other strategies (Raun, 2014a). In sum, some of the largest BINGOs in international shipping pursue defensive strategies by lobbying and arguing in favor of status quo, or at the very least delaying entry into effect of new regulation to allow their member firms to adapt over a longer period of time.

7.4 PROACTIVE

Proactive strategies are interesting because they seek to influence the political system in a way that fits the competitive nature of the firm (Oliver & Holzinger, 2008, pp. 507, 511). Overwhelmingly, the data used in this thesis supports the idea that there are some maritime firms that follow this strategy rigorously in opposition to those who follow a defensive strategy (see section 7.3). This section provides concrete examples as well as comments on the general picture provided by interview subjects to illustrate the proactive strategies of maritime firms.

Abatement of air pollutants sometimes require significant investment in onboard machinery, which means that firms which produce this machinery or equipment often are at forefront of advocating stricter rules. In addition, shipowners who are at the forefront of implementing abatement methods are also in the race to push for stricter regulation. Participation lists from 2007 and 2008 show that some national delegations (namely the Danish one) had representatives from abatement- and engine-manufacturers as well as some shipowners (BLG, 2008; MEPC, 2008c), with notable firms like MAN Diesel & Turbo (engine and NO_x-abatement producer) Aalborg Industries (now known as Alfa Laval, SO_x-abatement producer) and Wärtsilä (SO_x-abatement producer) participating in the Danish and Finnish delegations. When we keep in mind that both R1 and R2 argued that firms' presence in national delegations helps bring resources into the fray in favor of a specific proposal or policy (Interviews with R1, R2, 2016), it is clear that these firms contributed directly or indirectly to the landmark decisions at MEPC 57 by supporting the national delegations.

After the SO_x regulation took effect, it became a subsequent issue how stringently and effectively these new rules were to be enforced. Firms that had been early compliers and invested heavily in altered operational practice or new equipment started an intense campaign to persuade Northern European politicians and the EU Commission and Parliament to raise requirements for enforcement (Bartels, 2016; Raun, 2015a; Søfartsstyrelsen, 2014; Trident Alliance, 2016a; Vogdrup-Schmidt, 2015a, 2015b). This was done through a number of activities, such as direct contact and lobbying directed towards policymakers, public

announcements aimed at broader groups of constituents (specifically through the Trident Alliance), and collaboration with NGOs in an attempt to persuade both policymakers and sway constituents¹⁰. This is in line with R2's and R3's responses, who both pointed out (with specific examples) how NGOs and firms sometimes collaborate due to aligned interests (Interviews with R2, R3, 2016).

The interviewees all provided some general ideas about proactive strategies followed by especially Scandinavian firms. Most explicitly, many of the respondents independently confirmed that Danish firms and BINGOs have a strong relationship with the Danish administration (Interview with R1, R2, R3, R6, 2016). This relationship constitutes a squarely proactive strategy by Danish shipowners and equipment manufacturers who are more competitive when environmental regulation is strong. The quote earlier by R1 is especially illuminating. The list of concrete activities carried out by Danish firms is long and includes: lobbying in the form of information and data provision in support of firm goals; direct meetings with policymakers to facilitate creation of new international rules; alliances with NGOs in some instances; and (in the case of enforcement) broad appeal to maritime constituents to focus on lack of enforcement (Interview with R1, R2, R3, 2016)(Danish Government, 2014; Press-Kristensen, 2014; Raun, 2015a; Trident Alliance, 2016a).

One important quote by R2 underlines the proactive element of the Danish industry:

"... [Danish shipowners] are willing to engage in dialogue and find good solutions together, rather than just putting on the "no-hat" all the time and every time the government proposes something it is definitely bad and say "no" just in case. You know, [Danish shipowners] are willing to think "new" and willing to see, "could there be a business case in thinking new?" instead of just saying "no, we do as we are used to because we know it works and then we just say "no" and then everything will be okay". (R2, 2016)

This quote is completely in line with both R2 and R3 who all explicitly indicated that Scandinavian (and particularly Danish) firms have a competitive advantage when regulation is stronger (Interview with R2, R3, 2016). From this data, it is clear that the intense involvement Danish firms have with the Danish administration and its IMO delegation is based on a proactive perspective. The last part of R2's quote

¹⁰ The author of this thesis participated in Danish Maritime Days in 2014 where The Ecological Council of Denmark and Mærsk had back to back presentations where they stressed the same issue, namely that lack of enforcement of Sulphur rules was bad for both business and the environment.

indicates the steep cliff between defensive and proactive political strategies, and it is clear that he positions Danish firms as opposite to firms that seek to maintain status quo – i.e., those following a defensive strategy.

However, none of the interviews nor any other data suggested that firms sought to establish standard-setting benchmarks or best-practice solutions to improve regulation. Even though some industry-based governance initiatives exist, they do not have the clout, scope, or support to set standards yet (Lister et al., 2015; Poulsen et al., 2016). An anomaly here is the role of the classification societies. While on paper it seems that these organizations potentially have the power to shape and determine international environmental regulation, only R1 mentioned IACS as a political factor, and did so only to underline that (from his perspective) IACS seeks to maintain a non-political role (Interview with R1, 2016). This is slightly ad odds with the important structural role classification societies and insurers play in shipping.

8 THE RELATIONSHIP BETWEEN POWER AND ACTIVITIES

8.1 INSTRUMENTAL POWER AND ITS EFFECTS POLITICAL ACTIVITIES

It is a truism that having more resources makes many things easier. However, taking departure in the earlier analysis of instrumental power of shipping firms, this section specifies in details how access to resources and the necessary places to leverage them relates to specific strategies and vice versa.

8.1.1 INSTRUMENTAL-REACTIVE RELATIONSHIP

The reactive strategy was characterized by firms not interacting with the political process itself, but rather waiting until new regulation was clarified and then effectively responding to it. The effectiveness of this response is not related to instrumental power, but rather to the specific characteristics and internal resources of the firm in question, which is outside the scope of this paper. None of the data (documents, interviews, and others) indicated that firms reacting to new regulation relied on the application of relevant resources to the policy process at specific stages. This would also be quite surprising, since the reactive strategy does not involve interacting with the political process.

Despite this, it is worth exploring whether conducting a reactive strategy would impact a firm's instrumental resources. At a glance, the answer is yes. A more effective reacting to new regulation implies more effective operations vis-à-vis other firms. For example, if Fictitious Scandinavian Shipping Firm A is much better at integrating pollution abatement methods in their operations and on their vessels than Fictitious Mediterranean Shipping Firm B, then Firm A will, under equal circumstances, open up more resources which can be spent on political activities. When this situation is elevated to the industry level and it is Shipping Segment A and Segment B, this could actually constitute a significant amount of resources. Of course, these

examples are not fictitious at all – it was a common theme in the interviews that Scandinavian firms (and in particular Danish ones) were better equipped to implement environmental regulation (Interview with R1, R2, R3, R6, 2016).

Effective implementation and timely reaction to new regulation may also augment firms' instrumental power in another way. We saw earlier how provision of rare and valuable information from vessel operation and testing were important instrumental elements, used in meetings with policymakers to provide input and gain access to deliberations both nationally and at MEPC. Effective implementation of abatement methods allows fast-reacting firms to be in a position where they can supply data on compliant operations, which potentially can augment their provision of data to the political system.

However, it is clear that the reactive strategy is the least politically involved strategy, and it comes as no surprise that this thesis found little evidence that there are direct links between instrumental firm power and effectiveness of reactive strategies.

8.1.2 INSTRUMENTAL-ANTICIPATORY RELATIONSHIP

The anticipatory strategy does not involve activities that seek to influence the political outcome, but rather consist of activities that help the firm preempt future regulation. The most straightforward link observed is that those firms which wielded resources and leveraged them in the political system effectively buttressed their anticipatory activities because their interaction with the policymakers and public officials provided anticipatory insight. Consider, for instance, the equipment manufacturers. Some of the largest players in this field participated in meetings with national administrations and MEPC sessions because they had resources (data and expertise) and could leverage it in the specific institutional locations as members of national delegations (MEPC, 2014i, 2015a). It is only because they hold these resources and the manpower to be physically present at meetings with public officials that they gain a 'seat'. Once these firms have access to the deliberations, they can use the tacit and informal knowledge gained at the meetings to better anticipate future regulation.

One such example is DESMI Ocean Guard, which was mentioned earlier. DESMI Ocean Guard was partly partnered by DESMI, Mærsk, and UltraAqua (gCaptain, 2012; Mærsk, 2014). Mærsk had been present at meetings in IMO at least as far back as 2008 (MEPC, 2008c) and, given that it is the largest shipping firm in the world, controls significant financial resources and assets used for data provision. If Mærsk participated in the joint venture to establish DESMI Ocean Guard because Mærsk anticipated a change in the regulation of ballast water, this is likely the result of resources spent on providing data, meeting with public officials, and collaborating with policymakers in order to gain access to information about impending policies.

The reverse relationship does not seem to be true, however. As the CEO of DESMI Ocean Guard expressed on the aforementioned conference, the firm is facing problems because the Ballast Water Convention has yet to be ratified. There are no known examples where a first-moving firm has confidently anticipated a change in policy, profited from it, and improved its instrumental power in the form of more or better resources or improved ability to leverage them. Of course, it is plausible that this would be a possibility for the same reasons a reactive strategy would improve the instrumental power, but the data has not shown it.

Compared to a reactionary approach, we should expect an anticipating firm to improve its instrumental power relatively more. This is because the anticipatory strategy involves activities that are more closely involved with the actual political work, and this ongoing relationship between firm and public officials may render resources more effective or open up new avenues of leverage. For instance, when we compare Danish, Korean, and Japanese equipment manufacturers and shipyards with other countries' firms, we see that these three countries' delegations consistently have included these firms in MEPC meetings (MEPC, 2008c, 2014i). As the firms and policymakers have established working relationships over time, it is possible that political resources deployed by these firms are more effective – for instance, a firm would know which individual public servant had a certain expertise, or a public official knew which firms had relevant data, in both cases reducing search costs and allowing resources to be spent more efficiently. This would enhance the instrumental power, all else held equal, vis-à-vis the rest of the world's equipment manufacturers and shipyards.

8.1.3 INSTRUMENTAL-DEFENSIVE RELATIONSHIP

There is a much stronger relationship between the instrumental power of firms and their defensive strategies and associated activities. Contrary to the two previous strategies, the defensive strategy is centered on activities that seek to influence policy outcomes specifically, and a higher degree of instrumental power increases the effectiveness of defensive activities.

The prime example used earlier was ICS and their efforts to stall new regulation or maintain status quo. The degree to which ICS is active in MEPC and PPR illustrates the resources that ICS can apply to a specific institutional location – in this case, data and calculations backing up their claims are central to some submissions or a broader political stance (Interview with R1, 2016). It seems clear more resources and the ability to have an arena where these resources can be deployed effectively is central to defensive activities.

As R5 pointed out, BINGOs like ICS also spend considerable resources and energy not only on the development of papers and arguments (and treating other delegations' positions), but also on organizing among themselves as well as with other BINGOs (Interview with R5, 2016). A quick glance at the ICS

submissions from MEPC 68 and 67, the two most recent meetings with publicly available documents, not a single submission was submitted by ICS alone. Indeed, one submission (MEPC, 2015b) was co-submitted by ICS and ten other organizations. This indicates that it is a considerable part of ICS' (and others) work to coordinate responses and agree on a submission not only with BINGOs, but also with sympathetic states. As such, the efforts of the industry to identify and coordinate with states that can support their position in IMO are also highly dependent on the amount of resources deployed.

The responses by R1, R2, R3, and R6 all indicate that Danish firms spend many resources coordinating and meeting with Danish public officials. Although Danish firms conduct largely proactive activities, we can expect that defensive firms will invest similar resources into collaboration with national delegations elsewhere. The task becomes even more difficult when a BINGO is trying to coordinate with many different states. Suddenly, it is very relevant how the political institutions of otherwise insignificant countries are. R4's response indicates that some firms basically have taken over the interests in the IMO of countries like Panama and Liberia, and R1 and R2 independently mentioned the fact that representatives from some countries never actually have physically been to the countries they represent (Interviews with R1, R2, R4, 2016). Instead, law firms based in other countries represent these states in MEPC or IMO in general (Braithwaite & Drahos, 2000, p. 426). In essence, the relationship between individual firms or their BINGOs and Flags of Convenience remain a 'black box', but we should not reject the possibility that control over financial resources has a potentially strong impact on the firm-state relationship in these cases.

In sum, instrumental power relates strongly to the effectiveness of defensive strategies both in the IMO, where resources are necessary to prepare and coordinate resources, as well as in individual states where interaction with public officials or politicians also can require significant resources.

8.1.4 INSTRUMENTAL-PROACTIVE RELATIONSHIP

As noted above, the ability to deploy resources effectively in suitable locations in the policy process is important to both defensive and proactive strategies. There is strong evidence in the data that the proactive segments of the industry (primarily Danish shipowners and equipment/engine manufacturers) rely heavily on resources that enable them to provide reliable data to both the Danish administration and IMO.

Both R1, R2, R3, and R6 emphasized the aspect of the provision of reliable and credible information and expertise as cornerstones in the influence exerted by Danish firms (Interviews with R1, R2, R3, R6, 2016). R5 supported this on an international level by pointing out that effective influence is supported by credible data and the provision of reliable facts in relationships between international BINGOs, firms, and states (Interview with R5, 2016). It seems that there is a strong relationship between firms' instrumental resources (financial

power, organizational size, data provision systems, etc.), the locations where they can deploy them (to national administrations and delegations, to MEPC and IMO in plenary sessions, as well as working groups), and the ability of firms to conduct a proactive strategy in the first place.

Since the proactive strategy involves so much interaction with public officials and coordination between actors (especially in the Danish case), it is crucial that firms have access to resources which allows them to access public officials in the first place, or potentially use data and information to persuade them to change their stance. It is difficult to see a situation where smaller firms or newcomers with no significant access to resources would be able to carry out proactive activities, and even if an existing firm with large financial resources suddenly were to engage in the maritime industry, it would lack a significant source of instrumental power, namely physical ships, which often provide the basis for information provision to public officials. R1 stated that sometimes, the Danish industry can gain access to meetings with public officials by providing information which is not published (Interview with R1, 2016). Regardless of the financial resources a new firm had at its disposal, the ability to extract data from a physical fleet is an important source of instrumental power and, in turn, a source of effectiveness for proactive strategies.

There is, however, no data that suggests that campaign funding play pivotal a pivotal in in proactive strategies. Whereas lobbying as a broad concept may cover the activities described above (information provision and access to meetings with public officials), none of the respondents nor any data at all indicated that the proactive segments of the industry contributed to political campaigns in exchange for political favorability. R1 specifically argued that from his perspective, this was not how Danish firms worked politically. R2 did not mention political contributions at all when outlining his organization's political work (Interview with R1, R2, 2016). This is interesting, because Oliver & Holzinger build on studies which examine lobbying and campaign contributions as the primary venues of influence exertion (Fuchs, 2007, p. 57; Lux et al., 2011; Oliver & Holzinger, 2008, p. 502). It can be established that campaign contributions are an unnecessary factor for Danish proactive firms, although potential proactive strategies in other parts of the world could rely on it.

As such, it seems that instrumental power is important for firms carrying out proactive strategies, but what matters more than financial resources is the type of information that the resources allow firms to provide. In the case of Danish proactive firms, rare or unpublished data provision is important for the collaboration with Danish authorities, but the lack of more proactive firms elsewhere inhibits the ability to extrapolate.

8.2 STRUCTURAL POWER AND ITS EFFECT ON ACTIVITIES

8.2.1 STRUCTURAL POWER, REACTIVE, AND ANTICIPATORY STRATEGIES

As shown in earlier sections, the structural power of maritime firms is relatively low. There is little indication that firms control agenda setting or rely on an implicit threat based on societal importance in order to gain political favorability. Similarly, there is little data or analysis that suggests that the reactive or anticipatory strategies rely on structural power. As before, the core nature of these strategies imply reliance on activities that do not seek to influence outcomes, whereas we would expect firms' structural power to very much shape the trajectory of policies.

Regarding the reactive strategy, it seems that the reactive segments of the industry draw on instrumental resources rather than their position in material structures to carry out effective reactive activities. For instance, the testing aboard *Ficaria Seaways* was a result of the industry collaborating with itself, not the industry leveraging their structural importance. There was no indication that the structural importance of Danish ferry companies (as public transport providers) in any way interacted with their reactive efforts.

Even if some firms wield structural power over the flags of convenience in which they're based, there is no indication that this power helps them in their efforts to be reactive. Consider the more reactive parts of the industry flagged in Panama, Liberia, and so on. A situation in which firms could control a governmental position on international regulation would not impact the effectiveness of the reactive strategy at all. Efficient responses to new regulation are not improved by firms' power over states in international regulation, and the overall conclusion here is that there is little relationship between structural power and reactive strategies.

The picture is similar if we consider anticipatory strategies – the activities which allow firms to prepared for future regulation are largely independent of their structural power. Unlike reactive strategies, there is a very important caveat here: access to the information may be contingent on the economic importance of the sector in a given country.

This thesis already established earlier that participation in IMO meetings and contact with public officials help firms anticipate future regulation and respond to it before it has even taken effect, gaining first-mover advantages. We also concluded that there are significant resources involved in gaining access to these meetings, largely based on the instrumental resources available to firms. But another perspective is apparent here, namely that having access to meetings with a given state's administration is a sign that the shipping firms are economically important to that state. Based on especially R4's response, the influence of segments of the industry on IMO regulation *via* flags of convenience would indicate that it is possible that at least some

of this access to meetings and, by extension, information is based on a foundation of structural power – these firms are important actors in the economies of flags of convenience. On the other hand, it is unlikely that this would provide firms following an anticipatory strategy with more information than they would be able to get by participating through their BINGOs. These BINGOs already have seats at the table in IMO, and anticipatory firms do not need structural power in individual states to effectuate this.

A better example would be Denmark, Korea, and Japan. However, throughout the analysis, it has been repeatedly pointed out that even if the Danish maritime industry is quite significant in a Danish context, it is the provision of information, facts, and willingness to collaborate that allows the industry to be invited and re-invited to meetings and share information about upcoming regulation with policymakers. This points against the idea that the parts of the Danish industry which carry out anticipatory strategies rely on structural power. With regards to Korea, there is no data which suggest either idea. Regarding Japan, R5 had a very interesting observation; it is very uncommon for Japanese firms to disagree with the Japanese government on maritime matters (Interview with R5, 2016). In essence, when Tokyo decides their stance on a particular policy, they also decide what their maritime firms' points of view are. If anything, this is the exact opposite of structural power.

In short, it is most likely that there is little reliance on structural power for firms conducting reactive and anticipatory strategies.

8.2.2 THE STRUCTURAL-DEFENSIVE RELATIONSHIP

Compared to the anticipatory strategy and the reactive strategy, the defensive and proactive strategies actually include activities deliberately aimed at influencing the outcome the political process. If the structural power of firms has an effect on political activities, it should be much more visible here than in the previous strategies.

In the above sections, it became apparent that some segments of the global industry take a defensive approach, promoting regulatory status quo. It was also established that while it does not seem that the industry as a whole wields structural power, certain segments wield very strong structural power over flags of convenience because these states are economically dependent on the presence of the firms. An interesting pattern can be detected; those firms that conduct defensive strategies are those who are registered in flags of convenience. Additionally, the responses by R1, R2, and R4 support the idea that these defensive strategies often are successful. R1 pointed out that IMO's work with new ballast water management rules has been relatively slow. This corresponds to a critical stance by ICS, who until recently were very critical of the Ballast Water Management Convention (International Chamber of Shipping, 2014; Raun, 2014c). R2, as already

noted, made point of separating the industry into two groups; those who were against new regulation virtually every time, and those who wanted to see new business opportunities in regulation (Interview with R2, 2016). R4 lashed explicitly out against the flags of convenience that the industry in general and their collaborative efforts to stop progressive regulation (Interview with R4, 2016).

From the empirical evidence, it seems that the structural power wielded by some parts of the industry without doubt makes their political efforts to maintain regulatory status quo more effective. This defensive effort is also aided by the structure of the political process itself and the flag state system. The defensive strategies carried out by some firms is rendered effective because a number of the delegations in IMO are states where the maritime industry is a significant economic actor. In this case, the very institution lends itself to defensive activities by firms; the structure of IMO grants access and voting power to smaller flag states, these flag states rely on the economic benefits of the shipping industry, the defensive segments of the industry are opposed to new regulation, and the smaller flag states led by Panama and Liberia support the firms in these efforts by lending voting power to the cause. In essence, the ultimate effectiveness of the defensive strategy is drawn from the structure of IMO itself.

These defensive activities potentially buttress the structure itself. As long as the flag states that rely on the defensive firms have formal voting power in IMO, this dynamic collaboration can continue to prevent measures that would diminish the very institutional structure that supports their effectiveness. Measures which would give more authority to regional regulative schemes or proposals to change the way that IMO functions can be vehemently stopped by this dynamic cooperation between actors, effectively entrenching the structural power of defensive firms. This indicates that the relationship between defensive firms' structural power and their activities is circular; their current structural power support the defensive activities, and their defensive activities maintain an institutional status quo in which they have structural power.

In sum, there is a very strong relationship between firms conducting defensive activities and the structural power these firms wield. However, this is true because the firms wield structural power over small flag states, not because these firms wield global structural power.

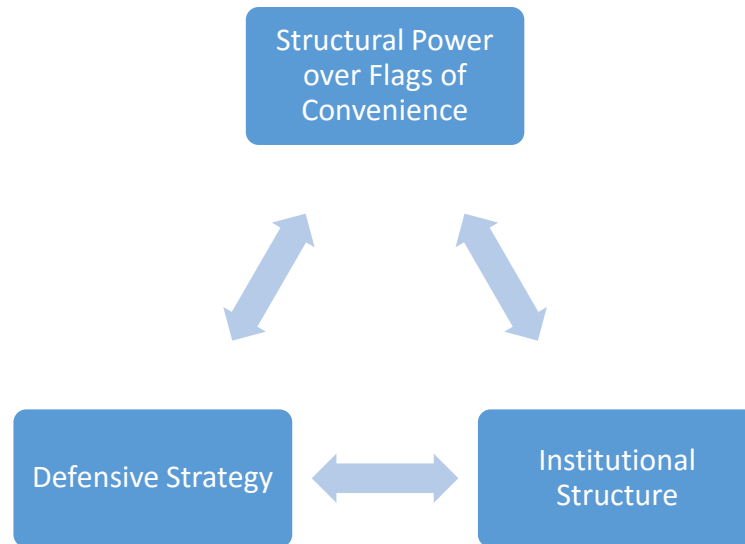


FIGURE 1: RELATIONSHIP BETWEEN STRUCTURAL POWER, THE DEFENSIVE STRATEGY, AND THE INSTITUTIONAL STRUCTURE

8.2.3 STRUCTURAL-PROACTIVE RELATIONSHIP

Compared to the clear relationship between structural power and defensive strategies, the picture is much less clear when it comes to the structural-proactive relationship. We have seen that some Scandinavian firms (mainly Danish ones) conduct proactive activities to influence regulation, and we have established that the Danish maritime shipping industry is important to the Danish economy, which would be a sign of structural power. However, there has been little indication that there is a direct link between the importance of Danish sector and the degree of influence the industry has on policy outcomes.

The Danish respondents' answers did not indicate that the industry exerted agenda-setting control over policy proposals. Indeed, respondent R2 emphasized that there are issues where the Danish authorities disagree with the industry (Interview with R2, 2016). As mentioned earlier, R2 did raise the issue that as a regulator, one had to view realistically at which proposals could go all the way through IMO which evidently limits what regulators can bring up, but the wording of R2 indicated that this was independent of the stance of the Danish industry and had more to do with the political situation in IMO.

However, there are valid arguments in favor of a strong impact of structural power on proactive activities. Historically, the Danish maritime industry has been an important industry in Denmark, and this importance may have guided the collaboration we now see even if there is no agenda control by the industry. In other

words, the Danish maritime industry has been important for so long that the industry effectively has defined the range of possible environmental regulations across the 20th century. This is indicated by the responses by R1 and R3 who both emphasized the interest alignment between the industry and the Danish state (Interview R1, R3, 2016). When we take into account the importance the industry has to the Danish economy, it would seem as if the industry over a long period of time have used their structural position to convince policymakers that *“what is good for the industry is good for Denmark”* (Quote by R1, explaining the current sentiment in the Danish industry).

There is a potentially very strong synergy between a proactive approach to regulation, a strong structural position in society, and a diplomatically well-endowed state. The whole idea behind a proactive approach to regulation is to use new regulation to gain competitive advantages vis-à-vis competitors. In the case of international maritime regulation, we have seen how different sources of data has indicated that the diplomatic delegation to MEPC is an important element of a state's effort to impact regulation. The central point here is that firms who collaborate with their state's delegation to push for more and competitively beneficial regulation entrenches their own structural importance because they stand to gain relatively from the new regulation. For instance, if the Danish delegation (with the companies along as advisers) manage to impact regulation in a way that benefits Danish firms, these firms become more profitable and, thus, more important in the Danish economy. This creates an incentive for firms to ratchet-up their collaboration with the Danish authorities to continually improve their competitive position and, by extension, improve their structural importance to the Danish economy which ensures that the Danish government gives credence to the industry. It is, actually, the exact identical (albeit reverse) situation as with the defensive firms and the flags of convenience.

In sum, the structural power of maritime firms makes their influence seeking-strategies effective, but the concrete situations differ. When firms drawn on their structural power to conduct defensive strategies, they do so through flags of convenience, while firms who conduct proactive strategies do so largely through the Danish state. In both cases, and especially in the defensive case, structural power seems to be an effective enabler of the political strategy.

8.3 DISCURSIVE

8.3.1 DISCURSIVE POWER, REACTIVE, AND ANTICIPATORY STRATEGIES

Earlier, we saw how certain parts of the industry wielded significant discursive power. The strongest indication was by the Danish respondents, who virtually all confirmed the strong, trusting relationship between the Danish industry and the Danish authorities. However, the empirical evidence does not indicate

that firms conducting reactive strategies draw on discursive power, and there is only some indication that anticipatory strategies rely on discursive power as well.

As has been established earlier, the reactive strategy works even if it is removed from the political system. Since discursive power inherently relates to the nature of the relationship between firms, the public, and the government or national administration, it makes sense that a reactive firm can be entirely successful in its reactive strategy regardless of the trust the public in general places in it. The effective reactive strategy relies on a timely and efficient response to new regulation, and this does not involve utilizing trust from other actors. There is no indication in the data that legitimacy or discursive authority enhances the ability of the firm to respond efficiently to new regulation. For instance, the activities that the BIMCO-representative outlined in his presentation at CBS were all technical in nature (such as development and approval of the new required equipment¹¹), and these technical activities do not rely on legitimate political authority to be effective.

However, the same is not true of the anticipatory strategy. While some anticipatory activities are independent of the legitimacy of the firm(s) in question, it seems from the empirical evidence that firms' ability to participate in regulatory meetings (where they can obtain knowledge about future regulation) depends to some extent on their legitimacy in the eyes of the state administration. The core example here is the Danish case. While there is strong indication that access to meetings depend on the instrumental resources of the firms as well as the societal importance of the firm, the repeated emphasis by R1, R2, R3, and R6 on the close collaboration between Danish firms and Danish authorities and the trust between these actors indicate that part of the reason firms can access these meetings as part of an anticipatory strategy may be that the authorities trust the firm in question. If the Danish authorities, or any other authorities, did not trust the firms, it seems that firms would need to have even stronger instrumental resources or a more important societal role to 'make up' for the lack of trust.

In other words, legitimacy as a firm makes it more likely that the firm gains access to meetings where they gain important anticipatory information. In general, legitimacy as a political actor may help a firm's anticipatory activities, but seems to have no effect on the reactive activities of firms.

8.3.2 DISCURSIVE POWER AND THE DEFENSIVE STRATEGY

From the evidence, it seems that the firms who conduct defensive strategies are less reliant, if reliant on all, on trust and legitimacy broadly speaking. It is difficult to say with certainty, because no respondents

¹¹ Author's own notes

addressed defensive firms' legitimacy specifically. Conversely, the strong indication that firms relying on their political legitimacy conduct more effective political activities could easily extend to defensive firms, even if there is no direct data that directly suggest it.

Consider, for instance, defensive firms' position in the case of the Ballast Water Convention. For many years, ICS has been skeptical and has recommended states not to ratify it (Raun, 2014c). To do so, ICS has put forth different arguments supporting their skeptical stance in IMO (examples include MEPC, 2006, 2013a)¹². It is clear from responses like this that it requires significant instrumental resources (manpower and knowledge) to produce technical inputs like this. However, these documents represent arguments in a debate where facts and results were uncertain. In such a situation, we recall R2 and R5's responses. R2 emphasized that the Danish administration would take the face value of an argument provided it was held by a trusted actor. Conversely, R2 said that the administration would be suspicious of input from non-trusted organizations (interview with R2, 2016). Similarly, R5 relayed his point of view that credibility was important for political influence, although he emphasized the instrumental perspective more than R2 (interview with R5, 2016). We can see here that when organizations like ICS take a defensive stance on a particular matter and provide concrete arguments in favor of caution (effectively prolonging status quo), their input is seen in the light of the organization's legitimacy and authority by other actors. This should point to the idea that defensive firms rely on legitimacy as well.

This last point is particular important when we see it in light of R5's response. R5 pointed out that, from his perspective, one of the largest problems in international regulation of shipping is that the technical aspects of the regulation are poorly understood by many government agencies and delegations (interview with R5, 2016). R5 gave concrete examples where he was surprised how little public officials from even developed countries knew about the technicalities of certain regulatory issues. In a situation where a technical debate takes place and the public officials of certain countries have a hard time truly understanding the concrete arguments or calculations, the arguments by firms are not evaluated based on their actual arguments, but perhaps to a larger extent by how much the public officials' trust the organization itself. If R5 is right, this is a strong indication that discursive power and legitimacy is important for defensive firms as well.

It would take a larger analysis to assess how successfully the defensive segments of the industry were in defending status quo in specific cases, but the indication by R1 and R6 in particular is that at least some areas are subject to very slow progress as a result of defensive strategies (Interview with R1, R6, 2016). When

¹² It is interesting that there is an apparent conflict between ICS' stance in their press releases and their stance in their IMO submissions in terms of whether they support the ratification of the BWM convention or not.

compared with the input of R2 and R4¹³ who both indicated that defensive firms were less trustworthy, it seems that defensive firms carry out effective strategies regardless of how much more environmentally progressive actors view them. Indeed, we should recall R5's point that trust in intentions only work if the other actor agrees with your intentions. Perhaps the effectiveness of defensive strategies regardless of the trust placed in these firms only reflect that the data in this thesis was drawn from individuals from more progressive organizations. In this case, defensive firms may enjoy high levels of trust in organizations that place no particular value in environmental progress.

In sum, there is good arguments in favor of a strong relationship between discursive power and defensive strategies. However, the effectiveness of defensive strategies by potentially untrustworthy firms points to the fact that other sources of power provides the effectiveness for defensive strategies.

8.3.3 DISCURSIVE POWER AND THE PROACTIVE STRATEGY

The relationship between discursive power and a proactive political strategy is well substantiated throughout this analysis. The responses by R1, R2, R3, and R6 all support the idea that discursive power makes proactive strategies more effective. While this is based on Danish sources and firms, it seems that there is a strong relationship between the successful efforts of proactive firms to influence environmental regulation and the legitimacy of the proactive firms as political actors.

The strong discursive power of Danish firms, indicated by the level of trust placed in the industry by the Danish administration and other actors, supports the proactive strategy fundamentally in two different ways: First, the discursive power improves the ability of the industry to communicate their ideas to the administration in the first place. This was shown by R2 in particular, but supported by R1 and R6. The mechanism here is that when the administration trusts the industry as legitimate actors that are reliable and credible in negotiations and in the provision of information, the administration invites the industry to not only the MEPC and PPR meetings, but also informal discussions before these meetings. R1, R2, R3 and R6 all mentioned that they either participated or had participated in these meetings regularly, and that the industry and the administration openly discussed their stance, took input from each other, and more or less agreed on a Danish position across sectoral gaps (Interviews with R1, R2, R3, R6, 2016). This whole chain of access is, at face value, allowed by the information that the industry provides, but the evidence suggests that the frequency and informal nature of communication between administration and industry is possible and

¹³ The strength of R2 and R4 are that they are diametrically opposite respondents. R2 is a Danish industry representative, R4 is an international environmental NGO representative.

effective because the parties trust each other. This is a central reason why discursive power improves the effectiveness of the proactive strategy.

Second, discursive power improves the ability of the industry to convince the administration to adopt a certain point of view or perception of the issue at hand. The key indication here is the aforementioned quote by R2, where R2 pointed out that the Danish authorities are more likely to listen to the arguments of trustworthy, legitimate organizations rather than those who are not. Considering that quote, and the very strongly aligned position of the Danish industry and the Danish government, it seems very clear that the legitimacy of the industry supports the effectiveness of not just their arguments, but their perception in general. This is exactly what we would expect a proactive strategy to attempt to change not only the regulation itself, but also to change "the norms and standards of public policy" (Oliver & Holzinger, 2008, p. 511). If we understand "norms and standards" broadly, this includes changing the perception of the issue itself and its appropriate solutions. In fact, Oliver & Holzinger themselves discuss the importance of legitimacy in conjunction with proactive strategies and firms' ability to shape "new explanations of social reality" (Oliver & Holzinger, 2008, p. 511).

9 DISCUSSION AND THEORETICAL IMPLICATIONS

Throughout this thesis, it has been apparent that there are some strong relationships between certain forms of business power and certain political strategies. The analysis above suggests that structural industrial power is a core enabler of defensive strategies, while discursive power is an important element of the proactive firms. Anticipatory strategies also relied on instrumental and discursive power (albeit less effectively than defensive or proactive firms), while reactive strategies are only much less reliant on any form of power. However, this analysis implies some very interesting theoretical points that are worth addressing further.

9.1 NUANCES OF CORPORATE POWER

An initial theoretical point in terms of our understanding of power is the idea that different faces of power support the effectiveness of each other in practice. In essence, this means that analyzing power involves considering how each of the three faces work in conjunction with each other, as opposed to analyzing the faces compartmentally. For instance, the close personal relationship between Danish firms and the Danish administration and the high degree of trust involved made instrumental efforts to persuade the government officials much more effective. This discursive-instrumental synergy would be lost if we had simply assessed trust and instrumental power independently and not connected the dots, and it is in line with Fuchs' overall approach to power with an emphasis on understanding different faces as a whole to assess business power in itself (Fuchs, 2007, p. 65).

As mentioned in an earlier section, it was a deliberate choice to exclude social networks and relations from the formal operationalization of both instrumental and structural power. However, based on the responses (including specifically R5) it seems that industry power in global regulation of shipping is often tied up on social relations and networks. R6 emphasized the effectiveness of the Danish industry and the Danish administration because “everyone knows everyone”, and R5 pointed out that social relations were crucial to industry representatives who wanted to be heard (Interviews with R5, R6, 2016). This poses a theoretical issue: what is social relations or networks in terms of power?

It is evident that social relations in the regulation of shipping can constitute an instrumental resource which is used to persuade policymakers. This is essentially R5's perspective, where he talks about social networks as something that makes persuasion more effective. Conversely, R6's point (and the similar comments from R1, R2, and R3) is not that social networks are a resource that firms can draw on, but rather that social relationships are vehicles of trust. Long-standing relationship between individuals can foster trust, and when this relationship happens between firm and administration individuals, it serves as a vehicle of legitimacy and, by extension, discursive power for the industry in question.

This point leads us in to a discussion of structural power. An interesting point that emerged from the analysis is that the structural power wielded by the industry is contingent on the design of the regulatory system (i.e. the IMO, the committees, and the countries that have seats in them). Even if the shipping industry is immensely important from a global societal perspective and a necessary enabler of globalization, the influence based on structural power must be channeled through individual countries. R5 gave an interesting answer in this regard; when asked broadly whether proposals for new regulation were scrapped in the idea phase because the industry would be against it (indicating agenda-control), R5 proceeded to talk about how individual countries gave credence to industry points of view instead of talking about the industry in general (Interview with R5, 2016). Similarly, an overarching theme in the Danish responses were the reliance on national delegations, either as enablers of state-firm collaboration or as places where policies were discussed. R4 also pointed out that states were the vessels of industry influence (Interviews with R1, R2, R3, R4, R5, R6, 2016).

This means that the case of global maritime regulation leads us to an important theoretical point: even if an industry globally is socially or economically indispensable, it cannot use its structural position as a base of power unless the institutions designed by states support this. The structure of IMO and the presence of flags of convenience with voting power is an example of this; if the largest economies in the world ruled IMO, there would be fewer countries reliant on the industry and, subsequently, less structural power wielded by the industry. Of course, it is entirely plausible that firms can wield so significant structural power over a

number of individual countries that these countries create or modify institutions in a way that further cements the firms' structural power. Perhaps this is what has happened with Panama and Liberia over the last century.

9.2 THE POLITICAL STRATEGIES OF FIRMS

The analysis showed that the typologies deployed by Oliver & Holzinger fits well in the global maritime industry. There are firms that conduct activities which squarely fits into one of the four generic political strategies outlined by Oliver & Holzinger. However, especially the case of the Danish industry provides some insight into these strategies in practice.

The hallmark of the Danish industry is a proactive approach to regulation. However, the activities that characterized this proactive strategy overlapped significantly with the more inward-looking anticipatory strategy. While the aims of the strategies are different, it is difficult to see exactly whether an activity is based on one or the other strategy. For instance, the ubiquitous meetings between Danish firms and the Danish administration could constitute both; it allows information to be transmitted to firms which aids an anticipatory approach, and it also allows firms to exert influence, aiding a proactive approach. When we keep in mind that firms plan their political activities from a practical perspective, it may very well be that the overall political strategy is emergent rather than deliberate (Mintzberg & Waters, 1985).

Even if firms consider themselves to be proactive (as R2 indicated), they may carry out political activities which are a mesh of anticipatory, proactive, and reactive approaches. It may even differ from issue to issue which approach a given firm or segment of the industry chooses. This means that we should be careful about 'boxing' political strategies when observing firms; even the relatively clear defensive strategy deployed by some segments of the industry may other purposes at the same time. For instance, efforts to react efficiently to new regulation could be undertaken while also stalling regulation in favor of status quo. The ability of the industry to effectively manage new regulation is a point that ICS themselves have pointed out (MEPC, 2006).

From an industry point of view, however, the simple idea that there are certain activities which support an overall political strategy may be an important point of view, but it is equally important to understand what kind of capabilities a firm or industry need in order to navigate effectively in maritime politics. This thesis has not touched upon capabilities at all, but it seems that the wide array of possible approaches to maritime regulation and the associated activities begs the question: What does a firm need to effectively exert political influence or control the direction of regulation? It is evident from the NGO respondents (R3 and R4) that from their perspective, the main enabler of firms' political role was financial resources in the form of pure instrumental resources (as emphasized by R3) (Interview with R3, R4, 2016). R5, on the other hand, stressed

personal credibility and social relations as a main enabler of political influence (Interview with R5, 2016). The responses from R1, R2 and R6 indicated that the credible provision of information and input was important for the Danish industry (Interview with R1, R2, R6, 2016). In any case, it seems that the attributes of a firm or an industry that are necessary for successful political activity not only depends on the institutional setting, but also on the preferred strategy of the firm and it is an interesting area for further research.

9.3 BRINGING THE THREADS TOGETHER

The very first point worth bringing up when looking at the political strategies and power combined is the direct link between Fuchs' concepts of power, Falkner's idea of divisions within the industry, and Oliver & Holzinger's political strategies. In the analysis, it became clear that some firms are much better suited to tackle or even profit from new environmental regulation than other firms, and this creates a conflict of interest between these groups of firms. Accordingly, the analysis showed that the set of political activities differ, with technological leaders adapting proactive strategies while laggards (to use Falkner's terms) conduct defensive strategies.

Interestingly, in the case of the Danish industry, the proactive activities relied to a large extent on the high level of trust between actors rather than instrumental resources deployed by firms. Conversely, defensive strategies seemed to rely on trust to a much lesser extent (if at all), and drew instead on the instrumental power and structural importance of the firms in question. This is really interesting, because it shows that laggards and leaders draw on different types of political power and conduct different types of concrete political activities. This is true regardless of the position in the supply chain – the Danish industry includes engine- and equipment manufacturers who collaborate just as much with public officials as the shipowners. Of course, these insights are limited to the maritime world, but it is a very interesting thought that there are generally dominant relationships between a firm's technological position, the political activities it conducts, and the type of power it draws on to make these activities effective.

An important takeaway from the analysis is also that political activities can support and sustain the strength of industry power. For instance, the effective defensive strategies deployed by some segments of the industry not only defend status quo in terms of regulation, but can also serve to defend the current institutional situation which enables the structural power in the first place. As long as voting power in the IMO is granted based partly on the size of the merchant fleet in terms of registered vessels, the symbiotic relationship between defensive shipowners and flags of convenience can be maintained and sustained by the continually defensive activities of the firms. In essence, firms not only defend the regulatory status quo, but also defend the institutional status quo, and by extension their own structural power.

Similarly, the collaborative activities of Danish firms with both public officials and NGOs serves to improve the legitimate position of the industry as a political actor – i.e. its discursive power. Tellingly, R2 explicitly stated that collaboration with NGOs were a strategic tool the industry consciously used, and this is squarely in line with Oliver & Holzinger. In addition to industry-NGO-collaboration, it also seems that the continuous collaboration between firms and public officials themselves not only improves the effectiveness of the proactive strategy but also entrenches the discursive power of the industry by continually showing public officials that they are credible, political actors. This power-activity relationship is a very important point, because this suggests that firms can expand their power through political activities rather than simply using power to conduct political activities.

The relationship between discursive power, proactive activities, and legitimacy is a core theme here, and it is a concept which is important for the understanding of firms' political power both as an entire entity, as a segment of a larger industry, and for the individual firm. Notably, both Fuchs and Oliver & Holzinger talk about legitimacy, but from two different perspectives. Oliver & Holzinger repeatedly points out that efficient firm responses to new regulation enhances "social legitimacy" (Oliver & Holzinger, 2008, p. 508), which enhances relations with customers and policymakers alike. Fuchs, on the other hand, treats legitimacy as something that can be wielded by "an actor" (Fuchs, 2007, p. 61), but also by "business" in a broader sense (p. 64). From the responses from R1, R2, R5, and R6, it is clear that legitimacy for the industry in general and for some firms in particular are important for these firms' political activities. Both R2 and R5 would refer to either trust in or credibility of the industry as a whole (the Danish or the international) as well as the organization-specific legitimacy that they both worked with on a daily basis (Interviews with R2, R5, 2016). The implication here is that legitimacy impacts how the entire industry shapes discourse as a whole, how certain segments seek to shape the perception of reality in their favor, or how individual firms use legitimacy to gain an advantage.

10 CONCLUSION

This thesis has examined both business power and firms' political strategies in international maritime regulation in order to understand the relationship between corporate power and corporate political activities. Initially, the analysis showed that maritime firms are large, multinational organizations that control significant instrumental resources. These resources were shown to take the form of both raw financial power, as well as organizations providing the basis for information provision. The analysis showed that this instrumental power could be used to impact IMO regulation either through national delegations or through

industry associations. Additionally, firms could influence states' stance on enforcement and implementation of IMO regulation.

The structural power of firms was shown to be significant at a national level in some countries. Denmark, Panama, and Liberia were all examples of states where the maritime industry had a large impact on the economy. Interestingly, even if global shipping is an important enabler of trade and globalization, the analysis showed that this did not translate into structural power – this type of power had to be channeled through states, even if the industry was globally important. There was little indication that the structural power of firms resulted in agenda-setting and there was no indication of effective ship owner-led regulatory initiatives, but it was clear that classification societies and insurance firms commanded an important structural position even if they did not utilize this position.

The discursive power of the industry was very pronounced in Denmark. The close collaboration between the Danish industry and the Danish administration (and often NGOs as well) was shown to be based on a high degree of trust between the industry and the administration. The analysis made it clear that the Danish industry had high degree of legitimacy as a political actor in a Danish context, and this was manifested in frequent and close collaboration between industry and administration before, during, and after IMO regulatory meetings. There was less indication internationally that the industry as a whole enjoyed a significant degree of trust. Instead, it was individual industry segments and organizations that enjoyed trust and legitimacy rather than the industry as a whole.

In terms of political strategies, the analysis showed that there were examples of firms taking either of the four generic approaches. Some firms relied on reactive strategies and tried to adjust effectively to new regulation by carrying out activities which helped this adjustment. Other firms sought to anticipate future regulation, but there was little evidence that it was common practice, nor that there were many successful firms who followed an anticipatory strategy.

A main fault line between firms was shown to exist; this line divided defensive and proactive firms internationally. The analysis indicates that defensive firms largely tried to maintain status quo by working through international industry organizations and collaborating with some states, while proactive firms sought to foster new regulation in direct collaboration with some states. The prime example of the latter was the Danish industry and administration, where the industry stood to benefit competitively from new regulation. This created a tension between technological *leaders* and *laggards*, and this was shown to manifest itself in the political strategies of the firms.

Certain relationships between power and political strategies were shown to be important. A core relationship existed between defensive firms and Flags of Convenience. These firms were very economically important to the states, and the analysis indicates that this economic importance allowed firms to effectively use these states to protect their competitive position in IMO by maintaining current regulation. More competitive defensive firms would ultimately also benefit the flag states in questions, creating a strong impetus for a defensive collaboration between these actors.

Conversely, there was a strong relationship between the structural power, the discursive power, and the political activities of proactive, Danish firms. The strong legitimacy of the firms and their importance to the Danish economy was shown to support a close collaboration between the industry and the state. Effectively, the Danish delegation to different MEPC meetings largely considered the goals of the Danish industry and the Danish state to be identical.

In essence, the answer to the research question (*how does firm power and political strategies relate to each other*) is that defensive firms rely on their structural power far more than they rely on discursive power, while proactive firms rely strongly on both discursive power and structural power. All strategies aimed at influencing political output requires instrumental power in different forms in order to be effective. Anticipatory firms draw effectiveness from all three types of power in order to gain access to political discussions, while reactive strategies do not rely on any type of power in order to be effective.

The implications of these findings leads us to consider how different types of power interacts with themselves and with different political strategies of firms. This is important both from an academic point of view, as well as a practical point of view. In the former perspective, this analysis should encourage us to think about the interests that lie behind firms, rather than categorizing 'business' as one single entity. Different industry segments have different goals, and the regulatory setting they operate in is important to grasp in order to understand their sources of power. In the latter perspective, understanding how a group of firms hold power over one or more states can effectively provide a competitive edge in itself – but this requires the political firm to understand what kind of political strategy it would benefit from. In sum, the world of maritime regulation provides us with a glimpse into a world of global governance in which firms are political actors in their own right, but differ in terms of how they actually are political.

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