



## **Federation Of ASEAN Shipowners' Associations**

**c/o Singapore Shipping Association**

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### **PRESS RELEASE**

1. The 36<sup>th</sup> Annual General Meeting (AGM) of the Federation of ASEAN Shipowners' Associations (FASA) was hosted by the Indonesian National Shipowners' Association (INSA) in Jakarta on 10 December 2010.
2. The Meeting was attended by representatives from the Filipino Shipowners' Association (FSA), the Indonesian National Shipowners' Association (INSA), the Malaysia Shipowners' Association (MASA), the Singapore Shipping Association (SSA), the Thai Shipowners' Association (TSA) and the Vietnam Shipowners' Association (VSA).
3. Belait Shipping Company (B) Sdn Bhd of Brunei Darussalam was also invited to attend the meeting as an observer in view of the impending formation of the Brunei Shipowners' Association. The Myanma Five Star Line extended their apologies for being unable to attend the Meeting.
4. The Meeting was chaired by Mr Johnson W Sutjipto, Chairman of FASA, who is concurrently the Chairman of INSA.
5. In his welcome address at the Opening of the FASA 36<sup>th</sup> AGM, Mr Sutjipto said, "Although the shipping recovery is still in progress, I must add that we have to remain cautiously optimistic as not every sector has improved. Shipping markets, as all of us are aware, are notoriously volatile and cyclical. We may be hopeful that shipping will remain good but there are already some threatening signs on the horizon. In particular, we must continue to honour the threat of new tonnages coming into the market in the years ahead."
6. In his speech, he also urged FASA members to work together. He said, "As we now live in a globalised world, we must continue to work together to project our Asian interests and image in the shipping world at large, both at the regional and international levels. It is important to note that the expansion of international shipping will bring about more trade between countries and which in turn will contribute to their economic prosperity. There are ample benefits to reap from international shipping. Exercising rigid control or over-regulating the industry will only stifle its growth." A copy of the FASA Chairman's speech is attached.

7. The FASA AGM was opened by the Minister for Transport of Indonesia, Mr Freddy Numberi. In his speech, the Minister spoke on the Master Plan on ASEAN connectivity adopted by the ASEAN leaders at their Summit in Hanoi recently. He welcomed the private sector organizations such as FASA to establish a strong working relationship and dialogue with all the ASEAN governments to foster the rapid growth of the shipping industry in ASEAN.
8. Mr Numberi said, "Without support from the private sector to actively collaborate with the public sector, it would not be possible to achieve the objectives of having an ASEAN common shipping policy and an ASEAN single shipping market. Therefore, I would like to urge members of FASA to give their full cooperation in the ASEAN initiatives."
9. The AGM, in plenary, approved the Federation's Audited Statement of Accounts 2009/2010 and the budget for the new financial year 2010/2011.
10. During the meeting, the FASA Members reaffirmed their strong commitment on safe navigation, safety at sea and the protection of the marine and air environment.
11. On the subject of safe navigation, the Meeting noted that several ASEAN flagged ships had been hijacked this year off the coast of Somalia. Serious concerns were expressed on the continued threat of piracy and ship hijacks in the Gulf of Aden and in the Indian Ocean. Of primary concern is the safety and traumatic experience of the crew held hostage by the pirates. The Meeting strongly urged the United Nations and the International Maritime Organisation (IMO) to work towards achieving a solution urgently on this pressing problem. Meanwhile, the Meeting encouraged all ASEAN shipowners and operators, including their ship masters and crews, to remain highly vigilant and continue to use the guiding principles in the Best Management Practices as promulgated by the IMO. They should unequivocally adopt the voluntary reporting system provided by the Maritime Security Centre – Horn of Africa (MSCHOA) and to seek the assistance of the escort and security services provided by the multi-national naval forces stationed in that area.
12. On the safe operation of ships, the Meeting emphasized the strong need for better training standards to be followed by all the training institutions around the world. The IMO, at a diplomatic conference held in Manila in June 2010, had adopted a number of important changes to bring the International Convention on Standards of Training, Certification and Watchkeeping for seafarers (STCW) and Code up to date with the latest developments. The revisions are welcomed by FASA as they would ensure that the training institutions adhere closely to the enhanced requirements when training and certifying seafarer, who will be competently fit to even operate technologically advanced and bigger ships.
13. The Meeting also spoke up against the International Transport Workers' Federation (ITF), which at its Congress held in August 2010 in Mexico had unilaterally established an ITF Model Wage Scale, a benchmark on Minimum Wage for Non –

domiciled seafarers employed on National – flag vessels. FASA viewed this initiative as a strong attempt by the ITF, a non-governmental organization (NGO) to unilaterally dictate a minimum wage scale on national flag vessels and which it opined is a clear violation of national policies. The underlying intention of this move by the ITF is also viewed as an attempt to force an increase in the ILO Minimum Basic wage rate for Able Seaman. As the shipping industry has not fully recovered from the impact of the recent global financial fallout, and in light of a potential surge in crude oil prices, the Meeting was strongly against any impending move by any international seafarers employers' organization to enter into any direct negotiation with the ITF on any future increase in the ILO Minimum wage rate - any such increase will put additional stresses on the financial strength of the shipping industry.

14. Following concerns about climatic changes and rising sea levels, the meeting reiterated that protecting the marine and air environment is one of the primary concerns of the shipping industry. The Meeting also pledged to work together to bring about reduction in Greenhouse Gas emissions from international shipping.
15. The Meeting also noted with concern a revised accounting standard proposed by the International Accounting Standards Board (IASB) that will remove the distinction between finance and operating leases, forcing owners that charter in tonnage to record period time charters as finance leases and place them on their balance sheets as liabilities – such a standard may force owners into breach of covenant with their lenders and impact on owners' credit ratings, equipment financing strategy and forecasting models, thereby restricting owners' flexibility and ability to manoeuvre. FASA is of the strong opinion that the proposed revised standard should not be supported as the proposed changes may not achieve the desired effect of comparability but could instead lead to misleading information being provided as well as place a significant burden on the shipowning and ship chartering industry.
16. In his farewell address, Mr Sutjipto thanked all the FASA members for their strong support and cooperation, and urged all of them to continue and serve the Federation with full dedication in the interests of ASEAN shipping. He expressed deep appreciation for the strong confidence and encouragement accorded to him during the past year and agreed, with the full cooperation of all members, to continue promoting FASA as a voice for ASEAN shipowners.
17. The next meeting of FASA will be the 41<sup>st</sup> Executive Committee which will be held in conjunction with the 20<sup>th</sup> Asian Shipowners' Forum (ASF) on 23-25 May 2011 in Bali, Indonesia.
18. The delegates of FSA, MASA, SSA, TSA, VSA and the representative from Brunei Darussalam expressed their deep appreciation to INSA for hosting the 36<sup>th</sup> AGM of FASA in Jakarta in the traditional spirit of ASEAN solidarity and cordiality.

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**Editor's Note:**

**Federation of ASEAN Shipowners' Associations (FASA)**

*The Association of South East Asian Nations (ASEAN) was established on 8 August 1967. Today, ASEAN consists of ten South East Asian countries, viz, Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam.*

*The Federation of ASEAN Shipowners' Associations (FASA), a voluntary trade organisation, was mooted by the ASEAN Permanent Committee on Shipping in November 1975. Currently, FASA comprises the national shipowners' associations from seven ASEAN countries, which namely are Indonesia, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam. The members are strongly motivated by a common desire for closer co-operation in order to increase the role of ASEAN shipping in the carriage of the region's cargoes as well as contribute to the development of intra-ASEAN trade. They also recognise the important need to adopt a common stand on regional and international shipping matters and the development of international trade.*

*FASA was approved as an ASEAN Non-Governmental Organisation at the 5<sup>th</sup> Meeting of the 14<sup>th</sup> ASEAN Standing Committee which was held in Manila on 21 May 1981.*



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### **WELCOME SPEECH BY FASA CHAIRMAN, MR. JOHNSON W SUTJIPTO AT THE OPENING OF THE 36<sup>th</sup> FASA ANNUAL GENERAL MEETING AT 9 AM ON FRIDAY, 10 DECEMBER 2010 AT THE RITZ CARLTON HOTEL, JAKARTA, INDONESIA**

Yang Hormat Bapak Freddy Numberi, Minister for Transport of Indonesia

Khun Surin Pitsuwan, Secretary General of ASEAN

His Excellencies,

Fellow FASA delegates

Distinguished Guests,

Ladies & Gentlemen

Good Morning and a very warm welcome to this official opening of the 36<sup>th</sup> Annual General Meeting (AGM) of the Federation of ASEAN Shipowners' Associations (FASA) in Jakarta, Indonesia.

On behalf of the Indonesian National Shipowners' Association (INSA), I would like to extend a very warm welcome to Bapak Freddy Numberi, the Minister for Transport of Indonesia and also the ASEAN Secretary General Khun Surin Pitsuwan, for taking time off from their busy schedule to come and grace this opening of the 36<sup>th</sup> AGM of FASA. I also warmly welcome our fellow FASA delegates from overseas and wish all of them a fruitful meeting ahead.

The global shipping industry has gone through some very difficult times in 2008 and 2009. Fortunately for us, the shipping industry has made a turnaround since the second half of last year. Although the shipping recovery is still in progress, I must add that we have to remain cautiously optimistic as not every sector have improved. Shipping markets, as all of us are aware, are notoriously volatile and cyclical. We may be hopeful that shipping will remain good but there are already some threatening signs on the horizon. In particular, we must continue to honour the threat of new tonnages coming into the market in the years ahead.

With the increase in new tonnages, there will invariably be a higher demand for qualified seafarers. The market, as you all know, is already affected by a shortage of qualified and competent seafarers. In today's zero-tolerance environment, where politicians and

governments have increasingly criminalize seafarers for maritime accidents, the shipping industry must continue to strive to improve training and maintenance standards, irrespective of market conditions. It is hoped that the Manila amendments on the Standards of Training, Certification and Watchkeeping for Seafarers (STCW) last June, and the Maritime Labour Convention 2006 when it enters in force in the not too distant future, will commit the shipping industry to a higher standard of seamanship.

Today, Asian shipowners, which include FASA members, control and command at least 50% of the world's merchant fleet. Asian ports are ranked among the top 10 busiest ports in the world. Asia is also a major source of seafarers working on board ships plying the world's oceans. As such, the Asian shipowning community expects Asian maritime administrations to take on a more active interest at the IMO forum to safeguard their shipowners' interests. If we are not active at the IMO, the shipping industry will often end up with a heavy price to pay. By then it would be too late as the rule making process had already been cast into stone. Perhaps it is because of the long distance and high travelling cost from Asia to attend the IMO meeting in London had been a deterring factor.

FASA on its part and as a member of the Asian Shipowners' Forum, is already playing an active role to elevate the profile of Asian shipping by participating at the ASEAN Maritime Transport Working Group Meetings and other inter - governmental forum. Through these fora, FASA aims at highlighting some of its members' concerns, such as in the area of piracy and armed robbery, safe navigation, environmental protection and GHG emission from shipping.

As we now live in a globalised world, we must continue to work together to project our Asian interests and image in the shipping world at large, both at the regional and international levels. It is important to note that the expansion of international shipping will bring about more trade between countries and which in turn will contribute to their economic prosperity. There are ample benefits to reap from international shipping. Exercising rigid control or over-regulating the industry will only stifle its growth. The liberisation of trade and shipping will also not be easy task as governments are obligated to protect their own national interests. It will take years of painstaking negotiations to achieve a high level of confidence and comfort like we now have with each other in FASA.

We are now at a stage when we can proudly consider confidence and trust as part of the FASA culture. In these difficult times, we must continue to nurture the friendship and networking that makes FASA the organisation that it is today. In this respect, I would like to bring to the attention of this gathering that in my dual capacity as the chairman of the Asian Shipowners Forum (ASF), we have been working very hard to elevate the profile of Asian shipping and a Voice representative of the substantial shipping tonnages owned by Asian shipowners. The close cooperation and mutual friendship that exist among the Asian shipowners towards achieving a common goal are very much viewed with envy by the shipping fraternity in other parts of the world.

We are currently working on an initiative to develop a ship sale form for the shipping industry. This initiative, developed by the Singapore Maritime Foundation (SMF), is strongly supported by the ASF. You will get to hear more about it in the Seminar later. This subject is also an item for discussion on the agenda of the AGM meeting. As INSA, I am pleased to inform this gathering that we have pledged our strong support for the Singapore Ship Sale Form. In the interest of ASEAN shipping and solidarity, I would also like to take this opportunity to urge all other FASA members to give their similar support to the Singapore Ship Sale Form.

In conclusion, I would like to thank all of you for your kind attention. On behalf of FASA, I would also like to thank the INSA and all those involved in making the wonderful arrangements for this meeting. For our overseas visitors, I wish them a pleasant and an enjoyable stay in Jakarta.

It is now my pleasure to invite the Indonesian Minister for Transport, Bapak Freddy Numberi to address us and open the 36<sup>th</sup> FASA Annual General Meeting.

His Excellency, please.

Thank you.