



The 16th Asian Shipowners' Forum

Hosted by: Korea Shipowners' Association (KSA)

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Joint Statement

The 16th Asian Shipowners' Forum (ASF) was held in Busan, Korea on 28 to 30 May 2007. The meeting was attended by 119 delegates from the Shipowner Associations of Australia, China, Chinese Taipei, Hong Kong, Japan, Korea and from the Federation of ASEAN Shipowners' Associations, comprising the Shipowner Associations of Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam. It was chaired by Mr Jin-Bang Lee, Chairman of the Korea Shipowners' Association.

Since the first meeting of the ASF held in Tokyo in 1992, the Forum and its 5 "S" Committees have established a significant position in the international shipping community through their activities. Recognizing that the Forum has made steady progress since its inauguration, the meeting was held in a friendly atmosphere and the delegates had a productive discussion.

Asian shipowners have been major players in every aspect of world shipping; the Forum affirmed that the Asian shipowners should speak out on the worldwide shipping agenda. It was therefore agreed that the ASF should express a consensual Asian shipowners' view to the international community in order to enhance and strengthen the ASF's stature in the shipping industry.

Last year, at the 15th ASF, the delegates expressed their strong will to create a

permanent office for the ASF. To this effect, a working group was set up to develop a proposal for a permanent office. The working group reported the outcome of its meetings to the plenary and proposed the adoption of its recommendations.

The plenary agreed to establish a permanent office in Singapore and adopted the Rules of the ASF Secretariat. Under the Rules, a Chairmen's Meeting was established and was given the authority to select and appoint the first ASF Secretary General for the new office.

The ASF has dealt with principal matters related to shipping in a proactive and effective manner with its 5 "S" Committees taking the lead. Views and activities on major issues by the Committees are summarized as follows:

Shipping Economics Review Committee (SERC)

The ASF noted that the 19th interim meeting of the SERC was held in Okinawa on 28 February 2007. The Chairman of the Committee, Mr Akimitsu Ashida, highlighted the following issues in his report.

Dry Bulk and Tanker Shipping

As for the dry bulk sector, it was anticipated that the market in 2007 would continue to expand steadily led by prosperous global economic growth particularly in China. There could be an improved supply and demand balance, on the basis that the delivery schedule for new dry bulk tonnage is expected to show declining trends in 2007 and 2008. With regard to the tanker sector, it was noted that the future tanker market would be significantly influenced by how smoothly the phase-out of single hull tankers would be carried out by 2010 and how much new tonnage would enter the market in connection with the phase-out.

Liner Shipping

As for the US trans-Pacific trade, growth is expected to accelerate and an overall tighter supply/demand situation is expected in 2007. The delegates expressed their deep concerns about the continuing high cost situation, especially inland transport costs in the US. With regard to the Intra-Asia trade, the ASF noted that the powerful Chinese economy would continue to be the main driving force for favourable container movement in Asia. In this connection, special attention was given to additional positive effects for the trade brought about by the rapid growth of Vietnam's container market. The delegates however shared their concerns on a possible oversupply due to cascading tonnage effects. In addition, the continuing high cost situation, especially bunker prices, has negative implications for carriers.

Relationship with shippers in Asia

To secure better shippers' understanding on market conditions of the trades, the delegates reaffirmed that it was crucial to facilitate a good relationship with shippers. It was reported that a series of "Container Shipping Forum" was held in Tokyo in June and November 2006, attended by the Japanese Government officials and shippers / carriers based in Tokyo. The meeting agreed to continue their utmost efforts to enhance a constructive shipper-carrier relationship in Asia, based on a dialogue approach.

Antitrust Immunity for liner shipping

The members noted recent developments in Australia, China, Hong Kong, Japan and Singapore, but noted with concern the EU's decision to abolish its block exemption for liner conferences. The delegates affirmed the ASF's long-standing position that the antitrust immunity system is indispensable for the health of the shipping industry and its ability to encourage the investments needed to support the growing demands of international trade and the system benefits the whole trading industry. It was agreed that carriers should make continuous efforts to seek the understanding of related parties such as shippers and governments for the important role of carrier agreements in supporting

trade.

The ASF noted that ASF member Associations, KSA, JSA and SSA, in particular, made written submissions to the European Commission and the relevant bodies expressing their opposition against the abolishment of the anti-trust law immunity system; and, further, KSA, received a reply from the EC to the effect that it would eliminate the Regulation 4056/86 but plan to prepare an alternative while keeping intact the Consortia Regulation that is one of the two axes of the anti-trust immunity systems. And the ASF also noted that KSA, as the ASF Chairmanship holding association, ASA and JSA submitted their written opinions to the same effect to the Japanese Fair Trade Commission.

Panama Canal Authority

The Panama Canal Authority (Autoridad del Canal de Panamá - ACP) published their proposals for toll increases in February 2007. The amount of the proposals is unacceptably large and, in particular, costs for container ships, tankers and PCCs will be significantly affected. The SERC agreed that the proposed 3 years of increases of the Panama Canal tolls should be spread over a longer period and decided to request the current ASF Chairman to make a submission to the ACP on behalf of the ASF in order to convey ASF's strong objection to the proposals. The ASF noted that the KSA, as the ASF chairmanship holding association, had submitted the ASF's comments to the ACP on 9 March and attended the hearing on 14 March. SSA and JSA also independently submitted their proposals. Subsequently, the ACP announced its new toll proposals in April. In this connection, it was also noted that on behalf of the ASF, KSA filed a further submission to the ACP on 20 April, and received a reply from the ACP to the effect that the written submission of ASF would be brought up for discussion in the ACP's Board of Director's Committee. (The Cabinet Council of the Republic of Panama then approved the slightly modified ACP proposal on 25 April 2007.)

Other Issues

The recent developments of WTO were reported. The delegates welcomed the resumption of Doha negotiations and they were reminded to continue to emphasize the importance of the inclusion of maritime transport services in the General Agreement on Trade in Services (GATS) in order to codify existing free trade practices in the shipping industry. In the meantime, the delegates warmly welcomed Vietnam's WTO entry that would have a positive implication for global trade.

It was noted that the increasing Free Trade Agreements (FTA) and dynamic bilateral economic relationships among Asian countries had made a positive impact on the Asian economy and cargo movement. The delegates confirmed their expectations for further promotion of these developments.

The recent developments on a draft international convention on the carriage of goods by sea were reported. The document has been deliberated by the United Nations Commission on International Trade Law (UNCITRAL) to give greater uniformity to govern carrier responsibilities and liability for cargo loss or damage, mainly in container trades. Of note, the proposed convention would cover all water and intermodal transport. The delegates were encouraged to pay careful attention to the development of the new convention.

Ship Recycling Committee (SRC)

The ASF noted that the 12th interim meeting of the SRC was held in Hanoi, Vietnam on 30 March 2007. The Chairman of the Committee, Mr Arnold Wang highlighted the following issues in his report.

Ship Recycling Activities

The Forum discussed recent developments on the draft Convention on ship recycling and the Guidelines necessary under the Convention that are being developed by the IMO Marine Environment Protection Committee (MEPC). The

ASF expressed its appreciation for the strenuous efforts and energetic work of stakeholders involved in the discussions, including shipowners, shipbuilders, ship recyclers, ship equipment manufacturers, classification societies and government officials.

Technical Concerns

The Forum urges flexibility in the Convention as it will apply to existing ships, such as the application of the Inventory of Hazardous Materials and Certification, and the Forum, at the same time, recognized the great importance of developing a common format for the Inventory of Hazardous Materials in ships required by the Convention as useful and helpful information to be referred to during recycling operations. The Forum, however, expressed its serious concern that, due to lack of adequate resources and expertise, it will be extremely difficult for shipowners on their own to prepare the Inventory. Other stakeholders, therefore, such as shipbuilders and ship equipment manufacturers, who have specialized knowledge of the construction of and equipment fitted to ships, should continue to provide full-scale assistance in the preparation of the Inventory.

Environmental Concerns

The Forum also recognized that the promotion of safer and environmentally sound recycling facilities is of great importance. In this respect, it is highly appreciated that international organizations, such as the ILO and the IMO, continue to hold regional seminars in main ship recycling countries in order to increase the awareness of workers engaged in ship recycling operations. The Forum believes that such concerted efforts are sure to lead to an improved situation.

International Convention for the Safe and Environmentally Sound Recycling of Ship

The Forum confirmed that Asian shipowners, as some of the leading players in the world shipping industry, will continue to discuss the ways in which

shipowners can promote and encourage safer and more environmentally sound ship recycling. It also underlined that as ship recycling involves different stakeholders including Flag State, Recycling State, Shipowners, Shipbuilders, Ship Equipment Manufacturers, Ship Recyclers and Classification Societies, the roles of all stakeholders have to be clearly defined in further development of the draft Convention.

The Chairman of SRC

ASF endorsed the decision by NACS that Mr Arnold Wang, newly appointed Chairman of NACS, would take over the chairmanship of SRC from Mr Robert Ho, ex-Chairman of NACS, who has been Chairman of SRC since 2005. ASF extended its heartfelt thanks to Mr Robert Ho for his service as Chairman.

Seafarers Committee (SC)

The Seafarers Committee held its 12th interim meeting in Hong Kong on 16th January 2007. In his report to the 16th ASF, the Chairman, Mr Li Shanmin, highlighted following issues.

Review of STCW Convention

The Forum noted that IMO's STW Committee is reviewing STCW in order to consider whether the convention and code should be revised. As the majority of the world's seafarers are recruited and supplied from the region, the Forum appeals to all ASF Associations to contribute to the review by sharing their experiences in implementing STCW Convention.

Review of Resolution A.890(21) and Safe Manning

The Forum discussed the debate in the industry on Safe Manning and the review of Resolution A.890(21) by IMO's STW Committee. The Forum considered that it was essential to determine the extent of the possible link between fatigue and manning levels by independently audited research to be carried out in order to investigate actual work/rest hours on a selection of

different vessel types.

Seafarers Recruitment and Training

The Forum was pleased to note the efforts of ASF members in encouraging the awareness of local youngsters to consider a seafaring career and was encouraged to note that the number of new officer cadets is increasing in the region. The Forum welcomed cooperation between the training institutions and shipowners in the training and employment of seafarers in Asia and considered that the importance of traditional seamanship should be emphasized to ensure operational safety. The Form considered that these interactions would assist in the continued promotion of the supply and employment of Asian seafarers.

Employment Conditions

The Forum noted discussions that had taken place in Australia in late May, 2007. These discussions are part of a continuing program and are scheduled to continue in Busan, Korea, in July. The Forum noted its concern regarding any interference with the ability of ship operators to optimize the safety, quality and efficiency of their operations. The Forum also reaffirmed its previously stated position that the employment conditions of seafarers should be negotiated in and should reflect living standards prevailing in the seafarer's country of domicile.

Safe Navigation & Environment Committee (SNEC)

The SNEC Chairman, Mr S S Teo presented an updated report on safe navigation and marine environment protection issues that were discussed at the 13th interim meeting of the SNEC on 28 November 2006. He highlighted the following issues:

Piracy & Armed Robbery

The Forum was pleased to note that the number of piracy and armed robbery attacks on ships worldwide, in particular the Malacca and Singapore Straits, had

continued its decline in the past year. Ship hijacks were also on the downward trend with targets mainly on smaller boats.

In view of the improved condition, the Forum applauded the countries that have stepped-up security surveillance of their territorial waters and in dealing with this problem pro-actively. As regards the Malacca and Singapore Straits, the Forum requested the Governments of the three littoral States not to be complacent and urged them to continue with their excellent cooperation on patrol and surveillance arrangements. The Meeting also urged all shipowners to advise their ship masters not to be complacent but to remain vigilant especially when plying through piracy hot spots during the hours of darkness.

The Forum further noted that the Japan-initiated Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia (ReCAAP) had entered into force on 4 September 2006 with the establishment of an Information Sharing Centre (ISC) in Singapore. The ISC aims to provide accurate and prompt reports of piracy and armed robbery received from 16 regional countries so as to enhance safe navigation and security of ships in regional waters. Such reports, the Forum agreed, should be transparent and promptly broadcast out to ships plying in the region besides posting them on the public domain of the ReCAAP website.

Enhancement of Safety, Security and Environment Protection in the Straits of Malacca and Singapore

The Forum supported the IMO Statement that was issued in connection with the Kuala Lumpur (KL) meeting on the Straits of Malacca and Singapore: Enhancing Safety, Security and Environmental Protection that was held on 18-20 September 2006. The Forum further agreed with the SNEC that the littoral States, user States, the shipping industry and other stakeholders, which use the Malacca and Singapore Straits, should co-operate towards the establishment of a mechanism for voluntary funding towards the maintenance and renewal of aids to navigation and the protection of the marine environment. It also

encouraged User states and stakeholders to give their full support to the 6 projects initiated by the Tripartite Technical Experts Group at the KL meeting.

In separate discussions at the Symposium on the Malacca and Singapore Straits on 13-14 March 2007 organized by the Maritime Institute of Malaysia, The Centre for South East Asian Studies, Indonesia, The S Rajaratnam School of International Studies of Singapore and the Nippon Foundation, the Symposium was organized with the objective to explore and propose other options for funding of navigational aids and marine environment protection in the Straits.

The Forum supports the initiative to establish a “Malacca Straits Fund” that can provide user states, the shipping industry and other stakeholders with the opportunity to contribute voluntarily towards the maintenance and replacement of the aids to navigation and other measures for environmental protection in the Straits. It was agreed that this voluntary funding mechanism must be transparent and well managed.

It was agreed that the Forum will not support any form of compulsory levy on ships using the Malacca and Singapore Straits.

MARPOL Annex VI Prevention of Air Pollution from Ships

The Forum reiterated its stand and support of efforts in environmental protection. The Meeting noted the proposal by INTERTANKO to switch all ships from using residual fuel to distillate.

The Forum noted some concerns from the shipping industry and agreed that a proper feasibility study on all the options should be conducted. The feasibility study should take into careful and full consideration of all factors to arrive at a final conclusion.

At the recent 11th Session of the IMO Bulk Liquids and Gases (11th BLG) Sub-

committee, the Forum noted that the IMO Secretary General had initiated the setting up of a cross-government industry scientific group to conduct a holistic study on the various strategies to minimize air pollution.

The Forum was pleased to note this initiative and urged all member Governments to support this move at the 56th Marine Environment Protection Committee to be held on 9-13 July 2007 in London.

Ship Insurance and Liability Committee (SILC)

It is noted that the SILC held its interim meeting in Hong Kong on 17 April, 2007. And, Mr. George Chao, the Chairman of SILC reported the outcome of the interim meeting and highlighted the following issues.

Draft EU Directive on Civil Liability and Financial Responsibilities of Shipowners

The Forum expresses its concern over the potential implications of the proposed Directive of the European Parliament and the Council on the Civil Liability and Financial Guarantees of Shipowners. While applauding the draft Directive's support for the ratification of existing instruments, the Forum had several concerns, amongst them being possible confusion in the document about P&I insurance and the role of limitation in ensuring maximum possible amounts of compensation were made available to victims in the shortest possible time. The Forum also felt that the proposals in relation to abandonment of seafarers were unclear and abandonment was best left to the newly adopted ILO Maritime Labour Convention.

But the Forum was most concerned that the proposed Directive risked introducing grave instability into the insurance and legal systems that governed international shipping. Uncertainty created by regional legislation with varying definitions of negligence combined with insistence that all ships carry financial guarantees would create confusion in the global industry.

Wreck Removal Convention

The Forum is pleased to note the adoption of the new Convention on the Removal of Wrecks at the International Conference recently held in Nairobi, Kenya. The Forum urges IMO member States to develop, as a matter of some urgency, a single insurance certificate which may be issued by States Parties to all ships under all the relevant IMO liability and compensation conventions. It is unfortunate, however, that in the development of the new Convention, an opportunity would appear to have been missed to create a uniform liability regime for wreck removal in territorial waters, where most occur.

Canadian Migratory Birds Act

The Forum noted the amendments to the Canadian Migratory Birds Act (1999) made by the adoption of Bill C-15 and continues to support the concerns expressed by the Canadian shipowners. In this respect, the Forum once again urges the Canadian government to review the amendments and consider whether the provisions that affect the human rights of seafarers should be repealed.

Ship Source Pollution Directive

The Forum once again deplores all instances of deliberate oil pollution from ships, and supports the work of various Associations and International Organizations to remind operators of existing ships of their responsibilities and obligations and to develop updated guidelines for engine room oily waste management systems for new and existing ships. The Forum notes the progress of the legal challenge to the new European Union Ship Source Pollution Directive, which was to be adopted by European member states by 1st April 2007, mounted by a coalition of industry organizations and expresses its continuing concern at the potential effect of the Directive in criminalizing accidental oil pollution. The Forum draws the attention of European states to the problems they might experience with the conflict between the provisions of MARPOL and UNCLOS and the Directive when adopting the Directive into their local legislation.

Next meeting

The Vice Chairman of the CSA, Mr. Zhao Huxiang, invited the ASF member associations to the 17th ASF which will be held in May 2008 in China, dates and venue to be duly released.

The delegates expressed thanks to the Chairman of the Korea Shipowners' Association and its staff for the excellent organization for the 16th Asian Shipowners' Forum in Busan, Korea.

Editor's note:

The Asian Shipowners' Forum is a voluntary organization of the shipowner associations of Australia, China, Chinese Taipei, Hong Kong, Japan, Korea and the Federation of ASEAN Shipowners' Associations comprising shipping association of ASEAN countries. The aims of the ASF are to promote the interests of the Asian shipowning industries. Between annual ASF meetings, the ongoing work is carried out by five "S" Committees; the Shipping Economics Review Committee, the Seafarers Committee, the Ship Recycling Committee, the Safe Navigation and Environment Committee, and the Ship Insurance and Liability Committee. It has been estimated that ASF owners and managers control and operate nearly 50% of the world's cargo carrying fleet.
