



THE 10TH ASIAN SHIPOWNERS' FORUM

Hosted by: **China Shipowners' Association**

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22 May 2001
Beijing, China

JOINT STATEMENT

The 10th Asian Shipowners' Forum (ASF) was successfully held in Beijing on 21 - 23 May 2001. The meeting was arranged through the kindness and generosity of the China Shipowners' Association (CSA).

The meeting was attended by 100 delegates from the shipowner associations of Australia, China, Chinese Taipei, Hong Kong, Japan, Korea and ASEAN, as represented by the Federation of ASEAN Shipowners' Associations (FASA), comprising the shipowner associations of Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam. The ASF is held annually with the chairmanship being rotated geographically among the members from north to south.

Since its inauguration in 1992, the ASF has played an active role in promoting mutual understanding and friendship among its member Associations. In the Forum, and in the meetings of its various Committees, Asian shipowners exchange views and coordinate positions on important issues in order to address the challenges and opportunities presented by the new Century. With Asian shipowners owning and operating more than 40% of the world's cargo carrying fleet, the ASF will continue to consolidate its role as the voice for Asian shipowners in international shipping issues, exerting a greater influence on creating a new future for Asian and international shipping and providing a lead for world shipping.

The 10th ASF discussed various issues affecting the common interest of Asian shipowners. These issues were raised through the meetings of its 5-"S" committees, namely the Shipping Economics Review Committee, the Ship Recycling Committee, the Seamen Committee, the Safe Navigation and Environment Committee and Ship Insurance Committee.

A common recognition at the ASF was confirmed as described below.

WTO (World Trade Organization)

The ASF strongly welcomes the early resumption of the negotiations on maritime transport issues and urges full participation by a significant number of WTO

members.

The ASF noted that some countries/regions of the ASF members have applied for WTO membership. In the interest of free trade and global liberalization, the ASF strongly supports these applications.

Marine Environment

The protection of the environment is one of the most important issues for Asian and international shipping. The ASF reaffirmed its dedication to the protection of the marine environment.

1. Shipping Economics Review

The ASF noted that the 8th Interim Meeting of ASF Shipping Economics Review Committee (SERC) was held in Bali, Indonesia, on 19 February 2001.

The ASF endorsed the report of the major activities of the SERC since the last ASF meeting in May 2000 and the Note of Understanding adopted by the SERC at the Bali Interim Meeting. The Forum had a frank and active exchange of views and opinions on a broad range of issues from the perspective of supporting the goal of steady and continuous growth of world trade and economy through the healthy development of the shipping industry. The ASF reaffirmed its position on the following points:

Regarding the liner shipping sector, the Forum considered that for the medium and long term the global economy would continue its sustainable development. Despite some uncertainty in the US economy, the world economy and cargo movement are expected to maintain steady and continuous growth in the near future.

It was reaffirmed that it would be desirable for CEOs to utilize the experiences of the shipping industry expensively learned in the past so that market share-oriented action should not be taken. The meeting agreed that all CEOs should recognize their full responsibilities and commitment to maintain trade stability.

Sharing this sense of **responsibility**, they should lead their companies bearing in mind the following 3-C key words :

- **Confidence** to observe the profit-oriented philosophy
- **Cooperation** among Asian shipping industries whenever/wherever possible
- **Communication** in appropriate forums with each other through mutual trust and understanding

It was recognized that the new anti-trust framework under the Ocean Shipping Reform Act of 1998 (OSRA) has been working reasonably well. It was also noted that the respective Government offices in the major countries, such as the US, Japan and the EU, had been supporting the existing framework of the carriers' anti-trust immunity, recognising its importance.

The delegates were urged to continue their efforts to make known to their Governmental bodies and shippers industry the advantage of carriers' anti-trust immunity, which benefits the whole "Trading Industry", including shippers.

In connection with the dry bulk and tanker sector, the ASF reconfirmed that CEOs should make their best endeavors to make fair and accurate assessments of the trade situation, in order to guide their companies to act and move thoughtfully in the market place.

The ASF endorsed the decision adopted by the SERC at the Bali Interim Meeting that Mr. Takao Kusakari, Vice-President of JSA and President of NYK Line, would take over the chairmanship of SERC at the end of the ASF Beijing meeting from Mr. Masaharu Ikuta, who has been Chairman of the committee since 1995.

2. Ship Recycling

The ASF noted that the 4th Interim Meeting of the Ship Recycling Committee was held in Taipei on 26th March 2001. The ASF reaffirmed its position on the following issues:

Statistics show that a total of 520 vessels with approximately 22.58 million DWT were scrapped in 2000, which were below 1999's 548 vessels with 30.83 million DWT.

The ASF noted that the recycling of ships becomes one of the prime major issues for the shipping industry. One reason for this is the fact that the present legal framework for ship recycling did not regulate completely how a ship can be recycled in an environmentally acceptable way.

The ASF fully supports and actively promotes the need for environmentally responsible recycling of ships, as this is an important contribution to the well-being of society.

The ASF recognized that it is essential to have a clear consensus on the interpretation of existing international instruments, such as the Basel Convention, in the recycling of ships. Such interpretation would avoid individual legal action being taken by nations or by non-governmental organisations on the basis of a unilateral

interpretation of the current rules.

The ASF agreed that there is no single organization which can address all the issues involved in environmental protection and personal health and safety in respect of ship recycling, and therefore the ASF should participate actively in the Industry Working Group on Ship Recycling led by the International Chamber of Shipping (ICS) in the development of an Inventory List of Hazardous Materials and an Industry Code of Practice. The ASF strongly urges all members and other shipping organizations to fully support the important work being carried out by the ICS and ASF Recycling Working groups.

3. Seafarers

The ASF noted the Seamen's Committee held its 6th interim meeting in Hong Kong on 15th November 2000. The ASF reaffirmed its position on the following points:

The ASF unanimously agreed that the name of the Committee be changed to the "ASF Seafarers Committee" to be non-gender specific.

The ASF noted the first IMO "White List", which listed 72 countries that comply with the STCW '95 Convention, was published in December 2000. The STCW '95 Convention Working Group will, in the near future, discuss how the White List might be able to be used as an on-going report. The ASF confirmed the opinion of the Committee that Flag states recognising other nations' certificates should make their own checks to satisfy themselves that STCW standards are being met in practice.

The ASF accepted the proposal made jointly by the Seamen's and Ship Insurance Committees that the Chairman of the 10th ASF write a suitable letter to the Panamanian and Filipino Governments to encourage the signing of a bilateral agreement in order to avoid future problems in the review of Filipino crew claims in Panama.

The ASF reiterated that it should be the national union's prerogative to agree an ILO minimum wage interpretation with national owners for seafarers, domiciled and non-domiciled, serving on national flag ships. The ASF noted that the ILO Minimum Wage Working Group has been delegated the task of studying the issue further in order to suggest possible regional solutions.

The ASF praised the Hong Kong Shipowners Association's initiative to work on a project to conduct a study on the 7 Maritime Education and Training Institutions (METs) in China. The ASF considered that the METs network concept could be expanded to other Asian training institutions. Cooperation with other associations such as the Association of Maritime Education and Training Institutions in Asia Pacific (AMETIAP) and United Nation's Economic and Social Commission for Asia

and the Pacific (UNESCAP) could provide a platform to take this concept to a regional level. The ASF will continue to work with regional and international organisations to promote regional cooperation in the employment and training of Asian seafarers.

The ASF was seriously concerned over the instances of competition between flag States when stipulating minimum safe manning levels, which could result in unacceptably low crew levels and contribute to fatigue at sea. The ASF urges the IMO to provide more detailed guidelines to ensure a uniform interpretation of the IMO resolution on minimum safe manning levels (A.890).

The ASF was concerned over the reports of fraudulent certificates in the region. The ASF member associations agreed to work with their local administrations in order to find effective solutions.

The ASF noted the 'Geneva Accord' reached at the ILO Joint Maritime Commission meeting held in Geneva in January 2001, which will lead to the development of a new Convention that will bring together all ILO maritime instruments. The Seamens Committee agreed to actively consider and be involved in the development of the new Convention.

4. Safe Navigation and Environment

The meeting noted that the Safe Navigation & Environment Committee (SNEC) held its 7th interim meeting in Kuala Lumpur on 20 November 2000. The ASF reaffirmed its position on the following issues:

● Piracy and Armed Robbery

The ASF strongly condemns all acts of piracy and armed robbery against ships. It expressed deep concern that the incidence of piracy and armed robbery around the world had continued to remain high.

In recognition of the many initiatives by the UN, the IMO and various other bodies, and also the growing seriousness of the problem of piracy and armed robbery against ships, the ASF urged all States in affected regions to take all necessary and appropriate measures to prevent and combat incidents of piracy and armed robbery. This should include closer regional cooperation among the Coastal States and increased surveillance of coastal waters. The Coastal States should investigate or co-operate in the investigation of such incidents whenever they occur and bring the alleged perpetrators to justice in accordance with international law.

The ASF encouraged all States to ratify and effectively implement the United Nations

Law of the Sea (UNCLOS), the 1988 Convention for the Suppression of Unlawful Acts Against the Safety of Navigation (Rome Convention) and the 1988 Protocol for the Suppression of Unlawful Acts Against the Safety of Fixed Platforms Located on the Continental Shelf. In addition, all States should implement the IMO Code of Practice for the Investigation of the Crimes of Piracy and Armed Robbery Against Ships which will assist them in their investigations of the crimes of piracy and armed robbery against ships, and give a consistent legal regime between states.

● **Stowaways**

The ASF unequivocally supported the IMO's initiative to amend the Convention on the Facilitation of International Maritime Traffic (FAL Convention) to incorporate standards and recommended practices on dealing with stowaways.

The ASF noted that human smuggling in containers remains a problem. The meeting strongly urged terminals to take all possible security measures and all Asian governments to tighten the security in their port areas to prevent unauthorised persons from getting easy access to ships.

Whilst noting that migrants/stowaways had been transported on ships that were not properly manned, equipped or licensed for carrying passengers on international voyages, the ASF urged all states to ratify and effectively implement the recent UN adopted Convention against Transnational Organised Crime together with its three Protocols (against illegal migration, trafficking in persons and the smuggling of migrants by land, sea and air).

● **Classification Societies**

Whilst noting the many concerns of varying standards among the members of the International Association of Classification Societies (IACS), the ASF urged all IACS members to work together to adopt a more efficient and stricter implementation of existing rules and better co-ordination of the inspections of ships.

● **Port State Control**

The ASF reiterated its support of the concept of Port State Control (PSC) as long as the underlying objective is implemented. All inspections should be coordinated and conducted by properly trained and competent PSC officers. All PSC MOUs should be urged to set up a proper inspection system that focuses on ships that are persistently rated high on the detention list of the PSCs. These ships should be seriously examined and, if there are deficiencies, they should be cautioned or detained. An increase in the rate of ship inspection will not necessarily mean that there is an effective system. Unnecessary inspection adds cost to shipowners' operations.

● **International Convention for the Prevention of Pollution from Ships (MARPOL)**

The ASF supported the adoption of revised Regulation 13G, Annex 1 of MARPOL at the 46th Marine Environmental Protection Committee in April 2001, which promotes the phasing out of single hull tankers. The ASF appreciated the efforts made by IMO member states to improve safety standards at sea and marine pollution prevention, thus avoiding the implementation of regional or unilateral regulations that could affect international shipping activities. However, it emphasized that the Condition Assessment Scheme (CAS) that has to be applied in assessing the continued operation of Category 1 and 2 tankers beyond 2005 and 2010 respectively, must be properly implemented in order to identify substandard ships without affecting the operation of quality ships.

● **Anti Fouling Paints**

The ASF expressed its concern on the Draft International Convention on the Control of Harmful Anti-Fouling Systems that would be further deliberated at an IMO Diplomatic Conference on Anti-Fouling systems in October 2001. The debate centered on the issue of whether the Tributyltin (TBT) should be blasted off or it can be retained and coated over with a sealant. The former option would create a mammoth problem for shipowners and the shipyards for disposing of the toxic waste whilst the second could result in false TBT readings. The second option should be favoured provided PSC bodies do not unfairly penalize ships with wrongful detentions.

● **Voyage Data Recorders.**

The ASF noted that a feasibility study on the issue of fitting VDRs to existing cargo vessels would be commenced at the 47th IMO NAV Sub-committee to be held in July 2001. The study is due to be finalised by 2004.

The ASF expressed its deep concern that there would be a number of unacceptable financial and technical difficulties for shipowners to fit VDRs to existing vessels. These include the extremely high and unreasonable costs of fitting VDRs to existing vessels when compared to the costs of fitting the equipment to new vessels as well as the interfacing of retrofitted VDRs with existing equipment manufactured and fixed onboard many years previously.

The ASF strongly requests the IMO to study alternative performance standards for VDRs for existing cargo vessels. Such standards must be practical and less expensive while ensuring an effective contribution to the analysis of casualties.

5. Ship Insurance and Liability

The ASF noted that the 6th Interim meeting of the Ship Insurance committee was held in Hong Kong on 12 March 2001. The ASF reaffirmed its position on the following issues:

Considering the fact that many of the issues effecting vessel insurance are legal issues which have an impact on shipowners' liabilities, the ASF unanimously agreed that the scope of ship Insurance committee be extended to include legal liability issue and that the name of the Committee be changed to the "ASF Ship Insurance and Liability committee".

The ASF noted the report of the consultant regarding the Asia Marine Consortium and approved the changes in security that took effect from the 1st January 2001. The ASF considered that these were very positive changes that elevate the status of the Consortium to a first class facility. The ASF also noted the conservative underwriting approach of the consortium that has provided a fully acceptable result, placing the Consortium in a strong position to remain competitive in the face of hardening rates.

The ASF noted the positive developments in the resolution of Filipino crew claims in Panama and accepted the proposal made jointly by the Ship Insurance and Seamen's Committees that the chairman of the 10th ASF write a suitable letter to the Panamanian and Filipino governments to encourage the signing of a bilateral agreement in order to avoid future problems of this nature.

The ASF agreed that the many issues that have been raised during the debate over the amendment of the Athens Convention are important and an equitable solution that meets both the desire for proper passenger compensation and the availability of insurance must be found. In this respect the ASF was concerned that if it was agreed that there should be a guaranteed global risk per incident in excess of SDR 100 million, or if the total of per passenger limits could exceed this figure, this should be considered by individual clubs as to whether it should be subject to the pooling of claims within the P & I club Agreement or insured through a new Personal Accident insurance vehicle outside the P & I system.

The ASF noted the major terms of the recently agreed text of the International Convention on Civil Liability for Bunker Oil Pollution Damage and, as the text might contain ambiguities, requested the Ship Insurance Committee to study the document and comment as thought appropriate.

The ASF considered the results of the three meetings of the IMO/ILO joint working group on Crew Claims and the Abandonment of Seafarers and the text of the two draft resolutions adopted by the third meeting. The ASF generally supported the draft resolution on the "Provision of Financial Security in Cases of Abandonment of Seafarers" but was concerned about the implications of some of the provisions of the draft resolution on "Guidelines on Shipowners' Responsibilities in Respect of Contractual Claims for Personal Injury to or Death Of Seafarers".

6. The 11th ASF

In accordance with the current practice of rotating the venue for the ASF meetings, i.e. the meetings shall be held and hosted on a rotation basis by the countries and regions from north to south in geographical order, the 11th ASF shall be held at the Grand Hotel, Taipei, 27-29 May, 2002.

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