



# THE 11<sup>TH</sup> ASIAN SHIPOWNERS' FORUM

Hosted by: National Association of Chinese Shipowners  
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## JOINT STATEMENT

The 11<sup>th</sup> Asian Shipowners' Forum was successfully held in Taipei on 27-29 May 2002. 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. 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 11<sup>th</sup> ASF discussed various issues affecting the 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 Seafarers Committee, the Safe Navigation and Environment Committee and the Ship Insurance and Liability Committee.

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

### 1. Shipping Economics Review

The ASF noted that the 9th and 10th Interim meetings of the Shipping Economics Review Committee (SERC) were held in Hong Kong on 13 November 2001 and in Singapore on 26 February 2002 respectively.

The ASF endorsed the SERC report and the Notes of Understanding adopted at the two Interim Meetings.

Although there were signs of a recovery in the world economy and cargo movement/vessel utilization ratio, the delegates recognised that the world container shipping industry was still being confronted with the serious problem of overcapacity. Whilst noting that voluntary vessel withdrawal programmes had been implemented in various container trade lanes, the meeting reaffirmed the continued desirability of further efforts of vessel rationalization both on an individual decision basis and in cooperation with other carriers within authorised carrier agreements. In this connection, the delegates confirmed the role of the discussion forum to share common understanding of the accurate situation of the industry and emphasised the importance of anti-trust immunity system for carrier agreements.

The meeting further reaffirmed the importance of the container shipping industry as an indispensable infrastructure to support the continued expansion of world trade and the global economy. It was agreed that all CEOs of Asian container shipping companies should have the highest level of self-consciousness to take responsible action based on long-term company management programmes and that if they resort to short-sighted decisions, it would only be to the detriment of the industry. The delegates recalled the 3-C key words adopted at the SERC meeting in Bali in February 2001:

- **Confidence** in making business decisions based on long-term overall strategies.
- **Cooperation** among Asian shipping industries to provide enhanced services.
- **Communication** in appropriate forums with each other through mutual trust and understanding.

The ASF agreed that Asian shipowners must demonstrate their determination to continue their efforts to restore a healthy financial situation for the shipping industry in order for them to ensure high-quality and safe shipping services. The meeting agreed to convey its strong message to request the shipping industries of other regions to adopt a similar approach. The ASF members also agreed, to the best of their abilities, to create greater and better understanding among the shipper communities all over the world so that the present difficult situation can be tackled effectively.

The ASF specially welcomes the resumption of the WTO negotiations on maritime transport. It also welcomes the entries of China and Chinese Taipei into WTO in November 2001.

The ASF continues to support free and fair trade principles and global liberalisation on international trade routes with full participation of WTO members.

## 2. Ship Recycling

The ASF noted that the 5th interim meeting of the Ship Recycling Committee was held in Taipei on 25th March 2002. The ASF reaffirmed its position on the following issues.

The ASF noted that the International Maritime Organization (IMO), at the 47th session of the Marine Environment Protection Committee (MEPC), decided to develop a draft Assembly resolution and IMO guidelines on ship recycling.

The ASF, noting also that the shipping industry is one of the stakeholders who play an important part in the ship recycling process, encourages all the stakeholders including both Governmental and non-Governmental bodies from the legal framework, ship design and construction to demolition phase to address issues associated with ship recycling within their competence, in respect of improving the decommissioning of ships in a safe and environmentally sound manner.

The ASF appreciates that the Industry Working Party on Ship Recycling under the coordination of ICS has developed and published an "Industry Code of Practice on Ship Recycling". The Code outlines a series of recommendations which would constitute "good practice" for shipping companies to refer to in regard of ship recycling and calls for its further development.

The ASF recognized that the number of ships for recycling is expected to tremendously increase, and, therefore, rational and feasible measures should be necessary for the improvement of the ship recycling problems with the technical and financial capabilities of the relevant parties taken into account, so as not to hinder the promotion of ship recycling.

The ASF, recognizing also that the world-leading shipbuilding and shipbreaking countries are in Asia, and a major proportion of the world's fleet is operated from the region, encourages consideration of the establishment of viable measures to improve ship recycling problems and

seeks to cooperate further with Asian stakeholders both governmental and non-governmental bodies to represent the views of Asia and express them consistently at multilateral and international conferences in accordance with the capacity of their respective countries.

### 3. Seafarers

The Forum noted that the Seafarers Committee held its 7th interim meeting in Busan on 23<sup>rd</sup> October 2001 and took note of the Joint Statement issued after that meeting. The Chairman of the Committee updated the delegates with developments since the interim meeting and, after debate, delegates affirmed the ASF's position on the following issues:

Delegates noted the progress of the development of the ILO Consolidated Maritime Instrument and in particular, gave their appreciation of the tremendous work of the ISF and the members of the High Level Tripartite Working Group (HLTWG). The Forum encouraged member associations to be involved in the work of consolidation so that a proper and representative Asian view is taken into account in the development of the new instrument.

The ASF was pleased to note that all of its members that are members of the IMO are now included in the IMO STCW 95 'white list'. The Forum considered that a continuous effort will be required by parties to maintain the quality standard of their systems, and asked ASF Associations to assist their Administrations in this regard. Delegates were pleased to note that most Asian administrations have made real progress towards introducing the radical changes required by STCW 95, including the establishment of recognition procedures to verify and recognize the standard of foreign certificates.

The Forum was extremely concerned about the slow issuance by some administrations of flag State endorsements under regulation I/10 of STCW95, which prevented seafarers from being able to obtain STCW95 certificates or the necessary endorsements. Although the IMO, under STCW.7/Circ.12, had urged port State control authorities to take these factors into account and, until 31<sup>st</sup> July 2002, only issue a warning to companies, there were certain administrations that continued to take longer than the 3 months grace period allowed under regulation I/10.5 of STCW95 to issue their endorsements. There were also certain administrations that had failed to put in place a system as to enable them to agree the proposed undertakings stipulated under regulation I/10.1.2. The ASF urged all concerned to agree the proposed undertakings as soon as possible and expedite the issuance of flag State endorsements so that ships were not delayed for reasons outside the shipowner's control.

The Forum noted that global attention has been drawn to the possibility of fraudulent certificates in the region. While recognizing that the statistics that had been used were incorrect, in that many of the fraudulent certificates identified were minor non-STCW 95 certificates, delegates considered that proper implementation of STCW 95 should assist in the eradication of any problems that may exist. The ASF welcomed the promotion of electronic access to national certificate databases and was pleased to note that such databases are already available for checking certificates in the websites of some Asian administrations. The ASF encouraged those administrations without such databases to adopt and establish suitable systems at an early stage.

Delegates noted the improving situation regarding crew claims in Panama, and approved the proposal for a permanent solution, jointly made by the Seafarers and Ship Insurance and Liability Committees, that the Chairman of the ASF send suitable letters to the Presidents of Panama and the Philippines to encourage the signing of a bilateral agreement.

The ASF observed that the "Tampa" and other similar incidents raise serious questions arising from the moral and legal obligations to rescue people at sea. The ASF welcomed IMO's new resolution (A924) on the treatment of persons rescued at sea, which calls for a review of the present legislation with the aim to discovering any gaps or inconsistencies in the rules applying to ships, flag

or coastal States. Delegates expressed similar concerns about the growing incidences of stowaways and the related problems.

Delegates noted that an IMO expert team, at the request of the Ministry of Communications of China, visited six Chinese Maritime Education and Training Institutions (METs) in September 2001 to assess the current standard of maritime English training in China. Many of the findings by the IMO team were in line with that of the HKSOA METs study. The ASF asked the Seafarers Committee to study how to take the HKSOA METs concept to a regional level, with the possible assistance of other organizations such as AMETIAP and UN ESCAP.

The ASF was informed that a new Asian Employers Group would be formed with the agenda to work in the promotion of the employment of Asian seafarers and to study their living and working conditions. Delegates noted that the new Group would not be directly involved in wage negotiations, preferring to leave these to individual companies or their representatives and local unions.

Following a report made by the Filipino Shipowners Association, the ASF fully understood the joint proposal by Filipino union and shipowners to press for a moratorium on the ITF TCC and other union benchmark increases.

#### **4. Safe Navigation and Environment**

The Meeting noted that the SNEC held its 8th Interim Meeting in Kuala Lumpur, Malaysia on 2 November 2001. The ASF deliberated and affirmed the decisions on the following safe navigation and environment issues:

##### **Piracy and Armed Robbery**

The Meeting was encouraged by several initiatives in creating greater awareness of the problem, but delegates were still concerned with the high frequency of attacks in Asian waters. About two thirds of the total incidents in the world in 2001 had occurred in Asian waters that stretched from the Far East, across South East Asia and to the Indian sub-continent. There was also a 100% increase in the number of ship hijacks. This had prompted fears that any hijacked ships could be used as a means of mounting terrorist attacks.

The grave concern expressed by the members warranted the ASF to repeat its appeal to all Asian governments to step up their anti-piracy measures to eliminate the threat of piracy and armed robbery on ships plying regionally. It further urged all Asian governments to form bilateral or multi-lateral co-operation arrangements urgently to deal with the problem on a collective basis.

##### **Maritime Security**

In the aftermath of the tragic events of the 11<sup>th</sup> September, maritime security has become an urgent issue at the International Maritime Organisation (IMO). At the 75<sup>th</sup> Session of the Maritime Safety Committee (MSC) held on 15 – 24 May 2002, proposals and submissions from many IMO member states were further deliberated in preparation for a Diplomatic Conference on Maritime Security which would be held from 4 – 13 December 2002 in London.

Whilst the ASF fully supported the US and other global initiatives in the fight against terrorism, concerns were however expressed that some of the endeavours to address the security measures could create a serious impact on the free and efficient flow of shipping and trade.

The Meeting strongly supported the view that strong cooperation, reliable and expeditious information sharing, and coordination between governments and industry is very important in designing and implementing an effective maritime security program. In this respect, every shipper,

consignee, carrier, port and terminal operator, and government agency in the world will have important roles to play. The ASF urges all administrations to cooperate at the IMO in securing the highest practicable degree of uniformity in security related issues. All the security measures related to shipping should be clear in respect of requirements and uniformly applied and enforced without discrimination.

The Meeting also urged all Asian administrations to seek early accession to the 1988 Convention for the Suppression of Unlawful Acts Against the Safety of Maritime Navigation and its Protocols, including any revisions to it, as it is important and necessary for governments to take appropriate actions against persons committing unlawful acts against ships and fixed platforms.

### **Bulk Carrier Safety**

The ASF noted with extreme concern the continuing losses of bulk carriers. It therefore agreed that shipowners should place greater emphasis on additional safety measures and maintenance works to keep their ships in good seaworthy condition. It concurred with the SNEC that the shipping industry should work and cooperate closely with the classification societies to find effective solutions and remedies to prevent future bulk carrier losses.

The ASF noted the eight measures introduced by the International Association of Classification Societies (IACS) to enhance bulk carrier safety.

The Meeting supported the view, however, that the IACS measures are excessively concentrated on damaged hatch covers. The ASF was of the view that damaged or loose side frames were commonly the primary cause of casualty to old capesize bulk carriers. In this regard, the ASF confirmed that a technical assessment of effective safety measures and maintenance work, including the eight measures proposed by IACS shall be carried out by all parties in a coordinated fashion to prevent future bulk carrier losses. In consideration of the fact that bulk carrier losses have mainly occurred to older vessels, the meeting supported the view that the current practice of the Enhanced Survey Program (ESP) should be reviewed to enable a proper and thorough assessment of a ship's condition.

### **Pilotage**

The standard of pilotage in several ports around the world is a subject of serious concern among ASF members. Many ship accidents have occurred as a result of pilot errors. The general observation was that the standard of training and education of pilots in some countries was questionable and needs to be further improved. A common language, such as English, should also be established and enforced for use in communication between the pilot, tug master and the shipmaster to avoid any misunderstanding.

The ASF therefore stressed that national maritime regulatory bodies should take greater responsibility and an active interest in ensuring that the pilots working in their ports are properly trained and competent to handle ships. The training to be conducted should adhere to the revised standards and procedures recently promulgated under IMO resolution A.485 (XII) Annex I and Annex II, "The Training and Certification of Maritime Pilots Other than Deepsea Pilots".

The ASF further supported the initiative by the International Chamber of Shipping (ICS), INTERTANKO, the International Association of Ports and Harbours (IAPH) and the International Maritime Pilots Association (IMPA) in developing an Industry Code of Best Practice.

### **Marine Electronic Highway**

The ASF noted that an IMO initiative is currently underway to develop a Marine Electronic Highway (MEH) that will stretch from the Sea of Japan across the Malacca and Singapore Straits and into

the Indian Ocean to the Middle East. The MEH is envisioned to be a regional network of marine information technologies linked through the use of Electronic Navigation Charts (ENC) on the Electronic Chart Display and Information System (ECDIS) onboard vessels including appropriate offshore facilities such as Differential Global Positioning Systems (DGPS), Vessel Traffic Systems (VTS) and Automatic Identification Systems (AIS) amongst others.

The ASF further noted that the first Phase of the MEH is expected to commence sometime in 2003 with a 4-year demonstration project in the Malacca and Singapore Straits.

Whilst the underlying objective of the MEH is to enhance maritime navigation safety and reduce pollution risk, the ASF was of the view that any financial burden should not be passed on to the shipping community. The Meeting considered it important to monitor its development closely as there could be possible cost implications to ships using the system.

### **Atmospheric Pollution – MARPOL Annex VI**

Regulations for the Prevention of Air Pollution from Ships were adopted by IMO in 1997 in the form of a Protocol containing a new Annex VI to the MARPOL Convention. The Protocol required acceptance by 15 IMO member states with a combined merchant fleet of 50% of the world's fleet before it could enter into force. One of the Conference resolutions called for a review of the situation if the conditions for entry into force were not met before the end of 2002. If this should happen, different conditions and requirements might be initiated by some countries or regions, much to the disadvantage of the shipowners.

The Meeting supported an early entry into force of the Protocol and therefore encouraged IMO Member Governments to ratify the Protocol without further delay.

## **5. Ship Insurance and Liability**

The Forum noted that the Ship Insurance and Liability Committee held its 7<sup>th</sup> Interim meeting in Hong Kong on 19<sup>th</sup> March 2002 and took note of the Joint Statement issued after that meeting. The Chairman of the Committee updated the delegates with developments since the interim meeting and, after debate, delegates affirmed the ASF's position on the following issues:

- **War risk insurance**

Whilst acknowledging that the tragic events of 11<sup>th</sup> September would result in enormous insurance losses, the ASF felt that the subsequent action of war risk insurance underwriters to use the policy cancellation clause to increase the basic war premium in an apparent attempt to raise additional funds was unprecedented and unjustified. Despite the terrorist attack, there had been no change in the underlying risk to justify an increase and, in any case, the usual practice was to negotiate the premium at renewal, not part way through the contract.

The ASF welcomed the meetings that had been held between various industry organisations and representatives of the war risk underwriters, and called on the insurance industry to maintain a high level of consultation with the industry and take note of the industry's concerns before taking precipitative action. The meeting also asked the Committee to investigate other means of obtaining a more stable and flexible insurance cover for war risks.

- **Crew death and disability claims in Panama**

The Forum was brought up to date with the continuing positive developments in the treatment of crew death and disability claims in Panama. The delegates felt, however, that despite these developments, a bilateral agreement between the Governments of Panama and the Philippines would encourage a permanent solution and avoid future problems of this nature.

In this respect, the ASF agreed with the joint request made by the Seafarers Committee and the Ship Insurance and Liability Committee that the Chairman of the ASF will send suitable letters to the Presidents of the two countries to encourage the signing of the proposed bilateral agreement.

- Oil Pollution Liability and Compensation

The Chairman brought delegates up to date with developments in the drafting of the proposed Protocol to the 1992 International Oil Pollution Compensation Fund Convention (IOPC), designed to enhance the provision of compensation to victims of oil pollution damage. While agreeing that the issue of shipowners' liability should be kept open for future review, the ASF urged the IOPC Working Group to wait until experience had been obtained with the increases in CLC and FC limits and the new Supplementary Fund and data was available to enable an informed debate.

- Protocol to the 1974 Athens Convention

Delegates noted that one of the issues that remained outstanding in the drafting of the Protocol to the 1974 Athens Convention included the figure for the per passenger limitation. They also noted that a diplomatic conference would be held at the same time as the October session of the IMO Legal Committee to finalise the Protocol.

While recognising that an equitable solution must be found that meets the desire for proper passenger compensation, the ASF once again expressed its concern that the proposed limitation figures, when applied to the number of passengers on a large passenger ship, could result in a situation where existing P&I insurance might not be able to respond. The Forum urged owners sitting on P&I Club boards and committees to seriously consider the potential effect that such a claim could have on the non-passenger ship members of individual P&I clubs and, through the pooling agreement, the International Group as a whole. The ASF also urged those in the passenger ship industry to consider alternative methods of liability insurance that might be more appropriate for passenger claims.

- The proposed Convention on Wreck Removal

The Forum noted that the IMO Legal Committee has commenced discussion on the development of a new Convention on Wreck Removal, with the intention to hold a diplomatic conference to finalise the Convention in the biennium 2004-2005.

The Chairman of the Committee introduced the draft text of the proposed Convention and, while recognising that the Convention was still in the early stages of development, the ASF welcomed the incorporation of an obligation on cargo interests to pay compensation when the wreck has been determined to constitute a hazard by reason of its cargo. The Committee was requested to monitor the development of the Convention and to comment as appropriate.

- Asia Marine Consortium

The Forum was given an update report of the work of the syndicate by the Manager of the Consortium. The ASF noted the change of leadership of the syndicate and felt that this provided much stronger financial security and technical expertise to this ASF project.

The ASF noted the conservative underwriting approach of the Consortium, that has resulted in a fully acceptable result placing the Consortium in a strong position to remain competitive in the face of hardening rates.

## 6. The 12<sup>th</sup> 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 member associations from north to south in geographical order, the 12<sup>th</sup> ASF shall be held in Hong Kong, 26<sup>th</sup> to 28<sup>th</sup> May, 2003.

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