



**14th Asian Shipowners Forum
9-11 May 2005
Hyatt Regency Sanctuary Cove
Queensland Australia**

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Joint Press Statement

The 14th Asian Shipowners Forum (ASF) was held in Sanctuary Cove, Queensland Australia on the 9th to 11th of May 2005. The meetings were attended by 137 delegates from the Shipowner Associations of Australia, China, Chinese Taipei, Hong Kong, Japan, Korea and the Federation of ASEAN Shipowners' Associations comprising the Shipowner Associations of Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam. It was chaired by Mr. David Sterrett, the Chairman of the Australian Shipowners Association.

Over the past 14 years the ASF has successfully coordinated the voice of Asian shipowners and has allowed their opinions and views to gain a greater prominence in world shipping. Through the work of the five standing committees the ASF has been able to provide constructive comment on matters affecting Asian shipowners.

For the second year running representatives of the International Chamber of Shipping, Intertanko and Intercargo addressed the ASF heads of delegation and the Chairs of the five standing committees prior to the main plenary sessions. This full and frank interchange of views can only assist the global shipping industry in coordinating its voice on matters of common concern.

Delegates agreed that more must be done to make sure that the valid concerns of the Asian shipowners are communicated in a forthright and articulate manner to encourage a fair regulatory regime that is capable of practical implementation.

Having subsided for a couple of months after the Tsunami disaster last December, delegates particularly noted with strong concern that the number of piracy and armed robbery incidents against ships in the Malacca and Singapore Straits has returned to its previous level. Furthermore, delegates expressed their strong concern over the possibility of international terrorism in the Straits, which may cause tremendous damage to the world economy if terrorism were to occur. The ASF unanimously agreed to fully endorse the statement promulgated by the SNEC and urged governments concerned to cooperate with each other and to take effective measures to ensure the security of ships navigating the Straits.

Shipping Economics Review Committee (SERC)

The ASF noted that the 16th and 17th interim meetings of the SERC were held in Taipei on 1 November 2004 and in Penang on 4 April 2005 respectively. The Chairman of the Committee, Mr. Takao Kusakari, in his report, highlighted the following issues.

Current market situation and future prospects

The Forum noted that the dry bulk market could continue to thrive for a few years and the VLCC market would continue to be steady for the time being. In connection with the Intra-Asia container trade, the Forum noted that the cargo movement would likely show consistent growth for at least another few years and an improvement of the supply-demand balance would also be expected. With regard to the transpacific container trade, the delegates noted continuing strong cargo movements and agreed that the current supply-demand balance in the eastbound trades would likely be maintained for another couple of years.

Analysis of the present state of liner trades

The delegates shared their strong concerns about ever-increasing cost factors and confirmed that these costs posed a major challenge to carriers' on-going abilities to provide high quality and stable services. The delegates agreed that it was important for all the CEOs to seek to consider such cost factors and make efforts to keep customers informed of the actual situation in the intra-Asia and trans-Pacific trades. The delegates confirmed that it was absolutely necessary for each carrier and authorised carriers' discussion agreement to undertake to exchange views and consult with relevant shippers through an effective and constructive dialogue.

Anti-Trust Immunity System

The delegates noted that the anti-trust immunity system for ocean carrier agreements had recently been under review in the EU and Australia. It was recognised that carrier agreements contributed to an improvement of service quality and efficiency and that the current immunity system had led to the health of the overall trading industry including shippers and carriers. The delegates agreed that carriers should continue their efforts to seek understanding of related parties such as shippers and governments for the necessity of the carriers' agreement.

In this connection, a dialogue between the Asian Shippers' Council (ASC) and SERC members was held on 4 April 2005 prior to the SERC meeting and the delegates confirmed that it was useful in deepening a mutual understanding between shippers and carriers in Asia.

The Chairman of SERC

The ASF endorsed the decision adopted by the SERC interim meeting in Penang that Mr. Akimitsu Ashida, Executive Director of JSA and President of Mitsui O. S. K. Lines, would take over the chairmanship from Mr. Takao Kusakari, who has been Chairman of the

Committee since 2001. The ASF expressed its thanks to Mr. Kusakari for his service as Chairman.

Ship Recycling Committee (SRC)

The ASF noted that the 8th interim meeting of the SRC was held in Guangzhou on 28 February and 1 March 2005, and included visiting the JianMen XinHui Shipbreaking Company and the Guangzhou Shipyard International Company. This meeting was also attended by observers from shipbuilding and ship recycling industries and by classification societies. The Chairman of the Committee, Dr. Frank Lu, highlighted the following issues:

The Working Group on Ship Recycling

The Forum discussed recent developments of the Joint IMO/ILO/Basel Convention Working Group on Ship Recycling. The Forum believes that the implementation of the IMO Guidelines is the most effective and reasonable measure in achieving safer and more environmentally-friendly ship recycling duly considering the characteristics and current practices of the related industries. The Forum further believes that the Basel Convention does not apply to ships for recycling.

Investments in Recycling Facilities

The Forum recognizes that the promotion of investments in recycling facilities is of great importance with the aim of steadily improving their safety and environmental standards while maintaining sufficient global recycling capacity. To achieve this objective, close cooperation is essential and the Forum has agreed to encourage recycling and other related countries concerned to collaborate with each other.

Active co-operation

The Forum urged stakeholders in Asia to unite their efforts in order to participate more actively in international ship recycling forums. Although world-leading shipping, shipbuilding and ship recycling industries and ship equipment manufacturers are based in Asia, it seems that the voices from Asian countries are not sufficiently represented in the international arena.

Safe Navigation & Environment Committee (SNEC)

The SNEC Chairman, Mr S. S. Teo, provided an update on the issues that were discussed at the 11th Interim Meeting of the Committee in Singapore on 26 November 2004. In particular,

Piracy and Armed Robbery in the Malacca and Singapore Straits

The Forum was very concerned with recent pirate activities in the Malacca and Singapore Straits after two months of relative calm earlier this year. Tankers, tugs and barges have been attacked and their officers and crew kidnapped whilst others were threatened with

guns and knives. Hefty ransom has been sought in exchange for the safety and release of the seafarers.

The Forum strongly condemned such pirate activities as they create extreme danger for the safety of the crew and ship. An attack on an oil tanker could result in serious consequences such as grounding or widespread oil spillage thus having adverse effects on the marine environment.

The Forum strongly urged the governments of the littoral states to adopt stronger political will and tougher action to stop piracy attacks in the Straits. If they are unable to resolve the problem, they should seriously consider seeking international assistance. The Forum also urged littoral states to put aside jurisdictional concerns, and urgently conclude and implement multi-lateral cooperation agreements.

MARPOL ANNEX I – Phasing out of single hull tankers

The Forum noted that the amendments to Annex I of MARPOL 73/78 adopted by IMO's Marine Environment Protection Committee had entered into force on 5 April 2005 without any major problems to the tanker industry. So far, very few Administrations have communicated information on their implementation of the regulations to the IMO. The Forum therefore urged all parties to MARPOL Annex 1 to communicate their policy to the IMO as soon as possible.

MARPOL ANNEX VI - Atmospheric Regulations

MARPOL Annex VI 73/78 and its protocols will enter into force on 19 May 2005. In 2006, the first SOx Emission Control Area (SECA) will enter into force in the Baltic with a SOx cap of 1.5%.

The Forum supports the introduction of Annex VI. The Forum expressed concern about the availability of 1.5% sulphur content fuel oil outside the EU, and other operational problems such as segregation, treatment, use of fuels of different sulphur content and the potential mistakes to be made, with consequent damages and fines.

The shipping community was advised to be well prepared for the implementation of MARPOL Annex VI and to overcome any difficulties that they may encounter in the process.

Seafarers Committee (SC)

The Seafarers Committee held its 10th interim meeting in Jakarta, Indonesia on Tuesday, 30th November 2004. In his report to the 14th ASF, the Chairman of the Committee, Mr. Li Shanmin, updated delegates with the latest development of various outstanding issues. In particular,

Seafarers' Recruitment and Training

The Forum is pleased to note the efforts of ASF members in encouraging educated and well trained youngsters to join the industry. The Forum further notes the result of an AMETIAP seminar in Shanghai in October 2004 that identified six issues of serious concern on

maritime education and training that should be addressed by the shipping industry. The Forum agrees that application of the present global minimum standards has been only partially effective and there are still wide variations in the standards of delivery and in the competence of training academy graduates. It is essential, in the Forum's opinion, that maritime education and training recognize the competencies needed by the industry both regionally and globally.

ILO Consolidated Maritime Convention

The Forum is pleased to note the good participation of ASF members in both the ILO Preparatory Technical Maritime conference and the ILO *ad hoc* meeting held in Geneva in September 2004 and April 2005 respectively which gave detailed consideration to the new consolidated convention. The Forum appreciates the work of delegates at the *ad hoc* meeting in finalising the draft text of the convention. The Forum urges active and honest involvement of all governments to produce a text that they will be willing and able to ratify. The Forum encourages active participation by ASF members in the final conference in 2006 in order to produce a convention that reflects the aspirations and concerns of the Asian countries that train and supply the majority of the world's seafarers.

Employment condition for Asian seafarers

The Forum noted and discussed the progress of recent negotiations on employment conditions of seafarers. The Committee considered it important to harmonize the voices of Asian shipowners on the current and future development concerning seafarers working and welfare matters, from the viewpoint of the interest of Asian shipowners and the stability of Asian seafarers' employment. The Forum reiterated that the conditions of seafarers should be commensurate with the living standards and economic situation of the country where the seafarers are domiciled and the employment conditions should be determined through negotiation between the employers and the representative groups in the crew-supplying countries.

Ship Insurance & Liability Committee (SILC)

Unfortunately, due to illness, the Chairman of the Committee, Mr. George Chao, was not able to be present. In his absence, the Vice Chairman, Mr. Jaka Singgih, reported that the SILC had held its 10th Interim meeting in Hong Kong on 11th March 2005 and updated delegates with the latest development of various outstanding issues. In particular,

Ship Source Pollution.

The Forum deplores all instances of deliberate oil pollution from ships anywhere in the world. The Forum expresses its deepest regret at the potential introduction of regulation in some States such as the EU and Canada that would criminalise accidental oil pollution and introduce ill-defined legal concepts that will lead to differing interpretation by each jurisdiction.

In particular, the Forum expressed its grave concern at the provision in Bill C-15 in Canada that would introduce strict liability for accidental oil pollution. The Forum agreed to review

crew training and to urge IACS to join in a review of shipboard equipment in order to ensure a policy of zero tolerance for ship source pollution.

The 2002 Protocol to the 1974 Athens Convention.

The Forum discussed, once again, the potential impact of the 2002 Protocol to the 1974 Athens Convention and noted that there did not seem to be a consensus amongst the IMO correspondence group as to how the high amount of compulsory insurance could be met by insurance and how 'terrorism risks' could be adequately incorporated in the Protocol, as well as in other Conventions. The Forum is extremely concerned that one opinion within the correspondence group is to push ahead for ratification of the Protocol 'as is' and to let the industry find a solution. It is essential, in the Forum's opinion, that the Protocol is made workable within the real world before being brought fully into force.

Sub-standard shipping

The Forum, reconfirming its commitment to quality shipping and the prevention of sub-standard shipping, supports many of the conclusions of the report prepared by Mr. Terence Coghlin for the Maritime Transport Committee of the OECD. The Forum notes and supports the work of the International Group of P&I Clubs in discussing potential changes that would reflect many of the proposals made in the report.

Next Meeting

The President of the JSA, Mr. Takao Kusakari, invited the ASF Associations to the 15th Asian Shipowners Forum which will be held from 28th to 30th May 2006 in Japan.

The delegates accorded a vote of sincere thanks to the ASA for the outstanding arrangements of ASF14 in Australia and to the Chairman, Mr. David Sterrett for his efficient chairmanship.

Editor's note:

The Asian Shipowners Forum consists of 12 Shipowner Associations in the Asian region, being those from the Shipowner Associations of Australia, China, Chinese Taipei, Hong Kong, Japan, Korea and the Federation of ASEAN Shipowners' Associations comprising the Shipowner Associations of Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam. 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 around 40% of the world's cargo carrying fleet.