



THE 15TH ASIAN SHIPOWNERS' FORUM

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Joint Statement

The 15th Asian Shipowners' Forum (ASF) was held in Karuizawa, Japan on 28 to 30 May 2006. The meeting was attended by 122 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 Kunio Suzuki, the President of the Japanese Shipowners' Association. A dialogue meeting with chief executives of the Round Table of the International Shipping Associations took place after the 15th ASF.

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 its activities. Recognising 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.

Recognising that the trade involving Asia accounts for a significant proportion of the global trade and that the merchant fleet controlled and operated by the Asian shipping industry constitutes a considerable share of the world fleet, the meeting affirmed an accompanying clear responsibility of Asian shipowners to take a leading role in the international shipping scene. It was therefore agreed that the ASF should strengthen its role in expressing Asian shipowners' voices with respect to international shipping policies and regulations, in cooperation with relevant bodies.

The delegates therefore expressed their strong will to set up a permanent office for the ASF in the future to increase its capability. In order to give effect to the strong will, it was agreed to set up a working group soon after the 15th ASF to consider details of the permanent office such as its constitution, location and funding. The working group will submit their proposal to the 16th ASF to be held in May 2007.

Recognising also that safe operation and environmental protection are overriding principles, delegates reaffirmed their commitment to continuously improve towards

the highest sustainable and practical standards for safe operation and environmental protection.

Reaffirming that the anti-trust immunity system for ocean carriers' agreements was indispensable for the shipping industry as well as the whole trading industry, the delegates stressed that carriers should make continuous efforts to seek the understanding of related parties such as shippers and governments of the important role of carriers' agreements in adjusting themselves to changing trade situations.

Shipping Economics Review Committee (SERC)

The ASF noted that the 18th interim meeting of the SERC was held in Tokyo on 13 December 2005. The Chairman of the Committee, Mr Akimitsu Ashida, highlighted the following issues in his report.

Current state of liner trades

In respect of the current situation of the Intra-Asia and Trans-Pacific trades, the delegates shared their serious concerns about increasing cost factors such as soaring bunker prices and inland transportation costs, although the market condition of space supply and demand had continued to be very tight. The ASF reaffirmed that it was essential for all CEOs involved in those trades to deal with the market situation in a calm manner by analyzing accurate data while making their utmost efforts to obtain shippers' proper understandings on the rising cost situation in order to secure long-term re-investments corresponding to the future increases in trade demand.

Relationship with shippers in Asia

The ASF noted that follow-up efforts to enhance the relationship with shippers in Asia had been sought since the first dialogue meeting between the Asian Shippers' Council(ASC) and SERC in Penang in April 2005. The delegates noted that a series of "Container Shipping Forum" was held in Tokyo in 2005, attended by representatives from the Japanese Government and shippers/carriers based in Tokyo. The Forums provided fruitful occasions for sharing information on the latest trade situation. The ASF reaffirmed that it was important for carriers to maintain regular contacts with shippers in Asia to facilitate a sincere and constructive relationship based on a dialogue approach.

Antitrust Immunity for liner shipping

The ASF noted that the Competition Commission of Singapore had, in April 2006, issued a draft Block Exemption Order (BEO) for Liner Shipping Agreements for public consultation. Meanwhile, the Forum noted that an EU proposal had been announced in EU in December 2005 on the repeal of the conference block exemption. The ASF confirmed its long-standing position that the antitrust

immunity system was indispensable for the health of the shipping industry and its ability to meet the long-term investments needed to support the growing demands of international trade.

Seafarers Committee (SC)

ILO Maritime Labour Convention 2006

The Forum applauds the adoption of the new ILO Maritime Labour Convention at the 94th International Labour Conference held in Geneva in February. The Forum expressed its sincere appreciation for the hard and intensive work over the past five years by all those involved.

The Forum encourages early ratification of the Convention by governments in the Asia-Pacific region, that trains and supplies the majority of the world's seafarers. The Forum considers it important that ASF members and their governments should actively participate in the development of the PSC guidelines to be used in the enforcement of this convention.

Fatigue and Safe Manning

The Forum expressed its concern at the increasing number of reports of fatigue amongst seafarers. Delegates noted that the recent IMO MSC meeting agreed to refer the issues of fatigue and safe manning to the STW Sub-committee as a high priority item, and expressed their support for the review of the Principles of Safe Manning. It is essential that such review include recognition of the effect of recent regulation on seafarers' work hours, the introduction of practical mechanisms to ensure consistency of application amongst Administrations as well as further study on the possible causes and effects of fatigue as one of the contributing factors.

Working and Employment Conditions of Seafarers

The Forum noted the outcome of the negotiation of employment conditions of seafarers in the recent International Bargaining Forum. The Forum considers it important to harmonize the voices of Asian shipowners on the current and future development of seafarers working and welfare matters, from the viewpoint of the interest of Asian shipowners and the stability of Asian seafarers' employment. The Forum noted the outcome of the Joint Maritime Commission(JMC) meeting on ILO minimum wage for 2006-2008 and the request of a new formula to be developed for future negotiations. The Forum continues to believe that employment conditions of seafarers should be commensurate with the living standards and economic situation of the country where the seafarers are domiciled.

Safe Navigation & Environment Committee (SNEC)

The SNEC Chairman, Mr S. S. Teo, provided an update on the issues that were discussed at the 12th Interim Meeting of the Committee in Singapore on 29 November 2005. In particular,

Piracy and Armed Robbery

The Forum noted that the incidence of piracy and armed robbery around the world had shown a drop in 2005. Nevertheless, there were renewed concerns of new piracy hotspots, such as in countries like Somalia and Iraq. As many as 15 ships were reported to have been hijacked in Somali waters. Ships trading or passing through the Gulf areas are urged to take anti-piracy measures, be alert and also heed the advice of the coalition forces stationed in the area.

The Forum noted that the piracy and armed robbery situation in the Malacca Strait had improved considerably following the various security initiatives implemented by the three littoral states of Indonesia, Malaysia and Singapore. The Meeting accorded a vote of appreciation to the three littoral states for taking decisive actions to defeat piracy and armed robbery in the Malacca Strait. The Forum further urged the littoral governments to continue with their good enforcement works in ensuring that ships navigating through the Malacca Strait were safeguarded against the threat of piracy. Likewise, the Forum encouraged all Asian governments to be vigilant in the fight against terrorism in the light of increased threats to the maritime community.

Maritime Security

The Forum noted from an ISPS Survey recently conducted by the International Chamber of Shipping (ICS) among its members, that the majority of respondents (73%) had cited no problems encountered as a result of the implementation of the ISPS code, as it is generally well observed by ships and most port facilities around the world.

However, it was noted that the remaining 27% of the respondents had highlighted problems, particularly in relation to enforcement in port facilities, identification and behaviour of officials as well as that of stevedores. The Forum agreed that the deficiencies that have resulted in these problems should be quickly identified and addressed at the IMO to ensure maritime security and also the uniform and effective application of the ISPS code.

MARPOL ANNEX VI

MARPOL Annex VI entered into force on 19th of May 2005, and closely followed by the entry into force of the first Special SOx Emission Control Areas (SECAs) in the Baltic Sea Area on 19 May 2006. The Protocol sets limits on sulphur oxide and nitrogen oxide emissions from ship exhausts and prohibits deliberate emissions of ozone depleting substances.

The Forum noted that some countries are enacting legislation enforcing higher emission standards when ships call into their ports or waters. Concerns were therefore expressed over the potential implications of varying standards in different

parts of the world. The Forum agreed that the shipping industry could not function efficiently if the same ships were going to be subject to differing levels of emission control in different ports around the world.

The Forum therefore supports the review of Annex VI to promote international regulation.

Ship Insurance and Liability Committee (SILC)

The ASF noted that the 11th interim meeting of the SILC was held in Hong Kong on 3 April 2006. The Chairman of the Committee, Mr George Chao, highlighted the following issues in his report.

Joint War Committee rating of the Malacca Strait

The Forum is disappointed that the Malacca Strait remains on the Joint War Committee's list of enhanced risk areas for the purpose of War Risks insurance. The inclusion of the Strait in the list would appear to be superfluous because many underwriters are removing or lowering their demands for additional premiums in respect of ships in the Strait. Additionally, it is clear that the increased steps taken by the Littoral States to improve security in the Strait are having a beneficial impact. The Forum urges the JWC to remove the Strait and similar areas from the list.

Criminal Sanctions for Ship-source Pollution

The Forum once again deplores all instances of deliberate oil pollution from ships, and supports the work of various industry bodies to remind operators of their obligations and to develop updated guidelines for operational oily waste systems. The Forum noted the progress of the legal challenge to the European Union Directive mounted by a coalition of industry organisations and expresses its continuing concern at the potential effect of the Directive in criminalising accidental oil pollution. The Forum draws the attention of European states to the problems they might create and experience with the clear conflict between the provisions of the Directive and MARPOL and UNCLOS when adopting the Directive into local legislation.

Athens Convention 2002

The Forum discussed, once again, the potential impact of the 2002 Athens Convention, and noted that the 'war/terrorism' and 'amounts' issues discussed at previous meetings remained unsolved. The Forum supports the insurance industry's submission to the IMO Legal Committee for a 'reservation clause', which would permit ratifying states to exclude acts of terrorism. The Forum urges P&I clubs to agree a solution to the 'amounts' issue that meets the wishes of club members. It is essential that the Convention is made workable within the real world before being brought fully into force.

Ship Recycling Committee (SRC)

The ASF noted that the 9th interim meeting of the SRC was held in Taipei on 6 March 2006, which included a “Green Passport and Ship Recycling Seminar” hosted by the committee and attended by representatives to the SRC and other stakeholders from shipping and shipbuilding industries, classification societies and officials in Taipei. The Chairman of the Committee, Mr. Robert Ho, highlighted the following issues:

Future Prospects of Ship Recycling Activities

The Forum noted the expectation that the number of ships to be withdrawn from the market would increase in the near future, considering factors such as the phase-out of single hull tankers and the age profiles of other types of existing ships. The ASF, reaffirming the significance of the smooth ship recycling of such obsolete ships, emphasized the necessity of maintaining a sufficient global ship recycling capacity.

Environmental Concerns

The Forum, recognizing the growing concerns of environmental, occupational, health and safety risks related to ship recycling, affirmed the need to promote an environmentally sound ship recycling. With the aim of preventing the contraction of the world ship recycling capacity, a cautious and prudent step-by-step approach to improving safety and environment levels of the ship recycling industry must be pursued, taking into account particular characteristics of the ship recycling and international shipping industries.

International Convention on Ship Recycling

Sharing the view that the above-mentioned approach may be best achieved by establishing a 'new' legally binding instrument which is globally applicable to the shipping, shipbuilding, ship machinery and ship recycling industries, the ASF expressed its fullest support for the work of the IMO towards the establishment of the International Convention on Ship Recycling. The Forum confirmed that, Asian shipowners, as some of the leading players in the world shipping industry, will contribute to the substantial development of the convention through their respective governments, cooperating with other stakeholders such as shipbuilders, ship equipment manufacturers and ship recyclers.

The Next ASF Meeting

The Chairman of the KSA, Mr Doo Chan Chang, invited the ASF member Associations to the 16th Asian Shipowners' Forum which will be held in May 2007 in the Republic of Korea, date and place to be advised in due time.

The delegates thanked the JSA for the excellent arrangements of the 15th ASF in Karuizawa, Japan and to the Chairman, Mr Kunio Suzuki for his efficient

chairmanship.

Editor's note:

The Asian Shipowners Forum consists of 13 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, Myanmar, 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.
