



Asian Shipowners Forum

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The 17th ASF Joint Statement

The 17th Asian Shipowners' Forum (ASF) was held in Boao, China from 2nd to 4th June 2008. The meeting was attended by 132 delegates from the Shipowner Associations of Australia, China, Chinese Taipei, Hong Kong, Japan, Korea and from the Federation of ASEAN Shipowners' Associations, which comprises the Shipowner Associations of Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam. The Forum was chaired by Mr. Wei Jiafu, Chairman of the China Shipowners' Association. A dialogue meeting with the Chief Executives of the international shipping associations that make up the Round Table, took place after the Forum meeting.

At the beginning of the meeting, the delegates observed a moment of silence for victims of the Sichuan earthquake and the Myanmar Cyclone of last month. ASF member associations agreed to encourage their member shipping companies to make their maximum possible efforts to give their support and contribution for the relief of the victims.

Asian shipowners are major players in every aspect of world shipping; in consequence, the Forum reaffirmed that on the essential issues that affect global shipping, Asian shipowners must increasingly express their views to the international community in a coordinated and consensual manner in order to enhance and strengthen the ASF's stature in the shipping industry. The ASF also reaffirmed that, in order to reflect Asian shipowners' views in deliberations at international fora including the IMO, it would encourage its member associations to clearly present the ASF views to their respective governments.

Last year, at the 16th ASF, delegates agreed to establish a permanent office in Singapore and adopted the Rules of the ASF Secretariat. In accordance with the Rules, a Chairmen's Meeting was established and was given the authority to select

and appoint the first ASF Secretary General in July 2007, and the permanent office was set up in October 2007.

The ASF continues to deal with principal matters related to shipping in a proactive and effective manner through its 5 Standing Committees. Views and activities on major issues highlighted by the Committees to the Forum are summarized as follows:

Shipping Economics Review Committee (SERC)

The ASF noted that the 20th interim meeting of the SERC was held in Taipei on 21 November 2007. The Chairman of the Committee, Mr. Akimitsu Ashida, highlighted the following issues in his report.

World Economy

The meeting noted that uncertainty, triggered by the US sub-prime mortgage upheaval, seemed to have been spreading to global financial systems. The delegates were urged to carefully monitor the world economy while avoiding reactions not based on a realistic view of the markets.

Dry Bulk and Tanker Shipping

As for the dry bulk sector, it was reported that the market had reached an unprecedentedly high level, due to factors such as the massive increase in cargo volume, especially China's sharply increased imports of iron ore. The delegates shared the view that economic factors that could adversely affect the market in the near future seemed unlikely to develop. With regard to the tanker sector, it was noted that the market had remained at a weak level throughout 2007 because of high crude oil prices and sluggish US energy demand but showed a steep rise from the beginning of this year.

Liner Shipping

As for the US trans-Pacific trade, although the overall cargo movement in the first half of 2007 had shown around 7% growth year on year basis, the trade growth in the latter half of the year recorded the minus growth, mainly due to a decline in housing related cargoes. The total trade growth of the year was therefore 1% increase. As for the Intra-Asia trade, the market had sustained robust growth as a result of the cargo movement in East and West Asia.

The delegates expressed their grave concern that the current rate levels in the liner market in the above trades remained insufficient to cover dramatic cost increases, particularly fuel costs and port congestion, to recoup past investments, and to facilitate the required investment for the future. The meeting stressed that the CEOs of Asian container lines needed to address these issues in order to continue to maintain efficient service levels required by their customers.

Antitrust Immunity for Liner Shipping

It was noted that the antitrust immunity system for ocean carrier agreements (particularly vessel sharing agreements and rate discussion agreements) had been under review in various countries in Asia and the EU. In particular, the delegates expressed their grave concern over the uncertain situation in India. It was agreed that SERC delegates should take the action necessary to help various concerned parties in their countries to properly understand the importance of the immunity system for the health of the international ocean liner shipping.

Other Issues

The delegates expressed their concern that US requirements for 100% security scanning of each and every in-bound maritime container, to be conducted at the port of loading overseas no later than July 2012, would pose huge implementation problems, such as the practicability of every container being scanned before loading, and the availability of such equipment.

While the above issues were noted in connection with the report of the last interim meeting of the SERC in Taipei and the current situation, the delegates reaffirmed the necessity of reacting flexibly to recent events such as the downturn in the global economy and continued rises in bunker prices.

Ship Recycling Committee (SRC)

The ASF noted that the 11th interim meeting of the SRC was held in Jakarta, Indonesia on 10th of March 2008. The Chairman of the Committee, Mr. Arnold Wang highlighted the following issues in his report.

Ship Recycling Activities

The ASF intensively discussed the recent developments on the IMO draft Convention on ship recycling and related Guidelines necessary under the Convention that are being developed by the IMO Marine Environment Protection Committee (MEPC). It was confirmed that safe and environmentally sound ship

recycling should be actively pursued as joint efforts by all stakeholders such as ship recycling facilities, shipowners, shipbuilders, ship equipment manufacturers and governments concerned. Simple ship recycling procedures should be established in order to achieve smooth transfer of ships to recycling facilities.

Environmental Concerns

The ASF noted that the trial of development of Inventories of ships was being carried out by the Japanese Government in accordance with the draft Guidelines for the Development of the Inventory of Hazardous Materials. The revised draft Inventory Guidelines developed based on the results of the trial will be submitted to MEPC58. Although the ASF recognized the great importance of developing a common format for the Inventory of Hazardous Materials, the ASF, at the same time, confirmed that preparation of the Inventory would need full-scale involvement of governments, classification societies, shipbuilders and ship equipment manufacturers who have specialized knowledge of the construction of and equipment fitted to ships because of lack of adequate resources and expertise of shipowners to prepare the Inventory. The ASF also expressed its concern that the ISO 30000 series, which mainly deal with management, operation, audit and third party certification of recycling facility overlaps the activities of the IMO towards the development of the Convention and its Guidelines. The ISO standards regarding the recycling facility will cover the same field as the draft Convention and its accompanying Guidelines. Therefore, the ASF agreed that a possibility of double standards should be avoided, where the stakeholders such as recycling facilities and recycling states might be confused and be wondering which standards/guidances/guidelines should be referred to as the basic instruments.

International Convention for the Safe and Environmentally Sound Recycling of Ship

The ASF noted the Work Programme for further development of the Convention, in which the final draft Convention would be tabled for MEPC58 in October 2008 and the Diplomatic Conference is scheduled for May 2009 in Hong Kong to adopt the Convention. It is confirmed that Asian shipowners as major players in the world shipping industry, will continue to discuss the ways in which shipowners can promote safer and more environmentally sound ship recycling.

Seafarers Committee (SC)

The ASF Seafarers Committee held its 13th interim meeting in Zhoushan, China on 6th December 2007. In his report to the 17th ASF, the Chairman, Mr. Li Shanmin, highlighted following issues.

Seafarers Recruitment and Training

The ASF noted with serious concern the unbalanced market of seafarers employment due to high demand, which causes aggressive competition for seafarers resulting in a distortion of the employment market including the poaching of seafarers. The ASF considered this will not assist in finding a solution to the ongoing shortage of seafarers and that shipowners shall increase their own efforts to encourage youngsters to become seafarers and to assist their development in order to improve the number and quality of seafarers. Delegates were pleased to note that incentive schemes of governments and private shipping companies to attract more young people to join the sea-going career are in place in many member countries, and the number of seafarers in these member countries/regions has increased compared to previous years.

Review of STCW'95 Convention

The ASF also noted the progress of the comprehensive review of the STCW'95 Convention in the IMO and appreciated the efforts of the Working Group of the Sub Committee. Given the fact that the majority of the world's seafarers are recruited and supplied from the region, the ASF encouraged all its members to be involved and actively contribute to this important review by sharing their experiences of the implementation of STCW 95, so as to ensure the revision is conducted in a systematic and organized matter and will reflect the interests of the shipping industry and governments in the region.

ILO Maritime Labour Convention 2006

The ASF noted the efforts of ILO to promote the Maritime Labour Convention and expressed its appreciation to the assistance offered by member associations to the high level tripartite missions during visits to their individual countries and/or regions. The ASF is pleased to note the progress towards the final ratification of the ILO Maritime Labour Convention and the expectation that the Convention will enter into force in 2010 or 2011 at the latest. The members of the ASF agreed to encourage their individual governments towards early ratification of the convention.

Safe Navigation & Environment Committee (SNEC)

The SNEC Chairman, Mr. S. S. Teo presented an updated report on safe navigation and marine environment protection issues further to the discussions at the 14th interim meeting of the SNEC which was held in Bangkok on 30th November 2007. The following issues were discussed:

Piracy & Armed Robbery

The ASF noted with concern the increased incidence of piracy and armed robbery worldwide for 2007 and the 1st quarter 2008. The increase was largely attributed to a marked increase in the number of attacks in Somalia and Nigeria. Africa now ranks as the most dangerous region, accounting for over 50% of the global total.

The ASF noted that attacks in Asian waters had seen a significant drop in 2007. The Meeting was further pleased to note that piracy incidents in South East Asia is now well under control largely due to the continued air and naval coordinated patrols by the three littoral States of Indonesia, Malaysia and Singapore and the increased vigilance and precautionary measures adopted by the ships when they transit the piracy prone areas.

The Meeting cautioned all ships to maintain vigilance whenever they are transiting or trading to pirate-prone areas, particularly Somalia and Nigeria.

Long Range Identification and Tracking (LRIT)

The ASF noted that some key decisions relating to the implementation of the LRIT had been made at the IMO, and noted that LRIT regulations had entered into force on 1 January 2008, and will take effect from 31 December 2008.

Under the LRIT system, each ship needs to be associated with a data centre to which the LRIT information can be transmitted. As such, it will be necessary for a Flag State to determine if it should establish a National Data Centre (NDC) or a Regional Data Centre (RDC). It was noted that alternatives such as a Cooperative Data Centre (CDC), run for the benefit of a group of flag States, is also possible.

The SNEC stressed at the meeting that shipowners must be fully aware of possible impact if their flag State chooses not to establish its own data centre. Under such circumstances, the flag State might have to seek an arrangement with an existing data centre, either through another government, or through a commercial operation. Failing this, shipowners will themselves have to pursue their own solution either with a government or with a commercial service provider. In this event, the data transmission costs might have to be borne by the shipowners.

In light of this, the ASF strongly urges all shipowners to liaise directly with the maritime administrations of their Flag States to ensure that their obligations under the LRIT regulations are met.

MARPOL Annex VI Review - Marine Air Emissions

The ASF noted that the 57th Session of the IMO Marine Environment Protection Committee (MEPC 57) had agreed on the limits for sulphur content of fuel oil. These limits will be considered for adoption at the meeting of MEPC 58 to be held in October 2008.

The ASF was also pleased to note that the limits that have been set are goal-based and not prescriptive, and will be implemented over time, giving all stakeholders time to make the necessary adjustments and retrofits. With clearly defined short-term and long-term goals, it is hoped that it will encourage and stimulate further technological innovation into abatement technologies and other alternative means of reducing emissions which are practical and holistic.

The ASF commended MEPC for its success in getting all parties to reach an agreement on the draft text and reaffirmed its strong commitment to raising awareness amongst Asian shipowners as to the various initiatives being made to protect both our air and marine environment.

Reduction of Greenhouse Gases

The SNEC informed the Meeting that it was essential that the IMO urgently address the emissions of Green House Gases (GHG), specifically those of Carbon Dioxide (CO₂).

The ASF further noted that an IMO Intersessional meeting would be held on 23 – 27 June 2008 in Oslo to discuss technical, operational and market-based issues relating to GHG. Among the many short and long term measures to be discussed would be the development of a methodology for a CO₂ emission baseline, CO₂ design index and market based instrument such as the Danish proposal for a global bunker levy scheme and CO₂ emission trading scheme.

The Meeting urges IMO to develop suitable GHG reduction measures for the shipping industry bearing in mind that world seaborne trade will continue to expand in the future.

Pilots - Competency, Shortage & Responsibility

In the maritime transportation business, most responsible shipowners adopt and practise high navigational safety standards amongst their master mariners. The

ASF, however, noted with concern that there is an increasing trend of ship navigation incidents whilst their ships are under pilotage. Recently, this problem has been complicated by the serious shortage of qualified personnels in this profession.

It was noted, however, that the pilot is an important component of the navigation team whilst a ship is under pilotage as he plays a critical role in the decision making process in advising the ship master to navigate in port waters and waterways. In the unfortunate event of a navigation accident, the pilot is usually deemed to be an advisor and often not held responsible.

The Meeting viewed that the Pilot is also part of the human element equation in ship's navigation, and hence should be susceptible to the same factors and risks of human error in the advices/decisions provided to the navigation team. The Meeting further agreed that the standards and training of pilots should conform strictly to the IMO resolution A.960(23) - Recommendations on Training and Certification and On Operational Procedures for Maritime Pilots .

The ASF considers it urgent for the issues of pilot error and the Qualification/Accountability of pilots to be addressed at the IMO.

Ship Insurance and Liability Committee (SILC)

The ASF noted that the 13th interim meeting of the SILC was held in Hong Kong on 8th April 2008. On behalf of Mr. George Chao, the Chairman of the Committee, who was unable to be present, the Secretary of the Committee highlighted the following issues in his report.

UNCITRAL Carriage of Goods

The meeting noted that the draft of the new UNCITRAL Convention on Contracts for the International Carriage of Goods Wholly or Partly by Sea was agreed in January this year, and extended its deep appreciation to the representatives of the International Chamber of Shipping, BIMCO and the International Group of P&I Clubs for their hard and dedicated work on behalf of the industry over a number of years.

The draft will be further considered at the 41st session of UNCITRAL to be held in June and July this year, where it is possible that further amendments will be made. Delegates took note of the SILC's concerns with the levels of liability in Article 61, which exceeded those in the Hague-Visby and Hamburg Rules, and which seemed to have been agreed for reasons other than those justified by the review of historical claims records. The proposed limits, in the SILC's opinion, were likely

to create a barrier to ratification of the Convention by some countries, particularly those in Asia.

HNS Convention

The International Convention on Liability and Compensation for Damage in Connection with the Carriage of Hazardous and Noxious Substances by Sea (the HNS Convention) was adopted by the IMO in 1996 but has not yet entered into force as it has not attracted sufficient ratifications. The meeting noted the reasons that had been identified for the lack of interest, and that a draft Protocol had been developed by an HNS Focus Group set up under the IOPC Assembly in order to attempt to alleviate concerns and encourage ratification.

Delegates agreed that early ratification of the Convention was in the industry's best interests, and agreed to support the draft Protocol so long as the solution proposed is international and that the well-established principle of the sharing of liability between the owner and cargo interests is not weakened.

Bunkers Convention

The International Convention on Civil Liability for Bunker Oil Pollution Damage (2001) (Bunkers Convention) will come into force on 21st November 2008. From this date, ships of more than 1,000 gross tons and registered in a country that has ratified the Convention or enters or leaves a port of a country that has ratified the Convention, must carry a Certificate of Financial Responsibility issued by a State Party to the Convention.

As the requirement to carry the Certificate will apply to a very large number of ships, and only 20 states have so far ratified the Convention, delegates urged both the States that have ratified the Convention and the International Group to urgently address the need to provide the relevant certificates to ships trading to Convention countries.

JWC Listed Areas

The ASF noted that the Joint War Committee had reviewed the Hull War, Strikes, Terrorism and Related Perils Listed Areas and issued a revised List of such areas on 2 May 2008. The meeting appeals to the JWC to reconsider the continued inclusion of some Asian areas on the List, in order to take into account the reduction of attacks on ships in these areas and in recognition of achievements in increasing security.

In this respect, the ASF once again requests the JWC to meet on a regular basis with industry representatives and, where possible, to consult with industry before revising the Listed Areas.

Next Meeting

The 18th ASF will be held at Evergreen Plaza Hotel in Tainan from 25th to 27th May 2009.

The delegates expressed its sincere thanks to the Chairman of the China Shipowners' Association and its staff for the excellent organization of the 17th Asian Shipowners' Forum in Boao, China.

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 associations 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 the five Standing 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.