



THE SEVENTH ASIAN SHIPOWNERS FORUM

Hosted by: The Australian Shipowners Association

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JOINT COMMUNIQUE

Top executives of shipping companies from all parts of the Asian region, representing over 40% of the world's merchant shipping fleet, met at Sanctuary Cove, Queensland, Australia on 25th May 1998.

This year's meeting has occurred at a time when the Asian region is undergoing considerable economic stress with major realignments of currency exchange rates and trading volumes, all of which have a direct impact upon the commerce and fortunes of the shipping industry.

This was the seventh meeting of the Asian Shipowners Forum since its formation in 1992. The ASF comprises the shipowner associations of Australia, China, Hong Kong, Japan, Korea, Chinese Taipei and the associations of ASEAN region, Brunei, Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam. The Forum meets once a year on a rotating basis in the countries of its constituent members. The Australian Shipowners Association had the honour of hosting the 1998 Forum. (A profile of the ASF is attached).

The Forum considered a range of important issues and has expressed its views on how they should be resolved.

FINANCIAL/ECONOMIC TURMOIL IN ASIA AND ITS IMPLICATIONS FOR ASIAN SHIPPING

The Forum thoroughly discussed the current situation of the ongoing financial/economic turmoil in Asia with its implications for Asian shipping and how to respond to it.

The Forum unanimously acknowledged that the matters the ASF Stabilization of Trade Committee is pursuing are directly linked to the economic stability of this region and, in addition, acknowledged that without the economic development of Asia, the growth of the shipping sector itself will be limited. As such, cooperation based on coexistence and coprosperity is of utmost importance in these days for Asian shipowners to overcome the current difficulties, and attaining the stabilization of trade that ASF is pursuing.

The Forum unanimously agreed that in the future the Forum and its members would transcend the regional borders and try to achieve cooperation and mutual support among all

parties in all fields and as far as possible on a global basis, finally achieving mutual prosperity of Asian shipping and world shipping as a whole.

STABILISATION OF TRADE ISSUES

The ASF recognised that the situation surrounding Asian shipping was exacerbated by overall cargo imbalances and container equipment shortages in South East Asia, where the Asian financial crisis since the second half of 1997 has had an adverse effect. The growing problem is that part of carriers and carrier groups are obliged to reduce their operation, i.e., withdrawing from major trades or lessening the number of sailings in certain container trades. The Forum unanimously agreed that shipowners should encourage other industries to understand shipping in order to achieve stabilisation of trade.

The Forum noted the proposed amendment to Section 19 of the US Merchant Marine Act of 1920 which is currently being discussed in the US Congress.

The Forum unanimously agreed that each ASF member should carefully review the proposed amendments.

The Forum also expressed their concern over the extremely low returns currently being experienced in the dry bulk trades. Delegates urged all those involved to refrain from the speculative over ordering of new ships and by increasing scrapping.

SEAMEN - SUPPLY AND QUALITY ISSUES

The Forum recognised that Asia is the largest crew supplying region in the world and that it is of vital importance that the quality and volume of trained seafarers must meet the international standards required for safe and environmentally responsible shipping operations.

The Forum fully supports the new IMO Convention on the Standards of Training and Certification of Watchkeeping for seafarers (STCW 95) which came into force on 1st February 1997. With the help of other ASF members, the Seamen's Committee has on behalf of the Forum put great effort into identifying and resolving practical problems surrounding its implementation. It is in the interest of employers as well as the seafarers that Asia meet the new requirements, otherwise there will be a shortage of qualified seafarers in the world at large. The efforts of the Committee to bring pressure to bear on governments have borne fruit with most of the countries involved in the supply of seafarers having now submitted, or are in the process of submitting, to the IMO their applications for inclusion in the IMO "White List" to meet the deadline of 1 August 1998. This is a list of flag states that satisfy the IMO that they meet the requirements of STCW 95.

The 7th ASF was pleased to note that the Committee had developed close links with and between many regional maritime training academics to promote a consistent and unified approach to the training of seafarers.

MORE SHIP SCRAPPING FACILITIES REQUIRED

The Forum is most concerned that there should be strong concerted efforts among shipowners to promote sufficient and cost effective ship scrapping facilities on a global basis to eliminate aged and sub-standard vessels, which are deemed to be undesirable for the marine environment and safe navigation.

Almost half the world's fleet is aged 15 years or more but the average scrapping age remains at 26 years. If the rapidly growing backlog of tonnage needing to be scrapped cannot be brought into breaking yards then supply and demand of capacity in the shipping freight market may become further imbalanced.

SAFE NAVIGATION

The Forum expressed its congratulations to the International Maritime Organisation (IMO) on the occasion of its 50th Anniversary this year and its many excellent achievements towards safer ships and cleaner seas for the world's shipping industry. The Forum noted that within that short span of 50 years that there had been numerous revisions of IMO legislations as well as the enactment of new ones. These legislations have however moved from being codes that have been written in simple easily understood practical language to highly complex, legal and technical documents.

The assistance of IMO is appreciated in clarifying these issues and the ASF expresses the hope that IMO's efforts in clarifying the regulation of shipping will be continued.

The Forum urges the respective government of ASF members to take action to convey the message to IMO that the rate at which rules and regulations are promulgated or revised should have regard to the ability of administrations, shipowners and shipmanagers of developing countries to be able to implement them.

The Forum further seeks closer working relations and networking with their respective Asian governments through the "Asian Shipping Forum" (an intergovernmental agency) on IMO matters. This will help to foster mutual understanding on the issues and problems affecting the shipping industry, and therefore enable a more cohesive and proactive role at IMO.

In recognition that Asian shipowners are controlling more than 40% of the world's fleet, the ASF proposes that the IMO consider some of the IMO meetings in Asia. This will enable greater participation of Asia at IMO deliberations.

Piracy and Armed Robbery

The Forum expressed deep concern that some governments do not appear to have taken sufficient action to deal with the problems of piracy at high seas and petty thefts on ships in their territorial waters. Whilst acknowledging the recent joint efforts by the Philippines and Malaysian governments in fighting piracy in the Sulu Sea, the Forum urges all governments to take urgent action to prevent piracy in and around their territorial waters by stepping up police and naval surveillance immediately.

Bulk Carrier Safety

The Forum reaffirmed its Safe Navigation Committee support for the measures taken by IMO for reducing bulk carrier casualties and for strict and uniform application of the Enhanced Survey Program by all Classification Societies.

Concern was expressed, however, regarding the lack of involvement of bulk handling terminals regarding adequate loading/unloading procedures, and of the reluctance of some terminals to use ship to shore checklists.

Importance of ISM Code Implementation

The 7th ASF reaffirmed its support of the IMO's International Safety Management (ISM) Code which comes into force on 1 July 1998 for bulk carriers, tankers and passenger ships.

All ASF members were urged to comply with requirements of the Code and have them in place at the earliest opportunity.

Port State Control

While fully supporting and satisfied with developments under the Tokyo Memorandum of Understanding, the Forum urges greater cooperation and harmonisation among parties to the MOU to eliminate sub-standard shipping. It reiterated its call for more consistent and transparent criteria in targeting ships for inspection, as well as properly trained and certified surveyors.

Routing of Ships and Ship Reporting

The Forum strongly supported measures to improve the safety of ship navigation, and therefore welcomed the proposed implementation of Mandatory Ship Reporting system in the Straits of Malacca and Singapore in November 1998. Known as STRAITREP, the Forum urged all shipowners and ship masters whose ships were passing through the Straits to give their full support to the reporting system. However, the Forum strongly emphasised that mandatory reporting should at all times remain free of any costs to the shipowners. The Forum urged that the navigational aids in the two busy straits should be well maintained or enhanced to ensure the safe passage of ships.

Treatment of Stowaways

The Forum expressed concerns over the problem of stowaways and the dangers which they posed to the safety of navigation and the crew, and the high cost incurred by shipowners in handling and repatriating them to their countries of origin. Whilst acknowledging the efforts of the IMO in this respect, the Forum urged all Governments to address the perennial problem of stowaways, recognise the difficulties involved, improve port security, and adopt common practices and transparent rules and regulations that the shipping industry can fully understand.

SHIP INSURANCE

The Forum reconfirmed their desire for the establishment of an integrated Asian Hull Insurance Market. The Consultant presented a concept proposal designed to meet the previously stated objectives of the ASF. The Forum duly endorsed the concept and expressed their continued support for the establishment of a regional Hull Insurance Market.

The Forum was briefed on the current status of the discussions between the International Group of P&I Clubs and the European Commission Competition Directorate (DGIV). The delegates recognise that the provision of liability insurance combining competitive cost with high levels of service was indispensable for the proper operation and stability of their business. They expressed their continuing support for the International Group, in particular for the quotation procedures contained in the International Group Agreement (IGA).

ASF PERMANENT OFFICE

ASF in principle agreed to establish a permanent office with the location to be decided at the Tokyo meeting.

VENUE FOR 8TH ASF

In accord with the practice of rotating the venue for meetings of the Forum, delegates accepted the proposal of the Japanese Shipowners' Association to hold the 8th ASF in Japan in May 1999.

ATTACHMENT

ASIAN SHIPOWNERS FORUM

PROFILE

The Forum was established in 1992 with the purpose of fostering mutual trust and cooperation among shipowners in the Asian region and the promotion of their shipping interests in world bodies and international trade. Membership of the Forum comprises shipowner associations in the Asian region. Member companies of these associations own in aggregate over 40% of the world's shipping fleet.

The Forum meets in May each year hosted by each member association in its home country on a rotating basis moving from north to south on a geographical basis. Likewise, the Chairmanship of the Forum rotates with the host association. Since formation, forum meetings have been held in Tokyo, Seoul, Beijing, Taipei, Hong Kong and Singapore with the May 1998 Forum held on the Gold Coast of Australia.

The ASF has no constitution, no permanent secretariat and collects no fees. The core of the ongoing work of the Forum is performed by six standing committees, known as the 'S' Committees, to provide the basis for discussion and formulation of common views in a range of areas. Each committee has, with the agreement of the Forum, the power to act and express views in its area of given responsibility and formally reports its work and makes recommendations to the Forum at its annual meeting.