



THE 9TH ASIAN SHIPOWNERS' FORUM

Hosted by: **Korea Shipowners' Association**

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JOINT STATEMENT

The 9th Asian Shipowners' Forum (ASF) was hosted by the Korea Shipowners' Association (KSA) in Seoul on 18th May 2000. It was attended by 85 representatives of shipowners' associations from 7 Asian regions.

The ASF is composed of the shipowners' associations of ASEAN (Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam), Australia, China, Chinese Taipei, Hong Kong, Japan and Korea. The ASF meetings are held each year and the chairmanship rotates geographically among members from north to south.

Since its inauguration, the ASF has played a decisive role as the core machinery to cultivate a common strategy for the various challenges and uncertainties in world shipping. The Forum has become widely recognized and well accepted among the world shipping community as the voice of Asian shipowners. Under these circumstances, the ASF will continue to be the main forum for Asian shipowners to exert their influence in international shipping in this New Millennium.

The 9th ASF discussed various issues of common interest to the Asian shipping industry. These issues were raised in the meetings of the 5 'S' Committees, namely: the Stabilization of Trade Committee, the Scrapping Committee, the Seamen Committee, the Safe Navigation Committee and Ship Insurance Committee. The members of the ASF reaffirmed their friendship.

1. Stabilization of Trade

The 7th Interim Meeting of the ASF STC was held in Manila on 21st February 2000.

The ASF endorsed the report of the major activities of the Stabilization of Trade Committee since the last ASF meeting in May 1999 and the Note of Understanding adopted by the STC at the interim meeting.

The ASF, in order to best serve its own purposes and mission and reflect its real nature, unanimously agreed to change the Committee's name, the "Stabilization of Trade Committee (STC)" to the "Shipping Economics Review Committee" (SERC).

The Forum had a frank and active exchange of views and opinions on a broad range of issues from the perspective of achieving the goal of steady and continuous growth of world trade and economy through the healthy development of the Asian shipping industry.

With regard to the liner shipping sector, the meeting recognized that world trade will keep on showing consistent growth through the year particularly supported by the continuously steady US economy as well as the remarkable recovery of the Asian economy.

Although there were some media reports overly exaggerating possible excess supply of ship's space as a result of the number of new buildings to be completed this and next year, the ASF felt that it was

necessary to carefully verify the net effect of such new buildings and to make an accurate factual analysis of the trade conditions.

The ASF noted that the dry bulk and tanker markets had recently showed indications of some recovery. The ASF, however, recognized the importance of prudent and orderly contracting on new buildings to attain stabilization in these sectors.

Anti-trust Law Immunity Issues

The delegates recognized that the anti-trust immunity granted to various types of ocean carriers' agreements is currently under review in certain countries or by international organizations.

The ASF recognized that carriers' antitrust immunity is a necessary element in carriers' endeavor towards cost rationalisation and service enhancement. Immunity will also ensure a stable freight market, which would benefit the whole 'Trade Industry' covering all interests involved in international trade including importers and exporters.

Delegates were urged to bring such points to the attention of the relevant Governmental bodies as well as shippers' organisations in order to obtain their recognition on the necessity of antitrust immunity system for carriers' agreements.

WTO 2000

The ASF noted that some countries/regions of the ASF members have applied for WTO (World Trade Organization) membership. In the interest of free trade and global liberalization, the ASF strongly supports these applications.

The ASF agreed that in the current round of the negotiations on the liberalization of trade in services which was resumed in February 2000 under the framework of the WTO, it is necessary to agree with the application of the principle of the GATS (General Agreement on Trade in Services) to the maritime transport sector in order to secure the basis for free and fair international shipping activities. It was also agreed that the approach of the ASF should be pursued cohesively to attain the successful outcome of the negotiation on shipping.

2. Scrapping

The 3rd interim meeting of the Scrapping Committee was held in Taipei on 21st February 2000. The ASF endorsed the report of the meeting.

The ASF recognized that in the main ship demolition is not the disposal of waste but the recycling of materials. The Committee was concerned about the interpretation and application of the Basel Convention on the transboundary movement of waste as if it might be applicable to the demolition of ships. The meeting agreed that the effective and economic disposal of ships is essential for marine safety and the protection of the environment.

The ASF agreed that the shipping industry should make a concerted effort to consider practical working practices and environmentally friendly "Ship Recycling" measures, in co-operation with other relevant parties, in order to help to contribute to an acceptable solution for ship decommissioning.

The ASF unanimously agreed to change the name of the Committee from the "Scrapping Committee" to the "Ship Recycling Committee" and form a Working Group to examine the various issues so that shipowners will be in a better position to participate in the worldwide discussion.

3. Seamen

The Seamen Committee held its 5th interim meeting in Ho Chi Minh City on 22nd November 1999.

The ASF was pleased to note the progress being made by many of the ASF member associations towards full compliance of the STCW 95 Convention and encouraged all Flag States to continue their process of approval of crew training and certification by establishing direct dialogue with the administrations and training institutions of crew-supplying states.

The ASF is deeply concerned about a 'global' interpretation of the ILO Minimum Wage and considered that it is the prerogative of employers and unions in each Flag State to agree on interpretations that apply to domiciled and non-domiciled crews employed on their ships.

The ASF expressed its deep concern over the humanitarian issue of abandoned seafarers and agreed that the repatriation of seafarers should be the primary obligation of the shipowner, failing which it should be the responsibility of the Flag State.

The ASF considered that the issue of reported uncertainty and delays in the payment of compensation in respect of personal injury or death was more complicated but agreed that for genuine claims, all seafarers or their families should be entitled to prompt compensation at minimum levels regardless of the flag of the vessel or the nationality of the crew.

The ASF was pleased to learn of the progress made in the Philippines in regard to the crew claims in tort and fully agreed that any dispute or claim should be referred for determination and exclusive resolution by the competent courts, tribunals, or authorities, as the case may be, of the country of the seafarer's nationality.

The ASF noted the provisions of the revised Resolution A.890 on Minimum Safe Manning and supported the intent of the revisions that manning scales should be flexible and agreed between Flag States and owners. The ASF considered that the new international rest hour legislation would help ensure that manning be set at safe levels. The ASF opposed model minimum scales even if there was a problem with insufficient flag state enforcement on the grounds that they were unworkable due to the variety of ship types, equipment and trades, and that they would come to be regarded as quasi-mandatory.

The ASF was pleased to note that a working group had been set up to liaise with the Association of Maritime Educational and Training Institutions in the Asia Pacific region (AMETIAP) and United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) to further technical coordination between Asian academies.

4. Safe Navigation

The Meeting noted that the Safe Navigation Committee (SNC) had held its 6th interim meeting in Jakarta on 29th November 1999. As a result of that meeting, and the progress report that was submitted to this meeting, the ASF reaffirmed its position on the following issues:

Piracy and Armed Robbery against Ships

The ASF reiterated its grave concern on the continued increase in the number of piracy and armed robbery, including ship hijacks. It also fully recognised the strong efforts and firm resolve by several government agencies, shipping bodies and industry organisations to co-operate, devise and implement all possible measures to eliminate piracy and armed robbery against ships. In reaction to the continued high incidence of attacks in Asian waters, the ASF strongly urges all Asian governments to have a strong political will to eliminate this menace.

In particular, the ASF congratulated the Japanese Government for their organisation of the series of meetings that were held with Asian Coast Guard Agencies, Maritime Policy Bureau and private interests from Asian countries. It strongly supported the call for all Asian governments to strengthen their surveillance patrols to ensure ship safety in their ports, internal waters and territorial sea, including swift and strict investigation of any report of attacks. It also emphasised that each Asian

government should establish a legal framework within its country's legislation to facilitate and enhance effective and transparent prosecution of any alleged criminals that were caught. In this respect, the meeting further reiterated the importance for Asian countries to ratify as soon as possible the Convention for the Suppression of Unlawful Acts Against the Safety of Maritime Navigation (SUA) and the Protocol which was adopted in 1988 under the auspices of the IMO.

Quality Shipping

The ASF congratulated the Maritime and Port Authority (MPA) of Singapore for their organisation of the Quality Shipping Seminar in Singapore from 24th - 25th March 2000. The Seminar had been a resounding success in promoting quality shipping among the members of the shipping community. The meeting fully endorsed the conclusions of the Seminar, which are posted on the MPA's website at <http://www.mpa.gov.sg>. The meeting noted that the Committee would work closely with the organisers of the International Symposium on Safer Shipping in the APEC Region to be held in Sydney, Australia, 5-7 March 2001.

The meeting considered the European Commission's proposals for new measures to eliminate substandard shipping after the 'Erika' incident. Whilst noting that several of the initiatives are aimed at regional improvements, there are others that affect international regulation. The ASF remains firmly committed to the principle that the International Maritime Organisation (IMO) should remain the only body for establishing international standards for shipping. The meeting further called on all maritime countries to ensure proper implementation of the conventions that they have ratified in order to eliminate substandard shipping.

ISM Code

The ASF noted that the second phase of the implementation for all other ships that are not included under Phase 1 will become effective on 1st July 2002. In its efforts to ensure safer shipping and cleaner oceans, the ASF endorsed the Committee's call for the shipping community who have ships under Phase 2 to have their ship safety system in place as early as possible to avoid any bottlenecks nearer the date of implementation.

Port State Control

The ASF noted the resolution that the Tokyo MOU Port State Control Committee adopted at its 8th Meeting held from 21st - 24th February 2000, during which the PSC Committee had adopted a new annex on qualitative criteria and an increased rate of ship inspection from 50% to 75% which is to be effective from 1st November 2000.

In order to avoid multiple inspections, the ASF reiterates that PSC should be focused and properly targeted at those ships that are truly substandard. The ASF encourages greater coordination among the PSCs to avoid duplication of effort. Sharing of data on ship inspections will also greatly reduce the duplication of inspections. In this respect, the ASF was encouraged by the establishment of the new Asia-Pacific Computerised Information System (APCIS) by the Russian Federation for the Tokyo MOU on PSC.

Stowaways

Stowaways continue to be a major problem for many shipowners.

The ASF expressed deep concern on the increasing use of containers for smuggling humans. The meeting emphasised the need for ship operators to exercise extreme caution and to carefully monitor all container cargo bookings to ensure that human smuggling does not occur. Thorough checks and verifications should be conducted on the identities of the shippers especially when a new and unknown shipper is making a booking.

The ASF congratulated the Hong Kong authorities and shipping community for their quick action to

clamp down on the use of containers for human smuggling through Hong Kong. The meeting also considered that other ports in the Asian region should learn from the Hong Kong experience and take enhanced security measures to prevent them being used as easy exit points for such human containers.

The ASF unanimously agreed to change the name of the Committee from the "Safe Navigation Committee" to the "Safe Navigation and Environment Committee" (SNEC) to better reflect the expanding agenda of the Committee.

5. Ship Insurance

The ASF noted that, due to a lack of substantial agenda items, the Ship Insurance Committee did not meet for an interim meeting between the 8th and 9th Forums. Several issues had recently arisen and, after a full discussion during the breakfast meeting of the Committee, a selection of these were further discussed by the ASF.

The ASF noted the Consultant's progress report of the Asian Hull Insurance Facility, the proposed structure of which had been endorsed by the Forum at its 8th meeting. The project envisaged two linked underwriting consortia based in Hong Kong and Singapore. In Hong Kong the newly formed Asia Marine Consortium (AMC) commenced underwriting on 1st June 1999, and in its first nine months had shown some considerable success in attracting business. An agreement was reached in November 1999 as to how the link would operate with the Asia Pacific Hull Insurance Syndicate (AHIS) in Singapore.

The ASF also noted that the London Market Joint Hull Committee has recently started a process to review the wording of the 'Institute' clauses and had approached the Committee to take part in the consultative process. The ASF fully supported the involvement of the Committee in this work.

One of the further proposals made by the French Government and the European Commission following the social and political outcry after the 'Erika' incident was a possible regional extension and widening of the Oil Pollution and Liability Compensation schemes. The ASF considers that regional or unilateral regulation is not in the interests of international trade and fully supports the position taken by others that any proposals for new or amended regulation should be dealt with by the relevant international bodies.

The ASF were given a summary report of the present position regarding Panama being indiscriminately used as a forum for crew claims in tort. The meeting agreed that the Chairman would write letters of concern to the Panama Maritime Authority and the Ministry of Foreign Affairs in Panama. The meeting further agreed that the ASF would give its support to various planned international delegations to Panama.

6. Other Issues

U.S. Harbour Services Fee

The ASF expressed its deep concern over the proposed Bill concerning "Harbor Services Fee" to be considered by the US Congress, which may put an unreasonable and unfair economic burden on carriers and/or shippers. The ASF agreed that the ASF and its members should closely watch the development of this bill and make comment, if necessary, with other affected industries through the respective Government Agencies.

U.S. Tax Treatment

Section 883 of the U.S. Internal Revenue Code (IRC) provides an exemption from U.S. federal income tax for income derived by a non-US corporation from the international operation of ships or aircraft if the corporation's home country grants an equivalent exemption to U.S. corporations.

In February 2000, the U.S. Internal Revenue Service (IRS) published their proposed rules on the application of Section 883 of the IRC, which would significantly restrict the scope of the tax exemption now available for companies engaged in the international operation of ships or aircraft. The ASF expressed concern over the proposed rules and agreed to monitor the situation.

7. The 10th ASF

In accordance with the current practice of rotating the venue for the ASF meetings, delegates accepted the proposal of the China Shipowners' Association to host the 10th ASF in China in May 2001.

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