

21 Apr 2022
Singapore

Press Release on the Joint Statement of the ASA SPC 34th Interim Meeting 2022 held on 18 April 2022

The 34th Interim Meeting of ASA SPC was held online on 18 April 2022 due to precautionary measures against COVID-19. The meeting was chaired by Mr Keiji Tomoda, Vice President of the Japanese Shipowners' Association and participated in by 24 delegates from ASA member associations of ASEAN, Chinese Taipei, Hong Kong, Japan and Korea, as per the participants list attached. The meeting was called to order by the Chairman at 2:30 pm JST. ASA SPC members were reminded of the importance of full compliance with all applicable competition laws throughout the entire programme and the meeting was conducted with counsel present, as in previous meetings. The outline of the meeting is as follows:

1. External Factors Affecting the Shipping Industry

Current various external factors surrounding the shipping industry such as the influence of the COVID-19 Pandemic, the Ukraine Crisis and new green responsibilities were discussed. Delegates reaffirmed their firm determination to carry out their tasks as global logistic providers so as to minimise supply chain disruptions in cooperation with all stakeholders, while recognising the priority of crew safety.

2. Developments of International Maritime Policy

Broad policy issues concerning international maritime industry were discussed. Mr Helio Vicente, Manager (Shipping Policy) of the International Chamber of Shipping (ICS), made a presentation on ICS's recent engagements on the issues of COVID-19, protectionism, trade and so forth. Delegates appreciated ICS's efforts to date and echoed his emphasis on the importance of reopening the WTO negotiations for the liberalisation of maritime services as soon as possible. With regard to the Canal Issues, the discussion concentrated on the recent developments on tolls at the two greatest canals around the globe, the Suez Canal and the Panama Canal, both of which underpin international logistics in an uncertain situation. Delegates reaffirmed the critical importance for such a global infrastructure of avoiding a sudden and significant change of the

tolls and charges, as well as to secure a sufficient prior notice and appropriate explanation by the Authorities. In this connection, Delegates expressed their confusion against new surcharges introduced on 1 March 2022 with only 48 hours prior notice, then to be revised on 1 May 2022 by the Suez Canal Authority (SCA), which resulted in roughly a 7 to 20% toll increase for many types of vessels, in addition to a 6% tariff hike for most types of vessels, implemented on 1 February 2022. The Committee shared its concern that high uncertainty in the mechanism of operating the surcharge may damage the stability and reliability of the Canal, recognised that it was enormously important for the industry to jointly raise our united voice to the SCA and confirmed to continue tackling this issue with close cooperation with other international organisations such as the ICS so as to reflect all stakeholders' propositions. As for the Panama Canal, Delegates were also disappointed by the proposal for the new toll system dated 1 April 2022 by the Panama Canal Authority (ACP), as the mark-up for some types of vessels may exceed 100% in 2025, compared with the current toll. While some positive elements are included in the proposal such as a sufficient prior notice period with a formal consultation mechanism, Delegates shared a recognition that such a significant toll hike may not be compatible to the long term sustainability required to a global infrastructure and confirmed that we should submit our comments to the ACP during the formal consultation period to urge the ACP to avoid radical rate increases, based on the current unprecedented market condition.

3. Anti-Corruption Issue

The Committee reported recent developments on Anti-Bribery issues such as the discussion at the IMO and activities by the Maritime Anti-Corruption Network (MACN). Delegates renewed their determination to combat any kinds of corruption and were encouraged by a recent SCA circular, proclaiming its zero-tolerance policy against any act of facilitation payment or gift during the Suez Canal transit as one of the significant fruits from the efforts of all stakeholders concerning this issue.

4. Anti-trust Immunity and US Legislative Developments

The latest developments concerning the review of the current anti-trust immunity system in a number of jurisdictions were reported by Mr Robert K. Magovern, Vice Chair of Transportation and Trade at Cozen O'Connor and the SPC's legal counsel. Delegates reconfirmed the ASA's long-standing policy that the anti-trust immunity system for cooperative carrier shipping agreements was indispensable for the healthy development of the liner shipping industry and the maintenance of a reliable service to

the entire trading community. The Committee commended the ASA for its active support of industry efforts to maintain anti-trust exemptions for liner shipping agreements and urged continued activity in this regard. Mr Magovern also made a presentation on developments regarding recent US legislative developments such as the pending US Ocean Shipping Reform Act (OSRA) bills. Delegates agreed to keep watching the developing situation. Before the conclusion of the meeting (4:30 pm JST), the Chairman announced his intention that the next SPC meeting would be held in Singapore in autumn this year if the situation allowed.

The ASA Shipping Policy Committee (SPC) is a forum for the members of ASA associations to discuss maritime policy issues such as regulation, taxation, trade policy, customs, canals, infrastructure and the macro economy, and policy public relations.

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Editor's Note:

The Asian Shipowners' Association (ASA) 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 ASA are to promote the interests of Asian shipowners. Between annual ASA meetings, the ongoing work is carried out by five Standing Committees: The Seafarers Committee (SC), the Ship Insurance and Liability Committee (SILC), the Safe Navigation and Environment Committee (SNEC), the Shipping Policy Committee (SPC), and the Ship Recycling Committee (SRC). It has been estimated that ASA shipowners and managers control and operate around 50% of the world's cargo carrying fleet.