

9 September 2022  
Singapore

## ***Press Release on the Joint Statement of the ASA SPC 35th Interim Meeting 2022 held on 6 September 2022***

The 35th Interim Meeting of ASA SPC was held in Singapore on 6 September 2022. The meeting was chaired by Mr Keiji Tomoda, Vice President of the Japanese Shipowners' Association and attended by 18 delegates from ASA member associations of ASEAN, Chinese Taipei, Hong Kong, Japan and Korea and 14 observers and guests from ASA Associate Members and related organisations, as per the attendance list attached. For the entire ASA which had to hold its Annual General Meetings online for three consecutive years (2020-2022) due to the COVID-19 pandemic, it was the first face-to-face meeting since the COVID era. The Chairman thanked all participants of the meeting for their physical attendance, overcoming the travel difficulties, and stressed the importance of the SPC having just restarted lively actions and raising strong Asian voices from Singapore where the ASA were headquartered. ASA SPC members were firmly committed to ensuring full compliance with all applicable competition laws throughout the entire programme under careful guidance from their legal counsel, as in previous meetings. The outline of the meeting is as follows:

### **1. Maritime Singapore**

At the beginning of the meeting, Ms Tan Beng Tee, Executive Director of the Singapore Maritime Foundation (SMF), which has wholeheartedly supported ASA activities in Singapore since 2007, warmly welcomed all participants to the global hub port and maritime gateway to Asia. Her complimentary welcome remarks were followed by a presentation by Mr Kenneth Lim, Assistant Chief Executive (Industry and Transformation) of the Maritime and Port Authority of Singapore (MPA), titled "Developing Singapore as a premier global hub port and international maritime centre". Attendees greatly appreciated SMF's long-term support for the ASA to date, reaffirmed its unparalleled role and significance of Singapore for international logistics, and strongly hoped that Singapore would continue carving out a path to the new era with the ASA and the international shipping industry.

### **2. Developments of International Maritime Policy**

Broad policy issues concerning the international maritime industry were discussed. Mr Simon Bennett, Deputy Secretary General of the International Chamber of Shipping (ICS) and Mr Helio Vicente, Senior Manager (Trade Policy and Employment Affairs) made presentations on ICS's recent engagements on the issues of GHG, taxation, and other association activities. Delegates appreciated ICS's efforts to date and confirmed to deepen relationship between the ASA and ICS.

### **3. Current Situation with the Global Supply Chain**

Current difficulties in the global supply chain, which are due, principally, to the COVID-19 pandemic and the Ukraine crisis, and which have lasted much longer than initially expected, were discussed. Although the situation has gradually improved, the meeting attendees noted that there were still unusual numbers of vessels waiting off the major US ports, recently more on the Atlantic side due to rerouting, and the Panama Canal, and considerable numbers of the laden and empty containers were stacked for loading at some US ports. Delegates reaffirmed their firm determination to carry out their tasks as global logistic providers so as to minimise supply chain disruptions in close cooperation with all stakeholders including port operators, landside transporters, shippers, local governments and the canal authority.

### **4. Anti-Corruption Issue**

Mr Kristian Vandermeer, Director of WaterFront Maritime Services and Group Managing Director, Ben Line Agencies delivered a special lecture concerning the activities and strategy of MACN, Maritime Anti-Corruption Network. Delegates greatly appreciated his participation in the SPC meeting and echoed MACN's activities to eliminate all forms of maritime corruption which had long been obstacles to fair trade for shipping companies. It was decided that the SPC would keep this issue as a standing item at the SPC and seek further collaboration with the MACN.

### **5. Anti-trust immunity and US Legislative Developments**

The latest developments concerning the review of the current anti-trust immunity system for corporative carrier agreements in a number of jurisdictions were reported by Mr Robert K. Magovern, Co-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 implementation of US Ocean Shipping Reform Act 2022 (OSRA2022). Delegates agreed to keep watching the developing situation.

### **6. Canal Issue**

With regard to the Suez Canal, a general 6% upward tariff revision in February 2022 and subsequent introduction of the new surcharges (5-10%) in March 2022 followed by increases of the rates (to 7-20%) in May 2022 were reported.

As for the Panama Canal, an introduction of the new tolls system from 2023 which will result in approximately a 10-100% tolls increase, depending on the ship type and size, in three years were reported.

Delegates expressed their confusion over the substantial toll increases in both canals which supposedly reflected an unprecedented market condition under the COVID-19 pandemic.

Delegates shared a perception that such a significant toll hike may not be compatible with the long-term sustainability required for a global infrastructure and confirmed that we should raise our united voices to adjust the toll levels when the business

environment had significantly changed at any time in the future. In addition, as for the Suez Canal, while a 48-hour prior notice which was applied in March 2022 was totally unacceptable, Delegates confirmed that the Suez Canal Authority's new policy which allowed a 1.5 month prior notice for the revision of surcharges and a 3-month notice for the tariff revision was not sufficient and would request them to accept a minimum 6-month notice period. Delegates also shared a recognition that it was critical for each member carrier and association to raise voices, not only concerning the toll issues but also on efficiency and safety issues in the international associations they belonged to, as well as in their home countries. The ASA's further collaboration with other international shipping associations was also highly recommended.

## **7. ASA SPC Action Plan**

As a new initiative under the SPC chairmanship and the SPC Action Plan towards the next SPC interim meeting and ASA Annual General Meeting in spring 2023, delegates confirmed that one of the pillars of the SPC's future activities was to reinforce activities in Singapore. In this connection, Mr Michael Phoon, Secretariat of the ASA Safe Navigation and Environment Committee (SNEC) based in Singapore, was invited and recent activities in the ASA SNEC were introduced. Delegates recognised that there were lots of aspects on which the SPC could jointly work with the SNEC, especially the decarbonisation issue, which inevitably had a huge impact on the business management of member companies, and it was decided to seek possible collaboration before the next SPC meeting. Delegates also discussed a more effective media strategy and the ASA Secretary General was requested to develop the ideas. With regard to SPC's respective major agenda items as described above, delegates confirmed that they would carefully monitor the developments, and specifically as for the antitrust immunity issue, it was agreed to file an ASA submission to the European Commission in October 2022 in order to retain the current exemption system for shipping alliances/consortia. Before the conclusion of the meeting, the Chairman announced his intention that the next SPC interim meeting would be held in Singapore in April 2023 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.*