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Abbreviations

ACP	-----	Panama Canal Authority(Autoridad Del Canal De Panama)
ASF	-----	Asian Shipowners' Forum
BIAC	-----	Business and Industry Advisory Committee to the OECD
CENSA	-----	Council of European and Japanese National Shipowners' Associations
CSG	-----	Consultative Shipping Group
DOT	-----	Department of Transportation(US)
DWT	-----	Deadweight tonnage
ECSA	-----	European Community Shipowners' Association
FMC	-----	Federal Maritime Commission(US)
ICC	-----	International Chamber of Commerce
ICS	-----	International Chamber of Shipping
ILO	-----	International Labour Organization
IMO	-----	International Maritime Organization
ISF	-----	International Shipping Federation
ITF	-----	International Transport Workers' Federation
JSA	-----	Japanese Shipowners' Association
JSU	-----	All Japan Seamen's Union
MARAD	-----	Maritime Administration(US)
MLIT	-----	Ministry of Land, Infrastructure and Transport
OECD	-----	Organization for Economic Co-operation and Development
UNEP	-----	The United Nations Environment Programme
UNFCCC	-----	United Nations Framework Convention on Climate Change
VLCC	-----	Very Large Crude Carrier
WSC	-----	World Shipping Council
WTO	-----	World Trade Organization



1. Strengthening of International Competitiveness

In an effort to ensure that the Japanese shipping industry competes on an "equal footing" with its foreign counterparts, the JSA (Japanese Shipowners' Association) has been diligently studying the various schemes that are aimed at providing the Japanese industry with an environment that can compete globally. These measures include the following: 1. Improvement of the shipping-related taxation system including the special depreciation for ships (equal footing on taxation), 2. Realization of an effective international ship system that would emulate the conditions and achievements of the advanced maritime countries and 3. The building of globally competitive ports, structural reforms and the easing of controls / regulations pertaining to seafarers.

As part of the JSA's activities to realize the various schemes for strengthening the international competitiveness of the Japanese merchant fleet, the JSA has asked the authorities concerned to improve and expand the shipping tax system to include the special depreciation of vessels. In connection with that, as part of its research on the shipping-related taxation system of foreign countries, the JSA also conducted a study on the tonnage-based tax system that was introduced by the major maritime countries. The tonnage tax system is moving forward in major maritime countries in Europe and is fast becoming the shipping-related tax system standard. The JSA has been strongly hoping that a similar tonnage tax would be introduced in Japan to enable the Japanese shipping industry to compete under the same conditions with the various countries that have introduced this tax system.



2. Promotion of International Ship System

With the proclamation in May 1998 of the partial amendment to the Ship Officers' Law and its subsequent enforcement in May 1999, it has become possible for foreign seafarers, who are approved by the Minister of MLIT, to man Japanese flagships (so-called international ship) as officers, excluding captains and chief engineers, who must be Japanese nationals.

To this end, seven examinations for the approval of foreign seafarers have been conducted since the inaugural one in January 2000, and so far over 600 qualified seafarers have been approved. Further, as at the end of August 2002, a total of 17 international ships have already taken in foreign seafarers.

The JSA has urged the concerned parties to conduct, when necessary, training courses and examinations to enable foreign seafarers to acquire the various requisite qualifications for manning Japanese flagships, such as the certificate for ships' cooks and the Restricted Operators Certificate (ROC) for the radio communications-related work on a ship's bridge.





3. Responses to International Problems

(1) Antitrust immunity for agreements between ocean-going shipping firms

During and subsequent to 1999, reviews of the antitrust immunity system for carriers' agreements (hereinafter referred to as the immunity system) have been conducted by the OECD. The JSA has stressed that the immunity system is beneficial not only in shipping circles, but also to the entire trading industry including the shippers, and it additionally contributes to the steady development of international trade. In cooperation with the MLIT, former CENSA, ICS, WSC, ECSA and other organizations, the JSA has lobbied for the acceptance of its views.

In the final report released by the OECD office in April 2002, although the views of the shipping industry were not adequately reflected, it ultimately did not bind OECD members.

Meanwhile, the JSA also collected relevant information on the movement that had recently resurfaced in the U.S., Europe and other countries, to review the immunity system.

(2) Shipping issue at the WTO

At the fourth ministerial conference held in November 2001, WTO launched a new round of negotiations and formally approved the membership of China and Chinese Taipei. Consequently, the negotiations on trade in services including maritime transport that was initiated in January 2000 shall now be continued within the framework of the new round.

While closely watching the discussions at the WTO, the JSA, in an effort to have its views reflected in Japan's proposals during the next round of negotiations, gathered its members' requests and submitted them to the Japanese Government in January 2002.



(3) Asian Shipowners' Forum (ASF)

The 11th Annual General Meeting of the ASF was held in Taipei on 28 May 2002, and was attended by about 100 delegates from 12 shipowners' associations in seven Asian countries and regions - ASEAN (Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam), Australia, China, Chinese Taipei, Hong Kong, Japan and Korea.

Since its inauguration in 1992, the ASF has played a vital role in fostering mutual understanding and friendly relations among Asian shipowners. Through the five 'S' committees (Shipping Economics Review, Ship Recycling, Seafarers, Safe Navigation and Environment, Ship Insurance and Liability) of ASF, the members exchange views and share opinions on major issues. Additionally, along with developing a common understanding between the members, the ASF has increasingly become an important forum for representing the views of Asian shipowners concerning international shipping issues.

(4) Cooperation with relevant organizations

It is one of the JSA's primary objectives to establish close and regular contacts with the maritime authorities of the U.S. and Europe. Small teams for this purpose have been regularly sent to exchange views with MARAD and FMC as well as with the Directorate General Energy and Transport and Directorate General Competition of the European Commission.

Further, the JSA positively participates in the activities of ICS, ISF, BIAC, ICC and other non-governmental organizations. Additionally, the JSA also closely monitors the discussions on shipping-related issues of governmental bodies such as CSG and IMO to make appropriate inputs when necessary.

4. Promotion of Environmental Measures

(1) Conducting environmental seminars

As part of its environmental awareness activities, the JSA held an environmental seminar in March 2002 for the member companies and other relevant parties (related organizations, ministries and agencies). Participated in by over 200 people from the member carriers, shipping companies, related organizations, ministries and agencies, as well as from the aviation and land transportation industries, the seminar helped the people from the transportation and distribution sectors to address the environmental problems and issues.



(2) Various problems related to the prevention of global warming

Even though the Kyoto Protocol of the UNFCCC is seeking to reduce greenhouse gas emissions in advanced or developed countries, the greenhouse gases that emanate from oceangoing shipping vessels are excluded. The IMO conducted a survey on the reduction of gas emissions and the MLIT has set up a corresponding study committee. The JSA joined this committee and moved to have the views of the shipowners reflected.

Further, in connection with the global warming issue, the JSA has established a voluntary action plan which includes the target of achieving a 10% cut on the 1990 CO₂ emissions per transport unit of ships by the fiscal year 2010.



5. Issues on the Elimination of Substandard Vessels and the Promotion of Quality Shipping

Substandard ships are especially prone to causing maritime accidents and contributing to marine pollution. Because of this, there is an ongoing movement to eliminate such ships by means of inspections and superintendence by flag states, as well as the fortified Port State Control (PSC) in port states. In addition, since the latter half of the 1990s, there has been an ongoing "quality shipping campaign", primarily in Europe.

The JSA took part in this by exerting efforts in gathering the relevant data so that the elimination of substandard vessels will be accelerated through the promotion of quality shipping.



6. Promotion of Ship Recycling Measures

(1) Response to ship recycling issues

The smooth / efficient scrapping of an anticipated large number of vessels in the future has become an important issue from the perspective of maintaining an optimum supply and demand equilibrium, preventing the pollution of the marine environment caused by maritime accidents involving aged ships and making effective use of the available resources. Meanwhile, the improvement of the environment around the scrap yards and the safety and health of workers have also become pressing concerns, thereby prompting the IMO, the, UNEP, ILO and other international organizations to look into introducing effective improvements. From the viewpoint of facilitating the efficient recycling of ships while improving the existing ship recycling practices, the JSA has aggressively fought to have the views of the Japanese shipowners reflected in those studies through the help of the government.

On one hand, ICS has moved forward in formulating independent programs for the shipping industry, such as the establishment of a Code of Practice that is directed towards the resolution of the ship recycling problems.

(2) Cooperation among related industries

The JSA considers ship scrapping to be an important recycling of resources. It also recognizes the significance of cooperation between related groups/organizations in order to resolve the various problems concerning ship recycling. With this in mind, the JSA called on the participation of the shipping, shipbuilding, scrapping and marine equipment industries in Japan, and then founded the Ship Recycling Liaison Council in October 2000. Recognizing the importance of taking into consideration the ability of the major scrapping countries in Asia to cope with the environmental, labour safety and health care aspects of the standards on scrapping, the Council decided to conduct a fact-finding study to see whether it would be possible to learn more about practices in the major scrapping countries. Consequently, a study on ship scrapping in China was carried out in November 2001, which produced the following results: in China, 1. There is sufficient and cheap labour as well as a vigorous domestic demand for recycled steel, and 2. The afloat-type of scrapping method is most commonly being applied. Based on these findings, it has become clear that China can cope with the global environmental regulations related to scrapping and it has the capacity to shoulder about 30% of the world's scrapping demands (an annual average of 29 million DWT by 2015, according to the forecasts of Det Norske Veritas). Assessing the results of the study of China and the present state of affairs in India and in the other major scrapping countries, from the viewpoint of promoting cooperation in the Asian region, the JSA will be seeking to strengthen Japan's ties, especially with China.



7. Issue of Foreign Seafarers

In order to maintain its international competitiveness, more than 90% of the approximately 2,000 vessels that belong to the Japanese merchant fleet are tie-in ships or simply chartered foreign vessels. In addition, foreign seafarers account for at least 90% of the crews that man these ships.

In assessing the present situation, the JSA has conducted various studies and research on the issues involved in managing the foreign seafarers, who have become indispensable to the Japanese merchant fleet, such as the problem of securing a consistent supply of good-caliber foreign seafarers, their working conditions and so on.

The JSA has formulated a basic approach which is as follows:

The basic approach to labour conditions of non-Japanese seafarers:

(1) Intrinsically, labour conditions should be determined through bargaining between the employer of seafarers and the union they belong to.

(2) A wage level should be determined in a rational way on the basis of living standards, wage levels and other related factors of the country of residence of the seafarers.

The basic stance towards ITF Activities:

(1) The principle of ITF in determining crew wages for foreign seafarers manning FOC (Flag of Convenience) vessels is not rational.

(a) The ITF Wage level is one-sidedly determined without taking into account of the living standards and the wage levels of the country of residence of the seafarers and it is set by the European-led logic and labour circumstances in Asia are not taken into consideration.

(b) The wage level thus determined is uniformly applied globally.

(2) Boycotting campaign of ITF with regards to FOC vessels due to a non-compliance with one-sidedly determined wage levels has no logical ground.

The JSA is setting up the "Asian Seafarers Employers Group" in order to closely monitor current seafarers issues and to harmonize the Asian voice so as to exert a greater influence on the future developments since the international seafarer agenda is mainly shaped and fixed by the European-led organizations.

Also, the JSA has an ongoing dialogue with JSU to exchange views in the matter of determining working conditions for foreign seafarers.



8. Port-Related International Problems

(1) Suez and Panama canals

The toll tariff at the Suez Canal was again pegged in 2002, for the eighth consecutive year, including the discount imposed on LNG carriers. In particular, in light of the serious effects of the terrorist attacks on the U.S. to the global economy, the Suez Canal administration even hammered out a usage acceleration/promotion measure for canal users, which incorporated the reduction of the additional charges and the easing of the regulations pertaining to the container vessels and general cargo carriers.

With regard to the toll rate in the Panama Canal, although it has been pegged since it was hiked in January 1998, the ACP has announced that it will be raising its toll by an average of 13%. According to the actual business results for year 2000, about 1,000 ships operated by the JSA member carriers used the canal, amounting to approximately \$83 million in toll charges paid. Thus, if the proposed rate hike was imposed, it would be expected to have immeasurable adverse economic effects on the world's shipping industry, specifically with regard to the shipping firms tied to Japan, the second largest users. In this connection, the JSA submitted a letter to the ACP stating its firm opposition to the said hike. Meanwhile, it launched protest campaigns in cooperation with ICS and ASF and other organizations and expressed its vehement opposition at the public hearing sponsored by the ACP that was held in Panama on July 19, 2002.

(2) Problem of user fees at U.S. ports



The U.S. Administration's bill for a port service users' fund that will make the merchant ships shoulder the costs of dredging and improvements at U.S. ports was submitted to the 106th session of the U.S. Congress in May 1999. The JSA launched a campaign opposing the said bill, while expressing its objection at the ASF, Japan-Taiwan Shipowners' Association Talks and elsewhere.

Even though a package of budget-related bills, including this one, was voted down at the plenary session in October of that year, that bill in question has not yet been scuttled. Further, the Budget bill of President Bush was not resubmitted to the 107th (2nd session) U.S. Congress that convened in January 2002. However, this does not mean that it has been scrapped, so its progress still needs to be continuously monitored.



9. Issue on Piracy and Armed Robbery against Ships

In October 2001, the Japan Ministry of Foreign Affairs held the Asian Cooperation Conference on Combating Piracy and Armed Robbery against Ships in Tokyo. The meeting was attended by government officials from the 17 countries and regions in Asia and representatives from international organizations and private sectors, who reached an agreement to consider developing a regional cooperation against piracy. JSA introduced the anti-piracy measure adopted by Japanese shipowners and emphasized the importance of reporting piracy incidents and preventing/ prevention/banning of diffusion of small firearms which can obviously cause serious incidents.

In the fiscal year 2001, the Japan Coast Guard's large patrol vessels visited to the Southeast Asian countries four times, to exchange views with the surveillance authorities of each country in the region. During their voyage, the JSA cooperated in exercises that would assist it in liaising and communicating with Japanese merchant vessels which are under piratical attacks.

The JSA encouraged its members to report all the incidents when ships under their control were involved in piratical attacks in order to urge authorities concerned to take appropriate anti-piracy actions. At the same time, the JSA distributed various information on piratical attacks to members to heighten their awareness. In addition, the JSA actively participated in meetings concerning the piracy problem and strove to have the views of shipowners reflected in these activities.



10. Measures for Safe Passage through the Malacca-Singapore Straits



With the technical and financial cooperation of Japan, the project for installing and maintaining navigational aids was continued through the Malacca Strait Council, and twice-yearly maintenance and inspection work carried out on all the beacons installed in Indonesia and Malaysia; additionally, a buoy tender vessel was presented to Malaysia.

The JSA joined in the relevant committees of the said council and provided finance for the maintenance and management of the navigational aids.

11. Problems of Crimes Committed on Foreign Vessels

In April 2002, two Filipino crews onboard the Panama-registered VLCC "Tajima" killed a Japanese seafarer while the ship was sailing on the open sea off the coast of Taiwan. Subsequently, the ship entered Himeji Port in Japan. However, since the murder took place on a foreign-flag ship on the open sea, Japan did not have jurisdiction; only Panama did. In a very unusual situation, as per the request from Panama, under the command of the captain, the two suspects had to be confined inside the vessel for more than one month until they were detained by Japanese authorities.



Learning from this incident, in May, the JSA formed a taskforce to study the problems and the improvement measures needed in relation to crimes and other felonies committed onboard foreign vessels. The taskforce is affecting changes in the relevant domestic ministries and agencies towards the resolution of this problem, including the amendment of the Japanese Criminal Law and other related laws. The incident that occurred in the Tajima could happen to any country's vessel, so the JSA hopes that this problem will be studied within an international framework.



12. Countermeasures in Connection with the Terrorist Attacks on U.S. Soil

As a result of the multiple terrorist attacks in the U.S. on September 11, 2001, the JSA immediately set up an information and communication head office that painstakingly gathers information from concerned authorities, thereby strengthening the communication system among the member carriers and other related people.

Consequently, the enormous damage caused by these acts of terrorism was a heavy blow to the international re-insurance market. Especially affected, predictably, was the market in insuring against war; contributing factors included increases in guarantees being declined, the lowering of the guarantee/insurance limit and the marked increases in insurance premiums. Even the shipping insurance field is suffering heavily. After the traditional insurance contract has been unilaterally cancelled, shipowners are forced to accept the new contracts that have reset the water area (exempted water area) that has been levied by the newly-increased insurance premium rate. On top of this, the basic rates have been raised.

Together with the gathering of information concerning the condition in each industry and in various countries abroad, the JSA is also striving to have this information widely conveyed to its members.

After the incident, due mainly to the strong influence exerted by the U.S., the IMO drew up plans to intensify the global measures necessary to prevent terrorism against vessels, containers, seafarers and ports. Other than this, the U.S. quickly came up with domestic laws toward the tightening of security inside the country.

World peace is indispensable in facilitating the growth of world trade, so, as much as possible, the Japanese shipping industry is extending its full cooperation on the security measures being taken. However, concerning the studies made on each measure, the voice of the people will be heard and each sector will be asked to participate in order to frame thorough and practical measures.



13. Haneda Airport Re-Expansion Issue



Anticipating the saturation of the Tokyo International Airport (Haneda Airport) by around 2015 due to the rising number of domestic air travelers, the MLIT confirmed its decision to re-expand Haneda Airport in December 2001.

With the commencement of the study of the navigational safety of ships and so on by the concerned parties, the JSA is striving to have its opinions/views on the continued navigational safety of ships and sustained economic efficiency reflected in the re-expansion project.

14. Simplification of Port and Harbor Procedures

With regard to the requirement for uniform procedures at the port authority/customs and in numerous government and municipal offices and the submission of many volumes of documents, Japan needs to address the problem of its extremely complex port-related procedures. To rid Japanese ports of this problem, the JSA has strongly requested the relevant authorities to simplify these various procedures.

As a result, the Ministry of Finance, the MLIT and other related government offices have announced that they will make this possible by computerizing these various procedures and creating a single window system for the one-stop service as early as possible in fiscal 2003.

JSA, for its part in advancing the computerization of these various procedures has been positively calling on the concerned government and municipal offices to realize this real one-stop service by reducing the number of or thoroughly simplifying the present application forms, including the abolition and alteration of such procedures.





Members list

As at 1, November, 2002

Act Maritime Co., Ltd.	Kuribayashi Logistics System Co., Ltd.	The Sanko Steamship Co., Ltd.
Asahi Shipping Co., Ltd.	Kuribayashi Steamship Co., Ltd.	Sanyo Shipping Co., Ltd.
Asahi Shipping Co., Ltd.	Kyoei Tanker Co., Ltd.	Sato Steamship Co., Ltd.
Asahi Tanker Co., Ltd.	Kyosei Line Ltd.	Satokuni Kisen Kaisha, Ltd.
Azuma Shipping Co., Ltd.	Kyowa Marine Transportation Co., Ltd.	Sekihyo Line, Ltd.
Chiba Shipping Co., Ltd.	Masumoto Shipping Co., Ltd.	Senko Co., Ltd.
Daiichi Chuo Kisen Kaisha	Matsushima Coal Line Co., Ltd.	Seno Kisen Co., Ltd.
Daiichi Senpaku Kaisha	Meiji Shipping Co., Ltd.	Shinwa Chemical Tanker Co., Ltd.
Dai-Ichi Tanker Co., Ltd.	Misuga Kaiun Co., Ltd.	Shinwa Kaiun Kaisha, Ltd.
Daiko Kaiun Co., Ltd.	Mitsubishi Ore Transport Co., Ltd.	Shinwa Naiko Kaiun kaisha, Ltd.
Dainichi-Invest Corporation	Mitsui Kinkai Kisen Co., Ltd.	Shoei Kisen Kaisha, Ltd.
Daitoh Trading Co., Ltd.	Mitsui O.S.K. Kinkai, Ltd.	Showa Shell Sempaku K.K.
Eastern Car Liner, Ltd.	Mitsui O.S.K. Lines, Ltd.	Showa Yusosen Co., Ltd.
Geishu Kaiun Co., Ltd.	Mitsui O.S.K. Passenger Line, Ltd.	Tabuchi Kaiun Co., Ltd.
GENEQ Corporation	Munakata Kaiun Co., Ltd.	Taiheiyō Enkai Kisen Kaisha, Ltd.
Hachiuma Steamship Co., Ltd.	Nakata Mac Corporation	Taiheiyō Kaiun Co., Ltd.
Horie Senpaku K. K.	Naniwa Tanker Co., Ltd.	Taiheiyō Kisen Kaisha, Ltd.
Hoyo Kaiun Co., Ltd.	Nippon Marine Co., Ltd.	Taiyō Nippon Kisen Co., Ltd.
Idemitsu Tanker Co., Ltd.	Nippon Marine Enterprises, Ltd.	Taiyō Shipping Co., Ltd.
Iino Kaiun Kaisha, Ltd.	Nippon Oil Tanker Corporation	Tamai Steamship Co., Ltd.
Interasia Lines, Ltd.	The Nippon Salvage Co., Ltd.	Tanda Line & Enterprise Co., Ltd.
International Energy Transport Co., Ltd.	Nippon Shipping Co., Ltd.	Tanda Sangyo Kisen Kaisha, Ltd.
International Marine Transport Co., Ltd.	Nippon Steel Logistics Co., Ltd.	Tatsumi Shokai Co., Ltd.
Inui Steamship Co., Ltd.	Nippon Steel Shipping Co., Ltd.	Tokai Shipping Co., Ltd.
Itaya Shosen Co., Ltd.	Nippon Suisan Kaisha, Ltd.	Tokei Kaiun Co., Ltd.
Kambara Kisen Co., Ltd.	Nippon Yusen Kabushiki Kaisha	Toko Kaiun Kaisha, Ltd.
Kansai Steamship Co., Ltd.	Nissan Motor Car Carrier Co., Ltd.	Tokyo Marine Co., Ltd.
Kansai Tech Corporation	Nisshin Shipping Co., Ltd.	Tokyo Senpaku Kaisha, Ltd.
Kawasaki Kinkai Kisen Kaisha, Ltd.	Nissho Shipping Co., Ltd.	Towa Senpaku K.K.
Kawasaki Kisen Kaisha, Ltd.	Nissui Shipping Corporation	Tsurumaru Shipping Co., Ltd.
Keymax Maritime Co., Ltd.	Nitta Kisen Kaisha, Ltd.	Tsurumi Sunmarine Co., Ltd.
Kinkai Yusen Kaisha, Ltd.	NYK Global Bulk Corporation	Ube Shipping & Logistics, Ltd.
Kobe Pier Co., Ltd.	NYK-Hinode Line, Ltd.	Uyeno Transtech Ltd.
Kobe Senpaku Kaisha	Osaka Shipping Co., Ltd.	Yuyo Steamship Co., Ltd.
Kokuka Sangyo Co., Ltd.	Prince Kaiun Co., Ltd.	

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