



# Asian Shipowners' Forum

10 Anson Road, #28-01A  
International Plaza, Singapore 068898  
Tel: (65) 63254737 Fax: (65) 63254451  
General Email: [information@asf.com.sg](mailto:information@asf.com.sg)

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## The 18<sup>th</sup> ASF Joint Statement

The 18<sup>th</sup> Asian Shipowners' Forum (ASF) was held in Tainan from 25<sup>th</sup> to 27<sup>th</sup> May 2009. The meeting was attended by 118 delegates from the Shipowner Associations of Australia (ASA), China (CSA), Chinese Taipei (NACS), Hong Kong (HKSOA), India (INSA), Japan (JSA), Korea (KSA) and from the Federation of ASEAN Shipowners' Associations (FASA), which comprises the Shipowner Associations of Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam. The Forum was chaired by Mr. Arnold Wang, Chairman of the NACS. A seminar was also held after the Forum meeting with representatives from the Round Table of International Organisations.

The 18<sup>th</sup> ASF warmly welcomes the admission of the Indian National Shipowners' Association (INSA) as a new member of the Asian Shipowners' Forum. INSA was established 80 years ago and has 36 member companies with a combined gross registered tonnage of 9.02 million tons, representing 90% of the total Indian tonnage. With INSA as a new member, the ASF now represents nearly 50% of the world's cargo carrying fleet. The event marks a new milestone in the history of ASF.

The Forum reaffirmed its strong determination that Asian shipowners must increasingly express their views on issues that affect global shipping in a coordinated and consensual manner. The ASF urges its members to clearly present the ASF views on important shipping issues affecting the shipowning community to their respective governments.

The ASF noted that the Panama Canal Authority (ACP) had announced short-term reductions of their charges on 30 April 2009 in light of the current economic crisis. However, the effective period is only between 1 June and 30 September 2009 and the forum agreed to urge the ACP to take some more meaningful reductions of the longer duration.

The ASF continues to deal with principal matters related to shipping in a proactive and effective manner through its 5 Standing Committees. Views and activities on major issues highlighted by the Committees to the Forum are summarized as follows:

### **Shipping Economics Review Committee (SERC)**

The ASF noted that the 21st interim meeting of the SERC was held in Tokyo on 10 December 2008. The Chairman of the Committee, Mr Akimitsu Ashida, highlighted the following issues in his report.

#### **World Economy**

The forum noted that the financial crisis had spread globally and the Asian shipping industry is in testing economic environment. The delegates were encouraged to calmly consider underlying implications of the crisis in view of the fact that the crisis could be a good opportunity to make a comprehensive review of their business models.

#### **Dry Bulk and Tanker Shipping**

It was noted that the dry bulk market in 2009 would be moving in a harsh climate due to delay in recovery of cargo movements to the developed countries and concentration of new deliveries in the second half of the year. On the other hand, it was also recognised that the anticipation at the Tokyo meeting that the number of new building orders to be cancelled could reach as many as 1,000 vessels was now turning to reality and the market will be encouraged by the active scrapping of more than 500 ships since September 2008. Regarding the tanker sector, while some 100 single-hull tankers will be withdrawn from 2009 until the end of 2010, it is anticipated that more than 60 vessels of VLCC will be newly delivered in 2009 alone. We shared the concern that the current tanker market condition showing a surplus tonnage would remain for the time being.

#### **Liner Shipping**

As the shocking effects of the financial TSUNAMI have clearly extended to the Trans Pacific and Intra-Asia trades, the CEOs of Asian container lines were urged to handle the situation in a rational and patient manner to ensure the sustainable operation of the liner business in these trades and to keep customers well-informed of the difficult situation faced by carriers.

## **Antitrust Immunity for Liner Shipping**

The ASF reaffirmed its long-standing position that the antitrust immunity system is indispensable for the health of the shipping industry. With regards to the Draft EU Regulations on Consortia published in October 2008, the meeting agreed to continue to work with interested parties to develop a better understanding of the benefits and the role of the consortia system.

## **The Chairman of SERC**

The ASF endorsed that Mr Yasumi Kudo, Executive Director of the JSA and President of NYK Line, should take over the chairmanship from Mr Akimitsu Ashida, who had been Chairman of the Committee since 2005. The ASF expressed its thanks to Mr Ashida for his services as the Chairman.

## **Ship Recycling Committee (SRC)**

The ASF noted that the 12th interim meeting of the SRC was held in Taipei, on 30th of March 2009. The Chairman of the Committee, Mr. Arnold Wang highlighted the following issues in his report.

## **International Convention for the Safe and Environmentally Sound Recycling of Ships**

The ASF discussed the recent developments on the draft International Convention for the Safe and Environmentally Sound Recycling of Ships developed by the IMO Marine Environment Protection Committee (MEPC). The ASF noted that, in October 2008, MEPC58 approved the text of the draft convention and adopted at a diplomatic conference which took place in Hong Kong from 11 to 15 May 2009. The ASF supports the convention and urged IMO Member States to ratify it as soon as possible in order to ensure the early availability of compliant recycling capacity. In this respect, the ASF urged all stakeholders to improve recycling capacity and prepare for the Convention regime during the transitional period.

## **Environmental Concerns**

In line with the downturn in the world economy, the cargo volume in the world maritime trade had drastically reduced. In this connection, shipowners are under pressure to discard their obsolete and less-efficient vessels for recycling. The ASF noted that there is concern that the ship recycling capacity at environmentally sound facilities could potentially fall short in the near future and

recognised that careful consideration would be necessary to maintain efficient, safe and environmentally-friendly ship recycling. In this respect, the ASF urged consideration to refocus excess building capacity into environmentally acceptable recycling facilities.

### **ISO 30000 Issues**

The ASF considered that ISO activities in respect of its 30000 series, which mainly deals with the management, operation, audit and third party certification of recycling facilities, could overlap with the activities of the IMO in connection with the development of its draft convention and the associated guidelines. The ASF noted that a number of governments expressed their concern at the MEPC58 that the ISO 30000 series would duplicate some of the provisions in the draft IMO convention and its associated guidelines, and thus would confuse stakeholders. The ASF therefore considered that the possibility of double standards should be avoided in order to facilitate the efficient operation of ship recycling.

Finally, it was confirmed that Asian shipowners, as the major players in the world shipping industry, will continue to discuss the ways in which shipowners can promote safer and more environmentally sound ship recycling.

### **Seafarers Committee (SC)**

The ASF noted that the 14<sup>th</sup> Interim meeting of the SC was held in Kuala Lumpur on 21<sup>st</sup> November 2008. Mr. Li Shanmin, the Chairman of the Committee, reported on the Committee's activities during the past year.

### **Piracy attack in the Gulf of Aden**

The ASF joins with the SC in expressing its serious concern over the attacks on ships in the Gulf of Aden, which represent a severe threat to the safety of seafarers on ships trading through this area. Attacks are still continuing, sometimes in full view of the naval escorts. The ASF expresses its deepest concern over the potential trauma suffered by seafarers on hijacked ships passing through the area, as well as the concern felt by their families.

The ASF is pleased to note the developments within the United Nations and IMO to review existing national legislation to prevent and punish piracy and armed robbery at sea as part of IMO's anti-piracy strategy. The ASF further supports the initiatives of industry associations to produce best management guidance on human element issues arising from incidents of piracy and attack.

## **Ratification of the ILO Maritime Labour Convention 2006**

The ASF is pleased to note the progress towards the final entry into force of the Maritime Labour Convention 2006, and encourages all ASF members to continue to work with their individual administrations to achieve early ratification of the Convention.

The ASF welcomes the development of the Guidelines for flag State inspections and port State control officers carrying out inspections under the MLC 2006 and considers it important for members to continue to encourage their individual administrations, where appropriate, to refer to the Guidelines in order to observe consistent and enforcement of the Convention without over-burdening shipowners and seafarers.

## **Fair Treatment of Seafarers in the event of a Maritime Accident**

The ASF noted the discussion of the SC on the practical application of the IMO/ILO Guidelines on the Fair Treatment of Seafarers following a Maritime Accident. The ASF joins with the SC in calling upon all governments to ensure that the seafarers are given a fair trial with full rights of defense, in accordance with the relevant international instruments.

The ASF welcomes further actions by ILO and IMO to ensure fair treatment of seafarers in the event of a maritime accident.

## **Economic turmoil and seafarers' recruitment and training**

The worldwide economic turmoil has contributed to the recent fall in shipping markets that has resulted in increasing difficulty in the employment of seafarers due to ships being withdrawn or laid up. The ASF recognises the benefit of maintaining employment, and therefore considers that employment conditions of seafarers should be consistent with the economic situation of the country or region where the seafarers are domiciled. Members of the ASF agreed to maintain as much as possible recruitment and training initiatives despite the present market conditions.

## **Safe Navigation & Environment Committee (SNEC)**

The ASF noted that the SNEC held its 15<sup>th</sup> and 16<sup>th</sup> Meetings in Singapore on 15<sup>th</sup> September 2008 and 17<sup>th</sup> March 2009 respectively. Mr. S. S. Teo, Chairman for the Committee presented his report concerning mainly safe navigation and marine environment protection issues.

### **Piracy & Armed Robbery**

The SNEC expressed deep concern on the continuing threat of piracy and armed robbery especially off the coast of Somalia and in the Gulf of Aden. These waters are currently the world's most dangerous and accounted for 111 or 37.9% of the attacks globally in 2008.

This year to-date, at least 13 vessels with around 250 crews are still held by the Somalian pirates.

The SNEC strongly condemned these deplorable and dangerous acts of piracy and armed robbery by these pirates as they seriously threatened the safe navigation of ships and also put at high risk the lives of the crew on board. The marine environment is also under serious threat of pollution if fully laden crude oil or chemical tankers are attacked.

The Meeting therefore strongly urged all ASF members to cooperate and abide by the advisories and guidance issued by the naval and air assets patrolling the waters off the coast of Somalia and in the Gulf of Aden.

In this respect, the ASF supported the SNEC's expression of deep appreciation to all governments that have or are planning to commit naval and air assets to patrol the waters off the coast of Somalia and in the Gulf of Aden.

In light of the current economic situation, the ASF strongly urged all governments and littoral states to strengthen and increase their naval and air surveillance to deter any potential threats of pirate attacks. At the same time, all ship masters are urged to maintain full vigilance and to adhere strictly to establish best-management practices to deter pirate attacks.

### **Enhancement of Safety, Security & Environmental Protection in the Straits of Malacca & Singapore**

The SNEC reaffirmed its support for the Cooperative Mechanism<sup>1</sup> for the Straits

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<sup>1</sup> The Cooperative Mechanism consists of a Cooperation Forum, a Projects' Coordination Committee and the voluntary Aids to Navigation Fund.

of Malacca and Singapore. It expressed its willingness and strong commitment to participate actively in the Cooperation Forum to enhance safety, security and environmental protection in the Straits of Malacca and Singapore.

The Committee welcomed voluntary contributions from various States and industry stakeholders to the Navigation Fund, particularly the recent contribution by the Japanese Shipowners Association.

### **MARPOL Annex VI & Greenhouse Gases**

The Committee applauded the adoption of measures at the 58<sup>th</sup> Session of the IMO Marine Environment Protection Committee (MEPC 58) held last October that will see a progressive reduction in emissions of sulphur oxide (SO<sub>x</sub>), nitrogen oxide (NO<sub>x</sub>) and particulate matter from ships.

The Committee also took note of developments relating to greenhouse gases (GHG) from ships arising from MEPC 58.

With rising concern and greater awareness of global warming and its effects on climate change and rising sea levels, the ASF fully endorses the SNEC's position that the IMO should serve as the sole forum to discuss the reduction of GHG emissions from ships, in light of the IMO's and the industry's full commitment to reducing GHG emissions through realistic and pragmatic solutions.

The SNEC further agreed that measures should demonstrate themselves to be effective in the substantial reduction of total GHG emissions – this can only be achieved by improving the fuel efficiency of vessels through such energy-efficient methods as speed reduction and the development and adoption of technological means to reduce emissions. Instituting a cap-and-trade mechanism may be complicated to apply in practice and result in suppression of shipping activity with possible imposition of unreasonable financial burden.

### **Ship Insurance and Liability Committee (SILC)**

The ASF noted that the 14<sup>th</sup> Interim meeting of the SILC was held in Hong Kong on 1<sup>st</sup> April 2009. Mr. George Chao, the Chairman of the Committee, reported on the Committee's activities during the past year.

### **Criminalisation of Seafarers**

The SILC expressed its deep concern at the treatment of seafarers who are unfortunately involved in maritime accidents. Seafarers who are involved in such

incidents are increasingly being treated as criminals to satisfy public concern about the effects of the incident, rather than through any criminal culpability.

The ASF echoes the position taken by the SILC, and urges all Governments to reconsider the harm they are doing both to the recruitment of future seafarers as well as to the reputation of their legal systems by politicizing such incidents and by treating seafarers with little regard for their human rights and as being found guilty until proven innocent.

### **Abandonment and Crew Claims**

The ASF noted that the Joint IMO/ILO Ad Hoc Expert Working Group on Liability and Compensation Regarding Claims for Death, Personal Injury and Abandonment of Seafarers met in Geneva 2<sup>nd</sup> to 6<sup>th</sup> March 2009 to finalise draft amendments to the Maritime Labour Convention, 2006 (MLC, 2006).

The ASF joins with the SILC in congratulating the Expert Working Group on the outcome of the meeting, and expressed its hope that the amendments are quickly finalized by the IMO Legal Committee and the ILO Governing Body so that they can be incorporated in the MLC, 2006, at the earliest possible opportunity after the Convention has entered into force.

### **Asian Inter-Governmental Voice**

The ASF took note of and supports the discussion in the SILC urging Asian Governments to form a regional body to consider and comment on legislation proposed at the regional level in Europe and elsewhere, particularly if the proposed legislation will affect international shipping.

### **Electronic Blue Cards**

The ASF joins with the SILC in urging all States to accept blue cards issued by International Group clubs in electronic format, in order to ensure that shipowners can obtain the necessary State certificates swiftly and efficiently, and to reduce the administrative burden on both States and the IG Clubs



## **Next Meeting**

The 19<sup>th</sup> ASF will be held in Hong Kong in May 2010.

The delegates expressed its sincere thanks to the Chairman of NACS and its staff for the excellent organization of the 18<sup>th</sup> Asian Shipowners' Forum in Tainan.

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Editor's note:

The Asian Shipowners' Forum is a voluntary organization of the shipowner associations of Australia, China, Chinese Taipei, Hong Kong, India, Japan, Korea and the Federation of ASEAN Shipowners' Associations comprising shipping associations of ASEAN countries. The aims of the ASF are to promote the interests of the Asian shipowning industries. Between annual ASF meetings, the ongoing work is carried out by the five Standing Committees; the Shipping Economics Review Committee, the Seafarers Committee, the Ship Recycling Committee, the Safe Navigation and Environment Committee, and the Ship Insurance and Liability Committee. It has been estimated that ASF owners and managers control and operate nearly 50% of the world's cargo carrying fleet.