



The JAPANESE SHIPOWNERS' ASSOCIATION

PRESS RELEASE

6 July 2012

The Japanese Shipowners' Association Submitted Comments on the Revised Panama Canal Tolls Proposal to the Panama Canal Authority

In response to the revised tolls proposal announced by the Panama Canal Authority (ACP) on 27 July 2012, the Japanese Shipowners' Association (JSA), which is addressing the issues in close communication with the Japanese government, officially submitted further comments to the ACP today.

JSA was very concerned about the proposal regarding the toll increases which was originally announced at the end of April 2012, considering them to be disproportionate even when the cost of canal expansion is brought into the equation. JSA understands that many comments by other parties expressed similar concerns to the ACP, which has revised its proposal for the classification of ship types, and delayed the introduction of the new toll regime by 3 months. Although JSA appreciates this action, it is very marginal and does very little to obviate the cost penalties to the shipping industry which will apply if the ACP plans are implemented in their present form, especially under the current circumstance where;

- shipping companies were beset by operating losses during the adverse economic environment of 2011, that exceeded \$6Bn.
- ACP's toll increases for 5 years from 2006 to 2011 it already took sizable increase; for container vessel by 63.6%(10.4% per year), similarly, tanker tolls up by 51 %(8.6% p.a.), where both dry bulk and car carriers tolls increased by 46.5 & 46.3%(7.9% p.a) with proposed increases in 2012 & 2013 to apply on top of those earlier increases. (note; container vessels are not included in proposal this time)

JSA is deeply disappointed with this outcome, because it does not respond in any shape or form to our previous requests which were that the ACP should:

- Withdraw its proposal for toll increases in 2012 and 2013.
- Review the current consultation process in favour of a sufficient consultative dialogue that establishes toll adjustment guidelines that are stable, reasonable and transparent over an agreed longer and mutually-agreed upon period of time.
- Place the pricing policy under "Proposals for the Expansion of the Panama Canal", issued by the ACP in 2006, back on the table for further consideration.

As it was stated in “Proposals for the Expansion of the Panama Canal”, the canal expansion costs could be recovered within several years after the expansion work is complete, and our study indicates that it can be possible without such extensive and frequent toll increases. It could therefore be said that the ACP’s current pricing policy of constantly increasing tolls imposes an unduly excessive burden on canal users. JSA therefore urges the ACP to rescind the revised proposal, and to hold a substantial consultative dialogue with maritime representatives on long-term pricing guidelines, with the aim of making them stable, reasonable and transparent.

Although there is a substantial distance between JSA’s position and that of ACP regarding the toll issue, JSA sincerely believes, on the other hand, that such mutual and constructive consultations could establish a win-win relationship between both the ACP and Canal users, whereby such constructive dialogue could also address an issue of increasing the efficiency of the Canal’s operation. JSA is ready to contribute with pleasure to actions for enhancing a more efficient operation of the Canal through closer dialogue, which could lead to increasing the long-term value of the Canal and the number of transiting vessels with stable Canal tolls.

Our request to hold closer dialogue would also present a positive answer to concerns of the Japanese government, which filed its comments in May 2012 urging the ACP to take into account the Canal users’ opinions and also took up the issues at several inter-government meetings in April and June, where the same concerns were shared among the maritime administrations of the relevant countries.

The JSA’s comments are available at its web site <http://www.jsanet.or.jp/e/index.html>

For further information, please contact Daijiro Mizushima at int@jsanet.or.jp.

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The Japanese Shipowners' Association (JSA) is a nationwide maritime organization of Japanese nationals who are owners, charterers and operators of ships with a capacity of 100 gross tons and over. JSA consists of 100 Japanese shipping companies. The purpose of JSA is to promote fair and free business activities in the shipping industry and to contribute to the healthy development of the Japanese shipping. To accomplish this purpose, JSA provides a forum to exchange views among members, undertakes various activities such as research, public relations, and production of statistics and data, as well as to express its opinion to related parties concerned.