



JAPANESE SHIPOWNERS' ASSOCIATION

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28 February 2013, Tokyo

PRESS RELEASE

The Japanese Shipowners' Association Urges the Suez Canal Authority to Rescind the Canal Toll Increase

In response to the Suez Canal Authority (SCA) recently announcing the toll increase from 1 May 2013, the Japanese Shipowners' Association (JSA), which is addressing the Canal issues in close communication with the Japanese government, the International Chamber of Shipping (ICS) and the Asian Shipowners' Forum (ASF), officially submitted its letter to the SCA, dated 27 February 2013.

In the letter, the JSA expressed deep disappointment at the unilateral toll increase without any dialogue between the SCA and Canal users, following the 3% toll increase in March 2012. While sharing sympathy to some extent that the Egyptian government is dependent on the Canal tolls as an important source of income for the country, in order to obtain foreign currency revenue and weather the ongoing financial difficulty, it can be recognised from a commonsense perspective that the SCA should avoid easily passing on the added burden in the form of toll increases to vessels transiting this highly public infrastructure connecting the Mediterranean Sea and the Red Sea. The impact of the 2012/2013 toll increases for JSA members would amount to additional accumulative costs of approximately US\$189 million during the period from 2011 to 2020.

Furthermore, the JSA is also concerned with the current process in which a very short three-month notice period is given for Suez Canal toll adjustments. In this context, we would have to say that the SCA does not take the business practices of shipping companies into account.

Taking into account all factors, in particular the absence of sufficient dialogue before the recent announcement, the JSA urges the SCA to rescind the current planned increases, as well as review the current toll-adjustment process, including notice periods of less than six months. We believe that our position is shared within the international shipping industry.

In addition to the above, the JSA sincerely believes that an establishment of regular dialogues covering broad topics between the SCA and the shipping industry would contribute to a deepening of mutual understanding and the achievement of maximum benefits to both parties. The JSA would be happy to actively engage in an exchange of information with the SCA.

Finally, according to a press release dated 22 February 2013 by the Ministry for Land, Infrastructure, Transport and Tourism (MLIT), it was agreed at the 7th Japan-UK Maritime Policy Dialogue on 19 February that the Canal toll increase issue should be taken up at a forthcoming meeting of the Consultative Shipping Group (CSG) to be held in Hamburg, Germany, in April 2013. The JSA pays close attention to intergovernmental discussions.

MLIT Press Release (Japanese only)

http://www.mlit.go.jp/report/press/kaiji01_hh_000188.html

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

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

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



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27 February 2013

Admiral Mohab Mameesh
Chairman and Managing Director
Suez Canal Authority
Ismailia, Egypt

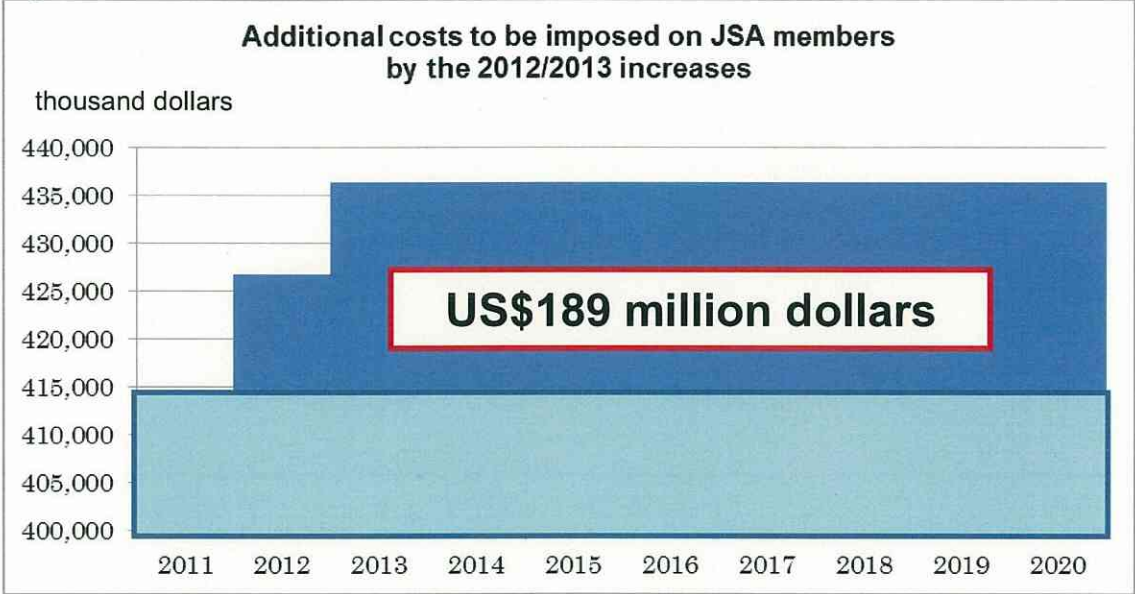
Dear Admiral Mameesh

The Japanese Shipowners' Association, which is a nationwide shipowners' association consisting of 100 Japanese shipping companies, hereby submits its comments, which are in line with the contents of the letter from the ICS on behalf of the Round Table of International Shipping Associations (ICS, BIMCO, INTERCARGO, INTERTANKO) dated 15 February 2015, in respect of your recent announcement of toll increases to be implemented from 1 May 2013.

As you are aware, the shipping industry has been experiencing greater difficulties than ever during the past few years partly due to softer demand in light of the slow recovery of the global economy. Under the circumstances, we are deeply disappointed at learning of the unilateral toll increase without sufficient dialogue between the Suez Canal Authority (SCA) and Canal users, following the 3% toll increase in 2012. In this context, I would like to emphasise on this occasion that the Canal toll fee is one of the major external elements that will impose a huge burden on the shipping industry, with the fact that toll fees of over US\$400 million were paid by JSA members alone in the fiscal year 2011. The impact of the 2012/2013 toll increases for members would amount to additional accumulative costs of approximately US\$189 million during the period from 2011 to 2020, based on the same ship types, sizes and number of transits during the period as per the data for our member companies in 2011 (See Figure 1). While sincerely hoping that the earliest possible economic recovery in your country could be achieved despite the ongoing

financial difficulties, the JSA believes that the SCA should avoid simply passing on this added burden to consumers in the form of toll increases in order to achieve that objective.

Figure 1



Source: Japanese Shipowners' Association

Furthermore, as stated in the ICS letter, we are very concerned with the current process in which a “very short three-month notice period” is given for Suez Canal toll adjustments for which we would have to say that the SCA is not taking the business practices of shipping companies into account.

In light of the above-mentioned point, we would like to urge the SCA to rescind the current planned increases as well as review the current toll-adjustment process, including notice periods of less than six months.

Furthermore, in order to deepen mutual understanding and also achieve maximum benefits to both SCA and the shipping industry, it is suggested to establish regular dialogue for interactive exchanges of views covering not only Canal tolls but also broad topics for enhancing both operational efficiency and safety, as well as environmental protection which, we are sure, would unquestionably enhance the value of the Canal and attract more ships from alternative routes. The JSA would be happy to actively engage in an exchange of information with the SCA. In this context, it is our great honour to

have a meeting with the Director of the Planning and Research Department of the SCA to be held at the JSA's offices on 1 March 2013, following the last meeting with the former director on 16 October 2012. A solid foundation of mutual understanding and exchanges formed through this kind of dialogue would be most welcomed.

We would appreciate it if you would give due consideration to our comments, and we look forward to hearing from you at your convenience.

Respectfully yours,



Akimitsu Ashida

President

The Japanese Shipowners' Association