



JAPANESE SHIPOWNERS' ASSOCIATION

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JSA Delegation Met with Panama Canal Authority, regarding New Charges

Mr Takashi Nakashima, JSA Vice President, visited Panama and met Administrator of the Panama Canal Authority (ACP) and Minister for Canal Affairs in mid-February.

As the detailed report below, despite the international voices, not only from JSA, but also from ICS^{*1}, ASA^{*2}, ECSA^{*3}, WSC^{*4}, KSA^{*5} and so forth, to put off the hasty introduction of the new Fresh Water Surcharge (FWS), the ACP did not change their mind and the new measures including the FWS were implemented on 15 February as originally scheduled.

JSA deeply regrets that the FWS was introduced despite such a wide range of users' voice. JSA strongly hopes that the ACP will send their delegation to user countries such as Japan and offer more detailed explanation on the FWS, water problem and future plans to tackle it as soon as possible as the ACP confirmed at the meeting in Panama.

<Report of the Meeting>

The Japanese government/industry joint delegation including Mr Takashi Nakashima, JSA Vice President, visited Panama on 13 February and had a meeting with Dr Vasquez, Panama Canal Administrator and Mr Royo, Minister for Canal Affairs and others.

Mr Nakashima urged the postponement of the implementation of the new charges and detailed explanation. Dr Vasquez replied that he cannot change the implementation date due to the urgent nature of the measures to tackle the serious water problem. At the end of December, which marks the beginning of the dry season, Gatun Lake levels were 4 feet below what is required to provide reliable service throughout the season. Under such circumstances, delayed or limited measures could exacerbate and prolong low water levels, as well as extend periods of draft restrictions, which would have a bigger impact on the industry, Dr Vasquez indicated.

He explained that the measures undertaken on 15 February will have an impact on the

number of transits by market mechanism, therefore extending the availability of water to provide optimum draft levels to the customers that choose to use the Panama Canal route even with the measures in place.

According to his explanation, the Panama Canal is currently evaluating several projects to guarantee water availability in the next four years and will provide the information when a decision has been made. Furthermore, the water surcharge is not intended to generate additional revenues for the Panama Canal, but rather place a value on the use of freshwater which is a scarce resource. The Panama Canal offered to send a team to explain to shipping lines and shippers in Japan the severity of the situation and the urgent need of these water measures.

*1 ICS (International Chamber of Shipping)

Headquartered in London, formed of 36 members from worldwide shipowners' associations.

<https://www.ics-shipping.org/about-ics/about-ics>

*2 ASA (Asian Shipowners' Association):

Headquartered in Singapore, formed of 8 members from shipowners' associations from Asia.

<http://asianshipowners.org/about.php>

*3 ECSA (European Community Shipowners' Association):

Headquartered in Brussels, formed of 20 members from shipowners' associations from the EU, the UK and Norway.

<https://www.ecsa.eu/about-us>

*4 WSC (World Shipping Council):

Headquartered in Washington, D.C. and Brussels, formed of 19 members whom operate approximately 90 percent of the global liner ship capacity.

<http://www.worldshipping.org/>

*5 KSA (Korea Shipowners' Association):

Headquartered in Seoul, a business entity representing 158 members with around 150 ocean-going shipping company in Korea.

<http://www.shipowners.or.kr/eng/about/KSA.php>

The Japanese Shipowners' Association (JSA) is a nationwide maritime organisation consisting of 126 Japanese shipping companies headquartered in Tokyo.