



ASA SPC

ASA Shipping Policy Committee

c/o Japanese Shipowners' Association
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15 March 2018, Tokyo

MEETING SUMMARY

of

the 30th Interim Meeting of the Asian Shipowners' Association (ASA)
Shipping Policy Committee (SPC)

The 30th Interim Meeting of ASA SPC was held in Tokyo, Japan on 15 March 2018. The meeting was attended by 15 delegates from ASA member associations of ASEAN, Chinese Taipei, Hong Kong, Japan and Korea, as per the attendance list attached. ASA SPC members were firmly committed to ensuring full compliance with all applicable competition laws throughout the entire programme under careful guidance from their counsel, as in previous meetings. The outline of the meeting is as follows:

1. Name and Activities of the Meeting

Delegates noted that the name of the Committee had changed from the Shipping Economics Review Committee (SERC) to the Shipping Policy Committee (SPC) in order to more accurately reflect the nature of its activities, in accordance with the ASA Chairmen meeting's decision taken in November 2017. Delegates also confirmed the Chairmen meeting's conclusion that the Committee would continue to focus on Regulation, Taxation, Trade Policy, Customs, Canals, Infrastructure, the Macro Economy and Policy Public Relations in order to ensure the Committee remains compliant with applicable legal requirements.

2. Developments of International Maritime Policy

Mr Simon Bennett, Deputy Secretary General of ICS, gave a presentation on broad issues regarding maritime policy such as the recent US President's tariff order and its international repercussions, multilateral trade deals, shipbuilding subsidies and the environmental rules to regulate the emissions of SOx and CO2. Attendees recognised the importance of Asian shipowners supporting further environmental improvement in the interests of sustainable development. Participants also shared the view that reducing CO2 from shipping was a global problem which could only be addressed successfully at a global level by the IMO rather than by unilateral or regional action.

3. Protectionist Measures in the World

Delegates were concerned about recent developments in some major jurisdictions, including the US, Indonesia and potentially also Russia, against long-standing international practices and

maritime free trade principles. It was agreed that the Committee should continue monitoring the US bill stipulating that a certain percentage of LNG and crude oil exports should be transported on US flag vessels to grow the US tanker fleet and US seafarers. The Indonesian new cargo reservation rule on exports of coal/crude palm oil and imports of rice etc, requiring such cargo to be principally transported by Indonesian national companies, was also discussed, based on the draft ASA SPC Position Paper (attached), as the rule may have serious practical ramifications on the trade to/from Indonesia. Many participants emphasised the importance for international shipping industry to keep the principle of free trade and supported the Position Paper as a basis of the future ASA Letter to the Indonesian Government, while FASA-Indonesia suggested there were some misunderstandings among international societies concerning the rule. After the discussion, the Position Paper was adopted to be published together with the Summary Record. It was also recommended that each member association communicate with its own government regarding the benefit of free trade, utilising the Position Paper.

4. Canal Issues

Mr Takuma Matsuda, Researcher of the Japan Maritime Center, gave an informative presentation concerning the impact of the Panama Canal expansion. Attendees noted the benefits of the expanded Panama Canal, especially in LNG trade from the US Gulf to Asian countries, while toll appreciation and congestion risks may affect the cost advantages of US LNG. It was also reported that the 1st Dialogue Meeting with the Panama Canal Authority was successfully held in November 2017, which the Secretary General of ASA attended along with JSA delegates. Delegates reaffirmed the importance of regular dialogue between Canal Authorities and Canal users in order to ensure a safe transit environment and prevent the recurrence of excessive and short-notice Canal toll increases.

5. Anti-trust Immunity and Shipping Regulation

Recent developments in a number of jurisdictions were reported by Mr Bennett and Mr Robert Magovern, Attorney of Cozen O'Connor and the SPC's legal counsel. Attendees expressed their special attention and concern about the review by European Commission concerning the block exemption for consortium/alliances which enables highly efficient global shipping services by participating carriers. Attendees reconfirmed ASA's long-standing policy that the anti-trust immunity system for cooperative carrier shipping agreements is indispensable for the healthy development of the liner shipping industry and the maintenance of a reliable service to the entire trading community. The Committee commended ASA for its active support of industry efforts to maintain anti-trust exemptions for liner shipping agreements and urged continued activity in this regard.

6. Anti-Corruption Issue

Attendees recognised that bribery and other forms of corruption had been obstacles to fair trade for shipping companies and agreed to continuously monitor the related developments at this Committee and to address this important task in collaboration with interested parties such as Maritime Anti-Corruption Network (MACN).

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The ASA Shipping Policy Committee (SPC) is a forum for the members of ASA associations to discuss maritime policy issues such as regulation, taxation, trade policy, customs, canals, infrastructure and the macro economy, and policy public relations.



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Position Paper

Indonesian New Cargo Reservation Rule on Export of Coal and Crude Palm Oil (CPO) and Import of Rice and Goods for Government Procurement (Regulation of the Minister of Trade of the Republic of Indonesia Number 82 of 2017)

The ASA SPC considers this Ministerial Decree as a new protectionist measure which affects international maritime trade and the competitive edge of Indonesian industry, especially in the coal/CPO industry, which currently retains the lion's share in the world.

The outline of Regulation No 82 of 2017 can be summarised as follows:

- Exporters who export coal and/or CPO must utilise Indonesian carriers and insurers. (Art 3&4)
- Importers who import rice and goods for government procurement must utilise Indonesian carriers and insurers (Art 3&4)
- When the availability of maritime transport/insurance by Indonesian carriers/insurers is still limited or unavailable, exporters and importers may also utilise foreign carriers/insurers. (Art 5)
- Exporters and importers must submit a monthly report to the authority in the stipulated form. (Art 6&7)
- Exporters and importers who violate this regulation are subject to administrative sanctions in the form of a suspension or revocation of their license. (Art 9)
- Technical guidelines for the implementation of this regulation may be determined. (Art 12)

We are assured that this Decree, a discriminatory cargo reservation, would be contrary to long-standing international practice and maritime free trade principles. It may also breach international agreements which Indonesia is a member of such as the obligations under the General Agreement on Trade in Service (GATS).

The introduction of a measure such as Article 3 in the regulation will lead to unfair competition and market distortion, an uneven playing field and potentially deter international shipping companies from investing in business in Indonesia. Thereby, there is a grave and imminent risk that this Ministerial Decree would affect both the international shipping markets and the Indonesian economy, despite the Decree's objective: the promotion of Indonesian trade and industry.

We are also concerned that as Indonesia is a one of the leading countries in Asia with a population of more than 250 million, such a protectionist measure could be emulated in other countries or some

countries affected by the Decree may adopt a retaliatory measure which restricts the shipment of certain export cargoes to their domestic shipping companies. We never want such a futile situation, which would ultimately disrupt efficient, reliable and reasonable world trade.

The ASA SPC firmly believes that the international seaborne exportation and importation of any goods and products to and from any country should be based on the principle of free and fair market competitive conditions, and thus strongly hopes that the Government of Indonesia will deliberate on our suggestions and reconsider the implementation of this Ministerial Decree.

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15 March 2018

The 30th Interim Meeting of
the ASA Shipping Policy Committee (SPC)
in Tokyo on 15 March 2018

Attendance List

CHAIRMAN

< Japanese Shipowners' Association >

Mr Yuji Isoda Vice President, Japanese Shipowners' Association

MEMBERS

< Federation of ASEAN Shipowners' Association >

<FASA-Indonesia>

Mr Johnson W. Sutjipto (President Director, PT Salam Bahagia)

<FASA-Vietnam >

Mr Bui Viet Hoai (Chairman, Vietnam Ocean Shipping J/S Co.)

Mr Do Hung Duong (Member of Board of Management,
Vietnam National Shipping Lines)

Mr Vuong Ngoc Son (CEO, Vinaship Shipping J/S Co.)

Mr Nguyen Canh Duong (Deputy Manager, Vinaship Shipping J/S Co.)

< Hong Kong Shipowners Association >

Mr Erxin Yao (Director, Corporate Planning & Corporate Administration,
Orient Overseas Container Line Ltd.)

< Japanese Shipowners' Association >

Mr Keiji Tomoda (Associate Director, Kawasaki Kisen Kaisha, Ltd.)
Mr Tsuyoshi Aoki (Associate General Manager, Corporate Planning Division,
Mitsui O.S.K. Lines, Ltd.)
Mr Hiroki Harada (Corporate Officer, Nippon Yusen Kabushiki Kaisha)
Ms Keiko Kosugi (Deputy General Manager, Corporate Planning Group,
Nippon Yusen Kabushiki Kaisha)

< Korea Shipowners' Association >

Mr Soo Ho Kim (Executive Vice President,
Hyundai Merchant Marine Co., Ltd.)

< National Association of Chinese Shipowners >

Mr C.K. Ong (President, U-Ming Marine Transport Corp.)
Mr James Yeh (Executive Vice President, Wan Hai Lines Ltd.)
Mr Michael Huang (Chairman,
Evergreen Shipping Agency (Japan) Corporation)

GUEST SPEAKER

Mr Takuma Matsuda (Researcher, Japan Maritime Center)

ICS SECRETARY

Mr Simon Bennett (Deputy Secretary General,
International Chamber of Shipping)

ASA SECRETARY

Mr Ang Chin Eng (Secretary General, Asian Shipowners' Association)

LEGAL COUNSEL

Mr Robert Magovern (Attorney, Cozen O'Connor)

SECRETARIAT

Mr Hironobu Koizumi (Managing Director, Japanese Shipowners' Association)
Mr Hiroyuki Yamagami (Manager, Planning Division,
Japanese Shipowners' Association)
Mr Motoki Bessho (Planning Division, Japanese Shipowners' Association)
Ms Moe Murakami (Planning Division, Japanese Shipowners' Association)