



JAPANESE SHIPOWNERS' ASSOCIATION

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4 March 2022, Tokyo

His Excellency, Admiral Rabie
Chairman of the Suez Canal Authority

Dear Admiral,

Could I once again say how much JSA appreciate SCA's work to maintain the smooth operation of the Suez Canal during the COVID-19 pandemic and the more recent geopolitical instability. We fully recognise the Canal as one of the most critical and indispensable trade routes for the entire Japanese merchant fleet and the global economy.

In this instance, however, I have to write having noted SCA's Navigation Circulars 1 to 12/2022, dated 27 February 2022, concerning the new surcharges to be applied from 1 March 2022 to the majority of vessels transiting the Canal. At the meeting in Dubai in January between Mr Tomoda (JSA Vice President) and yourself, you indicated that you fully understood the importance of consultation prior to any tariff changes and the need for giving a minimum of 6 months' notice before any changes. JSA members were very appreciative of your intentions. It has therefore come as somewhat of a shock to find these recent changes announced only 48 hours before implementation and this has caused our member companies and their customers great concern, and understandable confusion, after such positive messages only a short time ago. I am concerned that this has severely dented the positive reputation the Canal had established to date, especially following the EVER GIVEN incident last year.

You will be aware that JSA along with other international shipping associations have called for at least six months' notice prior to any toll revision. This time, it is extremely difficult for a shipping company to obtain consent in a timely manner from its customer. Although the announcement this time was not categorised as a toll revision by the SCA, our industry unfortunately perceived it as a second toll rise in the space of one month. This is due to the significant cost impact, the formula used to calculate the surcharges and the rationale used to explain the increase, which was very similar to the toll revision implemented on 1 February 2022.

I would therefore respectfully request you to urgently allow us a Moratorium, that is to say, to defer the implementation, possibly for six months. Global stakeholders are now closely watching on how you resolve the confusion and I believe that you, as a distinguished leader in control of the heart of global logistics, will respond to the users' voices in order to maintain the reputation of the Canal.

Furthermore, I would appreciate clarification on the nature of surcharges. It is reported that the

SCA may review the application and rate of surcharges in accordance with the prevailing market situation. I would therefore be grateful if you could clarify the use of surcharges and the conditions to review or abolish them as circumstances change.

I sincerely appreciate that at the meeting in Dubai with Mr Tomoda, you opened the long-awaited door to future SCA/JSA regular dialogue and I genuinely hope that we will take a major step forward to the new enhanced relationship through our first formal dialogue in Egypt or Tokyo in the near future.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'J. Ikeda', written in a cursive style with a long horizontal stroke at the end.

Junichiro Ikeda
President
The Japanese Shipowners' Association