

INTERNATIONAL CHAMBER OF SHIPPING

2014

ANNUAL REVIEW

Representing the Global Shipping Industry





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The International Chamber of Shipping (ICS) is the principal international trade association for shipowners, concerned with all regulatory, operational and legal issues.

The International Shipping Federation (ISF) is the identity used by ICS when representing the industry on employment affairs issues.

The membership of ICS (and ISF) comprises national shipowners' associations representing all sectors and trades from 34 countries, covering more than 80% of the world merchant fleet.

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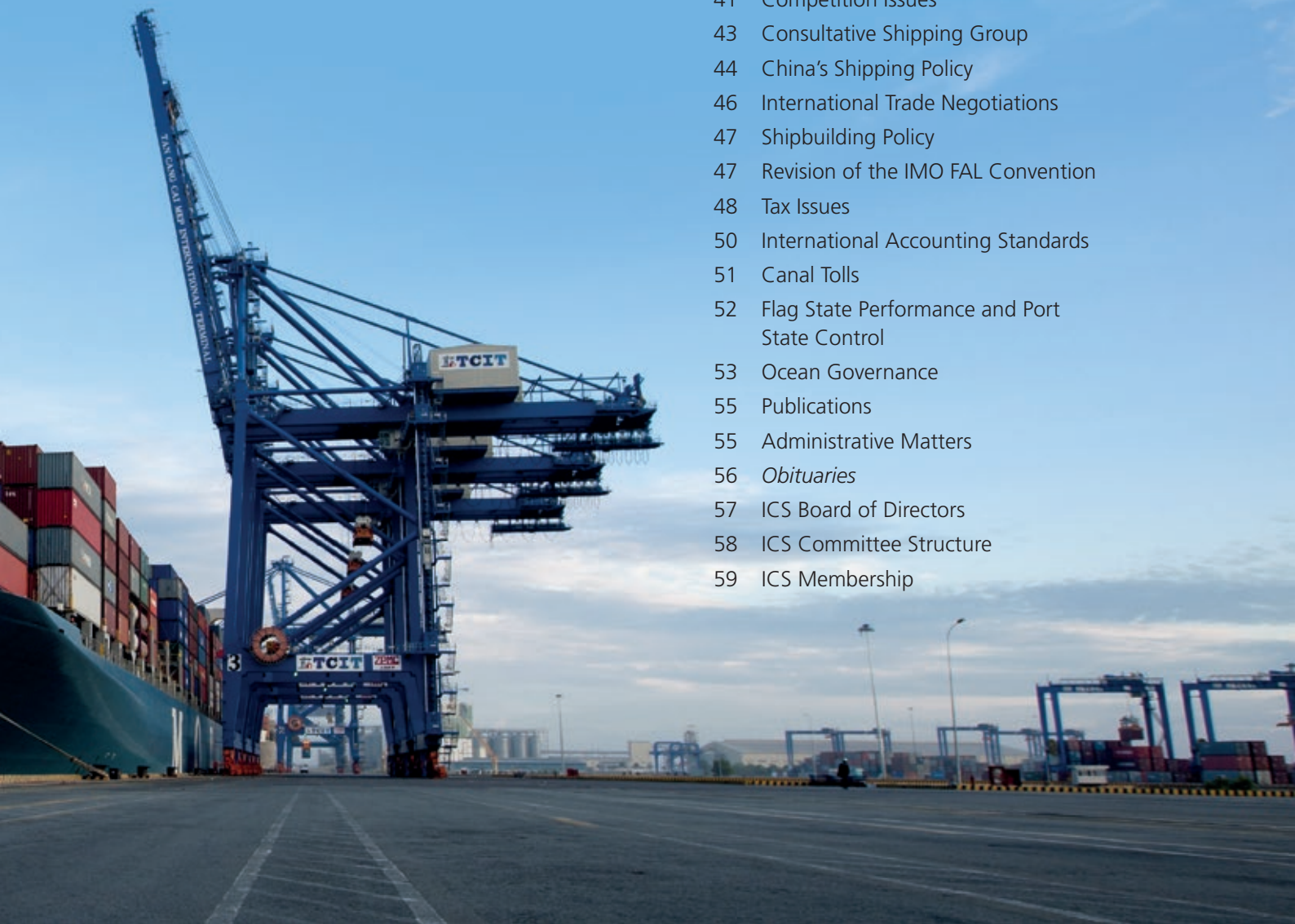
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CHAIRMAN'S OVERVIEW

ICS Chairman
Mr Masamichi Morooka (Japan)

MY SECOND YEAR IN OFFICE AS ICS CHAIRMAN HAS BEEN EVERY BIT AS CHALLENGING AND ABSORBING AS THE FIRST, WITH ICS ENGAGED IN SO MANY SERIOUS ISSUES.

The recovery in shipping freight rates is still very far from certain and there is real concern amongst shipowners about the avalanche of new International Maritime Organization (IMO) rules with which they will shortly have to comply.

To be clear, ICS is not in any way questioning the need for these important new environmental regulations, and the shipping industry is committed to their implementation and to full compliance. But the fact remains that these very large additional costs – probably in excess of over half a *trillion* US dollars over the next decade – are all about to impact at more or less the same time.

Moreover, as outlined in this ICS Annual Review, governments still need to answer some important questions with respect to how sulphur Emission Control Areas and the Ballast Water Management Convention will be implemented in practice. It is very much to be hoped that IMO Member States will resolve these important issues during the course of 2014, to the satisfaction of the industry and of society at large. The shipping industry is about to invest billions of dollars in order to further improve its already impressive environmental performance. In parallel therefore it is reasonable for shipowners to expect that governments will properly implement and enforce these new regimes.

Turning to our major successes, I am pleased to note that the shipping industry is currently unique in two very important respects.

Shipping is the only industrial sector already to have a global regime in place, agreed at IMO, regulating the reduction of its CO₂. Nevertheless, I am also very pleased that, with the full support of ICS, IMO is now making progress on further measures including the development of a global mechanism for the monitoring and reporting of ships' CO₂ emissions. ICS continues to champion further emissions reduction through data collection and continuing enhancement of energy efficiency throughout the transport chain.

Shipping is also unique in that it is the only industrial sector to have a comprehensive regime in place governing employment standards at the global level, following the entry into force last year of the International Labour Organization's Maritime Labour Convention. This is something about which everyone in the industry, including our social partner, the International Transport Workers' Federation, can feel genuinely proud, with shipping setting an example for other industries to follow.

This Annual Review is intended to provide an overview of just some of the many matters on which ICS is representing the views of the

ICS VICE CHAIRMEN 2013/14

Left to right

Mr John C Lyras (Greece)

Mrs Karin Orsel (Netherlands)

Mr Gerardo Borromeo (Philippines)

Mr Esben Poulsson (Singapore)



global shipping industry. It is still a source of amazement to me just how many issues ICS seeks to cover, with the support of its member national shipowners' associations and its regional partners, the European Community Shipowners' Associations (ECSA) and the Asian Shipowners' Forum (ASF).

The success and influence of ICS is very much dependent on its expert Committees and the dedication of their Chairmen. I would particularly like to thank John C Lyras who will soon be stepping down as Chairman of the ICS Shipping Policy Committee after a decade of service. He will, however, continue to serve as one of the ICS Vice Chairmen alongside Karin Orsel, Gerardo Borromeo and Esben Poulsson. I am also very grateful for the close oversight of ICS activities that is so ably provided by the ICS Board of Directors.

I look forward very much to meeting with members once more at this year's ICS Annual General Meeting, which will be hosted in Limassol by the Cyprus Shipping Chamber in its 25th anniversary year.



Masamichi Morooka

SECRETARIAT

Mr Peter Hinchliffe, Secretary General

Mr Simon Bennett

Director External Relations

Ms Linda Howlett

Director Legal Affairs*

Ms Kiran Khosla

Director Legal Affairs*

Mr Alistair Hull

Technical Manager

Mr James Langley

Senior Adviser

Mr Stewart Inglis

Adviser

Mr Joe Francombe

Policy Officer

Mr John Murray

Director Marine

Mrs Natalie Shaw

Director Employment Affairs

Mr David Tongue

Director Regulatory Affairs

Mr Jonathan Spemulli

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Miss Grace Cobley

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Mrs Kathryn Hall

Personal Assistant to
Secretary General

Miss Julie Rogers

Administrator
Marine Department

Mrs Anita Pow

Administrator Shipping Policy

* position held jointly

LOW SULPHUR FUEL THE FINAL COUNTDOWN

A MAJOR CHALLENGE
FACING SHIPOWNERS THIS
YEAR IS THE REQUIREMENT
TO REDUCE SULPHUR
EMISSIONS DRAMATICALLY
ON 1 JANUARY 2015.

In order to address concerns about the health impacts of sulphur on local populations, this change will apply to ships trading within the Emission Control Areas (ECAs) that have been established in North America, the North Sea and the Baltic, in accordance with the 2008 amendments to MARPOL Annex VI. For the vast majority of ship operators this will require the use of far more expensive distillate fuel (gas oil) with a sulphur content of less than 0.1%.

Distillate currently costs about 50% more than the residual fuel oil that most ships presently burn, the pre-2015 sulphur limit in ECAs being 1.0% (with the current global limit in waters outside ECAs being 3.5%). But many observers expect the price differential to be even greater due to uncertainties about the extent to which oil refiners will be able to produce distillate in the quantities that will be required.

Fuel costs, by far, represent a ship operator's largest expense, having increased about 400% in the last 10 years. Over the life of a ship, fuel costs used to represent only a fraction of a shipowner's capital costs. Today this relationship is the other way around, with the cost of fuel now far exceeding capital costs including debt servicing. At a time when the industry may be about to turn a corner following many years of very depressed freight rates, there is thus a real danger that the switch to distillate could inhibit recovery as it begins.

It is important to remember that, largely as a result of efforts by ICS, MARPOL Annex VI permits options for alternative compliance instead of switching to distillate. However, very few companies will be in a position to use Exhaust Gas Cleaning Systems ('scrubbers') before 2015, due to questions of cost, reliability and uncertain environmental performance. They are nevertheless expected to play an important role in the future, and it may be easier for ships to make investment decisions about installing such equipment once there is greater clarity about the cost of distillate when the 0.1% ECA limit applies.

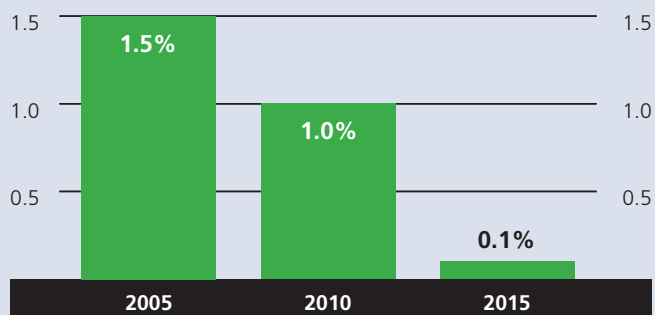


Similarly, relatively few ships are expected to make immediate use of low sulphur LNG. Although projects exist to fit new build ships with dual-fuel systems that can use LNG in ECAs, for most existing vessels the engineering involved will probably be too expensive to permit retrofiting. The other challenge is addressing the current lack of LNG infrastructure. It is therefore disappointing that a proposal by the European Commission to require that EU ports should have LNG bunkering facilities in place by 2020 has been watered down by EU Member States. It could therefore be another decade before LNG is widely available throughout European ports. (This could also impact unhelpfully on the industry's efforts to deliver further CO₂ emission reductions.)

But the most pressing challenge of ECA compliance is economic. With freight rates still depressed, many shipping companies are unlikely to be able to pass on all of their vastly increased fuel costs to their customers. In certain trades in North West Europe and the US/Canadian Great Lakes there is genuine concern that some shipping routes, carrying relatively low value cargoes, will no longer be viable, and that the effect of the switch to low sulphur fuels will be to encourage shippers to shift to less carbon efficient forms of transport, especially road. >>>

IMO AGREEMENT TO REDUCE ATMOSPHERIC POLLUTION FROM SHIPS

Sulphur content of fuel permitted in Emission Control Areas



LOW SULPHUR FUEL

THE FINAL COUNTDOWN



Another important question is the extent to which the authorities will actually enforce the 0.1% sulphur limits in 2015. The vast majority of responsible ship operators are of course preparing for full compliance. But the unfair competitive advantage that could be derived from using non-compliant fuel will be significant, unless it is clear that non-compliance will be detected and that there will be serious consequences for those that are caught. While the United States has seemingly been taking a robust approach with respect to enforcement of the current 1.0% fuel limits, evidence of strict enforcement in the Baltic and North Sea ECAs has been patchy since their establishment in 2010.

The issue of ECA enforcement and preventing market distortion is a complicated one. While it is vital that the authorities maintain the level playing field, any measures that provide a strong deterrent to non-compliance will also need to be balanced with assurances that operators acting in good faith are not confronted with draconian penalties for what may be minor technical anomalies or genuine bunker supply problems. This will especially be the case when it is the bunker supplier rather than the ship operator that may be responsible for the specification of the fuel. On the other hand, if the authorities decide initially to apply a pragmatic approach towards enforcement it will be vital that all ships are treated equally.

Serious concerns remain about the accuracy of any fuel testing that might be undertaken during Port State Control (bearing in mind that many ships will be switching between residual fuel and distillate before entering an ECA) and the arrangements that will apply for assessing compliance when a ship may only be in transit through an ECA. There are also big questions about the accuracy of ambitious proposals for enforcement methods using aerial surveillance. It remains to be seen if these questions will be fully resolved before 1 January 2015.

PREPARING FOR THE GLOBAL SULPHUR CAP

With respect to the issue of fuel availability and the economic impact on the industry, there is also growing concern about the implementation of the global cap that will reduce the sulphur content in fuel consumed outside ECAs to 0.5%.

This is scheduled to take place in 2020, with an option for IMO to decide to delay until 2025 if necessary, depending on the outcome of an IMO fuel availability study due, as required by MARPOL, to be completed no later than 2018.

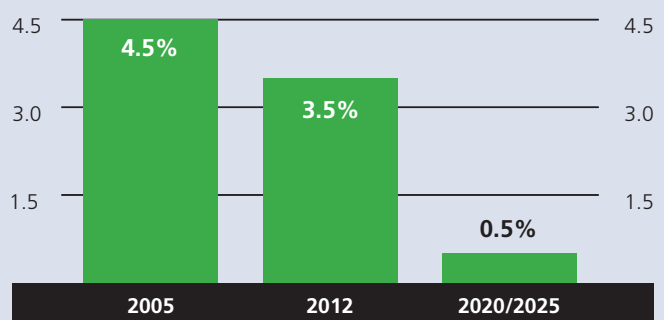
It is assumed that most ship operators will comply with the global cap using a blend of distillate and residual fuel.

The EU has already decided that the global 0.5% cap will apply in the EEZ of EU Member States from 2020, regardless of the outcome of the IMO study. Nevertheless, at the IMO Marine Environment Protection Committee (MEPC) meeting in April 2014, ICS repeated its plea that the conduct of the IMO study should be brought forward. This is so that any necessary action can be taken by governments to ensure that refiners produce a sufficient quantity of diesel grade fuel, especially as shipping will be in competition with land based demand for similar fuel from trucks, trains and users of heating oil.

In April 2014, the IMO MEPC agreed to continue its consideration of a methodology for conducting the fuel availability study, under the leadership of the United States. While this is welcome, it remains to be seen whether IMO will conduct the study in sufficiently good time before the entry into force of the global cap.

GLOBAL SULPHUR CAP

Sulphur content of fuel permitted outside Emission Control Areas



THE BALLAST WATER MANAGEMENT CONVENTION MAKING IT WORK

IN PRINCIPLE, ICS FULLY SUPPORTS THE EVENTUAL ENTRY INTO FORCE OF THE IMO BALLAST WATER MANAGEMENT (BWM) CONVENTION, IN ORDER TO HELP PROTECT LOCAL ECOSYSTEMS FROM THE IMPACT OF INVASIVE SPECIES CARRIED INADVERTENTLY IN SHIPS' BALLAST WATER.

It is nevertheless important to recall that when the BWM Convention finally enters into force shipowners will collectively be required to invest in excess of a hundred billion dollars in new ballast water treatment systems. ICS therefore continues to be very concerned about some serious implementation problems, which IMO has so far been reluctant to address decisively.

At the beginning of 2014, ICS (with other industry organisations) made a detailed submission to IMO. The intention of the shipping industry was to suggest solutions to concerns that are inhibiting additional ratifications of the Convention by IMO Member States. These issues include the lack of robustness of the current IMO type-approval process for the expensive new treatment equipment that ships will be required to install on board, the criteria to be used for sampling ballast water during Port State Control inspections, and the need for 'grandfathering' of existing type-approved equipment that has already been fitted by shipowners in good faith.

Regrettably, however, in April 2014, the IMO Marine Environment Protection Committee (MEPC) decided not to address these proposals until after the BWM Convention has entered into force (despite one of the reasons for the continuing lack of ratifications by IMO Member States being the failure to address the very same issues that the industry has sought to highlight).

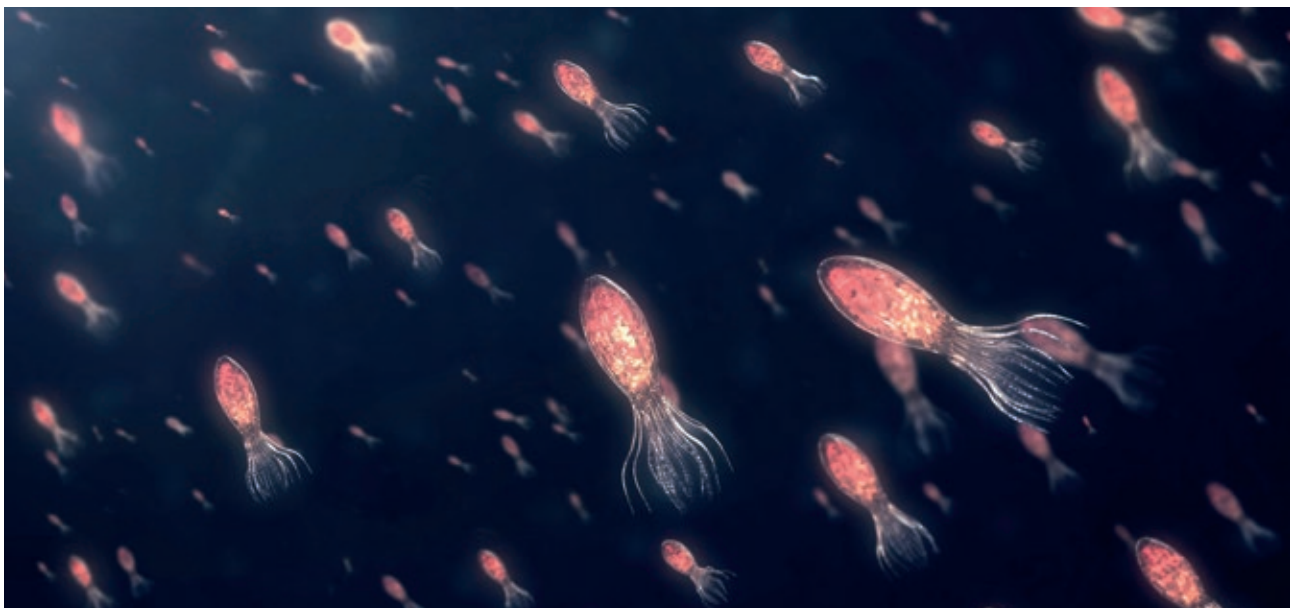
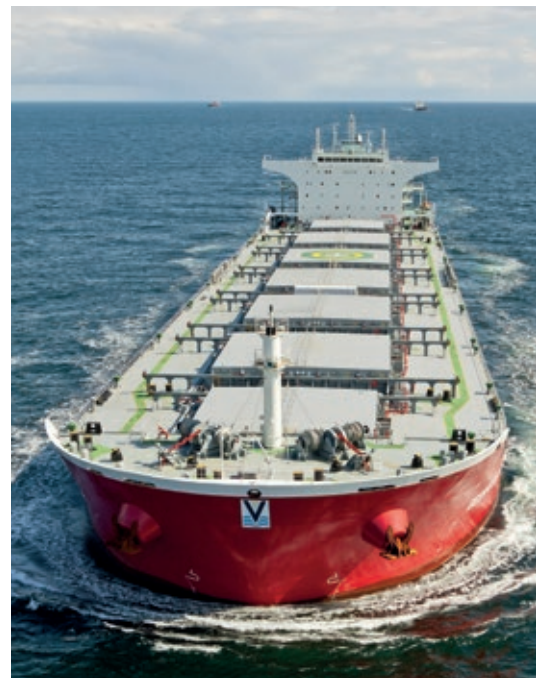
The concerns of shipowners are seemingly shared by a number of flag states, including some that have already ratified the Convention. But rather than agreeing to a 'road map', as proposed by ICS, that would have demonstrated IMO's commitment to addressing these concerns, the MEPC instead decided to look into conducting a study of the problems raised by the industry. This proposed study will probably take at least three years to complete with no apparent guarantee as to what actions might finally emerge.



To reiterate, the industry will soon be required to invest billions of dollars to ensure compliance. However, because of the unanswered questions about the Convention's detailed implementation, much of the industry – and society at large – continues to lack confidence that the new treatment equipment will actually work, or that it will be found to comply with the standards that governments have set for killing unwanted marine micro-organisms.

ICS believes that the legal changes needed to make the ballast regime fit for purpose – such as making IMO Guidelines on type-approval mandatory – are relatively straightforward, and could still be agreed in principle by governments quickly. ICS therefore intends to prepare another full submission to the next IMO MEPC meeting in October 2014, repeating the industry's concerns and the proposed way forward.

In the meantime, ICS continues to recommend that flag states that have not yet ratified the BWM Convention should refrain from doing so until there is confidence that these outstanding implementation problems will indeed be properly resolved.



ILO MLC TOWARDS FULL ENFORCEMENT

IN AUGUST 2013, THE MARITIME LABOUR CONVENTION (MLC) ENTERED INTO FORCE WORLDWIDE, FOLLOWING ITS ADOPTION BY AN INTERNATIONAL LABOUR ORGANIZATION (ILO) MARITIME CONFERENCE IN 2006.

The entry into force of the Convention is the culmination of more than 10 years of work by governments and their ILO social partners, represented throughout the process by ICS (under the banner of the International Shipping Federation) and the International Transport Workers' Federation (ITF).

The wider significance of the entry into force of the MLC, which is seen by the ILO as a model that might be emulated by other industrial sectors, was demonstrated by the ILO Director-General, Guy Ryder, accepting an invitation to address the ICS International Shipping Conference in September 2013 (together with the IMO Secretary-General).

The purpose of the MLC is to establish a global level playing field of employment standards for seafarers, embracing the ILO concept of 'Decent Work'. Important matters covered include the obligations of employers on contractual arrangements with seafarers, oversight of manning agencies, health and safety, work hour limits, crew accommodation, catering standards and seafarers' welfare.

ILO Maritime Labour Conference, 2006



Critically the new regime enjoys the full support of the industry and seafarers' trade unions. However, this does not mean that there will not be initial implementation problems requiring pragmatism and balance on the part of governments as full enforcement gets underway.

The shipping industry is believed to be the first international industry to have a comprehensive framework of sector specific employment regulations that will be enforced worldwide, through a combination of flag state inspections and Port State Control (PSC). Although PSC enforcement has already started on a limited basis, the next critical date is 20 August 2014. This is when, under the terms of a Resolution agreed by ILO Member States in 2006, full PSC can normally be applied by nations that are party to the MLC, regardless of whether or not the ships being inspected are registered with nations that have ratified the Convention – the principle of 'no more favourable treatment'.

Most of the standards in the MLC are already contained in various other ILO maritime regulations and recommendations, which the MLC replaces, and should therefore present few major challenges for most responsible shipping companies. However, the issuance of flag state certification is new, as is the involvement of classification societies in the inspection of labour standards, with many flag states electing to delegate their new responsibilities to Recognized Organizations.

Also new are many of the documentary procedures that shipping companies are required to follow in order to demonstrate ongoing compliance. In particular, ships must now prepare and maintain a Declaration of Maritime Labour Compliance (DMLC) that is attached to the Maritime Labour Certificate.

ICS efforts continue to be focused on explaining the obligations of shipping companies, primarily through the ISF Guidelines on the Application of the MLC, which have sold over 10,000 copies since publication in 2013. Whilst there are similarities with the IMO International Safety Management (ISM) Code, there are also important differences. >>>



ILO MLC TOWARDS FULL ENFORCEMENT



A significant aspect of the advice that ICS has developed concerns the preparation of the DMLC Part II which will be subject to inspection by flag states and port states. An important function of the Declaration is to set out where evidence of ongoing compliance can be found on board the ship. This includes records of measures that have been taken, and the procedures to be followed in the event that potential non-compliance has been identified, for example an individual seafarer being found to have had insufficient rest. ICS has therefore suggested a model that is intended to be concise but comprehensive. Given that the Declaration will be subject to careful scrutiny by inspectors acting on behalf of governments, it will be important for companies and ships' officers to invest time and effort in its preparation.

Other issues on which clarification has been required include the definition of seafarers under national law, and the definition of the entity that is actually responsible for maintaining employment conditions under the MLC which, depending on contractual arrangements, may not necessarily be the same as that responsible for the management of the ship under the ISM Code. Companies have also had to address new MLC requirements such as the establishment of complaints procedures and the setting up of financial guarantees, usually through a P&I Club, to ensure that seafarers are not left stranded in the rare event that a company is unable to facilitate repatriation.



The Convention's entry into force has also given additional emphasis to compliance with requirements governing seafarers' work hours. Similar rules have applied for a number of years under existing IMO and ILO provisions. But the entry into force of the MLC is now expected to result with more uniform enforcement of record keeping requirements, especially with respect to non-watchkeeping grades.

Following the official entry into force of the MLC in 2013, but prior to the 20 August 2014 implementation date for global Port State Control, there has also been some uncertainty as to when exactly nations that are Parties to the Convention are entitled to begin PSC inspections, which is dependent on the date of ratification. ICS has therefore issued guidance to shipping companies, in the form of a special brochure, in an effort to help to clarify the situation, while encouraging regional PSC authorities to adopt a pragmatic approach.

As with IMO Conventions, the ILO MLC is an organic document. Now that the MLC has entered into force it can be subject to further change. In April 2014, the first such amendments, concerning arrangements to ensure the payment of wages in situations such as a shipping company going bankrupt, were adopted by an ILO Special Tripartite Committee at which ICS co-ordinated the Employers' Group. These amendments are expected to be implemented within the next three years.



[EXAMPLE]

Declaration of Maritime Labour Compliance (Part II) Measures adopted to ensure ongoing compliance between inspections

Name of Ship:	MV Marisek	Flag State:	Ruritania
IMO Number	1234567	Gross Tonnage:	101,000

The following measures have been drawn up by the shipowner, named in the Maritime Labour Certificate to which this Declaration is attached, to ensure ongoing compliance between inspections:

Title 1

Minimum Age ILO MLC Regulation 1.1 and Ruritania Maritime Act 2010

A list of any seafarers under the age of 18 is provided by the Company and maintained as part of the Safety Management System (SMS). A comment concerning the age of any such seafarers is entered into the ISF Watchkeeper work/rest hour software used on board the ship.

In accordance with standing orders, upon arrival on board, the Master or designated officer checks the passport and/or Seafarer's Identity Document of seafarers to confirm that no person working on board is below the age of 16 and that any seafarers under 18 years old are identified.

Standing orders prohibit seafarers below the age of 18 from work that may jeopardise their safety or health and night work (as defined by national regulation) except during an emergency or, with respect to night work, as part of their professional development, in which case such work is recorded with a comment on the seafarer's work/rest hour record (which is signed by the seafarer) as well as being recorded in the ship's log.

Any questions that arise concerning the age of seafarers are communicated to the Designated Person Ashore (DPA).

Medical Certification ILO MLC Regulation 1.2 and Ruritania Maritime Act 2010

Upon arrival on board, the Master or designated officer checks the validity of the seafarers' medical certificates and, where relevant, colour blindness certificates.

The SMS establishes the criteria for checking the validity of medical certificates, and procedures with respect to certificates that may become out of date during the voyage.

The ISF Guidelines on the Application of the ILO MLC include a sample DMLC Part II as might be prepared by a shipping company, in a manner intended to be concise but comprehensive.

PIRACY STAYING VIGILANT

THERE HAS BEEN A
DRAMATIC REDUCTION
IN THE NUMBER OF
SUCCESSFUL ATTACKS
AGAINST SHIPS BY SOMALI
PIRATES, AND AT THE
BEGINNING OF 2014 THEY
STOOD AT A FIVE-YEAR
LOW. HOWEVER, IT IS VERY
PREMATURE TO CONCLUDE
THAT THE CRISIS IS OVER.



Somali pirates are still active and retain the capacity to attack ships far into the Indian Ocean. In 2013 there were at least 13 reported incidents including two hijackings. It must also not be forgotten that many seafarers are still being held hostage, some having been in captivity for over three years.

The current political situation in Somalia is very fluid. But the recent reduction in successful attacks is attributed to the combined success of self-protective measures taken by shipping companies including compliance with the latest version of the industry's Best Management Practices (BMP4), the continued use of private maritime security companies, and the vital protection provided by military assets in the region. This has involved an unprecedented level of co-operation including NATO and EUNAVFOR, as well as China, Russia and India and many other Asian countries. There have also been new capacity building initiatives ashore to assist Somali communities, in which several national shipowners' associations have been involved.

Informed analysts appear to agree that all of the conditions needed to start a resurgence of Somali piracy remain in place, as shown by the high number of probing attacks. ICS is therefore still taking every opportunity to deliver a coherent message to politicians that the current level of military presence continues to be necessary. ICS also continues to emphasise the vital need for ships to adhere fully with BMP4 whenever trading in what remains a very high risk area throughout much of the western Indian Ocean.

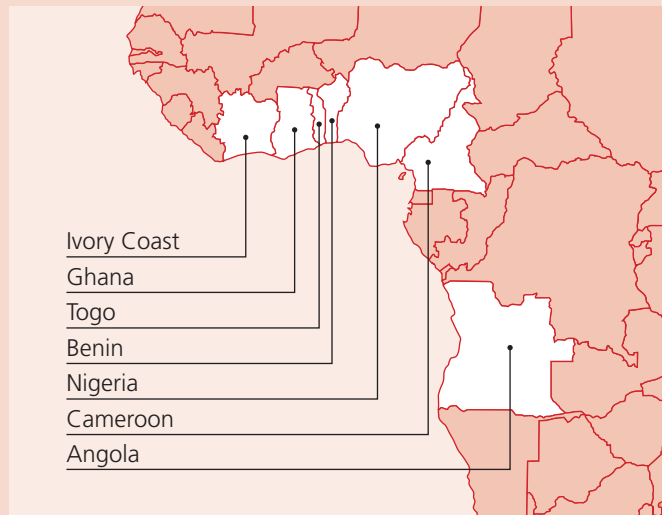
ICS continues to dedicate resources to liaising with the International Contact Group on Piracy off the Coast of Somalia, including attendance at its regular meetings at the United Nations in New York and at locations such as Djibouti, where it met in November 2013. ICS has also remained engaged with coalition navy commanders in London, and at their regular operational liaison meetings in Bahrain. Given the importance of the military protection provided by EUNAVFOR, ICS is also working closely with its European regional partner, ECSA, to ensure that the profile of piracy is maintained amongst EU policy makers. It is particularly important that the political mandate for 'Operation Atalanta', the first ever EU naval operation, continues to be extended.



ATTACKS IN WEST AFRICA

Notwithstanding the need for governments and the industry to remain vigilant with respect to Somali piracy, attention has shifted to the large numbers of violent attacks, often involving firearms, against shipping in West Africa.

51 attacks were reported by the International Maritime Bureau (IMB) in 2013, the largest number in the region since 2008, most apparently connected to criminal activity associated with the region's growing oil industry. The majority of attacks take place in Nigerian waters. But in January 2014, an oil tanker was hijacked by Nigerian pirates off the coast of Angola, prompting fears that the pirates may now be operating further south.



Unlike Somalia, the nations in the region have functioning governments and security forces. Despite the inadequate levels of protection so far provided, most of the attacks occur within territorial waters. There is therefore little prospect of foreign navies becoming involved, even if the resources were available.

Whereas the primary goal of Somali pirates has been to hijack ships and their crews in order to obtain ransom payments, the majority of incidents in West Africa have been motivated by theft (including entire oil cargoes) and have often been characterised by disturbingly high levels of violence, with some seafarers having tragically been killed.

Meanwhile, working to the assumption that private armed guards may be used for the foreseeable future, ICS is closely involved in discussions at the International Organization for Standardization (ISO) about the adoption of Rules for the Use of Force (RUF). These will hopefully be based on those developed in 2013, with ICS's co-operation, by the Security Association for the Maritime Industry (SAMI) to sit alongside existing ISO standards for the regulation of private maritime security companies that have already been welcomed by IMO.

At the end of 2013, ICS issued a strategy paper drawing upon the international shipping industry's experience of Somali-based piracy since 2007. The intention is to identify lessons learned in order to help shape future policy responses, wherever in the world they might be needed. The ICS paper has been submitted to the International Contact Group and by all accounts has been well received by governments.

Ships are strongly encouraged to use the Interim Guidelines on Protection against Piracy in the Gulf of Guinea Region, which were published jointly by ICS, BIMCO, Intercargo and Intertanko during 2013 (similar to those adopted for use in the Indian Ocean). However, the use of foreign armed security guards in these national waters remains highly problematic.

During 2013 there was some political progress amongst the Gulf of Guinea states with the signing of a Memorandum of Agreement and a Code of Conduct on the fight against piracy, armed robbery and other illegal maritime activities. Plans to develop a permanent reporting centre based in Ghana to share information on piracy are also progressing. The centre developed by IMO, with assistance from the Oil Companies International Marine Forum (OCIMF), has now been tested and should go fully 'on line' during 2014. It will be incumbent on shipowners to submit reports of any incidents.

IMO CONVENTIONS EFFECTIVE IMPLEMENTATION

THE THEME ADOPTED
BY IMO FOR 2014 IS 'IMO
CONVENTIONS: EFFECTIVE
IMPLEMENTATION',
SOMETHING SUPPORTED
WHOLEHEARTEDLY BY ICS.



In order to operate efficiently, the international shipping industry depends on the global regulatory framework provided by IMO. The alternative would be chaos and market distortion, as well as inferior levels of safety and environmental protection.

Dramatic improvements in the industry's recent performance are in large part due to the success of IMO Conventions. In those regions of the world where the vast majority of maritime trade takes place, it is now extremely difficult for sub-standard ships to operate without detection and sanctions.

One of the principal functions of ICS is to represent the shipping industry's views in the various IMO committees as new regulations are developed. But the adoption of IMO Conventions by Diplomatic Conferences is only part of the story. IMO Conventions need to be ratified by governments, and then implemented and enforced in practice.

One of the impressive features of IMO regulations is that once they enter into force they are genuinely applied to ships on a global basis through a combination of flag state inspections and Port State Control. Unlike many instruments adopted by other international bodies, the adoption of IMO Conventions is not just a paper exercise. In part this is probably due to the highly practical nature of IMO instruments, with their precise technical standards and specifications. But this success is also due to the widespread support that IMO enjoys from the industry itself.

In order for a Convention to enter into force, the number of nations required to ratify, and the share of world tonnage which they must represent, will vary depending on the instrument. But in some countries ratification can be a long and difficult process, especially when an entirely new IMO Convention has to be transposed into national law, often requiring a vote in the national parliament.

A frequent complaint heard outside IMO is that the organisation is 'too slow'. Such a charge is unfounded and rather unfair, usually made by those that have never seen IMO in action at first hand. The process by which IMO delivers consensus amongst over 150 nation states, on issues that are often politically sensitive and technically complex, is actually very efficient and very impressive. IMO meetings always adhere to a strict schedule, with governments, industry representatives





and IMO staff then working out of hours to get the job done. Provided the will exists, IMO is generally able to develop new regulations incredibly quickly. The International Ship and Port Facility Security (ISPS) Code, for example, was adopted from scratch within a year of the 2001 terrorist attacks on the United States.

However, it is important to remember that, as part of the United Nations system, IMO is an intergovernmental body; it is not supranational. IMO Conventions can only come into force if they are taken forward for ratification once government officials get home after Diplomatic Conferences.

The Convention concerned will then have to compete with other legislative priorities, and international shipping issues often take an unreasonably low profile in comparison to domestic matters. Prioritising the ratification of IMO Conventions is unlikely to gain politicians additional votes, and in many nations shipping lacks a strong political constituency. >>>

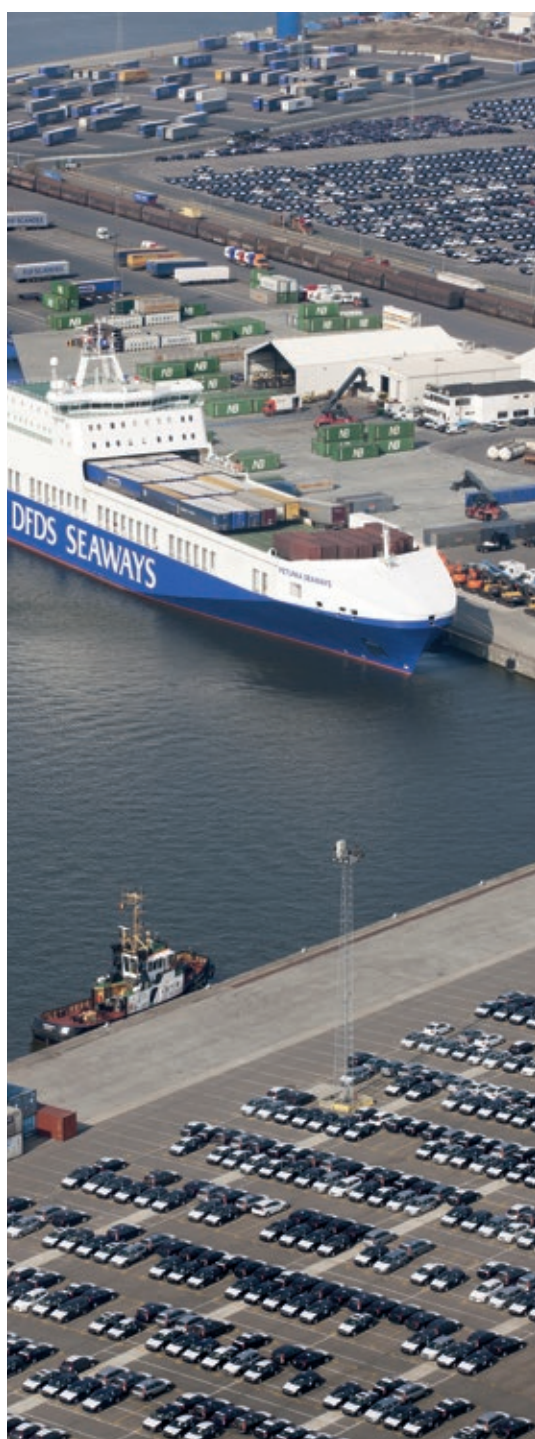


IMO in session in London



IMO CONVENTIONS

EFFECTIVE IMPLEMENTATION



ICS and its member national shipowners' associations have therefore been engaged in a campaign to promote the ratification of those new IMO Conventions which the industry believes need to be ratified as a matter of priority, especially if there is a danger that the vacuum might be filled by unilateral or regional regulation at variance to what has been agreed internationally.

In 2013, ICS was joined in this campaign by the Comité Maritime International (CMI), the international association for maritime lawyers. CMI national maritime law associations and ICS national shipowners' associations have since been making joint representations to governments, encouraging the ratification of IMO Conventions as outlined in a joint campaign brochure.

Once a Convention has entered into force, there is then the need for effective implementation. As explained elsewhere, IMO has taken the radical step of deciding to make its Member State Audit Scheme mandatory, a process complemented by the annual publication by ICS of its Shipping Industry Flag State Performance Table. IMO also plays an important role through its technical assistance programme, something in which ICS also co-operates through its support to the World Maritime University in Malmö, and through participation in workshops in developing countries (such as that held in Samoa for Pacific Island nations in November 2013).

The adjunct to flag state enforcement is Port State Control, which over the last three decades has matured into a sophisticated global system, also considered elsewhere in this Annual Review.

ICS will be using the IMO theme of 'IMO Conventions: Effective Implementation' to promote the industry's support for IMO and its comprehensive framework of global rules throughout 2014, and in conjunction with World Maritime Day in September.

IMO CONVENTIONS HIGHLIGHTED BY ICS/CMI RATIFICATION CAMPAIGN



Protocol of 1997 to MARPOL (Annex VI – Prevention of Air Pollution from Ships)

International Convention for the Safe and Environmentally Sound Recycling of Ships (Hong Kong), 2009

Convention on Facilitation of International Maritime Traffic (FAL), 1965

Protocol of 1996 to the Convention on Limitation of Liability for Maritime Claims (LLMC), 1976

Protocol of 2002 to the Athens Convention relating to the Carriage of Passengers and their Luggage by Sea (PAL), 1974

International Convention on Liability and Compensation for Damage in Connection with the Carriage of Hazardous and Noxious Substances by Sea (HNS), 1996, and Protocol of 2010

Protocol of 2003 (Supplementary Fund) to the International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage, 1992

Nairobi International Convention on the Removal of Wrecks (Nairobi WRC), 2007



THE YEAR IN REVIEW

INDUSTRY IMPROVEMENTS SINCE 'EXXON VALDEZ'

On the 24 March 1989, the oil tanker 'Exxon Valdez' grounded in Prince William Sound, Alaska. The rest as they say is history. Although not in any way the largest ever oil spill (with respect to tankers a dubious honour that went to the 'Atlantic Empress' in 1979, and exceeded further still by the Gulf of Mexico offshore drilling disaster of 2010) the 'Exxon Valdez' is almost certainly the most notorious. Nobody was killed; but it will very probably be remembered for many years to come as an event that changed the course of maritime regulation, especially with respect to pollution prevention.

Apart from being one of the worst public relations disasters experienced either by shipping or the oil industry, the spill exposed shipping to unheard of levels of financial liability in the event of being involved in pollution incidents, especially if they occurred in the jurisdiction of a litigious nation such as the United States. The total costs to Exxon of compensation payments – which even today are still the subject of litigation – were in the order of US\$ 5 billion, although Exxon is also thought to have spent at least the same sum again on the clean-up operation, raising the bar still higher.

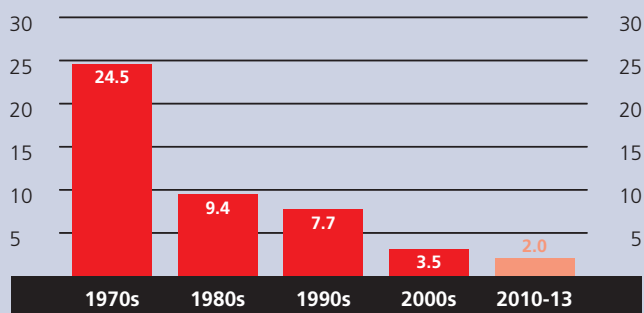
The reverberations from the disaster are difficult to exaggerate. However, its 25th anniversary provides an opportunity to reflect on the real improvements to safety and environmental performance that have followed. While serious pollution incidents can sadly still occur, their incidence has reduced dramatically, a fact all the more impressive given that the

amount of oil carried by sea has increased by approximately 50% during the same period.

The immediate legacy of the 'Exxon Valdez', facilitated by amendments to the MARPOL Convention (and in the United States by the adoption of OPA 90 – the US Oil Pollution Act) was the replacement of the world tanker fleet with double hull designs. The very small number of single hull tankers still trading internationally should be phased-out completely in 2015. But the incident also gave impetus to other important regulatory changes. These include the adoption by IMO of the International Safety Management (ISM) Code in 1993, which also embraces environmental protection, and the radical amendments to the Convention on Standards of Training, Certification and Watchkeeping for Seafarers (STCW) in 1995.

REDUCTION IN MAJOR OIL SPILLS

Average number of major oil spills per year (over 700 tonnes)



Source: ITOPF

The impact of these measures was perhaps not fully realised until the early 2000s, but there is a clear correlation between the implementation of ISM and STCW 95 and the subsequent reduction in the number of serious maritime casualties and pollution incidents. The 'Exxon Valdez' also led to a closer examination of issues such as the prevalence of fatigue amongst seafarers and the dangers of drug and alcohol abuse, greatly influencing current international regulation.

Another major consequence was that it led to an increase in external vetting by oil companies of the tankers that they charter, as well as accelerating the trend towards using independent operators to carry their cargoes.

Schemes such as SIRE operated by the oil companies, and similar programmes now used by charterers in other sectors, have undoubtedly contributed to safety and improved confidence in the quality of operations. But this augmentation of the statutory surveys and inspections already undertaken by governments, classification societies and Port State Control, in addition to the auditing obligations created by the ISM Code, has also placed new pressures on shipping companies and seafarers. The general consensus today is that there are probably far too many inspections and much improvement could be gained by combining inspection requirements.

The other significant impact was the overhaul of the international regime governing oil spill compensation. Dissatisfied with the level of compensation available under the international regime, the United States adopted OPA 90, which still sits outside the system adopted by the rest of the world. However, as a partial consequence of the high bar set by 'Exxon Valdez', the money available to compensate victims of any single oil spill via the IMO Civil Liability Convention (CLC) and the International Oil Pollution Compensation Funds regime is now approximately US\$ 1 billion, a responsibility shared between the tanker owner and the oil industry. But the resulting exposure of the P&I Clubs has also transformed the way in which they conduct their business, and how they encourage and check the quality of their members' operations.

It is important to remember that the CLC limits are 'strict' liabilities so that claimants are paid immediately and regardless of fault, without legal wrangles. This is the price that shipowners accept in exchange for limitation of their liabilities, and is something which it is always important for ICS to remind the industry's regulators. Without such limitation, it would be virtually impossible for shipowners to obtain the insurance needed to provide cover for a disaster on a scale similar to that which occurred in Alaska 25 years ago.



A CALL TO OVERHAUL SOLAS

The Safety of Life at Sea Convention (SOLAS), alongside MARPOL, is one of the core IMO instruments and underpins the global maritime framework with respect to all aspects of maritime safety, including ship construction, equipment, navigational safety, the carriage of cargo, emergency procedures, as well as the obligations of ships with respect to search and rescue.

The origins of SOLAS go back to 1914 when, on the eve of the First World War, it was adopted by governments in response to the tragedy of the 'Titanic'. Much of the current SOLAS text was adopted by IMO in the 1970s, though it has since been subjected to a large amount of piecemeal amendment, as well as being supplemented with mandatory codes (including the ISM and ISPS Codes) plus many other important safety codes specific to the operation of certain ship types and the carriage of particular cargoes.

In June 2013, IMO hosted a major Symposium on the Future of Ship Safety. The ICS Secretary General chaired one of the sessions and several speakers from companies nominated by ICS featured in the programme. (The occasion was also used to launch a new ICS brochure about the implementation of an effective safety culture in shipping.) But the most important outcome of the Symposium, which has the full support of the IMO Secretary-General, was a recommendation that the SOLAS Convention should be subjected to a comprehensive review.

The apparent intention is to rewrite the text in line with modern needs, including the 'goal-based' approach to more recent IMO regulation, and to remove unnecessary duplication.

This significant proposal is being given preliminary consideration by the IMO Maritime Safety Committee in May 2014, which is expected to agree in principle that a review should be undertaken. However, assuming that IMO Member States are willing to give their blessing to such a major undertaking, the method of work and the scope of the exercise is currently unknown.

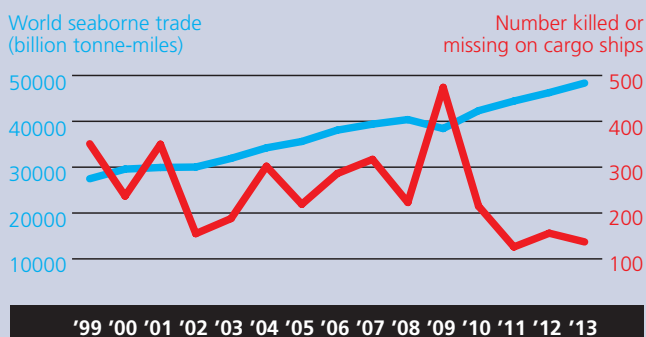
While this major proposal is being presented primarily as a 'tidying up' process, there is of course a possibility that it could lead to suggestions for significant substantive changes by governments. Even if the review is largely confined to being an administrative exercise, it is still likely to take very many years before a new SOLAS Convention could be finalised for adoption.

Details of what any review of SOLAS is likely to involve are limited at this stage. But if, as expected, this proposal is taken forward, a significant amount of ICS time and resources will need to be dedicated to what could be a very important initiative.



LIVES LOST ON BOARD

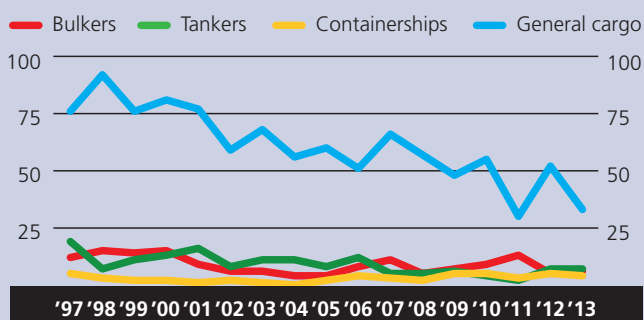
Number killed or missing on cargo ships / world seaborne trade



Source: IHS Maritime/Clarksons

MARITIME CASUALTIES

Number of total losses (vessels over 500 tonnes)



Source: IUMI



MONITORING AND REPORTING OF CO₂

Shipping is unique in being the only industry already covered by a binding global agreement to reduce its CO₂ emissions, through the amendments to MARPOL Annex VI that entered into force in 2013. These measures are expected to reduce CO₂ emissions per tonne of cargo carried one kilometre by 20 percent by 2020 (compared with 2005) with further emissions reduction going forward. However, there is a widespread expectation amongst many governments that IMO should build further on the technical and operational measures that it has already adopted.

In April 2014, the IMO Marine Environment Protection Committee (MEPC) took significant steps towards the development of a global system for the monitoring and reporting of CO₂ emissions from ships, work in which ICS is closely engaged. In the interests of measuring the progress that shipping is making to reduce its CO₂ emissions, ICS fully supports a global monitoring and reporting system. This is on the basis that the mechanism should be simple for ships to administer, primarily be based on fuel consumption, and that the system itself should not be used for the development of a full blown Market Based Measure (MBM).

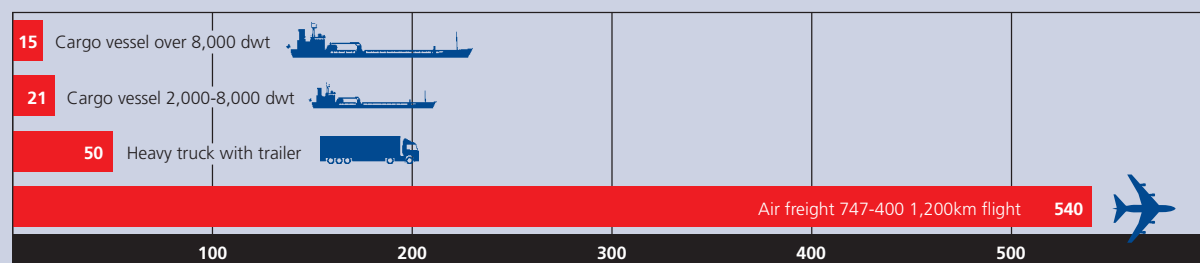
The current priority for ICS is to help maintain the primacy of IMO with respect to the development of additional regulation to address CO₂ emissions. In the interests

of discouraging unilateral legislation – particularly by the European Union, which is now developing a parallel regional proposal – ICS has therefore sought to help reconcile the wishes of those nations that want IMO to make rapid further progress on regulating CO₂ with the legitimate concerns of developing countries. The latter do not wish the debate at IMO to prejudice their position at the high level UNFCCC climate change negotiations, whose current round is not scheduled to be completed until the end of 2015.

In November 2013, ICS made an important submission to IMO that expressed support for a 'three phase' approach to the development of a global CO₂ reporting system, as proposed by the United States. The actual goal of the United States (and several other administrations) appears to be the eventual establishment of a mandatory system of energy efficiency indexing for application to individual ships (the ultimate purpose of which might be to penalise or reward ships on the basis of a theoretical operational rating). This is something to which ICS is very strongly opposed, not least because of the danger that it will lead to a serious market distortion. However, in the interests of maintaining IMO primacy, ICS suggested in its submission to the MEPC that the question of additional measures might be left open until after a mandatory CO₂ emissions reporting system has first been established, tested and the results fully analysed. >>>

COMPARISON OF CO₂ EMISSIONS BETWEEN MODES OF TRANSPORT

Grams per tonne-km



Source: NTM, Sweden

Encouragingly, as suggested by ICS, the discussion at the IMO meeting in April focused on methods of data collection, with information on fuel consumption and some basic metric for transport work (possibly limited to information about distance travelled or engine running hours) to be reported to the flag state and then forwarded to IMO.

While a large amount of work still needs to be done at IMO, including agreement on arrangements concerning the ownership and confidentiality of the information, developing

countries have not yet voiced any serious objection to the data collection phase. However, this position may change if other governments seek to complicate the discussion by steering it prematurely towards the development of an indexing measure or an MBM.

If IMO can maintain both consensus and momentum at every opportunity, this should make the adoption of an EU regulation that might be incompatible with a global regime far less likely. The maintenance of a global approach to CO₂ reduction is a core principle for ICS.

REDUCING SHIPPING'S CO₂

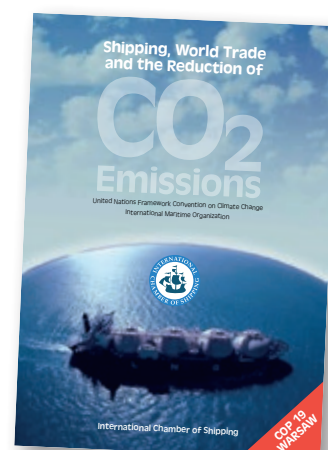
As reported above, the immediate focus of ICS with respect to additional measures to address CO₂ from shipping concerns the establishment by IMO of a global mechanism for monitoring and reporting emissions. The priority of the industry, however, is to deliver further emissions reduction through implementation of the technical and operational measures mandated by the amendments to MARPOL Annex VI, which came into force in 2013.

This includes the application of the Energy Efficiency Design Index (EEDI) to new vessels, and the use of the Ship Energy Efficiency Management Plan (SEEMP) that is now a carriage requirement for all ships. The significance of the SEEMP is sometimes underestimated since it should help provide many smaller shipping companies with a

more systematic means of reducing emissions, alongside the efforts of those larger companies that have had well-developed systems in place for a number of years.

Meanwhile, the debate about the use of Market Based Measures (MBMs) to help further reduce ship emissions has not disappeared from the regulatory agenda. Although overshadowed by the discussions about monitoring and reporting of ships' CO₂, the subject of MBMs could emerge once again at IMO, as well as in the context of the United Nations Framework Convention on Climate Change (UNFCCC).

ICS remains willing to participate constructively in the debate



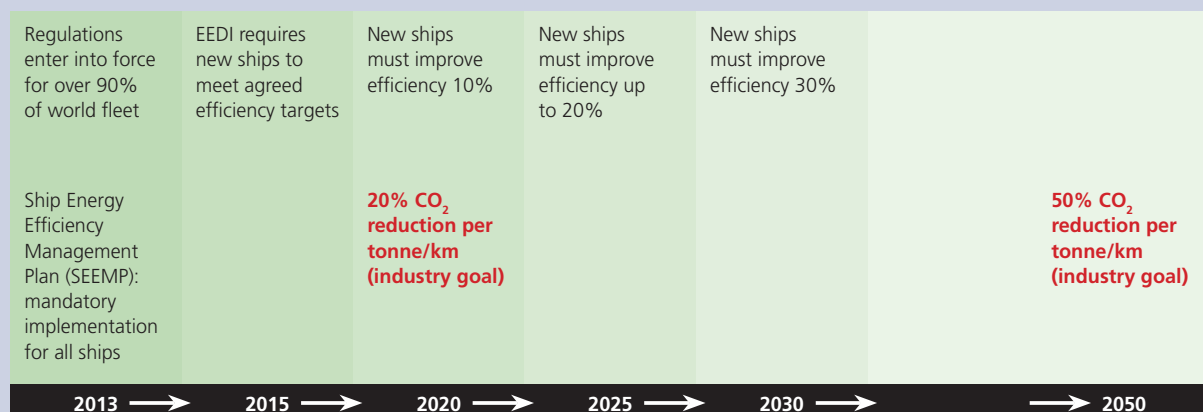


about MBMs, provided this is confined to the forum of IMO. But MBMs are very controversial. Developing nations fear that their application to shipping via an agreement at IMO would prejudice their position at the high level UN climate change talks, the current round of which is not scheduled to be completed until the end of 2015. However, the position of ICS is that in the event that governments might eventually decide to develop an MBM for global application, then the preference of the majority of ship operators is for a mechanism linked directly to fuel consumption rather than an Emissions Trading Scheme.

Although the European Union is still committed to the eventual application of an MBM to shipping, its immediate focus appears to be monitoring and reporting. (With respect to aviation, in the face of strong opposition from China and the United States to its regional MBM, the European Commission has now indicated that it will await the outcome of the debate taking place at the International Civil Aviation Organization, which is not scheduled to be completed until 2016.) However, this does not mean that the possibility of a maritime MBM has gone away. Many governments (and sections of the European Commission) clearly see proposals to apply a mandatory energy efficiency index to individual ships as a stepping stone to some form of charging measure for CO₂ emissions. >>>

IMO AGREEMENT WILL REDUCE SHIPS' CO₂

MARPOL Annex VI, Chapter 4 adopted July 2011





Many shipping companies reasonably argue that the current high cost of fuel (which is expected to increase further, not least as a result of the switch to low sulphur fuels) already provides shipping companies with every incentive to reduce their fuel consumption and thus their CO₂ emissions. There also continues to be widespread concern that the enthusiasm of some governments in support of MBMs is motivated more by the monies that might be raised from shipping, whether as a source of income for the UNFCCC Green Climate Fund (which is seen as a way of keeping developing nations at the table during the high level climate change negotiations) or even as a means for cash-strapped governments to keep some of the monies for themselves.

ICS therefore participated at the most recent UNFCCC Climate Change Conference, in

Warsaw in November 2013, alongside IMO, in order to explain the industry's position. In July 2013, in Indonesia, ICS also attended a special workshop held by the Asia Pacific Economic Cooperation (APEC) Transport Committee, in order to ensure that a parallel APEC initiative to monitor CO₂ emissions from maritime transport will not interfere with efforts being undertaken by IMO.

For the moment, the UNFCCC seems content to monitor the activity of IMO (and ICAO) rather than make specific proposals on global transport, a position that ICS applauds. However, if the Green Climate Fund ever becomes a reality (the current goal is to generate total funding of US\$ 100 billion a year) the possibility remains that shipping might eventually be expected to make a large cash contribution.

ARCTIC SHIPPING AND THE POLAR CODE

IMO is making rapid progress towards the adoption of a new International Code of Safety for Ships Operating in Polar Waters (Polar Code). The Polar Code will become mandatory via amendments to the SOLAS and the MARPOL Conventions and should hopefully be finalised during 2015. ICS is fully engaged in this important work at several IMO Committees.

As the volume of Arctic shipping increases, there is a high level of awareness about the special degree of care required when ships navigate Arctic waters. But whilst fully recognising the need to provide the highest levels of environmental protection, ICS has sought to ensure that the approach taken by

IMO is not fundamentally different to that applied to any other sea area in which special dangers might apply (sea conditions in the North Atlantic, for example, entail parallel levels of operational risk).

ICS has therefore been encouraged by the recognition amongst governments that the development of the IMO Polar Code needs to be both risk and performance based, so that requirements imposed on ships take full account of the hazards relevant to the type of ship operation, the ship location and the season of operation. For example, following interventions by ICS, the current draft of the Code does not arbitrarily require conformity with any particular ice-class standards to the

exclusion of other long established standards that deliver equally acceptable performance relevant to the location, time of year and the operating conditions.

In conjunction with the ICS Annual General Meeting in June 2013, the Government of Norway hosted a Ministerial Summit in Oslo, in which members of the ICS Board participated. The principal theme was Arctic shipping, following the publication by ICS of a high level position paper, seeking to set out some key principles with regard to the future governance of Arctic waters.

As this exciting new frontier develops, ICS has been particularly keen to stress the importance of Arctic nations respecting the United Nations Convention on the Law of the Sea (UNCLOS) and relevant IMO Conventions and Codes. In support of this objective ICS is therefore developing relations with the Arctic Council, which has become increasingly engaged in maritime issues following the publication of its Arctic Marine Shipping Assessment in 2009, and its welcome development of co-operation agreements on maritime search and rescue and emergency pollution response. As the intergovernmental body for Arctic States, it now has a permanent secretariat in Tromsø, which ICS visited in January 2014.

ICS has also highlighted some issues that might require clarification as Arctic waters become more accessible. For example, ICS believes that the UNCLOS regime of 'transit passage' for straits used for international navigation takes precedence over the rights of coastal states to enact unilateral measures against international shipping. Until recently this issue might have seemed rather academic, as did the question of nations using 'straight baselines' to determine their territorial sea. But as remote Arctic sea routes become accessible these issues are becoming more important.

A seeming consequence of climate change, there were over 70 commercial transits using the Northern Sea Route during the ice-free summer season of 2013, the first having only been completed in 2009. (There was also a handful of transits via Canada's North West Passage). Although the climatology is far from certain – there was actually more sea ice in 2013 than in the year before – Russia expects this traffic to continue to expand, perhaps by a factor of five over the next decade. However, despite the hyperbole of some media reports, this has to be seen in the context of there being over 17,000 annual transits using the Suez Canal.

The main anticipated growth is destination shipping in and out of the Arctic as the extraction of energy and raw materials is developed, while offshore support vessel activity is already significant.



TANKER SAFETY

During the course of 2014, ICS will publish a new edition of the Tanker Safety Guide (Chemicals), replacing the current edition that was issued in 2002.

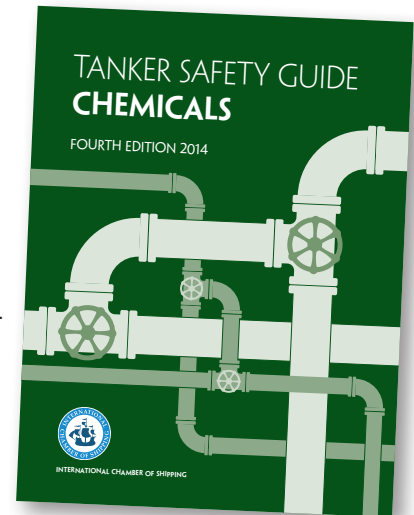
This has been a very major project, drawing on expertise throughout the industry and which has taken several years to complete. Large sections of the Guide have been totally rewritten, though primarily with the aim of assisting seafarers' comprehension as opposed to reflecting any radical changes with respect to current best industry practice.

Nevertheless, final publication of the Guide awaits the expected adoption by the IMO Maritime Safety Committee in May 2014 of some important regulatory changes, following a major IMO review of tanker safety that has taken the best part of a decade. This in part was a response to a significant report by an Inter-Industry Working Group on Fires and Explosions on Board Tankers, to which ICS contributed together with Intertanko and OCIMF, and which was presented to IMO following a sequence of sometimes fatal explosions on tankers during the mid-2000s.

The industry review led to in depth discussions at IMO on the merits of extending the

practice of 'inerting' cargo tank atmospheres on board tankers where this is not currently mandatory. In particular, this has led to an important decision with respect to new mandatory requirements for the inerting of chemical tankers. Once adopted, these new requirements will apply to new ships over 8,000 dwt. Subject to the final adoption of amendments to the SOLAS Convention in May 2014 (together with changes made to the IMO Fire Safety Systems (FSS) Code), these changes will be reflected in the new edition of the ICS Guide.

ICS fully supports the application of inert gas to new oil and chemical tankers above 8,000 dwt. ICS also strongly supports the view that the possible extension of new measures to existing tankers of less than 20,000 dwt should only be considered by IMO in the light of experience gained following the introduction of mandatory use of inert gas on new ships of 8,000 to 20,000 dwt. This is



consistent with the ICS position that questions remain with respect to the safety benefits and environmental impacts of extending inerting on a mandatory basis to existing ships and to smaller chemical tankers.

It is important to reiterate that a disturbing conclusion of the original industry report on tanker explosions, that informed the IMO review, was that otherwise competent and qualified seafarers are still prone to bypass accepted procedures. The solutions are complex, involving matters that do not always suit prescriptive regulations, such as how further to instil a genuine safety culture amongst ships' crews (as well as across all levels of company management from the Board down).

Another important development is the publication by the industry, in January 2014, of a new consolidated edition of the Ship to Ship Transfer Guide. This combines and updates previous best practice publications dealing with STS operations by oil tankers and

gas carriers, with additional advice relevant to chemical tankers. This is the product of a joint venture involving ICS in co-operation with OCIMF, the Society of International Gas Tanker and Terminal Operators (SIGTTO) and the Chemical Distribution Institute (CDI).

Meanwhile, work is proceeding apace on a new edition of the ICS Tanker Safety Guide (Liquefied Gas). The carriage of LNG has matured and expanded considerably since the current edition was produced, with many new operators having entered this growing trade. Although this revision is a substantial undertaking, the expert industry group that ICS has established has almost completed its work, and publication is now expected during 2015.

The next significant project for which ICS is preparing, subject to agreement with the co-author, OCIMF, will be the review and updating of the International Safety Guide for Oil Tankers and Terminals (ISGOTT), a task that is likely to take several years.

PASSENGER SHIP SAFETY

At the time of writing, terrible news has just arrived of a major ferry tragedy – the loss of the 'Sewol' in South Korea, in which around 300 people, many of them school children, have lost their lives. It is far too soon to comment meaningfully on the causes, although these seem certain to be a focus of attention for the industry and its regulators in the year ahead.

Meanwhile, ICS has continued to be engaged in the discussions at IMO in response to the 'Costa Concordia' cruise ship disaster, which occurred off the coast of Italy in January 2012 with the tragic loss of 32 lives.

In June 2013, after some delay, Italy finally presented an accident report to the IMO Maritime Safety Committee. The principal causes have been attributed by the report to the actions of the Master and certain other personnel, who are thought to have been responsible for the actions which led to the ship striking a rock at speed in well-charted waters, and the subsequent delay in starting

the evacuation before the ship listed severely and ran aground. (At the time of writing, the Master and other personnel are still the subject of a criminal prosecution.)

Notwithstanding the intensive media attention, politicians and regulators have commendably held back from kneejerk responses, waiting for the causes of the accident to be understood. IMO has so far limited its activity to agreeing what seem to be balanced and reasonable measures relating to passenger safety and evacuation procedures. These measures incorporate many recommendations made by the Cruise Lines International Association (CLIA), with which ICS has been working closely.

Nevertheless, in June 2013, IMO also adopted an 'Action Plan for Long-Term Work on Passenger Ship Safety' which covers various issues identified by IMO Member States as requiring further attention. Although apparently not directly related to the 'Costa Concordia' tragedy, there may >>>



still be an appetite at IMO to develop more radical measures with respect to stability requirements and the application of the ISM Code, which may yet have implications for other ship types including cargo vessels.

Some national authorities have also raised questions about the arrangements in place should a similar disaster occur in remote locations, such as polar waters. The suggestion has been made that cruise ships should engage in 'pairing' arrangements to help ensure the possibility of rescue, although the cruise ship industry has raised a number of serious practical difficulties with respect to the application of such an approach.

Another issue that the 'Costa Concordia' tragedy has highlighted is the seemingly inadequate obligations on the part of flag states to submit the results of accident

investigations to IMO in a timely manner. The frustration created by the slow speed with which the flag state was able to report definitively on such a serious casualty suggests that further action might be needed. This is an area where the response of other flag states has also been inadequate with respect to less high profile incidents (including recent bulk carrier losses involving cargo liquefaction) which are nevertheless serious and from which important lessons need to be learned.

ICS and the International Transport Workers' Federation (ITF) have therefore jointly submitted a paper to IMO suggesting that the obligation on flag states to submit casualty reports could be strengthened, perhaps drawing on the approach used by the aviation sector. The issue has been added to IMO's agenda and will hopefully be taken forward during 2014.

PLACES OF REFUGE

There have been a number of incidents in recent years where ships in distress have been refused a place of refuge by coastal states, due to concerns about pollution. Despite an outcry following the high profile cases of the 'Stolt Valor' and the 'MSC Flaminia' in 2012, this issue was again brought into sharp focus in 2014 by the predicament of the 'Maritime Maisie'.

The Hong Kong flag chemical tanker was held at sea by tugs following a collision and fire on 29 December 2013, and was seeking a place of refuge in either Korea or Japan for several months. The ship was finally granted a safe harbour in Korea in April 2014.

In response to the continuing problem, ICS – together with the International Union of Marine Insurance (IUMI) and the International Salvage Union (ISU) – has publicly called for prompt and proper implementation of existing international recommendations to provide a place of refuge for stricken vessels. These include: IMO Resolution A.949 'Guidelines on Places of Refuge for Ships in Need of Assistance'; IMO Resolution A.950, which recommends that all coastal states establish a Maritime Assistance Service; and the 1989 Salvage Convention. (Also relevant is the EU Vessel Traffic Monitoring Directive, which prevents EU Member States

from issuing an outright refusal to provide a place of refuge and which makes clear that safety of life at sea is an overriding concern.)

ICS does not currently believe that there is a need to introduce additional international legislation, but is campaigning for a more rigorous enforcement of existing rules and guidance. In conjunction with ECSA and ASF, national shipowners' associations are writing to their governments on this important issue, supported by a new industry position paper. Furthermore, a paper on the issue, submitted by ICS jointly with the International Group of P&I Clubs, IUMI and ISU, was discussed at the IMO Legal Committee in April 2014 and well received by governments. The governments also agreed on the importance of ratification and implementation of the existing IMO liability and compensation conventions which, it was noted, would help to alleviate concerns as to the amount of compensation available to address any pollution risk from a ship in distress in a place of refuge.

E-NAVIGATION

The current debate about 'e-navigation' involves linking the growing number of electronic navigation and communications systems into a single cohesive system, connecting ship and shore. It thus provides an opportunity to standardise, integrate and, where appropriate, further automate a future generation of ships' navigational equipment.

IMO has now reached what might be considered a critical phase in the development of e-navigation, having developed a draft Strategy Implementation Plan which should be finalised and adopted by IMO Member States during 2014.

Encouragingly, the current draft IMO Plan takes account of many of the arguments put forward by ICS in order to help ensure that opportunities for optimising safety are not lost, and to avoid making e-navigation too complicated, or expensive, to be rolled out on a global basis. A controversial part of the discussion, however, is the extent to which the result of a Formal Safety Assessment should be used to justify

The shipping industry recognises that providing a place of refuge for a maritime casualty can be a sensitive issue for coastal states, and can have political implications for governments given that the risk of pollution cannot be discounted completely. However, failure to offer a suitable place of refuge is likely to prevent a successful salvage intervention, allowing a casualty's condition to worsen, and potentially leading to a major pollution incident (for example if the vessel breaks up) that might otherwise have been prevented. Such pollution could affect a far wider geographical area than would have been the case had a place of refuge been provided.

Governments are particularly encouraged to establish an authority that can assess each case on its merits without political interference, and the industry's position paper draws attention to the UK 'SOSREP' system as a good example of a robust model, with a single point of authority, that might be adopted widely by other coastal states.

more ambitious e-navigation proposals, the study having been based on what ICS believes to be somewhat heroic assumptions about the balance between costs and benefits. >>>



As currently drafted, the IMO Plan identifies some key elements for the future development of e-navigation based on an assessment of user needs and extensive consideration of various 'e-navigation solutions'. This has led to the identification of 18 key tasks that IMO believes need development. However, an IMO Member State would need formally to propose work on an identified task before any further IMO development will be carried out. ICS has expressed support for the 18 identified tasks to continue to be carried out under IMO's remit in order to preserve the global, as opposed to regional, characteristics of the e-navigation concept.

In the future, it is anticipated that shipowners will be increasingly lobbied to fit or retrofit e-navigation compliant equipment. Much of this equipment will probably be additional to IMO carriage requirements, although inevitably the distinction will become blurred. Some of this new equipment will claim to meet existing carriage requirements and improve on the functionality of existing equipment. Other equipment will offer new

but non-mandatory functions, and some will claim to do both. Shipowners will need to make commercial decisions regarding the use of such equipment, but an area of concern relates to the position that Port State Control might adopt in the future regarding interpretations of whether equipment or systems are mandatory or otherwise.

Meanwhile, in co-operation with ECSA, ICS is about to participate in two major EU projects (MonaLisa 2 and EfficienSea 2) as well as the Norwegian funded SESAME project. These projects are examples of a growing number of well funded e-navigation test beds with regional rather than IMO reporting responsibilities. In the absence of further specific proposals by administrations to take on further work, the extent to which IMO will maintain effective oversight on the development of e-navigation is unclear. ICS therefore wishes to ensure that the interests of international shipping are taken into account fully during the conduct of major projects, being undertaken outside the purview of IMO.

E-NAV IN THE MALACCA STRAIT

For several years, ICS has sought to help find solutions to long term funding for the maintenance of Aids to Navigation (AtoN) in the Malacca Strait, one of the world's most strategically important waterways. With ICS support, IMO has convened several initiatives to assist in addressing this funding problem including a high level initiative to get the littoral states (Indonesia, Malaysia and Singapore) to work together under what is known as the 'Co-operative Mechanism'. Another related initiative is the Aids to Navigation Fund (ANF).

For its part, ICS opened discussion with what is now known as the International Foundation for Aids to Navigation (IFAN). An agreement was reached whereby for the time being IFAN contributes an annual amount of funding to the ANF which is recognised as an industry contribution. However, a possible reduction of voluntary funding from the Japanese Nippon Foundation may leave a shortfall in the maintenance of the Fund.

ICS has therefore been applying some lateral thinking to see if an alternative mechanism can be found to support the ANF, using a concept that could reduce the annual costs of AtoN maintenance through the use of enhanced technology applied to Vessel Traffic Services. The project would be supported by advanced but known technology operating within an e-navigation environment. As well as delivering cost savings, the goal is to use this technology to improve the safety of navigation and environmental protection in the region. Subject to approval by the littoral states, funding will then be sought from international development agencies for the conduct of a pilot project.





MANNING AND TRAINING

In 2014, ICS will begin work in earnest, in co-operation with BIMCO, on the next comprehensive update of the industry's definitive five yearly study into the global supply and demand for seafarers. This major project is scheduled to be completed during 2015.

The majority of the world's seafarers serve on board ships registered in a flag state that is different to their country of residence. Confidence in standards of competence throughout this globalised workforce is therefore underpinned by the IMO Convention on Standards of Training, Certification and Watchkeeping for Seafarers (STCW).

The STCW 2010 'Manila' amendments are currently being phased-in over a five year period that ends in 2017. Since 1 July 2013, all new entrants are now required to be trained in accordance with the revised STCW competence standards. In addition, by July 2013, Parties to the Convention were meant to have provided information to IMO on the measures that they have taken to implement the STCW 2010 standards, in order to maintain a place on the STCW 'white list' which is relevant to flag state recognition procedures and Port State Control targeting. The extent to which governments have met their obligations will hopefully become clearer at the next meeting of the IMO Maritime Safety Committee in May 2014, which is responsible for approving the 'white list', as well as the quality standards reports that Parties are required to submit at five year intervals.

In a separate development, in co-operation with ECSA, ICS is closely following the

discussions within the European Maritime Safety Agency (EMSA) about whether EU flags should continue to recognise Filipino certificates in view of deficiencies it has identified during inspections of the Philippines' training and certification system. This is an issue of major concern given that nearly 20% of the world's seafarers are recruited from the Philippines, although it is understood that the impact of any EU de-recognition would only apply to the future revalidation of officer certificates. However, a decision has yet to be taken by the European Commission which remains in dialogue with the Filipino authorities.

One important change since July 2013 is that ratings performing watchkeeping duties, including the new STCW grade of 'Able Seafarer', must now document their on board training using an approved training record book. To assist companies, ICS/ISF has therefore completed its programme of updating its On Board Training Record Books, for officers and ratings, for use by trainees seeking to qualify under STCW 2010. The ICS/ISF books are referenced as a model in the footnotes to the STCW Convention, and the updated books have been approved by a number of certificate issuing administrations, including the Philippines. In collaboration with Seagull AS, the books will also soon be available in an electronic format. An outstanding project for 2014 remains the updating of the ISF Personal Training and Service Record Book for use by seafarers that are already qualified. >>>



By January 2014, governments were also meant to have issued tens of thousands of new certificates for security related training which is also now covered by STCW 2010. Most of the seafarers affected already meet the relevant standards though compliance with the International Ship and Port Facility Security (ISPS) Code. However, many governments were unprepared and very few certificates had been issued, exposing ships, through no fault of their own, to the possibility of action by Port State Control (PSC). In February 2014, in response to a submission by ICS, IMO issued advice to PSC authorities requesting that any lack of STCW security certification should not be penalised until July 2015, provided that documentary evidence of ISPS Code training can be provided.

PSC authorities have since confirmed to ICS that ships are unlikely to be immediately detained in the event that seafarers lack the required STCW certification. However, ICS is still trying to argue that lack of this certification, since it is not the fault of the company, should not be recorded as a PSC deficiency either.

Meanwhile, IMO is considering further amendments to the STCW Convention to complement provisions being drafted for the new Polar Code and the International Code of Safety for Ships Using Gas or Other Low Flash-Point Fuels (IGF Code).



ILO MINIMUM WAGE REVISION

The ILO Minimum Wage for Able Seafarers will increase from US\$ 585 basic a month to US\$ 592 from 1 January 2015, with a further increase to US\$ 614 scheduled from 1 January 2016. This follows the agreement reached, in February 2014, by the ILO Joint Maritime Commission (JMC) in Geneva, which comprises employers' representatives co-ordinated by ICS and seafarers' union representatives co-ordinated by ITF.

The level of the increase in part reflects the fact that when the ILO Minimum Wage was previously reviewed in 2011, the schedule of increases then agreed was somewhat lower than that suggested by ILO data on living costs at that time, with seafarers' unions acknowledging the severe pressures placed on employers created by the 2009 downturn. However, although difficult trading conditions continue, the new agreed level of the ILO minimum should help to provide some stability for employers, with no further changes expected until at least 2017.

ICS is strongly committed to the principle of the ILO Minimum Wage which is now referenced in the ILO Maritime Labour Convention. While it is still only recommendatory, and is not directly relevant to other seafarer grades, it has a strong moral authority and is particularly important for employers in developing countries and may also be relevant to other collective bargaining negotiations.



The ILO Minimum Wage is substantially higher than that paid for comparative work ashore in developing countries. Moreover, the total wage enjoyed by most seafarers is significantly higher once overtime hours (fixed at a minimum of one and a quarter times basic pay) and other mandatory payments such as leave entitlements are taken into account. The total wage paid to an Able

Seafarer will typically be around 50% more than the basic. Most ratings from developing countries that serve on internationally trading ships receive significantly higher wages than that recommended by ILO. Ships' officers, furthermore, receive substantially higher pay, and differentials between officers from OECD and non-OECD nations continue to close.

SEAFARERS' WORK HOUR REGULATIONS

The prevention of fatigue has long been a priority for regulators, both in the interests of maritime safety and the protection of seafarers' welfare. The entry into force of the ILO Maritime Labour Convention (MLC) is expected to give new impetus to the enforcement of existing international rules concerning seafarers' work and rest hours. This includes the requirement for companies to maintain on board ship very detailed records for each individual seafarer.

Similar international rules have actually applied for many years following the adoption of ILO Convention 180 and the IMO STCW Convention. However, the ILO MLC will expand the legal basis by which Port State Control (PSC) can inspect compliance, especially with respect to the maintenance of records that meet the stipulated format, and this is expected to begin in earnest after 20 August 2014. It will therefore be important for shipping companies to ensure that they are not caught out unwittingly by some of the more detailed requirements.

Although the STCW rest rules are broadly harmonised with similar requirements in the ILO MLC, they are in fact marginally stricter. The STCW rules are therefore expected to continue to be the 'default' regime that will be inspected by PSC with respect to watchkeepers. However, the ILO MLC broadens the application of the ILO limits, as well as the requirement to maintain records, to other grades of seafarers in non-watchkeeping roles. This is particularly a challenge for passenger ships.

In practice, because of the complexity of the record keeping requirements, many shipping companies are using computer based systems. This includes the popular ISF Watchkeeper software – currently being used on over 9,000 ships – produced by ICS with its partner IT Energy. This programme has now been fully updated to check compliance with the STCW 2010 regime, including the STCW 'Manila Clauses' which provide ship operators with the additional flexibility that may sometimes be permitted in short sea trades. >>>



As well as allowing ships to demonstrate compliance with IMO/ILO rules, the ISF Watchkeeper system is increasingly being used by ships as a planning tool, in order to anticipate how the possibility of fatigue can be avoided. To facilitate this, ICS and IT Energy have launched a product called Watchkeeper Online that allows companies to collect and analyse work hour data from their entire fleet.

A number of charterers now require the use

of such forward planning features in order to comply with their own vetting regimes. In consultation with OCIMF, ISF Watchkeeper also now incorporates additional features intended to satisfy these demanding vetting requirements.

In the interests of promoting understanding of these complicated requirements and the relationship between the IMO and ILO regimes, ICS is developing some further guidance that it intends to publish during 2014.

GENERAL AVERAGE AND THE YORK ANTWERP RULES

'General Average' is a method of allocating and spreading the costs of dealing with a maritime casualty among the parties that benefit from the ship and cargo being saved. The York Antwerp Rules of General Average (YAR), which were last reviewed in 2004, set out rules for the distribution of losses and expenses, for example in incidents when cargo is jettisoned in order to save the ship and the remaining cargo, and are incorporated into many freight contracts. However, given that the 2004 version of the YAR are considered unsatisfactory for shipowners, most contracts of carriage still incorporate the 1994 version.

The Comité Maritime International (CMI) is the international association of maritime lawyers, which is the custodian of the YAR. CMI is carrying out a general review of the YAR and has requested its International Sub-Committee to draft a new set of rules which 'will meet the requirements of the ship and cargo interests and their respective insurers', with a view to adoption at the 2016 CMI Conference. This decision came about at the conclusion of the CMI Conference in Beijing, in 2012, when the CMI's original proposals for a revision of YAR 2004 failed to garner support, having been strongly opposed by ICS.

ICS has had a longstanding role in representing shipowners' views whenever issues related to General Average are discussed. It has therefore been agreed with CMI that ICS will represent shipowners' interests during the current review, and that ICS will co-ordinate its position with other interested associations through the ICS Maritime Law and Insurance Committees.

The CMI International Sub-Committee commenced its review in 2013 via a questionnaire to national maritime law associations, intended to assess the continuing role and operation of the YAR. In October 2013 there was a meeting in Dublin, with ICS then hosting a meeting of the relevant CMI working groups in March 2014. In discussions thus far, and from the responses to the CMI questionnaire, it seems there is little appetite within the industry for a comprehensive overhaul of the present system of General Average, and further work will focus on areas that have been controversial in the past. This will include discussion of the rules concerning salvage, as well as those concerning temporary repairs, wages and the maintenance of crew at a place of refuge.

In its own response to the CMI questionnaire, ICS indicated that presently there is widespread uniformity of General Average adjustments on the basis of the YAR 1994, which are functioning well, and widely known and applied. If a new set of Rules is to be supported, ICS believes that a compelling need for change must be demonstrated which will deliver clear improvements to the present system. However, while currently being opposed to a fundamental change to the present system of General Average, ICS remains open to considering changes designed to address any practical difficulties in application that may be identified in the discussions, which will continue at the next CMI Conference in Hamburg in June 2014.

PASSENGER LIABILITY

ICS has always supported the early entry into force of the Protocol of 2002 to the Athens Convention relating to the Carriage of Passengers and their Luggage by Sea (PAL). The Protocol introduces compulsory insurance for passenger personal injury claims and other mechanisms to assist passengers in obtaining compensation, the level of which has been increased significantly compared with the original Convention.

The Protocol entered into force on 23 April 2014, having received its tenth ratification a year earlier. The EU Passenger Liability Regulation (2009), which broadly follows the Protocol, had already entered into force in December 2012. In view of this fact, ICS worked closely with ECSA and the

International Group of P&I Clubs to draw the attention of governments to some of the practical implementation issues that might arise with both the EU Regulation and the Athens Protocol being in force concurrently, particularly in relation to the certification requirements of the two regimes.

ICS has been keen to ensure that nations adopt a uniform approach as to which state insurance certificates should be carried on board, and believes that in most cases it is in the interests of carriers, insurers and governments that only one certificate of insurance should be required on board ships operating under the scope of both regimes. Encouragingly, EU Member States have so far been in agreement with this position.

COMPETITION ISSUES

Full compliance with competition law is of utmost importance given that even 'technical' violations by shipping companies can potentially result in penalties amounting to 10% of company turnover. There is also an increasing degree of co-ordination among competition authorities around the world when conducting investigations into non-compliance.

Despite the European Union's prohibition of liner conferences, ICS remains committed to defending the continued existence of anti-trust exemptions for practices such as discussion

agreements in those parts of the world where they are still permitted. As acknowledged by most competition authorities outside of Europe, including China, Singapore, Japan and the United States, such immunities are necessary to allow international shipping markets to function smoothly. ICS has therefore welcomed the decision by the Indian Government, in early 2014, to allow an interim (one year) exemption for Vessel Sharing Agreements. It is hoped that this exemption will be extended upon expiry and eventually made permanent. >>>



In Australia, the Federal Government has announced that it will be carrying out a 'root and branch' review of the country's competition laws during 2014, including consideration of existing immunities for providers of liner shipping services. Meanwhile, following the submission of ICS comments to the New Zealand Productivity Commission's inquiry into international freight transport services, which urged that any changes made should be consistent with the practices of trading partners in the Asia Pacific region and the APEC Guidelines Related to Liner Shipping, it is understood that the Commission's recommendations are still being considered by the New Zealand Parliament. ICS is also monitoring developments in Hong Kong where a Competition Commission is being formed to consult with stakeholders on the implementation of a new competition regulation, including its application to shipping.

Within Europe, ICS's immediate focus has been to support the efforts of the European Community Shipowners' Associations (ECSA) and the World Shipping Council (WSC) to secure an extension to the block exemption from competition rules that applies to liner

consortia beyond 2015. In June 2013, ICS, WSC and ECSA co-sponsored a submission to the European Commission Competition Directorate (DG COMP) which drew attention to recent trends within the container shipping industry including higher fuel prices, flattened freight rates, and the use of larger vessels, and argued that such developments have heightened the importance of consortia as a means of ensuring the efficient use of vessels while maintaining quality service. In March 2014, following a welcome proposal from the DG COMP to extend the block exemption until at least 2020, ICS co-sponsored a second submission by ECSA and WSC reiterating the industry's full support for an extension.

More generally, ICS is following the antitrust approvals being carried out by the US Federal Maritime Commission (FMC), the European Commission and the Chinese authorities into the 'P3' alliance between some of the world's largest containership operators, which was the subject of a high level co-ordination meeting between these authorities in Washington DC in December 2013. With conditions, the FMC gave its approval in March 2014. Whether approval of P3 from other authorities will be forthcoming, especially in Asia, remains to be seen, and could have a significant bearing on the future structure of the global containership industry.

A separate issue in which ICS has been involved is the introduction of new regulations in Sri Lanka banning container lines from charging separate terminal handling charges (THCs) and other surcharges from January 2014. The use of THCs as a charge separate from the freight rate has been standard international practice for container lines since the 1980s and represents a simple and transparent way of allowing ocean carriers to recover the costs of operating at terminals. Under the new regulations, however, the entire costs of carriage from origin to destination are to be included in a single 'all-in' rate. In January 2014, in conjunction with the Asian Shipowners' Forum, ICS wrote to the Sri Lankan Government requesting that the ban be delayed pending a full and proper consultation with all parties concerned.





CONSULTATIVE SHIPPING GROUP

Shipping policy embraces the maintenance of good relations between industry and governments with respect to the continuation of the global 'level playing field' for maritime regulation, market access and free trade principles.

ICS therefore attaches great importance to its contacts with the Consultative Shipping Group (CSG) of maritime administrations, which is now the guardian of free trade principles in shipping following the abolition of the OECD Maritime Transport Committee. The CSG now brings together senior officials from most European nations (plus the European Commission) as well as Australia, Canada, Chile, Japan, Korea and Singapore, with a secretariat provided by the Danish Maritime Authority.

With encouragement from ICS, the CSG has recently issued démarches to Sierra Leone and Algeria with respect to protectionist policies and discriminatory measures against foreign shipping. ICS has also raised concerns about the Common Carrier Tax on international carriers introduced by the Philippines, the ambitions of the African Union to promote regional cabotage restrictions, and discriminatory actions taken by the authorities in Argentina against ships of certain flags, apparently in connection with the dispute over the status of the Falkland Islands.

Another example of an issue at which ICS is looking is discriminatory provision of higher cost fuel to foreign companies' ships in Saudi Arabian ports.

In March 2014, in co-operation with the Norwegian Shipowners' Association, ICS organised a seminar in Ålesund for governments that belong to the CSG following similar events previously held in Hamburg and Singapore. As well as highlighting the implications for fair competition of new environmental regulations being implemented and debated by IMO, ICS drew attention to key issues relevant to shipping in the context of current international negotiations on free trade agreements, tax issues being discussed within United Nations and OECD tax committees, and the importance of the CSG developing a dialogue with China.

The CSG also enjoys good relations with the United States. In August 2014, ICS will be participating in the next CSG/US dialogue meeting that will be held in Washington DC.

The current Chairman of the ICS Shipping Policy Committee, John C Lyras (Greece) will be stepping down during 2014 after many years overseeing the Committee's work in this important area, following ICS's merger in 2002 with the Council of European and Japanese Shipowners' Associations (CENSA).



CHINA'S SHIPPING POLICY

In October 2013, the ICS Chairman led a delegation of ICS members to Beijing for a meeting with the new Chairman of COSCO and the China Shipowners' Association (CSA). While COSCO is a member of ICS, the hope is that CSA might eventually assume full ICS membership on behalf of all Chinese operators given the increasing influence of the Chinese government in international maritime policy making, including the development and implementation of IMO regulations. On many issues ICS has common cause with China, and both are opposed to the development of unilateral or regional regulations that undermine the authority of IMO.

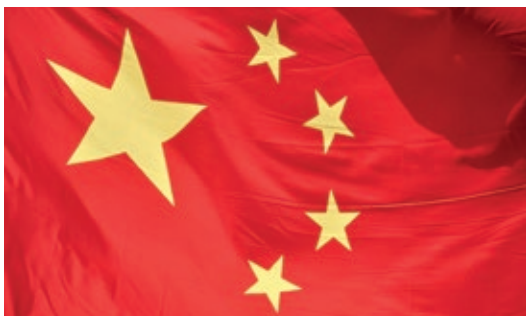
Notwithstanding the excessive supply of shipping tonnage, maritime trade has continued to grow, in large part driven by China. The import of coal and iron ore has continued to break all records, and last year China became the world's largest net importer of oil. China of course is also the manufacturing powerhouse of the world, driving demand for containerships.

However, China's incredible growth rates are not expected to continue at the same high rate forever. China is now adjusting its economy towards greater domestic consumption as opposed to focusing on export led growth or continuing the same number of massive infrastructure projects. Chinese GDP growth in 2013 was actually the lowest in percentage terms recorded for 14 years, although in absolute terms it continues to be most impressive.

China is now going through a 'once in 10 year' political hand over, and the exact course of any change in direction may take a little time to become fully apparent. But the nature of Chinese growth and its link to the demand for shipping is changing. 50% of its GDP is now generated by services.

At face value, the Chinese government appears to remain committed to free trade principles. However, many Chinese shipping companies are under the same enormous pressures as their foreign competitors, due to serious over supply and unimpressive freight rates. Moreover, many state owned shipping companies have significant shipbuilding interests, which are also suffering from massive over capacity.

An interesting development is that China has announced an experiment whereby Chinese owned ships flying non-Chinese flags will be allowed to participate in cabotage trades if they use the new Shanghai maritime free trade zone. While this concession will apparently be restricted to ships beneficially owned in China, it shows that China's thinking is evolving.



On the other hand, despite an expectation that it might change its policy, China has recently confirmed that it will still not allow the mega bulk carriers owned by the Brazilian ore producer Vale to trade to Chinese ports, using port regulations about size restrictions. Whilst ostensibly a safety issue, this position appears to be the result of pressure from Chinese ship operators.

Meanwhile in December, the Chinese Ministry of Transport announced a new ship recycling policy offering subsidies of about \$250 per gross tonne for shipping companies that scrap vessels early. This new subsidy rate, which represents a 50% increase on a previous 2010 scheme, is understood to be available only to Chinese flag vessels

that place new orders for at least the same tonnage with Chinese ship yards.

China now builds more ships than any other nation, and in tonnage terms is currently taking almost half of the industry's new orders. This creates the concern that such incentives to boost shipbuilding artificially could have a negative impact on the speed with which the global supply/demand balance in shipping is restored, while the fact that the subsidies are only available to Chinese flag ships possibly raises questions about the implications for the 'level playing field'. The issue, however, is complicated because shipbuilding is not covered under the current scope of China's World Trade Organization commitments.



INTERNATIONAL TRADE NEGOTIATIONS

ICS continues to encourage the adoption of a multilateral global trade agreement that will incorporate maritime services. For the most part, shipping is a relatively liberalized industry, with few barriers to market access in most international shipping trades. Nevertheless, ICS still wishes to see these free trade practices codified within a binding global framework, so that in the event of any future economic shocks, or other political events that cannot be anticipated, there will be far less possibility of governments resorting to protectionist measures.

In December 2013, the World Trade Organization (WTO) concluded a limited agreement on trade facilitation in Bali. But the WTO still appears to be a very long way off delivering a comprehensive global trade agreement that might include a chapter on maritime services, primarily due to disagreements about completely unrelated issues such as agriculture.

Given the current lack of progress at WTO, the present focus of attention is the separate Trade in Services Agreement (TISA). While this only currently involves some WTO members and, for reasons unconnected to shipping, does not yet include China, it is hoped that the TISA may be a means of re-energising progress towards a new global agreement.

In Geneva in July 2013, ICS and ECSA were invited to hold a seminar for government negotiators involved in the TISA, who are now apparently making progress on a maritime section to the agreement that will include most of the elements already previously agreed as part of the WTO model maritime schedule. However, it remains to be seen whether the high level TISA negotiations on services have any more prospect of being finalised by governments than the WTO process itself which has rumbled on without conclusion for almost 20 years.

Although international shipping markets are liberalized, major barriers still apply to many cabotage trades. In principle, ICS supports the eventual removal of all cabotage restrictions.



WORLD TRADE
ORGANIZATION

But in the context of the WTO and TISA negotiations ICS has actually been careful not to raise cabotage since this would be likely to remove the possibility of several important major players from engaging meaningfully in the negotiations about international shipping, because of the pressure they would come under from their national constituents.

In the context of the separate EU/US trade negotiations towards a Transatlantic Trade and Investment Partnership (TTIP), the European Commission (which represents all EU Member States on trade issues) has raised the issue of the United States' Jones Act, including the possibility of allowing European companies to operate feeder services between US ports in the transport of international cargo, something that is currently prohibited. However, the US officials involved are understood to be upset by the European Commission's approach since even the suggestion that the Jones Act is being discussed could undermine the US President's efforts to get authorisation from Congress to continue the negotiations.



SHIPBUILDING POLICY

Unlike shipping, ship construction matters are not covered under the commitments that nations have made as a part of the WTO negotiation process, instead being subject to OECD negotiations on eliminating market distorting measures from shipbuilding, in which non-OECD economies have also been involved. However, due to disagreements between Asian nations and the European Commission about how subsidies might be defined, the OECD talks have been suspended for several years.

The collapse of the OECD talks is still a major source of disappointment to ICS, although general discussions continue in the OECD Working Party on Shipbuilding.

Around 90% of new shipping tonnage is built in China, Korea and Japan which, whilst acknowledging the need for some structural adjustment, still seem committed to maintaining high levels of shipbuilding capacity despite the massive oversupply of ships which currently prevails worldwide.

On behalf of the world's shipowners, ICS was invited to speak to the trade officials involved in the OECD Working Party at its meeting in Paris in November 2013. However, the current focus of OECD work on shipbuilding is limited to issues such as the definition of 'ecoships' for the purpose of justifying support measures such as export credits.

In the absence of talks about a binding OECD treaty, China – by far the world's largest shipbuilding nation – for the moment chooses not to participate. Given the inextricable link between the fortunes of shipping and shipbuilding, both of which suffer from serious overcapacity, ICS believes that it would be helpful if shipping as well as trade officials could become more engaged in shipbuilding policy issues.



REVISION OF THE IMO FAL CONVENTION

The Convention on Facilitation of International Maritime Traffic (FAL) is perhaps an unusual IMO instrument since it is intended to make life easier for ships' crews by reducing reporting formalities and administrative burdens, rather than adding to them. ICS is therefore participating closely in IMO's comprehensive review of the FAL Convention, in order to ensure that its provisions are not unwittingly watered down by Customs and immigration authorities.

A controversial issue that had arisen concerned a proposal to add visa numbers within the information that port states might request from ships. The possibility that public authorities might be entitled to request seafarers' visa numbers in a ship's crew list would have further undermined the principle

that visas should not normally be required for seafarers wishing to take shore leave (a long established principle enshrined in various ILO Conventions, including ILO Convention 185, as well as within FAL itself). ICS therefore welcomed the decision of the FAL Committee, in April 2013, that no reference to seafarers' visa numbers should be included under the revised FAL Convention.

More recently, ICS has been participating in a Correspondence Group re-established to continue the work of revising the Convention. This has included a joint ICS, WSC and BIMCO submission regarding the proposed inclusion of a date by which time governments must establish systems for the electronic exchange of information. >>>

The industry submission highlighted the many cost and efficiency benefits of electronic data exchange, both to industry and governments, with a view to encouraging adoption of the earliest agreeable implementation date for the mandatory use of electronic exchange, in line with the recommendations of the World Customs Organization.

ICS hopes that such a commitment will be agreed by the FAL Committee in September

2014, but anticipates that some governments may try to delay the adoption of a specific date, seemingly preferring to focus on the initial cost of establishing the necessary infrastructure, rather than on the long term benefits that the electronic exchange of information might bring.

It is anticipated that the amendments to the FAL Convention will be adopted by an IMO Diplomatic Conference in 2015.

TAX ISSUES

Shipping is a global industry, with shipping companies operating in multiple jurisdictions. There is thus a vital need to maintain a sensible global approach to taxation matters, as set out in Article 8 of the United Nations Model Double Taxation Convention between Developed and Developing Countries.

In October 2013, in Geneva, ICS represented shipowners at the United Nations Committee of Experts on International Cooperation in Tax Matters, ICS and the World Shipping Council having made a submission opposing suggested changes to Article 8 of the UN Convention, specifically those proposed by the Indian Government concerning the treatment

of the taxation of revenue from the domestic leg of an international voyage.

The maintenance of the long established practice that profits from international shipping activities are only taxed in the 'home state' of the shipping company, as enshrined by OECD model tax agreements, as well as Article 8 of the current UN model treaty, is important. Any inconsistency with the OECD approach, or restriction of its scope, would be problematic for the industry as it could lead to differential treatment in the various ports of call during a voyage. The issue remains on the agenda of the UN Committee of Experts which meets again in Autumn 2014.





At the same time, the OECD is conducting its own review of the maritime articles in the OECD Model Tax Convention. Proposals have been made to adjust the definition of what represents a 'home state' shipping company, the implications and rationale for which are not very clear.

The OECD is also considering changes that could have implications for the nation in which foreign seafarers are taxed, the majority of the world's 1.5 million seafarers serving under flags that are different to their country of residence.

In January 2014, ICS made a submission to the OECD, requesting that the OECD clarify the expected impact of these proposed changes, in order that the industry can properly express a view as to whether or not they might be acceptable.

The initial outcome of the OECD review is not expected to materialise until at least 2015. ICS members, meanwhile, are encouraging maritime administrations to liaise with their national representatives on these important UN and OECD tax committees. There is a danger that these tax experts may not fully understand the potentially serious implications for shipping of the changes they are proposing.

Meanwhile, the maintenance of tonnage tax regimes which now operate in most major maritime nations is important to ensure that the

shipping industry can operate efficiently in what are extremely cyclical and volatile international markets. In co-operation with ECSA, ICS has therefore been taking an interest in the current review of the relevant EU Guidelines, now overseen by the Competition Directorate, that permit EU Member States to apply such regimes. There are encouraging signs, following a public consultation to which ICS contributed, and supported in a statement by EU transport ministers in May 2014, that the European Commission will maintain the status quo.

Elsewhere, another positive development is that in December 2013 China announced that shipping companies will be exempt from Value Added Tax, following the application of a new VAT regime to shipping that began in August. This followed lobbying by foreign lines and bodies such as ICS. The issue was a concern because the mechanism by which foreign companies had to reclaim VAT put them at a significant competitive disadvantage to Chinese companies. But this appears to have been an unintended consequence of a new regime being implemented throughout China. Indeed the exemption that the Chinese tax authorities have granted to shipping is a significant one, because it involved some complicated administrative hurdles, and this would seem to suggest that the government overall is taking its commitment to free trade seriously.

INTERNATIONAL ACCOUNTING STANDARDS

ICS has been heavily engaged with the International Accounting Standards Board (IASB) since 2010 after it first circulated plans to overhaul the international accounting rules for the financial reporting of leases.

The initial set of IASB proposals met with considerable opposition from the shipping industry, as well as from many other business sectors, and a new 'Exposure Draft' was released in May 2013. Whilst an improvement in some respects, ICS still has concerns that, as with the first set of proposals, 'time charters' and other contracts governing operational arrangements utilised by international ship operating companies may fall within the definition of a lease and therefore will be subject to the reporting requirements of the proposals.

ICS maintains that such arrangements are not leases at all, but transportation service agreements, and should therefore not be treated as leases for accounting purposes. The treatment of time and voyage charterparties is of importance to many shipping companies because it will determine whether such contracts are included on their balance sheets.

ICS also has concerns that the proposals envisage a certain amount of judgement and interpretation being exercised by a shipowner, or its financial advisers, when deciding whether a contract is a lease that needs to be reported. ICS believes that it is crucial that the rules are clear in their objective and in the drafting, to enable companies to interpret and apply the new rules in a uniform manner.

The IASB's consultation on its latest 'Exposure Draft' concluded in October 2013, ICS and several of its member national associations having submitted detailed comments. Some ICS associations also met with their national members on the IASB Board, requesting further clarity and explaining the shipping industry's position.

However, the IASB received more than 630 comments from various preparers and users of financial statements, many of which outlined continuing concerns with the standards as



currently drafted. During 2014, the IASB Board is therefore re-deliberating many aspects of its draft rules, including the definition of leases, and the reporting of lease and non-lease components and service contracts. ICS will be keeping a close eye on the progress of these important discussions.

CANAL TOLLS

Throughout 2013, the shipping industry continued its constructive dialogue with the Panama Canal Authority (ACP) concerning the planned structure and quantum of tolls to be introduced when the project to expand the Panama Canal is completed. ICS hosted a high level meeting with ACP representatives in November 2013 which built on the outcome of a series of detailed sectoral meetings that had taken place between the various trades and their representative bodies and the ACP earlier in the year. Dialogue was positive and it was clear that much of the industry comment on early draft proposals had been taken into account by the ACP. Most importantly, the ACP indicated it had no intention of implementing changes to tolls before the new locks are operational.

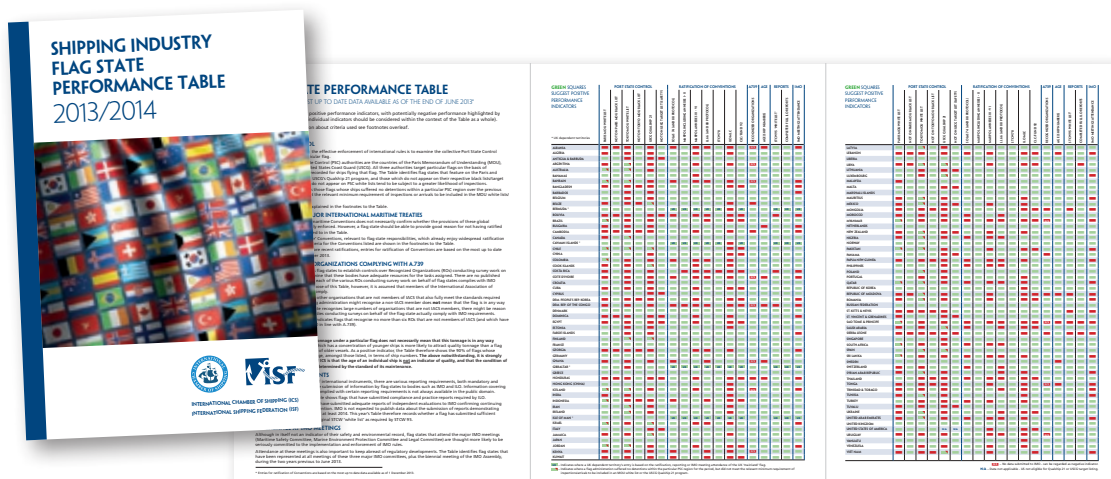
It had been expected that the ACP would announce its final proposal for the new toll structure in early 2014, with the formal 30 day consultation planned for March. However, a serious dispute between the ACP and the contractor engaged to construct the new

locks (although now resolved) has led to a delay in the estimated completion date of the work from mid-2015 to early 2016. The announcement of a pricing structure post 2015 is therefore still awaited.

Elsewhere, ICS has again voiced serious concern about toll increases, for the third consecutive year, announced by the Suez Canal Authority (SCA) in February and to be implemented in May 2014. For several sectors the increases amount to 4%, a dramatic change which may be impossible to pass onto customers.

With the security of the Suez Canal continuing to present a concern following the political upheavals in Egypt over the last few years, owners already considering the Cape route as an alternative may be given a spur, and indeed according to its 2013 Annual Report, the SCA has seen a drop both in the number of vessels transiting the Canal and in the net tonnage carried through. ICS is hoping to engage in further consultation with the SCA at the earliest opportunity.





FLAG STATE PERFORMANCE AND PORT STATE CONTROL

A balance has to be struck between the commercial advantages of shipowners selecting a particular flag and the need to discourage the use of any ship register that does not meet its international obligations. While it is shipping companies that have primary responsibility for the safe operation of their ships it is the flag state that must enforce the rules.

ICS has therefore been a strong supporter of the IMO Member State Audit Scheme and has welcomed the confirmation, by the IMO Assembly in December 2013, that the current voluntary audits of maritime administrations will become mandatory once amendments have been made to the relevant IMO Conventions. The IMO Assembly also adopted an IMO Instrument Implementation Code, which will underpin the mandatory audit scheme.

In the interests of transparency, and notwithstanding sensitivities about matters of sovereignty, ICS believes that the results of the IMO audits should eventually be published. As a minimum, information should be made available by IMO as to whether maritime administrations have actually put themselves forward for inspection. In the meantime, ICS has welcomed the practice of some regional Port State Control (PSC) authorities to request information from flag states as to whether the IMO audits have been conducted, including this in their criteria for targeting inspections. ICS is now giving consideration as to whether this PSC information about IMO audits might be used in the Shipping Industry Flag State

Performance Table which ICS compiles on an annual basis.

As a complement to the IMO Scheme, and as a service to the industry, the ICS Flag State Performance Table collates various data available in the public domain and can be downloaded from the ICS website. The feedback that ICS receives suggests that the Table is now treated very seriously by maritime administrations. In response to comments from governments, ICS has made further adjustments to the presentation, including data relating to the inspection record of flags whose ships have only made a small number of port calls in some of the main PSC regions. Whether or not a country has ratified the ILO MLC has also been added to the criteria used in the Table, following its entry into force in August 2013.

However, the purpose of the ICS Table remains the same: to encourage shipowners to examine whether a flag state has substance before using it and to encourage them to pressure their flag administrations to effect any improvements that might be necessary. ICS makes no apology for continuing to subject flag states to scrutiny, in the same way that ships and company procedures are rightly subjected to inspection by governments. The overriding interest in promoting high performing flags is that they are less likely to tolerate sub-standard operators who would otherwise enjoy an unfair commercial advantage over the vast majority of fully compliant shipping companies.

The adjunct to flag state implementation is Port State Control (PSC), and ICS has welcomed the full roll-out of new targeting systems whereby ships that enjoy a good inspection record are less likely to be subject to frequent inspections so that resources can be focused on those vessels that are more likely to have deficiencies.

ICS maintains good relations with both the Paris (Europe and North Atlantic) and Tokyo (Asia-Pacific) MOUs on PSC. ICS attended their annual meetings in Malta in May 2013 and Tokyo in October 2013. ICS has also been in dialogue with the MOU Chairmen and secretariats with respect to details of enforcement of the ILO MLC (for which concentrated inspection campaigns are being planned), the new security training requirements under STCW 2010, and the way in which the Ballast Water Management Convention will be inspected once it enters into force.

One of ICS's current priorities is to seek clarification from the Paris MOU (and also the United States Coast Guard) as to the way in which the 0.1% sulphur in fuel requirements will be enforced in Emission Control Areas from January 2015.



OCEAN GOVERNANCE

The shipping industry is very fortunate in having the established framework of global Conventions developed by IMO which, for the most part, are fully implemented and enforced worldwide. However, there is growing concern about the vacuum that exists with respect to wider governance and protection of the oceans, such as preserving global fishing stocks, preventing ongoing damage to ecosystems caused by land based industry and agriculture, and the acidification of the sea.

The basic legal framework for the protection of the oceans is provided by the United Nations Convention on the Law of the Sea (UNCLOS). However, while merchant shipping is regulated by IMO within the authority provided by UNCLOS (which also establishes important principles such as the right of ships

to enjoy 'innocent passage' in national waters) many other areas of oceans governance are not so well developed.

In San Francisco, in February 2014, the ICS Chairman took part in the World Ocean Summit, a high profile event organised by The Economist magazine. Participants included the US Secretary of State, John Kerry, several heads of state, the EU Commissioner for maritime affairs, plus various ministers and senior officials from nations including China. The heads of several UN agencies with responsibilities for ocean governance were also present including the United Nations Environment Programme, the Intergovernmental Oceanographic Commission and the International Seabed Authority. >>>

The Summit provided a platform from which ICS could explain that the shipping industry is already very comprehensively regulated by IMO with respect to its environmental performance, and that broader concerns about ocean governance should not be confused with any lack of regulation with respect to shipping.

Also present in San Francisco was the Global Ocean Commission (GOC) which has been established to explore how governance of the oceans might be improved, and which is due to publish its recommendations in 2014. The GOC's recommendations are expected to be influential. Amongst the more radical ideas being considered is the concept of designating all of the high seas as a single Marine Protected Area (MPA). While this is perhaps unlikely to happen in practice, it is possible that in the future significant parts of the high seas could eventually be declared MPAs if a mechanism for doing so could be found, something that could potentially be of relevance to ship operations.

The GOC is also considering the merits of the UN establishing a 'World Ocean Organization'. There is no suggestion that such a new UN body should replace IMO or be directly involved with shipping regulation. In the event that such a body was established – and the political hurdles might well be insurmountable – its primary purpose would probably be to co-ordinate scientific knowledge about the impacts of human activity on the oceans, and, where relevant, to develop appropriate

mechanisms for regulating activities that currently go almost unchecked, such as fishing on the high seas.

The position taken by ICS at the Summit was that the concept of a new UN agency, sitting alongside IMO, would appear to be worthy of consideration (i.e. the shipping industry has no apparent reason to object) and that IMO could provide a model of how such a body might work efficiently, usually developing technically complex regulation on the basis of global consensus. But there is no suggestion that IMO should take on the role of wider ocean governance beyond its current mandate of regulating international shipping.

However, ICS has suggested that if extra attention is given to ocean governance to deal with non-shipping issues, this would be best delivered without a radical overhaul of UNCLOS with its carefully agreed balance between the rights of nations, the undoing of which would be very unlikely to be in interests of shipping.

In order to ensure that shipping's interests are fully recognised, ICS has had contact with the Global Ocean Commission, and is also working closely with the World Ocean Council (WOC) which is a coalition of ocean industries including oil companies, mining, and seafood producers.

ICS Chairman in discussion at the World Ocean Summit with (second left) Maria Damanaki, EU Commissioner for Maritime Affairs and (far right) Achim Steiner, Executive Director, UNEP





PUBLICATIONS

The production of publications on regulatory developments and best practices is an important though sometimes understated part of ICS activity, with many ICS publications being used by ships throughout the world fleet.

A major project due for completion in 2014 will be the publication of a revised 4th edition of the ICS Tanker Safety Guide (Chemicals) pending the final adoption by IMO of some

important regulatory changes. This will hopefully be followed, in 2015, by publication of a new edition of the ICS Tanker Safety Guide (Liquefied Gas).

The other major project due to be completed in the next 12 months is a new edition of the ICS Bridge Procedures Guide, plus an update of the ISF Personal Training and Service Record Book.

The beginning of 2014 saw the publication of a new consolidated edition of the Ship to Ship Transfer Guide produced jointly with OCIMF, SIGTTO and the Chemical Distribution Institute (CDI) which has already sold over 10,000 copies.

Following the entry into force of the ILO Maritime Labour Convention, the ISF Guidelines on the Application of the ILO MLC have proved very popular, as has the ISF Watchkeeper seafarers' work hour record software which is produced jointly with IT Energy.

Since April 2013, some ICS publications are now available as eBooks, in anticipation of the time when an increasing number of ships will have ready access to internet broadband.

ADMINISTRATIVE MATTERS

Mr Masamichi Morooka (Japan) has continued to serve as Chairman of ICS, having been elected for an initial two year term in 2012.

To mark Mr Morooka's Chairmanship, the President of NYK, Mr Yasumi Kudo, presented ICS with a model of the car carrier 'Auriga Leader' at a special ceremony at the ICS offices at St Mary Axe, London, attended by the IMO Secretary-General.

The ICS Annual General Meeting in Oslo, held in June 2013, was hosted by the Norwegian Shipowners' Association in conjunction with the Nor-Shipping Conference. Mr John C Lyras (Greece), Mrs Karin Orsel (Netherlands), Mr Gerardo Borromeo (Philippines) and Mr Esben Poulsson (Singapore) were elected as Vice Chairmen in accordance with new guidelines on the election of office bearers.

The membership of ICS currently comprises 34 national shipowners' associations plus several associate members, with the Portuguese

Shipowners' Association becoming a full member of ICS in 2013, and the Monaco Chamber of Shipping becoming an associate member in April 2014. The 2013 AGM also agreed to establish a new category of low cost associate membership for which smaller national associations that remain outside ICS are now eligible to apply.

The ICS Secretariat continues to be provided by Maritime International Secretariat Services Limited, which is wholly owned by ICS. The International Shipping Federation is still used as the identity of ICS when addressing many employment affairs issues, including representation at the ILO, notwithstanding the merger of ICS and ISF in 2012. This arrangement, however, is under review.

In March 2014, Mr Jonathan Spremulli joined ICS as a Technical Manager, having recently worked with the Liberian administration as a representative at IMO. >>>



In February, Mr Stewart Inglis joined ICS as a Manning and Training Adviser, having previously worked at ILO. Reflecting the growing work involved with the production and sale of best practice publications, Miss Grace Cobley joined ICS as an administrator during 2013.

2013 saw the launch of a bright, upgraded ICS website, which includes information about policy positions, publications and various free resources for use by ship operators. ICS has also started communicating to the wider industry using the micro-blogging site, Twitter.

The 2014 ICS Annual General Meeting will be hosted by the Cyprus Shipping Chamber, in Limassol from 10-12 June, in the year of its 25th anniversary.

OBITUARIES

DIERK LINDEMANN

Dierk Lindemann passed away in March 2014. A qualified lawyer, for many years Dr Lindemann was a Managing Director with responsibility for labour affairs at the German Shipowners' Association. But as the leader of the employers' group co-ordinated by the International Shipping Federation, he served as the Shipowners' Spokesman at several ILO maritime labour conferences, including the 2006 Conference which adopted the ILO Maritime Labour Convention of which he was one of the principal architects.

ALEC BILNEY

Alec Bilney passed away in September 2013. Following a career with the UK Royal Fleet Auxiliary serving on tankers, he worked for many years as a manager at ICS, representing the industry at IMO technical committees. He was deeply involved with the development of the IMO Ballast Water Management Convention, and was the lead author responsible for the current editions of the ICS Tanker Safety Guides (Chemicals) and (Liquefied Gas) which are used throughout the shipping industry.



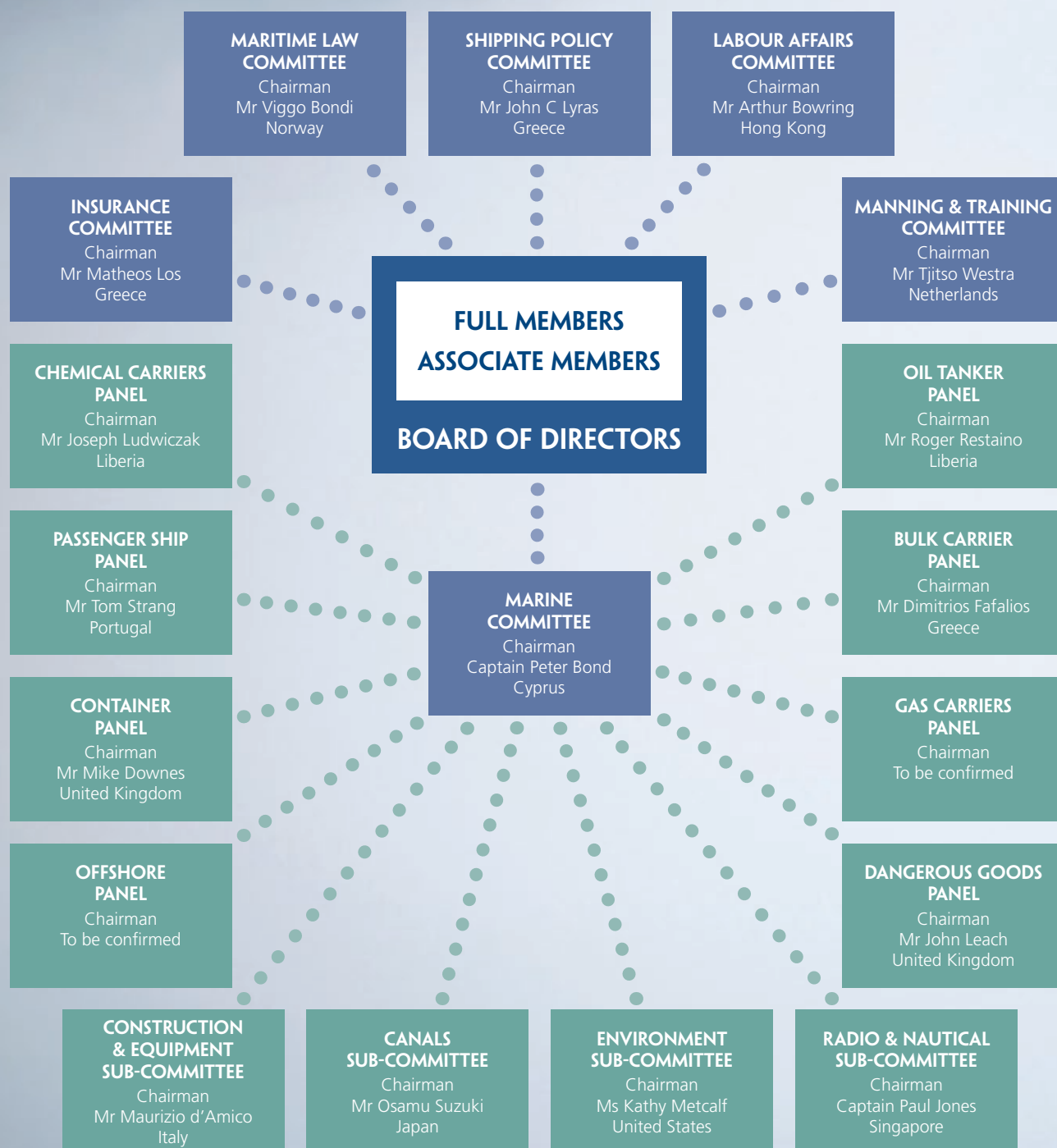
NYK President presents ICS with scale model in honour of chairmanship (left to right: Peter Hinchliffe, ICS Secretary General; Koji Sekimizu, IMO Secretary-General; Spyros M Polemis, former ICS Chairman; Masamichi Morooka, ICS Chairman; and Yasumi Kudo, NYK President)

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ICS COMMITTEE STRUCTURE



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FULL MEMBERS

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BAHAMAS	Bahamas Shipowners' Association
BELGIUM	Royal Belgian Shipowners' Association
BRAZIL	Syndarma [†]
CANADA	Canadian Shipowners' Association
CHILE	Chilean Shipowners' Association
CHINA	China Ocean Shipping (Group) Co [†]
CYPRUS	Cyprus Shipping Chamber
DENMARK	Danish Shipowners' Association
FINLAND	Finnish Shipowners' Association
FRANCE	Armateurs de France
GERMANY	German Shipowners' Association
GREECE	Union of Greek Shipowners Hellenic Chamber of Shipping [§]
HONG KONG	Hong Kong Shipowners' Association
INDIA	Indian National Shipowners' Association
IRELAND	Irish Chamber of Shipping
ITALY	Confederazione Italiana Armatori (Confitarma)
JAPAN	Japanese Shipowners' Association
KOREA	Korea Shipowners' Association
KUWAIT	Kuwait Oil Tanker Co.
LIBERIA	Liberian Shipowners' Council
MEXICO	Grupo TMM S.A.
NETHERLANDS	Royal Association of Netherlands Shipowners
NORWAY	Norwegian Shipowners' Association
PHILIPPINES	Filipino Shipowners' Association
PORTUGAL	Portuguese Shipowners' Association
SINGAPORE	Singapore Shipping Association
SPAIN	Asociación de Navieros Españoles
SWEDEN	Swedish Shipowners' Association [§] Swedish Shipowners' Employer Association [†]
SWITZERLAND	Swiss Shipowners' Association [§]
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[§] Trade Association Only

[†] Employers' Organisation Only





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