



INTERNATIONAL CHAMBER OF SHIPPING

2015

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, as well as employment affairs.

The membership of ICS comprises national shipowners' associations representing all sectors and trades from 36 countries, covering more than 80% of the world merchant fleet.

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CHAIRMAN'S OVERVIEW

ICS Chairman
Mr Masamichi Morooka (Japan)

SHIPPING ISSUES ARE ONCE AGAIN DOMINATING HEADLINES IN THE INTERNATIONAL MEDIA, THIS TIME BECAUSE OF THE HUMANITARIAN TRAGEDY THAT IS TAKING PLACE ON EUROPE'S MARITIME BORDER.

In the 16 months up to May 2015 around 5,000 people are reported to have perished while attempting to cross the Mediterranean from North Africa. On 19 April the conscience of EU governments was sorely challenged by the loss of around 800 lives, when a fishing boat capsized while approaching a merchant ship that was committed to its rescue near the coast of Libya.

Immediately after this terrible event an emergency Summit of EU leaders agreed to increase resources for Search and Rescue operations amongst a list of other pledges. While this outcome was seemingly positive, serious questions remain as to the extent to which the scale and coverage of this new impetus to assist will be sufficient to prevent the further loss of life, or how quickly these commitments will be met by EU governments.

*Koji Sekimizu and Masamichi Morooka
in Tokyo, December 2014*



The tally of almost 1,000 migrant rescue operations in which merchant ships have been involved, since the crisis in the Mediterranean began to escalate in 2014, appears certain to increase. Despite the fact that merchant vessels are not best equipped to conduct the large scale rescue of hundreds of people at a time, it seems that for the immediate future the assistance of ships' crews will continue to be called upon by Rescue Co-ordination Centres. Coming to the aid of anyone in distress at sea is a deeply held maritime tradition. However, ICS will continue to press governments firmly to fill this unacceptable vacuum with additional Search and Rescue resources.

While the safety of life at sea is always the highest priority, the implementation of new environmental rules still features prominently on ICS's immediate agenda. As this year's Annual Review explains, ICS remains at the centre of current discussions on how to make the international Ballast Water Management Convention fit for purpose; ensuring that potentially game changing new rules on sulphur emissions are implemented fairly; and helping the International Maritime Organization (IMO) to make good progress on additional global measures that will deliver further CO₂ emission reductions.



In December 2015, the attention of the world will be focused on the critical United Nations Climate Change Conference in Paris. ICS will be representing the industry in order explain the impressive performance of international shipping, which reduced its total CO₂ emissions by more than 10% between 2007 and 2012. There is, nevertheless, a clear expectation from governments for shipping to do even more, and ICS is confident that the industry will continue on its current trajectory of achieving ever increasing carbon efficiency. But the best place to develop any additional mandatory CO₂ reduction measures on a global basis can only be via IMO.

December 2015 will see another important event, when the current IMO Secretary-General, Mr Koji Sekimizu, will step down from office. His decision not to continue for another four year term is a source of great sadness to ICS, and especially to me personally in view of the very good relationship we have established. His commitment to making shipping even safer and cleaner, and to making IMO ever more efficient in its important work, is beyond doubt. I hope very much that ICS will develop a similarly harmonious relationship with Mr Sekimizu's successor.

Notwithstanding the many serious challenges which the industry faces, I continue to enjoy the many contacts and friendships I have made with shipping people and policy makers across the world during my three years so far as ICS Chairman. I am especially grateful to my fellow elected officers and the ICS Board of Directors, who freely dedicate so much of their time and energy. I truly appreciate the assistance they give me in my efforts to steer ICS in the right direction, so that we can continue to genuinely represent the best interests of shipowners whilst retaining the ear of governments.

Masamichi Morooka

ICS VICE CHAIRMEN 2014/15

Left to right

Mr John C Lyras (Greece)

Mrs Karin Orsel (Netherlands)

Mr Gerardo Borrromeo (Philippines)

Mr Esben Poulsson (Singapore)



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Mrs Catherine Howlett

Administrator Publications

Miss Grace Cobley

Administrator Publications

Mrs Julie Rogers

Personal Assistant to Secretary General

Miss Milly Dewar

Administrator Marine Department

Mrs Anita Pow

Administrator Shipping Policy

* position held jointly

RESCUE AT SEA THE MEDITERRANEAN CRISIS

THE HUMANITARIAN
CRISIS IN THE
MEDITERRANEAN SEA
IS SPIRALLING OUT
OF CONTROL.

According to the United Nations High Commissioner for Refugees (UNHCR) at least 5,000 people have lost their lives since January 2014 as hundreds of thousands of people attempted to cross the Mediterranean from North Africa. There is a terrible risk of further loss of life as more desperate people attempt this dangerous sea crossing in unsafe craft operated by people smugglers.

Merchant ships rescued around 40,000 people during 2014. This number is predicted to increase significantly during 2015 if the political situation in Africa and the Middle East fails to improve. In the middle of April 2015, 10,000 people were rescued by Italian Search and Rescue services over a period of just four days, with at least 900 people reported drowned in the same period. Almost 1,000 merchant ships have assisted migrant rescue operations since the crisis began to escalate.

The international shipping industry fully accepts its legal obligations to come to the assistance of anyone in distress at sea. However, individual ships are being involved in rescues of up to 500 people, with serious implications for the safety and security of ships' crews involved in dealing with such large numbers. This goes well beyond what should reasonably be expected of merchant seafarers.



The burden of responsibility placed on ships and their crews to rescue migrants in distress has been further increased by the formal ending of Italy's humanitarian Search and Rescue operation 'Mare Nostrum' at the end of 2014. The mandate of the separate EU funded FRONTEX operations ('Triton' and 'Poseidon Sea') is border protection, and they are operating with very limited resources.

The response to the crisis by the Italian Navy and Coast Guard continues to be most impressive. But the situation is now so serious that all EU Member States need to become more engaged. The shipping industry's concern is that following the end of Mare Nostrum other governments are increasingly relying on merchant ships to undertake more and more large scale rescues. >>>

EU SUMMIT UPDATE

On 23 April 2015, the leaders of the 28 EU Member States held an emergency Summit on the crisis in the Mediterranean. This followed the terrible loss of around 800 lives during the previous weekend when a fishing boat carrying migrants capsized and sank off the coast of Libya. This tragedy placed a global media spotlight on the urgent need for action, and prompted the immediate adoption by EU foreign and interior ministers of a '10 point plan', which included tackling the people smugglers and the root causes of this mass migration by sea.

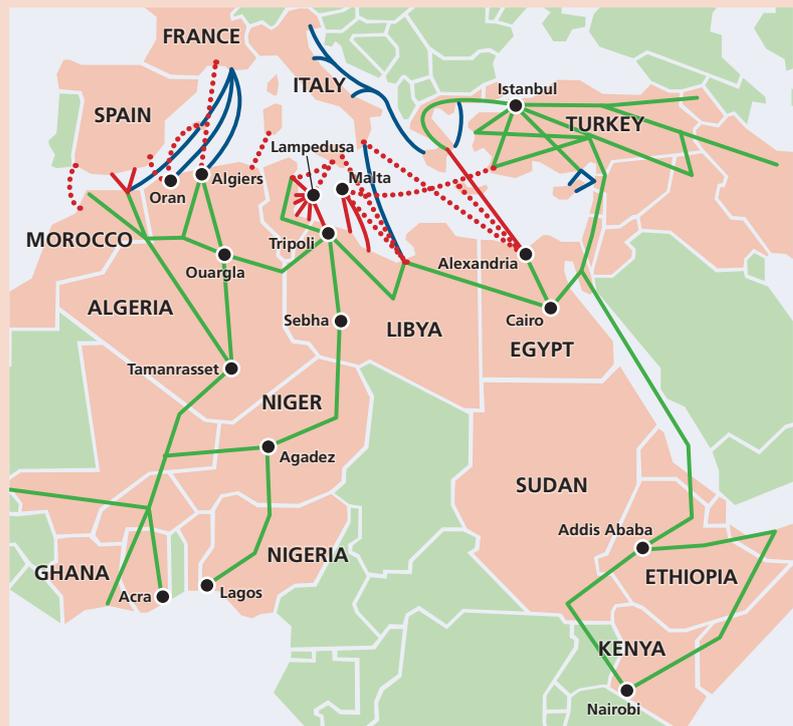


ICS and ECSA have welcomed the EU leaders' decision to triple resources for the EU Triton operation, and the commitment of EU Member States to deploy additional vessels and planes at relatively short notice. But Triton remains within the mandate of the EU border agency, FRONTEX, and this raises serious questions about the extent to which these efforts will fully ensure the immediate prevention of further loss of life. These measures appear to fall short of the scale and mandate of the Italian humanitarian operation, Mare Nostrum. What is still needed is a similar, EU led, large scale Search and Rescue mission, able to operate far from EU territorial waters, which is where most of the accidents involving migrants are taking place.

It is understood that Triton's resources can be deployed in international waters when called upon by national Maritime Rescue Co-ordination Centres, but it remains doubtful whether they can rapidly reach areas near the Libyan coast, where most incidents tend to occur. It seems that merchant ships, which are not best equipped to rescue hundreds of people at a time, will continue to be called upon frequently to respond to requests for assistance. At the time of writing, a clear mandate for humanitarian rescue operations by EU States still appears to be outstanding.

KEY MIGRATION ROUTES

- Major maritime routes
- ⋯⋯⋯ Minor maritime routes
- Ferry routes used by migrants
- Major land routes



Source: BBCi-Map

RESCUE AT SEA THE MEDITERRANEAN CRISIS



Coastal states have Search and Rescue (SAR) obligations under international maritime law. But as the number of migrants requiring assistance increases, ICS believes there must be a commensurate increase in state funded resources for SAR operations to meet the growing need in the Mediterranean. In practice this means that all EU Member States need to share the burden with Mediterranean nations in order to help prevent the loss of thousands more lives.

In co-operation with the European Community Shipowners' Associations (ECSA) and other industry partners, ICS is conducting a high level campaign throughout 2015 aimed at senior policy makers and the media in Europe. The objective is to persuade governments and the public at large to recognise the truly enormous scale of the crisis and the need for a far more focused response. There may well be parallels (and lessons to be learned) from the way in which industry was able to engage with governments and encourage them to respond to the issue of piracy off the coast of Somalia.



In December 2014, ICS represented the industry at a high level dialogue meeting for relevant United Nations agencies organised by the UNHCR in Geneva, as well as a productive follow-up meeting in March 2015, hosted by the IMO Secretary-General in London. But the priority now must be to engage the attention of governments at the very highest level and encourage a positive and determined response to the crisis.

While far more needs to be done to prevent the unsafe craft used by people smugglers from being able to depart from North Africa in the first place, the unstable situation in countries such as Libya makes this very difficult. ICS therefore believes there is an urgent need for all EU Member States to seek a political solution.

The EU needs to provide refugees and migrants with alternative means of finding safety without risking their lives by crossing the Mediterranean in craft that are unseaworthy and operated by criminals. It is imperative to avoid the impression that a potentially fatal sea crossing in a tiny overcrowded boat is the only expedient pathway to Europe.

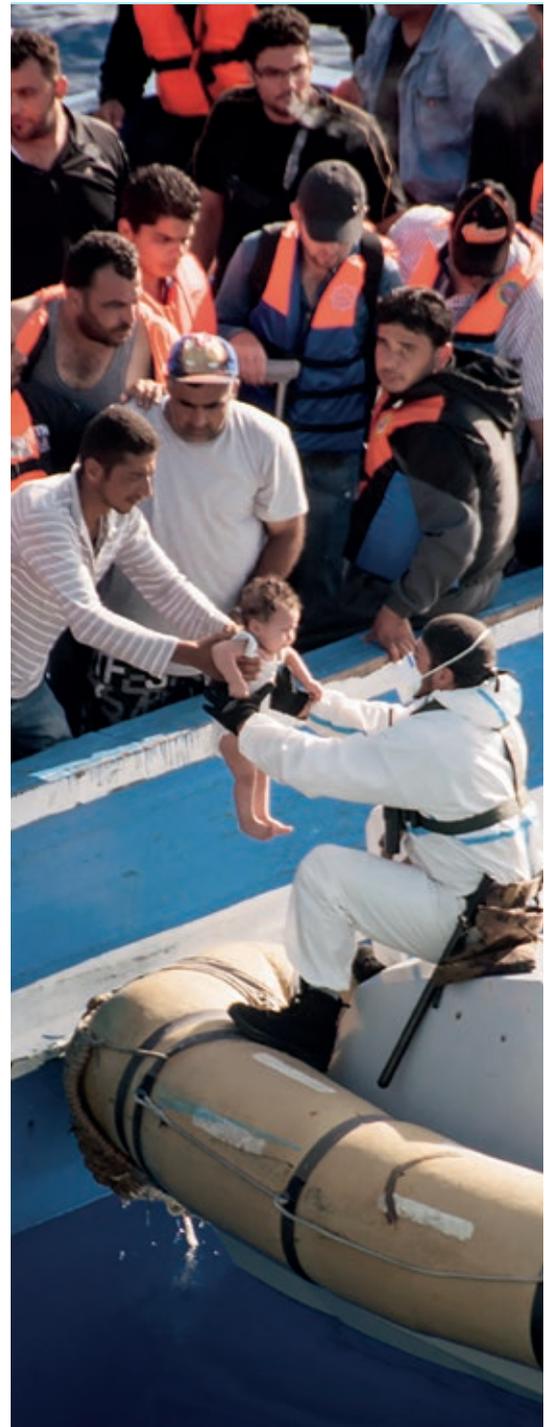
In the short term, EU Member States need to do far more to support Italy, Malta, Cyprus, Greece and Turkey in their SAR

efforts, as well as merchant ships conducting a very large number of rescues; a situation which is untenable.

At the practical level, in December 2014, ICS published guidance for shipping companies on the conduct of large scale rescue operations at sea, which are being circulated free of charge, and which can be downloaded with other relevant information from a dedicated area on the ICS website. This ICS guidance has been well received. However, in response to developing experience of shipping companies, Masters and crews it is likely that the guidance may be updated during 2015.

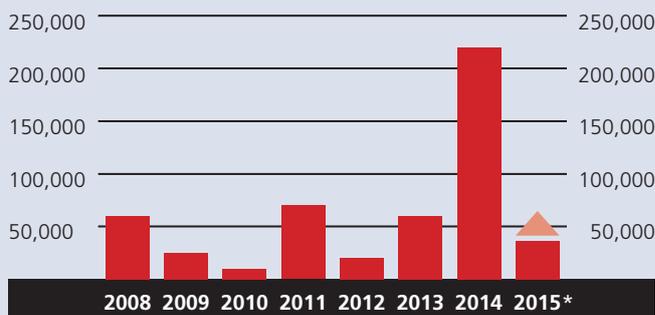
Separate UNHCR guidance on Rescue at Sea published in co-operation with IMO and ICS (originally produced as a response to the Vietnamese ‘boat people’ crisis in the 1980s) has also been updated. There is now greater emphasis on the need for port states to arrange for prompt and predictable disembarkation of migrants rescued by merchant ships. The revised UNHCR guidance makes it clear that Masters should have no role in determining the legal status of the people they rescue.

The increasingly desperate situation in the Mediterranean is closely linked to the very difficult political situation in North Africa and the Middle East. Developing practical solutions will not be easy. However, encouraging governments to address this crisis will be a key priority for ICS throughout 2015.



MIGRATION BY SEA

Total migrant arrivals in Europe via the Mediterranean Sea



Source: UNHCR

* as of 19 April 2015

LOW SULPHUR FUEL A BRAVE NEW WORLD

SINCE 1 JANUARY 2015, SHIPS HAVE HAD TO COMPLY WITH NEW IMO REQUIREMENTS TO USE FUEL WITH A SULPHUR CONTENT NOT EXCEEDING 0.1% INSIDE EMISSION CONTROL AREAS (ECAS). IT WILL BE VITAL FOR GOVERNMENTS TO ENSURE UNIFORM IMPLEMENTATION OF THESE GAME CHANGING NEW RULES.

With IMO approval, and as permitted by Annex VI of the IMO MARPOL Convention, sulphur ECAs have so far been established in the North Sea and the Baltic, and within 200 miles of the coast of the United States and Canada. For the majority of ships trading in ECAs, this means using distillate fuel which is at least 50% more expensive than the residual fuel that most ships would otherwise burn. Indeed, since January 2015, the percentage cost differential between distillate and residual fuel has been increasing.

While the immediate impact has been partially mitigated by the dramatic fall in crude oil prices in 2014, the new ECA limits are regarded as game changing, and the current reduced cost of low sulphur bunkers is unlikely to be a long term trend. Short sea operators and ferries, in particular, are still confronted with the prospect of becoming less competitive in comparison to trucks, trains and planes, with the possibility of modal shift to less environmentally efficient forms of transport.

At some point in the future, it is possible that China may eventually decide to establish ECAs, perhaps in the Pearl River Delta and around Shanghai. Japan may also eventually follow. But for now the ECAs only exist in North West Europe and North America.

In 2020, however – unless IMO decides to postpone – an additional global cap will also apply, so that the maximum permitted sulphur content in fuel, in all waters outside of ECAs, will be reduced to 0.5%. (The implications of the global cap are explored elsewhere in this Annual Review.)

The shipping industry is fully committed to total compliance with the 0.1% sulphur requirements in ECAs and, with the exception of some initial problems due to non-availability of required fuels, there has been no reason to suggest that there will not be widespread compliance. But given the significant financial advantage that could be derived from circumventing the rules, there is concern amongst those owners who are committed to compliance about the possibility of unfair competition.

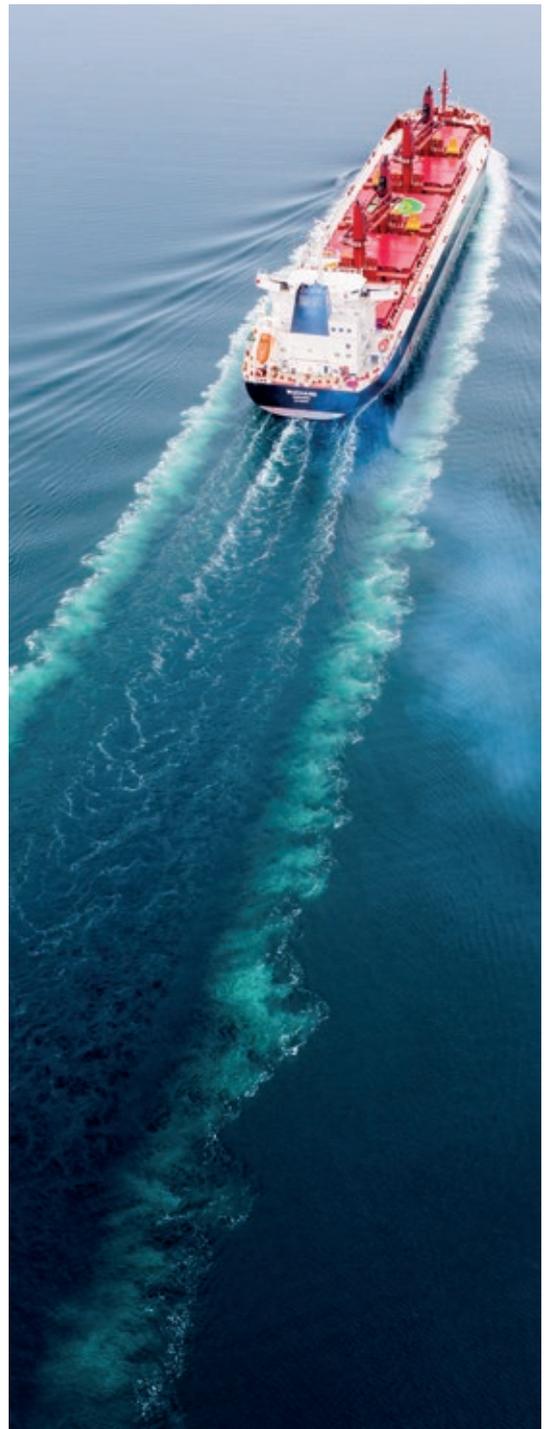
The shipping industry is required to invest billions of dollars in order to ensure compliance with this major regulatory



change. It therefore seems only fair that governments should implement the rules in a uniform manner as shipping enters this brave new world of low sulphur fuel.

In response to a specific request from ICS for guidance, the Paris Memorandum of Understanding (MOU) on Port State Control, which includes Canada and Russia as well as EU Member States, issued guidance on enforcement in advance of the January implementation date. The Paris MOU made it clear that Port State Control (PSC) enforcement will also take place outside of the Emission Control Areas, for example in the Mediterranean, in the first port of call following transit through an ECA. However, it will be vital for the maintenance of fair competition that implementation occurs throughout the Paris MOU region in a consistent way.

The Paris MOU has also confirmed that, unless there are clear grounds to suspect non-compliance, inspection will normally be confined to checking Bunker Delivery Notes rather than sampling fuel. However, in the event of clear grounds for a more detailed inspection there are still not yet harmonised PSC procedures for taking samples from ships' tanks. The European Commission is also developing supplementary inspection procedures, which will include specific targets to be applied by EU Member States, with a proportion of ships also being subject to bunker sampling. >>>



IMO AGREEMENT TO REDUCE ATMOSPHERIC POLLUTION FROM SHIPS

Sulphur content of fuel permitted in Emission Control Areas



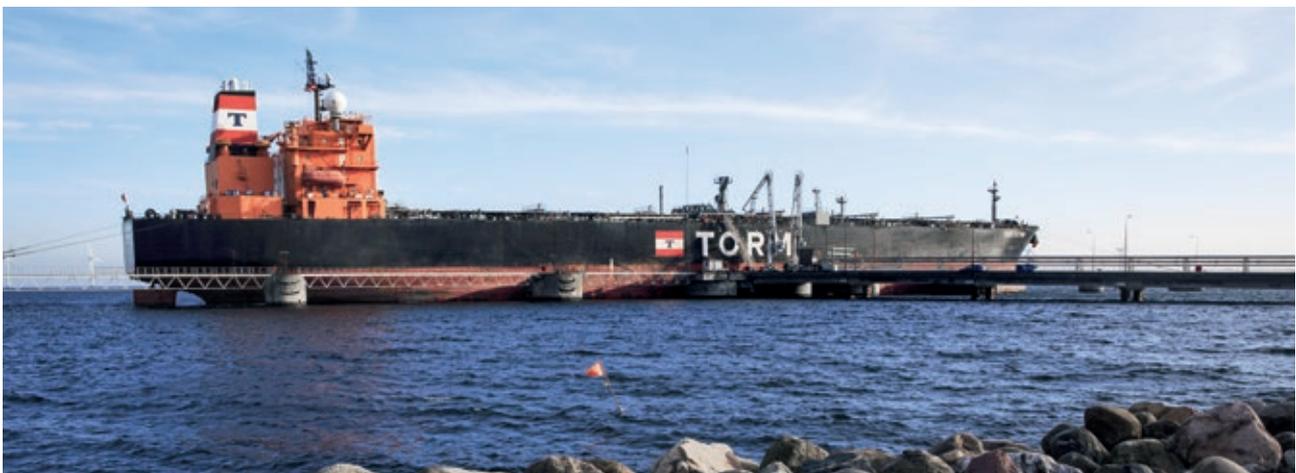
LOW SULPHUR FUEL A BRAVE NEW WORLD



To help ship operators, ICS has produced a standard template for 'non-availability' reports that ships can submit to PSC authorities with respect to occasions when compliant fuel might not be available. In conjunction with ECSA, ICS has also developed some more general guidance on compliance including various technical issues that may need to be addressed, for example during the fuel switchover. These can be found on a new dedicated area of the ICS website.

The robust approach to ECA enforcement being taken by the United States has been well publicised. Depending on the unfair economic benefit that might be derived from using the wrong type of fuel, non-compliant operators can face civil penalties of up to US \$100,000 a day. But the real crime in the U.S. is to be caught providing false information to the Federal authorities. This is a criminal offence, attracting the possibility of multi-million dollar fines, and even imprisonment. If a ship has been found to supply false information, the U.S. Department of Justice can be expected to throw the book at the operator.

The European Commission, however, does not have authority to stipulate penalties for non-compliance which is a matter for individual EU Member States, and the severity of national penalties in Europe is understood to vary greatly. The question of penalties, and how they can be applied with respect to any alleged non-compliance with MARPOL (and an associated EU Directive) that might occur outside of national waters, is expected to be a major topic for discussion during 2015.





With respect to the 2015 ECA deadline, relatively few ships are currently making use of options for alternative compliance instead of burning low sulphur fuel, a provision which ICS fought hard for during the negotiations at IMO, when the MARPOL amendments were adopted in 2008. These options include the use of Exhaust Gas Cleaning Systems ('scrubbers') and 'sulphur free' LNG.

The take up of alternative compliance options is expected to be far greater once the global cap applies in 2020. In the meantime, for those short sea operators trading in ECAs that have already invested in scrubbers, there is still an immediate need for a harmonised approach regarding the acceptability of 'open loop' systems, and the extent to which overboard discharges will be permitted in port areas and possibly subject to inspection. Arrangements are also needed to facilitate trials within ECAs involving the continuing use of residual fuel.

Although the shipping industry has anticipated this major regulatory change for many years there is evidence that many governments may have been far less prepared and some teething problems are therefore inevitable. However, throughout 2015, ICS will continue to liaise closely with maritime administrations and Port State Control authorities to ensure that implementation proceeds as smoothly as possible, consistent with maintaining a level playing field.



CO₂ EMISSIONS DELIVERING FURTHER REDUCTIONS

THE SHIPPING INDUSTRY
HAS AN IMPRESSIVE
RECORD WITH RESPECT TO
REDUCING CO₂ EMISSIONS.

According to the latest IMO Green House Gas Study, published in 2014, international shipping reduced its total emissions by more than 10% between 2007 and 2012, despite continuing growth in maritime trade. Moreover, the proportion of the world's total CO₂ emissions for which shipping is responsible was only 2.2% in 2012 compared to 2.8% five years earlier, although ships continued to move about 90% of world trade by volume.

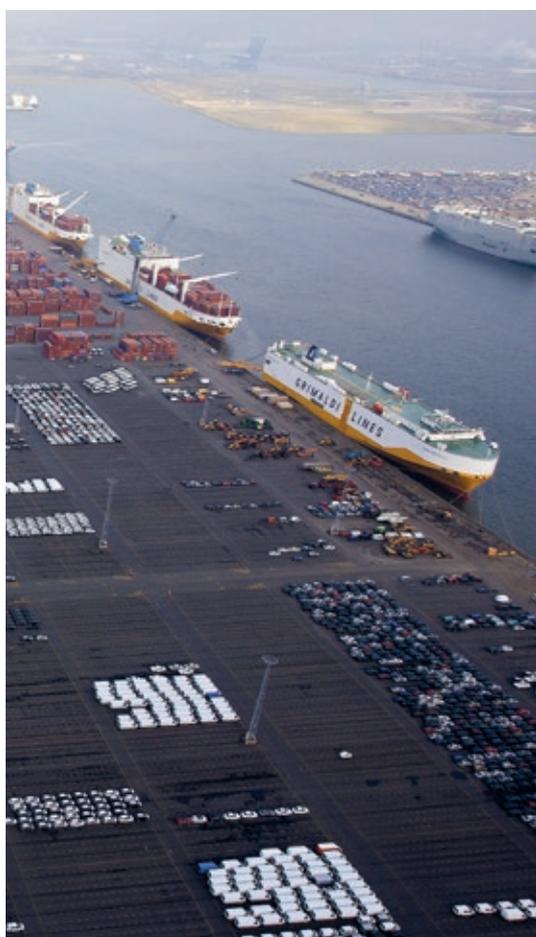
But there is an expectation from policy makers that shipping must do more to help prevent dangerous climate change, and the industry is committed to rising to the challenge. ICS is confident that shipping will reduce its emissions per tonne of cargo moved one kilometre by 20% by 2020 (compared to 2005), with significant additional reductions going forward.

For 2050, ICS has an aspiration for ships to reduce CO₂ emissions by 50%. That said, shipping is still the servant of world trade, which is expected to increase as the world's population continues to grow. This is why the establishment of absolute reduction targets for shipping would be wholly inappropriate.

For the immediate future, the economic benefits derived from reducing fuel consumption – by far a shipping company's largest cost – already provide all the incentive that ship operators need to further reduce their CO₂ emissions. Significant CO₂ reductions are now being aggressively pursued through technical and operational measures, such as more efficient ship and propeller designs, speed management, and basic measures such as adjusting the ship's trim, which can be optimised for fuel efficiency using modern technology.

The industry is therefore extremely sceptical about proposals to apply so called Market Based Measures (MBMs) to shipping. Those governments most vociferous in advocating MBMs seem to be motivated far more by the prospect of raising large sums of money from shipping, rather than delivering actual emissions reductions.

This is the key message that ICS will be taking to the next United Nations (UNFCCC) Climate Change Conference in Paris, in December 2015, at which governments are expected to agree on a replacement to the Kyoto Protocol on preventing climate change, which was adopted in the 1990s.





It is important to remember that shipping is the only industrial sector which already has a binding global agreement in place, adopted by IMO in 2011, to reduce the industry’s emissions, through the establishment of mandatory efficiency targets for newly constructed ships and the mandatory use of Ship Energy Efficiency Management Plans across the entire world fleet.

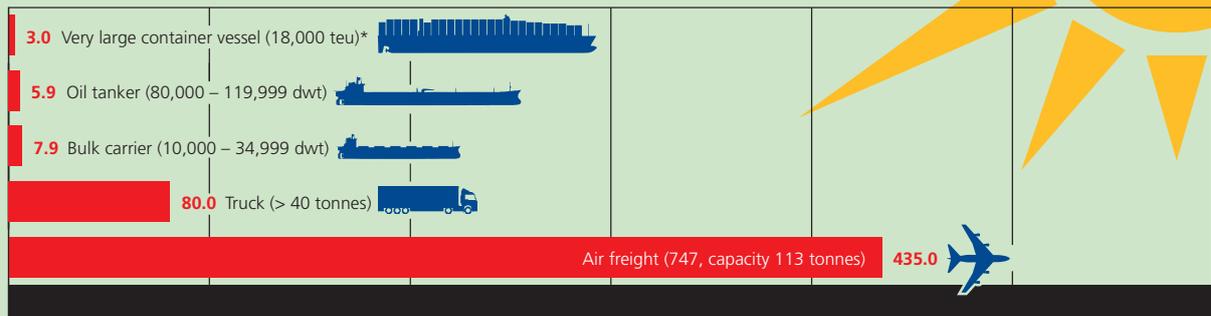
As discussed elsewhere in this Annual Review, discussions continue at IMO on the development of additional CO₂ reduction measures including, as a first step, the establishment of a global data collection system on shipping’s CO₂ emissions. This is something which IMO has already demonstrated it is eminently capable of delivering. The ‘CO₂’ amendments to Annex VI of the MARPOL Convention, which apply to about 95% of the world merchant fleet, entered into force in 2013 and are already being enforced worldwide through a combination of flag state inspection and Port State Control.

In the context of the UNFCCC negotiations, however, various options have recently been proposed which suggest that shipping (and aviation) might be required to make billion dollar financial contributions, on an annual basis, to various UNFCCC funds that have been established to finance climate change projects in developing nations. >>>



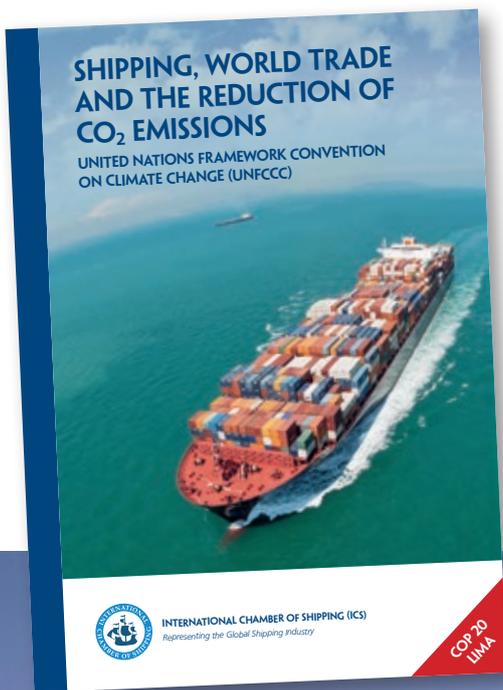
COMPARISON OF CO₂ EMISSIONS BETWEEN MODES OF TRANSPORT

Grams per tonne-km



Source: Second IMO GHG Study (*AP Møller-Maersk, 2014)

CO₂ EMISSIONS FURTHER REDUCTIONS



In many countries, the UNFCCC negotiating positions are being led by environment and climate change ministries that may have little understanding of shipping. Moreover, the richer (so called Annex I) nations attending the Paris Conference have the problem of fulfilling the commitment they made, at the Copenhagen Conference in 2009, to provide US \$100 billion a year to the Green Climate Fund by 2020.

Throughout 2015, in advance of the Paris Conference, ICS member national shipowners' associations will therefore be lobbying hard. Governments need to understand that the shipping industry should not be treated as a 'cash cow', and that IMO is the forum best placed to deliver further meaningful CO₂ emission reductions from international shipping.





BALLAST CONVENTION MAKING IT FIT FOR PURPOSE

ICS FULLY SUPPORTS THE EVENTUAL ENTRY INTO FORCE OF THE IMO BALLAST WATER MANAGEMENT (BWM) CONVENTION. BUT SERIOUS IMPLEMENTATION PROBLEMS STILL REMAIN.

The global shipping industry is expected to have to invest around US \$100 billion in new ballast water treatment systems once the IMO Ballast Convention takes effect. A major priority for ICS, therefore, has been to persuade IMO Member States to address some serious implementation problems before the Convention enters into force, which is expected to happen in 2016.

The essential problem has been that shipping companies have lacked confidence that the very expensive new treatment equipment they are required to install will be regarded as fully compliant by governments, even if it has been type-approved in accordance with IMO guidelines. Several large flag states have therefore refrained from ratifying the BWM Convention until these issues are fully resolved, so delaying its entry into force.

The problems are complex, but the principal issues that governments have needed to address include the lack of robustness of the current IMO approval process for the new equipment, the criteria to be used for sampling ballast water during Port State Control inspections, and the need for 'grandfathering' of type-approved equipment already or about to be fitted.

Following an intensive campaign over the course of several years (in co-operation with other industry organisations) ICS made a crucial submission to the October 2014 meeting of the IMO Marine Environment Protection Committee (MEPC), reiterating shipowners' concerns and suggesting a possible way forward. This took the form of an MEPC Resolution to serve as a 'gentlemen's agreement' by IMO Member States. The final Resolution adopted by the MEPC outlines various actions that will be taken by governments with respect to the BWM Convention's implementation as soon as it enters into force.

Encouragingly, the October 2014 MEPC meeting made real progress towards agreeing solutions to most of the concerns that ICS identified. Having previously been reluctant to do so, there is at last recognition amongst governments that it is unreasonable to expect shipowners to invest millions of dollars per ship without any certainty that the equipment installed will actually work or that it will not have to be completely replaced within a matter of years.

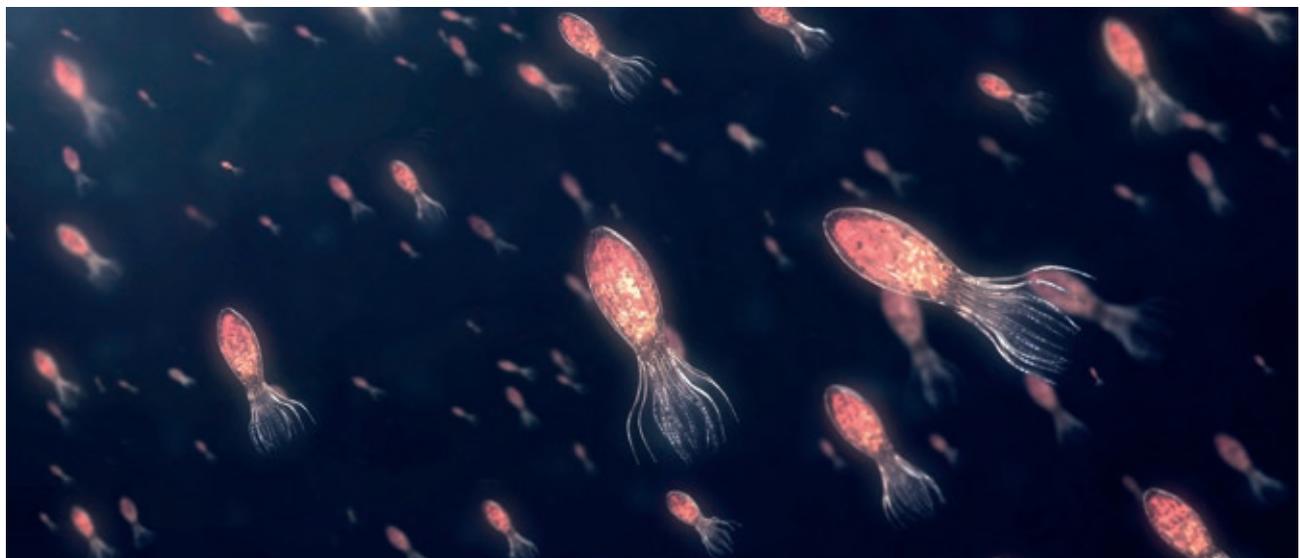




Importantly, the MEPC agreed to start work immediately on a revision of the IMO (G8) Guidelines for the Approval of Ballast Water Management Systems to make the process more robust. IMO also agreed that any shipowner that has invested in ‘first generation’ treatment equipment, type-approved under the current G8 Guidelines, should not be penalised, provided that the equipment is operated and maintained correctly. The adoption by IMO of new Port State Control Guidelines also reflects a fair and pragmatic approach to inspection and represents an important additional step in building confidence in the Convention. These significant concessions by IMO Member States will still need to be reflected in changes to the wording of the BWM Convention itself (including Article 9 on Port State Control) but this will not be possible until after it actually enters into force.



An IMO Correspondence Group has already been established and is now working on a revision of the type-approval Guidelines. The discussions so far appear to be progressing well, and in addition to considering the technical issues already raised by ICS, governments are bringing other practical problems to the table. But it will be important to ensure that the revised G8 Guidelines will be sufficiently robust to meet the more stringent United States approval regime which many ships’ treatment systems will also need to satisfy. >>>



BALLAST CONVENTION MAKING IT FIT FOR PURPOSE



There is also an important need for clarification of the full meaning of some of the wording contained in the MEPC Resolution adopted in October 2014, specifically the agreement that 'shipowners that have installed type-approved ballast water systems prior to the application of the revised Guidelines (G8) should not be penalized'. ICS made a further submission on this fundamental question to the MEPC meeting in May 2015, and it is very much hoped that this can be settled satisfactorily before the Convention enters force. Another outstanding concern is the need to address specific exemption issues faced by short sea operators. This has also been acknowledged by the MEPC and appropriate solutions are now being explored.

Notwithstanding the need to resolve outstanding issues and questions concerning the implementation of the Convention (including those which relate to the separate regime that applies in the United States) ICS has decided to acknowledge the agreement in principle by IMO to address the various concerns raised by the industry. In December 2014, ICS therefore announced that it will no longer actively discourage those governments that have not yet done so from ratifying the Convention. But once the Convention has entered into force, it will be vital that amendments to the Convention, which the industry has requested, are adopted and implemented by governments as soon as possible.

ICS remains committed to helping ensure that the Convention will indeed be fit for purpose, and that shipowners can prepare for the immediate implementation of a regime that will be fair while delivering the required environmental protection.



SOLVING THE UNITED STATES BALLAST WATER PROBLEM

In addition to the Ballast Water Convention implementation problems being addressed by IMO, there is still great uncertainty with respect to the more stringent United States approval regime for treatment equipment, which started to be enforced in January 2014 (the U.S. not being a Party to the IMO Convention).

The U.S. regulations require all ships that discharge ballast water into U.S. waters within 12 miles of the coast to use a treatment system approved by the United States Coast Guard (USCG). However, because (at the time of writing) no systems have yet been fully approved, ships already required to comply with the U.S. regulations have either been granted extensions for fitting the required treatment systems or else permitted to install a USCG authorised Alternate Management System (AMS), in practice a system type-approved in accordance with the current IMO Guidelines. However, an AMS will only be accepted for operation for five years, after which time a fully USCG approved system must be installed. But the USCG does not guarantee that an AMS will be subsequently granted full approval. Hence shipowners that may have installed an AMS in good faith, at a cost of between US \$1-5 million per ship, might then have to replace the system completely after only 5 years. This is a particular concern for operators that have installed ultra-violet systems.

There are over 50 treatment systems approved under the current IMO regime, but worryingly fewer than 20 manufacturers have so far indicated their intent to submit their systems for U.S. approval. As helpfully identified in a submission to IMO by Canada (which is a Party to the BWM Convention), the conflicting IMO and U.S. requirements, when combined with the lack of systems fully approved by the USCG, could produce an impossible situation in which some ships might not be able to operate in U.S. waters when the IMO Convention enters in force.

In March 2015, ICS and the Round Table of international shipping associations had a high level meeting with the Environmental Protection Agency (EPA), in Washington DC, in order to highlight these critical issues. In co-operation with the Chamber of Shipping of America, ICS will continue to liaise closely with the U.S. authorities on finding solutions to this very serious problem.



MARITIME REGULATION A NEW APPROACH

FOR OVER 50 YEARS, IMO HAS CONTRIBUTED GREATLY TO IMPROVING THE SHIPPING INDUSTRY'S SAFETY RECORD AND ITS ENVIRONMENTAL PERFORMANCE. BUT ICS IS PROPOSING A NEW APPROACH TO THE DEVELOPMENT OF FUTURE IMO REGULATION.

IMO's process of regulatory development has served the industry and society very well, providing a comprehensive regulatory framework that can be implemented and enforced worldwide.

However, there is growing concern throughout the shipping industry that something might be wrong with the quality and quantity of some recent regulatory changes. All too often the industry has seen regulatory proposals by governments being taken forward without any real evidence of a compelling need when assessed against the economic impacts and the actual benefits delivered.

The cost to the global shipping industry of implementing new environmental rules is expected to amount to over US \$500 billion over the next decade, something which was not fully considered when these rules were adopted by IMO.

A case in point was the debate which led to the adoption, in 2004, of the Ballast Water Management Convention and the subsequent implementation problems that have seriously hampered its entry into force (discussed elsewhere in this Annual Review).

The Ballast Convention is an example of a major regulatory change that will have a profound economic impact on the structure of the global shipping industry due to the huge operational and capital costs involved. Whilst the nature of some of these impacts was foreseen at the time of the Convention's adoption, it is fair to say that the economic magnitude was probably not, and it is becoming increasingly clear that there will be unintended consequences that were simply not foreseen at all.

During the course of 2015, ICS is therefore planning to submit a proposal to the IMO Council, suggesting a new approach towards the development of future regulations. In particular, ICS will suggest that far more emphasis should be given, when rule changes are proposed, to full and proper regulatory impact assessments which take greater account of the economic sustainability of maritime transport.

ICS will also suggest that more attention might be given by IMO Member States to the practicality and timescale allowed for the implementation of new regulations. It is far better for this to happen before new rules are adopted, not several years after adoption when it is far too late.

The current IMO rule making process depends almost exclusively on an interested Member State making a proposal to the appropriate IMO Committee for a 'new work item'. But the 'compelling need' for a new proposal is rarely given more than cursory scrutiny by other Member States, and it is telling that proposals for new work items are very rarely subsequently rejected.

Maritime safety and environmental protection are of the utmost importance and ICS is fully committed to the successful implementation of all new IMO instruments. Moreover, ICS does not question the good intentions behind proposals that are made by IMO Member States. But ICS believes that consideration of a new approach to future regulation would be fully consistent with the philosophy of the United Nations with respect to sustainable development, which is that the environmental, social and economic pillars of development are all inextricably linked.

Maintenance of the shipping industry's economic sustainability is very important given its vital role in transporting about 90% of world trade, upon which the functioning of the world economy and its further development depends. The future regulatory process at IMO therefore needs to reflect this.



IMO in session in London





THE YEAR IN REVIEW

FURTHER IMO MEASURES TO REDUCE CO₂

Throughout 2015, negotiations will continue at IMO towards the establishment of a global system of data collection on CO₂ emissions from international shipping. (This is in addition to the discussions at the UNFCCC covered elsewhere in this Annual Review.)

In the interests of measuring the progress that shipping is making to reduce its CO₂ emissions, ICS fully supports this IMO initiative. This is on the understanding 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 Market Based Measure (MBM). The high cost of fuel (which will increase due to the separate IMO requirements to use low sulphur fuel) already provides ship operators with all the incentive needed to reduce fuel consumption.

ICS actually played an important part in helping to persuade nations, such as China, not to oppose the development of additional IMO measures on CO₂, through an important submission to the IMO Marine Environment Protection Committee (MEPC) in 2014, in which ICS expressed support for the development of a CO₂ reporting system.

To be clear, ICS and many IMO Member States remain strongly opposed to the use of such a mechanism as a means for eventually establishing a mandatory system of operational efficiency indexing for application to individual ships, the ultimate purpose of which would be to penalise vessels on the basis of a theoretical

and arbitrary operational rating. This is because of the significant danger that this will lead to serious market distortion.

For example, the fuel consumed by two identical ships during two similar voyages will vary considerably due to factors such as currents, ocean conditions and weather. Similarly, fuel consumed by individual ships, particularly those in tramp sectors, may vary considerably from one year to the next dependent on trading patterns and the nature of charters, over which the ship operator has little control.

In the interests of maintaining the primacy of IMO, ICS suggested in its 2014 submission that the question of additional measures should be left open until a mandatory CO₂ emissions reporting system had been established, tested and the results fully analysed, providing reliable data to inform any further development. It is with this broad understanding that IMO has since pursued its work.

ICS members are therefore disappointed by the European Union's decision to pre-empt the IMO negotiations by adopting a unilateral, regional Regulation on the Monitoring, Reporting and Verification of individual ship emissions – which will also apply to non-EU flag ships trading to Europe – in advance of IMO completing its work.

The EU Regulation which was adopted in April 2015, could have major implications for the IMO negotiations on a global data collection system which have been progressing well.



There is a real danger that the EU initiative will be seen by non-EU states as an attempt to present them with a *fait accompli* which includes controversial elements, such as the publication of individual ship efficiency data, which had previously been rejected by the majority of IMO governments during a meeting of the MEPC in October 2014.

The EU Regulation also includes controversial provisions for the submission of data by ships on 'transport work' which, together with data on fuel consumption, must be verified by third parties such as classification societies prior to submission to the European Commission, creating an unhelpful administrative burden. Ships will also have to carry a document of compliance, presumably subject to EU Port State Control, and will be subject to sanctions for non-compliance.

Of particular concern, however, is that the (commercially sensitive) information submitted will then be published annually by the European Commission, along with ship name and company identifiers, with the intention of facilitating comparison of the supposed efficiency of individual ships – which is very likely to be at odds to the actual fuel efficiency or CO₂ emitted. In short, the EU Regulation contains most of the elements which many IMO Member States had indicated they

wished to reject when they began the development of a global system.

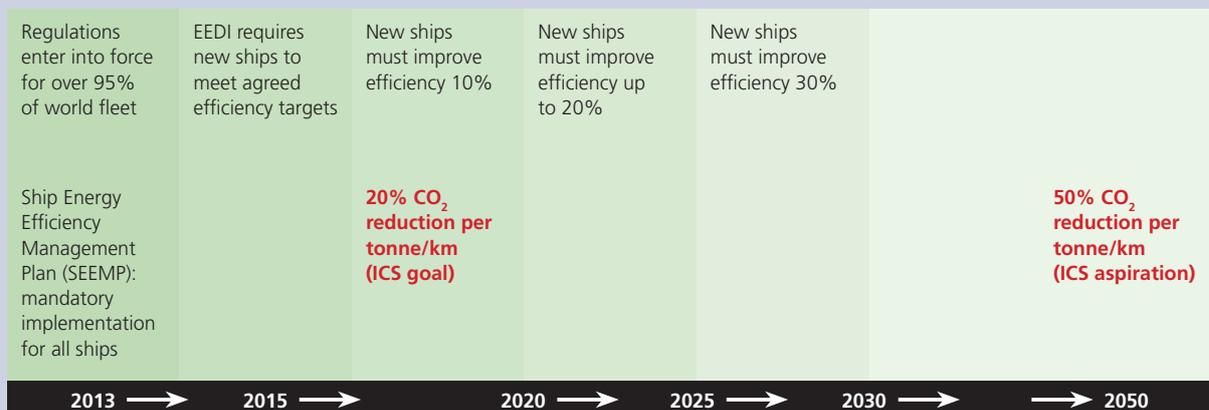
The EU Regulation will not be fully implemented until 2018 and contains text to the effect that the required data which shipping will have to provide could be amended by the European Commission to reflect the final outcome of any agreement at IMO. In practice, however, there is no guarantee that the Commission will be willing to fully realign the EU rules with the agreed international consensus at IMO.

In the event that IMO is unable to agree to a global regime that mirrors the EU Regulation, it remains to be seen whether other significant maritime nations will agree to all ships being compelled to send data to the European Commission, and whether this might provoke a hostile response, as occurred when the EU tried to apply a unilateral Emissions Trading Scheme to non-EU aviation.

As the IMO negotiations continue in 2015, it will be vital for EU Member States to consider and explain how the new EU Regulation can be implemented in a way which is fully compatible with whatever may be agreed by IMO for global application, in the interests of avoiding the unhelpful complication of a separate regional regime.

EXISTING IMO AGREEMENT WILL REDUCE SHIPS' CO₂

MARPOL Annex VI, Chapter 4 adopted July 2011



GETTING READY FOR THE GLOBAL SULPHUR CAP

In addition to the implementation of the 0.1% sulphur in fuel limits that have applied in Emission Control Areas (ECAs) since January 2015, the shipping industry needs to prepare for the introduction of the global cap, whereby ships trading in all waters outside of ECAs will be required to use fuel with a sulphur content not exceeding 0.5%. This will be a very radical change that could have a deep reaching impact on the economics of shipping, perhaps adding in excess of US \$50 billion per year to the collective fuel bill of the industry, or more if the price of oil recovers.

The 2008 amendments to MARPOL Annex VI stipulate that the global cap must be implemented worldwide from January 2020. However, MARPOL also allows for the possibility for implementation to be deferred until 2025, subject to the results of an IMO study into the worldwide availability of the compliant fuel that will be required. IMO is mandated to complete this study before the end of 2018.

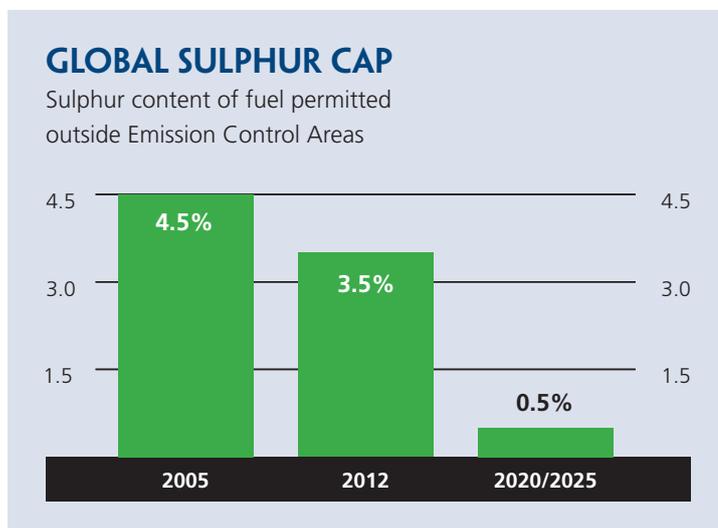
ICS has consistently argued that the IMO study should be completed sooner rather than later, since it will be far too late for governments to take any meaningful action to improve availability if the results are not released until only a year before the global cap is due to be implemented. However, IMO Member States, led by the EU and the United States, have persistently refused to advance the dates of the study, presumably fearing – incorrectly – that earlier completion would be used by the shipping industry to promote postponement until 2025.

It is true that it would clearly be in the financial interests of shipowners to delay the implementation of the sulphur cap for as long as possible, and questions remain about the benefits that will be derived from low sulphur fuel being burnt in the middle of the ocean where very few people live. However, ICS recognises that the decision in 2008 to adopt the global sulphur cap was primarily a political one, with the EU having threatened unilateral action if IMO had failed to deliver. The principal concern of ICS therefore is to

ensure that low sulphur fuel will be available at a price which is affordable.

In simple terms, it is understood that the oil refining industry cannot readily produce 0.5% fuel using residual fuel that will be no longer be needed. Fuel produced in this way will have a very high cost, perhaps not significantly less than 0.1% distillate, increasing fuel costs worldwide by possibly as much as 50%. The refining industry can readily produce some 0.5% compliant fuel through re-optimisation of feedstocks and products in response to market signals. But the oil industry's decisions are hampered by the uncertainty about the implementation date of the global cap. Some in the refining industry may be working to the assumption that the global cap will indeed be postponed until 2025 on the basis that they have not made any preparations to be ready in 2020. However, this assessment probably lacks an appreciation of the politics at IMO.

The European Union has already agreed that the 0.5% sulphur cap will apply throughout the waters of all EU Member States within 200 miles of the coast, regardless of any IMO decision to postpone the global cap until 2025. In the event that IMO still decided to postpone, this would in theory create a narrow corridor along the coast of North Africa in which the use of less expensive residual fuel would continue to be permitted,



something which EU Member States at IMO would probably find hard to accept. The EU decision could also have implications for the oceans, for example within 200 miles of territories such as the Canary Islands and the Azores. Similarly, nations such as the United States are also known to be vehemently opposed to any postponement by IMO.

ICS has therefore concluded that the shipping and bunker refining industries should work to the possibility that the global 0.5% sulphur cap required by IMO is likely to be implemented worldwide from 2020, rather than 2025. While postponement of the global cap until 2025 is still a possibility, it would be dangerous for the shipping and oil refining industries to assume that this will happen simply because they are unprepared. For better or worse, IMO is quite likely to decide that the global cap should

be implemented in 2020, almost regardless of the effect that any lack of availability of compliant fuel may have on the cost of moving world trade by sea.

In the meantime, ICS members have agreed that they will continue to work with the bunker refiners to help ensure that they will be ready, if necessary, to supply sufficient quantities of compliant fuel by 2020. As a first step, in view of IMO's decision not to complete its fuel availability study before 2018, ICS and BIMCO have commissioned their own study, the results of which should be available in 2015. ICS is also liaising closely with the International Energy Agency (IEA) which is understood to be planning its own report in view of its interest in the wider implications of the IMO sulphur cap for land based oil consumers.



ALTERNATIVE SULPHUR COMPLIANCE OPTIONS

Assessing the demand and cost of low sulphur fuel required for compliance with the global 0.5% sulphur cap is complicated by several unknowns. The most obvious is what the future price of crude oil will be, and for how long the dramatic reduction in bunker costs experienced in 2014 will be sustained (although most observers assume that oil prices are likely to be restored to levels closer to their early 2014 peak before the IMO deadline in 2020). But another important factor will be the take up of alternative compliance options permitted by MARPOL Annex VI, which ICS fought hard for when the 2008 amendments were adopted:

EXHAUST GAS CLEANING SYSTEMS

With respect to exhaust gas cleaning systems or 'scrubbers' there are still significant questions about cost, reliability and environmental performance. Despite the conduct of trials, especially on board passenger ships and ferries, relatively few ships are using this technology in 2015. However, the situation could change in the run up to 2020, especially with respect to new ships, although this will depend on the price of low sulphur fuel. Given the current uncertainty about the price of compliant fuel in 2020 (or 2025) it is currently difficult for shipowners to make necessary investment decisions, although for many the use of scrubbers may well prove to be very attractive.

LNG

As well as being virtually sulphur free, liquefied natural gas (LNG) has the attraction of producing less CO₂ emissions. However, while some new ships are being fitted with dual fuel systems (with others being constructed with the option to permit their installation at some point in the future) for many existing vessels the engineering involved may be too costly to encourage retrofitting. The other major unknown is the extent to which the current lack of LNG infrastructure will be addressed before 2020.

The European Commission has pressed for a law making it mandatory for EU ports to have LNG bunkering facilities in place, but this was watered down by EU Member States, possibly putting back the widespread use of LNG by several years. That said, LNG bunkering facilities are now starting to be established in a growing number of ports worldwide and – with some extra encouragement from governments – LNG may become the fuel of choice for many ships in the 2020s. However, depending on the ship type, size and voyage length, there are significant practical issues to be addressed, not least those relating to the complexity and cost of LNG containment systems, together with the size and location of bunker tanks and their impact on cargo carrying capacity.

Adding to the uncertainty about the comparative costs of LNG and low sulphur fuel, there are also questions about the U.S. shale gas revolution and whether this will continue to deliver relatively cheap gas, or whether it will be halted by oil producers fighting back by increasing supply, which is possibly one of the reasons for the recent dramatic fall in oil prices.

METHANOL

In the medium term, there is also the possibility of ships using alternative fuels such as methanol, which for some ships might be a clean and economically viable alternative. There are concerns about safety, although if handled correctly these are arguably little different to the risks surrounding LNG. ICS believes that following favourable trials, use of such alternatives should be permitted, with risks being identified and mitigation measures developed as a future part of the new IMO Code for Ships Using Gases or Other Low Flashpoint Fuels (IGF Code).

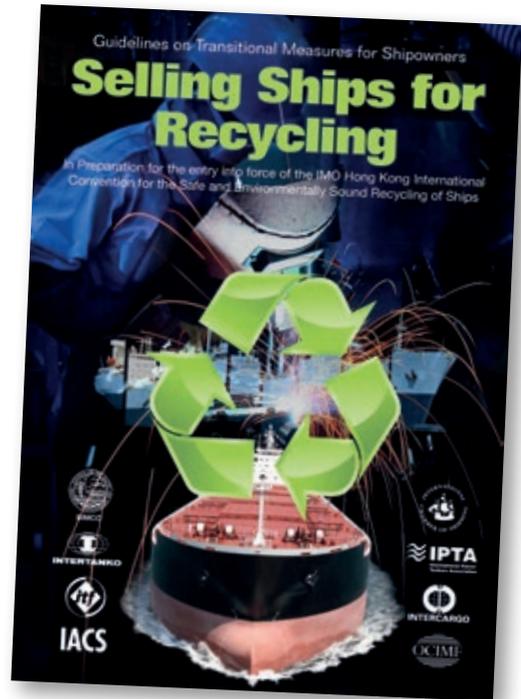


SHIP RECYCLING

In 2015, ICS intends to give renewed impetus to its campaign to encourage governments to ratify and implement the IMO (Hong Kong) Convention for the Safe and Environmentally Sound Recycling of Ships. In order to improve the safety of workers in ship recycling yards, the vast majority of which are located in Asia, the IMO Convention, adopted in 2009, will impose new requirements on ships from 'cradle to grave', i.e. from the time of a ship's construction to its final demolition. However, the rate of take up by governments so far has been disappointingly slow, and there is a danger that the vacuum could be filled by other instruments which were never intended for application to ship recycling.

The problem was illustrated by the car carrier 'Global Spirit', which was detained for three weeks by the regional Flemish environmental authorities in Antwerp, in June 2014. The vessel was detained for alleged non-compliance with the EU Waste Shipment Regulation, the ship having originally been scheduled to be recycled in a non-OECD country. ICS maintains that the detention was inappropriate. The Waste Shipment Regulation, and the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes on which it is based, were never intended for application to international shipping or to ships which are scheduled to be recycled. This important point has been repeatedly recognised during discussions that have taken place at the UN, in Geneva, since the Basel Convention was adopted.

However, the case underlines the important need for governments to ratify the Hong Kong Convention as soon as possible (and one of the positive outcomes is that the Government of Belgium is now making progress towards ratification). While the IMO Convention has not yet entered into force, it is fully supported by the international shipping industry. It also provides a sounder and far more relevant basis for determining whether a shipping company is meeting its responsibilities to ensure that redundant ships are being recycled in a safe and environmentally sustainable manner.



Unfortunately, the situation is about to become even more complicated due to the need for ships registered with EU Member States to comply with a new EU Directive on ship recycling. Although this is meant to be compatible with the IMO Convention, in certain respects the requirements may be different, although this has still to be clarified by European Commission guidelines.

The international shipping industry is fully committed to the safe and environmentally sound recycling of redundant ships. This is demonstrated by the ICS led development of industry Guidelines on Transitional Measures for selling ships for recycling, which were published immediately after the Hong Kong Convention was adopted. These set out the measures that shipowners might reasonably undertake to adhere to the spirit of the IMO Convention in advance of its entry into force, such as the preparation and maintenance of inventories of potentially hazardous materials to reduce the risk to workers in recycling yards. In order to take account of additional guidance recently finalised by IMO, as well as developments in Europe, ICS is co-ordinating the revision of these Transitional Guidelines for distribution throughout the industry during 2015.

ARCTIC SHIPPING AND THE POLAR CODE

The shipping industry's environmental performance is impressive. However, the industry fully recognises the concern about the sensitivity of Arctic ecosystems and the need for a high degree of care when ships navigate Arctic waters. This concern is fully reflected in the new International Code of Safety for Ships Operating in Polar Waters (the Polar Code), which was formally adopted by IMO in May 2015.

ICS believes that the Polar Code will deliver an even greater level of confidence in the safety and environmental performance of shipping using a risk based approach which addresses the hazards relevant to the type of ship operation, the ship's location and the season of operation.

The Polar Code will become mandatory via amendments to the SOLAS and MARPOL Conventions. It is scheduled for entry into force on 1 January 2017, and will be applicable to existing ships by the first intermediate or renewal survey from 1 January 2018. ICS has led industry representation

throughout the Code's development and is broadly satisfied with the outcome.

The Polar Code embraces an approach, fully supported by ICS, whereby ships will be assessed for their capabilities with respect to operation in polar waters taking into account any proposed operation in ice and/or low temperatures, rather than pre-defining arbitrary geographical or seasonal limits. For example, 'standard' SOLAS ships will be considered generally adequate for operation in 'open water' conditions (where the ice coverage is less than 10%) and the average lowest daily air temperature is not lower than minus 10°C.



Outside IMO, especially in discussions with Member States of the Arctic Council, ICS has continued to stress the critical importance of a mandatory and uniform regulatory framework to ensure maritime safety and environmental protection, as the volume of Arctic shipping gradually increases in response to new interest in developing the region's natural resources. As the successful development of the Polar Code has demonstrated, IMO is the appropriate forum for developing standards for ships operating in the Arctic since it has the necessary legal and technical expertise to take full account of the interests of all maritime nations, including those with an Arctic coastline. In February 2015, in Iceland, the ICS Secretary General took this message to the Arctic Council's Working Group on Protection of the Arctic Marine Environment (PAME).

With regard to the future governance of Arctic waters, ICS will continue to make the case that Arctic coastal states should avoid imposing discriminatory treatment that might prejudice the rights of ships registered with non-Arctic nations, while highlighting the importance of appropriate

fees for services. In the longer term, there is still a need for greater clarity regarding the legal status of Arctic waters as determined by the UN Convention on the Law of the Sea (UNCLOS). As remote Arctic sea routes become more accessible, these once academic issues are becoming increasingly important. For example, ICS believes that the UNCLOS regime of 'transit passage' for straits used in international navigation takes precedence over the rights of coastal states to enact unilateral measures against international shipping.



LOW FLASHPOINT FUELS

In June 2015, the IMO Maritime Safety Committee is expected to adopt a new Code for Ships Using Gases or Other Low Flashpoint Fuels (IGF Code). The initial focus of the Code is to address the use of LNG fuel on ships in addition to gas carriers, in response to growing interest in this low sulphur alternative to oil. However, the possible use of distillate oil with a flashpoint of less than 60°C is also expected to be addressed under the IGF Code. It is also anticipated that provisions will be developed for the use of other alternatives that are now being explored such as methanol.

In order to ease compliance with the low sulphur fuel requirements of MARPOL Annex VI, the United States and Canada had proposed to IMO, during 2014, that the availability of distillate fuel could be increased by simply lowering the minimum permitted flashpoint of oil used as bunker fuel. Under the SOLAS Convention this is currently set at 60°C. But it has been suggested that the permitted minimum flashpoint could be reduced to something comparable to conventional diesel, perhaps just above 50°C.

This is a controversial proposal because of the dangers that could exist if oil with a lower flashpoint was exposed to the high ambient temperatures often existing in ships' engine rooms (particularly in hotter geographical regions) causing fuel to vaporise and create flammable mixtures which can build up in

unattended machinery spaces and ignite. Experience on vessels such as chemical tankers has also demonstrated that low flashpoint cargoes can present very serious risks if there is even the slightest deviation from established procedures.

In November 2014, however, the IMO Maritime Safety Committee agreed to review the original rationale for setting the minimum flashpoint at 60°C. Moreover, in March 2015, the IMO Sub-Committee on Ship Systems and Equipment recommended that consideration of all fuels with minimum flashpoints below 60°C (potentially including fuel oil) should fall under the scope of the new IGF Code.

Exploring the use of fuel with a flashpoint below 60°C within the framework provided by the IGF Code is supported by ICS, provided that there is full consideration of the possible additional risks and subsequent development of appropriate mitigation measures. This should include the installation of new equipment and piping to prevent the exposure of vapours with a lower flashpoint to ignition, as well as the important need for thorough oversight and extensive training of crew.

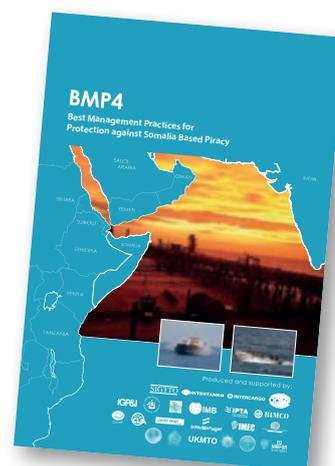
It must be emphasised, however, that ICS does not currently agree that the general minimum 60°C flashpoint of fuel oil, as required by SOLAS, should be lowered for use on board every ship in the world merchant fleet.

PIRACY AND ARMED ROBBERY

Piracy and armed robbery continue to be a major threat to shipping, although the focus of much recent attention has shifted away from Somalia to West Africa, as well as the increasing number of incidents reported in South East Asia.

At least 41 attacks against ships took place in West Africa during 2014, with others possibly going unreported. Many have taken place in Nigerian waters, but some have occurred as far afield as Angola and Sierra Leone.

Unlike Somalia, the nations in the Gulf of Guinea 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 many have been characterised by disturbingly high levels of violence, with some seafarers having tragically been killed. However, cases of kidnapping for ransom have also become more common.

In October 2014, updated Guidelines were published jointly by ICS, BIMCO, Intercargo and Intertanko, providing comprehensive advice on avoiding and deterring armed attacks in the region. The revised Guidelines also take account of new regional maritime security initiatives in West Africa, in particular the Maritime Trade Information Sharing Centre for the Gulf of Guinea, located in Ghana, which is providing a focal point for information on countering maritime crime in the region.

The 121 incidents in South East Asia in 2014, reported to the ICC International Maritime Bureau, are also of great concern. While some were relatively minor thefts, many crews have been threatened with weapons. But at least 21 ships, mostly small coastal tankers, have apparently been hijacked in order for their cargoes to be stolen. The challenge of policing the thousands of islands in the region from which the robbers are able to operate is recognised, but there is growing feeling that the authorities in Indonesia and Malaysia must do far more to clamp down on the criminal gangs involved.

Throughout 2014, although there were no reports of successful attacks by Somali pirates, their activity was still being observed in the Indian Ocean. In March 2015, however, an Iranian fishing vessel was reportedly detained by irregular forces. The descent of Yemen into civil war in early 2015 is adding to the uncertainty. The need for ships to be vigilant and remain fully compliant with the industry's Best Management Practices (BMP 4) therefore remains unchanged.

The reduction in Somali attacks has been attributed to the combined success of self-protective measures taken by shipping



companies, including BMP 4, the continued use of private maritime security companies, and the vital protection provided by military assets in the region. In November 2014, the EU extended the mandate for its naval operation 'Atalanta' for a further two years and the NATO mandate was similarly extended. But the future maintenance of current levels of military protection against piracy may become problematic due to competing pressures on navies due to the political situation in the Middle East and elsewhere.

Meanwhile, discussions have taken place about the size of the current High Risk Area (HRA) referred to in the BMP, which still applies to much of the north west Indian Ocean and the Gulf of Aden, following criticism by some governments, in particular India and Egypt, about its continuing extent. Two ad hoc meetings of governments and industry representatives have been held in Dubai and Brussels, the most recent in March 2015, overseen by the Chairman of the international Contact Group on Somali piracy.

Industry representatives, including ICS, have argued that any review of the HRA should form part of strategic planning for longer term security in the Indian Ocean. However, there are increasing concerns about the impact of the HRA on insurance premiums and whether these are reasonable in view of the current level of threat posed by Somali piracy. Intensive debate within the industry about the justification for maintaining the current extent of the HRA is therefore continuing.

TANKER SAFETY

2015 is an important landmark year for tanker safety. In accordance with the phase-out schedule contained in the MARPOL Convention, agreed by IMO after the 'Prestige' disaster in 2002, the last few remaining single hull tankers (since replaced by double hull designs providing additional environmental protection) should be sent for ship recycling. In practice, however, most single hull tankers were removed from international trades before 2010.

Meanwhile, the safety record of the tanker industry continues to be impressive. The latest statistics published by the International Tanker Owners' Pollution Federation (ITOPF), in January 2015, show that for the last two and a half decades, i.e. since the 'Exxon Valdez' oil spill in 1989, the average number of oil spills from tankers has progressively halved. The latest figures since 2010 are the lowest yet, with less than two spills (over 700 tonnes) per year, although it is recognised that this is still two incidents too many.

In December 2014, ICS published a fully updated edition of the definitive industry guidance on the safe operation of chemical tankers. The new edition of the ICS Tanker Safety Guide (Chemicals) replaces the previous edition issued in 2002, and it is recommended that a copy is carried on board every tanker engaged in the carriage of chemical cargoes. Taking account of the latest best practice, the production of the new edition has been a major project taking many years to complete, drawing on expertise throughout the industry.

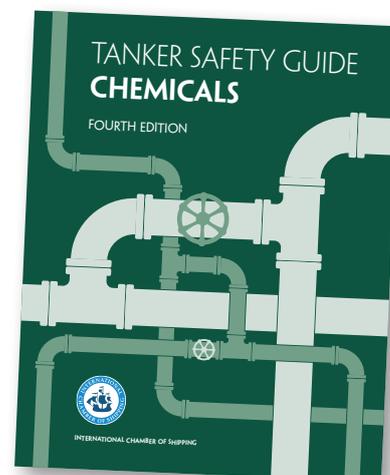
Since its first publication over 40 years ago, the ICS Guide has become the standard reference work on best practice for chemical tanker operations, with an emphasis on how best to comply with IMO regulations to ensure the prevention of pollution in the safest manner possible. The updated ICS Guide takes full account of the adoption by IMO in May 2014 of important amendments to the SOLAS Convention, following a major IMO review of tanker safety that has taken the best part of a decade. These amendments to SOLAS include new mandatory requirements for the inerting

of chemical tankers. Recent changes made to the IMO Fire Safety Systems (FSS) Code are also fully reflected.

Particular attention has also been given during preparation of the updated Chemical Guide to the question of how to inculcate an effective safety culture amongst everyone involved in chemical tanker operations.

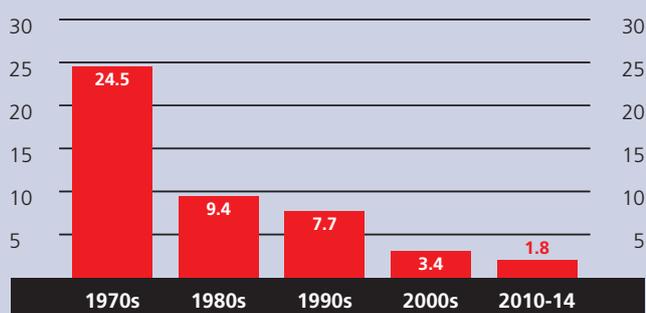
Notwithstanding the real improvements to the industry's safety record, unsafe incidents still occasionally occur, primarily due to a failure to follow established procedures, including amongst seafarers who are otherwise experienced, well trained and qualified.

The ICS Tanker Safety Guide (Chemicals) serves as a companion to the International Safety Guide for Oil Tankers and Terminals (ISGOTT), jointly published by ICS and the Oil Companies International Marine Forum (OCIMF). In 2015, work will begin on the development of a new edition of ISGOTT, although this is expected to take several years to complete. Meanwhile, work also continues on a new edition of the ICS Tanker Safety Guide (Liquefied Gas) which is due for publication in 2016.



REDUCTION IN MAJOR OIL SPILLS

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



Source: ITOPF

Representing the Global Shipping Industry





PASSENGER SHIP SAFETY

Discussions continue in the IMO Maritime Safety Committee as part of its 'Long term action plan on passenger ship safety' agreed following the 'Costa Concordia' cruise ship disaster in 2012. However, the ongoing discussions have been given additional impetus by two further tragedies: the loss of the domestic passenger ferry 'Sewol' in South Korea, in which around 300 people, many of them school children, lost their lives in April 2014; and the loss of at least 12 lives following a fire on board the ferry 'Norman Atlantic' in December 2014.

In response to the 'Costa Concordia', IMO has so far limited its activity to agreeing what for the most part 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. However, the 'Sewol' and other incidents may encourage IMO Member States to focus on radical technical solutions to stability and ship survivability issues that appear to have had little to do with the root causes of these specific casualties, and which may yet have implications for other ship types including cargo vessels.

National authorities (including Denmark which is responsible for Greenland) have also raised questions about the arrangements in place should a cruise 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 highlighted by recent incidents 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 some flag states are able to report definitively on serious casualties suggests that further action might be needed. This is an area where the response of other flag administrations has also been inadequate with respect to less high profile incidents involving cargo ships 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 2015.



PLACES OF REFUGE AND WRECK REMOVAL

Following a spate of high profile cases in recent years, where ships in need of assistance have been refused a place of refuge by coastal states due to concerns about pollution, ICS has been focused on promoting the need for prompt and proper implementation of existing international recommendations to provide a place of safety for stricken vessels.

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 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.

Internationally agreed guidance is already in place to deal with such cases, including: 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. ICS does not believe there is a need for additional legislation and has therefore been campaigning for a more rigorous implementation and enforcement of these existing rules and guidance.

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. In 2015, ICS (along with ECSA and the International Group of P&I Clubs) has been supporting work at the European Commission to produce a set of non-mandatory operational Guidelines, aimed at enhancing co-operation and co-ordination between parties involved in handling a request for a place of refuge from a ship in need of assistance.



The proposed Guidelines build on experience gained in recent cases that have taken place in EU waters, especially the high profile 'MSC Flaminia' incident in 2012. One particular focus of the Guidelines will be to improve the response to cases taking place in waters outside the jurisdiction of any one nation and encourage international information sharing and a collaborative approach to decision making. ICS has co-sponsored a paper to the Maritime Safety Committee in May 2015, informing IMO of the work taking place. Once the Guidelines are finalised, it is intended that they will be shared with the relevant Committees at IMO.

In other positive news, on 14 April 2015 the Nairobi International Wreck Removal Convention (WRC) entered into force. The IMO WRC effectively makes parts of the IMO Places of Refuge (POR) Guidelines mandatory in those nations that have ratified, because the criteria that should be taken into account when determining whether a wreck poses a hazard, and the measures to facilitate removal, are similar to the recommended process in the IMO POR Guidelines. This should therefore assist in the effective handling and prompt management of future maritime casualties.

The Wreck Removal Convention completes the framework of IMO liability and compensation Conventions. ICS continues to encourage as many governments as possible to ratify the Convention and to extend its scope of application to their territorial waters in the interests of global uniformity.

E-NAVIGATION

The goal of e-navigation appears simple enough – to develop a strategic vision for the integration of existing and new navigational tools, in particular electronic tools, in an all embracing system that will contribute to enhanced navigational safety. For about 10 years, ICS has participated in the development of the concept since its inception at IMO, but there is growing concern that it has yet to deliver tangible benefits to the wider shipping industry.

In 2014, ICS co-sponsored an Australian led submission to the November meeting of the IMO Maritime Safety Committee (MSC) which proposed the adoption of a Strategy Implementation Plan (SIP) for e-navigation. This identified five 'solutions' that are considered necessary to deliver e-navigation and highlighted the need for IMO to retain control and provide leadership by incorporating e-navigation into its future work plan. While adopting the SIP, IMO requested a further submission clarifying how the future development of e-navigation can be addressed within the IMO committee structure, and a further joint submission is therefore being made to the MSC meeting in June 2015.

Without continued IMO leadership of e-navigation, there is a very real danger that a global approach will fail and that the project's momentum will be dispersed into a variety of unco-ordinated regional initiatives, with the potential risk that e-navigation could be implemented differently, for example, in the Baltic region, the Singapore and Malacca Straits, and in North America. Each of these regions could end up with 'local' integrated maritime communication and data systems with related requirements for ships that are not properly harmonised beyond the host region. This could result in ships being required to have different systems for different regional e-navigation services.

The objectives identified by IMO for e-navigation include a 'means for standardized and automated reporting'. This is strongly supported by ICS and also attracts universal support across the wider industry. If this goal could be delivered and demonstrated to benefit the industry, both ashore and at sea, the resulting easing of administrative burdens would generate more widespread support for e-navigation, and appreciation of its potential. Other identified solutions to meet identified 'user needs' are



primarily technical in nature, and focus on delivering a more integrated and harmonised working environment, both at sea and in related shore based operations, including in Vessel Traffic Services and port operations.

ICS is participating, at a high level, in two major EU projects (MonaLisa 2 and EfficienSea 2). Such projects have established test beds that seek to demonstrate the effectiveness of e-navigation related proposals and concepts. While welcoming appropriate innovation, ICS retains doubts about certain aspects of such projects which often appear to be led by research institutions and officials within maritime administrations who may seek to use the e-navigation project to further aims

which not might always be fully supported by the industry. An example is the concept of 'route exchange' between different ships, and ship and shore. ICS considers that this could actually hinder rather than aid the safety of navigation by potentially increasing the complexity of available information.

ICS continues to engage closely with its members in order to improve understanding of the far reaching implications for shipping of this sometimes very complex subject. This included participation at a major seminar that brought together leading experts on e-navigation, hosted by the Cyprus Shipping Chamber in June 2014, in conjunction with the ICS AGM.

MANNING AND TRAINING

The theme for this year's IMO World Maritime Day, which will be celebrated in September 2015, is 'Maritime Education and Training'.

This is very timely since the end of 2015 will see the completion of the next comprehensive update on the worldwide supply and demand for seafarers, the major project which ICS conducts every 5 years in conjunction with BIMCO. The 2015 Report should reveal how recruitment and training has been affected since the 2009 downturn, during a period in which the size of the world fleet has nevertheless expanded considerably.

ICS has been closely associated with the global regime for seafarers' competence standards provided by the IMO Convention on Standards of Training, Certification and Watchkeeping (STCW), helping to draft the radical amendments which were adopted 20 years ago. Statistics appear to demonstrate that STCW 95 (together with the parallel introduction of the ISM Code) has made a significant contribution to the reduction in the number of maritime casualties and fatal accidents.

But ICS's immediate focus today is to encourage the full implementation by governments of the 2010 Manila Amendments to the STCW Convention (STCW 2010) which



are being phased-in over a five year period that ends on 31 December 2016.

The majority of the world's seafarers serve on ships registered with a flag state which is different to their country of residence. There is therefore a complicated system of obligations and responsibilities to ensure that seafarers are qualified and competent. Parties to the STCW 2010 amendments, which include countries where training institutes are located as well as flag states, are now meant to have submitted reports to IMO on the measures they are taking to implement the new requirements, including quality standards reports. The IMO should start the process of approving these reports in 2015, in order to update the so called IMO STCW 'white list' of governments that have submitted documentary evidence of full compliance with STCW 2010.



Meanwhile, the European Commission, which under an EU Directive is responsible for approving non-EU training systems recognised by EU flag states, has raised questions about the quality of training in the Philippines, following inspections undertaken by the European Maritime Safety Agency (EMSA). The Philippines currently provides around 20% of the world's seafarers.

Throughout 2014, with encouragement from ICS and the Filipino Shipowners' Association, the Philippines' Government has taken determined action to introduce new controls into its training and certification system, which is expected to lead to the withdrawal of approval from a number of sub-standard training institutes (although others are acknowledged to have state-of-the-art programmes and facilities).

ICS is assisting by allowing the Philippines Maritime Industry Authority (MARINA) to utilise a special Filipino edition of its range of on board training books throughout the Philippines, free of charge. As well as the ICS on board training record books for deck and engine cadets, this also includes the ICS books for support level (rating) trainees. This may be important given the very large number of ratings that the Philippines provides to the world fleet, and especially in view of the new requirement under STCW 2010 for ratings (in addition to candidates for officer certificates) to demonstrate that they have undertaken structured on board training documented in an approved training record book.

As a result of the proactive response from the Philippines Government, which had been preoccupied by the serious devastation caused

by Typhoon Yolanda in November 2013, the European Commission has so far delayed any decision about its continued recognition of Filipino certificates. It is hoped that it will give the Philippines a clean bill of health during the course of 2015.

More routinely, ICS continues to represent ship operators at the IMO Sub-Committee on Human Element, Training and Watchkeeping (HTW). Further amendments to the STCW Convention have recently been agreed by HTW regarding special training requirements for navigational personnel on board ships operating in polar waters, and for personnel on ships using LNG and other low flashpoint fuels. A review of passenger ship specific training requirements is also ongoing.

THE IMPACT OF STCW AND ISM

LIVES LOST ON BOARD

Number killed or missing on cargo ships / world seaborne trade



Source: IHS Maritime/UNCTAD

MARITIME CASUALTIES

Number of total losses by year (vessels over 100 GT)



Source: Lloyd's List Intelligence Casualty Statistics, Analysis: AGCS

PREVENTING SEAFARER FATIGUE

In January 2015, new amendments to the IMO International Safety Management (ISM) Code came into effect which clarify the responsibilities of shipping companies to ensure adequate manning levels on board vessels. This is consistent with the position of ICS that the best means of determining whether manning levels are appropriate is to ensure that international work hour regulations, adopted by IMO and ILO, are strictly complied with.

At the end of 2014, the Port State Control authorities operating under the Paris MOU conducted a concentrated inspection campaign on compliance with international seafarers' work hour regulations (the Tokyo MOU conducting a parallel campaign). Encouragingly, only 16 ships (0.39%) were detained within the Paris MOU region as a result of deficiencies discovered during the concentrated campaign, out of 4,041 ships inspected over the three month period.

Nevertheless, the prevention of fatigue remains a priority for regulators, both in the interests of maritime safety and the protection of seafarers' welfare. In February 2015, IMO started work on a revision of its existing Guidelines on Fatigue. There is always a

possibility that such debates could be used to reopen recent decisions on the way in which seafarers' work hours are regulated, or the way in which minimum safe manning levels are determined by flag states.

The recent entry into force of the ILO Maritime Labour Convention (MLC) has given 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 has expanded the legal basis by which PSC can inspect compliance, especially with respect to the maintenance of records that meet the stipulated format. It has therefore become very important for shipping companies to ensure that they are not caught out unwittingly by some of the more detailed requirements.

In practice, because of the complexity of the IMO and ILO record keeping requirements, many shipping companies are using computer based systems. This includes the popular ISF Watchkeeper software – currently being used on around 10,000 ships – produced by ICS with its partner IT Energy. This program has now been fully updated to check compliance with the STCW 2010 regime, including the STCW 'Manila exceptions' 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 now also produce a product called Watchkeeper Online that allows companies to collect and analyse work hour data from their entire fleet.





INTERNATIONAL LABOUR STANDARDS

In August 2014, full Port State Control enforcement commenced for the International Labour Organization (ILO) Maritime Labour Convention (MLC), following its entry into force a year earlier. The new regime of global employment standards for seafarers is thus being implemented and enforced worldwide, including on those ships that might be registered with flags not amongst those 65 nations that have already ratified this important Convention.

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 in Geneva at which ICS co-ordinated the Employers' Group. These amendments are expected to be fully implemented by 2017. The Special Tripartite Committee is expected to meet again in Geneva, in early 2016, in order to review implementation of the MLC by governments, based on the reports which they are required to submit under the Convention.

In October 2014, ICS also represented shipowners at a meeting with unions and governments that adopted new ILO Guidelines on Seafarers' Occupational Health and Safety, to help governments implement the relevant provisions of the MLC.

ICS was one of the ILO Social Partners that helped to negotiate the text of the MLC with governments and the International Transport Workers' Federation (ITF). ICS is therefore committed to helping to ensure that the MLC is properly implemented, in order to deliver the 'level playing field' of decent working conditions that shipowners need to compete fairly.

Most of the standards in the MLC are already contained in various other ILO maritime regulations and recommendations, which the MLC replaces, and are therefore presenting 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 choosing to delegate their new responsibilities to Recognized Organizations.

Also new are many of the documentary procedures that shipping companies are now 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 around 15,000 copies. Whilst there are similarities with the IMO International Safety Management (ISM) Code, there are also important differences.

Particularly important is the advice that ICS has developed concerning the preparation of the DMLC Part II. An important function of the Declaration is to set out where evidence of continuous compliance with the MLC 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 is therefore advocating a model that is intended to be concise but

comprehensive. Given that the Declaration will be subject to careful scrutiny by MLC inspectors acting on behalf of governments, it is important for companies and ships' officers to invest time and effort in its preparation and maintenance.

ILO MINIMUM WAGE

The shipping industry is unique in that it has a recommended global minimum wage, which is revised periodically by the ILO Joint Maritime Commission (JMC) in Geneva. The JMC comprises employers' representatives co-ordinated by ICS and seafarers' union representatives co-ordinated by ITF.

On 1 January 2015, the ILO Minimum Wage for Able Seafarers increased from US \$585 basic a month to US \$592. A further increase to US \$614 is scheduled from 1 January 2016. This follows the agreement reached by an ILO JMC Sub-Committee in February 2014.

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 by the 2009 downturn. Although difficult trading conditions continue, the current level of the ILO minimum should nevertheless help to provide some stability for employers. However, ICS and ITF will be returning to Geneva next year to begin consideration of possible adjustments after 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. It may also be relevant to other collective bargaining negotiations, including those which take place in the International Bargaining Forum.



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 at least 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 narrow.



SHORE LEAVE AND IDENTITY DOCUMENTS

Throughout the 20th Century, it was common practice for seafarers to be permitted to enter the territory of the many countries they visited for the purpose of taking shore leave or to travel to their vessel, without needing to apply for a personal visa in advance, provided that they held a seafarers' identity document. This even included the Soviet Union, and very often seafarers would not even need to carry a passport.

There was a general recognition by governments that seafaring was a special profession, and that seafarers who had been confined at sea, perhaps for several weeks, should be permitted to come ashore with minimal hindrance. But in many countries this attitude has come to an end, partly due to growing concerns about illegal immigration but also as a result of security concerns following the terrorist attacks in 2001.

However, ICS is a little more hopeful that progress can now be made towards improving the facilitation of shore leave and crew transfers for the world's 1.5 million merchant seafarers. This follows important recommendations by an ILO tripartite meeting of employers, seafarers' unions and governments, held in Geneva in February 2015, at which ICS co-ordinated shipowners' representation.

The ILO meeting considered possible adjustments to the Seafarers' Identity Documents Convention (Revised), 2003 (ILO 185), and outlined a pathway that could bring about improvements to the welfare of seafarers while addressing the legitimate security concerns of governments.

ILO 185 requires ratifying nations to issue resident seafarers with Seafarers' Identity Documents (SIDs) and to facilitate the entry of foreign seafarers holding SIDs (conforming to an agreed format) into their territory for the purposes of shore leave, transfer and transit. However, since its adoption in 2003, the Convention has failed to achieve widespread implementation, in large part because the technical standards adopted have been superseded by new technologies. The ILO meeting in February brought together governments and the ILO Social Partners in order to consider these issues and to make formal recommendations to the ILO Governing Body on options that might help to bring about the further ratification and more widespread implementation of ILO 185.

Most notable among the recommendations agreed was a proposal that the technical specifications for Seafarers' Identity Documents, within the annexes to ILO 185, should be updated in order to bring them





into line with technologies already used by governments. In practice, this would mean the inclusion within SIDs of a facial image biometric and a digital signature, both stored on a contactless chip, making SIDs interoperable with the infrastructure used by most countries to issue ePassports and to verify them at their borders.

The principal concern of ICS with respect to ILO 185 has always been that it should help to ensure seafarers' access to shore leave and their ability to join or leave a vessel in

a foreign country. But technical issues have clearly prevented widespread implementation by governments. In addressing some of these issues, the ILO meeting's recommendations have hopefully outlined a potential way forward that could make it easier for governments to ratify and implement this important Convention.

The recommendations will be considered by a future meeting of the ILO Governing Body which will consider whether the proposed measures should be taken forward.

ENVIRONMENTAL LIABILITY

The EU Environmental Liability Directive (ELD) was adopted in 2004 to establish a common framework for the prevention and remediation of environmental damage within EU Member States. But environmental damage resulting from shipping accidents was excluded from the ELD in recognition of the fact that shipping has its own, well-functioning regime for compensating such damage via the IMO liability and compensation Conventions.

However, the European Commission is currently reviewing the application of the ELD, with specific reference to the exceptions for international shipping. Worryingly, a recent study related to this review has identified the absence of liability for 'pure environmental damage' as an issue that might override the reasons for retaining the exclusion. There has also been pressure in some national jurisdictions to change the law to take account of the need to compensate for such damage.

ICS, together with ECSA and the International Group of P&I Clubs, has been making the case that the IMO Conventions already provide reasonable compensation for environmental damage, including 'pure environmental damage', and that the exclusions in the ELD applicable to shipping accidents should be maintained.

While the ELD does not define 'pure environmental damage', it is usually considered to mean damage to non-marketable or free resources of nature, such as seabirds. However,

pure environmental damage is covered by the IMO Conventions provided it can be rectified by reasonable reinstatement measures, and that these measures are actually undertaken. However, the IMO Conventions do not cover claims for environmental damage based on an abstract quantification calculated in accordance with theoretical models. The shipping industry has therefore highlighted that since the ELD was adopted there have been no claims for pure environmental damage resulting from shipping incidents in EU waters which were ineligible for compensation under the IMO Conventions.

In addition, the IMO Conventions provide for strict liability and compulsory insurance of the shipowner and direct action against the insurer. If damage should exceed the shipowner's limits of liability, compensation is further guaranteed by the International Oil Pollution Compensation (IOPC) Fund. This mechanism has proven to work well over past decades, providing effective compensation and reparation wherever needed worldwide, including in EU Member States, without the need to await the outcome of potentially lengthy legal proceedings. In contrast, the ELD regime does not provide the same benefits.

ICS therefore believes there is a very strong case for maintaining the exceptions for international shipping in the ELD, and that the benefits provided by the IMO Conventions substantially outweigh any benefits that EU citizens might obtain by revising the ELD to include damage from maritime accidents.

IOPC FUND ISSUES

The international regime established by the IMO Civil Liability (CLC) and Fund Conventions, with costs shared between shipowners and cargo interests, provides a quick and efficient means of compensating those affected by oil spills from tankers. The shipowner's contribution is paid regardless of fault. On the rare occasions that valid claims exceed the shipowner's liability under the CLC, additional compensation is provided by the International Oil Pollution Compensation (IOPC) Fund, financed by contributions from the oil importers. In this way all interests involved, including shipping, the oil industry and governments, take a fair share in the risk of the vital task of transporting oil to wherever it is needed around the world.

The present 1992 CLC and Fund regime has applied since May 2002 and was preceded by an earlier regime (the 1969 CLC and 1971 Fund), which covered incidents that occurred before then. The smooth running of the international regime, which has been functioning effectively for over four decades, is now faced with some uncertainty which needs to be tackled.

In October 2014, governments meeting under the auspices of the 1971 Fund Administrative Council confirmed their decision to wind up the 1971 Fund by the end of December 2014. This decision was met with concern by ICS, which had argued that it was premature to close the 1971 Fund when there were still outstanding claims not covered by the 1992 Fund, and that the decision to wind up should therefore be postponed in order to grant more

time for those claims to be resolved. Some of the claims were at the time still subject to litigation, with money potentially being owed to the shipowners' insurers, the Protection and Indemnity (P&I) Clubs.

The issue is complicated but, because of the failure to address the outstanding claims, the P&I Clubs may no longer be willing to continue their current practice of making advance interim payments to claimants in the immediate aftermath of pollution incidents. This is due to a fear that the 1992 Fund might decide not to reimburse any payments which exceed the shipowners' limitation amounts.

If the text of the CLC and Fund Conventions was strictly followed, shipowners through their P&I Clubs would pay the limitation amount into court, and the court would decide the claims and then pay the amounts due to the claimants. In a major incident with multiple claims, this could serious cause delay in providing compensation, potentially resulting in significant hardship for claimants when they could already be in difficult circumstances. Therefore, despite the difficulties caused by the October decision, all parties must now work together to ensure that this outcome is avoided.

ICS stands ready to assist in working to repair the trust that has been damaged between the governing bodies of the IOPC Funds and the P&I Clubs, to restore the spirit of co-operation on which the highly successful IMO compensation regime has thus far rested.

GENERAL AVERAGE

'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 is considered unsatisfactory for shipowners, most contracts of carriage still incorporate the 1994 version.

The Comité Maritime International (CMI), the international association of maritime lawyers,



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.

ICS has a longstanding role in representing shipowners' views whenever issues related to General Average are discussed and is therefore representing shipowners' interests during the current review, co-ordinating its position with other interested shipowner associations through the ICS Maritime Law and Insurance Committees.

The review has now passed the halfway stage, with work on the preparation of draft text for the proposed new set of YAR due to begin in 2015. There has been little appetite for a comprehensive overhaul of the present, well-functioning system. Instead work has been

focused on making practical improvements, for example on financial issues (commission, interest, currency of adjustment), and on areas that have been controversial in the past, including the rules concerning salvage, and the wages and maintenance of crew at a place of refuge.

Throughout the discussions, ICS has taken the position that a compelling need must be demonstrated for any changes proposed and that such changes must deliver clear improvement on the present system if a new set of Rules is to be supported. Discussions will continue at a CMI Colloquium taking place in Istanbul in June 2015.

It should also be recorded that Matheos Los stepped down as Chairman of the ICS Insurance Committee after an incredible 28 years, succeeded by Andreas Bisbas (Greece). In September 2014, in London, the ICS Board held a special dinner for Mr Los in recognition of his long and dedicated service.

COMPETITION LAW DEVELOPMENTS

Full compliance with competition law is of utmost importance given that even the smallest violations by shipping companies can result in penalties of up to 10% of company turnover, potentially amounting to hundreds of millions of dollars. The maintenance of a sensible and unambiguous regulatory framework, that takes full account of how shipping companies need to co-operate, is therefore vital. Maximising utilisation of capacity through co-operation also helps to reduce CO₂ emissions, as well as facilitating low cost transport.

While ICS takes no view on the final outcome, a new level of collaboration between competition authorities was evident throughout the much publicised consideration of the proposed 'P3' containership 'mega' operating alliance undertaken by the European Commission, the U.S. Federal Maritime Commission (FMC) and the Chinese Ministry of Commerce, with a high level co-ordination meeting being held between the three authorities in Washington DC. However, in June 2014, following earlier clearance from the FMC, China announced its

decision not to approve the proposed alliance because of the impact it felt it would have on fair competition. EU, U.S. and Chinese competition authorities have announced that a further maritime co-ordination meeting will be held in 2015. However, the establishment of some kind of global maritime competition authority still seems very unlikely.

For ICS, the current priority remains the defence throughout the world of anti-trust exemptions for co-operative carrier agreements, including Vessel Sharing Agreements (VSAs) and discussion agreements. In line with the view currently taken by most competition authorities, ICS believes that such immunities are vital in order to allow international shipping markets to function smoothly and efficiently.

The development of detailed competition law in Asia is relatively new and, in co-operation with the Asian Shipowners' Forum, ICS is therefore supporting local efforts to ensure that any necessary exemptions for shipping will be appropriately codified. A number of national reviews are currently taking place





simultaneously in Asia, with the outcome of each likely to have implications for the others.

Particularly important will be the review taking place in Singapore, whose longstanding anti-trust exemption for liner shipping, which has served as a model for other nations, is scheduled to expire in December 2015, although it is hoped it will be renewed. Similarly important will be Hong Kong's new Competition Ordinance, scheduled to be implemented during 2015. The Hong Kong Competition Commission is currently consulting with stakeholders on draft guidelines for the implementation of the new law, including the question of structured exemptions for industries such as shipping.

In Australia, the Federal Government has also been undertaking a comprehensive review of the country's competition laws. The final report of the Australian Review Panel, published in April 2015, has recommended the repeal of liner shipping exemptions under Part X of the Competition and Consumer Act, and its replacement with a block exemption process for consortia alone. This comes despite submissions made by ICS, Shipping

Australia Limited and others in favour of the maintenance of the status quo.

Encouragingly, in February 2015, the Indian Ministry of Corporate Affairs renewed the one year exemption from national competition law for Vessel Sharing Agreements, which was introduced in December 2013. ICS has welcomed the announcement and is also encouraged by the possibility of a similar exemption being given for discussion agreements. In Malaysia, however, a three year block exemption for maritime carriers, announced in July 2014, is currently subject to a judicial challenge launched by local shipper interests.

In Europe, meanwhile, ICS has welcomed the decision of the European Commission, in June 2014, to extend the legal framework exempting liner consortia from EU competition regulations until 2020, ICS having supported efforts, jointly led by ECSA and the World Shipping Council, to help secure the extension.

Alongside competition policy, ICS is also closely monitoring developments with respect to government intervention into the setting of Terminal Handling Charges (THCs). 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. However, under regulations introduced in 2013 by the Government of Sri Lanka, container lines are currently banned from charging THCs and other surcharges to local importers and exporters.

There is now a concern that other countries could follow suit. In China, following lobbying efforts by the China Shippers' Association, the Shanghai Shipping Exchange has been instructed by the Ministry of Transport to conduct an investigation into the use of THCs. While it is understood that the Chinese authorities appreciate the benefits to trade of THCs, the outcome of this important investigation is nevertheless uncertain.

U.S. ENERGY EXPORTS

ICS is concerned by recent developments that may signal a more protectionist approach by the United States with respect to the carriage of energy exports, which are expected to increase as a result of the 'shale revolution'.

At the end of December 2014, President Obama approved amendments to the Coast Guard and Maritime Transportation Act and the Deepwater Port Act, which require the U.S. Secretary of Transportation to develop a programme to promote the carriage of U.S. LNG exports on U.S. vessels by giving priority to applications for deepwater export terminals to those which propose to utilise U.S flag ships.

The United States does not currently have any national flag LNG carriers that serve international deep sea trades. However, by linking the carriage of LNG to terminal approvals, the intention would seem to be that applications by energy exporters which refer to the use of ships that have a U.S. interest – perhaps featuring the use of American crews – will be given preferential treatment, which does not seem to be in the spirit of accepted free trade principles.

At first sight, the practical implications of the amendments may seem limited since they currently only apply to deepwater facilities. Nevertheless, the seemingly protectionist sentiment behind them is of concern, given that efforts continue to be made within Congress to extend this unhelpful provision to the approval process for shore based facilities,

under the supervision of the Department of Energy. There is a worry, moreover, that this could set an unhelpful precedent which could prove very important should the U.S. eventually permit the export of crude oil, which at some point in the future is an increasing possibility. There is also a danger that the approach being taken by the U.S. could be emulated by other nations.

In March 2015, the ICS Chairman therefore wrote to the U.S. Maritime Administrator urging the U.S. Administration to discourage any further attempts in Congress to introduce such changes, and take the concerns of U.S trading partners into account as it develops its programme to promote the use of U.S flag ships. ICS has also been in contact with the State Department and the U.S Trade Representative on the issue, as well as the Consultative Shipping Group of governments and their transport attachés in Washington.

Energy security is a very sensitive political issue in the United States, and there are vested interests, especially in the U.S. shipbuilding industry, as well as the seafarers' unions, which are linking concerns about jobs and security to the need for any future energy exports to be carried on U.S ships. While this would be far more expensive than using non-U.S. ships, the danger is that American oil companies might see this as a price worth paying for the opportunity to sell U.S. crude overseas.





SHIPPING AND TRADE POLICY

Shipping and trade policy is the often unseen diplomatic activity which ICS undertakes to help ensure the maintenance of free trade principles and open shipping markets, and to prevent unilateral measures that might distort the level playing field that shipping needs to operate efficiently.

ICS continues to place great importance on its relations with the Consultative Shipping Group (CSG) of maritime administrations, comprising most European governments as well as Canada, Chile, Japan, Korea and Singapore, i.e. major maritime nations committed to free trade. In co-operation with the Norwegian Shipowners' Association, ICS organised a seminar for the CSG at its 2014 meeting in Alesund. The next CSG meeting is scheduled to be held in France in September 2015. In consultation with the CSG, ICS has been engaged in discussions to resolve various potentially discriminatory practices in nations that include Algeria, Argentina, Mexico, Philippines and Saudi Arabia. Proposals by the African Union to promote regional cabotage restrictions also remain a concern.

In August 2014, ICS also held a seminar for governments as part of the biennial CSG/U.S. dialogue in Washington DC. High on the agenda were U.S. intentions with regard to the promotion of the carriage of energy exports on U.S. flag ships. ICS has also taken a close interest in attempts within Congress to reform the Jones Act which governs cabotage trades. However, efforts to remove

the requirements for Jones Act ships to be constructed in the United States were firmly rejected in early 2015, demonstrating the power of the U.S. shipbuilding lobby.

While U.S. shipping policy is important, so is that of China. In November 2014, the ICS Chairman wrote to the Chinese State Council to highlight potential concern about its new 'scrap and build' policy. Large subsidies are now being given to Chinese owners if they scrap inefficient ships and replace the same tonnage at Chinese yards, with potential implications for the restoration of the global supply and demand balance in which too many ships are currently chasing too few cargoes. The Chinese Government has responded to acknowledge ICS's concerns, and ICS recognises that China's approach is not actually in conflict with its WTO obligations.

ICS continues to monitor the multilateral trade negotiations in Geneva toward a proposed Trade in Services Agreement (TISA), which for the moment have displaced those at the World Trade Organization, where the discussions include provisions that would codify the application of free trade principles to maritime services. Immediate attention, however, has been focused on the U.S/EU TTIP negotiations, in which the European Commission (which negotiates on behalf of all EU Member States) is seeking to make inroads into the Jones Act with respect to feeder services carrying international cargoes.



Another important file being addressed by the ICS Shipping Policy Committee (SPC) is the discussion taking place in OECD and UN Tax Committees about possible changes to their model Conventions on double taxation treaties. In co-operation with the World Shipping Council and the Cruise Lines International Association, ICS has made several detailed submissions to both Committees (the most recent in March 2015) seeking *inter alia* clarification of the rationale behind proposals to amend the 'Shipping Articles' of these important Conventions. These could have implications for the long established principle that shipping should be taxed in a shipping company's 'home state', and arrangements for the taxation of seafarers serving on foreign flag ships.

CANAL ISSUES

In May 2015, the Panama Canal Authority (ACP) published its final official proposal outlining changes to the structure and quantum of tolls to be introduced when the major project to expand the Panama Canal is finally completed, probably in 2016. This followed more than two years of constructive dialogue between industry stakeholders and the ACP, in which ICS co-ordinated the shipping industry engagement.

Overall, the industry reaction to the proposals was positive, as it was clear that much of the

The SPC continues to oversee the ICS Flag State Performance Table, the latest annual update being published in January 2015. The Table confirms that the very largest flag states, such as the Bahamas, Liberia and the Marshall Islands, as well as Hong Kong, Singapore, Cyprus and Greece, all continue to demonstrate very impressive levels of performance, as do all of the other large European and Asian flags. Amongst the 19 largest ships registers, covering more than 85% of the world fleet, none have a significant number of indicators of negative performance.

The SPC also oversees ICS's ongoing campaign to encourage the ratification by governments of IMO (and ILO) Conventions and Protocols, in co-operation with the Comité Maritime International, the association of national maritime law associations. To take account of maritime developments, an update of ICS's campaign brochure is planned for 2015. In September 2014, in support of the IMO World Maritime Day theme of 'IMO Conventions: Effective Implementation', ICS also produced some special promotional material, emphasising the vital need for governments to ratify Conventions in order to bring them into force and thus discourage unilateral shipping legislation.

In January 2015, Ralf Nagel (Germany) became Chairman of the ICS Shipping Policy Committee, succeeding John C Lyras (Greece) who had served as Chairman for ten years

industry's comments on earlier draft proposals had been taken into account by the ACP.

Elsewhere, the shipping industry has welcomed the Suez Canal Authority's (SCA) decision not to increase tolls for ships transiting in 2015. ICS continues to seek improved engagement and closer co-operation with the SCA, as in recent years toll increases for the use of this vital international waterway have been made without consultation and little advance notice to shipowners.



Towards the end of 2014 some progress was made in establishing a better dialogue between the Suez Canal and its customers when SCA representatives visited ICS to explain the recently commenced improvement work. This will deepen the existing canal in some places, and create an additional channel which will run parallel to the existing canal for 72km of its length. The intention is to increase vessel transits to 85 per day, to speed up transit time and to allow vessels of up to 66ft draft. In addition, investment in the ports and areas surrounding the canal is being encouraged to create a wider logistics hub. It is hoped that in parallel with the new focus on infrastructure investment, the SCA will be encouraged to further renew its relations with the shipping industry.

Promisingly for relations with ICS, both the Administrator of the Panama Canal, Mr Jorge Quijano, and the Chairman of the Suez Canal Authority, Admiral Mohab Mameesh, have accepted invitations to address the ICS International Shipping Conference which will take place in London on 9 September 2015.



OCEANS GOVERNANCE

The United Nations Convention on the Law of the Sea (UNCLOS) provides the basic legal framework for protecting the oceans, and under the authority of UNCLOS the shipping industry is comprehensively regulated by IMO. But the regulation of other ocean activities, especially on the high seas, is not so well developed.

In June 2014, the Global Ocean Commission (GOC) published an important report entitled 'From Decline to Recovery: A Rescue Package for the Global Ocean' which is already proving influential, setting out proposals on how the governance of the world's oceans might be improved.

The GOC comprises former world leaders and senior policy makers, and was established to suggest solutions to the vacuum that exists with respect to the protection of the oceans, such as preserving global fish stocks from unregulated fishing, and damage to marine ecosystems caused by land based agriculture and industry.

ICS supports the GOC's objective of seeking greater levels of environmental protection, especially with respect to areas of economic activity that may not be adequately regulated.

However, ICS has been keen to ensure that the interests of shipping will not be unwittingly affected by the GOC's work. This includes maintaining well established principles such as the right of ships to enjoy 'innocent passage'.

ICS therefore attended the European launch of the GOC report, and in October 2014 submitted comments on its recommendations, highlighting how the shipping industry already enjoys a long established and comprehensive framework of global Conventions and regulations that have been developed by IMO.

The ideas set out by the GOC include the establishment of a stand-alone UN Sustainable Development Goal for the oceans, a properly resourced and mandated UN Special Representative for the Ocean, as well as the creation of an independent Global Ocean Accountability Board. However, the GOC also called for a new UNCLOS implementing agreement, including the possible establishment of Marine Protected Areas on the High Seas. Consistent with this objective, in January 2015, a United Nations meeting recommended that UNCLOS should be expanded to include a new legally binding



ICS Chairman in discussion at the 2014 World Ocean Summit in San Francisco with (second left) Maria Damanaki, EU Commissioner for Maritime Affairs and (far right) Achim Steiner, Executive Director, UNEP

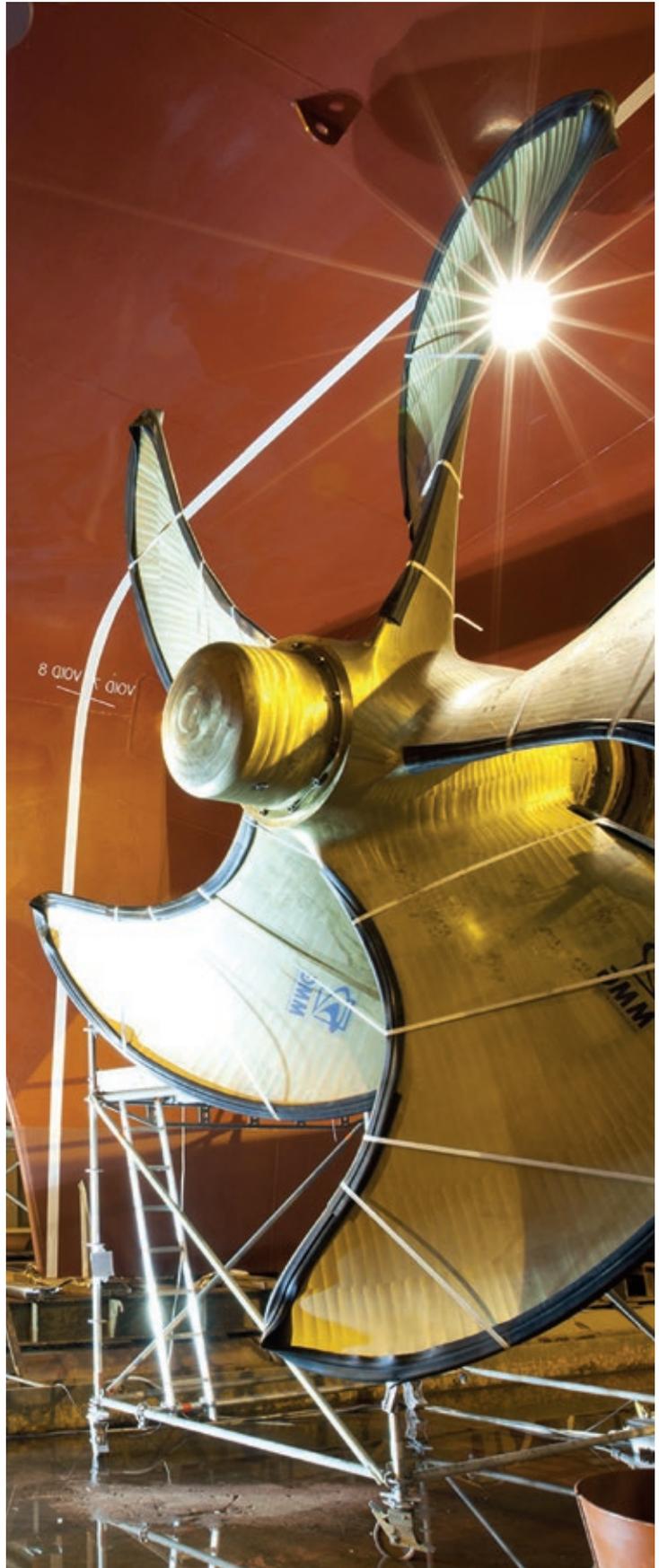
instrument on the conservation of marine life in areas beyond national jurisdiction, which could include area based management tools such as Marine Protected Areas. The UN General Assembly is now expected to convene a formal intergovernmental conference to take this forward, possibly sometime after 2017, although preparatory work may begin in 2016.

ICS believes that whatever might be decided in the future with respect to UNCLOS, great care should be taken with regard to the maintenance of freedom of the high seas, the rights of navigation enshrined in Articles 87 and 90, and the current balance that exists between the rights and obligations of flag states, coastal states and port states. In the context of regulating international shipping, the current balance has worked very well, as demonstrated by the reduction in the number of maritime accidents and pollution incidents.

The GOC has also recommended that an international convention should be developed to regulate liability and compensation for environmental damage caused by the oil and gas industries. While ICS does not speak for these industries, ICS wishes to ensure that any developments in this area do not cut across the tried and tested liability and compensation regimes for shipping which have been successfully developed by IMO.

ICS will continue to monitor these developments in oceans governance closely, in co-operation with the World Ocean Council (WOC), an umbrella body for ocean industries of which ICS is a founder member.

Meanwhile, in April 2015, ICS was invited to speak as a panellist at a United Nations meeting in New York as part of the Informal Consultative Process on the Law of Sea. The opportunity was taken to highlight the extent to which shipping is effectively regulated by IMO in order to deliver the UN's sustainable development goals. In June 2015, in Lisbon, ICS will also be represented at the next World Ocean Summit, organised by The Economist magazine, which has become an influential platform for the discussion of oceans governance issues.



PUBLICATIONS

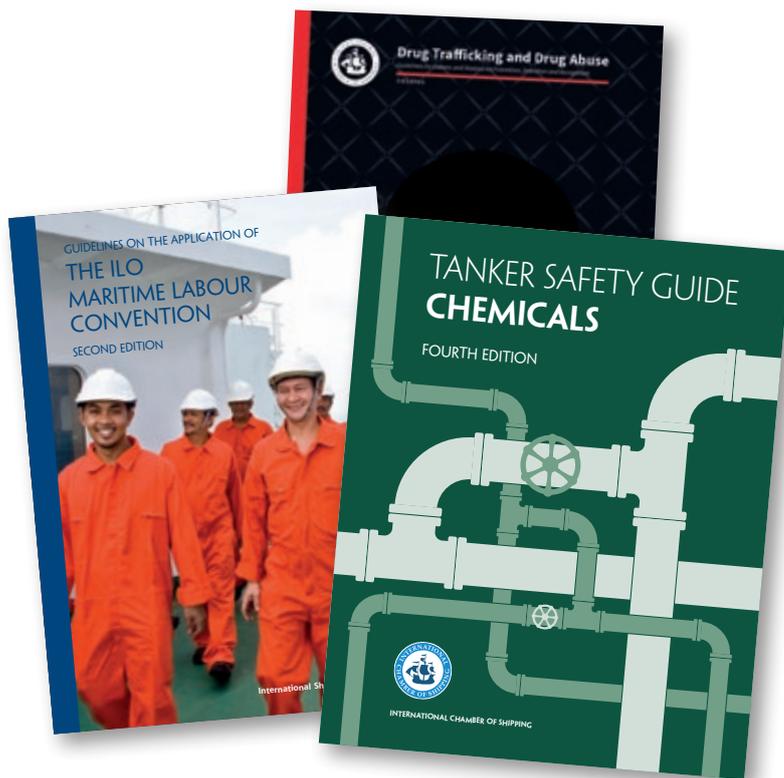
In addition to representing the industry, the production of publications on regulatory developments and best practices is an important part of ICS activity. Many ICS publications are used by ships throughout the world fleet, and are often listed as carriage requirements under national legislation.

A major project due for completion in 2015 will be the publication of a revised edition of the ICS Bridge Procedures Guide. The Guide is being revised to reflect further developments in navigation technology, lessons learnt from recent accident investigations, and the latest approaches to environmental compliance and Bridge Team Management.

ICS is also making progress on a new edition of the ICS Tanker Safety Guide (Liquefied Gas) following the publication of a new edition of the ICS Tanker Safety Guide (Chemicals) at the end of 2014. Another project that should be completed in 2015 is a new version of the Personal Training and Service Record Book for qualified seafarers, to complement the ICS/ISF On Board Training Record Books for trainee officers and ratings that are widely used across the industry.

In conjunction with Witherby Publishing Group, a new edition of the ICS publication on the prevention of Drug Trafficking and Drug Abuse was also published in January 2015.

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





ADMINISTRATIVE MATTERS

The 2015 Annual General Meeting will be hosted by the Royal Association of Netherlands Shipowners, in Rotterdam, from 9-11 June.

The previous Annual General Meeting was hosted by the Cyprus Shipping Chamber (CSC) in Limassol, from 10-12 June 2014, in conjunction with a Summit between the ICS Board and shipping ministers from around the world, organised by the Cyprus Government. A gala dinner was also held to mark the CSC's 25th anniversary, hosted at the Presidential Palace, in Nicosia, by His Excellency President Nicos Anastasiades.

ICS formally merged with the International Shipping Federation (ISF) in 2012. At the 2014 AGM it was decided that the name of ISF would no longer be used when representing the interests of maritime employers, including at the International Labour Organization where ICS is now responsible for co-ordinating the employers' group at maritime

meetings. ISF has also relinquished its separate observer status at IMO. However, ICS retains use of the ISF trademark in the context of certain publications and products.

The membership of ICS now includes national shipowners' associations from 36 countries, including the Faroese Merchant Shipowners' Association which has joined as a Full Member, and the Monaco Chamber of Shipping which has been admitted as an Associate Member. In March 2015, the Australian Shipowners Association was rebranded as Maritime Industry Australia Limited.

Mr Masamichi Morooka (Japan) continues to serve as ICS Chairman, being elected for a second two year term at the 2014 AGM. He is supported by the Board of Directors including the four Vice Chairmen: Mr John C Lyras (Greece), Mrs Karin Orsel (Netherlands), Mr Gerardo Borromeo (Philippines) and Mr Esben Poulsson (Singapore).

In September 2014, David Tongue retired as Director of Regulatory Affairs (subsequently being appointed Secretary General of Intercargo). In October, ICS was pleased to welcome Matthew Williams as a Senior Adviser on navigational safety issues, following the decision by James Langley to return to industry. Matthew previously served as a Lieutenant in the (British) Royal Navy. The Personal Assistant to the Secretary General, Mrs Kathy Hall, retired in 2014. Her responsibilities have been assumed by Mrs Julie Rogers, with Miss Milly Dewar being recruited to assist with administration in the Marine Department.

The Secretariat, led by the Secretary General, Peter Hinchliffe, continues to be provided by Maritime International Secretariat Services Limited, which is wholly owned by ICS.

OBITUARIES

JACOB STOLT-NIELSEN

Jacob Stolt-Nielsen, who represented the Liberian Shipowners' Council on the ICS Executive Committee from 1990 – 1999 and served as ICS Vice Chairman between 1994 – 1996, passed away in February 2015 at the age of 83. Born in Norway, he will be remembered as a great shipping innovator and entrepreneur. He was the founder and long serving CEO of Stolt Tankers, which he established with a single ship and then developed into the world's largest operator of chemical tankers with a fleet of over 150 ships. He is widely credited with having originated the concept of parcel tankers.

JOHN PANOPOULOS

John Panopoulos sadly passed away on 2 February 2015. For more than 20 years, John participated *inter alia* at the ICS Marine Committee as a Technical Adviser to the Union of Greek Shipowners, though he also frequently represented the Government of Greece at IMO and bodies such as the Paris MOU on Port State Control. John was a staunch advocate for a common sense approach to shipping regulation. While keen to promote the best interests of Greek shipping, he was vehemently loyal to the consensus within ICS once it had been agreed. His contribution to the work of ICS, which was always done with great humour, will be very much missed by all of his international colleagues.

ICS Board and Summit, Cyprus, June 2014

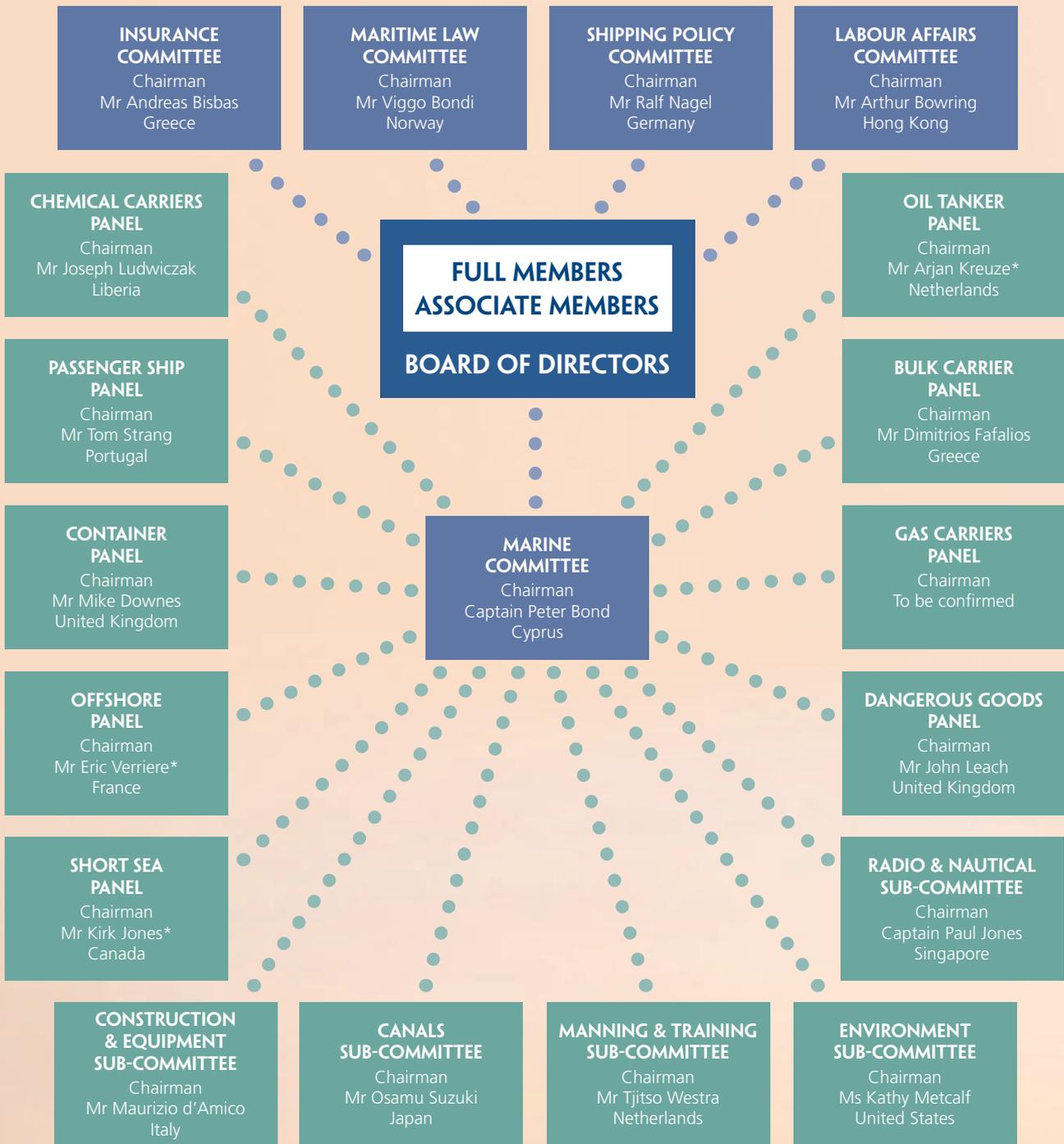


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ICS COMMITTEE STRUCTURE



*To be confirmed



ICS MEMBERSHIP

FULL MEMBERS

AUSTRALIA	Maritime Industry Australia Limited
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
FAROE ISLANDS	Faroese Merchant 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 §
TURKEY	Turkish Chamber of Shipping
UNITED KINGDOM	UK Chamber of Shipping
UNITED STATES	Chamber of Shipping of America

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