



Federation Of Asean Shipowners' Associations

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ANNEX 1

WELCOME SPEECH BY MS CARMELITA HARTOTO, ACTING CHAIRMAN OF FEDERATION OF ASEAN SHIPOWNERS' ASSOCIATIONS (FASA) AT THE OPENING OF THE 37th FASA ANNUAL GENERAL METING, 9 DECEMBER 2011

Yang Hormat Bapak E E Mangindaan, Minister of Transportation of Indonesia

Excellencies, Fellow FASA delegates, Distinguished Guests,

Ladies & Gentlemen

Good Morning and a very warm welcome to this official opening of the 37th Annual General Meeting (AGM) of the Federation of ASEAN Shipowners' Associations (FASA) in Jakarta, Indonesia.

On behalf of the Indonesian National Shipowners' Association (INSA), I would like to extend a very warm welcome to Bapak E E Mangindaan, the Minister of Transportation of Indonesia for taking time off from their busy schedules to come and grace this opening of the 37th AGM of FASA. I also warmly welcome all our fellow FASA delegates from overseas who are here for this meeting.

We are meeting here for this FASA 37th AGM in challenging times! Whilst many had assumed that the worst of the 2008 financial crisis was already over, it is unfortunate, however, that the signs of fundamental global economic and financial problems are starting to reassert themselves. This time with a strong vengeance! It does appear that the short term fixes by governments and financial institutions in the last two years had not really address the underlying problems and weaknesses of the global financial system. As a consequence, several European countries, as well as the United States, are now feeling the effects.

Global stock markets have gone into wild swings of late due to the receding confidence in global economic prospects. Political crisis in the Middle Eastern countries and higher crude oil prices have resulted in higher transportation costs and rising commodity prices. These in turn have led to inflationary pressures in many countries.

The shipping markets too, are not spared as it is facing the problem of overcapacity and falling global demand due to austerity measures introduced by governments to curb spendings.

Despite this apparent gloom, there are still many who express optimism that shipping will improve in the new year. Let us all hope so!

Whilst Intra - ASEAN shipping may appear to be buoyant during this turbulent time, I would want to caution that we simply cannot afford to be complacent but to remain alert and ready to respond to any changes to the global economy and world trade. It was not too long ago that the Asian Development Bank had forewarned that if there should be another collapse in global financial markets, there is a high possibility that it could bring about major long term effects on the global economy.

In this regard, FASA shipowners must be ready to take steps and brace ourselves for the choppy waters that may be lying ahead. I am confident that ASEAN and Asian economies will be able to ride the stormy waters when they come, and emerge unscathed.

Besides working to promote the interests of ASEAN economies, FASA has followed the developments of issues relating to environmental protection and maritime safety.

On environmental issues, FASA is keeping a close watch on the technical and market based measures developments concerning the reduction of Greenhouse Gases in international shipping, especially at the International Maritime Organisation (IMO) and in Europe. These developments, when implemented, would ultimately have an effect on international shipping and the interests of ASEAN shipowners.

Currently, as I speak, the world's governments are meeting in Durban at the 17th Conference of the Parties (COP17) to the United Nations Framework Convention on Climate Change (UNFCCC) to discuss how we might reduce global carbon emissions. I hope that the Durban meeting will conclude with a strong and clear mandate to the IMO to continue with its work aimed at reducing emissions in shipping. In our view, the IMO is a technically competent organization, and therefore best suited to maintain an effective regulatory framework to curb CO₂ emission from international shipping. We opine that IMO will take on board the best interests of developing countries without compromising on the UNFCCC's principle of 'Common but Differentiated Responsibilities (CBDR)'.

As part of its strong commitment towards promoting the safe navigation of ships, FASA is actively engaged in discussing issues that have emerged from the IMO and other fora, such as the ASEAN Maritime Transport Working Group. Our keen interest on the enhancement of safety, security and environmental protection, especially in the Straits of Malacca and Singapore, serves to project FASA's strong interests in promoting safe, environmentally friendly and open shipping not only among its members but also around the world.

On Piracy and Armed Robbery, I am pleased to note that the problem in ASEAN waters has declined significantly, thanks in no small part to the pro-active measures adopted by ASEAN governments. However, the risk of transiting merchant ships being attacked by pirates is still relatively high off the coast of Somalia, in the Gulf of Aden and in the West

Indian Ocean. FASA is gravely concerned with the continued threat of piracy and ship hijacks off those affected waters.

Not only are these pirates free to roam the Ocean at will, attacking and hijacking ships, they have even attacked ships anchored in sovereign waters. Also, Somali pirates have served as a strong inspiration for criminals in other States. To date, over 198 vessels, some of which are flagged in ASEAN countries, have been attacked by these Somali pirates. Today, 9 vessels and almost 200 seafarers (a quarter of whom are from ASEAN) are still being held captive by these ruthless criminals who are seeking ever-increasing ransoms from shipowners for their release.

In this regard, FASA strongly maintains that the time has come for governments and the industry to adopt bold measures. We strongly urge the UN and all governments to adopt a strong political will and take decisive actions to resolve this problem expeditiously. Until such time as these bold measures are taken, however, and in the continued absence of concrete policy to address the root problem of Somali piracy, the shipping industry has no choice but to act on their own initiative and take all necessary steps to protect the lives of their seafarers.

Besides these two pressing issues of concern, there are various others that FASA will be discussing today. By staying abreast of the latest developments that can affect shipping, I hope we will be able to adapt quickly to the shifting tides of the global economy, allowing us to stay afloat. On this note, I trust we will have some serious and fruitful discussions on some of these topics this afternoon. At this AGM, we will also be electing a new FASA Chairman for the next 2 years. I therefore wish to take this opportunity to express my appreciation to all the FASA members for their strong support and cooperation during INSA's 2 – year term as Chairman of FASA. I also wish to express my appreciation to the FASA Secretary General who has worked diligently on behalf of the ASEAN shipping industry.

Under the able leadership of the incoming FASA Chairman, I am confident that FASA will continue to work effectively to meet the challenges ahead.

In conclusion, I would like to thank all of you for your kind attention. On behalf of FASA, I would also like to thank INSA and all those involved in making the wonderful arrangements for this meeting. For our overseas visitors, I wish them a pleasant stay in Jakarta.

It is now my honour and pleasure to invite Bapak E E Mangindaan, Minister of Transportation of Indonesia to deliver his speech and to open this 37th FASA Annual General Meeting.

Thank you.