



## **ASIAN SHIPOWNERS FORUM SHIP INSURANCE AND LIABILITY COMMITTEE**

c/o Hong Kong Shipowners Association  
12<sup>th</sup> Floor, Queen's Centre, 58 Queen's Road East, Wanchai, Hong Kong  
Tel: (852) 2520 0206 Fax: (852) 2529 8246 Email: hksoa@hksoa.org

### **PRESS RELEASE**

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### **ASIAN SHIPOWNERS EXPRESS THEIR CONCERN OVER THE POTENTIALLY HARMFUL EFFECT OF SANCTIONS ON INNOCENT THIRD PARTIES**

At the 17<sup>th</sup> Interim meeting of the Asian Shipowners Forum (ASF) Ship Insurance and Liability Committee (SILC), held in Hong Kong on 15<sup>th</sup> March 2012, representatives of Asian shipowners expressed their strong concern about the effect of recently introduced sanctions on innocent third parties and the global shipping industry.

Sanctions are increasingly being introduced and frequently updated and revised, with an increasing number of countries being targeted. The sanctions that have been introduced would appear to be intentionally vague in nature, with the apparent attempt to encourage companies to trade with an over abundance of caution. Sanctions are issued by many bodies and in many ways are illogically different in wording and nature. Transgression might occur in a way that was, at the time, unpredictable, so many will find that it is better to play safe. As Robert A. Ho, the Chairman of the meeting remarked, "Shipping is a global business, and as such can find itself on the wrong side of sanctions for entirely the wrong reasons. We call upon all concerned to issue sanctions only through the United Nations, to better ensure consistent wording and application".

One example is the recent European sanctions, as contained in Council Decision 2012/35/CFSP dated 23<sup>rd</sup> January 2012. These sanctions prohibit the provision, directly or indirectly, of insurance and reinsurance related to the transport of Iranian crude oil, petroleum products or petrochemical products. While it is understandable that the prohibition of hull or cargo insurance would be an effective addition to the sanctions, the provision of liability insurance is a different matter for the reason that liability insurance protects innocent third parties. The Committee calls upon the European Union to provide a derogation in the implementing Regulation to exclude the application of the prohibitions on insurance/reinsurance to the provision of compulsory and/or third party liability insurance cover and its underlying reinsurance arrangements.

The 17<sup>th</sup> Interim meeting of the ASF Ship Insurance and Liability Committee was hosted by the Hong Kong Shipowners Association, and held in Hong Kong under the chairmanship of Robert A. Ho, Fairmont Shipping (HK) Ltd. The Chairman of the SILC, Mr. George Chao, was unable to attend due to illness, and members sent their best wishes for his speedy recovery. Attending the meeting were the ASF Secretary-General and delegates from the shipowner associations in China, Chinese Taipei, Hong Kong, Japan, Korea and FASA. During the meeting, the Committee also discussed other issues of concern to Asian shipowners.

*The Asian Shipowners' Forum is a voluntary organization of the shipowner associations of Australia, China, Chinese Taipei, Hong Kong, India, Japan, Korea and the Federation of ASEAN Shipowners' Associations comprising shipping associations of ASEAN countries. The aims of the ASF are to promote the interests of the Asian shipowning industries. Between annual ASF meetings, the ongoing work is carried out by the five Standing Committees; the Shipping Economics Review Committee, the Seafarers Committee, the Ship Recycling Committee, the Safe Navigation and Environment Committee, and the Ship Insurance and Liability Committee. It has been estimated that ASF owners and managers control and operate nearly 50% of the world's cargo carrying fleet.*

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