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HIGHLIGHTS OF PRESS FOR THE UGS MEMO 380/2016

Greek cluster is shipping industry's top 'owner zone'

Newsfront, 27/11/15

Shipping's largest 'owner zone' in the world is the Athens / Piraeus cluster with owners controlling a combined fleet of 4,538 ships with an estimated value of $86.7bn, around 83% of the total value of the Greek-owned fleet, reports Clarksons Research Services. Approximately 42% of the estimated $934bn world fleet controlled by owners in just 10 locations, Clarksons has decided to take a closer look at these 'owner zones', investigating just where the value of the fleet is to be found. Owners based in the top 10 'owner zones' (areas of a 40km radius around a main city) account for a combined fleet worth an estimated $391bn. This represents about 42% of the value of the total world fleet, whilst owners in the top 20 zones account for 57%. Of the top 10 'owner zones', four are located in Europe and four in Asia. The 10 zones, in order, are: Athens, Tokyo, Singapore, Hamburg, Hong Kong, Houston, Miami, London, Seoul and Copenhagen. Overall, the cumulative value of the total European owned fleet stands at an estimated $411bn, with European owners' share of the global total increasing by 2% during the year to date following several years of decline. This has been the result of an increased proportion of deliveries in high-value sectors, combined with relatively lower levels of demolitions and net sales compared to their Asia / Pacific based counterparts, who account for a fleet worth an estimated $311bn. Focusing more closely on the top 10 'owner zones', the largest is Athens. Unsurprisingly, the fleet composition of the Athens zone is reflective of the entire Greek fleet, with 71% of fleet value found in the bulker and oil tanker sectors. Clarksons concludes: "The value of the world fleet is strongly concentrated amongst a few major 'owner zones'. Some of these are closely linked to national ownership bases, whilst others are international hubs, and notable links exist between specific locations and national vessel type trends. With so many owners in a relatively limited number of zones, developments there would be key to trends in the world fleet in the future."

BIMCO: Europe and Japan might yield surprising uplift for shipping

Lloyd's List, 5/1/2016

Europe and Japan could provide a surprising boost to shipping demand, according to BIMCO, while China faces slower economic growth and the US mulls higher interest rates. Having been plagued by weak growth in recent quarters, the European and Japanese economies could be on track for recovery with monetary stimulus measures, the industry group said in a note. China, the world's largest dry bulk trading nation, is facing its slowest growth since the 1990s as Beijing seeks to transform its investment-driven economy to a consumer-driven one. In the US, the Federal Reserve increased interest rates last month for the first time in nearly a decade, with several more increases expected this year. Going by sectors, BIMCO predicts tanker markets to enjoy healthy but lower earnings in 2016, while rates in dry bulk and container shipping remain pressured by oversupply.

China maritime economy expands by over 8pct annually

International Shipping News 31/12/2015

A government report made public said the total production value of China's maritime industry grew by an average of 8.4 percent annually from 2011 to 2014, representing over 9.3 percent of the GDP each year. During the same time frame, the industrialized utilization of ocean water had accelerated, according to the 2015 report on China's marine economy development issued by the State Oceanic Administration (SOA). Since 2010, the central government approved Tianjin municipality and provinces of Shandong, Zhejiang, Guangdong and Fujian to pilot development of the maritime economy. In 2014, the five regions contributed 67.1 percent of the country's total maritime GDP.

India agrees yard aid

IHS Maritime Fairplay, 17/12/2015

Prime Minister Narendra Modi of India has pushed through his cabinet a policy package for shipyards that includes government aid grants above the contracted except boats and fishing vessels. The cabinet also passed tax breaks for the shipbuilding and ship repair industry. It approved financial aid starting at 20% for the first three years and falling by 3 percentage point every three years to 11% in the 10th year. "This is to counter cost disadvantages faced by Indian yards compared to those in Japan, South Korea, and China", a cabinet spokesman said.

German aid urged for dual-fuel ships

IHS Maritime Fairplay, 17/12/2015

The German Shipowners' Association VDR is urging faster implementation of government aid for retrofitting and contracting of newbuildings with dual-fuel engines. The initiative aims to support new business opportunities for German owners of ships burning liquefied natural gas (LNG) in the North European sulphur emission control area. It also is meant to counterbalance market share losses for such owners in global shipping segments. Given the circa-25% extra cost of building ships with dual-fuel engines for LNG consumption, compared with conventional tonnage, "it will not be possible to overcome the market entry barriers unless a major state aid scheme for newbuilding construction and retrofitting of LNG-powered vessels is launched", said VDR president Alfred Hartmann.

<u>Insurance / New prudential rules for insurance sector enter into force</u>

Agence Europe (Brussels, 4/1/2016)

On 4/1/2016, the European Commission welcomed the entry into force, with the new year, of the Directive 'Solvency II' (2009/138) bringing in risk-based prudential rules for the insurance sector. Jonathan Hill, the European commissioner for financial services reiterated that changes had been proposed to this Directive to make investing in infrastructure more attractive to insurers. The legislative package aims to improve the balance of the capital requirements imposed on the insurance industry on the basis of the financial risks it takes. Contra-cyclical measures have been brought into limit excess stock exchange volatility so that life assurance companies are able to continue to offer long-term investment products. These measures, which have been adapted to the specific nature of the major national markets, will allow the industry to reduce its own funds requirements.

<u>Hong Kong to set up new maritime body</u>

Lloyd's List, 15/1/2016

Hong Kong, a special administrative region of China, is to establish a new government body this year that oversees the local maritime sector, in a bid to enhance the city's shipping sector. In his 2016 policy address, chief executive Leung Chunying said his government had decided to merge the existing Maritime Industry Council and the Port Development Council into a new Hong Kong Maritime and Port Board, chaired by the Secretary for Transport and Housing. The decision came amid mounting concern that the former British colony is losing steam in the race for global maritime centres, as voices for more governmental support have become increasingly loud in the industry. The Hong Kong Shipowners Association in a consultation letter sent to Mr. Leung cited the UK and Singapore as successful examples where the shipping industry is highly valued and backed by the policymakers. The establishment of a new maritime body is certainly welcomed by the HKSOA, which topped the request on its list of proposals. The HKSOA is expecting the new department to lead a string of policy reforms or changes in 2016, including improving the service function of the Hong Kong register, holding talks with more jurisdictions over the Double Taxation Agreement and easing the provision of work visas for foreign seafarers.

<u>Australia / Green light to work ahead of free trade talks</u>

Agence Europe, Brussels, 16/11/2015

On the sidelines of the G20 summit in Antalya, Turkey on 15/11/2015, the EU and Australia committed to commencing work towards the launch of negotiations for a bilateral free trade agreement. The EU is Australia's third biggest trading partner (after China and Japan), and Australia is the EU's 15th biggest trading partner. Their bilateral trade in goods stood at €38.8 billion in 2014 (€29.6 billion in exports for the EU, and €9.2 billion in exports for Australia) and trade in services stood at €27 billion in 2016 (€18.8 billion in exports for the EU and €8.2 billion in exports for Australia). The EU's foreign direct investment (FDI) stock in Australia stood at €122.1 billion in 2013, and that of Australia in the EU was €27.1 billion.

Australian cabotage relaxation fails

Fairplay IHS Maritime, 26/11/2015

An Australian government bill to deregulate the country's coastal fleet and allow international shipping greater access to domestic trade was blocked in the Senate. The measure would have foreign-flag vessels to trade on the coast for up to 12 months. Unions, shipowners, the Labor opposition, and independents fought the bill, saying it would allow foreign crew to replace Australian seafarers, "gut Australian shipping", put local shipowners out of business, and "sell out the national interest".

Vietnam / Formal conclusions of free-trade negotiations with EU

Agence Europe (Brussels, 2/12/2015)

The EU and Vietnam announced the conclusion of the negotiations for a free-trade agreement, which launched in 2012. The EU-Vietnam free-trade agreement, the first of the kind concluded by the EU with a developing country, covers trade in goods and services, investment, public procurement, intellectual property (including geographical indications), non-tariff barriers to trade, technical barriers to trade, customs cooperation and trade facilitation. The agreement is a *"significant milestone"* for trade relations between the EU and ASEAN, of which Vietnam is a member.

Philippines / Negotiations to be launched for free trade agreement

Agence Europe, Brussels, 22/12/2015

On 22/12/15, European Commissioner for Trade Malmström and Philippine Secretary of Trade and Industry Domingo agreed to start negotiations for an EU-Philippines free trade agreement. The first round of negotiations will be held in Manila in the first half of 2016. The two parties hope to conclude an agreement covering a wide range of issues - including market access for goods and services, investment, access to public procurement, non-tariff barriers, competition. The EU has already concluded free trade agreements with Singapore and Vietnam and similar negotiations are under way with Malaysia and Thailand. The EU is also negotiating an agreement on investment with Burma/Myanmar. The long-term goal continues to be concluding an EU-ASEAN bloc-to-bloc agreement. The EU is the Philippines' third biggest trading partner and its top investor. Bilateral trade in goods reached €12.5 million in 2014 (€6.8 million in exports for the EU and €5.7 million in exports for the Philippines).