



EVENT SUMMARY

SINGAPORE SHIPPING FORUM 2021: SHIPPING - POST PANDEMIC

22 APRIL 2021, THURSDAY

Sustainability will remain in the forefront of shipping in the years to come, as the industry and the global economy recovers from the COVID pandemic. This was the key conclusion of speakers at the Singapore Shipping Forum 2021. This event, hosted annually by Moore Stephens, Singapore, is organized in conjunction with co-sponsor BNP Paribas, Singapore, and is supported by both the Institute of Chartered Shipbrokers and the Singapore Shipping Association. The event is part of the Singapore Maritime Week 2021, an event organised by the Maritime and Port Authority of Singapore (MPA), and was attended by more than 300 delegates.

The seminar kick-started at 2pm, with an opening address by the Guest of Honour, Mr. Esben Poulsson, who is Chairman of the International Chamber of Shipping (ICS), Board Member of MPA, Executive Chairman of Eneset Pte. Ltd, among many other positions. Mr. Poulsson stressed the need to strategize beyond the pandemic notwithstanding the enormous challenges. Mr. Poulsson also highlighted seafarers, the “unsung heroes who richly deserve our recognition and respect”, and stressed the determination of ICS, working with BIMCO, Intertanko, Intercargo, World Shipping Council and CLIA, to press for their welfare and prioritize them for the COVID vaccine.

Next on stage was Mr. Chris Johnson, Senior Partner and Head of Shipping at Moore Stephens Singapore, who introduced the forum topics by touching briefly on the expected rebound of economic activity in the coming months, the outstanding performance of the dry bulk and containership sectors in the past quarter, and the huge expected cost of decarbonisation to the shipping industry.



Mr. Chris Johnson, Senior Partner and Head of Shipping at Moore Stephens Singapore with an Overview of the Shipping Industry

There are reasons to be cautiously optimistic on the global economy, including the maritime sector, according to Dr Yap Wei Yim, Head of International



(From Left to Right) Host: Puah Mei Pin, Director of Corporate Taxation and Head, Transfer Pricing, Complete Corporate Services, Singapore and Dr Yap Wei Yim Head of International Trade Management, School of Business, Singapore University of Social Sciences on the Recovery in Ports and the Shipping Industry - the Post COVID Pandemic Landscape

Trade Management at the Singapore University of Social Sciences. Dr Yap observed that the world's major economies are recovering, as seen in GDP performance for US, China and the Eurozone. Dr Yap is optimistic on Asian growth, and believes that urbanisation will be a key driver of seaborne trade going forward, because urbanisation generates strong demand for commodities and merchandise of all sorts. To capitalise on these opportunities, businesses need to remain resilient, manage risks, plan for contingencies, and capitalise on data. However, Dr Yap cautioned that downside risks cannot be ignored. Unlike previous economic downturns where certain regions were badly hit but others were spared, the 2020 COVID-induced economic crisis was global. As such, Dr Yap opined that seaborne trade is unlikely to witness the sharp rebound similar to that observed in 2010. Risks such as the resurgence of COVID and geopolitical tensions may also derail recovery.



(From Left to Right) Host: Mick Aw, Chairman, Moore Asia Pacific and Dr. Adam Kent, Managing Director, Maritime Strategies International on Casting an Eye on Markets in 2021 and Beyond

Following Dr Yap was Dr Adam Kent, Managing Director of Maritime Strategies International, who pointed out that market inefficiencies have played a key role in keeping shipping markets buoyant in 2020. However, the industry should be vigilant for consequences when these inefficiencies unwind. These inefficiencies have been brought about by a myriad of factors such as the recent Suez Canal blockage,

longer delays in port turnarounds, slow-steaming, deployment of vessels on inefficient routes due to global geopolitical issues, and detours to cater for crew changes due to COVID. There are also sector-specific inefficiencies, for example, some crude tankers have been deployed as floating storage instead of transportation. Dr Kent noted that these inefficiencies have generally limited the availability of the global fleet. However, when these unwind, the market needs to be prepared for the consequential withdrawal of the corresponding upside. Dr Kent believes that strong growth in the dry bulk and containership sectors will cushion these effects; however, the tanker sector, which has been more directly impacted by the pandemic, may be more adversely impacted.



(From Left to Right) Host: Chris Johnson and Capt. Rajalingam Subramaniam, President & CEO, AET on Shipping Industry - Post Pandemic; New Direction and Strategies

Captain Rajalingam Subramaniam, President & CEO of AET, expanded the ESG discussion beyond the environment aspects, by emphasising the need to recognise and protect the welfare of seafarers. As the frontline workers supporting global trade, seafarers have to contend with stressful and tiring work routines, and the recent crew change crisis only served to exacerbate the hardship. Captain Raja called for a stronger focus on workforce and talent matters in the industry, as part of a wider post-pandemic strategy that also encompasses an expanded scope of industry collaboration, digitalisation, access to financing, and a focus on environmental issues. In this respect, AET's own strategy, in conjunction with parent company MISC, incorporates a move to dual-fuel vessels, investments in venture start-ups, ensuring workforce diversity and inclusion, and participation in new sustainability technology research. As an example, MISC is a founding partner of The Castor Initiative to jointly develop commercially viable deep-sea Zero Emission Vessels by 2030.

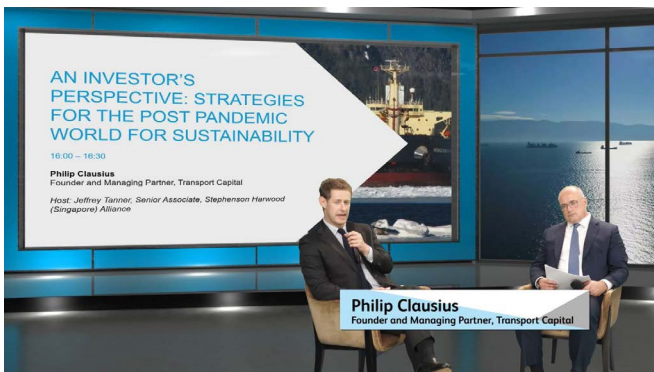
Interest in Sustainable Finance products will continue to accelerate in shipping, according to Ms. Marisa Dupuis, Vice President, Shipping & Offshore, Transportation Sector, Investment Banking APAC, BNP Paribas. Although sustainable financing currently occupies a relatively low proportion of total shipping finance, Ms. Dupuis opined that this proportion is set to rise as the industry comes under a greater spotlight



Marisa Dupuis
Vice President, Shipping & Offshore,
Transportation Sector, Investment Banking APAC, BNP Paribas

Marisa Dupuis, Vice President, Shipping & Offshore, Transportation Sector, Investment Banking APAC, BNP Paribas on Evolutions and the Trends of Sustainable Finance in Shipping

for environmental issues. Regulators and central banks alike are increasingly focused on sustainability, and the industry needs to respond. In particular, Sustainability-Linked Loans (SLLs), one type of Sustainable Finance products, are gaining popularity. Ms. Dupuis noted that in the first quarter of 2021, 79% of all sustainable loans are SLLs. One reason for the attractiveness of SLLs is in the lack of restriction on the usage of the proceeds. Other types of sustainable finance restrict the usage of proceeds only to eligible projects that provide environmental benefits, but the pool of these projects that qualify for debt financing are, at present, limited.



Philip Clausius
Founder and Managing Partner, Transport Capital

(From Left to Right) Host: Jeffrey Tanner, Senior Associate, Stephenson Harwood (Singapore) Alliance and Philip Clausius Founder and Managing Partner, Transport Capital on An Investor's Perspective: Strategies for the Post Pandemic World for Sustainability

Mr. Philip Clausius, Founder and Managing Partner of Transport Capital, viewed that a more rigorous regulatory framework and more proactive involvement of small and medium shipowners will be key to effective decarbonisation in shipping. Mr. Clausius observed that today's regulatory targets as set by the IMO is not sufficient to achieve the standards of decarbonisation needed to align with the Paris agreement, and expects regulatory standards to tighten. Mr. Clausius supports the adoption of stronger regulation to incentivise the private market to switch away from carbon, such as strong carbon taxes. By making the conventional fuel solution expensive, carbon taxes can facilitate the reduction of carbon through the private market mechanism.

Mr. Clausius also believes that for the industry to decarbonise effectively, the effort must extend beyond the biggest industry players, where most of the action currently occurs. The effort must extend to the small and medium ship owners. These ship owners collectively represent a significant proportion of the total shipping market, and ignoring this segment in the drive for decarbonisation will impede the effectiveness of such efforts. Mr. Clausius encourages small and medium shipowners to work closely with their customers to collaborate on the transition to greener energy.



Dimitris Patrikios
CEO, Kyklades Maritime Corporation

(From Left to Right) Host: Costas Constantinou, Global Leader, Moore Maritime and Dimitris Patrikios, CEO, Kyklades Maritime Corporation on Shipping Company Transformation to Meet New Challenges and Opportunities.

Shipping decarbonisation transition is a massive effort, and the responsibility cannot fall on ship owners alone, in the opinion of Mr. Dimitris Patrikios, CEO of Kyklades Maritime Corporation. Mr. Patrikios noted that the energy transition represents a radical shift from existing mindsets, technologies, and practices, and opined that ship owners need to be compensated for the transition risk. The scale of the effort is massive, with estimates of the required effort ranging from USD1.65 to 3.4 trillion by 2050, and may result in a fragmented fuels market, with different types of clean fuels being deployed for different types of voyages. Mr. Patrikios envisages that the decarbonisation effort will be best undertaken via an ecosystem of industry stakeholders that collaborate in projects that start small but can scale up fast once successful, all co-ordinated by incentives led by the IMO.

Mr. John Michael Radziwill, Chairman and Chief Executive Officer of CTM and GoodBulk Ltd, next took the stage to discuss the dry bulk industry. Mr. Radziwill noted that the dry bulk industry has been experiencing good demand and performance, after many years of downturn, and is optimistic that this will continue, provided that the industry remains vigilant against excessive ordering, refrain from rate wars, and focus its efforts on excellent service delivery. With regards to decarbonisation, Mr. Radziwill emphasised the importance of slow-steaming as an effective tool that can be implemented immediately, noting that this technique has enabled the industry to expand its fleet by 2.2 times in the past 15 years without increasing carbon emissions.



(From Left to Right) Host: Andrew Gallagher, Partner, Moore Stephens Monaco and John Michael Radziwill, Chairman and Chief Executive Officer of CTM, Chairman and Chief Executive Officer of GoodBulk Ltd. on Shipping - Post Pandemic

The final event of the seminar was a panel moderated by Ms. Lao Mei Leng, Partner and Head of Risk Management at Moore Stephens, Singapore, concerning ESG issues in shipping. Panellists comprised Demetris Chrysostomou, Managing Director Asia Region at Columbia Shipmanagement Ltd, Mr. Matthew Forrest, Head of Shipping & Offshore Southeast Asia at BNP Paribas, Mr. Esben Poulsson, Mr. Bill Smart, Chief Executive of Bengal Tiger Line, and

Captain Rajalingam Subramaniam. Panellists discussed the report issued by the International Advisory Panel on Maritime Decarbonisation earlier in the week, setting out the strategic objectives and recommended pathways towards decarbonisation. According to Mr. Poulsson, the most relevant and immediate outcome is the signing of the Memorandum of Cooperation between MPA, BW Group, Sembcorp Marine, Eastern Pacific Shipping, Ocean Network Express, Foundation Det Norske Veritas and BHP in order to establish a fund totalling SGD 120 million for a maritime decarbonisation centre to be set up in Singapore. Participants also shared views about why shipping companies should still lead decarbonisation projects despite the added costs of doing so, the role of banks in financing such research, whether there needs to be a greater focus on the social and governance aspects of ESG, the importance of quality ship management in achieving decarbonisation objectives, and many others.

The seminar concluded amidst a thought-provoking audience Q&A just past 6.00pm, as panellists agreed that collaboration will be the watchword for the future of the industry's decarbonisation efforts.



(From Left to Right) Moderator: Lao Mei Leng and Panellists, Matthew Forrest, Head of Shipping & Offshore SEA, Transportation Sector, Investment Banking APAC, BNP Paribas, Esben Poulsson, Bill Smart, Chief Executive of Bengal Tiger Line, Demetris Chrysostomou, Managing Director Asia Region, Columbia Shipmanagement Ltd, Capt. Rajalingam Subramaniam on Environmental, Social and Governance issues in the Shipping Industry

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