



SINGAPORE SHIPPING FORUM 2022: THE SUSTAINABLE INDUSTRY - FIRM-WIDE EVENT SUMMARY

TECHNOLOGY TO STEER THE SHIPPING INDUSTRY TOWARDS DECARBONISATION

7 APRIL 2022, THURSDAY

There is an urgent need for collective effort and speed on the part of vessel operators to implement innovative technology to meet Environmental, Social, and Governance (ESG) targets to steer the shipping industry toward complete decarbonization by 2050. This was the key conclusion reached by expert speakers at the 12th edition of the Singapore Shipping Forum 2022, a webinar event hosted by Moore Stephens, Singapore, in collaboration with co-sponsor BNP Paribas, Singapore, with the support of the Institute of Chartered Shipbrokers and the Singapore Shipping Association held on the 7th April 2022. This annual forum, held in conjunction with Singapore Maritime Week, participated by maritime experts from across the value-chain, including shipowners, operators, charterers, financial institutions, and classification societies, to exchange perspectives and was attended by almost 250 delegates.

The webinar began at 2 pm with a keynote address from Mr. Esben Poulsson, Chairman of the International Chamber of Shipping (ICS), who stated that the support for the transition to zero-emission shipping is growing, as evidenced by both public and private commitments to zero-emission shipping by 2050. Mr. Poulsson said that increased research and development (R&D) in innovative technologies has enabled ship operators to monitor

their environmental performance and develop action plans to streamline operations in today's challenging environment. One of the ICS's proactive measures to help decarbonize shipping and meet the industry's regulatory GHG reduction targets, is a USD 5 billion (SGD 6.8 billion) research and development fund to be administered by an International Maritime Research and Development Board (IMRB).



Opening address by Mr. Esben Poulsson, Chairman, International Chamber of Shipping, Board Member, Maritime and Port Authority of Singapore and Executive Chairman, Enesel Pte. Ltd.

Mr. Mick Aw, Board Member of Moore Global, was next on stage to introduce the forum and provide an overview of the topics. Noting the overall positive



Mr. Mick Aw, Board Member of the Moore Global Network on the Overview of the Shipping Industry.

industry performance over the past year, Mr. Aw analyzed specific sector performance with detailed earnings and valuation figures. According to Mr. Aw, container valuations have gone “ballistic” over the past year, tripling in value on average. Bulkers have also done very well, although earnings have decreased slightly from the peak in late 2021. Tankers performed less well, but improvements were still very significant over the past year. Even offshore vessels benefitted on a selective basis. For example, North Sea rates for Anchor Handling Tug Supply vessels, which have languished for some time, have improved, possibly due to oil price spikes and the Ukraine crisis.



Professor David Lee Kuo Chuen, Singapore University of Social Sciences and Vice President of the Economic Society of Singapore on Globalisation and Supply Chain - Transformation and Impact on Shipping

For the first session, Professor David Lee Kuo Chuen of the Singapore University of Social Sciences spoke about current globalization and supply-chain trends and their impact on the shipping sector. Professor Lee believes that the COVID-19 impact on international trade has been mitigated by the fact that COVID-19 has unfolded in phases and progressed at varying speeds and trajectories across different regions and markets. The Regional Comprehensive Economic Partnership (RCEP) will be a key driver of seaborne trade, noted Professor Lee. To seize economic opportunities from RCEP, the shipping industry must remain resilient, manage risks, plan for the unexpected, and leverage on technological innovation. However, Professor Lee warned of

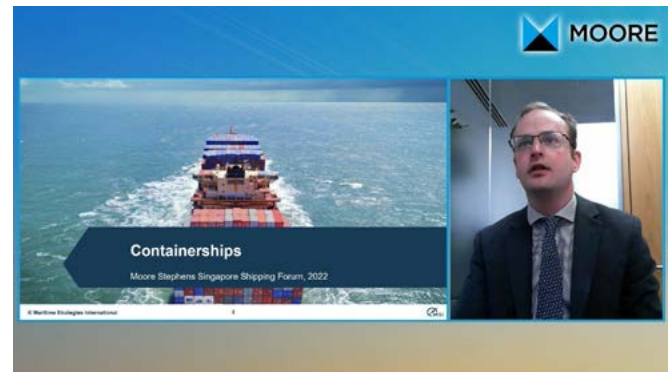
impending trade wars, commodity and fuel price fluctuations, and unsustainable public sector debt among the headwinds that potentially could harm the global maritime industry moving forward.



Mr. Charles Chasty, Senior Analyst, Affinity (Shipping) LLP on Global Shipping - Are we in a Super cycle?

Mr. Chris Johnson, Senior Partner and Head of Shipping at Moore Stephens Singapore, took the stage next and introduced the speakers for the topic, Shipping - Are We in a Super-cycle? According to Mr. Charles Chasty, Senior Analyst of Affinity (Shipping), the bulk sector has seen a great performance in 2021, and to date in 2022, but recent events could make this a bumpy year for sector performance. Commodity prices remain volatile, as illustrated by recent movements in coal and wheat prices. With the Ukraine crisis, countries will need to source grains from elsewhere, which will disrupt bulk sector trade flows and performance. However, any potential demand disruption might also be mitigated by slowing fleet growth, due to fewer newbuilding deliveries and higher demolitions, and the current high ship prices which will deter orders. On the tanker sector, Mr. Chasty is cautiously optimistic, noting that oil demand has recovered to pre-pandemic levels, and high oil prices, high refining margins, and shifts in refinery capacity will boost ton-miles for product tankers. Further fleet growth is expected to ease with a historically low orderbook and an expected increase in demolitions, which will further support rates.

The next speaker was Mr. James Frew, Director of Maritime Strategies International, who discussed



Mr. James Frew, Director, Maritime Strategies International on a further discussion of Global Shipping - Are we in a Super cycle?

the containership market segment. Noting the spectacular performance of sector earnings and prices, Mr. Frew attributed this to an increase in demand for goods arising from COVID-19 lockdowns, a sooner-than-expected economic recovery which led to increased shipping demand, and infrastructure bottle necks arising, first from US port crunches, then from China lock downs. However, Mr. Frew expects demand and rates to revert to more normal levels by 2024, although rates will remain slightly above long-term levels. Mr. Frew ended his discussion with a brief look at gas carrier markets, where he predicts LNG and LPG carrier rates will come down over the next couple of years.

systems are already helping Shipping Companies to maximize efficiency and profitability, and illustrated the point with examples of new companies focused on maritime technology. Mr. Hadjipateras is of the view that successful technologies will require a key focus on user experiences, garner high adoption rates, and complement pre-existing technological efforts, for example by adopting an open architecture. Mr. Hadjipateras also described some of the measures that shipowners could take today to support ESG, complemented by new technology, such as the use of alternative fuels, battery hybrid systems, fuel cells, as well as smart routing and monitoring through the use of AI.



(From Left to Right) Host: Mr. Andrew Gallagher, Partner, Moore Stephens Monaco and Mr. Christian M. Ingerslev, Chief Executive Officer, Maersk Tankers on Steering Sustainability in Shipping



(From Left to Right) Host: Mr. Costas Constantinou, Global Leader, Moore Maritime and Mr. Alex Hadjipateras, Executive Vice President of Business Development, Dorian LPG (USA) LLC on The Shipowners Perspective - Today and Moving Forward

Mr. Andrew Gallagher, Partner, Moore Monaco, introduced the next session, titled Steering Sustainability in Shipping, and the speaker Mr. Christian M. Ingerslev, Chief Executive Officer, Maersk Tankers. Mr. Gallagher noted that shipping ESG has been in focus for some time, but some players still adopt a wait-and-see approach, awaiting the right fuels, technologies and financing. Mr. Ingerslev opined that the industry need to make an immediate, concerted effort to move on the ESG bandwagon, emphasizing the importance of scale and industry partnerships to achieve ESG targets, Tanker owners can act to optimize their vessels, voyages and technical capabilities for greater sustainability. However, the responsibility to develop the infrastructure, new fuels, and new technologies to meet decarbonization targets, must rest with the wider industry.

Mr. Costas Constantinou, Global Leader, Moore Maritime, introduced the next session, titled The Shipowners Perspective - Today and Moving Forward. Mr. Costas highlighted that COVID-19, as well as geopolitics, both created problems for the maritime industry that need fast and remote solutions. This has fueled the rapid uptake of digitalization as a solution to these problems. The speaker for this forum is Mr. Alex Hadjipateras, Executive Vice President of Business Development, Dorian LPG. Mr. Hadjipateras noted that smart technologies and

Mr. Jeffrey Tanner, Senior Associate at Stephenson Harwood, introduced the next speaker, Mr. Kenji Maeda, Managing Director, Head of Transportation Structured Leasing APAC, BNP Paribas, and his topic on the Japanese Operating Lease with Call Option (JOLCO) in ship financing. Mr. Tanner highlighted that JOLCO is essentially a financing arrangement, which is essentially a sale and leaseback transaction, that is “energized” by certain Japanese tax advantages for Japanese investors, which can then be passed back to the shipping company. Delving into the details, Mr. Maeda described the structure of a typical JOLCO transaction, which includes both a Senior Debt component, and a JOLCO equity component, and noted that this financing structure tends to be more cost-effective than other means, due to the structure of the JOLCO equity component. However, JOLCO financing comes with technical constraints, for example, there are considerations associated with taxation, and termination rights. Specialist involvement is required. Mr. Maeda highlighted that BNP Paribas has arranged numerous JOLCO transactions for clients in the shipping and aviation sectors.



(From Left to Right) Host: Mr. Jeffery Tanner, Senior Associate, Stephenson Harwood (Singapore) Alliance and Mr. Kenji Maeda, Managing Director, Head of Transportation Structured Leasing APAC, BNP Paribas on Opportunities for Ship Finance in JOLCO

The following session, Emerging Technology – Trends in Shipping, was hosted by Mr. Wong Koon Min, Partner, Financial Services and Compliance, Moore Stephens LLP, Singapore. The speaker Mr. Punit Oza, CEO of Wiz Bulk, and Ambassador to Maritime Digitalization Playbook, firmly believes things are changing fast. The more prominent players will increasingly adopt digital tools driving standardization and transparency. Mr. Oza commented that whatever resistance existed towards digitalization in the maritime industry has been blown away by one event - Covid-19! Mr. Oza illustrated his point, by highlighting a myriad of technologies that are already available for immediate deployment by ship owners, for example Klaveness Digital, Nautilus Labs' Voyage Optimization, Chord X, Wiz Freight, Timm Smart Ropes, amongst others. Mr. Oza ended his session by highlighting the key criteria that, in his view, differentiates a winning technology. Technologies that succeed, must be capable of creating mindset changes, be customer-centric, support collaborative approaches, build competence, and be capable of commercialization. Mr. Wong agreed, observing that to successfully adopt technology, the considerations required go way beyond the technology itself.



(From Left to Right) Host: Mr. Wong Koon Min, Partner, Financial Services and Compliance, Moore Stephens LLP, Singapore and Mr. Punit Oza, CEO Designate, Wiz Bulk & Maritime Digitalization Playbook Ambassador on Emerging Technology – Trends in Shipping.

The final session, titled Being Sustainable in an ESG Focused World, had the honor of Mr. Steen Lund, Chief Executive Officer of RightShip. Mr. Lund stressed that the shipping industry has been experiencing increased regulatory requirements and market trends around ESG related issues. Thus, as shipping companies continue to comply with multiple and continuously changing environmental regulations, Mr. Lund stressed that attracting 'digitally savvy' human capital within the shipping industry is pivotal to addressing challenges brought on by ESG related issues.



(From Left to Right) Host: Ms. Lao Mei Leng, Partner and Head, Sustainability & Governance Group, Moore Stephens LLP, Singapore and Mr. Steen Lund, Chief Executive Officer, RightShip

The final event of this year's virtual seminar was a panel moderated by Mr. Chris Johnson, titled Sustainable Shipping – Different Market Perspectives. Panelists comprised Mr. Matthew Forrest - Managing Director, Head of Shipping & Offshore SEA, BNP Paribas, Capt. Subhangshu Dutt - Executive Director, OM Maritime Pte Ltd, Mr. Lund, and Mr. Lukasz Luwanski - Regional Business Development Director, Southeast Asia, Pacific & India, DNV. Most participants who took part in the discussion agreed that technology is critical for the industry to decarbonize. Mr. Johnson opened the session with an observation that many assumptions at the time of the COP 26 meeting in November last year, may have been upended by the war in Ukraine. Nevertheless, panelists agreed that the pressure for shipping sustainability will only intensify. Mr. Lukanski believes that one significant source of this pressure will be from the end users, the charterers themselves. Mr. Lukanski noted that over the past 3 years, charterers are playing more active roles in sustainability design decisions of the ships which they charter. From a carbon perspective, Mr. Lukanski noted that scrubbers may not be adequate, and the industry is looking at other solutions such as wind-assisted propulsion, retrofitting of air lubrication systems, and alternative fuels. Broaching the topic of fuels, Mr. Steen hoped that Singapore, with its prominent role today as a bunkering hub, will take a lead in providing a global model for sustainable bunkering. Captain Dutt noted that for shipping to effectively move towards sustainability, the concerns of small and medium-

sized ship owners, which form 70% of the world fleet, need to be addressed. First, much of these fleets comprise older vessels, therefore they do not benefit from the sustainability designs afforded by newbuilds. Second, these owners are usually more constrained from a financial perspective, therefore it is challenging for them to improve fleet sustainability. Mr. Forrest agreed, observing also that financing for smaller shipowners, will only become increasingly challenging, with the sustainability principles driving financiers comprising part of the challenge. One key takeaway from the discussion, was that the ESG impact varies among different industry players, therefore strategies and technology adoption, must also be tailored.

The Singapore Shipping Forum 2022 concluded amidst a thought-provoking audience Q&A just past 6 pm, as the expert speakers collectively agreed that innovative technology would be the critical enabler for the future of the shipping industry's decarbonization efforts.



(From Left to Right) Moderator: Mr. Chris Johnson - Senior Partner and Head Shipping Industry Group, Moore Stephens LLP, Singapore, Capt. Subhangshu Dutt - Executive Director, OM Maritime Pte Ltd, Mr. Lukasz Luwanski - Regional Business, Development Director, South East Asia, Pacific & India, DNV, Mr. Matthew Forest, Managing Director, Head of Shipping & Offshore SEA, BNP Paribas and Mr. Steen Lund - Chief Executive Officer, RightShip

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