THE HONG KONG MARITIME HUB: THE NEXT 25 YEARS

HONG KONG MARITIME WEEK 2022 SOUVENIR EDITION

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THE NEXT 25 YEARS

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WELCOME TO
HONG KONG MARITIME WEEK 2022

It is possible that you have picked up this copy of Hong Kong Maritime Hub The Next 25 Years at one of the more than 40 events being held during Hong Kong Maritime Week 2022. If so, along with the organisers of this premier maritime gathering, we wish you a warm welcome. If you have arrived from overseas thank you for making the effort. We have missed you. You'll soon find it was worth the effort.

There can be no denying that the three years of pandemic-induced isolation suffered by our marine related industries, along with the Hong Kong business community as a whole, had dealt a harsh blow to an industry sector which by its very nature is a global business. We are confident however, that Hong Kong Maritime Week will mark the end of the confinement, and raise the curtain on a new era of renewed growth, innovation and global connection.

But as you will discover in these pages Hong Kong maritime has not stood still in the interim. In the first interview with the Secretary for the newly-created Transport and Logistics Bureau Lam Sai-hung details the creation of a new tax regime that is already bringing benefits to many maritime sector companies and is set to attract many more businesses to Hong Kong in the years to come. He also outlines plans to prioritise the transition of the Port of Hong Kong into a smart port in line with the Government's smart city ambitions.

In our profile of Elizabeth Sloane, a leading Hong Kong maritime litigator and arbitrator, she offers valuable insight into reciprocal measures with the PRC in the fields of litigation and arbitration that are literally game changing in terms of Hong Kong as a centre for maritime disputes in the future.

Most recently, Hong Kong Chief Executive, John Lee chose his policy address in October to unveil a Maritime Services Traineeship Scheme to be introduced in 2023. The aim of the scheme is to provide traineeship for young people interested in a career in maritime.

The most important initiative introduced by the policy address and the one to animate shipping's chattering classes is the proposed formation of the Hong Kong Investment Corporation, which is endowed with HK$30bn. Through the Co-investment Fund, the government will consider co-investing in individual projects of target enterprises, taking into account their potential to drive industry development in Hong Kong. Shipping is among eight key industries targeted by the Fund. For Hong Kong shipowners this would appear to provide a superb opportunity for a cash injection in their drive toward carbon free shipping.

This year the citizens of Hong Kong have attended myriad events and read several thousand column inches devoted to the 25th anniversary of the territory's return to the sovereignty of China. We, on the other hand, with the vision of global shipping's treasure Dr Martin Stopford, have dared to look at our maritime cluster 25 years into the future.

Other features to be found inside this issue resonate with the key industry events that will be rolled out during the seven days of Maritime Week. The decarbonisation strategies of our leading shipowners; advanced training programs for seafarers created by the world's largest ship manager and; the leading role of digital platforms to transform the supply chain.

Look out also for our profile of top shipping financier Kenneth Lam, and a UK Club authored feature on P&I and War Risks cover during a period of international conflict like the Russian-Ukraine war.

Hong Kong maritime is back, for good.

Mike Grinter
Editor


SEAGUARDIAN







LEADING CHANGE – HONG KONG'S MARITIME VOYAGE TO 2047

Twenty-five years is about the life of a ship - long enough to develop new transport technology and make it commercially viable. In the 19th century it took 25 years to get from small coastal paddle steamers to cargo liners capable of trading to Asia (before 1865 bunkers occupied most of the ship's deadweight). And in the 20th century it took 25 years to get from McLean's first trial container service in 1956 to a global container network in 1980. We all know change is on the cards for the next 25 years, but what form will it take?

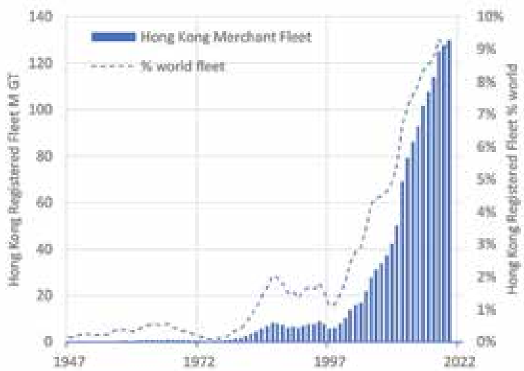
Three maritime challenges on the voyage to 2047

Over the last 25 years Hong Kong's registered tonnage has grown from 1.3% to almost 10% of the world merchant fleet (figure 1). But today the great challenge is not to grow tonnage, or even to get the timing of new investment right. It is to put new and rapidly changing maritime technology to work in a rapidly changing economic environment.

During the last 25 years ship technology did not change much – hulls got bigger, but their design, equipment and the markets where they traded followed the same general pattern as in previous decades. But in the next 25 years it is a sure bet that all *three* must change. The long established propulsion systems must be modified to eliminate toxic emissions. Ship's equipment will need to be integrated into efficiently controlled functional systems, using telematics and artificial intelligence (AI). And markets will need to adapt to a new situation in which the fuel costs much more than the ship. Doing all this effectively will rely on *green propulsion technology*; green fuels; and development in *digital technology* to collect, process and apply information to add new value. Finally the nettle maritime transport has still not grasped is *integrated logistics*. We talk a good game, but the recent logistics problems surrounding Covid demonstrate the weakness.

Discussion of these issues - propulsion, green fuels and information technology - has been raging for years and the industry is in the same position liner companies faced in the early 1960s – hopelessly inefficient ports and an embryo solution demonstrated by Malcolm McLean. Luckily the route map to decarbonisation is now becoming clear enough to start doing things. In the current decade it looks like internal combustion engines with a green fuel option are best for the deep sea trades; and in the short sea trades electrical propulsion using batteries or green fuel is already developing (a recent MIT study suggested up to 4000 miles will be viable with batteries if prices fall 50% in the next few years).

Figure 1: Hong Kong registered merchant fleet 1947-2020



But just like containerisation in the 1960s, the transition to the new system will be a commercial nightmare. The availability of green fuel, including bunker distribution when it finally arrives, is one major issue. Dual fuel slow speed engines offer flexibility, but without green fuel, the IMO emission targets will not be met. Developing the network of short sea electrical ships is already happening in niche markets, but depends on battery availability, recharging facilities and green fuel for hybrid designs. And the maritime industry is not the only one struggling with putting digital technology to work. Just because this technical tsunami sounds impossible for companies to cope with does not mean it will not happen. It just means someone else will do it.

World energy 1965 to 2021 – big changes ahead:

The energy analysis in this paper draws on the recently published BP Energy Outlook to 2050. The upward trend of fossil fuel consumption to over 500 exajoules in 2020 needs to peak out in the mid-2020s and as it declines must be replaced by increasing

Figure 2: World energy demand: 1965-2021 & 2050 scenario

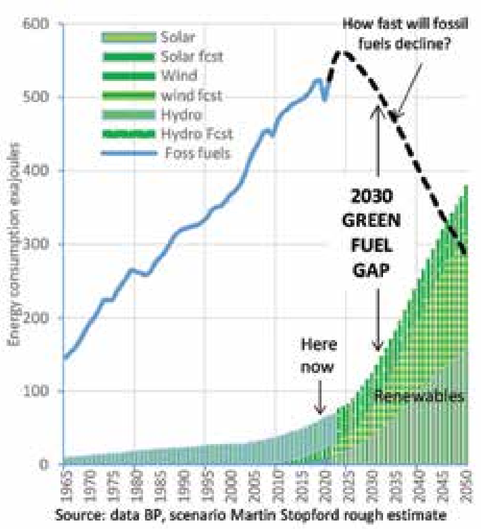
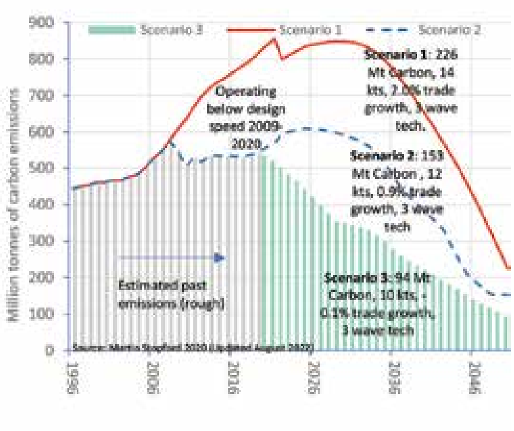


Figure 3: World Merchant Fleet: CO_2 emissions scenarios 2021-2050



production of renewables. Figure 2 gives a rough idea of how this might work out in practice. Regionally, a decline in the OECD countries will be offset by a larger increase in Asia-Pacific. Just how the reduction in energy consumption pans out remains uncertain, but there is not much doubt about the massive gap renewables must fill.

Supplies of green fuel will be the key

Against this background, the key question for shipping investors is not the propulsion system, which they control, but the price and availability of green fuel, which they do not. That depends on the global economy. For the next twenty years few industries relying on fossil fuels will be able to go green. The "2030 green fuel gap" highlighted in Figure 2 means that by the end of the 2020s there will not be enough to go round, so many industries will not get much.

How much will shipping get? It is a small industry, accounting for only 2-3% of global emissions and establishing reliable international bunker systems is a complication most industries will not face. More importantly the industries making up the other 97-8% of emissions have deep pockets. Commodities such as green methanol, an easy green fuel for shipping, are ideal chemical feedstock and green ammonia is already earmarked for fertiliser production. My guess is that going slow on grain (i.e. low yields) will be less attractive to consumers than going slow on ships. So although shipping companies must prepare for green fuels, a fall back strategy is needed in case little is available, or it is too expensive. The fall back will be to cut carbon intensity per tonne kilometre in the ways IMO suggests for hitting CII targets if alternative fuels are not available - speed reduction; optimization of operations & logistics; and implementation of energy efficiency technologies. But how many companies, with a fleet spread around the world, have the resources to do this sort of thing properly?

The low carbon options need managing

The uncertainties of managing investment, as this zero carbon business model gradually takes shape, is on the minds of company management today. But even big companies are a small part of the global picture. New "waves" of green propulsion technology will be important, but shipyards only deliver a few percent of the fleet a year so it will take years to deliver new technology ships in volume. Meanwhile most ships will go on using fossil fuels. This makes speed and retrofitting the main emissions variables that shipping companies actually control. Three scenarios for carbon emissions in Figure 3 illustrate the importance of speed as a control variable. Of course the good news is that by 2050 all three scenarios produce very low levels of emissions, because they all assume green fuel and propulsion become available by then. But the bad news is that during the intervening decades, emissions remain very high under Scenarios 1&2. The main reason Scenario 3 performs so much better is that the fleet trades at 10 knots and trade grows slowly. With most of the fleet still hooked on fossil fuel, retrofitting will also be crucial – exactly what IMO aims to stimulate with the CII. Maybe the industry should adopt something like Scenario 3 as a strategy.

Whichever way the cookie crumbles, these scenarios have draconian implications for company strategy and the organisations needed to support it. Across the industry $3-4 trillion investment could be needed to replace the ageing fleet with green propulsion and digital systems. Commodity trades and regional trade matrices are also likely to change, so charterers must become more engaged in guiding investment than they have been in recent decades. And shipping companies will need new organisations and more professional workers even more than they need new ships.

Information's key role in green sea transport

Digitalising the shipping industry (big sigh!) has been discussed endlessly in the last decade, but so far little real value has been added. Other industries are having the same problem, but when

Figure 4: Sea trade shares based on Imports & exports

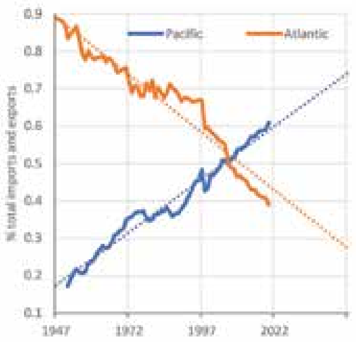


TABLE 1: THE LEADING MARITIME CITIES OF THE WORLD 2O22

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RANK	SHIPPING	FINANCE AND LAW	MARITIME TECHNOLOGY	PORTS AND LOGISTICS	ATTRACTIVENESS & COMPETITIVENESS	OVERALL RANK 2020	2047
1	ATHENS	NEW YORK	SINGAPORE	SHANGHAI	SINGAPORE	SINGAPORE	?
2	SINGAPORE	LONDON	OSLO	ROTTERDAM	LONDON	ROTTERDAM	?
3	TOKYO	TOKYO	BUSAN	SINGAPORE	COPENHAVEN	LONDON	?
4	SHANGHAI	OSLO	LONDON	HONG KONG	ROTTERDAM	SHANGHAI	?
5	HAMBURG	PARIS	SHANGHAI	GUANGZHOU	OSLO	TOKYO	?
6	LONDON	ROTTERDAM	TOKYO	DUBAI	HAMBURG	HONG KONG	
7	HONG KONG	HONG KONG	ROTTERDAM	NINGBO	OSLO	OSLO	

Source: Menon Economics published by DNV

it works the product is transformed – for example automobiles. Of course digital technology is one of the foundation stones of modern transport systems. Cables arrived with steam ships, and were crucial in building global trade. Broadcast telex; direct dialling telephone; fax; the Internet; and the cloud made today's "real time" global shipping market possible. AIS allows ships to be tracked and analysed created another dimension.

But the next step in digitalisation will be tricky. Peter Drucker famously said that *if you can't measure it, you can't improve it*, and despite the proliferation of telematics, useful performance monitoring remans limited. Making digital information add value is hampered by the lack of protocols for equipment information exchange and the desire to protect company data. So despite the cloud and rapidly improving satellite communications, data sharing on the ship and across the transport chain is harder than you would think. Meanwhile maritime logistics is still struggling with the jungle of incompatible computer systems. Maersk says that about 200 documents are needed for every single container shipment, and this complex paper trail slows global trade . But an even greater obstacle is that so few of the many computer systems handling the diverse data sets buried in these documents can actually communicate in real time! Until that's sorted, seamless logistics is just another engaging fantasy!

Trade patterns will just "keep on trucking"

Finally, regional sea trade is changing even faster than Arctic ice is melting. Forecasting agencies expect population to grow by 24% in the next 25 years and GDP to double (at current prices). This will change trade patterns during the transition to zero carbon. Over the last 25 years the balance of seaborne trade between the Atlantic and the Pacific and Indian oceans has been transformed (Figure 4). Atlantic imports are now 3.5 billion tonnes, but Pacific imports are around 7 billion tonnes. This places Hong Kong at the heart of the area where maritime growth is likely to be most vibrant. As the great Bay Area consolidates, Hong Kong can regain its position as entrepot for its hinterland. The relatively short distances in Asia make this ideal for developing short to medium haul services employing electric ships, possibly with integrated cargo trans-shipment logistics of the type being developed in Rotterdam. Early expertise in electrical transport would lay the foundations for improved propulsion and fuel systems as they become available in the 2030s and 2040s.

Hong Kong's position as a global maritime centre in 2047

Hong Kong is one of a dozen major global maritime centres. A survey produced by the Norwegian consulting firm Manon ranked the top shipping cities in 2022, based on five criteria - shipping; ship finance & law; maritime technology; ports & logistics; and attractiveness & competitiveness. In 2022 Hong Kong was ranked in 6th place, a commendable position. Surveys of this sort are not very rigorous, but they are an interesting way to focus attention on the range of activities expected of a top global maritime city. We have discussed the major changes which will provide the route map for scaling this league table of maritime cities. Common sense tells us it's not about *forecasting* what will happen, it's about doing things to create a successful 2047 scenario. Twenty five years should be plenty of time to do this. Enjoy!

Dr Martin Stopford is executive director of Maritime Economics for Professionals

1 https://www.dnv.com/maritime/insights/topics/CII-carbon-intensity-indicator/implementation.html
2 Stopford, Martin (2020) Corona Virus, Climate Change and Smart Shipping, Seatrade Maritime April 2020
3 https://www.youtube.com/watch?v=p8yH4e-Aafk

HONG KONG 香港海運週 2022
MARITIME WEEK
香港 瞻遠航
PROPEL HONG KONG
25th 周年紀念 ANNIVERSARY
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香港貿發局
InvestHK
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Support Organisations 支持機構:
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NEW PARTNERSHIP BETWEEN
TRANSPORT AND LOGISTICS BUREAU AND HKMPB

Hong Kong's maritime and logistics community is hopeful that the newly appointed Secretary of the Transport and Logistics Bureau, and Chairman of the Hong Kong Maritime and Port Board Lam Sai-hung will continue to introduce new intiatives and support measures for the industry. In his first interview with the shipping press Mr Lam reviews achievements and offers a glimpse into future developments.

How will the newly created Transport and Logistics Bureau further drive the development of the maritime industry and boost the growth of the maritime cluster?

Transport and housing are both key policy areas that concern livelihood issues. Splitting the former Transport and Housing Bureau provides a more dedicated high-level steer for these two major policy areas, enabling in particular the new Transport and Logistics Bureau ("TLB") to focus on transport and traffic issues which are matters closely related to people's livelihood, while facilitating the development of the logistics industry, as well as consolidating and enhancing Hong Kong's status as an international transportation centre and an international aviation hub.

Maritime, trading and logistics have all along been the pillar industries of Hong Kong. The Central Government also expressly supports Hong Kong in the effort to maintain its distinctive status and edge, to improve its presence as an international financial, shipping and trading centre, to keep its business environment free, open and regulated and to maintain the common law system, so as to expand and facilitate its exchanges with the world. The "Outline of the 14th Five-Year Plan for National Economic and Social Development of the People's Republic of China and the Long-Range Objectives Through the Year 2035" also set out strong support for the development of high value-added maritime services in Hong Kong for better integration into the country's development course.

We are proud of our 150-year maritime history. Today, the Hong Kong Port is among the busiest container ports in the world. It handled nearly 18m teu in 2021, of which over 60% was transshipment cargo. Hong Kong Port provides frequent and comprehensive liner shipping services connecting to nearly 600 destinations worldwide, with about 270 international container vessel sailings per week.

Leveraging on our traditional strengths, the Government has introduced a wide range of measures for further advancement of our maritime sector to facilitate both local and overseas companies with a presence in Hong Kong to tap into these enormous business opportunities.

Secretary for Transport and Logistics and Chairman of the Hong Kong Maritime and Port Board Lam Sai-hung

Hong Kong is also home to a strong base of shipowners. Hong Kong shipowners and ship management companies together own or manage a sizeable fleet which accounts for some 11% of the deadweight tonnage of the world's merchant fleet.

Leveraging on our traditional strengths, the Government has introduced a wide range of measures for further advancement of our maritime sector to facilitate both local and overseas companies with a presence in Hong Kong to tap into these enormous business opportunities. In particular, TLB will actively pursue the smart port and green port initiatives to support the port development and improve port efficiency. We will also proactively develop and entrench Hong Kong's position as a high value-added maritime services centre and an important transshipment hub in the Asia Pacific region. These will continue alongside our perennial efforts in manpower development and overall industry promotion.

On fostering high value-added maritime services, including ship registration, ship finance, ship management, marine insurance, and maritime legal and arbitration services, etc., TLB introduced new tax concessions for ship agents, ship managers and ship brokers in July 2022 on top of our existing preferential regime for ship leasing companies and ship leasing managers. The decision of the Baltic and International Maritime Council (BIMCO) in 2020 to name Hong Kong as one of the four designated arbitration venues in its standard contract provisions, alongside with London, New York and Singapore, has reflected Hong Kong's position as a leader in the area of international maritime arbitration.

Furthermore, to enhance services for owners of Hong Kong-registered ships residing abroad, we have set up Regional Desks of the Hong Kong Shipping Registry in regions which are frequently visited by Hong Kong flagged ships, including London, Shanghai, Singapore, Sydney, San Francisco, Tokyo and Toronto since 2019. With more than 2,400 ships that aggregate over 128m GT, the Hong Kong Shipping Registry is the fourth largest registry in the world in terms of gross tonnage.

To further raise Hong Kong's maritime profile in the international arena, the Hong Kong Maritime Week ("HKMW") was launched in 2016 and has emerged as a premier maritime event in the region. The HKMW signifies the Government's firm commitment to the continued development of the maritime and port sector. Riding the success of HKMW 2021, the sixth edition of HKMW will be held on 20-26 November 2022. Apart from the continued support from the Hong Kong Shipowners Association and the Hong Kong Maritime Museum as our co-organisers, and the Hong Kong Trade Development Council and Invest Hong Kong as our partners, various world-leading maritime organisations will be participating in one form or another. Through a series of activities ranging from conferences, forums, seminars, visits, tours to competition, HKMW 2022 will continue to provide a vital platform for professional exchanges and showcase Hong Kong's strong maritime cluster.

Meanwhile, the Hong Kong Maritime and Port Board ("HKMPB") has taken part in Marintec China, the maritime trade exhibition in Shanghai, since 2017. In preparation for the upcoming Marintec China in December 2022, HKMPB is gearing up for the Hong Kong Pavilion and other promotion initiatives.

On nurturing maritime talent, we have been administering a number of on-going scholarship and incentive schemes under the Maritime and Aviation Training Fund ("MATF"). By end-July 2022, the various schemes under the MATF have benefitted more than 8,300 students and in-service practitioners of the maritime sector. Recently, TLB has been contemplating a new scheme under the MATF to support the long-term development of high value-added maritime services in Hong Kong.

The above mentioned cannot be achieved without concerted efforts of the industry and the Government. We will continue to work hand in hand with the industry to keep Hong Kong shining in the international maritime arena.

TAX CONCESSIONS

The tax concessions for commercial principals (ship managers, ship brokers and ship agents) have been warmly welcomed. But what does the Government envision as the benefits to the maritime cluster overall? Do you see other sectors within the maritime industry becoming beneficiaries in the future?

With over 80% of global freight volume carried by water today, the demand for water transport will likely continue to spur demand for high-end maritime services. Around half of the world fleet in terms of deadweight tonnes is owned in Asia. Therefore, maritime services is expected to see robust demand from Asia.

Having recognised the importance of the presence of a vibrant maritime cluster in enhancing their position as major maritime centres, other international maritime cities have put forward tax measures and fiscal incentive schemes to proactively attract overseas companies to set up offices there. We have therefore introduced tax measures to attract more shipping commercial principals to Hong Kong. These commercial principals would in turn generate demand for other shipping and maritime services such as ship finance, maritime legal and insurance services, thereby benefiting Hong Kong's maritime cluster as a whole.

Specifically, this would help us better position ourselves to grasp the opportunities presented by the growing trend of ship management outsourcing amid more stringent regulatory requirements, and the increasing prominence of Chinese shipowners who may have a natural preference for having their fleet managed by Hong Kong-based companies. Last but not least, shipping is a global business. Promoting the development of this industry will attract more global

The Secretary for Transport and Logistics, Mr Lam Sai-hung, visited the Kwai Tsing Container Terminals (KTCT) today (July 19). Photo shows Mr Lam (third right), accompanied by the Chairman of the Hong Kong Container Terminal Operators Association, Ms Jessie Chung (second right), being briefed by the representatives of the operators of the KTCT on the operation of the terminals.

players and high-end jobs to Hong Kong, thereby enhancing Hong Kong's status as an international free port.

To better integrate with our country's development course, Hong Kong is well-positioned to leverage on its maritime capabilities and further develop the maritime sector towards a high-end and high value-added direction in accordance with the country's plans and needs, and with a view to providing quality services to enterprises in the Mainland and overseas. The tax concessions should create an enabling environment for our maritime sector to grow in scale and diversity, as well as to secure Hong Kong's position as a world-class international maritime centre.

SMART PORT

How will the Government support the development of Hong Kong's Smart Port? How can the data sharing among stakeholders in the port community be enhanced?

While the port industry traditionally has relied heavily on manual operations and paper-based processes, it has in recent years started to embrace digitisation of port operations and leverage on innovative technologies to enhance their efficiency, so as to stay competitive and provide more convenient services for the customers.

The Government is exploring, in collaboration with the industry, concrete initiatives to drive the development of a "Smart Port". Through the Task Force on Smart Port Development formed under the HKMPB, the Government is working with the trade on the concrete proposal to drive the smart port development, with a view to further enhancing port efficiency and reducing cargo handling time and cost through streamlining and optimising the multi-party co-ordinated processes electronically.

We will continue to work with the trade to create a platform to support data sharing among stakeholders to facilitate flow of logistics information within the port community. The platform will help enhance the competitiveness of various stakeholders in the face of a rapidly changing global economic situation and market landscape, thereby consolidating Hong Kong's position as an international transportation centre.

PREPARING THE SHIPPING INDUSTRY FOR ONBOARD CARBON CAPTURE AND STORAGE

Feasible onboard carbon capture and storage mechanisms for shipping have yet to be developed, but options are being evaluated, writes Georgios Plevrakis, vice president Sustainability at ABS

While onboard carbon capture and storage (CCS) may not yet be mandated by national or international policy, shipowners and charterers may see market or regulatory forces drive the adoption of onboard carbon capture solutions and the development of mechanisms to facilitate the trade of captured carbon.

Typically, when the adoption and implementation of new technologies or applications increases, the regulatory environment lags behind technology adoption and standardization.

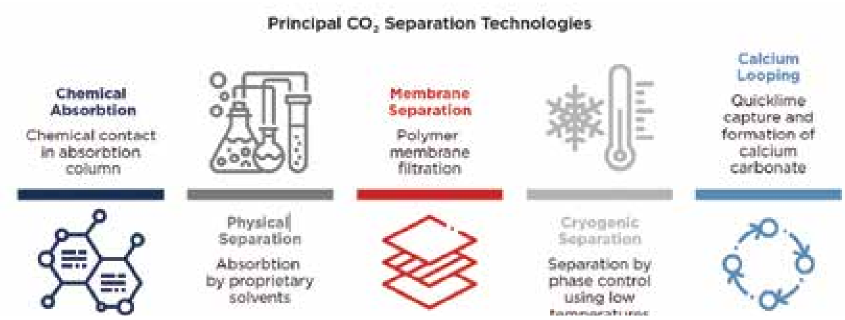
Current research projects indicate that onboard carbon capture might contribute to the decarbonization efforts of the shipping industry. So far, the IMO has focused on improving vessel efficiencies and the use of alternative fuels; however, carbon reduction may require onboard carbon capture as one of several tools to decarbonize shipping.

CCS may require significant additional capital and operating expenditure, especially where regulations and technologies are still developing, and the economic feasibility is still not fully understood.

Onboard carbon capture is only one part of a multi-step process for atmospheric carbon reduction involving land-based and offshore carbon capture technology, temporary storage, offloading and discharging infrastructure, transportation by pipeline or vessel and utilization or geological sequestration. For onboard carbon capture to be considered viable, an economic feasibility case must be built.

There are many potential methods for the removal of carbon (shown in Figure 1). For onboard applications, pre-combustion and oxy-combustion carbon capture methods may be applied or considered to improve the effectiveness of post-combustion carbon capture methods. Further information on pre-combustion and oxycombustion is available in the 2021 ABS publication *Carbon Capture, Utilization and Storage*.

Figure 1: Type of Carbon Capture Systems



Post-combustion carbon capture on board ships involves cleaning exhaust gases before release, typically by installing equipment within or near the vessel exhaust stack.

The methods for post-combustion shipboard carbon capture being considered by the maritime industry include chemical absorption, membrane separation and cryogenic carbon capture technologies. Although challenging, retrofitting on existing ships is explored and full integration into new ship designs is evaluated.

While Figure 1 shows various types of carbon capture systems, the unique criteria for operating on ships may allow only a few types to be feasible. In addition to cost considerations, when installed onboard ships, the systems are also sensitive to size, weight and power limitations. The optimization of various onboard system architectures can result in more effective solutions. Carbon capture methods specifically discussed here include chemical absorption, membrane separation and cryogenic separation.

Typically, carbon capture systems may not effectively capture all carbon from the exhaust stream. While it is possible to capture higher percentages of carbon from the exhaust, more input energy and/or additional equipment may be disproportionately required.

The effectiveness of carbon capture systems to purify exhaust gas varies widely, depending on the type of capture system, rate of absorption, capture system size, fuel type, fuel consumption rate and the amount of CO2 concentration in the exhaust gas.

Operators must therefore decide the quantity of carbon intended to be captured based on emission reduction goals in relation to operational profile and the feasibility of additional equipment, storage space supporting systems for onboard capture systems as well as discharge locations.

THE LIFE AND TIMES OF A SHIPPING BANKER IN HONG KONG

One of Hong Kong's top shipping financiers has spent a lifetime fueling the ambitions of the region's shipowners

Kenneth Lam, head of shipping and offshore in Asia for Crédit Agricole Corporate and Investment Bank, and chairman and chief executive officer at Crédit Agricole Asia Shipfinance Limited, is one of Hong Kong's most highly recognized and respected ship financiers. Today he is responsible for as much as 25% of the bank's US$14bn global shipping portfolio. When not servicing the needs of his many ship owning clients, Kenneth is regularly called upon to represent Hong Kong's ship financing prowess at industry conferences, make TV appearances, and, in his spare time, is a notable presence on local and overseas golf courses.

The early years

Kenneth's life trajectory is no rags to riches tale. He was born in 1967 to a solidly middle class extended family with a strong banking heritage. The oldest of five brothers, Kenneth was first schooled locally at St. Paul's Co-educational College Primary and Secondary School, an institution of which he speaks fondly and retains close relations with the school to this day. From there, at fifteen years of age, he was uprooted to the United States where he first attended the Peddie School for boarders in New Jersey. To be removed from family at such a young age must have been an exciting, but potentially traumatic move, particularly, as he recalls, his spoken English abilities were at first limited. When he moved up to Amherst College in Massachusetts, he embarked on a liberal arts education eventually graduating with a B.A. degree in philosophy and economics.

"I fell in love with institutions like Amherst College," he says. "And their emphasis on opening the minds of young people and encouraging them not to be averse to new ideas and concepts."

Looking back, Kenneth is gratified that rather than being confined to a single career-focused subject, he was instead free to roam far and wide across disciplines with universal implications and applications, deeply imbibing knowledge and processing it comprehensively as theses. "It really helped me in my career as a banker and a world traveller" he says.

Heading home

Upon his return to Hong Kong in 1990 there was perhaps little doubt as to the career he would embark on, the law was momentarily considered a possibility as was the possibility of staying on in the US. But as he characterizes Hong Kong in terms of its prowess in finance, shipping and trading it was perhaps inevitable that he would find a career that embraced not one but two of those key pillars of the Hong Kong economy. It was a close run thing; however, a more traditional banking role was in the offing when a last minute lunch with his eventual mentor and partner sealed the prospects of a job with the then merchant/ (investment) banking division of Banque Indosuez (later acquired by Crédit Agricole in 1996).

There were deeper reasons for his decision to return to Hong Kong, family, and an unerring love of Hong Kong as a city. Peripheral reasons too, in 1990 Hong Kong was an interesting if slightly unsettling place to be in the seven-year runup to the return of sovereignty to China. During the period some major shipping

Attending the delivery of MV Wang May in Shanghai in 2019 From right to left Kenneth with his wife Jean, owner of the vessel, Angela Chao of Foremost, and Kenneth's colleague Keith Ho

> Hong Kong owners manage their finances very carefully including the employment side of their business

companies either upped sticks entirely or established branches overseas, most notably Canada where the Government welcomed them with open arms and attractive incentives. For an ambitious young shipping banker, this was not necessarily a bad thing.

"I loved it!" he declares with a broad grin. "When I first started at the bank in the early 90's I would have to make a business trip in the summer to Vancouver. When we knocked off there was always the opportunity to play golf. Vancouver has some beautiful courses and the best weather. That was the summer trip I always looked forward to and my shipowning friends would book my availability well in advance."

Hong Kong then and now

At this point in the conversation the image of the young banker squinting at the glaring sunlight of a Vancouver summer afternoon gently evaporates. As Kenneth rightly notes, many of those shipping companies soon returned to Hong Kong when their worse premonitions came to naught. The scenario clearly has a contemporary resonance as today's Hong Kong witnesses what some describe as a brain drain.

"I think it [1997] is a glimpse of what's happening right now. Hong Kong will continue to be the window to the West for China thanks to the well-established regulatory and economic regime. More particularly, when it comes to shipping, most of our documentation, registration, arbitration are conducted in English, under Common Law. Having this legal system connected to China is beneficial to Hong Kong due to historical reasons that cannot be replicated.

"Put succinctly, it's finance, shipping and trading conducted under a legal system that the rest of the world can identify with. Why would anybody want to leave?"

1997 was not only a momentous occasion for Hong Kong. It was the year when Kenneth would make his mark on ship finance through his instrumental role in a landmark deal requiring debt of US$944m, a vast transaction a quarter of a century ago.

The deal concerned a US$750m buyout of Monaco-based Gotaas-Larsen's five LNG carriers and four VLCCs by Singapore's Osprey Maritime. The transaction would transform Osprey into the fourth-largest independent tanker owner in Asia outside Japan.

Kenneth recalls: "Our bank was leading the transaction together with other leading shipping banks in Asia at the time. The deal was significant not only because of its size but also because international shipping banks were for the first time supporting the acquisition of LNG vessels without full payout long term employment.

"It was a pioneering deal 25 years ago. And I felt like I was just a kid driving key negotiations and offering innovative solutions at the time when the spot market for LNG shipping was at its infancy. It was an exhilarating experience."

Since those heady days and even more so since 1990, the landscape of asset creation has evolved. Back in the day Japan was the place where Hong Kong owners went for reliable long-lasting tonnage. By the mid-1990s South Korea was in the ascendancy and for the last decade China has come to share most of the spoils with South Korea. But throughout that time until today Hong Kong shipowners have been renowned for their conservative approach to the business. Kenneth insists this label is too simplistic.

The Hong Kong shipowner myths and reality

"Hong Kong owners manage their finances very carefully including the employment side of their business. From ordering ships to engaging in businesses, they do it conservatively. But being conservative doesn't simply mean always having long term charters for their assets.

Tokyo Summer Olympics 2020 (played out in 2021): Kenneth (right) with golfer Tiffany Chan and caddie Aaron Chu

"It depends on the business model. If they want to engage in shorter term employment, and they play with 100% equity it's fine. They have no banks on their backs. They just have to deal with the running costs. That's fine, it's also a conservative model.

"A prime example of one model of conservative ship owning was from a household name in Hong Kong which was well known for its investments in tankers and real estate. When I first started the company owned around 50 VLCCs, almost all debt free. They were mostly on spot or short term charters. They would not countenance long term employment. While VLCCs in the 1990s lingered at around US$10,000 a day for many years, you might wonder why they did that but just six months of US$100,000 a day and the problem's solved when the fleet has open position to capitalize on that.

"In this respect I think conservatism in the case of Hong Kong shipowners means being very careful not to overexpose themselves in their capital commitments and not to overexpose themselves to their recurring financial obligations. You must remember the Hong Kong shipowners have survived. In fact, many have sailed through the many cycles. While those who have had to restructure, they know the virtue of being prudent with their finances.

Such shipping practices might seem an ocean away from the buccaneering approach of the asset player, rightly or wrongly, commonly attributed to a highly successful Greek shipping contingent over in the Mediterranean. But Kenneth is keen to emphasize if you are involved in asset play with 100% equity this risk is manageable.

"But if you do asset play with 80% debt then that is not conservative and the bank supporting you will also think twice. However, that is what makes shipping so interesting. You must also be conscious of the point in the cycle you are at when asset playing. Our bank would like to be seen as a countercyclical bank. We would like to do more when the market is low and less when the market is high. This can be easier said than done. Because when the market is low there could be a whole bunch of reasons for that. The current geo-political malaise we are experiencing across the globe, is a case in point, particularly the Russo-Ukraine conflict. Disruptions are usually good for shipping in the short term but basic fundamentals will prevail in the end. Why would you see Capesizes at US$30m a piece but nobody wanting them? In the context of my earlier remarks, the outlook is challenging. Also, don't get me wrong when I say that banks and owners do not like long term charters or other forms of long term employments. We love them but only if the counterparts can pay in the long run."

Hong Kong's evolving business environment

Hong Kong, including its maritime sector, had for many years relished its reputation as a laissez-faire economy. But, in the face of increasing competition from regional maritime clusters, often with government assistanwce, the Hong Kong Government has taken on the role of facilitator to the maritime sector. In 2016, the government, with the collaboration of the industry, created the advisory body the Hong Kong Maritime and Port Board. In the six years of its existence the HKMPB has played a role in introducing bold initiatives to make Hong Kong a more attractive centre for shipping companies. Among the more high profile actions taken has been the introduction of generous corporate tax concessions for ship leasing businesses, marine insurance, ship managers, ship brokers and ship agents, with the aim of boosting the presence and expansion of these high value added services to shipping.

Kenneth is fully behind government's reasonable intervention and would like to see more of it if government remains intent on its ambitions for Hong Kong to enhance its maritime centre. He offers the example of the recent tax concessions for ship leasing businesses of how government can help the local maritime sector compete.

"In the past Section 23B of the Inland Revenue Ordinance (tax free earnings in international waters) had provided the shipping community with the certainty and stability it required for many years. But times have changed, because of new regulations, and different business models in shipping, we needed certain improvements on the tax regime to abide by modern OECD requirements, for

example. So, this ship leasing legislation enacted in 2020 is a perfect complement to what we have in 23B to provide the certainty so owners can continue to base their fleets in Hong Kong."

It goes without saying that banks such as Crédit Agricole CIB also stand to gain from the incoming business. With more commercial principals based in Hong Kong, the bank will be able to offer their full range of services and products to a bigger clientele and to exchange views with them conveniently on pressing regulatory/ESG issues such as decarbonization which goes hand in hand with any financing business.

Kenneth's vision of Hong Kong's future as premier maritime centre falls in line with that of the administration in that there is a broad acceptance that growth in port activities have been constrained by strong competition from the emergence of ports in southern China and physical expansion of the Port of Hong Kong is hardly feasible with such stringent land constraints. Any suggestion of a Terminal 10 has long been discarded although Kenneth would like to see that project being revived in one form or another to improve Hong Kong's hardware.

In any case, he insists, Hong Kong needs to do more to attract commercial principals, starting with shipowners and lessors, in a model similar to that of London, which has a thriving maritime centre, with the necessary softwares, despite the lack of any physical ship presence. And this will need government intervention most likely in the form of facilitating legislation.

Kenneth cites a rival jurisdiction, where the presence of government can be found in every nook and cranny of its maritime operations, when he speaks of the need to compete for talent.

"It's common knowledge that a particularly respectable jurisdiction and friendly competitor will go out of its way to attract foreign businesses by offering tax concessions and other incentives on a case by case basis. The same jurisdiction will provide visas for employees ahead of the establishment of the business in that jurisdiction. Hong Kong is a bit different and has preferred to let the private sector run freely with minimal intervention as a good practice. But to make us more competitive these days, we need to welcome and encourage more government facilitation in line with today's internationally acceptable standard."

There can be no doubt of Kenneth's passion for the success of Hong Kong as a premier maritime centre. He is equally intent that those involved in the maritime affairs of Hong Kong at the business level learn to appreciate how the government would want Hong Kong continue to be a successful international finance, shipping and trading center; as a Member of the Chinese People's Political Consultative Conference of the Sichuan Province he is privileged to get a front row view of the work going on to ensure that Hong Kong is well-positioned to capture business opportunities abroad as well as in mainland China, especially in the Greater Bay Area.

Fore!

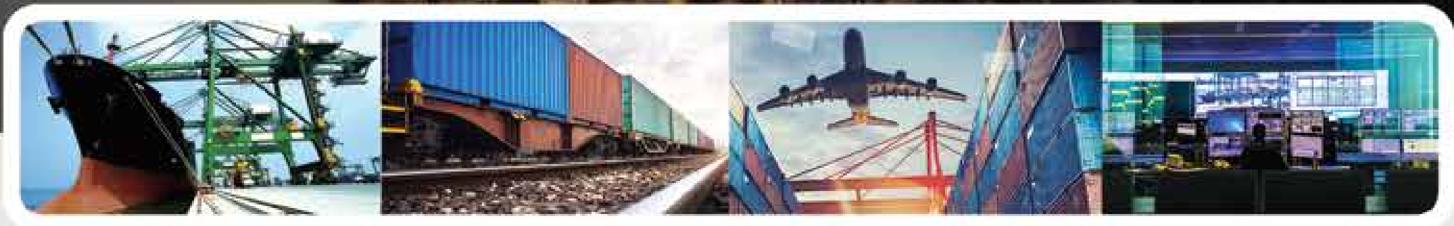
Passion is also the prominent characteristic of Kenneth's approach to leisure. Nothing is approached half-heartedly. Once a very committed tennis player, more recently he has taken the same approach to the more sedate sport of golf. He is an executive committee member and the immediate past president of the Hong Kong Golf Association and was the team leader of Golf of the Hong Kong delegation for the Tokyo Olympics in 2021.

"The Hong Kong Shipowners Association has organized golfing events for over 30 years but the HKSOA Golf Society was only officially established last year and I am the inaugural chairman of the HKSOA Golf Society. To my most pleasant surprise, I won the first competition right after the HKSOA Golf Society was established by shooting a 79 on the New Course (and winning on countback) at Fanling which is my first major win (after being runner up many times) at HKSOA events after all these years since the '90s

"I organize some of the major international and local sporting events like the HK Open for Golf or the CRC Open for Tennis. I'm also the Chairman of CRC (Chinese Recreation Club) which is the largest Tennis club in HK.

"I love all sports and strongly believe that sports help bind our society together and give positive energies to all those involved, whether as players, managers or spectators. As such, I have no hesitation in volunteering for sporting affairs especially for international events that enhance Hong Kong's status as Asia's World City and junior development activities that cultivate our next generations of athletes."

In conclusion, its off to the 19th hole with one of the nicest people in the business.



FUTURE PORTS WILL BE SMART PORTS

As the Hong Kong Government and the operators of the Port of Hong Kong thrash out a strategy for smart port transformation work at the Port of Rotterdam offers a glimpse of what might be expected

Accelerating digitalization and connectivity

Rotterdam's ability to compete depends on the satisfactory performance of the city's port and chains. In addition to draught and connections, digitalization is an element that strengthens its competitive position. That's why, together with colleagues and clients and partners, the port is investing in accelerating the digitalization of the port. The goal is to minimise any kind of wastage in terms of time, money, capacity and energy, so as to maximise the ease of doing business in Rotterdam.

Digitalization: opportunity or threat?

Digitalization is fundamentally changing the world at an incredibly rapid pace, and the port is no exception. Behind the traditional harbour scenes featuring ships, containers and cranes, there is a digital layer of the port under construction that will be used to facilitate the physical port processes. Considerable investments in wireless networks, sensors, cybersecurity and smart services will enable the port to keep pace with the changing environment and the wishes and ambitions of the businesses in the port.

Facing enormous challenges together.

Despite the current high freight rates in the container industry, margins in the shipping sector have been under pressure for years. Furthermore, CO2 emissions must be reduced. The more efficiently ships can be deployed – from port calls to loading – the lower the operational costs and emissions. In the logistics process, cargo owners want to know the status of their cargo. It is now possible to track ships at sea, but as soon as a vessel arrives in the port, this traceability is lost. Information is fragmented or is often collected manually – a time-consuming and error-prone process. When parties share data, there are huge gains to be made. That's the driving force behind the belief in a digital port with smart applications for clients. This is why the port is facilitating reliable, seamless port processes.

The port of the future is a digital port

The port of the future is more transparent, predictable, and efficient than ever. Here, there are no waiting times for ships or follow-up transport. The port features a fully automated process for transferring and storing cargo as well as for distributing and bundling it for transport to its final destination. All of this is done as sustainably as possible. It is a place where communication between objects in the port needs no human intervention: we're talking about communications between quay walls and ships, containers and cranes, terminals and trains, distribution centres and trucks, and the Harbour Coordination Centre and inspection drones.

This smart port uses algorithms and other intelligent apps to track movements and transactions in real time. This makes transport and the logistics process fully transparent and predictable, while at the same time providing the highest possible degree of security. The smartest port is the port that is best able to adapt to this changing world. All the parties are digitally connected to each other, and decisions are based on insights gained from high-value data and smart analyses.

Ultimately, the Port of Rotterdam will evolve into a place where

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the digital world directs the physical processes. As a result, it offers maximum efficiency by minimising any kind of wastage in terms of time, money, capacity, and energy and guaranteeing safety for everybody.

Still much to be gained

That is the future, but there is also much to be gained in the here and now, for both individuals and the port. Digital technology lets you do more with less and do it faster. Studies show that more than half of all shipping now experiences delays, emissions could be cut by 35% using just-in-time ship operations to cut idling times, meanwhile, no less than 25% of trucks are on the road while carrying no cargo. International shipping companies expect potential savings of between €25bn and €150bn (HK$1.67trn) in the maritime sector thanks to digitalization. To contribute to these potential savings, the Port of Rotterdam is doing everything possible to facilitate the chains that run through Rotterdam. One example of this is Portbase's Port Community System, which realises an annual added value of €375m for companies that do business through the Dutch ports.

In addition, waste is being reduced by forging partnerships and collaborations with companies in the chain and connecting the digital world to the physical world. The exchange of data is essential if the port is to optimise the processes of the port ecosystem. After all, a port is made up of the interaction between cargo transport, services between hubs, infrastructure, and space. Digital innovations contribute to resolving physical limitations and help utilise the capacity of ships, terminals, quays and other infrastructure in the most efficient way.

Cooperation is crucial

As with all profound changes, they start out small, in one's own organisation. The same applies to digitalization. Once the individual digital foundation has been laid, connections can be sought out with other parties across the entire sector. These parties will then work together to implement innovations in the port and logistics chain. Rotterdam already has a solid digital infrastructure from Portbase that companies can use to shape their digital innovation and make data available so that it can be shared with other parties.

Rotterdam consists of an innovative ecosystem that brings together global players, trailblazers, entrepreneurs, and researchers. Parties at the forefront of the port-maritime cluster and logistics, tech companies, knowledge institutions and start-ups all work in this ecosystem to jointly develop solutions for tomorrow. Many of these innovations also have a social component. As more parties share data, the network effect is strengthened: information and insights multiply and their value increases.

Digital strategy - smart partner in logistics chains

The digital transformation of the port is detailed in the digital strategy. Forging partnerships and connections are crucial in a new world in which platforms and new technologies will play a major role. The digital transformation is reshaping the role of the Port Authority as a traditional port manager into an entrepreneurial network organisation that strengthens the port ecosystem. As an independent party, the Port Authority assumes responsibility for driving digitalization processes, calling in external expertise, and forging partnerships, so that we can all work together to build the digital infrastructure that will create competitive advantages and make us the smartest port.

The digital strategy has been modified with respect to where the Port Authority played an incubator role to realise new revenue models. The main features of the digitalization initiatives revolve around three focal points:

Space and infrastructure: better control and management of the port and port infrastructure; using sensors and data models to create smarter infrastructure, grounds and buildings (smart infra).

Transport:

Smooth-running and safe shipping: Increase nautical safety, security and cybersecurity and optimise the shipping process

Ensure better utilisation of the hinterland modalities and reduce CO2 emissions (smart mobility)

Logistics: Strengthen the chains through Rotterdam by means of international cooperation and anticipate future developments (technologies and platforms). The partnership with Portbase is an important part of this. The digital sub-infrastructure and logistics data hub created in this way will attract more major international players and make it easier for them do business in and through the Netherlands.


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CAN GSBN OVERCOME RESIDUAL RESISTANCE?

Digital transformation vies with energy transition as the issue grabbing most attention not just in the maritime industry but among businesses globally, writes Keith Wallis

A recent worldwide survey of 750 chief executives by The Conference Board research group found digitization was in pole position among the top 10 areas of investment bosses were planning to drive growth in the short-to-medium term

Some 58% of CEOs said they would invest in digital transformation to spearhead expansion in the next two-three years. By comparison, 52% planned to invest in new business lines, while 44% would focus on retraining or upskilling existing staff to target growth.

It is against this background that Hong Kong-headquartered start-up Global Shipping Business Network (GSBN) has emerged as one of the fastest growing enablers focused on digital transformation in the shipping industry with a raft of initiatives that has allowed expansion of its services into Southeast Asia, Europe and South America.

Chief executive Bertrand Chen says the mission of GSBN, as a not-for-profit, secure data exchange, is to "facilitate the sharing of verified logistics data, streamline operations across the entire supply chain and create value for all parties involved."

Data Sharing management

With that in mind, GSBN has carried out its first successful pilot transaction, unifying the consent collection and sharing of shipping data on its Data Sharing Management app, the outfit said on 29 September. Bank of China (Hong Kong), Hapag-Lloyd and A & W Food Service (Hong Kong) completed the transaction in under 20 minutes.

"By supplying banks with trusted shipping data, the consortium's solution aims to facilitate approval process and make trade finance more accessible to corporates," GSBN said in a statement.

The data sharing app is a blockchain-enabled application which allows SMEs to easily provide consent via the App and instruct carriers to share verified shipping data. With this consent, financial institutions can now gain access to a basket of trusted and immutable shipping data in a standardised and structured format.

"By sharing data in structured format, we have also laid the foundation for automated checking, which can reduce approval times from days to minutes," GSBN added.

Cargo Release

Since its launch in March 2021, the technology consortium has also rolled-out its Cargo Release blockchain-enabled operating system across various markets including China, Southeast Asia, Europe and, from August 2021, Panama and Mexico in Latin America.

It has also recently reached the proof-of-concepts stage for two trade finance products, Open Account and Letter of Credit, through its Trade Finance Advisory Group.

Commenting on GSBN's South America foray, chief executive Bertrand Chen, says: "As global trade continues to face an evolving and increasingly dynamic environment, digitization is playing a critical role in helping the shipping sector adapt. Mexico and Panama are strategically important locations for global supply chains, and we hope the rollout of Cargo Release will help further accelerate the digital leap the shipping sector is undergoing."

GSBN said Cargo Release is used by more than 10,000 customers. The rapid expansion of Cargo Release around the globe has been facilitated by GSBN's eight shareholders that include Hutchison Ports, COSCO Shipping Ports and Shanghai International Port Group, Singapore's PSA International and carriers, COSCO Shipping, Orient Overseas Container Line and Hapag-Lloyd.

Bertrand Chen
CEO GSBN

GSBN's Trade Finance Advisory Group develops proof-of-concepts to bridge global trade finance gap

A key element of Cargo Release is the ability for it to be incorporated with other electronic systems. This includes the electronic Release Order (eRO) platform used by OnePort at Hong Kong's Kwai Chung container terminals which allows truck drivers to use a QR code at the terminal' gateway to release import laden containers to them. Full implementation of eRO started on June 1, 2021 when carriers no longer used paper delivery orders.

OnePort chief executive Philip Ho says the integration of GSBN with OnePort: "Will further remove the bottlenecks and pain points in an otherwise paper-based importing process in the Hong Kong port community, and collectively unlock new economic value in global shipping".

Turning to its trade finance systems, GSBN said Open Account allows customers to authorise their bank check Bill of Lading data via GSBN's blockchain-enabled platform to prove shipments have been made. For Letter of Credit, applicants can authorise their bank to use an electronic Bill of Lading (eBL) application built on GSBN's platform to acquire relevant eBL information and instruct a title transfer.

GSBN says these solutions provide small and medium sized firms accessible, fast and equitable access to trade finance, while providing the financial institutions better risk management and cost efficiencies.

"GSBN has the long-term vision of integrating all products including its shipping product Cargo Release which cuts the time for cargo to be document-ready for release from days to hours, on its blockchain-enabled platform to deliver a one stop and unified user experience," the firm said.

On the face of it, digitising the process by which manufacturers and suppliers fulfil, ship, deliver and are paid for orders would seem straightforward as firms seek to cut costs and increase productivity. Blockchain, especially, should make the whole process simpler and fully transparent.

But as the last 20 years have shown it is anything but, with multiple companies around the world offering various services at different stages of the fulfilment process.

In Hong Kong alone, GSBN competes with Hong Kong government-backed, stock exchange listed Tradelink Electronic Commerce set up in 1988 by a group of 11 organisations including two container terminals to facilitate trade via electronic commerce services.

In a lesson perhaps for all commercially owned and operated digitization focused companies, the Hong Kong government had to step in to take over Tradelink in 1992 following resistance by shippers and freight forwarders to the original owners. Shippers and forwarders were both wary and annoyed that Tradelink's shipping line and terminal operator owners would having access to and potentially "own" commercially sensitive pricing and customer information. As a result shippers and forwarders largely snubbed Tradelink, forcing the government's hand to salvage the enterprise.

Highlighting similar concerns with GSBN, the head of an Asian-based forwarder says: "The majority of the participants in GSBN are shipping lines and terminals; very few forwarders are involved. This kind of blockchain concept is not new and has been in the logistics industry for at least two decades.

"I, personally, don't think it can be developed massively because it involves sensitive trade competition data. Right now, the blockchain platform is limited to a small group of players," he adds.

An Asia-based maritime consultant said GSBN would potentially compete with longer-established entities including TradeLens, Singapore's GeTS, and PSA digitisation CALISTA and Crimson Logic, together with the Digital Container Shipping Association (DCSA).

He pointed out GSBN, represented by OOCL's CargoSmart shipment management software company, signed a memorandum of understanding with five organizations including Singapore's Maritime and Port Authority, GeTS and PSA International in July 2020. Under the MoU, the partners would "develop and adopt common data standards and Application Programming Interface (API) specifications, which will facilitate data exchange for port and maritime services transactions".

GSBN announced at its formal launch in March last year that CargoSmart had been replaced by IQAX as the technology provider so it's unclear if the MoU is still in effect.

The Asia maritime consultant said it would be challenging getting the main players in a group "to agree on a single standard, as no one ever wants to compromise or budge".

"I have driven standardisation all my life. But I feel sometimes that we will soon need the 'Organisation of Digital Standards' to standardise all of the various stand-alone standardisation groups, organisations and associations," the consultant concluded.

THE GLOBETROTTING ROUTE TO A SUCCESSFUL CAREER IN MARITIME LAW

When other teens were dreaming of becoming rock stars or actors, partner at Stephenson Harwood Elizabeth Sloane's vision was of the Courtroom

Elizabeth Sloane, partner and head of marine and international trade, at the Hong Kong offices of Stephenson Harwood, has come a long way geographically and professionally since obtaining her Bachelor of Laws at the University of Melbourne.

Subsequently qualifying as a lawyer across multiple common law jurisdictions and then completing a Masters in Law at Monash University, she is also a Fellow of the Chartered Institute of Arbitrators, a Fellow of the Malaysian Institute of Arbitrators and a Panel Arbitrator of the Singapore Chamber of Maritime Arbitration.

She is ranked as a Next Generation Partner in Legal500 for Shipping, and as a Leading Individual in Doyles Guide for Admiralty and Maritime. Most recently, Elizabeth won "Litigator of the Year – North Asia" at the ALB Women in Law awards in 2021.

At Stephenson Harwood Elizabeth has become particularly renowned for her cross border disputes work involving elements of fraud or insolvency (often times both together), maritime jurisdictional challenges, ship finance enforcement, and trade finance litigation.

Throughout her career Elizabeth has gained increasing recognition as a lawyer at the top of her game, and received the awards that come with such recognition. But the accolades began much earlier.

Childhood ambition

"I had wanted to be a lawyer from a very young age. This consolidated in my mind when I was about 14. I entered a witness examination competition for high school students run by Monash University. I entered the competition at school level and I kept winning the rounds and progressing to the regionals.

"It was all about being given a certain number of hours to analyse a brief of evidence and then to lead that evidence through oral examination of witnesses, while having competitors' evidence struck out or discredited where possible. I had to get certain evidence admitted while arguing my way through legal hurdles and procedural rules.

"I got to the grand final…and I lost. I was gutted. I couldn't understand how I had lost. I was told I had lost on a hearsay point. My critical piece of evidence was thrown out on hearsay grounds. That was it for me."

At this point, if you didn't know better, you might think that this crushing blow to a young person might

"I had wanted to be a lawyer from a very young age" have led to disillusion and a recalibration of ambitions. Instead she was undeterred: "That was it for me. A life in the law. It made me much more determined. Not only did a I want to be a lawyer, I wanted to be a Court lawyer.

Despite the examination being based on a criminal case, Elizabeth never really explored the murky nooks and crannies of crime. "I paralegalled throughout university in litigation which involved a lot of sitting at the back of a Courtroom. Then once qualified I began my career in civil litigation. I remember working on a particular case for an Australian insurer. It turned out to be a defining case in terms of pushing my future direction.

"The insurer was alleging arson against their insured. A rural property had burned down so it was a substantial claim: it eventually went up to the Victorian Supreme Court. There was forensic fire evidence and investigations on behalf of the insurer. That began my foray into casualty work, which is what brought me to Hong Kong.

Admission to Practice as a Hong Kong lawyer (2009) – L to R – George Lamplough, Ben Lupton, Dimitris Seirinakis, Elizabeth Sloane, Catherine Smith, Richard Wilmot

Asia bound

As Elizabeth began to make a name for herself, Australia's loss was eventually to become Asia's gain. Elizabeth met her future husband Brendan Kean when they were both working the night shift together at a McDonalds restaurant in Melbourne. He was studying for a degree in education. He subsequently gained a Masters of Education and finally a PhD in the same subject. Brendan now leads the Primary Division at the Australian International School in Hong Kong, where their two daughters Matilda and Isla attend school. Brendan is a longstanding fixture on the competitive running scene in Hong Kong, and is also currently studying part time for an MBA.

It was always their aim to come to Asia albeit by a circuitous route.

"We had always wanted to travel, and make it possible to travel together while still pursuing our careers. Along the way I took a semester in Nottingham (England) where I read law. I then went to Florence in Italy. There I did a trial practice and advocacy course with a retired Victorian Supreme Court Judge. I lived in a share-house with other Australian students we spent our evenings in Italy reading briefs."

With her degree finally completed it was time to take the foot off the pedal. But with work, so it is with leisure – full throttle. A deferred gap year (2005) was an opportunity for globetrotting.

"We travelled on a shoestring, pretty much all around the world. Southeast Asia, Western Europe, Eastern Europe, and South America." Eventually the couple had to return to Australia so that Elizabeth could complete her legal training contract and qualify, in 2006. But both of them had their hearts set on returning to Asia to further pursue their careers: in Elizabeth's case, with certain qualifications.

"Not only did I want to be a lawyer, I wanted to be a Court lawyer"

Uncompromising ambition

"I wasn't prepared to compromise on litigation. Not just disputes, but onshore." Hong Kong was a natural choice, as a foreign lawyer, once requalified, has the same rights of audience in the Courts as a local lawyer. By contrast it is much more difficult to requalify in Singapore.

In 2008, Elizabeth got her first breath of sea air when she joined the wet shipping team at HFW. Very shortly thereafter she sat the requalification exams as a Hong Kong lawyer followed swiftly by the English requalification exams.

"In terms of the qualifications I use now, obviously I practise a lot of Hong Kong law. English law is also frequently used in the

"We had always wanted to travel, and make it possible to travel together while still pursuing our careers"


Elizabeth Sloane and husband Brendan Kean

arbitration and cross border work I do. It's probably a 50/50 split. But it has been a long time since I advised on Australian law."

So, why marine law?

"I wanted to do casualty and investigative work, or something that was relatively forensic in a scientific sense. It grew out of the insurance experience, whether it was sea or land; and there is a lot of marine work in Hong Kong," she says.

"But in terms of why I stuck with it? It's phenomenally interesting, challenging and varied. No two days are ever the same. No case is ever the same. No contract is ever the same."

Litigation vs arbitration

In recent years there has been a perceived drift, where possible, away from the Court to the arbitration venue. Elizabeth is involved in both forms of dispute resolution and offers a view of this phenomenon.

"I think the Hong Kong Admiralty Court has always seen more jurisdictionally focused cases and more tortious claims than claims arising out of shipping contracts which tend to have their own jurisdiction clauses. So I think in other areas of the law or in other jurisdictions you might see this [drift] but historically, the Hong Kong Admiralty Court hasn't decided the types of cases that might be perceived to be moving to arbitration.

"There are less ship arrests than when I arrived 14 years ago. The Friday night ship arrests were common. But the jurisdictional work has picked up, perhaps because of the limitation differentials that exist now between Mainland China, Hong Kong and other jurisdictions in the region. There have been quite a number of forum non conveniens applications in recent times."

WISTA Asia Pacific Regional Conference (2019) – L to R – Pansy Tsang, Preetika Mehrotra, Elizabeth Sloane, Sophie Parsons, Rachel Wong, Catherine Smith

Important legal developments in Hong Kong

"In both areas of dispute resolution we have had some significant developments that will be game changers for Hong Kong as a centre for maritime disputes in the future," she says.

First, the Mainland China-Hong Kong SAR Interim Measures Arrangement. This really is very significant for Hong Kong institutional arbitration because it allows interim relief to be obtained from Mainland Courts in three different scenarios; evidence preservation orders, property preservation orders, and conduct preservation orders. Since the interim measures have been available, the Hong Kong International Arbitration Centre has accepted 77 applications for property preservation orders covering RMB 20.5 billion in assets.

"This is significant in terms of enforcement and being able to take action to secure assets at the outset of an arbitration rather than at the end. In a maritime context this is perhaps less often thought of because ship arrest is obviously available to obtain security for claims, but increasingly there may be other assets that are a target and if those assets are in Mainland China then there is a significant advantage to institutional arbitration in Hong Kong as compared with arbitration in London or in Singapore.

"The second development is the Mainland China-Hong Kong SAR Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters. Local legislation is in process in Hong Kong at the moment to implement this, it has not yet come into force. This establishes a more comprehensive mechanism for reciprocal recognition and enforcement of Court judgments between Hong Kong and Mainland China, which will reduce the potential for re-litigation of the same disputes in both places and thereby make enforcement more efficient.

"Thirdly, there is a similar arrangement for insolvency, the Mainland China-Hong Kong SAR Mutual Assistance to Bankruptcy (Insolvency) Proceedings. This sets out a framework for cooperation in corporate insolvency and restructuring matters by which a Hong Kong liquidator can apply for recognition and assistance to Mainland China Courts, and a Mainland China bankruptcy administrator can apply to the Hong Kong Court with respect to assistance for Mainland China bankruptcy proceedings."

Outside the trials of the work day, Elizabeth enthusiastically shares her experience and skills, where they can be best used and in causes close to her heart. Presidency of the Women's International Shipping & Trading Association (WISTA) is a case in point.

Lloyds List Asia Awards 2019 – L to R – Iain Young, Elizabeth Sloane, Andrew Rigden Green, Michelle Yong

At this stage in Elizabeth's life, leisure doesn't feature prominently

WISTA

WISTA is historically a networking organization but importantly, in 2018 it obtained consultative status with the International Maritime Organization.

"I became involved in WISTA Hong Kong some time ago but only recently took on the role of President in 2021.

"The organization is important to me because as I've progressed in my career and taken on more leadership roles, something that has resonated with me on a personal level is the phrase, 'you can't be what you can't see'. To cite an example, ahead of a recent trip to Greece I came into an empty office on the Sunday before travelling to prepare for the trip. My daughter who was five at the time was with me. As we were leaving, she looked up at me and asked, 'Mummy, can boys be lawyers, too?' I was completely floored. But of course, that was her lived experience.

"So, I think as women it is very important that we be visible when in leadership positions, to assist the next generation.

"In this respect WISTA in Hong Kong has been very successful. I think in Hong Kong's maritime community everyone is by nature inclusive, open and diverse. We've [WISTA] done some fantastic work. In 2019 we ran a regional WISTA Asia Pacific conference in Hong Kong. We jointly hosted a joint cocktail party with the Nautical Institute for 300 guests. We also ran a full day conference and formal gala dinner which was very well attended, she adds.

Beyond WISTA

Outside of her case work, Elizabeth continues the legal discourse. She collaborates with BIMCO lecturing on their Masterclass series, most recently running a 10 day chartering Masterclass and a 5 day Bills of Lading Masterclass. She sees these as an opportunity not only to pass on knowledge, but to understand the different commercial and operational perspectives that are brought to the legal issues by the course participants.

At this stage in her life, leisure doesn't feature prominently. Early risers might spot her walking her dog on a southern beach in Hong Kong but they shouldn't necessarily expect to be acknowledged. She will most likely be listening intently to a legal podcast as she walks.

Anglo-Eastern Ship Management cadet gets to grips with virtual reality training

HONG KONG VISIONARY BEHIND REVOLUTION IN MARITIME TRAINING

Captain Pradeep Chawla, managing director QHSE and Training at Anglo-Eastern Ship Management, prides himself on always being one step ahead

When Pradeep Chawla first went to sea in 1974, the relatively slower pace of life onboard meant that his swift climb up the mast to chief officer was ably assisted by senior officers who devoted time to mentoring him.

Today, he regrets that such on-the-job training is rarely available to the hundreds of new cadets he is responsible for training each year. So much so that he resolved to do something about it, with the introduction of an e-learning webinar portal for mentoring.

Through a platform like a WhatsApp group, up to 20 cadets are assigned to a mentor ashore, usually an ex-trainer they are familiar with, who will guide them patiently through any operational issues they are experiencing onboard. This recent innovation has benefitted hundreds of Anglo-Eastern cadets since its inception. But Captain Chawla's contribution to training innovation began much earlier.

"I joined Anglo-Eastern in 1985 as a chief officer but the journey with the company really became exciting when I went ashore in 1992, tasked with writing the company's safety management system. By 1994 I think we were the first private company in the world to own ship handling simulators."

Multitasking

Ahead of the introduction of the simulators Captain Chawla was busy setting up the first Anglo-Eastern Maritime Training Centre (AEMTC) in 1993, another first for ship management at the time. Now there are two AEMTC in India, with others in China, Odessa, and Manila.

"We started with one classroom," he recalls. Now we have a 24,000 sq ft facility in Mumbai and another 10,000 sq ft in Delhi."

Yet another first for the industry was the establishment of the Anglo-Eastern Maritime Academy in 2009. The Academy processes 440 cadets annually from Maharashtra, India, more than the combined output of all UK merchant navy colleges combined. The company is currently negotiating with local authorities, which if successful would see the Academy putting as many as 800 cadets through their paces each year.

Short, sharp intake of knowledge

Deriving from the e-learning platform have been further innovations including gaming for learning, virtual reality for learning, and micro-learning modules. Such digital learning programmes are created to complement learning in a classroom environment.

The micro-learning programme in particular, offers a more personalized source of information.

"Today, due to the prevalence of social media we have become highly accomplished at receiving and absorbing information in short bursts. Sending a 12-second video addressing an issue targeting recipients that specifically need that information, has proven to be much more effective than distributing long messages to all seafaring personnel," he says.

Looking to the near future, Captain Chawdra's eyes are set firmly on autonomous shipping. "I believe within ten years we shall have regulations which allow the bridge to be unmanned even at night," he insists.

"When vessels are at least 200 miles from shore, regulations will allow for a vessel to operate completely on auto. We won't jump straight away to fully autonomous ships: I think that could take 30 years to accomplish. But semi-autonomous operation will become a reality much earlier. The technology is proven and reliable and the risk of collision is much lower in the open sea as opposed to the coastline."

Connectivity will be key to the successful transition to autonomous vessel operations. That connectivity is already upon us as companies such as Starlink and others send up low earth-orbiting satellites as early as next year. The innovation brings assurance of fast, ubiquitous connectivity, which will be a must.

While he admits that such developments in autonomous operations will likely result in the average crew size of 20 seafarers today being halved within a generation these job losses will be compensated, he asserts.

"Although the definition of a seafarer will change, the total number employed will increase. As the vessels will be operated from ashore there will be a need for skills like those employed by drone operators today. More maintenance personnel would be needed as maintenance would be carried out ashore. And with the faster turnaround there will be many more ancillary jobs." As a participant in the United Nations Just Transition of the Workforce, a UN Convention examining the creation of decent jobs, Captain Chawla knows more of what he speaks than most.


Captain Pradeep Chawla managing director QHSE and Training at Anglo-Eastern Ship Management

Captain Chawla may bemoan his being one of the few still employed in the business of ship management after being aboard ships before the STCW was adopted by IMO in 1978. But there is no denying his continuing thirst for knowledge and aptitude for invention. More firsts in the field of maritime technology are assured.

GOOD BEHAVIOUR

OTG releases e-learning resources to assess behavioural competence

A ship's safe, efficient operation relies heavily on the crew's competence, which can be broken down into technical and non-technical skills. Whereas best practices for assessing technical (hard) skills are well understood, approaches to evaluating non-technical (soft) skills and 'Behavioural Competence' are still relatively new. The new e-learning title from Ocean Technologies Group ,"Behavioural Competency, An Introduction" is designed to close this gap and provide assessors with a clear awareness of Behavioural Competence, why it was introduced, and how best to assess it.

The title is a new addition to over 800 titles that make up the Ocean Learning Library which includes titles from the group's learning brands, Seagull, Videotel, Marlins and MTS alongside those of valued OEMs and third parties. As well as being a resource for anyone looking to fully understand behavioural competency , it also complements OTGs digital competency management system that includes the INTERTANKO ICMG and BCAV standards.

The Intertanko/OCIMF Behavioural Competency and Verification (BCAV) standard was launched in 2020 as best practice guidelines with the aim of aiding the assessment of a seafarer's non-technical skills against a coherent and consistent framework of competencies. Until its publication, competency management had been focussed on the development and assessment of technical skills, but the attitudes and non-technical skills of seafarers are known to exert a significant influence over how safely, and effectively, ships operate.

Now that BCAV is a recommendation from OCIMF and Intertanko, many companies will now be expected to be actively assessing Behavioural Competence.

The aim of the module is to describe what Behavioural Competence is, why it was introduced, and how best to assess it. This will assist compliance with the general provisions of STCW Section A-I/6, Training and Assessment, which states that "Any person conducting in-service assessment of competence of a seafarer…shall have received appropriate guidance in assessment methods and practice"

"This e-learning is an important addition to our library. It is an ideal companion for those following BCAV in our competency management system as well as a useful resource for anyone that wants to understand the topic in more detail," said Knut Mikalsen OTG's director of Learning Solutions.

Raal Harris OTG's Chief Creative Officer added:

"When talking to customers, behavioural competency assessment is always an area that comes up as needing support.

Assessing so-called soft skills isn't easy to do, but it's becoming increasingly important to safe operations as well as creating an effective workplace culture in which people can develop and thrive."

About OTG

Ocean Technologies Group was established in 2020 as a common identity for several marine support companies including Videotel, Seagull, and Maritime Training Services.

Mr Harris said Its customer base comprises major ship managers, shipowners, and manning and crewing agencies.

"Ship managers are far and away our most significant client base, where we are typically a part of their overall training and compliance strategy," he says.

The company's products are delivered online and as installations onboard: subscribers can receive the programs to their smart phones through an app. Subscription packages are the most common way of accessing the company's more than 800 titles.

"Customers tend to subscribe to a platform and take bundles of products. In those circumstances it is likely they are looking at covering off their basic compliance requirements. But it is not uncommon to see clients developing in-depth e-learning strategies such as communication, leadership, or welfare material," he adds.

A small but growing part of Ocean Technologies product line is a pay-as-you-go option for individual subscribers, most notably seafarers looking to hone their skills off their own bat.

UKP&I

HOW P&I INSURANCE INTERACTS WITH WAR RISKS INSURANCE

The Ukraine/Russian crisis has highlighted the need for War Risks cover. But the boundaries between War and P&I cover can be confusing. This article, by Margaret Zhou describes the interface between the covers, in general terms, from the perspective of P&I cover.

War Risks insurance

War Risks is a specialized form of insurance which provides protection for loss or damage caused by a specific event, such as war, terrorism, piracy etc. These types of losses are generally excluded by standard P&I and Hull & Machinery cover, and War Risks cover is generally provided by professional War Risk Clubs[1] or specialist market underwriters.

A War Risk policy is, as it must be, malleable in that it allows the insurer to terminate cover when required. If the insurer believes the risks in a particular given geographical area are enhanced, cover can be cancelled on seven days' notice, but may then be reinstated (prior to the expiry of the notice of cancellation) at new rates of premium and/or on other specific terms. These geographical areas with greater risks are usually known as Additional Premium ("AP") areas.

Owners' P&I insurance and War Risks

Broadly speaking, war risks incidents are excluded from standard mutual P&I cover. For example, the UK P&I Club Rules[2] exclude any losses caused by war, revolution, rebellion, civil strife, hostile acts by a belligerent power or any act of terrorism. This exclusion operates even if the financial loss arises from a risk that would normally fall within cover if it had not resulted from a war risk, such as personal injury to crew or damage to cargo.

These exclusions are not limited to risks of warfare, civil violence or terrorism. They extend also to the consequences of war-like conditions, such as capture, seizure, and detention of the ship, cargo and/crew (however, piracy and acts of barratry are not excluded). It will be recalled that, after hostilities commenced in the Russian – Ukrainian conflict, some carriers were detained whilst waiting to load at ports, unable to leave for several months.

The exclusions also apply to losses or damage caused by weapons of war, such as mines, torpedoes, bombs, explosives. Losses arising from these types of devices remain excluded, even after the state of war or hostilities has ceased.

The war risks that are excluded under P&I Rules are similar to those in the War Exclusion clause under the Institute Time Clauses Hulls (1.10.83), and include losses in time of peace, such as a ship striking a lurking mine.

War Risk policies offer their own form of P&I cover, to supplement the gaps created by the standard P&I exclusions, and the cover is linked to the insured value of the ship

P&I cover is, generally, not linked to geography or specific areas

Importantly, cover is excluded if the war risk is the cause of a loss. Therefore, if an incident takes place in a war risk area, liabilities may still be recoverable from the Club if the cause has not been excluded. For example, compensation to a crew member who slips and is injured whilst on board a ship in a war risk area may be recoverable under the P&I policy, but the liability will not be covered if the crew was injured by a bomb or explosive. It should also be noted that P&I cover is, generally, not linked to geography or specific areas – P&I cover extends to world-wide trade, including into Additional Premium areas. The test for exclusion is the cause of the loss, not where it occurred.

There are, however, several exceptions to the exclusion of war risks under P&I cover[3]. These relate to liabilities, costs and expenses of the owner where the Club has provided guarantees to third parties. This would include undertakings or certificates such as a "Blue Card" for pollution risks and a "MLC certificate" for labour risks/obligations. These certificates are issued by the Club to authorities pursuant to international conventions or local laws. By providing them, the Club becomes exposed to direct liability to third parties by virtue of the undertakings contained in the certificate. That said, these guaranties are provided against a standard indemnity undertaking from a member to their P&I Club.

War Risk policies offer their own form of P&I cover, to supplement the gaps created by the standard P&I exclusions, and the cover is linked to the insured value of the ship. However, an owner can be exposed to claims that exceed the hull value of the ship. In these circumstances, the UK P&I Club, and other International Group Clubs have, for many years, offered a Special War Risks P&I Excess cover to provide a further layer of P&I protection that sits atop the cover provided under a War Risks policy. This "excess" cover, which has a limit of US$500m, is not a primary war risk P&I cover, but only responds in excess of amounts recoverable under the ship's war or crew war risks P&I policies. The threshold for the commencement of this excess cover is the "proper value" (in the prevailing market) of the entered ship, or $500m, whichever is the lesser. The terms of this cover are notified to Members each year by the Club[4]. Take the following as an example:

An owner is found liable for wreck removal of an entered ship caused by a listed war event. The owner's War Risk P&I insurer is likely to cover the wreck removal up to the insured value of the ship and then the Special War Risks P&I Excess cover would apply and respond to liabilities above that amount, up to the US$500m limit.

Charterer's entry

Charterers can also be exposed to war risks liabilities, costs and expenses, and a charterer's entry with their P&I Club can be extended, for example, by way of a war inclusion clause[5], to restore coverage of these liabilities which would otherwise be excluded by standard charterers P&I terms[6].

This extension of cover is perhaps more comparable to an owner's war risks cover, subject to policy terms, in relation to both P&I and Damage to Hull ("DTH") interests. The cover can be provided from "ground-up" subject to proper cover limits and deductibles. Charterers may also face charterparty conditions entitling the owner to refuse to enter a port or place that is dangerous by reason of war risks.

Interestingly, unlike an owner's war risks hull cover, the charterer's DTH cover is usually not subject to navigational limitations, but cover may be cancelled upon prior notice, subject to new terms to be agreed between the Club and the assured if required. This resembles the owner's war risk insurance.

Defence

It is worth noting that the exclusion of war risks under P&I cover may not apply to FD&D cover. The UK Defence Club, for example, continues to provide support for disputes arising from exposure to a war risk event[7] within scope of the Defence cover.

Margaret Zhou is a Senior Claims Executive at the UK P&I Club

1. UK War Risks is UK shipping's biggest mutual war risk insurer and offers comprehensive war risks cover internationally on mutual basis. For details, welcome to visit their website: https://www.ukwarrisks.com
2. See Rule 5E of UK P&I Rulebook 2022. https://www.ukpandi.com/news-and-resources/rulebook-2022/ /
3. See Rule 5U of UK P&I Rulebook 2022.
4. See UK P&I Circular 02/22. https://www.ukpandi.com/news-and-resources/circulars/2022/circular-0222/
5. See Clause 3 of Charterers Terms & Conditions 2022. https://www.ukpandi.com/media/files/uk-p-i-club/rules/2022/charterers-terms-and-conditions-2022.pdf
6. See Clause 5E of Charterers Terms & Conditions 2022.
7. UK Defence Club has a specific website page of Ukraine Issues, providing general guidance and updates in relation to the developing situation. https://www.ukdefence.com/insights/ukraine-issues/

THE ZERO-CARBON FUEL CHALLENGE

Decarbonization Programme Manager at Lloyd's Register Charles Haskell describes the role of the Maritime Decarbonization Hub in preparing for shipping's energy transition

Shipping has a vital role to play in the world's ambition for a net-zero future. The 2020s are deemed the critical decade for the industry to turn commitments into action in order to reach the Getting to Zero coalition breakthrough goal of having zero carbon fuels make up 5% of international shipping fuels by 2030.

However, lack of clarity on the readiness of bunkering facilities and infrastructure to produce, store, and transfer zero carbon fuels across major shipping routes, is slowing investment decisions by ship owners in the transition to zero emission fleets.

Preparing for shipping's energy transition therefore must include the supply chain needed to meet growing need for zero carbon fuels. In our First Movers in Shipping Decarbonization study, the Lloyd's Register (LR) Maritime Decarbonisation Hub established that zero emission vessels need to form a significant proportion of newbuilds in the world fleet by 2030, and the most significant hurdle is bringing down fuel costs.

This will require regulatory intervention and collaboration across the entire supply chain – from ship operators, fuel suppliers, cargo owners, governments, through to port authorities – to produce and deliver the fuels at scale in terms of volume, bunkering and (potentially in some cases) carbon capture.

Charles Haskell, Decarbonization Programme Manager, Lloyd's Register

Tracking progress through the Zero Carbon Fuel Monitor

Such challenges are explored by the LR Maritime Decarbonisation Hub's Zero Carbon Fuel Monitor, our half-yearly update that analyses the progress of the industry's most promising zero carbon fuels from three perspectives – technology, investment and community readiness – across the entire supply chain. This covers the production of fuels, resources used to produce the fuels, transportation, storage, bunkering and usage on board ships, through to the propulsion machinery involved.

The following is a brief summary of the Monitor's assessment of three promising zero carbon fuels for shipping's Decarbonisation journey as of mid-2022. Each fuel is assigned three different ratings: technology readiness level (TRL) – how close the fuel production technology is to being proven as scalable and safe; investment readiness level (IRL) – whether the business case for the fuel is robust enough to attract investment; and community readiness level (CRL) – how prepared people and organisations are in adopting the new fuel.

Methanol – currently leading the transition

Methanol is already established as a fuel and so currently leads shipping's transition away from heavy fuel oil. In terms of TRL, methanol has moved from 'pilot and demonstration' to 'initial market introduction', with the delivery of six chemical tankers with methanol capability for Waterfront Shipping, the shipping arm of Canadian methanol producer Methanex Corporation. In addition, Maersk Line, X-press Feeders and AAL Shipping have ordered a total of 26 ships that can be methanol-powered, adding momentum to the push for methanol bunkering.

Classification societies including LR have published rules and regulations pertaining to methanol bunkering, leading to improvement in CRL from 'validation' to 'demonstration'. Given this identified investment activity, the Monitor has upgraded the IRL of methanol from 'hypothetical commercial proposition' to 'commercial trials'.

Hydrogen – further tests needed for bunkering and onboard storage

Renewable hydrogen is a carbon-free fuel generated by electrolysis and can be stored as a cryogenic liquid or compressed gas. With increase in hydrogen electrolyser capacities over the last six months from 50MW to 100MW, the Monitor has

upgraded the TRL of hydrogen production. Additionally, TRL for hydrogen bunkering has moved from 'concept' to 'prototype', led by four vessels now demonstrating the bunkering of hydrogen in compressed gas formats. The first multimodal hydrogen refuelling station in Antwerp has been running for a year, providing hydrogen for port applications.

However, hydrogen TRL for onboard storage remains a challenge. Of the nine hydrogen-capable vessels being tracked by the Monitor, four are operating with compressed gas, with the rest still trialing fit-outs for hydrogen. With little experience in hydrogen usage in shipping, CRL for bunkering and onboard storage of hydrogen remains low, and current solutions need further testing.

Ammonia – more studies required

TRL for ammonia bunkering has increased from 'concept' to 'first assessment' of feasibility, following four feasibility studies on ammonia bunkering safety, including a joint study being carried out in Singapore led by Itochu Corporation with the Maritime and Port Authority of Singapore. Additionally, Yara International has pre-ordered 15 floating bunkering terminals for ammonia refuelling.

CRL for ammonia continues to be a challenge and requires further safety assessments and practical demonstrations. There is thus a need for more lifecycle analysis of the environmental and socio-economic impact of ammonia, particularly evaluation of the environmental impact of any potential ocean leakage, as well as demonstration of mitigation measures to reduce the risks of a spill. Currently, there is also a lack of bunkering infrastructure for ammonia as the industry is still assessing storage and transfer at the feasibility stage.

Increasing investment readiness for wider uptake

Amongst the three fuels assessed in this update, methanol holds the most promise for widespread implementation in the near-term, while hydrogen and ammonia require more studies on their long-term viability and impact. Nevertheless, TRL and CRL of all three fuels are progressing faster than IRL, as ship owners and financiers remain cautious over the risks making investment decisions today that are later overtaken by developments.

One of the ways to improve the IRL is through green corridor initiatives such as the Silk Alliance where a group of cross-supply chain stakeholders are collaborating to pilot a zero carbon fuel pathway for the intra-Asia container route, evaluate and share learnings from its costs and benefits.

Through the Zero Carbon Fuel Monitor and initiatives like The Silk Alliance, the LR Maritime Decarbonisation Hub is helping maritime stakeholders gain better visibility into key emerging trends across the supply chain that are influencing the progress of zero carbon fuels. These insights help the shipping industry de-risk investment decisions today whilst ensuring shipping's decarbonisation proceeds on track in the long term.

About the Lloyd's Register Maritime Decarbonisation Hub

The Lloyd's Register Maritime Decarbonisation Hub is a joint initiative between Lloyd's Register Group and Lloyd's Register Foundation that brings together thought leaders and subject matter experts with the skills, knowledge and capability to help the maritime industry design, develop and commercialise the pathways to future fuels required for decarbonisation.

For more information, go to www.maritimedecarbonisationhub.org.

ALL ROADS LEAD TO CARBON-FREE SHIPPING

Hong Kong shipowners are pursuing various routes on their road to the final goal

Wah Kwong Maritime Holdings

Celebrating its 70th anniversary this year, Wah Kwong Maritime Holdings, is one of the great Hong Kong dynastic shipowners. More recently, the company has diversified into ship management with one of the fastest growing managed fleets in the territory, together with its owned fleet of 31 bulk carriers and tankers.

In 2020 Wah Kwong partnered with Hong Kong climate technology start-up Carbonbase. Wah Kwong was intrigued by Carbonbase's Emission Management System; a cloud-based software solution that allows Wah Kwong to set up emission tracking by connecting their data feeds from the noon report and charter records into an all-in-one-place analytics dashboard, which calculates emission and various regulatory energy efficiency indexes from the ship, charterer to entire fleet level.

By deploying this solution Wah Kwong may customize reporting templates to streamline internal reporting, public disclosures, compliance reporting, financing applications and MRV reporting.

The company then has the option to become carbon-neutral by choosing certified carbon offset projects to support.

"We chose to partner with Carbonbase because we found what they were doing most interesting," says executive chairman Hing Chao.

"If the industry is to progress toward decarbonisation everything is going to be data driven. So transparency and qualitative data is going to be important. As a shipping company this is something we are aware of but not something we can do efficiently on our own," he adds.

Holistic perspective

From the start of its sustainability journey senior management at Wah Kwong have taken a holistic view of the decarbonisation process.

CarbonBase is already working with the real estate sector, power sector and retail sector. We saw this as a way of joining the various sectors together.

"Decarbonisation of the shipping industry will not stand alone," states Mr Chao.

"It will be part of much larger global efforts to decarbonise the whole world. Carbon and carbon offsets will become an important new mechanism of the future economy. But before we embarked upon the various limiting measures available, we needed to know how much carbon we are emitting."

Meanwhile, Wah Kwong has been exploring the direction the industry is taking in terms of decarbonization. "While we note some companies have taken the lead with dual-fuel vessels, primarily with LNG, in reality this is as much an economic question (the cost of fuel), as it is an environmental issue. With LNG being the case, so much more it is with the likes of hydrogen, ammonia and e-methanol.

"Being honest about it, unless one has billions of dollars to burn the cost efficiency of these new fuels is prohibitive, at this early stage," says Mr Chao.

"Instead we asked ourselves what is it that we can do now to help the industry explore new ways to decarbonise."

Carbon offsets

Wah Kwong's next move was to embark on a carbon offset programme with Hong Kong energy provider China Light & Power. Under a memorandum of understanding signed by the two parties in 2020, Wah Kwong will purchase carbon credits from CLP to offset the carbon emissions of its business and the fuel it purchases for its fleet. In addition, the MoU will enable the two parties to develop new service offerings using CLP's carbon credits to meet the potential needs of other shipping companies to offset emissions and lower their carbon footprint.

The CLP Carbon Credits platform allows users located anywhere in the world to calculate their carbon emissions and purchase carbon credits generated by CLP's wind farms in India.

"I personally believe that carbon offset is very important," insists Mr Chao.

"It is absolutely not a way to shirk responsibility. We see carbon offsetting as an important interim measure. Imagine if every shipping company is out there buying responsibility into the carbon market: this will enable an acceleration of the whole clean energy infrastructure, which in turn will provide the foundation for the production of alternative fuels."

Carbon capture

In August this year Wah Kwong entered into partnership with Bureau Veritas and China's Shanghai Qiyao Environmental Technology to test the feasibility of installing carbon capture and storage units on vessels in its fleet to meet 2030 CII targets.

The CCS concept developed by Qiyao Environmental Technology has completed laboratory testing, achieving a carbon capture rate of 85% so far and the system is in the process of continuous optimization. The CCS unit can be designed for different ship types and sizes. The design approval of the CCS unit is currently under review.

Monitoring controlling, and recycling carbon in our production chain could be a viable way to deal with this issue.

"By the beginning of 2023 we shall have finished the first stage. In the next stage rather than just buying carbon credits we shall look to generate carbon credits through our investment strategies."

Pacific Basin Shipping

Hong Kong's Pacific Basin Shipping is one of the world's leading owners and operators of modern handysize and supramax dry bulk ships. With a fleet of approximately 240 ships and a network of 13 offices on six continents Pacific Basin provides a global service.

"Since 2021, our ambition is for Pacific Basin to achieve net zero emissions by 2050. We target that our fleet will comprise only zero-emission vessels by then, and so – for some years already – we have opted not to contract any newbuildings until there are zero-emission-ready," says Pacific Basin's head of ESG Mark Hardy.

"Naturally we are pursuing a multi-pronged decarbonisation strategy.

"While we don't seek to be first movers, we do want to be among shipowners ordering the first generation of zero-emission-ready vessels (ZERVs) in the Handysize and Supramax segment.

"We are preparing ourselves for that in a number of ways, including through research by our decarbonisation, technical, research and other teams, through our participation in the Getting to Zero Coalition and, most notably, through our collaboration with Nihon Shipyard Co and Mitsui & Co.

Future fuel decision imminent

"The first phase of that project should culminate in the fourth quarter this year with a decision on which future fuel we will commit to, and we then move on to designing the most fuel-efficient and operationally efficient ship that we can around the chosen fuel and propulsion system. We expect to contract our first ZERV for delivery well ahead of our original ambition of 2030."

Secondly, Pacific Basin continues to find ways to reduce the carbon intensity of its existing fleet of conventionally-fuelled ships.

The company is gradually disposing of its oldest and least efficient ships, and renewing the fleet with modern, larger and more efficient second-hand ships – although not always in sync, depending on how the company views the market.

EEXI preparation

"We have retrofitted our ships over many years with energy-efficiency technologies, which gave us a head start in our preparations for EEXI rules that come into effect in 2023, and we will continue to assess and adopt energy-efficiency innovations in the future as and when we feel they offer an acceptable balance of economic viability and environmental benefit, says Mr Hardy.

"We prioritise the adoption of proven innovations that demonstrate real positive impact rather than make significant first-mover investments that may attract positive publicity and generate useful learning, but could equally generate no particular value. We feel that, as a publicly listed company, our duty to our shareholders is to do more research for a bit longer, and to position ourselves at the front of the line for when the technology is proven, ready and commercially viable," he adds.

Pacific Basin has long traded its ships efficiently for high laden-to-ballast utilisation which benefits the environment by minimising carbon intensity as measured by EEOI.

The company is set to continue to prioritise EEOI as the truer measure of emission per shipping work done, whilst managing its AER to ensure CII compliance – or higher, subject to customer appetite and collaboration.

Collaboration represents an important strategic prong in its own right in the decarbonise effort. We have already mentioned a couple of ways we are leveraging collaboration in our effort to transition to non-fossil fuels.

Stakeholder inclusion

"What we want to ramp up in the months ahead is collaboration with our cargo customers to ensure our conventionally-fuelled ships can meet IMO's ever-tightening CII requirements (as well as EU and other future regulations) which is largely dependent on how the ship is operated (i.e. driven by the characteristics of customers' trades) – much more so than the technical characteristics of the ship itself," he says.

The last-choice tool in Pacific Basin's decarbonisation toolbox is carbon offsetting.

"We know it's divisive and we understand why. It is no substitute for tangible efforts to reduce and eventually eliminate our actual emissions – which is where our priority efforts lie – but we still believe that offering carbon neutral shipping through our PB Carbon Neutral Voyage Programme is an extra step worth taking. In addition to routine voyage emissions reporting which we are gradually rolling out, it helps to raise carbon footprint awareness in the supply chain and is something we can do today. It's just one of a few tools that we can offer our customers, if they have an appetite to address or partly address their commodities' transport emissions," says Mr Hardy.

Green COAs, CII performance-linked voyages and retrofit arrangements are a couple other examples. The company has trialled 100% biofuel and is ready to perform more voyages on biofuel for cargo customers who are interested.

Since 2020, Pacific Basin has offset the carbon emissions from its global onshore operations, including all office activities, commuting and business and crew travel, and it is gradually developing further its understanding and inventory of other material scope 3 emissions, such as the upstream carbon footprint of bunker fuel delivered to the fleet.

Through fleet renewal, retrofits and the way the company operates its fleet, Pacific Basin has reduced its EEOI by 29% since the 2008 baseline, and now aims to reduce its EEOI by 50% by 2030 – on the way to net zero by 2050.

Universal perspective

"We recognise the increasing pressure from scientists, consumers, society and regulators for the world to decarbonise, and we welcome initiatives that will drive the decarbonisation of our shipping industry too. It's the right thing to do and we all need to play our part to limit global warming. We believe that levying a hefty price on maritime carbon emissions will be important to help accelerate the transition to zero-emission shipping," Mr Hardy concludes.

Orient Overseas Container Line

Orient overseas Container Line (OOCL) is Hong Kong's most iconic liner shipping and logistics company. Currently operating 64 vessels with capacities from 2,992 teu to 32,413 teu, the company has released an annual sustainability report since 2010.

Years ahead of its time, in 2017, OOCL launched the largest containership in the world by carrying capacity at 21,413 teu, The energy efficiency of the new containerships not only satisfies the current Energy Efficiency Design Index (EEDI) baseline requirement, but is 48% better than the EEDI level required by the International Maritime Organization in 2023. The innovation was instrumental in OOCL receiving top honours at the Singapore Environmental Achievement Awards in October 2017. The company has gone on to receive countless similar awards ever since.

OOCL's Deputy Chief Financial Officer, Michael Fitzgerald explains the company's overall strategy:

"For many years, OOCL has been devising and implementing innovative and effective plans in order to address the environmental challenges facing our industry," he says.

"These include investing in environmentally-friendly vessels, leveraging advanced technologies such as big data analysis and artificial intelligence, and enhancing operational efficiency, all with the objective of reducing fuel consumption and more broadly the impact of each vessel on the environment.

"Through these means, OOCL has reduced the intensity of its direct greenhouse gas emissions by 45% since 2008 (2021 figure). In recent years, we have been investing both in the enhancement of the green attributes of our newbuildings and in research and development on the use of future alternative fuels.

"For example, OOCL's 21,413 teu vessels delivered in 2017 and 2018 are performing about 45% better than IMO's EEDI Phase 2 baseline, and our 22 newbuildings currently under construction will be fully compliant with the latest EEDI phase 3 requirements.

"In August 2022, OOCL carried out its first biofuel trial, the success of which has paved the way for the implementation of the use of biofuel in OOCL's fleet in the future," declares Mr Fitzgerald.

As a publicly-listed company, OOCL sees shareholder engagement as a very important part of its sustainability work.

"By reaching out to our shareholders, we can listen to and study their views and incorporate related conclusions into our ESG strategies. This helps us to obtain insight from different perspectives, based on investor knowledge of multiple companies, multiple countries and multiple industries," he says.

Future plan

Advancing further with the transition towards decarbonization as well as being fully compliant with all relevant new regulatory requirements will continue to be among OOCL's top priorities.

"OOCL's current batch of newbuildings, which will start delivering in 2023, are being built according to the latest advanced green designs, and will be equipped with highly fuel-efficient main engines. The dual-fuel main and auxiliary engines on our new vessels will allow us to use alternative fuel to reduce carbon emissions. In addition, we will also implement improvements for our existing fleet, meaning that we will continually seek opportunities to reduce fuel consumption and to enhance operational efficiency," Mr Fitzgerald explains.

"Following our recent successful trial of biofuel, OOCL can now prepare for the use of biofuel to power a number of suitable vessels in the coming years. As we continue our decarbonization journey, we will continue to ensure compliance will all applicable new requirements as they are introduced," he concludes.

DISPUTE RESOLUTION
IN AN AGE OF CHANGE

President of the Hong Kong Maritime Arbitration Group Arthur Bowring describes how the technical and regulatory upheaval facing the shipping industry will affect dispute resolution

Change is inevitable, and one of the strengths of the shipping industry is the way in which it handles change. Our industry loves 'black swan' events, especially those that increase ton-miles and provide decent profits, until we shoot ourselves in the foot and build too many ships. Change creates opportunity, at least for a short time.

But the industry is now experiencing unprecedented change that affects, and will continue to affect, the way we do business and the way we operate our ships.

I am sure we all understand the increasing urgency of climate change. We are seeing a multitude of human and environmental disasters unfolding before us, much sooner and more desperate than the scientists had predicted. Our industry is not standing still, with a growing number of regulatory and commercial incentives being introduced. EEDI, EEXI, CII, SEEMP, Poseidon Principles, Sea Cargo Charter, Rightship GHG Rating, etc.

In the absence of the availability of tried and trusted solutions, most shipowners are holding off ordering ships to upgrade their fleets, not sure what to do, while continuing to assess propulsion systems and fuels that may allow them to remain competitive. A few larger and wealthier companies are taking the plunge, investing in nascent technologies to trial potential solutions, to create some degree of demand for technological development and alternative fuels, and to steal a march on those less able to put at risk the large sums required. They represent the 'bleeding edge' of regulatory compliance, and we thank them for that.

And we are realising that hastily produced regulation may result in unintended consequences and conflicting requirements. As an example, the conflicts between the CII regulation and the Sea Cargo Charter. As well as compliance with the CII regulation when there is more than one time charter during a year. These are issues that we hope to discuss during our Hong Kong Maritime Week webinar.

Where change leads disputes follow

How might these changes affect dispute resolution? Change inevitably produces disputes. The confidence created by rapidly increasing freight markets that is followed by a slump will result in disputes; contracts signed towards the top of a cycle will become less economic when the markets fall. And rapid regulatory change that will need to be implemented during the life of an asset or during term contracts will result in disagreements as to whose responsibility it is to pay for the changes.

Arbitrators are chosen by the Parties (or their solicitors) to meet the requirements of the dispute resolution clause. For example, Member of the Baltic Exchange, 'Commercial Man', 'Not a Lawyer', etc. And in the more usual cases, when the clause is relatively silent, arbitrators may be appointed for their ability to speak a certain language, for specific technical or legal knowledge and experience, for previous decisions they are reported to have made or for their quoted hourly rate. (This last one is a bit of a misnomer because a low hourly rate could be related to inexperience in arbitral matters, resulting in more time being spent by the arbitrator and higher overall charges).

The subject matter of disputes is generally related to contract interpretation, perhaps vague terms, deliberate misreading of the contract or possibly the Charterer being back-to-back with a sub-Charterer on slightly different terms. (After so many decided cases, both in arbitration and the courts, I am not sure why we still have so many speed and consumption disputes put in front of us.) In any event, it could be the situation that one Party appoints a legal expert while the other appoints someone with deep industry experience. The legal approach being a strict application of the wording of the contract, while the commercial being a more technical assessment of what the Parties had originally intended.

Arbitrators with relevant expertise and experience, either commercial or technical or both, will be in a better position to grasp the issues in dispute, understand and assess the evidence given and ask pertinent questions.

The story goes that back to the dark ages, when two Parties had a disagreement, they would invite a person, experienced and knowledgeable in the disputed issues, to lunch. By coffee, the dispute had been determined and the agreement written out on a napkin.

Disputes today tend to involve many more people, the more complex are the ones where there are very large sums at stake having solicitors and Counsel on both sides as well as a multitude of witnesses of fact and expert witnesses. The arguments put forward by Counsel (who in a short time have amazingly become experts in specific subject matter) challenge the evidence and the reliability of the witnesses to persuade the Tribunal of their arguments.

What role is there for experienced and knowledgeable arbitrators? Arbitrators with relevant expertise and experience, either commercial or technical or both, will be in a better position to grasp the issues in dispute, understand and assess the evidence given and ask pertinent questions.

I have sat in Tribunals where my co-arbitrators have taken a purely legal approach, not having any industry commercial experience, to make decisions that I have not been able to agree with. In addition, I have sometimes been reluctant to interject during a hearing for fear of anticipating an argument or destroying Counsel's line of questioning. But it is always essential that arbitrators do not decide disputes using their experience and knowledge without asking for the Parties' comments, and it is always better to do that during the hearing or the exchange of submissions.

The merits of Hong Kong arbitrators

The members of the Hong Kong Maritime Arbitration Group (HKMAG) are experienced and knowledgeable arbitrators, both legal and commercial, who speak a range of languages. We are blessed with arbitrators with deep knowledge and experience of the maritime industry. We have felt it important that the arbitrators we represent are Hong Kong Citizens or Permanent Residents in and of Hong Kong; contrary to other places, we do not have as members arbitrators who are resident elsewhere. This, we feel, better promotes the depth of technical and legal knowledge that exists in Hong Kong.

The majority of maritime disputes are resolved through ad-hoc arbitration procedures. In some cases, the Parties agree to have the resolution of their dispute administered by the arbitral organisation, especially if application to the Mainland Courts for interim measures is likely to be taken under the 'Arrangement Concerning Mutual Assistance in Aid of Arbitral Proceedings by the Courts of the Mainland and of the Hong Kong SAR'. HKMAG is a qualified arbitral institution under the Arrangement. HKMAG has produced Procedures for the Administration of Arbitration under the HKMAG Terms, a copy of which may be downloaded from www.hkmag.org.hk .

Finally, a note about arbitration clauses. We know and appreciate that the dispute resolution clause tends to be furthest from the Parties' minds when negotiating a contract. Of course, we all believe that there will never be a dispute, and the important things are the freight and demurrage rates. But we urge Parties to consider the dispute resolution clause carefully, ensuring that there are clear indications of the place or seat of arbitration (which determines the procedural law), the substantive law of the contract, and importantly the Rules, Terms or Procedures under which the dispute will be governed. HKMAG has sample clauses for download from its website, which include the 2020 BIMCO Dispute Resolution clause.

MODERN TERMINALS CELEBRATES 50 YEARS OF SERVING THE PEOPLE OF HONG KONG

Through good times and bad Modern Terminals just carried on getting better

Due to the extraordinary efficiency of terminal operators such as Modern Terminals, Hong Kong citizens have come to take for granted always available goods from the farthest reaches of the globe. It's a clear indicator that the company is performing it's vital role in the global supply chain. And Modern Terminals wouldn't have it any other way.

On a bright day in 1972

Fifty years ago it was a very different story. Containerisation was in its infancy on September 5, 1972, when Modern Terminals welcomed the containership *Tokyo Bay*. As the first vessel to ease its way into Berth One, Hong Kong's first purpose-built container terminal, it marked the first chapter in Modern Terminals' history.

On that day, Kwai Chung Container Terminal One was the centre of world attention. The late Kevin Sinclair, already a veteran Hong Kong journalist in 1972, described the excitement at this unprecedented event.

"The eyes of Hong Kong were that day fixed on Gin Drinkers' Bay. But others far away were also intently awaiting word on what was happening. Ports from Tokyo to Rotterdam were in various stages of converting to containerisation. Shippers. Governments, traders and financiers were keen to see what Hong Kong was doing…

"Hundreds of Modern Terminals staff and shipping industry figures waited expectantly on the wharf as tugs nudged the *Tokyo Bay* alongside… All present watched with fascination as the huge green ship was pushed snugly into the berth. History was made."

50 years of growth and transformation

Crowds at the port might be a rarity now. Those who were there on that momentous day would not recognise today's 24-berth international transportation hub. With its annual capacity of 20m teu, it continues to rank amongst the busiest container terminals in the world.

As Modern Terminals Group Managing Director Horace Lo announced proudly on the occasion of the company's 50th anniversary earlier this year:

"Since those early days, the Port of Hong Kong has made an important contribution to the economy of Hong Kong – amounting to tens of billions of dollars to the city's GDP – supporting hundreds of thousand of families. Moreover, with 90% of goods being transported by sea we have helped enrich the lives of all the people of Hong Kong."

Modern Terminals facility at Kwai Chung 1972

More recently, Modern Terminals has spread its wings across the Pearl River Delta. Recognising the potential of the Greater Bay Area, before it was even a concept, the terminal operator commenced operations of its majority-owned DaChan Bay Terminals in Western Shenzhen in 2008. Along with its investment holdings in Shekou Container Terminals, Modern Terminals now provides the same seamless service to the people of Southern China that it has been renowned for in Hong Kong for so many years.

Smart Port

As Modern Terminals takes a moment to celebrate the containership revolution it played such an important part in 50 years ago, it stands at the dawn of todays' digitisation revolution.

Hong Kong has ambitions to become a Smart City, and as a vital link to the rest of the world the Port of Hong Kong has been prioritised for the digital transformation.

At the heart of the Smart Port will be a community blockchain-based platform involving thousands of supply chain stakeholders authorised to upload and extract data. It will offer greater transparency in a secured and real time manner for all stakeholders and further facilitate forward planning.

Join Modern Terminals anniversary celebrations by visiting the terminal during Hong Kong Maritime Week (25 November 2022). For further details contact: *gweneth.tong@modernterminals.com or rhui@amcham.org.hk*


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