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**Five
Issues For
Shipping
Today**




Are you worrying about the right thing?

The Seventh City of London Biennial Meeting
12th November 2013

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The Five Key Issues

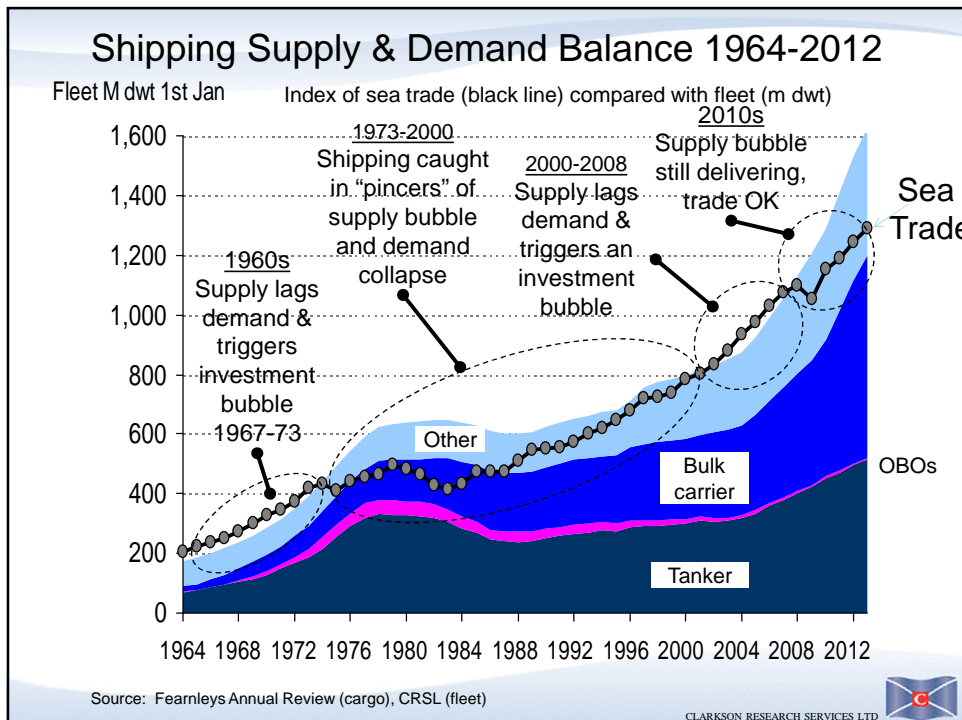
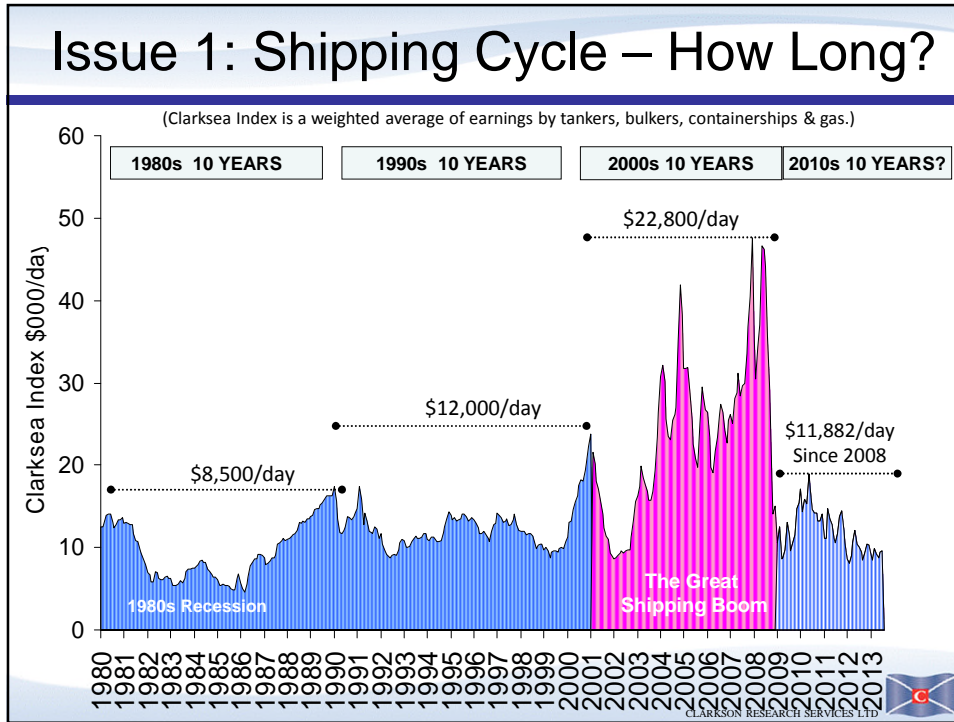


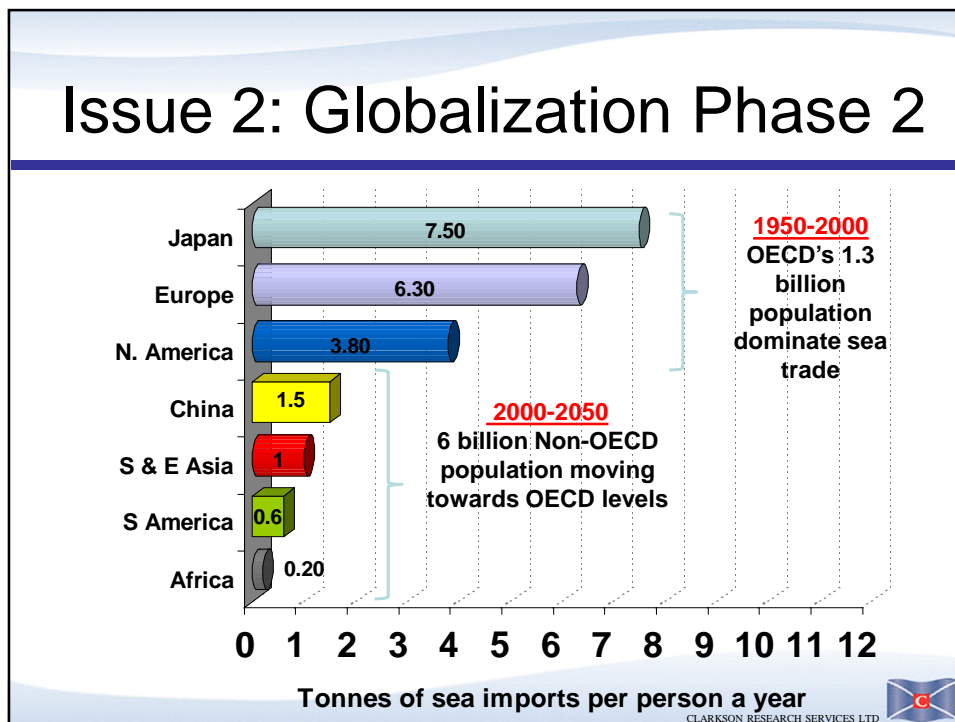
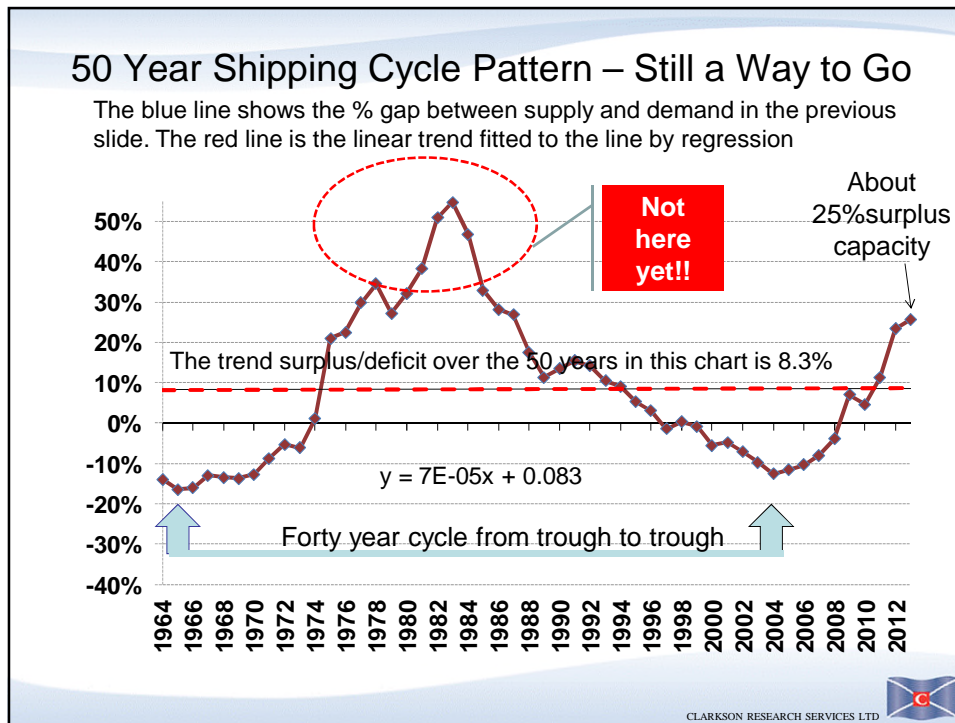
“Look beyond the Cycle, shipmate”

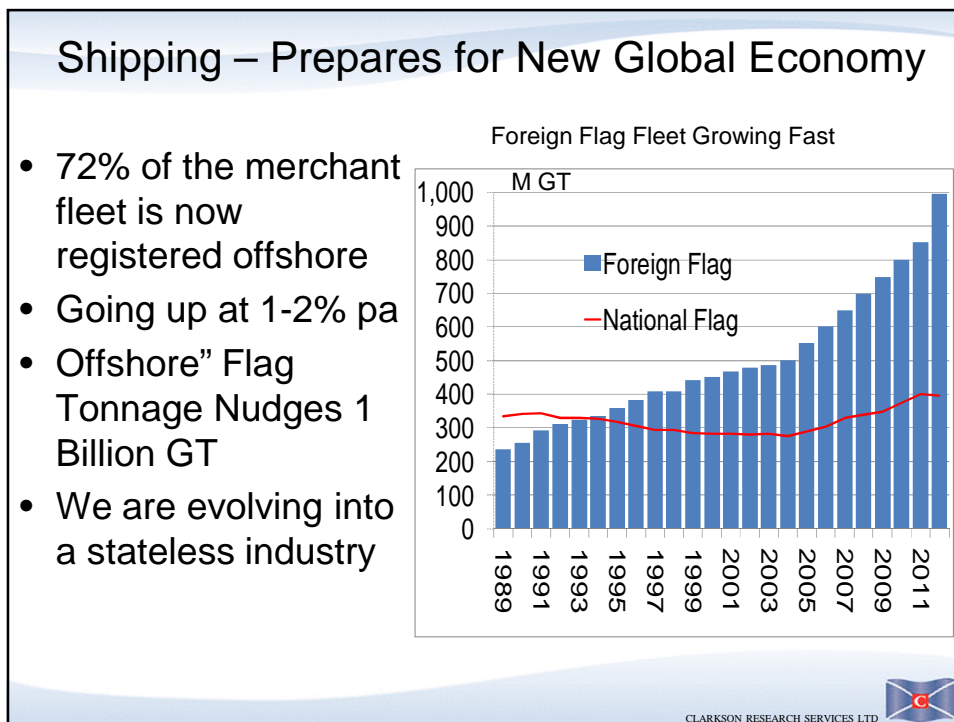
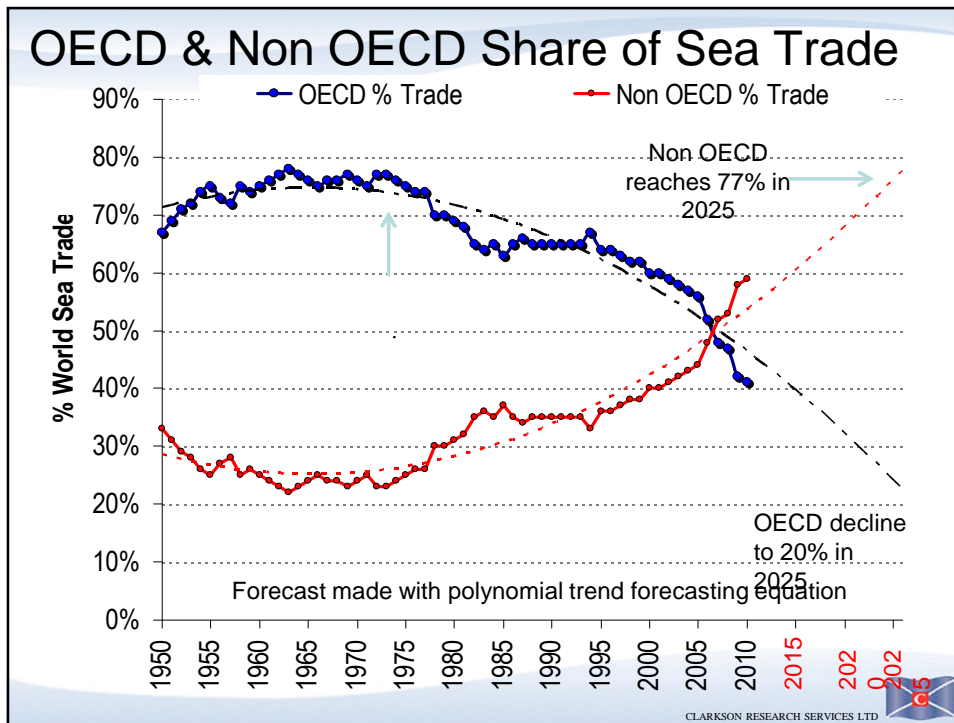
- Issue 1: Shipping Cycle – How Long?
- Issue 2: Globalization Phase 2
- Issue 3: A New Regulatory Strategy
- Issue 4: The Fuel Cost Revolution
- Issue 5: Gathering & Using Information

• *What makes the business climate so difficult today is that shipping investors must deal with several major changes taking place simultaneously. What are the challenges, how will they interact and where they might lead?*

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Issue 3: New Regulatory Strategy

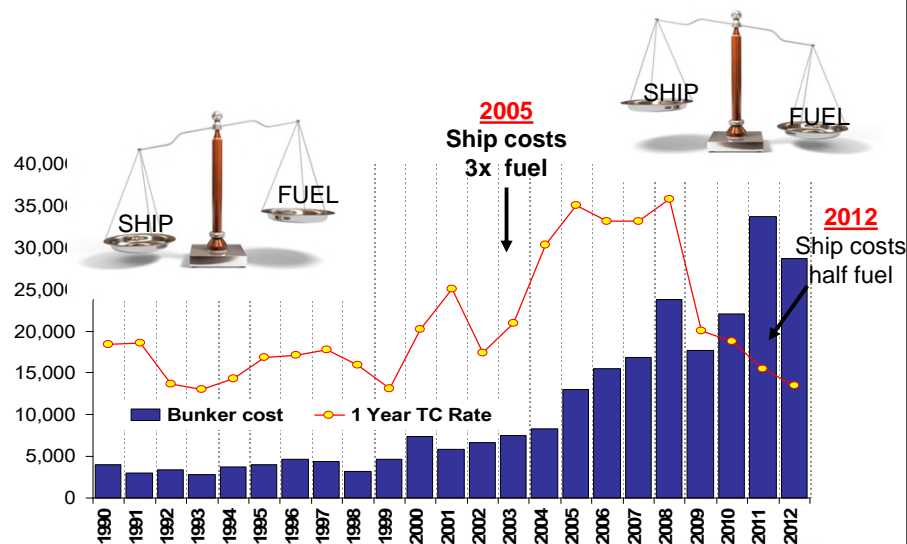
1. SOX: SO² control (.1% in ECAs 1 Jan 2015)
2. NOx: Nitrous Oxide Tier III control
3. EEDI: Energy Efficiency Design Index
4. SEEMP: Ship Energy Efficiency Management Plan
5. WBM: Water Ballast Management
6. MRV: Monitoring, Reviewing & Verifying
7. MBM: Market Based Measures
8. MLC 2006: Maritime Labour Convention 2006



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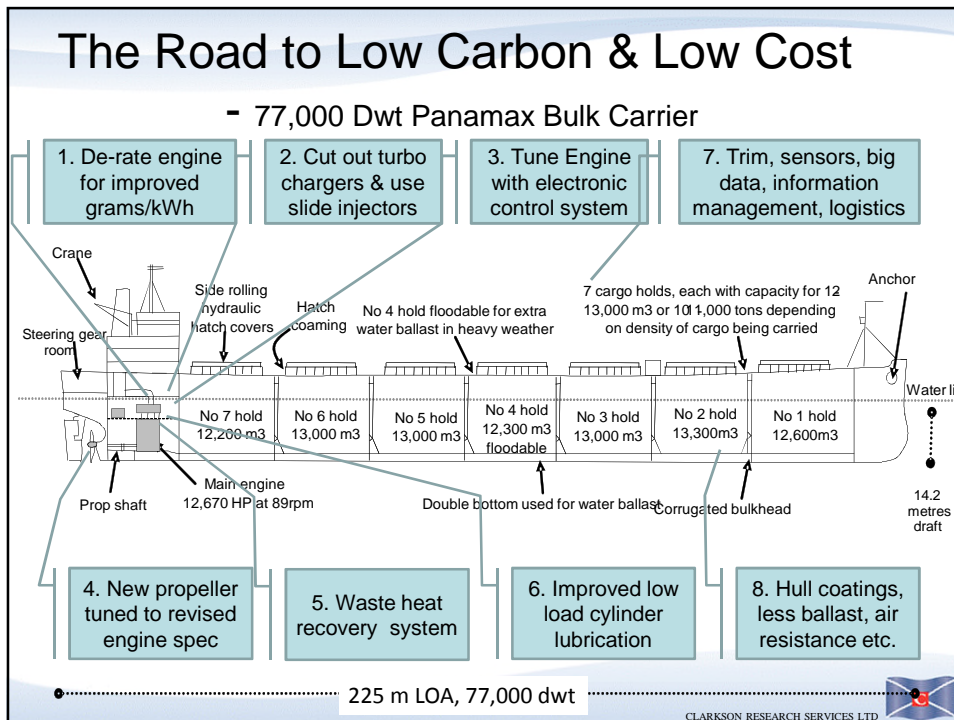
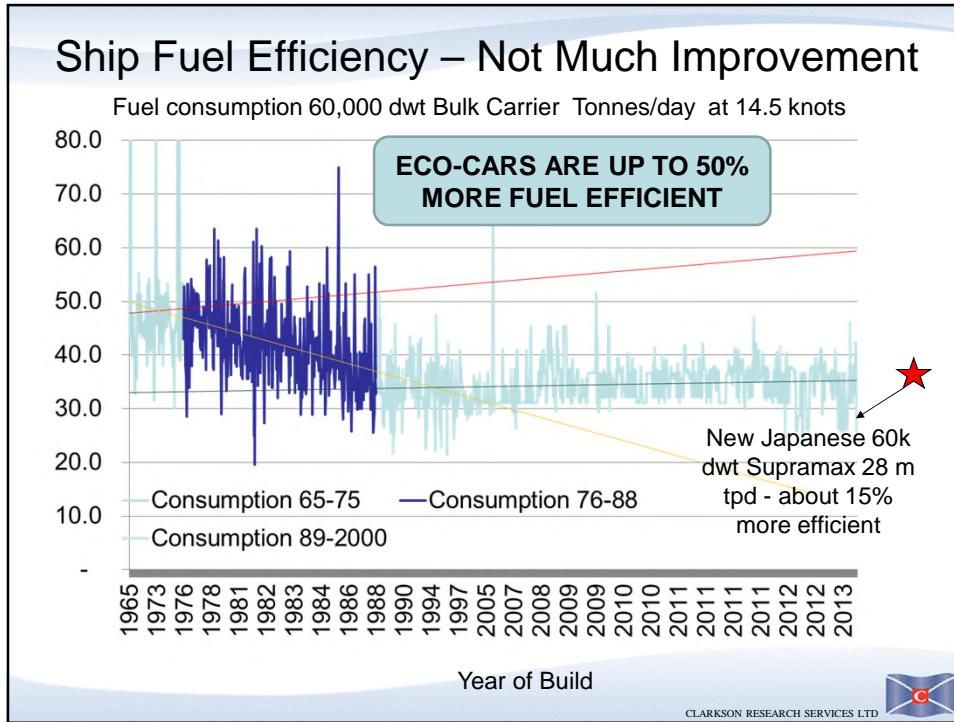
Issue 4: A Fuel Cost Revolution



Based on Aframax tanker, 1 year TC rate and Rotterdam bunker price

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Issue 5: Information Creation and Application

ON BOARD SENSORS

MRV

Big Data

Fibre optic cable network

SATellite INFORMATION

Gordon Moore
Invented "Moore's Law"

4G!

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Conclusions

1. The shipping cycle is in its 5th year -surplus maybe 25% of the fleet - half way?
2. Surplus slow steaming must "trickle out" before real recovery.
3. Globalization Part 2 different and tougher than Part 1 (1950-2000)
4. New regulatory policies makes greater technical demands
5. Fuel costs and information also pose technical challenge
6. Expect less focus on finance and more on making shipping assets more productive

The core business is transport, not financial speculation

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