

## SERVICES

# UK capital faces battle for status

As shipping decision-makers move east, London will have to fight to maintain its role as the top shipping services centre

Julian Bray **London**

London can expect a battle in coming decades to retain its position as the world's leading centre for shipping services in the face of more of the industry's decision-makers following trade east to Asia.

Results of a debate held as part of London International Shipping Week revealed that whereas people believe the City retains leadership today, it risks losing market share to other rival centres by the middle of the century.

Opinion among delegates during the debate swung towards London losing its "pre-eminent" status, although a majority still felt London would remain top.

Four influential voices — two London personalities and two of

Asia's key shipping figures — were brought together by The Standard Club to argue over the motion: This house believes that London will continue to be the world's pre-eminent shipping service centre in 2050.

Supporting the motion, Inga Beale, Lloyd's of London chief executive, underlined London's current status, insuring more than 20% of the world fleet, and 40% of chartering.

"Lloyd's of London has led the world in innovation," and intends to spend \$250m on systems in the next five years, said Lloyd's first woman boss in its 327-year history. "London has that unique blend of maritime services... the cluster effect of London is growing."

Clarkson Research non-executive president, Martin Stopford

added: "In London we like to muddle through. For 300 years we've muddled through, and now in place of our old heavy industry we have built a world-class business service sector.

"If you want to go somewhere for a fair deal in shipping, you come to London.

In a video message for the debate, London mayor Boris Johnson offered his typically robust expectations of London's continued strength, especially in insurance.

However, Sabrina Chao and Esben Poulsson argued London faces an unstoppable shift in trade and the continued rise of Asian cities.

Chao, chairman of Hong Kong's Wah Kwong Maritime Holdings, admitted it was an impossible task to forecast out to 2050.

"The only thing we can say for

certain is that the world will be a very different place. London will definitely lose its title long before that."

Poulsson, president of the Singapore Shipping Association and a director of several shipping firms added: "Shipowners are essential as the 'honey pot' around which everything hangs, and that is what will make Singapore and Hong Kong stronger and stronger."

London's decline as a centre of ship finance had been highlighted by the plans of Royal Bank of Scotland (RBS) and Lloyd's Bank to pull out of the sector, Chao added. "Even the French have more ship finance these days," she quipped to laughter.

Stopford counter-argued London's banking sector was merely "resting" in the wake of the finan-

cial crisis, and would progressively return in due course.

All agreed London's historic strength in maritime law would continue, although competitive pressures are growing.

"The legal systems in Hong Kong and Singapore are catching up and are increasingly able to do things quicker, cheaper and more efficiently," said Poulsson.

Insurance would likely remain one of London's key strengths, the participants agreed.

Poulsson concluded the future commercial landscape is likely to be more nuanced than has been the case in the past century.

"I personally feel there isn't going to be one dominant shipping services centre, but four or five centres worldwide with at least two in Asia," he said.



► **INDUSTRY STALWARTS:** (From left) Esben Poulsson, president, Singapore Shipping Association; Sabrina Chao, chairman, Wah Kwong Maritime Transport Holdings; Martin Stopford, non-executive president, Clarkson Research Services; Jeremy Grose, chief executive, The Standard Club; and Inga Beale, chief executive, Lloyd's of London.

Photo: JULIAN BRAY

## UK MARITIME GROWTH STUDY

## Onus on industry to 'adapt, improve and change'

Gary Dixon **London**

The words of John F Kennedy may have sprung to the minds of some members of the UK shipping community after the launch of the industry-backed Maritime Growth Study this week.

A strong emphasis on self-promotion and a lack of concrete funding proposals could be neatly summarised by the famous line "Ask not what your country can do for you, ask what you can do for your country".

UK transport minister Robert Goodwill said the UK was a leader in maritime services but he acknowledged it is facing increased competition from Singapore, Hong Kong and Cyprus, among others.

The study makes it clear the government sees the solution lying in the maritime sector being willing to "adapt, improve and change", rather than in throwing money at the problem.

The study, led by Lord Mountevans, the outgoing chairman of industry body Maritime UK, highlights how the industry contributes at least £11bn (\$16.8bn) annually to the UK economy.

Recommendations include the creation of a single industry body to promote the UK maritime sector to international markets and a new stand-alone unit within the Maritime and Coastguard Agency (MCA) to focus on attracting more ships to register under the UK flag. Government and industry will

also develop a joint strategy to identify skills gaps and increase apprenticeships in the UK maritime sector.

Goodwill said the study contained "important recommendations on how we can keep ahead".

He added: "Government will consider these recommendations closely and where we need to act, we will, mark my words."

A departmental working group has already been set up to drive forward new initiatives.

Goodwill told TradeWinds that customer service is key to luring vessels back to the UK register.

"I think we need to call them customers now, not clients or whatever else we call them," he said.

"The UK tonnage tax is a no-brainer but we need to up our game to get ships back to the UK register.

"We have to consider how we provide inspections, for example, working with owners to arrange times convenient for them all around the world, with the help of class societies.

"Responsible owners aren't changing flags to move dodgy ships to flags of convenience, they're moving for the services.

"There will be no compromises on safety and we have to remind people that with the UK, they will have the British navy behind them in the Gulf of Aden and other areas."

Industry body Maritime UK has already "warmly welcomed" the report. "The report rightly recognises that the UK maritime sector is already world class in many areas," it said.

But it also recognises the UK faces more competition from other maritime centres than ever before.

It believes successful delivery of the recommendations will be key to driving growth.

Regarding the creation of a single body to represent UK interests, it says the report was a call "for a significant further development" of its efforts to support the promotion of the industry.



► **MARITIME ROUNDTABLE:** Ministers and maritime leaders gathered in Downing Street for the launch.

Photo: LISW

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