

The Standard Club debate at London International Shipping Week reveals that the winds of change are blowing



As sponsors of London International Shipping Week, The Standard Club hosted a complimentary breakfast debate 'London – the global shipping service centre in 2050?' on 9 September 2015.

The debate comprised arguments 'for' and 'against' the motion, and featured key figures in the industry as participants, followed by a vote from the audience to canvas views on London's future position in the shipping services market.

Chairing the debate was Julian Bray, Editor-in-Chief of *Tradewinds*.

Martin Stopford, who is both a non-executive President at Clarkson Research Services and a British economist, and Inga Beale, CEO of Lloyd's of London, represented the campaign 'for' London being the global shipping service centre in 2050, whilst Sabrina Chao, Chairman of Wah Kwong Maritime Transport Holdings Ltd, and Esben Poulsson, President of the Singapore Shipping Association, represented the 'against' campaign.

There was also a video address from Boris Johnson, MP, Mayor of London, in support of the motion.

Johnson argued that one in five ships globally is insured in London and that the city leads the world in its insurance expertise. He succinctly summarised by saying: "When your ship runs into trouble, you want to be insured in London." Johnson's call in support of London was further developed by the team 'for' the motion, who posited

that London would continue to be the pre-eminent centre of shipping services because of its ability to adapt and innovate in modern business.

Nobody would question that London currently has a wealth of maritime expertise and leads the world in hull insurance, and that it is often *English* law that is applied in shipping and commerce contracts worldwide. The 'for' argument contended that since the UK maritime service industry has weathered many changes over the years and continues to excel and lead the world, this resilience would secure its future as the leading global shipping service centre.

The audience, who comprised representatives from the global shipping industry, was asked to vote on the motion at the beginning and end of the session. At the first vote, there was clear support for London with an overwhelming 90% of the audience voting 'yes' in favour of London remaining as the global shipping service centre in 2050. However, after the panel debate, 34% voted 'no' to the motion.

This swing in opinion may have been due to the strong arguments advanced by the opposition, who contended that London is reducing in significance at the same time as Asia is growing.



The opposition pointed to the fact that London is no longer the finance capital for shipping, with few London banks now providing shipping finance. They also argued that the service providers of the future will locate near to shipowners, since London no longer provides a competitive tax environment for shipowners and ship brokers. Ship ownership is already relatively low in the London market, with many companies moving East.

The opposition further bolstered its arguments by highlighting the fact that both Hong Kong and Singapore are catching up with London as preferred seats of arbitration and dispute resolution, with both enjoying speed, economy and efficiency in dispute resolution, stemming from a burgeoning and vibrant maritime legal community in Asia. They summarised

by arguing that, in the future, there will not be one global centre for shipping, but three or four of which at least two or three will be based in Asia.

Jeremy Grose, Chief Executive, concluded the debate by saying:

“London is currently the pre-eminent global shipping service centre. However, it is clear that the winds of change are blowing. The Asian shipping centres are growing and with more of the world’s fleet controlled from there, it is clear that London needs to continue to support its maritime services industries if it is to remain a major player.”

If you have any questions about the event, please email: standardclubevents@ctplc.com.

