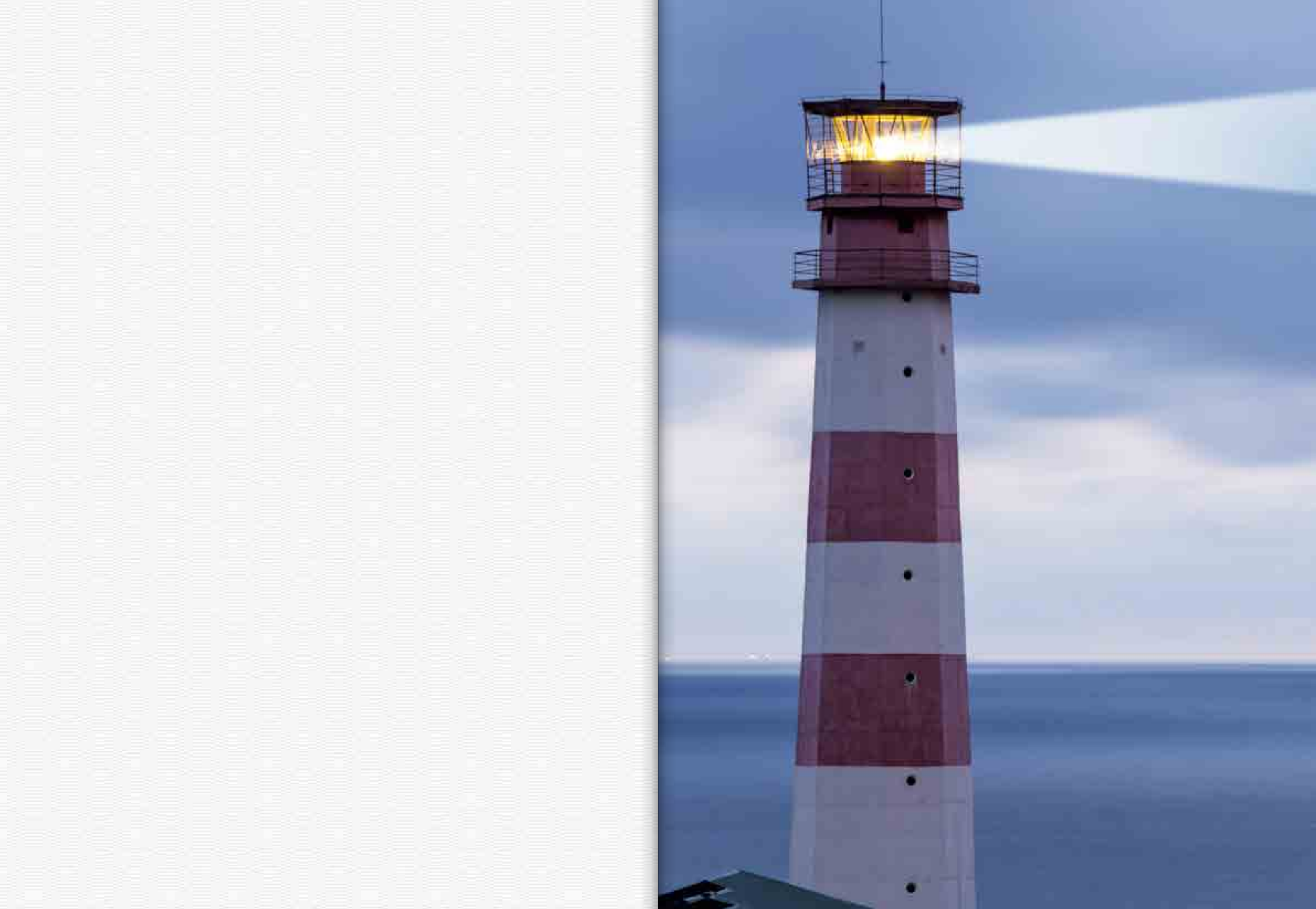




UNION OF GREEK SHIPOWNERS

ANNUAL REPORT **2018-2019**





During the last twelve months, the challenges for shipping have been continuous and varied: geopolitical developments with trade wars between major states and increasing protectionist tendencies, limited sources of ship financing and, above all, great political pressure on the environmental performance of ships which is disproportionate, in fact, in comparison to the environmental footprint of the industry.

In order to address these challenges effectively, the shipping industry requires a stable level playing field internationally in respect of both commercial competition and environmental regulations. The aim should be the achievement of better regulation and this is a prime and major challenge for maritime policy makers.

In these circumstances, Greek shipping has remained a reliable strategic provider of quality maritime transport services for its trading partners, both state and private, accounting for 53% of the European Union fleet and approximately 21% of the world fleet in dwt.

The Union of Greek Shipowners (UGS) has continued to be at the forefront of developments, leading them at times, always guided by the long-standing and hands-on maritime know-how and the overall benefits, thus serving its institutional role. In particular, the UGS was among the first to highlight the challenges of the global 0.5% sulphur limit on marine fuels as well as the special features and needs of bulk / tramp shipping in the context of the discussions on CO₂ emissions reductions from shipping and will continue to constructively contribute to the important ongoing work at the United Nations International Maritime Organization (UN IMO) and elsewhere.

In particular, in the field of new marine fuels, although 2020 is very close, the international shipping industry and international trade are entering a new era without any assurance that safe compliant fuels will be available in the required quantities worldwide. It is encouraging, at least, that commercial interests have not overridden the urgent and genuine concerns about the safety and liability issues related to 0.5% sulphur marine fuels and that the UN IMO has finally fully recognised that the responsibility for providing safe compliant fuels lies with the bunker fuel supply chain.

At a national level, Greek-owned shipping has, by its very nature, continued to be recognised as a national asset, above political parties. Maintaining its close ties with the country remains a common goal of both the State and shipowners. The prerequisite is that it must continue to be internationally competitive and therefore sustainable. In addition, the State can capitalise on the dynamics of deep-sea shipping and the maritime cluster as well as the economic and political circumstances in Europe to create a wider, business-friendly platform for

development that will significantly enhance Greece's position as an international maritime hub with strong prospects for boosting the added value for the economy.

Moreover, the revitalisation of the seamanship of our people remains a priority for the UGS, in order not to lose our national maritime capability and know-how. A prerequisite for this is the enhancement of the image of the seafaring profession, the improvement of the maritime training system and also the attraction of competent and suitably trained new staff to ships and companies. To achieve these goals the UGS has in hand a comprehensive action plan based on realistic proposals, which is at the disposal of the Greek State.

In this context, the Greek maritime workforce and its representatives are also called upon to take account of the globalised character of international shipping and of the principles of competitiveness which apply also to the maritime labour internationally in order to generate new jobs and to make the maritime profession a substantial vehicle for employment for the youth of our country.

Finally, a special mention must be given to the Greek Shipowners' Social Welfare Company "SYN-ENOSIS", which was born and has grown out of the heart of the Greek shipping family and makes it particularly proud due to its multidimensional collective welfare work. Last year, SYN-ENOSIS was called upon to assist in the extraordinary circumstances created by the lethal and destructive fires of the summer of 2018 by implementing a series of targeted actions.

Greek shipping's contribution to Greece is multifaceted, providing diverse opportunities which the State should utilise, capitalising on the country's important geopolitical position and its leading modern shipping capability, which is an integral element of its national identity and a defining characteristic of its people.

Theodore E. Veniamis

GREEK SHIPPING AND THE ECONOMY

The Strategic and Economic Role of Greek Shipping

The global economy started in 2018 on a positive note but, as industrial production decelerated, trade slowed and business confidence fell, the momentum lost steam. Global growth, which peaked at close to 4% in 2017, moderated to 3.6% in 2018 and is projected to decline further to 3.3% in 2019. With improvements expected in the second half of 2019, global economic growth in 2020 is projected to return to 3.6%.

Global trade growth decreased over the course of 2018 in volume terms, from 5.3% in 2017 to 3.8%¹. One reason behind this loss of momentum is the rise in global trade tensions. Some 27 cases were brought to the World Trade Organization (WTO) Dispute Settlement Mechanism (DSM), while the total number of active trade disputes has steadily been increasing in recent years². Tensions are exacerbated by the implementation of tariffs by major economies - especially the United States (U.S.) of America - and retaliatory measures taken by others, including China. The increasingly protectionist rhetoric on trade has meant higher uncertainty about trade policy, which weighs on future investment decisions. Concerns over escalation and retaliation could lower business investment, disrupt supply chains and slow productivity growth.

Global seaborne trade is estimated to have grown at a steady 4% rate in 2018³ (Figure 1). Growth prospects have been downgraded to 3% over the 2018-2020 period, while the growth rate of global merchandise trade volumes is set to decrease from 3.9% in 2018 to 3.7% in 2019⁴. Contingent on continued economic conditions in the global economy, activity in all segments of the shipping industry will continue to be marked by uncertainty, despite more positive projections for liquid and dry bulk commodity trades.

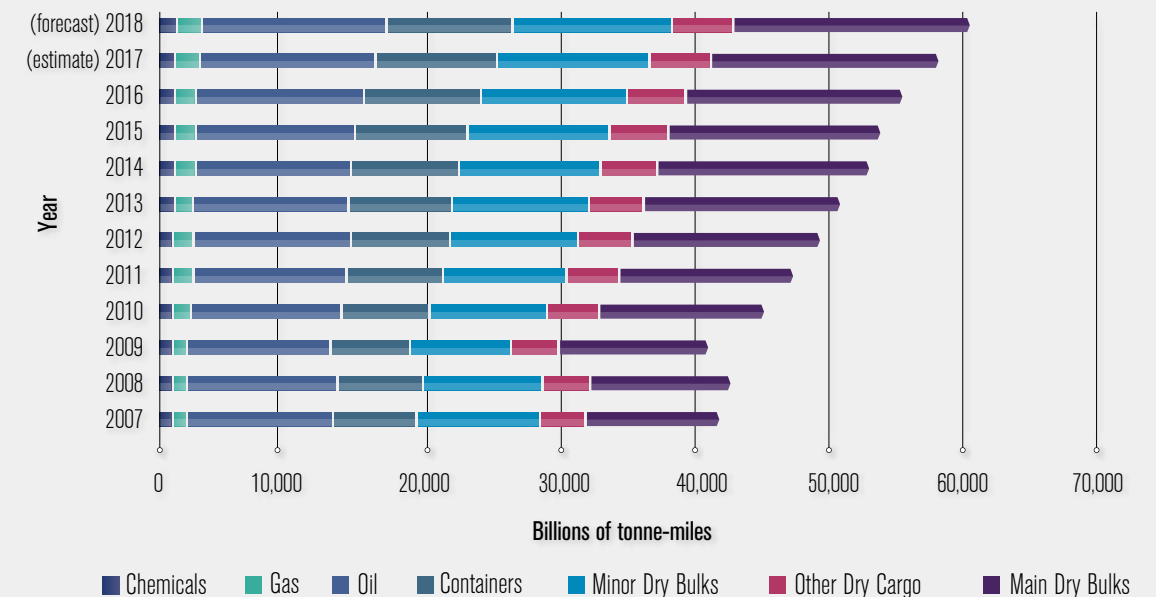
¹ United Nations, World Economic Situation and Prospects, 2019

² United Nations, World Economic Situation and Prospects, 2019

³ United Nations Conference on Trade and Development (UNCTAD), Review of Maritime Transport, 2018

⁴ World Trade Organization (WTO), WTO downgrades outlook for global trade as risks accumulate, Press release, 27 September 2018

FIGURE 1
EVOLUTION OF WORLD SEABORNE TRADE IN CARGO TONNE-MILES
(2007-2018)



Source: UNCTAD, Review of Maritime Transport, 2018

Global fleet growth in 2018 is estimated at about 1.5% compared to 2017⁵. While dry bulk commodities are projected to experience a compound annual growth rate of 4.9% between 2018 and 2023, the decrease of Chinese seaborne imports represents a challenging situation for several segments of the industry. In the dry bulk market, the shifting interest of Chinese steel mills from imported iron ore towards scrap metal is a major turning point. The trade war between the U.S. and its main trading partners, mainly China, casts further uncertainty in the agri-bulks segment.

Despite an overall healthy global oil demand, 2018 has been a very difficult year for oil tankers, with crude-oil tanker operators being particularly affected. After three years of profits, freight rates and fleet utilisation rates fell

to record low levels due to an excess in supply. The U.S. sanctions on Iran have contributed to the severity of the situation. Tanker trade volumes are projected to increase, although at a slightly slower pace⁶. For the tanker market to truly improve however, a lot will depend on demolition activity in 2019.

In the container market, after two busy years, demolition activity fell abruptly in 2018 hitting a 10-year low, causing fleet growth to exceed demand. The continued inflow of very large containerships in the Far East to Europe trade lane pushed freight rates down⁷. This gloomier economic outlook is compounded by rising protectionism, which adds another level of unpredictability to the container market.

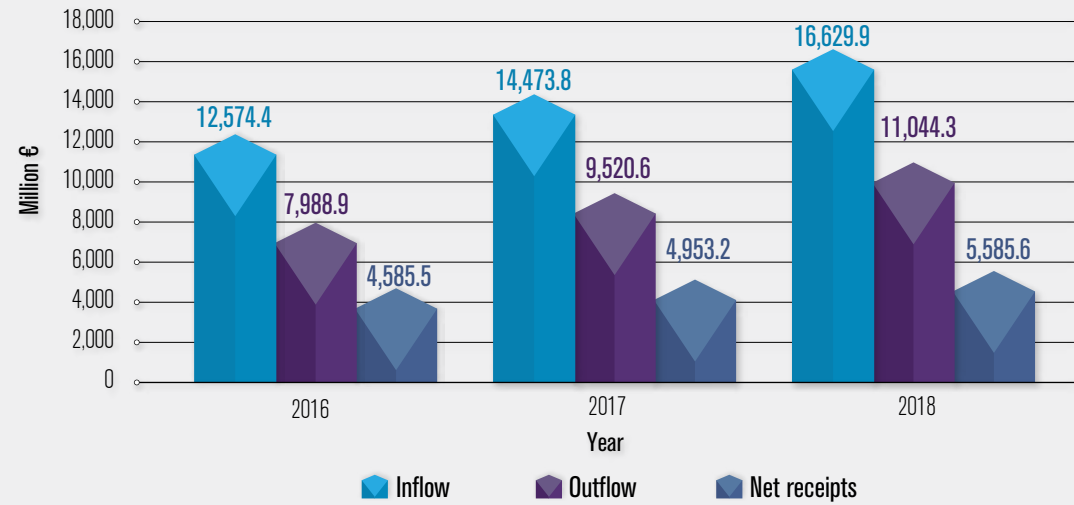
⁵ IHS Markit, World Shipping Encyclopaedia, January 2019

⁶ UNCTAD, Review of Maritime Transport, 2018

⁷ Drewry, Container Market Annual Review and Forecast 2018/19, October 2018

In 2018, Greece exited its European Stability Mechanism programme and some limited economic growth took hold, though significant vulnerabilities remain. Exports in 2018 grew by 15.7% to €33,417.9 million⁸. Industrial production picked up between 2015-2017, reaching a 4.5% growth rate in 2017 but slowed down again to 1% in 2018⁹. Confidence indicators have somewhat improved, with wages rising and private consumption slowly growing after prolonged stagnation. Nevertheless, unemployment and spare capacity remain high. The Gross Domestic Product (GDP) for 2018 in volume terms amounted to €190.8 billion compared with €187.2 billion for 2017, recording an increase of 1.9%¹⁰. Real GDP growth is forecast to reach 2.2% in 2019 and in 2020¹¹.

FIGURE 2
FOREIGN EXCHANGE EARNINGS OF GREECE FROM SHIPPING
(IN MILLION €)



Source: Bank of Greece, February 2019

Note: The figures of 2016 and 2017 have been adjusted by the Bank of Greece to reflect the changes introduced in the way the Bank of Greece now calculates the foreign exchange.

Despite an economic landscape offering few investment incentives, the receipts in the Services Balance of Payments from maritime transport are estimated at approximately €16,629 million for 2018¹². That is 14.89% more in relation to 2017 when the receipts were €14,473 (Figure 2).

The contribution of Greek shipping to the country is as important as it is diverse, going beyond the receipts in the Services Balance of Payments from maritime transport services. It ranges from indirect economic investments, to employment opportunities and to raising the profile of the country internationally by being an essential and strategic trade partner of major economic and political forces, with 22.5% and 20.3% of the Greek-owned fleet's activity being dedicated to the U.S. and the European trade respectively and with the greatest share of the Greek-owned fleet's activity, i.e. 31.8%, taking place in Asia serving the fast growing Asian economies¹³.

⁸ Hellenic Statistical Authority (ELSTAT), Imports-Exports 2018, Infographic, 7 February 2019 available at: <http://www.statistics.gr/documents/20181/15230103/infographic-imports-exports-en.pdf/57ef6c0f-d9dc-4f26-affe-836433f0d6f8?version=1.0>

⁹ Hellenic Statistical Authority (ELSTAT), Comparisons of the overall Industrial Production Index, February 2019

¹⁰ Hellenic Statistical Authority (ELSTAT), Quarterly National Accounts, March 2019

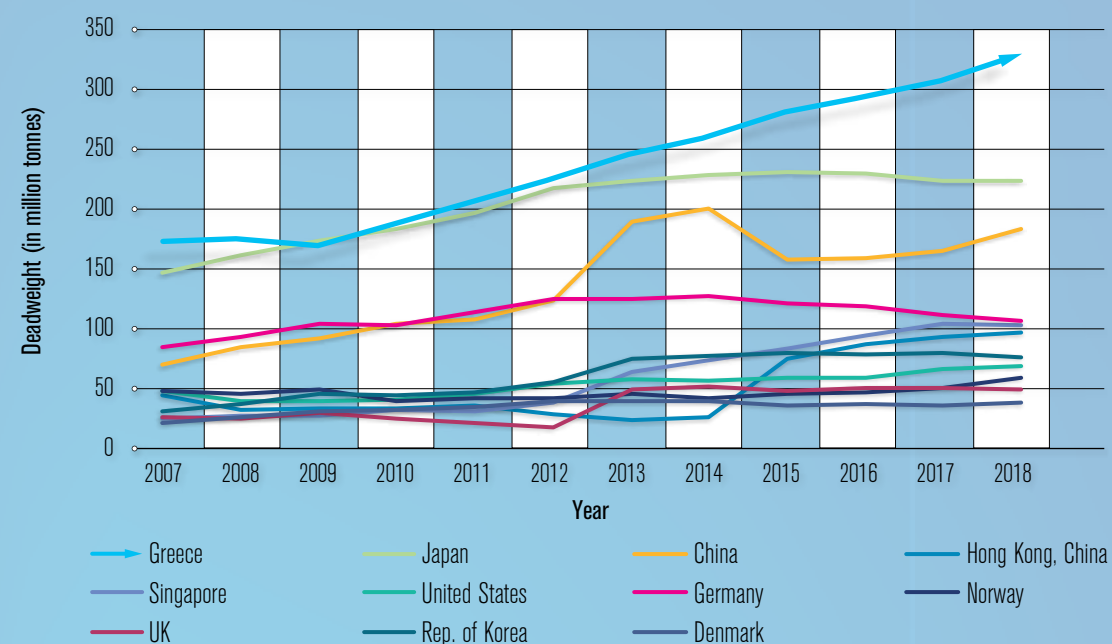
¹¹ European Commission, Winter Economic Forecast - Greece, 7 February 2019, available at: https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-performance-country/greece/economic-forecast-greece_en

¹² Bank of Greece, Press Release, Balance of Payments: December 2018, February 2019

¹³ Lloyd's List, Maritime Intelligence, 2016

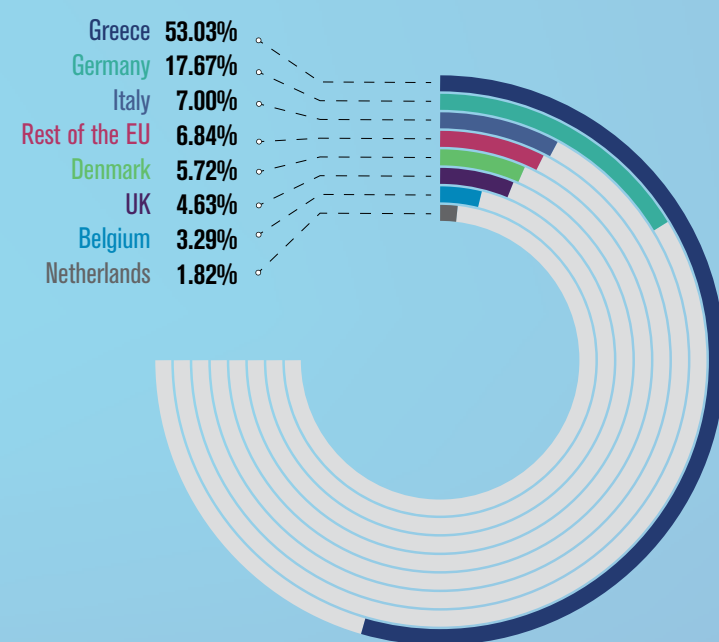


FIGURE 3
OWNERSHIP OF THE WORLD FLEET, 2007-2018
(IN DWT, SHIPS>1,000 GT)



Source: UNCTAD, Review of Maritime Transport, 2007-2018

FIGURE 4
OWNERSHIP OF THE EU MERCHANT FLEET
(IN DWT, SHIPS>1,000 GT)

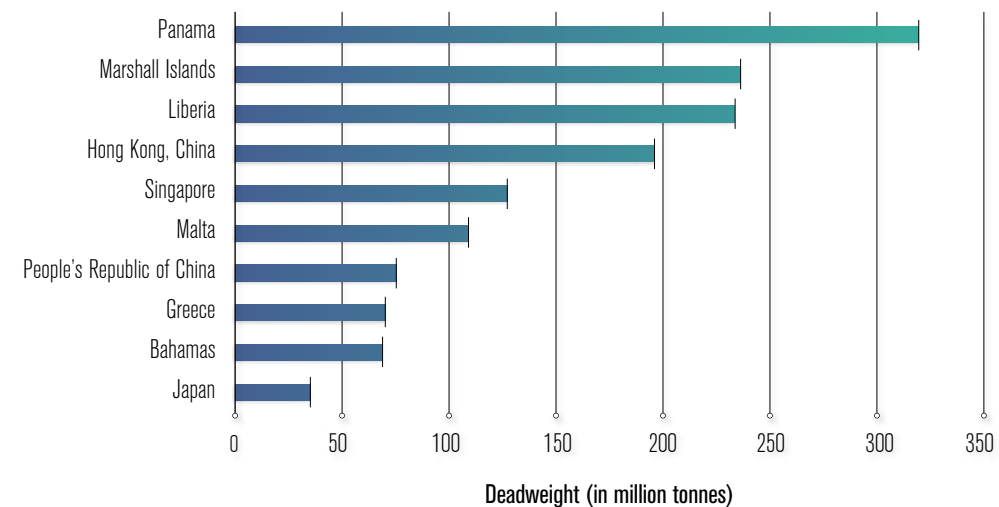


Source: European Commission, EU Transport in Figures, Statistical Pocketbook 2018

The numbers are indeed impressive; while Greece represents only 0.15% of the world population, Greek-owned ships represent almost 21% of the global tonnage. The Greek merchant fleet is the biggest fleet in the world, with 4,936 vessels (ships over 1,000 gt) of 389.69 million deadweight tonnes (dwt) - an increase of approximately 6.63% from the previous year. Greek shipowners more than doubled the carrying capacity of their fleet between 2007 and 2018 (Figure 3). The Greek-owned fleet represents 53% of the European Union (EU) fleet in dwt¹⁴ (Figure 4) and 20.9% of the world fleet in dwt¹⁵.

As such, Greek shipping's strategic role in serving global trade and especially in securing the extra-EU trade, including its energy supplies, is clearly manifested. More specifically, the EU imports 87% of its crude oil needs, 70% of its natural gas needs and 40% of its solid fossil fuels needs. With the energy security concerns on the rise, the Greek-owned fleet plays a crucial role in securing EU's diverse energy imports from remote regions of the world. Greek shipping's strategic importance becomes also obvious in light of the fact that the EU relies on international shipping for more than 75.5% of its external trade¹⁶.

FIGURE 5
TOP 10 MERCHANT FLEETS OF THE WORLD - BY REGISTRATION
(IN DWT, SHIPS>1,000 GT)



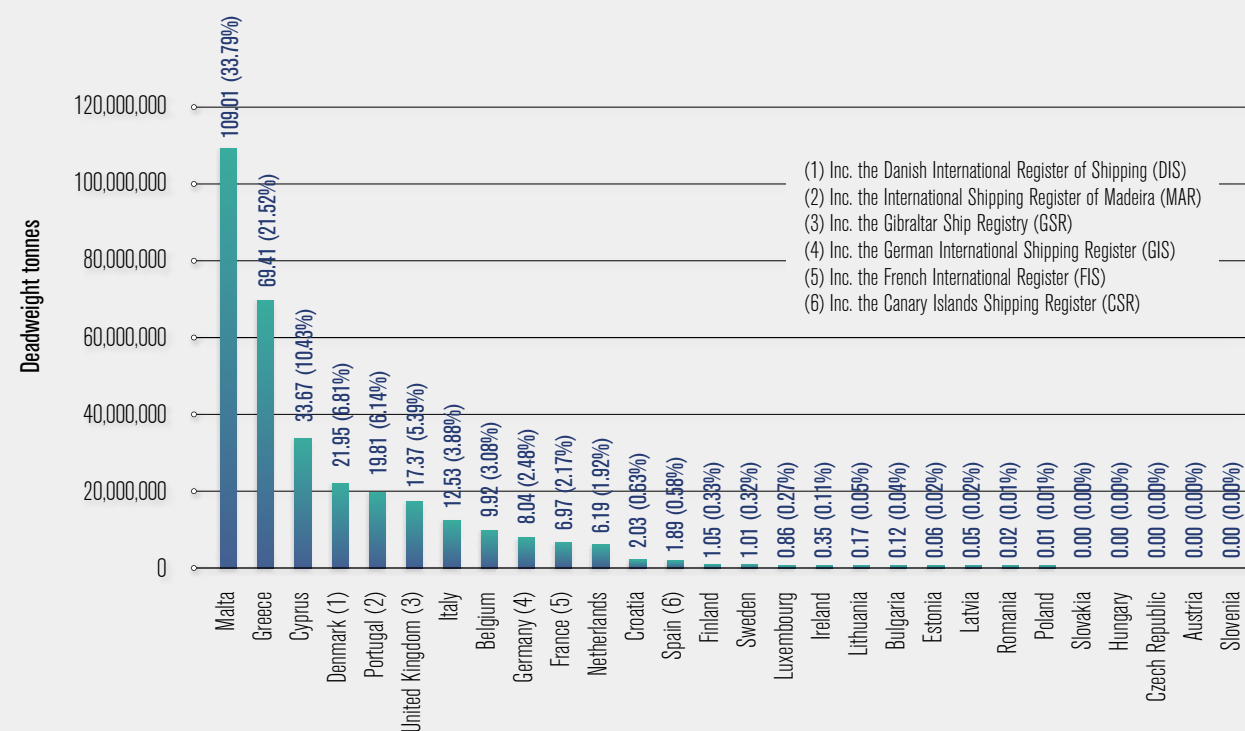
Source: IHS Markit, World Shipping Encyclopaedia, January 2019

¹⁴ European Commission, EU Transport in Figures, Statistical Pocketbook 2018

¹⁵ IHS Markit, World Shipping Encyclopaedia, January 2019

¹⁶ European Commission, EU Transport in Figures, Statistical Pocketbook 2018

FIGURE 6
MERCHANT FLEETS OF THE EU - BY FLAG
(IN DWT, SHIPS>1,000 GT)



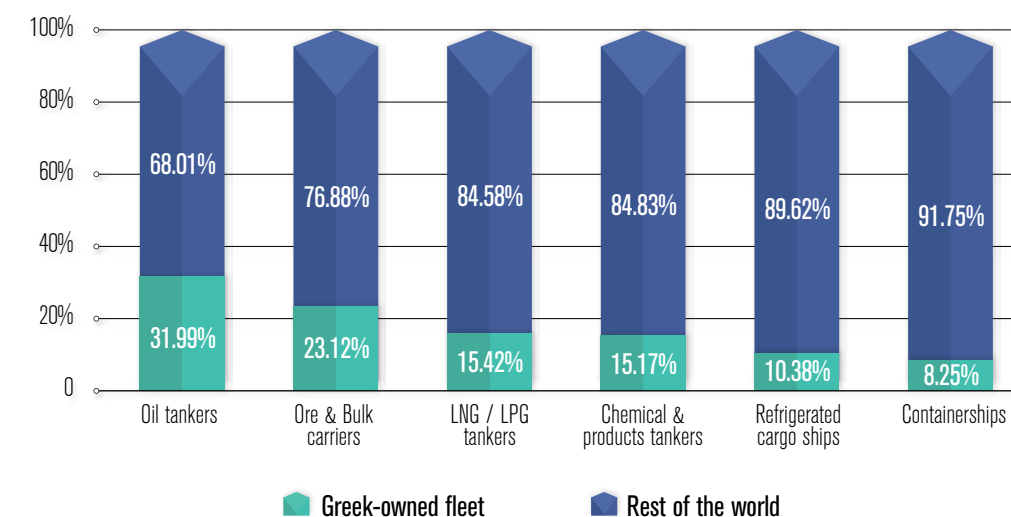
Source: IHS Markit, World Shipping Encyclopaedia, January 2019

The Greek Register accounts for 720 vessels (over 1,000 gt) amounting to 39.61 million gt. The Greek-flagged fleet ranks 8th internationally (Figure 5) and second in the EU (in terms of dwt) (Figure 6). Moreover, Greek shipowners control 31.99% of the world's crude oil tankers fleet, 23.12% of the world dry bulk carriers fleet and 15.17% of the world chemical and products tankers fleet (Figure 7)¹⁷.

Greek shipping is primarily involved in bulk / tramp shipping (Figure 8), which is an example of a sector with characteristics of perfect competition. Being served by entrepreneurs who mainly own small and medium-sized private companies, mostly family businesses, Greek shipping has great flexibility and adaptability to changing economic environments and can, thus, readily respond to changing trade patterns and flows effectively and efficiently.

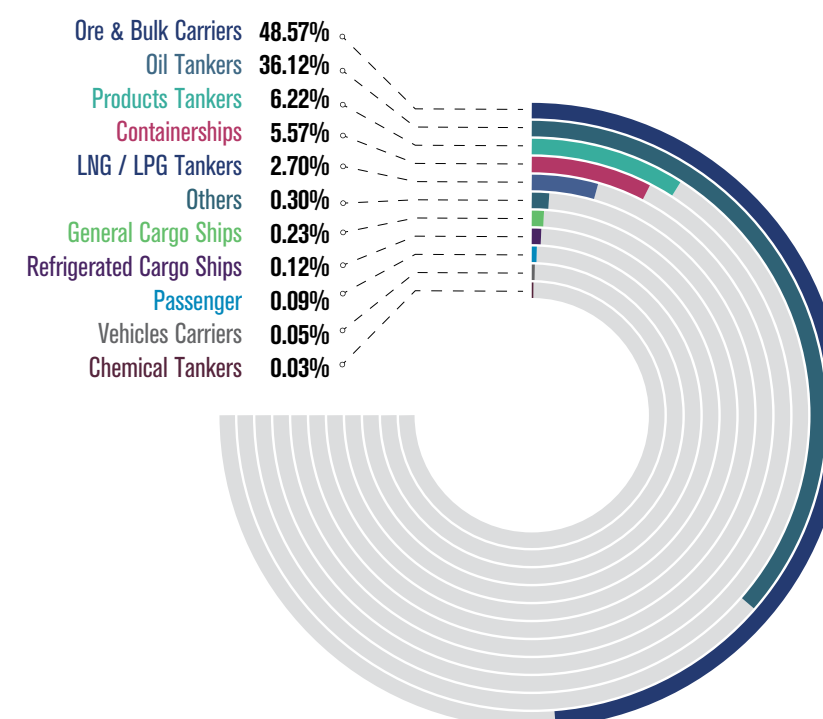
¹⁷ IHS Markit, World Shipping Encyclopaedia, January 2019

FIGURE 7
SHARE OF GREEK-OWNED FLEET IN WORLD FLEET - BY MAIN TYPES OF VESSEL
(IN DWT, SHIPS>1,000 GT)



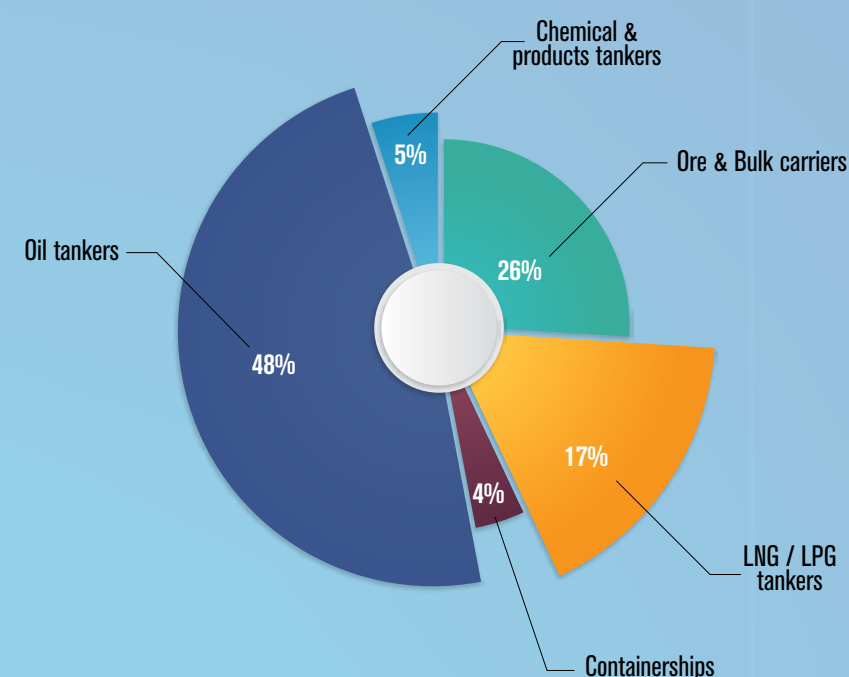
Source: IHS Markit, World Shipping Encyclopaedia, January 2019

FIGURE 8
SHIP TYPE ANALYSIS OF THE GREEK-OWNED FLEET
(IN DWT, SHIPS>1,000 GT)



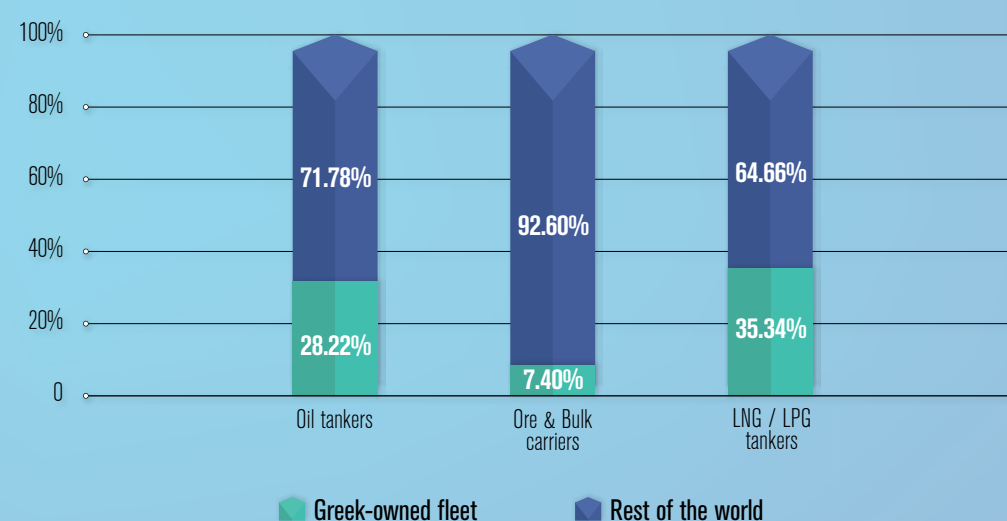
Source: IHS Markit, World Shipping Encyclopaedia, January 2019

FIGURE 9
ORDERBOOK OF GREEK-OWNED FLEET - SHIP TYPE ANALYSIS
 (IN DWT, SHIPS>1,000 GT)



Source: IHS Markit, World Shipping Encyclopaedia, January 2019

FIGURE 10
WORLD ORDERBOOK - BY MAIN SHIP TYPE
 (IN DWT, SHIPS>1,000 GT)



Source: IHS Markit, World Shipping Encyclopaedia, January 2019

Newbuilding orders by Greek interests amounted to 223 vessels (over 1,000 gt), representing 25.03 million dwt of diverse ship types (Figure 9) from a total of 2,578 orders of 189.78 million dwt at the beginning of 2019¹⁸.

Of these vessels, 139 are tankers corresponding to 31.86% of tankers world tonnage (dwt) on order, which include 51 LNG / LPG tankers amounting to 35.34% of world tonnage (dwt) on order of this type, as well as 26 chemical / products tankers corresponding to 10.72% of world tonnage (dwt) on order. The Greek orderbook also includes 71 dry bulk carriers corresponding to 7.40% of world tonnage (dwt) on order and 13 containerships corresponding to 3.24% of world tonnage (dwt) on order (Figure 10). Greek shipowners scrapped 36 ships totalling 2,276,131 dwt or 10.12% of global demolition activity in terms of dwt¹⁹.

The average age of the Greek-flagged fleet is 14.33 years and that of the Greek-owned fleet 11.74 years, whilst the average age of the world fleet is 15.2 years²⁰. Greece remains on the UN IMO "List of confirmed Standards of

Training, Certification and Watchkeeping for Seafarers (STCW) Parties" and on the White Lists of the Paris and the Tokyo Memorandum of Understanding, while it is one of the safest fleets worldwide with 0.43% of the fleet and 0.11% of total tonnage being involved in minor accidents²¹.

The prospects for 2019 look relatively healthy. Both global GDP and global trade are expected to grow, albeit at a slower pace than 2018. World seaborne trade is projected to expand at a compound annual growth rate of 3.8% between 2018 and 2023. The extensive demolition activity seen in 2018 will most probably not be repeated in 2019. However, trade disputes and shipping-related regulatory trends will continue to feed uncertainty in the shipping market. Other geopolitical developments will also affect the shipping market's outlook for the years to come: Brexit stands to disrupt seaborne trade flows in Northern Europe while, as China moves up the global value chain, transforming from the world's factory to a consumption country, new trading opportunities are opening up for other South-East Asian countries. This in turn is expected to shift global trade patterns.

Greek shipping is a major Greek and EU export industry of strategic importance.

¹⁸ IHS Markit, World Shipping Encyclopaedia, January 2019

¹⁹ IHS Markit, World Shipping Encyclopaedia, January 2019

²⁰ IHS Markit, World Shipping Encyclopaedia, January 2019

²¹ Hellenic Statistical Authority (ELSTAT), Maritime accidents on Greek merchant ships of 100 GRT and over and persons injured on board of ships and in areas of port authorities: 2018, 28 March 2019, available at: https://www.statistics.gr/en/statistics?p_id=documents_WAR_publicationsportlet_INSTANCE_qDQ8fBKko4IN&p_p_lifecycle=2&p_p_state=normal&p_p_mode=view&p_p_cacheability=cacheLevelPage&p_p_col_id=column-2&p_p_col_count=4&p_p_col_pos=1&documents_WAR_publicationsportlet_INSTANCE_qDQ8fBKko4IN_javax.faces.resource=document&documents_WAR_publicationsportlet_INSTANCE_qDQ8fBKko4IN_in=downloadResources&documents_WAR_publicationsportlet_INSTANCE_qDQ8fBKko4IN_documentID=361766&documents_WAR_publicationsportlet_INSTANCE_qDQ8fBKko4IN_locale=en



SHIPPING POLICY

Global Competitiveness of EU Shipping and Strategic Importance

The strategic importance of EU shipping, and in particular of deep-sea shipping, has been highlighted in a number of studies²² through the years. The EU relies on international shipping for its vital import and export trade and shipping companies constitute the backbone of the EU maritime cluster.

As long as there is a strong presence of shipping companies in the EU, the biggest part of value created will continue to reside in Europe - even though important shipping centers and almost the totality of shipbuilding are now located in the Far East. Therefore, the presence, development and viability of EU ancillary shipping industries and, by extension, of employment opportunities and retention of skills and expertise, are directly linked with the existence of a competitive EU shipping.

The year 2019 is a period of political developments in the EU. The election of the new members of the European Parliament and the formation of the new European Commission mark the beginning of a new 5-year period during which the EU institutions should deliberate on crucial issues pertaining also to the shipping industry and its competitiveness. Comprehensive policies should be adopted in the context of a holistic and targeted approach by cutting across policy fields like transport, taxation, environment, etc., thereby covering the key parameters that affect competitiveness.

²² -Oxford Economics, The Economic Value of the EU Shipping Industry, February 2017
 -Monitor Deloitte, EU Shipping Competitiveness Study, International Benchmark Analysis, February 2017



The UGS firmly believes that it is of key interest to the EU to achieve and maintain stable, effective and globally competitive conditions for the EU shipping industry. The continuation of the existing fiscal and social framework as allowed under the EU's State Aid Guidelines for Maritime Transport (SAGs) enables a global level playing field for EU shipowners. As such, the SAGs are a *sine qua non* for the survival of EU shipping and must remain flexible and fit for purpose.

It is important to note that the largest share of EU shipping is international and cross-trading, carrying cargoes between third countries, doing business with trading partners outside the EU. Therefore, it is in need of globally oriented policies.

In addition, the EU should engage with and offer its contribution to the UN IMO, the sole global regulator of international shipping and avoid pre-empting the international regulatory process by adopting variant regional regulations that are ill-suited for an international sector. Undermining the UN IMO, undermines EU shipping.

EU shipping is of strategic significance and a strong shipping community is indispensable for the European maritime cluster and the EU economy at large.

Free Trade and Protectionism

Transportation is considered to be one of the four cornerstones of globalisation, along with communications, international standardisation and trade liberalisation²³. In this context, shipping has constituted one of the key facilitators of globalisation and international trade, thus being dependent on the WTO and its multilateral trading system.

However, the international shipping sector is facing today an upsurge of different types of protectionist trade measures, such as import tariffs and quotas, cargo reservation and discriminatory measures related to ports.

Protectionist measures, including retaliatory measures applied by major commercial competitors, have demonstrably a harmful impact on the local economies of those countries that implement them as well as wider negative impacts on the global economy and consequently on international sea trade.

Noting that WTO and its multilateral trading system has been recently subjected to criticism, potentially undermining its role as the regulator of international trade, the UGS believes that the current multilateral trading system should be further supported and strengthened by adapting it to the current and future needs of trade. Hence, governments should carefully consider to what extent there is a need of an institutional reform of the WTO and they should get constructively involved in any such reform process. The UGS also supports the resumption of the plurilateral negotiations as regards the conclusion of an agreement on maritime services, as well as any other initiative with the final aim of incorporating maritime services in a future amendment process of the General Agreement on Trade in Services (GATS).

In addition, the efforts of the European Commission in the context of the EU External Trade Policy should be further encouraged. In this framework, plurilateral negotiations (i.e. Trade in Services Agreement - TiSA) or negotiations with blocks of countries, such as Mercosur and negotiations for the conclusion of Free Trade Agreements (FTAs) between EU and its important trade partners should also be intensified. A positive outcome of such negotiations would provide benefits to the international trade and shipping sector, such as unrestricted access to overseas markets.

Lastly, with regard to the transatlantic trade dialogue, the EU and the U.S. should continue the negotiations in order to identify areas of cooperation. Both should reaffirm their commitments to uphold free and open markets and ensure that bilateral relations are conducted in a fair, respectful, balanced and mutually beneficial manner.

²³ Organisation for Economic Co-operation and Development (OECD), The impacts of Globalisation on International Maritime Transport Activity, November 2018



Governments should continue to fully support the principles of free trade and trade liberalisation and safeguard an internationally agreed regulatory framework for shipping that should be transparent, objective and non-discriminatory.

Administrative Simplification

Administrative simplification is currently high on the political and policy agenda in most countries, particularly in the EU. Shipping is confronted with heavy administrative procedures and reporting requirements, in contrast to land-based transport modes which do not face such burdensome requirements.

The agreement, in April 2019, between the European Parliament, the European Commission and the Presidency of the EU Council on the legislative proposal establishing a European Maritime Single Window environment (EMSWe) should be considered as an important step towards reducing administrative burden and increasing the attractiveness of the maritime transport. The new Regulation provides for a harmonised environment based on the application of the “reporting-only-once” principle and establishes a “one-stop” shop for both the reporting formalities and all other services rendered to stakeholders in the logistics chain.

A respective EU Customs Single Window environment should also be developed and be fully aligned with the EMSWe for the provision of a more harmonised and simplified / digitalised administrative process when vessels enter EU ports.

In this context, the outstanding issue of the simplification of port and customs formalities should be further looked into. Critical issues, such as Pilotage Exemption Certificates (PECs) and pilotage and towage exemptions, pertaining to vessels providing non-scheduled, but frequent, Short Sea Shipping (SSS) services should also be considered.

It is necessary to reduce the administrative burden on ships and to facilitate the use of digital information with the aim of improving the efficiency, competitiveness and sustainability of the maritime transport.

Digitalisation: the challenges and opportunities of new technologies

New technologies, such as Blockchain, Artificial Intelligence and the Internet of Things, rapidly pervade many sectors of the economy. As the shipping industry adapts to new technological solutions, new opportunities emerge together with many challenges. Applications, such as autonomous and even unmanned vessels, that have become a distinct future possibility for certain segments of the shipping industry, particularly coastal and short sea shipping, should be carefully considered. Numerous technical challenges, ranging from safety and cybersecurity considerations to environmental and social implications, will have to be addressed. Moreover, the introduction of autonomous and unmanned vessels would require an extensive and comprehensive review of global, regional and national legislation.

For these reasons, the UGS supports the UN IMO's ongoing scoping exercise regarding the impact the introduction of Maritime Autonomous Surface Ships (MASS) may have on existing UN IMO Conventions and regulatory instruments. It is of paramount importance that any future UN IMO legislation regarding the safe, secure and environmentally sound operation of MASS carefully factors in the needs and special characteristics of the international shipping industry.

Numerous issues should be resolved before the uptake and expansion of MASS. Any future UN IMO Regulation for the introduction of MASS should carefully factor in the needs and special characteristics of the international shipping industry.



Social Aspects

The shipping industry is concerned about the growing global gap between the supply and demand of officers which is projected to increase in the coming years. For the industry to maintain the desired knowledge and know-how, it is vital to ensure the adequate supply of skilled seafarers in the future. At a European level, the UGS actively participates as a member of the European Community Shipowners' Associations (ECSA) in the ongoing dialogue with its social partner, the European Transport Workers' Federation (ETF), pursuing ways to promote the attractiveness of the seafaring profession to younger generations.

In this context, the SkillSea project, a 4-year project co-funded by the European Commission and carried out by a consortium consisting of the European maritime social partners (i.e. ECSA and ETF), maritime education providers and relevant stakeholders, commenced in January 2019. The SkillSea project, aims to match education with the demands of the industry, promote cooperation between educational providers, competent authorities and the industry and anticipate future needs for skills. The UGS supports the SkillSea project and participates also in its advisory board.

Notwithstanding the above, the UGS strongly believes that the seafarers' standards of education and competence, as well as their certification, should continue to be regulated globally. The implementation of local standards should be avoided, as they undermine the global level playing field established by the STCW 1978 of the UN IMO.

In this connection, the UGS upholds the International Chamber of Shipping's (ICS) call for updating the UN IMO STCW as soon as feasible, in order for new technological trends and other developments to be factored in.

The UGS welcomes the widespread ratification of the Maritime Labour Convention (MLC 2006 with 93 ratifications in June 2019), as well as the International Labour Organization's (ILO) ratification campaign, which aims for the MLC to reach the symbolic number of 100 ratifications in 2019, which coincides with ILO's 100th anniversary. The MLC 2006 ensures decent working and living standards for all seafarers as well as fair competition and a level playing field for the shipping industry. It constitutes a unique instrument of global application in that it was adopted with the agreement of governments, employers and workers' representatives and reflects the special characteristics of both the seafaring profession and the international shipping industry.

The MLC 2006 constitutes a unique instrument of global application reflecting the special characteristics of both the seafaring profession and the international shipping industry.

A large white ship, likely a container ship, is shown from a high-angle perspective, sailing on a deep blue ocean. The ship's white hull and upper decks are prominent, with various railings and structures visible. The ship is moving towards the horizon, leaving a white wake behind it. The sky is a clear, vibrant blue with scattered white clouds. The overall scene conveys a sense of maritime travel and environmental awareness.

MARITIME SAFETY AND PROTECTION OF THE ENVIRONMENT

Greenhouse Gas (GHG) Emissions Reduction from Ships

The global shipping industry is fully committed to reducing its carbon intensity by at least 40% by 2030, pursuing efforts towards 70% by 2050, compared to 2008, and to reduce overall GHG emissions by at least 50% by 2050, compared to 2008, according to the agreed UN IMO Initial Strategy. Its adoption in April 2018 provides the framework and time schedule for the development of concrete short-term measures as well as of candidate mid-term to long-term measures to achieve its targets. The UN IMO Member States are actively engaged in an informed discussion that includes impact assessment of measures on states' economies, which may include their shipping industry, towards appropriately achieving the agreed strategic ambitions and towards eventually decarbonising the shipping industry this century.

The 5th session of the UN IMO Intersessional Working Group on the Reduction of GHG Emissions from Ships (ISWG - GHG 5) and the UN IMO Marine Environment Protection Committee (MEPC 74) in May 2019 finalised the impact assessment methodology and considered detailed proposals for specific carbon reduction measures. In this context, the UGS is fully committed and supports the efforts by the ICS and other international shipping organisations, which work intensively in good faith at the UN IMO along with UN IMO Member States, to develop feasible and workable short and medium-term measures, such as tightening of the Energy Efficiency Design Index (EEDI) and strengthening the Ship Energy Efficiency Management Plan (super SEEMP).

In addition, the UGS firmly supports the submission of Greece to the UN IMO ISWG - GHG 5, which makes proposals that can be used as criteria for the selection of short-term measures that are appropriate for bulk / tramp shipping too and a methodology which, building upon the industry's proposal, would facilitate the further strengthening of the SEEMP through prescriptive measures. Such prescriptive measures should oblige charterers, who are usually ultimately responsible for ships' commercial operation (responsible for the type and quantities of cargo, for the vessels' service speed and for purchasing bunker fuels), to abide by the UN IMO's relevant strategic targets. The UGS has welcomed the inclusion of both proposals in the list of short-term measures to be further considered and evaluated by UN IMO's competent bodies taking into account in particular that an exclusively goal-based approach which includes mandatory operational efficiency indexing of companies or individual ships is totally inappropriate and unworkable for bulk / tramp shipping.

In any case, the new environmental rules should be based on sound technical expertise, be workable and apply globally in order to successfully implement the UN IMO's GHG strategy, while safe, energy dense, low carbon or fossil-free fuels are required to be globally available to the international shipping if its absolute GHG emissions reductions are to remain on the envisaged pathway. New breakthrough propulsion technologies are also required and must be properly tested and suitable for vessels spending long periods of time at sea.

These fuels and technologies must be provided by the relevant stakeholders and the shipping industry has called for the necessary Research & Development (R&D) to be advanced under the auspices of the UN IMO.

The UGS supports prioritising short-term measures of prescriptive character that can achieve significant carbon intensity reductions even before 2023.

New 0.5% Global Sulphur Cap on Marine Fuels

January 1st, 2020 marks the entry into force of the new UN IMO sulphur cap requiring all ships to use fuel oil with a sulphur content of no more than 0.5%, while there is no guarantee that adequate low sulphur fuel will be available worldwide.

The application from 1.3.2020 by the UN IMO of a carriage ban of non-compliant fuels on board ships will pose additional uncertainties and further challenges. The objective of the 2020 global low sulphur mandate is for all ships to use low sulphur marine fuels in the interest of reducing air pollution and protecting human health. However, shipowners may exceptionally comply by installing Exhaust Gas Cleaning Systems (EGCSs) to clean exhaust gases before they are released into the atmosphere, while discharging sulphur and other residues into the sea. However, should this "equivalent exception", which is now being scrutinised by the UN IMO, be allowed to become the rule, the intention of the regulation and the overall environmental benefit would be seriously undermined.

Apart from the uncertainty about availability of compliant fuel in sufficient quantities worldwide, there are also doubts as to whether the low sulphur fuel produced will also meet the specified safety standards, as required by the UN IMO International Convention for the Safety of Life at Sea (SOLAS). Ship operators need to have assurances that each load of bunker fuel adheres to the SOLAS safety specifications in order not to jeopardise the safety of ships, their crews and the protection of the environment. It is, therefore, necessary to appropriately address all these availability, safety and operational implications that the 2020 global low sulphur mandate presents, and especially the safety and compatibility issues pertaining to blended fuels.



It is also important that flag states and port state control authorities deal practically and fairly with vessels experiencing technical or operational problems due to reasons beyond their control in the initial period following the implementation of the 2020 low sulphur requirements and to deal in a pragmatic way with the huge problem of a ship having to off-load non-compliant fuel - once it is tested and found to be non-compliant - which was loaded inadvertently. During this challenging transitional period and beyond, ship operators and crews should not be held disproportionately responsible for the safety and environmental consequences of the provision of unsafe or unsuitable fuels. In this respect, the responsibilities of oil companies, refiners and bunker suppliers for the provision of fuels that

are "on-spec", safe and fit-for-use and available worldwide should be appropriately stressed.

MEPC 74 in May 2019 made progress towards a robust data collection system and feedback mechanism on fuel oil quality and availability, adopted the revised template on the Fuel Oil Non-Availability Report (FONAR) in the 2019 Guidelines for consistent implementation of the 0.5% sulphur cap on marine fuels in the light of operational and safety considerations and gave due consideration to a pragmatic approach by port and flag states of vessels' non-compliance due to reasons beyond their control. If significant problems are detected, corrective measures should be taken as necessary, based on reports related to non-availability of compliant fuels and

fuel quality issues to be submitted to MEPC 75 in Spring 2020. MEPC 74 also embraced the proposal for inclusion of a new output in the Committee's work programme on evaluation and harmonisation of rules and guidance on the discharges of EGCSs into waters and potentially the assessment of the overall "equivalency" of these systems.

In addition, the UN IMO Maritime Safety Committee (MSC 101) in June 2019 decided to establish and implement an appropriate Action Plan to deal with all the critical parameters affecting fuel oil safety, including those related with blended fuels, taking into account in all cases the latest edition of industry standards (e.g. ISO 8217:2017 and ISO/PAS when available). It also unambiguously acknowledged the responsibility of fuel oil suppliers for the provision of safe fuels, including in the action plan mandatory requirements for suppliers' confirmation that each actual fuel batch delivered complies with SOLAS requirements and calling for action by the governments when the flashpoint requirements are not met.

Although a disproportionate responsibility is still placed upon shipowners / operators, they at least now have some useful tools in hand which will hopefully help towards achieving a smoother implementation process.

The outstanding bunker fuel oil non-availability issue and, in particular, the safe operation of ships in relation to the use of new low sulphur marine fuel oil must be effectively resolved.

Ship Recycling: leveraging EU rules to raise standards towards an effective global solution

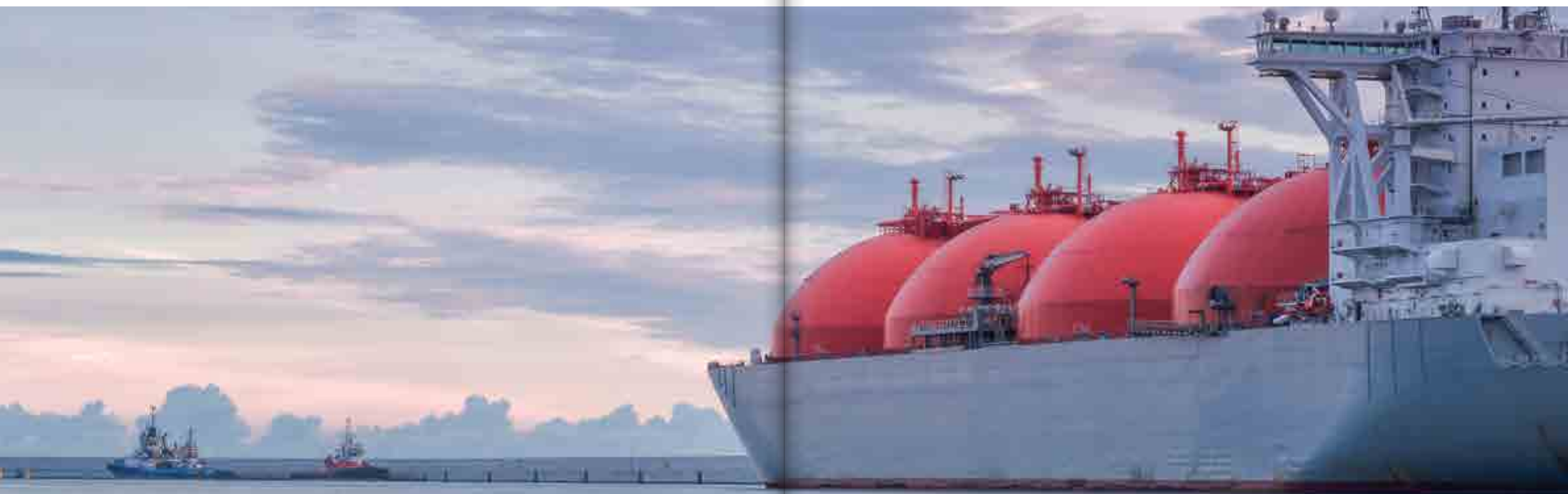
2019 marks the 10th anniversary of the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships (UN IMO HKC) since its adoption in 2009. The expectations for the entry into force of the HKC in the coming years have significantly increased, as 12 countries have now ratified the HKC (May 2019).

In 2013, the EU adopted the Ship Recycling Regulation (EU SRR), which broadly reflects the main provisions of the HKC. The EU SRR provides for an EU approved list of recycling facilities where all EU-flagged vessels have to be recycled after 31.12.2018. However, the current EU list of approved ship recycling facilities is inadequate and geographically unbalanced as it does not include facilities with enough capacity to meet the needs of the EU shipping industry.

An increased number of globally balanced HKC compliant ship recycling facilities is urgently needed in order to maintain a global level playing field in ship recycling and facilitate worldwide ratifications of the HKC.

The EU should strive to raise ship recycling standards globally by acknowledging the efforts made by yards in third countries and giving them the opportunity to be included in the EU list and by incentivising third country yards to raise their standards. It should also encourage its Member States to ratify the HKC as the most effective way to ensure sustainable recycling standards worldwide and a global level playing field.

In this context, ECSCA organised a second fact-finding visit to Indian yards in February 2019 which bears witness and highlights the relevant progress made in recycling practices and standards in recycling yards located in the South Asia. Since 2016, many facilities have received statements of compliance with the HKC and the EU SRR by Recognized Organizations (ROs) and have applied to be included in the EU list. The EU legislators should provide transparency throughout the application process for inclusion in the EU list of third country yards that are HKC compliant in order to overcome the current insufficient capacity of the EU list of approved ship recycling facilities and effectively respond to the scrapping demand of EU-flagged vessels.



ABOUT THE UNION OF GREEK SHIPOWNERS

First established in 1916, the Union of Greek Shipowners (UGS) represents Greek-owned vessels over 3,000 gt under Greek and other European and third country flags. Greek shipowners are primarily active in the bulk / tramp sector (i.e. bulk carriers, tankers, LNG / LPG carriers) and have a presence in liner trades through containerships which are usually chartered-out to major carriers. Greek-owned vessels are preponderantly involved in cross-trading activities carrying cargoes between third countries.

The UGS has traditionally supported and fostered policies ensuring a truly competitive business environment, free trade, global rules and regulations and first and foremost safety of life at sea and a sustainable environment.

With headquarters in Piraeus and permanent representatives in Brussels and Washington D.C., the UGS closely follows developments in the United Nations International Maritime Organization (UN IMO), the International Labour Organization (ILO), the Organisation for Economic Co-operation and Development (OECD), the International Chamber of Commerce (ICC) and other global bodies. The UGS is a member of the International Chamber of Shipping (ICS) and the European Community Shipowners' Associations (ECSA) and participates in the European Economic and Social Committee (EESC) and the Economic and Social Council of Greece (ESC). The UGS is also a member of the Arctic Economic Council (AEC). It maintains a close working relationship with sector-specific industry organisations, such as INTERTANKO, INTERCARGO and with BIMCO. Finally, the UGS also maintains long-standing close relations with the Hellenic Chamber of Shipping, the London-based Greek Shipping Co-operation Committee (GSCC) and the Hellenic Marine Environment Protection Association (HELMEPA), raising environmental awareness regarding protection of the marine environment in Greece and abroad.

The UGS is active in engaging with international and EU institutions and stakeholders. The UGS also regularly has meetings with the International Association of Classification Societies (IACS) and individual classification societies. The UGS maintains ongoing bilateral relationships with other shipowners' associations. In addition, the UGS

regularly visits the U.S. and meets with the Administration and Congress in order to promote common strategic interests and better understanding of maritime issues of mutual concern.

At national level, the UGS co-operates with the Greek authorities, especially the Ministry of Maritime Affairs and Insular Policy and seafarers' organisations regarding the competitiveness of the national register, seafarer recruitment and maritime education.

"Posidonia", the largest bi-annual international shipping exhibition, is organised under the auspices of the UGS. Since 1969, Posidonia has established itself as one of the major networking events of the global shipping industry and maritime cluster, attracting the industry's most influential personalities and serving as a unique business forum for the Greek and international shipowning community. The next Posidonia Exhibition is set to take place on 1-5/6/2020 in Athens.

Greek shipowners have in recent years undertaken several social responsibility initiatives throughout the country, culminating in 2016 in the establishment of the Greek Shipowners' Social Welfare Company "SYN-ENOSIS" (www.syn-enosis.gr). Its aim is to contribute to Greek society by supporting social welfare programmes and activities for vulnerable social groups and for projects of public interest, through the provision of humanitarian and charitable aid. SYN-ENOSIS is the permanent vehicle and a solid reference point for the collective social responsibility of the shipping community and a reflection of the multifaceted contribution of Greek shipping to public life.



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