



UNION OF GREEK SHIPOWNERS

ANNUAL REPORT
2020-21



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The unprecedented global health crisis caused by the outbreak of the COVID-19 pandemic has prominently highlighted the vital role of the shipping industry in the uninterrupted transportation of 90% of global trade, as it continues to deliver on its mission, despite the multifaceted challenges it faces. It is thanks to the thousands of vessels operating worldwide and the hard work of maritime professionals and seafarers, “the heroes of the seas”, that a global economic meltdown has been averted.

Yet, in spite of the undeniably indispensable contribution of shipping to securing the global supply and flow of vital goods and products to markets and people around the world, in good times as well as during times of crises, the industry’s needs are absent from the list of priorities of governmental officials and decision-makers. Shipping merits the recognition and support it deserves in line with its status and contribution to international trade and world prosperity. Such recognition and support are essential in order to facilitate the undisrupted provision of sea freight services and the unobstructed movement of seafarers around the world, which is pivotal for their health and well-being and for safety at sea.

The months ahead appear to be even more challenging, due mainly to climate change-related regulatory issues and initiatives both at international and European level. In this context, we welcome and fully support the IMO’s role as the body responsible for providing the global maritime transport regulatory framework, and we believe that its continuous efforts should not be undermined by regional and/or unilateral legislative initiatives, and in particular of the European Union.

The UGS remains firmly committed to environmental protection and carbon-free shipping. But we need to be clear that shipping decarbonisation cannot be a realistic goal, without the crucial contribution of ship engine manufacturers, shipyards, marine fuel producers and suppliers. Moreover, unless significant R&D investment is allocated for the development of appropriate propulsion systems and marine fuels, shipping will continue to be carbon captive. However, it is shipowners that are called upon to comply with misguided policies and primarily revenue-generating legislation.

Regarding the recently announced “Fit for 55” package by the European Commission (EC), the European Union Emissions Trading System (EU ETS), as a regional market-based

measure, is incompatible with the global nature of maritime transport and the shipping industry’s *modus operandi*, while it seriously undermines the ongoing international efforts and negotiations towards the sector’s decarbonisation. However, the EC’s acknowledgement of the structural role of charterers in meeting the compliance costs deriving from the proposed inclusion of shipping in the EU ETS is a fundamental principle based on “the polluter pays” rule. It is this principle that the UGS has emphasised from the beginning and which must form the starting point for the forthcoming deliberations at the EU institutions, as it can deliver tangible outcomes in the fight against climate change, without endangering the competitiveness of European shipping.

Greek shipping, with its hands-on and highly experienced entrepreneurs, is committed to continuing its constructive contribution during the upcoming negotiations, both at European as well as at international level. We will do so by putting forward ambitious, yet pragmatic and realistic proposals, which can guarantee the substantial improvement of our industry’s carbon footprint, and which at the same time can safeguard the long-term viability of a sector that is of strategic importance to the EU and its citizens.

This year marks the 40th anniversary of Greece’s accession to the EU, an event which has massively reinforced Europe’s shipping industry, through the induction of the Greek-owned fleet in its ranks. Today, Greek-owned vessels represent 58% of the EU-controlled fleet, rendering Greek shipping a strategic asset for the continent, a cornerstone for the European maritime cluster and a key stakeholder with a critical role to play in the EU.

At a national level, the recent past period has been decisive for addressing legislative failures that have had an adverse effect on the competitiveness of the Greek Ship Register. Besides its inherent qualitative advantages, the Greek flag is now also considered as highly competitive, with its main weakness now lying in the delayed implementation of its digital transformation processes across certain operational and administrative aspects.

In the same context, and in our effort to support the Greek State’s expressed desire to revive seamanship as an integral part of the Greek shipping miracle, we launched a few months ago a campaign targeting the youth with the aim to promote

shipping careers. Greek shipping calls on the youth with an open invitation to “a sea of opportunities”, with open horizons of professional and personal development, at times of high employment insecurity and low volumes of new job creation.

The ability to attract and recruit the youth, in tandem with the necessary further expansion of our Merchant Marine Academies and the anticipated modernisation of marine education and training standards, are the critical factors that will help us preserve the Greek maritime know-how and increase the number of Greek seafarers onboard the Greek-owned fleet. We are determined to persevere for as long as it takes in order to achieve these important goals.

At the same time, the Greek Shipowners’ Social Welfare Company, “SYN-ENOSIS”, continues unabated to deliver on its multi-dimensional work. Programmes on areas as diverse as public health, education, national defence and civil protection are being diligently implemented as planned, while constantly undertaking new initiatives, in response to the increasing needs of the society and in line with the shipping community’s vision to play a key role as essential contributor to it.

During this decade we will see new parameters that will frame the operational environment of international shipping, particularly pertaining to the interconnected and interdependent aspects of the industry’s environmental footprint and competitiveness. Within this demanding and uncertain context, our shipping with its proven track record, its qualitative advantages, superior know-how and a long maritime legacy will rise above any challenge, maintain and reinforce its role as a major national asset and cement its status as an important stakeholder on the international stage.

Theodore E. Veniamis

GREEK SHIPPING AND THE ECONOMY



The Strategic and Economic Role of Greek Shipping

- Greek Shipping in Numbers
- The Strategic Importance
of Greek Shipping
- The Characteristics of Greek Shipping

The Strategic and Economic Role of Greek Shipping

Greek Shipping in Numbers

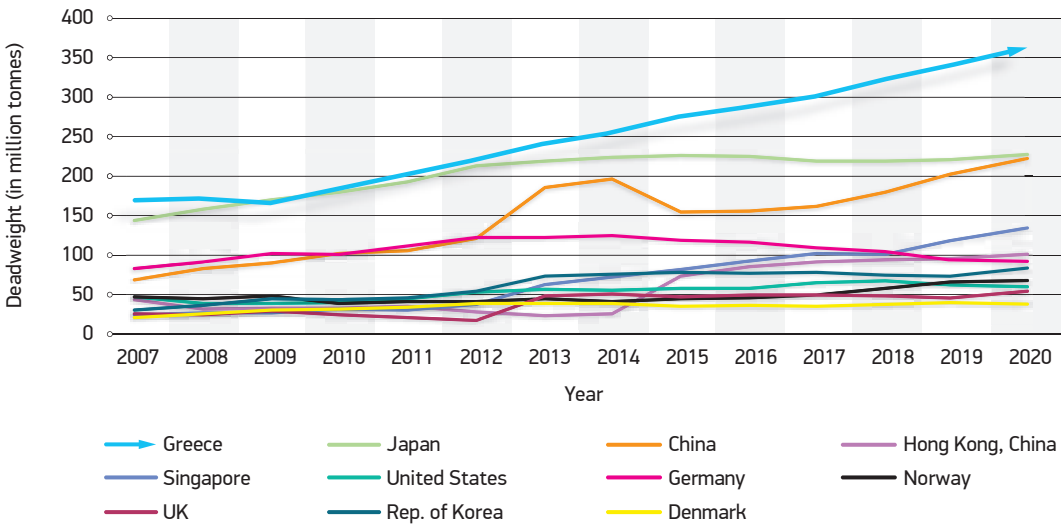
Greece remains the world’s largest shipowning nation: With a fleet of 4,901 vessels, Greek shipowners control 19.42% of global deadweight tonnage (dwt). In 2020, the Greek-owned fleet grew by over 4% to approximately 364 million dwt (Figure 1)¹.

The backbone of EU shipping: Greece continues to increase its share of the European Union (EU)-controlled fleet. The Greek-owned fleet represents 58% of the EU-controlled fleet (Figure 2)². More than a third of the Greek-owned fleet or 1,706 vessels, fly an EU Member State flag³.

Greek shipping is a cornerstone of global seaborne trade: Greek shipowners control (Figure 3)⁴:

- 30.25% of the world tanker fleet,
- 14.64% of the world chemical and product tankers,
- 15.58% of the global LNG / LPG carriers,
- 20.04% of the world bulk carriers,
- 9.53% of the world containerships.

FIGURE 1
Ownership of the World Fleet, 2007 - 2020
(in dwt, ships >1,000 gt)



Source: UNCTAD, Review of Maritime Transport, 2007-2020

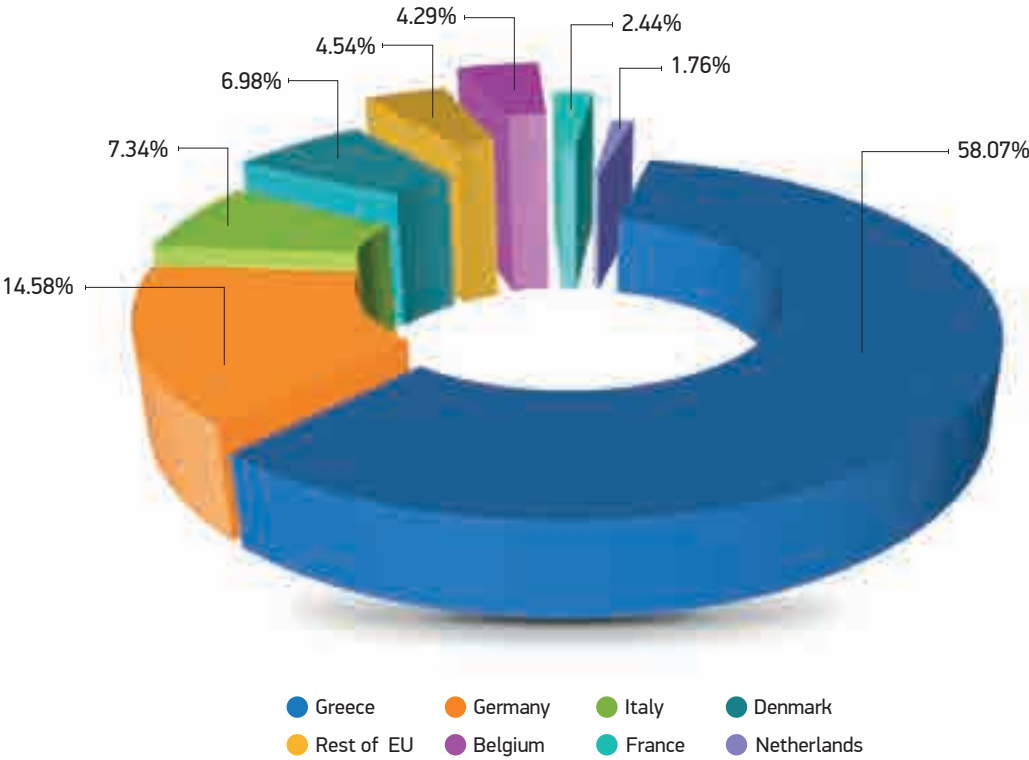
¹ United Nations Conference on Trade and Development (UNCTAD), *Review of Maritime Transport*, 2007-2020

² European Commission, *EU Transport in Figures*, Statistical Pocketbook 2020

³ IHS Global Limited, January 2021

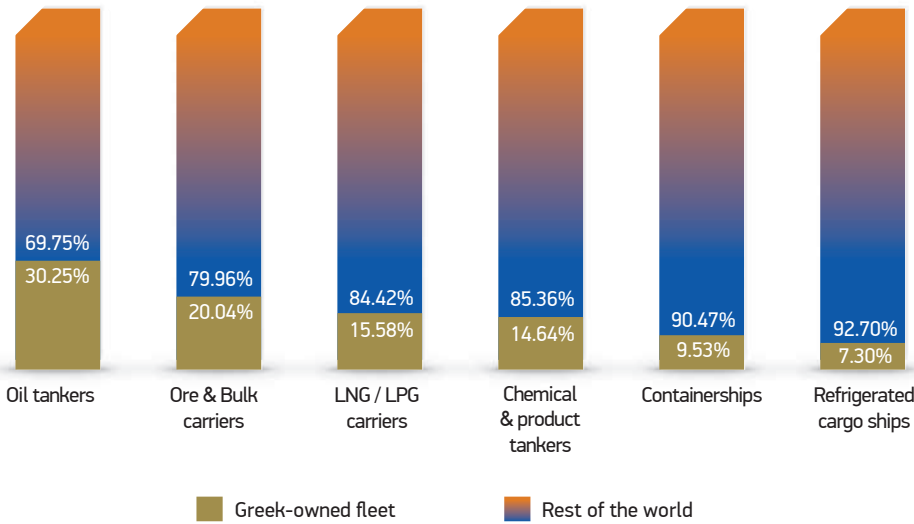
⁴ IHS Global Limited, January 2021

FIGURE 2
Ownership of the EU Merchant Fleet
(in dwt, ships >1,000 gt)



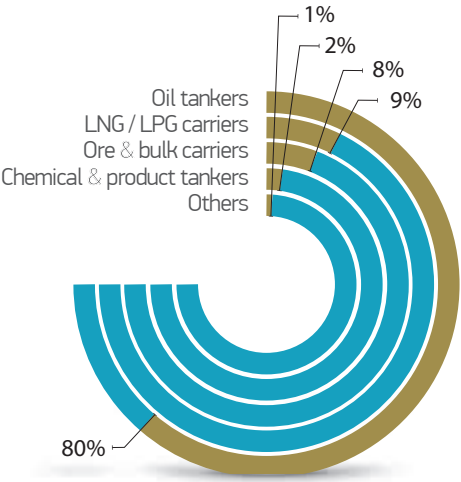
Source: European Commission, EU Transport in Figures, Statistical Pocketbook 2020

FIGURE 3
Share of Greek-Owned Fleet in World Fleet
by Main Ship Type
(in dwt, ships >1,000 gt)



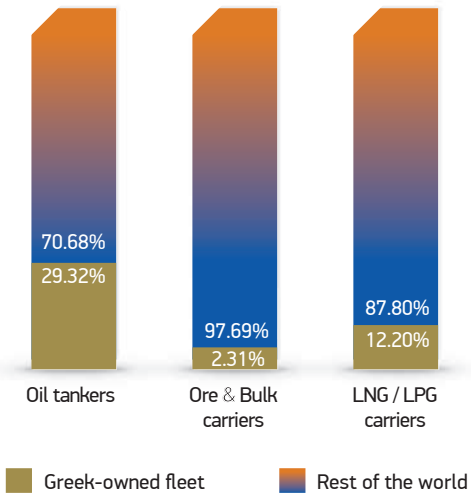
Source: IHS Global Limited, January 2021

FIGURE 4
Orderbook of Greek-Owned Fleet by Main Ship Type
(in dwt, ships >1,000 gt)



Source: IHS Global Limited, January 2021

FIGURE 5
World Orderbook by Main Ship Type
(in dwt, ships >1,000 gt)



Source: IHS Global Limited, January 2021

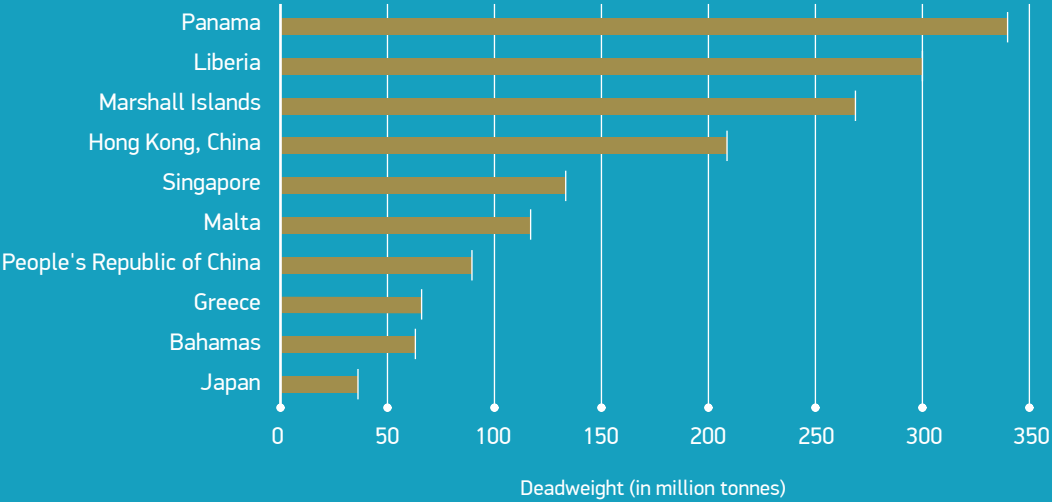
Greek shipowners continue to invest in newbuildings: Newbuilding orders by Greek interests in 2020 amounted to 104 vessels (over 1,000 gt) or 14.36 million dwt, which represents 10.99% of global tonnage on order (Figures 4 & 5)⁵. Greek shipowners continue investing in new and energy efficient ships, with the average age of the Greek-owned fleet (9.54 years) being lower than the average age of the world fleet (9.87 years)⁶.

Greek shipping is among the safest in the world: Greece remains on the International Maritime Organization (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 0.44% of the Greek merchant fleet (based on number of ships) and 0.50% of the fleet (based on tonnage) being involved in minor accidents⁷. From 1.7.2021 Greece is included in the Flag Administrations List of the U.S. Coast Guard (USCG) QUALSHIP 21 Program⁸.

Greece remains one of the leading ship registries in the world: The Greek Register numbers 685 vessels (over 1,000 gt) amounting to 37.98 million gt. The Greek-flagged fleet ranks 8th internationally (Figure 6) and 2nd in the EU (in terms of dwt) (Figure 7)⁹.

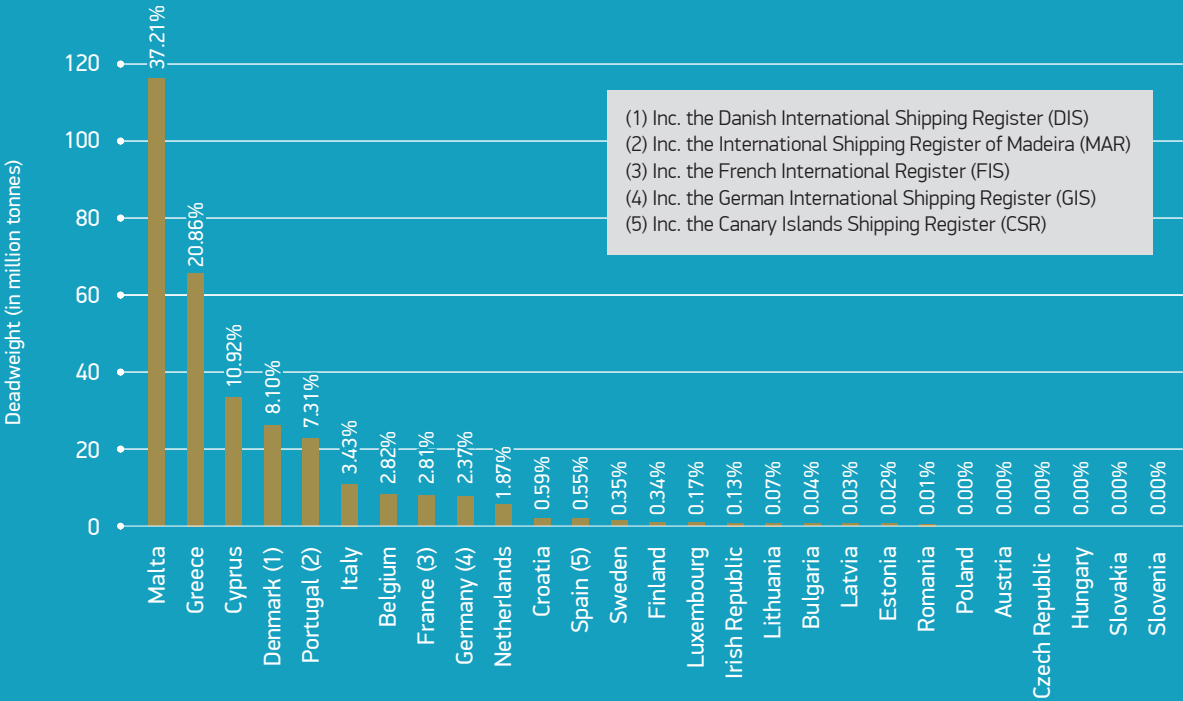
Despite COVID-19, Greek shipping remains one of the main pillars of the Greek economy: The COVID-19 pandemic severely impacted the receipts in the country’s Balance of Payments from maritime transport services, which despite exhibiting a 20.16% decrease compared to 2019, amounted to approximately € 13.81 billion for the fiscal year 2020 (Figure 8)¹⁰.

FIGURE 6
Top 10 Merchant Fleets of the World - by Registration
(in dwt, ships >1,000 gt)



Source: IHS Global Limited, January 2021

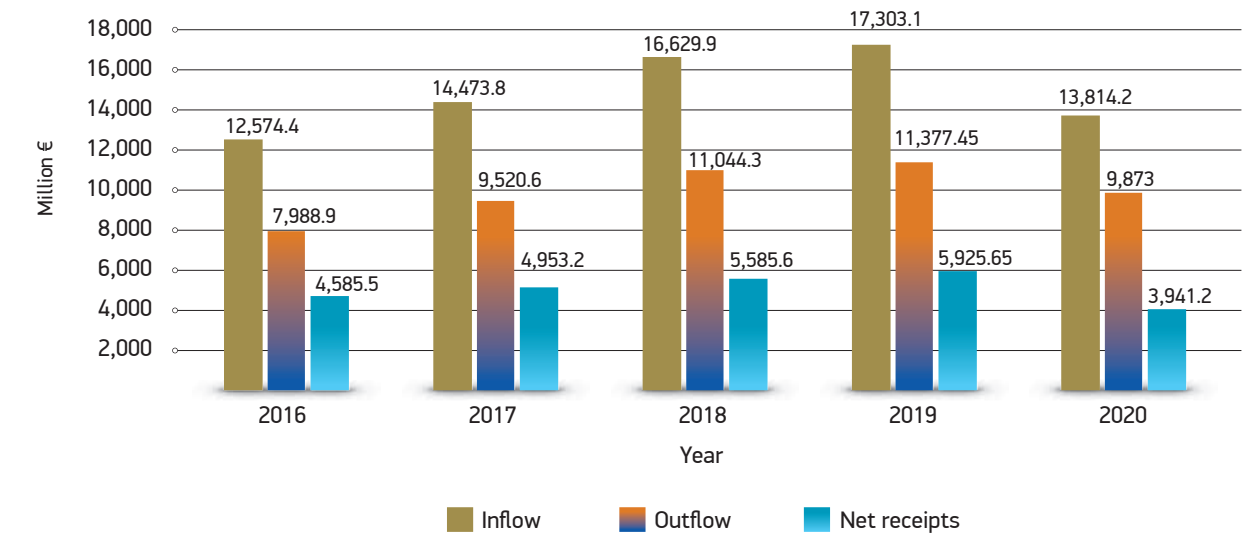
FIGURE 7
Merchant Fleets of the EU - by Flag
(in dwt, ships >1,000 gt)



Source: IHS Global Limited, January 2021

⁵ IHS Global Limited, January 2021
⁶ IHS Global Limited, January 2021
⁷ 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: 2020*, 31 March 2021
⁸ USCG, *Port State Control in the United States, 2020 Annual Report*, May 2021
⁹ IHS Global Limited, January 2021
¹⁰ Bank of Greece, February 2021

FIGURE 8
Foreign Exchange Earnings of Greece From Shipping
(in million €)



Source: Bank of Greece, February 2021

The Strategic Importance of Greek Shipping

Greek shipping is the world's largest cross-trader, transporting cargoes between third countries for more than 98% of its trading capacity.

The Greek-owned fleet is a vital component of global commerce. Agricultural and forest goods, oil and oil products, gas, chemical products, iron and other ores, coal and fertilisers are among the essentials carried by the Greek-owned fleet.

Greek shipping is also strategically important to the EU because, among other things, both its economy and citizens' well-being depend on affordable energy. As the EU's reliance on imported energy resources reaches the 58.2%¹¹ for imports from Extra-EU, the Greek-owned fleet is critical in securing the EU's diverse energy imports from far-flung corners of the globe.

¹¹ European Commission, *EU Energy in Figures*, Statistical Pocketbook 2020

The Characteristics of Greek Shipping

Greek shipping is primarily an SME¹²-driven industry that specialises in bulk / tramp shipping (Figure 9), which is a genuinely entrepreneurial sector with characteristics of a perfectly competitive market.

This is because the sector comprises thousands of companies worldwide and is not dominated by a limited number of very large corporations-alliances, as is the case in liner shipping and most major industrial and service sectors globally.

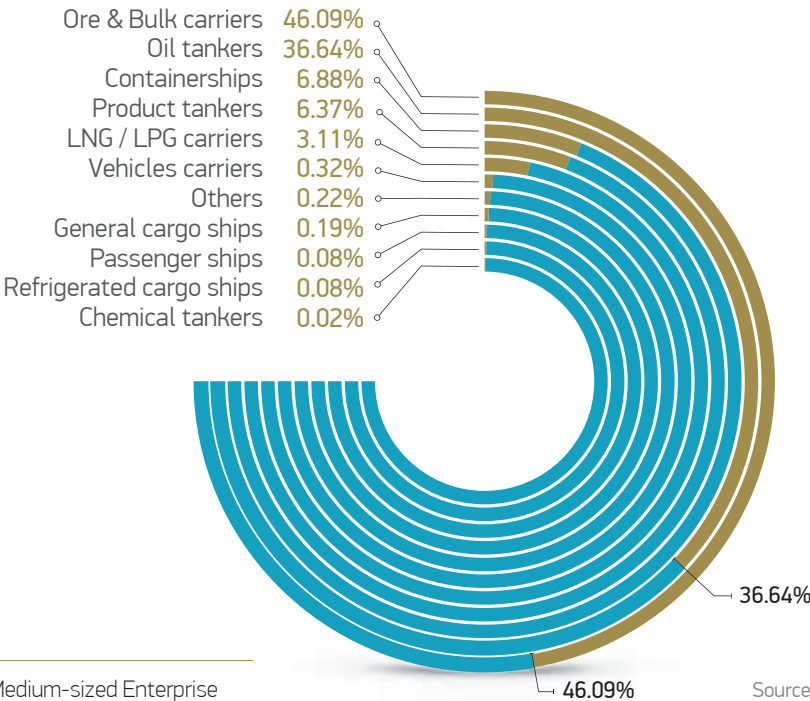
As a rule, vessels owned by Greek shipowners are hired out to charterers under time charter party contracts. Charterers play a structural role in shipping as commercial operators

who control the vessel's operating parameters, such as itinerary, cargo type and quantity and service speed, which in turn determine the vessel's carbon footprint under such contracts.

Shipping is one of the cornerstones of the global economy. Greek shipping is the mainstay of the EU-controlled fleet and a key facilitator of international trade, while constituting a major pillar of the Greek economy.

The Greek-owned fleet is among the most modern and safest fleets in the world, exhibiting long-standing maritime know-how and expertise.

FIGURE 9
Ship Type Analysis of the Greek-Owned Fleet
(in dwt, ships >1,000 gt)



¹² SME: Small and Medium-sized Enterprise

Source: IHS Global Limited, January 2021

SHIPPING POLICY

- Impact of COVID-19 on Shipping
- A Globally Competitive EU Shipping as a Factor for Sustainability and Recovery
 - Free Trade & Protectionism
- Ship Finance - EU Taxonomy Regulation
 - Taxation
 - Short Sea Shipping
 - Piracy and Armed Robbery
- Social Aspects: Crew Change Crisis

Impact of COVID-19 on Shipping

The COVID-19 pandemic has highlighted, probably in an unprecedented way, the vital role of shipping in a highly globalised and interconnected world. Despite extraordinary disruptions and many exceptional challenges, ships continue to make and complete their voyages. Had this vital part of the global logistics chain not endured, lockdowns and curfews would have been overshadowed by phenomena far worse, like food and medicines shortages, even lower levels of production, social unrest etc.

Naturally, onboard the thousands of ships that kept the wheels of the world economy from grinding to a halt are hundreds of thousands of seafarers, who have worked selflessly for months away from home and their families and who are still facing problems joining vessels and being repatriated.

To deal with the continuous economic impact of the pandemic on shipping enterprises, the EU institutions should continue to review the already adopted recovery tools and measures in order to effectively address short-term pressing matters, while also catering for the longer-term sustainability and the financing of the shipping sector. The EU shipping sector should be provided with the necessary financial liquidity and flexibility both during and after the pandemic.

During the COVID-19 pandemic and despite extraordinary disruptions and many unprecedented challenges, ships kept the world moving.

A Globally Competitive EU Shipping as a Factor for Sustainability and Recovery

The EU relies on international shipping for 70% of its external trade, which includes the EU's vital imports of raw materials and other essential goods, primarily carried by bulk / tramp shipping.

As a strategic asset and the most energy efficient and environmentally friendly mode of transport, European shipping enables the EU to safeguard its geopolitical independence and sovereignty, while at the same time increasing its economic, industrial and environmental resilience.

The EU should formulate a comprehensive and globally oriented maritime policy, with a strong focus on supporting the global competitiveness of shipping and the wider maritime cluster, especially in light of the EU Green Deal, which important as it is, should not overwhelm the maritime policy agenda.

EU's policies and regulations must enable EU shipping to not only survive in the face of growing global competition, but to also thrive.



Free Trade & Protectionism

Shipping is the backbone of global trade, enabling the import and export of affordable goods on a scale that is not possible with other transport modes. Global economic growth has been stimulated through free trade, the liberalisation of national economies and open access to global markets.

Due consideration should be given to the removal of any maritime transport cargo reservation and other trade-restrictive measures, which are already in effect, so as to enhance the competitiveness of national economies and the access of local importers and exporters to efficient maritime transport services.

In the context of the new EU Trade Policy, the European Commission (EC) services should renew focus on strengthening multilateralism and reforming global trade rules to ensure that they are fair and sustainable. Maritime transport provisions should be an inextricable part of EU bilateral or multilateral free trade agreements with third countries and should not be the victim of negotiating trade-offs.

All national economies would benefit from the removal of remaining barriers to the conduct of efficient international maritime trade.

Shipping should remain a political priority of the EU trade and external relations policies.



Ship Finance - EU Taxonomy Regulation

Sustainable Ship Finance

Ship financing in the EU has become more challenging, with Asian financial institutions gaining market share. EU shipping, being a capital-intensive business, requires a sustainable financing framework and access to competitive financing to maintain and advance its competitive edge globally.

If the EU introduces too restrictive conditions for ship finance, which will apply only regionally, it will immediately place its own fleet at a disadvantage compared to the fleets of the rest of the world and this would be a geopolitical mistake.

EU Taxonomy Regulation

Despite the EU Taxonomy Regulation's¹³ laudable objectives, the technical screening criteria, developed by the EC to define green shipping, are inappropriate and suggest a limited understanding of the shipping industry's specificities and inherent characteristics, especially those pertaining to deep sea shipping. This is evidenced by the arbitrary use of thresholds on the IMO's Energy Efficiency Design Index (EEDI) that go beyond IMO requirements, but especially by the exclusion of vessels dedicated to transport fossil fuels.

The EU taxonomy also does not acknowledge technologies and fuels that contribute to the transition to climate neutrality, such as Liquefied Natural Gas (LNG). This is especially concerning given that zero-carbon fuels and propulsion technologies are currently not available for the sector and cannot be developed by shipping companies but rather by other out-of-sector stakeholders, such as fuel producers and providers, marine engine builders and shipyards. More time is needed for a more fine-tuned and realistic iteration of the technical screening criteria for all ocean-going cargo ships.

The EU institutions should consider the adoption of stable and sustainable financing regulations in order to strengthen shipping companies' presence in Europe, which in turn ensures that the related added value will also remain in Europe.



Taxation

At EU level, the Guidelines on State Aid to Maritime Transport (SAGs), with the tonnage tax system at its core, should continue to provide predictability and flexibility to the shipping sector.

Legislative initiatives in respect of fiscal policies and taxation, such as the revision of the EU Energy Taxation Directive, should be used to encourage the green energy transition, while

safeguarding the sector's global competitiveness. The abolition of tax exemptions for marine fuels would, thus, be an ineffective and counterproductive measure.

Legal certainty on taxation matters ensures business continuity and the sustainability of the EU shipping sector.

¹³ Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088

Short Sea Shipping

Short Sea Shipping (SSS) remains a sustainable form of transport that carries goods and people across Europe and to its closest neighbours and has the potential to further strengthen the Single Market.

Being the most environmentally friendly means of transportation, especially when compared to other modes, such as road transport and aviation, SSS should be further supported in the context of EU policies, so as the desired transport modal shift can be effected.

The important work to reduce the administrative burden and harmonise vessel and cargo reporting formalities at EU ports, as carried out in the context of implementation of the European Maritime Single Window (EU Regulation 2019/1239), is welcomed and supported by EU shipowners.

The EU policies should further support the well-known functionality and environmental performance of the Short Sea Shipping sector.

Piracy and Armed Robbery

Piracy and armed robbery require a concerted, multifaceted and coordinated response by the international community at the highest level and cooperation with the African littoral states to restore security and reduce the threats to the safety and security of crews and vessels operating worldwide and, in particular, in the region of the Gulf of Guinea (GoG).

The EU's new initiative to address the security challenges in the area by launching the pilot case of the "Coordinated Maritime Presences (CMP)"¹⁴ concept in the GoG is a welcomed development for which further elaboration is needed.

The IMO should reinforce its efforts to enhance the coordination of initiatives among stakeholders to address the problematic situation in the area, while the EU should put maritime security high on the agenda of partnership and trade agreements, as well as of other forms of cooperation with African partners.

Piracy and armed attacks against shipping are a global problem and require a concerted, sustainable and effective response by the international community at the highest level, which includes both the IMO and the EU.



Social Aspects: Crew Change Crisis

Government-imposed COVID-19 containment measures have led to an extraordinary global crew change crisis. The United Nations General Assembly, the IMO and the International Labour Organization (ILO) adopted resolutions urging governments to facilitate safe crew changes by designating seafarers as "key workers". However, by the end of June 2021 only 60 Member States notified the IMO that they had designated seafarers as key workers.

The Union of Greek Shipowners (UGS) welcomes the Resolution adopted in April 2021 by the Special Tripartite Committee of the Maritime Labour Convention, 2006 (STC / MLC) which calls upon the governments, among others, to prioritise seafarers for COVID-19 vaccination.

Governments should live up to their responsibilities under the international maritime regulatory regime, especially under the MLC, 2006, both with regard to the health and safety of seafarers and in order to facilitate crew changes at their ports.

¹⁴ https://eeas.europa.eu/headquarters/headquarters-homepage/91927/factsheet-coordinated-maritime-presences_en
<https://www.consilium.europa.eu/en/press/press-releases/2021/01/25/gulf-of-guinea-council-conclusions-launching-the-pilot-case-for-the-coordinated-maritime-presences-concept>

The background of the slide features a close-up, low-angle shot of a ship's propeller. The propeller has four blades, with the top and bottom blades painted orange and the side blades painted white. Concentric white circles are overlaid on the propeller, resembling a radar or sonar display. Along these circles, distance markings in meters (M) are visible, including 2, 4, 6, 8, and 10. The overall color palette is a gradient of deep blue and purple, with the orange of the propeller blades providing a strong contrast.

MARITIME SAFETY AND PROTECTION OF THE ENVIRONMENT

- GHG Emissions Reduction from Ships / Developments at the IMO and the EU
 - FuelEU Maritime Regulation
- Alternative Fuels - Technologies
 - 0.50% Global Sulphur Limit on Marine Fuels
 - Ship Recycling

GHG Emissions Reduction from Ships / Developments at the IMO and the EU

The IMO, the shipping industry's global regulator and the only body that can ensure an international regulatory level playing field, is currently working on the implementation of its 2018 landmark strategy on Reduction of Greenhouse Gas (GHG) emissions from ships (Initial IMO GHG Strategy), which aims to peak GHG emissions from international shipping as soon as possible and to reduce the total annual emissions by at least 50% by 2050 compared to 2008.

Recently, the IMO adopted at the Marine Environment Protection Committee (MEPC 76) a well-balanced package of technical and operational short-term measures, such as the Energy Efficiency Existing Ship Index (EEXI), Carbon Intensity Indicators (CIIs) and the strengthening of the Ship Energy Efficiency Management Plan (SEEMP). The Committee also agreed on a work plan for the development of mid-term and long-term measures, with discussions commencing at IMO in October 2021.

Despite IMO being on track to deliver on the objectives of its Initial GHG Strategy, the EC, as part of its Green Deal and the related "Fit for 55" package, announced its proposal to include international shipping in the EU Emissions Trading System (EU ETS). The EU ETS is especially concerning as it is ill-suited and incompatible with the inherent characteristics of the shipping industry, which primarily consists of SMEs that will struggle to finance the purchasing of allowances, especially due to the segment's unpredictability and endemic volatility, and to cope with the carbon market's administrative burden and related costs.

Bulk / tramp shipping is not compatible at all with the EU ETS, where the structural role of charterers is decisive for the ships' operations and operational efficiency, as a result of their decisions and instructions regarding a vessel's speed, fuel, itinerary and cargo type and volume. Commercial operators must, therefore, be held responsible for ships' emissions and carbon footprint and their related costs. In line with the "polluter pays" principle the EC's proposal recognises the charterers' accountability for bearing the compliance cost under the EU ETS Directive. This principle, is an important and well-supported provision for the deliberations of the next phase of the EU regulatory process.

The UGS could support the introduction of a less disruptive EU Market-Based Measure (MBM), an alternative in the form of a dedicated fund that would buy and sell allowances under the EU ETS based on the price of the previous year's average price of ETS allowances. The fund should finance the necessary Research & Development into new green marine fuels, without which the decarbonisation of the industry will not be possible. These new fuels and technologies will need to be developed by out-of-sector stakeholders, such as energy providers, shipyards and engine manufacturers.

A dedicated shipping fund would be a less disruptive EU MBM and more workable for the thousands of SMEs that make up the industry.



FuelEU Maritime Regulation

The EC announced on 14.7.2021 its proposal for the FuelEU Maritime Regulation, with the aim to accelerate the decarbonisation of shipping by setting up a mandatory EU fuel standard for ships, based on carbon intensity of fuels used by ships.

However, the proposed measures by the European Commission are of great concern as:

- It is a regional measure with extra-territorial application. Bulk / tramp shipping would be especially disadvantaged, as its irregular global trading patterns make it challenging to consistently source and verify compliance of the desired fuel. The availability of the required compliant fuels worldwide from now until 2050 and their related cost require proper research and study, which do not appear to have taken place. So far, such fuels have not been viable without heavy subsidies.
- It is highly problematic and inappropriate to oblige ships to comply with this proposed regulation instead of fuel providers and bunker suppliers.

- This proposal introduces a second Monitoring, Reporting and Verification (MRV) system and a complex pooling compliance mechanism of carbon intensity credits of fuel used by ships, in addition to the proposed extension of the EU ETS to international shipping. Both systems are inappropriate and unworkable for the majority of the shipping industry and especially for bulk / tramp shipping, which comprises mainly private SMEs.

The proposed FuelEU Maritime Regulation will be especially burdensome for EU shipping and ineffective for its decarbonisation.

Alternative Fuels - Technologies

In recent years, the growing momentum and regulatory drive towards a decarbonised future have led to significant uncertainty as to what approach ships and their owners would take when making future investment plans. This is particularly acute for shipowners of bulk / tramp ships, who are facing investment planning challenges and uncertainties around future fuel and marine propulsion technologies. For the bulk / tramp shipping segment, its *modus operandi* is inextricably linked to and heavily relies on a universal fuel being available globally, allowing ships to call at any port.

These challenges have signaled the need for the UGS to compile a “Survey of Alternative Fuels - Technologies for Shipping”¹⁵ in order to inform its membership in an era, when the “one-size-fits-all” propulsion solution seems to be drawing to a close.

Conclusions of the UGS Survey indicate that:

- Huge investments are required for the production and worldwide availability of low or zero-carbon maritime fuels, which will have to be developed by out-of-sector stakeholders while the macro-economic impact assessment of the costs of these new fuels and their worldwide bunkering infrastructure requirements have not, as yet, been carried out.
- Such a macro-economic impact assessment is necessary in order to ascertain the effect on the world's economy and the economics of seaborne trade and transportation.
- Alternative fuels such as ammonia, methanol or hydrogen need a new generation of internal combustion engines and advancements in technology not yet developed for ocean-going ships.

- Addressing the safety challenges of most new and alternative fuels would require the development of regulations and technical rules for safe design and use on board ships in parallel with the technological progress needed for their uptake.

The energy transition of shipping to decarbonisation requires investing in developing new zero-carbon or low-carbon marine fuels, without which the long-term goals of the agreed IMO Decarbonisation Strategy and the ambitious objectives of the EU Green Deal cannot be achieved. Without them the industry will remain carbon captive.

Depending on the extent and diversity of the maritime fuel landscape of the future and the length of the transition period towards a new situation, the shift to a multi-fuel future may in fact herald the end of low-cost seaborne trade.



¹⁵ The UGS Survey can be found at:
https://ugs.gr/media/13685/survey-of-alternative-fuels-technologies-for-shipping_may21.pdf

0.50% Global Sulphur Limit on Marine Fuels

Following the implementation of the 0.50% global Sulphur Limit on Marine Fuels, which the UGS regarded as inadequately considered at the time of its adoption, a significant number of incidents were reported by ships using Very Low Sulphur Fuel Oils (VLSFOs), involving consequential damage caused to the ship and/or its machinery. In numerous cases, the problematic and off-specification fuel had to be de-bunkered. In addition, VLSFOs strain ships' crews due to the constant need to monitor machinery and operations.

There is also ongoing IMO process to evaluate and harmonise the regulations and guidance on scrubber discharges into the aquatic environment with a view to identifying and developing regulatory measures as necessary.

There is continuing concern by shipowners and ship operators regarding the consequential damages to the ship and/or its machinery from “off-spec” VLSFOs.

Ship Recycling

Since 1.1.2021 and, in accordance with the EU Ship Recycling Regulation (EU SRR), all ocean-going vessels sailing under an EU Member State flag and destined for recycling, must use a yard contained in the EU list of approved ship recycling facilities. Realistically, only 9 shipyards on the EU list are open for ship recycling and only 3 could recycle large ocean-going vessels.

The Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal gives the EU the opportunity to enter into bilateral agreements with other signatories of the Basel Convention, as confirmed by the Legal Service of the EU Council. This would allow more recycling facilities located in countries outside the Organisation for Economic Co-operation and Development (OECD), such as India, to apply for inclusion in the EU list of ship recycling facilities.

With India's accession to the IMO Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships (HKC, 2009), the HKC has been brought closer to its entry into force. The EC should encourage and facilitate further ratification of the IMO HKC by its Member States. Despite the significant increase of HKC-compliant facilities in India, recycling facilities in South Asia, a region with the largest part of the world's recycling capacity, are yet to be included in the EU list.

The European Commission should acknowledge the progress made by third countries towards sustainable ship recycling. To achieve its objectives, a geographically well-balanced EU list under the EU Shipping Recycling Regulation is essential.

About the UGS

First established in 1916, the UGS represents Greek-owned vessels over 3,000 gt under Greek and other European and third country flags.

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 (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).

The UGS is active in engaging with international and EU institutions and stakeholders. It maintains a close working relationship with sector-specific industry organisations, such as INTERTANKO, INTERCARGO and with BIMCO. 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.

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 (HELMPEPA), raising environmental awareness regarding the protection of the marine environment in Greece and abroad.

Greek shipowners have 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.

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