

The Outlook Forum 2023 and beyond

December 8, 2022



Panel Speakers



Richard Meade (Moderator)
Editor
Lloyd's List



Rasmus Bach Nielsen
Global Head Fuel Decarbonisation
Trafigura



Karrie Trauth
Head of Shipping
Shell



Magda Kopczynska
Director
European Commission



Christopher J. Wiernicki
Chairman, President and CEO
ABS

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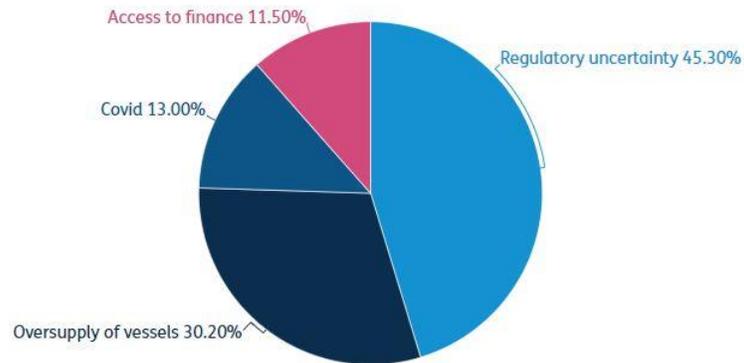


Outlook Forum survey results & key quotes

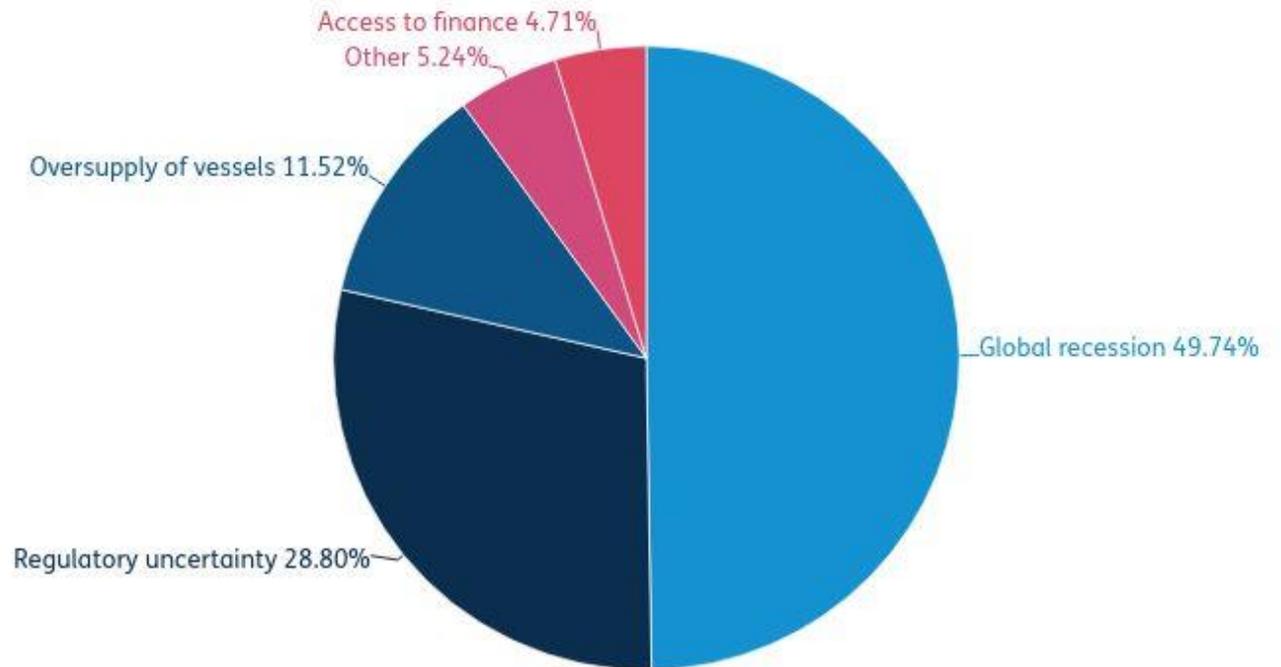
Q1 - What do you see as the greatest risk to shipping businesses over the next 2 years?

2021 poll

What do you see as the greatest risk to shipping businesses over the next 5 years?



SOURCE: Lloyd's List Twitter Poll, Nov 2021



Based on twitter and online responses surveyed between 28th November - 6th December, 2022

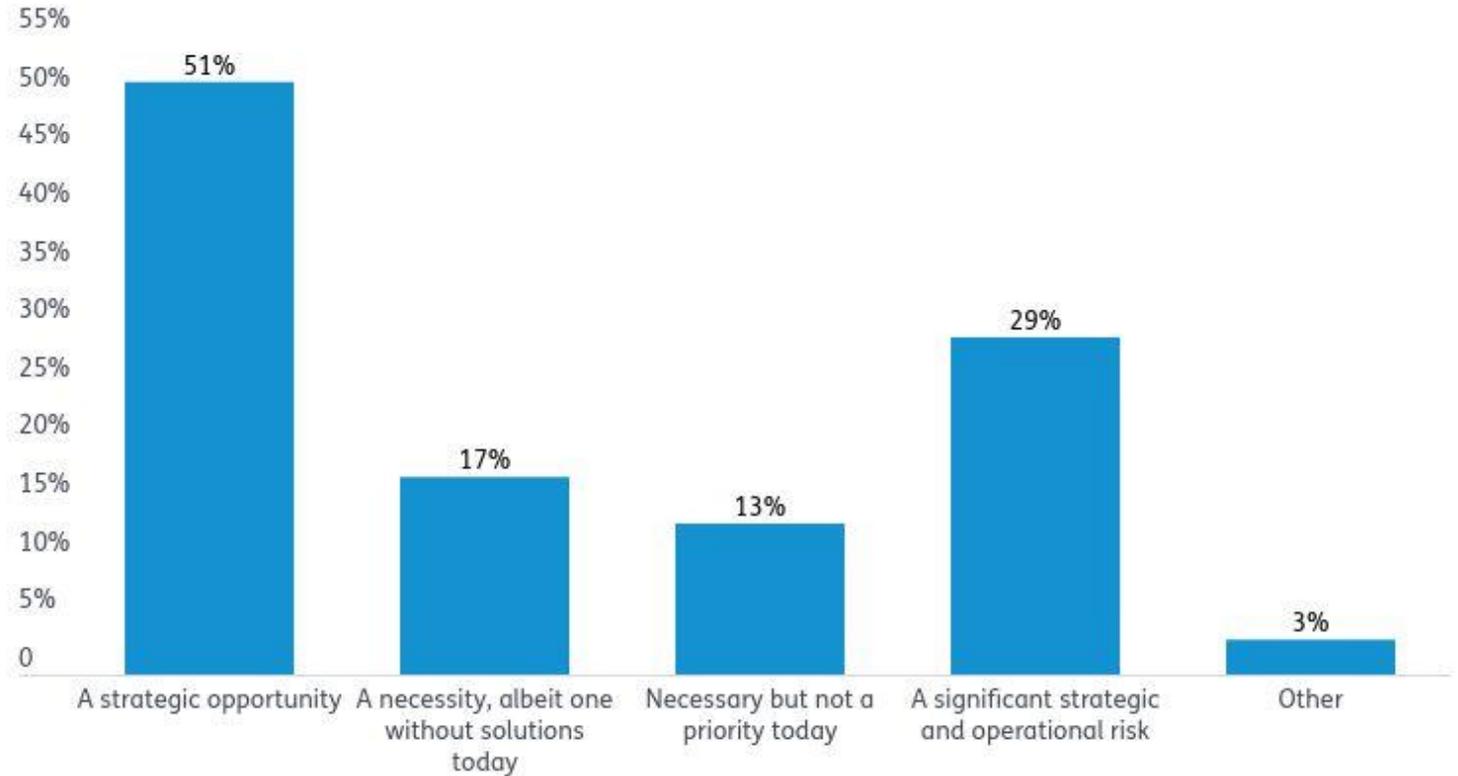
On the decarbonisation challenge facing the shipping industry...



Christopher J. Wiernicki
Chairman, President and CEO
ABS

“I think everyone will agree we're in the early innings of a decade of change. What we're beginning to see here is the magnitude and the steepness of the challenge. If you just look at the calculus of what we will need in order to get to net zero by 2050, you will need about 70% zero carbon fuel and about 30% carbon-neutral fuel, which means that you need 10 times more renewable power, and quite frankly, 100 times more carbon capture. This really points to not only the steepness of the curve, the magnitude, but also the pace and speed on how to get there”

Q2 - For my business the global energy transition is primarily



Based on twitter and online responses surveyed between 28th November - 6th December, 2022

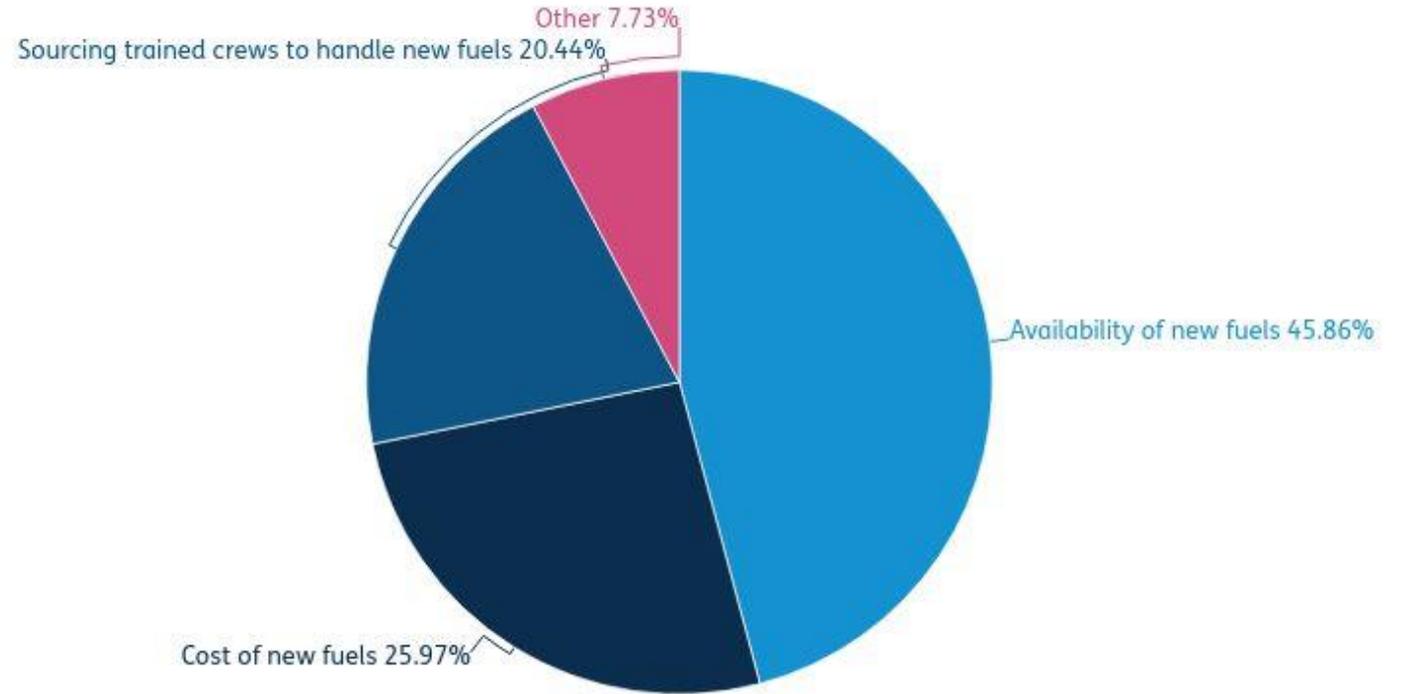
On industry collaboration over decarbonisation...



Karrie Trauth
Head of Shipping
Shell

“The industry is not moving quickly enough. It is that simple. The year 2050 is one ship cycle away and we have to build momentum now. We need to reduce the emissions, whether that’s through energy efficiency technologies, efficient operations or making the best choices we can today with lower carbon fuels... we’re all waiting. And we’re all watching each other to see what someone else is going to do.”

Q3 - What is the bigger challenge for the industry over the next five years



Based on twitter and online responses surveyed between 28th November - 6th December, 2022

On the EU taking the lead with shipping's inclusion into the ETS...



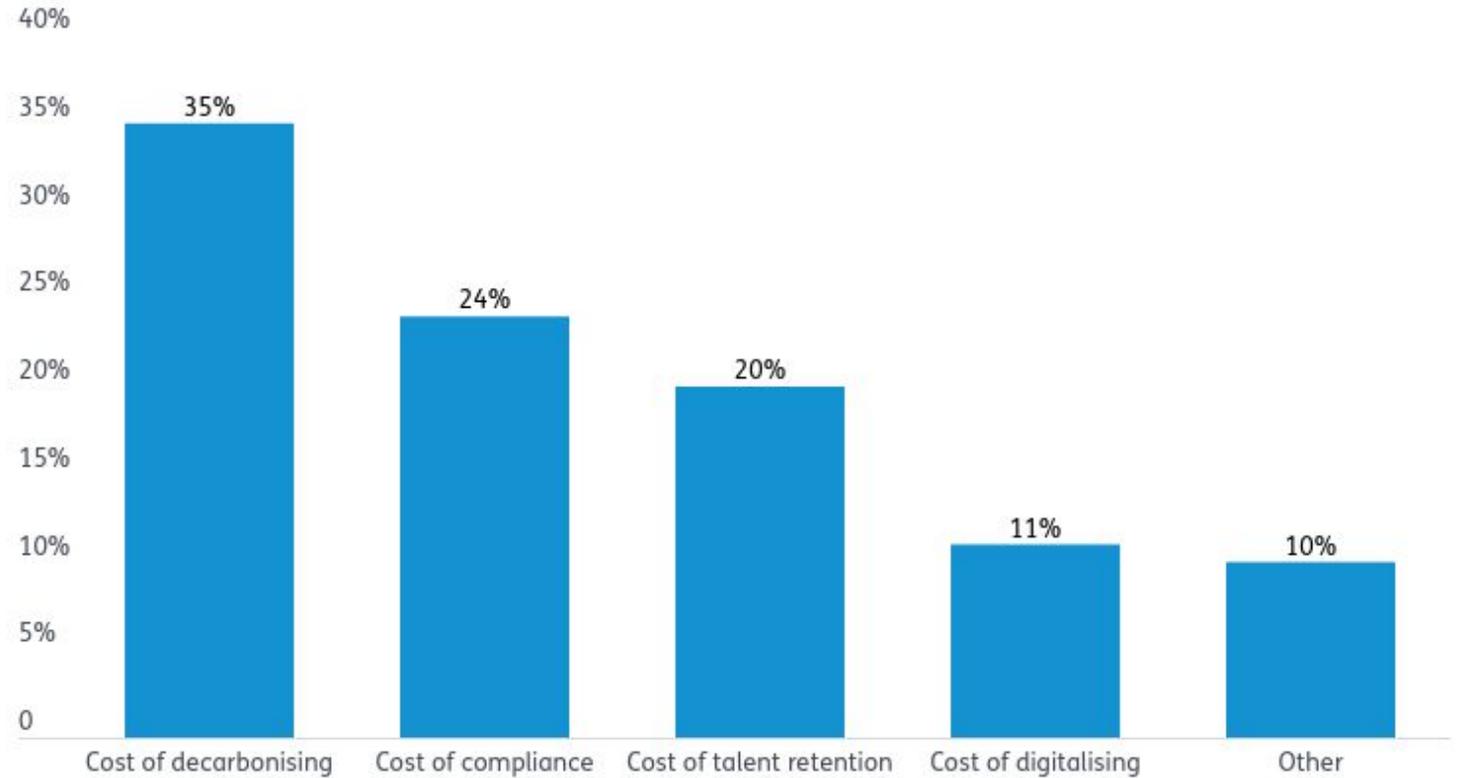
Magda Kopczynska

Director

European Commission

“The hope is that it will demonstrate very clearly that carbon pricing in shipping can work. In the IMO context, the question of what's going to happen with the money collected will be as important in the discussion as everything else. And if this is not part of the discussion, carbon pricing will not happen. At the EU level, we have instruments for where that money goes - there will be projects and the possibility for shipping companies to get access to project costs to that funding - but at the IMO, we have nothing like that. And if this is not addressed, then we'll get stuck. ”

Q4 - What keeps you awake at night most often?



Based on twitter and online responses surveyed between 28th November - 6th December, 2022

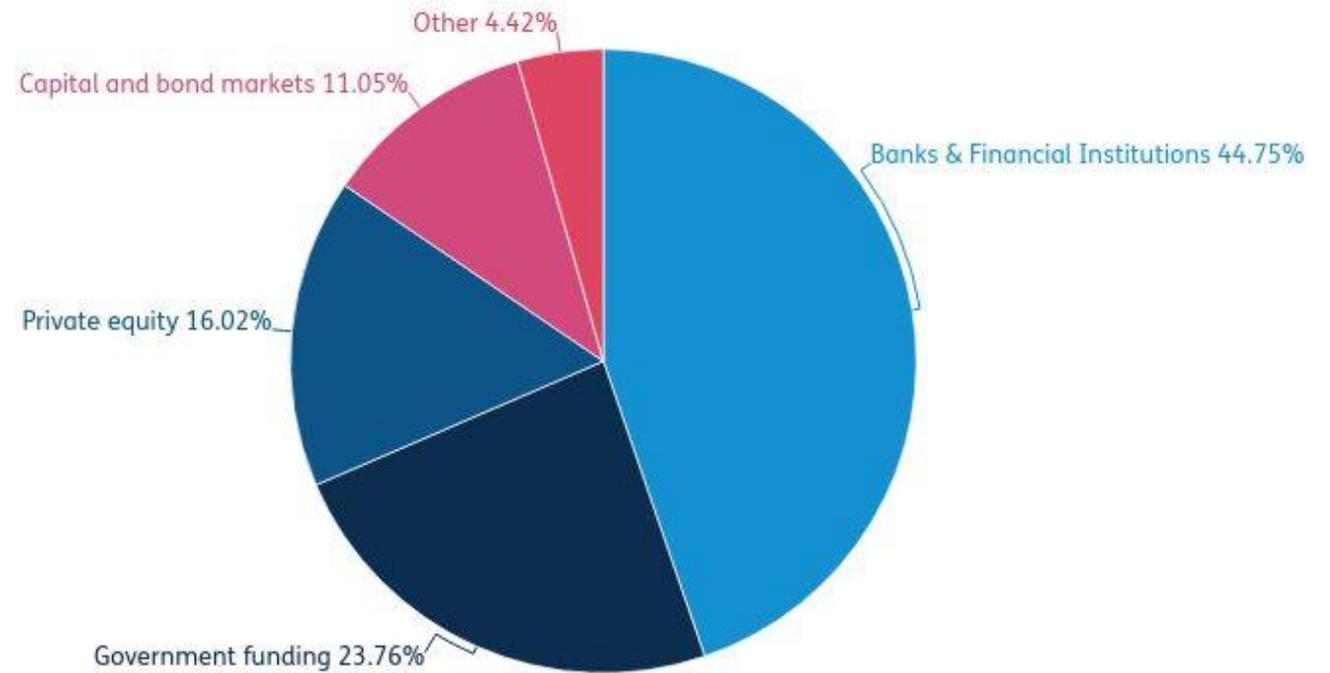
On shipping's need for carbon pricing...



Rasmus Bach Nielsen
Global Head Fuel Decarbonisation
Trafigura

“We need it now. The challenge the industry has is that we will not have the fuels available to scale. The hydrogen that we so desperately need will be taken by other industries. We need to mature our demand curve immediately. We have one global regulator [the IMO] and that regulator needs to make the decision. That's both the plus and the minus because if it doesn't manage to make that regulation, shipping will be left behind. We need [carbon pricing] now and if we get it, I'm very optimistic that shipping can achieve its decarbonisation targets.”

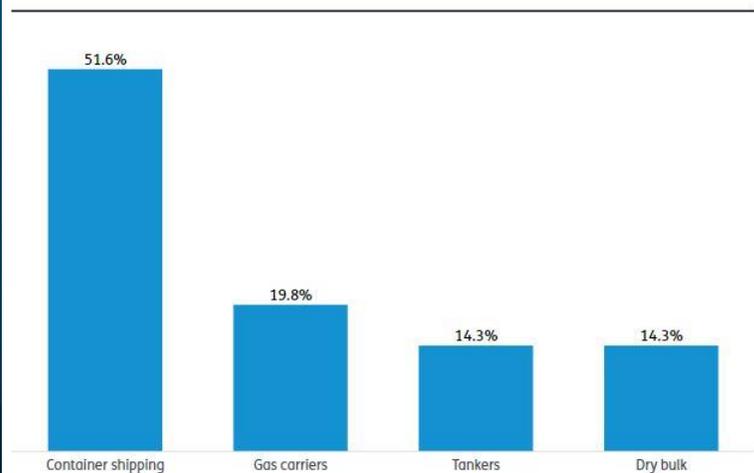
Q5 - Where will the main financing for decarbonisation of the industry come from?



Based on twitter and online responses surveyed between 28th November - 6th December, 2022

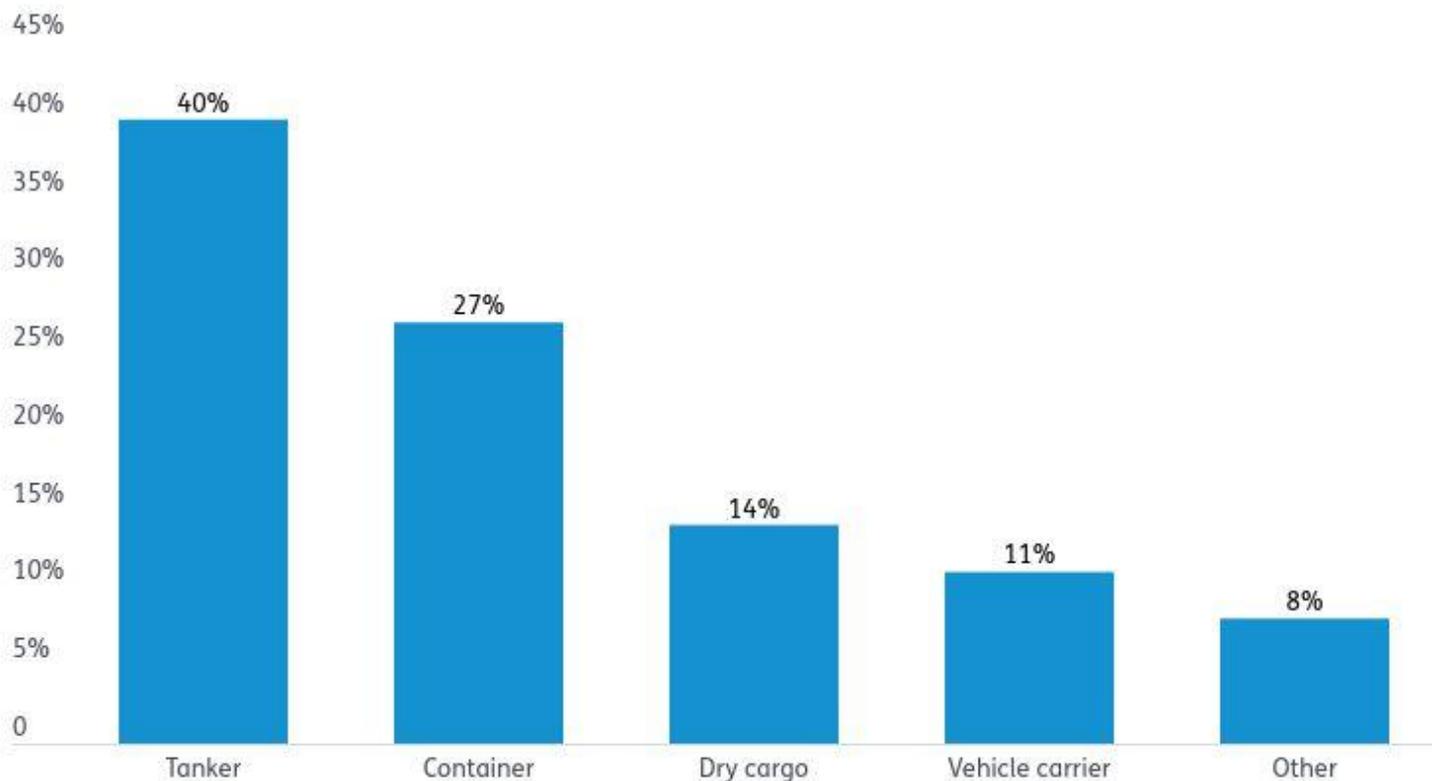
2021 poll

Which sector will see the best freight rates in 2022?



Lloyds List Twitter Poll, Nov 2021.

Q6 - Which shipping sector will perform best in 2023?

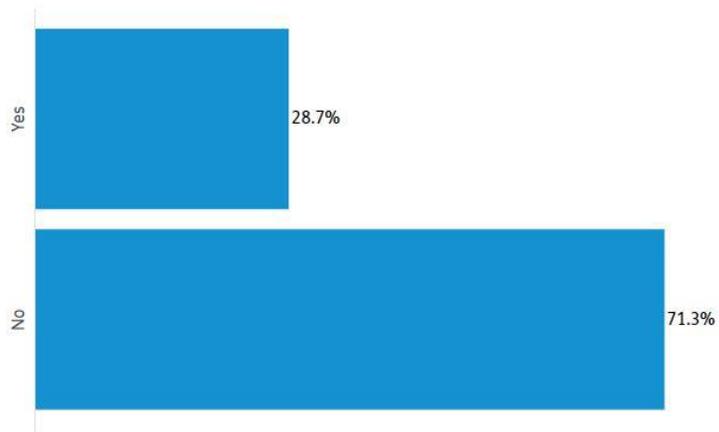


Based on twitter and online responses surveyed between 28th November - 6th December, 2022

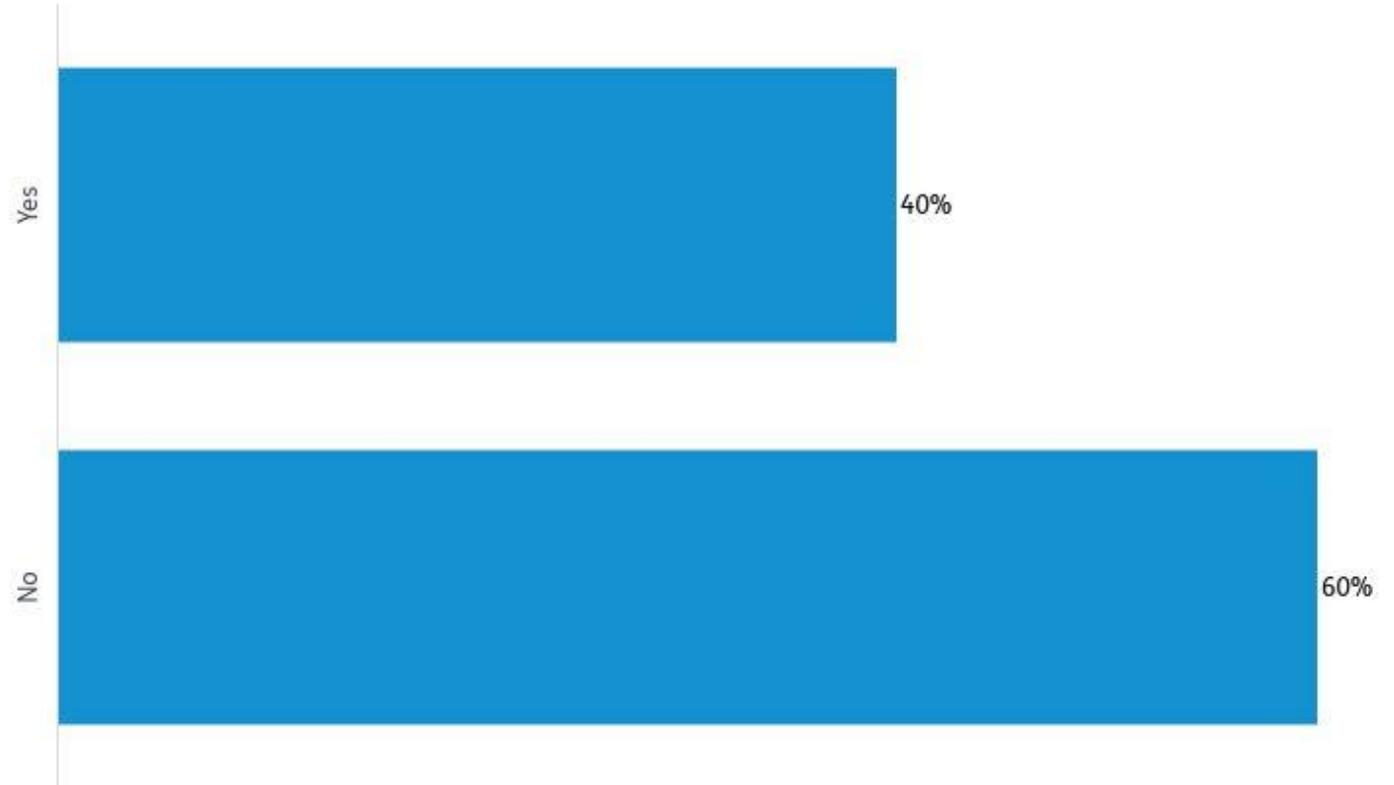
Q7 - Is the IMO doing enough to reduce shipping's emissions?

2021 poll

Is the IMO doing enough to reduce shipping's emissions?



SOURCE: Lloyd's List Twitter Poll, Nov 2021.



Based on twitter and online responses surveyed between 28th November - 6th December, 2022

On decarbonisation progress at the IMO in the context of the Covid-19 pandemic...



Magda Kopczynska

Director

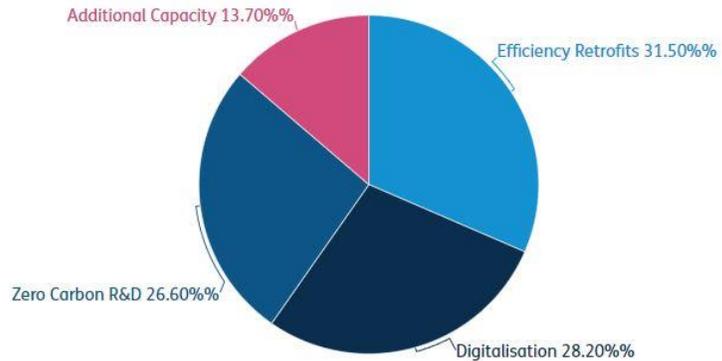
European Commission

“I think the difficulty of finding an agreement on something as complicated and as challenging as the decarbonisation of shipping within the community of the IMO member states, with only online meetings, was an impossible challenge. I like to think that if we had meetings in person, we would have been in a slightly different spot”

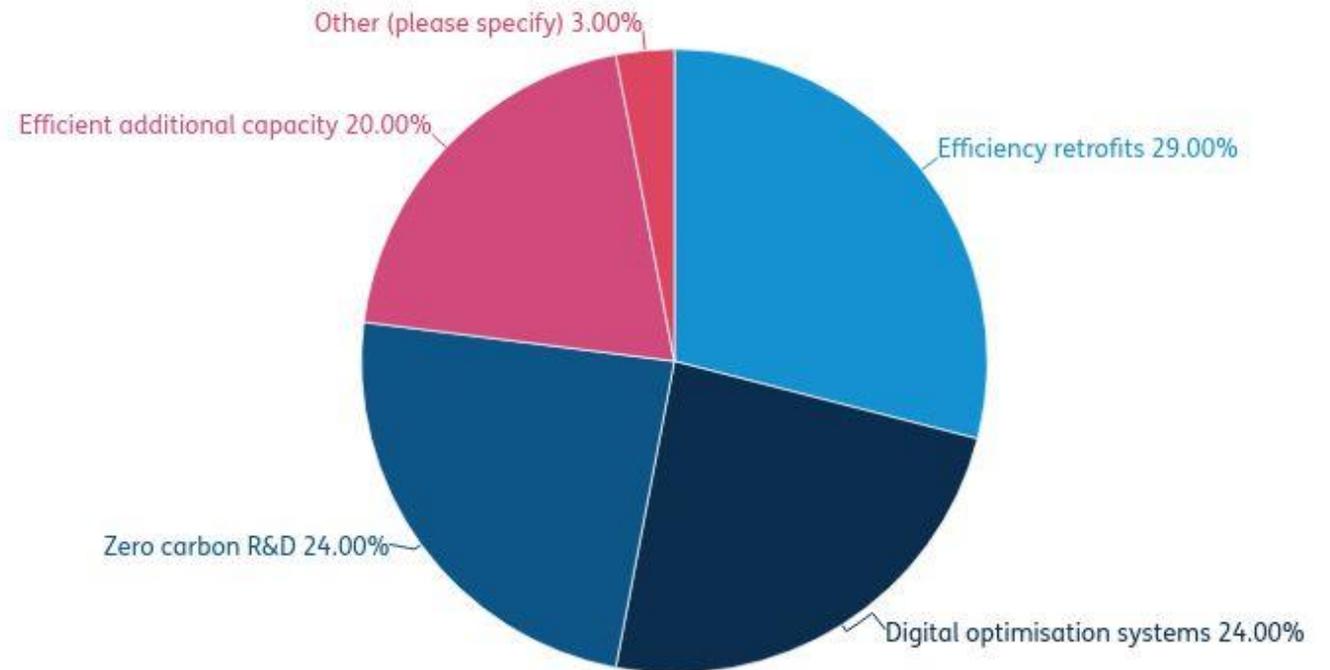
Q8 - What is the best investment opportunity for the shipping industry in 2023?

2021 poll

What is the best investment opportunity for the shipping industry in 2022?



SOURCE: Lloyd's List Twitter Poll, Nov 2021



Based on twitter and online responses surveyed between 28th November - 6th December, 2022

On the result of the ‘best investment opportunity for shipping’ poll question...

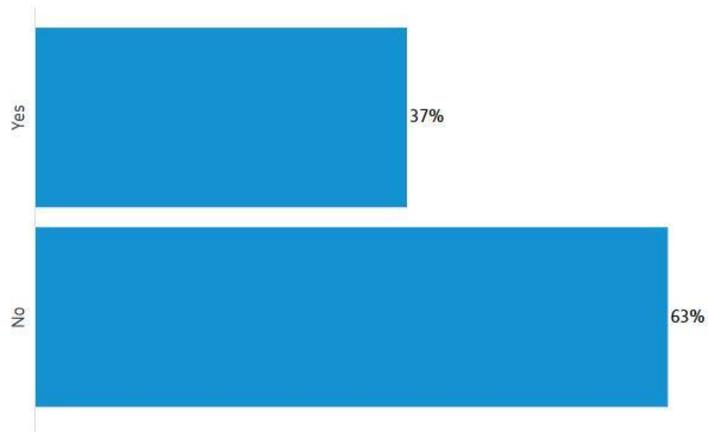


Christopher J. Wiernicki
Chairman, President and CEO
ABS

“You’re going to see much more focus on efficiency retrofits because you can't build enough ships to get to 2050. You're going to be looking at what to do with existing vessels. So I think this is very consistent with what I'm seeing... every owner should have a short game, a mid game and a long game relative to where they're going. This slide, to some extent, visualises that moving forward. So what I'm seeing in the industry and what I'm seeing on this slide actually, really are very consistent”

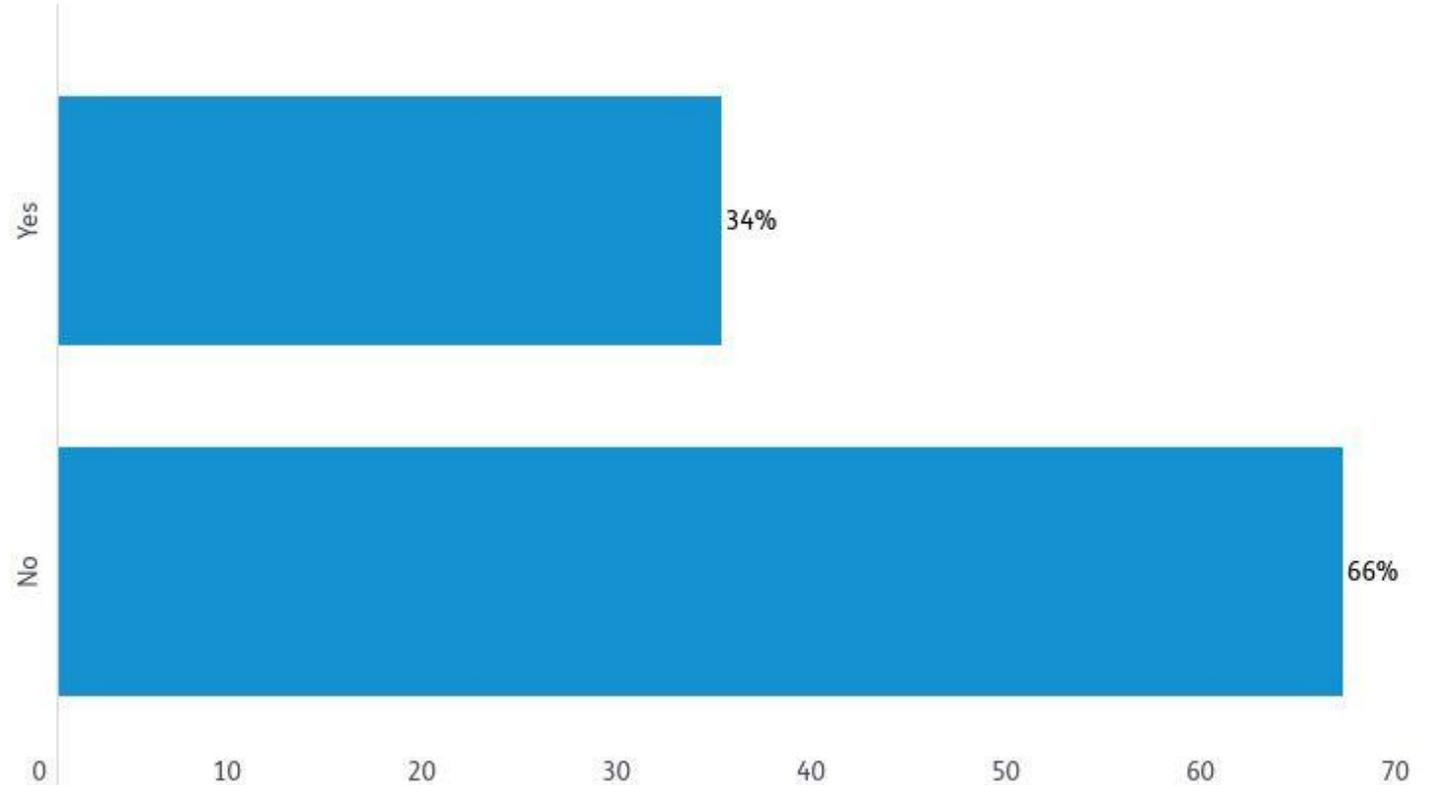
2021 poll

Has the shipping industry taken its eye off the ball when it comes to safety?



SOURCE: Lloyd's List Twitter Poll, Nov 2021

Q9 - Has shipping taken its eye off the ball when it comes to safety?



Based on twitter and online responses surveyed between 28th November - 6th December, 2022

On the need to maintain the focus on safety during a period of rapid change...

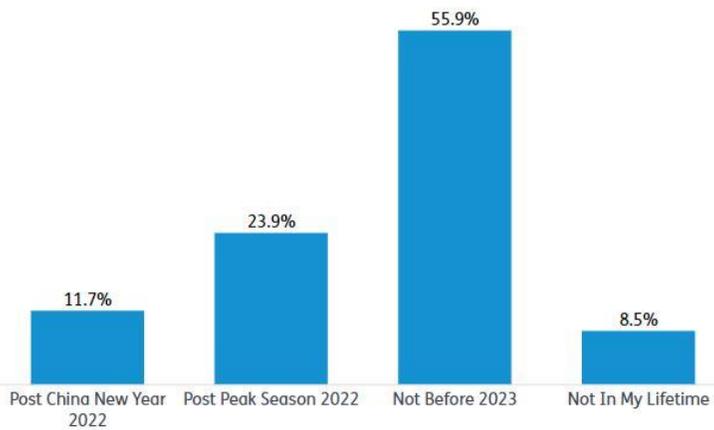


Christopher J. Wiernicki
Chairman, President and CEO
ABS

“Safety is not just about technology, it's about people. It's not about just age and experience, it's now about skills and continuous learning and how to prepare our people who are going to be the real heroes going forward. The next 10 years are going to be very critical with respect to safety, because safety is not just about the fuels, it's synonymous with security and reliability. We need to always recognise that it is a boundary condition. And it's something that we must not take for granted going forward.”

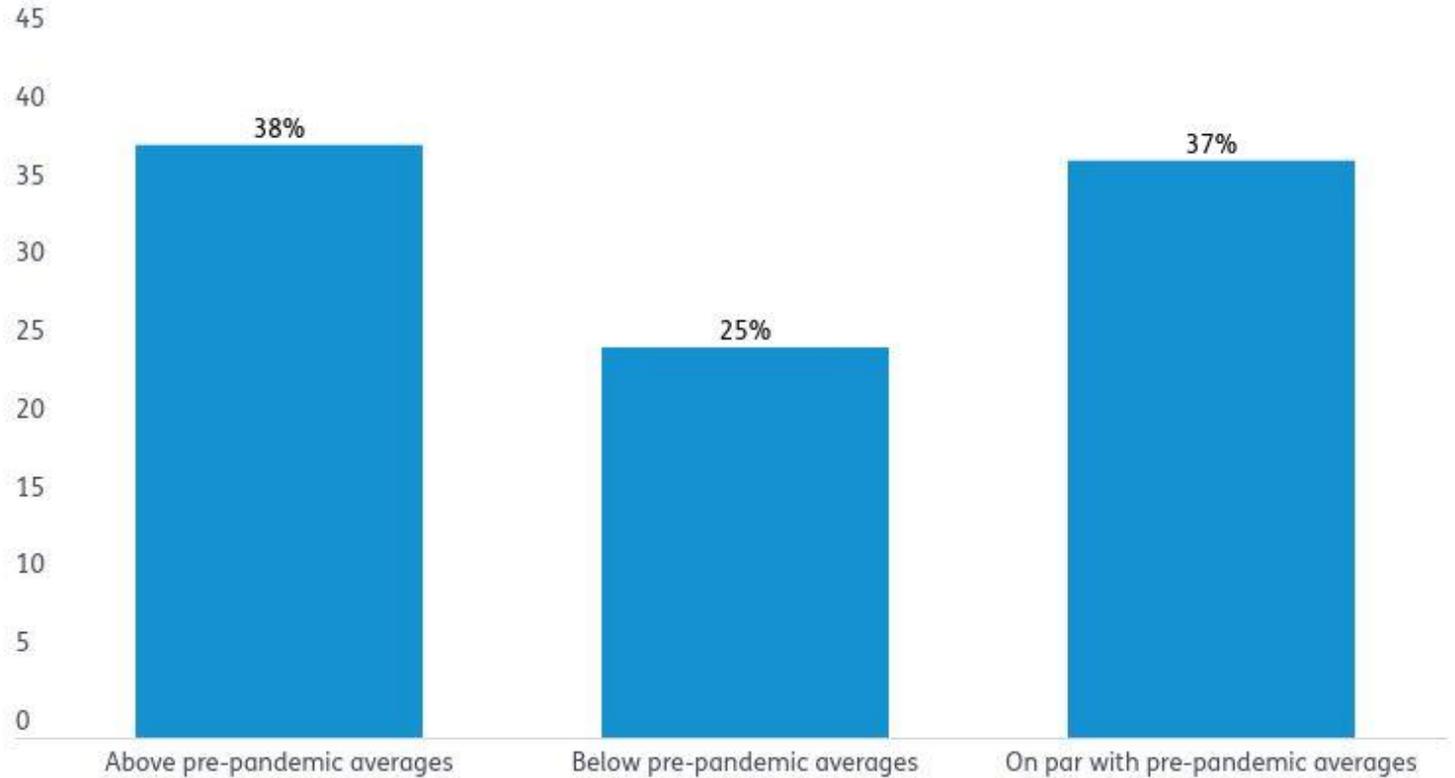
2021 poll

The supply chain crisis will end:



SOURCE: Lloyd's List Twitter Poll, Nov 2021

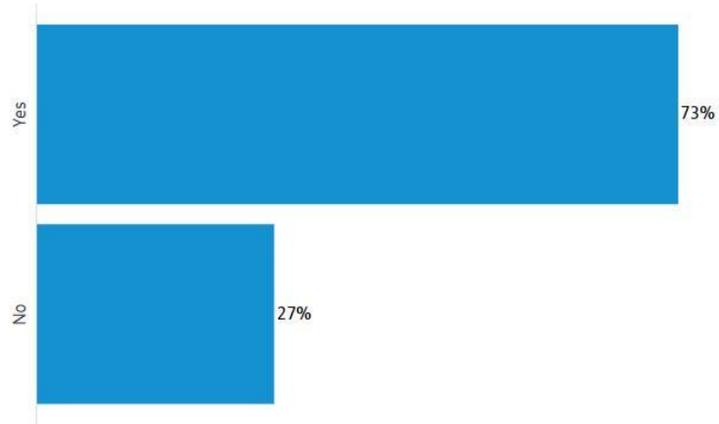
Q10 - Where will falling container freight rates stabilise?



Based on twitter and online responses surveyed between 28th November - 6th December, 2022

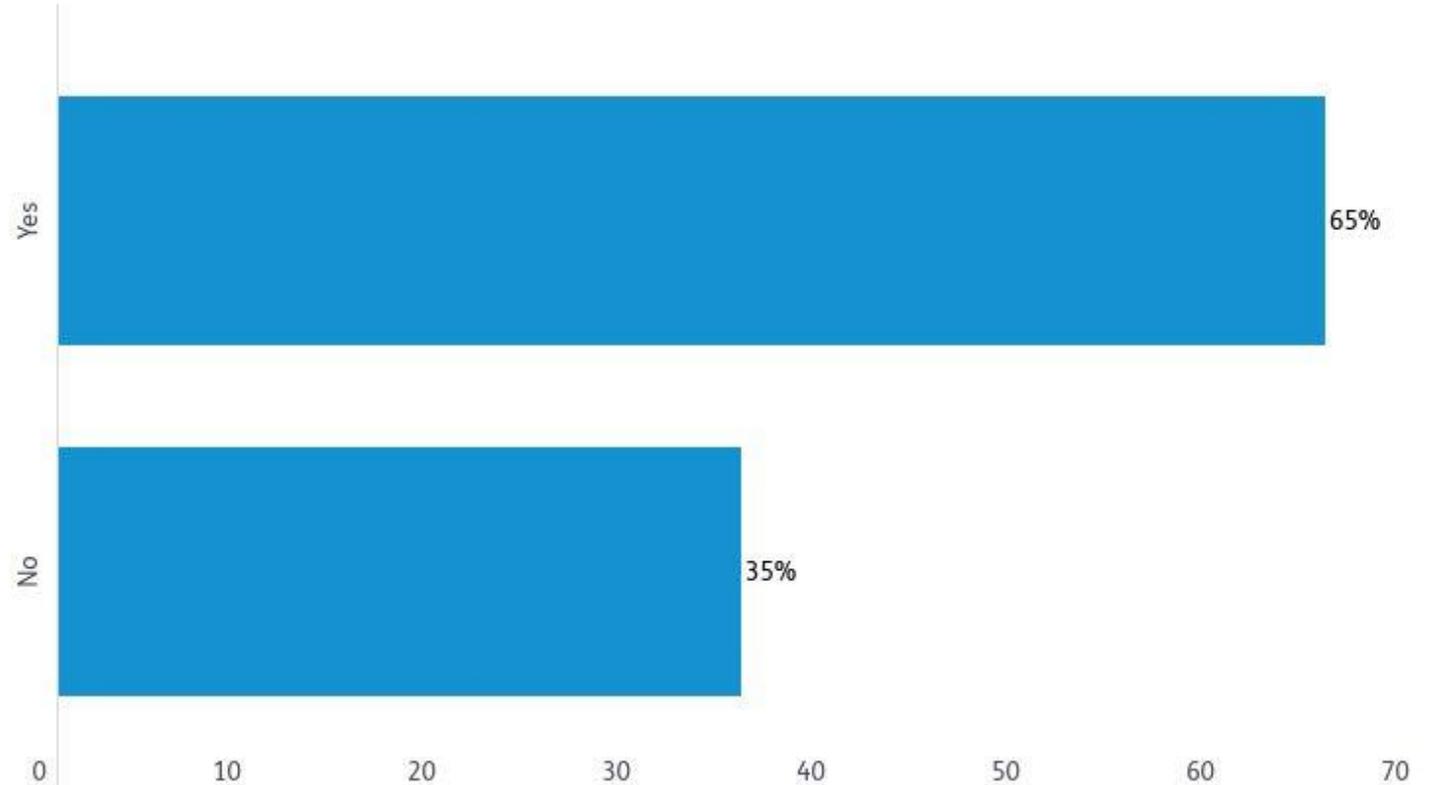
2021 poll

The small, private shipowner will be an endangered species within the next decade?



SOURCE: Lloyd's List Twitter Poll, Nov 2021

Q11 - The small, private shipowner will be an endangered species within the next decade?



Based on twitter and online responses surveyed between 28th November - 6th December, 2022

Q12 - Will CII and EEXI materially reduce the shipping industry's overall greenhouse gas emissions?



Based on twitter and online responses surveyed between 28th November - 6th December, 2022

On the IMO's carbon intensity indicator...

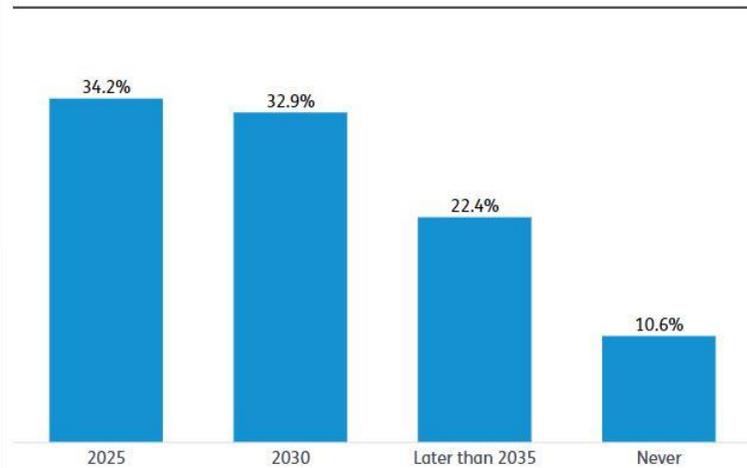


Rasmus Bach Nielse
Global Head Fuel Decarbonisation
Trafigura

“We don't think CII will have the desired effects. Why is this? You're penalising, to some extent, laden voyages etc. It's difficult to manage the penalty for not complying. It's not harsh enough. So in that sense, there will be less behavioural change than desired. However, what it will do is increase awareness of how emissions are originating. I think that awareness will help drive the next push at the IMO and also understanding within the EU ETS at just how important emissions are. But that's as a side effect, which is going to have a bigger impact than the CII in itself.”

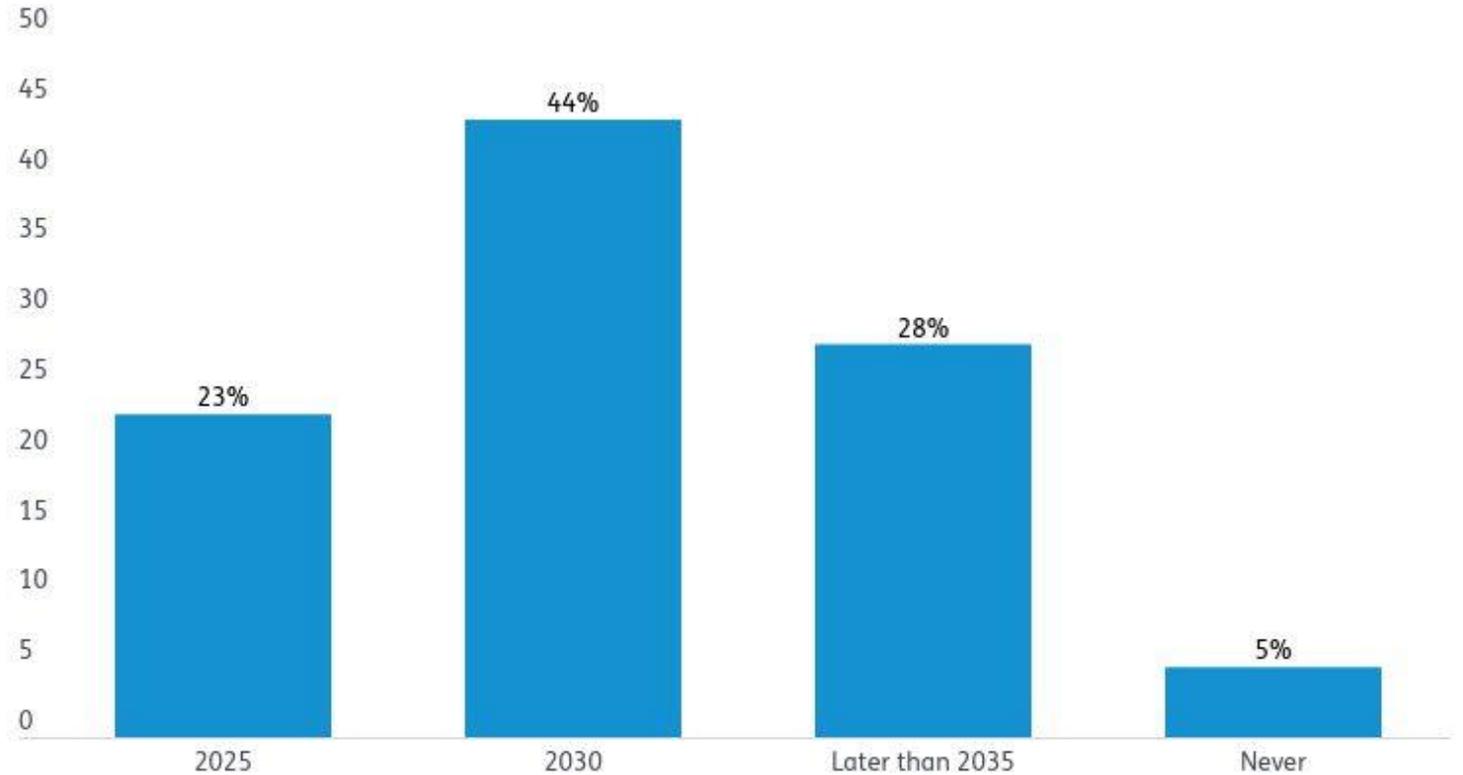
2021 poll

When do you expect to see a carbon levy imposed on shipping?



SOURCE: Lloyd's List Twitter Poll, Nov 2021.

Q13 - When do you expect to see a carbon levy imposed on shipping?



Based on twitter and online responses surveyed between 28th November - 6th December, 2022

On what the shipping industry will look like in 2030...



Magda Kopczynska

Director

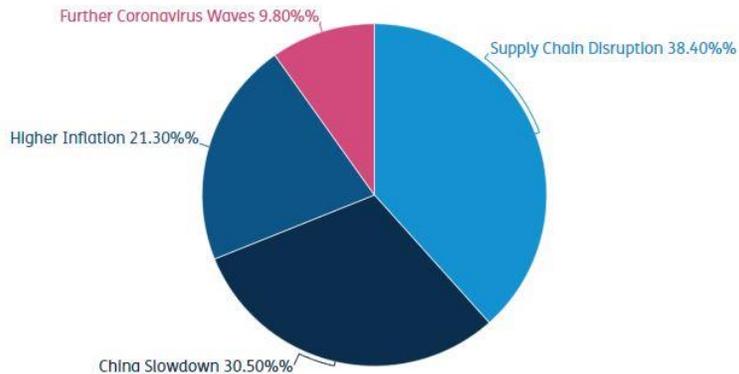
European Commission

“I think it will be a different industry, it will be a different industry in terms of grasping the challenge and promise and offer of decarbonisation. But I also hope that it will be a different industry in terms of really showing leadership when it comes not so much to technology and the way the sector is organised but when it comes to people... when it comes to taking care of people, we have to do better, because otherwise, the shortages and problems with getting people to be willing to come and work will become even bigger”

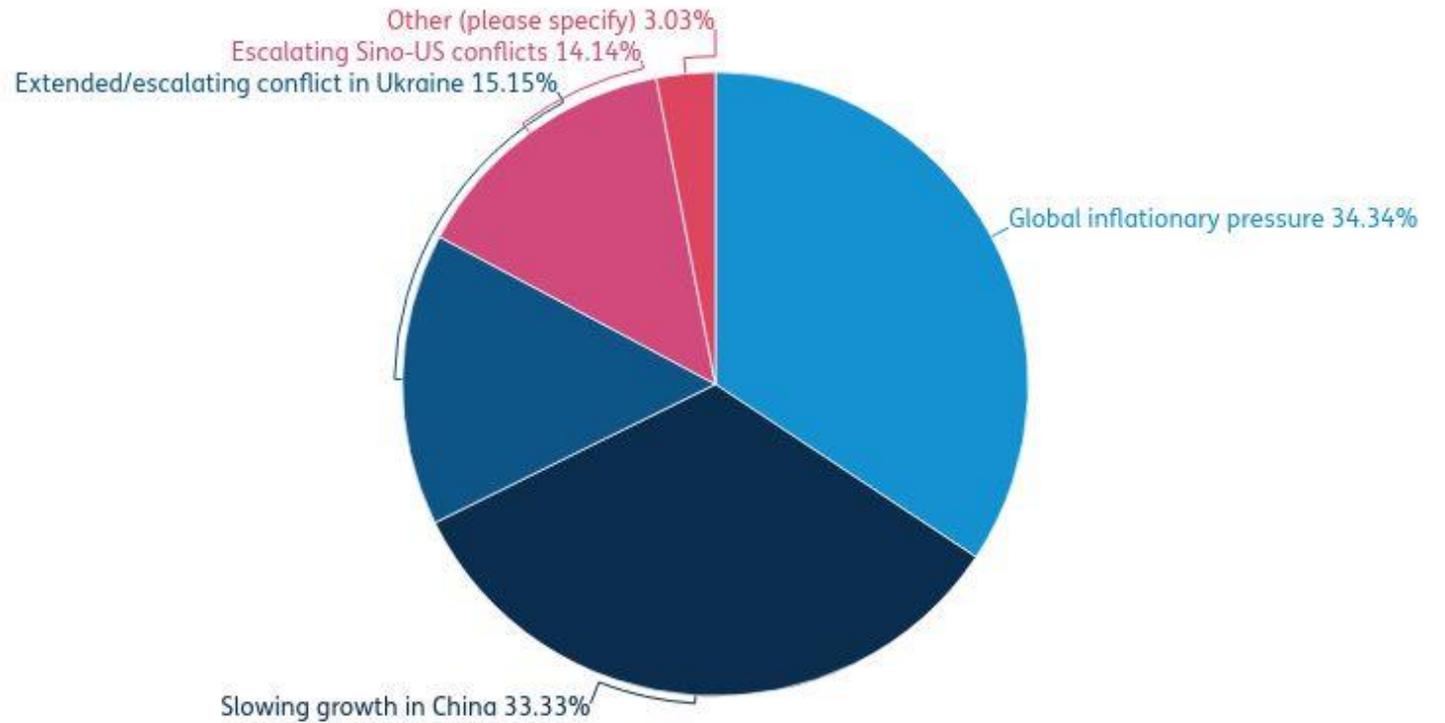
Q14 - The most significant macro factor affecting shipping markets outlook over the next two years will be...

2021 poll

The most significant macro factor affecting shipping markets outlook over the next two years will be...



SOURCE: Lloyd's List Twitter Poll, Nov 2021



Based on twitter and online responses surveyed between 28th November - 6th December, 2022

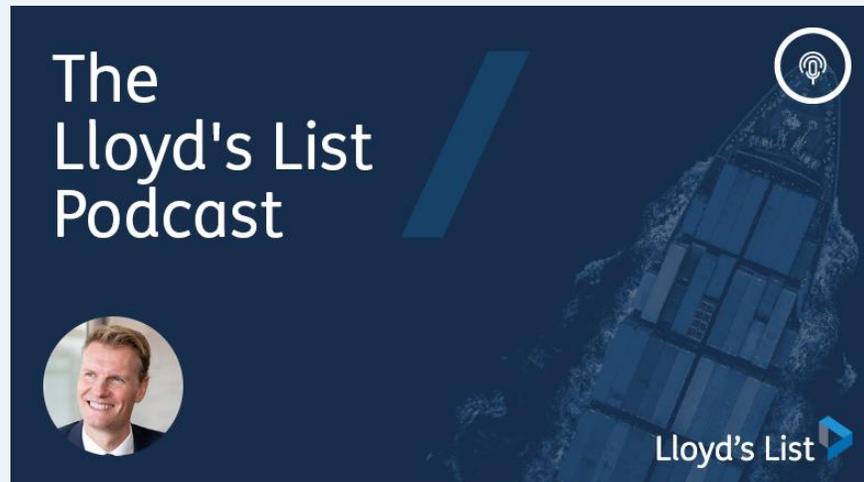
Key takeaways from the 2022 Lloyd's List Outlook Forum

- A global recession is the biggest threat to shipping in the next two years (49%), followed by regulatory uncertainty (28%) and an oversupply of vessels (12%)
- The global energy transition is mainly seen as a strategic opportunity for shipping businesses. However,...
- The shipping industry and related sectors across the supply chain need to work more collaboratively if the pace of progress on decarbonisation is going to accelerate in time to meet 2050 targets
- Carbon pricing in shipping can work, but more attention needs to be paid as to where the money raised is diverted
- The Carbon Intensity Indicator will not have the desired effect of reducing emissions but succeed in raising awareness of where emissions are being generated from
- The most significant macro factor impacting shipping in the next two years will be inflationary pressure (34%), followed by slowing growth in China (33%)
- Efficiency retrofits (29%), digital optimisation and zero carbon R&D (both 24%) are the best investment opportunities for shipping in 2023,
- Container freight rates are expected to stabilise either slightly above or on par with the pre-pandemic average
- Tankers is expected to be the best performing shipping segment in 2023 (40%), ahead of containers (27%) and dry cargo (14%)

Related Content



View the interactive rankings for the 2022 Lloyd's List Top 100 most influential people in shipping list



Søren Toft, chief executive of Mediterranean Shipping Co, talks to Lloyd's List about the challenges facing shipping and where he sees the industry heading