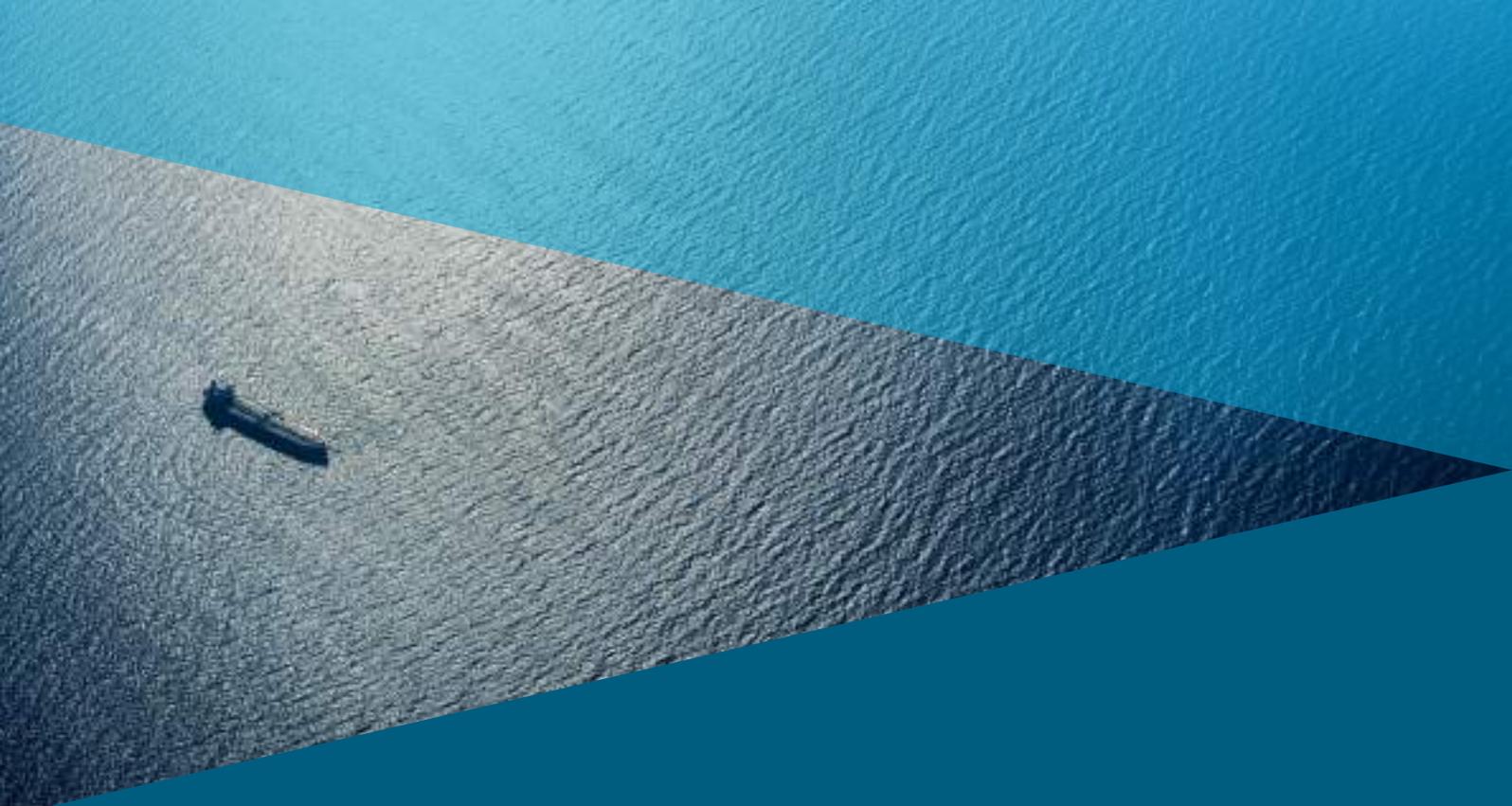


# BIMCO



# REFLECTIONS

REFLECTIONS 2017



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## President's foreword

There is no doubt that 2016 has been a challenging year for many in shipping. We have seen exceptionally bad market conditions in almost all sectors – and shipping must now also prepare for the implementation of major environmental regulations in 2017 and beyond.

Strong leadership and adaptability is crucial for shipping businesses to respond to these challenges. BIMCO works to support its members by providing high quality information, analysis and advice - on both the global impact of regulatory decisions affecting shipping and on other issues that impact your day-to-day operations.

During 2016, I have been glad to see BIMCO leading the field on some important areas. As well as being at the forefront of establishing new guidelines on cyber security for ships, BIMCO also developed and published some unique analysis on the “road to recovery” for shipping. I look forward to seeing more work in this series during 2017, both reporting on progress towards recovery for the dry bulk sector, but also extending the analysis to other shipping sectors. The report on the wider impact of the dry bulk crisis on other sectors is enclosed with this edition of Reflections.

I was very much in favour of BIMCO adopting a new standard term sheet for ship finance in November. As world leader in the production of standard contracts and clauses for the maritime industry, it is a natural step to start covering ship financing – an important and increasingly challenging area, not least because of the current financial crisis and the potential impact of Basel IV.

BIMCO's new corporate identity was launched in November, having been chosen by the Board of Directors following research with over 1,000 members on their perceptions of the organisation. BIMCO now also has clear vision and mission statements and a set of values which reflect what is now known to be most important to you, our members: trusted support and advice for your global businesses. It also has a new logo which I hope you will like.

I hope that you find Reflections 2017 both enjoyable and useful with its analysis of some of the most defining events for shipping during 2016.

**Philippe Louis-Dreyfus**  
**President of BIMCO**



# The shipping market in 2016 and looking forward

The shipping industry has its work cut out going forward in 2017 as the International Monetary Fund (IMF) forecast the lowest level of global GDP growth since 2009. 2017 will see another year of die-hard competition, which now includes tankers. In 2016, the container shipping industry bit the bullet in terms of demolition and consolidation to help the market to recover. The dry bulk sector needs to copy that approach.

## **Global economy: not lending shipping a hand**

The longer global economic growth remains weak and lacks investment, the lower future growth potential for shipping.

For eight years, the world has struggled to cope with huge changes and challenges brought around by the crash of the financial market in 2008. The resulting issues have not always been dealt with in the best way, leaving many large economies still in 'recovery' mode.

The full restoration of shipping markets will need several years of solid improvements to lift fleet utilisation rates. Sector overcapacity almost everywhere must be reduced. Government support for any industry – including shipping – which is feeling the heat of global competition might seem like a good thing. But direct subsidies from governments in fact have a negative impact on the global shipping industry as they affect free trade and undermine the level playing field for businesses.

In pure economic terms, 2016 has seen Europe improving, the US stagnating and Japan at a standstill. So, we have not seen much global change aside from some interregional trade flows and there

has been no real growth of demand on a broader scale.

In shipping, we rely on global imbalances in raw materials, energy and manufacturing facilities. Regardless of reported statistics of economic growth being right or wrong, China remained at the centre of shipping imports and exports in 2016.

Will the world grow its GDP in 2017 in a way that will benefit shipping? Probably not, as global GDP growth is currently driven by service sectors and developing/emerging economies which result in a lower "GDP-to-trade multiplier", and thus generate a lower level of shipping demand than we have been accustomed to in the past.

## **Dry bulk: worst year on record - heavy demolition activity needed to relieve the pain**

2016 has been a horrible year for the dry bulk shipping industry. After the Baltic Dry Index (BDI) reached an all-time-low of 290 on 10 February, it improved steadily throughout the year to peak in mid-November at 1,261. This was driven by and benefitted mainly the capesize ships as they transported the key commodities of iron ore into China. As the year progressed, the situation eased as demand growth outstripped the impact of the net supply growth of the fleet.

Chinese steel mills grew production and kept on substituting domestically mined ore with imported ore. Additionally, the reduction in operational days at Chinese coal mines reversed the declining trend for coal imports, adding much needed tonne-miles to the demand side.

In May, BIMCO provided industry leadership with some new and unique market analysis on the "Road to Recovery" for dry bulk. This analysis identified what the shipowners must do to return to profitability in 2019. Scrapping ships and refraining from building new ships is essential as we can't expect the same levels of demand growth as we have experienced in the past.

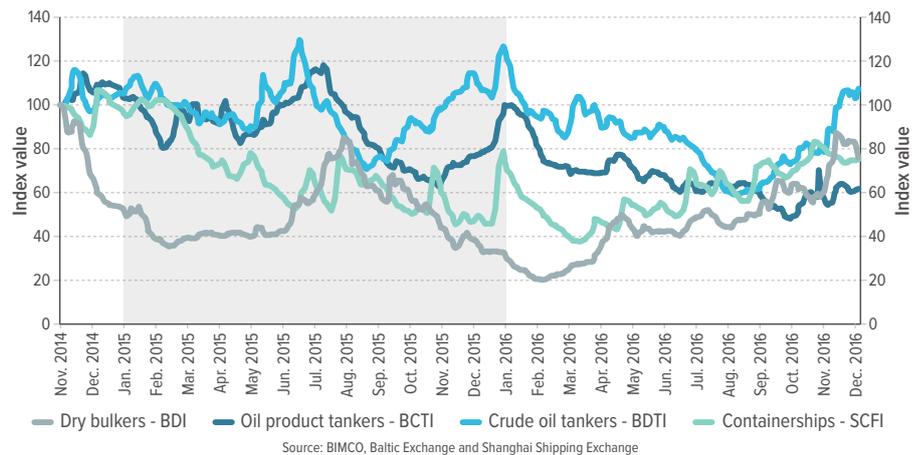
For 2017, it is vitally important that shipowners handle the supply side of the market with great care. A continuance of the alarmingly low level of demolition activity in the second half of 2016 simply will not deliver the needed zero fleet growth. A significant number of new ships are on order for 2017 and 2018. The only way to neutralise the impact of this influx of new ships will be to scrap 30 million DWT annually. This is not a tall order in theory, but the slowdown in scrapping seen since June 2016 causes alarm bells to ring. BIMCO expects the supply-side to grow by around 1.6% in 2017 (2.2% in 2016E).

## **Tanker: reversal of fortune after a perfect year**

In the wake of a very strong 2015, fortune faded as expected for crude oil and oil product tankers. A strong freight market was created by an increased throughput at global refineries causing up-front oil demand to run ahead of end-consumption and a moderate supply side growth for crude oil tankers.

In 2016 the fleet grew by 6% for both tanker segments. This unbalanced the market because demand growth eased off. BIMCO suggests that in coming years the end-consumption of oil will need to catch up – and bloated oil stocks must be

## Freight rate developments 2014 - 2016



drawn on – before the market can be rebalanced.

Global oil supply continued to grow in 2016 despite many disruptions to production in key exporting countries. The re-entry of Iran into international oil stood as the single-most disruptive event to an established oil market and it had a knock-on effect into the tanker market. Whether the changes to trade patterns end up benefitting the tanker market remains to be seen and depends on the West African exporters' ability to defend their market shares in Asia, particularly in India.

Tanker demand growth in 2017 is expected to come predominantly from the greater Asian region led by China and India.

BIMCO expects the crude oil tanker segment to see a net fleet growth of around 3% in 2017 (6.0% in 2016E). We estimate the supply side growth rate of the oil product tanker fleet to be around 2.5% (6.1% in 2016E). We foresee demolition of tanker capacity to reach a five-year high, but not enough to prevent the onset of a loss-making freight market.

Showing leadership to the global shipping industry, in 2017 BIMCO will continue its unique series of analysis on the "Road to Recovery" for the crude oil tanker market, following the analysis published in 2016 on what is needed for the dry bulk sector to recover.

### **Container:** fundamental market balance improved as demolition went through the roof

After deteriorating market conditions in 2015, with a very high fleet growth and a sensationally high number of new orders for future

delivery, 2016 got off to a bad start. The need to match the supply of container shipping capacity with global demand for containerised goods became even more urgent.

How did the container shipping industry act in this "self-inflicted" shipping market crisis? By using some tools that had seemingly been forgotten. Many operational tools have been successfully applied in the market already (slow-steaming and idling), leaving the non-operational tools to be put into action in 2016 (limiting new orders, scrapping and consolidation).

2016 stands out in terms of consolidation, both in the form of outright mergers but also in the newer and larger alliances being forged to cut cost. We also saw the unprecedented event of a government-sponsored shipowner filing for court protection.

Additionally, the very low number of newbuilding orders was backed up by an all-time high of demolition capacity reducing the harmful effects of

new ships being delivered. Panamax ships went out of fashion, resulting in further value erosion of the ship size that turned out to be the one which was squeezed out between the feeders and the very large ships.

Generally, the container shipping industry has found it difficult to adapt to the new normal where demand grows by a multiple of global GDP growth of one or even below, unlike the multiplier of two or more experienced year on year in the past. Nevertheless, market conditions ended up improving in 2016 as fleet growth was lower than demand growth, the first time since 2010.

BIMCO expects the container shipping segment to see a net fleet growth of around 3.1% in 2017 (1.1% in 2016E). If the multiplier gets back to one, and the IMF forecast of 3.4% becomes reality, the market will neither improve or worsen in 2017.

# Growing diversity, building trust: reaching new markets with BIMCO standard contracts

## Diversity

BIMCO's ability to diversify into new areas of the market for standard contracts is a direct result of over a century's experience developing charter parties and bills of lading.

## Financing term sheet

With a well-established and global reputation for producing standard charter parties and other shipping-related contracts, BIMCO is often asked to lend its contractual expertise to help develop more specialised documents. One such project is the Standard Term Sheet for Bilateral Ship Financing, which has just been approved for publication after two years' development work.

An indicative term sheet is a non-binding arrangement that forms the basis of ship financing agreements and is normally produced by individual banks. These term sheets are not necessarily industry-specific and banks may have forms that are used for financing in several different industries. In a challenging market for ship financing, BIMCO has been successful in bringing some of the major international ship financing banks together with shipowners and lawyers and convinced them of the benefits of a standard term sheet specific to the shipping industry.

The Term Sheet will be published in early 2017 but already there has been keen interest shown by the shipping industry and banking and finance sectors. So much so, in fact, that the project team has now been commissioned to develop a second "syndicated loan" version involving more than one bank.

It would be very easy for BIMCO to stay

in its "comfort zone" and focus solely on the type of standard contract on which its reputation is built – charter parties and bills of lading. But BIMCO continues to push its boundaries further by embracing more niche areas where there is an "interface" between shipping and other key stakeholders. The term sheet is a good example of where we have successfully stepped outside our normal range of activities.

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## Emergency spill response

Other recent examples of this increasing diversification include the Spill Response and Equipment Contracts and the Offshore Structure Dismantling Contract. The Spill Response Contracts are still under development. They are a set of agreements between emergency responders and shipowners (with their P&I Club acting on their behalf)

to provide, at short notice, equipment and services to help clean up a spillage or pollution incident after an accident. One agreement is designed for use with US first responder requirements and the second, more general agreement, is for spill response arrangement for the rest of the world.

## Dismantling offshore structures

The dismantling contract for offshore structures is another example of how BIMCO is working on the peripheral "interface" between shipping and other industries. With the fall in oil prices and with many offshore structures now reaching their "end of life", oil companies have put in place procedures to remove or decommission these structures. In many cases these are very large, long term projects that will take many years to complete. For small to medium sized oil companies this task will be done with the help of expert third party marine service providers. It is here that BIMCO can fill a niche by providing a simply and clearly worded contract to set out the scope of the work and the responsibilities of the parties. It's being developed using one of BIMCO's existing marine services agreements – WRECKSTAGE 2010 – a contract that many companies who have moved into this specialised area will already be familiar with.

These mainstream shipping contracts remain at the very heart of our documentary work and are no less important to us today than when the organisation was founded at the turn of the 20th Century.

## SUPPLYTIME

BIMCO's most widely used charter party is



SUPPLYTIME 2005 – a contract for off-shore support vessels. The revision of this charter party is now ending after nearly two years. The final stage of the process has involved a consultation with industry practitioners – showing them the updated draft and asking for feedback and suggestions. Despite the tough conditions in the offshore market, people have willingly spent time to provide us with constructive comments that have been of immense help in improving the new version. A new edition should make an appearance in the middle of 2017 and we are confident that it will be welcomed as a worthy successor to the 2005 edition.

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#### **BARECON**

The industry’s standard form for bareboat chartering ships is BARECON, last updated in 2001. Although it is not a contract that normally creates many disputes, changes in commercial practice mean that we have begun to see an increasing number of rider clauses added to the contract. There are also sections of BARECON which could clearly benefit from more clear wording. All these

aspects are currently under review by a group of bareboat chartering experts who aim to release a new edition of BARECON in 2017.

#### **Standard Bunker Contract**

One of the surprise successes in recent years has been the widespread acceptance of the BIMCO Terms 2015 Standard Bunker Contract. The bunker sector has always been slightly resistant to standardised terms and conditions for the purchase and delivery of marine fuels with many suppliers preferring to offer on their own terms. The collapse of OW Bunker has no doubt help focus the minds of many on the importance of good and solidly worded contractual agreements. This has certainly helped the industry realise the benefits of having a standard contract for bunkers that has been developed with input from all the key stakeholders.

During 2017 a team of bunker industry experts will continue their review of the BIMCO Terms to see what advice and guidance they can provide to the industry to help avoid or minimise the unfortunate double payment consequences from OW bunker-style bankruptcies. Bringing together all the stakeholders – traders, suppliers and buyers – to find common ground on issues of mutual interest can only further improve the appeal of harmonised terms and conditions. We will look forward to the BIMCO Terms going from strength to strength in 2017.

#### **New projects for 2017**

2017 will be a no less challenging year for our documentary activities. We will begin work on revising our standard ship repair contract, REPAIRCON. This is a contract first published in 2003

which enjoyed little use until just a few years ago. Without any marketing effort on our part, the industry has started to use the form in significant numbers. We think that a revision of the contract to bring it up to date combined with a new marketing campaign could result in REPAIRCON becoming the industry’s repair contract of choice – a contract appealing equally to repair yards and their clients.

#### **GENCON**

It is always with some trepidation that BIMCO decides to revise one of its most well used charter parties – especially when some sectors of the market seem fairly content with the existing form. But it is important that over time BIMCO applies the same standards of balance and clarity to its older documents as it does to brand new documents. Consistency is important across our range of standard documents. The scope of the revision of GENCON 1994 has yet to be agreed, but this is certainly likely to be a project closely followed by the industry.

#### **The importance of training**

BIMCO is always poised and ready to respond with practical and commercial contractual solutions to developments in the industry no matter how diverse. Issuing contracts and clauses is, however, not enough on its own. BIMCO has a responsibility to assist in the better understanding by the industry of the contracts it relies on in its daily business. By combining its documentary work with its highly successful training activities, BIMCO provides the industry with location-based and online learning opportunities that are tailor made to meet the needs of industry practitioners.



# Long term effects of new shipping regulations are firmly in the spotlight

The International Maritime Organization (IMO) has spent several years preparing for new environmental protection schemes to enter into force. These include the 2004 Ballast Water Convention which finally passed the ratification threshold in September 2016 and, not least, the long-awaited decision on the enforcement date of the global sulphur cap of 0.50%.

BIMCO strongly supports internationally-agreed standards and regulations for maritime transport which promote safety and protection of the marine environment. Importantly, these internationally agreed rules and regulations should be evenly applied to all ships independent of their nationality, facilitating open access to markets and fair competition.

Regulations also come with burdens and cost, and BIMCO works diligently to ensure that the effects of new regulations are well understood by all stakeholders and that the potential economic impact is alleviated as much as possible.

## MEPC decides on reduction of global sulphur emissions

In October, the IMO decided that the regulation requiring the global shipping industry to use fuels which have a maximum sulphur content of 0.50% will come into force from 1 January 2020.

To help it make the decision, IMO commissioned a scientific study to reveal what would happen if global shipping had to use fuels with a substantially reduced sulphur content from 1 January 2020. In short, the study had to predict:

- how much fuel would be required by the shipping industry in 2020 and

- how (if at all) refiners could adapt their output to produce enough low sulphur fuel to meet the overall demand for this type of fuel – not just the increased demand from shipping but also the existing demand from every other sector of the global economy.

However, BIMCO felt the contractor chosen to execute the official study had insufficient specific knowledge and experience when modelling the global refining industry's capabilities. BIMCO's Board of Directors supported the decision to co-fund a supplementary study to be executed by EnSys Energy and Navigistics, using the same terms of reference as the official study. EnSys Energy has been modelling the global refining industry's capability for over 30 years and are the acknowledged experts on modelling future changes in refinery capacity and output.

On the demand side, the IMO study and the EnSys/Navigistics study both came to a comparable and realistic set of figures for shipping's demand for low sulphur fuel.

On the supply side, while the IMO study concluded that there would be sufficient fuel available for a change to maximum 0.50% sulphur content fuel on 1 January 2020, the EnSys/Navigistics report came to the opposite conclusion.

In reaching its conclusion that there would be sufficient low sulphur fuel, the official IMO study chose to ignore two important aspects on the supply side: the quality standard for marine fuel (ISO 8217) and an assessed lack of sulphur removal capacity at refineries.

The results of both studies were presented to the Marine Environment Protection Committee (MEPC 70) at the IMO in October 2016, and its conclusion was that implementation of the global cap by 1 January 2020 would be feasible without creating shortage of compliant fuels.

BIMCO believes the decision to implement the global sulphur cap may result in critical safety issues due to poor fuel oil quality. This is because of the disruptive nature of change overnight when the global sulphur cap comes into force. Some 4 million barrels/day of additional low sulphur products will have to be supplied to the shipping industry by refiners globally. The refiners have limited time and incentive to change their output capabilities until the change becomes a reality, and the shipping industry will have to virtually "scrape the bottom" of available blending components in the world to make it happen – if at all. This will result in diverse and unconventional fuel blends being supplied that are bound to present operational and safety issues onboard ships.

In making its decision, the IMO went some way to recognising that there will be issues when implementing the 0.50% global sulphur cap. Work is being initiated at IMO to facilitate implementation and deal with the expected negative effects. We all need to recall that fuel oil cost is the most significant operational cost element in shipping, and that enforcement and a level playing field are critically important for the sustainability of responsible shipowners.

Initiatives to deal with implementation are underway and BIMCO is playing a significant role to ensure the downsides are alleviated as far as is possible.



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Fuel oil cost is the most significant operational cost element in shipping: now the implementation and enforcement of the global sulphur cap is critically important to maintain a level playing field for the sustainability of responsible shipowners.

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#### Monitoring greenhouse gases (GHG) and their impact on shipping

Reducing GHG emissions from international shipping has been a key issue for IMO for many years. Regulatory requirements on the energy efficiency of new ships (EEDI) and also the requirement for all ships to carry a ship specific energy efficiency management plan (SEEMP) were incorporated in MARPOL Annex VI in 2011.

The IMO is pursuing further measures on GHG emissions via a 3-step approach:

1. first stage - collect relevant data
2. second stage - analyse data
3. final stage – agree potential further measures to enhance energy efficiency in international shipping - if required.

A comprehensive IMO GHG strategy was

recently agreed, with a timeline and work-plan to deliver concrete contributions to the global efforts to combat climate change.

BIMCO is firmly supporting this comprehensive strategy and will provide much needed solid and reliable data to the related discussions.

#### Ballast water management convention enters into force in 2017

BIMCO has repeatedly asked for one globally recognised performance standard for ballast water management (BWM) systems, as differences between the IMO and US standards are a major concern to shipowners.

The Ballast Water Management Convention, which was adopted by IMO in 2004, will finally enter force on 8 September 2017. Any ships constructed before this date must be compliant by the date of its first subsequent renewal survey for its International Oil Pollution Prevention Certificate (IOPP). New ships (constructed after the entry into force of the convention) must be built to comply.

The US Coast Guard's (USCG) BWM Regulations apply to new ships constructed on or after 1 December 2013, as well as to existing ships after their first dry-docking in 2014 or 2016 – the date is subject to their ballast water holding capacity.

BIMCO welcomes the work IMO is doing to strengthen its type-approval guidelines and believes it is crucial that a mandatory code is adopted to ensure that all systems are tested to these new guidelines. Ultimately, ballast

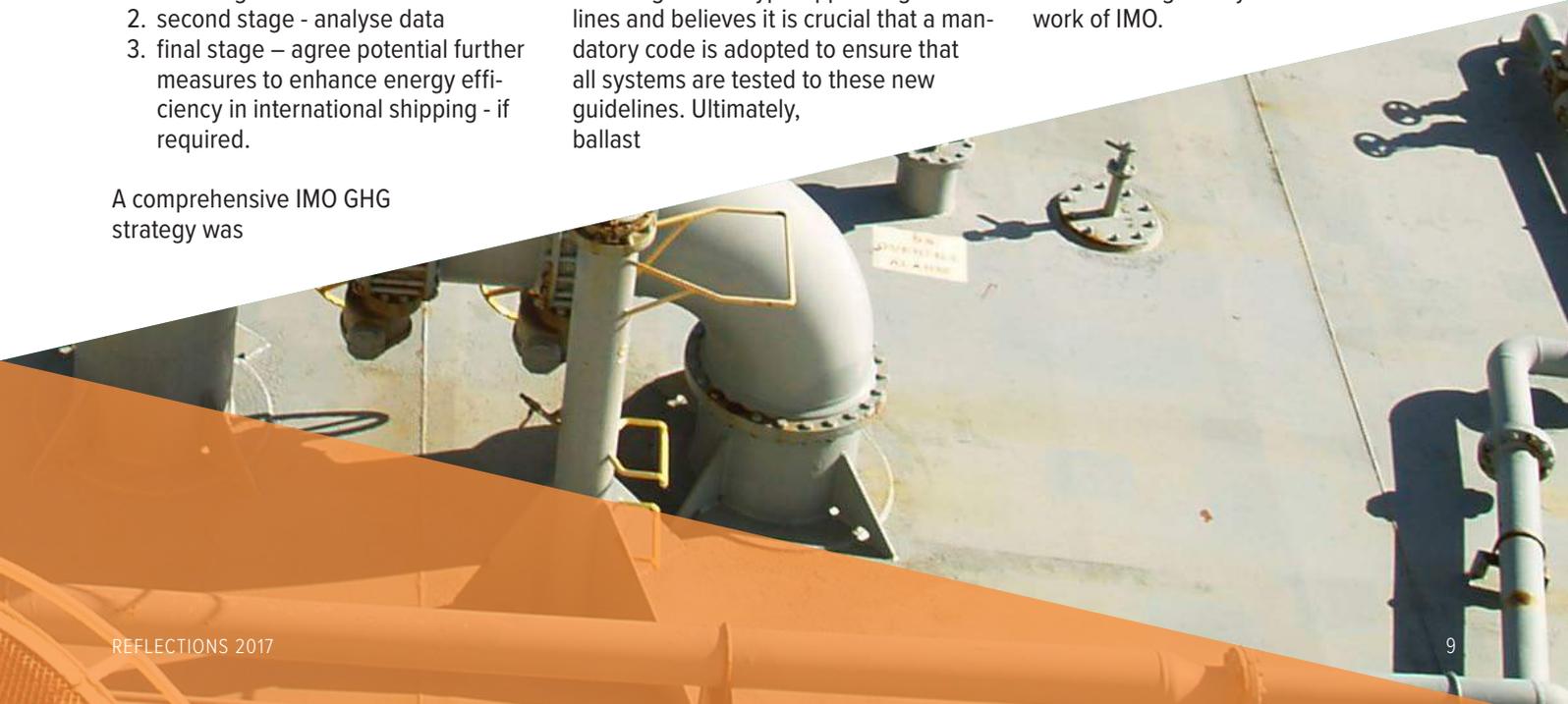
water systems tested to the new IMO guidelines should also be able to meet the US requirement - fulfilling the aim of one global standard for such equipment. At the time of writing, just one IMO-compliant system has also received approval from the US.

The work on ballast water management is now entering a new phase with the regulations coming into force. The focus will change from the development of guidelines and theoretical planning, to practical application of the guidelines and installations onboard real ships. BIMCO will continue to work for members on the detail that will support a smooth implementation of the Convention and to provide practical advice and expertise gathered from the shared experiences of our international membership.

#### 2017 is the year where goal based standards take effect

For years IMO has worked on implementing the idea that new rules should be goal based. This means a change of focus from the “process” – requiring very prescriptive rule-making from IMO – to the “destination” which, of course, is the end goal.

Having said this, the move towards goal based standards also means that the vast area of classification rules that were previously outside the scope of IMO are now becoming subject to its scrutiny. In 2016 IMO completed its first ever audit of a set of harmonised rules for bulkers and tankers. These rules for the design and construction of ships were adopted on 1 July 2016 and will forever change how construction standards are treated within the regulatory framework of IMO.



# Security: the continued need to manage diverse risks

BIMCO continues to be at the forefront of the shipping industry when it comes to security matters. Increased piracy activity in the Gulf of Guinea and other hot-spots has been a worrying trend and this issue is tracked with weekly piracy updates on the BIMCO website. Cyber security remains one of the newest onboard threats and BIMCO was quick to initiate and lead on the first global guidelines on cyber security for ships in January 2016. Smuggling continues unabated and BIMCO will continue to support organisations trying to halt the movement of illegal goods by sea.

## Piracy

Throughout 2016 BIMCO has seen significant trends developing across the world's main piracy areas. The Gulf of Guinea has seen a 96% increase in incidents compared with 2015 and witnessed a change of tactic from cargo theft – previously crude oil siphoning – to crew hijack for ransom. This is a clear worry for shipowners and operators due to the significant psychological effect of this traumatic experience on crew members. A crew member who has experienced a hostage situation in this part of the world understandably becomes a reluctant seafarer. The security situation in the Gulf of Guinea continues to be a challenge and requires strong regional government action to reduce the frequency of attacks. The new reporting centre, Maritime Domain Awareness for Trade Gulf of Guinea (MDAT GoG) has been a success and as more ships use this joint French and UK initiative – which we strongly encourage – the more effective this organisation will become.

In Southeast Asia and Singapore,

regional co-operation between governments has been highly successful and has enabled the area to claim the fewest piracy and robbery incidents at sea for some years. Most of the incidents are carried out at anchorage and are usually minor robberies. Numbers of “kidnap for ransom” continue but at a lower rate than previously recorded.

The Regional Guidance developed in the area and published by the Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia (ReCAAP) has been identified as a useful document informing ship operators on how to counter piracy and armed robbery against ships in Asia. The last quarter of the year, however, has seen a marked increase in incidents in the Sulu-Celebes sea area and Eastern Sabah with crews being kidnapped and held for ransom.

ReCAAP quote: “Although the total number of incidents has decreased, there is no room for complacency as more needs to be done at certain ports and anchorages. Preventive measures should be implemented to prevent the recurrence of incidents involving the abduction of crew in the Sulu Sea and hijacking of ships for theft of oil cargo”.

The Horn of Africa (HOA) and Somali Basin have again seen no commercial ships taken for ransom this year. Despite this, BIMCO has recently witnessed significant developments including the armed attack on a ship transiting the Somali Basin 300 nm from the coast - prevented by an armed private maritime security team on board. Despite the military threat assessment published early in 2016 confirming that a threat still exists, some ships are cutting corners

in their security. The implementation of the Best Management Practice (BMP) remains the soundest advice and the of use PMSCs where the risk identifies a requirement remains a realistic necessity. BIMCO is pleased to confirm the decision taken by the EU Council to formally extend the mandate of EU NAVFOR Operation ATALANTA - to deter, disrupt and repress acts of piracy off the coast of Somalia - until 31 December 2018.

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BIMCO has taken a strong stand against private maritime security companies (PMSCs) using leased/borrowed weapons, it is essential that members are aware of their potential liabilities when checking and verifying PMSCs and the licenses of the weapons being boarded.

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The explanatory notes which accompany GUARDCON have recently been amended to assist shipowners and operators on what is necessary to confirm with the relevant flag authorities prior to weapons being boarded and the dangers of not checking for legitimate end user certification.

The amalgamation of all anti-piracy information into a single reference document has seen the development of a Global Best Management Practice for Counter Piracy. This document will capture all measures to be taken to enhance counter piracy measures globally and will have more information on regional differences in specific annexes. This document will be published in 2017.

#### **Mass migration by sea**

EUNAVFOR MED Operation Sophia is one part of a wider European Union response to the issue of migration. It not only looks at the immediate needs of vulnerable

people in distress at sea but also works at the root causes of conflict, poverty and persecution. Its mission in the Southern Mediterranean is to disrupt the work of human smuggling and trafficking networks to prevent further loss of life.

The security department has supported EUNAVFOR MED by attending Shared Awareness and Deconfliction meetings throughout the year. This has enabled BIMCO members' viewpoints and concerns about operations in the Mediterranean to be considered when conducting rescues from the water. A shipmasters' obligations under SOLAS and UNCLOS to assist whenever required has been reinforced and overall the shared information has resulted in better co-ordinated rescues of people in distress at sea and a reduction in the use of merchant ships.

#### **Cyber security**

BIMCO has continued to assist in educating the industry on the potential threats from cyber security incidents. We have focused on the potential impact onboard ships and along with our industry partners, published the Guidelines on Cyber Security Onboard Ships in January 2016. This document has received praise throughout the industry. It was formally endorsed by IMO and is now a reference document for their own IMO guidelines on cyber risk management published in June 2016.

2016 has also seen the development of cyber security training by a number of organisations and BIMCO is considering further advice to members on course content and delivery methods.

#### **Security seminar identifies future threats**

One of the highlights in the security department's calendar for 2016 was the inaugural BIMCO Security Seminar held in December at BIMCO House. This was a gathering of some of the world's leading figures in maritime security.

The aim was to identify threats to the industry over the next five years. Whilst no-one could see into the future with certainty, there was consensus that maritime crime would not be stopped, cyber incidents would continue to expand in frequency and severity. Regional instability in the HOA confirms the need to retain legacy systems such as the Maritime Security Centre – Horn of Africa (MSCHOA) and the Shared Awareness and Deconfliction initiative (SHADE) to deter piracy.

One of the messages that came out of the meeting was to keep sharing information to encourage all stakeholders to maintain maritime domain awareness, training personnel to recognise threats and not to take short cuts when implementing security procedures. If this was all achieved, the severity of future incidents would be reduced (a full brief is available for members on the BIMCO website).

#### **What lies ahead for 2017**

BIMCO has some exciting initiatives for 2017. The Guidelines on Cyber Security Onboard Ships will be updated and will continue to guide our members on the key issues they may face.

2017, however, looks no less an unstable world from a security perspective than 2016, with little difference in that there is a continued need to maintain an ever-watchful eye on emergent risks and threats.

# BIMCO's corporate direction

2016 was a pivotal year for BIMCO in terms of its corporate identity and profile in the wider industry. Work was undertaken to bring greater clarity to BIMCO's role – both within the wider industry and in terms of the practical support and advice it provides to members every day.

## Member perceptions of BIMCO

BIMCO's direction and presence in the shipping industry is always guided by the overall view of its members. It was therefore vital to understand what members' perceptions were about BIMCO's role and position – and what they value most about being part of BIMCO. Over 1,000 BIMCO members took part in the research, via an online survey and telephone interviews. The results were:

- the strongest and clearest feedback was that members expressed an incredibly high level of trust for BIMCO – especially in the advice and the information it gives
- members rated BIMCO services highly
- companies use BIMCO membership as a sign to new business partners that they are trustworthy and 'safe' to work with – and look for it in the companies they do business with.
- 99% of those responding said they would like to remain a BIMCO member.

Members also gave some clear direction on what BIMCO needed to improve:

- BIMCO's website was difficult to navigate and could be slow
- few members were aware of the full range of services offered by BIMCO to its members

- some members suggested BIMCO did not always appear to be sufficiently proactive when communicating with members on industry developments.

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Analysis of the research results provided some clear conclusions about the actions and direction BIMCO should take. These were that:

- trust was a crucial factor in BIMCO's identity
- communication about the services BIMCO offers needed to be clearer
- members wanted more communication about BIMCO's work in and for the industry
- the website needed to become faster, more user-friendly, and intuitive.

The tasks for BIMCO going forward were therefore to refine and develop its corporate identity – the BIMCO “brand” – and thoroughly re-think and redesign its website to become more user-friendly. It was also important to clarify BIMCO's membership services and to become more proactive in communicating its work to members and the wider industry.

A new corporate identity for BIMCO

BIMCO's corporate identity – or brand – encompasses all that people associate with BIMCO: their perceptions of the organisation, their understanding of what it does and its stated vision and mission. The logo and colours are a visual representation of that brand.

A working group was commissioned by BIMCO's Board of Directors to develop the key elements of the brand. This group included BIMCO President Philippe Louis-Dreyfus, Secretary General Angus Frew and other members of the Executive Committee and BIMCO's Secretariat. The final proposal for the new corporate identity was recommended by the group and approved by BIMCO's Board of Directors.

The main components of the BIMCO brand are its vision and mission statements, its values and the visual elements – the logo and colours, etc. BIMCO's vision statement expresses what it ultimately aspires to achieve – both for its members and beyond to the wider industry. The vision is:

“To be the chosen partner trusted to provide leadership to the global shipping industry”.

This reflects the very high levels of trust that members have for BIMCO in its advice and support. BIMCO aspires to be chosen to provide leadership to the shipping industry because of the trust it inspires.

BIMCO's mission statement expresses what it aims to achieve on a practical, day-to-day basis. This was inspired by members' comments about the services they most valued from BIMCO:

“To be at the forefront of global developments in shipping, providing expert knowledge and practical advice to safeguard and add value to our members’ businesses”.

BIMCO’s new values were chosen to give insight into what characterises its work and approach: trusted, knowledgeable, relevant, proactive and caring.

The new BIMCO logo was chosen in response to members’ comments in the research that the name BIMCO itself is to very important to them. Shipping businesses use their BIMCO membership as a well-recognised signal to other companies around the world that they are a safe and reliable business partner. The ‘lighthouse’ and beam in the logo reflect BIMCO’s role to keep watch for its members and provide guidance and leadership where needed.

#### **A new website designed by users, for users**

Members have made it clear that they used the information on BIMCO’s website regularly and relied upon it. It was also clear that the search and navigation features needed to be greatly improved.

BIMCO’s approach for designing the new website was based on gaining a detailed understanding of how people will use it – and using this information to decide how to structure the information and make it easy to navigate.

Research and testing provided an in-depth insight into who uses the website every day and what tasks they were trying to perform. This revealed that the way people understood BIMCO’s structure sometimes differed dramatically from the

way the website had previously been arranged, and so required a rather fundamental review.

BIMCO members from a number of different countries then took part in testing a prototype of the new website and giving feedback to ensure the development of the site was going in the right direction. The new website was launched at the usual address ([www.bimco.org](http://www.bimco.org)) in November 2016. Members’ feedback will remain central to BIMCO’s website going forward and will be the key to ensuring it remains a valuable and practical resource for information, support and advice.

#### **A proactive voice in the industry**

The year 2016 saw the conclusion of a major review in BIMCO’s communication, with its new identity, website and greater clarity on its services (see page xx for more on member services.) BIMCO also become a more proactive voice within the industry on important issues – and provided analysis and guidance on new or emerging situations.

January saw the launch of free industry guidelines to improve cyber security onboard ships – following industry collaboration with BIMCO at its forefront (see page 11).

In May, the first of an ongoing series of reports was launched on the “Road to Recovery” for the dry bulk market. These reports contained analysis from a unique market model developed by BIMCO to identify the actions needed for the dry bulk market to recover – and provided the ability to track and monitor its progress. Further reports and updates will continue into 2017.

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BIMCO’s vision is:  
“To be the chosen partner trusted to provide leadership to the global shipping industry”  
”

In October, BIMCO voiced strong concerns over the research analysis commissioned by the IMO to inform the members of the Marine Environmental Protection Committee ahead of its decision on the implementation date of the global sulphur cap. BIMCO will continue to both closely monitor the situation and suggest remedial actions to alleviate any negative consequences on fair competition in the market place, as the industry moves towards 2020 (see page 8).

In November, BIMCO confirmed to the international maritime press its move into the domain of ship finance with the adoption of a standard term sheet – in response to the needs of the industry during difficult market conditions.

Looking ahead, BIMCO’s aim will be to fulfil its vision – to be chosen by members and the wider industry as a trusted partner to speak out on issues that are crucial to global shipping – and to give practical support and advice to its members to the benefit of their daily businesses.

# BIMCO

BIMCO is the world's largest international shipping association, with 2,200 members in around 130 countries. Our global membership includes shipowners, operators, managers, brokers and agents.

Our vision is to be the chosen partner trusted to provide leadership to the global industry. Our mission is to provide expert knowledge and practical advice to safeguard and add value to our members' businesses.

BIMCO's four core service areas provide value and trusted support to our members:

## **Our products**

BIMCO develops world leading standard contracts and clauses for the shipping industry. We also provide the contract editor IDEA and run the BIMCO Shipping KPI System which can be used to benchmark ships' operational performance.

## **Regulation**

BIMCO takes an active role on behalf of shipowners during discussions and decisions with global and regional regulators. We work towards a level playing field for shipping – including fair trade and open access to markets.

## **Information and advice**

We deal with 10,000 member queries every year on many issues and see over three million page views on our website each year. Our staff share their expert knowledge with members, giving practical advice to safeguard and add value to their businesses.

## **Our training**

Our training courses are focused on areas where BIMCO has world-leading experience and are led by recognised industry experts. Activities include face-to-face courses, eLearning, webinars and tailor-made courses for companies.



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