

**EEM's speech at the ceremony to award to him
the IMO Maritime Prize for 2011
(IMO Headquarters, 27 November 2012)**

Minister

Excellencies

Secretary-General

Council Chairman

Distinguished delegates and guests

Dear colleagues and friends

Ladies and Gentlemen

Thank you for honouring me with your presence this evening. It is very rewarding to see one's services recognized. In my particular case, however, your generosity to award me the IMO Maritime Prize for 2011 is boundlessly generous. Because in me you honour someone for the mere fact that:

- One, he was serving an industry he had fallen in love with since he first boarded a ship, in a seafaring capacity, at the tender age of fifteen; and
- Two, he had, while doing his job in this noble institution, the ultimate privilege, honour and pleasure to work with people of the highest standards of professionalism and integrity.

So, while you honour me in this generous fashion today, I feel I have, in turn, to thank my colleagues in the IMO staff for their co-operation and sound advice and the delegates for their support and understanding throughout my time with both. For, if anything was achieved while I was in IMO's service, we achieved it together. Together we worked to promote the good causes this Organization espouses; together we rejoiced at our successes; and together we felt the pain if something had gone wrong: ships going down, lives lost and the environment

polluted. So, thank you, once again, for your cooperation, support and understanding: I accept this Award on behalf of all of you.

And “thank you” to the Government of Greece for putting forward my candidature – it is very reassuring to see your own country appreciating your work and sending its Shipping Minister to honour me with his presence here this evening. And “thank you” to the Council for its decision to award the prize to me: a great honour, indeed: one that becomes even greater every time I look at the list of those who preceded me in receiving the award. For it is elating and spirit-lifting to see one’s name placed in the same league as that of those giants (C.P. Srirastava, William O’Neil, Yoshio Sasamura, Captain Sdougos, Torkild Funder, Admirals Edwards and Kime, Johan Franson, Emil Jansen, Per Eriksson, Giuliano Pattofatto, Igor Ponomarev, Frank Wall, Tom Allan, Alfred Popp, to name but a few), who made IMO great and who, together with others whose contribution was no less significant, helped lift its reputation among its peers and brand the Organization as the most efficient agency in the entire UN system.

Pondering which subject I should speak to you about today, I opted to elaborate, albeit vaguely, on a few trends that characterize shipping nowadays and will, most probably, in my view, shape the future of the industry in the near future, against a few developments with geopolitical ramifications, which are expected to have an impact on shipping as well.

While the subject is vast and it would need hours for anyone to tackle it comprehensively, I can assure you that I have managed to contain it within my usual time of ... 43 minutes – and a half!...

Shipping, we all know, is a service industry. With the exception of the cruise liner sector and passenger ships on domestic service, it is there in order to serve the needs of trade. The bigger the needs of the latter, the more shipping finds itself in demand, the more it prospers – provided, of course, that there exists, at any given time, a reasonable and manageable ratio between supply of shipping tonnage and demand for shipping services.

As shipping does not, and cannot, dictate the demand for its services, going to banks to secure funds before going to shipyards to order newbuildings should be a process that ought to be characterized by elements of due prudence and diligence. It follows that to have, as recently happened, so grossly over-ordered new ships mainly with borrowed money, and with little reference to the levels of demand needed to profitably employ them, does not make commercial sense.

As shipping is a global industry with few barriers to entry except money, the effect of any excessive speculation on the supply and demand ratio is felt across its entire domain – a feature that has the potential to severely damage even those shipowners, who have a reputation for being conservative.

No matter, however, how dire the times may occasionally be (as they certainly are at present), one thing should always be remembered thus setting the tone of cautious optimism when it comes to ponder the future of shipping: that it is an industry that serves the needs of an ever growing world population and the needs of an ever increasing appetite for development. The combination of both drives international trade up and this means increased demand for shipping services, given the industry's unrivalled superiority in mass transportation of goods and people.

Ladies and gentlemen,

For almost half a century, shipping was aiming at satisfying the needs of a steadily increasing world trade volume by generally adhering to four trends:

- * a trend to build ever bigger ships – to take advantage of the economies of scale – a trend, which, of necessity, led ports to grow commensurately;
- * a trend to standardize the design, construction and equipment of ships – to reduce the building time and to easily supply them with spare parts wherever they might be in the world;
- * a trend to build specific ships for specific trades; and
- * a trend to introduce principles of automation for, among others, ship propulsion, manoeuvring and cargo handling.

Addressing a recent meeting on “Designing and defining the future of shipping: Engineering change in the merchant fleet”, organized by the Royal Academy of Engineering, Dr. Martin Stopford identified six trends in today’s sea transport:

1. Cargo growth;
2. Revenue trend;
3. Systems development;
4. Regional growth;
5. Economies of scale; and
6. Energy efficiency – a trend, which has influenced IMO’s recent work on climate change and led to the design of the so-called “eco-ships”.

At the same time, he identified another six pressures of change:

1. Market forces;
2. Factor cost inversion (under which he drew the conclusion that while, in the past, ships used to cost more than bunkers, today bunkers cost more than ships);

3. Regulatory re-direction;
4. Intranet of objects;
5. New roles for people (under which he underlined the warning of the 2010 BIMCO/ISF study concerning the recurrent shortages of some categories of ship officers and the possibility that existing shortages are likely to intensify over the next decade); and
6. The framework of change.

In another similar meeting on the future of shipping, Lloyds Register's Sherry Li and Katherine Palmer came closer to IMO's work recognizing the Organization's protagonistic role in the shaping of the industry of tomorrow.

In their presentations, they covered such issues as:

- * Future designs (with specific emphasis on fuel efficient ships);
- * New engines and energy-saving devices; and
- * New regulation in shipping – more specifically:
 - Regulation requiring cleaner fuels and reduced emissions/ discharges; and
 - Goal-based regulations allowing the option to “choose”, taking into account the need to manage commercial and technical risks.

Technological innovations through the centuries have enabled shipping to maintain its status as the lifeblood of the world economy as more than 90% of international trade is transported by ships. Merchant shipping is the most economical and environmentally friendly way to move mass quantities of cargo as, even at the peak of a shipping cycle, the freight paid to the shipper is a small fraction of the value of the cargo carried.

But, while we try, successfully I would observe, to introduce into shipping as many as possible of the marvels of today's galloping technology, we should not forget those, who will make use of them on board ship and make sure that they, the seafarers, are, in tandem, educated and trained to efficiently man technologically advanced vessels. Designing and constructing state-of-the-art ships should go hand-in-hand with training seafarers properly.

This being so, we should also remember that the industry's evolution is not solely based on the advances of technology. The increasing interconnectivity and interdependence of our global village means that decisions taken in one country or region may have wider social, economic and political ramifications elsewhere and possibly the world over. The status of the global economy dictates the cyclicity of the shipping markets as contractions in activity and demand are followed by expansion and so on. At the same time, the globalization of the world economy has opened new trading routes and/or expanded existing ones as the volume of transported cargoes has grown steadily.

As almost half of the global population lives in countries whose economies are going through a multi-year expansion, I am optimistic that shipping, a sine qua non for the world economy, will weather the current storm and will expand again. Like in every crisis, there are winners and losers, survival of the fittest applies very much in shipping as well, with the winners being those who, having been able to detect the winds of change and to identify and embrace the evolving industry trends, will not just survive the cycle but will also take advantage of the opportunities it presents and grow.

As for IMO, I am more than confident that, as long as it keeps pace with developments in shipping and the wider environment in which it operates, it will

continue doing what it does best – that is, serving the industry, from the safety, security and environmental protection points of view, with unrivalled efficiency and effectiveness – an Organization making those who have had the good fortune to serve it, like myself, profoundly proud of having associated their lives with it. As Lloyd's List observed last week "we live in a changing world in which the commercial challenges are as real as the environmental ones". In dealing with the latter, IMO is second to none.

Ladies and gentlemen,

Without wishing to compromise the integrity and clarity of my crystal ball, this is how I envisage things, with an impact on shipping, to evolve over the coming two to three decades (although, I should be the first to admit that, in this rapidly changing world, it would be risky to predict even things that may happen tomorrow):

- * Population and economic growth will drive energy demand higher, with the world shifting towards lower-carbon fuels and making more efficient use of the energy sources available;
- * The centre of economic activity will continue shifting towards Asia (which, as things stand at present, is destined to continue to be an engine for growth for decades to come) and with China, India, Brazil and South Africa predicted to play a more dominant role than at present in global trade;
- * While China's economic development currently depends on oil imported from abroad and the International Energy Agency predicting that, by 2035, a quarter of Iraqi oil will be heading to that country, who can predict today

how the economies of the Asian region and the Pacific rim and the demand for shipping and the structure of shipping routes will be affected once the reserves of oil and gas that scientists say exist in the South China Sea (an area more than five times that of France) start being exploited?

- * And with the United States becoming the fastest growing oil and gas producing country in the world, with the potential of surpassing Saudi Arabia by 2020, who can predict the geopolitical developments of the US also becoming energy self-efficient? Or, when this boom (combined with rising production from Canadian oil sands and tight oil and an expected resurgence in Mexico's oil industry) could make North America self-sufficient in energy in a couple of decades.

In such changing circumstances, should we worry about the future of the corresponding shipping sector? I think not, as demand for shipping services from newly discovered huge oil and gas reserves off Brazil and the east coast of Africa and around Madagascar – not to mention the wealth in energy resources hidden in the deep arctic waters – will create new opportunities and challenges for the industry to move in and exploit.

Among those, one should include the “revolution” (as a recent environment summit held in London branded it) from the “arrival” of shale gas, the impact of which on the energy industry will, it was agreed, be monumental. Drawing a parallel between the impact oil had when it replaced coal as a fuel for transportation since the 1920s, the Summit noted that, thanks to shale, gas is poised to take over from coal as a global fuel for power generation as well as for transport. Putting aside the associated huge geopolitical consequences, it was recognized that the impact of shale gas on LNG shipping meant more cargoes once new exporters entered the game.

And what about other sectors and ship types? Speaking at the Nor-Shipping Conference last year, I referred to container trades, which, at the time, were facing their shortest ever cycle while, in the dry bulk markets, we could not be over-excited either – things have not changed much since. And, although one should differentiate among rates for VLCCs, Aframaxes and product carriers, one could not ignore the sluggish tanker market that had seen rates falling dramatically and earnings struggling to rise above operating costs.

Observing, at the Oslo Conference that, in defiance of the many negative trends in the world economy, the shipping industry had hit the record numbers of 85.000 ships (each of more than 100 gross registered tons), totalling one billion gross tons, worth almost 1 trillion US dollars, I wondered whether it was wise to place, post the 2004 to 2007 euphoric period, so many orders for new buildings, as growth in the supply side of shipping seemed set to outpace growth in short-term demand and fleet utilization to drop below the levels usually regarded as comfortable.

Two years ago, placing the expansion of the world fleet within the relatively slower growth of world trade and the resulting widening gap between supply of, and demand for, tonnage, I wondered how long this imbalance would last and when would the recovery in shipping commence. The consensus view, at that time, was an average three years. If that estimate was correct, then, in 2014 we should move into the recovery stage – in which case, we should be able to see the green shoots of improving markets as from the middle of next year. Let us hope so!

Whatever the future has in store for shipping, whichever the developments, changes, demands and challenges from inside and outside the industry, one thing is, in my view, for certain: IMO will always be there to add, from its perspective, its contribution to the shaping of the industry; to respond to any emerging needs so that the global regulatory regime it has so successfully been producing over the almost 65 years of its existence continues unabatedly serving well the good causes of safety and security at sea and the protection of the marine and atmospheric environment from pollution from ships; to be **the** point of reference and **the** constant that provides the guarantees for, and the framework within which, the shipping industry continues to thrive in the service of mankind. The Organization is built on sound foundations and its structure is strong enough to withstand the force of any adversities that may come its way. It has a clear mission statement and well-thought, well-balanced policies and strategies. It is and will remain **relevant**.

In this, the Organization has the good fortune to be served by a Secretariat of the highest standards of professional competence and integrity. The Secretary-General, his excellent Cabinet, the professional officers and general service staff, all together and each one separately, excel in the performance of their duties and all of us, associated with the Organization one way or another, should be proud of them; treat them as its most precious asset; and provide them with all the resources they may need and the peace of mind they deserve so that they may continue fulfilling their task to the best of their ability – as they have always done with undeniable success.

Ladies and gentlemen,

Surely, you would not expect me to bring my speech to a close without any reference to my beloved theme of seafarers. As I have said many times, the world cannot do without shipping and shipping cannot do without seafarers.

I was thinking about them while watching on TV the waves of the Atlantic Ocean lashing the east coast of the United States last month. What we were then seeing, in the comfort of our living rooms, while relaxing at home at the end of a working day in the company of our family and friends, the ferocity with which the elements were beating and destroying property and beloved beaches and landmarks our American friends have grown up enjoying, admiring and taking for granted, these, and those of the tsunami that struck Japan last year, are the same elements that seafarers conscientiously go out to sea to face, the same elements that batter their ships, sometimes without respite for several days, the same elements that occasionally win the battle with dire circumstances for human lives, property and the environment. This is what seafarers have to endure, far away from those they hold dear, for prolonged periods of time, so that we can have our daily bread, keep ourselves warm in the winter and provide electricity for our children to study and become useful members of society.

And while we lament the casualties left behind and mourn the lives lost in the fiercest storm to sweep the US coast in the last seventy years, let us also focus our minds and turn our thoughts and prayers to those for whom hurricanes of the severity of Sandy are none other than rules of the game they play throughout their professional life.

And let us not cease, for a single moment, to work tirelessly to make the seafarers' life, at sea and in retirement, safer, more secure and more comfortable. That is why I herald the coming into force of the Maritime Labour Convention next year with enthusiasm and great expectations.

Dear friends,

Let me conclude by thanking you all for honouring me by accepting the Secretary-General's invitation to come to this ceremony this evening.

My special thanks go to the Greek Minister for Shipping and the Aegean and some special friends, who have come all the way from my homeland to be with us today.

And, for one more time: Thank you, Council, for the honour you bestowed on me and thank you, Secretary-General, for staging this ceremony.

God bless IMO and you all. Thank you!
