

## About YPSN

The YPSN monthly newsletter aims to provide you with the latest developments affecting our members in shipping in Hong Kong and broader China.

If you are interested in registering as a member, sponsoring an event or suggesting activities for YPSN to organize, please feel free to get in touch with us on [youngprofessionals.shipping@gmail.com](mailto:youngprofessionals.shipping@gmail.com)

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## TRANS PACIFIC PARTNERSHIP

# INCE & CO | INTERNATIONAL LAW FIRM

In this article we look at the Trans Pacific Trade Partnership and the opportunities and challenges this new trade pact presents for the maritime and logistics industries.

Two other “mega” regional trade agreements are currently being negotiated in Asia - the RECP (Regional Comprehensive Economic Partnership) and the FTAAP (Free Trade Area of the Asia-Pacific). China is a member of both of these negotiations and there is a significant overlap between the wider membership and that of the TPP. However, significantly, China are not a member of the TPP.

### WHAT IS TPP?

TPP is a regional trade agreement between 12 Pacific Rim countries.



The members have a combined population of around 800 million (in comparison to the 500 million of the 28 member state EU) and account for around one third of global GDP and around 40% of world trade.

It was signed on 4 February 2016 but has not yet been ratified by any member state. It is not expected to come into force for at least another 2 years.

### BACKGROUND

Born from a smaller regional trade agreement between Brunei, Chile, New Zealand and Singapore, the larger TPP has been negotiated against a background of stalling negotiations in the Doha Round at the WTO and a global slow-down in growth. Some commentators have also hinted at a broader geo-political motivation behind the deal, with the US and other Pacific Rim countries seeking a counterpoint to a China growing in ambition and power.

The introduction of the TPP adds yet another layer of complexity in an already crowded environment of free trade agreements. Those involved in the international sale of goods will have to find their way through yet another set of rules governing preferential market access and rules of origin.

### STRUCTURE OF THE TPP

The ambition of the TPP is clear from its size; the text is arranged into 30 Chapters and aside from the text, there are numerous side-letters, setting out bilateral agreements between certain states.

It includes sections on agriculture, intellectual property, labour, small and medium size enterprises and e-commerce as well as the more traditional sections on tariff barriers, non-tariff barriers and investment.

### LIKELY IMPACT ON TRADE LEVELS AND ROUTES

According to the World Bank, if the TPP is ratified by all 12 signatories, it could raise GDP across member countries by an average of 1.1% by 2030 and could also boost member countries’ trade by 11 per cent by 2030. Rising incomes in developing countries means a growing middle class with more disposable income to spend on consumer goods adding an extra boost to these economies and those seeking to expand exports there.

With current trade growth very much in the doldrums any stimulus to trade is a welcome sign for the shipping and logistics industry. However, the TPP is not without its critics, many of whom are skeptical about the benefits that the pact will bring, with concern being expressed that instead of creating new trade the deal will simply divert trade away from non-TPP countries.

It is widely anticipated that developing countries such as Vietnam and Malaysia stand to benefit the most as low-cost manufacturing continues to move to South-

East Asia from China, and manufacturers seek to benefit from preferential market access to the USA. This could potentially open up new trading routes for shipping lines and new supply chain logistics opportunities. The elimination of tariff and non-tariff barriers should encourage more small and medium size enterprises to enter international markets, leading to an increase in need for logistics and freight services catering for their needs.

## REDUCTION IN TARIFFS

Many of the member countries already have free trade agreements in place which provide low or zero tariffs so the main gain is seen in the reduction of tariff peaks on sensitive product lines such as apparel, automobiles and certain agricultural products. A further significant change is in the liberalisation of tariffs between the US and Japan, as no free trade agreement existed between these two countries prior to TPP.

It has been estimated that around a third of annual trade for TPP countries is subject to tariffs and that on entry into force, the TPP will immediately liberalise up to 86 percent of that trade, with many tariffs falling to zero.

This hides the fact that certain “sensitive” products will remain subject to tariffs for many years to come, as the concessions made in respect of tariffs will take effect in 2 stages:

- i) immediately once the TPP comes into effect – for example, on most industrial goods and some agricultural goods; and
- ii) phased in over many years (i.e. 16 years phase out for some Japanese tariffs on protected agricultural goods).

Some good news for the bulker market is the reduction in tariffs on agricultural goods. Most tariffs will fall to zero as soon as TPP enters into force. Even tariffs and import quotas for sensitive agricultural goods like wheat and rice will improve, albeit over a longer time period.

## HARMONISATION OF STANDARDS AND REGULATIONS

Building on the elimination of tariffs, the TPP also deals with the harmonisation of standards and regulations and the reduction in “non-tariff barriers”.

By encouraging a greater regional coherence across standards and regulations, TPP seeks to facilitate the development of integrated supply chains between its members. This is further supported by the cumulative rules of origin which could encourage regional production networks through added value services.

The downside to these rules is that producers may have to substitute low-cost non-TPP inputs for higher cost TPP inputs. For example, in the Vietnamese textile industry, businesses may have to import raw cotton from the US rather than from non-TPP Asian suppliers. The upside is a potential increase in tonne-miles as raw materials are exported from the US and then final products imported back.

## E-COMMERCE

The TPP devotes a whole chapter to the regulation of e-commerce and includes commitments ensuring that data can be moved and accessed freely among TPP member states. It is aimed at “avoiding unnecessary barriers” to the use and development of e-commerce and seeks greater cooperation between the signatories to monitor and promote e-commerce.

The potential growth in e-commerce throughout the Pacific Rim region and particularly in developing countries could provide logistics providers with opportunities to enter new markets or expand the services they provide in existing markets via delivery of online orders.

## CONCLUSION

The proliferation of bilateral and regional trade agreements makes the trading environment ever more complex. Offsetting these practical challenges is the potential new markets and trading routes which these agreements introduce.

The TPP is not expected to provide immediate changes to trade routes or increased cargo volumes as some concessions are phased in gradually. Despite the projected lag time for all of the trade benefits to take effect, some logistics providers and manufacturers are already positioning themselves to take advantage.

If you have any questions relating to the above please contact the below members of the Asia Regulatory and Compliance Team or your usual Ince & Co contact.



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## NYPE 15 SEMINAR

### WHY USE NYPE 2015?

BIMCO and Singapore Maritime Foundation are hosting a NYPE 2015 Seminar. NYPE 2015 is the product of a co-operative effort between BIMCO, the Association of Shipbrokers and Agents (ASBA) and the Singapore Maritime Foundation (SMF). It is jointly authored by the three organizations which produced a modern NYPE charter that reflects current commercial practice and legal developments in the industry in a clearly worded, comprehensive and balanced form.

### WHO SHOULD ATTEND THE SEMINARS?

Shipowners, operators, charterers, traders, brokers, surveyors, bunkers, classification representatives, insurers, in-house and practice lawyers, arbitrators, and leasing institutions/bankers. All will benefit from gaining a broader understanding of this new standard time charterparty. Judge for yourself the benefits of using NYPE 2015 by attending the April seminars in Asia.

to register for the event, please link here-  
<https://bimco2.givezooks.com/events/nype-2015-asian-roadshow>

Following the seminar, there will be a drinks reception at Brick Lane co-organised by the YPSN



**BIMCO**



## YOUNG PROFESSIONALS SPRING SOCIAL

We are proud to announce our Spring Social is taking place on the 25th April, following the NYPE 15 seminar. Please come and join us for an open bar and canapes where we can share a few drinks and hopefully celebrate finding a bottom of these tumultuous shipping markets.

Taking Place on 4th Floor, Citic Tower, Admiralty

Look forward to seeing you all there!

The YPSN Team

With Special Thanks to event sponsors:



**BIMCO**

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罗夏信律师事务所



## POLITICAL SAVVY AND THE IMPORTANCE OF MANAGING UP

YPSN (HK) presents  
**Ladies  
 Lunch  
 &  
 Learn**

With  
**LOLA CHETTI**

**EAT.**

**MEET.**

**LEARN.**



GUEST SPEAKER: LOLA CHETTI, EXECUTIVE COACH  
 DATE: 18<sup>TH</sup> APRIL 2016  
 Venue: Liberty Exchange Kitchen & Bar  
 Address: G/F, Block 2, The Forum, 8 Connaught Road Central, HK  
 TIME: 12.00PM – 2.00PM  
 RSVP BY 13<sup>TH</sup> APRIL 2016 | [youngprofessionals.shipping@gmail.com](mailto:youngprofessionals.shipping@gmail.com)  
 Price: HK\$100 includes a three course meal . Whilst the event is aimed at ladies, gentlemen are welcome too

With thanks to our sponsor:



# FIFTH ANNUAL PACIFIC BASIN SOCCER SIXES



Pacific Basin

# SOCCER 6's 2016



**3<sup>rd</sup> JUNE**  
**HONG KONG**  
**FOOTBALL CLUB**  
**TEAM REGISTRATION**  
**STARTS FROM 16:30**

[www.pacificbasin.com](http://www.pacificbasin.com)

The tournament will be followed by a winners presentation, drinks and buffet dinner in HKFC restaurant.

Spectators welcome and there will be complimentary food and drink served throughout the evening.



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# 9TH ANNUAL HONG KONG SHIP FINANCE FORUM

**Corporate Sponsors**

Standard Chartered

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**MARINE MONEY ASIA**

**9th Annual Hong Kong Ship Finance Forum**  
Renaissance Harbour View Hotel Hong Kong  
Thursday, 7 April 2016

**Supporting Organisations**      **Speakers Dinner Sponsor**      **Closing Cocktail Sponsor**

InvestHK      TIGER GROUP OF COMPANIES      The Marshall Islands Registry

SPLASH24/7      IHS      TradeWinds

For forum information, visit [www.marinemoney.com](http://www.marinemoney.com) or email: [asia@marinemoney.com](mailto:asia@marinemoney.com)

## MORNING

### 08:30 Registration and Welcome Coffee

### 09:30 Opening Remarks

Mr. Kevin Oates, Managing Director, Marine Money Asia Pte Ltd

### 09:40 Keynote Address

Ms. Sabrina Chao, Chairman of Wah Kwong Maritime Transport Holdings Limited  
Chairman of Hong Kong Shipowners Association

### 09:50 Welcome address

Mr. J. B. Rae-Smith, Executive Director, Swire Pacific Ltd

### 10:05 Geopolitics: How can shipping control its fate against the headwind of macro-economic woes and geo-political forces? 'One Belt, One Road' and the impact on shipping

- China slowdown and transition to consumer economy
- China's 13<sup>th</sup> Five-Year Plan
- 'One Belt, One Road'
- Low oil price
- Divergent EU/US/JP Central Bank policy
- Asia Infrastructure Investment Bank (AIIB)

#### Panel Discussion

Ms. Alicia Garcia Herrero, Chief Economist - Asia Pacific, Natixis  
Mr. Graham Porter, Chairman, Tiger Group Investments  
Mr. Lianjun Li, Partner, Reed Smith Richards Butler  
Mr. Benjamin Wong, Head of Transport and Industrial, InvestHK

Moderator : Mr. Nigel J. Anton, Managing Director & Head, Shipping Finance, Standard Chartered Bank (Hong Kong) Limited

### 11:15 Coffee Break

### 11:20 Oil, interest rates and China

Mr. Kelvin Lau, Senior Economist, Standard Chartered Bank

### 11:45 The state of the market. A sale and purchase broker's perspective

Mr. Philip Milner-Barry, Managing Director, Rodskog Shipbrokers

### 12:05 Dry Bulk woes: Can opportunity come from the current chaos?

- BDI at record lows, Dry Bulk in 2016?
- Vessel oversupply & scrapping
- Shipyard activity & ordering
- Cost cutting, debt restructuring and repayment, survival in 2016?

#### Panel Discussion

Mr. Mats Berglund, CEO, Pacific Basin Shipping Limited  
Mr. Richard Hext, Chairman, Vanmar Shipping  
Mr. Tim Huxley, CEO, Wah Kwong Maritime Transport Holdings Limited  
Mr. Michael Nagler, Head of Chartering, Noble Chartering Limited

Moderator : Mr. Martin Rowe, Managing Director, Clarkson Asia Limited, Hong Kong

### 12:50 Lunch

## AFTERNOON

14:00

### Analysts Review of the Market

What will stimulate dry bulk and containers? How long will the good times last for tankers? Is LPG on a downward slope and will LNG start the ascent?

#### Panel Discussion

Mr. Parash Jain, Director, Regional Transport, HSBC Limited  
Ms. Esme Pau, Regional Transport and Infrastructure Research, Jefferies Hong Kong Limited  
Mr. Daniel Meng, Analyst, Transportation and Materials, Credit Lyonnais Securities Asia

Moderator : Mr. Julian Proctor, Managing Director, Tiger Group Investments

14:45

### Restructure, Consolidation and Opportunity

With banks and leasing companies restructuring loans, is there scope for consolidation of shipping and indeed opportunity for new entrants and stronger entities.

#### Introduction:

Mr. Peter Lee, Partner, ReedSmith Richards Butler

#### Panel Discussion

Mr. Mark Long, Head of Corporate Sector Group, Asia-Pacific, HSBC  
Mr. Joachim Skorge, Managing Director & Regional Head, DNB Markets  
Ms. Madeline Leong, Partner, Watson Farley & Williams  
Mr. Jason Kardachi, Managing Director, Borrelli Walsh

Moderator : Mr. Philip Clausius, Managing Partner, Transport Capital

15:25

### Coffee Break

15:55

### Private Equity and shipping : A View from Across the Pond

Mr. Hew Crooks, Partner & CFO, Ridgebury Tankers

16:15

### Leasing, Capital Markets and Cooperation between Asian and Western shipping

#### Introduction:

Mr. Michael Chan, Senior Vice President, Market Development Division, Hong Kong Exchanges and Clearing Limited

#### Panel Discussion

Mr. Jerry Yang, Chief Marketing Officer, Minsheng Financial Leasing Co.  
Mr. Erik Strømsø, Managing Partner, Pareto Securities  
Mr. Shen Zhao, Deputy General Manager, Risk Management Department, CSSC (Hong Kong) Shipping Company Limited  
Ms. Ling Zhou, Head of Shipping Finance, China Merchants Bank Financial Leasing  
Mr. Christos Tsakonas, Regional Head of Asia - Shipping, Offshore and Logistics, DNB Bank ASA

Moderator : Mr. Christoforos Bisbikos, Partner, Watson Farley & Williams

**Closing remarks and reception co-host :**  
**IRI / The Marshall Islands Registry**

### Conference Organisers:

Kevin Oates, Marine Money Asia Pte Ltd  
[koates@marinemoney.com](mailto:koates@marinemoney.com)  
+65 9151 7036

**MARINE MONEY ASIA**

*Bridging Shipping with Capital Markets*

For more information on participation and sponsorship please contact us at [asia@marinemoney.com](mailto:asia@marinemoney.com)

# MARITIME AND AVIATION TRAINING FUND INTERNSHIP PROGRAM

The Maritime and Aviation Internship Network (the Internship Network 2016) under the Maritime and Aviation Training Fund (MATF) of the Transport and Housing Bureau of the Government invites members of the Young Professionals Shipping Network both companies and prospective interns to actively take part in their Internship Network.

1. The \$100 million MATF commenced operation on 1 April 2014. The objective of the Fund is to support manpower development for both maritime and aviation sectors with a view to expanding the pool of talents for their long term sustainable development. One of the initiatives under the Fund is "Internship Network" which seeks to provide our younger generation with early exposure to maritime and aviation sectors so that they will gain better understanding of the wide spectrum of career opportunities in the two sectors. The MATF will contribute 75% or \$6,000 of the monthly honorarium paid by the participating companies to the student interns for an internship period up to three months. More than 30 companies in the maritime sector participated in the "Internship Network" last year and engaged 155 students. Feedback received had been very positive.

2. Preparation work for the Internship Network 2016 is now in train. Companies / organisations are now invited to participate in the scheme. Salient features of the scheme are:

- **Eligibility:** open to all non-final year full-time local students studying any undergraduate or sub-degree programmes of the following 12 education institutions, i.e. the eight University Grants Committee-funded (UGC-funded) education institutions, Hang Seng Management College, Hong Kong Shue Yan University, the Open University of Hong Kong and the Vocational Training Council.

- **Government's support:** The MATF would reimburse the participating companies of the honorarium paid to interns up to 75% or \$6,000 (whichever is the lower) for an internship period up to three months.

- **Company's role:**

(a) Register and offer internship places under the MATF during 2016 summer vacation, i.e. from May to September 2016 for a minimum of 4 weeks;

(b) Pay the monthly honorarium to student interns during the internship period, and then claim for reimbursement from the MATF regarding the sum sponsored by the Government, together with an evaluation of the scheme, after completion of internship;

(c) Give a fruitful and rewarding experience to the interns; and

(d) Release the interns for a few activities organised by the MATF.

3. If your company's business is in the maritime sector or part of your business is related to maritime, please consider participating in the Internship Network this year, e.g. by offering and taking up student interns in your company during the 2016 summer vacation period. The procedure for applying to join the Internship Network 2016 is simple. At this stage, your company is only required to let us know the number of internship places that your company offers and some related essential information by completing the attached registration form & table. We will make contact and follow up with your company. You will find more details in the attached FAQ.

4. Please contact Mr Andy Leong at 3509 8140 for clarification and further information. Relevant information will be available on the website of the MATF at [www.matf.gov.hk](http://www.matf.gov.hk)



## EVENTS



## Pacific Basin

Pacific Basin Soccer 6's  
Friday 3rd June 2016  
Hong Kong Football Club  
youngprofessionals.shipping@gmail.com



**Y P S N**  
YOUNG PROFESSIONALS  
in Shipping Network

YPSN Ladies Lunch & Learn Event – Political Savvyness and the Importance of Managing Up  
Monday 18th April 2016, 12:00pm -2:00pm  
Liberty Exchange Kitchen & Bar  
G/F, Block 2, The Forum, 8 Connaught Road Central, HK  
RSVP by 13th April 2016  
youngprofessionals.shipping@gmail.com



**Y P S N**  
YOUNG PROFESSIONALS  
in Shipping Network

YPSN Spring Social  
Monday 25th April 2016, 5:30pm – 8:30pm  
Brick Lane, 4/F, CITIC Tower, 1 Tim Mei Avenue, Tamar Site, Admiralty  
RSVP by 18th April 2016  
youngprofessionals.shipping@gmail.com



## BIMCO

BIMCO and Singapore Maritime Foundation  
Seminar – NYPE 2015  
Monday 25th April 2016, 2:00pm – 5:00pm  
18/F United Center, 95 Queensway, Hong Kong  
Register at [www.bimco.com](http://www.bimco.com)  
zw@bimco.org



9th Annual Marine Money Hong Kong Ship  
Finance Forum  
Thursday 7th April 2016  
Renaissance Harbour View Hotel  
asia@marinemoney.com



Singapore Maritime Week 2016  
Sunday 17 - Friday 22 April 2016  
smw@mpa.gov.sg  
please see attached flier for more information



Marine Insurance Club - Practical Course in Marine Insurance  
Series of Seminars starting Monday 25th April 2016, 7:00pm – 9:00pm  
22nd Floor, China Taiping Tower, 8 Sunning Road, Causeway Bay  
Register before 18th April 2016  
micseminar@gmail.com  
please see attached flier for more information



Hong Kong PolyU – Seminar on Jurisdiction and Arbitration under the Rotterdam Rules  
Monday 11th April 2016, 4:45pm – 6:00pm  
V312, The Hong Kong Polytechnic University, Hung Hom, Kowloon  
xiuhua.pan@polyu.edu.hk  
please see attached flier for more information



WISTA Hong Kong – Charity Jazz Night  
Thursday 14th April 2016, 8:00pm – 10:00pm  
Café 8, Hong Kong Maritime Museum, Central Ferry Pier  
Winnie.tsu@hfw.com  
please see attached flier for more information