

Hong Kong Shipowners Association

69th Annual General Meeting

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(Restricted circulation to members only until after the Annual General Meeting)

2025 Annual Review of Association Operations

The year 2025 proved to be challenging for global shipping, marked by uncertainties and a volatile landscape. However, it was also a productive year for the Hong Kong Shipowners Association (HKSOA), which provided significant value to its members. This Annual Review highlights key issues that occupied the Association during the year and reports on its operations.

Reducing Greenhouse Gas (GHG) Emissions

Short-term Measures – EEXI, CII and SEEMP

The Energy Efficiency Existing Ship Index (EEXI), Carbon Intensity Indicator (CII) and Ship Energy Efficiency Management Plan (SEEMP) Part III came into force in January 2023 for ships over 5,000 GT. After pressure from the shipping community, the International Maritime Organization (IMO) accepted that the CII's methodology is influenced more by voyage type than by ship efficiency, prompting a review. To ascertain this, delegates at MEPC 83 agreed to categorise digital selective calling reporting into fuel used (i) underway, (ii) berth-to-berth, (iii) during canal transits, (iv) at anchor and (v) in port. These new reporting requirements began in August 2025 and will be reviewed by the end of 2027, with finalisation expected in 2028.

Mid-term Measures – IMO Strategy on GHG Emissions and the Net-Zero Framework

Despite extensive discussions at MEPC 83 and two interim meetings, delegates failed to reach a consensus on pricing GHG emissions. A vote was held and the “Yes” votes prevailed, allowing for the adoption of Mid-Term legislation outlined in Chapter 5 of MARPOL Annex VI at a special MEPC/ES meeting, scheduled for mid-October.

Subsequently, concerns arose regarding the adoption of the Net Zero Framework (NZF), especially after the US submitted a paper questioning what was agreed at the meeting, citing that the proposed IMO carbon tax would not generate sufficient demand for low-emission fuels and would cause global inflation.

Discussion at MEPC/ES

The US claims led to extensive debate at MEPC/ES, with many countries expressing concern over being asked to adopt unfinished regulations. Despite two years of discussions, only the two-tier GHG Fuel Intensity pricing mechanism was agreed upon. Unresolved issues include the carbon cost from production to tank and the reward structure from the Carbon Fund for ships using low-emission fuels. There were also concerns about the availability of zero and near-zero (ZNZ) fuels to meet NZF goals by 2030 and 2035.

Another significant issue raised by the US was the call for "Explicit" acceptance of the IMO NZF, instead of the traditional IMO approach of "Tacit" acceptance, which has been in use for over 50 years for the adoption of any changes to existing conventions. The distinction is crucial: "tacit" acceptance allows regulations to come into force shortly after adoption, while "explicit" acceptance requires ratification from a set number of countries, which can take years and creates implementation uncertainty. For instance, the new Hong Kong Recycling Convention took over a decade to come into force after its adoption.

In response to these ongoing concerns, Singapore proposed a one-year delay for adoption, which was followed by Saudi Arabia's call for a vote. The vote to adjourn and delay proceedings for one year, taken on 17 October, was open to all states attending. The proposal was passed.

What Happens Next?

The next Extraordinary Session of the MEPC to adopt the NZF cannot be reconvened for 12 months. However, GHG issues will remain on the agenda for MEPC 84 in Spring 2026 and potentially at ISWG-GHG 21, previously expected before MEPC 84. These meetings will provide opportunities for new ideas and changes to the Chapter 5 text, aiming for consensus among IMO member states.

Other possible outcomes include the following:

- If the NZF survives, a decision on its adoption may take longer than 12 months.
- The EU Emissions Trading System (ETS) and FuelEU schemes are expected to remain in place.
- A proliferation of unilateral EU-type ETS schemes worldwide may occur, creating a legal minefield for international shipping.
- Uncertainty regarding the NZF may lead to newbuilding contracts favouring fossil fuel-only designs over dual-fuel options, complicating the industry's Net Zero goals for 2050.
- An increased emphasis on energy efficiency systems for existing ships and new builds is anticipated, driven by the expected expansion of ETS and FuelEU-like schemes globally and rising demand from customers.

The failure to adopt Chapter 5 of MARPOL Annex VI at MEPC/ES represents a missed opportunity for the shipping industry to lead the world in reducing carbon emissions and achieving Net Zero by 2050. These goals remain achievable, however, if IMO delegates can collaborate effectively at MEPC 84.

Onboard Carbon Capture and Storage (OCCS)

The IMO is working on regulations for carbon capture and disposal onboard ships, aiming to complete the framework by 2028. Some on-board carbon-capture systems are already in service, primarily on short-sea vessels, with collected CO₂ being transferred ashore in forms such as amine or gypsum.

OCCS could potentially serve as a compliance measure for the EU ETS and be integrated into the Mid-Term Measures for reducing GHG emissions.

However, a significant hurdle is the London Convention and the 1996 London Protocol, which set international standards for preventing ocean pollution from waste dumping. A viable solution must be found to allow carbon capture without contravening the London Convention.

Other Environmental Matters

Exhaust Gas Cleaning Systems (EGCSs)

Open-loop EGCS discharges will be banned in northwestern Europe starting in July 2027, with closed-loop discharges following in 2029. Denmark, Finland and Sweden implemented bans on open-loop discharges within 12 nautical miles of their borders on 1 July 2025. The OSPAR Convention, which aims to protect marine environments, recommends expanding this ban to Mediterranean waters, pending review by a dedicated working group.

The International Chamber of Shipping (ICS) advocates for four core positions on EGCSs:

- Protecting existing vessels
- No bans on discharges beyond territorial waters.
- Ensuring regulatory decisions are evidence-based and respect member states' rights to regulate their territorial waters.
- If evidence indicates harmful impacts from EGCS discharges, developing more stringent criteria.

Ballast Water Management

The Ballast Water Convention continues to face challenges but will remain in the experience-building stage until 2028. One pressing issue is the unclear definition of Challenging Water Quality (CWQ), which relies on ships' claims, creating uncertainty. Some port states have implemented additional compliance measures, such as the use of port treatment facilities and ballast water exchange and treatment (BWE+T) only in deep waters, forcing ships to travel longer distances.

A recent positive development is that countries bordering the North Sea have agreed on specific areas where BWE could be carried out in the North Sea without necessitating long-distance travel to deep water in the Atlantic. This approach could serve as a model for other regions.

Labour, Education and Training Affairs

Chinese seafarers on Hong Kong ships calling at Brazil

Throughout 2025, the Association advanced key industry initiatives focussing on talent, welfare and international cooperation. A major achievement was securing visa exemptions for Chinese seafarers working on Hong Kong-flagged vessels calling at Brazilian ports. Following extensive advocacy with Chinese and Brazilian authorities, the Brazil-China Maritime Transport Agreement was expanded to allow Chinese seafarers holding Chinese seafarer passports to remain in Brazil for up to 90 days per visit without a visa requirement. Existing fines on shipowners were repealed, and the Association is coordinating efforts to facilitate refund claims and appeals for members affected by the previous regulations.

Maritime Talent Cultivation Alliance

The Association has initiated a Maritime Talent Cultivation Alliance (the Alliance) to collaborate with tertiary and professional institutions to advance the integration of maritime education with industry needs. This initiative encompasses a wide range of activities, including CEO mentorship programmes, site visits, research ventures, student internships, overseas exchanges and community-building projects. The Alliance will be launched during Hong Kong Maritime Week 2025, guided by the following vision and mission:

Vision:

To be a responsive and responsible Alliance of participating organisations that adds value to maritime talent cultivation and supports the long-term, sustainable growth of the industry for the benefit of both China and the global community.

Mission:

To create an open and interactive platform that integrates industry, academia, research and applications to cultivate a new generation of maritime talent in China, equipping them with a global perspective of the business world and practical insights into industry operations.

Talent development

The Association worked closely with the Maritime and Aviation Training Fund (MATF) to improve incentives for internships, career development, and upskilling in green shipping and maritime insurance. In 2025, over 21,500 practitioners and students benefited from MATF programmes, with expanded schemes for specialist roles and international cadet recognition.

Throughout the year, the Association pursued IMO and ILO regulatory reviews, delivered input on upgrading Hong Kong's Talent List for shipping-related professions, and coordinated sector-wide recognition events for young executives and outstanding cadets. Looking ahead, the Association will continue to strengthen Hong Kong's credentials as a centre for maritime excellence and workforce innovation.

Industry learning will take a further, decisive step forward with the planning of an HKSOA Academy, designed as a multi-phase initiative, commencing with an online course platform and progressing toward a blended learning model with accredited industry

content partners. The Academy will signify the Association's commitment to lifelong learning, sector leadership and the adoption of global best practices.

Insurance and Liability Issues

The Association maintained its focus on ensuring that Hong Kong's shipowners remain resilient amid the ever-evolving landscape of global risks, legal reforms, and industry standards. Through jointly held sessions with the Asian Shipowners' Association (ASA) Ship Insurance and Liability Committee (SILC), and participation from global stakeholders such as the ICS and IG Protection and Indemnity Insurance (IG P&I), as well as regulatory, legal and governmental observers, the Association provided timely, practical counsel to members on several fronts.

Central to this year's discussion was the rollout of Lloyd's Open Form 2024 and the updated Lloyd's Salvage Arbitration Clause, both introducing new reporting requirements—marking a notable shift towards greater transparency in marine casualty response and underwriting practices. The Association reviewed the substantial impact of the EU's 19th sanctions package, which expands restrictions targeting Russia and significantly complicates compliance obligations for vessel operators and insurers.

The Association provided expert input in the global debate on the use of alternative fuels, including legal liability issues raised by the IMO, and worked with the ICS to review and make recommendations on gaps left by the current compensation frameworks for fuel-related incidents. Domestic regulatory progress was highlighted through the government's move toward digitalisation by aligning with the Model Law on Electronic Transferable Records, potentially reshaping P&I insurance practices and transactional processes for members.

Recognising the need for continued advocacy, the Association submitted recommendations on several regional policy matters. Notably it raised proportionality concerns regarding ship pollution fines imposed overseas. The Association also emphasised industry priorities on cross-border legal harmonisation, UNCITRAL's new Convention on Negotiable Cargo Documents, and international best practices for the fair treatment of seafarers.

Shipping Policy Issues

USTR s.301 investigation targeting China's maritime, logistics and port sectors

In early 2025, the United States Trade Representative (USTR) announced its determination regarding its section 301 investigation into "China's Targeting of the Maritime, Logistics, and Shipbuilding Sectors for Dominance". Among the new measures, Hong Kong shipowners and operators, like their Mainland counterparts, will be subject to substantial port fees starting on 14 October 2025. Chinese-built vessels operated by non-Chinese operators will also incur escalating per-net-ton fees.

The Association has always been a strong advocate for free trade and a staunch supporter of a level playing field. These principles are essential for the smooth operation of global supply chains. Hence, we have maintained the view that the new US measures should be repealed in the interests of the international community.

In September, the Chinese Government responded with countermeasures. Eventually, in November, a trade and economic deal reached between the two states resulted in the suspension of relevant US and China measures for one year. While we welcome the temporary suspension as a positive development, the Association will continue its lobbying efforts to pursue permanent solutions to eliminate any unnecessary uncertainties that may impact global shipping, global trade and global interests.

Hong Kong's block exemption for vessel sharing agreements

The Association has consistently supported the renewal and enhancement of the Block Exemption Order (BEO) for vessel sharing agreements, recognising the critical economic efficiencies and benefits that these arrangements deliver to the Hong Kong maritime sector. In its latest submission to the Hong Kong Competition Commission, the Association emphasised that the BEO remains essential for maintaining competitive balance in the liner shipping industry, enabling operational flexibility for carriers, and safeguarding Hong Kong's status as a leading regional maritime hub. Furthermore, the Association advocated for the removal of market share caps, aligning Hong Kong with international best practices and ensuring regulatory stability amidst evolving global supply chains and geopolitical uncertainties.

Hong Kong Maritime Development

The Association fully supports the national strategic plan to consolidate Hong Kong's position as an "international finance, shipping and trade centre". Again, this year, we saw the results of the Association's advocacy work, with the Administration accepting and following up on many of the Association recommendations, particularly concerning green shipping and commodity trading.

The Administration has strengthened its institutional framework, by re-constituting the existing Hong Kong Maritime and Port Board into the Hong Kong Maritime and Port Development Board (HKMPDB), with representation from the HKSOA. While we will participate actively in the affairs of the HKMPDB, we will continue to advocate for the establishment of an independent, industry-led statutory body, which has been a consensus within the industry for many years. The appointment of a non-official chair for the new organization and the strengthening of its research, promotion and talent development functions are significant steps forward.

Association Operations

Over the past 12 months, the Association maintained smooth operations in pursuit of its mission and goals. The **Executive Committee** held six regular meetings, mainly to discuss and set the work plans of the Association and to give policy direction to the secretariat on major issues at the local, national, regional and international levels. The Association will continue to support any initiatives that enhance Hong Kong's status as an international maritime centre and strengthen Hong Kong's leading position as a gateway to our Country.

Marine Subcommittee. The subcommittee held five meetings during the year to review various safety, environmental, technical, operational and regulatory issues affecting the shipping sector. These included GHG reduction initiatives, the EU Fit-for-55 measures, the Ballast Water Convention, bio-fouling, bunker fuel quality, RightShip standards, and the “Hong Kong Convention” on ship recycling. Members’ comments provided valuable feedback to local, national and international regulators, as well as classification societies.

Maritime Personnel, Education and Training (MPET) Subcommittee. The subcommittee held three meetings during the year to discuss issues affecting seafarers and their welfare, the education and training of shore staff, and career opportunities for young people in the maritime industry. Most of the subcommittee efforts during the year were focused on the crew Seafarer Identification Document issue and other local regulatory proposals for maritime personnel in Hong Kong, as well as the formation of the Maritime Talent Cultivation Alliance and the HKSOA Academy.

Insurance and Liability Subcommittee. The subcommittee met twice during the year and provided a useful forum during the year for discussing the impact of ongoing global conflicts on maritime insurance and liability. The subcommittee also hosted the Asian Shipowners’ Association (ASA) Ship Insurance and Liability Committee annual and interim meetings respectively in Jakarta and Hong Kong.

China Subcommittee. The subcommittee met twice during the year and hosted a Spring Dinner and several major delegation visits, including visits to Beijing, Shanghai and Qingdao. In the North Bund Forum held in Shanghai, the China Subcommittee co-hosted a Shanghai-Hong Kong shipping forum with the Shanghai Shipowners’ Association to explore issues of common interests. During Hong Kong Maritime Week 2025, the subcommittee organised the Greater Bay Maritime Forum and coordinated the launch of the new Maritime Talent Cultivation Alliance.

Nomination Subcommittee. From time to time, the subcommittee helped the Executive Committee identify potential candidates to serve as the Association’s institutional representatives on external organisations.

Social events. During the year, the Association hosted several, well received social events, including the Table Tennis Tournament and Fun Days, an Analyst Luncheon, the and the Spring and Autumn tournaments organised by the HKSOA Golf Society.

Hong Kong Maritime Week 2025. The Association hosted and co-hosted several major events during the Maritime Week, including the Greater Bay Maritime Forum, the Association Annual Cocktail Reception, the ICS Hong Kong Global Maritime Trade Summit, and the World Maritime Merchants Forum.

Global and regional partnerships. The Association maintained close working relationship with major global and regional organisations, in particular the ICS, ASA, BIMCO, INTERTANKO, INTERCARGO, Global Maritime Forum, and International Bunker Industry Association.

New Members

The following new members joined the Association in the past year:

MF Jebsen International Limited
GreenSwift International Pte Ltd
Clipper Group Hong Kong Ltd
Asia Satellite Telecommunications Co Ltd
Climate Impact Corporation Limited
Dai An Ocean Shipping Company Limited (member of Fujian Highton Development)
ABB Engineering (Shanghai) Ltd
Nishimura & Asahi Hong Kong
Consulate General of Panama in Hong Kong
Transport Capital Pte Ltd.
Sea Legend Line Limited
Ashurst Hong Kong
Envision Energy International Limited
C Solutions (Asia) Limited
Starford International Shipping Company Limited
Isle of Man Ship Registry

Conclusion

In closing, I would like to thank the Association Chairman, Mr. Angad Banga, JP for his steer and guidance over the year. I would also like to thank all the members, in particular the members of the Executive Committee and sub-committees, for their dedicated service and valued support. Of course, a big thank-you to my colleagues Martin (Cresswell), Nittin (Handa), Gilbert (Feng), Peggy (Kan) and Harry (Chu). The Secretariat remains committed to promoting and protecting the interests of the Association membership as we navigate the challenges and opportunities that lie ahead.

Sandy Chan
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