

Maritime & Shipping Law Q&A - Canada

With over 70 per cent of the earth's surface being covered by water, it is little wonder that the shipping and maritime sector is possibly the largest industry in the world. 90 per cent of the world's trade is carried by the international shipping industry, but it was hit hard by the recession. This month, *Lawyer Monthly* speaks to Darryl Kennard, partner at Thomas Cooper law firm in London about the legal issues surrounding this major sector.



Darryl Kennard

Q To tackle the issue of high carbon emissions, there are talks about a tax proposal or levy, how do you think this could affect the shipping and maritime industry in the UK?

The EU is at the forefront of attempts to tackle carbon emissions in the maritime industry. There is a real political will in the EU to take a lead in this regard, but the global economic downturn has, to some extent, placed brakes on the pace of change as reduced carbon emissions inevitably have a negative impact on shipping companies' immediate profits. In time, the costs of tackling carbon emissions will be passed onto the consumer but in these austere times politicians are naturally reluctant to introduce changes too swiftly.

Q The global shipping industry accounts for over 90 per cent of world trade, was this affected by the recession?

The recession has undoubtedly had a large impact on the shipping industry. At the height of the downturn, many vessels were laid up and freight rates were rock bottom. Indeed, there were reports of tankers being chartered out for less than their daily operating costs. The situation is still pretty desperate and the next 12 months are likely to continue to be challenging for ship owners.

Q What are the challenges your clients face when involved in shipping and maritime in the UK?

In these gloomy economic times, keeping ships earning with first class or reliable counterparts is

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Darryl Kennard



essential. The margins are wafer thin and there is little room for error. Of course, in order to keep a vessel trading it may be necessary to take risks on chartering out vessels to companies that may not have a solid financial base. In that event, it is important to manage the risk appropriately. The ability to adapt to an ever-changing legal operating framework is a major challenge: for instance, over the last 12 months ship owners have had to tackle changing legal requirements concerning piracy, bribery, carbon emissions, sanctions on certain countries and various wars and warlike situations: political and legal uncertainty severely hamper the expansion of the shipping side of our economy.



How has/can your firm assist the client when such challenges arise?

More and more, clients look to us for quick pragmatic solutions which solve problems at inception and allow all parties to get on with their respective businesses. Keeping the wheels of trade moving is key at this time.



Are there any future legislative changes you would like to see?

Yes: the repeal of the Bribery Act 2010. **LM**

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