

C L I F F O R D

C H A N C E



MARITIME AND OFFSHORE

UPDATE – SUMMER 2024/2025

**What's new in Asia Pacific Maritime
and Offshore sector?**



- 1. Green Finance to Decarbonise & Electrify Australian Ports**
- 2. Singapore and Australia Green & Digital Shipping Corridor**
- 3. Independent review of Australia's shipping legislation underway**
- 4. Wind-assisted propulsion technology**
- 5. Offshore Support Vessel (OSV) market set to boom**

1

Green Finance to Decarbonise & Electrify Australian Ports

Key takeaway

In September 2024, The Clean Energy Finance Corporation (CEFC) made a significant investment of \$70 million to support the decarbonisation of Australian ports. This initiative marks the CEFC's first direct financing in the maritime sector and the first green financing of container stevedoring operations in Australia. The investment aims to advance the maritime sector towards net zero emissions by financing electrification initiatives across seven Australian ports, aligning with global efforts to reduce emissions. The project particularly supports Australia's commitment to the International Maritime Organisation's (IMO) goal of reducing shipping emissions by at least 50% by 2050.

Key details

The funding will be used to replace internal combustion engine vehicles and vessels with electric and hybrid alternatives, and to install solar PV systems to reduce energy consumption at Australian ports. The initiative will explore connecting berthed vessels to the grid (Shore-Based Power) to replace diesel bunker fuel, further reducing emissions. This initiative will position Australia as a leader in sustainable port operations, potentially giving Australia a competitive advantage in the global market.

2

Singapore and Australia Green & Digital Shipping Corridor

Key takeaway

Singapore and Australia are collaborating to create a Green and Digital Shipping Corridor between the two countries. This collaboration was formalized in a Memorandum of Understanding signed on 5 March 2024. This initiative aims to decarbonize and digitalize shipping routes.

The Corridor aligns with the Singapore-Australia Green Economy Agreement from October 2022 and supports the IMO GHG Strategy to achieve net-zero emissions by around 2050. The Corridor will focus on developing zero (or near-zero) GHG emission technologies, facilitating the adoption of digital solutions for efficient port operations, and enhancing global supply chain resilience and sustainability.

Key details

Key proposals include establishing zero-emission fuel supply chains, developing training for handling these fuels, utilising digital technologies to optimise port operations and facilitating just-in-time maritime services.

The Green and Digital Shipping Corridor is planned to be operational by the end of 2025. The initiative seeks to expedite the adoption of digital standards, enabling paperless transactions and optimized vessel flow between ports in Singapore and Australia, and to thereby achieve decarbonisation of shipping activities within the corridor. The bilateral initiative involves multiple stakeholders including port operators, state and territory governments, and maritime and energy value chain stakeholders.

Both countries aim to become leaders in global efforts to decarbonize shipping routes, setting a precedent for other major port hubs.

3

Independent review of Australia's shipping legislation underway

Key takeaway

On 20 August 2024, the Australian Government announced an independent review of the *Shipping Registration Act 1981* and the *Coastal Trading (Revitalising Australian Shipping) Act 2012*. This effort is part of a broader strategy to modernize Australia's maritime regulatory framework and ensure its sustainability, aligning with recommendations from the Strategic Fleet Taskforce report released in November 2023.

The review aims to modernise Australia's shipping regulatory framework, to ensure the Acts in question are fit for purpose and to ensure the future sustainability of Australia's maritime sector. This initiative underscores the government's commitment to enhancing the maritime sector's resilience and competitiveness, benefiting both the maritime sector and Australia's global maritime trade.

Key details

Since the passage of the *Navigation Act* in 1912, shipping in Australia has been regulated by the Federal Government. *The Coastal Trading (Revitalising Australian Shipping) Act*, introduced in 2012, regulates coastal trading in Australia by imposing licensing requirements and restrictions on the movement of goods and passengers between Australian ports by foreign-flagged vessels, including luxury yachts. This legislation aims to protect and promote the Australian shipping industry by ensuring that coastal trade is primarily conducted by Australian vessels, thereby supporting local maritime employment and maintaining national security.

The review will be conducted over six months and is co-chaired by Ms. Lynelle Briggss and Professor Nicholas Gaskell, both of whom bring extensive expertise and experience in maritime law and public sector governance.

The review will contribute to the modernisation of and support the long-term sustainability of an Australian Maritime Strategic Fleet.

4

Wind-assisted propulsion technology

Key takeaway

A leader in the heavy lift transport sector has implemented wind-assisted propulsion technology on one of its vessels by installing two ventofails (**mechanical wings**). This initiative is part of a broader effort to enhance vessel performance and achieve energy savings.

Key details

Mechanical wings provide additional thrust and have been previously used successfully on shortsea cargo vessels in the North Sea and Northern Europe. The integration of ventofails and other technological advancements marks a significant step towards reducing the environmental impact of heavy lift transport by improving fuel efficiency and optimizing vessel performance through innovative, adaptable solutions.

The vessel in question is a heavy lift carrier built in 2009 and is powered by two Caterpillar diesel engines, capable of 16 knots. The mechanical wings are designed to have a small footprint and low weight, making them suitable for heavy lift vessels that require significant space for cargo. The mechanical wings are capable of potential transfer to other vessels. This is a key advancement in this area.

5

Offshore Support Vessel (OSV) market set to boom

Key takeaway

Offshore Support Vessel (OSVs) are essential to global offshore energy transition and support renewable energy sectors. OSVs are vital for the construction and maintenance of wind farms, decommissioning offshore oil and gas fields, subsea pipelines, platforms and the like.

Key details

The OSV market is projected to grow substantially from USD 25.6 billion in 2024 to USD 36.3 billion by 2029, driven largely by increased offshore activities. The expansion of offshore wind farms, part of the growing renewable energy sector, is contributing to the OSV market growth. The rising demand for environmentally friendly OSVs has propelled innovations in OSV design, such as dynamic positioning systems and automated tools, which enhance operational efficiency and safety.

The offshore oil and gas sector is expected to be the biggest beneficiary of the OSV market boom, with a focus on shallow water operations requiring extensive maintenance and refurbishment activities supported by OSVs.

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