

THE LEADING MARITIME CAPITALS OF THE WORLD

PROJECT DESCRIPTION



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The Leading Maritime Capitals of the World report 2015 was launched on the opening conference at Norshipping in June 2015. The report has received a lot of attention and is used as the main reference for benchmarking maritime cities and regions all of the world.

The 2017 edition of the report is in progress. It will be launched on the Sea Asia Conference in April 2017 and be presented on several large conferences in the coming year. The new edition will include more cities and be more comprehensive – both in terms of topics and indicators. Here is a short description of the report.

PURPOSE OF THE REPORT – HOW CAN IT BE USEFUL?

Countries and cities compete to attract and retain global maritime companies operating in global markets. The race for attractiveness has never been as intense as it is today. Several countries and cities have recognized the tremendous success of Singapore's maritime strategy, with the no 1 position in the Leading Maritime Capitals of the World report in 2012 and 2015. They intensify their effort to increase the attractiveness of their country/city and the competitiveness of their maritime industry. The intensified competition is, however, not a zero-sum game. By competing on innovation, talent recruitment and cluster dynamics, the global maritime industry becomes more productive, and hence, create more value both for their own country/city and for the world as a whole.

The purpose of the project is to identify the most attractive maritime city regions in the world. The purpose of the project, seen from the participating cities in the consortium, are as follows:

1) **PROMOTION** – The results from the study will be published in a report along the lines of the 2015 report (enclosed). The key findings will also be presented in four leading conferences and published by magazines and newspapers. The clients can also use the material from the study in their promotion of their city.

2) **POSITIONING** – Identify relative strengths and weaknesses as building blocks for positioning the cities in the global race for attractiveness. The key insight from the study will be summarized in a tailor-made report for each of the clients in the consortium.

As a follow-up strategic process of the project, a third purpose can be added:

3) **LEARNING AND INNOVATION** – Combine the insight of strengths and weaknesses with a toolbox for innovation and improvements for increasing the attractiveness of the city.



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NEW DEVELOPMENTS IN THE 2017 EDITION

This third edition of The Leading Maritime Capitals of the World report will build on the former editions, but will be significantly improved both in breadth and depth. The most important changes are briefly described below.

A TWO-STEP APPROACH

While all the 15 cities included in the 2015 study were benchmarked both on objective indicators and by industry expert assessments, this time we propose to divide the process into two steps:

- Step 1: 25-30 cities benchmarked based on objective indicators
- Step 2: Select the 10-15 highest ranked of these cities and expose these to an assessment by a panel of maritime experts from all over the world

By making this change, we allow regional maritime hubs and specialized (niche-based) maritime cities to be included. In addition, by increasing the number of cities, we are able to identify runners-up, e.e. medium-sized maritime cities with strong growth.

NEW TOPICS INCLUDED

As earlier, maritime is divided into four main groups; shipping, ports & logistics, technology, and finance. In the 2015 edition, we also introduced a fifth category, called Attractiveness & competitiveness.

Attractiveness & competitiveness cuts across all four parts of the maritime industry. In the 2017 edition, we will expand and allow higher weight to this category, but adding more dimensions to it:

- Availability of talented people
- Innovation
- Cluster dynamics, for example in terms of number and strength of linkages, and level of openness and trust, within the maritime industry in the city
- Global connectivity
- City region attractiveness, measured as monetary and non-monetary location factors, for example Proximity to key customers/markets, and Ease of doing business

The five dimensions will be given equal weights in the total ranking – as illustrated in figure 1.

NEW INDICATORS

Within the four maritime categories, we will increase the number and precision of indicators. In the 2015 edition, we used the indicators from Table 1, decomposed into five categories.

Examples of new/improved objective indicators are:

MARITIME TECHNOLOGY:

- Number of employees in branches/affiliations of classification societies
- Number of regional technological expert centers of classification societies
- Shipyard deliveries
- Shipyard orderbooks

PORTS AND LOGISTICS:

- No of port calls
- No of cruise passengers
- Dry bulk and liquid cargo
- Port infrastructure (number of cranes, port draught etc)
- Orderbook for repair
- Logistics performance index (selected indicators)

SHIPPING:

- Orderbooks per city
- Average age of the fleet owned/controlled by companies in the city

ATTRACTIVENESS AND COMPETITIVENESS:

- Ease of doing business index (selected indicators)
- Transparency

Figure 1

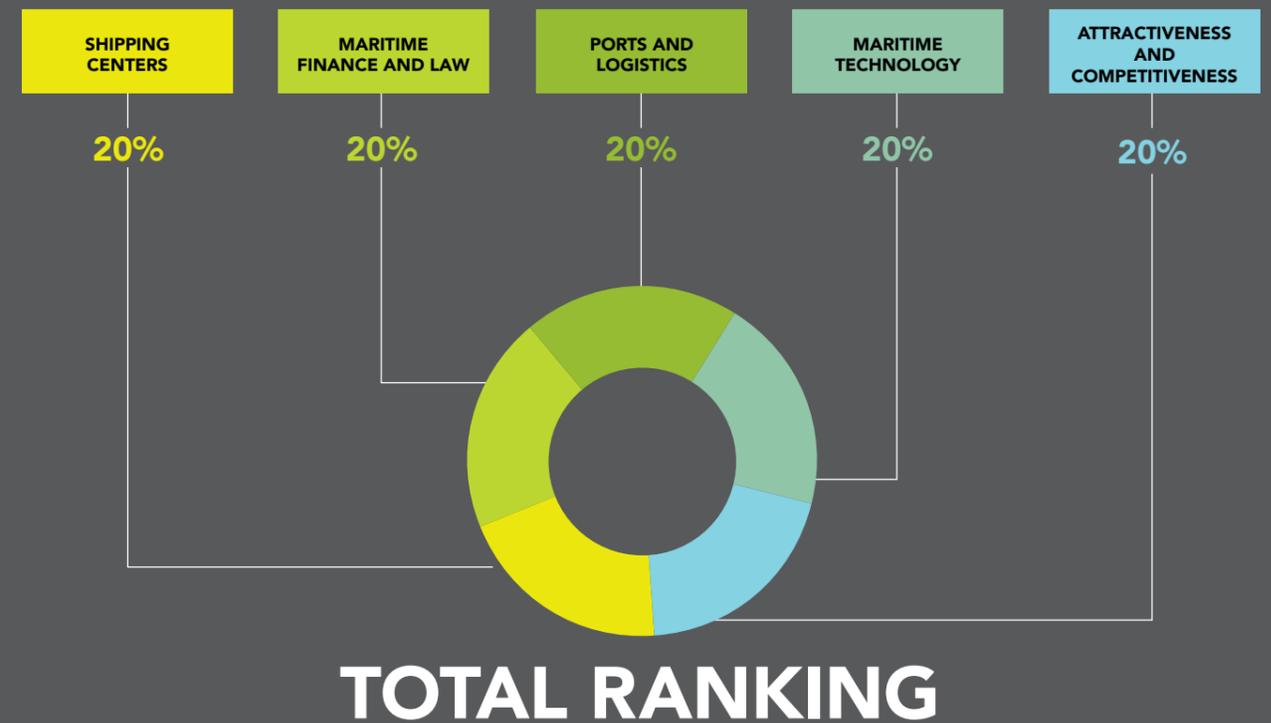


Table 1

MAIN INDICATOR	OBJECTIVE INDICATOR	Description	SUBJECTIVE INDICATOR	Survey question		
SHIPPING CENTERS	Fleet size	CGT owned by shipowners registered in the city	Leading centers	Which of the following cities do you consider the five leading shipping centers of the world?		
	Fleet value	Share of the city's national value of world fleet				
	Managed fleet	CGT managed by managers registered in the city				
MARITIME FINANCE AND LAW	Law	Number of maritime legal experts in the city	Leading centers	Which of the following cities do you consider the five leading centers of the world within maritime finance?		
	Insurance	National collected insurance premium for P&I, hull and cargo				
	Mandated Loans	Value of maritime mandated loans issued from a bank in the city	Brokering	In which cities do you find companies offering world-class maritime brokering services?		
Market capitalization of listed stocks	Market capitalization of listed maritime companies on the city's stock exchange					
PORTS AND LOGISTICS	Port volume	Volume of TEU handled in 2013 at ports in the city	Leading centers	Which of the following cities do you consider the five leading centers of the world for port and logistics?		
	Port operators	Volume of TEU handled in 2013 by port operator with headquarters in the city				
MARITIME TECHNOLOGY	Shipyard	Value of ships delivered in 2014 from the nation	Leading centers	Which of the following cities do you consider the five leading centers of the world within maritime technology?		
	Classification	Number of ships classed by a class society with headquarters in the city			R&D & education	In which cities do you find the leading maritime R&D and educational centers of the world?
					IT services	In which cities do you find companies producing world-class maritime IT services and IT based products?
ATTRACTIVENESS AND COMPETITIVENESS			Maritime equipment	Which cities have the best offering of specialized logistics services?		
			Business environment	Which cities have the most attractive business environment for locating maritime business activities?		
			Completeness of cluster	Which cities constitute, in your opinion, the most complete maritime cluster?		



CITIES, NOT COUNTRIES

Urbanization is one of the strongest global megatrends of this century, with a clear shift in importance from nations to cities (Moretti, 2012; Quartz, 2015). Strong agglomeration forces induce firms, talents and investors to locate in the large global knowledge hubs. This trend works in favor of city-states, like Singapore, Hong Kong and Dubai, but also cities in large countries, like New York and Hamburg, regions are growing in importance.

Companies don't make decisions about which country to locate their headquarters, competence units and operations. They look for regions and cities that can provide market arenas, access to competence and specialized services. In other words, it is Hamburg and London that compete about attracting international maritime firms – not Germany and UK. Henceforth, we find cities to be the most relevant level of analysis.

We have defined a city as encompassing an area that can be reached within a two-hour drive from the city center. This definition is transparent, reflects actual proximity and is not sensitive to artificial administrative borders.

The following cities, in alphabetical order, that in different ways and varying degree hold strong positions as maritime centers, will be included:

- | | | |
|-------------------|--------------------|------------------|
| Antwerpen | Istanbul | Panama |
| Athens | Kaohsiung | Rio |
| Bergen | Lagos | Rotterdam |
| Busan | London | Shanghai |
| Cape Town | Los Angeles | Shenzhen |
| Copenhagen | Manila | Singapore |
| Djakarta | Melbourne | Sydney |
| Dubai | Mumbai | Vancouver |
| Hamburg | New York | |
| Hong Kong | Oslo | |

There is room for adding one more city to the benchmark.

FOUR MAIN MARITIME GROUPS

We propose to divide the maritime industry into four main groups, with 3-4 segments (sub-groups) for each:

1) **SHIPPING**, i.e. ownership, operation and management of all types of vessels, is the core of the industry. We propose the following segments:

- a. Conventional (tank, dry bulk, containers)
- b. Industrial shipping (e.g. gas, car carriers, chemicals)
- c. Offshore (seismic, PSV, anchor handling, subsea construction)
- d. Other (e.g. fishing, dredging)

2) **TECHNOLOGY & MANUFACTURING**

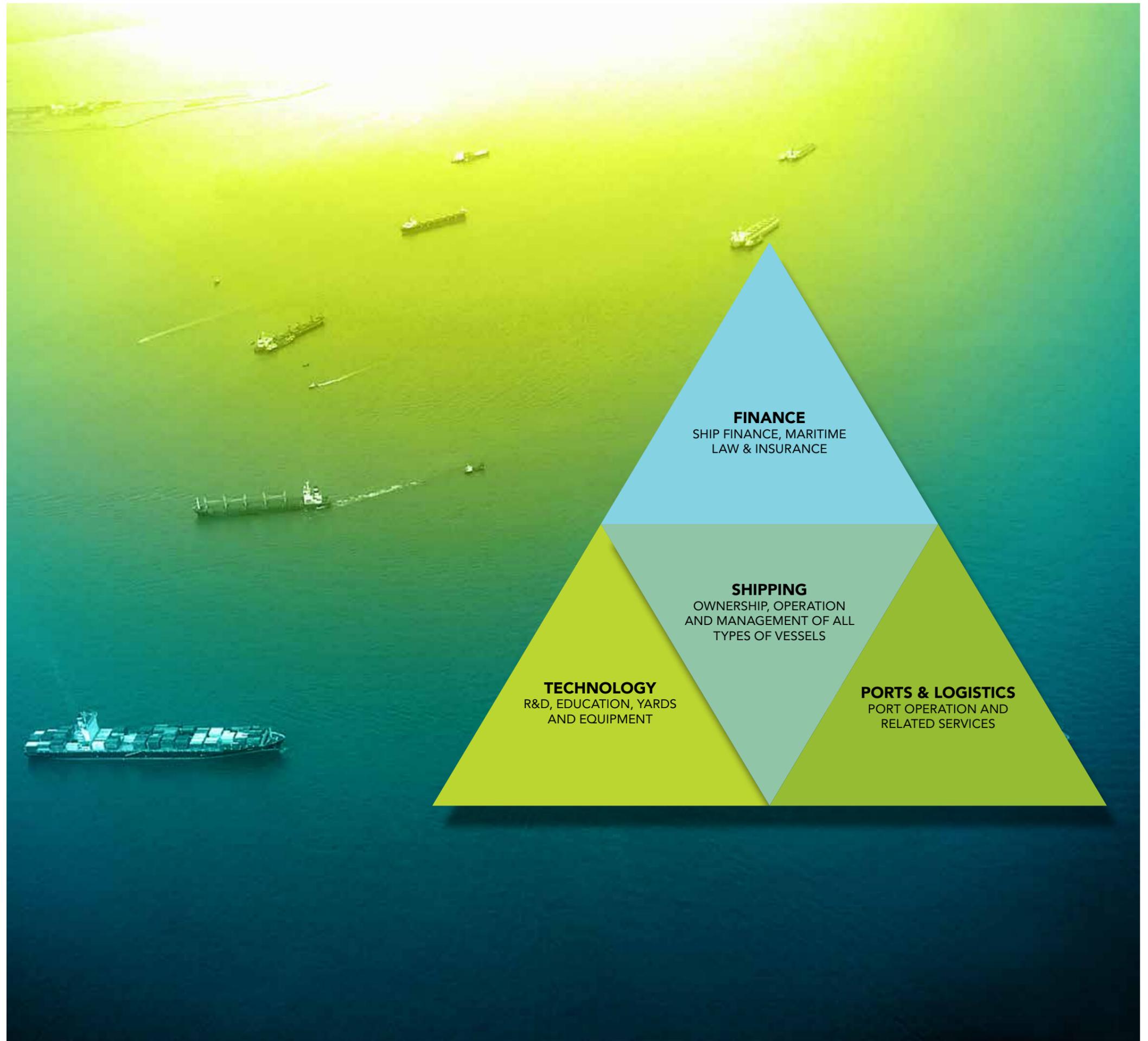
- a. R&D and education
- b. Classification societies
- c. Ship building & repair
- d. Equipment production, including IT

3) **FINANCE**

- a. Banks, brokers and financial services
- b. Maritime law
- c. Insurance

4) **PORTS & LOGISTICS**

- a. Port operation
- b. Port related services



METHODOLOGY

WHAT IS THE DEFINITION OF MARITIME ACTIVITY?

During 15 years of research, Menon has defined maritime activity as: “All companies that own, operate, design, build or deliver equipment or specialised services to all kinds of ships and other floating units.” This implies that all ocean-based applications of these activities are in essence maritime, for example design, building and operating floating drill rigs; or design, building and operating dredging vessels and passenger ferries.

The 25-30 cities selected for the study will be assessed and ranked by objective measures that are widely used and renowned in the industry:

1) **OBJECTIVE MEASURES**, gathered from widely used and renowned sources like Bloomberg, Marine Money, Dealogic, Lloyd’s List, HIS, and Legal 500, the cities will be ranked by size and magnitude on all four dimensions of maritime activities and their subgroups.

The 10-15 highest ranked on the objective indicators will be taken to step 2, where industry experts assess and evaluate the cities on a number of indicators five within the five categories:

2) **SUBJECTIVE ASSESSMENTS** by industry experts from all continents – collected through a survey questionnaire. To create an evaluation that is as complete and unbiased as possible, we will recruit a pool of industry experts from all over the world and from all parts of maritime businesses. To assure that the experts are representative and unbiased, we propose to nominate 500

- owners, managers, academics, consultants and bureaucrats,
- from all the 25-30 cities
- representing all main groups (shipping, finance, technology and ports/logistics)

A questionnaire will be designed to reveal the assessments from the industry experts. In addition, we will conduct in-depth interviews with approximately 25 high-level experts in several countries to enrich the responses with qualitative assessments.

In the 2015 edition, a survey questionnaire was sent out to approximately 1,600 maritime professionals, i.e. owners, managers and academics from all over the world. A total of 196 answered, giving us a response rate of 12%. Of the 196 respondents, approximately a third were located in Scandinavia, a third in the rest of Europe, while the last third were located outside of Europe. The response rate was lower in China and Japan than in other countries. In total, the experts are from 33 countries on all continents. Our analysis of the data shows that there was a slight “home bias” in the assessments, but the analysis also shows that if we had controlled for this bias, the main results would not have been significantly influenced. Still, for the credibility of the report, it is of critical importance to gather expert assessments that reflect the global market structure of maritime business. Hence, to build a panel of reliable maritime experts from all of the leading maritime cities, will receive high attention in the process.

Based on the combination of the objective measures and subjective assessments, we will create indexes that rank the cities on each of the five categories (four maritime sectors + attractiveness & competitiveness).



MEDIA STRATEGY

The 2015 report received extensive media attention. We want to increase the media attention further by working directly with maritime media companies, like TradeWinds and Lloyd’s List. The purpose of collaboration with international medias is both promotion of the report – and hence all the cities and their maritime clusters – and increased credibility/legitimacy as a knowledge based, non-biased benchmark and ranking of these cities.

The media strategy will also include presentations and coverage on large international venues. The largest conference presentations in 2017 by now are:

- Sea Asia conference, 26 April 2017 – Asia’s premier maritime and offshore event
- Norshipping, May 30 – 2 June
- Dubai Agenda, October 2017

In addition, the 2015 report and the changes in 2017 will be presented at the Lloyds List Shiptec conference in Dubai November 2016.



