

KPI Information Update IU-28-2013

(Extract of Global Marine Trend 2030 report issued by LR)

The report issued by the LR is based on two years of research & contains valuable remarks.

What will 2030 look like for the marine industry as such forces as population change, shifts in economic activity, the demand and allocation of resources and the impact of the environment gather momentum and transform the world around us?

For much of the past two years, Lloyd's Register, QinetiQ and University of Strathclyde have worked together as a team to prepare this Global Marine Trends 2030 report. It aims to define key global trends using *demography, economy, resources and environment*.

It is not a prediction of the world in 2030, but rather a description of what these giant forces are and how they might interact. It is a work in progress and the trends are at best indicative in nature based on existing works in the public domain and internal research. Nevertheless by examining a small number of the giant forces considered to be most influential, the trends presented should provide a good basis for framing strategy formulation discussions, and identifying policy options for threats and opportunities that arise from them.

The marine world in 2030 will be almost unrecognisable owing to the rise of emerging countries, new consumer classes and resource demand.

By examining different scenarios based on major global drivers (such as economic and population growth, resource demand, accelerated technological advances, rise of consumers and cities in large emerging countries), divergent futures can be mapped out.

By bringing together trends and their interactions, industry-specific insights, and using simple problem-solving techniques, three possible outcomes have been created in a quantitative, actionable and unbiased way, namely the "Status Quo", "Competing Nations" and "Global Commons" scenarios.

► In the **"Status Quo"** scenario, we expect long term economic growth and an increase in global challenges. In the first world of 2030, where people's primary interest is biased towards social development (especially living standards and jobs), we envisage business as usual with occasional disruptions along the way. Government will strive to satisfy people's needs with short term fixes. We expect the world will continue its current growth momentum with some booms and busts over the next twenty years.

► In the **"Global Commons"** scenario, we see even more economic growth. In another world, where primary interests shift to concern over resource limitation and environmental degradation, we will see a desire for a more sustainable world being developed, and fairness in wealth distribution. Government will act to forge agreement for common goods.

► In the **"Competing Nations"** scenario, dogmatic approaches, regulatory fragmentation, national preference and conflicts over values and religion gives insiders an advantage and put a brake on globalisation. In a further world, where the voice of the people is not heard (or not expressed), the state will mainly act in its own national interest. There will be little effort to forge agreement amongst governments for sustainable development and international norms.

It is not possible to know which scenario will prevail; however the trends presented can help readers to challenge conventional wisdom, pressure-test existing business models, identify market opportunities, and develop more innovative products and services.

These scenarios have different impacts on different marine sectors. The commercial sector is influenced by all three forces, while the energy sector is influenced by economy and natural resources. In the naval sector, we find that the primary driver is economic power.

Here are some basic key points of the report:

- India becomes Number 1 in total population;
- An ageing population, escalating social pressure on the work force, 53 Japanese aged over 65 will need to be supported by 100 Japanese workers;
- Declining population, a few countries, led by Japan, Germany, and Russia, will confront an unprecedented shrinking population;
- Urbanisation, inevitable in the modern world;
- The 3 biggest economies in 2030 in all three scenarios China, USA, India;
- The countries with the largest growth in per capita GDP: China, India, Vietnam and Indonesia;
- The purchasing power in developing Asia will rise 8 times between 2010 and 2030.

