

IMO 2020 to drive focused talent demand

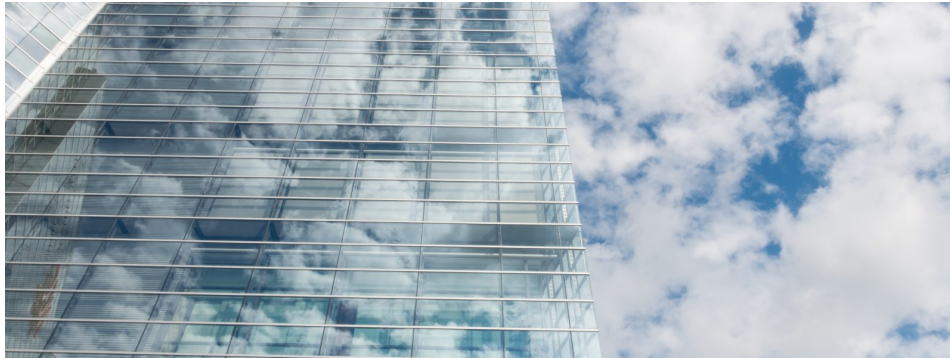
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The IMO's strict sulphur limit on bunker fuel will come into force in January 2020. Preparing for the change will drive demand for staff with specific talents

The International Maritime Organisation's (IMO) move to limit bunker fuels to a maximum of 0.5pc sulphur from the current 3.5pc limit has been on the horizon for some time, prompting discussions of how to meet the regulation. These discussions have yet to provide a readily transferable answer for the tanker industry, but we are picking up on the kind of talent that tanker companies are likely to be looking for to steer them through the transition.

It is unknown how IMO 2020 will affect the tanker market in terms of staffing levels, but early indications show that it will lead to an increase in hiring to meet the knowledge gap in fuel specifications and specifically fuel oil. For example, we are likely to see staff being drawn from downstream oil markets into tanker roles, where their fuel oil knowledge will be in demand. Maersk has demonstrated its intention to get ahead of the change by hiring experienced trading talent including Savvas Manousos (ex BP and Reliance), John Atton, (ex Cargill and Socar) and Mo Sheikh-Kadir, (ex Cargill and Gazprom). Another company showing forethought is Hafnia, which hired former Glencore, Soyuz and Endofa executive Peter Grunwaldt.

The general skill set and knowledge base at tanker firms will have to adapt to the change, but this should progress smoothly. The commercial side of businesses, including executive teams and chartering departments, will experience more change. Companies will need staff with attributes including advanced knowledge of trading routes, the ability to increase margins in difficult market conditions and the ability to source low-sulphur fuel within cost limits. Candidates connected to a broad network of fuel oil suppliers will be attractive, assuming that they can use their contacts to get preferential rates. There will also be demand for experienced charterers with a track record of maximising margins to control costs.



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Specific features

Candidates with experience of trading platforms and profiles featuring bunker trading firms and ship owners will be of most value as the tanker market readies itself for IMO 2020. More specifically, ship owners will be looking for staff senior enough to understand which strategic changes will be necessary, as well as the ability to implement change. This will likely alter the leadership profile, favouring new hires with trading house experience and existing managers who have been in the industry for a long time but are able to adapt to the change.

How might such a candidate look on paper? Time will tell as tanker operators retool for the fuel specification change, but we expect that the most sought-after prospects will have run a bunkering department for a ship owner, as well as having experience of developing and/or executing an IMO 2020 strategy and a background at a trading house or bunker-trading operation.

Candidates with a profile along the lines described above are most likely to be found in the following market segments and/or roles: downstream/storage and the terminals/tanker segment; fuel oil leadership at a trading house; commercial leadership at a bunkering company; or head of trading for a ship owner. Companies will work to retain this talent, given their skill sets and increasing value, but opportunities for candidates to apply their skills to a new challenge will come as IMO 2020 draws closer.

The HC Shipping team will be traveling widely in Europe this year and would welcome conversations around this topic. Please feel free to contact us if you would like to know

where we will be over the coming period.



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