UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT
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Review of Maritime Transport 2019

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REVIEW OF MARITIME TRANSPORT 2019

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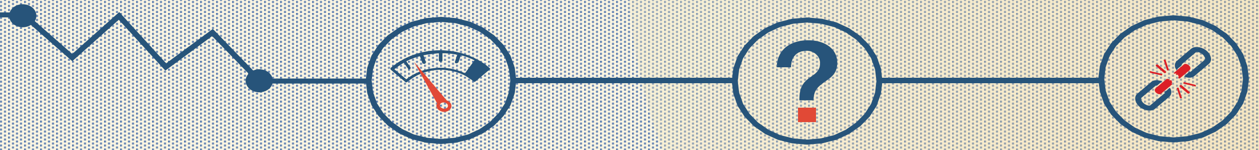
Slower maritime trade growth in 2018-2019

Maritime transport remains the backbone of international trade and manufacturing supply chains

Over 80% of world merchandise trade by volume was carried by sea in 2018

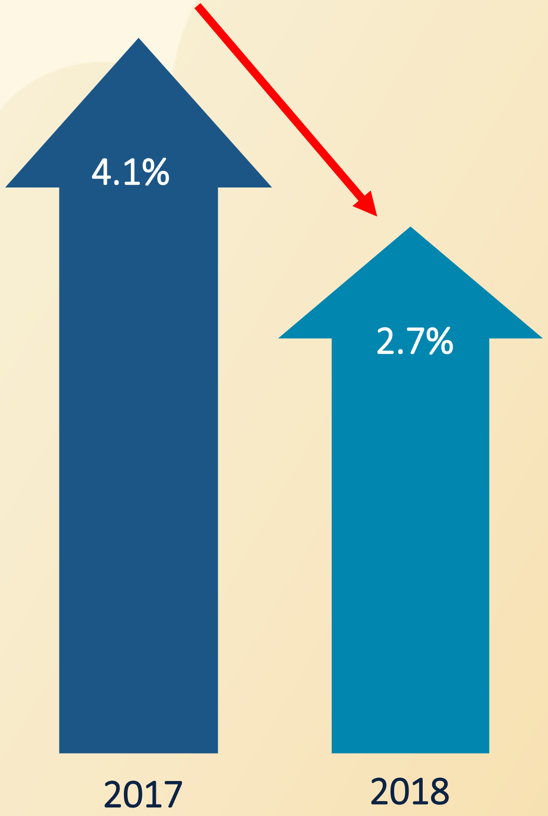
However, it lost momentum in 2018, owing to:



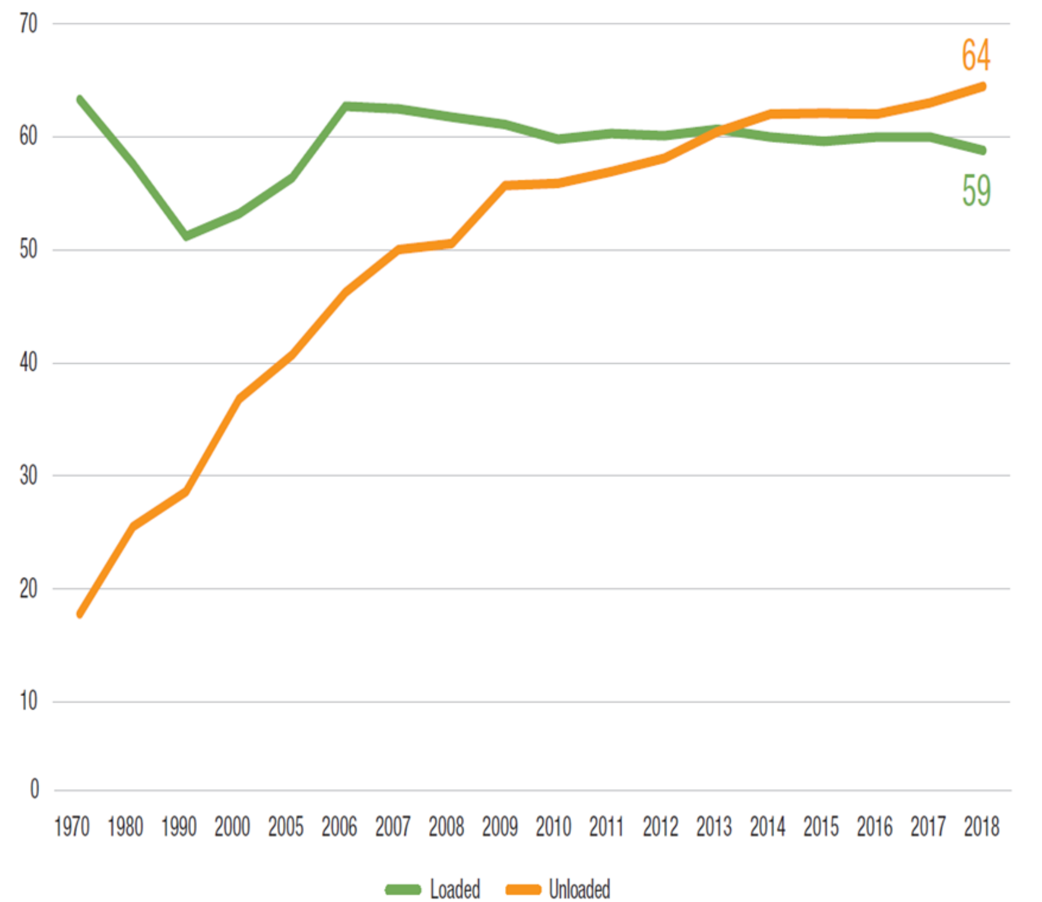
- Softer economic conditions
- Heightened uncertainty
- Wide-ranging downside risks

International maritime trade growth slowed down in 2018

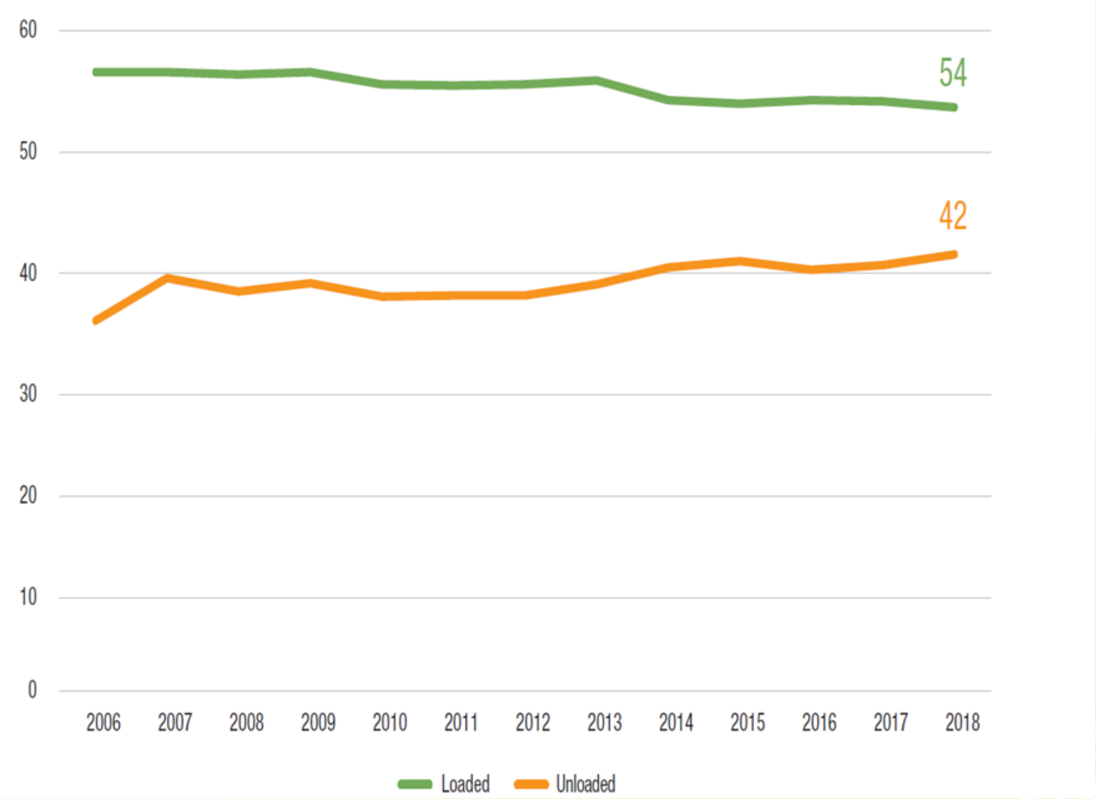
- ✓ International maritime trade volumes grew by 2.7% (2018)
  - Growth at a lower pace
    - Below the historical average of 3% (1970-2017) and 4.1% (2017)
- ✓ Volumes reached 11 billion tons



Participation of developing countries in international maritime trade, % share in tonnage

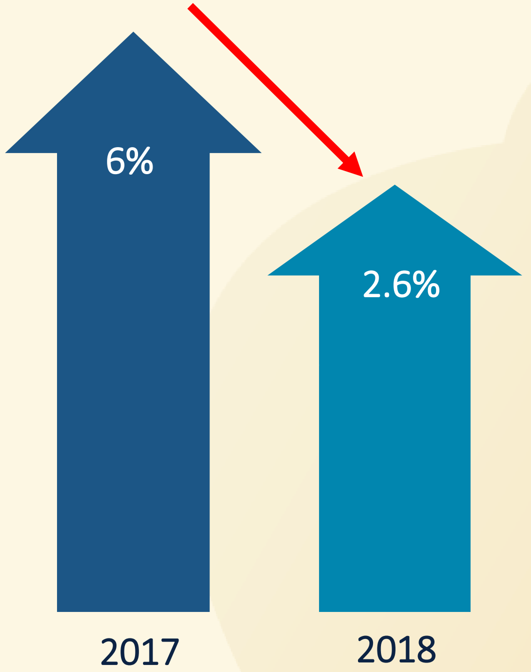


China not included

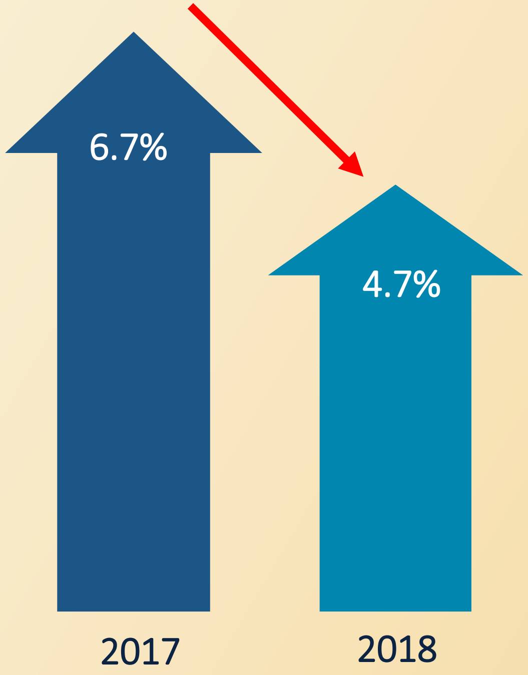


A slowdown in containerized trade growth = Lower growth in port traffic

- Global container port throughput handled 793.26 million TEU
    - Additional cargo volumes handled in 2018 (35.3 million TEUs over 2017)



Containerized trade growth



Container port throughput growth

Trade tensions: A downside risk to maritime trade and a disruption to supply chains

- Less than 2.0% of global maritime trade by volume is subject to tariffs
- Grain, containerized trade and steel products to be affected the most
- Product and supplier substitution and trade diversion

- Some China-based manufacturing moving to new locations in South-East Asia
- Supply chain restructuring implies potential shift in:
  - Routing
  - Shipping networks and configuration
  - Service levels and frequency
  - Port call coverage
  - Connectivity

Maritime trade projected to grow in 2019-2024 period, amid uncertainty

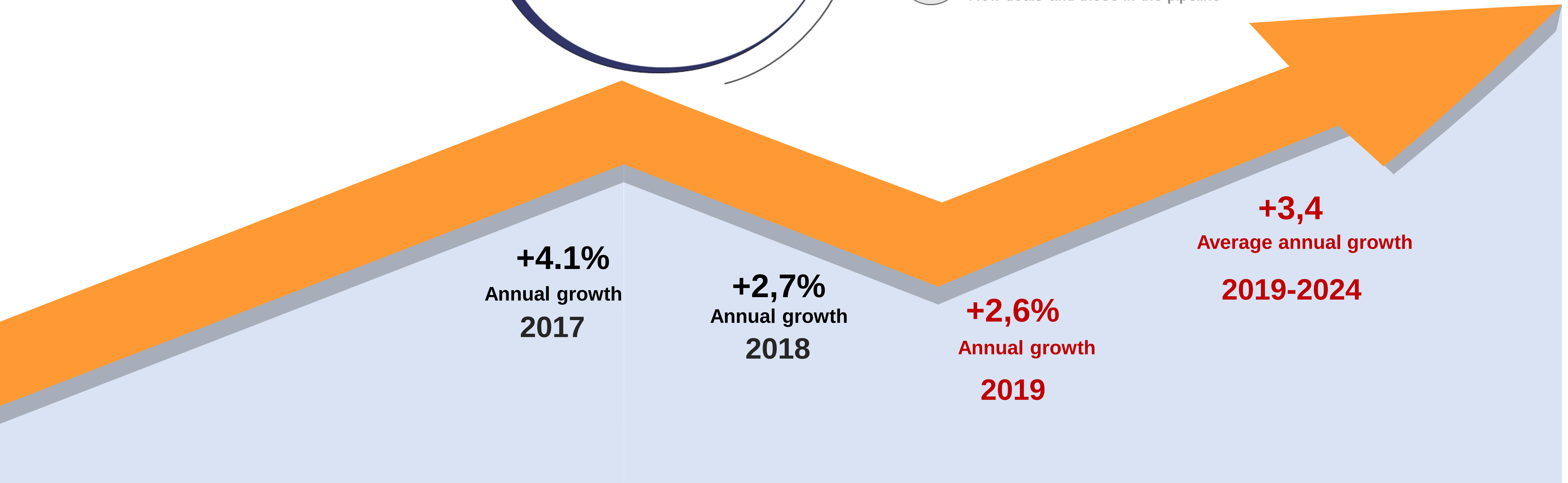
On the upside

01 ***Belt & Road Initiative***
Potential to generate trade volumes and improve connectivity

02 ***Growth in developing economies***
New demand patterns and consumption needs

03 ***Energy transition and shift in mix***
Potential new cargoes and shift in trade patterns

04 ***Trade deals***
New deals and those in the pipeline

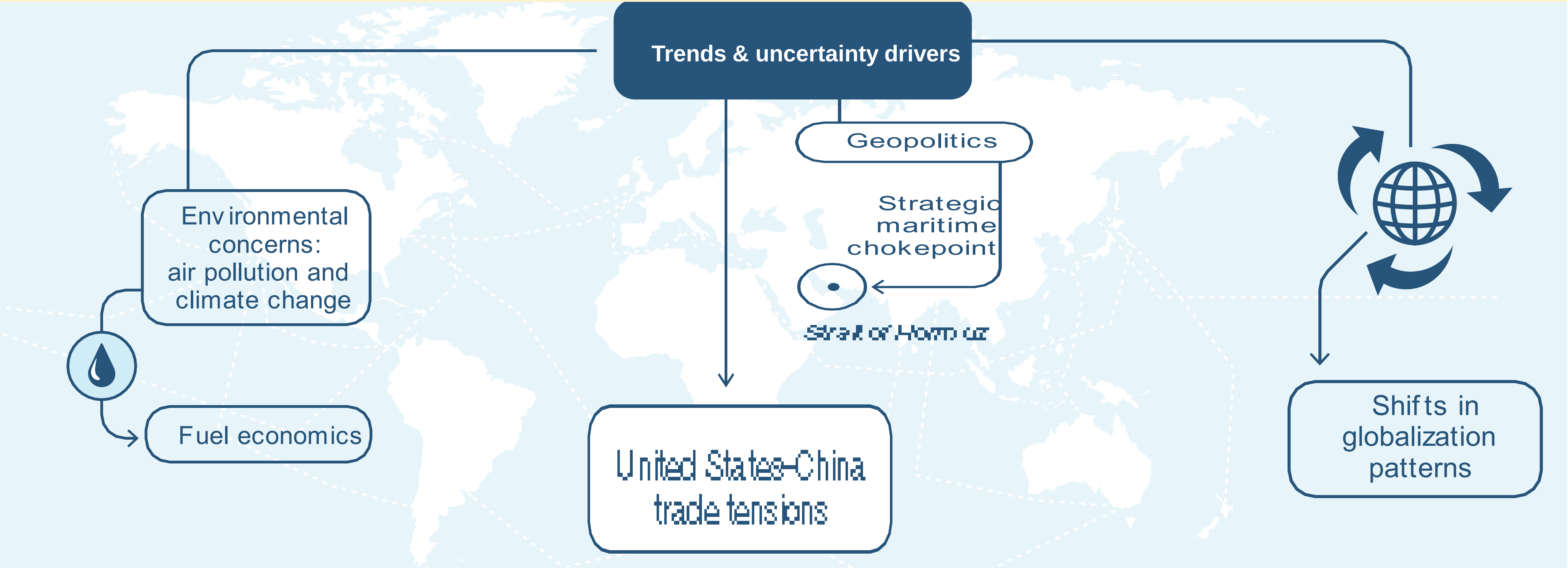


Heightened uncertainty ahead

- Accelerated environmental agenda
- 2020 IMO Sulphur cap and fuel economics
- Climate change impacts and adaptation

- Trade policy crosscurrents
- Geopolitics

- Shifts in globalization patterns
- Technological disruptions



Persistent oversupplied global ship capacity

Global fleet: Oversupply of ship carrying capacity despite decline in fleet growth

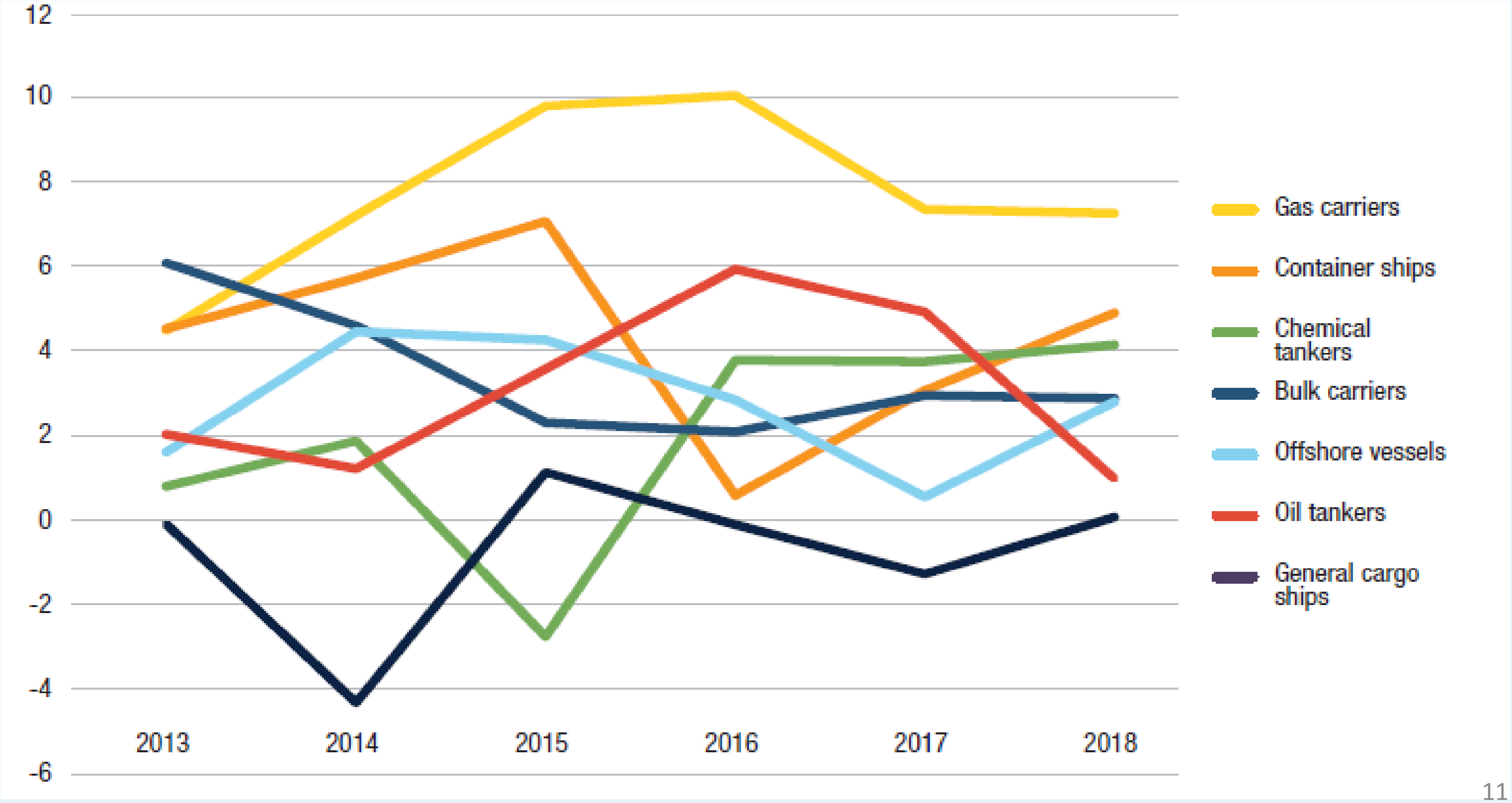
As of 1 January 2019

95,402 ships

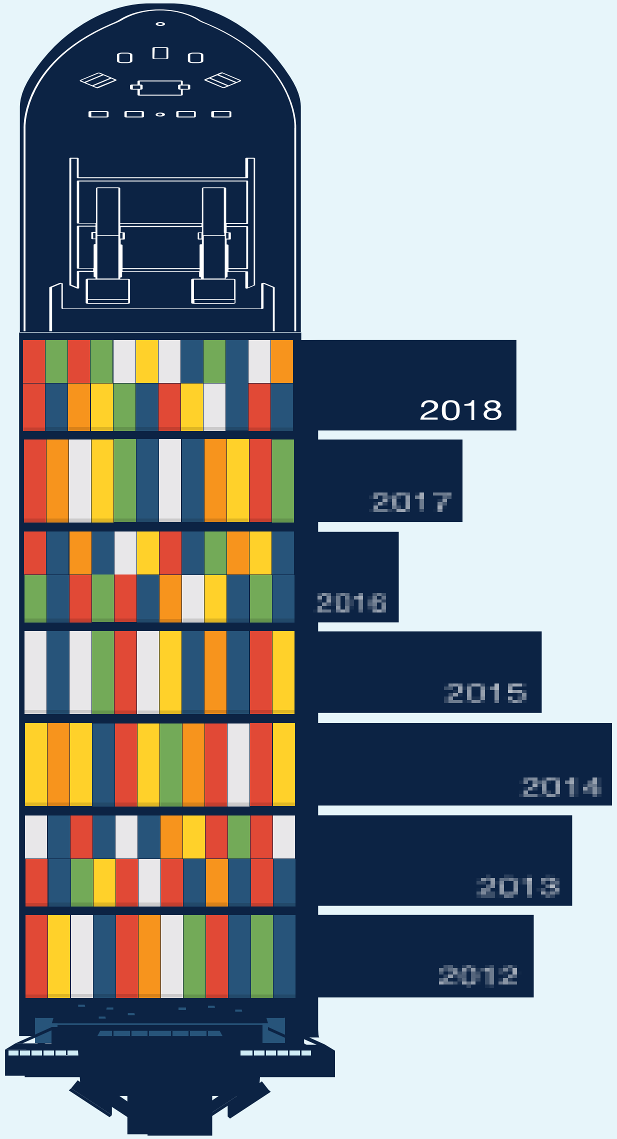
1,97 billion dwt tons

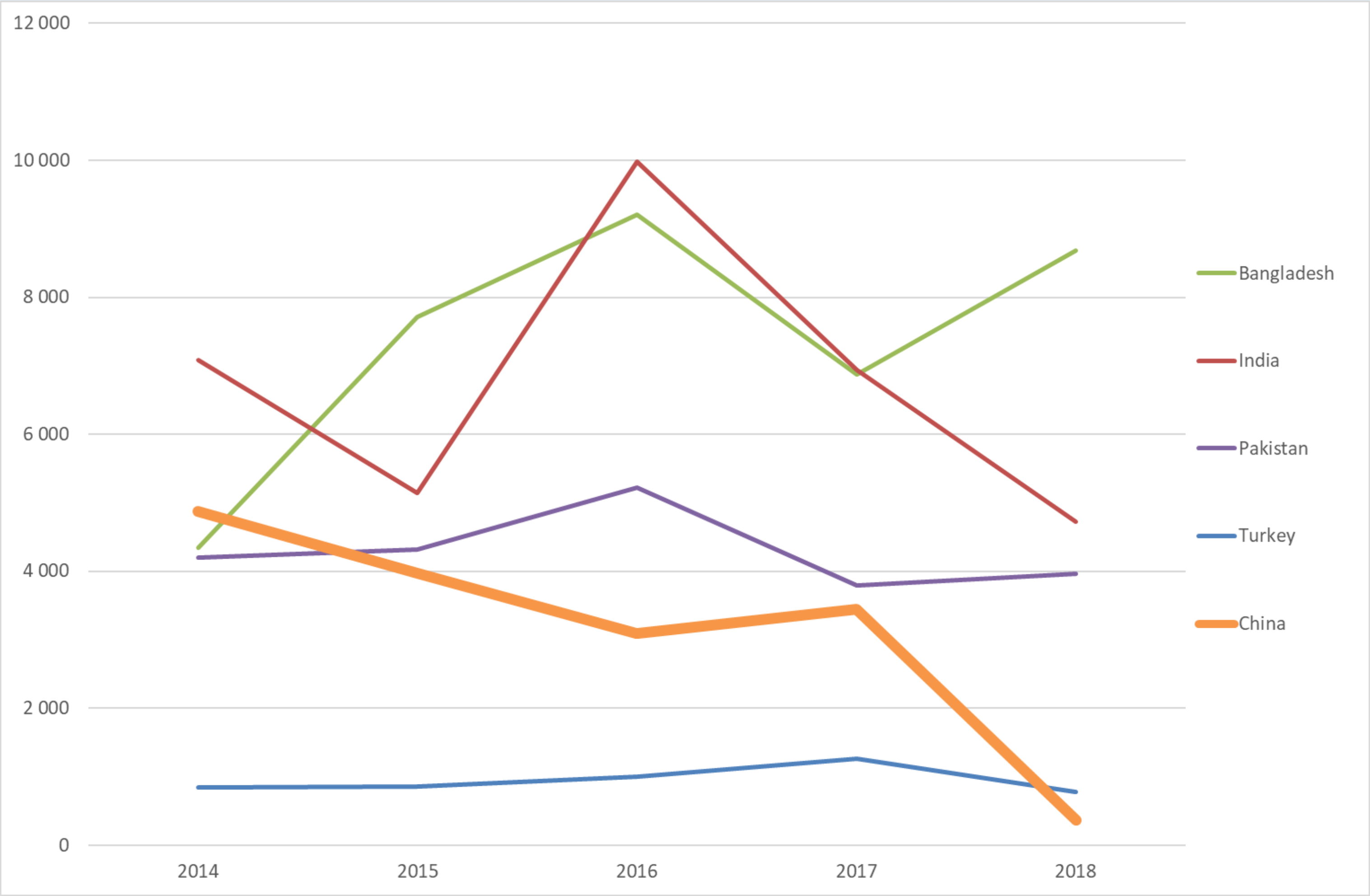
+2.6% annual growth in the global ship carrying capacity

- Reflecting rising popularity of LNG as a more environmentally friendly fossil fuel, gas carriers recorded the heighted growth rate (7.25%)
- Container fleet continued to growth (+5%)
- Chemical tankers and bulk carriers have shown stable growth, unlike the oil tanker segment, which saw declining growth
- Capacity in chemical tankers up by 4.14% & bulk carriers by 2.87%. Capacity in oil tankers contracted (-0.98 %).



Ship demolition: Making ship recycling more environmentally friendly and safer





- **Bangladesh, India, Pakistan, & Turkey leading** countries in 2018
- **China significantly reduced its imports of ships for demolition**

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Increased importance of environmental sustainability and technology

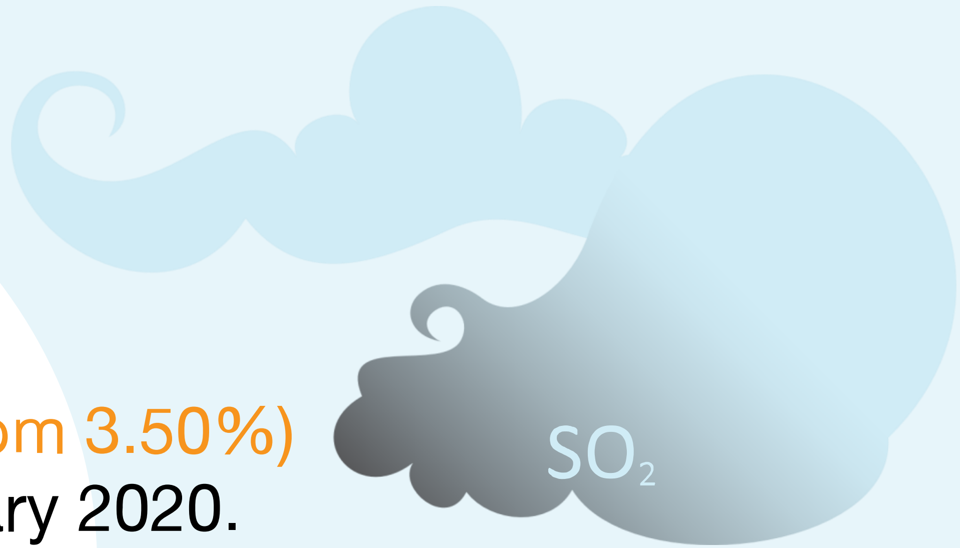
A larger role played by technology and services

Autonomous ships may soon become a reality

- Changes in skills' requirements for jobs
- Potential increase in shore-based jobs and reductions in the number of crew on board vessels
- Requirement for seafarers to have new/different skills and knowledge (safety, efficiency)
- Women may enjoy increased opportunities to pursue a maritime career.

IMO 2020: a costly transition fraught with uncertainty

The new
0.50% limit
on sulphur in ships’ fuel oil (down from 3.50%) will be in force globally from 1 January 2020.



Greater interlinkages between oceans, climate change and sustainable development

- Reducing global emissions from shipping
  - 4th IMO Greenhouse Gas emissions study (2020)
  - IMO strategy on the reduction of GHG from ships

- Climate-risk assessment, adaptation and resilience building of coastal transport infrastructure
  - An emerging policy concern

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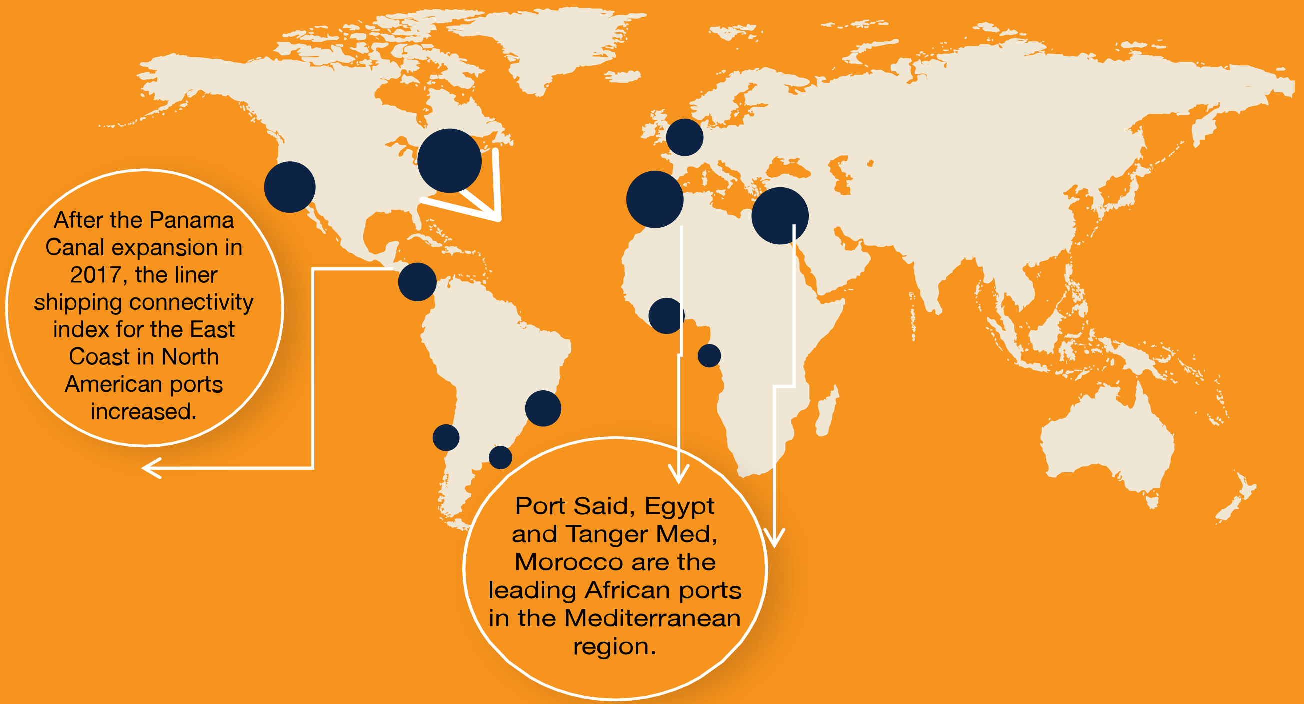
An emerging need:

Growing demand for performance monitoring, tracking, reporting and benchmarking

LINER SHIPPING CONNECTIVITY



- 5 of the top 10 most connected economies are in Asia, 4 are in Europe and 1 is in North America.
- Since 2006, the most connected country – China – has improved its index by 51%.
- The average index increased by 24%.
- The lowest index value recorded in 2019 was below the lowest index value recorded in 2006.
- Growing connectivity divide: least connected countries including several SIDS, saw very little improvement over 2006-2019.

- Countries' geographical position is a given, but connectivity is not.
- Port and shipping operations can improve shipping connectivity by leveraging, for example, digitalization and next generation technologies for efficiency and productivity gains.

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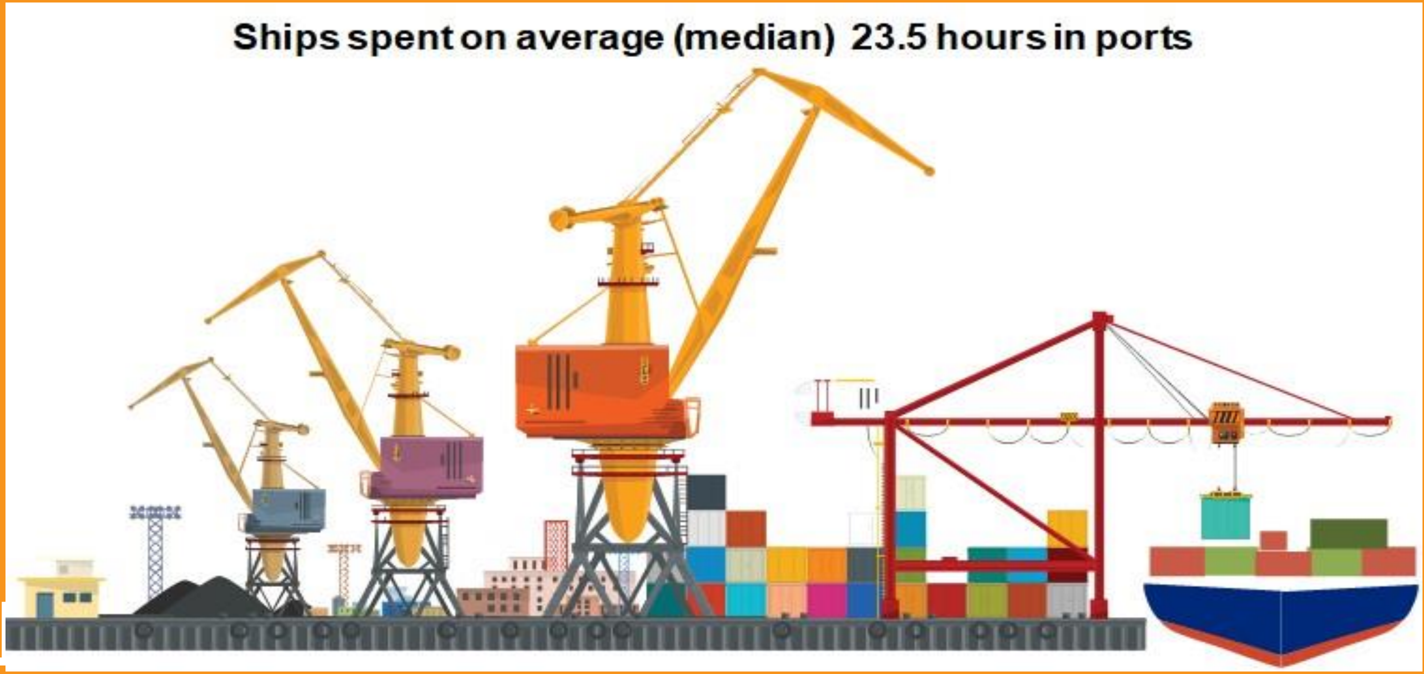
PORT TURNAROUND TIMES

World Port Waiting Time, 2018

2.05 days for dry bulk

0.70 day for container ships

0.94 day for liquid bulk



- Reducing port waiting time may involve a portfolio of measures, including call optimization solutions, trade and transport facilitation, and improved cargo handling services.

In conclusion

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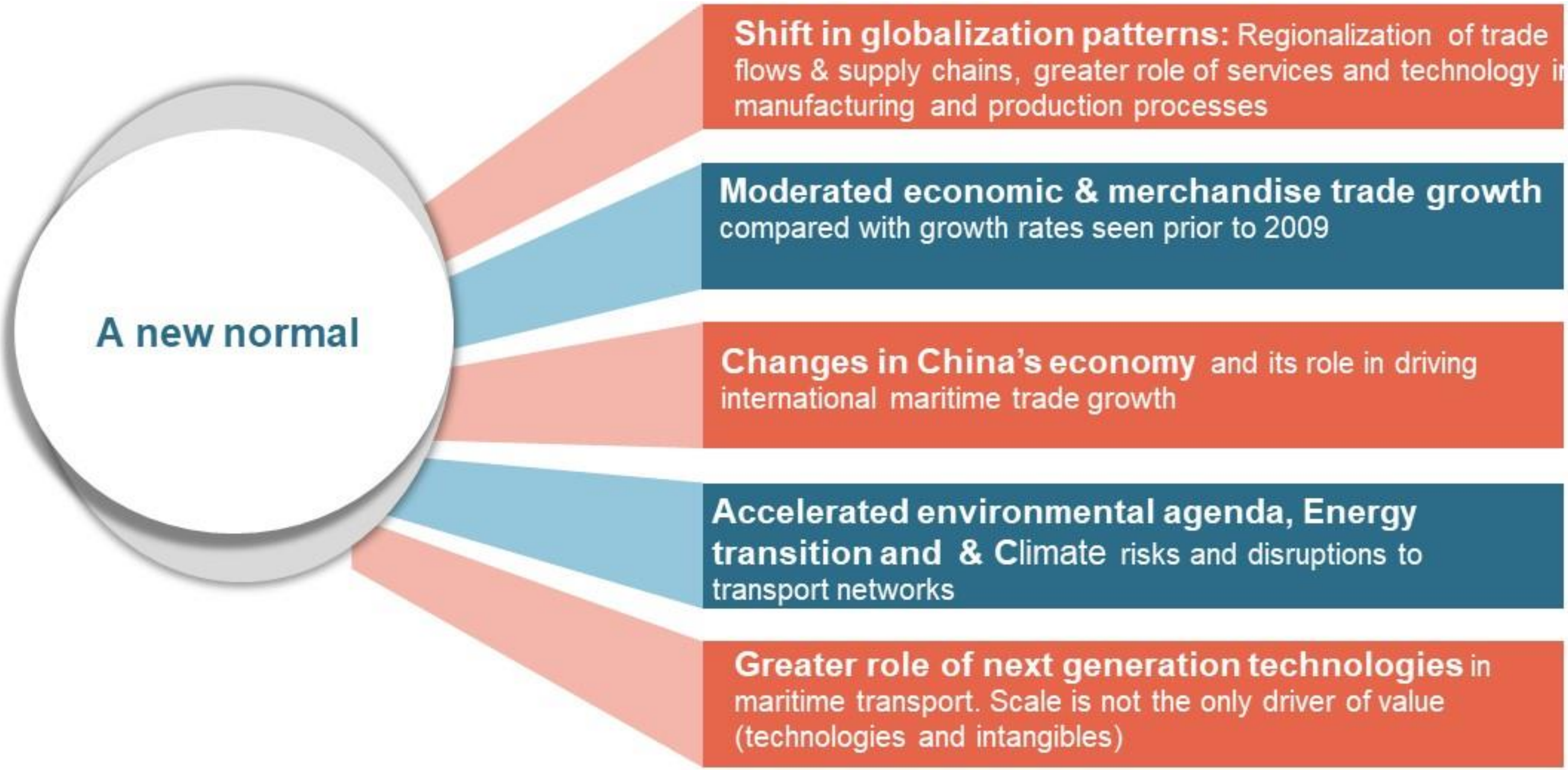
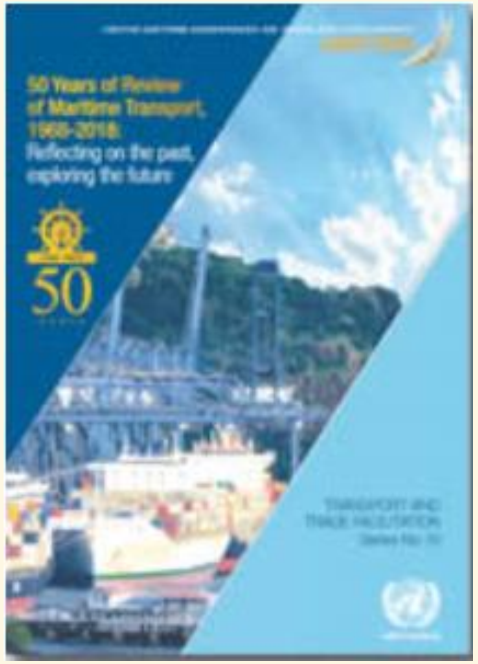
2019

The maritime transport landscape is changing and shifting towards a new normal

The effects of the changing course permeate all aspects of shipping: demand (maritime trade), supply (ships and ports), markets (rates) and the relevant regulatory and legal frameworks





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