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REVIEW OF MARITIME TRANSPORT 1998

Chapter I

Development of International Seaborne Trade



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Chapter I

DEVELOPMENT OF INTERNATIONAL SEABORNE TRADE

The first chapter of the Review provides an overview of the demand for global maritime transport services, together with background information on the world economic situation, and a review and forecast of developments in world seaborne trade.

A. WORLD ECONOMIC BACKGROUND

(a) World output

1. World economic activity, notwithstanding the effects of the emerging Asian economic and financial crisis, continued to expand throughout 1997, when world output grew by 3.2 per cent (see table 1). These rates of growth raised expectations that the world economy might be entering a new era of sustained growth in excess of 3 per cent. For 1998, however, growth in world output is expected to slow down to 2.0 per cent, as the impact of the Asian crisis begins to be felt in most of the worlds' economies. In 1997, growth in developed market-economy countries as a whole increased marginally to 2.7 per cent, slightly higher than had been anticipated. Expectations for 1998, however, are being revised downwards, with output levels forecast to grow by 1.8 per cent. In the developing countries, economic growth is expected to be depressed under the same conditions as developed market-economy countries, slowing down from 5.4 per cent in 1997 to 2.3 per cent in 1998. The countries of Central and Eastern Europe recovered in 1997 from their chronic negative growth, growing at a rate of 1.4 per cent, and are expected to achieve a rate of 2.2 per cent in 1998. Their recovery reflects the fact that strong export growth and the implementation of macroeconomic policies have improved growth prospects, especially in larger countries such as Hungary and Poland.

Output in selected developed market-economy countries and regions

2. The strength of the United States economy increased government revenues and the general government deficit was almost eliminated in 1997. However, the growth rate of output in 1998 is

expected to moderate to 2.3 per cent (as compared with 3.8 per cent in 1997), reflecting the weakening of external demand associated with the Asian crisis, the strength of the dollar and some moderate tightening of monetary policy in 1998, in line with market expectations. In Japan, despite a strengthening of the recovery in late 1996 and early 1997, economic activities declined sharply in the second quarter of 1997 as domestic demand contracted in the wake of the April increase in consumption tax. Business confidence weakened significantly as a result of uncertainty in the financial sector and the financial difficulties in neighbouring countries. Growth in Japan is expected to slow to -1.3 per cent in 1998 from the 0.9 per cent registered in 1997. The European Union achieved growth of 2.5 per cent in 1997, which was much improved in comparison with 1.7 per cent in 1996 and an annual average of 1.3 per cent for 1990-1995. Growth for 1998 is expected to be 2.6 per cent, after allowing for the expected adverse effects of the Asian crisis. The conditions are favourable, however, for a moderate strengthening of economic activity, including depreciated currencies, lower long-term interest rates and greater economic confidence in some countries. In Germany, growth in 1997 was driven mainly by continued buoyancy in exports and a solid recovery in domestic demand. The recovery in France, which also relied heavily on exports, became better balanced as domestic demand picked up in the second half of 1997 and more than compensated for a moderation in export growth. Output growth in 1998 is expected to increase to 2.3 per cent in Germany and 2.5 per cent in France. Growth in Italy also firmed at a relatively low level during 1997. The small improvement was sustained by a recovery in private consumption, increased export growth and a replenishment of inventories. In 1998, lower interest

rates will help to maintain output growth at over 2 per cent. In other countries in continental Europe, after periods of sluggishness, solid expansion is under way in Austria, Belgium and Sweden, all of which are expected to experience growth of 2.5-3.0 per cent in 1998. Expansion is also expected to continue in Denmark, Finland, Greece, Netherlands, Norway, Portugal and Spain, with a risk of overheating in some economies. Growth in the

United Kingdom also continued at the firm level of 3.3 per cent throughout 1997. Although domestic demand has continued to provide the main impetus to growth, net exports have been surprisingly buoyant in view of sterling's substantial appreciation since mid-1996. Growth in output is expected to moderate to 2.1 per cent in 1998 as exports slow, owing to the loss of competitiveness, the Asian crisis and moderate domestic demand.

Table 1

World output, 1990-1998
(percentage change)

| Country/region | 1990-1995 | 1996 | 1997 ^a | 1998 ^b |
|---|-----------|------|-------------------|-------------------|
| World | 1.9 | 3.0 | 3.2 | 2.0 |
| Developed market-economy countries | 1.7 | 2.5 | 2.7 | 1.8 |
| <i>of which:</i> | | | | |
| United States | 2.3 | 2.8 | 3.8 | 2.3 |
| Japan | 1.4 | 3.9 | 0.9 | -1.3 |
| European Union | 1.3 | 1.7 | 2.5 | 2.6 |
| <i>of which:</i> | | | | |
| Germany | 1.7 | 1.4 | 2.2 | 2.3 |
| France | 1.1 | 1.5 | 2.4 | 2.5 |
| Italy | 1.1 | 0.7 | 1.5 | 2.2 |
| United Kingdom | 1.2 | 2.2 | 3.3 | 2.1 |
| Central and Eastern Europe | -8.2 | -1.6 | 1.4 | 2.2 |
| Developing countries | 4.9 | 5.9 | 5.4 | 2.3 |
| <i>of which:</i> | | | | |
| Latin America | 3.3 | 3.6 | 5.2 | 3.1 |
| Africa | 1.1 | 4.6 | 3.3 | 3.7 |
| Asia | 6.4 | 7.1 | 5.9 | 1.8 |
| <i>of which:</i> | | | | |
| China | 12.4 | 9.6 | 8.8 | 6.0 |
| Other countries | 5.1 | 6.4 | 5.0 | 0.5 |
| Developing countries excluding China | 4.0 | 5.3 | 4.9 | 1.7 |

Source: UNCTAD secretariat calculations, based on data in 1990 dollars.

^a Estimate.

^b Forecast.

Output in selected developing countries and regions

3. As the financial crisis in Asia intensified in the closing months of 1997, financial markets in some of the Latin American emerging-market countries also came under pressure, particularly in Brazil, Argentina, Chile and Mexico. In general, the developing countries of Latin America have withstood the Asian crisis relatively well by making the best use of macroeconomic policies implemented over the past decade. Nevertheless, growth in the region is expected to slow to 3.1 per cent in 1998 from the high level of 5.2 per cent in 1997, partly as a result of spillovers from the Asian crisis and a possible slowdown of development in Mexico after almost three years of strong growth. In the developing countries of Africa, growth in output declined from 4.6 per cent in 1996 to 3.3 per cent in 1997. The fall in output growth resulted from a combination of commodity price developments, weather-related shocks, armed conflicts and political uncertainty. For 1998, growth in Africa is expected to rebound somewhat to 3.7 per cent, assuming the continued implementation of disciplined macroeconomic policies, the further strengthening of structural reforms and the successful resolution of armed conflicts. In some areas, however, significant risks remain, especially related to the possible adverse effects of the El Niño weather phenomenon on agricultural production in the region, and of declines in commodity prices. In the developing countries of Asia, the recent financial crisis is expected to result in substantial reductions in the near-term growth of output, particularly in Indonesia, Malaysia, the Philippines, the Republic of Korea and Thailand. In the crisis-hit economies, the loss of funding from private investors, sharp currency depreciations and the implementation of stronger adjustment measures will slow the growth of domestic demand. This slowdown, combined with improvements in competitiveness closely related to the declines in currency values, will reduce the demand for imports but contribute to the expansion of exports.¹ Given rather weak economic fundamentals, overall output in Asia, including China, will sharply shrink to 1.8 per cent in 1998 from the higher level of 6-7 per cent attained in previous years. Financial markets in China have remained relatively unaffected by the Asian crisis, reflecting the country's comparatively closed capital market as well as its large foreign exchange reserves. Trade competitiveness has deteriorated somewhat as a result of the currency devaluations of Asian

partner countries, but exports have remained strong and the current account surplus has increased. Output growth is expected to slow substantially to around 6 per cent in 1998 from the dramatically high rate of over 9 per cent per annum in previous years.²

(b) Merchandise export

4. World merchandise trade in terms of value measured in constant prices grew by 9.5 per cent in 1997, the second-highest rate recorded in more than two decades (see table 2). The divergence between trade and output growth, which ceased to increase in 1996, greatly expanded again in 1997. An important factor in the upward trend in world trade was the significant growth in imports by developed market-economy countries of 7.9 per cent in 1997, doubling the 1996 rate of 3.8 per cent. These countries accounted for about two-thirds of world import demand. The expansion was particularly striking in the United States and the European Union, where trade grew by 12.0 per cent and 6.5 per cent respectively in 1997, as compared with 5.7 per cent and 2.5 per cent respectively in 1996.

5. In the United States, the strength of overall economic activity was reflected in trade growth. Merchandise exports grew at 11.9 per cent in 1997, mainly due to the expansion of intra-North American trade and exports to Latin American countries. The strength of United States import demand (12.0 per cent in 1997) led to a sharp rise in imports from China, the European Union, Japan and six East Asian economies. The United States trade performance in recent years has led to a recovery of its share in world trade; the share of United States exports reached approximately 13 per cent, the highest since 1970. Its share in imports was 16.5 per cent, the highest level since 1987. The European Union's trade growth recovered strongly, showing export growth at 8.0 per cent in 1997 as compared with 4.0 per cent in 1996. The export recovery was most predominant in France, Germany, Ireland and Spain, which recorded double-digit growth in 1997. European Union imports also grew substantially to 6.5 per cent in 1997 from 2.5 per cent in the previous year. Japan's exports significantly expanded by 9.5 per cent in 1997, up from 0.5 per cent in 1996. This reflects a considerable decline in the value of the yen vis-à-vis the United States dollar. On the other hand, its imports increased moderately by 2.5 per cent in 1997, as compared with 2.0 per cent in 1996.

Table 2

Exports and imports by major regions and economic groupings, 1995-1997
(percentage change in value over previous year)

| | Exports | | | Imports | | |
|---|---------|------|------|---------|------|------|
| | 1995 | 1996 | 1997 | 1995 | 1996 | 1997 |
| World | 9.0 | 5.0 | 9.5 | 9.0 | 5.0 | 9.0 |
| Developed market-economy countries | 7.6 | 4.2 | 8.8 | 8.2 | 3.8 | 7.9 |
| <i>of which:</i> | | | | | | |
| European Union | 8.5 | 4.0 | 8.0 | 7.5 | 2.5 | 6.5 |
| Japan | 4.0 | 10.5 | 9.5 | 12.5 | 2.0 | 2.5 |
| United States | 8.7 | 6.3 | 11.9 | 7.0 | 5.7 | 12.0 |
| Transition economies | 17.5 | 7.5 | 11.0 | 17.0 | 14.5 | 16.0 |
| Developing countries | 11.5 | 6.0 | 11.5 | 11.0 | 6.5 | 10.0 |
| <i>of which:</i> | | | | | | |
| Africa | 5.0 | 7.0 | 5.5 | 6.5 | 0.5 | 11.5 |
| China | 17.5 | 11.0 | 20.5 | 9.0 | 7.0 | 5.0 |
| Latin America | 12.0 | 11.0 | 12.5 | 3.0 | 11.5 | 21.5 |
| South and East Asia | 13.0 | 6.5 | 10.5 | 15.5 | 5.5 | 6.5 |
| Six East Asian traders^a | 14.5 | 6.5 | 10.0 | 15.5 | 4.5 | 5.5 |

Source: WTO Press Release, table 2, (19 March 1998) and UNCTAD estimates.

^a Hong Kong, China; Malaysia; Republic of Korea; Singapore; Taiwan Province of China and Thailand.

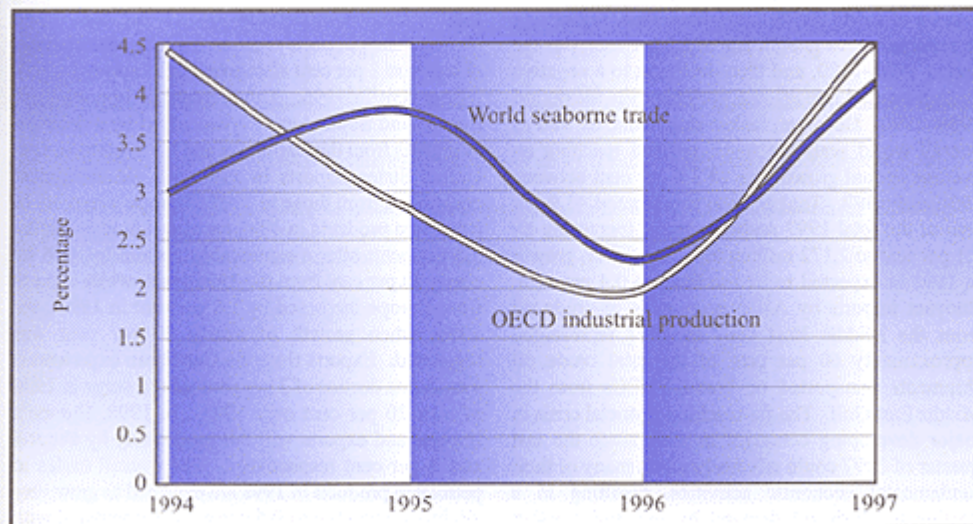
6. Drastic changes in exchange rates, especially the rise of the United States dollar, greatly affected the overall trade activity of developing countries in Asia. China and the Asian developing countries that suffered from the financial crisis all experienced higher export growth than import growth; their exports grew by 20.5 per cent and 10.5 per cent respectively in 1997, as compared with 5.0 per cent and 6.5 per cent respectively for their imports. Latin America in 1997 experienced its highest growth (5.2 per cent) of gross domestic product (GDP) and its merchandise exports expanded by 12.5 per cent, while merchandise imports surged by as much as 21.5 per cent, with Mexico and Brazil contributing disproportionately to the expansion of trade. In 1997, African developing countries' output growth, and specifically that of agricultural production, slackened. Their export growth declined in 1997 to 5.5 per cent from 7.0 per cent in 1996 while imports climbed dramatically by 11.5 per cent as compared with 0.5 per cent in the previous year.

(c) OECD countries' industrial production

The industrial production of the OECD countries is another fundamental indicator for the global maritime transport sector. In 1997, the total OECD industrial production index (1990 = 100) rose substantially by 4.5 per cent to 114.3 from 109.4 in 1996, when it had experienced a relatively poor increase of 2.0 per cent. The OECD-wide positive development observed in 1997 was primarily due to United States industrial production, which grew by 5.0 per cent (index 125.8) while Japan and the European OECD countries experienced below-average growth of 4.1 per cent (index 102.8) and 3.8 per cent (index 108.6) respectively. World seaborne trade also increased by a remarkable 4.1 per cent in 1997 as compared to 1996, when it increased by 2.3 per cent (see graph 1).

Graph 1

Annual change in OECD industrial production and world seaborne trade, 1994–1997



Source: OECD, *Main Economic Indicators*, March 1997.

B. WORLD SEABORNE TRADE

(a) Overall seaborne trade

8. World seaborne trade grew at an average annual growth rate of 4.2 per cent for the 10-year period from 1970 to 1980, but slowed down in the next decade to an average rate of 0.8 per cent per annum. Between 1990 and 1997, world seaborne trade regained momentum, attaining an average annual growth rate of 3.4 per cent. In 1997, total cargo tonnage recorded its twelfth consecutive annual increase, reaching a new record of 4.95 billion tons. The annual growth rate for 1997 also turned upward, registering 4.1 per cent, which was the highest since 1989. This contrasted with the 2.3 per cent growth rate of world seaborne trade in 1996, which was the lowest since 1987 (see table 3 and graph 2). It is not expected, however, that this high rate of growth can be sustained in 1998, mainly owing to sluggish trade in liquid bulk cargoes.

(b) Tanker shipments

9. By broad segments of world maritime trade, tanker shipments represented 55.3 per cent of the total 1970 seaborne trade, falling to 50.5 per cent in 1980 and 43.8 per cent in 1990. On the other hand, the volume of world tanker trade fluctuated, registering an average annual growth rate of 3.0 per cent over the period 1970-1980, and then declining to a negative average annual rate of 0.6 per cent over the period 1980-1990. However, tanker shipments, as well as overall world seaborne trade, revived reaching an average annual growth rate of 3.4 per cent between 1990 and 1997. Tanker trade represented 43.9 per cent of the total 1997 seaborne trade, increasing by 2.1 per cent to 2,172 million tons. However, growth in 1998 is expected to be minimal, at 0.4 per cent. Buoyant imports by Asian economies of crude oil from the Middle East Gulf in 1997 represented approximately 60 per cent of the total crude oil shipments transported on board VLCCs from the Middle East Gulf. The far-reaching financial crisis in major developing countries in Asia since the last quarter of 1997 could adversely affect many of their fundamental economic activities, resulting in a decline in crude oil demand by the major Asian economies.

10. Crude oil shipments increased moderately by 2.3 per cent to 1,626 million tons in 1997, from 1,590 million tons in 1996. The growth in shipments of crude oil for 1997 was primarily from suppliers in the Middle East Gulf, the Caribbean and Latin America, and North and West Africa. At the receiving end, the United States increased its crude oil imports in 1997 by 5.7 per cent and thus remained the largest importer of the developed market-economy countries, accounting for one-third of the group's total imports. Imports from Latin America, the largest supplier of crude oil to the United States, will continue to grow. However, imports from Northern Europe and West Africa will decline. Japan was the second largest importer of crude oil, accounting for an estimated one-fifth of the total developed market-economy countries' imports. Nevertheless, the growth of Japanese imports will be slow at about 2.0 per cent. Europe's overall imports of crude oil declined substantially for the second consecutive year and it is expected that this downward movement will continue at least for 1998. On the export side, Europe increased exports by 2.0 per cent in 1997, while its exports in 1998 are likely to decline, mainly depending on United States imports from Northern Europe.

11. The global trade in petroleum products in 1997 increased moderately by 1.6 per cent. The United States imports registered a marginal increase of less than 1 per cent after growing by approximately 30 per cent in 1996. The increase in imports from Europe and South America was offset by a decrease in imports from the Caribbean and the Mediterranean. United States imports in 1998 will remain almost unchanged from those in 1997. Europe's imports of petroleum products in 1997 increased moderately by 2.8 per cent, after a remarkable decline in 1996 by nearly 20 per cent from the 1995 level, while exports from Europe increased by 1.6 per cent in 1997 over 1996, when growth of nearly 20 per cent was registered. Exports from the Caribbean experienced a moderate decline of 3 per cent, after a surge in 1996 of over 20 per cent over 1995. In 1998, Europe's imports and exports will fall moderately by about 4 and 3 per cent respectively. The overall trades in petroleum products in 1998 are expected to grow very slightly by as little as 0.5 per cent as compared with 1997.

Table 3

Development of international seaborne trade for selected years ^a
(goods loaded)

| Year | Tanker cargo | | Dry cargo | | | | Total (all goods) | |
|-------------------|------------------|--------------------------|------------------|--------------------------|---|--------------------------|-------------------|--------------------------|
| | | | Total | | <i>of which: main bulk commodities</i> ^b | | | |
| | Millions of tons | Percentage annual change | Millions of tons | Percentage annual change | Millions of tons | Percentage annual change | Millions of tons | Percentage annual change |
| 1970 | 1 440 | 13.1 | 1 165 | 13.0 | 448 | 16.0 | 2 605 | 13.0 |
| 1975 | 1 644 | -10.0 | 1 428 | -3.0 | 635 | -5.0 | 3 072 | -4.0 |
| 1980 | 1 871 | -6.6 | 1 833 | 3.3 | 796 | 4.5 | 3 704 | -2.0 |
| 1985 | 1 459 | -2.6 | 1 923 | 0.6 | 857 | 2.9 | 3 382 | -0.8 |
| 1990 | 1 755 | 3.7 | 2 253 | 2.5 | 968 | 0.3 | 4 008 | 3.0 |
| 1991 | 1 790 | 2.0 | 2 330 | 3.4 | 1 005 | 3.8 | 4 120 | 2.8 |
| 1992 | 1 860 | 3.9 | 2 360 | 1.3 | 990 | -1.5 | 4 220 | 2.4 |
| 1993 | 1 945 | 4.6 | 2 385 | 1.1 | 993 | 0.3 | 4 330 | 2.6 |
| 1994 | 2 007 | 3.2 | 2 478 | 3.9 | 1 028 | 3.5 | 4 485 | 3.6 |
| 1995 | 2 049 | 2.1 | 2 602 | 5.0 | 1 082 | 5.3 | 4 651 | 3.7 |
| 1996 | 2 127 | 3.8 | 2 631 | 1.1 | 1 092 | 0.9 | 4 758 | 2.3 |
| 1997 | 2 172 | 2.1 | 2 781 | 5.7 | 1 157 | 6.0 | 4 953 | 4.1 |
| 1998 ^c | 2 181 | 0.4 | 2 884 | 3.7 | 1 200 | 3.7 | 5 064 | 2.2 |

Sources: Compiled by the UNCTAD secretariat on the basis of annex II and data supplied by specialized sources.

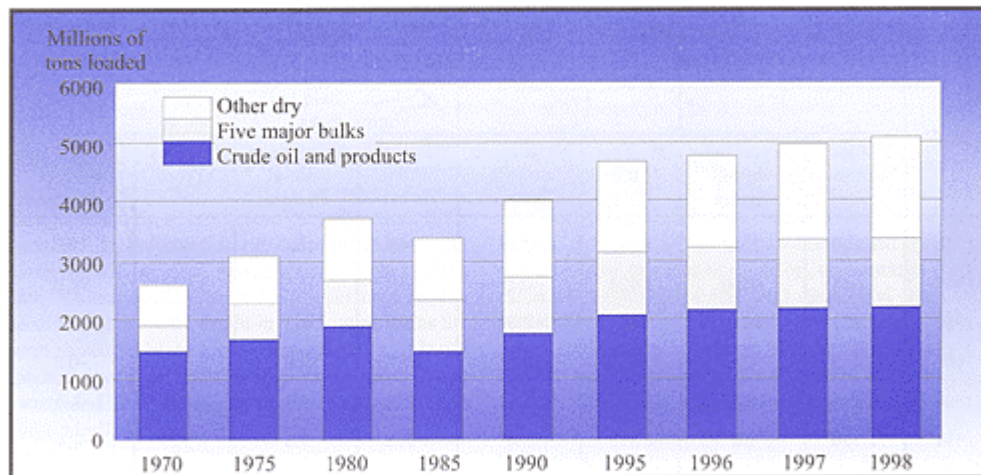
^a Including international cargoes loaded at ports of the Great Lakes and St. Lawrence system for unloading at ports of the same system.

^b Iron ore, grain, coal, bauxite/alumina and phosphate.

^c Preliminary estimates.

Graph 2

International seaborne trade for selected years



Source: *Review of Maritime Transport*, various issues.

(c) Dry bulk shipments

12. During the 10-year period from 1970 to 1980, total seaborne dry cargo grew at an annual rate of 5.7 per cent; during the next decade (1980-1990) it increased by 2.3 per cent a year, and since 1990 it has been expanding by 3.3 per cent a year. In 1997, around 41.5 per cent of total seaborne dry cargo consisted of main dry bulk commodities. The share of main dry bulk cargoes had increased significantly in the 1970s and 1980s, hitting a peak share of nearly 45 per cent in the mid-1980s. Since then, however, overall dry cargo trade has regained greater momentum than the main dry bulk commodity sector. This difference could be mainly attributable to the significant expansion of general/unitized cargo trade, which moved mainly on liner trade routes. The volume of overall dry cargo shipments grew by 5.7 per cent in 1997, which was the highest rate since 1988, reaching 2,781 million tons, while main dry bulk commodities increased significantly by 6.0 per cent. The 1998 growth of overall dry bulk seaborne cargo is expected to slow down to 3.7 per cent, equally divided between main bulk and other dry cargoes (3.7 per cent) (see table 3 and graph 2).

World crude steel production in 1997 increased substantially by 6.2 per cent to 794 million tons. The European Union's share climbed in 1997 by 8.8 per cent to 160 million tons. Most of this growth was shared by France, Germany and Italy with increases of 12.1, 13.1 and 6.0 per cent respectively. Asia registered its seventh consecutive year of increase, with a growth rate of 7.0 per cent for 1997, reaching 307 million tons. China, Japan and the Republic of Korea continued to be major producers, with increases of 7.5, 5.8 and 9.4 per cent respectively over the previous year. North America produced 130 million tons, an increase of 5.4 per cent in 1997 over the previous year, registering its sixth consecutive year of increase. The combined volume of these major crude steel-producing country groups increased to 597 million tons, accounting for 75.2 per cent of the world's total crude steel production.³

World steel consumption

14. World steel demand is expected to exceed the 700-million-ton level for the first time in 1998; of

this about 170 million tons will be traded on board ships. This will be only 0.8 per cent up on the 695-million-ton level of consumption in 1997, but still means that a steady year-on-year growth has been maintained for the last five years. Steel consumption among the developed market-economy countries of Canada, Japan, the United States and Western Europe combined is expected to show stable demand levels in coming years. The major growth markets will be in Eastern Asia, including China, Eastern Europe, and Central and South America, where Brazilian demand growth will be influential.³

Iron-ore trade

15. During the 1980s and 1990s, the world steel industry has consistently generated import demand for over 300 million tons of iron ore per annum. Iron ore has represented almost one-quarter of all dry bulk cargoes moved in any given year. The total volume of iron-ore trade in 1997 grew by 8.2 per cent to 423 million tons, as a result of increased world steel production. Iron-ore import patterns have changed significantly in recent years, with the predominance of the European Union and Japanese markets declining in response to major rationalization programmes among the largest steel producers. Japan and the major European Union steel-making countries are expected to show reduced growth of iron-ore import demand in the near to medium term, while the new growth markets of China, the Republic of Korea and Taiwan Province of China in East Asia and potentially re-emerging markets in the countries of the former Eastern European bloc will replace the traditionally influential import centres. Imports into the European Union in 1997 climbed by 3.8 per cent to 136 million tons, as compared to 131 million tons in 1996. A similar trend was noted in Japan, where iron-ore imports were reportedly up 6.5 per cent over 1996, reaching 127 million tons. Among other major iron-ore importers, the Republic of Korea showed a 3.2 per cent rise in 1997, representing around 35.5 million tons from 34.4 million tons in the previous year. Elsewhere in East Asia, Taiwan Province of China imported 35.6 per cent more iron ore in 1997, an increase to 13.7 million tons from 10.1 million tons in 1996. Chinese iron-ore imports reached 48.5 million tons in 1997, 10 per cent higher than the 44.1 million tons imported in 1996. As exporters of iron ore, Australia and Brazil supplied 147 and 142 million tons respectively in 1997, representing increases of 8.3 and 9.5 per cent over the previous year. The two countries' combined exports account for two-thirds of the world total

exports of iron ore. Elsewhere, exports from Canada, India and South Africa were down by 6.4, 0.6 and 4.1 per cent respectively in 1997, at 22.0, 31.5 and 18.5 million tons respectively. The prospects for the near to medium term are for steadily growing world steel consumption, even if only at modest rates such as the 0.8 per cent experienced in 1997, which is expected to continue to boost world demand for iron ore.⁴

Coal trade

16. Growth in the coal trade, especially for steam coal, has provided the greatest contribution to overall increases in total dry bulk trades during the 1980s and 1990s. From approximately 200 million tons shipped in 1980, seaborne trade in coal has climbed by just over 7 per cent per annum on average to reach a level of 453 million tons in 1997. Australia, the largest exporter, accounted for one-third of the world total in 1997, supplying 80 million tons of coking coal and 72 million tons of steam coal, which taken together represented a 7.5 per cent increase over the previous year. Exports from the United States, the second-largest coal supplier in the world in 1997, decreased by almost 8 per cent from the 1996 level, showing total loadings of 65 million tons, with steam coal shipments of 22 million tons and coking coal shipments of 43 million tons. South Africa showed a small advance in coal loadings during 1997, lifting 62 million tons, an increase of just over 3 per cent from the level of 1996. Canadian exporters also experienced a small increase of 2.4 per cent in 1997, exporting 34 million tons, while Colombia and Indonesia increased their exports to 28 and 42 million tons respectively, an increase of 15 per cent each. Chinese exports appeared to be stabilizing at around 30 million tons. Among importers, total Japanese coal imports in 1997 were almost 2 per cent higher than in 1996, amounting to 132 million tons comprising 75 million tons of coking coal and 57 million tons of steam coal. Of other major Asian coal importers, the Republic of Korea and Taiwan Province of China reported imports that were 6.6 per cent and just over 17 per cent respectively up on the 1996 levels, reaching a volume of 49 million tons and 37 million tons respectively. Western European coal imports in 1997 stood at 149 million tons, with steam coal demand falling by less than 1 per cent from the 1996 level to 101 million tons, while coking coal imports increased by 2.8 per cent to 48 million tons. The world coal trade is expected to continue to grow at an annual average rate of about 4 per cent up to the year 2000 and around 3 per cent up to 2005.⁵

Grain trade

17. The 1997 seaborne trade in grain increased by 5.2 per cent to 203 million tons from 193 million tons in 1996. While trade in agricultural produce can hardly be predicted with any accuracy, since trade trends and patterns of supply and demand are often affected by sudden changes in weather conditions which result in harvest failures or surpluses in the major consuming regions, major suppliers such as Argentina, Australia, Canada, the European Union and the United States will continue to dominate the supply side. Traditional large-scale importers such as China, Eastern Europe and Japan will remain major markets, followed by Africa, South-East Asia and the Far East, to which shipments of grain have been rising. United States exports in 1997 experienced a further decline of 17.0 per cent to 74.3 million tons from 89.6 million tons in 1996. Exports from the European Union also declined in 1997 by 2.8 per cent from the previous year's level to 17.8 million tons. Exports by other major supply countries such as Argentina, Australia and Canada substantially expanded in 1997 by 48.6 per cent, 19.0 per cent and 24.3 per cent respectively, to 20.9 million tons, 22.9 million tons and 26.7 million tons respectively. World grain produce in 1997/1998 is expected to be 1,480 million tons, up to 13.5 per cent of which will be exported, representing approximately 200 million tons, a marginal decrease as compared with 203 million tons in 1997.⁶

Other principal dry bulk seaborne cargoes

18. Trades in other principal dry bulk commodities, i.e. phosphate and bauxite/alumina, increased in 1997 by 1.6 per cent to 590 million tons, including 170 million tons of steel (excluding European Union intraregional trade), and are expected to marginally expand by 1.0 per cent in 1998.⁷

(d) Liner shipments of containerized cargo

19. Total world liner shipments of containerized cargoes in 1997 were estimated to have reached 48.41 million TEUs' an increase of 7.7 per cent as compared with the volume of the previous year - and are expected to further expand by 3 to 4 per cent in 1998. The United States was very active in this area in 1997, its combined imports and exports substantially increasing by 9.4 per cent to 13.4 million TEUs (13.5 per cent for imports and 4.7 per cent for exports). The United States 1998 trades are expected to increase by about 5 per cent for combined imports and exports (10 per cent for

imports and less than 1 per cent for exports). Europe's imports and exports registered a favourable increase of 8.3 per cent, representing a total of 16.2 million TEUs (6.4 per cent for imports and 10.0 per cent for exports). These trades are expected to continue to increase in 1998, by over 6 per cent for imports but less than 6 per cent for exports. Japan experienced combined import and export growth of only 2.4 per cent to 7.3 million TEUs (a decrease of 0.5 per cent for imports and an increase of 6.1 per cent for exports in 1997). It is expected that Japanese trade will further deteriorate in 1998, growing by as little as less than 1 per cent (-2 per cent for imports and 2 per cent for exports). Far Eastern newly-industrializing economies (Hong Kong (China), the Republic of Korea and Taiwan Province of China) increased their combined imports and exports by 6.7 per cent to 11.7 million TEUs (7.8 per cent for imports and 5.1 per cent for exports) in 1997. In 1998, combined import and export growth is expected to decline marginally from the level of 1997. South-East Asian countries registered 4.7 per cent growth for combined imports and exports (5.4 per cent for imports and 4.1 per cent for exports) in 1997. The export trade of these countries in 1998 is expected to expand steadily, but their import market is likely to experience a significant slowdown.⁸

(e) World shipments by country groups

20. According to an historical analysis of world shipments, world seaborne trades expanded at an annual average rate of 4.4 per cent during the period from 1970 to 1980, and stagnated at an annual average rate of 0.8 per cent between 1980 and 1990. They then recovered to record an annual average rate of 3.4 per cent between 1990 and 1997. In terms of regional trading activities, developing countries' trading volume loaded rose by an annual average rate of 2.7 per cent during the period from 1970 to 1980, showed a negative annual average growth of 0.5 per cent during the next decade, and recovered to an annual average of 4.1 per cent between 1990 and 1997. For cargo unloaded, in the 10-year period between 1970 and 1980, developing countries' total volume climbed dramatically by an annual average rate of 9.4 per cent. In the following decade, their volume continued to increase moderately at an annual rate of 3.0 per cent on average, and then increased further, recording an average growth of 4.0 per cent per annum between 1990 and 1997.

21. Developed market-economy countries showed a remarkable increase in trade volume for loading; annual growth averaged 8.0 per cent in the 10-year period between 1970 and 1980, fell to 2.8 per cent between 1980 and 1990, and then moved upwards to 3.1 per cent between 1990 and 1997. Total cargo unloaded of this group over the 10 years from 1970 to 1980 increased relatively moderately by 3.2 per cent per annum; over the next 10 years, growth slowed to an annual average of 0.7 per cent. From 1990 to 1997, however, this group's import activities accelerated, growing by 3.0 per cent a year on average.

22. The foregoing analysis, covering the period since 1970, reveals that world economic performance expressed in terms of seaborne trade expanded most during the 10-year period between 1970 and 1980 and stagnated in the 1980s; since then, world economic activities have regained momentum. The trend has been similar in both developing countries and developed market-economy countries.

23. Summarized data on world seaborne trade by major cargo segments and country groups are provided in graph 3 and table 4. In terms of regional distribution, developing countries continued to register a marginal increase in their share of crude oil shipments in 1997, while their share in dry cargo shipments decreased very marginally from the level of the previous year. Consequently, their share in total exports remained fairly stagnant at 51.2 per cent in 1997 (it was 51.3 per cent in 1996), while their share for unloading slightly increased to 27.7 per cent in 1997 from 26.7 per cent in the previous year. Their share for loading in 1998 is expected to fall very slightly to 51.0 per cent, while unloading is expected to remain unchanged at 27.7 per cent.

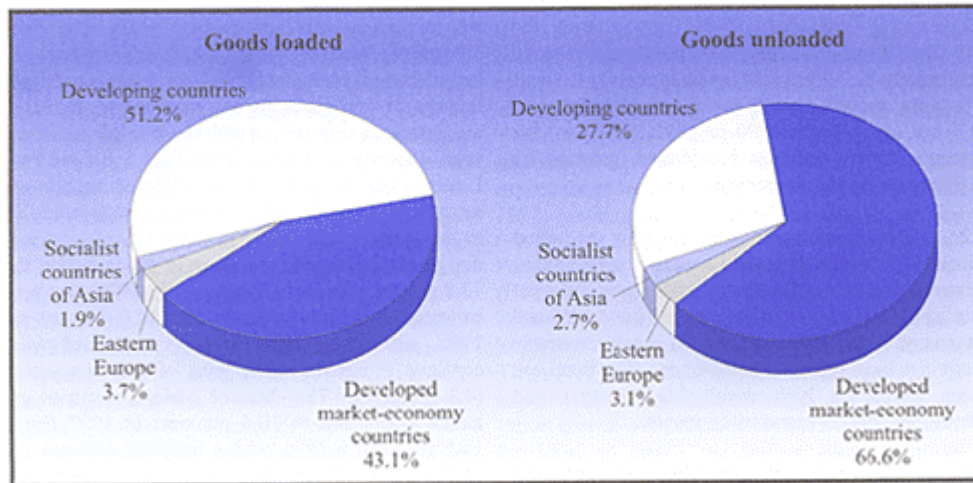
24. Among the country groups, Asian countries failed to maintain their 1996 share for loading, registering 26.4 per cent in 1997 as compared with 26.6 per cent in 1996, but they managed to increase their share of goods unloaded to 18.8 per cent from 17.7 per cent in 1996. In 1998, their overall trade

shares are expected to fall slightly to 26.2 per cent for loading but to be at almost the same level as in 1996 for unloading (18.7 per cent). For loading, the share of Western Asian countries, mainly in the sector of oil and oil products, will decline by less than 1 per cent from the 1997 level while exports from South-East Asian countries will increase by 5.6 per cent. For unloading, Western Asian countries' imports of manufactured goods and South-East Asian countries' imports of raw materials are expected to increase moderately in comparison with those in the previous year. The current crisis in South-East Asian and Far Eastern countries has primarily affected imports of manufactured goods, which are expected to stagnate in the Asian region in 1998. American countries marginally increased their share in goods loaded to 13.9 per cent (from 13.5 per cent in 1996) and are expected to expand further to over 14.0 per cent in 1998, while their share in goods unloaded will continue to remain at the level of previous years (4.3 per cent). The share of African countries in goods loaded fell to 10.6 per cent in 1997 from 10.8 per cent in 1996, with a marginal decrease in crude oil from 23.9 per cent in 1996 to 23.8 per cent in 1997, while cargoes unloaded were very slightly below the level of 1996, at 4.1 per cent. African countries' trades for 1998 are expected to decline to 10.1 per cent for loading and to remain almost unchanged for unloading (4.0 per cent).

25. Developed market-economy countries experienced a marginal increase in their share in 1997 to 43.1 per cent for loading, while in 1998 their exports are expected to attain the level of 43.4 per cent for loading, with dry cargo increasing marginally to 63.3 per cent. In the meantime, their inbound trades in 1998 will slightly level off from the 1997 figure of 66.6 per cent. The 1998 share of the countries of Central and Eastern Europe is expected to be unchanged from the 3.7 per cent for loading and 3.1 per cent for unloading registered in 1997. The share of the socialist countries of Asia should remain at around 1.9 - 2.0 per cent for loading and 2.7 per cent for unloading in 1998, with the 1998 figures largely depending on the economic performance of China.

Graph 3

World seaborne trade by country groups
(percentage distribution of tonnage, 1997)



Source: Based on table 4.

Table 4

World seaborne trade ^a in 1970, 1980, 1990, 1996, 1997 and 1998 (estimates),
by types of cargo and country groups ^b

| Country group | Year | Goods loaded | | | | Goods unloaded | | | |
|---|------|---|-----------------------|-----------|-----------------|----------------|-----------------------|-----------|-----------------|
| | | Oil | | Dry cargo | Total all goods | Oil | | Dry cargo | Total all goods |
| | | Crude | Products ^c | | | Crude | Products ^c | | |
| | | (Trade in millions of tons) | | | | | | | |
| World total | 1970 | 1 110 | 332 | 1 124 | 2 566 | 1 101 | 298 | 1 091 | 2 490 |
| | 1980 | 1 527 | 344 | 1 833 | 3 704 | 1 530 | 326 | 1 823 | 3 679 |
| | 1990 | 1 287 | 468 | 2 253 | 4 007 | 1 315 | 446 | 2 365 | 4 126 |
| | 1996 | 1 590 | 537 | 2 631 | 4 758 | 1 599 | 480 | 2 734 | 4 815 |
| | 1997 | 1 626 | 546 | 2 781 | 4 953 | 1 625 | 522 | 2 890 | 5 037 |
| | 1998 | 1 633 | 548 | 2 884 | 5 064 | 1 611 | 525 | 2 993 | 5 129 |
| | | (Percentage share of each category of goods in total) | | | | | | | |
| World total | 1970 | 43.3 | 12.9 | 43.8 | 100.0 | 44.2 | 12.0 | 43.8 | 100.0 |
| | 1980 | 41.2 | 9.3 | 49.5 | 100.0 | 41.6 | 8.9 | 49.6 | 100.0 |
| | 1990 | 32.1 | 11.7 | 56.2 | 100.0 | 31.9 | 10.8 | 57.3 | 100.0 |
| | 1996 | 33.4 | 11.3 | 55.3 | 100.0 | 33.2 | 10.0 | 56.8 | 100.0 |
| | 1997 | 32.8 | 11.0 | 56.1 | 100.0 | 32.3 | 10.4 | 57.4 | 100.0 |
| | 1998 | 32.2 | 10.8 | 56.9 | 100.0 | 31.4 | 10.2 | 58.4 | 100.0 |
| | | (Percentage share of trade by groups of countries) | | | | | | | |
| Developed market-economy countries | 1970 | 1.5 | 26.7 | 58.5 | 29.7 | 79.9 | 80.6 | 78.0 | 79.1 |
| | 1980 | 6.3 | 25.5 | 64.7 | 37.0 | 72.0 | 79.5 | 67.8 | 70.5 |
| | 1990 | 13.4 | 32.7 | 63.4 | 43.8 | 72.5 | 81.4 | 61.7 | 67.3 |
| | 1996 | 11.9 | 34.7 | 63.2 | 42.8 | 74.8 | 81.7 | 61.7 | 68.0 |
| | 1997 | 11.9 | 33.7 | 63.2 | 43.1 | 71.6 | 76.7 | 61.9 | 66.6 |
| | 1998 | 11.6 | 33.0 | 63.3 | 43.4 | 72.3 | 75.3 | 61.7 | 66.4 |
| Countries of Central and Eastern Europe (including the former USSR) ^d | 1970 | 3.4 | 7.9 | 7.2 | 5.7 | 1.2 | 1.0 | 3.8 | 2.3 |
| | 1980 | 3.6 | 14.6 | 5.2 | 5.4 | 2.3 | 0.4 | 6.0 | 4.0 |
| | 1990 | 4.6 | 11.8 | 3.8 | 5.0 | 2.6 | 0.3 | 5.8 | 4.2 |
| | 1996 | 2.8 | 9.3 | 3.2 | 3.8 | 1.3 | 0.3 | 4.6 | 3.1 |
| | 1997 | 2.8 | 9.4 | 3.2 | 3.7 | 1.3 | 0.2 | 4.6 | 3.1 |
| | 1998 | 2.8 | 9.5 | 3.2 | 3.7 | 1.4 | 0.2 | 4.6 | 3.1 |
| Socialist countries of Asia ^d | 1970 | - | - | 1.2 | 0.5 | 0.5 | 0.1 | 2.2 | 1.2 |
| | 1980 | 1.4 | 1.7 | 1.0 | 1.2 | 1.4 | 1.6 | 4.0 | 2.7 |
| | 1990 | 2.5 | 0.9 | 2.0 | 2.0 | 0.3 | 0.3 | 3.4 | 2.1 |
| | 1996 | 2.4 | 0.9 | 2.2 | 2.1 | 0.3 | 0.4 | 3.6 | 2.2 |
| | 1997 | 1.6 | 0.9 | 2.3 | 1.9 | 1.1 | 2.3 | 3.6 | 2.7 |
| | 1998 | 1.5 | 0.9 | 2.3 | 1.9 | 1.2 | 2.5 | 3.6 | 2.7 |
| Developing countries | 1970 | 95.0 | 65.4 | 33.2 | 64.1 | 18.4 | 18.3 | 16.0 | 17.3 |
| | 1980 | 88.7 | 58.2 | 29.0 | 56.3 | 24.3 | 18.5 | 22.3 | 22.8 |
| | 1990 | 79.5 | 54.7 | 30.8 | 49.2 | 24.6 | 18.0 | 29.1 | 26.5 |
| | 1996 | 83.0 | 55.1 | 31.4 | 51.3 | 23.8 | 17.6 | 30.0 | 26.7 |
| | 1997 | 83.7 | 56.0 | 31.3 | 51.2 | 26.0 | 20.8 | 29.9 | 27.7 |
| | 1998 | 84.1 | 56.6 | 31.2 | 51.0 | 25.1 | 21.9 | 30.2 | 27.7 |

| Country group | Year | Goods loaded | | | | Goods unloaded | | | |
|-----------------------------------|------|--------------|-----------------------|-----------|-----------------|----------------|-----------------------|-----------|-----------------|
| | | Oil | | Dry cargo | Total all goods | Oil | | Dry cargo | Total all goods |
| | | Crude | Products ^c | | | Crude | Products ^c | | |
| <i>of which:</i> Africa | 1970 | 25.4 | 2.3 | 9.4 | 15.4 | 1.7 | 4.2 | 3.8 | 2.9 |
| | 1980 | 19.0 | 1.5 | 5.6 | 10.8 | 4.0 | 2.9 | 4.7 | 4.2 |
| | 1990 | 24.1 | 7.6 | 4.3 | 11.0 | 5.6 | 2.3 | 4.3 | 4.5 |
| | 1996 | 23.9 | 5.7 | 3.8 | 10.8 | 4.9 | 2.1 | 3.9 | 4.1 |
| | 1997 | 23.8 | 5.7 | 3.8 | 10.6 | 4.9 | 2.0 | 3.9 | 4.0 |
| | 1998 | 22.8 | 5.3 | 3.8 | 10.1 | 5.0 | 2.0 | 3.9 | 4.0 |
| America | 1970 | 12.2 | 36.0 | 14.3 | 16.2 | 10.5 | 5.2 | 4.6 | 7.3 |
| | 1980 | 12.4 | 28.4 | 13.2 | 14.3 | 13.3 | 4.9 | 5.4 | 8.7 |
| | 1990 | 13.3 | 11.9 | 13.2 | 13.1 | 5.7 | 3.8 | 4.0 | 4.5 |
| | 1996 | 14.7 | 12.7 | 12.9 | 13.5 | 5.0 | 3.4 | 4.0 | 4.3 |
| | 1997 | 15.8 | 12.6 | 13.0 | 13.9 | 5.0 | 3.2 | 4.0 | 4.3 |
| | 1998 | 16.9 | 13.7 | 12.9 | 14.3 | 5.1 | 3.3 | 4.0 | 4.3 |
| Asia | 1970 | 57.4 | 27.0 | 8.6 | 32.0 | 6.1 | 8.4 | 7.4 | 7.0 |
| | 1980 | 57.3 | 28.1 | 9.7 | 31.0 | 6.9 | 9.8 | 12.0 | 9.7 |
| | 1990 | 42.1 | 34.9 | 12.6 | 24.7 | 12.6 | 10.9 | 19.9 | 16.6 |
| | 1996 | 44.4 | 36.2 | 13.9 | 26.6 | 13.4 | 11.6 | 21.3 | 17.7 |
| | 1997 | 44.1 | 37.4 | 13.8 | 26.4 | 15.5 | 14.8 | 21.4 | 18.8 |
| | 1998 | 44.4 | 37.3 | 13.8 | 26.2 | 14.5 | 15.6 | 21.5 | 18.7 |
| Europe^e | 1970 | - | - | - | - | - | - | - | - |
| | 1980 | - | - | - | - | - | 0.2 | - | - |
| | 1990 | - | 0.2 | 0.3 | 0.2 | 0.7 | 0.5 | 0.7 | 0.7 |
| | 1996 | - | 0.2 | 0.3 | 0.2 | 0.5 | 0.2 | 0.6 | 0.5 |
| | 1997 | - | 0.2 | 0.3 | 0.2 | 0.5 | 0.4 | 0.6 | 0.5 |
| | 1998 | - | 0.2 | 0.3 | 0.2 | 0.5 | 0.5 | 0.6 | 0.6 |
| Oceania^e | 1970 | - | 0.1 | 0.8 | 0.4 | 0.1 | 0.5 | 0.3 | 0.2 |
| | 1980 | - | 0.2 | 0.5 | 0.2 | 0.1 | 0.7 | 0.2 | 0.2 |
| | 1990 | - | 0.1 | 0.4 | 0.2 | - | 0.5 | 0.2 | 0.1 |
| | 1996 | - | 0.1 | 0.4 | 0.2 | - | 0.3 | 0.1 | 0.1 |
| | 1997 | - | 0.1 | 0.4 | 0.2 | - | 0.4 | 0.1 | 0.1 |
| | 1998 | - | 0.1 | 0.4 | 0.2 | - | 0.5 | 0.1 | 0.1 |

Sources: Compiled by the UNCTAD secretariat on the basis of data supplied by reporting countries and other specialized sources.

- a Including international cargoes loaded at ports of the Great Lakes and St. Lawrence system for unloading at ports of the same system, but excluding such traffic in main bulk commodities.
- b See annex I for the composition of these groups, and note 4 thereto regarding the recording of trade of land-locked countries.
- c Including liquefied natural gas (LNG), liquefied petroleum gas (LPG), naphtha, gasoline, jet fuel, kerosene, light oil, heavy fuel oil, and others.
- d Including the former USSR in data for 1970 and 1980.
- e Estimates.

(f) Demand for shipping services

26. Data on total demand for shipping services in terms of ton-miles are provided in table 5. World seaborne trade in volume increased by 4.1 per cent to 4,953 million tons in 1997, while the total shipping performance measured in ton-miles in 1997 increased by 3.6 per cent to 21,413 billion ton-miles, as compared with a 2.4 per cent increase to 20,678 billion ton-miles in 1996. The lower ton-mile growth was mainly due to changing trade structures and resulting reductions in

average transport distances of some trade dry bulk commodities and oil products. In terms of market segments, demand for crude oil transport increased by 2.5 per cent to 7,550 billion ton-miles in 1997. The overall ton-miles for oil product shipments increased by 0.5 per cent to 2,050 billion ton-miles. Transport services for the three major dry bulk commodities increased by 4.9 per cent, with iron ore up by 8.7 per cent to 2,420 billion ton-miles, and coal and grain each up by 2.4 per cent to 2,270 billion ton-miles and 1,153 billion ton-miles respectively.

Table 5

World seaborne trade by types of cargo for selected years
(billions of ton-miles)

| Year | Oil | | Iron ore | Coal | Grain ^a | Other cargo | Total trade |
|------|-------|----------|----------|-------|--------------------|-------------|-------------|
| | Crude | Products | | | | | |
| 1970 | 5 597 | 890 | 1 093 | 481 | 475 | 2 118 | 10 654 |
| 1980 | 8 385 | 1 020 | 1 613 | 952 | 1 087 | 3 720 | 16 777 |
| 1985 | 4 007 | 1 150 | 1 675 | 1 479 | 1 004 | 3 750 | 13 065 |
| 1990 | 6 261 | 1 560 | 1 978 | 1 849 | 1 073 | 4 440 | 17 161 |
| 1992 | 6 970 | 1 620 | 1 896 | 2 001 | 1 091 | 4 650 | 18 228 |
| 1993 | 7 391 | 1 775 | 2 001 | 1 949 | 1 038 | 4 840 | 18 994 |
| 1994 | 7 469 | 1 860 | 2 165 | 2 014 | 992 | 5 100 | 19 600 |
| 1995 | 7 225 | 1 945 | 2 287 | 2 176 | 1 160 | 5 395 | 20 188 |
| 1996 | 7 363 | 2 040 | 2 227 | 2 217 | 1 126 | 5 705 | 20 678 |
| 1997 | 7 550 | 2 050 | 2 420 | 2 270 | 1 153 | 5 970 | 21 413 |

Source: Fearnleys (Oslo), *Review 1997*.

^a Including wheat, maize, barley, oats, rye, sorghum and soya beans.

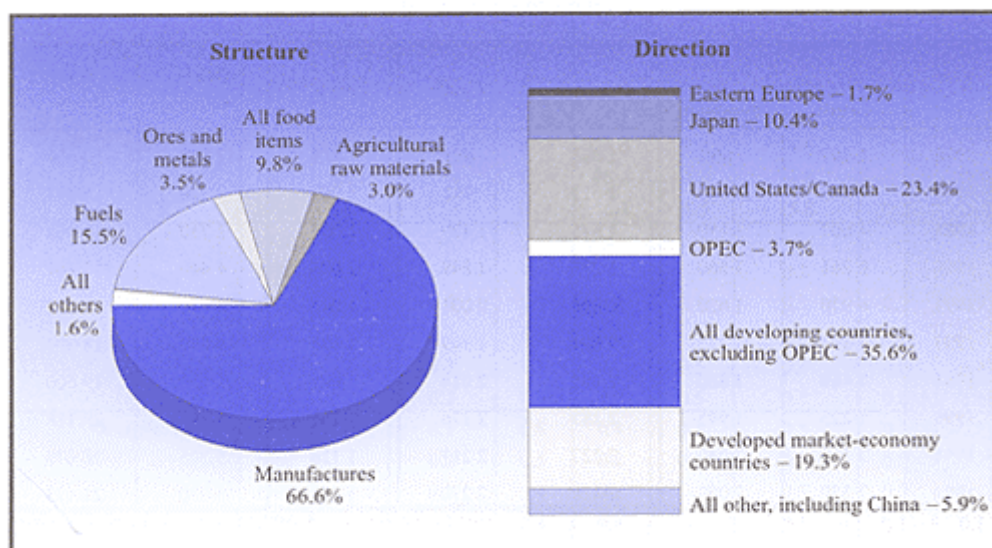
(g) Export direction and structure of trade in developing countries

27. Graph 4 illustrates the export direction and structure of trade of developing countries. In 1995, the year for which data are available, 55.0 per cent of developing countries' exports by value were destined for developed market-economy countries and 35.6 per cent for developing countries, as compared with 68.4 and 26.5 per cent respectively for 1980, and 59.4 and 34.2 per cent respectively for 1990,

stressing the increasing importance of South-South trade. The structure of exports by value comprises five broad categories, of which manufactured goods are the dominant cargo, accounting for 66.6 per cent of the 1995 total, which compares with 19.5 per cent for 1980 and 53.6 per cent for 1990. Fuels are the second largest export accounting for 15.5 per cent in 1995, compared with 59.7 per cent in 1980 and 26.6 per cent in 1990. Percentage shares of the other sectors comprising all food items, agricultural raw materials, and ore and metals have also been declining since 1980.

Graph 4

Export structure and direction of trade of developing countries, 1995
(percentage distribution by value)



Source: UNCTAD, *Handbook of International Trade and Development Statistics, 1996* (United Nations publication, sales no. E/F/98/II.D.7), table 3.2.