

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT  
Geneva

# **REVIEW OF MARITIME TRANSPORT 1998**

## **Chapter VII**

### **Review of Regional Developments: Asian Economic and Maritime Transport Developments**



## Chapter VII

### REVIEW OF REGIONAL DEVELOPMENTS: ASIAN ECONOMIC AND MARITIME TRANSPORT DEVELOPMENTS

*This chapter reviews and forecasts the global and intraregional trades in Asian developing countries, together with developments in transport and related services.*

#### A. THE ASIAN FINANCIAL CRISIS

##### *Regional implications*

210. There can be little doubt that the financial crisis which broke out in Asia in mid-1997 has had serious consequences for regional growth and integration in East and South-East Asia.<sup>31</sup> Growth and integration in the region depends on the so-called *Aflying geese* process, whereby countries at different levels of industrialization and development move together on the basis of a progressive upgrading of their industries. Intraregional trade and investment both play a major role in this process by helping to locate production according to comparative advantages determined by relative levels of productivity and wages. A stable pattern of exchange rates throughout the region is absolutely essential for this process to be driven by the real economic forces of productivity. The foundations of the flying geese process have been shaken by recent shifts in the exchange rates among the currencies of the region through what look like competitive devaluations. Currency instability causes unexpected shifts in the relative positions of individual countries, and creates considerable uncertainty regarding the competitiveness of various industries across the region, thereby undermining investment including intraregional investment in tradeables.

211. Although exchange rates are now more favourable for exports, firms in East and South-East Asia also face a greater need to earn foreign exchange in view of cutbacks in lending and the prohibitive cost of foreign borrowing. Furthermore, the rise in domestic interest rates has increased their domestic debt-servicing while, together with fiscal retrenchment, depressing domestic demand.

Consequently, local firms can be expected to pursue an aggressive export strategy in markets where they have already gained competitiveness, namely, in Europe, Japan and the United States.

#### B. MANUFACTURING AND TRADING

##### *GDP growth of selected countries*

212. The GDP growth rates of selected countries in East and South-East Asia for the period 1993-1997 are shown in table 49. In 1996 the growth rates of these countries were lower than in previous years, and in 1997 they stayed at almost the same level as in 1996. In 1998, Indonesia, the Republic of Korea and Thailand are expected to experience negative growth.

##### *Growth in manufacturing output*

213. Since 1996, growth in manufacturing output has slowed down, with many countries losing much of the momentum they had maintained until the year before. In the Philippines, Singapore and Thailand, growth in manufacturing fell to less than half of the growth rate of over 10 per cent attained in preceding years (see table 50).

##### *Trends in exports and imports*

214. As indicated in table 51, the trend in export trade reflected the high growth of these economies until 1995. Every country or region achieved a high year-to-year growth of more than 20 per cent, with the exception of Hong Kong (China) and Indonesia, who still registered nearly 14 per cent growth. After 1996, their growth rate plummeted to single-digit level, except for China and the Republic of Korea, who regained the momentum, attaining growth rates of over 20 per cent in 1997. In their import

**Table 49**

Real GDP growth rates of selected countries and territories of East and South-East Asia  
(*growth in percentage*)

	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>
<b>China</b>	13.5	12.6	10.5	9.7	8.8	7.5
<b>Hong Kong, China</b>	6.1	5.4	3.9	4.9	5.3	3.0
<b>Indonesia</b>	7.3	7.5	8.2	8.0	5.0	-6.0
<b>Malaysia</b>	8.3	9.2	9.5	8.6	7.8	2.0
<b>Philippines</b>	2.1	4.4	4.8	5.7	5.1	2.0
<b>Republic of Korea</b>	5.8	8.6	8.9	7.1	5.5	-0.8
<b>Singapore</b>	10.4	10.5	8.7	6.9	7.8	3.5
<b>Taiwan Province of China</b>	6.3	6.5	6.0	5.7	6.9	5.0
<b>Thailand</b>	8.5	8.6	8.8	5.5	-0.4	-3.0

*Source:* Compiled by the UNCTAD secretariat on the basis of data supplied by the IMF and other specialized sources.

**Table 50**

Manufacturing output growth rates of selected countries and regions of East and South-East Asia  
(*growth in percentage*)

	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>
<b>China</b>	21.6	16.1	15.0	13.1
<b>Hong Kong, China</b>	-0.2	1.0	-4.0	..
<b>Indonesia</b>	12.4	10.8	11.6	8.2
<b>Malaysia</b>	14.9	14.2	12.3	10.9
<b>Philippines</b>	11.9	18.5	8.7	..
<b>Republic of Korea</b>	10.9	12.0	8.4	8.0
<b>Singapore</b>	13.0	10.3	3.3	4.6
<b>Taiwan Province of China</b>	5.8	4.5	2.4	7.0
<b>Thailand</b>	9.2	12.0	7.5	0.0

*Source:* Compiled by the UNCTAD secretariat on the basis of data supplied by Nippon Yusen Kaisha.

**Table 51**

Export trends for selected countries and regions of East and South-East Asia  
(millions of dollars and percentage change)

	1994		1995		1996		1997	
	Value	1994/ 1993	Value	1995/ 1994	Value	1996/ 1995	Value	1997/ 1996
<b>China</b>	1 210	31.9	1 488	22.9	1 512	1.5	1 827	20.9
<b>Hong Kong, China</b>	1 514	11.9	1 738	14.8	1 808	4.0	1 891	4.6
<b>Indonesia</b>	401	8.8	454	13.4	498	9.7	541	8.6
<b>Malaysia</b>	586	24.5	739	26.0	778	5.8	790	0.9
<b>Philippines</b>	135	19.3	175	29.7	204	17.7	220	8.0
<b>Republic of Korea</b>	960	16.8	1 251	30.3	1 297	3.7	1 652	25.0
<b>Singapore</b>	965	30.5	1 182	22.6	1 250	5.8	1 251	5.0
<b>Taiwan Province of China</b>	931	9.4	1 117	20.0	1 157	3.9	1 263	9.1
<b>Thailand</b>	452	22.3	563	24.6	555	-1.3	573	3.2

Source: Compiled by the UNCTAD secretariat on the basis of data supplied by Nippon Yusen Kaisha.

trades, after attaining double-digit growth rates in 1994 and 1995, most countries dropped to single-digit level, with the Republic of Korea and Thailand posting negative results (see table 52).

### C. INTRA-ASIAN TRADE AND DEVELOPMENT

#### (a) Developments in industry

215. Asia has become increasingly interdependent, since the more industrialized countries of the region succeeded in moving into the production of higher value-added export items and diversified their markets. In recent years, intraregional trades have been expanding significantly, especially in South-East Asia, and the beginning of the formation of an independent mechanism for self-sustained development in this region can be seen. Since developed economies have been finding it difficult to achieve high growth, South-East Asia is pursuing

216. Table 53 provides details of the estimated intra-Asian general cargo (unitized) movements in the period 1995B1998. The 1997 total seaborne general cargo movement in the intra-Asian liner market, excluding that of China, is estimated to have reached 5.7 million TEUs. This regional trade, the major area of which stretches from Malaysia and Singapore in the west and to Japan and the Republic

self-supporting regional development instead of relying wholly on exports to the developed economies. As well as making the shift from labour-intensive to technology-intensive production by further refining of the industrial structure, including infrastructure, the countries are in a position to foster high-growth industries in their own region by drawing on their technological resources. This approach could help bring about self-sustained economic growth, which would lessen their dependence on the developed economies and thereby help build up an intraregional demand-driven economic structure.

#### (b) Intraregional unitized trade and maritime transport

##### *Intra-Asian unitized trade*

of Korea in the east, accounts for approximately 17 per cent of the global liner market. The most significant growth corridors are those linking Japan and the Republic of Korea with Hong Kong (China), Taiwan Province of China and Thailand. These countries or territories dominated the 1997 intra-Asian liner trade, representing approximately two-thirds of the trade. In particular, Japan accounted for

30 per cent of the total exports and 24 per cent of the total imports. Nearly two-thirds of Japan's exports and imports were transacted with Hong Kong (China), the Republic of Korea, Taiwan Province of China and Thailand. Taiwan Province of China exported 60 per cent of its total exports to Japan and Hong Kong, China and imported more than 40 per cent from Japan. One-third of Hong Kong's exports were destined for Japan, while nearly 80 per cent of its imports were from Japan, the Republic of Korea and Taiwan Province of China. The majority of Thailand's foreign trade was with Japan. While 35 per cent of the Republic of Korea's exports

went to Japan and nearly 30 per cent to Hong Kong, 50 per cent of its imports came from Japan. Indonesia, Malaysia and Singapore further increased their intraregional trade. Another major trade route is the one between China and Taiwan Province of China via transshipment at Hong Kong, which, coupled with Hong Kong's direct trade with Taiwan Province of China, has been estimated at more than 600,000 TEUs. However, volumes on this route are set to change substantially over the coming couple of years, following the landmark deal to reopen direct shipping links between China and Taiwan Province of China.

**Table 52**

Import trends for selected countries and regions of East and South-East Asia  
(millions of dollars and percentage change)

	1994		1995		1996		1997	
	Value	1994/ 1993	Value	1995/ 1994	Value	1996/ 1995	Value	1997/ 1996
<b>China</b>	1 156	11.2	1 321	14.2	1 389	5.1	1 424	2.5
<b>Hong Kong, China</b>	1 618	16.7	1 929	19.2	1 986	3.0	2 089	5.2
<b>Indonesia</b>	319	12.5	407	27.6	429	5.4	455	6.0
<b>Malaysia</b>	594	30.2	776	30.7	784	1.0	791	0.9
<b>Philippines</b>	212	21.2	265	25.0	323	21.8	367	6.3
<b>Singapore</b>	1 024	20.2	1 245	21.6	1 314	5.5	1 324	0.8
<b>Republic of Korea</b>	1 024	22.1	1 351	32.0	1 503	11.3	1 446	-3.8
<b>Taiwan Province of China</b>	854	10.8	1 036	21.3	1 014	-2.2	1 145	11.8
<b>Thailand</b>	544	18.1	707	30.1	722	2.2	655	-9.3

Source: Compiled by the UNCTAD secretariat on the basis of data supplied by Nippon Yusen Kaisha.

#### *Intra-Asian liner operators and their fleets*

217. Intra-Asian liner operators are mainly engaged in two types of services: direct services between Asian countries and feeder services between local ports and hub ports in Asia. These operators and their carrying capacity in TEUs are shown in table 54. As at the end of 1996, a total of 140 operators deployed 783 vessels with an aggregated carrying capacity of 386,000 TEUs. The vessels' average carrying capacity was nearly 500 TEUs. In the capacity range of vessels of over 5,000 TEUs there are 21 operators, who deploy 345 vessels with an aggregated carrying capacity of 263,000 TEUs, or an average of 760 TEUs per

vessel. These operators account for 68.2 per cent of the total carrying capacity. In the capacity range of 1,000B4,999 TEUs, 48 operators have 278 vessels in service with an aggregated carrying capacity of 89,000 TEUs (23.0 per cent of the total), or an average of 320 TEUs per vessel. For the capacity range of less than 999 TEUs, 71 operators have 160 vessels, with an aggregated carrying capacity of 34,000 TEUs (8.8 per cent of the total) or an average of 210 TEUs per vessel. Some of the larger operators have been improving the quality of their service by replacing their vessels with larger and more efficient vessels, while reducing the number of vessels.

**Table 53**

Estimated intra-Asian general cargo trade (unitized) for the period 1995B1998  
(thousands of TEUs)

<b>Import Export</b>	<b>Year</b>	<b>Japan</b>	<b>Taiwan Province of China</b>	<b>Hong Kong, China</b>	<b>Philippines</b>	<b>Thailand</b>	<b>Singapore</b>	<b>Malaysia</b>	<b>Indonesia</b>	<b>Republic of Korea</b>	<b>Viet Nam</b>	<b>Total</b>
<b>Japan</b>	1995	-	296 309	311 124	66 669	262 233	177 785	118 524	96 300	186 675	16 297	1 531 916
	1996	-	314 088	329 791	70 669	277 967	188 452	125 635	102 078	197 876	17 275	1 623 831
	1997	-	332 933	349 578	74 909	294 645	199 759	133 173	108 203	209 749	18 312	1 721 261
	1998	-	316 286	332 099	71 164	279 913	189 771	126 514	102 793	199 262	17 396	1 635 198
<b>Taiwan Province of China</b>	1995	222 232	-	251 862	24 445	34 076	75 855	60 743	53 336	38 520	15 408	776 477
	1996	235 566	-	266 974	25 912	36 121	80 406	64 388	56 536	40 831	16 332	823 066
	1997	249 700	-	282 992	27 467	38 288	85 230	68 251	59 928	43 281	17 312	872 449
	1998	237 215	-	268 842	26 094	36 374	80 969	64 838	56 932	41 117	16 446	828 827
<b>Hong Kong, China</b>	1995	152 599	88 893	-	37 039	45 187	59 262	28 149	45 928	53 336	9 778	520 171
	1996	161 755	94 227	-	39 261	47 898	62 818	29 838	48 684	56 536	10 365	551 382
	1997	171 460	99 881	-	41 617	50 772	66 587	31 628	51 605	59 928	10 987	584 465
	1998	162 887	94 887	-	39 536	48 233	63 258	30 047	49 025	56 932	10 438	555 243
<b>Philippines</b>	1995	44 446	13 334	20 742	-	2 222	10 371	2 222	1 482	7 111	444	102 374
	1996	47 113	14 134	21 987	-	2 355	10 993	2 355	1 571	7 538	471	108 517
	1997	49 940	14 982	23 306	-	2 496	11 653	2 496	1 665	7 990	499	115 027
	1998	47 443	14 233	22 141	-	2 371	11 070	2 371	1 582	7 591	474	109 276

<b>Import Export</b>	<b>Year</b>	<b>Japan</b>	<b>Taiwan Province of China</b>	<b>Hong Kong, China</b>	<b>Philippines</b>	<b>Thailand</b>	<b>Singapore</b>	<b>Malaysia</b>	<b>Indonesia</b>	<b>Republic of Korea</b>	<b>Viet Nam</b>	<b>Total</b>
<b>Thailand</b>	1995	202 972	44 446	47 409	6 222	-	35 557	7 408	7 111	14 815	4 000	369 940
	1996	215 150	47 113	50 254	6 595	-	37 690	7 852	7 538	15 704	4 240	392 136
	1997	228 059	49 940	53 269	6 991	-	39 951	8 323	7 990	16 646	4 494	415 663
	1998	216 656	47 443	50 606	6 641	-	37 953	7 907	7 591	15 814	4 269	394 880
<b>Singapore</b>	1995	112 301	66 669	68 151	19 260	26 668	-	53 336	35 557	18 519	12 889	413 350
	1996	119 039	70 669	72 240	20 416	28 268	-	56 536	37 690	19 630	13 662	438 150
	1997	126 181	74 909	76 574	21 641	29 964	-	59 928	39 951	20 808	14 482	464 438
	1998	119 872	71 164	72 745	20 559	28 466	-	56 932	37 953	19 768	13 758	441 217
<b>Malaysia</b>	1995	85 930	44 446	45 928	5 185	9 037	42 965	-	12 889	12 297	444	259 121
	1996	91 086	47 113	48 684	5 496	9 579	45 543	-	13 662	13 035	471	274 669
	1997	96 551	49 940	51 605	5 826	10 154	48 276	-	14 482	13 817	499	291 150
	1998	91 723	47 443	49 025	5 535	9 646	45 862	-	13 758	13 126	474	276 592
<b>Indonesia</b>	1995	96 300	47 409	28 149	2 963	5 334	53 336	9 482	-	23 705	296	266 974
	1996	102 078	50 254	29 838	3 141	5 654	56 536	10 051	-	25 127	314	282 993
	1997	108 203	53 269	31 628	3 329	5 993	59 928	10 654	-	26 635	333	299 972
	1998	102 793	50 606	30 047	3 163	5 693	56 932	10 121	-	25 303	316	284 974
<b>Republic of Korea</b>	1995	266 678	69 633	214 824	38 520	35 557	38 520	16 593	78 522	-	9 926	768 773
	1996	282 679	73 811	227 713	40 831	37 690	40 831	17 589	83 233	-	10 522	814 899
	1997	299 640	78 240	241 376	43 281	39 951	43 281	18 644	88 227	-	11 153	863 793
	1998	284 658	74 328	229 307	41 117	37 953	41 117	17 712	83 816	-	10 595	820 603

<b>Import Export</b>	<b>Year</b>	<b>Japan</b>	<b>Taiwan Province of China</b>	<b>Hong Kong, China</b>	<b>Philippines</b>	<b>Thailand</b>	<b>Singapore</b>	<b>Malaysia</b>	<b>Indonesia</b>	<b>Republic of Korea</b>	<b>Viet Nam</b>	<b>Total</b>
<b>Viet Nam</b>	1995	14 815	13 482	10 667	444	1 185	21 334	889	593	2 519	-	65 928
	1996	15 704	14 291	11 307	471	1 256	22 614	942	629	2 670	-	69 884
	1997	16 646	15 148	11 985	499	1 331	23 971	999	667	2 830	-	74 076
	1998	15 814	14 391	11 386	474	1 264	22 772	949	634	2 689	-	70 373
<b>Total</b>	1995	1 198 273	684 621	998 856	200 747	421 499	514 985	297 346	331 718	357 497	69 482	5 075 024
	1996	1 270 170	725 700	1 058 788	212 792	446 788	545 883	315 186	351 621	378 947	73 652	5 379 527
	1997	1 346 380	769 242	1 122 313	225 560	473 594	578 636	334 096	372 718	401 684	78 071	5 702 294
	1998	1 279 061	730 781	1 066 198	214 283	449 913	549 704	317 391	354 084	381 602	74 166	5 417 183

**Source:** Compiled by the UNCTAD secretariat on the basis of data supplied by Japanese shipping companies and other specialized sources.



**Table 54**

Intra-Asian liner operators and their fleets, 1996

Ship capacity	Number of operators in each category	Number of vessels	Total carrying capacity (TEUs)	Average carrying capacity per vessel (TEUs)
Over 20,000 TEUs	2	99	72 329	731
10,000-19,999 TEUs	7	125	103 875	831
5,000-9,999 TEUs	12	121	86 889	718
2,000-4,999 TEUs	12	89	37 783	425
1,500-1,999 TEUs	13	74	22 867	309
1,000-1,499 TEUs	23	115	28 311	246
500-999 TEUs	31	102	23 122	227
100-499 TEUs	40	58	10 891	188
<b>Total</b>	<b>140</b>	<b>783</b>	<b>386 067</b>	<b>493</b>

(c) **Intraregional breakbulk trade and maritime transport**

*Trends in trade and transport*

218. Intra-Asian breakbulk trades are mainly generated by Japan's exports and imports, with steel, cement and general goods (manufactures) as the main goods in southbound trade and timber and sawn timber in northbound trade. The recent economic slowdown and financial crisis in Asia also had serious effects on these trades and transport markets.

A decrease in cargo movements adversely affected the shipping markets, especially the markets for both single and tween deckers of less than 10,000 dwt engaged as niche vessels in intra-Asian breakbulk trades.

*Steel*

219. In 1996, the total imports of the ASEAN 6 countries (Indonesia, Malaysia, the Philippines, Singapore, Thailand and Viet Nam) declined by 2.1 per cent to 27.9 million tons from 28.5 million tons in the previous year, mainly because of drastically reduced imports by Thailand. The

downward trend in overall steel trades to Asia continued throughout 1997 (see table 55). In 1998 the steel consumption of the major Asian countries, including China and Japan is expected to grow by 0.5 per cent from the 1997 level (see table 56). The steel consumption of Malaysia and Thailand, on the other hand, is expected to decline by 10.7 per cent from the 1997 level.

*Cement*

220. Exports of cement from Japan to countries in Asia amounted to 9.9 million tons for the period between January and October 1997, which represented a decline of 1.8 per cent from the level of the corresponding period in 1996. Of this total, 4.5 million tons were traded to East Asia, representing a 21.6 per cent decline from 1996, and 5.4 million tons were exported to ASEAN countries(excluding Thailand), representing a 24.6 per cent increase (see table 57).

*Timber*

221. Trade in timber from South-East Asian countries registered 5.8 million cubic metres in 1996, carried on 964 voyages (80 voyages per month); 3.6 million cubic metres were traded in the first eight months of 1997, carried on 604 voyages (75 voyages per month). After September 1997, monthly deployment of vessels declined to nearly 40 voyages, mainly due to the drastic decrease in timber demand in Japan, whose housing industry was adversely affected by the recent economic slowdown.

#### *Fleet and freight markets*

222. As indicated in table 58, the average age of vessels engaged in intra-Asian breakbulk trades (9.56 years) was considerably lower than the average ages of general cargo vessels of the world (17.42 years) and developing countries (19.00 years). Until 1996, single deckers of 6,500 dwt and tween deckers of 7,500 dwt were dominant in intra-Asian shipping markets, mainly for tropical timber; in

1997, some handy-size vessels of 25,000 dwt switched to timber transport in Asia from the trans-Pacific timber trade, which suffered a severe decline in trade volume, thus causing deterioration in the intra-Asian breakbulk shipping market. In 1997, time-charter freight rates for 6,500 dwt single deckers and 7,500 dwt tween deckers declined by some 20B30 per cent from the corresponding period in the previous year and were the lowest they had ever been in the 1990s. In the middle of 1997, freight rates temporarily recovered to \$4,000 per day for 7,000 dwt tween deckers, but decreased again later in the year and continued the downward movement into 1998. In the sector of 25,000 dwt vessels, charter rates were \$4,750 per day for steel trades to South-East Asian countries in the third quarter of 1996, rose to \$7,000 per day in July 1997, and then plummeted to \$5,000 per day from August 1997 onwards. In 1998, these shipping markets have been confronted with drastic declines in the volume of trade in steel and cement transacted in the intra-Asian trades.

**Table 55**

Steel imports by major countries and regions in Asia, 1995B1997  
(millions of tons)

Importing country or region	1995	1996	Rate of growth 1996/1995 (per cent)	1997	Rate of growth 1997/1996 (per cent)
<b>ASEAN 6</b>	28.5	27.9	-2.1	28.7	2.9
<b>China</b>	14.5	15.2	4.8	13.5	-11.2
<b>Hong Kong, China</b>	5.4	6.0	11.1	6.1	1.7
<b>Republic of Korea</b>	10.5	11.4	8.6	10.6	-7.0
<b>Taiwan Province of China</b>	13.5	11.1	-17.8	11.5	3.6
<b>Total</b>	72.4	71.6	-1.1	70.4	-1.7

Source: Nippon Yusen Kaisha, *Illustrated Review and Outlook of the Shipping Market, 1997*.

**Table 56**

Steel consumption of selected countries and regions in Asia, 1996B1998  
(millions of tons)

Country or region	1996	1997 (estimated)	1998 (forecast)	Percentage change between 1997 and 1998
<b>China</b>	97.3	102.2	107.0	4.7
<b>India</b>	22.8	23.8	23.5	-1.3
<b>Indonesia</b>	6.1	6.3	6.3	0.0
<b>Japan</b>	80.6	83.0	79.6	-4.1
<b>Philippines</b>	3.3	3.5	3.5	0.0
<b>Republic of Korea</b>	37.6	38.2	40.1	5.0
<b>Taiwan Province of China</b>	18.0	19.9	21.4	7.5
<b>Others</b>	36.7	37.7	34.7	-8.0
<b>Asia total</b>	302.4	314.6	316.1	0.5

*Source:* Compiled by the UNCTAD secretariat on the basis of data supplied from the Maritime International Cooperation Centre (MICC) Report (December 1997).

**Table 57**

Japan's cement exports to selected countries in Asia  
(January to October 1997)

Destination	Quantity (thousands of tons)
<b>China</b>	112.7
<b>Hong Kong, China</b>	1 376.9
<b>Macao</b>	59.0
<b>Republic of Korea</b>	1 370.8
<b>Taiwan Province of China</b>	1 585.8
<b>Subtotal</b>	4 505.2
<b>Indonesia</b>	451.9
<b>Malaysia</b>	1 536.3
<b>Philippines</b>	678.0
<b>Singapore</b>	2 684.8
<b>Viet Nam</b>	41.5
<b>Subtotal</b>	5 392.5
<b>Total</b>	9 897.7

*Source:* Compiled by the UNCTAD secretariat on the basis of data from the MICC Report (December 1997).

**Table 58**

Small single/tween decker fleet (less than 10,000 dwt) engaged in intra-Asian trades  
(as at January 1997)

<b>Age (years)</b>	<b>Number of vessels</b>	<b>Deadweight tons</b>	<b>Percentage share of total (deadweight tons)</b>
<b>0</b>	11	78 500	4.57
<b>1</b>	27	208 400	12.13
<b>2</b>	15	113 100	6.59
<b>3</b>	0	0	0.00
<b>4</b>	0	0	0.00
<b>5</b>	13	102 500	5.97
<b>6</b>	13	91 600	5.33
<b>7</b>	5	35 700	2.08
<b>8</b>	1	7 700	0.45
<b>9</b>	1	6 800	0.40
<b>10</b>	30	181 700	10.58
<b>11</b>	20	127 600	7.43
<b>12</b>	53	310 200	18.06
<b>13</b>	21	107 700	6.27
<b>14</b>	24	132 800	7.73
<b>15</b>	21	120 000	6.99
<b>Over 16</b>	13	93 200	5.43
<b>Total</b>	268	1 717 500	100.00
<b>Average age</b>	9.56 years		
<b>Over 10 years</b>	182	1 073 200	62.49
<b>Over 12 years</b>	132	763 900	44.48

*Source:* Compiled by the UNCTAD secretariat on the basis of data supplied from the MICC Report (December 1997).

**(d) More regionalization**

223. The ASEAN Free Trade Area (AFTA) is planned to be in effect shortly after the turn of the century, and the Asia-Pacific Economic Cooperation (APEC) forum, of which ASEAN is the core, will have a similar free trade arrangement a few years later. At the present time, the ASEAN countries are seeking to harmonize their customs and trading documentation to develop a joint approach to other regional or international organizations on both the economic and security fronts. They are also looking to develop a new agreement to open up the area of services, which includes maritime transport, among themselves, in order to be able to respond collectively to GATS.

**D. ASIA'S GLOBAL TRADE AND TRANSPORT SERVICE****(a) Unitized trade to and from Asia***Trends in trade and transport*

224. The substantial economic slowdown since the final quarter of 1995 and the financial crisis that hit Asia in 1997 has greatly affected east-west trade and transport services. Overall Asian imports in both the trans-Pacific trade and the European trade in 1998 are expected to decline from the level of 1997. On the other hand, their exports to Europe and North America will continue to expand, reflecting sustainable competitiveness, largely due to the devaluation of the currencies of the major exporting countries. Tables 59 and 60 and graph 11 show the trends in cargo movements on these trade routes.

225. In terms of cargo structure, imports of high-value consumer durables, non-staple food items, luxury fashion garments and capital goods will suffer the greatest decline, while imports of raw or recyclable materials such as waste paper and scrap metals, will remain relatively unchanged as they provide basic inputs into the industrial activities of Asian economies. The United States exports of these goods to the region could thus remain relatively active.

*Supply and demand*

226. In the liner trades to and from the region, there is a growing imbalance between supply and demand (see graph 12 and table 61). A number of Asian-based carriers are said to be planning to restructure their operational programmes, including through various tonnage placements or redeployments, in an effort to address the changing cargo flows and to ensure their survival in the face of falling revenues. Furthermore, the imbalance in cargo movements between the eastbound and the westbound trade routes will continue to force all carriers serving the Asian trades to pay additional operating expenses as the need for repositioning empty boxes increases.

227. On the European trade route, the situation is becoming worse because of the nature of the trade, in which heavy goods, mainly in 20-foot containers, move east, and lighter goods (such as consumer durables, electrical goods, fashion items and footwear), which are more suited to 40-foot and 45-foot containers, are moving west. The need to reposition empty eastbound containers has thus increased considerably for reasons of both trade imbalance and structural imbalance. Carriers are responding to this situation by trying to attract return cargoes in order to minimize empty moves, a course of action which has been a major cause of the dramatic decline in revenues per container.

**Table 59**

Cargo movements on major liner trade routes for 1995B1997 and forecasts for 1998  
(thousands of TEUs)

	Trans-Pacific			AsiaBEurope		
	Asia to USA	USA to Asia	Total	Asia to Europe	Europe to Asia	Total
<b>1995</b>	4,009	3,471	7,480	2,834	2,306	5,140
<b>1996</b>	4,104	3,520	7,624	3,142	2,584	5,726
<b>Growth (%)</b>	2.4	1.4	1.9	10.9	12.1	11.4
<b>1997</b>	4,662	3,615	8,277	3,290	2,734	6,024
<b>Growth (%)</b>	13.6	2.7	8.6	4.7	5.8	5.2
<b>1998</b>	5 221	3 326	8 547	3 487	2 710	6 197
<b>Growth (%)</b>	12.0	-8.0	3.3	6.0	-0.9	2.9

*Source:* Compiled by the UNCTAD secretariat on the basis of data supplied by the Japan Maritime Research Institute; DRI/McGraw-Hill, *World Sea Trade Service Review*, various issues; *Containerisation International*, various issues, and other specialized sources.

**Table 60**

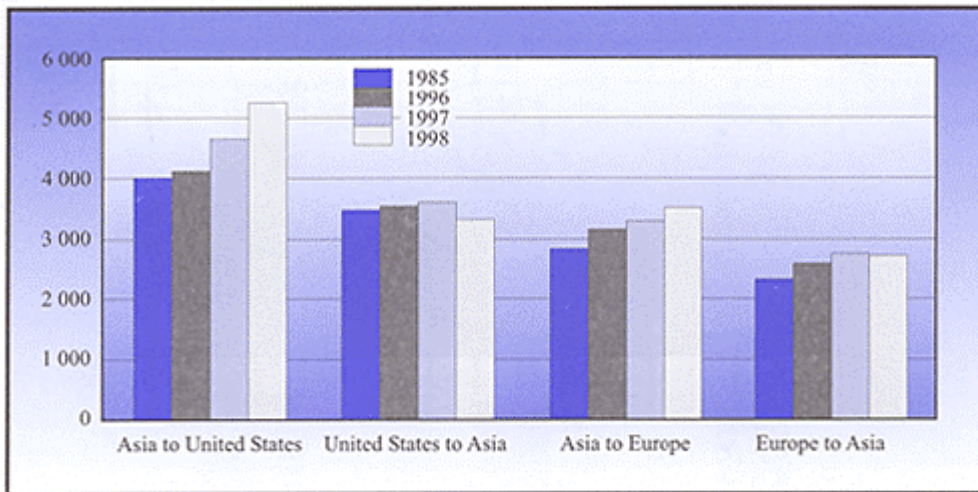
Containerized cargo movement from selected countries and regions of East and South-East Asia to North America  
in 1996 and 1997  
(thousands of TEUs)

		Eastbound		Percentage change 1996/1997	Westbound		Percentage change 1996/1997
		1996	1997		1996	1997	
<b>China</b>	JanuaryBJune	510	669	31.2	151	185	22.5
	JulyBDecember	679	860	26.7	158	166	5.1
<b>Hong Kong, China</b>	JanuaryBJune	251	271	8.0	231	245	6.1
	JulyBDecember	365	380	4.1	218	234	7.3
<b>Indonesia</b>	JanuaryBJune	72	85	18.1	68	70	2.9
	JulyBDecember	91	104	14.3	56	73	30.4
<b>Japan</b>	JanuaryBJune	334	354	6.0	530	533	0.6
	JulyBDecember	354	382	7.9	498	494	-0.8
<b>Malaysia</b>	JanuaryBJune	72	73	1.4	35	42	20.0
	JulyBDecember	90	93	3.3	37	38	2.7
<b>Philippines</b>	JanuaryBJune	51	57	11.8	52	56	7.7
	JulyBDecember	61	66	8.2	55	54	-1.8
<b>Republic of Korea</b>	JanuaryBJune	122	131	7.4	213	213	0.0
	JulyBDecember	138	160	15.9	194	194	0.0
<b>Singapore</b>	JanuaryBJune	36	32	-11.1	52	61	17.3
	JulyBDecember	40	42	5.0	56	61	8.9
<b>Taiwan Province of China</b>	JanuaryBJune	259	274	5.8	198	191	-3.5
	JulyBDecember	284	307	8.1	183	176	-3.8
<b>Thailand</b>	JanuaryBJune	98	103	5.1	61	56	-8.2
	JulyBDecember	110	123	11.8	57	45	-21.1
<b>Subtotal</b>	JanuaryBJune	1 805	2 049	13.5	1 591	1 652	3.8
	JulyBDecember	2 212	2 517	13.8	1 512	1 535	1.5
<b>Total</b>		4 017	4 566	13.7	3 103	3 187	2.7

Source: Compiled by the UNCTAD secretariat on the basis of data supplied in AKaiun@ (Shipping), May 1998, by the Japan Shipping Exchange Inc.

**Graph 11**

Cargo movements on major liner trade routes for 1995–1997 and forecasts for 1998  
(thousands of TEU)

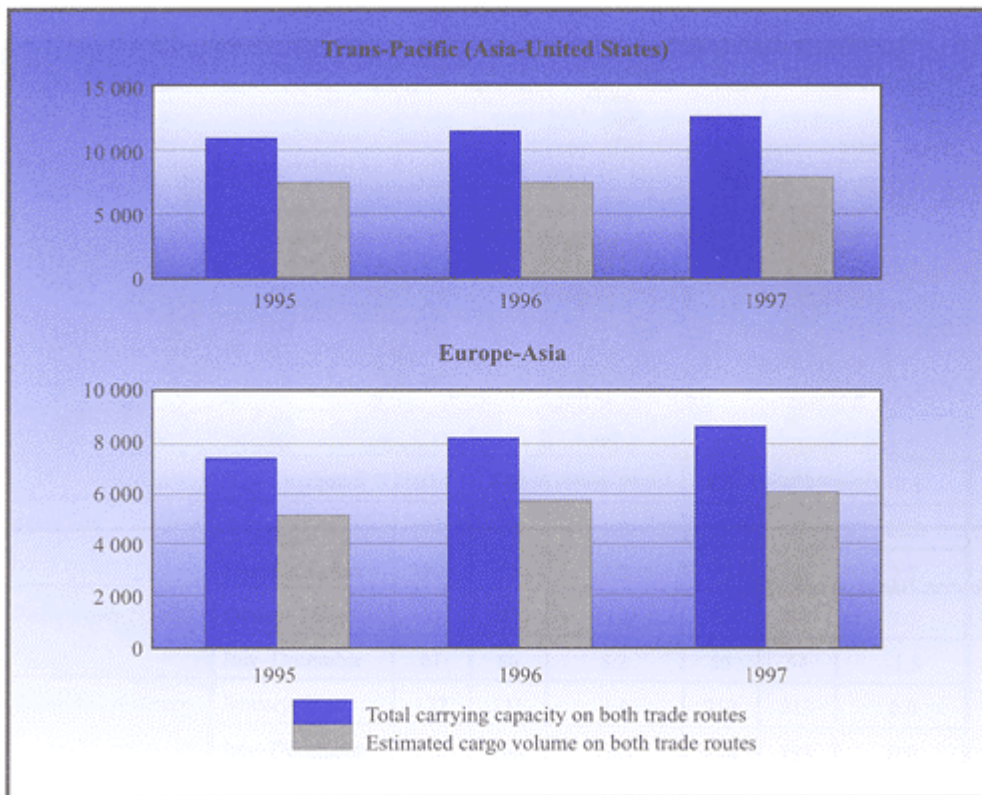


Source: Based on table 59.



**Graph 12**

Supply and demand in trans-Pacific and Europe-Asia trades, 1995-1997  
(thousands of TEU)



Source: Based on table 61.

**Table 61**

Supply (ships' carrying capacity) and demand (cargo volume) in trans-Pacific and Europe-Asia Trades, 1995-1997

Year	No of ships	Average capacity (TEUs)	Total ships' capacity (TEUs)	Average no. of round voyages per ship per year	Total no. of voyages on both trade routes per year	Total ships' carrying capacity on both trade routes per year (TEUs)	Estimated cargo volume on both trade routes per year (TEUs)	Space utilization (percentage)
<b>Trans-Pacific (AsiaB-USA)</b>								
<b>1995</b>	269.0	2 834	762 264	7.2	3 891.3	11 026 867	7 480 000	67.8
<b>1996</b>	274.5	2 912	799 357	7.2	3 958.2	11 526 540	7 624 000	66.1
<b>Growth (%)</b>	(2.0)	(2.8)	(4.9)		(1.7)	(4.5)	(1.9)	
<b>1997</b>	292.0	3 089	902 118	7.0	4 106.7	12 687 461	8 277 000	65.2
<b>Growth (%)</b>	(6.4)	(6.1)	(12.9)		(3.8)	(10.1)	(8.6)	
<b>EuropeBAsia</b>								
<b>1995</b>	217.0	3 106	673 904	5.5	2 384.3	7 404 469	5 140 000	69.4
<b>1996</b>	223.5	3 250	726 264	5.6	2 495.6	8 109 302	5 726 000	70.6
<b>Growth (%)</b>	(3.0)	(4.6)	(7.8)		(4.7)	(9.5)	(11.4)	
<b>1997</b>	235.0	3 272	768 826	5.6	2 636.6	8 625 004	6 024 000	69.8
<b>Growth (%)</b>	(5.1)	(0.7)	(5.9)		(5.6)	(6.4)	(5.2)	

Source: Compiled by the UNCTAD secretariat on the basis of data supplied by Japan Maritime Research Institute; DRI/McGraw-Hill, *World Sea Trade Service Review*, various issues; *Containerisation International*, various issues; and other specialized sources.

### *Freight levels of main liner services*

228. Average quarterly freight rates in 1997 declined from those in the previous year on the main east-west trades of Asia. In the trans-Pacific trades, the eastbound (Asia to the United States) trade and the westbound (the United States to Asia) trade suffered setbacks in 1997 of 14 per cent and 9 per cent respectively from 1996 levels. Trade between Asia and Europe was also depressed, with eastbound trade and westbound trade plummeting by 12 per cent and 14 per cent respectively as compared to the previous year. Table 62 and graph 13 show the quarterly analysis of liner freight rates registered in these east-west liner trades for the period 1995-1997.

#### *Trans-Pacific*

229. From the beginning of 1997, trans-Pacific eastbound freight rates continued to decline; they fell by 7.5 per cent towards the end of the year, and over the past two years have fallen by 27 per cent. There is no immediate prospect of any recovery in these rates. However, the fall of 0.5 per cent in Asia-United States trade in the fourth quarter was the lowest quarterly decline in more than two years and reflected strong traffic volumes, partly fuelled by the sharp devaluation in the currencies in the major exporting countries in Asia, which made their goods more competitive in the United States market. The Asia-North America Eastbound Rate Agreement was reportedly confident at the beginning of 1998 that the reasonably favourable situation would prevail for much of the year.

230. Westbound trade (United States to Asia) enjoyed a stronger third quarter in 1997, as prices per TEU firmed at 12 per cent higher than in the second quarter. However, a spate of "independent actions" on cotton, one of the westbound trade's largest volume shipments, caused the downward slide in the rates for cotton and consequently other major commodities towards the end of the year. In the fourth quarter, rates slumped by 17 per cent to a record low of \$1,182 per TEU. There was no

immediate prospect of a recovery, and trade was expected to be slow in 1998, albeit depending on the speed of an Asian financial recovery.

#### *Asia-Europe-Asia*

232. Contrary to predictions made during the last quarter of 1996, the rates of both the eastbound and westbound trades in the first quarter of 1997 plummeted to an average of \$995 per TEU, and \$1,112 per TEU respectively, which were record lows and almost 20 per cent lower than in the corresponding period in 1996. During the second and third quarters, cargo volumes were firmer, and the freight conferences were in a much stronger position following an expansion of their membership. Most lines actually reported load factors in the high 80-90 per cent range. After two quarters of rate increases in both the eastbound and westbound directions, freight rates fell moderately in the fourth quarter. However, with Asian exports expanding and vessel space becoming tighter, rates in the westbound trade had been expected to rise in the first and second quarters of 1998. In the eastbound trade, with Asian imports slowing and the threat of possible predatory pricing by carriers desperate to find return cargo from Europe, rates in the first quarter of 1998 looked set to fall further.

233. During 1998, trade imbalances and their adverse effects on revenues continued to preoccupy carriers. With ships running at full capacity in the westbound trades, Far East Freight Conference member carriers put in place a schedule of freight rate increases to take effect in 1998. While this course of action appears to have produced results in the westbound trades, increasing imbalances resulting in capacity utilization levels of below 80 per cent on the eastbound legs, with the consequent continuing pressure on freight rates, threaten to overcompensate for the cautious recovery in westbound rates. It is unlikely that the rate pressure will be eased in 1998, as the most obvious remedial measure (a reduction in capacity) is not feasible, the slots being needed to carry westbound cargo.

**Table 62**

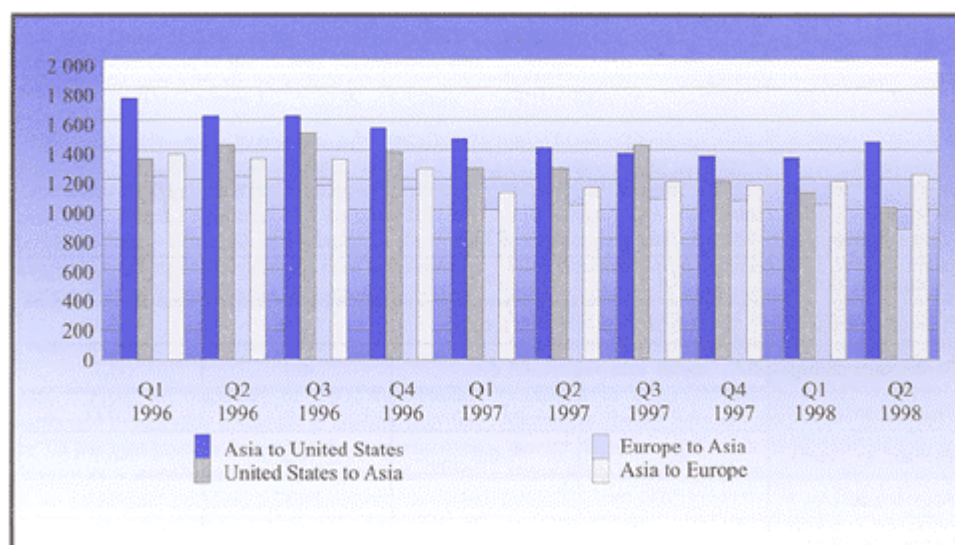
Freight rates (average in markets) on major liner trade routes between the first quarter of 1996 and the first quarter of 1998  
(dollars per TEU)

	Trans-Pacific		Europe-Asia	
	Asia to the United States	United States to Asia	Europe to Asia	Asia to Europe
<b>1996</b>				
<b>First quarter</b>	1 746	1 339	1 219	1 369
<b>Percentage change</b>	-6.4	-9.1	-3.0	-5.9
<b>Second quarter</b>	1 628	1 428	1 218	1 346
<b>Percentage change</b>	-6.8	6.6	-0.1	-1.7
<b>Third quarter</b>	1 627	1 517	1 167	1 337
<b>Percentage change</b>	-0.1	6.2	-4.2	-0.7
<b>Fourth quarter</b>	1 543	1 384	1 137	1 281
<b>Percentage change</b>	-5.2	-8.8	-2.6	-4.2
<b>1997</b>				
<b>First quarter</b>	1 473	1 280	995	1 112
<b>Percentage change</b>	-4.5	-7.5	-12.5	-13.2
<b>Second quarter</b>	1 407	1 277	1 036	1 156
<b>Percentage change</b>	-4.5	-0.2	4.1	4.0
<b>Third quarter</b>	1 369	1 428	1 067	1 187
<b>Percentage change</b>	-2.7	11.8	3.0	2.7
<b>Fourth quarter</b>	1 362	1 182	1 056	1 157
<b>Percentage change</b>	-0.5	-17.2	-1.0	-2.5
<b>1998</b>				
<b>First quarter</b>	1 345	1 119	1 040	1 183
<b>Percentage change</b>	-1.2	-5.3	-1.5	2.2
<b>Second quarter</b>	1 459	1 015	869	1 227
<b>Percentage change</b>	8.5	-9.3	-16.4	3.7

Source: Compiled by the UNCTAD secretariat on the basis of data supplied by *Containerisation International*, various issues, and other specialized sources.

Graph 13

Freight rates (average in markets on major inter trade routes (1996–1998))



Source: Based on table 62.

## Box 5

## China Containerized Freight Index

Service Routes	January 1998	May 1998	June 1998	Comparison May/June
Combined Index	1 007.50	1 015.16	1 039.63	2.41
Japan Service	978.98	867.80	931.90	7.39
Europe Service	1 029.94	1 216.15	1 283.06	5.50
West Coast America Service	1 001.14	974.55	993.06	1.90
East Coast America Service	1 008.94	1 053.53	1 040.08	-1.28
Hong Kong Service	979.11	965.89	909.84	-5.80
Korea Service	993.96	981.71	956.86	-2.53
South-East Asia Service	997.28	781.72	787.82	0.78
Mediterranean Service	980.13	1 162.27	1 130.11	-2.77
Australia/New Zealand Service	1 039.53	949.74	926.18	-2.48
South Africa/South America Service	1 030.93	1 067.72	1 065.64	-0.19
West/East Africa Service	1 199.49	1 207.29	1 155.58	-4.28

Source: Data communicated by the Shanghai Shipping Exchange.

**(b) Dry bulk cargo trade to Asia**

234. Iron ore, coal and grain have been dominant in East and South-East Asian countries' dry bulk trade, representing 50 per cent of their total imports of dry bulk commodities (see tables 63 and 64). The 1995 overall improvement in dry bulk charter markets was attributed to a substantial increase of 9.3 per cent in the seaborne trade of the three major dry bulk commodities. In 1996, average freight rates for the three major commodities declined drastically by 25-35 per cent from the level of the previous year. The depressed charter markets for these major commodities reflected, primarily, declining growth of steel production, a severe shortage of supply in grain trade and weak economic growth, especially in the major South-East Asian economies. Iron-ore

and coal shipments to Asia in 1997 showed a growth of 7.9 per cent and 2.9 per cent respectively, while grain shipments continued to decrease, by 5.3 per cent from the 1996 level, mainly due to the continuing decline in China's imports. Average charter rates reflected these commodity trades, showing 12-18 per cent increases for shipments of iron ore and coal as compared with those of the previous year. On the other hand, charter rates for grain declined by up to 5 per cent from those of 1996. In 1998, the Asian currency crisis is expected to adversely affect dry bulk demand, particularly for the three major commodities, and consequently overall freight rate development. Up to June 1998, average rates for three major cargo sectors declined by an unexpectedly high percentage of 22-32 per cent from the 1997 annual average rates.

**Table 63**

Three major dry bulk cargo movements and all dry bulk cargo movements to East and South-East Asia<sup>a</sup> and the Indian subcontinent, 1995-1998  
(millions of tons)

	Major dry bulk cargo <sup>b</sup>								All dry bulk cargo <sup>b</sup>	
	Iron Ore	Growth (%)	Coal	Growth (%)	Grain	Growth (%)	Total	Growth (%)	Total	Growth (%)
<b>1995</b>	216.6	6.9	219.7	10.0	88.8	14.0	525.1	9.3	1 043.9	5.0
<b>1996</b>	225.7	4.2	225.2	2.5	85.3	-3.9	536.2	2.1	1 056.2	1.2
<b>1997</b>	243.6	7.9	231.7	2.9	80.8	-5.3	556.1	3.7	1 125.3	6.5
<b>1998<sup>c</sup></b>	250.4	2.8	239.5	3.4	80.5	-0.4	570.4	2.6	1 160.5	3.1

Source: UNCTAD *Review of Maritime Transport*, various issues; DRI/Mercer *World Sea Trade Service Forecast*, various issues, 1997.

<sup>a</sup> Including China and Japan.

<sup>b</sup> Imports only.

<sup>c</sup> Forecast.

**Table 64**

Average single voyage rates for three major dry bulk cargo to East Asia, 1995-1998  
(dollars per ton)

Commodity	Trade route	Average single voyage rates (\$/ton)			
		1995	1996	1997	January to June 1998
<b>Iron ore</b>	Brazil-Japan (120-160 thousand dwt)	12.10	8.95	10.60	8.13
	Brazil-China (100-150 thousand dwt)	14.90	9.25	10.55	7.77
	W. Australia-Japan (100-150 thousand dwt)	6.60	4.30	5.25	..
	Saldanha Bay-China (100-130 thousand dwt)	11.60	7.70	8.55	6.67
<b>Coal</b>	Hampton Roads/Richards Bay-Japan (100-150 thousand dwt)	15.70	11.95	13.45	9.75
	United States Gulf-Taiwan (50-60 thousand dwt)	26.30	17.40	18.20	12.40
	Roberts Bank-Taiwan (90-120 thousand dwt)	10.00	6.25	7.40	..
	E. Australia-Republic of Korea (110-140 thousand dwt)	7.50	6.00	6.70	4.51
<b>Grain</b>	United States Northern Pacific-Japan (50-55 thousand dwt)	18.30	13.60	12.95	10.47
	United States Gulf-Japan (50-60 thousand dwt)	31.90	23.00	22.90	17.22

Source: Drewry Shipping Consultants, *Shipping Statistics and Economics*, various issues.

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## Box 6

### **Six alliances' that could rule the world**

As the dust settles over the latest bout of tension and drama surrounding the eight rearranged lines of the New World Alliance and the Grand Alliance, it is now clearly emerging that six alliances, not two, are lining up to do battle over all the main east-west liner trades. The Grand is still the largest, closely followed by the New World and the Hanjin Group (United Alliance). Next come the Maersk/Sea-Land Group and K-Line/Cosco Group and, finally, as an alliance all on its own, Evergreen. Any line which has not made it into one of these six groups will now have to stand clear, and make do with secondary container trades; that is until the alliances extend to take in these as well.

We have become used to the idea of single-trade container consortia, with different mixtures of partners in different trades. It was only very recently that the alliances began to arrive, with partnerships focused on the cargo dynamo of Asia, extending east and west to cover both the northern Europe and trans-Pacific trades. Maersk and Sea-Land went further, covering the Atlantic and much of the rest of the world as well. Now the others are catching up. The six alliances which emerged in March 1998 will assume a new dominance over all the developed world's connecting deep-sea trades. All six now firmly include the Atlantic trade in their scope, and the Mediterranean's Asian and United States trades are also being included in their plans.

The table below shows how the new alliances are measuring up in the east-west Asian-based trades, to North America, the Mediterranean and northern Europe. It sets out the number of strings and ships which each of the six will be deploying in each of these trades from about March 1998 onwards. Where a string serves more than one of the trades, i.e. as a pendulum or round-world operation, the ships are apportioned between the trades involved, with each trade being treated as having a separate string.

Although the non-Asian Atlantic trades are not included in this analysis, their details are included in the totals column. A few other arbitrary adjustments have been made, such as excluding half of a Global Alliance string shared by Matson and TMM, and halving another which is only intended to cover the Pacific's summer peak.

Overall, the Grand, New World and Hanjin alliances emerge surprisingly close together in terms of ships and strings. Maersk/Sea-Land and K-Line/Cosco, in fourth and fifth places respectively, are around two thirds of the size of each of the leading alliances. The differences between the alliances stand out in the individual trades. The New World has almost twice the Grand's ships and strings in the Pacific, while in the Northern Europe and Mediterranean trade it is almost the other way around.

The table may make it look deceptively easy to even things up. If the New World moved a few of its Pacific ships into the Northern Europe trade and the Grand moved some the other way, they would both be better balanced to compete. Unfortunately, it does not work that way, because what we are looking at is the aggregated trade shares, fiercely contested, of 15 or more of the world's top carriers. It needed OOCL to change sides for the Grand to gain its fourth and fifth strings in the Pacific, and its fifth in the North Europe trade.

After identifying the numbers of ships and strings, the next consideration is to determine the average size of each string, so that the alliances' cargo-lifting capacities can be compared. In a world of uniform weekly string frequencies (apart from a transient nine-day one from Evergreen), it is simple to add up each alliance's string averages in each trade to work out the "TEU revenue opportunity" (or TROP) per week, one way. Use of the term "revenue opportunity" is simply meant to draw attention to the fact that lines can no longer rely on longer trades to support higher freight rates than shorter ones. Indeed, rates in the Northern Europe trade, which needs at least eight ships per weekly string, are currently lower than in the Atlantic, where the average is only 4.6. What matters is how rapidly lines can repeatedly fill the individual slots in their ships. High slot occupancy ratios can substantially compensate for low freight rates.



The TROP calculation obviously favours those strings with the largest average size of ships, but it does not alter the overall alliance ranking. The comparison becomes a little more interesting if each TROP value is divided by the number of ships it represents. The all-alliance all-trade TROP/per ship gives a value of 551, but there are some interesting individual variations. For example, Maersk/Sea-Land hit a high of 814 TROP per ship in the Asian/Mediterranean trade, the mid-section of their Suez Express extended pendulum, and this partnership does best overall. The Maersk/Sea-Land figures would have been even higher if ultra-cautious ship-size values had not been used.

It is interesting to speculate on what would happen if a fourth leg was added to this pendulum with a stop at Salalah, Oman, when it opens in August 1998, and if 15 of Maersk's biggest (8,000 TEUs) ships were used. The weekly one-way TROP for this one operation would reach around 32,000, or 2,130 per vessel deployed, an efficiency that would apply to each trade leg, including the Pacific leg.

#### Top six alliances' performance in their services to and from Asia, 1997-1998

	Trans-Pacific		Asia-Mediterranean		Asia-Northern Europe		Total <sup>a</sup>	
	Loops	TROP <sup>b</sup>	Loops	TROP <sup>b</sup>	Loops	TROP <sup>b</sup>	Loops	TROP <sup>b</sup>
	No. of ships per week	TROP per ship	No. of ships per week	TROP per ship	No. of ships per week	TROP per ship	No. of ships per week	TROP per ship
<b>Grand Alliance:</b> Hapag-Lloyd MISC NYK OOCL P&O-Nedlloyd	5	17 180	2	5 900	5	20 800	15	54 000
	29	592	13	454	40	520	95.5	565
<b>New World Alliance:</b> Hyundai MOL NOL/APL	9	33 730	1	2 370	3	13 750	14	52 000
	53.5	630	8	297	24	573	89.5	581
<b>Hanjin Group (United Alliance):</b> Hanjin DSR-Senator ChoYang UASC	8	26 400	1	2 700	3	11 550	14	46 050
	49	539	7	386	23	502	89	517
<b>Maersk/Sea-Land Group:</b> Maersk Sea-Land	5	16 100	1	4 068	2	9 120	12	43 080
	29	555	5	814	18	506	67.5	638
<b>K-Line/ COSCO Group:</b> COSCO K-Line Yangming	6	19 900	-	-	3	9 440	10	31 640
	34	585	-	-	25	378	63	502
<b>Evergreen</b>	4	13 830	1	2 730	2	6 045	8	26 520
	26	532	8	341	15	403	55	482
<b>Total</b>	37	127 140	6	17 768	18	70 705	73	253 290
	220.5	577	41	433	145	488	459.5	551
<sup>a</sup> Total includes alliance participation in Atlantic trades which are not shown here.								
<sup>b</sup> TROP = TEU revenue opportunity per week, one way.								

Source: *Lloyd's List Maritime Asia*, February 1998.

**(c) Crude oil and oil products trade to Asia**

236. Tables 65 and 66 show trade in crude oil and oil products to East and South-East Asian countries, and freight rates. In 1995, the freight level for VLCC (crude oil) and small tankers (oil products) increased by WS 12 from the WS freight level of the previous year. This upward trend in freight rates for both categories of tankers continued throughout 1996 and, for VLCCs only, into 1997. The increase in freight rates was mainly attributed to increasing demand for crude oil and oil products from the expanding economies in Asia, such as those of China, the Republic of Korea and Taiwan Province of China. In addition, a tendency to employ larger tonnages and to benefit from economies of scale resulted in a greater overall utilization of VLCCs in these years than in previous years. In 1997, roughly 60 per cent of the crude oil shipments from the Middle East Gulf by VLCCs was destined for the east, thus boosting further VLCC freight levels for South-East Asia and the Far East. However, this also underlines the potential threat to the VLCC market of any prolonged slowdown in the Asian economies which have been driving this market. The average freight level for VLCCs during the first six months of 1998 was WS 68-69 as compared with the annual average of WS 70-73 in 1997. On the other hand, the freight level for shipments of oil products plummeted to WS 155 in 1997 from WS 178 in 1996. The decline reflects a large increase in domestic production in South-East Asia and the Far East, which led to increased intra-Asian trade and reduced freight rates for oil product

tankers suitable for trades originating in the Middle East Gulf.

**E. ESTIMATES OF FREIGHT COSTS IN ASIA**

238. The total value of the imports (c.i.f.) of developing countries increased by 9.57 per cent in 1996 from the previous year, while their total freight costs rose by 6.36 per cent (see table 67). The 1996 total freight costs of developing countries as a proportion of import value improved to 8.06 per cent from 8.30 per cent in the previous year. In 1996, Asia accounted for 66.42 per cent of the total freight costs and 67.19 per cent of the total value of imports of developing countries. The freight factor slightly decreased to 7.97 per cent from 8.03 per cent. In 1996, the freight factor for East and South-East Asia in total was 7.84 per cent as compared to 7.89 per cent in 1995. Among the major importing countries of this group, the freight factors of the Republic of Korea and Singapore were relatively low, at 5.22 per cent and 5.58 per cent respectively, while those of Malaysia and Thailand were as high as 9.36 per cent and 9.60 per cent respectively. India and Indonesia faced the highest charges; their freight factors were 10.32 per cent and 10.55 per cent respectively. The freight factors of the Pacific islands as a whole slightly improved in 1996 to 12.31 per cent from 12.39 per cent, although it stagnated at the higher level. These variations in freight costs can be explained by geographical factors as well as by differences in trade and shipping patterns, particularly in the liner sector.

**Table 65**

Crude oil and oil product movements to East and South-East Asia and the Indian subcontinent, 1995-1998  
(millions of tons)

Year	Crude oil	Oil products <sup>a</sup>
1995	431.5	147.9
1996	435.6	148.0
1997	502.6	182.2
1998 <sup>b</sup>	490.0	188.4

Source: UNCTAD *Review of Maritime Transport*, various issues, and other specialized sources.

a Including LNG and LPG.

b Forecast.

**Table 66**

Average single voyage rates for crude oil and oil products <sup>a</sup> to East Asia, 1995-1998  
(Worldscale)

Trade route Size of vessel Crude oil or product	1995	1996	1997	1998 <sup>b</sup>
Middle East Gulf-Japan 200-300 thousand dwt Crude oil	58	66	73	69
Middle East Gulf-Republic of Korea 200-300 thousand dwt Crude oil	52	61	70	68
Middle-East Gulf-Japan 50-80 thousand dwt Oil products	179	178	155	151

Source: Drewry Consultants, *Shipping Statistics and Economics*, various issues.

a Excluding LNG and LPG.

b For the first six months of 1998.

**Table 67**

Estimates of total freight costs in world trade by Asian developing countries  
(including selected Pacific islands)  
(millions of US dollars)

Country and country group	1995			1996		
	Estimate of total freight costs of imports	Value of imports (c.i.f.)	Freight costs as percentage of import value	Estimate of total freight costs of imports	Value of imports (c.i.f.)	Freight costs as percentage of import value
<b>East and South-East Asia</b>	58 386	739 874	7.89	61 299	781 989	7.84
<b>Bangladesh</b>	639	6 496	9.84	696	7 074	9.84
<b>Brunei Darussalam</b>	332	3 548	9.36	439	4 689	9.36
<b>Cambodia</b>	163	1 542	10.55	176	1 666	10.55
<b>Hong Kong, China</b>	17 261	192 764	8.95	17 779	198 551	8.95
<b>India</b>	3 555	34 456	10.32	4 136	40 090	10.32
<b>Indonesia</b>	4 164	39 456	10.55	4 532	42 945	10.55
<b>Republic of Korea</b>	7 060	135 153	5.22	7 855	150 370	5.22
<b>Macao</b>	183	2 041	8.95	177	1 979	8.95
<b>Malaysia</b>	7 269	77 662	9.36	7 282	77 797	9.36
<b>Maldives</b>	32	357	8.95	38	422	8.95
<b>Myanmar</b>	205	2 293	8.95	222	2 482	8.95
<b>Pakistan</b>	979	11 460	8.55	1 038	12 150	8.55
<b>Philippines</b>	1 929	28 419	6.79	2 046	31 756	6.44
<b>Singapore</b>	6 936	124 394	5.58	7 332	131 506	5.58
<b>Sri Lanka</b>	578	5 874	9.84	495	5 028	9.84
<b>Thailand</b>	7 101	73 959	9.60	7 055	73 484	9.60
<b>Pacific islands</b>	<b>651</b>	<b>5 255</b>	<b>12.39</b>	<b>688</b>	<b>5 585</b>	<b>12.31</b>
<b>American Samoa</b>	6	62	8.95	5	58	8.95
<b>Fiji</b>	106	807	13.14	113	885	12.77
<b>French Polynesia</b>	109	900	12.10	98	811	12.10
<b>Guam</b>	50	412	12.10	56	463	12.10
<b>Kiribati</b>	7	75	9.76	10	99	9.76
<b>Nauru</b>	3	33	8.95	2	26	8.95

Country and country group	1995			1996		
	Estimate of total freight costs of imports	Value of imports (c.i.f.)	Freight costs as percentage of import value	Estimate of total freight costs of imports	Value of imports (c.i.f.)	Freight costs as percentage of import value
<b>New Caledonia</b>	112	922	12.10	121	998	12.10
<b>Papua New Guinea</b>	194	1 512	12.85	215	1 676	12.85
<b>Samoa</b>	13	144	8.87	15	174	8.87
<b>Solomon Islands</b>	28	168	16.42	26	161	16.42
<b>Tonga</b>	6	78	8.13	6	73	8.13
<b>Vanuatu</b>	17	142	12.10	19	161	12.10
<b>World total</b>	<b>247 325</b>	<b>4 688 637</b>	<b>5.27</b>	<b>259 940</b>	<b>4 954 040</b>	<b>5.25</b>
<b>Developed market-economy countries, total</b>	145 040	3 457 009	4.20	151 145	3 604 494	4.19
<b>Developing countries, total</b>	102 285	1 231 628	8.30	108 795	1 349 546	8.06
<i>of which in:</i>						
<b>Africa</b>	11 598	101 369	11.44	12 073	105 821	11.41
<b>America</b>	20 305	257 505	7.89	21 929	309 560	7.08
<b>Asia</b>	68 003	847 054	8.03	72 263	906 714	7.97
<b>Europe</b>	1 728	20 445	8.45	1 842	21 866	8.42

Source: Compiled by the UNCTAD secretariat on the basis of data supplied by the IMF.