

Chapter 1

DEVELOPMENT OF INTERNATIONAL SEABORNE TRADE

The first chapter 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

1. World output

General

Preliminary data available for 2005 indicate that growth of world output reached 3.6 per cent, about one fifth lower than the 4.1 per cent finally recorded for 2004. This good result, which is better than the ones recorded in 2002 and 2003 (see table 1), reflected the fact that economic growth was a feature in virtually all regions of the world, albeit at a different pace.

Economic growth for developed countries slowed down to 2.7 per cent, less than the 3.1 per cent recorded the previous year. The economic performance of the United States was good, particularly during the later part of the year, with sustained domestic demand in spite of continuing increases in real interest rates that resulted in output growth of 3.5 per cent for the year. The Japanese economy continued its expansion and matched the previous year's good growth rate of 2.7 per cent. Economic growth in the European Union was sluggish and only 1.6 per cent was recorded in 2005, about a third less than the previous year. This, however, was uneven, with the 10 new members recording a

remarkable 4 per cent growth, while output growth for the large Western members was considerably lower than that recorded the previous year, and in the case of Italy there was no growth at all.

The economic growth of developing countries reached 6.2 per cent, almost double the world average but lower than the good 7.0 per cent growth recorded in 2004. The Commonwealth of Independent States and developing countries of Asia recorded high growth rates of 6.8 and 7.2 per cent respectively. For the former the result was due to higher export earnings, which stimulated public and private expenditure. The performance of China and India was particularly good, as these countries recorded output growth of 9.9 and 7.1 per cent respectively. Developing countries of Latin America, Africa and the Middle East recorded economic growth of between 4 and 5 per cent. Overall, developing countries excluding China recorded output growth of 5.3 per cent, double that achieved by developed countries.

Prospects

Forecasts of world economic output growth for 2006 predict that the world economy will expand by about 3.6 per cent and continue to grow modestly for the next few years.

Table 1

World economic growth, 2002–2005^a
(Percentage change over previous year)

Regions/groupings ^b	2002	2003	2004	2005 ^c
World	1.8	2.7	4.1	3.6
Developed countries	1.2	2.0	3.1	2.7
<i>of which:</i>				
United States	1.6	2.7	4.2	3.5
Japan	0.1	1.8	2.3	2.7
European Union	1.2	1.2	2.5	1.6
<i>of which:</i>				
Germany	0.1	-0.2	1.6	0.9
France	1.2	0.9	2.3	1.2
Italy	0.4	0.3	1.2	0.0
United Kingdom	2.0	2.5	3.2	1.7
Developing countries	3.8	5.1	7.0	6.2
Developing economies, excluding China	2.6	3.9	6.2	5.3

Source: UNCTAD secretariat calculations based on UNCTAD, *Handbook of Statistics 2006*; IMF, *World Economic Outlook*, April 2006; JP Morgan, *Global Data Watch*; Economic Intelligence Unit (EIU), *Country Forecast*; and OECD, *Economic Outlook No. 78*.

^a Calculations are based on GDP in constant 1995 dollars.

^b Region and country groups correspond to those defined in the UNCTAD *Handbook of Statistics, 2005*.

^c Preliminary.

2. Merchandise trades

Recent developments in international trade

During 2005 the volume of world exports expanded by 6.0 per cent (see table 2) after the remarkable 9.0 per cent recorded the previous year. The slowdown was particularly pronounced during the first months of the year, but a recovery was apparent by late June onwards, in spite of high oil and commodity prices and doubts about the persistence of strong demand in the Chinese market. The sustained performance of the US economy ensured the pace of trade growth for the year.

Among developed countries export volumes expanded particularly well in North America, which recorded 6.0 per cent export growth based on the recovery of US agricultural shipments, while the performance of countries in the European Union was less impressive at

3.5 per cent. The export performance of those countries was dissimilar, and better for the 10 new members, which recorded 4.0 per cent growth in export volumes. Export increases for developing countries in Africa and the Middle East, Asia and Latin America were still better at 7.5, 9.5 and 10.0 per cent respectively. The highest export increase, well above 20 per cent, was again recorded by China.

The preliminary figures available for growth in import volumes indicate double-digit growth for countries of the Commonwealth of Independent States, which recorded 16.5 per cent growth. There was also double-digit import growth for developing countries of Central and South America and of Africa and the Middle East, which recorded 14.0 and 12.0 per cent growth respectively. China trailed closely behind with 11.5 per cent growth in imports. Overall, developed countries fared less impressively with the performance in North America,

Table 2

Growth in the volume of merchandise trade by geographical region, 2003–2005

Exports			Countries/regions	Imports		
2003	2004	2005		2003	2004	2005
5.0	9.5	6.0	World	n.a.	n.a.	n.a.
3.0	8.0	6.0	North America	5.5	10.5	6.5
0.9	7.0	3.5	European Union (25)	1.8	6.0	2.5
n.a.	7.0	7.5	Africa and Middle East	n.a.	13.5	12.0
4.5	12.5	10.0	Latin America	1.6	18.5	14.0
n.a.	14.0	9.5	Asia	11.1	14.0	7.5
n.a.	10.5	1.0	Japan	n.a.	7.0	2.5
n.a.	24.0	25.0	China	n.a.	21.5	11.5
n.a.	13.0	4.5	Commonwealth of Independent States	10.9	16.0	16.5

Source: WTO News — World Trade 2005 — Press Release, 11 April 2006, and World Trade 2004 — Press Release, 14 April 2005.

which recorded 6.5 per cent import growth, being considerably better than that of European countries and Japan, which achieved 3.0 and 2.5 per cent growth respectively.

Trends in imports and exports

For 2006, prospects for export growth are based on the acceleration of the economic activity of European Union economies, as the potential for further acceleration of the US economy and the main economies of the Far East is deemed to be limited. In spite of uncertainties concerning the prices of commodities and their supply, it is expected that exports could grow by about 7 per cent this year.

3. OECD countries' industrial output

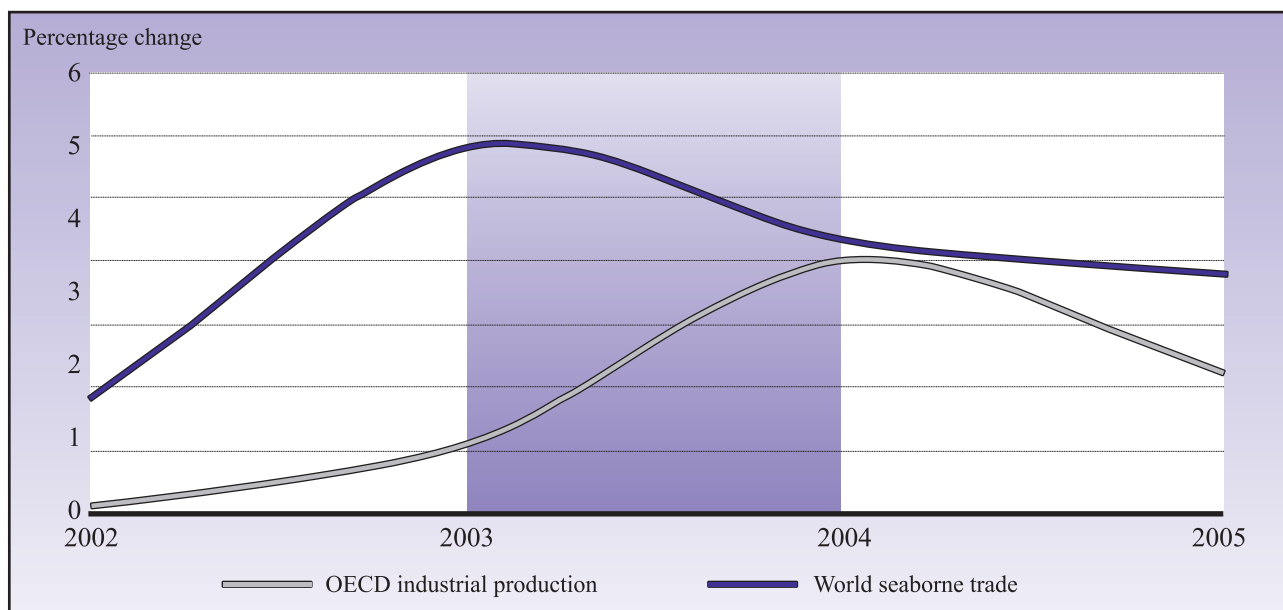
The industrial production index (2000 = 100) for OECD countries, another fundamental indicator for the global maritime transport sector, averaged 105.6 in 2005; this represented a 2.2 per cent increase over the average of the previous year, when the index increased by 4.0 per cent (see figure 1).

The results for 2005 were due to increases in industrial activity in some of the major economies, particularly

during the last quarter of the year. In the United States the index was steady at 104.0 during the first half of the year, and later accelerated to reach 105.7 during the last quarter of the year. The average index was 104.5 — an increase of 3.4 per cent for the year and above the 2.5 per cent recorded by neighbouring Canada. The industrial output for the other member of NAFTA, Mexico, actually contracted. The index for Japan fluctuated at around 101.0 for most of the year and jumped to 103.9 during the fourth quarter. The performance of the Republic of Korea was remarkable: after a lacklustre first half of the year when it stood at 129.5, the index increased to 133.6 in the third quarter and to 140.9 in the last quarter. Over the year this country achieved a 6.2 per cent increase in industrial output. In Europe performance was mixed. The average index for the year for some Western countries was steady (in France at 101.6) or decreased (in Italy from 96.2 to 95.4), while in other countries there was a good increase (in Germany from 102.6 to 106.0). Eastern European countries performed well. The average annual index increased by 4.0 per cent in Poland from 124.8 to 129.9 and by 6.0 in the Czech Republic from 135.6 to 143.8. In these two countries the increase in industrial activity was steady during the year. The OECD outlook for 2006 points to a steady production level.

Figure 1

Annual change in OECD industrial production and world seaborne trade, 2002–2005



Source: OECD, *Main Economic Indicators*, April 2006.

B. WORLD SEABORNE TRADE

1. Overall seaborne trade

World seaborne trade increased considerably in 2005, reaching 7.11 billion tons of loaded goods. The annual growth rate, calculated with the provisional data available for 2005, reached 3.8 per cent, as shown in table 3 and figure 2.

The breakdown of world seaborne loaded goods by continent was as follows: Africa's share of world exports was 8.5 per cent, while that of Europe reached 21.8 per cent. Asia was by far the continent with the largest share of the world tonnage of seaborne loaded goods — 38.8 per cent. America's share was the second largest at 22.1 per cent, while Oceania's share reached 8.8 per cent of world seaborne loaded goods. The breakdown for selected trading blocs was as follows: European Union (EU), 14.8 per cent; Gulf Cooperation Council (GCC), 15.0 per cent; North American Free Trade Association (NAFTA), 10.1 per cent; Association of South-East Asian Nations (ASEAN), 6.6 per cent; Common Market of the South (MERCOSUR), 7.0 per

cent; and Common Market of Eastern and Southern Africa (COMESA), 1.5 per cent.

Forecasts for 2006 indicate that annual growth rates will probably be slightly lower than those of the previous year, while the distributions of world tonnage by continent and for selected trading blocs are expected to fluctuate marginally.

2. Seaborne trade in tankers

General developments

In 2005, total world shipments of tanker cargoes reached 2.42 billion tons, after increasing by 4.5 per cent during the year. About 76.7 per cent of this tanker trade was in crude oil, with the remainder as petroleum products. The share of tanker shipments in overall world seaborne trade decreased slightly to 34.1 per cent.

Crude oil production

In 2004 crude oil production¹ averaged 80.3 million barrels per day (mbpd) — an increase of 4.5 per cent over the previous year and the second increase in annual

Table 3

Development of international seaborne trade, selected years^a
(Goods loaded)

Year	Tanker cargo		Dry cargo				Total (all goods)	
					of which main bulk commodities ^b			
	million tons	% change	million tons	% change	million tons	% change	million tons	% change
1970	1 442		1 124		448		2 566	
1980	1 871		1 833		796		3 704	
1990	1 755		2 253		968		4 008	
2000	2 163		3 821		1 288		5 983	
2002	2 139		3 981		1 352		6 120	
2003	2 226	4.1	4 274	7.4	1 475	9.1	6 500	6.2
2004	2 318	4.1	4 528	5.9	1 587	7.6	6 846	5.3
2005 ^b	2 422	4.5	4 687	3.5	1 701	7.2	7 109	3.8

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

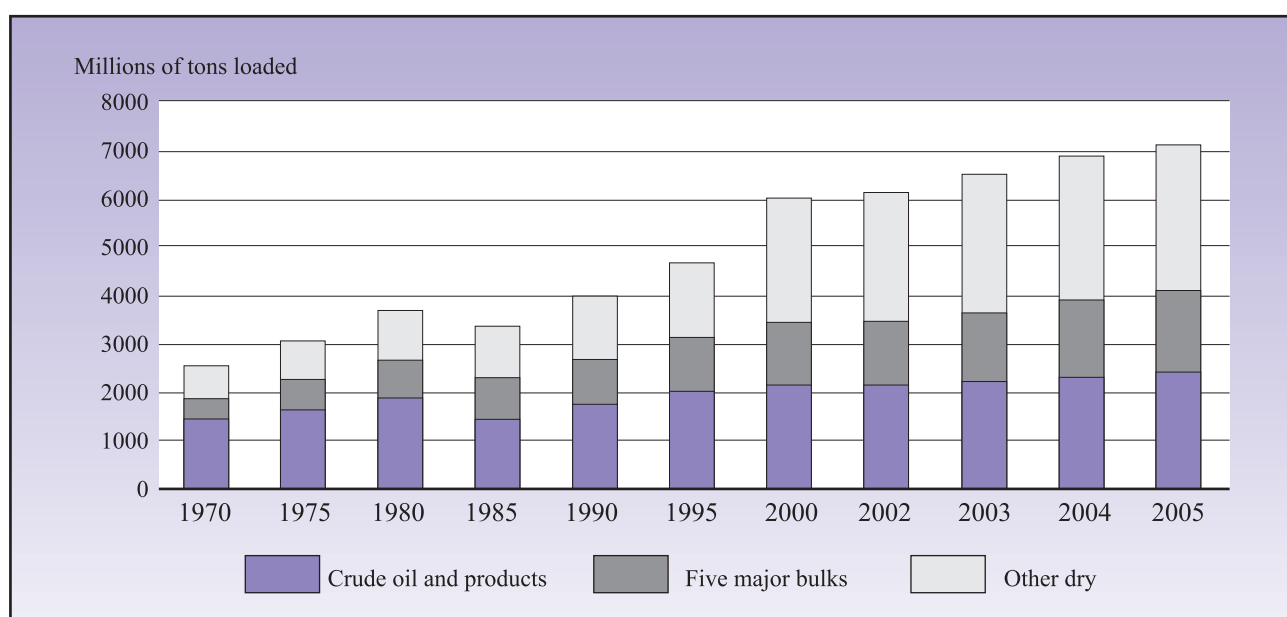
^a Includes international cargoes loaded at ports of the Great Lakes–St. Lawrence system for unloading at ports of the same system.

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

^c Estimates.

Figure 2

International seaborne trade for selected years



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

output since 2000. Oil production in OECD countries, notably the United States, Mexico, Norway and oil-producing countries within the EU, decreased by 1.9 per cent to 20.7 mbpd, and this group therefore reduced its market share to 25.8 per cent.

OPEC countries increased their production by 7.7 per cent to 33.0 mbpd, the highest figure in the previous 10 years. Accordingly, their market share went up from 39.6 per cent in 2003 to 41.1 per cent of world oil production in 2004. The remaining oil-producing countries, namely the Russian Federation, China, Brazil and a number of small producers, increased their average production by 5.6 per cent to 26.6 mbpd. The market share of these countries, therefore, increased marginally to 33.1 per cent.

Among OECD major producers, US production decreased by 2.1 per cent to 7.2 mbpd (the corresponding market share was 8.5 per cent) while that of Mexico increased by 1.0 per cent to 3.8 mbpd (4.9 per cent). Norway's production dropped to 3.2 mbpd (2.1 per cent decrease), lower than the figure for the European Union countries, which decreased to 2.5 mbpd (7.6 per cent decrease). Most of the decrease in output for these countries was due to falling production in the United Kingdom (by 10.0 per cent), which nevertheless maintained its lion's share, 2.0 mbpd.

The output of the largest producer, Saudi Arabia, averaged 10.6 mbpd, an increase of 3.7 per cent over the previous year. Its market share increased marginally to 13.1 per cent. The oil output of three large OPEC producers in the Middle East — the Islamic Republic of Iran, the United Arab Emirates and Kuwait — also recorded single-digit expansion growth of 2.3, 5.2 and 8.7 per cent to reach 4.1, 2.7 and 2.4 mbpd respectively. Their market shares were 5.2, 3.3 and 3.1 per cent respectively. The best output increase in the same region was that of Iraq, whose production went up by 50.8 per cent to 2.0 mbpd. OPEC African producers recorded good production increases. Nigeria reached 2.5 mbpd production after increasing it by 10.8 per cent. The two producers from North Africa — Algeria and the Libyan Arab Jamahiriya — reached 1.9 and 1.6 mbpd production levels after increasing levels by 5.0 and 8.4 per cent respectively. Elsewhere, Venezuela increased production by 13.8 per cent to 3.0 mbpd, but this was still below the annual output achieved in the period 1996–2002. Indonesia's output dropped, for the third consecutive year, by 4.5 per cent to 1.1 mbpd. The

share of OPEC producers outside the Middle East reached 30 per cent in 2004.

Amongst the other oil-producing countries the output performance of the Russian Federation was good: an increase of 8.9 per cent to 9.3 mbpd, equivalent to a market share of almost 12 per cent of world production. Brazilian production dropped by less than 1 per cent to 1.5 mbpd, while that of China expanded by 2.9 per cent to 3.5 mbpd. The corresponding market shares were 2.0 and 4.5 per cent respectively. Some recent small producers recorded impressive increases in output — Equatorial Guinea raised output by 41 per cent and Viet Nam by 17.8 per cent to reach the same level of 0.4 mbpd.

During 2005 crude oil production level was pushed up by steady demand. In January OPEC started to cut production over quota levels by 1 mbpd but left those levels unchanged at 27 mbpd. As demand increased, in March and June the production quota level rose by 0.5 mbpd. Then in September statements were made to assure the market that up to 2 mbpd additional were available in case of need. Stoppages for various reasons affected production output in several countries: early in the year strikers seeking community development in the Niger Delta affected Shell operations in Nigeria; by July Chevron's activities in Angola had been affected by a wage dispute; in August a fire on a BP oil platform in the North Sea curtailed output; and the following month the hurricane season in the Caribbean severely affected production in the Gulf of Mexico. Demand is often matched with production through strategic crude oil reserves available in some countries: in May, India decided to build up such a reserve to cover the country's needs for two weeks; and in September a small share of the 700 million barrels in the US strategic reserve was used to cope with shortages due to the hurricane season.

Despite production increases, prices moved up for most of the year. The price band mechanism whereby production levels were harmonized with prices within a predetermined band price was suspended in January. In June, the meeting of the G8 noted the highly volatile nature of global crude oil prices. Also in that month the OPEC basket price of seven crude oil prices was replaced by another one made up of 11 crude oil prices. There was an upward evolution of this basket price over the year — it started at around \$40 per barrel, reached a ceiling of \$57 per barrel during the summer and slipped back to over \$50 per barrel at the end of the year.

Countries took steps to boost oil production, which in many cases was offshore. Investment in the UK offshore oil industry increased to a seven-year high of almost \$18.8 billion to extend the productive life of existing wells and probe new ones. About 82 exploration drillings were made during the year, almost a quarter more than the previous year. In April eight operators in Indonesia, which had surrendered rights for operating 30 marginal oil fields, were given incentives to develop them and boost the country's production above the 1 mbpd level, but by mid-year the country was already a net importer of crude oil. The new US energy bill approved in August waived some federal royalties for oil and gas producers drilling in depths of more than 400 metres in the Gulf of Mexico. The peace agreement reached in Sudan led to a \$400 million deal to develop the Southern Thar Jath oil fields with a consortium involving Malaysian and Indian companies. Algeria passed a law to speed up the tendering process for new oil fields. Late in the year in Brazil, the deployment of the latest floating production and storage-offloading vessel in the \$1.95 billion Albacora Leste project would make the country self-sufficient.

Refinery developments

World refineries' throughput reached 73.7 mbpd in 2004, an increase of 3.4 per cent over the previous year. Refineries in the United States increased throughput by just above 1 per cent and those in Mexico and Canada practically maintained steady throughputs. These countries represented little more than a quarter of world throughput. Europe and the Russian Federation recorded increases slightly below the world average at 3.1 per cent and accounted for 28.5 per cent of world throughput. The highest increase in output was recorded for Chinese refineries, whose output reached 5.5 mbpd after growing 13.4 per cent. This is equivalent to 7.4 per cent of world output. Output from refineries in Latin America increased by 9.1 per cent to reach 5.4 mbpd. Outputs from refineries in the Middle East, Africa and Australia were maintained or contracted minimally during 2004. These regions accounted for 12.3 per cent of world output. Throughput from Japanese refineries recorded a drop of 2 per cent to 4 mbpd and retained a 5.5 per cent market share.

During 2005 US refining activity was badly affected by the hurricane season in the Caribbean. Along the coast in the Gulf of Mexico Katrina closed down 14 refineries with output of 2.2mbpd, while Rita affected 16 refineries.

Refining capacity was reduced by 15 per cent for several weeks. Accidents such as the one in Texas City in May, which left 15 dead and many injured, also affected refining capacity. Elsewhere militant unions closed five of six refineries operated by Total in France for a few days in the same month. Expanded refining capacity for crude oil and new facilities for refined products were underway in Fujian (China) under the \$3.5 billion agreement involving ExxonMobil, Saudi Aramco and Sinopec.

Natural gas production

In 2004 production of natural gas reached 2,691.6 billion cubic metres² (bcm), an increase of 2.8 per cent over 2003. This production is equivalent to 2,422.4 million tons of oil or 50.4 mbpd. Major producers are the Russian Federation with 589.1 bcm and the United States with 542.9 bcm, which together account for 42.1 per cent of total production. Lesser producers are Canada with 182.8 bcm, the United Kingdom with 95.9 bcm, the Islamic Republic of Iran with 85.5 bcm, Algeria with 82.0 bcm, Indonesia with 73.3 bcm and Saudi Arabia with 64.4 bcm. Other producers are scattered in the Middle East, Latin America and Asia, often obtaining natural gas as a result of oil production. About a fifth of natural gas production is exported, mainly by pipelines, which carry around three quarters of all exports.

In early 2005 Sinopec started production of the Kela 2 gas field in the Tarim Basin, the largest producing area in China. Late in the year ExxonMobil started operation of the Sakhalin 1 gas oil field, consolidating the position of the Russian Federation as the largest producer of natural gas in the world. Consolidation in the industry was apparent with the \$13.1 billion purchase of Sibneft, an oil company, by Gazprom, the largest natural gas producer in the world, the resulting company accounting for about 10 per cent of Russian oil production. Gazprom also entered into an asset swap with Shell which this allows Gazprom to take a 25 per cent share in its Sakhalin 2 project in exchange for access to the huge Zapolyarnoye-Neocomian gas fields. In Europe, flexibility in gas production and distribution was apparent when the United Kingdom entered into agreements with Belgium to make reverse use of a pipeline, and with Norway for cooperation in construction and operation of future pipelines. Elsewhere the Islamic Republic of Iran and India entered into a 25-year agreement whereby the former will supply 250 billion cubic feet of natural gas per year to the latter.

Crude oil shipments

In 2005, crude oil seaborne shipments increased by 4.1 per cent to 1.86 billion tons (see table 4). Major loading areas continued to be the developing countries in Western Asia with 934.5 million tons, in West Africa with 196.3 million tons, in North Africa with 130.2 million tons and around the Caribbean with 247.6 million tons. The main discharging areas were located in developed market-economy countries in North America with 537.7 million tons, in Europe with 438.4 million tons and in Japan with 215.0 million tons. Developing countries in South and East Asia took 307.3 million tons during 2005. The major events of the year were the steady flow of Russian exports, which totalled 132.3 million tons, and Chinese imports, which totalled 115.3 million tons. In early 2006 Mauritania made its first ever shipment of crude oil; the 1 million barrel shipment came from the Chingetti field and had China as its destination.

Crude oil exports shipments from the Caucasus started to flow using new routes. In mid-2005, the first shipments started from the Mediterranean port of Ceyhan (Turkey), the destination end point for the 1,770-km pipeline originating in Baku (Azerbaijan), and reduced the environmental risks posed by the transit of tankers through the Dardanelles. In another measure to avoid using the latter the Russian Federation, Bulgaria and Greece agreed to build the 285 km Trans-Balkan Oil Pipeline from Bourgas (Bulgaria) to Alexandroupolis (Greece) at an estimated cost of \$800 million.

Oil flows from the Russian Federation shipped in the Baltic increased ship-to-ship transfer of cargoes from Aframax to VLCC tankers in the North Sea for onward carriage to the Far East and the Caribbean. These transfer activities also take place at the discharging end off China and the Caribbean, where about 150 operations take place every month. An updated version of the

Table 4

World seaborne trade^a in selected years, 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	1 109.0	232.0	1 162.0	2 504.0	1 101.0	298.0	1 131.0	2 529.0
	1980	1 527.0	344.0	1 833.0	3 704.0	1 530.0	326.0	1 823.0	3 679.0
	1990	1 287.0	468.0	2 253.0	4 008.0	1 315.0	466.0	2 365.0	4 126.0
	2000	1 664.7	497.8	3 820.6	5 983.2	1 728.2	541.7	4 003.4	6 273.3
	2002	1 630.0	508.6	3 981.0	6 119.6	1 695.6	539.5	4 089.9	6 325.0
	2003	1 695.4	530.9	4 273.7	6 500.0	1 754.5	536.8	4 306.4	6 597.7
	2004	1 783.4	534.2	4 527.9	6 845.5	1 807.8	557.1	4 528.5	6 893.4
	2005	1 856.6	565.3	4 686.8	7 108.7	1 853.5	572.6	4 695.9	7 122.0
Percentage share of trade by country groups									
World total	1970	42.6	12.7	44.7	100.0	43.5	11.9	44.6	100.0
	1980	41.2	9.3	49.5	100.0	41.6	8.9	49.5	100.0
	1990	32.1	11.7	56.2	100.0	31.9	10.8	57.3	100.0
	2000	27.8	8.3	63.9	100.0	27.5	8.6	63.8	100.0
	2002	26.6	8.3	65.1	100.0	26.8	8.5	64.7	100.0
	2003	26.1	8.2	65.7	100.0	26.6	8.1	65.3	100.0
	2004	26.1	7.8	66.1	100.0	26.2	8.1	65.7	100.0
	2005	26.1	8.0	65.9	100.0	26.0	8.0	65.9	100.0

Table 4 (continued)

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		
Percentage share of trade by country groups									
DMECs	1970	2.0	27.1	60.0	31.1	80.4	79.6	79.1	79.9
	1980	6.3	25.5	64.7	37.0	72.0	79.5	67.8	70.5
	1990	13.4	32.6	63.4	43.8	72.5	81.4	61.7	67.3
	2000	5.2	22.2	60.6	42.0	68.3	52.0	60.4	61.8
	2002	5.5	23.1	57.4	40.7	67.7	50.9	58.7	60.4
	2003	5.6	21.9	54.7	39.2	68.2	51.3	57.7	60.0
	2004	5.4	21.9	54.2	38.9	67.5	50.9	56.6	59.0
	2005	5.2	21.5	54.0	38.7	66.9	50.5	55.6	58.2
Central and Eastern Europe^d	1970	3.4	8.0	6.9	5.6	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	4.1
	2000	5.5	8.9	4.1	4.9	0.5	0.4	1.9	1.4
	2002	5.6	8.2	4.4	5.0	0.6	0.6	1.6	1.3
	2003	6.9	8.3	4.1	5.2	0.6	0.6	1.5	1.2
	2004	7.0	8.3	4.0	5.1	0.6	0.6	1.5	1.2
	2005	7.1	7.9	3.9	5.0	0.6	0.6	1.5	1.2
Socialist countries of Asia^e	1970	-	-	1.2	0.5	0.5	0.1	2.0	1.2
	1980	1.4	1.7	1.0	1.2	1.4	1.6	4.0	2.7
	1990	2.7	0.9	2.0	2.0	0.3	0.3	3.4	2.1
	2000	1.0	1.1	6.5	4.6	4.1	4.1	7.2	6.1
	2002	1.1	2.1	7.3	5.2	4.1	4.7	9.1	7.4
	2003	1.1	2.3	8.6	6.1	4.9	5.5	10.4	8.5
	2004	1.2	2.7	9.5	6.8	5.7	6.1	11.6	9.6
	2005	1.2	2.9	10.2	7.3	6.2	6.6	12.4	10.3
Developing countries	1970	94.6	64.9	31.9	62.8	17.9	19.4	15.1	16.6
	1980	88.7	58.2	29.0	56.3	24.3	18.5	22.3	22.8
	1990	79.6	54.7	30.8	49.2	24.6	18.0	29.1	26.5
	2000	88.3	67.8	28.7	48.6	27.2	43.6	30.5	30.7
	2002	87.8	66.5	30.9	49.0	27.6	43.8	30.6	30.9
	2003	86.3	67.5	32.6	49.5	26.2	42.6	30.4	30.3
	2004	86.5	67.1	32.4	49.2	26.2	42.4	30.4	30.3
	2005	86.5	67.6	32.0	49.0	26.3	42.4	30.5	30.4
of which: Africa	1970	25.5	2.4	9.1	15.2	1.7	4.7	3.6	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	11.2	5.6	2.3	4.3	4.5
	2000	17.9	6.9	1.6	6.6	3.2	3.2	3.3	3.3
	2002	17.9	6.8	1.6	6.4	2.9	3.2	3.4	3.2
	2003	17.7	6.8	1.5	6.2	2.9	3.1	3.2	3.1
	2004	17.5	6.9	1.5	6.1	2.9	3.0	3.2	3.1
	2005	17.6	6.6	1.4	6.1	2.9	3.0	3.1	3.1

Table 4 (continued)

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		
Percentage share of trade by country groups									
Americas	1970	12.2	35.4	13.8	16.0	10.5	5.6	4.4	7.2
	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
	2000	15.2	18.8	10.5	12.5	5.5	9.9	5.3	5.7
	2002	15.6	18.4	11.1	12.9	5.6	9.8	4.2	5.1
	2003	14.7	19.7	12.8	13.8	5.5	9.0	4.6	5.2
	2004	14.8	18.7	12.5	13.6	5.4	9.0	4.5	5.1
	2005	15.0	21.0	12.3	13.7	5.6	9.1	4.5	5.2
Asia	1970	56.9	27.0	8.1	31.3	5.5	8.5	6.7	6.4
	1980	57.3	28.1	9.7	31.0	6.9	9.8	12.0	9.7
	1990	42.2	34.9	12.6	24.7	12.6	10.9	19.9	16.6
	2000	54.9	41.6	16.2	29.1	18.1	29.0	21.5	21.2
	2002	54.0	40.8	17.7	29.3	18.6	29.3	22.6	22.1
	2003	53.7	40.6	17.9	29.1	17.4	29.0	22.2	21.5
	2004	53.9	41.0	18.0	29.1	17.6	28.9	22.4	21.6
	2005	53.7	39.6	17.8	28.9	17.5	28.8	22.5	21.7
Europe	1970	-	-	-	-	-	0.1	0.1	-
	1980	-	-	-	-	-	0.2	-	-
	1990	-	0.2	0.3	0.2	0.7	0.5	0.8	0.7
	2000	0.0	0.4	0.4	0.3	0.4	0.4	0.3	0.3
	2002	0.0	0.5	0.4	0.3	0.4	0.4	0.3	0.3
	2003	0.0	0.4	0.4	0.3	0.4	0.4	0.3	0.3
	2004	0.0	0.4	0.4	0.3	0.4	0.4	0.2	0.3
	2005	0.0	0.4	0.4	0.3	0.4	0.4	0.2	0.3
Oceania	1970	-	0.1	0.8	0.4	-	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	0.1	0.2
	2000	0.2	0.0	0.1	0.1	0.0	1.1	0.1	0.2
	2002	0.3	0.0	0.1	0.1	0.0	1.1	0.1	0.2
	2003	0.2	0.0	0.0	0.1	0.0	1.1	0.1	0.2
	2004	0.2	0.0	0.0	0.1	0.0	1.1	0.1	0.2
	2005	0.2	0.0	0.0	0.1	0.0	1.1	0.1	0.2

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

- ^a Includes international cargoes loaded at ports of the Great Lakes–St. Lawrence system for unloading at ports of the same system.
- ^b See annex I for the composition of these groups, and note d thereto regarding the recording of trade of landlocked countries. Since 1986, the former Yugoslavia, previously included among the “developed market-economy countries”, has been included in the group of “developing countries in Europe”.
- ^c Includes liquefied natural gas (LNG), liquefied petroleum gas (LPG), naphtha, gasoline, jet fuel, kerosene, light oil, heavy fuel oil and others.
- ^d Includes the former Soviet Union in data for 1970 and 1980.
- ^e Estimates.

Transfer Guide of the International Chamber of Shipping and the Oil Companies International Marine Forum was issued early in the year to provide for good operational practices that reduce environmental mishaps.

Further north on the Barents and White Seas plans to boost shipments of crude oil from Murmansk with a \$2.5 billion investment were under way. The tapping of oil deposits located further east involved the developing of export terminals in Indiga, Varandey and Dikson on the Kara Sea by several companies, probably using double-action tankers instead of ice-class tankers and ice-breaker escorts.

Elsewhere crude oil shipments were hampered by natural catastrophes, cargo shortages and piracy incidents. The LOOP, the only US facility for unloading VLCC tankers, was closed for two weeks owing to Katrina hurricane, strikes in producing fields in Ecuador and guerrilla activity against pipelines in Colombia reduced shipments for brief periods, and pirates were reported by some tankers calling at Basra (Iraq).

Petroleum product shipments

The global trade in petroleum products increased by 5.8 per cent in 2005 to 565.3 million tons. The pattern and volume of shipments were similar to those of past years, with shipments of Russian petroleum products from Baltic ports in small tankers continuing to have an impact in other countries. During the last quarter of the year there was an increase in the shipments of products to North America because of the damage done to refineries in the Gulf of Mexico during the hurricane season. In a separate development, the setting up of Petrocaribe, an oil company sponsored by Venezuela to supply island countries of the Caribbean with petroleum products, is poised to increase shipments in this area.

LNG shipments

LNG shipments increased by 5.4 per cent during 2004 to reach 178.0 bcm of natural gas. This is about 6.6 per cent of the world production. The largest importing area is located in the Far East, where major importers continued to be Japan with 77.0 bcm and the Republic of Korea with 29.9 bcm. Supplies came from Indonesia (33.5 bcm), Malaysia (27.7 bcm), Qatar (24.1 bcm) and Australia (12.2 bcm). The increased supply from the Persian Gulf is highlighted by the impressive 25 per cent increase in exports from Qatar.

Across the Mediterranean, Algerian exports reached 25.8 bcm of which 6.7 bcm went to France and 6.6 bcm went to Spain. Nigeria supplied the European market with 10.7 bcm and to a lesser extent Turkey with 1.0 bcm and the United States with 0.4 bcm. The largest share of the 14.0 bcm exports from Trinidad also went to the US market. This market also takes almost 0.7 bcm from the Middle East (Qatar and Oman) and 3.4 bcm from Algeria.

LNG shipments started to arrive in importing countries. In the United States, the first shipment arrived from Trinidad in March at the innovative offshore terminal built by El Paso, located 116 miles off the Louisiana coast in the Gulf of Mexico. A few months later, the first Russian gas shipment arrived at a terminal in Maryland. Across the Atlantic, the United Kingdom received its first delivery of LNG for over 20 years at the Isle of Grain terminal, near London, from Algeria. Egypt exported its first ever shipment from Damietta to Spain, with other destinations including the United States. Future shipments will be also using submarine pipelines: in May, Italy and Algeria agreed to increase the capacity of the Transmed pipeline by a quarter to 33.5 billion cubic feet per year; and in September the Russian Federation and Germany agreed to build the 750-mile Northern Europe Gas Pipeline (NEGP) under the Baltic Sea.

3. Dry cargo shipments

General developments

In 2005, overall dry cargo shipments increased by 3.5 per cent, reaching 4.69 billion tons (see table 3). The five dry-bulk trades, namely iron ore, coal, grains, bauxite/alumina and rock phosphate, actually recorded a good 7.2 per cent increase to reach 1.70 billion tons. The remaining dry cargo trades, minor bulks and liner cargoes, increased at the slower rate of 1.50 per cent to 2.99 billion tons. The share of dry cargo shipments in world seaborne trade was 65.9 per cent of total goods loaded during the year.

World crude steel production

World crude steel production in 2005 increased by 5.9 per cent to reach 1,129.4 million tons, compared with 1066.5 million tons in 2004. This was only the second year ever that steel production surpassed the 1 billion tons mark. Undoubtedly the major event of the year was the continuation of the remarkable expansion of Chinese

steel production, up by 24.6 per cent, to reach 349.4 million tons. This was the fourth year in which production expanded by more than 20 per cent, and China accounts today for 30.9 per cent of world crude steel production. Production of crude steel in Asia increased by 14.8 per cent to 583.8 million tons, reflecting the small contraction of Japanese production — by 0.2 per cent — to reach 112.5 million tons. Other important Asian producers recorded increases in output: India's production increased by a remarkable 16.7 per cent while that of the Republic of Korea expanded by a minimum of 0.3 per cent, reaching 38.1 and 47.7 million tons respectively.

In other regions and countries changes in output for 2005 were mixed. In North America production contracted by 5.8 per cent to 93.9 million tons in the United States, by 4.5 per cent to 15.6 million tons in Canada and by 2.7 per cent to 16.3 million tons in Mexico. Production also contracted by 3.6 per cent in the 25 countries of the European Union to reach 186.4 million tons — the largest falls were in Luxembourg and Poland, down by 18 per cent, but some countries managed to expand their modest outputs, including Greece (17.6 per cent), and Austria and Slovenia (3.1 per cent). Among the largest producers Italy was the best performer, with production increasing by 2.2 per cent to 29.1 million tons. Production levels in countries of the Commonwealth of Independent States (the former Soviet Union) were almost steady at 112.9 million tons — a minimum contraction of 0.3 per cent. The Russian Federation, the largest producer, expanded steel production by 0.9 per cent to 66.1 million tons, but Ukraine's and Kazakhstan's production contracted by 0.3 to 38.6 million tons and by 17.3 per cent to 4.5 million tons respectively. Among other European countries the steel production of Serbia and Montenegro increased by an impressive 10.2 per cent to 1.3 million tons, about four times the production in Turkey, which grew by 2.4 per cent to 21.0 million tons.

In the Middle East crude steel production increased by 7.3 per cent to 14.7 million tons, with the largest producer, the Islamic Republic of Iran, recording an 8.3 per cent increase to 9.4 million tons. Steel production in Africa also expanded by 5.7 per cent to reach 17.4 million tons. South Africa's production was steady at 9.5 million tons, while production in Egypt and the Libyan Arab Jamahiriya grew by 15.4 and 22.7 per cent for a combined output of 6.8 million tons. Australia's steel production expanded by 4.6 per cent and offset the 3.7 per cent contraction in New Zealand to yield a combined output of 8.6 million

tons. Steel production in South America, however, contracted by 1.2 per cent to 45.3 million tons — a contraction of 3.9 per cent led to an output of 31.6 million tons for the largest producer, Brazil, which could not be offset by output expansion of lesser producers such as Argentina, Venezuela, Colombia and Peru.

In the same year, world pig iron production, another useful indicator for predicting dry bulk trades, increased by a healthy 8.3 per cent to 781.1 million tons.

World steel consumption

Forecast apparent steel consumption for 2005 was 998 million tons, 3.0 per cent above the 2004 level. The main increase was expected in China, an increase of 10.3 per cent to 300 million tons, and this pointed to a decelerated rate of increase, which for several years exceeded 20 per cent. However, the Chinese annual consumption increase was larger than Latin America's annual consumption. Other promising regions for expanded apparent steel demand were the Middle East and Africa, where countries would expand by 3 per cent on average for a combined demand of 49 million tons. Demand was expected to grow at the slightly lower rate of 2 per cent for CIS countries, resulting in a total apparent steel consumption of 45 million tons. Steady apparent steel consumption was expected in South America to be 33 million tons as most economies recovering from the 2002 slump run out of steam. In the major consumer centres of Europe and North America demand was expected to contract by 1 per cent to 190 million tons and by 4 per cent to 149 million tons respectively.

During 2005 the high prices reached by steel over the past year started to impact on consumers. The European benchmark steel price plunged by a third during the first half of the year to \$397.50 per ton. Also, spot prices for hot-rolled steel coil dropped from \$650 to \$517 per ton during the first ten months of the year. Chinese steel mills also reported a sharp fall in domestic prices and sought exports as an alternative, with authorities mentioning measures against overproduction. Overall, the highly fragmented steel makers faced steep increases in raw materials — iron ores increased by 71.5 per cent, while coking coal was up by 20 per cent — and diminished prices for their output. Nevertheless, an attempt to launch the process of concentration was made by Mittal — the largest steel maker, accounting for about 7 per cent of world output — with its unsuccessful bid

for Arcelor, a large European steel maker. At the end of the year China set up iron ore import licences that dampened spot demand from India, and early in 2006 iron ore price increases were expected to be around 10 to 20 per cent.

Iron ore shipments

The booming production of steel was reflected in the 9.3 per cent increase in iron ore shipments during 2005, which totalled 645 million tons. Australia and Brazil, which account for almost 70 per cent of world exports, recorded growth of 14.5 and 8.3 per cent to 237 and 222 million tons respectively. India recorded an export increase of 10 per cent to 75 million tons. Exports from South Africa were steady at 27 million tons. Lesser exporters such as Canada, Sweden, Mauritania and Peru recorded single-digit export increases. The largest importer was, by far, China with 263 million tons — an increase of more than 50 million tons over the previous year. Japan and 15 countries of the European Union imported 135.7 and 117.6 million tons respectively, with marginal volume changes from the previous year, upward for the former and downwards for the latter. These countries accounted for more than three quarters of world shipments. Imports by the Republic of Korea were steady at about 40 million tons. Imports into the Americas, the Middle East and Africa reached 15.6, 14.0 and 6.9 million tons respectively.

Strong demand and high prices, up to \$65 per ton, for iron ore triggered a wave of investments in this highly concentrated mining industry. Australian exporters BHP Billiton and RTZ announced \$2.2 billion and \$1.8 billion investments in the Pilbara region, including mines, ore transport to the coast and port development. A \$1.3 billion project comprising a 462 km low-pressure underground pipeline and a new port to export 15 million tons of ore per year was announced in Brazil. Mittal announced a \$900 million investment in Liberia comprising mine, transport and port to reduce dependence on third party suppliers to its steel mills. In Australia, strong demand and high prices also triggered a decision to charge 5.6 per cent royalties for mine expansions or green-field developments in comparison with the 3.7 per cent in force for existing operations.

Coal shipments

Coal shipments increased by 4.9 per cent in 2005 and reached an all-time record of 682 million tons. As in previous years, thermal coal made up 70 per cent of

world coal trade, and in 2005 shipments grew at a rate of 3.4 per cent to reach 491 million tons. Shipments of coking coal increased at a slightly slower rate to 191 million tons.

Australia, by far the largest exporter of coking coal, was relegated to second place as an exporter of steam coal by Indonesia. Total Australian exports for the year were estimated at 234 million tons, or about one third of world exports. Indonesian exports were close to 120 million tons, or about 18 per cent of world exports. Other exporters of thermal coal such as China, South Africa and Colombia recorded export volumes of 73, 66 and 57 million tons respectively.

The main importers were countries of the EU and Japan, with about 27 and 26 per cent of world imports respectively. The share of thermal coal in their coal imports varies from three quarters of the total for EU countries to about 60 per cent for Japan. Other importers are the Republic of Korea and Taiwan Province of China, with about 10 per cent each. Elsewhere, thermal coal imports into Chile decreased by almost 10 million tons, while imports of coking coal into Brazil increased by about 25 per cent to 11 million tons in 2005.

Prospects for coal trade are good. Exports of coking coal from Eastern Siberia to Japan are poised to increase in line with contracts signed at the end of the year. Logistics improvements to reap the full potential of export terminals were the subject of decision makers' attention during 2005: in South Africa and Australia investments were announced in the railways systems supplying these terminals. Moreover, exports of steam coal would benefit from decreased congestion in Australian terminals and expansion of the South African terminal at Richards Bay.

Grain shipments

World grain shipments are believed to have reached 274 million tons in 2005, an increase of 3.4 per cent over the previous year's 265 million tons, almost equally split between wheat and coarse grains, such as maize, barley, soybeans, sorghum, oats and rye. In 2004, the main loading areas were North America and the east coast of South America, which accounted for 46 and 15 per cent of world exports respectively. During that year the largest exporter, the United States, decreased shipments by almost 4 per cent. Traditional importers such as Japan, the Republic of Korea and countries in the European Union kept imports steady, but a number

of other countries recorded substantial import increases. Countries in the Middle East increased their imports by almost 10 per cent, with Iraq's imports increasing by more than 40 per cent. Countries in Central America increased their imports by 13 per cent, while those in South America kept them steady. African countries recorded a 17 per cent increase in grain imports during 2004.

The 2005 bumper wheat crop in several countries of the European Union led to a wheat export subsidy to preclude the build-up of stockpiles. Elsewhere the trade in genetically modified varieties of coarse grains required ad hoc measures in order to proceed smoothly. Owing to a poor crop in Brazil, feed-grain demand required negotiation before genetically-modified Argentinian grain could be accepted. In Japan six US shipments of genetically-modified corn containing one unauthorized variety were refused. About half of the US corn shipments to Japan follow tests and procedures to ensure quality but also involve some delays and additional costs.

Prospects for this trade, particularly for coarse grains, were good in line with the increased demand for poultry and meat consumption in the Far East. However, in early 2006 fears about spreading "bird flu" in China led to a considerable drop for soya imports owing to soft demand for animal feed.

Other bulk shipments

During 2005 shipments of bauxite and alumina, the primary inputs for the aluminium industry, are estimated to have increased by 4.5 per cent to reach 70 million tons in equal shares. Bauxite shipments from West Africa were about half of the world total and were destined for EU and Eastern European countries. Alumina exports will also be exported from this region after the commissioning of the new Kamsar project in Guinea. Bauxite and alumina exports from Jamaica went over the 10 million ton mark, with all bauxite shipments going to the United States market. A large export scheme was underway in Guyana to supply a minimum of 2 million tons of bauxite to Europe for 10 years. Exports of bauxite and alumina from Australia, the world's largest, increased marginally during the year, with about half destined for Asian countries.

During 2005, consolidated primary aluminium production increased by 6.8 per cent to 31.2 million tons. The expansion in production was impressive in China, which

recorded an increase of 17.5 per cent to 7.7 million tons and in other countries in East and South Asia, whose production expanded by 13.3 per cent to 3.1 million tons. Countries in other regions expanded their production at single-digit rates, with North American production expanding by 5.3 per cent to 5.4 million tons. In all other regions the expansion was modest: 1.6 per cent in Africa, 1.5 per cent in Latin America and 1.3 per cent in Western, Central and Eastern Europe. Oceania recorded a meagre 0.3 per cent output expansion.

Shipments of rock phosphate stood at 30 million tons in 2005. The major exporter accounting for about one third of world exports continued to be Morocco, which shipped about 12 million tons. Exports from other countries in Africa, such as Togo, added about a third to this total. About 7 million tons were shipped from the Middle East, notably from Jordan. Countries in the Far East (i.e. China) imported about 10 million tons during 2005.

The minor dry bulks, a heterogeneous mix of merchandise, were believed to have reached 950 million tons in 2005, about 3.7 per cent above the estimates recently released for the previous year. Shipments of steel and forest products are estimated to be slightly above 386 million tons, with the trade of the former increasing more rapidly than that of the latter. Agriculture-related trades, including sugar, rice, tapioca and meals (oilseeds and soy), and fertilizers (phosphates, potash, sulphur and urea), accounted for more than 250 million tons. The volume and direction of sugar trades might be contingent on decisions to be made by countries in connection to WTO rulings. In April the WTO ruled that subsidized sugar exports from the European Union violated the 1.3 million tons per year export subsidy limit imposed in 1995. When soon afterwards the EU decided to cut subsidies and production quotas drastically, some African, Caribbean and Pacific developing sugar-producing countries estimated that they would lose more than \$400 million in annual revenues. In September the EU decided to increase exports by almost 2 million tons, thus angering major sugar-producing countries such as Brazil, Australia and Thailand, which feared that prices would collapse in the world markets. Shipments of a number of minerals (coke, non-ferrous ores, metals, salt, cement, etc.) are estimated at about 250 million tons. Overall forecasts for these minor bulk cargoes indicate a similar volume of shipments for 2006, with agricultural trades fluctuating in the short term and industrial goods being affected by long-term investment decisions.

4. Liner shipments of containerized cargoes

The balance of 2.04 billion tons of dry cargoes is increasingly being carried in containers along the liner trade routes. In some regions, specialized unitized services such as ro-ro, reefer and cars coexist with traditional stand-alone general cargo services, with some of the latter serving to back up the main container trades. Although most container routes are mature, during 2005 there was scope for growth and traffic expanded at double-digit rates on several routes, with the total estimated to be close to 100 million TEU. Shipments of containerized cargoes differ from the other dry bulk cargoes in the increased use of trans-shipment to reach destinations, which complements the direct calls of larger vessels. Containers flow along east–west (trans-Pacific, Europe–Far East and transatlantic), north–south and regional routes.

On the largest east–west route, the trans-Pacific, the total flow was estimated to have reached 18.1 million TEUs in 2005. Container flows on the dominant leg, Asia to North America, reached 13.8 million TEUs, while in the opposite westbound direction the flow was less than half, at 4.3 million TEUs. As a result, the past imbalance of container flows continued and repositioning of empty containers remained a major concern for carriers. The Asia–Europe route was estimated to have carried 15.7 million TEUs during 2005. Again there was a gap between flows in the westward direction originating in Asia, which reached 10.0 million TEUs, and those flows heading eastward, which were estimated at 5.7 million TEUs. However, flow imbalance was less pronounced than that existing across the Pacific. On the transatlantic route, the smallest of the east–west ones, container flow was estimated to have reached 5.2 million TEUs. As flows on the dominant leg from Europe to North America reached 3.8 million TEUs and those in the opposite direction reached 1.8 million TEUs, the flow imbalance was less acute. Overall traffic flows on these three east–west routes almost reached 40 million TEUs, with empty repositioning being an important feature on all of them.

North–south routes are articulated around major production and consumption centres of Europe, the Far East and North America and link those centres with developing countries. In 2005, north–south routes were believed to have carried up to 17 million TEUs and flows expanded and contracted in line with economic conditions prevailing at both ends. Container flows in the routes linking Europe to West Africa and Oceania were believed to have reached 0.8 and 0.7 million TEUs

respectively. Flows were roughly evenly distributed between southward and northward directions. Container flows between Europe and Central and South America were about four times larger — 2.8 million TEUs — and also more imbalanced, as flows heading southward reached almost 0.8 million TEUs. Container flows between North America and Central and South America were larger still — about 4.0 million TEUs — and similarly imbalanced, as southward flows were estimated at 1.5 million TEUs. Container flows between Asia and Oceania were believed to have reached 1.6 million TEUs but were well balanced. For the regional route from North-East Asia to South-East Asia container flows were believed to have reached 7.2 million TEUs in 2005.

In June 2005 the Panama Canal, a main gateway for liner and bulk shipping, started to apply the first of the toll increases announced the previous year. The Canal was operating at more than 90 per cent capacity and work on upgrading this capacity, within the limits of the existing infrastructure, was under way and expected to cater for estimated demand up to 2012. A number of technical studies aimed at expanding existing infrastructure continued during 2005, with the Panama Canal Authority announcing the results in April 2006. A third set of locks able to cope with 12,000 TEU capacity containerships is proposed to be built at a cost of \$5.25 billion for completion in 2014. Funding for expansion would come from the revenues and monies raised in the capital markets by the Authority, with the Government planning a referendum before proceeding with the plan.

During 2005 countries and groups of countries reached agreements and were affected by WTO decisions concerning the smoothing out of trade differences. The surge of Chinese shipments during the first half of the year following the end of the quota regime led to an agreement with the EU limiting the import growth of textiles and apparel. But during July and August a large stock, in excess of the agreement, built up and goods accumulated in EU borders. The matter was solved in September by counting half of the goods against next year's quota. The WTO decision in March declaring illegal the US subsidies for cotton production and exports was followed one month later by a decision against subsidized EU sugar exports and the EU was asked to abide by the 1.2 million tons export limit of 1995. A few months later an EU proposal to impose a tariff on bananas imported from Latin America was deemed unfair by WTO.

5. World shipments by country groups

The breakdown of the 7.05 billion tons of world seaborne trade by major cargo segments and country groups is shown in table 4 and figure 3. The share of developed market-economy countries in goods loaded and unloaded in 2005 was 38.7 per cent and 58.2 per cent respectively of the world total. For those countries crude oil and petroleum products accounted for 5.2 and 21.5 per cent of total world exports, while imports accounted for 66.9 per cent for crude oil and 50.5 per cent for petroleum products. Further breakdowns in terms of regional groupings can be found in annex II. Among market-economy countries, Europe remains the most important exporter of crude oil and petroleum products, with a total of 105.3 million tons (4.3 per cent of the world total). North America is the largest importer of crude oil and petroleum products with 681.9 million tons (28.1 per cent) closely followed by Europe with 542.9 million tons (22.4 per cent) and Japan with 247.5 million tons (10.2 per cent).

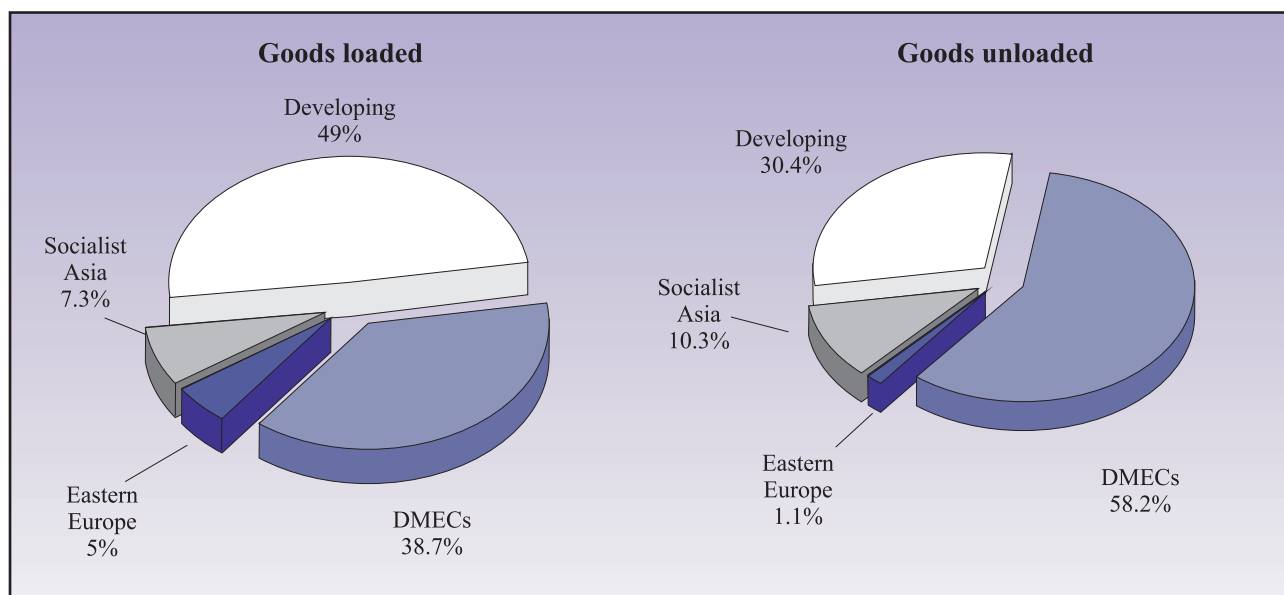
In the dry bulk segment, the share of global shipments by developed market-economy countries decreased to 54.0 per cent for exports and to 55.6 per cent for imports. Again, annex II gives an insight into regional distribution of these shipments. Europe remains the largest dry cargo market for exports and imports, with 1,065.1 million tons (22.7 per cent of world exports) and 1,514.9 million tons (32.2 per cent of world imports) respectively. Two countries in North America (United States and Canada) and two in Oceania (Australia and New Zealand) were also large exporters of dry shipments, with shares of 10.7 per cent and 12.9 per cent respectively. This underlines their important shares in shipping the three major dry bulk commodities — iron ore, coal and grain.

During 2005 the share of developing countries in total seaborne exports was 49.0 per cent, while their share of seaborne imports was 30.4 per cent. Over the last few years these percentages seem to be fairly stable. The trade structure for developing countries sharply contrasts with that of developed market-economy

Figure 3

World seaborne trade by country groups

(Percentage share in tonnage, 2006)



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

countries. The developing countries' combined share in crude oil and petroleum products exports represented 86.5 per cent and 67.6 per cent respectively. For imports, the shares were 26.3 per cent for crude oil and 42.4 per cent for petroleum products. In the dry cargo sector, the share of developing countries' exports reached 32.0 per cent of world exports, while their share of world imports increased marginally to 30.5 per cent.

Regional variations among groups of developing countries were related to their GDP. Developing countries in Asia had the largest shares in exports and imports, reaching 28.9 per cent and 21.7 per cent of world exports and imports respectively. The share of developing countries in Latin America was 13.7 per cent of world exports and 5.2 of world imports. The shares for African countries were about half of the share for America: 6.1 per cent of world exports and 3.0 of world imports. The shares for developing countries in Europe (0.3 per cent of world exports and imports) and Oceania (0.1 per cent of world exports and 0.2 per cent of imports) were considerable smaller.

In specific trades there were also considerable variations. The shares of Asian developing countries in world exports of crude oil were 53.7 per cent and in petroleum products 39.6 per cent. This reflects the importance of Middle East oil producers and refining activity in the Far East. The share of African developing countries in exports of crude oil (17.6 per cent) was higher than that of developing countries in America (15.0 per cent). For exports of petroleum products, however, the opposite was true — 6.6 per cent for developing countries in Africa and 21.0 per cent for those in Latin America. Again for exports of dry cargoes, Asian developing countries claimed the largest share (17.8 per cent), followed by American developing countries with 12.3 per cent and African developing countries with 1.4 per cent.

For imports of crude oil, the share of developing countries in Asia was 17.5 per cent of the world total. The shares for developing countries in America and Africa were 5.6 per cent and 2.9 per cent respectively. For imports of petroleum products, the corresponding shares for developing countries in Asia, America and Africa were 28.8 per cent, 9.1 per cent and 3.0 per cent. Imports of crude oil into developing countries in Europe reached 0.4 per cent of world imports, on a par with the

percentage for imports of petroleum products. Developing countries in Oceania showed negligible imports of crude oil, in line with the scant refining capacity in the region, while the share of world petroleum products imports was 1.1 per cent.

The share of socialist countries in Asia in world exports for 2005 was 7.3 per cent and reached 10.3 per cent for world imports. These percentages reflect the important role of trade in the economic development of China and its high rates of economic growth. The trade of countries of Central and Eastern Europe (including the former USSR) achieved its largest share for exports, 5.0 per cent, as a result of shipments of crude oil and petroleum products from the Black and Baltic Seas. Seaborne imports for these countries reached 1.2 per cent of the world total, and these imports were complemented by other imports carried overland from other European countries.

6. Demand for shipping services

Table 5 provides data on total demand for shipping services in terms of ton-miles. World seaborne trade for 2005 reached 29 045 billion ton-miles, after growing by 5.1 per cent. As cargo transported increased by 3.8 per cent, the average transport distance increased during the year.

Increased demand for haulage of crude oil and oil products resulted in ton-miles for these commodities increasing by 4.2 per cent, somewhat less than the 6.2 per cent increase of the previous year. This is an indication of crude oil supplies moving longer distances, for instance from sources in the Barents, Baltic and Black Seas to destinations in Europe and North America and from West Africa to the Far East, notably China. For all dry cargoes the ton-miles also increased by 5.7 per cent, while tonnage transported increased by 3.5 per cent. For the five main dry bulks, ton-miles increased by 6.8 per cent, as against a 7.2 per cent increase in cargo volume, which indicates increased vessel utilization. For the remaining dry cargoes, minor bulks and liner cargo, supply lines were extended, as their ton-miles increased by 4.7 per cent to 8,730 billion ton-miles while cargo increased by 1.5 per cent. This implies longer distances between cargo origins and destinations and the lasting effect of relocated industries in the Far East.

Table 5

World seaborne trade in ton-miles, selected years
(Billions of ton-miles)

Year	Oil			Iron ore	Coal	Grain ^a	Five main dry bulks	Other dry cargoes	World total
	Crude	Products	Crude plus products						
1970	5 597	890	6 487	1 093	481	475	2 049	2 118	10 654
1975	8 882	845	9 727	1 471	621	734	2 826	2 810	15 363
1980	8 385	1 020	9 405	1 613	952	1 087	3 652	3 720	16 777
1985	4 007	1 150	5 157	1 675	1 479	1 004	4 480	3 428	13 065
1990	6 261	1 560	7 821	1 978	1 849	1 073	5 259	4 041	17 121
2000	8 180	2 085	10 265	2 545	2 509	1 244	6 638	6 790	23 693
2002	7 848	2 050	9 898	2 731	2 549	1 241	6 879	7 395	24 172
2003	8 390	2 190	10 580	3 025	2 810	1 273	7 454	7 810	25 844
2004	8 910	2 325	11 235	3 415	2 965	1 325	8 065	8 335	27 635
2005	9 270	2 435	11 705	3 720	3 140	1 380	8 610	8 730	29 045

Source: Fearnleys, *Review 2005*.

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