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REVIEW OF MARITIME TRANSPORT, 2003

Summary of Main Developments



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REVIEW OF MARITIME TRANSPORT, 2003

SUMMARY OF MAIN DEVELOPMENTS

Development of the world economy and seaborne trade

- World output in 2002 grew by 1.9 per cent, recovering from the poor growth of the previous year that only reached 1.2 per cent. The developed market-economy countries experienced growth below the world average at 1.5 per cent, while developing economies recorded 3.3 per cent growth. In 2003, growth in world output is expected to be between 1.9 and 3.2 per cent.
- The volume of world merchandise exports increased by 2.5 per cent, recovering from the contraction of 2001. Exports expanded most in Asia, with growth reaching 13.0 per cent with countries in the Far East taking the lead. Japan's growth reached 8.0 per cent. Economies in transition recorded their fourth consecutive year of positive export volume growth, reaching 8.5 per cent. These economies also recorded a 11.0 per cent increase in imports, while those of developing countries in Latin America contracted by 5.5 per cent. The volume of world merchandise exports would probably continue to rise in 2003,

contingent on developments following the implementation of US security measures and health controls to counter the SARS outbreak.

- The total industrial production index of the OECD decreased marginally to 118.1 (1995 = 100) in 2002. The result reflects the uneven industrial activity in the major economies.
- World seaborne trade (goods loaded) rebounded in 2002 reaching 5.88 billion tons. The annual growth rate was modest – 0.8 per cent – and is expected to increase slightly in 2003.

Development of the world fleet

- The world merchant fleet expanded to 844.2 million deadweight tons (dwt) at the end of 2002, a 2.3 per cent increase. Newbuilding deliveries were up by an impressive 8.4 per cent to 49.0 million dwt, and tonnage broken up and lost increased by 9.7 per cent to 30.5 million dwt, leaving a net gain of 18.5 million dwt.

- The fleets of oil tankers and dry bulk carriers together make up 71.6 per cent of the total world fleet. The fleet of oil tankers increased by 6.6 per cent, while the fleet of dry bulk carriers increased by 1.9 per cent. There was a 7.4 per cent increase to 82.8 million dwt in the containership fleet and a 2.1 per cent increase to 19.5 million dwt in the liquefied gas carriers fleet.
- The average age of the world fleet decreased by almost a year to 12.6 years at the end of 2003, with 28.1 per cent of the fleet being 20 years and older. General cargo vessels had the highest average age at 17.0 years, and the container fleet was the youngest at 9.1 years.
- Registration of ships by developed market-economy countries and major open-registry countries accounted for 25.7 and 47.2 per cent of the world fleet respectively. Tonnage in open registries contracted by almost 1 per cent, and two-thirds of this beneficially owned fleet is owned by market economies and developing countries. Developing countries' share of the world fleet was 20.3 per cent, or 171.3 million dwt, of which 126.9 million dwt is registered in Asia.
- World total surplus tonnage increased slightly and at the end of 2002 stood at 21.7 million dwt, or 2.6 per cent of the world merchant fleet. Surplus capacity in the tanker sector increased to 19.1 million dwt, while overcapacity in the dry bulk sector dropped to 2.2 million dwt from 2.9 million dwt in 2001.

Freight markets

World fleet productivity and supply and demand

- The year 2002 was a mixed one for the tanker market. The overall volume of seaborne crude oil trade contracted by 1.4 per cent, but rates flared up by end of the year owing to the combined effect of the sinking of the *Prestige* and the national strike in Venezuela. The average freight indices for VLCC, medium-size crude carriers and small crude and product carriers decreased by 36.8, 30.0 and 31.4 per cent respectively.
- In 2002, seaborne shipments of the main bulks, particularly iron ore and coal, increased by 1.6 per cent. The improved balance between supply and demand resulted in positive evolution of time and trip-charter indexes, which closed the year up 44.1 per cent and 10.8 per cent respectively.
- The main operational productivity indicators for the world fleet – tons carried per dwt and thousands of ton-miles per dwt – decreased to 7.0 and 27.5 respectively. This corresponds to decreases of 1.4 per cent and 1.8 per cent from the figures for 2001.
- By the end of 2002, freight rates on the main containerized routes – trans-Pacific, transatlantic and Asia–Europe – were mixed when compared with the levels that prevailed at the beginning of the year. Rates on the route Asia–

Europe fared particularly well, with eastbound rates increasing by 21.5 per cent and those in the opposite direction by 18.5 per cent. Westward rates across the Pacific and the Atlantic increased by 1.7 and 2.9 per cent respectively; however, eastward rates in these routes decreased by 1.3 and 2.6 per cent respectively.

Total freight costs by country groups

- World total freight payments as a proportion of total import value decreased to 6.11 per cent in 2001, down from 6.22 per cent in 2000. The freight factor was 5.12 per cent for developed market-economy countries, compared with 5.21 per cent in 2000, while for developing countries it was 8.70 per cent, down from the 8.88 per cent of 2000. The freight factor for the developing countries in Africa decreased to 12.65 per cent and the factor for developing countries in America increased slightly to 8.57 per cent. For Asian developing countries, the freight factor decreased to 8.35 per cent, while for those in Oceania the factor decreased to 11.70 per cent.

Port development

- World container port traffic expanded by 2.2 per cent over 2000, reaching 236.7 million TEUs. The ports of developing countries and territories handled 96.6 million TEUs, or 40.8 per cent of the total. In 2001 there were 51 developing countries and territories handling more than 100,000 TEU.

Trade and transport efficiency

- Following an Expert Meeting on Efficient Transport and Trade Facilitation to Improve Participation by Developing Countries in International Trade, UNCTAD conducted a survey on the feasibility of an international legal instrument for multimodal transport.
- Production of new freight containers was projected to reach 1.6 million TEU in 2002, an increase of 25 per cent above the level of the previous year. The bulk of the production was the standard dry freight container, accounting for about 80 per cent of the total. China continued to dominate this activity with a market share of 87 per cent. Prices of containers bottomed out during the first quarter of 2002 and increased by about 17 per cent by the third quarter.

Review of regional developments

- During the last decade the average annual GDP increase for 53 African countries was 3.1 per cent, lower than the 4.7 per cent recorded for developing countries. Annual GDP increases for 47 sub-Saharan countries fluctuated widely from year to year for several reasons, such as natural disasters, domestic or international political instability and fluctuations in prices of main export commodities and these imposed a heavy burden on the 34 LDC existing among them.
- During the period 1990–2001 the value of exports from Africa increased by 33.8 per cent to reach \$141.2 billion, while in the same period the value

- of imports rose by 37.1 per cent to \$136 billion. In 2001, sub-Saharan African countries accounted for 44 per cent of African exports and 41 per cent of its imports. Overall the African share in world trade is modest and seems to be decreasing: about 3 per cent of the value of exports and imports in 1990 and around 2.4 per cent in 2001.
- Europe, notably the European Union, is the market for about half of African exports. North America is the destination for a little less than a fifth, which is roughly the same share for Japan and other Asian countries. Middle East, Latin America and intra-African markets account for the balance of African exports – between 10 and 15 per cent.
 - Since 2000 the total of goods loaded and unloaded in African ports has fluctuated around 750 million tons per year, with the share of sub-Saharan countries being about a third, namely 250 million tons. Hence, the continent accounts for 6.2 per cent of the worldwide loaded and unloaded cargo, while sub-Saharan Africa accounts for almost 2.1 per cent of that total.
 - In 2002 the African merchant fleet, including open registers (i.e. Liberia), accounted for 82,422,000 dwt or 9.8 per cent of world fleet. Without open registers, the fleet was 5,406,000 dwt, equivalent to 3.2 per cent of the fleet of developing countries and 0.6 per cent of the world fleet.
 - There is considerable imbalance in the total cargo moved by sub-Saharan countries as loaded goods average 190 million tons per year, while unloaded ones accounted for only 60 million tons. The bulk of loaded cargo, estimated at almost 170 million tons, was crude oil, mostly from Nigeria, Gabon and Angola. Most of the balance was dry bulk cargo such as bauxite from Guinea and iron ore from Mauritania. The remaining tonnage of loaded cargo and fourth-fifths of the total unloaded cargo were general cargo, which increasingly is carried in containers. One-fifth of unloaded cargo was refined petroleum products such as gasoline. Concentration is a feature of container services notably in West Africa, where the number of lines was reduced from 37 in the mid-1980s to 9, with some of these still belonging to the same owner.
 - The plight of landlocked sub-Saharan African countries is highlighted by the high cost of road transport along a number of existing corridors. This is due to sub-standard roads, cumbersome border procedures and limited cargo flows. The freight factor for import trades for sub-Saharan African countries in 2001 was 13.84 with this factor reaching 20.69 for landlocked countries. The average factor for all African countries was 12.65 in 2001.