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DEVELOPMENTS IN INTERNATIONAL SEABORNE TRADE

Global economic growth faltered in 2013 as economic activity in developing regions suffered setbacks and as the situation in the advanced economies improved only slightly. Reflecting a stumbling growth in the world economy (2.3 per cent growth in world GDP) world merchandise trade volumes expanded, albeit at the modest rate of 2.2 per cent. In tandem, growth in world seaborne shipments decelerated and averaged 3.8 per cent, taking total volumes to nearly 9.6 billion tons. In line with recent trends, much of the expansion was driven by growth in dry-cargo flows, in particular bulk commodities, which grew by 5.5 per cent. Dry cargo, including (a) the five major bulk commodities (iron ore, coal, grain, bauxite and alumina, phosphate rock), (b) minor bulks (forest products and the like), (c) containerized trade, (d) general cargo/breakbulk, accounted for the largest share (70.2 per cent). Tanker trade (crude oil, petroleum products and gas) was responsible for the remaining 29.8 per cent.

Prospects for the world economy, trade and shipping seem to be improving, although a number of risks mostly on the downside remain. These include, in particular, the fragile recovery in developed economies, the difficulties facing growth in large emerging economies, and geopolitical tensions that may escalate. These risks could derail the world economy away from positive growth. Meanwhile, upside potential include a strengthening of the economic recovery in advanced economies, the G20 pledges at the summit held in February 2014 to take measures to stimulate global growth, the potential gains deriving from growing trade deals and initiatives, the deepening in South–South trade and investment relations, the rise in horizontal trade, the growing consumer demand, especially in Western Asia and Africa, and the growth in minerals and resource-based exports.

This chapter covers developments from January 2013 to June 2014. Section A reviews the overall performances of the global economy and world merchandise trade. Section B considers developments in world seaborne trade, including by market segment. Section C considers the outlook.

A. WORLD ECONOMIC SITUATION AND PROSPECTS

1. World economic growth

Global economic growth underperformed in 2013, with the situation in developed economies improving slightly and a number of setbacks constraining economic activity in developing regions. World GDP expanded by 2.3 per cent in 2013, the same rate as the previous year. The performance across the major country groupings was uneven. Growth in GDP in developed economies accelerated to 1.3 per cent as compared with 2012, while it decelerated in developing economies and the economies in transition (table 1.1).

Reflecting the strong linkages between economic growth and industrial activity, industrial production improved slightly in developed economies as shown by the index calculated by the Organization for Economic Cooperation and Development (OECD) (figure 1.1), which increased from 103.9 in 2012 to 104.8 in 2013 (OECD, 2014). Meanwhile, industrial output in Brazil for example, grew only marginally, while it remained nearly flat in India and the Russian Federation (OECD, 2014), and contracted in the Republic of Korea (Clarkson Research Services, 2014a). In 2013, industrial production growth in China decelerated to 9.7 per cent, down from 10.0 per cent in 2012 and 13.7 per cent in 2011 (Clarkson Research Services, 2014a). These trends highlight some redistribution of economic growth away from developing countries to the advanced economies.

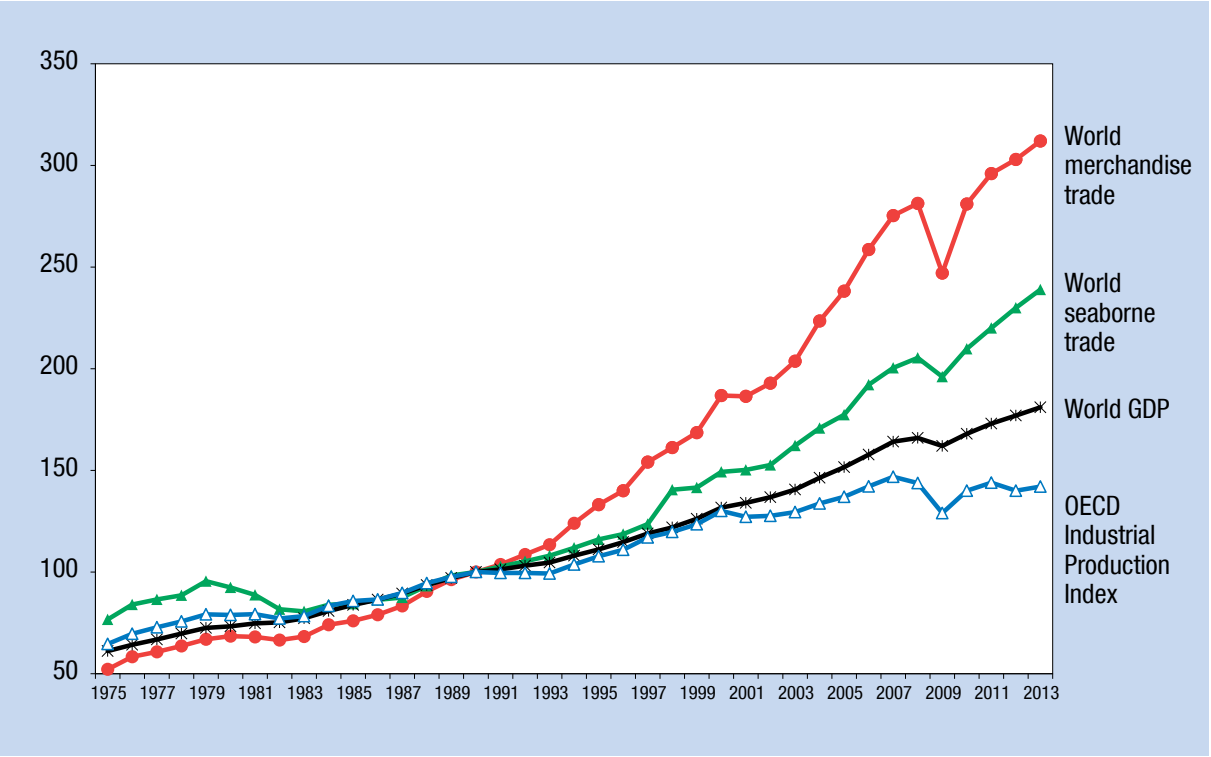
Table 1.1. World output growth, 2011–2014 (Annual percentage change)

Region/country	*2011*	*2012*	*2013*	*2014[a]*
WORLD	2.8	2.3	2.3	2.7
Developed economies	1.4	1.1	1.3	1.8
of which:				
European Union 28	1.7	-0.3	0.1	1.6
of which:				
France	2.0	0.0	0.2	0.7
Germany	3.3	0.7	0.4	1.9
Italy	0.4	-2.4	-1.9	0.1
United Kingdom	1.1	0.3	1.7	3.1
Japan	-0.6	1.4	1.6	1.4
United States	1.6	2.3	2.2	2.1
Developing economies	6.0	4.7	4.6	4.7
of which:				
Africa	0.9	5.3	3.5	3.9
South Africa	3.6	2.5	1.9	1.8
Asia	7.2	5.2	5.3	5.6
China	9.3	7.7	7.7	7.5
India	7.9	4.9	4.7	5.6
Western Asia	7.4	3.8	3.8	4.0
Developing America	4.3	3.0	2.6	1.9
Brazil	2.7	1.0	2.5	1.3
Least developed countries	3.6	4.9	5.4	5.7
Transition economies	4.7	3.3	2.0	1.3
of which:				
Russian Federation	4.3	3.4	1.3	0.5

Source: UNCTAD *Trade and Development Report 2014*.

[a] Forecast.

Figure 1.1. The OECD Industrial Production Index and indices for the world: Gross domestic product, merchandise trade and seaborne shipments, 1975–2013 (1990 = 100)



Source: UNCTAD secretariat on the basis of OECD *Main Economic Indicators*, June 2014; UNCTAD, *Trade and Development Report 2014*; UNCTAD *Review of Maritime Transport*, various issues; WTO, appendix tables, table A1a; WTO press release 721, 14 April 2014, World trade 2013, prospects for 2014.

Growth in GDP in the United States of America slowed down from 2.3 per cent in 2012 to 2.2 per cent in 2013 while the European Union appeared to be emerging from the long recession as growth improved slightly (0.1 per cent in 2013 as compared with -0.3 per cent in 2012). Economic growth in Japan remained positive and expanded at a faster rate than in 2012 (1.6 per cent), reflecting, in particular, the stimulus effect of the monetary policies in place.

Developing countries – the global growth catalyst of recent years – have been facing difficulties stemming from some domestic challenges and unfavourable external conditions, including weaker investor sentiment, a relative slowdown in China's growth, and financial-sector disturbances. While growth in China's GDP averaged 7.7 per cent as compared with 9.3 per cent in 2011 and 7.7 per cent in 2012, India's growth decelerated to 4.7 per cent, down from 7.9 per cent in 2011 and 4.9 per cent in 2012. Political instability continued to undermine the economic prospects in Western Asia where GDP grew by 3.8 per cent, the same rate as in 2012. Growth in developing America also decelerated to 2.6 per cent in 2013, down from 3.0 per cent in the previous year. Driven mainly by consumption requirements of a growing middle class population and by significant investments in extractive industries, GDP growth in Africa expanded by 3.5 per cent, a slower rate than in 2012. Within the African region, performances were uneven, with GDP growth in Northern Africa, for example, being held back by political unrest, while growth in South Africa decelerated, in part as a result of strikes in the mining and manufacturing sectors. Growth in the transition economies was particularly affected by the rapid deceleration of GDP growth in the Russian Federation (1.3 per cent in 2013, down from 3.4 per cent in 2012).

Growth in GDP, merchandise trade and seaborne shipments are interlinked and continue to move in tandem (figure 1.1). Trade can generally grow faster or slower than GDP, although since the 1990s it has tended to grow about twice as fast (WTO, 2014a). As merchandise trade expanded at nearly the same rate as GDP the validity of the established historical ratio between GDP and trade is being questioned.

2. World merchandise trade

The volume of world merchandise trade (that is, trade in value terms but adjusted to account for inflation and exchange rate movements) expanded by 2.2 per cent in 2013, down from 2.3 per cent in 2012. Constrained by a faltering growth in the world economy this rate remains modest by historical standards in comparison to pre-2009 levels (table 1.2).

In 2013, developed economies recorded a negative import demand while developing economies saw their import demand expand by 5.5 per cent. Asia was the fastest growing importing region (6.1 per cent), led by China (8.8 per cent) and Western Asia (8.6 per cent). The next fastest growing import regions were Africa (5.6 per cent) and developing America (2.4 per cent). Import demand growth in the transition economies decelerated rapidly to 2.7 per cent, down from 5.0 per cent in 2012.

All major country groupings recorded positive export growth in 2013 (1.3 per cent in developed economies, 5.1 per cent in developing economies and 1.0 per cent in the transition economies). Driven, respectively, by a 7.6 per cent and 4.8 per cent growth in India's and China's exports, shipments from Asia grew faster than any other exporting region (4.3 per cent). The next best performers included the United States (2.6 per cent), developing America (1.5 per cent), the European Union (1.4 per cent) and the transition economies (1.0 per cent). Exports from both Africa and Japan contracted by 1.8 per cent, due in the case of Africa to falling petroleum export volumes from Algeria, Libya and Nigeria.

B. WORLD SEABORNE TRADE

1. General trends in seaborne trade

The performance of world seaborne trade in 2013 was shaped by various trends, including a more balanced growth in demand (trade), a continued persistent oversupply in the world fleet across the various market segments (see chapter 2 for a more detailed discussion), relatively high bunker price levels, as well as a wider use of slow steaming, especially in the container-ship sector. Volumes expanded at the slower rate of 3.8 per cent, taking the total to nearly 9.6 billion tons. Of these shipments, dry cargo (major and minor dry commodities carried in bulk, general cargo, breakbulk and containerized trade) accounted for the largest share (70.2 per cent), followed by tanker trade (crude oil, petroleum product and gas) which held a 29.8 per cent share (tables 1.3 and 1.4, and figure 1.2). Much of the expansion in 2013 continued to be driven by growth in dry-cargo flows which grew by 5.5 per cent to reach 6.7 billion tons.

Table 1.2. Growth in the volume of merchandise trade, 2010–2013 (Annual percentage change)

Exports				*Countries/regions*	*Imports*			
2010	*2011*	*2012*	*2013*		*2010*	*2011*	*2012*	*2013*
13.9	5.5	2.3	2.2	**WORLD**	13.8	5.4	2.1	2.1
12.9	4.9	0.5	1.3	**Developed economies**	10.8	3.4	-0.4	-0.4
				of which:				
11.6	5.5	-0.1	1.4	European Union (EU-28)	9.4	2.8	-2.5	-1.2
27.5	-0.6	-1.0	-1.8	Japan	10.1	4.2	3.8	0.5
15.4	7.2	4.0	2.6	United States	14.8	3.8	2.8	0.9
16.0	6.7	4.6	5.1	**Developing economies**	18.5	7.7	5.3	5.5
				of which:				
10.3	-6.8	7.8	-1.8	**Africa**	6.5	3.9	11.8	5.6
8.1	5.1	3.1	1.5	**Developing America**	22.3	11.3	3.1	2.4
18.2	8.5	4.5	4.3	**Asia**	19.3	7.3	5.1	6.1
				of which:				
29.5	13.4	7.4	4.8	China	25.0	10.7	6.1	8.8
14.0	15.0	-1.8	7.6	India	13.8	9.7	5.5	0.1
4.2	9.1	9.8	2.2	Western Asia	8.6	8.2	8.7	8.6
11.4	4.1	1.3	1.0	**Transition economies**	17.6	16.8	5.0	2.7

Source: UNCTAD, *Trade and Development Report 2014*, table 1.2.
Note: Data on trade volumes are derived from international merchandise trade values deflated by UNCTAD unit value indices.

Table 1.3. Developments in international seaborne trade, selected years (Millions of tons loaded)

Year	Oil and gas	Main bulks[a]	Other dry cargo	Total (all cargoes)
1970	1 440	448	717	2 605
1980	1 871	608	1 225	3 704
1990	1 755	988	1 265	4 008
2000	2 163	1 295	2 526	5 984
2005	2 422	1 709	2 978	7 109
2006	2 698	1 814	3 188	7 700
2007	2 747	1 953	3 334	8 034
2008	2 742	2 065	3 422	8 229
2009	2 642	2 085	3 131	7 858
2010	2 772	2 335	3 302	8 409
2011	2 794	2 486	3 505	8 784
2012	2 841	2 742	3 614	9 197
2013	2 844	2 920	3 784	9 548

Source: Compiled by the UNCTAD secretariat on the basis of data supplied by reporting countries and as published on the relevant government and port industry websites, and by specialist sources. Data have been revised and updated to reflect improved reporting, including more recent figures and better information regarding the breakdown by cargo type. Figures for 2013 are estimated based on preliminary data or on the last year for which data were available.

[a] Iron ore, grain, coal, bauxite/alumina and phosphate rock. The data for 2006 onwards are based on various issues of the *Dry Bulk Trade Outlook*, produced by Clarkson Research Services.

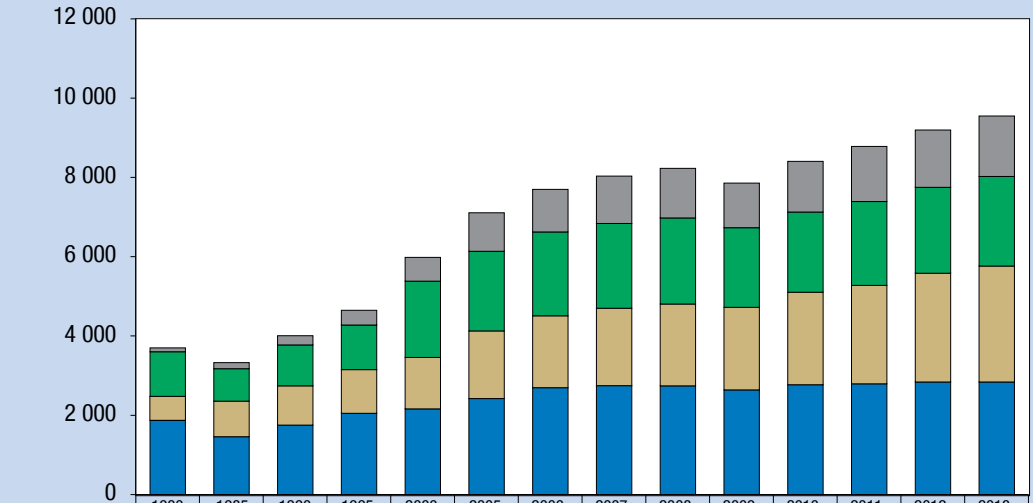
In 2013, dry bulks remained the mainstay of dry-cargo trade, with the five major bulk commodities (iron ore, coal, grain, bauxite and alumina, and phosphate rock) accounting for 44.2 per cent (2.92 billion tons) of the total volume of dry cargo and minor bulks (forest products and the like) making up 21.0 per cent (1.4 billion tons) (Clarkson Research Services, 2014a). Containerized trade (1.5 billion tons) and general cargo/breakbulks (834.9 million tons) accounted for the remaining share (35.4 per cent equivalent to about 2.4 billion tons) (Clarkson Research Services, 2014a). The five major dry bulks expanded the fastest at the rate of 6.5 per cent, followed by general cargo/breakbulk (4.7 per cent), containerized trade (4.6 per cent) and minor bulks (3.9 per cent) (Clarkson Research Services, 2014a). Growth in tanker trade reflects diverging trends as crude oil shipments declined (-1.7 per cent) while oil product volumes increased (3.2 per cent) and gas trade remained flat.

Iron ore and coal shipments propelled by strong import demand into Asia, in particular China and India, continue to fuel major dry-bulk commodity trade. Iron-ore shipments increased by 7.1 per cent while coal trade expanded by 5.0 per cent in 2013 (Clarkson Research Services, 2014a). China accounted for over two-thirds and over one-fifth, respectively, of the global iron-ore and coal volumes (Clarkson Research Services, various issues). Despite a relative slowdown in China's economic expansion and the country's efforts to shift away from an investment- to a consumption-led growth, which requires less trade in raw materials, China's ongoing urbanization, growing infrastructure development requirements, including in transport, as well as massive energy needs continue to drive demand for iron ore and coal. More competitive international iron-ore and coal prices and stock-building requirements are also major contributing factors that determine China's trade volumes.

Growth in containerized trade picked up speed in 2013 and expanded by 4.6 per cent reflecting, in particular, improved import demand in Europe and the United States (Clarkson Research Services, 2014b). The fall in crude oil volumes reflect, among others, the damping effect on demand of an overall weak economic situation, relatively high oil price levels, as well as rising environmental protection imperatives. The major factor at play, however, remains the shale revolution in the United States and the drop in the country's crude oil imports as a result of ample domestic supply. As to gas trade, shipments were constrained by minimal additions of liquefaction installations.

While in 2013 economic growth decelerated in developing countries, they nevertheless continued

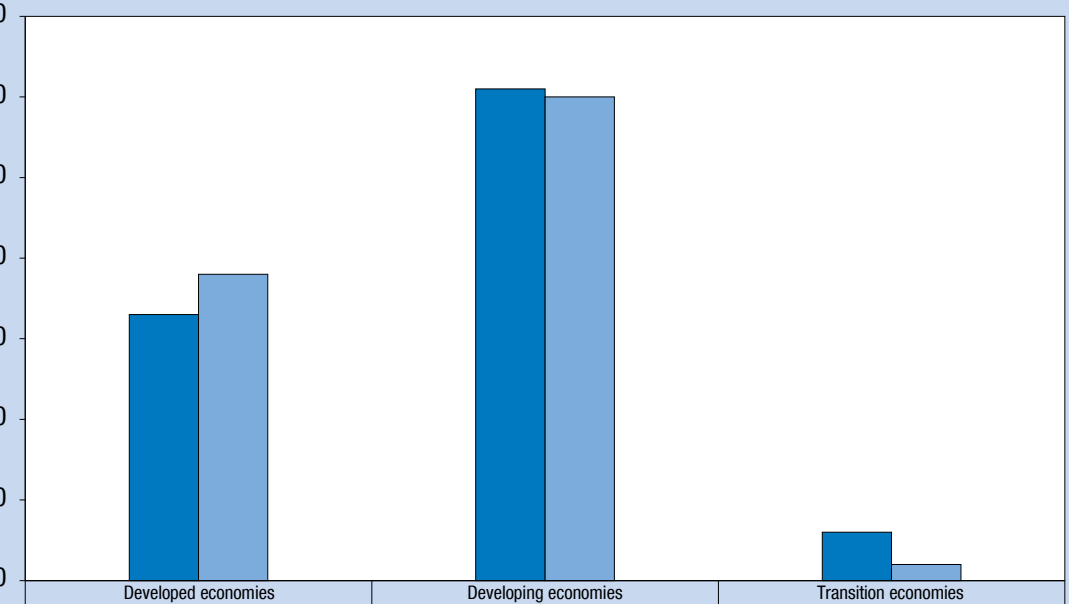
Figure 1.2. International seaborne trade, selected years (Millions of tons loaded)



	1980	1985	1990	1995	2000	2005	2006	2007	2008	2009	2010	2011	2012	2013
Container	102	152	234	371	598	969	1 076	1 193	1 249	1 127	1 280	1 393	1 445	1 524
Other dry cargo	1 123	819	1 031	1 125	1 928	2 009	2 112	2 141	2 173	2 004	2 022	2 112	2 169	2 260
Five major bulks	608	900	988	1 105	1 295	1 709	1 814	1 953	2 065	2 085	2 335	2 486	2 742	2 920
Oil and gas	1 871	1 459	1 755	2 050	2 163	2 422	2 698	2 747	2 742	2 642	2 772	2 794	2 841	2 844

Source: UNCTAD *Review of Maritime Transport*, various issues. For 2006–2013, the breakdown by type of cargo is based on Clarkson Research Services, *Shipping Review and Outlook*, various issues.

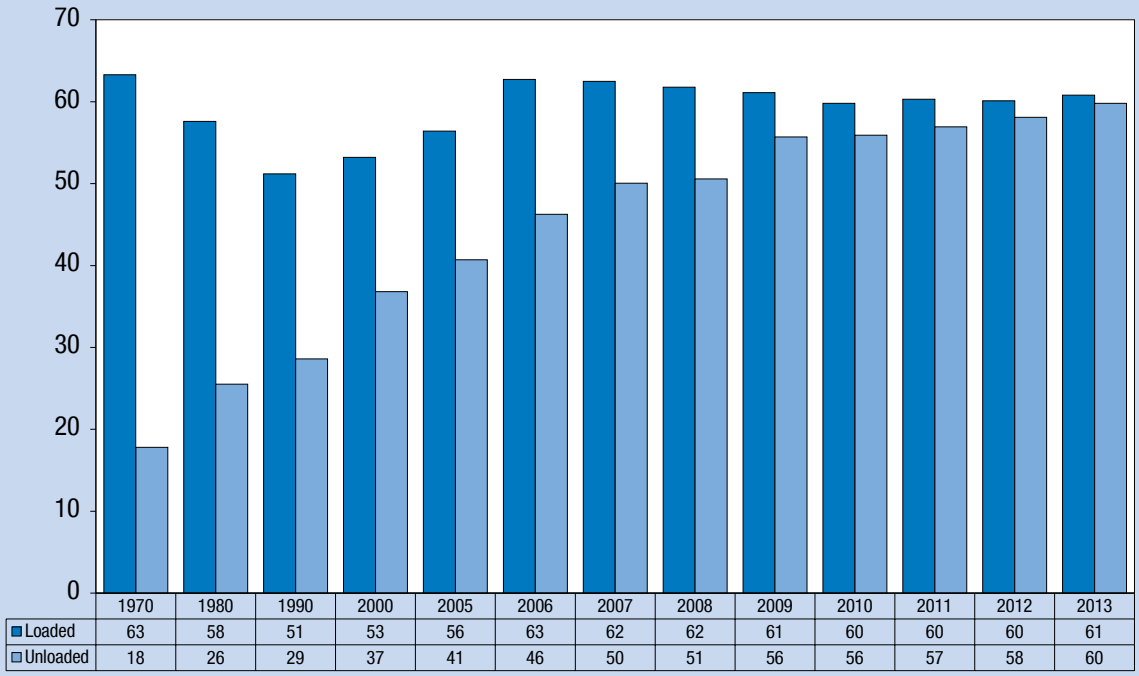
Figure 1.3 (a). World seaborne trade, by country group, 2013 (Percentage share in world tonnage)



	Developed economies	Developing economies	Transition economies
Loaded	33	61	6
Unloaded	38	60	2

Source: Compiled by the UNCTAD secretariat on the basis of data supplied by reporting countries and as published on the relevant government and port industry website, and by specialist sources. Estimated figures are based on preliminary data or on the last year for which data were available.

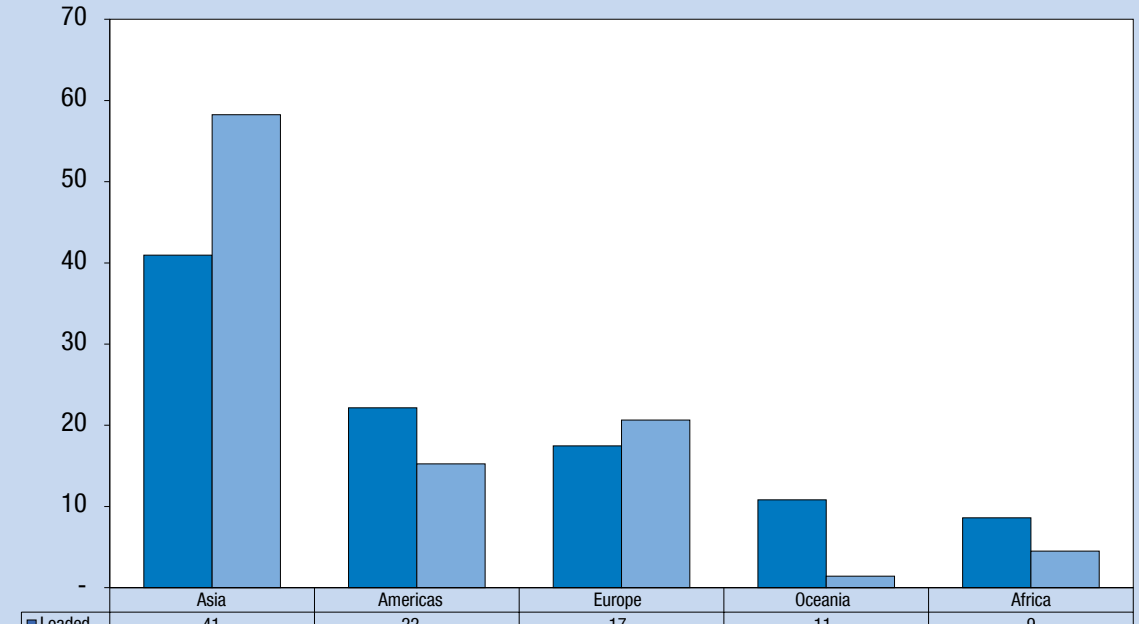
Figure 1.3 (b). Participation of developing countries in world seaborne trade, selected years (Percentage share in world tonnage)



	1970	1980	1990	2000	2005	2006	2007	2008	2009	2010	2011	2012	2013
Loaded	63	58	51	53	56	63	62	62	61	60	60	60	61
Unloaded	18	26	29	37	41	46	50	51	56	56	57	58	60

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

Figure 1.3 (c). World seaborne trade by geographical region, 2013 (Percentage share in world tonnage)



	Asia	Americas	Europe	Oceania	Africa
Loaded	41	22	17	11	9
Unloaded	58	15	21	1	5

Source: Compiled by the UNCTAD secretariat on the basis of data supplied by reporting countries and as published on the relevant government and port industry websites, and by specialist sources. Estimated figures are based on preliminary data or on the last year for which data were available.

to contribute larger shares to international seaborne trade. Their contribution in terms of global goods loaded increased to 61.0 per cent up from 60.0 per cent in 2012, while their import demand as measured by the volume of goods unloaded reached 60.0 per cent up from 58.0 per cent in 2012 (figure 1.3 (a)). This reflects their increasing participation in the world trading system, growing South–South/intra-Asian trade as well as their rising consumption of raw commodities and consumer goods in line with their growing urbanization and populations and emerging middle classes. Meanwhile, contribution by individual countries and levels of integration into global trading networks and supply chains remains uneven. Another trend is the evolution observed over the past four decades in terms of the distribution between goods loaded and unloaded. As shown in figure 1.3 (b), the shares of goods loaded and unloaded in developing countries have become almost on a par in recent years.

Asia remained the main loading and unloading area in 2013 with its share of imports (unloading) being particularly dominant (figure 1.3 (c)). Other major loading areas were, in descending order, the Americas, Europe, Oceania and Africa. On the unloading side, the other regions with the largest shares, besides Asia, in descending order were Europe, the Americas, Africa and Oceania. These shares are likely to further evolve with changing trade patterns and partners, the emergence of Africa and developing America as areas with a significant growth potential, and fast growing trade on secondary container trade routes supporting South–South and intraregional trade.

Table 1.4 (a). World seaborne trade in 2006–2013, by type of cargo, country group and region (Millions of tons)

		Goods loaded				*Goods unloaded*			
Country group	*Year*	*Total*	*Crude*	*Petroleum products and gas*	*Dry cargo*	*Total*	*Crude*	*Petroleum products and gas*	*Dry cargo*
		Millions of tons							
World	2006	7 700.3	1 783.4	914.8	5 002.1	7 878.3	1 931.2	893.7	5 053.4
	2007	8 037.7	1 813.4	933.5	5 287.1	8 140.2	1 995.7	903.8	5 240.8
	2008	8 229.5	1 785.2	957.0	5 487.2	8 286.3	1 942.3	934.9	5 409.2
	2009	7 858.0	1 710.5	931.1	5 216.4	7 832.0	1 874.1	921.3	5 036.6
	2010	8 408.9	1 787.7	983.8	5 637.5	8 443.8	1 933.2	979.2	5 531.4
	2011	8 784.3	1 759.5	1 034.2	5 990.5	8 797.7	1 896.5	1 037.7	5 863.5
	2012	9 196.7	1 785.7	1 055.0	6 356.0	9 188.5	1 929.5	1 055.1	6 203.8
	2013	9 548.2	1 755.3	1 088.5	6 704.4	9 505.1	1 889.5	1 090.6	6 524.9
Developed economies	2006	2 460.5	132.9	336.4	1 991.3	4 164.7	1 282.0	535.5	2 347.2
	2007	2 608.9	135.1	363.0	2 110.8	3 990.5	1 246.0	524.0	2 220.5
	2008	2 715.4	129.0	405.3	2 181.1	4 007.9	1 251.1	523.8	2 233.0
	2009	2 554.3	115.0	383.8	2 055.5	3 374.4	1 125.3	529.9	1 719.2
	2010	2 865.4	135.9	422.3	2 307.3	3 604.5	1 165.4	522.6	1 916.5
	2011	2 982.5	117.5	451.9	2 413.1	3 632.3	1 085.6	581.3	1 965.4
	2012	3 122.9	125.2	459.7	2 538.0	3 700.2	1 092.6	556.5	2 051.1
	2013	3 192.9	123.4	479.8	2 589.7	3 667.8	1 016.4	558.6	2 092.8
Transition economies	2006	410.3	123.1	41.3	245.9	70.6	5.6	3.1	61.9
	2007	407.9	124.4	39.9	243.7	76.8	7.3	3.5	66.0
	2008	431.5	138.2	36.7	256.6	89.3	6.3	3.8	79.2
	2009	505.3	142.1	44.4	318.8	93.3	3.5	4.6	85.3
	2010	515.7	150.2	45.9	319.7	122.1	3.5	4.6	114.0
	2011	505.0	132.6	42.0	330.5	156.7	4.2	4.4	148.1
	2012	544.2	135.6	40.3	368.3	148.1	3.8	4.0	140.3
	2013	549.6	141.6	37.2	370.7	149.1	0.0	6.7	142.4

Table 1.4 (a). World seaborne trade in 2006–2013, by type of cargo, country group and region (Millions of tons) *(continued)*

Developing economies	2006	4 829.5	1 527.5	537.1	2 765.0	3 642.9	643.6	355.1	2 644.3
	2007	5 020.8	1 553.9	530.7	2 932.6	4 073.0	742.4	376.3	2 954.3
	2008	5 082.6	1 518.0	515.1	3 049.6	4 189.1	684.9	407.2	3 097.0
	2009	4 798.4	1 453.5	502.9	2 842.0	4 364.2	745.3	386.9	3 232.1
	2010	5 027.8	1 501.6	515.6	3 010.5	4 717.3	764.4	452.0	3 500.9
	2011	5 296.8	1 509.4	540.4	3 247.0	5 008.8	806.7	452.1	3 750.0
	2012	5 529.6	1 524.9	555.0	3 449.7	5 340.1	833.1	494.7	4 012.4
	2013	5 805.7	1 490.3	571.5	3 744.0	5 688.2	873.1	525.4	4 289.7
Africa	2006	721.9	353.8	86.0	282.2	349.8	41.3	39.4	269.1
	2007	732.0	362.5	81.8	287.6	380.0	45.7	44.5	289.8
	2008	766.7	379.2	83.3	304.2	376.6	45.0	43.5	288.1
	2009	708.0	354.0	83.0	271.0	386.8	44.6	39.7	302.5
	2010	754.0	351.1	92.0	310.9	416.9	42.7	40.5	333.7
	2011	723.7	338.0	68.5	317.2	378.2	37.8	46.3	294.1
	2012	757.8	364.2	70.2	323.4	393.6	32.8	51.0	309.8
	2013	821.3	354.2	68.5	398.6	423.2	34.7	55.7	332.9
America	2006	1 030.7	251.3	93.9	685.5	373.4	49.6	60.1	263.7
	2007	1 067.1	252.3	90.7	724.2	415.9	76.0	64.0	275.9
	2008	1 108.2	234.6	93.0	780.6	436.8	74.2	69.9	292.7
	2009	1 029.8	225.7	74.0	730.1	371.9	64.4	73.6	234.0
	2010	1 172.6	241.6	85.1	846.0	448.7	69.9	74.7	304.2
	2011	1 239.2	253.8	83.5	901.9	508.3	71.1	73.9	363.4
	2012	1 282.6	253.3	85.9	943.4	546.7	74.6	83.6	388.5
	2013	1 283.0	231.0	78.2	973.8	554.5	70.1	85.6	398.8
Asia	2006	3 073.1	921.2	357.0	1 794.8	2 906.8	552.7	248.8	2 105.3
	2007	3 214.6	938.2	358.1	1 918.3	3 263.6	620.7	260.8	2 382.1
	2008	3 203.6	902.7	338.6	1 962.2	3 361.9	565.6	286.8	2 509.5
	2009	3 054.3	872.3	345.8	1 836.3	3 592.4	636.3	269.9	2 686.2
	2010	3 094.6	907.5	338.3	1 848.8	3 838.2	651.8	333.1	2 853.4
	2011	3 326.7	916.0	388.2	2 022.6	4 108.8	697.8	328.0	3 082.9
	2012	3 480.9	905.8	398.1	2 177.0	4 386.9	725.7	355.5	3 305.7
	2013	3 693.9	903.6	423.9	2 366.5	4 697.3	767.5	380.1	3 549.7
Oceania	2006	3.8	1.2	0.1	2.5	12.9	0.0	6.7	6.2
	2007	3.5	0.9	0.1	2.5	13.5	0.0	7.0	6.5
	2008	4.2	1.5	0.1	2.6	13.8	0.0	7.1	6.7
	2009	6.3	1.5	0.2	4.6	13.1	0.0	3.6	9.5
	2010	6.5	1.5	0.2	4.8	13.4	0.0	3.7	9.7
	2011	7.1	1.6	0.2	5.3	13.5	0.0	3.9	9.6
	2012	8.3	1.6	0.8	5.9	13.0	0.0	4.6	8.4
	2013	7.5	1.6	0.8	5.1	13.1	0.8	4.1	8.2

Table 1.4 (b). World seaborne trade in 2006–2013, by type of cargo, country group and region (Percentage share)

Country group	Year	Goods loaded				Goods unloaded			
		Total	Crude	Petroleum products and gas	Dry cargo	Total	Crude	Petroleum products and gas	Dry cargo
		Percentage share							
World	2006	100.0	23.2	11.9	65.0	100.0	24.5	11.3	64.1
	2007	100.0	22.6	11.6	65.8	100.0	24.5	11.1	64.4
	2008	100.0	21.7	11.6	66.7	100.0	23.4	11.3	65.3
	2009	100.0	21.8	11.8	66.4	100.0	23.9	11.8	64.3
	2010	100.0	21.3	11.7	67.0	100.0	22.9	11.6	65.5
	2011	100.0	20.0	11.8	68.2	100.0	21.6	11.8	66.6
	2012	100.0	19.4	11.5	69.1	100.0	21.0	11.5	67.5
	2013	100.0	18.4	11.4	70.2	100.0	19.9	11.5	68.6
Developed economies	2006	32.0	7.4	36.8	39.8	52.9	66.4	59.9	46.4
	2007	32.5	7.5	38.9	39.9	49.0	62.4	58.0	42.4
	2008	33.0	7.2	42.3	39.7	48.4	64.4	56.0	41.3
	2009	32.5	6.7	41.2	39.4	43.1	60.0	57.5	34.1
	2010	34.1	7.6	42.9	40.9	42.7	60.3	53.4	34.6
	2011	34.0	6.7	43.7	40.3	41.3	57.2	56.0	33.5
	2012	34.0	7.0	43.6	39.9	40.3	56.6	52.7	33.1
	2013	33.4	7.0	44.1	38.6	38.6	53.8	51.2	32.1
Transition economies	2006	5.3	6.9	4.5	4.9	0.9	0.3	0.3	1.2
	2007	5.1	6.9	4.3	4.6	0.9	0.4	0.4	1.3
	2008	5.2	7.7	3.8	4.7	1.1	0.3	0.4	1.5
	2009	6.4	8.3	4.8	6.1	1.2	0.2	0.5	1.7
	2010	6.1	8.4	4.7	5.7	1.4	0.2	0.5	2.1
	2011	5.7	7.5	4.1	5.5	1.8	0.2	0.4	2.5
	2012	5.9	7.6	3.8	5.8	1.6	0.2	0.4	2.3
	2013	5.8	8.1	3.4	5.5	1.6	0.0	0.6	2.2
Developing economies	2006	62.7	85.6	58.7	55.3	46.2	33.3	39.7	52.3
	2007	62.5	85.7	56.9	55.5	50.0	37.2	41.6	56.4
	2008	61.8	85.0	53.8	55.6	50.6	35.3	43.6	57.3
	2009	61.1	85.0	54.0	54.5	55.7	39.8	42.0	64.2
	2010	59.8	84.0	52.4	53.4	55.9	39.5	46.2	63.3
	2011	60.3	85.8	52.2	54.2	56.9	42.5	43.6	64.0
	2012	60.1	85.4	52.6	54.3	58.1	43.2	46.9	64.7
	2013	60.8	84.9	52.5	55.8	59.8	46.2	48.2	65.7
Africa	2006	9.4	19.8	9.4	5.6	4.4	2.1	4.4	5.3
	2007	9.1	20.0	8.8	5.4	4.7	2.3	4.9	5.5
	2008	9.3	21.2	8.7	5.5	4.5	2.3	4.7	5.3
	2009	9.0	20.7	8.9	5.2	4.9	2.4	4.3	6.0
	2010	9.0	19.6	9.4	5.5	4.9	2.2	4.1	6.0
	2011	8.2	19.2	6.6	5.3	4.3	2.0	4.5	5.0
	2012	8.2	20.4	6.6	5.1	4.3	1.7	4.8	5.0
	2013	8.6	20.2	6.3	5.9	4.5	1.8	5.1	5.1

Table 1.4 (b). World seaborne trade in 2006–2013, by type of cargo, country group and region (Percentage share) *(continued)*

America	2006	13.4	14.1	10.3	13.7	4.7	2.6	6.7	5.2
	2007	13.3	13.9	9.7	13.7	5.1	3.8	7.1	5.3
	2008	13.5	13.1	9.7	14.2	5.3	3.8	7.5	5.4
	2009	13.1	13.2	7.9	14.0	4.7	3.4	8.0	4.6
	2010	13.9	13.5	8.7	15.0	5.3	3.6	7.6	5.5
	2011	14.1	14.4	8.1	15.1	5.8	3.7	7.1	6.2
	2012	13.9	14.2	8.1	14.8	5.9	3.9	7.9	6.3
	2013	13.4	13.2	7.2	14.5	5.8	3.7	7.8	6.1
Asia	2006	39.9	51.7	39.0	35.9	36.9	28.6	27.8	41.7
	2007	40.0	51.7	38.4	36.3	40.1	31.1	28.9	45.5
	2008	38.9	50.6	35.4	35.8	40.6	29.1	30.7	46.4
	2009	38.9	51.0	37.1	35.2	45.9	34.0	29.3	53.3
	2010	36.8	50.8	34.4	32.8	45.5	33.7	34.0	51.6
	2011	37.9	52.1	37.5	33.8	46.7	36.8	31.6	52.6
	2012	37.8	50.7	37.7	34.3	47.7	37.6	33.7	53.3
	2013	38.7	51.5	38.9	35.3	49.4	40.6	34.9	54.4
Oceania	2006	0.0	0.1	0.01	0.0	0.2	-	0.7	0.1
	2007	0.1	0.1	0.01	0.0	0.2	-	0.8	0.1
	2008	0.1	0.1	0.01	0.0	0.2	-	0.8	0.1
	2009	0.1	0.1	0.02	0.1	0.2	-	0.4	0.2
	2010	0.1	0.1	0.0	0.1	0.2	-	0.4	0.2
	2011	0.1	0.1	0.0	0.1	0.2	-	0.4	0.2
	2012	0.1	0.1	0.1	0.1	0.1	-	0.4	0.1
	2013	0.1	0.1	0.1	0.1	0.1	0.0	0.4	0.1

Source: Compiled by the UNCTAD secretariat on the basis of data supplied by reporting countries and as published on the relevant government and port industry website, and by specialist sources. Data from 2006 onwards have been revised and updated to reflect improved reporting, including more recent figures and better information regarding the breakdown by cargo type. Figures for 2013 are estimated on the basis of preliminary data or on the last year for which data were available.

2. Seaborne trade in ton–miles

In 2013, world seaborne trade measured in ton–miles increased by 3.6 per cent taking the total to 50,000 billion ton–miles (Clarkson Research Services, 2014c). Ton-miles generated by crude oil shipments fell by 1.8 per cent (Clarkson Research Services, 2014c), reflecting largely the drop in crude oil imports into the United States. Together, oil products and gas trade measured in ton–miles increased by 3.9 per cent due to rapid growth in oil products trade (6.2 per cent) (Clarkson Research Services, 2014c). Gas trade fell by 1.4 per cent reflecting lower volumes of liquefied natural gas (LNG) shipped during the year.

While global crude oil shipments fell in 2013, rising crude oil import demand in Asia and shifting sourcing patterns have overall supported crude oil ton–mile growth. More crude oil shipments from the Caribbean and West Africa to Asia, in particular China, have boosted ton–mile demand for the very large crude carriers (VLCC). Rising domestic production in the United States and its impact on crude oil import demand has some implications for the growth in crude oil trade ton–miles, including the potential for shipments from developing America and West Africa to Asia to offset the observed contraction.

Ton-miles generated by trade in major dry bulks increased by 4.5 per cent in 2013. Grain trade ton–miles, which are subject to changes in weather patterns, including periods of drought that alter export volumes as well as the ton–mile demand, increased in 2013. As droughts in the United States during crop year 2012/2013 have constrained production, grain shipments had to be carried over longer distances from Brazil to Asia. In this context, ton–miles of grain trade expanded by 6.2 per cent in 2013, supported

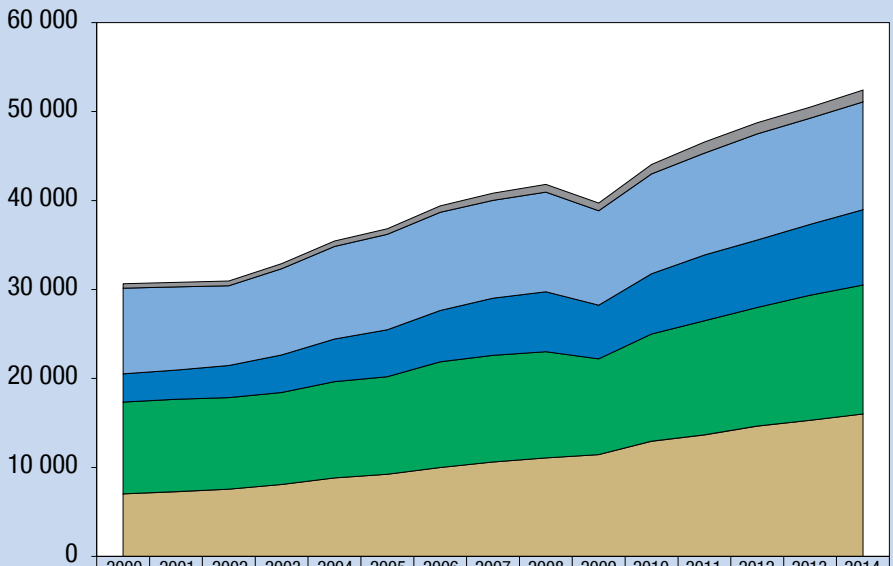
also by growth in China's imports, especially from distant locations (Bosamia, 2013a). Growth in grain ton–miles reflects in particular growing soybean imports into China sourced from the United States and Brazil. Over the past decade, Chinese imports from Brazil have generally grown faster than those from the United States, thereby boosting grain ton–mile demand.

Ton-mile demand of coal and iron-ore trade also increased in 2013, rising respectively by 3.6 per cent and 3.5 per cent. Growth in iron-ore trade ton–miles was sustained by greater steel output, more competitive international iron-ore prices, improved economic performance in Europe, mine expansions, and reduced supply-side constraints (for example, weather conditions restraining exports from Australia and Brazil). Since 2011, China's iron-ore ton–mile import growth was largely driven by growth in short-haul Australian exports. However, growth is expected to be increasingly driven by longer-haul imports from Brazil where mining expansion projects are underway (Bosamia, 2013b).

Coal trade ton–miles are fuelled by rising Asian coal imports that have increased significantly since 2007 due to growth in longer-haul shipments from the Atlantic and Indonesian–Indian coal trade. Although ton–miles generated by imports into Europe have declined over the past few years, strong growth in Asian ton–mile imports have propelled overall coal ton–mile trade (43.5 per cent since 2007). Consequently, Asian coal imports and shifts in ton–mile trends have boosted global demand for coal shipping (dry bulkers), a trend set to continue (Bosamia, 2013c). Ton-miles of trade in phosphate rock fell by 10.9 per cent, owing to a drop in both volumes and distances travelled.

Growth in bauxite trade as measured in ton–miles increased as a result of a 25.7 per cent increase in shipments to China. This growth was driven by China's rapid expansion in alumina production capacity, as well as the limited supply and the substandard quality of China's bauxite reserves. China is highly dependent on bauxite imports, in particular from Indonesia whose restrictions applied to the export of raw materials are creating uncertainty for this trade. Consequently, China

Figure 1.4. World seaborne trade in cargo ton–miles by cargo type, 2000–2014 (Billions of ton–miles)



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Gas	498	509	536	569	610	623	722	807	869	864	1060	1248	1255	1241	1330
Oil	9627	9355	8963	9693	10408	10732	11037	10997	11203	10616	11226	11452	11928	11936	12117
Container	3176	3278	3608	4221	4789	5276	5765	6424	6740	6037	6772	7388	7584	7964	8466
Other (minor bulks & other)	10319	10387	10298	10343	10815	10960	11889	11984	11925	10757	12057	12828	13340	14061	14487
Five main dry bulks	7028	7275	7553	8082	8829	9239	9988	10618	11081	11445	12942	13663	14643	15298	16018

Source: UNCTAD secretariat, based on data from Clarkson Research Services, *Shipping Review and Outlook*, Spring 2014 (Clarkson Research Services, 2014c).

2013 figures: Estimated.

2014 figures: Forecast.

has been sourcing bauxite from other locations such as Australia, India and other regions, as illustrated by the first African bauxite shipments, including from Ghana and Guinea, as well as from Guyana, received in 2012.

Mirroring the increase in volumes, containerized trade ton–miles increased by 5.0 per cent in 2013 as compared with 2.7 per cent recorded in 2012 (Clarkson Research Services, 2014c). Over the past decade, the average distance travelled by containerized trade fell slightly as long-haul Asia–Europe and trans-Pacific trade is being offset by rapid growth in the shorter-distance intra-Asian flows. However, as trade on secondary routes including long-haul North–South is fast growing, the average distance travelled by containerized trade is likely to grow.

3. Seaborne trade by cargo type

(a) Tanker trade

Developments in the world economy have shaped the tanker trade in 2013. Other defining factors included the high oil price levels (average oil prices exceeded $100 per barrel for a third consecutive year), demographics, geopolitical uncertainties, technology and energy efficiency gains, and also changes in supply and demand with traditional consumer markets such as the United States emerging as large suppliers and potentially large exporters of crude oil.

In 2013, less crude oil volumes were imported into the United States and more refined oil products were exported from its ports. Developing economies, in particular China and India, are emerging as large crude oil importers, including with the view to the current and planned expansion of their refinery capacities. This in turn may further shift tanker trade patterns, with Asia becoming an important oil products supplier.

(i) Crude oil

Global crude oil shipments fell by 1.7 per cent in 2013 with total volumes averaging 1.8 billion tons. Factors at play included the supply and demand dynamics resulting from geopolitical disruptions, growing domestic production in the traditionally largest consumer market, as well as the overall weak global economic conditions and constrained demand. Weaker demand for imported crude oil in the United States and refinery closures in Europe contributed significantly to the decline. An overview of global consumers and producers of oil is presented in table 1.5.

Table 1.5. Major producers and consumers of oil and natural gas, 2013 (Percentage world market share)

World oil production		*World oil consumption*	
Western Asia	33	Asia Pacific	33
Transition economies	17	North America	23
North America	16	Europe	15
Developing America	12	Developing America	10
Africa	10	Western Asia	10
Asia Pacific	9	Transition economies	5
Europe	3	Africa	4
World natural gas production		***World natural gas consumption***	
North America	25	North America	25
Transition economies	23	Asia Pacific	19
Western Asia	17	Transition economies	16
Asia Pacific	14	Europe	14
Europe	8	Western Asia	14
Developing America	7	Developing America	8
Africa	6	Africa	4

Source: UNCTAD secretariat, based on data published in the British Petroleum – Statistical review of world energy 2014 (British Petroleum, 2014a), and from Clarkson Research Services, *Shipping Review and Outlook*, Spring 2014 (Clarkson Research Services, 2014c).

Note: Oil includes crude oil, shale oil, oil sands and natural gas liquids. The term excludes liquid fuels from other sources such as biomass and coal derivatives.

Main unloading ports or importing areas were located in Japan, North America, Europe and developing Asia. Crude oil imports into the United States fell by 13.0 per cent from 7.7 million to 6.7 million barrels per day (bpd) (British Petroleum, 2014a), the lowest level recorded for more than two decades. Imports also fell in Canada and Japan. Elsewhere, China's seaborne crude imports increased by 6.8 per cent reaching 7.7 million bpd and therefore surpassing the United States as the world's largest net oil importer. Other importers, including in Africa, developing America, Australia, Europe, India and Singapore have all increased their crude oil imports, although at different rates. Imports into Asia reflect growing consumption needs but also efforts by countries in the region, including China and India, to build local refineries.

Major crude oil loading areas continued to be located in Western Asia, Africa, developing America and the transition economies. Almost all major crude oil exporters reduced their exports or matched the 2012 levels. While Canada increased its crude oil shipments in 2013 (8.6 per cent), others, including developing America, Western Asia, the transition economies and Africa have seen their exports constrained.

(ii) Refined petroleum products

Total global refinery capacity increased by 1.4 per cent in 2013 at more or less the same rate as the previous year, with volumes reaching 94.9 million bpd (British Petroleum, 2014a). Capacity is projected to expand driven by expansion projects in Asia, in particular China and India. Meanwhile, refineries are increasingly being closed down in Europe as environmental constraints in the OECD region continue to grow and as competition from refineries in Asia grows (Danish Ship Finance, 2013).

In 2013, oil product shipments increased by 4.7 per cent, compensating to some extent for the drop in crude oil shipments (Clarkson Research Services, 2014c). Estimates by UNCTAD suggest that world oil product shipments, including gas trade, have increased by 3.1 per cent from 1.06 billion tons in 2012 to 1.09 billion tons in 2013, driven in particular by growing export volumes from the United States (+18.5 per cent in 2013) (British Petroleum, 2014a). As the surplus crude oil volumes produced in the United States could not be exported, refineries in the country are processing the crude with a view to oil product exports. In 2013, China, the economies in transition, Europe, Singapore and Western Asia increased their shipments, while in some regions exports either contracted (Africa, developing America and India) or came to a standstill (Canada).

Shipments were further supported by demand in China as well as countries with limited refinery capacity such as Indonesia, Malaysia, Thailand and Viet Nam. Imports into Europe and developing America also increased in 2013 owing, respectively, to the region's reduced refinery capacity and the growing Brazilian demand. Imports of oil products into the United States declined by 1.3 per cent in 2013, a trend closely linked to the growth in shale production (British Petroleum, 2014a).

(iii) Natural gas and liquefied gases

Global natural gas production grew by 1.1 per cent in 2013, a rate below the 10-year average of 2.6 per cent. The United States accounted for 20.0 per cent of global production and remained the world's leading producer. An overview of global consumers and producers of natural gas is presented in table 1.5. Reflecting demand and supply trends, global natural gas trade volumes remained flat in 2013 (-0.3 per cent), well below the historical average of 5.2 per cent. Growth in global LNG trade nearly came to a standstill (0.3 per cent) in 2013, while increased imports into developing America, China and the Republic of Korea were partially offset by lower imports in France, Spain and the United Kingdom of Great Britain and Northern Ireland. Qatar remained the largest LNG exporter with a 32.4 per cent share of global LNG exports.

The number of active projects worldwide over the past three years averaged 839 (*Shipping and Finance*, 2014). However, export growth in 2013 was constrained by limited export capacity with the lack of significant new liquefaction installations. Additionally, as coal prices fell and coal became more affordable in Europe, demand for gas declined as well. Accounting for only 15.6 per cent of global seaborne gas trade, growth in liquefied petroleum gas (LPG) trade remained flat in 2013 with total LPG volumes totalling 44 million tons (Clarkson Research Services, 2014c). Japan remained the largest world importer of LPG, followed by the Republic of Korea, China and India.

(b) Dry-cargo trades: Major and minor dry bulks and other dry cargo

Dry-bulk commodities are the backbone of international seaborne trade, reflecting, in particular, the fast growing demand from emerging developing regions. In 2013, world dry-cargo shipments reached 6.7 billion tons, a 5.5 per cent growth over 2012. The dry-bulks trade increased by 5.6 per cent and accounted for 64.6 per cent of global dry-cargo volumes (Clarkson Research Services, 2014a). Of this total, the five major dry bulks totalled about 2.9 billion tons while minor dry bulks reached 1.4 billion tons (Clarkson Research Services, 2014a). The five major dry-bulk commodities continued to drive growth in this market segment rising by 6.5 per cent in 2013 as compared with 3.5 per cent in 2012.

Dry-bulk trade exporters are rather diversified, with suppliers of various key commodities spanning different regions and with smaller exporters increasingly emerging on the market. Major players include Argentina, Australia, Brazil, Canada, Indonesia, South Africa and the United States. New suppliers are also emerging involving more than one commodity (for example, Liberia, Peru and Sierra Leone). On the import side, however, there seems to

be a greater concentration with demand originating mainly from emerging developing regions in Asia, in particular China and increasingly India. An overview of global producers and users of steel as well as importers and exporters of select major dry-bulk commodities is presented in table 1.6.

(i) Steel production and consumption and iron-ore shipments

Reflecting continued growth in the steel industry, global iron-ore trade increased by a firm 7.1 per cent and remained the star performer with volumes doubling between 2004 and 2013. Iron-ore shipments totalled nearly 1.2 billion tons in 2013 up from 1.1 billion tons in 2012 and 593 million tons in 2004 (Clarkson Research Services, 2014c). Major iron-ore exporters were Australia and Brazil, which together accounted for 75.6 per cent of world iron-ore shipments in 2013 (Clarkson Research Services, 2014a). However, other smaller suppliers are increasingly emerging as important markets that can offer promising prospects for shipping, especially in Africa. In 2013, while the majority of dry-bulk exports were shipped from South Africa, other African countries have also been contributing larger shares. These include iron-ore exporters from Liberia and Sierra Leone and coal exports from Mozambique. Expansion of coal and iron-ore mining capacity, including in Guinea, are likely to significantly increase dry-bulk cargo volumes shipped out from Africa.

Elsewhere, India's iron-ore exports declined while its import demand for dry-bulk commodities generally continues to grow. Being the fourth largest steel producer worldwide, India is also increasingly importing coking coal, a trend set to continue in the coming years due to the planned increase in steelmaking capacity (Clarkson Research Services, 2013).

China remained the main consumption market for iron ore shipped out of Australia and Brazil in 2013. Driven by large investments in construction and infrastructure, China accounts for over two thirds of the global iron-ore trade. This is not without risk, however, given the extreme dependence of the global shipping industry on the import demand of China, which is currently shifting its economic growth paradigm from investment-led to consumption-based growth. Meanwhile, some growth from other regions helped further drive the iron-ore trade, including Europe and Japan.

Table 1.6. Some major dry bulks and steel: Main producers, users, exporters and importers, 2013 (Percentage world market share)

Steel producers		*Steel users*	
China	49	China	47
Japan	7	European Union	10
United States	5	North America	9
India	5	Transition economies	4
Russian Federation	4	Developing America	3
Republic of Korea	4	Western Asia	3
Germany	3	Africa	2
Turkey	2	Other	22
Brazil	2		
Ukraine	2		
Other	17		
Iron ore exporters		***Iron ore importers***	
Australia	49	China	67
Brazil	27	Japan	11
South Africa	5	European Union	9
Canada	3	Republic of Korea	5
Sweden	3	Other	8
Other	13		
Coal exporters		***Coal importers***	
Indonesia	34	China	19
Australia	32	Japan	17
United States	9	European Union	16
Colombia	7	India	16
Russian Federation	7	Republic of Korea	11
South Africa	6	China, Taiwan Province of	5
Canada	3	Malaysia	2
Other	2	Thailand	2
		Other	12
Grain exporters		***Grain importers***	
United States	19	Asia	31
Argentina	12	Developing America	21
European Union	11	Africa	20
Australia	10	Western Asia	18
Ukraine	9	Europe	7
Canada	8	Transition economies	3
Others	31		

Source: UNCTAD secretariat, based on data from the World Steel Association 2014, Clarkson Research Services, *Dry Bulk Trade Outlook*, June 2014 (Clarkson Research Services, 2014a), and the International Grains Council 2014.

(ii) Coal shipments

In 2013, the total volume of coal shipments (thermal and coking) increased by 5.0 per cent to reach 1.18 billion tons. Accounting for nearly 78.0 per cent of the coal trade, thermal shipments increased by 2.9 per cent, a rate much slower than the 14.6 per cent recorded in 2012. Asian imports are the main contributor to global coal trade with volumes expanding rapidly over recent years. Asia's thermal coal import volumes recorded the fastest growth (5.3 per cent) while import volumes into the European Union contracted by 5.9 per cent. Major importers included China, Germany, India, Japan, Malaysia, the Republic of Korea, Taiwan Province of China and the United Kingdom.

Australia and Indonesia accounted for 64.5 per cent of global shipments in 2013. While Indonesia remained the largest single coal exporter after overtaking Australia in 2010 as Asia's largest coal supplier, world coal shipments increased by 10.2 per cent in 2013 (Clarkson Research Services, 2014a). Growth in coal-fired power generation in India is driving demand for thermal coal while low international prices have encouraged greater imports into China. Shipments from Colombia, South Africa and the United States have also expanded over the past decade partly reflecting the fast-growing demand in Asia. However, Colombian exports fell by 7.3 per cent owing to disruptions to supply during the year (Clarkson Research Services, 2014a). Since the economic downturn, South Africa's coal exports to Europe have been diverted towards Asia where demand has been surging. Meanwhile, steam coal exports from the United States have increased as domestic coal demand declined in the wake of increased use of shale gas in power generation.

As to coking coal, shipments expanded by a rapid 12.8 per cent in 2013 driven by increases in import volumes into Asia (19.0 per cent) (Clarkson Research Services, 2014a). Imports into China alone expanded by 73.4 per cent from 34.6 million tons in 2012 to 60.0 million tons in 2013, owing largely to disruptions to land-borne supply from Mongolia. Remaining the world leading exporter of coking coal in 2013 (55.2 per cent share), Australia increased its exports by a solid 17.3 per cent while shipments from Canada and the Russian Federation grew by 15.4 per cent and 19.1 per cent, respectively. In the United States, coal exports (thermal and coking) fell by 6.9 per cent (Clarkson Research Services, 2014a), due to relatively high production costs and low international prices for coal as compared with gas prices.

(iii) Grain shipments

Global grain (including wheat, coarse grain and soybean) shipments increased by 3.2 per cent, taking the total to 384 million tons in 2013 (Clarkson Research Services, 2014a). This growth reflects in particular the more favourable weather conditions in the United States in the case of wheat and the lower prices in the case of coarse grain (Clarkson Research Services, 2014d).

Japan remained the world's largest importer of wheat and coarse grains with a total of 23.9 million tons, followed by China (19.8 million tons). Demand from oilseed processors is driving demand for soybeans and increasingly defining world grain trade patterns. In 2013, soybeans trade continued to grow and expanded by 7.0 per cent (Clarkson Research Services, 2014a), driven by China's import demand. Argentina and Brazil, two major soybean producers, are likely to also emerge as important consumers (Clarkson Research Services, 2014d), a trend that will affect global grain trade since exports from these two major producers are likely to decline.

The United States, the leading world grain exporter with a share of 19 per cent in 2013, expanded its shipments (wheat and coarse grain) by 54.2 per cent in 2013/2014, rebounding from the sharp contraction (-31.4 per cent) recorded in the previous year (Clarkson Research Services, 2014a). Wheat export volumes dropped in Argentina and Australia but increased in Canada and the European Union. Meanwhile, coarse grain shipments increased in Australia, the European Union and Ukraine but fell in Argentina and Canada (Clarkson Research Services, 2014d).

(iv) Bauxite/alumina and phosphate rock

Bauxite trade is facing uncertainty due to Indonesia's export bans introduced in January 2014. Bauxite exports from Indonesia accounted for around 50.0 per cent of global bauxite trade in 2013 and almost 70.0 per cent of Chinese imports. While a greater proportion of imports are being sourced from distant locations such as Africa and developing America, supply from these countries is, nevertheless, not expected to fully offset the drop in Indonesian exports. In this context, some companies are planning to build alumina refineries in Indonesia in response to the law restricting exportation of unprocessed mineral ores (United States Geological Survey, 2014).

Global shipments of phosphate rock fell by 6.7 per cent in 2013 as fertilizer processing increasingly takes place at source (Clarkson Research Services, 2014a). World export volumes of phosphate rock totalled 28 million tons, down from 30 million tons in 2012. World phosphate production is estimated to have increased in 2013 while annual production capacity is set to increase mainly in Brazil, China, Morocco, Peru, and Saudi Arabia (United States Geological Survey, 2014). Other significant development projects are planned or are in progress in Algeria, Australia, Canada, Kazakhstan, Namibia, the Russian Federation, Togo, and Tunisia.

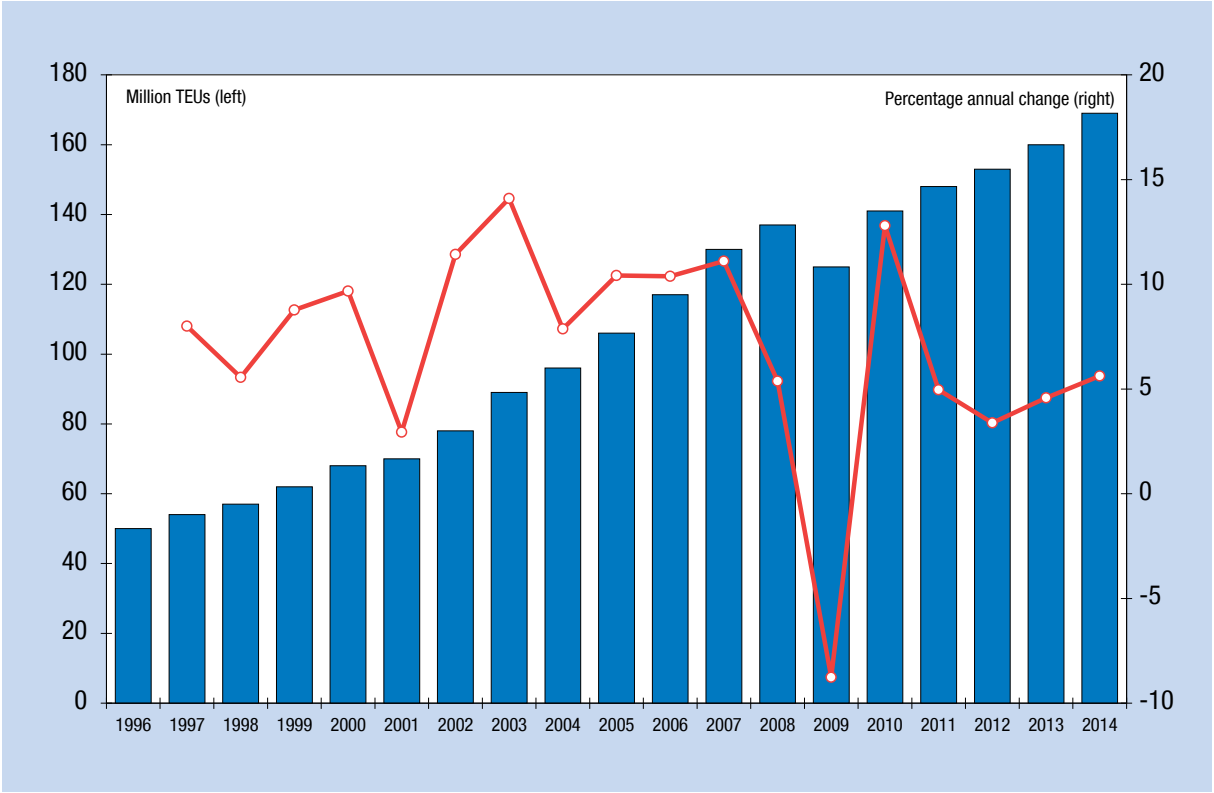
(v) Dry cargo: Minor bulks

In 2013, growth in minor-bulks trade decelerated to 3.9 per cent (Clarkson Research Services, 2014a), with total volumes averaging 1.4 billion tons. Of this total, 44.0 per cent was accounted for by metals and minerals (for example, cement, nickel ore, anthracite), 34.0 per cent by manufactures (that is, forest and steel products) and 21.9 per cent by agribulks (for example, sugar) (Clarkson Research Services, 2014a). Metals and minerals recorded the fastest growth (6.0 per cent) followed by manufactures (3.7 per cent) and agribulks, which remained flat owing to reduced oilseed/meal trade and limited sugar-trade growth (Clarkson Research Services, 2014a).

(vi) Other dry cargo: Containerized trade

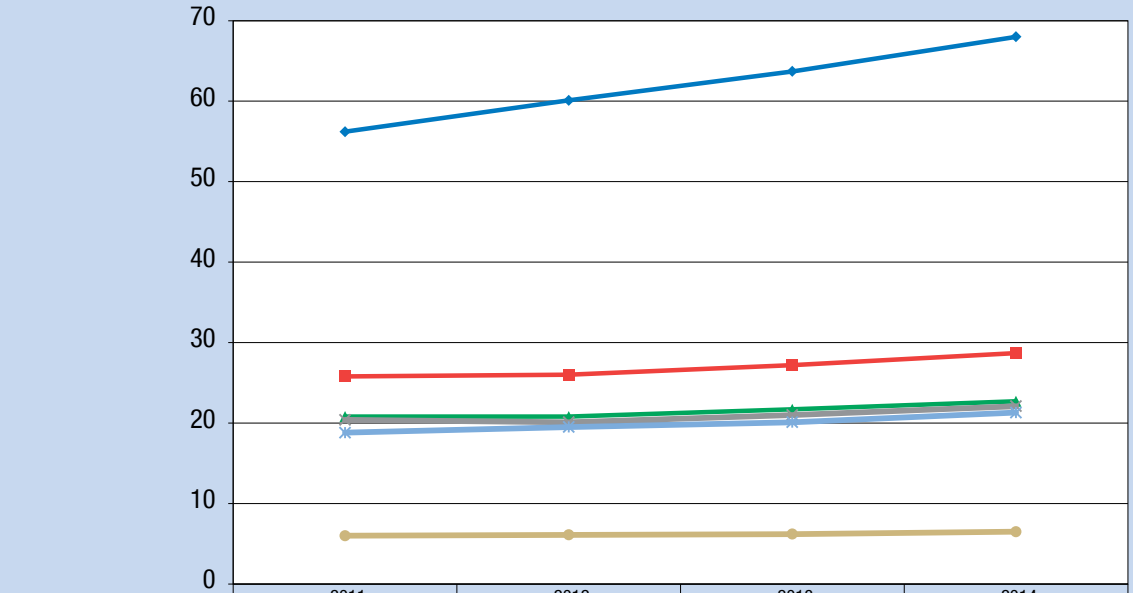
Global containerized trade grew by 4.6 per cent in 2013 taking total volumes to 160 million TEUs, up from 153 million TEUs in 2012 (figure 1.5 (a)) (Clarkson Research Services, 2014b). Together, intraregional (led by intra-Asian trade) and South–South trades accounted for 39.8 per cent of global containerized trade shipments in 2013, followed in descending order by North–South trade (17.0 per cent), the trans-Pacific (13.6 per cent), Far East–Europe (13.1 per cent), secondary East–West (12.6 per cent) and transatlantic (3.9 per cent). Figure 1.5 (b) features the contribution of each trade route and points to the potential for growth and further change in the regions.

Figure 1.5 (a). Global containerized trade, 1996–2014 (Millions of TEUs and percentage annual change)



Source: Based on Drewry Shipping Consultants, *Container Market Annual Review and Forecast 2008/2009*, and Clarkson Research Services, *Container Intelligence Monthly*, various issues.

Figure 1.5 (b). Distribution of global containerized trade by route, 2011–2014 (Millions of TEUs)



	2011	2012	2013	2014
Intraregional & South-South	56.2	60.1	63.7	68.0
North–South	25.8	26.0	27.2	28.7
Trans-Pacific	20.8	20.8	21.7	22.7
Far East-Europe	20.4	20.1	21.0	22.1
Secondary East-West	18.8	19.5	20.1	21.3
Transatlantic	6.0	6.1	6.2	6.5

Source: Based on Clarkson Research Services, *Container Intelligence Monthly*, June 2014 (Clarkson Research Services, 2014b).

The three routes on the major East–West trade lane, specifically the trans-Pacific, Asia–Europe and the transatlantic, bring together three main economic regions, namely Asia (in particular China) the manufacturing centre of the world, and Europe and North America, traditionally the major consumption markets. Together, Asia, Europe and North America accounted for nearly 80.0 per cent of world GDP in 2012 (at constant 2005 prices) (UNCTADstat – Statistical Database, 2014). In 2013, total containerized volumes carried across this major East–West trade lane increased by 4.3 per cent in 2013, taking the total

Table 1.7. Estimated containerized cargo flows on major East–West container trade routes, 2009–2013 (Millions of TEUs and percentage annual change)

Year	*Transpacific*		*Europe Asia*		*Transatlantic*	
	Asia–North America	North America–Asia	Asia–Europe	Europe–Asia	Europe–North America	North America–Europe
2009	10.6	6.1	11.5	5.5	2.8	2.5
2010	12.3	6.5	13.3	5.7	3.2	2.7
2011	12.4	6.6	14.1	6.2	3.4	2.8
2012	13.1	6.9	13.7	6.3	3.6	2.7
2013	13.8	7.4	14.1	6.4	3.8	2.8
Percentage change 2012–2013	**4.6**	**7.6**	**3.1**	**1.8**	**5.8**	**3.6**

Source: MDS Transmodal data as published in Data Hub statistics, *Lloyd's List Containerisation International*, www.containershipping.com, April, May and June 2014.

to 48.3 million TEUs, or 30.2 per cent of the global containerized trade (see tables 1.7 and figure 1.5 (c)).

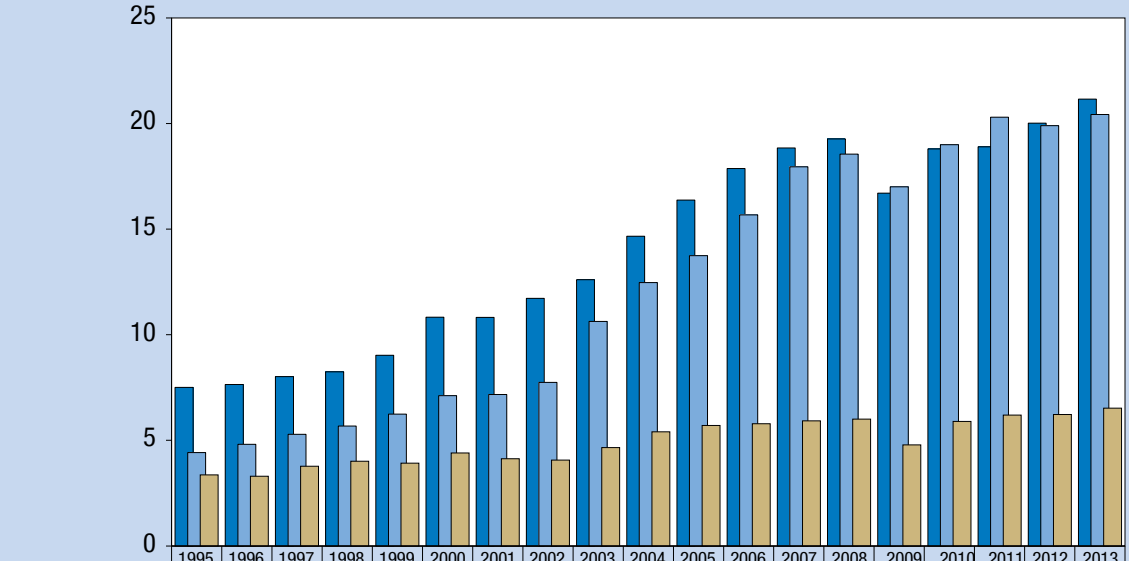
Trade flows involving Europe reflect to some extent the improved consumer and business confidence in Europe and the United States. European imports sourced from Asia expanded at 3.1 per cent while exports destined for the Asian market grew at the slower rate of 1.8 per cent. The Asia–Europe mainlane is where most of the ultralarge container ships on the order book are designed to be deployed. Growth has picked up some speed on the transatlantic route, with containerized trade imports into the United States from Europe increasing by 5.8 per cent, while flows in the opposite direction increased by 3.6 per cent.

Total intraregional and South–South trade flows increased by 6.0 per cent as South–South volumes were constrained by weaker demand in developing America (Clarkson Research Services, 2014b). Total intraregional trade grew by an estimated 6.6 per cent in 2013 with volumes reaching about 45.0 million tons (Clarkson Research Services, various issues). Much of the intraregional trade growth was driven by the intra-Asian trade involving China and the Association of Southeast Asian Nations (ASEAN).

Reflecting a shift in key regions, the next fastest growth in containerized trade demand in 2013 related to the North–South trade routes. Robust expansion on these smaller trades which involve Asia, Africa and Oceania have to some extent helped offset the weakness in demand from developing America.

Overall, containerized trade flows in 2013 unfolded in the context of (a) further cascading of larger tonnage down from the mainlanes to smaller and secondary routes, (b) greater uptake of slow steaming which started in 2007 in response to a rapid increase in bunker prices with a view to address capacity oversupply, and (c) continued efforts to build alliances. Building shipping alliances, in particular, is becoming an important strategy for shipowners to control costs and maximize capacity utilization on larger ships, as illustrated by the alliance-building activity and service-cooperation agreements between carriers in 2013. An important development relates to the P3 Network proposed between Maersk Line, Mediterranean Shipping Company (MSC) and CMA-CGM. While the Federal Maritime Commission approved the proposed alliance subject to a monitoring requirement, China's Ministry of Commerce rejected the deal (*Lloyd's List*, 2014a) (see chapter 2).

Figure 1.5 (c). Estimated containerized cargo flows on major East–West container trade routes, 1995–2013 (Millions of TEUs)



	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Trans-Pacific	8	8	8	8	9	11	11	12	13	15	16	18	19	19	17	19	19	20	21
Europe-Asia-Europe	4	5	5	6	6	7	7	8	11	12	14	16	18	19	17	19	20	20	20
Transatlantic	3	3	4	4	4	4	5	4	5	5	6	6	6	6	5	6	6	6	7

Source: Based on the Global Insight Database as published in *Bulletin Fal*, issue 288, number 8/2010 ("International maritime transport in Latin America and the Caribbean in 2009 and projections for 2010") (produced by the Economic Commission for Latin America and the Caribbean). Data for 2009, 2010, 2011 and 2013 are based on table 1.7 of the current Review.

Other relevant developments worth noting relate to, inter alia, (a) the regulatory changes approved under the auspices of IMO requiring that container weights be verified by July 2016, (b) the postponement of plans to scan 100 per cent of inbound containers in the United States owing to associated negative impact on cargo flows as well as the costs and difficulty in implementing such a requirement (Clarkson Research Services, 2014e), (c) the dispute around cost overrun and the delays in completing the expansion work of the Panama Canal, (d) the plans by the Nicaragua Canal Commission to build a new canal to link the Atlantic and the Pacific oceans, and (e) the antitrust proceeding from the European Commission facing a total of 14 shipping lines, all among the top 20 global carriers in terms of operated capacity (*Lloyd's List*, 2013).

C. Outlook

1. Economic growth and merchandise trade

Prospects are overall positive for global economic and industrial outputs, with world GDP expected to expand by 2.7 per cent in 2014, reflecting in particular an improved performance in developed economies. Led by China, Asian growth is set to continue fuelling global growth despite the deceleration in China's economic growth observed over the past two years and the current structural shift in China's economy and trade base. Changes in the structure of China's import demand are likely to affect trading partners and shipping routes. Relevant trading partners directly involved include Australia, Brazil, Chile, Germany, Indonesia, Japan, Malaysia, the Republic of Korea and Taiwan Province of China, which account for significant shares of imports into China of iron ore and copper as well as machinery, parts and components required in the production of electronics and electrical goods (United Nations Department of Economic and Social Affairs, 2014).

Growth in sub-Saharan Africa is projected to accelerate in 2014 and beyond, driven by an expansion of domestic markets as a large proportion of the region's population joins the lower middle class and as infrastructure investments continue. Investors are increasingly catching up with Africa's growth potential, owing in particular to its booming resource sector, infrastructure development and growing consumer demand (Economist Intelligence Unit, 2012). Some observers are projecting that by 2025 annual consumption in developing economies will rise to $30 trillion and that developing economies can be expected to contribute over half of the 1 billion households whose annual earnings surpass the $20,000 mark (United Nations Development Programme, 2013). If these projections do materialize, trade growth patterns and dynamics will likely be affected. Meanwhile investments in port projects in Africa are growing and it is estimated they will reach over $10 billion in the next 5 years; and projects are underway, including in Ghana, Namibia, Nigeria, Kenya, South Africa and the United Republic of Tanzania, with a view to connecting Africa to international markets (*IHS Maritime Fairplay*, 2014).

World merchandise trade prospects are also improving and are expected to accelerate to 4.7 per cent in 2014 and 5.3 per cent in 2015 (WTO, 2014a). Drivers of growth include an increased demand from Europe, a strengthening recovery in the United States and rising intra-Asian trade. The degree of regional integration will continue to vary, with some East Asian countries, such as the Lao People's Democratic Republic, Mongolia and Myanmar recording significant shares of intraregional exchanges, owing in particular to trade in intermediate products. A trend that is currently unfolding is the rise of horizontal trade (that is, trading in the same goods), including intermediate goods and final products, which are likely to boost South–South trade and shape the demand for maritime transport services.

2. International seaborne trade

For shipping, the projected growth in GDP and merchandise trade signals a potential recovery which, nevertheless, remains fragile. In February 2014, the average confidence level expressed by respondents operating in shipping markets was 6.5 on a scale of 1 to 10, compared with 6.1 in November 2013. This is the highest level since the survey was first introduced in May 2008.

World seaborne volumes are forecast to grow by 4.2 per cent in 2014, driven by a strong expansion in the five major bulks, in particular iron ore and coal, as well as by recovery in containerized trade and LNG shipments. China's continued urbanization and competitive international iron-ore prices are supporting expected growth in major dry bulks. That said, it has also been observed that the boom in commodities

trade growth of the 2003–2008 period is past and not likely to return soon (*The Maritime Executive*, 2014).

Prospects for the world economy, trade and shipping seem to be improving although a number of risks mostly on the downside remain. These include in particular, the fragile recovery in developed economies, the difficulties facing growth in large emerging economies, and geopolitical tensions that may escalate. These risks could derail the world economy away from positive growth. Meanwhile, upside potential includes a strengthening of the economic recovery in developed economies, the G20 pledges at the summit held in February 2014 to take measures to stimulate global growth, potential gains deriving from growing trade deals and initiatives, a deepening in South–South trade and investment relations, expanding horizontal trade, growing consumer demand (especially in Western Asia and Africa), and rising potential for minerals and resource-based exports.

(a) Crude oil and petroleum products

Tanker trade is projected to grow by a sluggish 2.1 per cent with crude oil and petroleum product shipments, respectively, increasing by 1.2 per cent and 3.6 per cent (Clarkson Research Services, 2014c). The major story in crude oil trade patterns remains the shale revolution in the United States that has caused imports into the country to plummet and has created the potential for the United States to emerge as a global crude oil exporter. Elsewhere, exports from North Africa are expected to be constrained by civil unrest, ageing fields and relatively poor infrastructure. Shipments from Western Asia and West Africa are expected to continue their diversion from North America towards Asia, in particular China, as these regions require new export markets and as China continues to diversify its sources of supply. This forecast is set against a background of shifting energy growth from advanced countries to developing regions, with nearly the entire projected growth taking place in the latter, in particular China and increasingly India (British Petroleum, 2014b).

Consequently, new trading lanes both for refined petroleum products and crude oil are emerging, driven by changes in production, volume and structure of demand as well as the location of global refineries. These new patterns suggest that oil is likely to continue to move closer to markets, with the marginal barrel of production moving west to North America and the refining capacity shifting towards Asia (UNCTAD, 2013). The new trade routes will create new long-haul voyages, leading to more ton–miles for crude tankers. If the 1975 ban on crude exports is overturned in the United States, crude oil exports from the country can be expected in the next two years (*Lloyd's List*, 2014b).

Meanwhile, geopolitical tensions continue to weigh down on tanker-trade growth prospects. The contribution of the Islamic Republic of Iran remains uncertain, despite the interim agreement reached in 2013 with a view to easing the international sanctions on its tanker market sector. Furthermore, an escalation in tensions in key producing and exporting areas, including in Western Asia, North Africa and parts of sub-Saharan Africa, remain an overriding risk.

Demand for refined petroleum products is expected to continue to grow driven by increasing requirements in developing Asia and America, in particular as these countries embark on their industrialization path and as existing refining capacity remains insufficient (UNCTAD, 2013). Growth in petroleum products trade is expected to strengthen on long-haul routes from Western Asia and India in the direction of the Far East (UNCTAD, 2013). Crude oil imports into China are expected to increase by 10.0 per cent in 2014 while domestic production will increase by a marginal 1.0 per cent (Clarkson Research Services, 2014f). Imports into Japan are projected to grow in 2014, driven by the closure of a number of refineries. This in turn will also likely undermine growth in crude oil imports.

(b) Liquefied natural gas trade

Global LNG shipments are expected to rise by 5.0 per cent in 2014, supported by growing supply capacity in the Asia–Pacific and eventually from the United States. New fields are coming on stream in the Caspian region. Production in Western Asia and Africa (for example, Israel, Mozambique and the United Republic of Tanzania), and in the longer term in China, developing America, North Africa and parts of Europe will be sustaining growth. The United States is emerging as a potential world leading exporter of LNG, with the country expected to build over 200 million tons per year of LNG capacity (equivalent to 2.5 times the capacity of Qatar) (*Shipping and Finance*, 2014). Projects with a view to production and exports are also planned or under construction in Australia and Indonesia, while Malaysia and Singapore are constructing bidirectional terminals for import and export of LNG (*Shipping and*

Finance, 2014). The Russian Federation is investing heavily in the sector to reach 40 million tons per year by 2020 (*Shipping and Finance*, 2014). On the import side, environmental considerations and the need to cut carbon emissions are adding to the attractiveness of gas for energy generation and increasingly as a transportation fuel. Developing Asian markets, such as China and India, are expected to support growth in LNG carrier demand, together with the diversifying spread of trade fuelling ton–mile demand. Many facilities are planned or underway in Asia, especially China and India, with a view to LNG imports.

Overall, the outlook for LNG trade is positive as global consumption is set to increase in view of (a) surging production and exports in the United States, (b) new gas finds worldwide (for example, Cyprus, Israel, Mozambique and the United Republic of Tanzania), (c) projected growth in Asian LNG imports, sustained in particular by China's strategic commitment to promote gas use, (d) decline in nuclear power use, and (e) the attractiveness of gas as a "greener" alternative to other fossil fuels. That said, geopolitical risks are also overshadowing the prospects of LNG trade as they have the potential to redefine trade patterns and routes. A case in point is the tensions between the Russian Federation and Ukraine and potential ripple effects of an escalation of the conflict on European gas importers. Thirty-four per cent of the European Union's imports of natural gas are sourced from the Russian Federation, a large portion of which transits through Ukraine by pipelines (*Lloyd's List*, 2014b). Disruption to gas supplies could lead Europe to import more LNG by sea instead of pipelines. It could also mean that shipments from Europe will drop as countries such as Spain, Belgium and France will be less likely to reload imported LNG to ship them to other higher-priced markets in Asia or developing America. While such trends will take time to unfold, LNG exports from the United States could provide an alternative source of supply of LNG carried on vessels. This in turn will affect demand for gas carriers and LNG trade flows and direction.

(c) Dry-bulk trade

Trade in dry-bulk commodities is projected to grow by 4.5 cent in 2014, led by a robust projected growth in iron-ore trade and sustained by the continued momentum of infrastructure development in China, the recovery in the United States, and the favourable monetary policies in Japan. Infrastructure-related trade supports growth in dry-bulk commodities – a trend that is likely to continue. Trade generated from such investments accounted for 45.0 per cent of merchandise trade in 2013 and is projected to double by 2020 as investment in productive capacity increases (*Shipping and Finance*, 2013a). Infrastructure-related imports are expected to grow the fastest in the emerging economies of Viet Nam, Malaysia and Indonesia, followed by India, Bangladesh, Egypt and Turkey (HSBC Bank, 2013). As for China, and while it accounted for most of the infrastructure investments over the past decade, there remains scope for more infrastructure-related imports given its expanding energy and public transportation requirements (*Shipping and Finance*, 2013b). This entails some major implications for seaborne trade flows, in particular iron-ore, coal, minerals and metals trade.

Growth in Australian iron-ore output remains a key driver, however, with Australia expected to account for the lion's share of global iron-ore trade growth in 2014. Planned mine expansions by the three major iron-ore mining companies in Australia as well as by some smaller miners are expected to further strengthen Australian export growth.

Coal trade is projected to expand 4.8 per cent in 2014, fuelled in particular by increases in coal-fired power capacity in Asia (Clarkson Research Services, 2014a). The world coal market is likely to be further defined by developments affecting China's domestic coal production as mines become safer and as rail network infrastructure developments facilitate the shipment of coal from the inland to the coastal industrial regions. These trends will affect China's coal import demand and could convert China into a net exporter again. Environmental measures, especially in Europe, are also a key factor that could determine the volume of global coal shipments. On the supply side, Australian and Colombian steam-coal exports are set to grow in 2014, while downside risks are limiting growth in thermal-coal exports from Indonesia due to a capping of the country's coal output levels.

Some observers maintain that the dry-bulk sector is set to emerge as a winner due to growth in the world population and urbanization, with urban consumers expected to add around $20 trillion annually in additional spending into the world economy by 2025, which in turn will trigger a boom in commodity trade (UNCTAD, 2013).

As 1 billion people are due to enter the consuming category and with ongoing urbanization and

infrastructure development in developing regions, growth in the demand for resources and raw materials and therefore dry-bulk trade are inevitable (UNCTAD, 2013). In the port sector alone, the requisite infrastructure needs are estimated to be over 2.5 times the current port infrastructure level. However, the heavy reliance on China's import demand, and to a lesser extent that of India, as well as the high concentration on iron-ore and coal trade are cause for concern. There is a potential for these important markets and commodities, in particular in the case of China, to shift owing to changes in growth patterns, the need to achieve more balanced and sustainable growth, as well as the rise of environmental imperatives.

(d) Containerized trade

Global containerized trade is projected to grow by 5.6 per cent in 2014, driven among other factors by improved prospects for mainlane East–West trade (Clarkson Research Services, 2014b). However, non-mainlane routes remain the major driver of global containerized trade, with volumes projected to increase by 6.0 per cent in 2014. Intraregional trade, led by intra-Asian trade, is projected to grow by 7.7 per cent in 2014 to over 50.0 million TEUs (Clarkson Research Services, 2014b). While China is a major player driving intra-Asian trade, future prospects are also pointing to other potentially important players, namely those of ASEAN. Economic cooperation between ASEAN countries is expected to contribute to trade generally and to intra-Asian trade in particular. Since 2002, China has been one of the top three trading partners of ASEAN, with their bilateral trade reaching $400 billion in 2012 and expected to reach $500 billion in 2015 (*China Daily*, 2013), almost a 10-fold increase since 2002.

North–South trades are projected to grow by 5.5 per cent in 2014, reflecting the positive prospects arising from more trade involving Asia, Oceania and Africa. In the latter case, Nigeria illustrates the long-term potential for growth, with the volume of annual container traffic in Nigerian seaports expected to reach 10 million TEUs in 2040 – up from 1.4 million TEUs today (*Business Day*, 2014). This prediction is based on the forecast that Nigeria's population will rise from an estimated 170 million to 289 million, following India, China, the United States and Pakistan in the global population ranking (*Business Day*, 2014).

On the downside, some trends may be overshadowing the performance of the containerized trade industry. These include fuel consumption costs; ship delivery upsizing and related implications for smaller players that cannot benefit from economies of scale; delays in the Panama Canal expansion; regulatory developments and competition rules and controls; growing supply capacity with the wrong specification; and related implications for the "cascading" of ship capacity from mainlanes to smaller secondary lanes. This in turn can further pressurize rates and earnings and undermine profitability.

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