REVIEW OF MARITIME TRANSPORT

2014
NOTE

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<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>AEO</td>
<td>Authorized economic operator</td>
</tr>
<tr>
<td>ASEAN</td>
<td>Association of Southeast Asian Nations</td>
</tr>
<tr>
<td>bpd</td>
<td>Barrels per day</td>
</tr>
<tr>
<td>BWM Convention</td>
<td>International Convention for the Control and Management of Ships' Ballast Water and Sediments</td>
</tr>
<tr>
<td>CBP</td>
<td>United States Customs and Border Protection</td>
</tr>
<tr>
<td>CO₂</td>
<td>Carbon dioxide</td>
</tr>
<tr>
<td>CSAV</td>
<td>Compañía Sud Americana de Vapores</td>
</tr>
<tr>
<td>C–TPAT</td>
<td>Customs–Trade Partnership against Terrorism</td>
</tr>
<tr>
<td>dwt</td>
<td>Dead-weight ton</td>
</tr>
<tr>
<td>ECA</td>
<td>Emission control area</td>
</tr>
<tr>
<td>EEDI</td>
<td>Energy Efficiency Design Index</td>
</tr>
<tr>
<td>FPSO</td>
<td>Floating production storage and offloading unit</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross domestic product</td>
</tr>
<tr>
<td>GESAMP–BWWG</td>
<td>Joint Group of Experts on the Scientific Aspects of Marine Environment Protection Ballast Water Working Group</td>
</tr>
<tr>
<td>GHG</td>
<td>Greenhouse gas</td>
</tr>
<tr>
<td>GT</td>
<td>Gross tonnage</td>
</tr>
<tr>
<td>IAPP</td>
<td>International Air Pollution Prevention (IMO certificate)</td>
</tr>
<tr>
<td>III Code</td>
<td>IMO Instruments Implementation Code</td>
</tr>
<tr>
<td>ILO</td>
<td>International Labour Organization</td>
</tr>
<tr>
<td>IMO</td>
<td>International Maritime Organization</td>
</tr>
<tr>
<td>ISO</td>
<td>International Organization for Standardization</td>
</tr>
<tr>
<td>ISPS Code</td>
<td>International Ship and Port Facilities Security Code</td>
</tr>
<tr>
<td>JOC</td>
<td>Journal of Commerce</td>
</tr>
<tr>
<td>LLMC</td>
<td>Convention on Limitation of Liability for Maritime Claims</td>
</tr>
<tr>
<td>LNG</td>
<td>Liquefied natural gas</td>
</tr>
<tr>
<td>LPG</td>
<td>Liquefied petroleum gas</td>
</tr>
<tr>
<td>LSCI</td>
<td>Liner Shipping Connectivity Index</td>
</tr>
<tr>
<td>MARPOL</td>
<td>International Convention for the Prevention of Pollution from Ships</td>
</tr>
<tr>
<td>MEPC</td>
<td>Marine Environment Protection Committee (IMO)</td>
</tr>
<tr>
<td>MLC</td>
<td>Maritime Labour Convention</td>
</tr>
<tr>
<td>MRA</td>
<td>Mutual recognition agreement</td>
</tr>
<tr>
<td>MSC</td>
<td>Maritime Safety Committee</td>
</tr>
<tr>
<td>MSC</td>
<td>Mediterranean Shipping Company</td>
</tr>
<tr>
<td>NATO</td>
<td>North Atlantic Treaty Organization</td>
</tr>
<tr>
<td>NTTFC</td>
<td>National trade and transport facilitation committee</td>
</tr>
<tr>
<td>NOx</td>
<td>Nitrogen oxides</td>
</tr>
<tr>
<td>OECD</td>
<td>Organization for Economic Cooperation and Development</td>
</tr>
<tr>
<td>PCASP</td>
<td>Privately contracted armed security personnel</td>
</tr>
<tr>
<td>ppm</td>
<td>Parts per million</td>
</tr>
<tr>
<td>SAFE</td>
<td>Framework of Standards to Secure and Facilitate Global Trade</td>
</tr>
<tr>
<td>SIDS</td>
<td>Small island developing States</td>
</tr>
<tr>
<td>SOLAS</td>
<td>International Convention for the Safety of Life at Sea</td>
</tr>
<tr>
<td>SOx</td>
<td>Sulphur oxides</td>
</tr>
</tbody>
</table>
ABBREVIATIONS

TEU  20-foot equivalent unit
ULCC  ultralarge crude carrier
VLCC  very large crude carrier
VLCS  very large container ship
WCO  World Customs Organization
WS  Worldscale
WTO  World Trade Organization

EXPLANATORY NOTES

• The Review of Maritime Transport 2014 covers data and events from January 2013 until June 2014. Where possible, every effort has been made to reflect more recent developments.
• All references to dollars ($) are to United States of America dollars, unless otherwise stated.
• Unless otherwise stated, “ton” means metric ton (1,000 kg) and “mile” means nautical mile.
• Because of rounding, details and percentages presented in tables do not necessarily add up to the totals.
• n.a. Not available
• A hyphen (-) signifies that the amount is nil.
• In the tables and the text, the terms “countries” and “economies” refer to countries, territories or areas.
• The present issue of the Review of Maritime Transport does not include printed statistical annexes. Instead, UNCTAD has expanded the coverage of statistical data on-line via the following links:
  – Seaborne trade: http://stats.unctad.org/seabornetrade
  – Merchant fleet by flag of registration: http://stats.unctad.org/fleet
  – Merchant fleet by country/economy of ownership: http://stats.unctad.org/fleetownership
  – Liner Shipping Connectivity Index: http://stats.unctad.org/lsci
  – Containerized port traffic: http://stats.unctad.org/teu
  – Repository of Trade Facilitation Comitees: http://unctad.org/TFC
# Vessel groupings used in the Review of Maritime Transport

<table>
<thead>
<tr>
<th>Group</th>
<th>Constituent ship types</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil tankers</td>
<td>Oil tankers</td>
</tr>
<tr>
<td>Bulk carriers</td>
<td>Bulk carriers, combination carriers</td>
</tr>
<tr>
<td>General-cargo ships</td>
<td>Multi-purpose and project vessels, roll-on roll-off (ro-ro) cargo, general cargo</td>
</tr>
<tr>
<td>Container ships</td>
<td>Fully cellular container ships</td>
</tr>
<tr>
<td>Other ships</td>
<td>Liquefied petroleum gas carriers, liquefied natural gas carriers, parcel (chemical) tankers, specialized tankers, reefers, offshore supply, tugs, dredgers, cruise, ferries, other non-cargo ships</td>
</tr>
<tr>
<td>Total all ships</td>
<td>Includes all the above-mentioned vessel types</td>
</tr>
</tbody>
</table>

## Approximate vessel-size groups referred to in the Review of Maritime Transport, according to generally used shipping terminology

<table>
<thead>
<tr>
<th>Crude oil tankers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very large crude carrier</td>
</tr>
<tr>
<td>Suezmax crude tanker</td>
</tr>
<tr>
<td>Aframax crude tanker</td>
</tr>
<tr>
<td>Panamax crude tanker</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Dry-bulk and ore carriers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capesize bulk carrier</td>
</tr>
<tr>
<td>Panamax bulk carrier</td>
</tr>
<tr>
<td>Handymax bulk carrier</td>
</tr>
<tr>
<td>Handysize bulk carrier</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Container ships</th>
</tr>
</thead>
<tbody>
<tr>
<td>Post-panamax container ship</td>
</tr>
<tr>
<td>Panamax container ship</td>
</tr>
</tbody>
</table>

Source: Clarkson Research Services.

Note: Unless otherwise specified, the ships covered in the Review of Maritime Transport include all propelled seagoing merchant vessels of 100 gross tonnage (GT) and above, excluding inland waterway vessels, fishing vessels, military vessels, yachts and offshore fixed and mobile platforms and barges (with the exception of floating production storage and offloading units and drillships).

*dwt, dead-weight tons.
World seaw borne trade grows by 3.8 per cent in 2013

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 gross domestic product (GDP)), world merchandise trade volumes expanded, albeit at the modest rate of 2.2 per cent. In tandem, growth in world seaw borne 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 that grew by 5.5 per cent. Dry cargo, including the five major bulk commodities (iron ore, coal, grain, bauxite and alumina, phosphate rock, minor bulks (forest products, and the like), containerized trade, and general cargo/breakbulk accounted for the largest share (70.2 per cent). Tanker trade (crude oil, petroleum products and gas) was responsible for 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.

Shipowners increasingly locate to third countries

Following an annual growth of 4.1 per cent in 2013, the world fleet reached a total of 1.69 billion dwt in January 2014. Bulk carriers accounted for 42.9 per cent of the total tonnage, followed by oil tankers (28.5 per cent) and container ships (12.8 per cent). The 2013 annual growth was lower than that observed during any of the previous 10 years and the trend in early 2014 suggests an even lower growth rate for the current year. The slowdown reflects the turn of the largest historical shipbuilding cycle that had peaked in 2012.

As regards future vessel deliveries, during 2013, for the first time since the economic and financial crisis the order book has stopped its downward trend and increased slightly for most vessel types. After the previous significant decline, it will take time for those resuming vessel orders to lead to the start of a new shipbuilding cycle.

The largest fleets by flag of registration in 2014 are those of Panama, followed by Liberia, the Marshall Islands, Hong Kong (China) and Singapore. Together, these top five registries account for 56.5 per cent of the world tonnage.

As regards the ownership of the fleet, this issue of the Review of Maritime Transport introduces a novel analysis and distinction between the concept of the “nationality of ultimate owner” and the “beneficial ownership location”. The latter reflects the location of the primary reference company, that is, the country in which the company that has the main commercial responsibility for the vessel is located, while the “ultimate owner’s nationality” states the nationality of the ship’s owner, independent of the location. Just as today most ships fly a flag from a different country than the owner’s nationality, owners are increasingly locating their companies in third countries, adding a possible third dimension to the “nationality” of a ship.

Freight rates remained low and volatile

The year 2013 was marked by another gloomy and volatile maritime freight rates market: all shipping segments suffered substantially, with freight rates in dry-bulk and tanker markets reaching a 10-year low in 2013 and similarly low levels in the liner market. The general causes of freight rates low performance were mainly attributable to the poor world economic development, weak or hesitant demand and persistent supply overcapacity in global shipping markets.
Private equity investments continued to play a key role in the shipping industry as traditional bank financing remained very limited and available only to a few solid transactions. The year 2013 was, as with previous years, important in terms of institutional investors’ (such as private equity and hedge funds) participation in the shipping sector. Over recent years, private equity funds have been paying particular attention to the shipping sector by taking advantage of the opportunities created by tight credit markets and investing in shipping companies, as well as vessels which, since the global economic downturn, have reached a historically low price level – vessel value collapsed as much as 71 per cent in five years. From the perspective of these funds, the main overall objective of investments in the shipping sector is to sell or float their investments once the market rebounds.

World container port throughput surpassed 650 million 20-foot equivalent units in 2013

World container port throughput increased by an estimated 5.1 per cent to 651.1 million 20-foot equivalent units (TEUs) in 2013. This increase was in line with a similar increase for 2012. The share of port throughput for developing countries increased by an estimated 7.2 per cent in 2013, higher than the 5.2 per cent increase estimated for the previous year. Asian ports continue to dominate the league table for port throughput and terminal efficiency.

Despite relatively weak growth in port throughput volumes, compared to the trend prior to the economic crisis, the terminal operating sector is very active. Several global terminal operators have sold part of their stakes as they seek to streamline and focus their operations. Terminal operators closely linked to shipping lines have sold terminals, while traditional global terminal operators, such as DP World and Stevedoring Services of America, have attempted to strengthen their position by focusing upon investment.

Legal issues and regulatory developments

Important matters include the entry into force, in 2015, of the Nairobi International Convention on the Removal of Wrecks, 2007, as well as a range of regulatory developments relating to environmental and related issues and to maritime and supply-chain security.

Thus, to further support the implementation of a set of technical and operational measures to increase energy efficiency and reduce greenhouse gas (GHG) emissions from international shipping, additional guidelines and amendments were adopted at the International Maritime Organization (IMO) in April 2014. Work also continued on regulations to reduce emissions of other toxic substances from burning fuel oil, particularly sulphur oxides (SOx) and nitrogen oxides (NOx), which significantly contribute to air pollution from ships. Progress was also made in respect of the environmental and other provisions of the draft Polar Code.

Continued progress was made regarding the implementation of the existing framework and programmes in the field of maritime and supply-chain security. As concerns maritime piracy, it is worth noting that the downward trend in maritime piracy incidents continued off the Coast of Somalia, the Gulf of Aden and the Western Indian Ocean. However, the situation in the West African Gulf of Guinea remained serious. A two-part substantive analytical report on matters related to maritime piracy published by UNCTAD highlights some of the trends, costs and trade-related implications of piracy and takes stock of regulatory and other initiatives that have been pursued by the international community in an effort to combat the problem.

As regards international agreements on trade facilitation, the World Trade Organization (WTO) Trade Facilitation Agreement includes the obligation for WTO members to have a national trade-facilitation committee. This is considered necessary for the implementation of many trade-facilitation measures, especially if they involve several public institutions and private sector stakeholders.

Small island developing States

This year’s special chapter reviews shipping-related challenges faced by small island developing States (SIDS) resulting from their smallness, remoteness and exposure to natural hazards and vulnerability to impacts of climate change.
Small island developing States are small in area, in population and in economy. Smallness is one of the factors that contribute to the vulnerability of SIDS. It very often implies a small domestic market and a narrow resource base for export opportunities, with limited agricultural or mineral production or manufactures, leading to a high share of imports in GDP, yet small in volumes. Insularity, when combined with remoteness, entails long and indirect transport routes with relatively low and imbalanced import and export volumes, factors which have a significant impact on transport costs to be borne by SIDS trade. As open small economies, SIDS are also vulnerable to global economic and financial shocks. Finally, many SIDS are also located unfavourably in relation to global weather systems and in areas prone to natural disasters, including the foreseeable impacts of climate change.

The maritime transport services connecting SIDS to global trade networks face severe structural, operational and development obstacles. The main East–West route around the world, carrying 85 per cent of global containers flow, where most economies of scale are reached and highest quality shipping services operate, circumnavigates the planet and does not enter the southern hemisphere where most of the SIDS are located. Remoteness from main global trade routes constitutes a major disadvantage in terms of cost and time, but also quality and frequency of services to access international markets. A high risk of interruption in their operation also remains present on SIDS transport infrastructures and services as an additional factor of uncertainty and associated costs, owing to frequent disruptive weather-related events bearing significant implications in terms of reliability of transport and logistics services.