“Sustainable freight transport in support of the 2030 Agenda for Sustainable Development”

Role of International Shipping

by

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Sustainable freight transport in support of the 2030 Agenda for Sustainable Development

Role of International Shipping

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Trade Logistics Branch

Shipping is the glue that holds the world economy together

- Connects countries, markets, businesses and people on a scale not otherwise possible
- Caters to the interconnectedness and interdependence of economies
- Moving assets (ships) across borders and fixed assets (ports) within borders

Source: Review of Maritime Transport 2017, various issues
Role of shipping felt at different levels

**Level 1**
- E.g. Trade by providing freight transport services

**Level 2**
- E.g. Maritime clusters and business such as ship building, ship repairs, port services, insurance, towing, dredging, offshore support services, shipping related financial and legal services, etc.

**Level 3**
- E.g. Recreation, tourism, fishing, etc.

**Level 1** - Economic growth, merchandise trade and demand for shipping services are closely interlinked

![Graph showing Trade, GDP and Maritime Trade (Index 1990 = 100)]

Source: Review of Maritime Transport, various issues
- Maritime trade: **Over 80%** of global merchandise trade by volume
- **10.7 billion tonnes** of cargo moved in 2017 (+4% over 2016), with a fleet of **94,169 ships**
- Containerized trade: 148 million TEUs (1.8 billion tons in 2017)

Nexus with globalized production, supply chains, manufactured and consumption goods

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**Structure of world maritime trade, 2017**

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Energy</td>
<td>37%</td>
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<tr>
<td>Agriculture</td>
<td>10%</td>
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<tr>
<td>Metal Industry</td>
<td>25%</td>
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<tr>
<td>Container</td>
<td>16%</td>
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<tr>
<td>Other Cargo</td>
<td>11%</td>
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Source: UNCTAD based on RMT 2018 and Clarksons Research Services, SRO, 2018
11/30/2018

UNCTAD based on data from STM, CRS, November 2018.

Maritime trade per capita, 2017

A milestone was reached in 2000

World maritime trade, by region, 2017

(% share in world tonnage)

Developing countries: 60% of goods loaded and 63% of goods unloaded

Source: Review of Maritime Transport 2018
Participation of developing countries in maritime trade

Before:
Developing countries exported large volumes of raw materials and imported high value (low volume) manufactured goods.

Today:
Developing countries participate in globalized production. They also import raw materials and export manufactured goods.

Maritime trade is expected to grow

WORLD SEABORNE TRADE GROWTH FORECAST: 2018–2023

Volume projected to grow
+3.8%

+6% Containerized Trade
+4.9% Dry Bulks
+1.7% Crude Oil
+2.6% Products & Gas

Source: Review of Maritime Transport 2018
Level 2. Over and above its role of facilitating trade, shipping contributes to maritime transport business such as **ports**

Volumes reached an estimated 752 million TEUs in 2017

World container port throughput by region, 2017 (% share in total TEU)

Level 2. Over and above its role of facilitating trade, shipping contributes to **maritime transport business** such as in connection with **ships**

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<tbody>
<tr>
<td>6. Financing</td>
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<td>7. Classification</td>
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<tr>
<td>8. Insurance services (P&amp;I)</td>
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<tr>
<td>9. Seafarers</td>
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<tr>
<td>10. Container terminal operators</td>
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</table>
Ship building
Over $240 billion in 2017*

Korea and China
71% of GT

Ship owning
$894 billion at 1 January 2018*

Greece, Japan,
China: 39% of dwt

*: UNCTAD RMT 2018, based on data from CRS
Ship registration

Panama, Marshall Islands, Liberia: 41% of dwt

1. Building
2. Owning
3. Registration
4. Operation
5. Scrapping
6. Financing
7. Classification
8. Insurance services (P&I)
9. Seafarers
10. Container terminal operators

Ship operations

Denmark and Switzerland ~30%

1. Building
2. Owning
3. Registration
4. Operation (container ships)
5. Scrapping
6. Financing
7. Classification
8. Insurance services (P&I)
9. Seafarers
10. Container terminal operators
Ship demolition

India, Bangladesh, China, Pakistan: 94%

1. Building
2. Owning
3. Registration
4. Operation
5. Scrapping
6. Financing
7. Classification
8. Insurance services (P&I)
9. Seafarers
10. Container terminal operators

Financial, Insurance and Classification Services

Financial and other services: UK, Scandinavia

1. Building
2. Owning
3. Registration
4. Operation
5. Scrapping
6. Financing
7. Classification
8. Insurance services (P&I)
9. Seafarers
10. Container terminal operators
Seafaring
Over 1 million seafarers

Philippines, Indonesia, ...

Port terminal operations

Hong Kong, Netherlands, Singapore, UAE: ~ 30%
Level 3. Enables other sectors by acting as factor of production

- Oceans Economy Concept. Above and below water activities
- For example, cruise shipping and fisheries.
- SIDS/LOS

In sum

- Shipping is a critical and strategic sector with different types of impacts:
  1. Backbone of international trade, links supply chains, etc.
  2. Engine of growth that creates wider economic benefits (maritime business and clusters)
  3. Enabler (input factor) of other sectors such as fisheries, offshore, tourism.

- Developing countries are important players both as users and suppliers of maritime transport services and are likely to intensify their contribution

- Demand for shipping services is set to grow driven by population growth and economic activity

- However, increased shipping activity driven by economic growth and the need to carry more trade raises concerns in connection with the sector’s negative externalities and their potential to intensify if BAU is maintained (e.g. environmental degradation, air emissions, etc.).

- Need to address unsustainable shipping patterns and decouple shipping from its externalities. This calls for mainstreaming sustainability principles.
Thank you for your attention