Review of Maritime Transport 2019

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Slower maritime trade growth in 2018-2019
Maritime transport remains the backbone of international trade and manufacturing supply chains

Over 80% of world merchandise trade by volume was carried by sea in 2018

However, it lost momentum in 2018, owing to:

- Softer economic conditions
- Heightened uncertainty
- Wide-ranging downside risks
International maritime trade growth slowed down in 2018

✓ International maritime trade volumes grew by 2.7% (2018)
  • Growth at a lower pace
    ○ Below the historical average of 3% (1970-2017) and 4.1% (2017)

✓ Volumes reached 11 billion tons
Participation of developing countries in international maritime trade, % share in tonnage

China not included
A slowdown in containerized trade growth = Lower growth in port traffic

- Global container port throughput handled 793.26 million TEU
  - Additional cargo volumes handled in 2018 (35.3 million TEUs over 2017)
Trade tensions: A downside risk to maritime trade and a disruption to supply chains

• Less than 2.0% of global maritime trade by volume is subject to tariffs
• Grain, containerized trade and steel products to be affected the most
• Product and supplier substitution and trade diversion

• Some China-based manufacturing moving to new locations in South-East Asia
• Supply chain restructuring implies potential shift in:
  ➢ Routing
  ➢ Shipping networks and configuration
  ➢ Service levels and frequency
  ➢ Port call coverage
  ➢ Connectivity
Maritime trade projected to grow in 2019-2024 period, amid uncertainty

Average annual growth

- **+3.4%**
  - 2019-2024

### On the upside

1. **Belt & Road Initiative**
   - Potential to generate trade volumes and improve connectivity

2. **Growth in developing economies**
   - New demand patterns and consumption needs

3. **Energy transition and shift in mix**
   - Potential new cargoes and shift in trade patterns

4. **Trade deals**
   - New deals and those in the pipeline

### Annual growth

- **+4.1%**
  - 2017

- **+2.7%**
  - 2018

- **+2.6%**
  - 2019
Heightened uncertainty ahead

- Accelerated environmental agenda
- 2020 IMO Sulphur cap and fuel economics
- Climate change impacts and adaptation
- Trade policy crosscurrents
- Geopolitics
- Shifts in globalization patterns
- Technological disruptions
Persistent oversupplied global ship capacity
Reflecting rising popularity of LNG as a more environmentally friendly fossil fuel, gas carriers recorded the heightened growth rate (7.25%)

- Container fleet continued to growth (+5%)
- Chemical tankers and bulk carriers have shown stable growth, unlike the oil tanker segment, which saw declining growth
- Capacity in chemical tankers up by 4.14% & bulk carriers by 2.87%. Capacity in oil tankers grew at a modest rate (0.98%).
40 Years of Flags of Registration
Top 15 national fleets, deadweight tonnage (dwt) from 1980 to 2019.

Liberia: 160M
Japan: 66.3M
Greece: 63.3M
United Kingdom: 45.1M
Norway: 39.5M
Panama, excluding Canal Zone: 35.9M
USSR: 25.3M
United States of America: 21.2M
France: 20.8M
Italy: 19.1M
Spain: 13.9M
Germany, Federal Rep.: 13.7M
Singapore: 12.9M
China: 9.5M
India: 9.4M

Ship demolition: Making ship recycling more environmentally friendly and safer

- Bangladesh, India, Pakistan, & Turkey leading countries in 2018
- China significantly reduced its imports of ships for demolition
Increased importance of environmental sustainability and technology
A larger role played by technology and services

Autonomous ships may soon become a reality

- Changes in skills’ requirements for jobs
- Potential increase in shore-based jobs and reductions in the number of crew on board vessels
- Requirement for seafarers to have new/different skills and knowledge (safety, efficiency)
- Women may enjoy increased opportunities to pursue a maritime career.
IMO 2020: a costly transition fraught with uncertainty

The new 0.50% limit on sulphur in ships’ fuel oil (down from 3.50%) will be in force globally from 1 January 2020.
Greater interlinkages between oceans, climate change and sustainable development

- Reducing global emissions from shipping
  - 4th IMO Greenhouse Gas emissions study (2020)
  - IMO strategy on the reduction of GHG from ships

- Climate-risk assessment, adaptation and resilience building of coastal transport infrastructure
  - An emerging policy concern
An emerging need:
Growing demand for performance monitoring, tracking, reporting and benchmarking
- 5 of the top 10 most connected economies are in Asia, 4 are in Europe and 1 is in North America.

- Since 2006, the most connected country – China – has improved its index by 51%.

- The average index increased by 24%.

- The lowest index value recorded in 2019 was below the lowest index value recorded in 2006.

- Growing connectivity divide: least connected countries including several SIDS, saw very little improvement over 2006-2019.

- Countries’ geographical position is a given, but connectivity is not.

- Port and shipping operations can improve shipping connectivity by leveraging, for example, digitalization and next generation technologies for efficiency and productivity gains.
Reducing port waiting time may involve a portfolio of measures, including call optimization solutions, trade and transport facilitation, and improved cargo handling services.
In conclusion
The maritime transport landscape is changing and shifting towards a new normal. The effects of the changing course permeate all aspects of shipping: demand (maritime trade), supply (ships and ports), markets (rates) and the relevant regulatory and legal frameworks.
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  • http://unctad.org/rmt
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• Maritime Statistics:
  • http://stats.unctad.org/Maritime
  • Maritime transport profiles

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