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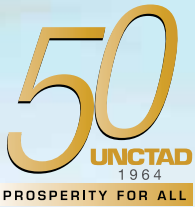


# REVIEW OF MARITIME TRANSPORT

## 2014



UNITED NATIONS



UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

**UNCTAD**



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## 2014



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The *Review of Maritime Transport* is a recurrent publication prepared by the UNCTAD secretariat since 1968 with the aim of fostering the transparency of maritime markets and analysing relevant developments. Any factual or editorial corrections that may prove necessary, based on comments made by Governments, will be reflected in a corrigendum to be issued subsequently.

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## TABLE OF CONTENTS

Note.....	ii
Acknowledgements.....	iii
List of tables, figures and boxes.....	v
Abbreviations.....	viii
Explanatory notes.....	ix
Vessel groupings used in the <i>Review of Maritime Transport</i> .....	x
Executive summary.....	xi
<b>1. DEVELOPMENTS IN INTERNATIONAL SEABORNE TRADE .....</b>	<b>1</b>
A. World economic situation and prospects.....	2
B. World seaborne trade.....	4
C. Outlook.....	20
<b>2. STRUCTURE, OWNERSHIP AND REGISTRATION OF THE WORLD FLEET .....</b>	<b>27</b>
A. Structure of the world fleet.....	28
B. Ownership and operation of the world fleet.....	32
C. Container-ship deployment and liner shipping connectivity .....	42
D. Registration of ships.....	43
E. Shipbuilding, demolition and new orders.....	46
<b>3. FREIGHT RATES AND MARITIME TRANSPORT COSTS .....</b>	<b>49</b>
A. Freight rates.....	50
B. Some relevant developments in shipping finance: Private equity expansion .....	59
<b>4. PORT DEVELOPMENTS .....</b>	<b>63</b>
A. Port throughput.....	66
B. Terminal operations.....	67
C. Port related developments.....	69
D. Some current challenges facing ports.....	70
E. Conclusions.....	74

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<b>5. LEGAL ISSUES AND REGULATORY DEVELOPMENTS.....</b>	<b>77</b>
A. Important developments in transport law.....	78
B. Regulatory developments relating to the reduction of greenhouse gas emissions from international shipping and other environmental issues.....	80
C. Other legal and regulatory developments affecting transportation.....	85
D. Status of conventions.....	92
E. International agreements on trade facilitation.....	93
<b>6. MARITIME TRANSPORT IN SMALL ISLAND DEVELOPING STATES.....</b>	<b>105</b>
A. Introduction.....	106
B. Remoteness from global shipping networks.....	106
C. Shipping services of small island developing states.....	107
D. Transport costs in small island developing states.....	109
E. Liner shipping connectivity.....	110
F. Disaster-risk reduction and climate-change adaptation.....	114
G. The way forward.....	116

## LIST OF TABLES, FIGURES AND BOXES

### Table

1.1. World output growth, 2011–2014 (Annual percentage change).....	2
1.2. Growth in the volume of merchandise trade, 2010–2013 (Annual percentage change).....	4
1.3. Developments in international seaborne trade, selected years (Millions of tons loaded).....	5
1.4 (a). World seaborne trade in 2006–2013, by type of cargo, country group and region (Millions of tons).....	8
1.4 (b). World seaborne trade in 2006–2013, by type of cargo, country group and region (Percentage share).....	10
1.5. Major producers and consumers of oil and natural gas, 2013 (Percentage world market share).....	13
1.6. Some major dry bulks and steel: Main producers, users, exporters and importers, 2013 (Percentage world market share).....	15
1.7. Estimated containerized cargo flows on major East–West container trade routes, 2009–2013 (Millions of TEUs and percentage annual change).....	18
2.1. World fleet by principal vessel types, 2013–2014 (Beginning-of-year figures, thousands of dwt, percentage share in italics).....	29
2.2. Age distribution of the world merchant fleet, by vessel type, as of 1 January 2014 (Percentage of total ships and of dwt).....	31
2.3. Ownership of the world fleet, as of 1 January 2014 (Dwt).....	33
2.4. The 50 leading liner companies, 1 January 2014 (Number of ships and total shipboard capacity deployed, in TEUs, ranked by TEU).....	40

2.5.	The 35 flags of registration with the largest registered fleets, as of 1 January 2014 (Dwt).....	44
2.6.	Distribution of dwt capacity of vessel types, by country group of registration, January 2014 (Beginning-of-year figures, per cent of dwt; annual growth in percentage points in italics).....	45
2.7.	Deliveries of newbuildings, major vessel types and countries where built, 2013 (Thousands of GT).....	46
2.8.	Tonnage reported sold for demolition, major vessel types and countries where demolished, 2013 (Thousands of GT) .....	47
3.1.	Container freight markets and rates .....	51
3.2.	Container-ship time charter rates (\$ per 14-ton TEU per day) .....	54
3.3.	Baltic Exchange Tanker Indices .....	54
3.4.	Tanker market summary – clean and dirty spot rates, 2010–2014 (Worldscale) .....	56
3.5.	Selected recent private equity investments in shipping .....	61
4.1.	Container port throughput for 80 developing countries/economies and economies in transition for years 2011, 2012 and 2013 (TEUs).....	64
4.2.	Top 20 container terminals and their throughput for 2011, 2012 and 2013 (TEUs and percentage change).....	66
4.3.	Top 10 global terminal operators, 2012 (TEUs and market share) .....	67
4.4.	Top global terminals, 2013 (Container moves per ship, per hour, on all vessel sizes, and throughput by port and country).....	68
4.5.	World's leading ports by productivity, 2013 (Container moves per ship, per hour, on all vessel sizes and percentage increase).....	68
4.6.	Types of pollution occurring in ports.....	73
5.	Contracting States Parties to selected international conventions on maritime transport as at 30 June 2014 .....	92
6.	Container-ship fleet deployment for selected island economies, May 2014.....	111

## Figures

1.1.	The OECD Industrial Production Index and indices for the world: Gross domestic product, merchandise trade and seaborne shipments, 1975–2013 (1990 = 100) .....	3
1.2.	International seaborne trade, selected years (Millions of tons loaded) .....	6
1.3 (a).	World seaborne trade, by country group, 2013 (Percentage share in world tonnage).....	6
1.3 (b).	Participation of developing countries in world seaborne trade, selected years (Percentage share in world tonnage).....	7
1.3 (c).	World seaborne trade by geographical region, 2013 (Percentage share in world tonnage).....	7
1.4.	World seaborne trade in cargo ton–miles by cargo type, 2000–2014 (Billions of ton–miles).....	12
1.5 (a).	Global containerized trade, 1996–2014 (Millions of TEUs and percentage annual change) .....	17
1.5 (b).	Distribution of global containerized trade by route, 2011–2014 (Millions of TEUs).....	18
1.5 (c).	Estimated containerized cargo flows on major East–West container trade routes, 1995–2013 (Millions of TEUs) .....	19

2.1.	Annual growth of the world fleet, 2000–2013 (Percentage dwt) .....	28
2.2.	World fleet by principal vessel types, 1980–2014 (Beginning-of-year figures, percentage share of dwt).....	29
2.3.	Trends in deliveries of geared container ships, 2005–2013 (New container ships with own container-handling gear, percentage of total container-ship deliveries) .....	30
2.4.	Ownership of the world fleet, by year of construction (Dwt as of 1 January 2014) .....	32
2.5.	Top 20 shipowning nations, beneficial ownership, 1 January 2014 (1,000 dwt, by country/economy of ownership) .....	39
2.6.	Presence of liner shipping companies: Average number of companies per country and average container carrying capacity deployed (TEU) per company per country, 2004–2014 .....	42
2.7.	Fleet deployment per country: Total number of ships and average size (TEU) per ship, 2004–2014.....	43
2.8.	World tonnage on order, 2000–2014 (Thousands of dwt) .....	47
3.1.	Growth of demand and supply in container shipping, 2000–2014 (Annual growth rates) .....	50
3.2.	New ConTex Index, 2008–2014 .....	53
3.3.	Baltic Exchange Dry Index, 2012–2014 (Index base year 1985 = 1,000 points).....	58
3.4.	Daily earnings of bulk carrier vessels, 2008–2014 (\$ per day).....	59
5.	Number of existing national trade-facilitation bodies (Year of creation).....	93
6.1.	Interregional container flows, 2011 (Thousands of TEUs).....	106
6.2.	Main East–West shipping route and location of largest container ports.....	107
6.3.	Expenditures on international transport as a percentage of the value of imports, average 2004–2013 .....	109
6.4.	Liner Shipping Connectivity Index, selected Caribbean SIDS, 2004–2014.....	112
6.5.	Liner Shipping Connectivity Index, selected Indian Ocean SIDS, 2004–2014 .....	112
6.6.	Liner Shipping Connectivity Index, selected SIDS and other island economies of the Pacific Ocean, 2004–2014 .....	113

## Boxes

5.1.	The current status of the ISO 28000 series of standards.....	90
5.2.	Types of national trade-facilitation bodies.....	95



## ABBREVIATIONS

AEO	authorized economic operator
ASEAN	Association of Southeast Asian Nations
bpd	barrels per day
BWM Convention	International Convention for the Control and Management of Ships' Ballast Water and Sediments
CBP	United States Customs and Border Protection
CO <sub>2</sub>	carbon dioxide
CSAV	Compañía Sud Americana de Vapores
C-TPAT	Customs-Trade Partnership against Terrorism
dwt	dead-weight ton
ECA	emission control area
EEDI	Energy Efficiency Design Index
FPSO	floating production storage and offloading unit
GDP	gross domestic product
GESAMP-BWWG	Joint Group of Experts on the Scientific Aspects of Marine Environment Protection Ballast Water Working Group
GHG	greenhouse gas
GT	gross tonnage
IAPP	International Air Pollution Prevention (IMO certificate)
III Code	IMO Instruments Implementation Code
ILO	International Labour Organization
IMO	International Maritime Organization
ISO	International Organization for Standardization
ISPS Code	International Ship and Port Facilities Security Code
JOC	Journal of Commerce
LLMC	Convention on Limitation of Liability for Maritime Claims
LNG	liquefied natural gas
LPG	liquefied petroleum gas
LSCI	Liner Shipping Connectivity Index
MARPOL	International Convention for the Prevention of Pollution from Ships
MEPC	Marine Environment Protection Committee (IMO)
MLC	Maritime Labour Convention
MRA	mutual recognition agreement
MSC	Maritime Safety Committee
MSC	Mediterranean Shipping Company
NATO	North Atlantic Treaty Organization
NTTFC	national trade and transport facilitation committee
NO <sub>x</sub>	nitrogen oxides
OECD	Organization for Economic Cooperation and Development
PCASP	privately contracted armed security personnel
ppm	parts per million
SAFE	Framework of Standards to Secure and Facilitate Global Trade
SIDS	small island developing States
SOLAS	International Convention for the Safety of Life at Sea
SO <sub>x</sub>	sulphur oxides

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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*

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

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

#### *Crude oil tankers*

Very large crude carrier	200,000 dwt* plus
Suezmax crude tanker	120,000–200,000 dwt
Aframax crude tanker	80,000–119,999 dwt
Panamax crude tanker	60,000–79,999 dwt

#### *Dry-bulk and ore carriers*

Capesize bulk carrier	100,000 dwt plus
Panamax bulk carrier	60,000–99,999 dwt
Handymax bulk carrier	40,000–59,999 dwt
Handysize bulk carrier	10,000–39,999 dwt

#### *Container ships*

Post-panamax container ship	beam of >32.3 metres
Panamax container ship	beam of <32.3 metres

*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.

## EXECUTIVE SUMMARY

### World seaborne 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 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 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.