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*The **Global Maritime Weekly Digest**, based at **Southampton SOLENT University**, provides a regular flow of maritime news and analysis, of significance in a global context.*
Topics covered include shipping fleets and management, seaborne trade, ports, shipbuilding, ship recycling, maritime policy and regulations, and seafarers' labour.

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- Contrasting headlines about the future for ***private independent shipowners*** underline differing views about one of the global shipping industry's most prominent features (items 3 and 4). Some industry players see a progressive shift away from this form of ownership.
- Among ***shipbuilders in China*** (the world's largest shipbuilding country by volume, but not value of production last year) consolidation is an ongoing process (item 5), as a rising proportion of new vessel output is supplied by the largest companies.
- The continuing upwards trend in ***world seaborne trade*** in all cargoes is apparently settling into a pattern of 2-3% annual growth, slower than seen previously (item 7). But this enlargement pace is still adding huge quantities of movements each year.

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editor (email: bulkshipan@aol.com)

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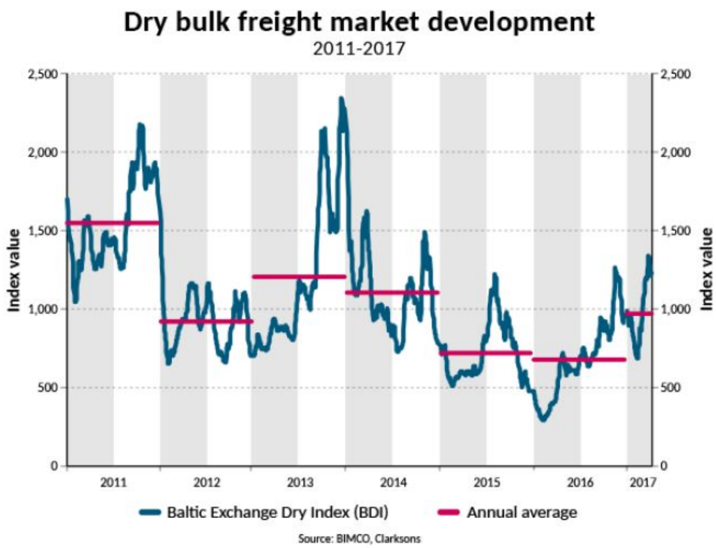
(1) BIMCO, 25 April 2017

Dry Bulk Shipping: As the BDI moves higher, demolition activity weakens

Demand

What a rebound. After the Baltic Dry Index (BDI) had its seasonal weakness around the Chinese New Year in early February, stronger-than-expected demand came from across the board and lifted freight rates. This brought earnings into profitable levels for a couple of days, as the BDI passed 1,282 on 27 March 2017.

If earnings are at profitable levels now, how come BIMCO's Road to Recovery keeps mentioning 2018 and 2019? That's because it focuses on full year profits for all dry bulk segments. That would require a full year where the average BDI is above 1,280. Last time we had that was in 2011. Note that the BDI average for Q1-2017 was 945. BIMCO sees the current developments as a 'false dawn' and reiterate expectations for 2017 as being a loss-making year for the industry as such.



As expected we had the seasonal decline in Q1-2017, but a softer landing was provided for as China's combined imports of iron ore, coal and soybeans went up by 36.5 million tonnes (19%). The grains shipping market seems to go from strength to strength, with soya supporting the Atlantic market. This support is set to continue, as major soya exporters like Brazil and Argentina normally increase exports in Q2.

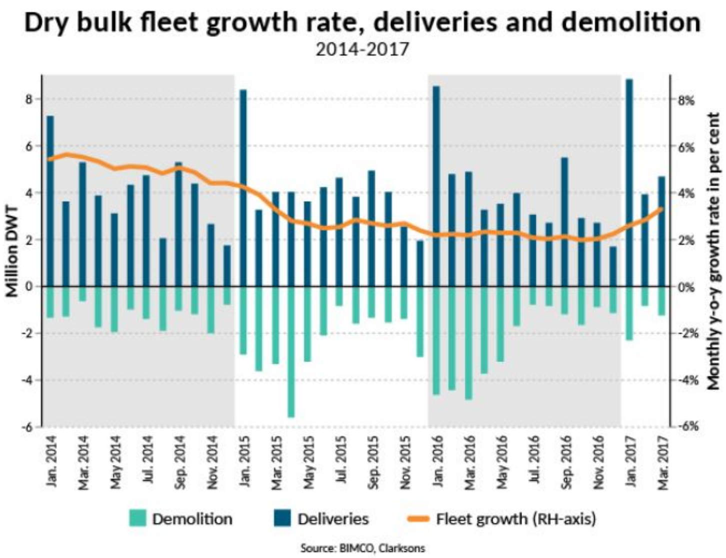
Thermal coal imports into China are also bolstering demand. Despite the suspension of the maximum-of-276-working-days-per-year policy, domestic production could not keep up with demand during the winter season. Short coal trips into China from Australia and Indonesia make the Pacific market busy. Even though the winter is over, the suspension of the 276-working-days limitation remains in place. As always, the iron ore exports from Brazil to China provide support that lifts the capesize market, despite the 35 valemax ships taking their share of the market.

Freight rates from Tubarão in Brazil to Qingdao in China went above USD 16 per tonne by mid-March as fixtures and volumes were unseasonably high. As many as 14 fixtures from Brazil to China carrying iron ore were done in one week. That was the highest number on record since the start of 2015, according to Commodore Research.

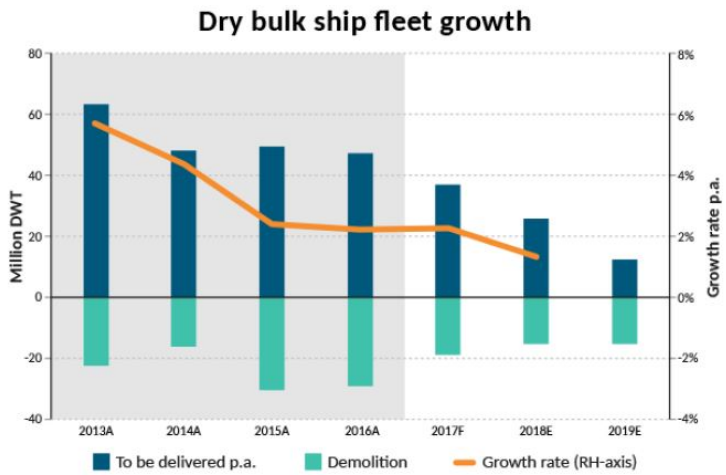
Supply

January had more dry bulk capacity demolished than February and March combined. As the BDI moved higher, demolition activity weakened. Higher demolition prices that often follow in the wake of higher

freight rates do not sufficiently tempt shipowners to sell for demolition. They either keep trading the ships themselves or sell them off in the second-hand market as asset values have climbed too.
BIMCO's Road to Recovery, encourages shipowners to make fleet expansions via the second-hand market – and that we have certainly got. But it also builds on 0% total fleet growth, something which can only come around via more demolition. A 'false dawn' means that fundamental market balance improvements are happening much slower, if at all as the supply side is still growing almost as much as the poor demand growth rate.



In nominal DWT terms, the total dry bulk fleet has already grown by 1.5% or 11.7 million DWT in 2017. As the BDI moves higher, demolition activity gets weaker. And the BDI has certainly moved higher during February and March. The subsequent slowdown in demolition activity means that just 4 million DWT has been removed from the fleet so far in 2017. In comparison, 14 million DWT was demolished during Q1-2016.
It seems clear that the supply side is not assisting the "Road to Recovery", which projects an annual fleet growth rate of 0%. BIMCO estimates that the supply side will grow by 2.3% for the full year, as newbuild deliveries will slow down and demolition is expected to pick up. Despite the lack of short-term comfort, relief may be found in the absence of newbuild orders since the start of 2016.
The record low ordering activity has continued into 2017, as orders have surfaced for only five ultramax ships, each of 63,000 DWT. This positive development has brought the total order book down to 69.5 million DWT all-inclusive – a level last seen at the end of 2004. Another continuing trend is that of owners expanding their fleets in the second-hand market. 2017 has already surpassed last year's monthly average of 56 second-hand sales, as Q1-2017 saw 192 deals sealed. Anecdotal evidence of owners not spending much time, if any, on pre-purchase inspections, as they fear the deal could fail, is a sign of improved sentiment across the dry bulk market. The price for a 2010-built capesize and panamax ships has gone up by around 40% since 1 January 2017 according to VesselsValue as per 10 April 2017.



Source: BIMCO estimates on Clarkson's raw data

A is actual. F is forecast. E is estimate which will change if new orders are placed. The supply growth for 2017-2019 contains existing orders only and is estimated under the assumptions that the scheduled deliveries fall short by 10% due to various reasons and 40% of the remaining vessels on order are delayed/postponed.

Outlook

With powerful sentiment in the market being felt and heard, it's hard not to get carried away. You can almost feel the fear of missing out on the next super cycle as owners' rush to the second-hand market to expand their fleets. Such strong growing interest has seen rising asset values. In turn, this also means existing ships are no longer priced significantly below newbuild ones. What it could also mean is a return to the shipyards for some of the owners who did not get the ships they were looking for in the second-hand market. So far, we have not seen a flood of new orders, but the shipyard industry certainly stands ready to take owners' new orders.

Should such a flood of new orders come around, it will kill the ongoing recovery of freight market earnings. A lot of shipyards have a low order cover, and idle capacity to build. Add tempting leasing deals or other fully financed offers to that, and you may see orders coming in large numbers. But bear in mind, as BIMCO has cautioned earlier, making use of shipyard capacity to produce more new ships remains the most potent threat to the sustainability of the shipping market.

For the coming months, April to June, BIMCO expects the demand in the freight market to go higher. Iron ore and soybeans will grow the most, while coarse grains are set to be in lower demand – driven down by low Brazilian exports. For the supply side of the market, BIMCO expects some steam to come off. We have seen 16 million DWT being delivered in less than three months, out of a total expected amount of 37 million DWT. In total this will support the freight market. Having said that, the strong lift of freight rates in Q1 may have been a 'false dawn'. In conclusion, the freight rates are expected to slide back to a lower level again. China has announced a ban on imports of North Korean coal until the end of 2017. China imported 22 million tonnes of anthracite coal from North Korea in 2016 and will need to source this from elsewhere if the ban is fully enforced. If the 22 million tonnes are sourced from seaborne suppliers, it will benefit the demand in the dry bulk shipping industry significantly.

Source: Peter Sand, Chief Shipping Analyst; BIMCO

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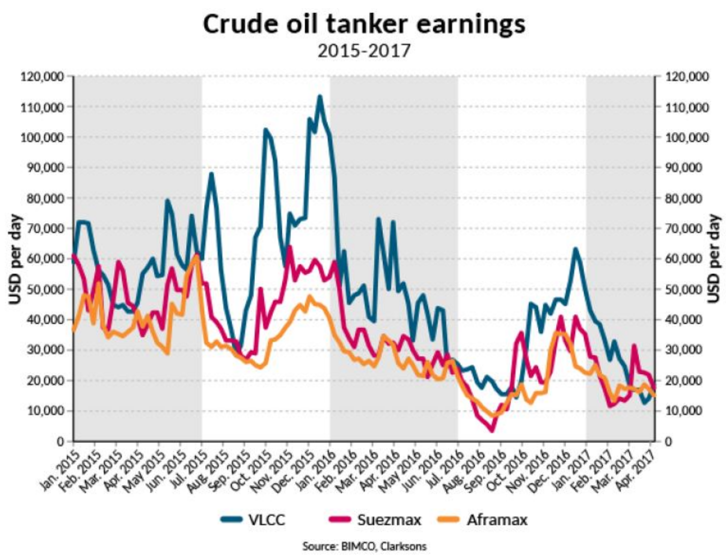
(2) BIMCO, 24 April 2016

BIMCO: Tanker owners have their work cut out handling the supply side in 2017

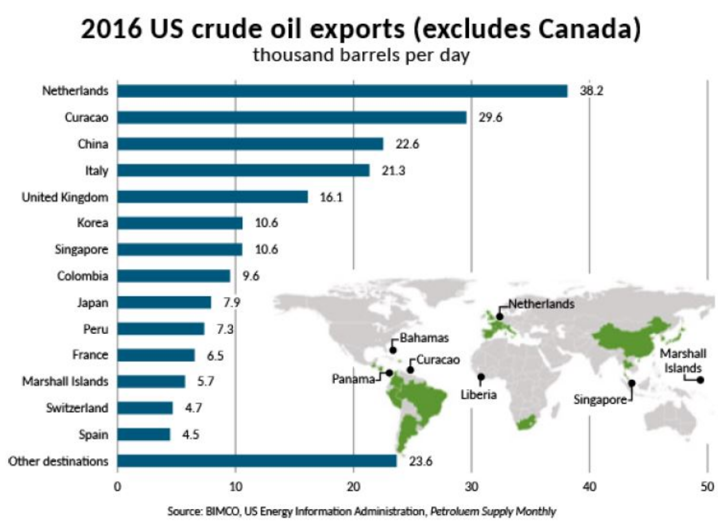
Demand

Oil tankers experienced a tough start to 2017 as freight rates for all crude oil and oil product tankers continued their decline following the brief lift at year-end. For one, VLCCs may not yet have bottomed out. By 7 April 2017, average earnings stood at USD 18,853 per day, down from USD 63,284 per day on 16

December 2016. The demand situation for both crude oil tankers and oil product tankers in 2017 and 2018 is closely connected to the destiny of worldwide oil stocks. So far, we have seen supply cuts from OPEC, from their highest supply level ever at 33.9 mb/d in October 2016.
However, we have also seen an increase of supply from the US. This has lifted US crude oil stocks to their highest level ever, and global stocks have sidestepped. BIMCO believes that we must wait until the second half of 2017, when global oil demand picks up, to see an eventual drop in global oil stocks (crude oil and oil products). Focusing on the oil product tankers only, the month of March proved to be a relief. Handysize tanker earnings even surpassed that of all crude oil tankers, reaching USD 23,984 per day on 24 March. On that day, suezmax crude oil tankers reached only USD 22,700 per day.



Since the removal of restrictions on US crude oil exports in December 2015, this has been a developing story. It has also been an interesting one, as shipping has certainly benefited strongly and quickly. Not so much in sheer volumes, as US crude oil exports went from 465,000 barrels per day (b/d) to 520,000 b/d (+11.8%), but exports started to find destinations globally and not just cross-border into Canada. In 2015, 92% of US exports went north; in 2016 that share was just 61%. The other destinations that we find in the top five include the Netherlands, Italy and China. South Korea, Japan and the UK are also amongst the importers – all served by tankers. US crude oil imports have also grown, benefiting crude oil tankers even more.



Additionally, US oil product exports keep rising, going both short-haul to Mexico, Caribs and South America and long-haul to Japan, China and India.

Supply

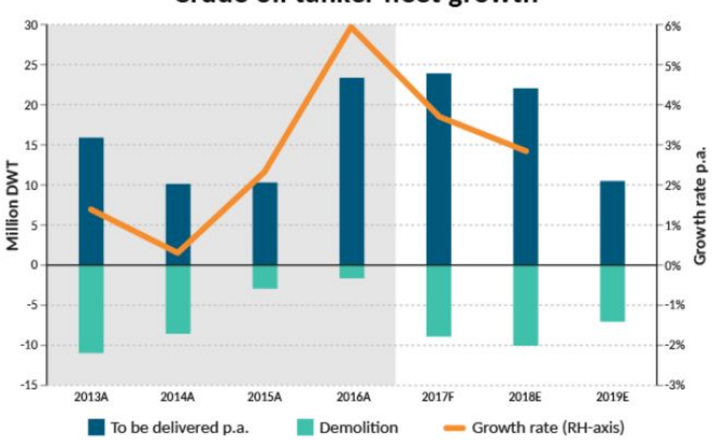
As discussed in our previous tanker shipping market overview and outlook, the total amount of demolished tanker capacity was very low in 2016. Owners appeared more focused on taking delivery of new ships during this time. This has now changed – at least to some extent. In 2016, 2.6 million DWT was sold for demolition. By end-March 2017, 0.9 million had left the fleet for recycling at shipbreaking facilities. Although slightly busier than 2016, it has been a slow start to what BIMCO expects will be a busy year for tanker demolition. As we expect the freight market and asset values to have yet another year under pressure. Demolitions are forecast to rise fourfold to a total level of 11.5 million DWT, out of which 9 million DWT is expected to be taken out of the crude oil tanker fleet.

BIMCO forecasts crude oil tanker deliveries in 2017 to be on a par with 2016, which saw 23 million DWT of new shipping capacity. This highlights the need to handle the supply side, as demand growth will not support the market to the extent it did in 2016. The year to date has seen 9.8 million DWT being delivered with just 0.7 million DWT of crude oil tanker capacity being demolished – including one VLCC.

In terms of new orders, 2017 has seen 12 VLCCs and 8 LR2s amongst others. There have been 38 new orders in total for 5.7 million DWT, including 16 product tankers with a total capacity of 1.3 million DWT. The 12 VLCCs and other orders resulted in a rise in the crude oil tanker order book during the past two months. This is quite amazing considering the present challenges in the market. As touched upon in a regular BIMCO news piece, a record 12 VLCCs were delivered in January. This inflow brought the VLCC fleet above 700 ships. For oil product tankers, 2016 was a six-year high for deliveries, with supply growing by 6.1%. 2017 has seen the fleet grow by 1.3% already, as it aims for 3.2% for the full year.

BIMCO expects demolition of oil product tanker tonnage to be 3–4 times higher than 2016, at 3 million DWT.

Crude oil tanker fleet growth



Source: BIMCO estimates on Clarkson's raw data

A is actual. F is forecast. E is estimate which will change if new orders are placed. The supply growth for 2017-2019 contains existing orders only and is estimated under the assumptions that the scheduled deliveries fall short by 10% due to various reasons and 35% of the remaining vessels on order are delayed/postponed.

Outlook

As cargo volumes are not expected to grow that much in 2017, the increase in demand (if any) must come from longer sailing distances, and changes to the volumes from one country to the next. China rules the crude oil tanker market, as in many other shipping markets, having been solely responsible for the incremental crude oil tonne mile demand growth since 2010.

The country is set to do it again in 2017. What we have seen so far in terms of Chinese car sales, is supporting this. Though the subsidy has been reduced in 2017, the numbers are holding up. The US could spoil the party, however. As discussed above, US imports and domestic production have both contributed to rising crude oil stocks. A continuance of that could prove difficult to uphold. 2016 was an abrupt break of trend that has seen US seaborne crude oil imports drop consistently since their peak in 2005. 2017 is proving to be a year of change for oil tankers, as was indicated during 2016 with freight

rates coming down. After two years of solid demand growth, 2017 is a year of tepid demand growth around 0–2%. As fleet expansion is also slowing down, though still at a higher growth rate than demand, the shipowners have their work cut out. Managing the supply side is essential to ease the pain and avoid a marked dip in the fundamental balance that would take years to overcome.
Source: Peter Sand, Chief Shipping Analyst; BIMCO
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(3) Hellenic Shipping News, 27 April 2017/ Platts

Private independent shipowners' days numbered

The best days of the private independent shipowner are over, according to the audience who took part in a poll at maritime conference in Singapore Wednesday.
The poll followed a debate in which six shipping industry leaders at Sea Asia 2017 debated over the value of going public or taking private equity from outside investors, and whether this was a sustainable solution given the vagaries of the shipping industry.
"Globally the shipping sector has seen many companies shift away from private, independent ownership," said Citigroup's global head for shipping logistics and offshore industries Michael Parker. "This follows a pattern of traditional shipping banks moving their money out of shipping and into safer bets."
Traditional sources of finance for ship orders are drying up as many banks look to improve their lending portfolios and decrease risk, he said.
For many independent private shipowners, this means looking to different financial solutions, with non-bank sources such as private equity from investors and capital market often filling this gap, said Parker.
"For some private and family-owned businesses, the answer is going public," he said.
He was the lead speaker for the motion: This House believes that the best days of the private independent shipowner are over.
Going against the motion was Filippos Lemos, president of family-owned business N.S. Lemos & Company.
Lemos argued that there was still a future for private independent shipowners because they have the ability to be agile and deploy capital with long-term horizons in mind.
"We are best placed to generate appropriate risk-adjusted returns, while having the flexibility and far-sightedness to avoid hazards," he said.
Private equity or "other people's money," as Lemos calls it, and its "uncanny" correlation with the rise of quantitative easing, exacerbate volatility which makes short-term investment in the shipping industry unsustainable.
He cautioned against equating the increasing flows of private equity into the shipping industry as a sign of inability of private balance sheets to support an increasingly capital-intensive industry.
Instead, the likes of Taiwanese container line Wan Hai Lines, German Oldendorff Carriers and Norwegian shipping magnate John Fredriksen's Seatankers Group indicate that the "private arena is blooming."
However, Teekay Corporation's CEO Kenneth Hvid argued that size now matters because the shipping industry has changed.
"When I joined in 2000, we were an Aframax player in the Pacific. We had a business worth $1 billion in assets. Today, we have four public-listed companies, we've diversified into offshore, gas and tankers."
"We have $16 billion in assets. We would not be able to grow $1 billion a year as a private owner," Hvid said.
Additionally, Hvid said one can be a public company with a private mindset, something the team opposing the motion missed out.
Agreeing, Hafnia Tankers' CEO Mikael Skov said shipping has a tendency to be undisciplined and that it needs to cut emotion from decision making. "It's not either or. But find a middle way and utilize the best from two worlds… with investors' input — advice and analysis — you'll have a better model," he said.
With technology as a disrupter and the world changing quickly, shipowners cannot afford to be stuck in a long-term strategy, Skov said.
"The only way to do it in my view is scale, working with other public markets or investors to make sure you follow the trends globally, and not in shipping alone," Skov said.

However, Kenneth Koo, CEO of 100-year-old TCC Group, argued that one of the strengths of private shipowners is that they have the independence from the need to continually expand their fleet.
“We have the flexibility of decision-making based on risk management specifically tailored to our limitations, and we have a long-term strategic planning to ensure the perpetuation of business even in the face of adverse market conditions,” said Koo.
Unlike banks, private independent shipowners are not victims of financial crashes, he said. “Banks are victims because they keep on lending,” Koo said.
But in the end, 75% of the audience, which comprised ship brokers, ship management companies and financial institutions, heeded Parker’s call to vote for their heads and for the future. And, with a show of hands declared that the best days of the private independent shipowner were over.
Sea Asia 2017 was held in conjunction with the Singapore Maritime Week 2017. SMW is a maritime event in Singapore driven by the Maritime and Port Authority of Singapore.
Source: Platts
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(4) Lloyd’s List, 26 April 2017

Future still bright for private independent shipowners

Shipping market will still be filled with other people’s money but private owners have yet to lose their strength, say industry executives

THE rise of publicly listed shipowners does not mean the wane of their privately owned peers in today’s shipping market.

That is the argument summed up by Filippos Lemos, president of family-owned NS Lemos & Co, at a Sea Asia debate during Singapore Maritime Week titled This House Believes that the Best Days of the Private Independent Shipowners are Over.

Referring to his listed counterparts as OPM — other people’s money — Mr Lemos said: “OPM is here to stay, but that doesn’t spell the end of the good times for the private independent shipowners. Not at all.”

As a speaker against the motion, together with TCC Group chairman Kenneth Koo and Wan Hai Lines vice-chairman Randy Chan, his concluding remarks also won the show-of-hands vote from the majority on the floor.

The speakers for the motion launched a hard-hitting attack, however.

Their arguments were straightforward: privately owned shipowning companies lacked the merits, including the right governance, transparency and easy access to finance, to build up scale that met customer needs.

These private businesses also lacked the financial muscle to adapt to a shipping market in which operational costs were on the rise due to tightening regulations and fast-advancing technologies, they said.

“Fundamental changes are upon us. That presents challenges and opportunities that require the scale and scrutiny that most independent shipowners will struggle to achieve,” said Michael Parker, global head for shipping at Citigroup.

Kenneth Hvid, chief executive of New York-listed Teekay Corp, said the times of thriving small private owners had changed. “Scale matters now.”

He added that his company, with $16bn assets and the ability to compete for market-leading positions, could not have accomplished those achievements today without going to the public.

Moreover, decisions fuelled by emotion instead of proper analysis were also a big problem with private owners, said Mikael Skov, chief executive of Oslo-listed Hafnia Tankers.

His counterparts tended to do things with heart rather than heads, Mr Skov contended.

He also said that the long-term strategy of which private and family owned owners were proud, might even lead them to be left behind in the fast-changing industry. “The world changes quicker, so you cannot get stuck in a long-term strategy.”

Mr Lemos and his fellow panellists fought back. They argued that listed owners were constrained by short-sighted investors who did not care about shipping, but just returns.

Plenty of successful large private owners such as Angelicoussis, Fredriksen and Oldendorff had managed to establish their positions and were still growing, said Mr Lemos.

And that did not match with the idea that “bigger is more beautiful” in today’s market.

Mr Chan from Wan Hai, which posted a net profit last year while its larger competitors were mostly mired in heavy losses, reinforced the argument by taking his own companies as an example.

He said the private and family owned Taiwan-based carrier, backed by multi-generational experience, was able to make capital expenditure decisions without institutional money that just sought short-term returns.

“For us, we think there is plenty of time left for private owners to be a big part and continue to endorse the future of the industry.”

Mr Koo from TCC Group said the strength of private owners rested on their independence from the need to endlessly expand their fleet in order to feed the appetite of the capital markets.

“In other words, we know where to stop.”

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(5) Clarksons Research, 28 April 2017

Shipbuilding Capacity Consolidation: China Presses On

In January 2017, the Chinese government re-affirmed its focus on capacity consolidation in the shipbuilding industry, and set a target for the top 10 domestic builders to account for 70% of total Chinese output by 2020. Against the backdrop of ‘supply-side’ reform in a number of China’s other industrial sectors, how far has the consolidation of the Chinese shipbuilding industry extended?

Target In Sight?

There are a number of ways in which consolidation in the shipbuilding industry can be measured, and it is not currently clear how the government will track progress towards its target. However, one approach taken here (see graph) is to look at deliveries at the ‘builder group’ level, in terms of compensated gross tonnage, or CGT (an indicator of shipyard work). In 2011, the top ten builder groups (ranked by the total volume of CGT delivered in the year) accounted for around 35% of total Chinese output. However, by 2016, the ten yard groups with the largest delivery totals during the year accounted for around 53% of total Chinese deliveries. Looking forward, this share looks likely to rise and the ten builders with the largest orderbooks had a combined 18m CGT on order at the start of April, accounting for 61% of the total Chinese orderbook. While close to the 70% target, further consolidation appears necessary.

State Support For Some

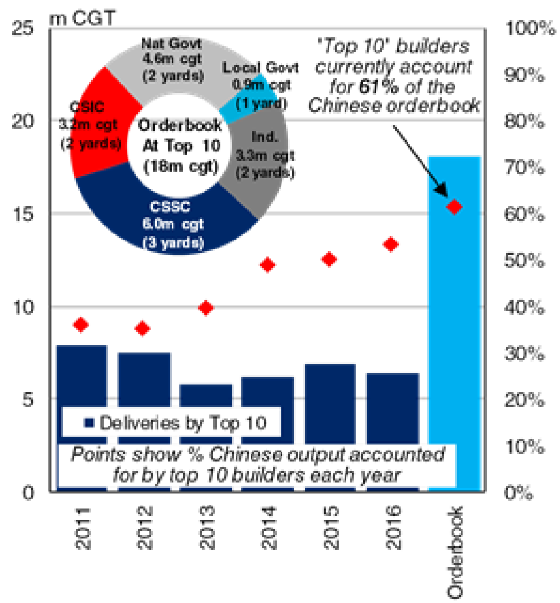
The ongoing consolidation in the Chinese shipbuilding industry reflects a range of factors. Extremely subdued newbuilding demand globally has exerted significant market pressure on shipbuilders with many yards struggling to win new orders. State-backed yards account for the majority of shipbuilding capacity in

China and several of these builder groups have merged in recent years, reflecting the government's drive to reduce industrial overcapacity and improve efficiency. Seven of the top ten builder groups by orderbook were formed from mergers, with four of these mergers taking place last year. Capacity at state-backed yards has also been supported by state owners, who accounted for around 70% of orders placed there last year in CGT terms

Graph of the Month

China's Top 10 Builders: On Track To Hit The Target?

The dark blue bars show total deliveries in CGT by the top 10 builder groups in each year, ranked by the volume of tonnage output that year. The points on the graph show the share of deliveries by these yards in total Chinese output. Deliveries by yards which have recently merged with others have been considered separately until the point of merger. The light blue bar shows the orderbook at the ten builders with the largest orderbook in terms of CGT at the start of April. The inset pie shows the total orderbook of these yards in CGT split by yard type.



Source : Clarksons Research

Smaller Shipyards Struggle

Recent consolidation is also a result of the closure of a number of small and medium sized independent Chinese yards. These builders have found it much more difficult to win orders and access finance in recent years, and many yards have entered into liquidation. In 2011, 244 Chinese facilities delivered at least one ship (1,000+ GT), but by 2016 this number had fallen to 117 shipyards. Currently, 48 yards in China are scheduled to deliver the remainder of their order backlog by the end of 2017.

Policy Pressure

So, while it is as yet unclear exactly how the government's 2020 target will be defined and measured, consolidation of the Chinese shipbuilding industry is ongoing. However, by the measure used here, further steps appear necessary to meet the state's target. With fewer yards taking an order (only 48 Chinese yards won an order in 2016, compared to more than 200 in 2010) and strong policy support for the reduction of surplus capacity, further consolidation of the industry looks likely.

Source: Clarkson Research Services Limited

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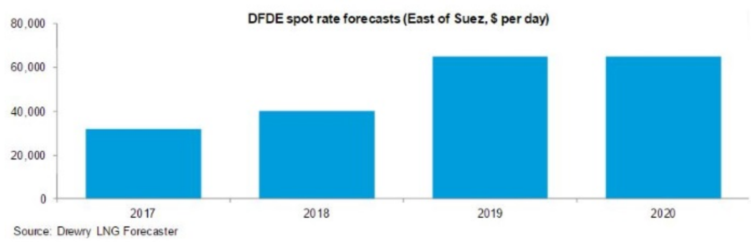
(6) Hellenic Shipping News, 26 April 2016/ Drewry

Drewry trims long-term freight rate outlook for LNG shipping

Given the mounting pressure on freight rates and continuing fleet growth over the next two years, Drewry believes that excess vessel supply will reduce only gradually with the recovery in rates pushed back to

the latter part of next year, according to the latest edition of the LNG Forecaster report published by global shipping consultancy Drewry.
Drewry maintains a bearish stance on the LNG shipping freight rate outlook for 2017 on account of strong fleet growth which is expected to be around 13%. The movement in rates has so far been in line with Drewry's expectations, as rates have been falling since the beginning of year. The spot rate for dual-fuel diesel-electric (DFDE) vessels (East of Suez) is currently around \$26,000 per day, compared to \$37,000 per day in the beginning of the year, a fall of 30%.



"The tremendous weakness observed recently in the freight market highlights the ample vessel supply. We are anticipating two years of aggressive fleet growth with supply expected to expand a further 9% in 2018 which will extend the period of weak freight rate development into next year. Therefore, we do not expect rates to start recovering until the end of 2018 when several new LNG trains from the US are expected to be operating at full capacity," said Shresth Sharma, Drewry's lead LNG shipping analyst. "As a result, we have trimmed down our forecast for average spot freight rates in 2018 to \$40,000pd from the earlier expectation of \$50,000pd," added Sharma.
Source: Drewry
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(7) Clarksons Research, 24 April 2017

World Seaborne Trade: Still Providing Volume

In the shipping industry, seaborne trade has generally been regarded as a strong and steady performer, with 4.8bt added since the year 2000, bringing total volumes to 11.1bt in 2016. Although the rate of growth appears to be settling to around 2-3% p.a. currently, the absolute volumes contributed to world seaborne trade are still at historically high levels…

Topping Up Volumes

2015 saw the rate of growth in global seaborne trade ease to 1.8%, which was the slowest pace of expansion since volumes contracted in 2009. Trade volumes increased by 195mt in 2015, which was slightly above the average annual increase in the 1990s (180mt), but lower than the average annual addition in the 2000s 'boom' (defined here as 2000-08). But, in 2016, it looks like trade bounced back to much more significant growth. While at a first glance seaborne trade seems to have grown at a moderate pace in 2016 (2.9% compared to a CAGR of 4.4% in 2000-08), in terms of tonnes, the 309mt of additional seaborne trade was well above the average annual addition in the 1990s, and in line with volumes added in the 2000s 'boom'.

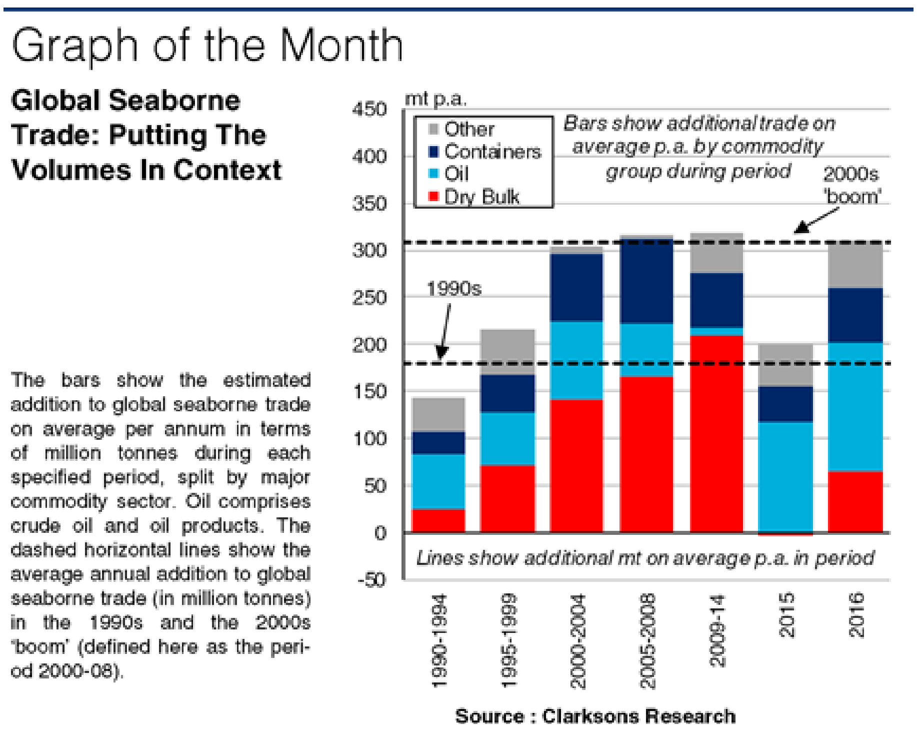
Big Volumes, Big Business

Given the scope of the shipping industry (2.7bt of seaborne trade has still been added since the financial crisis), even with a small reduction in the percentage rate of y-o-y growth, additional annual volumes have been noteworthy. In fact, as the Graph of the Month shows, the volume added in 2016 was just as strong as the average in the 'boomy' 2000s. So, while the percentage growth rates appear steady, the extra volumes are still very punchy indeed.
Overall, at the more modest levels of growth in the 2013-16 period, when seaborne trade expanded on average by 2.9% p.a., almost 300mt was added on average p.a. This was just 4% below the volumes added in the 2000s 'boom' and it was impressively 64% above the 1990s annual average and 28% above the prior long-term historical average (1985-2012).

Shifts In Volume Growth

Under the bonnet of seaborne trade, of course the drivers of growth are changing all the time. In the 2000s ‘boom’, in terms of added trade volumes, around 50% of the 2.8bt of additional trade was accounted for by growth in dry bulk volumes, with robust Chinese dry bulk import demand a key driver of global trade trends. But seaborne dry bulk trade declined in 2015, and its share of growth in world seaborne trade fell to just 12% in 2015-16. Meanwhile, combined crude oil and oil products trade growth accounted for 50% of global trade expansion in 2015-16, compared to 23% in 2000-08. Elsewhere, the share accounted for by container trade growth fell slightly from 26% in 2000-08 to 20% in 2015-16.

So, the percentage rate of seaborne trade growth may not always match up to the boom years and the demand drivers are always shifting. But, taking a closer look, the additional trade volumes recently appear just as firm as they ever have been. Of course, to an extent it depends on how you measure it, but the absolute additional volumes just show the impetus that seaborne trade continues to provide.



Source: Clarksons

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