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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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Editorial comments

- The ***UK maritime sector*** makes a major contribution to the country's economy. This sector's contribution exceeds that of other comparable industries according to a detailed study (item 3). Although the economic input is spread across all regions, however, the maritime industry in London comprised almost one-third of the total gross value added.
- What evidence is there to expect a ***recovery in the global shipping industry*** in 2018? One recent assessment expresses scepticism, suggesting that market fundamentals (of demand for, and supply of shipping capacity) are unlikely to improve much. Overcapacity is predicted to linger for some time, and there are doubts about whether 'discipline' in restraining fleet growth can be maintained in the period ahead (item 4).
- The ***Northern Sea Route*** along the Russian Arctic coast is still gaining interest because of its potential for more economical and faster shipping movements on a larger scale (item 2). Harsh weather conditions are a major challenge, but technology and infrastructure are developing.
- While imports into China have been expanding rapidly this year, ***Chinese exports by sea*** seem to have encountered more resistance. Nevertheless the total - which includes manufactured goods, steel, oil products, chemicals and numerous other cargoes – has expanded greatly in recent years (item 6) and more growth is foreseen.
- Negative influences are often accentuated. But the ***background for maritime careers*** is not completely downbeat (item 7). On the contrary, global shipping is an expanding industry which offers many and diverse opportunities for fulfilling and interesting employment.

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(1) Clarksons Research, 29 November 2017

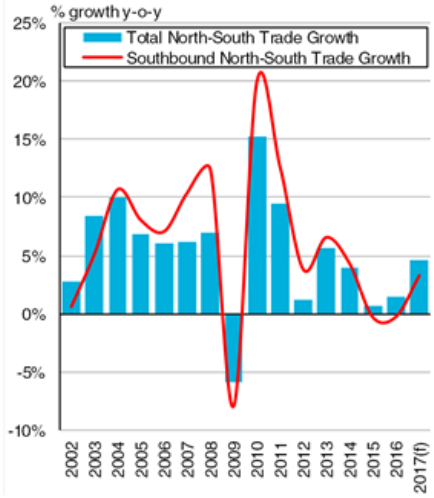
North-South Trade: Building Up Some Steam Again

Once viewed by many as quite a steady element of the container trade spectrum, growth on the North-South trade lanes has actually seen some dramatic variation over the last 15 years, and has this year set off on an upwards trajectory, surpassing initial expectations. As an important part of the structure of container trade, the path followed by North-South trade volumes is worthy of closer investigation.

Graph of the Month

Surveying The Trends On The North-South Trades

The bars on the graph show the y-o-y growth in total container trade volume on the North-South trade lanes (including the limited volumes of trade between the ME/ISC and the southern hemisphere regions). The line represents the y-o-y growth in container trade volume on the southbound legs of the North-South trade lanes. 2017 data shows current full year projections. A range of container trade related timeseries are available on the *Shipping Intelligence Network.*



Source : Clarksons Research

A Solid Foundation

Trade on the North-South routes is projected to encompass 17% of overall container trade volume in full year 2017, totalling 32.3m TEU. This trade takes place on routes connecting Europe, the Far East and North America with economies in South America, Sub-Saharan Africa and Oceania, making the trade a critical economic link between the northern and southern hemispheres. Traditionally, exports on northbound routes were heavily associated with agricultural products, though in recent times they have diversified, whereas southbound box trade is largely driven by consumer demand.

Between 2002 and 2007, container trade growth on mainlane routes averaged 11% y-o-y, spurred by economic prosperity in developed nations and an increasingly globalised manufacturing sector. Trade growth on the North-South routes, while still strong, was more muted, averaging 7% and cementing the trade's reputation as a steady, perhaps less exciting, segment of the box trade spectrum.

Dramatic Heights

Following the onset of the financial crisis, as was the case globally, North-South trade growth suffered a major setback. However, volume growth on the North-South routes bounced back particularly sharply compared with other parts of container trade, expanding at a rate of 15% in 2010 following its 6% contraction in 2009, bolstered in part by strong post-crisis economic growth in the southern hemisphere developing economies (for example, GDP growth in Brazil reached 7.5% in 2010). Looking in more detail, around 75% of the growth in the North-South trade in 2010 was accounted for by growth in the southbound direction, as strengthening performance in the southern economies began to be reflected in greater consumer demand for imports.

Crashing Down

In the years following this rapid expansion, growth in many developing economies began to slow. This was subsequently exacerbated from 2014 onwards by a crash in the prices of many of the major commodities exported by developing nations (on which they rely for import spending power). As such, growth in total North-South container trade rapidly slowed, with southbound trade falling into negative growth in 2015 and 2016.

Starting To Rebuild?
2017 has seen a more positive trend. On the back of some pick-up in commodity prices, southbound trade has returned to positive growth, while total North-South box trade is projected to grow 4.6% in full year 2017. So, while North-South trade used to be seen as fairly steady, it has been through some dramatic times in recent years, and is today surpassing expectations with a notable return to more robust expansion.
Source: Clarkson Research Services Limited
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(2) Hellenic Shipping News, 27 November 2017/ Centre for Research on Globalization

Huge Implications of Russia's Northern Sea Route. An Alternative to the Suez Canal?

In terms of dealing with some of the world's harshest weather conditions no country comes close compared with Russia. Now Russia has made it a highest priority to develop a Northern Sea Route along the Russian Arctic coast to enable LNG and container freight shipments between Asia and Europe that will cut shipping time almost in half and bypass the increasingly risky Suez Canal. China is fully engaged and has now formally incorporated it into its new Silk Road Belt, Road Initiative infrastructure.
Before attending the Hamburg G20 Summit in July, China's President Xi Jinping made a stopover in Moscow where he and Russia's President Vladimir Putin signed the "China-Russia Joint Declaration on Further Strengthening Comprehensive, Strategic and Cooperative Partnership." The declaration includes the Northern Sea Route as a strategic area of cooperation between China and Russia, as a formal part of China's Belt, Road Initiative (BRI) infrastructure. For its part, Russia is investing major resources in development of new LNG ports and infrastructure along the route to service a growing maritime traffic passing through its Arctic territorial waters.
The Russian Federation, under the direct supervision of President Putin is building up the economic infrastructure that will create an alternative to the Suez Canal for container and LNG shipping between Europe and Asia. In addition, the developments are opening up huge new undeveloped resources including oil, gas, diamonds and other minerals along the Russian Exclusive Economic Zone, transversing its northernmost Siberian coastline.
Officially Russian legislation defines the Northern Sea Route as the territorial waters along the Russian Arctic coast east of Novaya Zemlya in Russia's Arkhangelsk Oblast, from the Kara Sea across Siberia, to the Bering Straitthat runs between far eastern Russia and Alaska. The entire route lies in Arctic waters and within Russia's Exclusive Economic Zone (EEZ).
Preliminary geophysical studies confirm that vast oil and gas reserves exist below the sea floor along the Northern Sea Route of Russia's EEZ waters, increasing interest of the Chinese government in joint resource development with Russia, in addition to the potentially shorter shipping times to and from Europe.For China, which sees increasing threats to its oil supply lines by sea from the Persian Gulf and via the Straits of Malacca, the Russian Northern Sea Route offers a far more secure alternative, a Plan B, in event of US Naval interdiction of the Malacca Straits.
US Geological Survey estimates are that within the Russian Arctic EEZ some 30% of all Arctic recoverable oil and 66% of its total natural gas is to be found. The USGS estimates total Arctic oil recoverable reserves to be about one-third total Saudi reserves. In short, as Mark Twain might have said, there's "black gold in them thar' icy waters…"
The United Nations Convention on Law of the Seas (UNCLOS), to which Russia and China are signatories, but the USA not, defines an exclusive economic zone to be an area "beyond and adjacent" to a state's territorial waters and provides the state with "sovereign rights…[over] managing the natural resources" within the zone. China does not contest Russia's EEZ rights, but rather seeks to cooperate in its development now formally within the BRI project.

New Shipping Lanes
The other interest in Russia's Northern Sea Route is for more economical and faster shipping. In August this year in a test run the Russian LNG tanker, Christophe de Margerie, delivered Norwegian LNG from

Hammerfest in Norway to Boryeong in South Korea in just 19 days, some 30% faster than the traditional Suez Canal route despite the fact that the vessel was forced to go through ice fields 1.2 meters thick. The Arctic Sea part of the journey was made in a record six and half days. The Christophe de Margerie is the first joint LNG tanker and icebreaker in the world, built to specification for the state-run Sovcomflot for the transportation of LNG from the Yamal LNG project in the Russian Arctic by a South Korean shipbuilder.
Russia is also cooperating with South Korea in development of the shipping capabilities of its Northern Sea Route. On November 6, Russia's Minister for Development of the Far East, Aleksandr Galushka, met South Korea's Minister of Oceans and Fisheries, Kim Yong-suk. The two countries agreed to pursue joint research into investments for an Arctic container line along the Northern Sea Route. The joint development will include shipping hubs to be created in each end of the Northern Sea Route–Murmansk in the west and Petropavlovsk-Kamchatsky in the east. Murmansk, bordering the northern regions of Finland and Norway, has ice-free access to the Barents Sea year around.
Korea's Hyundai Merchant Marine plans test sailings of container ships along the Northern Sea Route in 2020 with container ships capable of carrying 2,500-3,500 TEU (Twenty-foot Equivalent Unit, a measure of container size) on the route. In July 2016, an historical shipment of two major industrial components was made from South Korea to the new Russian Arctic port at Sabetta and from there, on the rivers Ob and Irtysh to the South Ural city of Tobolsk.

New Arctic Port Investments
Murmansk itself is site of one of Russia's largest infrastructure projects. Major construction work is currently on going to complete the so-called Murmansk Transport Hub which includes new roads, railway, ports and other facilities on the west of the Kola Bay. Murmansk is already a key hub for reloading coal, oil, fish, metals and other cargo from the European part of Russia. It will serve as the main western gateway for the Northern Sea Route to Asia.
The Russian Federation is also completing a new port at Sabetta on the Yamal Peninsula. The Yamal Peninsula, bordering the Arctic Kara Sea, is location of Russia's biggest natural gas reserves with an estimated 55 trillion cubic meters (tcm).By comparison, Qatar gas reserves are calculated at 25 tcm, Iran at 34 tcm. The main developer of the Sabetta Port on Yamal is Novatek, Russia's largest independent gas producer, together with the Russian government.
Sabetta Port is also site of the major new Yamal LNG Terminal that before end of 2017 will begin transporting Yamal gas via the Northeast Sea Route to China. When at full capacity, Sabetta Port will handle 30 million tons of goods a year making Sabetta the world's largest port north of the Arctic Circle, surpassing Murmansk. Novatek hasalready pre-sold all its production volumes for Yamal LNG Terminal gas under 15- and 20-year contracts, most to China and other Asian buyers.
Yamal LNG is far from the only area where Russia's Novatek is cooperating with China. On November 4, Novatek announced it had signed further agreements with Yamal partners China National Petroleum Corporation and China Development Bank for the Arctic LNG 2 project that is potentially larger than the Yamal LNG project. The Arctic LNG 2 project of Novatekon Gydan Peninsula, separated from Yamal by the Gulf of Ob,is to begin construction in 1919.
The Yamal LNG Terminal is a $27 billion project whose lead owner is Russia's Novatek. When the US Treasury financial warfare targeted Novatek and the Yamal project in 2014 following the Crimea referendum to join the Russian Federation, China lenders stepped in to provide $12 billion to complete the project after China's state oil company, CNPC bought a 20% interest in the Yamal LNG Terminal project. The China Silk Road Fund holds another 9.9% and France's Total 20% with Novatek having 50.1%.

Breaking the Ice, Russian-Style
Opening the potentials of Russia's Northeast Sea Route to full commercial LNG and container freight traffic flow from the west along the Siberian Arctic littoral to South Korea and China and the rest of Asia requires extraordinary technology solutions, above all in the field of ice-breakers and port infrastructure along the deep-frozen Arctic route. Here Russia is unequalled world leader. And Russia is about to expand that leading role significantly.
In early 2016 Russia commissioned a new class of nuclear powered ice-breakers called Arktika-class operated by Atomflot, the ship subsidiary of the giant Russian state Rosatom nuclear group, the world's largest nuclear power construction company and second largest in terms of uranium deposits producing 40% of the world's enriched uranium.

The new Arktika icebreaker is at present the world's most powerful icebreaker of its kind and when ready for sailing in 2019 will be able to break 3 meters of ice. A second Arktika-class nuclear icebreaker is due to sail in 2020. At present Russia has a total of 14 diesel as well as nuclear-powered icebreakers in construction in addition to the just completed Christophe de Margerie. All those 14 new icebreakers are being constructed at shipyards in the St. Petersburg area.

Rosatom to take lead

Now the Russian government is about to dramatically escalate its development of icebreaker technologies with the clear aim of developing the shipping and resources along its Northeast Sea Route passage as a national economic priority.

In 2016 President Putin made a personal priority of overseeing building up of an ultra-modern state-of-the-art shipbuilding center in PrimorskyKrai in the Russian Far East to balance the development of western yards around St. Petersburg and buildup Russia's economic region around Vladivostok as Russia's economy, reacting to the incalculable Washington and its sanctions, turns increasingly to self-sufficiency in vital areas.

The Far East shipbuilding is centered ona $4 billion complete reconstruction of the old Zvezda shipyard in BolshoyKamen Bay owned by the Russian state's United Shipbuilding Corporation. PrimorskyKrai is also home to the Russian Navy's Pacific Fleet. When the giant new Zvezda yard is ready in 2020, it will be Russia's largest most modern civilian shipyard, focusing on large-tonnage ship construction of tankers including LNG tankers, Arctic icebreakers and elements for offshore oil and gas platforms.

On November 18 Russia's Kommersant business daily announced that Russia's president Putin wants to turn infrastructure development for the Northern Sea Route over to state nuclear corporation Rosatom. According to the report, Putin approved the idea, which was put to him by his prime minster, Dmitry Medvedev, and which would turn all state services for nautical activities, infrastructure development, as well as state property used along the corridor to Rosatom's management. Among other implications the decision to make Rosatom solely responsible for the Northern Sea Route development suggests that nuclear-powered ice-breakers are to play a far larger role in the Northeast Sea Route developments. According to the report, which has yet to be formally confirmed, the Rosatom role was proposed by Rosatom head Alexei Likhachev and Deputy Prime Minister Dmitry Rogozin. Rogozin, sanctioned by Washington, has been Deputy Prime Minister in charge of Defense Industry of Russia since 2011. If the new proposal becomes law, Rosatom will oversee all infrastructure and energy building along the 6,000 kilometers of the route through its arctic division.

According to the source, that will mean Rosatom oversees just about everything, from building ports, to building communications and navigation infrastructure, as well as coordination scientific research. Under the plan a new Arctic Division of Rosatom would centralize ports previously controlled by the Ministry of Transport as well as non-nuclear icebreakers operated by Rosmorport and Russia's nuclear icebreaker fleet. The NSR Administration, the state institution responsible for safety of navigation, would also become part of this new "Arctic Division" at Rosatom. It would be a move to greatly streamline the present fragmentation of responsibility for different aspects of Russia's Northeast Sea Route transportation development, one of the highest priorities of Moscow and a key building block in development of the China-Russia collaboration in BRI.

Taking all into account what is very clear is that Russia is developing cutting-edge technology and infrastructure in some of the most extreme climate conditions in the world, in building its economy new, and that it is successfully doing so in collaboration with China, South Korea and even to an extent with Japan, contrary to the hopes of Washington war-addicted neoconservatives and their patrons in the US military industrial complex.

Source: Centre for Research on Globalization

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(3) Hellenic Shipping News, 4 December 2017/ Maritime UK

UK: value of the maritime sector

Maritime UK commissioned the Centre for Economics and Business Research to estimate the value of the UK maritime sector.

The Cebr findings were formally launched in Parliament on Wednesday 13 September 2017 by Maritime Minister, Rt Hon John Hayes MP, Chair of International Trade select committee, Angus MacNeil MP, former Maritime Minister Jim Fitzpatrick MP and Maritime UK Chairman David Dingle.

Summary

The Maritime sector makes a substantive macroeconomic contribution to the UK through turnover, Gross Value Added (GVA), employment and through the compensation of employees. It is estimated that the sector directly supported just over £40 billion in business turnover, £14.5 billion in GVA and 185,700 jobs for UK employees in 2015. The marine and shipping industries are the largest constituent industries terms of economic activity, contributing £6.5 billion and £4.3 billion in GVA respectively, and directly supporting around 99,500 jobs and 50,800 jobs respectively in 2015.

The substantial direct economic contribution of the Maritime sector exceeds those of other comparable industries. For example, the sectors direct turnover contribution of just over £40 billion compares to £31.1 billion from the entire Aerospace industry in 2015; similarly, the sectors direct GVA contribution of £14.5 billion compares favourably to £10.0 billion from the Aerospace industry.

The direct contribution of the Maritime sector through turnover, GVA and employment has increased since 2010, when turnover, GVA and employment are estimated to have been £35.5 billion, £13.6 billion and 178,800 jobs respectively. Average productivity in the Maritime sector – as measured through the GVA generated by each job – exceeds that of the national average. Average productivity in each maritime industry also exceeded the national average in each year from 2010 to 2015.

The Maritime sector also helped to raise billions of pounds each year to the UK Exchequer and made a sizeable contribution to UK trade through exports of goods and services. The sector contributed an estimated total of just under £4.7 billion in tax revenues in 2015, or 0.7% of total UK tax revenues, spread across Income Tax, NICs, VAT, Corporation Tax and Business Rates. The Maritime sector exported £12 billion of goods and services in 2015, or around 2.3% of the UK total.

After quantifying the indirect economic impacts through the industry supply chains and induced effects on expenditures, it is estimated that the Maritime sector helped to support a total of £37.4 billion of GVA in 2015. This implies that, for every £1 in GVA directly contributed on average by the sector, a further £2.59 in GVA was generated across the UK economy.

These aggregate economic impacts associated with the Maritime sector also extend to turnover, employment and the compensation of employees. It is estimated that the Maritime sector helped to support a total of £91.9 billion in turnover, 957,300 jobs and £21.0 billion through the compensation of employees in 2015.

While the economic contribution of the industry is spread across all UK regions, London contributes the most to GVA and employment, both directly and more widely. In 2015, it is estimated that the industry in London directly contributed £4.3 billion of GVA (29% of the industry) and 35,800 jobs (19%). After indirect and induced effects are considered, the aggregate contribution from London rises to £8.9 billion of GVA (26%) and 236,000 jobs (28%).

Comment on relationship to previous studies

Cebr was eager to produce a consistent set of estimates across a six-year period. This revealed differences between Cebr's estimates for the back years and those previously produced by Oxford Economics. Marine has also been included for the first time, which has impacted other industries due to shared activities. The industry figures making up the broad Maritime sector are however not always additive because some of the reports have been customised to cater for the overlap between certain industries. Simply adding together the industries would therefore produce a degree of double counting. The broad Maritime sector report has had this double counting stripped out. Cebr believes fundamentally in the thoroughness and robustness of its approach and, as such, we stand by our own unbiased and fresh examination of the role of the Maritime sector and its constituent industries in the UK.

Source: Maritime UK

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(4) Hellenic Shipping News, 6 December 2017/ Fitch Ratings

Shipping Recovery Remains Elusive Despite Green Shoots

Fitch Ratings' sector outlook for global shipping remains negative as we do not expect a material improvement in market fundamentals in 2018 due to lingering overcapacity.
Both container and bulk show signs of a revival, but the longevity of this trend remains uncertain due to limited adherence to capacity discipline in the sector. Improving market sentiment and a focus on scale and vessel size have stimulated new orders. The supply and demand dynamics are likely to support container, bulk and LNG rates, but tanker rates could remain under pressure.
The tanker shipping segment is the most exposed following a glut of new vessel deliveries in 2017. We expect demand for tankers to grow by around 4% in 2018, helped by rising global oil consumption, higher US exports and declining oil inventories. But this would still only broadly match the expected growth in tanker supply. Rates therefore may not fall further, but a sustained increase is unlikely.
Container shipping freight rates have increased this year, but overcapacity makes this recovery fragile and previous rate increases have proved short-lived. Any improvement in market sentiment tends to stimulate new orders, and this happened again when new orders, including for mega-ships, surged in the third quarter of 2017.
We expect supply growth to be over 5.5% in 2018, outpacing a likely over 4.5% increase in container transport volume growth. A sustainable recovery in rates will need continuous and consistent capacity discipline in the industry. This could be driven by consolidation in the sector over the medium term.
The recent recovery in dry bulk shipping rates may also prove short-lived, although unlike for the other segments we expect demand to outstrip the growth in vessel supply in 2018. The market balance will be helped by the low level of new vessel orders for the last three years. China will remain the key driver for dry bulk commodities imports and trade, and the sector is therefore particularly sensitive to Chinese GDP growth, which we expect to be 6.4% in 2018.
Source: Fitch Ratings
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(5) Spinnaker Global, 4 December 2017/ article by Richard Scott

Global Shipping, a dynamic industry

Anyone seeking a career in shipping, contemplating a job change, or pursuing further qualifications may be encouraged by the sheer dynamism of the global industry and its ongoing expansion. News items frequently focus solely on difficult market conditions and low freight rates. These reports can give a distorted impression of progress.

Problems for the shipping industry are certainly evident. World seaborne trade growth has slowed in recent years, but it is still growth, definitely not a decline as sometimes erroneously reported. In a number of market sectors the world fleet of ships has been expanding too rapidly for too long, resulting in continued over-capacity and, in turn, low freight rate levels.

But the number and tonnage of ships plying the seas and oceans remains on a solid upwards trend, reinforcing the view of an expanding industry. There are also signs of a recovery in sectors which have been the most badly affected by excess capacity..

Figures compiled by Clarksons Research show that the number of cargo-carrying ships in the world fleet has been growing by 1-2% annually in the past few years. In the first ten months of 2017, there was a 0.8% increase, raising the number to 60,100 at the end of October. In tonnage terms, using a common

measurement of gross tonnes, annual growth has been in the 3-4% range during the same period. The 2017 first ten months saw a 3.2% rise to 1,198 million gt.

While this trend does not automatically increase the number of seafaring or shore-based shipping jobs available, an industry enlarging its size at least suggests some positive influences unfolding. Offsetting this feature, partly, may be the tendency for consolidation – shipping companies combining their activities to seek greater efficiency and profitability (or a return to profitability from loss-making). The result may be a lower number of jobs available in the merging companies, which is often an intention as it provides a way to reduce costs.

What other encouraging signs are visible? Expansion of sea trade is surely beneficial to the shipping industry. Last year international seaborne trade in all types of cargo reached 11,100 million tonnes, roughly 1.5 tonnes for every person living on the planet. In the past two years the growth rate slowed to 2-3% annually. However, in 2017 signs point to an acceleration, possibly resulting in 4% expansion.

How long, and to what extent these patterns persist into the future is a matter for speculation. There are many imponderables. Some pundits are profoundly gloomy about the sea trade outlook. Prospects for coal trade, a major component of the global scene, do not look great given intensifying emphasis on cleaner fuels and renewable energy sources. Then there is the as yet unknown impact of new technologies, such as advanced robotics and additive (3D) printing on the location of manufacturing, which could be negative for container trade and indirectly for raw materials.

Placing too much emphasis on the negatives may prove unrealistic though. Arguably there is plenty of potential for further increases in trade which will benefit the shipping industry. An evolving better balance between demand for, and supply of, shipping services in a number of markets could improve the viability of industry players. That could enhance career prospects for many of those seeking or changing jobs in this fascinating business.

source: article written exclusively for *Spinnaker Global* by Richard Scott, member of London & South East Branch committee, Institute of Chartered Shipbrokers
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(6) Clarksons Research, 1 December 2017

Shipping: Tracking the Trends in Chinese Exports

Chinese seaborne imports have played a hugely significant role in driving growth in global seaborne trade in recent times, but exports from the country have had an important impact too. While growth in Chinese exports seems to have hit a slight bump in the road this year, since 2010 Chinese exports have expanded by a robust 50%, compared to growth of 22% in global seaborne trade in the same period.

Onto New Ground
In 2016, Chinese seaborne exports totalled c.580mt, up from 390mt in 2010. Chinese exports are mainly comprised of manufactured goods typically shipped in containers, steel products, various other minor bulk commodities, oil products and chemicals, amongst others. Exports grew especially firmly in 2013 and 2014, by an average 16% p.a., supported by robust expansion in minor bulk exports. Between 2012 and 2014, minor bulk exports rose 74% to 258mt, accounting for three quarters of the growth in total Chinese exports in this period, with shipments of various minerals and steel products rising firmly. China exported 54mt of steel products in 2012, and over 100mt by 2015 as domestic oversupply of steel encouraged producers to sell products overseas.

However, improved domestic steel demand in 2017 so far, combined with ‘supply-side’ reform in the steel industry, has led to a tighter steel market in China this year. As a result, Chinese steel products exports fell 30% y-o-y in January-September 2017 to 58mt, undermining total Chinese export growth.

Environmental protection efforts have also impacted output of fertilisers in recent years, with exports down 10% y-o-y in 2017 so far.

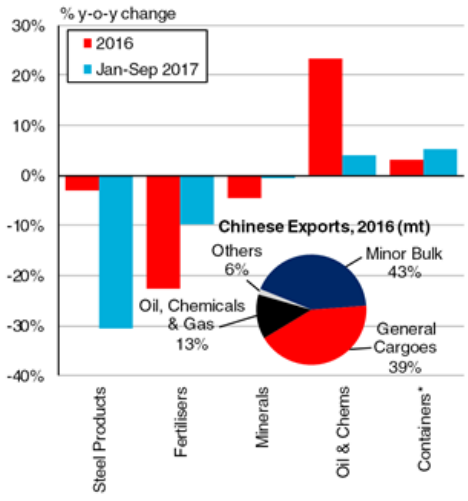
A Well-Oiled Path

However, Chinese exports of oil products and chemicals have continued to expand in 2017 so far, after a positive 2016. Exports of oil products surged by 51% in 2016 to 36mt, due to government efforts to reduce domestic oversupply by raising export quotas. While the volume of quotas granted this year has fallen by 17%, oil products exports still look set to grow in 2017 for the fifth consecutive year.

Graph of the Month

Chinese Exports: Mapping The Ups And Downs

The graph shows the percentage year-on-year change in Chinese exports of various cargoes in full year 2016 and in January-September 2017, in terms of million tonnes (*note: container export data basis estimated trade in terms of TEU - growth figures may not precisely match estimated exports of general cargoes reported in tonnes elsewhere). The pie chart shows the composition of Chinese exports in 2016 in tonnes, based on reported customs data. Timeseries of Chinese seaborne trade volumes are available on the *Shipping Intelligence Network*.



Source : Clarksons Research

Ticking The Boxes

Meanwhile, Chinese container exports have shown consistent growth since 2009. Following a period of slower expansion in 2015, growth in Chinese container shipments has accelerated, and is estimated to have reached 6% y-o-y in 2017 so far. This pick-up has reflected improving overseas consumer demand, including in the US, Europe, and southern hemisphere economies. While the recent closure of some Chinese factories as part of wider environmental efforts may have had some effect on container export volumes, the impact so far appears to have been smaller than initially feared, with total Chinese container exports on track to expand at a faster pace than last year in full year 2017.

So, China's seaborne exports have expanded significantly over the last few years, even if 2017 may see a slightly less positive overall trend. With volumes this year held back principally by a sharp fall in exports of steel products, providing that steel exports start to stabilise and container trade growth remains firm, it may not be long before Chinese exports start to push ahead once again.

Source: Clarkson Research Services Limited

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(7) Lloyd's List, 5 December 2017

Look into the crystal ball – and decide what to do next

With a broad market recovery and a brighter outlook, owners have a chance to avoid past mistakes in 2018

NEXT year could turn out to be the best year for shipping since the financial crash of 2008 — if industry participants are vigilant enough to avoid past mistakes. As our recently published Outlook 2018 series showed, conditions are ripe for a sustained market recovery in many sectors.

Charter rates of liquefied natural and petroleum gas carriers are forecast to enjoy healthy rises next year; the upwards momentum of dry bulk and container shipping will likely continue; crude andproduct tankers are expected to rebound from their current trough.

Even the offshore sector could recover from the horrendous market condition it is in, with improved global oil balances amid healthy demand and the Organisation of the Petroleum Exporting Countries' supply cut.

But a good year of freight earnings on its own will not be sufficient.

There have been periods of brilliant market performances over the past decade, but eventually they led to the over-building of new ships. Rate collapses followed.

To paraphrase Georg Hegel, pessimists may say the only thing shipping learns from history is that shipping does not learn from history. But things could be different: there are catalysts for owners to get ahead of the cycle, or even break it.

Conventional debt and equity financing in the western markets remain tight. What has emerged isalternative financing, the providers of which are often Chinese or Japanese, but with a higher price tag.

At the same time, a series of international regulations will kick in.

Owners will need to follow several new emission and data rules set by the European Union and the International Maritime Organization from next year. Then, in 2019-2020, there will be mandatory requirements covering ballast water treatment and a new sulphur limit in bunker fuel.

Meeting these rules will require investment.

In the past, shipping has tended to make a fool of first movers. But owners willing to pay for advanced technologies could actually benefit this time by saving fuel costs and harnessing digital transition in the next decade. In comparison, limiting spendings on fresh tonnage that can barely cross regulatory hurdles could be a smart move.

Even with external financing constraints, owners should have some money on hand in the coming quarters amid better freight environments.

How it is used may determine whether shipping will usher in a new age, or endure more of the same.

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