The ITTO Annual Market Discussion

The Shipping Container Crisis

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Presentation of the Review of Maritime Transport 2021

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DEMAND: INTERNATIONAL SEABORNE TRADE

Growth slipped by

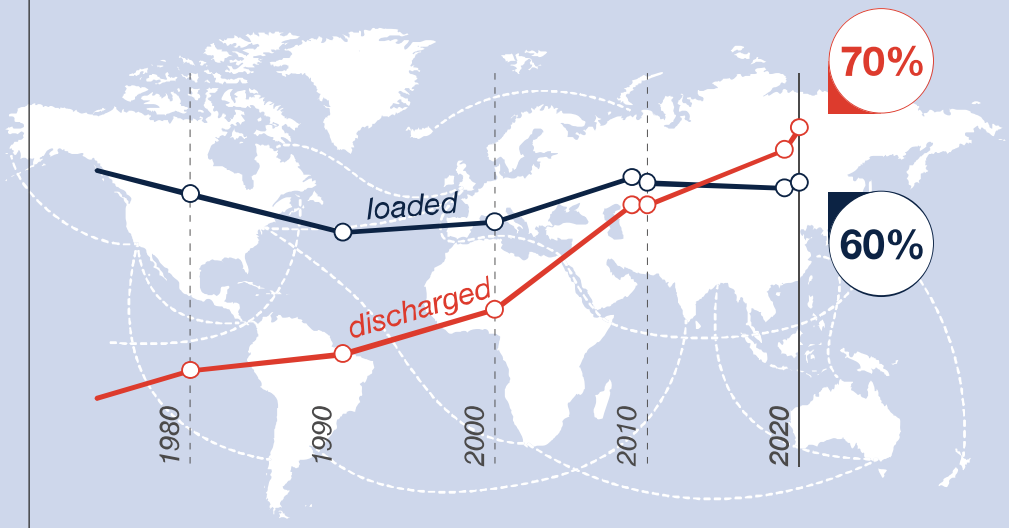
-3.8%

following on a weak pre-pandemic growth of 0.5% in 2019

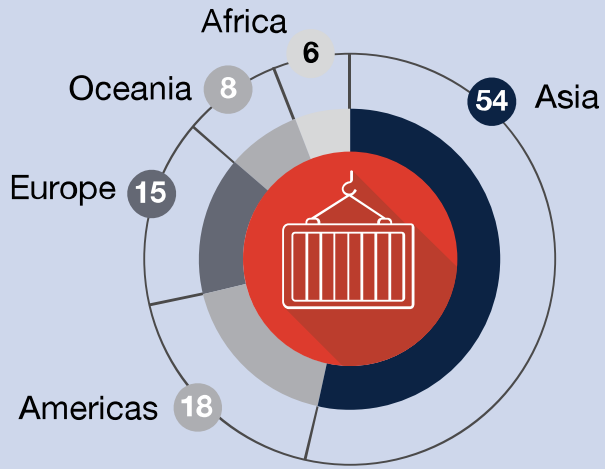
Total volumes reached

10.7 billion tons

Developing countries continue to account for the lion's share of world maritime trade by volume



World maritime trade, percentage share per region



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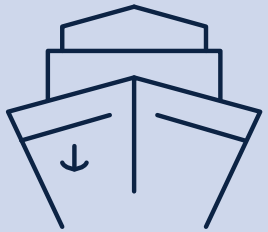
REVIEW OF MARITIME TRANSPORT 2021

SUPPLY: THE WORLD FLEET

In early 2021, the world fleet totalled

99,800 ships

of 100 gross tons and above, equivalent to **2,134,639,907** dwt of capacity



The global shipping fleet grew by

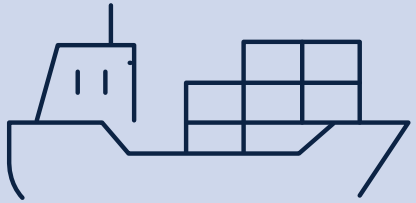
+3%

in the 12 months prior to 1 January 2021

Ships between

5–9 years old

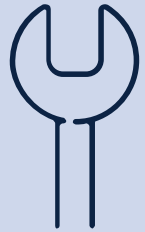
represented the highest proportion of the fleet carrying capacity



Ship deliveries declined by

-12 %

in 2020



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MARKETS: MARITIME FREIGHT RATES

Gate-in-gate-out inter-regional freight rates as contracted by major shippers

(Source: TIM Consult).

- Intra-African freight rates are 2.4 times higher than intra-Asian freight rates.
- It costs 2.6 times more to import goods from Asia to Africa than what it costs to ship goods from Africa to Asia
- A container from North America to Oceania is 50% higher than from Asia to Oceania

Table 3.1 Contract freight rates, inter-regional, 2018–2020, $ per 40-foot container (FEU)

From	To	Average	2018	2019	2020
Africa	Africa	1 862	1 812	1 849	1 924
	Asia	758	748	750	775
	Europe	1 607	1 431	1 643	1 747
	Latin America	1 950	2 010	1 860	1 979
Asia	Africa	1 946	1 800	1 927	2 112
	Asia	768	737	747	821
	Europe	1 848	1 782	1 847	1 916
	Latin America	2 198	2 290	2 075	2 230
	North America	2 580	2 426	2 603	2 711
	Oceania	1 803	1 770	1 790	1 850
Europe	Africa	1 701	1 595	1 650	1 858
	Asia	947	967	870	1 004
	Europe	887	804	881	976
	Latin America	1 232	1 019	1 302	1 376
	North America	1 838	1 518	1 742	2 256
	Oceania	2 002	1 996	1 933	2 077
Latin America	Africa	1 910	1 778	1 951	2 000
	Asia	1 796	1 623	1 963	1 802
	Europe	1 751	1 313	1 977	1 961
	Latin America	1 529	1 349	1 699	1 539
	North America	1 716	1 521	1 882	1 745
North America	Africa	2 994	2 890	3 112	2 981
	Asia	1 129	1 009	1 111	1 269
	Europe	1 097	858	1 109	1 323
	Latin America	1 353	1 254	1 318	1 486
	North America	1 516	1 534	1 429	1 584
	Oceania	2 722	2 538	2 634	2 996

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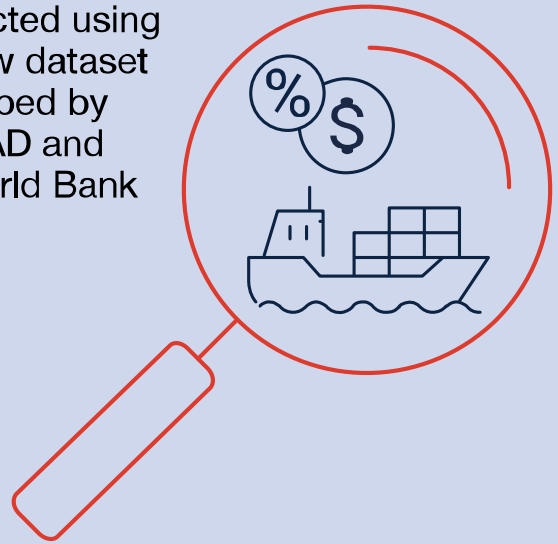
SIMULATED IMPACT OF IMPROVING MARITIME TRANSPORT COST DETERMINANTS

Simulation is conducted using the new dataset developed by UNCTAD and the World Bank

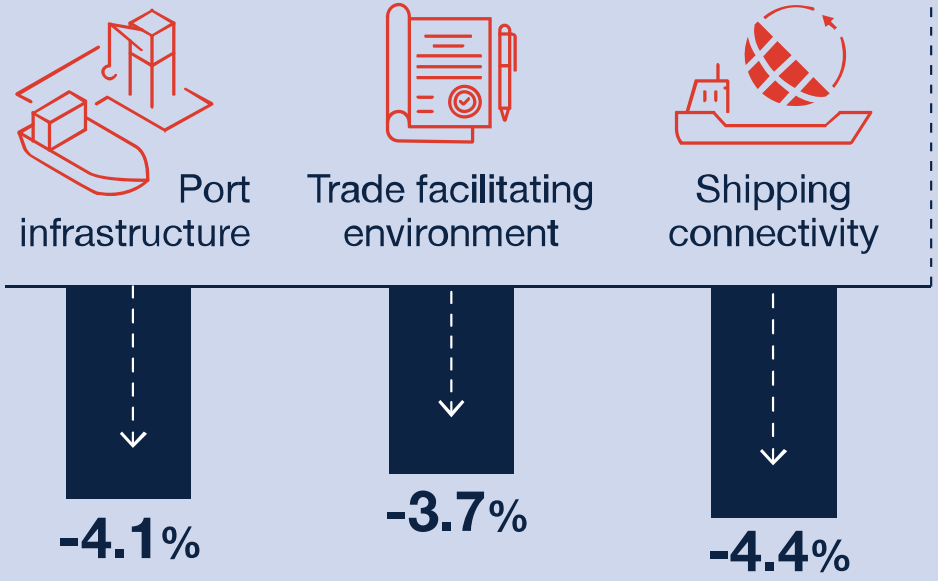


Simulation assumption:

Improving structural determinants

Simulation results:

Reduction in maritime import transport costs



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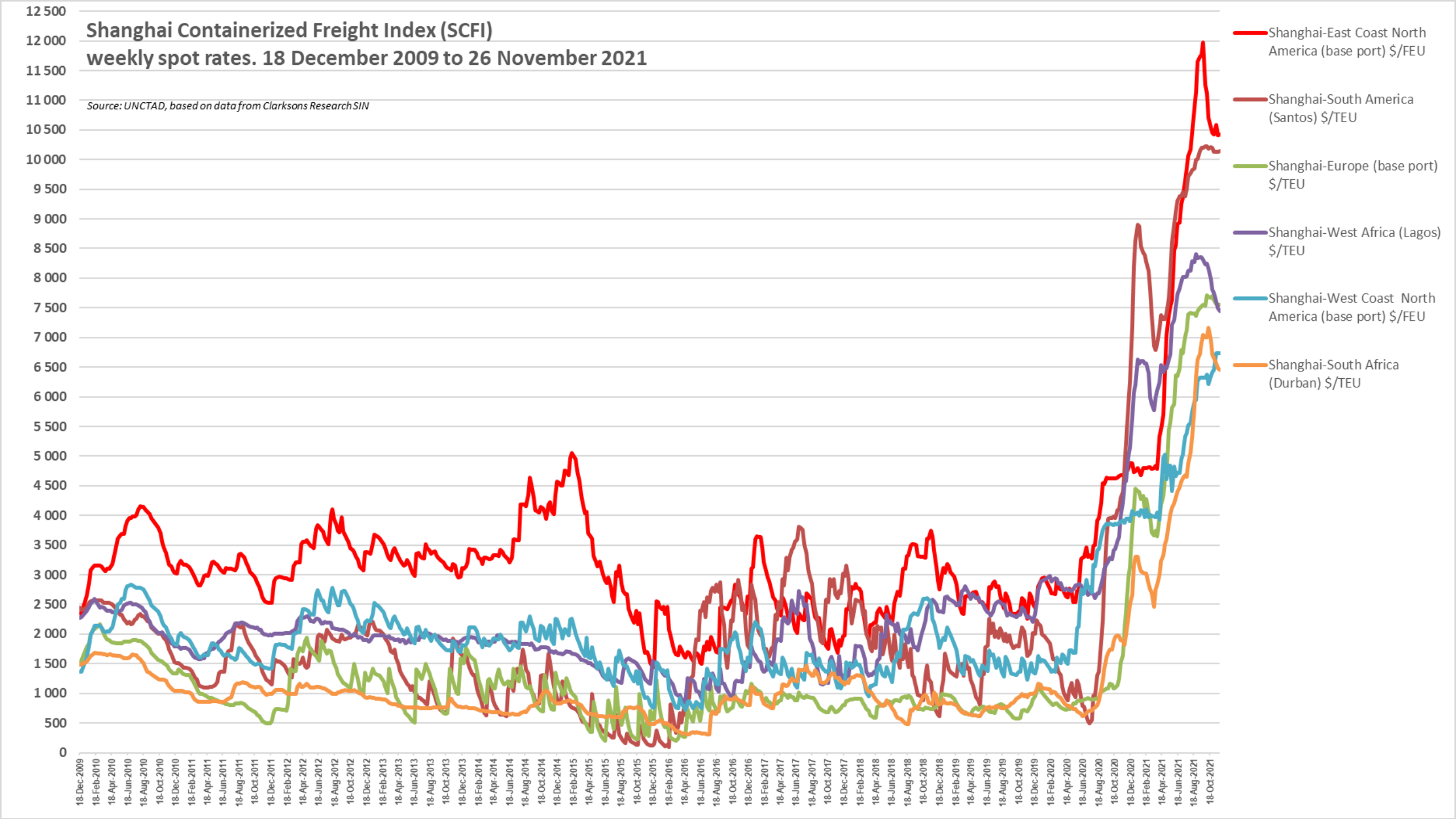
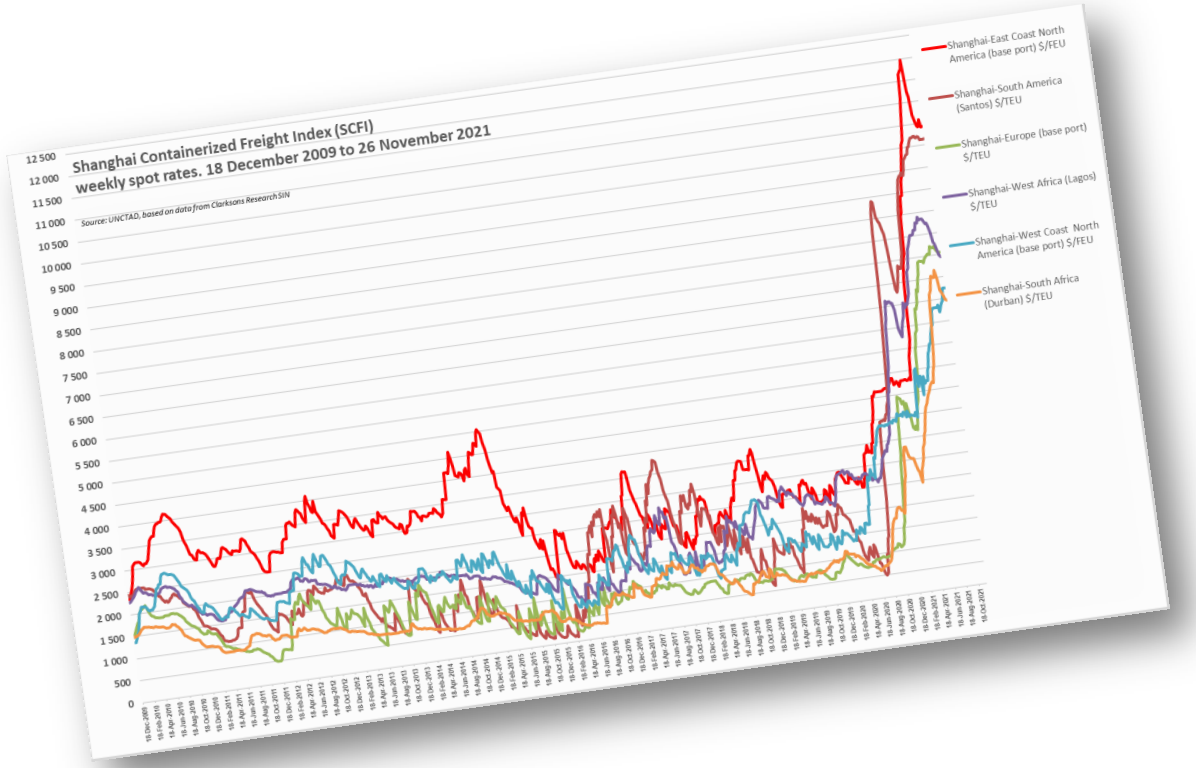

Shanghai Containerized Freight Index (SCFI)
weekly spot rates. 18 December 2009 to 26 November 2021
Source: UNCTAD, based on data from Clarksons Research SIN
Shanghai-East Coast North America (base port) $/FEU
Shanghai-South America (Santos) $/TEU
Shanghai-Europe (base port) $/TEU
Shanghai-West Africa (Lagos) $/TEU
Shanghai-West Coast North America (base port) $/FEU
Shanghai-South Africa (Durban) $/TEU

6 reasons why freight rates are likely to remain higher than over the previous decade

1. COVID-19
2. Shipping Cycle
3. Consolidation
4. Decarbonization
5. Will we have enough ships?
6. Risk premium?



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Source: Dr. Chaichan Charoensuk, Chairman, Thai National Shippers' Council
UNCTAD webinar 13 July 2021 - https://unctad.org/meeting/maritime-webinar-series-container-shipping-crisis-its-impact-and-why-it-different-anything

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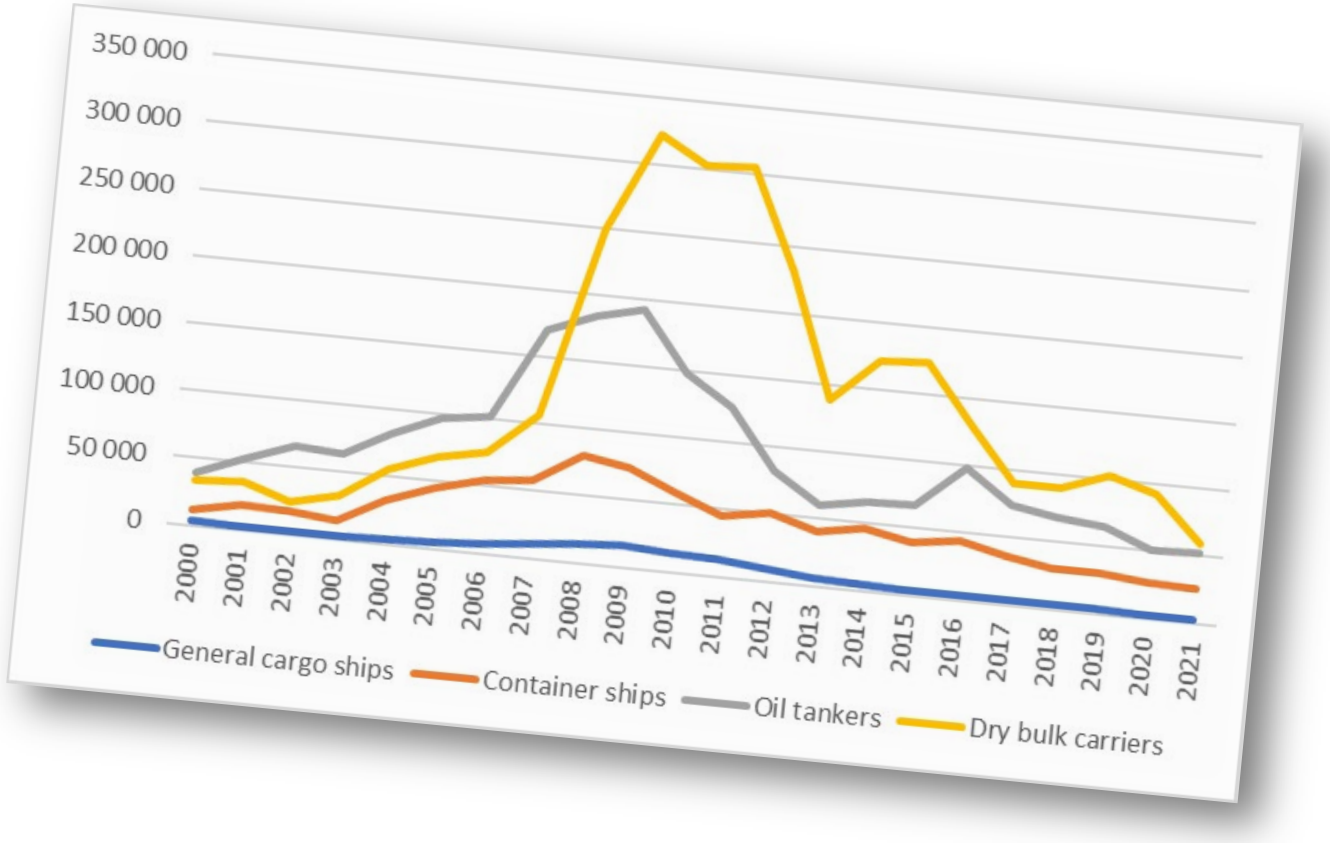

ORDERBOOK (beginning of year data)
Source: UNCTAD, with Clarksons Research data

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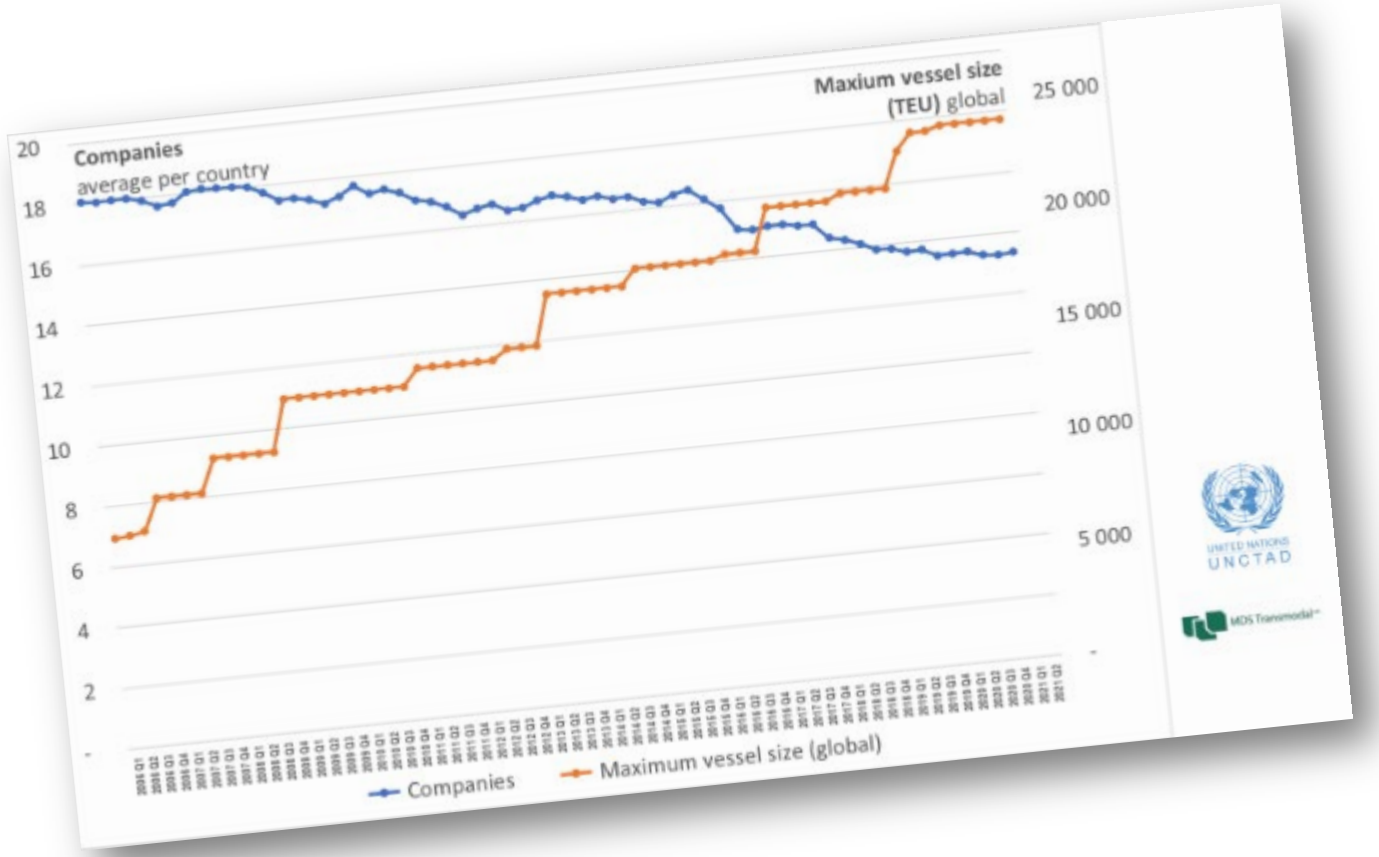

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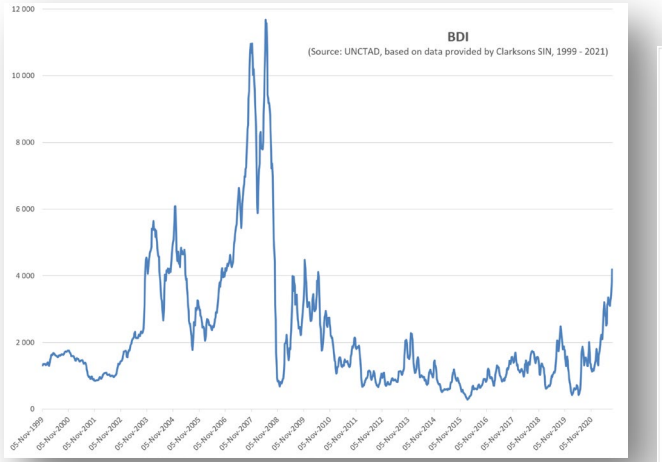

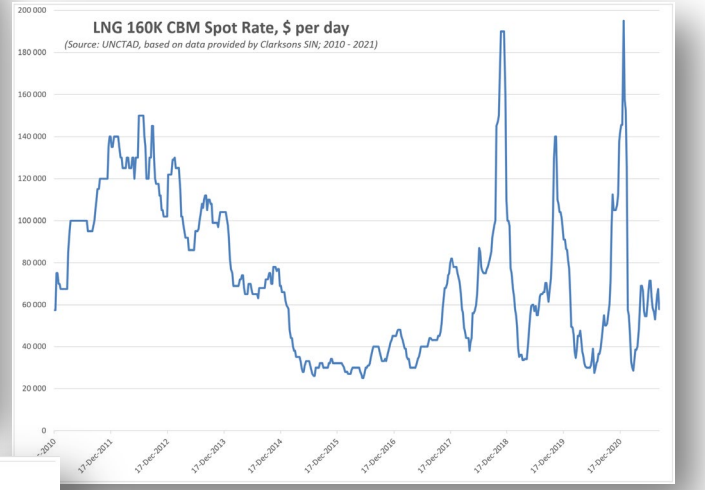

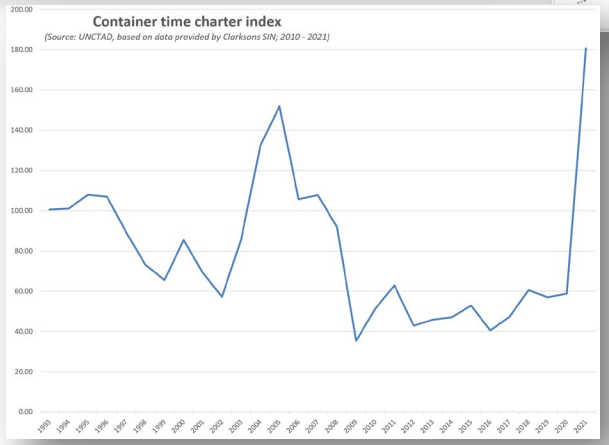

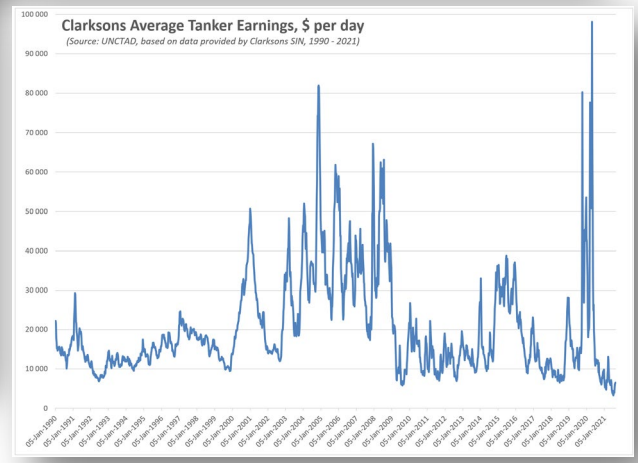

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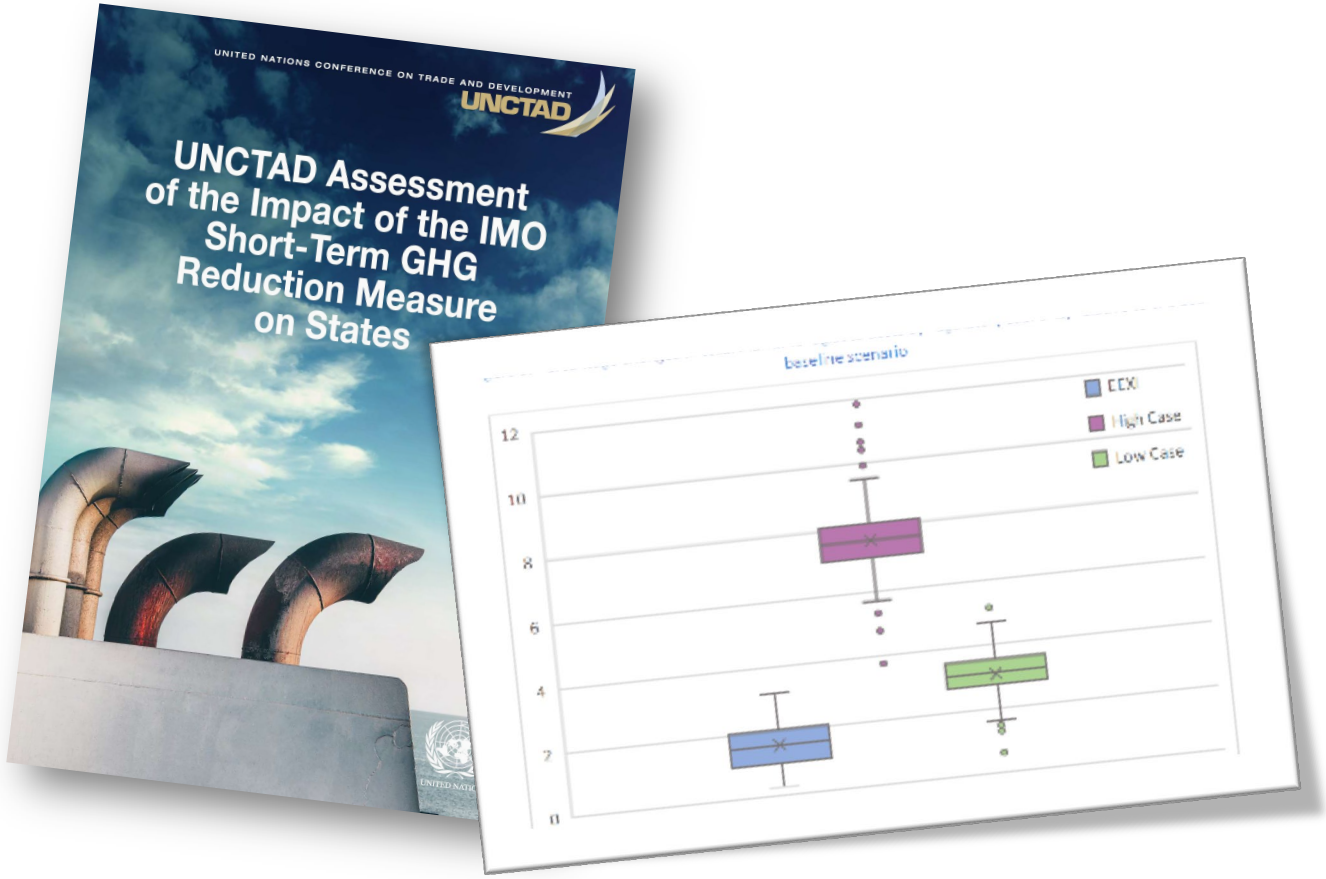


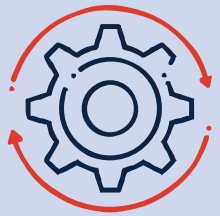
Source: UNCTAD
https://unctad.org/news/vulnerable-countries-need-help-adjust-carbon-cuts-maritime-tra

CARBON DIOXIDE EMISSIONS

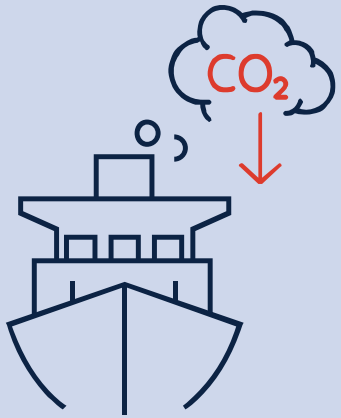
GHG emissions from shipping must be phased out to avoid the costs of not acting in the face of climate change

Decarbonization measures will have a greater impact on some countries than others, notably on SIDS or LDCs, which may need support to mitigate the increased maritime logistics costs

The energy transition in maritime transport implies a major transformation of the industry

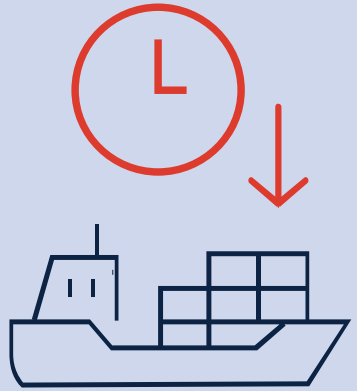


In the process of decarbonizing shipping,



maritime transport costs will increase,

and average shipping speeds will decrease



as a result, maritime logistics costs will go up

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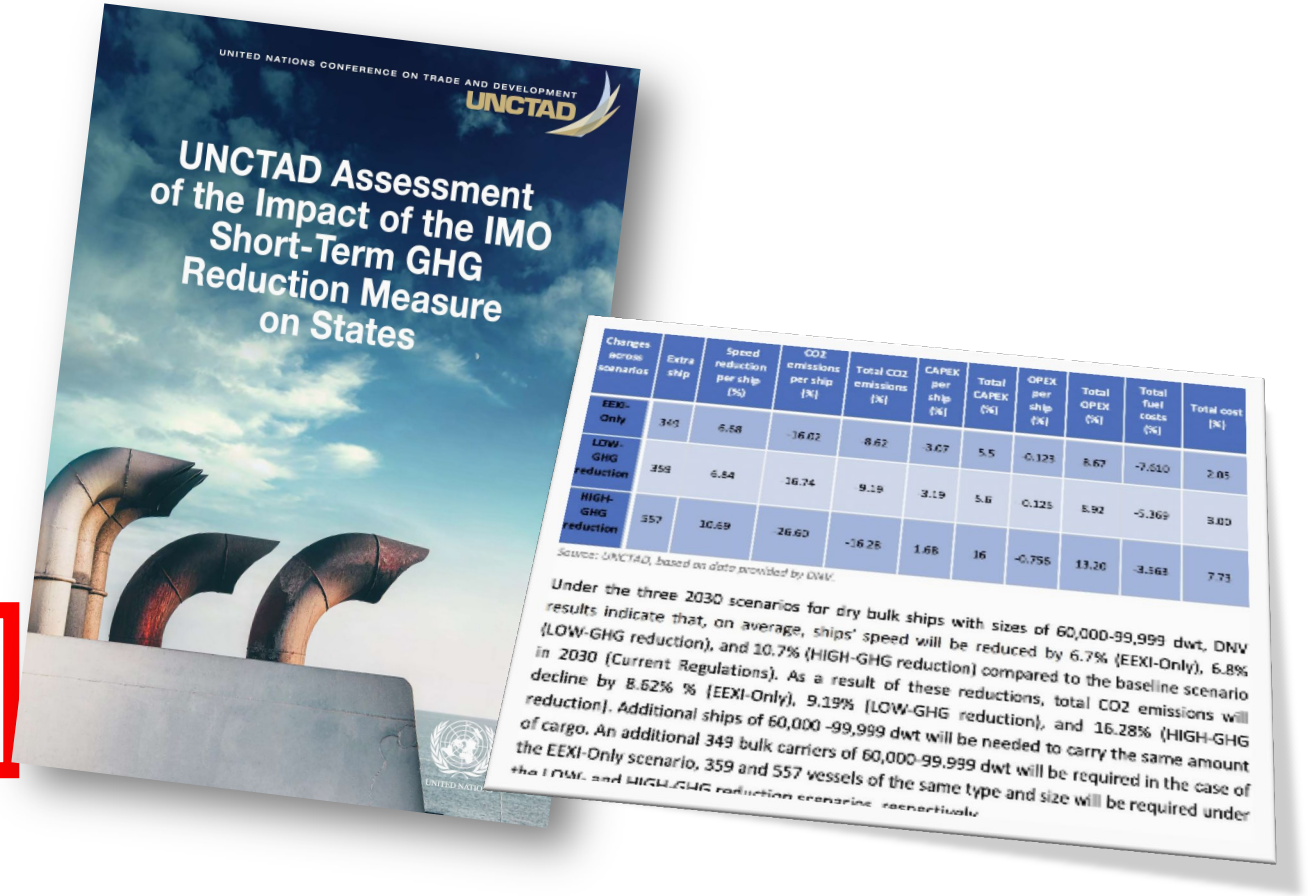

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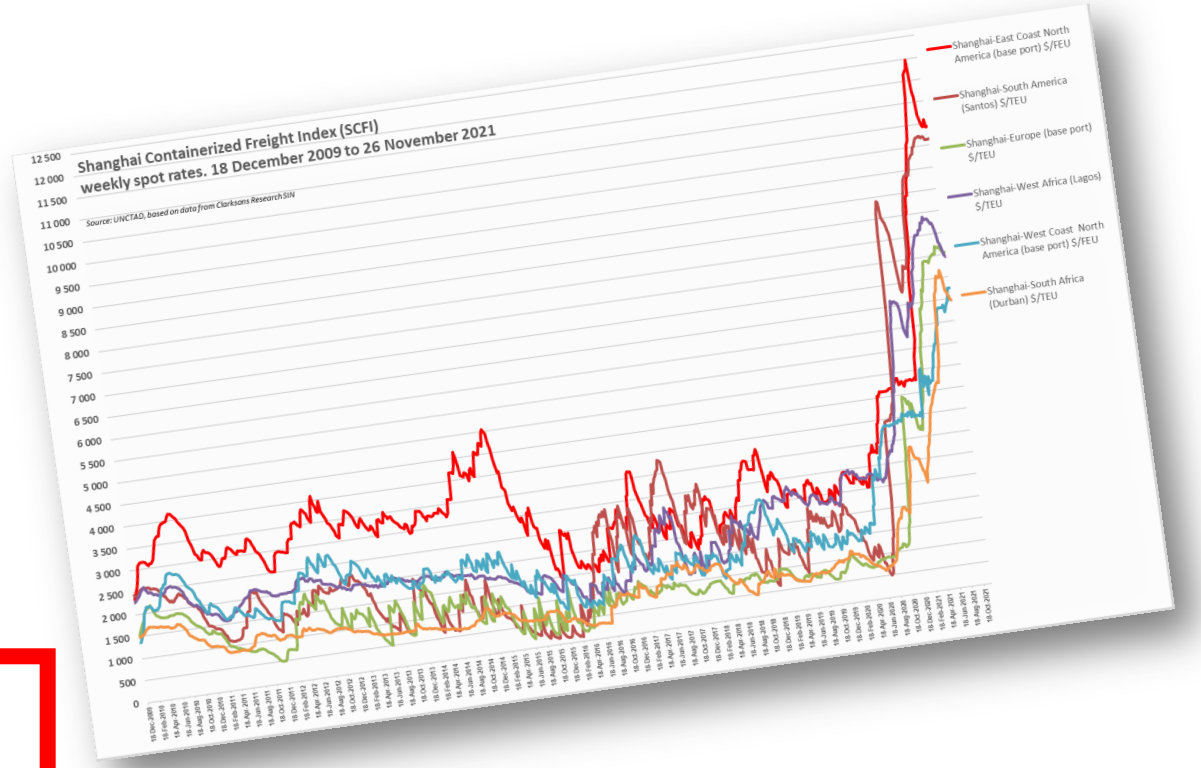


SIMULATED IMPACT OF CONTAINER FREIGHT RATE SURGES

Hardest hit will be SIDS

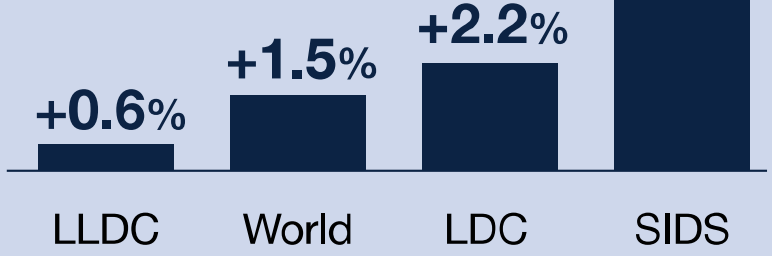
Simulation assumption:

Sustained increase in container freight rates

Simulation results:

Increase in global import price levels

Increase in consumer price levels by country groupings



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THANK YOU

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