

GLOBAL TREND AND FACTORS INFLUENCING CARGO AND CONTAINER MOVEMENT WITH SOME FOCUS ON INTRA- ASIA/ASEAN REGION

AREAS OF DISCUSSION

- 1. Shifting world trade pattern**
- 2. Development in International Seaborne Trade**
- 3. Factors affecting changing trend in the ASEAN region**
- 4. Factors facilitating the growth of container shipping and container movement in ASEAN**

1. CAUSES OF SHIFT IN WORLD TRADE PATTERN

- Globalisation of the world economy
- Development in Intra-Asia trade has closed the gap with the two prime world's trade routes: **Far East - Europe** and **Far East – North America**
- Acceleration to the growth on the newly industrialised states

Causes of structural change to global trade:

Globalisation of world economy is prime factor for structural change in world's seaborne trade.

Global trade is being driven by
a combination of political, economic, technological trends and environmental forces arising from international and business factors

International factors:

- Widening of the Panama Canal,
- Growth in China, Mexico, Cuba and Asean

Business Factors:

- **Impact of global logistic models adopted by hypermarkets in their distribution systems**
- **Shipper requirements**
- **Carrier strategies to meet shippers requirement to synchronise with transshipment strategies, landside intermodal transportation service integration**

INCREASING GLOBAL VOLUME OF CONTAINERS MOVED IN 2010 AND SHIFT OF INCREASING TRADES WITHIN THE INTRA-ASIA MARKETS

CONTAINERISED TRADE 2008-2011

	2008	2009	2010	2011	2012*
World	109.8	99.4	111.1	118.6	127.0
% change		-9.5%	11.8%	6.8%	7.0%
Intra-Asia	21.0	19.7	22.7	24.5	26.6
% change		-6.4%	15.35%	8.0%	8.6%
Europe-Asia Trade	18.6	16.8	19.1	20.5	21.9
% change		-9.7%	13.7%	7.3%	6.8%
Transpacific Trade	19.3	16.7	19.0	20.6	22.1
% change		-13.5%	13.8%	8.4%	7.3%
Transatlantic trade	6.1	4.8	5.5	5.7	6.0
% change		-27.0%	14.6%	3.6%	5.3%

*forecast

2. Development in International Seaborne Trade

In 2010 scenario - upswing

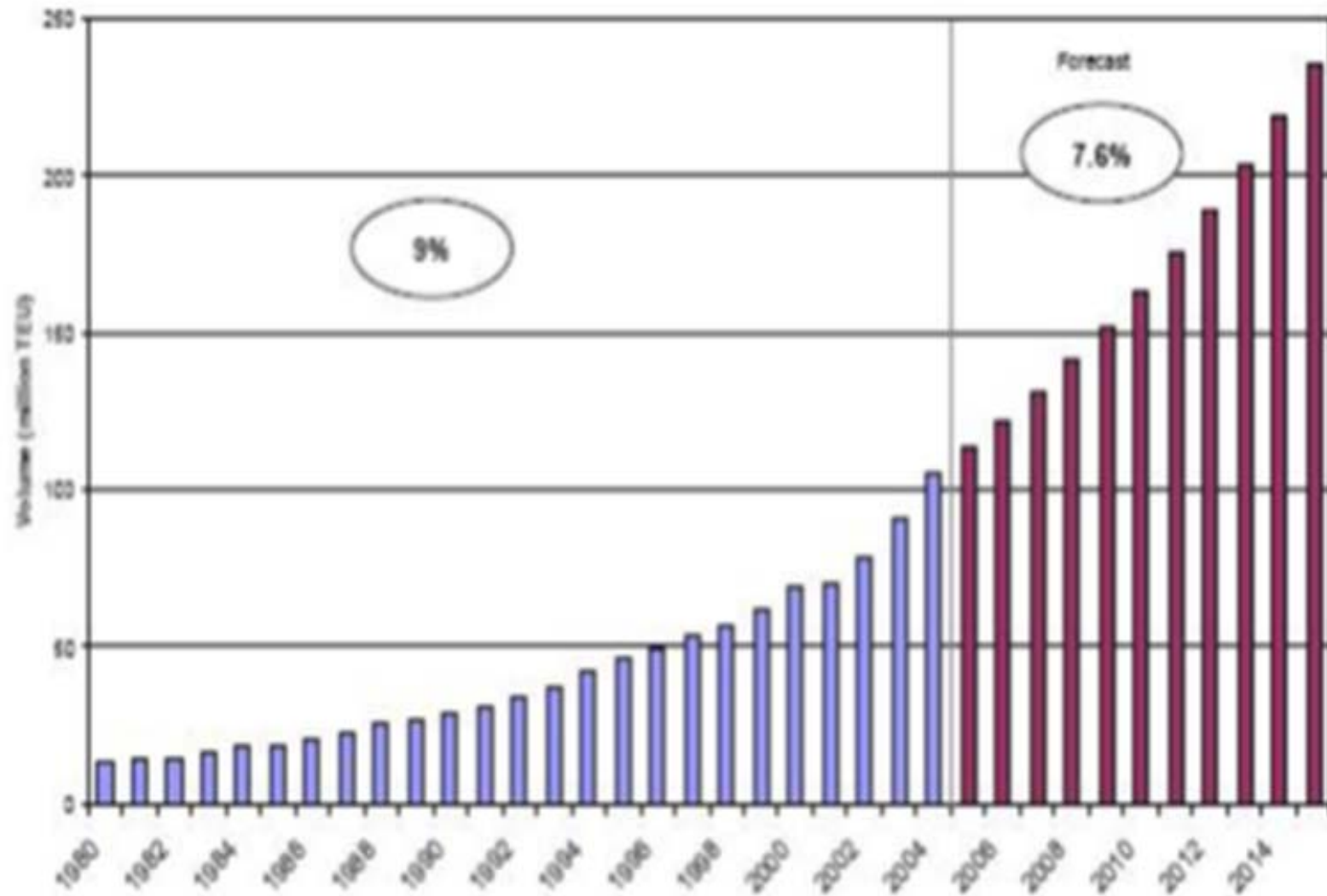
- Sovereign debt problems
- Fiscal austerity
- Natural disasters
- Political unrest

Some surveys

- Positively projected container trades to reach 371 million teus beyond 2014

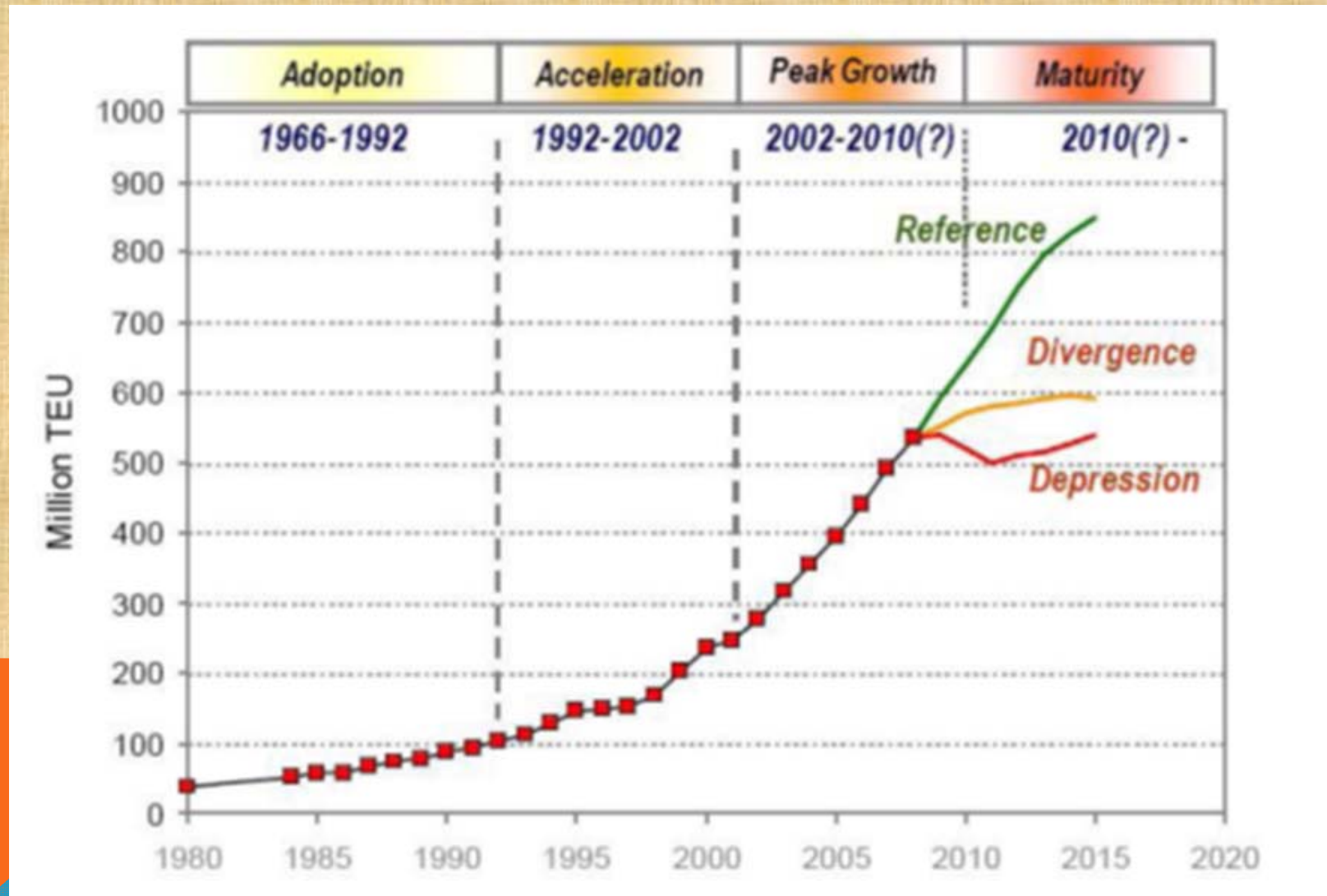
Average rate of 7%

PROJECTED POSITIVELY BEYOND 2014











**NOT WITHSTANDING THE SPIRIT OF
THE PROJECTIONS IN REALITY IT
SHOULD BE LOOKED AT IN THREE
DIFFERENT SCENARIOS VIZ THE
WORSE, BASE CASE AND BEST CASE
PROBABILITIES**

PROJECTIONS AT WORST, MEDIUM AND BEST CASE SCENARIO



READING TRENDS FROM CONTAINER SHIPS DEVELOPMENT

		Length	Draft	TEU
First (1956-1970)	 Converted Cargo Vessel	135 m	< 9 m < 30 ft	500
	 Converted Tanker	200 m		800
Second (1970-1980)	 Cellular Containership	215 m	10 m 33 ft	1,000 – 2,500
Third (1980-1988)	 Panamax Class	250 m	11-12 m 36-40 ft	3,000
		290 m		4,000
Fourth (1988-2000)	 Post Panamax	275 – 305 m	11-13 m 36-43 ft	4,000 – 5,000
Fifth (2000-2005)	 Post Panamax Plus	335 m	13-14 m 43-46 ft	5,000 – 8,000
Sixth (2006-)	 New Panamax	397 m	15.5 m 50 ft	11,000 – 14,500

CONTAINER SHIPS ORDER

In 2008 – 1462 ships for capacity of 6.96 million teus

- Represents 63.7% of existing fleet
- Include 328 VLC's of over 8,000 teus
- In 2008 – 400 container ships delivered with capacity of 1.36 million teus
 - This add 13.9% of existing fleet to 4,318 ships with capacity of 10.9 million teus

Era of bigger ships operations:

- On order 328 VLC's of over 8,000 teus capacity
- New Super Panamax ships of over 12,500 teus

Reasons:

- Fuel economy in the face of uncertainties and steep rise in fuel oil

OVERCOMING CHALLENGES IN SHIPPING OPERATIONS

Reduction of speed to reduce fuel costs

- 10% increase in speed would cause 30% increase in fuel consumption

Introduction of an *online calculator* to the Bunker Adjustment Factor (BAF) allowing for shipper to see how surcharge is affected by price of oil

A move to “*currency of the sector*” manner of charging ocean freight to prevent losses on falling dollar

Key issues that may reshape the landscape of Container Movements and the manner in which they are carried due to economic downturn, operational efficiencies and new economic activities including emerging markets may have to consider:

- A new ships design
- Oil prices and transport costs
- Cutting carbon emissions
- Environmental sustainability and CSR
- Maritime piracy and other costs

3. FACTORS INFLUENCING TREND CHANGES IN THE ASEAN REGION

A. EVOLUTION OF CHINA AND THE INTRA-ASIA MARKET

- Intra-Asia market traditionally defined to include the ASEAN countries and the North Asia sub region (Japan, South Korea, Taiwan, China & Hong Kong)
- Traditional existence of trade between China and the rest of Asia
- Industrialisation of the developing countries leads to internationalisation of production
- Globalisation trend leading to shift in container trade from the Atlantic to the Pacific Ocean

B. CHINA'S GROWTH AND ITS IMPACT ON THE INTRA-ASIA MARKET

- China signing an agreement on Trade in Goods (TIG) of the Framework Agreement on Comprehensive Economic Cooperation between ASEAN and China
- Coming into effect of the ASEAN-China Free Trade Area (ACFTA)

C. FLEET CAPACITY AND VESSEL SIZE

Top twenty liners in the Intra-Asia trade accounts for nearly 70% of the capacity share of the cargo carried

- The top 5 service providers account for 32.1% of this capacity

Trend of increasing size of container vessels

- Largest new vessels deployed in Far East-Europe route – cascading from the main East-West trades to regional markets and even feeder services

D. IMPACT OF GLOBAL ECONOMIC RECESSION ON INTRA-ASIA TRADE

- **Modest impact compared to the East-West global routes**
- **IADA* datas represents 60% of the carriers in the trade – serves as an indicator to the growth and decline of the Intra-Asia trade**

*Intra-Asia Discussion Agreement

4. Factors Facilitating the Growth of Container Shipping and Container Movement in ASEAN

- **AFTA, A-CFTA**
- **Role of FASA**
- **Impact of transport corridors**
- **ASEAN single shipping market**
- **SKRL Project**
- **ASEAN-India Cooperation**
- **ASEAN-Australia Cooperation**
- **ASEAN Plus Three**

5.CONCLUSION:
SUMMARY OF FACTORS
RELEVANT TO CHANGING
TRENDS IN CONTAINER
MOVEMENT IN THE INTRA-
ASIA TRADE, INCLUDING
ASEAN

- There is a cascading effect on global shift in world trade pattern
- Global recession impact on Intra-Asia trade
- The evolution of China as a trade powerhouse impacts upon intra-Asia market
- The development of new industrial states especially in Indo-China region contributes to the growth of containerisation within the Intra-Asia market

- Economic cooperations within ASEAN countries
- Economic impact from the various transport corridors
- Trends in fleet capacity and vessel size as an indicator to the changing trade within the Intra-Asia/ASEAN

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THANK YOU