

# 9: More volatile freight rates



# Today's container shipping

- ▶ Ever larger ships
- ▶ Extremely low freight rates
- ▶ Idle fleet



# *Why is this a problem?*

- ▶ Ever larger ships
- ▶ Extremely low freight rates
- ▶ Idle fleet



# Why is this a problem?

a) Total logistics costs may actually go up



# Why is this a problem?

**b)** It's a game:

Unless old ships are scrapped, the oversupply will remain, or rather, increase, as carriers build new and larger ships



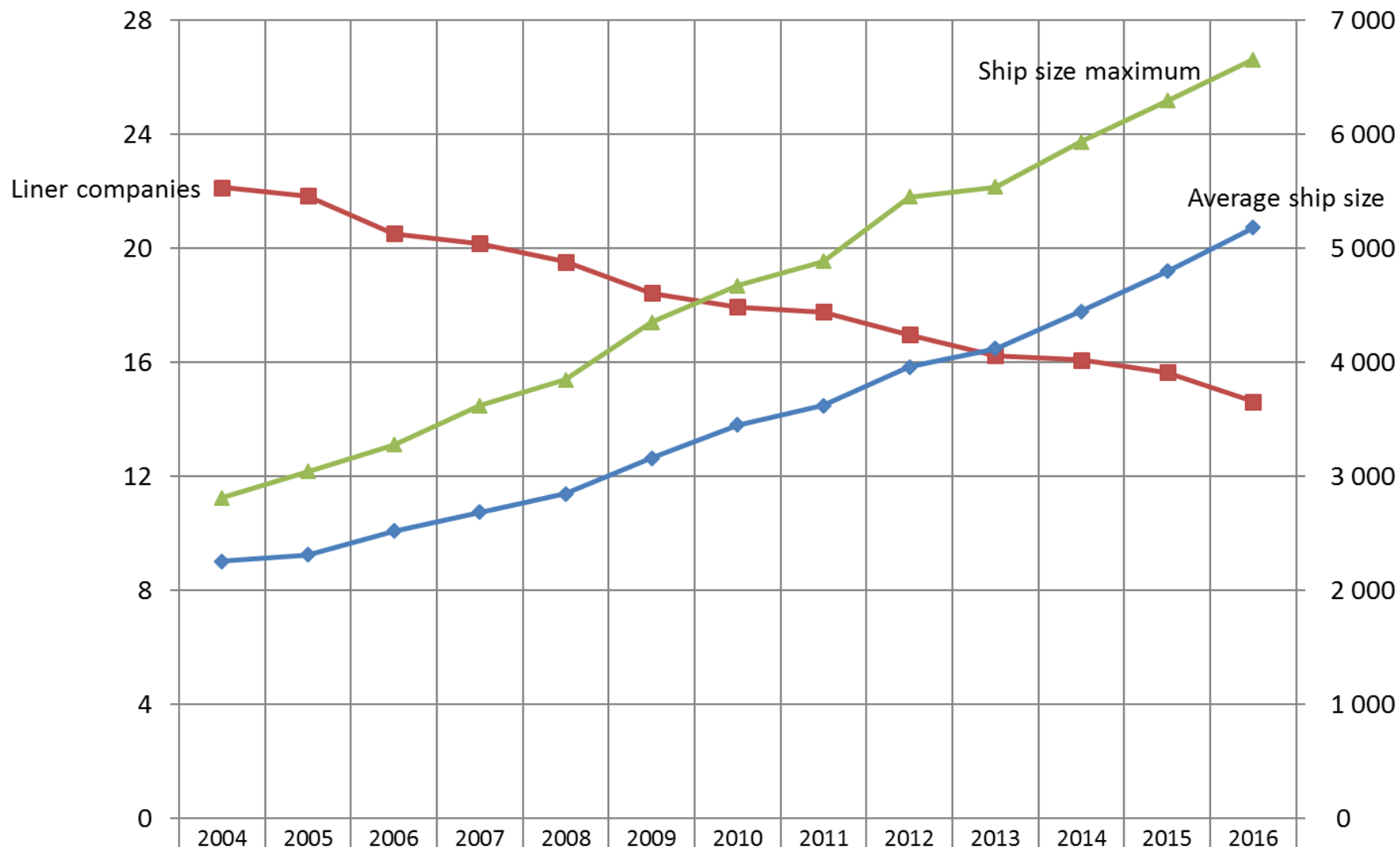
# Why is this a problem?

## c) Potential oligopolies in small markets



# Global fleet deployment (country averages)

Source: UNCTAD Review of Maritime Transport 2016 (forthcoming)  
based on data from Lloyds List Intelligence and CI-Online



■ Liner companies	22.1	21.8	20.5	20.2	19.5	18.4	17.9	17.8	17.0	16.3	16.1	15.7	14.6
◆ Average ship size	2 259	2 312	2 520	2 689	2 848	3 161	3 452	3 622	3 962	4 121	4 449	4 798	5 184
▲ Ship size maximum	2 812	3 045	3 279	3 620	3 847	4 353	4 673	4 889	5 452	5 540	5 937	6 298	6 656

✓ Demand

✓ Supply

✓ Markets

▶ The Future

## 7: Liberalized markets

Less cargo reservation

Preferences

Liberalization

## 8: (somewhat) lower freight costs

Freight costs in % of goods' value



## 9: More volatile freight rates





✓ Demand

✓ Supply

✓ Markets

▶ The Future

# Globalization

✓ Demand

▶ Supply

▶ Markets

▶ The Future

1) Trade in manufactured goods

2: Maritime trade is part of globalized production

- ▶ More trade in manufacturing
- ▶ More trade in...
- ▶ ...

3: Containerization



✓ Demand

✓ Supply

▶ Markets

▶ The Future

4: Globalized production of "maritime transport"

5: Industry consolidation (the other side of the same coin)

- ▶ As countries specialize...
- ▶ Different industry sectors see a process of concentration

6: Global networks



✓ Demand

✓ Supply

✓ Markets

▶ The Future

7: Liberalized markets

- ▶ Less cargo reservation preferences
- ▶ ...

8: (somewhat) lower freight costs  
Freight costs in % of goods' value



9: More volatile freight rates





✓ Demand

✓ Supply

✓ Markets

▶ The Future

# 10: The Future



The future of today is different

The image shows a complex industrial scene, likely a port or a large-scale construction site, rendered in silhouette against a bright, overcast sky. The machinery is intricate, featuring a large crane on the left, a central structure with a large cylindrical component, and various walkways, ladders, and structural beams. The overall tone is dark and industrial, emphasizing the scale and complexity of the equipment.

**Is the growth  
sustainable?**

Where are we heading?



How much bigger can the ships get?



# What will we do with our garbage



# Building a new island





... out of garbage



How do we deal with  
changing weather patterns?



# How do we deal with changing weather patterns?





**How much more can the ports grow?**

**Will we run out of oil?**



Can we beat the pirates?



Will we run out of marine resources?



A photograph of a wooden pier extending into a large body of water. The pier is made of weathered wooden planks and has two vertical wooden posts at its end. The water is dark blue with gentle ripples. In the background, there is a dense forest of evergreen trees covering a hillside. A few houses are visible on the shore. The sky is blue with scattered white clouds.

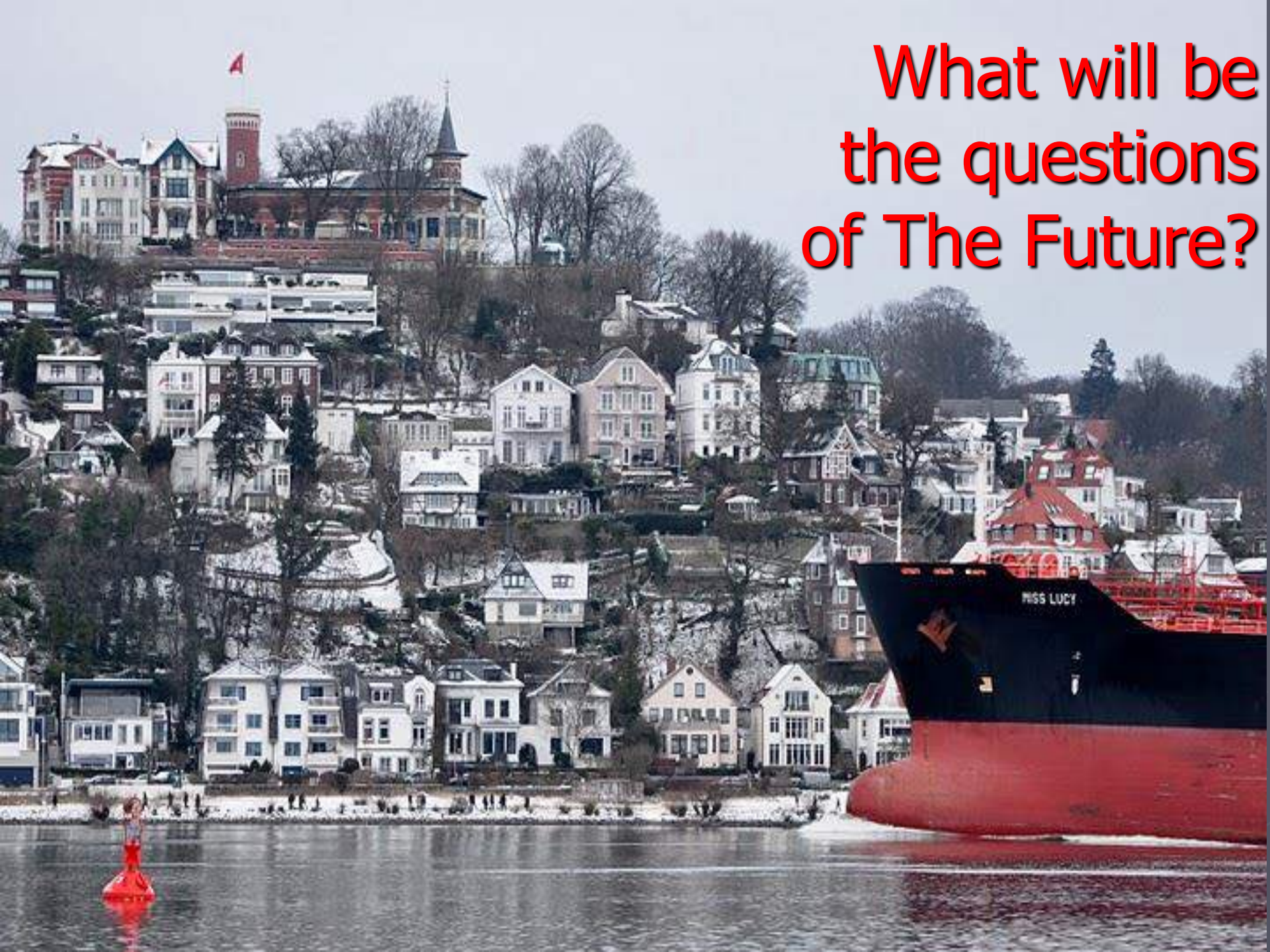
Will the sea level rise?



What will be the impact  
of climate change?



**What will be  
the questions  
of The Future?**



# 10 key long term trends in maritime supply chains

## Short courses 2016

Home ▶ Courses ▶ Short courses for Geneva-based diplomats ▶ SC 2016

### Navigation

Home

- ▶ Site pages
- ▼ Current course
  - ▼ SC 2016
    - Participants
    - ▶ General
    - ▶ 26 September 2016 (Room XXVI) - Trade logistics, t...
    - ▶ 15 March 2016 (Room XXVI) - The imperative of tra...
    - ▶ 12 February 2016 (Room XXVI) - Recent developments...

▶ Courses

### Short Courses for Geneva-based Diplomats - 2016 series

The UNCTAD secretariat is pleased to announce another series of short courses in the first semester of 2016 on key international economic issues for delegates from permanent missions to the United Nations Office at Geneva and the World Trade Organization.

The aim of the courses is to give delegates from permanent missions an opportunity to become better acquainted with topical issues and developments in the international economic agenda as they are reflected in the work of UNCTAD. More detailed information on the content of individual courses may be found in the attached programme.

In the first semester, two courses will be provided at Palais des Nations on 12 February 2016 and 15 March 2016.

In the second semester, four courses will be provided at Palais des Nations on 26 September, 14 October, 18 November and 16 December 2016.



Online registration - Second semester 2016 NEW

Geneva, September 2016, Jan.Hoffmann@UNCTAD.org



# Questions?

- ✓ Demand
- ✓ Supply
- ✓ Markets
- ✓ The Future

