INTERCARGO
International Association of Dry Cargo Shipowners

# "Quality Paradigms in Dry Bulk Shipping"

Introduced by **Dr Kostas Gkonis, Secretary General**
Presented by **Mr Joe Zhou, Operations Manager**

## Opportunities for Maritime Services Under the Belt & Road Initiative

**28 Feb. 2017**

Organisers:

CASS BUSINESS SCHOOL CITY, UNIVERSITY OF LONDON EST 1894
HONG KONG MARITIME AND PORT BOARD 香港海運港口局
HKTDC 香港貿發局

Supporting Organisations:

The Baltic Exchange; China-Britain Business Council; China UK Business Association; CIArb; Hong Kong Association; Institute of Chartered Shipbrokers East Anglia Branch London & South East Branch; Intercargo; Lloyd's; The LMAA The London Maritime Arbitrators Association; Maritime London; Maritime UK; Shipping Professional Network London; Society of Maritime Industries; UKWA

# Uniting & Promoting Quality Dry Bulk Shipping

Our objective is the creation of a **high quality** dry bulk shipping industry:

- ✓ Safe
- ✓ Environmentally friendly
- ✓ Efficient

About

- A voluntary non-profit association representing the interests of dry cargo vessels' owners.

Based in London - the first General Meeting took place in **1980**.

How

- **NGO** status at IMO since 1993
- International shipping associations' "**Round Table**" & relevant shipping **fora**
- **Publications;** ad-hoc **meetings**; industry **working groups**; **Benefits** for members

*Prime principle of free and fair competition*

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# Size and Structure of Global Bulk Carrier Sector

**Major shipping sectors:**

- Dry bulk cargo , Container, Liquid cargo & Cruise/ passenger

**Dry bulk cargo market:**

- Affected by the substantial slowdown in seaborne dry bulk trade.
- Excess tonnage pressed freight rates fluctuating around or below vessels' operating costs.
- Continuous pressure to improve efficiency and optimize operations

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# Size and Structure of Global Bulk Carrier Industry

**Global bulk carrier fleet:**

- 43.1% of global dwt in 2016
- 0.5% down in 2016 from 2015
- Trends of global bulk carrier fleet:

| % global fleet | 1980 | 1990 | 2000 | 2010 | 2016 | 2017 - |
|---|---|---|---|---|---|---|
| Dry bulk carrier | 27.2 | 35.6 | 34.6 | 35.3 | 43.1 | ?? |
| Container ship | 1.6 | 3.9 | 8.0 | 13.3 | 13.5 | |
| General cargo ship | 17.0 | 15.6 | 12.7 | 8.5 | 4.2 | |
| Oil tanker | 49.7 | 35.6 | 34.6 | 35.8 | 27.9 | |
| Other | 4.5 | 7.5 | 9.4 | 7.2 | 11.3 | |

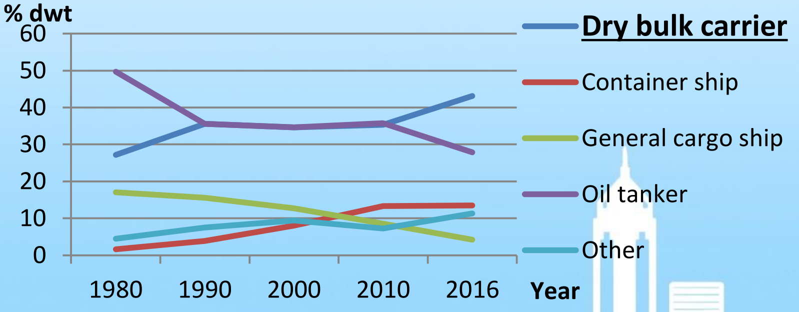



**Table 2.1** World fleet by principal vessel type, 2015–2016 (Thousands of dead-weight tons and percentage share)

| | 2015 | 2016 | Percentage change, 2015–2016 |
|---|---|---|---|
| Oil tanker | 488 308 | 503 343 | |
| | 28.0 | 27.9 | 3.08 |
| Bulk carrier | 761 776 | 778 890 | |
| | 43.6 | 43.1 | 2.25 |
| General cargo ship | 74 158 | 75 258 | |
| | 4.2 | 4.2 | 1.48 |
| Container ship | 228 224 | 244 274 | |
| | 13.1 | 13.5 | 7.03 |
| Other: | 193 457 | 204 886 | |
| | 11.1 | 11.3 | 5.91 |
| Gas carrier | 49 669 | 54 469 | |
| | 2.8 | 3.0 | 9.67 |
| Chemical tanker | 42 467 | 44 347 | |
| | 2.4 | 2.5 | 4.43 |
| Offshore | 72 606 | 75 836 | |
| | 4.2 | 4.2 | 4.45 |
| Ferry and passenger ship | 5 640 | 5 950 | |
| | 0.3 | 0.3 | 5.49 |
| Other (not applicable) | 23 075 | 24 284 | |
| | 1.3 | 1.3 | 5.24 |
| World total | 1 745 922 | 1 806 650 | |
| | 100 | 100 | 3.48 |

*Source:* UNCTAD secretariat calculations, based on data from Clarksons Research.
*Note:* Propelled seagoing merchant vessels of 100 gross tons and above, as at 1 January.

# Bulk carrier sector, together with other sectors, is looking forward to meeting the demand side improvements:

- **Global economy growth:** estimated growth at 3.1% in 2015, projected at 3.4% in 2016 and 3.6% in 2017 (IMF)
- Less barriers and expanding global trade
- More investment in infrastructure

# Also:

- Transparency and easy access to information of macro market developments

# Achieving the balance of supply and demand of tonnage:

- With adequate structure of global bulk carrier fleet to match the demand

# One Belt, One Road initiative will increase demand for dry cargo transportation

Establishing **infrastructure network** connecting various Asian sub-regions with other parts of Asia, Europe and Africa will require investment in railways, highways, air routes, telecommunications, oil and natural gas pipelines and ports.

Development of infrastructure will drive the **demand for steel and construction materials → Bulk carriers the main work horses** to support such development.

The scale and reach of "One Belt, One Road" initiative is yet to be defined.


This preliminary map is based on the proposed geo-economic cooperation as described in the *Vision and Actions on Jointly Building the Silk Road Economic Belt and 21st-Century Maritime Silk Road* document. Actual routes may differ and may also extend to encompass other territories as the project develops.

# Hong Kong – the Int'l Maritime Centre

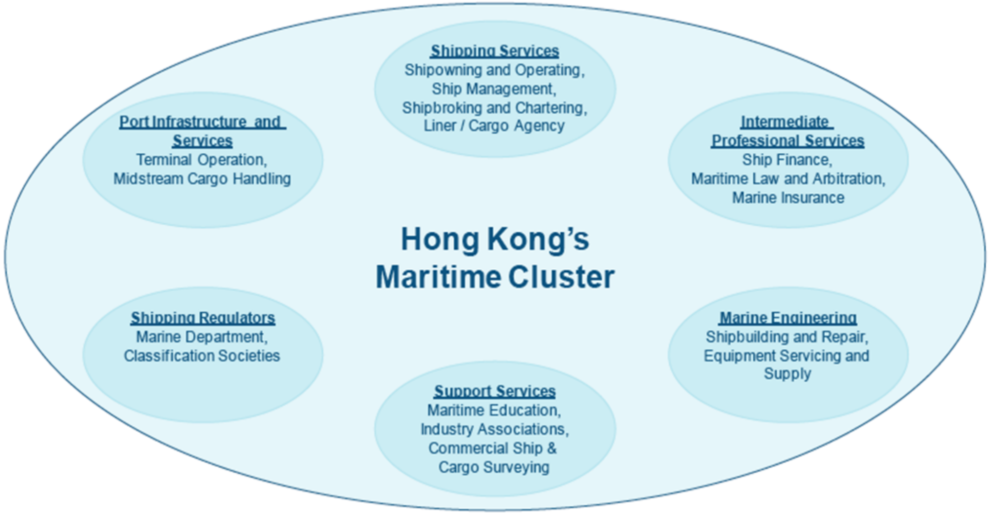
**Supply chain study and shipping services in Hong Kong**

**Advantage:** Hong Kong is **in the centre of** the One Belt, One Road initiative, in terms of location, unique access to key driving forces (demand side) and connection with global shipping and services industries (supply side).

**Demand side**: study and analysis on **cargo, ports and berths**, and information sharing will assist the bulk carrier sector in allowing bulk carrier shipowners to plan investments in newbuilding projects.

**Supply side: ** study of **bulk carrier fleet, ship movement and trading patterns**, cargoes load and discharge information will assist the investment and infrastructure to efficiently use the bulk carrier capacity, **pairing demand with supply** of global bulk carrier fleet including breakdown of ship sizes into distinct voyages.

**Consultancy Study on Enhancing Hong Kong's Position as an International Maritime Centre**




**Source: BMT Asia**
http://www.hkmpb.gov.hk/docs/8870%20IMC%20Final%20Report%20-%20ENG%20(16.04.2014).pdf

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