Shipping Statistics and Market Review
Volume 55 No 5/6 - 2011

Market Review
Analytical Focus

- World Merchant Fleet
- World Tanker Market
- World Bulk Carrier Market
- **World Container and General Cargo Shipping**
- World Merchant Fleet by Ownership Patterns
- World Passenger and Cruise Shipping/ISL Cruise Fleet Register
- World Shipbuilding and Shipbuilders
- Major Shipping Nations
- World Seaborne Trade and World Port Traffic
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Shipping Statistics and Market Review

Analytical Focus

Container and General Cargo Shipping

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This “short comment” is an excerpt from the “Analytical Comment” published in the ISL Shipping Statistics and Market Review (SSMR) No 5/6 2011.

The SSMR includes detailed statistical information concerning the “analytical focus” and provides approx. 30 monthly/quarterly market indicators (Market Review). For more information compare attached “contents”

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WORLD CONTAINER AND GENERAL CARGO FLEET DEVELOPMENT 2010/2011

There was an amazing comeback of container shipping in 2010. The container shipping market performed a strong recovery in 2010 and ended the year with a trade growth of nearly 13%.

The recovery in the container market is also reflected in the idle container fleet. It has shrunk from a peak of 1.5 million TEU at the beginning of 2010 to only 240,000 TEU by the end of 2010.

About 1.35 million TEU in container ship capacity came into service in 2010, thereof 0.82 million TEU of very large Post-Paramax ships (more than 10,000 TEU). The volume of deliveries was about 640,000 TEU less than scheduled. As of January 1st, 2011, the fully cellular container fleet comprised 4,882 ships with 14.1 million TEU, a rise of 9.5% compared to a year earlier. In 2009, the fleet had only expanded by 5.8%, but at a time when demand actually shrunk.

In early 2011, the general cargo fleet was composed of 17,365 ships with 107 million dwt and 2.2 million TEU. This is an increase of 1.2% compared to 2010 figures in terms of dwt.

These two fleet segments had a dwt-share of 21.6% of the total world merchant fleet (ships of 300 gt and over). At the beginning of 2011, the total TEU capacity of the world merchant fleet was to 85.7% attributable to the fully cellular container fleet.

1.1 World cellular container fleet

1.1.1 Container fleet development 2010/2011

Due to cancellations, conversions and delays, only 1.4 million TEU of additional container ship capacity came into service in 2010 - the planned deliveries amounted to 2.0 million TEU. In the same period, tonnage with a capacity of 170,000 TEU was scrapped. At the beginning of 2011, the container fleet comprised 4,882 ships with 14.1 million TEU, up 9.5% since the start of the year.

Fleet development trends can be summarised as follows:

- Ships added to the world container fleet during 2010 represent 6.2% of all fully cellular container ships, 5.3% of the deadweight tonnage and 9.6% of the TEU-capacity of the active container fleet at the beginning of 2011.
- The number of idle containership capacity has continued to fall and has reached its lowest levels since August 2008. According to Alphaliner, only 63 units with a capacity of 80,000 TEU were reported as idle by the end of May 2011, against 240,000 TEU by the end of 2010.
- The number of ships entering the fleet in 2010 was eight times higher than the number of ships leaving the fleet.
- Between the beginning of 2007 and 2011, the container fleet expanded on average by 10.4% per year in terms of TEU, and the number of container ships by 5.9%.
• During the years 2006-2010, 1,741 container ships with 6.6 million TEU and 82.2 million dwt were added to the trading fleet. During the same period, at least 374 container ships with 0.64 million TEU and 10.1 million dwt were reported as broken-up.

• The 273 new deliveries in 2010 comprised 99 Post-Panamax vessels, thereof 29 Ultra Large Container Ships (ULCS) with a capacity of more than 10,000 TEU.

### 1.1.2 Size dimensions of the world container fleet

The average size of container ships has more than doubled in 20 years. The average size increased from 1,250 TEU (1990) to 2,880 TEU at the beginning of 2011. Since August 2006 Ultra Large Containerships with more than 10,000 TEU are trading (Emma Maersk). Since that time, 64 ULCSs of over 10,000 TEU have been delivered.

The average size of cellular container ships in the orderbook was 6,300 TEU in early 2011. At least 146 container ships on order had capacities of 10,000 TEU and above, which means that their number will more than double in the next few years.

Of the main carriers, ten have already ordered/operated ships of at least 12,500 TEU. Maersk Line just ordered ten container ships in a new size class, each able to transport 18,000 TEU. These “EEE”-giants will be delivered from 2013 to 2015. According to Fairplay, the ships will have a draught of only 14.5 metres and will be little longer and wider than the current E-class ships. This would be a relief for many ports that struggle with adapting to the ever increasing ship sizes. Much of the additional of the EEE-class will be reached through an adapted hull designed for capacity rather than speed.

### 1.1.3 Ownership patterns of the world container fleet

#### Leading container operators 2011

The top 15 carriers have increased their TEU capacity by 46 % in the period 2007 to 2011. According to MDS Transmodal, as of February 2011, the top 15 container operators controlled approx. 10.4 million TEU (container ships above 1,000 TEU) which account for 76.7 % of the “global” TEU capacity.

The largest since many years is Maersk Line, operating a fleet of 530 vessels with a capacity of 2.05 million TEU equal to 15.2 % of the total world container fleet capacity, followed by the Swiss operator MSC with 1.8 million TEU (13.2 %) and the French operator CMA-CGM with 1.1 million TEU (8.4 %).

Table 5 shows the development for the top operators in the period 2007-2011. The highest TEU-based expansion was reached by CSVA with 147 %, followed by Hamburg Süd (93 %), APL (87 %) and MSC (83 %).

Charter activities are a determining factor of the container shipping market. The analysis for February 2011 shows that 52 % of the TEU-capacity of the world container fleet equal to 2,108 container ships is attributable to the container charter market.

Looking at the 15 top-ranking operators, the share of chartered TEU capacity in 2011 stood at nearly 53 % (for
comparison: in 1998, the respective share was 28%). But charter strategies of container operators differ significantly. Whereas NYK only had a chartering share of 23%, the share for the third-ranked CMA/CGM was about 58%. The biggest operator, Maersk Line, chartered 335 container ships representing 51% of its total TEU capacity.

1.2 World general cargo fleet

1.2.1 General cargo fleet development 2010/2011

At the beginning of 2011, the total general cargo fleet consisted of 17,365 ships with 107 million dwt. In comparison, the order book amounted to 1,295 vessels with 18.1 million dwt, equivalent to 17% of the fleet.

Comparing fleet tonnage figures for January 1st, 2010 and 2011, the general cargo fleet shrunk by number of ships but the tonnage increased by 1.2%. In 2010, fleet newbuildings exceeded demolitions by 1.6 million dwt.

Since 2006, 2,600 general cargo ships with 24.0 million dwt were reported as broken up.

The fleet analysis indicates that the general cargo fleet is composed of various sub-types having their own momentum in the market.

- The yearly growth rate for multi-purpose/single-deck ships in the period 2007-2011 stood at 5.2%. In the same period, the fleet of multi-deck ships and reefer vessels decreased by 7.0% and 2.2% respectively.
- Today, a large number of general cargo ships classified as single-deckers have foldout decks.
- Besides the single deck fleet, the special fleet segment (incl. car carriers and heavy lift) shows a positive yearly growth with 6.0% in the period 2007-2011.

At the beginning of 2011, the following “Special types”—sub-types specified by IHS Fairplay—can be distinguished:

<table>
<thead>
<tr>
<th>Ship Type</th>
<th>No.</th>
<th>1000 share of No</th>
<th>1000 share of dwt</th>
<th>1000 share of TEU</th>
<th>av. ship size (dwt)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single deck ships</td>
<td>10388</td>
<td>59.8</td>
<td>59672</td>
<td>55.7</td>
<td>1305</td>
</tr>
<tr>
<td>Multi deck ships</td>
<td>3165</td>
<td>18.2</td>
<td>19004</td>
<td>17.8</td>
<td>488</td>
</tr>
<tr>
<td>Reefer ships</td>
<td>1039</td>
<td>6.0</td>
<td>6008</td>
<td>5.6</td>
<td>64</td>
</tr>
<tr>
<td>Ro/Ro cargo ships</td>
<td>1363</td>
<td>7.8</td>
<td>6379</td>
<td>5.9</td>
<td>222</td>
</tr>
<tr>
<td>Special ships of which</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vehicles carrier</td>
<td>775</td>
<td>4.5</td>
<td>11782</td>
<td>11.0</td>
<td>45</td>
</tr>
<tr>
<td>Heavy load carrier</td>
<td>108</td>
<td>0.6</td>
<td>2899</td>
<td>2.5</td>
<td>22</td>
</tr>
<tr>
<td>Fish/Live fish carrier</td>
<td>308</td>
<td>1.8</td>
<td>461</td>
<td>0.4</td>
<td>0</td>
</tr>
<tr>
<td>Livestock carrier</td>
<td>86</td>
<td>0.5</td>
<td>454</td>
<td>0.4</td>
<td>0</td>
</tr>
<tr>
<td>Pallets carrier</td>
<td>60</td>
<td>0.3</td>
<td>188</td>
<td>0.2</td>
<td>2</td>
</tr>
<tr>
<td>Other special types</td>
<td>83</td>
<td>0.5</td>
<td>401</td>
<td>0.4</td>
<td>10</td>
</tr>
<tr>
<td>Total General cargo fleet</td>
<td>17365</td>
<td>100.0</td>
<td>107049</td>
<td>100.0</td>
<td>2159</td>
</tr>
</tbody>
</table>

2 FUNDAMENTALS OF THE CONTAINER AND GENERAL CARGO MARKET

2.1 Major world trade developments 2010/2011

The World Trade Organisation (WTO, Press Release 628/2011) has just published their assessment of the world trade development in 2010 and prospects for 2011. The most relevant features for the seaborne trade development are highlighted below.

- After the record-breaking 14.5% increase in the
volume of exports in 2010 the WTO expects a more modest growth of world trade at 6.5 % in 2011. The sudden increase in trade volumes in 2010 permitted the global trade to rebound to its pre-crisis level.

- Asia showed the fastest real export growth of any region in 2010 with a boost of 23.1 %, headed by China and Japan, whose exports to the rest of the world each gained roughly 28 %. China’s trade growth is even more impressive when taking into account that the cutback in the country’s exports in 2009 was less severe than for Japan (11 % compared to 25 %).
- The United States, China, Japan and India all recorded growth rates in exports exceeding the world average of 14.5 %. The smallest export increases were registered by Africa and South/Central America with 6.2 % resp. 6.5 %.

- Considering the other side of the trade balance the developed economies showed a slower import growth than exports in 2010 (10.7 % compared to 12.9 %) while developing countries plus the CIS exhibited the inverse development (17.9 % growth in imports compared to 16.7 % for exports). In particular imports were up 22.1 % in real terms in China, 14.8 % in the United States, 10.0 % in Japan, and 9.2 % in the European Union.
- World merchandise exports were up 22 %, ascending from US$ 12.5 trillion to US$ 15.2 trillion in a single year.
- World exports of commercial services gained 8 % to US$ 3.67 trillion in 2010 after diminishing 12 % in 2009. The growth rate in 2010 was corresponding to the average annual rate for the 2005-2010 period.
- The WTO Secretariat forecasts that world exports will expand by 6.5 % in 2011, while developed economies’ exports will grow 4.5 % and those from developing economies and the CIS gaining 9.5 %. These forecasts include the likely influence of the earthquake in Japan.
- The WTO analysts forecast a 4.5 % rise in demand for imported goods and services in 2011 in favour of the developed economies (OECD).
- The trade outlook presumes the growth of the world GDP by 3.1 % at market exchange rates in 2011, with developed economies reaching 2.2 % and the rest of the world (including developing economies and CIS) climbing 5.8 %.
- The WTO has come to the conclusion that even greater natural disasters (e.g. the earthquake in Japan) have no significant impact on the growth in the long view. Drawing on a study (by Gassebner, Keck and Teh, 2010) dealing with the effects of natural disasters on trade the WTO analysts assume the impacts of the Japanese earthquake on the trade as follows: The disaster would reduce the volume of Japanese exports by between 0.5 % and 1.6 %; and increase the volume of Japanese imports by between 0.4 % and 1.3 %.

2.2 World container port traffic – regional highlights 2009/2010

Based on data published by Containerisation International, the worldwide container traffic reached a total of 560 million TEU, equal to a year on year growth of 14.5 %. The ISL port

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**Fig. 12:** World container port traffic by continents 2010 (TEU-% share)

- **Source:** ISL Port Data Base 2011

**Tab. 3:** TEU-ranking of the top 20 world container ports in 2010

<table>
<thead>
<tr>
<th>TEU-Ranking</th>
<th>mill TEU</th>
<th>TEU % growth 2009-2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>(6) Shanghai (China, PR of)</td>
<td>5.6</td>
</tr>
<tr>
<td>2</td>
<td>(2) Singapore (Singapore)</td>
<td>17.1</td>
</tr>
<tr>
<td>3</td>
<td>(1) Hong Kong (China, PR of)</td>
<td>18.1</td>
</tr>
<tr>
<td>4</td>
<td>(11) Shenzhen (China, PR of)</td>
<td>3.8</td>
</tr>
<tr>
<td>5</td>
<td>(3) Busan (Korea, Rep. of)</td>
<td>7.5</td>
</tr>
<tr>
<td>6</td>
<td>(64) Ningbo (China, PR of)</td>
<td>0.9</td>
</tr>
<tr>
<td>7</td>
<td>(28) Guangzhou (China, PR of)</td>
<td>1.4</td>
</tr>
<tr>
<td>8</td>
<td>(22) Qingdao (China, PR of)</td>
<td>2.1</td>
</tr>
<tr>
<td>9</td>
<td>(13) Dubai Ports (UAE)</td>
<td>3.1</td>
</tr>
<tr>
<td>10</td>
<td>(5) Rotterdam (Netherlands)</td>
<td>6.3</td>
</tr>
<tr>
<td>11</td>
<td>(31) Tianjin (China, PR of)</td>
<td>1.7</td>
</tr>
<tr>
<td>12</td>
<td>(4) Kaohsiung (Taiwan)</td>
<td>7.4</td>
</tr>
<tr>
<td>13</td>
<td>(12) Port Kelang (Malaysia)</td>
<td>3.2</td>
</tr>
<tr>
<td>14</td>
<td>(10) Antwerp (Belgium)</td>
<td>4.1</td>
</tr>
<tr>
<td>15</td>
<td>(9) Hamburg (Germany)</td>
<td>4.3</td>
</tr>
<tr>
<td>16</td>
<td>(7) Los Angeles (US)</td>
<td>5.0</td>
</tr>
<tr>
<td>17</td>
<td>(77) Tanjung Pelepas (Malaysia)</td>
<td>0.4</td>
</tr>
<tr>
<td>18</td>
<td>(8) Long Beach (US)</td>
<td>4.6</td>
</tr>
<tr>
<td>19</td>
<td>(49) Xiamen (China, PR of)</td>
<td>1.1</td>
</tr>
<tr>
<td>20</td>
<td>(14) New York / New Jersey (US)</td>
<td>3.1</td>
</tr>
</tbody>
</table>

© ISL Port Data Base 2011
data base covers more than 85 % or 479 million TEU of the global container port traffic. ISL figures show a growth of 12.7 % in the major container ports. This increase is mainly driven by surging volumes at Far Eastern ports, whose container throughput grew above average. Nearly one quarter of the world’s container shipments originate in the People’s Republic.

Chinese ports, including Hong Kong, have increased their container traffic by 17.6 %, pushing their world market share to 28 percent in 2010 up from 26.8 percent in 2009. Six of the top ten container ports are located in China, with most of those ports recording faster growth than ports in other regions, while growth of the remaining regions follows nearby. The total container traffic of the top 50 ports listed in Tab. 4.3.3 on page 44 grew by 13.3 percent in 2010 with only Algeciras, Manila and Priok Port suffering noteworthy losses.

Apart from Los Angeles, Santos and Balboa, all ports showing increases of more than 20 % are Asian. Los Angeles registered an empty container share of more than 40 %, documenting the trade deficit of the United States.

The port of Hamburg, last year’s port with the highest loss in percentage terms loosing more than one quarter of its container traffic, is back on track with a growth of 12.7 % in 2010.

All major container ports are integrated in a worldwide network of container liner services, connecting ports throughout the world with each other. According to data provided by the ports, trade with ports in Asia is not only most important in the Asian and Oceanian ports, but also in North American West Coast ports and some European and North American East Coast ports.

Based on ISL’s Monthly Container Port Monitor (MCPM), the positive trend of 2010 is lasting in 2011 but on a lower level. The MCPM World Index of container port traffic is now roughly at its pre-crisis level.

2.3 The general cargo and container market – rates and prices

General cargo shipping

In contrast to the other shipping sectors, the general cargo and in particular the heavy lift and MPP sectors are less cyclical, as the shipped goods are to a large part capital intensive goods (such as power stations and other large machineries). These goods need a relatively long scheduling. Consequently rates and demand for ship tonnage decreased with a time lack to the global economic crisis. Moreover the market has to absorb a large portion of new ships and as a result owners had to struggle for charters. The bankruptcy of Beluga Shipping is an impressive example of this development.

While the number of infrastructure projects is growing especially in developing and emerging markets, there will be requirements to transport specialised or project cargos in the medium term. Charter rates of MPP-vessels climbed around 25 % – rates were around US$/day 10,000 at the beginning of 2011 and around US$/day 8,000 two years ago. All in all, and based on a shrinking order book and a growing demand, prospects for owners of special ships are positive.
Container charter rates

After a very difficult year 2009, container operators felt a rebound of profits in 2010 due to rising demand of manufactured goods in Europe and the Americas as well as a good investment climate. Another factor was beyond question the caution of owners on the supply side, i.e. not ordering new transport capacity and implementing cost-cutting and capacity-absorbing measures like slow steaming. The number of ships on lay-up shrank continuously.

The efforts led to a very good year-end closing in 2010. Maersk Line for example stated a net profit of 4.2 billion dollars, after being in the red in 2009. 2011 seems to become similarly prosperous as the first quarter rate development suggests.

The weighted Charter Rate Index from Harper Peterson & Co., for example, stood at a level of 670 in late 2010 (double the level of a year ago). From that time on, the index climbed and is currently at around 880 (compare Fig. 14). The Hamburg Index for Containership time-charter rates shows a similar development (please see page 61 of this issue).

End of May 2011, the idle container fleet comprised only 63 vessels with 80,000 TEU against 234 vessels with 0.48 million TEU a year earlier (Alphaliner Newsletter 23/2011). This represents only 0.6 % of the existing cellular fleet, the lowest level of idling since December 2008.

Second-hand and contracting prices for container ships

Second-hand prices climbed in 2010. Vessel prices increased on average by about 40 % during the last year. This led to a number of around 150 sold vessels on the second hand market. According to market data the traded container capacity amounted to 165 vessels carrying 368,000 TEU, nearly twice the capacity of 2009. The market tendencies can be summarised as follows:

- Second-hand prices for five-year old container ships of 2,750 TEU reached an average price of 31.3 million US$ in late 2010. The newbuilding prices for the same size and period stood at 35 million US$ one year earlier.
- As expected there were continuing second-hand and newbuilding price increases during 2010 for ships of all TEU sizes.
- For the first months of 2011 development of second-hand and newbuilding prices was uneven.

3 Future Tonnage Supply - The Shipbuilding Market for Container and General Cargo Ships

3.1 New orders and order book development

Container ships on order

The ordering activities for new container ships picked up in 2010. 124 container vessels with a capacity of 690,000 TEU were reported as new orders. The order book for container ships decreased by 20 % in 2010 in terms of TEU and represented 27.2 % of the trading container fleet – compared with 37.4 % one year earlier and well below the all-time high mid of 2008, when the order book reached 60 % of the existing fleet.

At the beginning of 2011, the total order book comprised 606 container ships equal with a combined capacity of 3.8
million TEU (21.0 million cgt), the lowest figure in a decade. Only 105 container vessels equal to 17% of the current TEU-capacity are contracts signed in 2010 or later.

New ships with a capacity of 1.6 million TEU are scheduled to enter the fleet in 2011. More than 80% of the ordered capacity equal to 3.1 million TEU is due for delivery within the next two years, a result of the recent shifts.

Assuming, that the deliveries will be completed as scheduled and about 140,000 TEU will be removed from the fleet, the container fleet will increase by about 10% in 2011.

The trend towards larger ships continues. About 77% of the capacity on order was attributable to Post-Panamax ships of 6,000 TEU and over. The average size of container ships on order is 6,300 TEU, currently 146 ships have a capacity of more than 10,000 TEU. Meanwhile, the Maersk Line has signed a contract with Korea’s Daewoo shipbuilding yard to build ten 18,000 TEU vessels. A further 10 ships are likely to follow.

**General cargo ships on order**

During 2010, 377 orders for new general cargo ships were placed on shipbuilding yards. In terms of cgt these new orders had a volume of 3.8 million cgt, an increase of 22% compared to 2009. During the same period, 614 general cargo ships with 2.9 million cgt left the order book after completion.

At the beginning of 2011, 1,295 general cargo ships with a volume of 14.4 million cgt were on order. Compared with figures in 2010, this is a decrease of 18% (based on cgt).

**Latest figures on container and general cargo ship orders (1st quarter, 2011):**

- During the first quarter of 2011, at least 50 new orders for container ships with 0.48 million TEU have been reported. As of April 1st, 2011, the order book for container vessels comprised 604 ships with 4.0 million TEU (21.7 million cgt) compared to 750 vessels on year earlier.
- During the first quarter 2011, only 37 new orders for general cargo ships were placed. As of April 1st, 2011, the order book for general cargo ships comprised 1,208 ships with 17.0 million dwt (13.1 million cgt).

**Explanatory note**
The compensated gross tons (cgt) concept was first devised by shipbuilder associations, and adopted by the OECD Council Working Party on Shipbuilding (WP6), in the 1970s to provide a more accurate measure of shipyard activity than could be achieved by the usual gross ton (gt) and deadweight ton (dwt) measures. The compensated gross tons (cgt) are calculated by multiplying the tonnage of a ship by a coefficient, which is determined according to type and size for a particular ship. Cgt is used as an indicator of the volume of work that is necessary to build a given ship. Cgt coefficients were changed as of January 1st, 2007.

**Statistical details “Container and general cargo ships on order”**

- Order book and new orders by type p 48/50
- Ships on order by type and delivery schedule p. 49/50
- Additions to the order book by ship type and major countries of domicile p. 51/52
### 6.3 ISL Monthly Container Port Traffic Indices 2009 - 2011

#### Japan, South Korea, Taiwan

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Note: For further information, e.g. definition of port regions, please see Definitions.

(Source: ISL Monthly Container Port Monitor 2011)
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