

**EAST INDIA BRANCH OF
INSTITUTE OF CHARTERED SHIPBROKERS, CHENNAI
and
INDIAN MARITIME UNIVERSITY (IMU)**

**SEMINAR ON
'OVERVIEW OF TRADE, SHIPPING AND PORTS'**

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**Chief Guest: Lord Jeffery Mountevans, FICS (Hon)
President, ICS**

**Guest of Honour : Dr Malini V. Shankar, IAS (Retd)
Vice Chancellor, IMU**

THE STAKEHOLDERS OF SHIPPING

Shipping is the Biggest Industry – Bold Statement

- Building Stage - Naval Arch, Class, Ship Owner
- Shipping Markets - Shipbrokers, Shipyards, Banks
- Shipyard - Steel Makers, Engine, Equipment (Deck and Machinery), Saloon
- Ships - Manning, Education and Training, Recruitment
- On Delivery - Agents, Pilots, Bunker Suppliers, Tugs, Charts, Channel Buoys, Underwriters(5+)
- During Operation - Port Authorities, Customs, Immigration, PSC, Coast Guard – Major Ports – Ports

THE STAKEHOLDERS OF SHIPPING

(Contd...)

- Infrastructure - Locks, Canals, Seaways, Dredgers, Cranes, Cargo Equipment, Barges, Dry Docks, Workshops
- Service to Society - Moves Trade - Oil, Ore, Grain, Gas, Containers Related Cruise, Energy, Offshore/ MSP Users
- Regulatory Bodies - Administration - IMO, ILO, WHO, UNCTAD, UNFCCC, WCO
Institutions - ICS, BIMCO, WMU, IAPH, IALA
ADR Institutions - LMAA, SMA-NY, SCMA, HKIAC
Legal Teams of Ship Owners, Cargo Owners

THE TRADE AND SHIPPING FUNDAMENTALS

Shipping is a Business and an Industry

Economic Factors

- Scarcity of Resources
- Demand and Supply of Services
- Effect on Shipbuilding
- Labour Supply
- Finance
- Shipping Cost Analysis and EOS
 - Bulk Cargo
 - Tankers
 - Liners
- Ports, Sea Canals and Waterways

THE TRADE AND SHIPPING FUNDAMENTALS (Contd...)

Shipping and International Trade

- Growth Pattern
- Types of Trade flow
- Demand for Shipping Services
- Economic Models – Absolute/ Comparative Advantage
- Transport Costs factor on Intl Trade

BOP and Exchange Rates

- Structure of BOP
- Exchange Rates
- Exchange Rates and Shipping

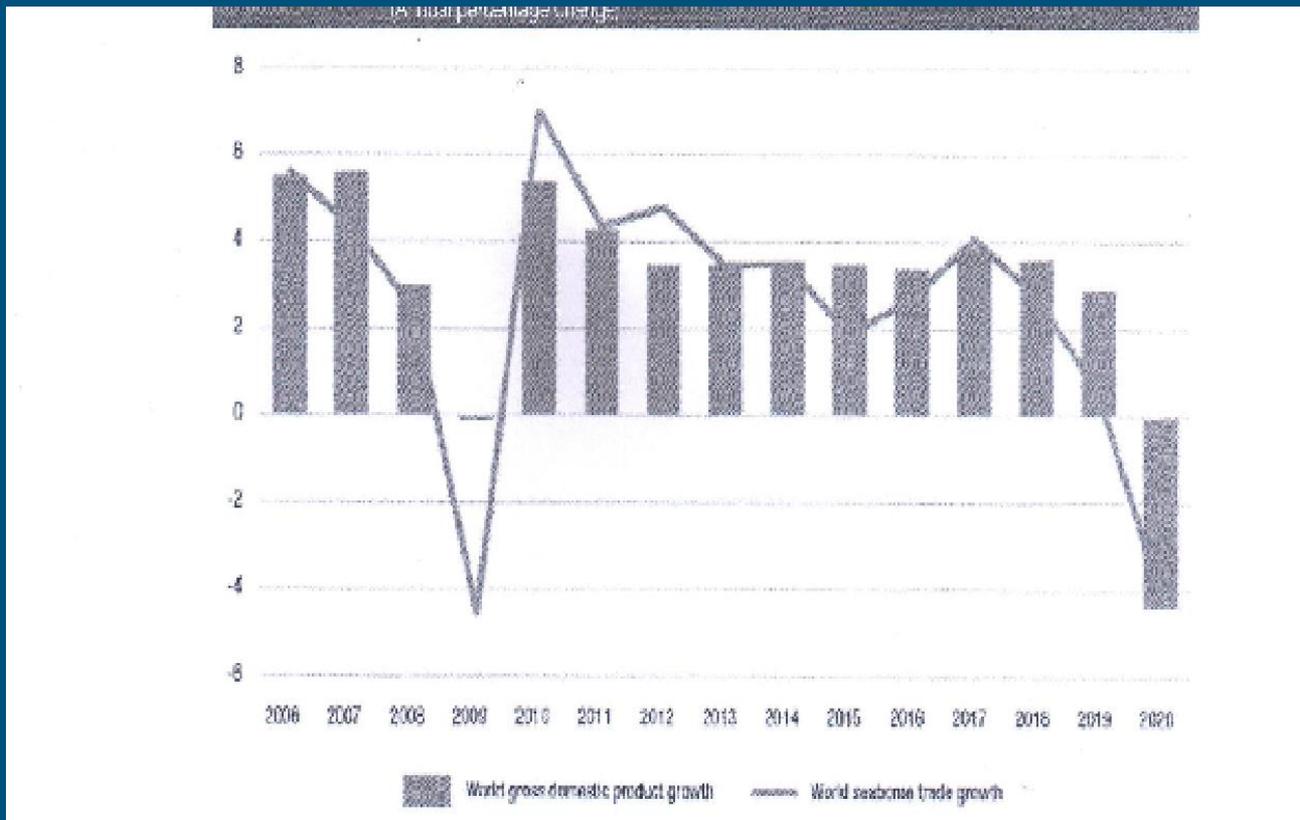
UNDERSTANDING TRADE SCENARIO

- Weakening Global Growth - Average +3% (2016-2017-2018)
- Tensions between US/CHINA - +2.5% in 2019 (UNCTAD)
+2.8% (IMF)
- Generalized shortfall in global demand - After GFC 2009
- Drop due to COVID–May 2020 - -17.7% Compared to May 2019
- Largest single month drop GFC - -19% in 2009
- World Economic Outlook growth projection - 2020 : -4.4% (IMF, WEO)
2021 : +5.2%

SHIPPING AND MARITIME TRADE

Maritime Trade - Lost momentum in 2019

- Came under Pressure in 2020



SOURCE : UNCTAD /RMT /2020

SHIPPING AS PIVOT IN AN INTER DEPENDENT WORLD

- In 2020 World fleet totaled 98140 Ships (100 GRT+)
- 80,000 Commercial Ships in International Trade
- Capacity of 2061944484 DWT

	Average Fleet Age	Global Fleet Value
Bulk Carriers	9.28 Years	19.6%
Containers	9.91 Years	
Tankers	10.38 Years	17.3%
General Cargo	19.46 Years	

- Average Vessel sizes from last 20 years to last 4 years:
 - Oil Tankers, 9 times bigger
 - Container Ships, 4 times bigger
 - Bulk Carriers, twice as big

EQUILIBRIUM FOCUS – NEW BUILDING/RECYCLING

- NOV. 2020 - World Shipyards Order Value 33 BN\$
- DEC. 2020 - 3 BN\$ Order
- 41% Down Previous Year
- World Yards decreased from 418 to 364 in 2020
- Order Book shrunk from 195.2 M.DWT to 152.5 M.DWT, start of 2020
- Depleted Order Book – Shortage of New Ships –Investment
- New Buildings now 7.2%, Replacement to meet trade growth – 10% norm
- Price Drop in 12 months - 8% in VLCC – 92 M TO 85 M)
 - 6% in Cape size 49.5 M to 46.5M) (US\$)
 - 21000 TEU 146 M to 142 M)

INDIAN PERSPECTIVE

- India in No.18 position Ownership of World Fleet. 1.26% of total CC
- Flag Registration by DWT No.18
- India does not figure in top 25 Economies
 - Greece, Japan, China, US, Norway – top 5
- Average Age of INSA Members Vessels - 14.3 years
- JNPT 28th on the List of World's top Container Ports-5 Million TEUS
- India's Cargo carried 975.54 Million Tonnes
- 7.1% share of Indian Lines in total Overseas trade
- Need to a 'Maritime India' outlook ; 'One Stop Shop Holistic Authority' approach

CHALLENGES

- Climate Change Adaptation – Sulphur Emissions - UNFCCC
- Seafarers travel restrictions due to COVID Pandemic
- Cyber Security
- Technological Developments MASS, Drones, Nav aids
- Commercial Law implications – UNCLOS → BBNJ (Biodiversity in Sea Areas Beyond National Jurisdiction).
Regulation applicable to high seas.

PORT PERCEPTIONS

SEAFARER	:	Signing on / Signing Off / Contract AOA
SHIP	:	Loading / Unloading – Freight
SHIPPER	:	Interface Land/Water transport
PASSENGER	:	Process
ECONOMIST	:	Gateway to International Trade
ADMINISTRATION	:	Infrastructure – Nation Building
PORT MANAGER	:	Business / Profit
LABOUR	:	Direct / Indirect Employment
CRIME	:	Smuggling / Terrorism
MULTI-MODAL OPERATOR	:	End to End Logistics

UNDERSTANDING PORT MANAGEMENT

Function

- Cargoes and Ships
- Port Operations
- Port Finance
- Legal Aspects
- Port Competition
- Port Marketing
- Port Planning
- Port Equipment
- Port Ownership

PORTS – MONITORING AS PERFORMANCE INDICATORS

- Performance of Seaports is an Important Determinant of trade costs and connectivity (R.Sanchez 2003)
- Median Time 2018 to 2019 from 0.97 days to 0.966 days
Less : 0.41%
- Faster Turnaround effectively increases throughput capacity
- Port efficiency/prompt turnarounds mark competitiveness
- World Ports Sustainability Program (WPSP) for UNSDG
- Environmental Ship Index (ESI) under IAPH wef 1 Jan 2021

TRENDS

1967/73	3RD ARAB ISRAELI WAR / YOM KIPPUR WAR- Suez Canal Closure
1980	IRAN -IRAQ Conflict
1990	KUWAIT Invasion/OPA
2000	WTC 9/11, ENRON / World Comm. Collapse
2010	WFC Effect, Deep Water Horizon Spill
2020	COVID Pandemic / IMO 2020/Global Sulphur cap
2030	SDG/40% Emission Cut, New Buildings/ 4 th Propulsion Revolution
2050	GHG Emissions 50% Compared to 2008 Zero Carbon Fuel/technologies – Paris Agreement
2070	Green World Economy

THE FUTURE IS NOT WHAT IT USED TO BE

ACKNOWLEDGEMENTS/REFERENCES

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- ANNUAL REVIEW 2019 – INSA
- SHIPPING NETWORK– INSTITUTE OF CHARTERED SHIPBROKERS (ICS)
- TRADEWINDS/CLARKSONS RESEARCH
- ICS PUBLICATIONS FOR PROFESSIONAL QUALIFYING EXAMINATIONS.

THANK YOU. JAI HIND