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# Global & Regional Cargo Flows Past & Present

## and lessons for the future

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MDS Transmodal

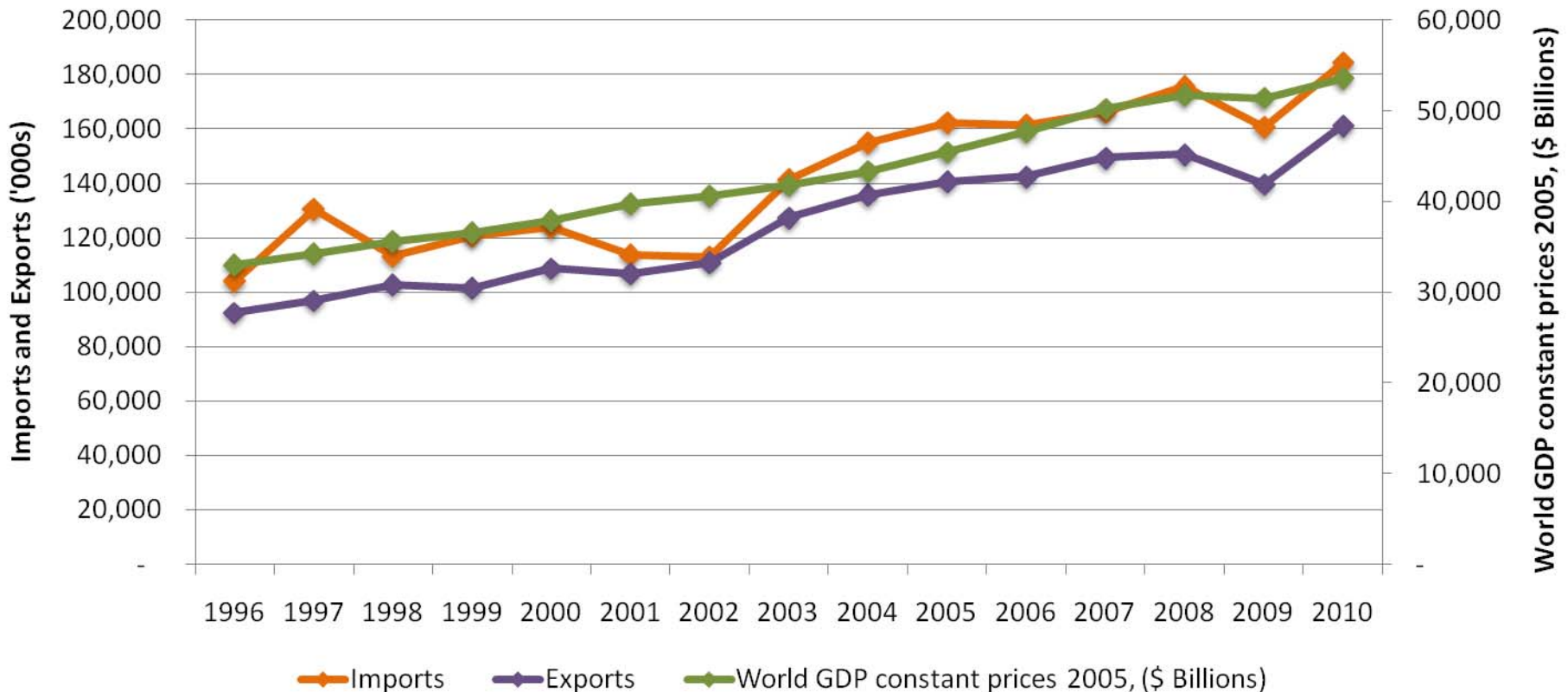
# 1. The long term trend: 1996 – 2010

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- |   |              |
|---|--------------|
| <b>Global International trade (all tonnes):</b>                   | <b>+ 68%</b> |
| - of which <u>non</u> energy:                                     | + 79%        |
| - of which generally containerised<br>& maritime:                 | + 69%        |
| - of which to/from Mediterranean/<br>Black Sea (excluding Intra): | + 77%        |
- **Growth to Mediterranean/Black Sea > global mean**

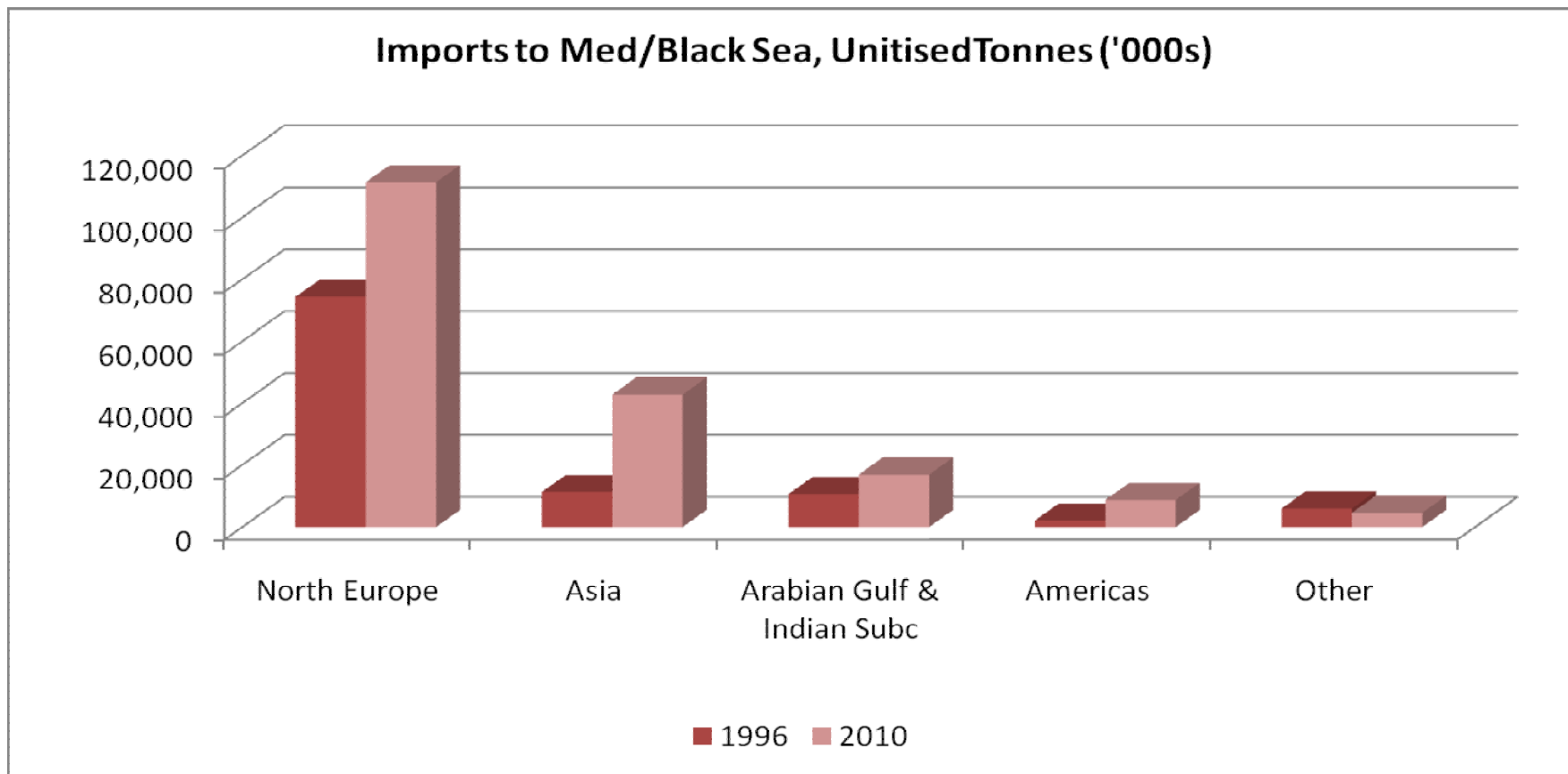
## 2. To/from Mediterranean/Black Sea

Imports and Exports to/from Mediterranean/Black Sea v. World GDP, Unitised Tonnes ('000s)



- Over 14 years imports to the region grew by 77%
- Similar to growth in regional GDP growth

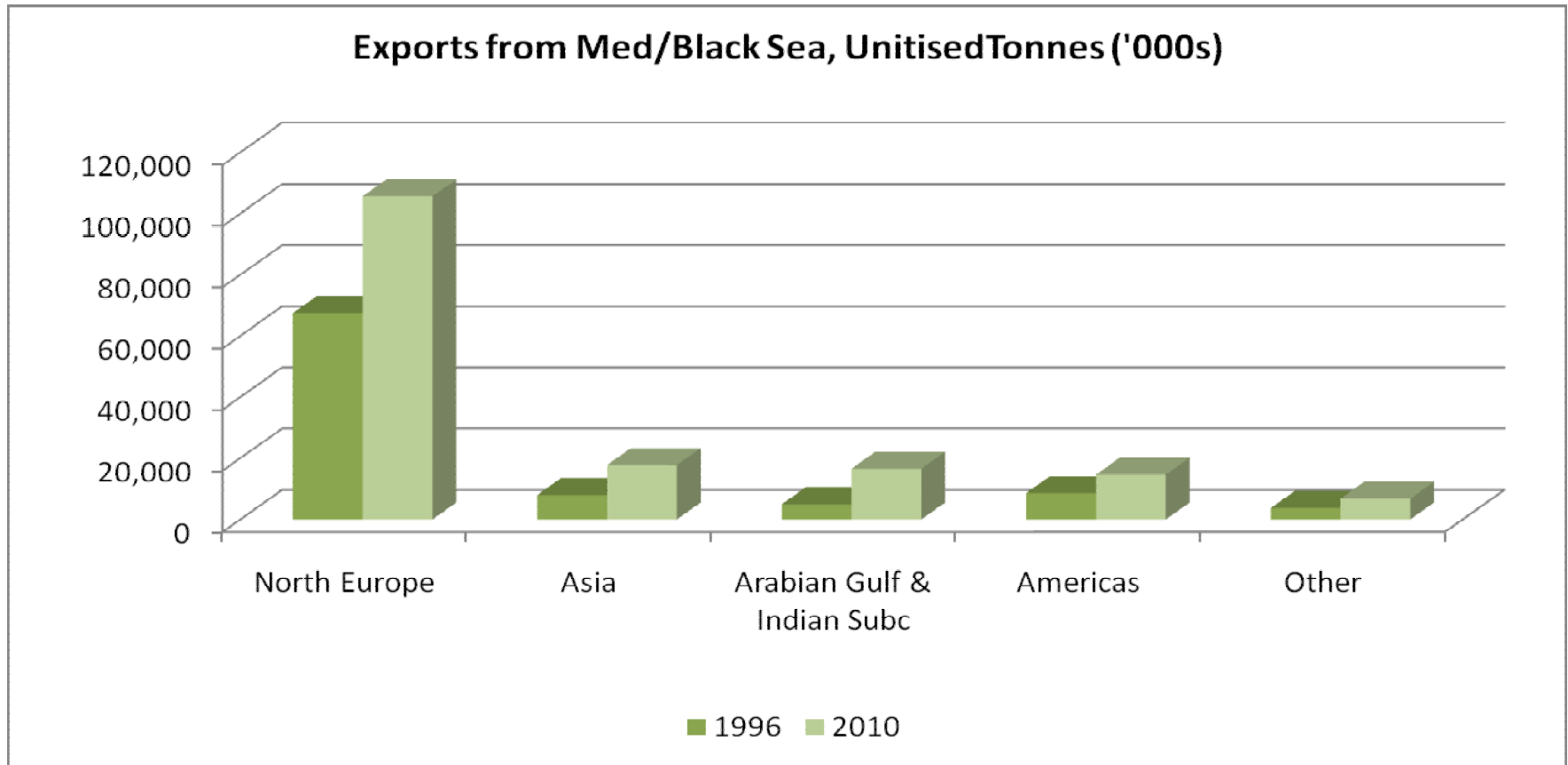
### 3. Containerised imports to Med/Black Sea 1996-2010



• Over 14 years imports growth has been:

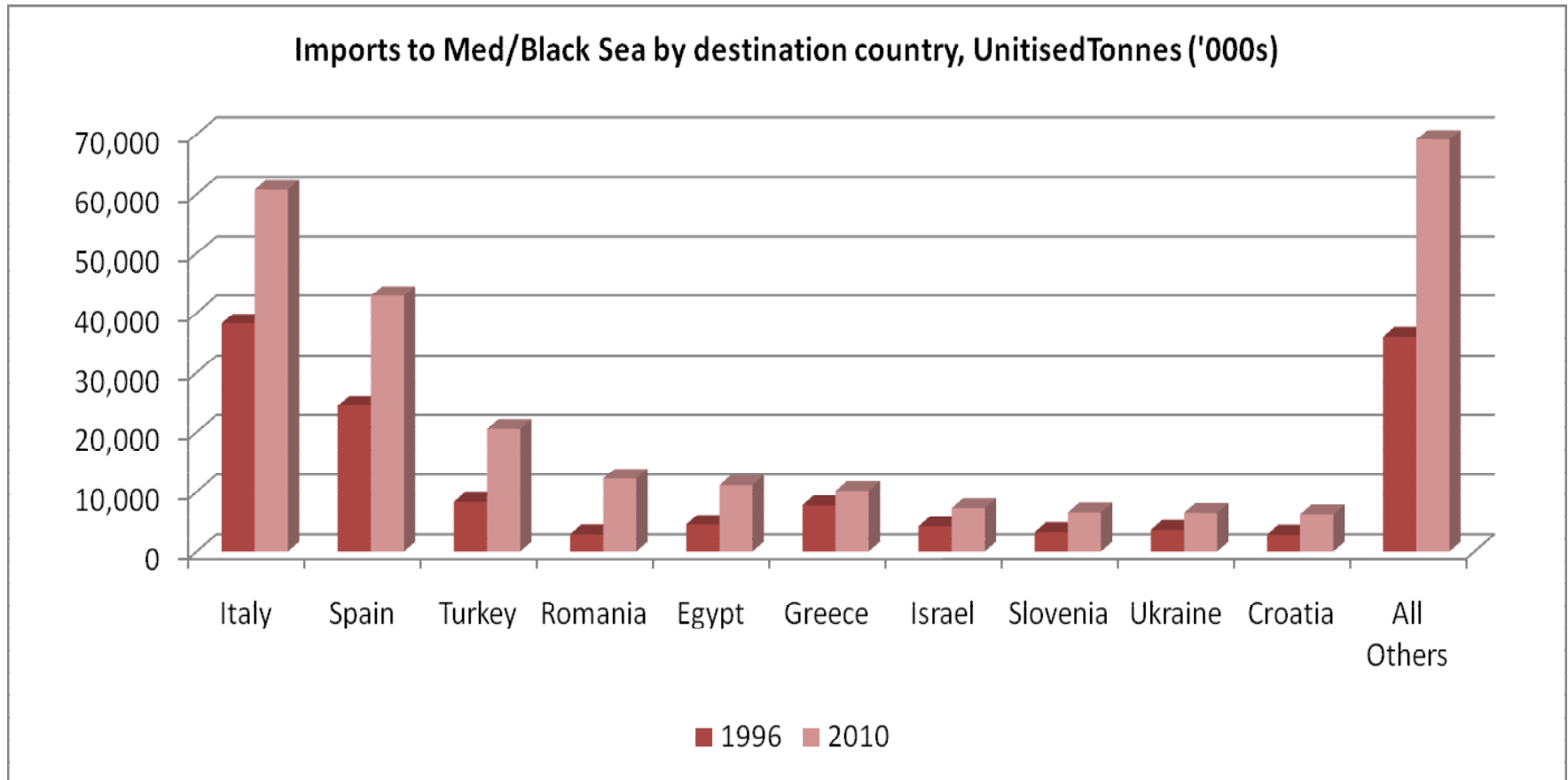
- + 50% from North Europe
- +280% from Asia

# 4. Containerised exports from Med/Black Sea 1996-2010



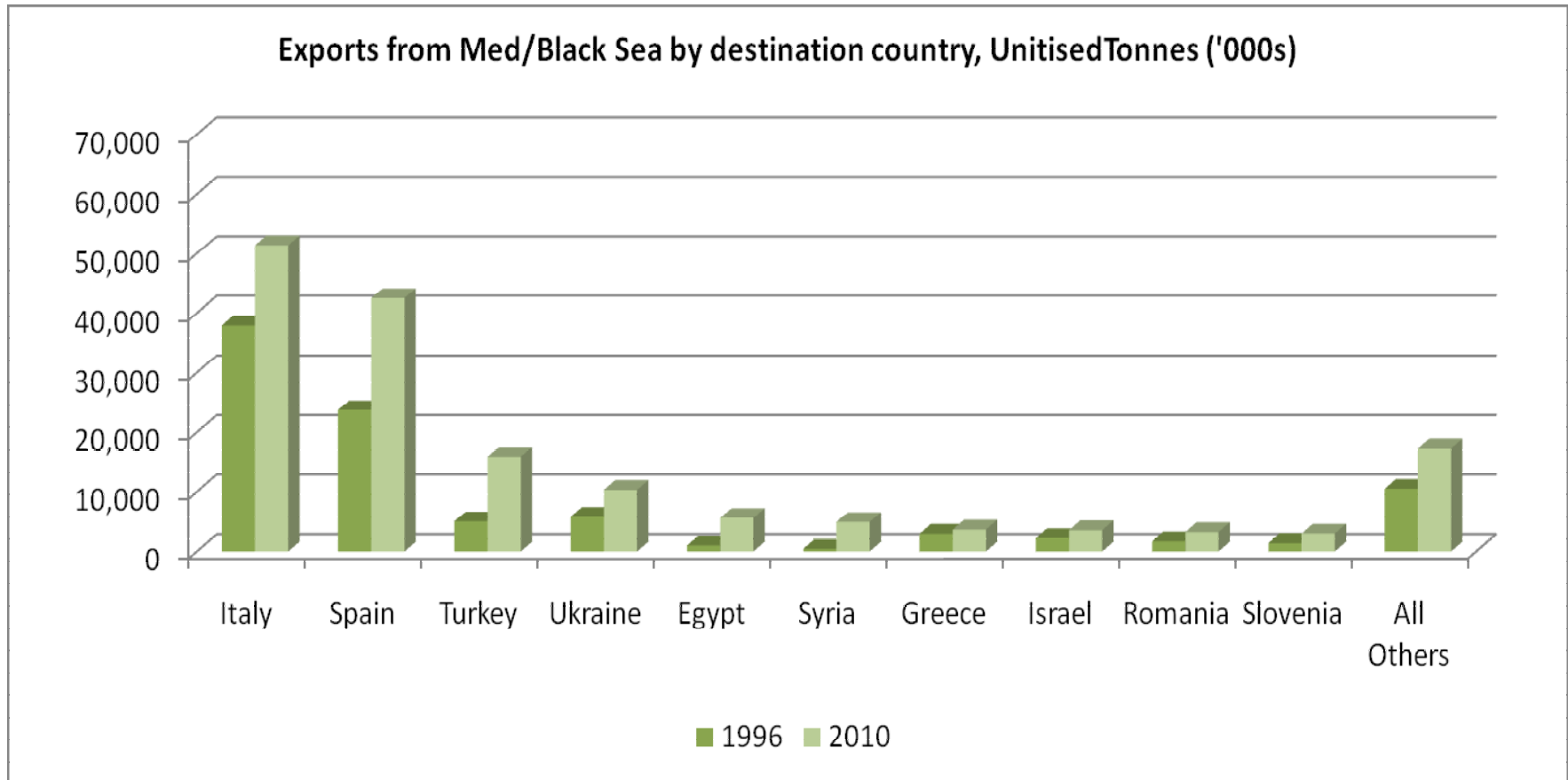
- Over 14 years exports growth has been:
  - + 57% to North Europe
  - +123% to Asia

# 5. Containerised imports to Med/Black Sea 1996-2010



- Over 14 years import growth has been:
  - + 59% to Italy and + 75% to Spain
- But:
  - + 146% to Turkey and + 329% to Romania

# 6. Containerised exports from Med/Black Sea 1996-2010



- Over 14 years export growth has been:
  - + 36% from Italy and + 79% from Spain
- But
  - + 216% from Turkey and + 465% from Egypt

# 7. Containerised imports to Med/Black Sea 1996-2010

## Top 10 SITC 2-digit, ranked by absolute growth

Unitised Tonnes ('000s)

	1996	2010	CAGR
Mineral Manufactures	4,859	13,669	7.7%
Plastics In Primary Forms	4,870	12,384	6.9%
Vegetables & Fruit, Nuts	5,115	11,033	5.6%
Paper & Paperboard	5,442	10,898	5.1%
Road Vehicles Parts	2,304	5,844	6.9%
Metal Manufactures - Other	1,607	5,116	8.6%
Other Chemicals	2,115	5,404	6.9%
Miscellaneous Manufactures	1,617	4,538	7.6%
Meat & Meat Preparations	1,926	4,359	6.0%
General Industrial Machinery	1,262	3,672	7.9%
<u>All others</u>	<u>68,178</u>	<u>99,300</u>	<u>2.7%</u>
Grand Total	99,296	176,218	4.2%

- Import growth dominated by building materials, plastics, vegetables and paper

# 8. Containerised exports from Med/Black Sea 1996-2010

## Top 10 SITC 2-digit, ranked by absolute growth

Unitised Tonnes ('000s)

	1996	2010	CAGR
Vegetables & Fruit, Nuts	14,847	24,108	3.5%
Crude Fertilisers & Minerals	6,345	13,685	5.6%
Beverages	3,900	7,906	5.2%
Mineral Manufactures	15,074	18,332	1.4%
Paper & Paperboard	2,309	4,783	5.3%
Pulp & Waste Paper	197	2,624	20.3%
Electrical Machinery	2,220	4,463	5.1%
Plastics In Primary Forms	1,828	4,030	5.8%
Road Vehicles Parts	2,222	4,330	4.9%
Metal Manufactures - Other	2,385	4,428	4.5%
<u>All others</u>	<u>41,242</u>	<u>72,543</u>	<u>4.1%</u>
Grand Total	92,569	161,233	4.0%

- Export growth dominated by vegetables, minerals and beverages

## 9. Overview 2008 -10

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- **Q2 2008 to Q2 2009 global container volumes fell by 9%**
  - **supply stayed at similar levels: rates fell!**
- **Q2 2009 to Q2 2010 global volumes recovered by 18%**
  - **supply expanded by 3%: rates recovered!**
- **Immediate prospects are for Q3 2010 global levels to highest ever:**
  - **+8% over 2008**
- **Volumes to Mediterranean and Black Sea fell by 12% by Q2 2009**
  - **but recovered to 2008 levels by Q2 2010**
  - **but Q2 2010 6% ahead of Q2 2008 on traffic from Asia**

# 10. Growth by importing country - DeepSea

Top 10 ranked by absolute growth 2009 – '10 (half year)

Unitised Tonnes ('000s)

	2009-half year	2010-half year	Absolute Growth	% growth
Italy	5,609	6,542	933	17%
Turkey	3,692	4,443	750	20%
Spain	3,889	4,535	646	17%
Israel	1,391	1,760	369	27%
Egypt	2,751	3,028	277	10%
Ukraine	565	827	262	46%
Kazakhstan	681	819	138	20%
Libya	593	684	91	15%
Georgia	220	294	74	34%
Romania	497	571	74	15%
<u>All Others</u>	<u>8,524</u>	<u>8,726</u>	<u>202</u>	<u>2%</u>
Grand Total	28,415	32,230	3,815	13%

- absolute growth led by import to Italy
- but fastest relative growth to Ukraine and Georgia

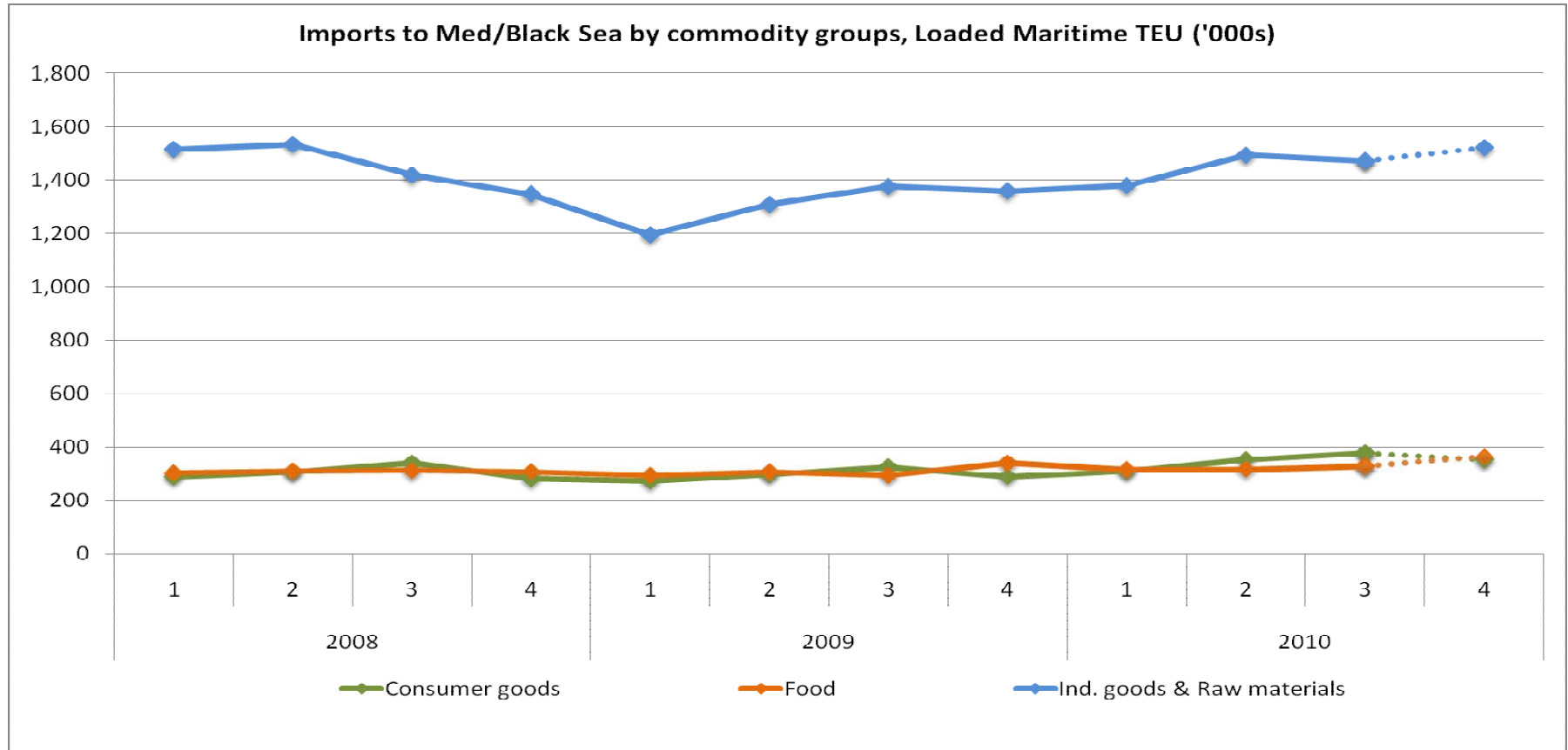
# 11. Detailed commodity analysis to Med/Black Sea - From Northern European countries

Unitised Tonnes ('000s)

Top 10 SITC at 5-Digit level	2009-half year	2010-half year	Absolute Growth	% growth
Beer	273	564	291	107%
Kaolin	363	635	273	75%
Chemical wood pulp	161	391	230	143%
Polyvinyl chloride	537	728	192	36%
Parts and accessories of the motor vehicles	686	872	186	27%
Motor vehicles parts	157	342	185	118%
Waters (including mineral waters and aerated waters)	390	572	182	47%
Paper and paperboard	524	696	172	33%
Glass containers	375	547	172	46%
<u>All Others</u>	<u>40,453</u>	<u>46,716</u>	<u>6,263</u>	<u>15%</u>
<b>Grand Total</b>	<b>43,919</b>	<b>52,064</b>	<b>8,145</b>	<b>19%</b>

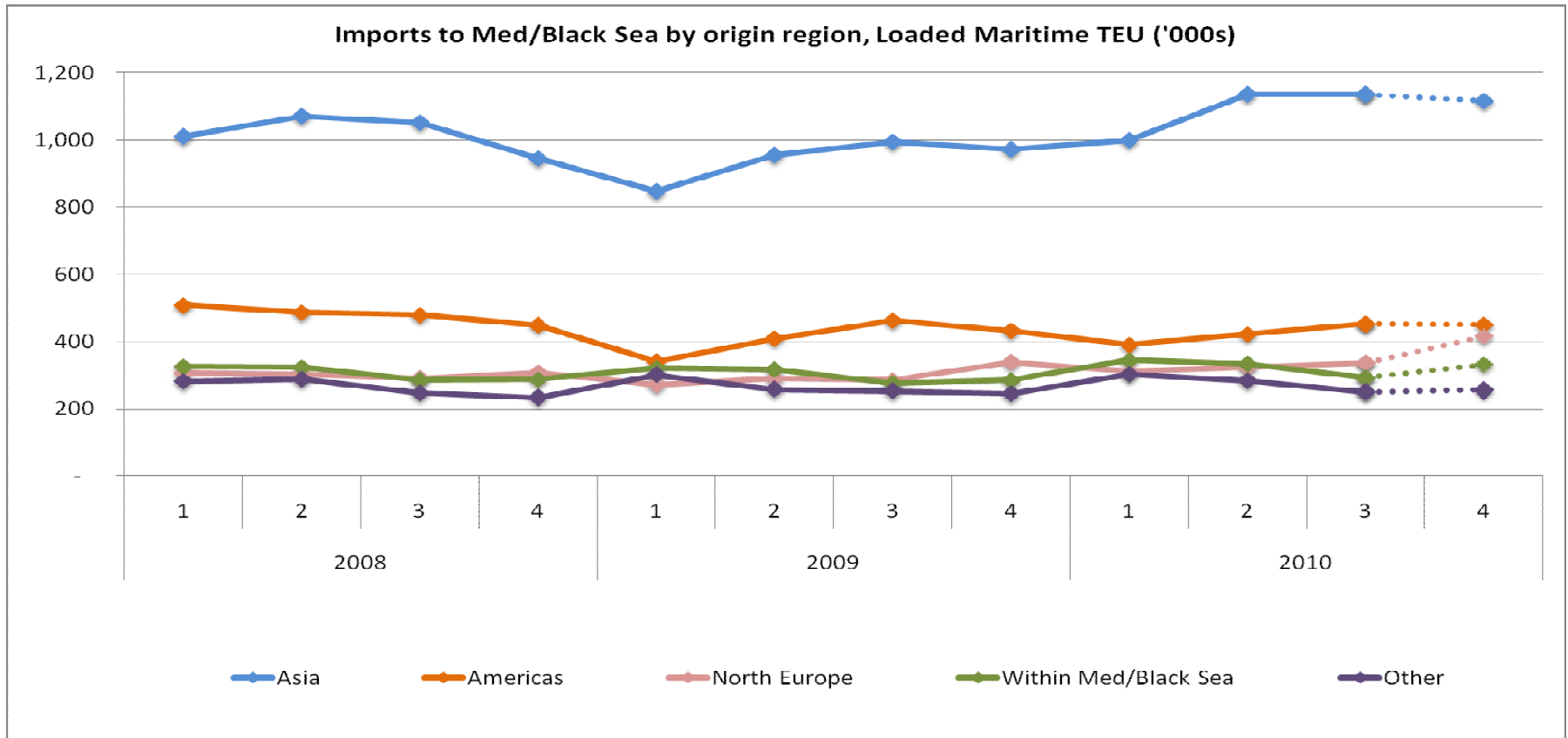
- Cargo a mix of industrial and consumer goods.
- Growth levels highly differentiated at the 5 digit level

# 12. 2008 – 2010: Recession & Recovery



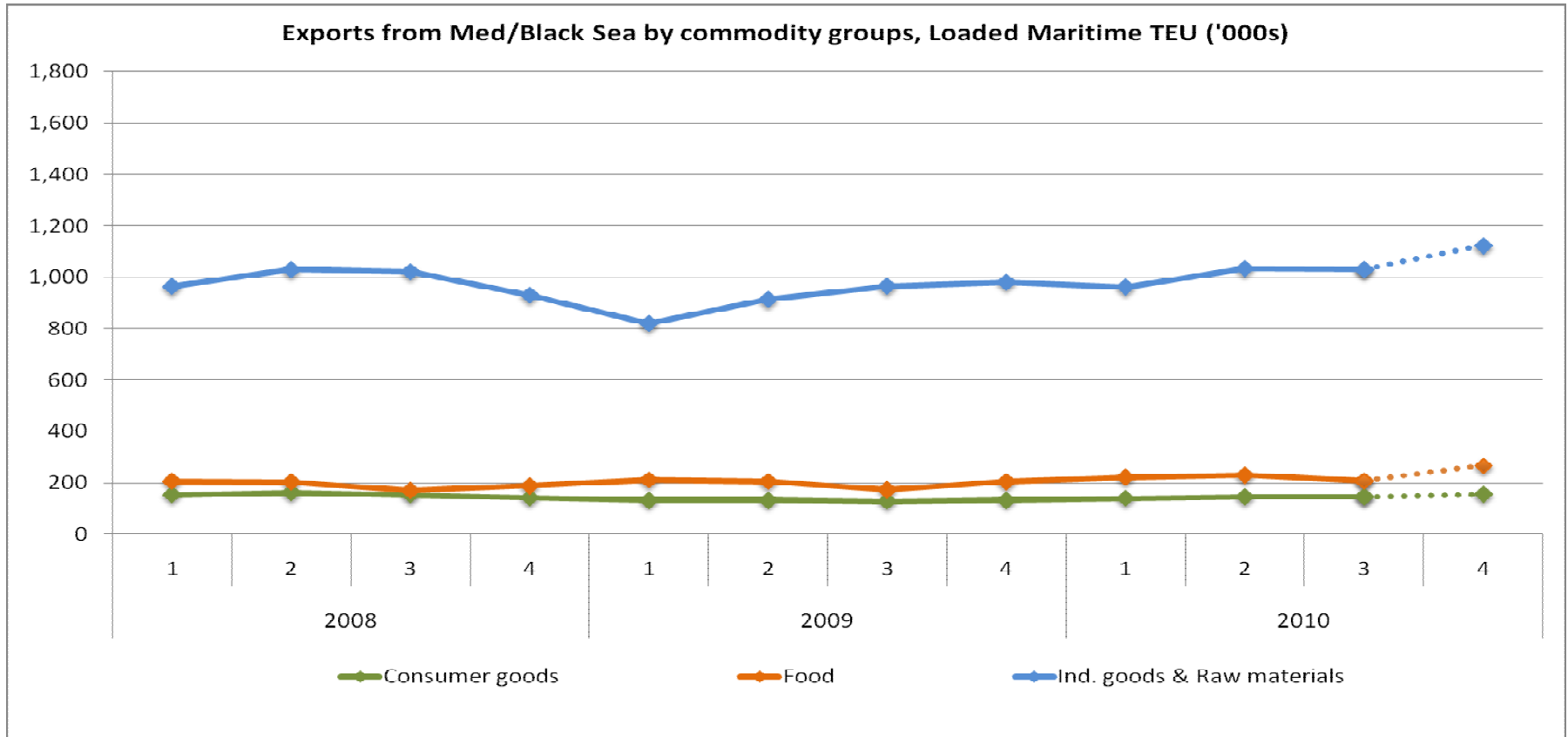
- Recession hit industrial goods imports primarily
- Food traffic stable

# 13. 2008 – 2010: Recession & Recovery



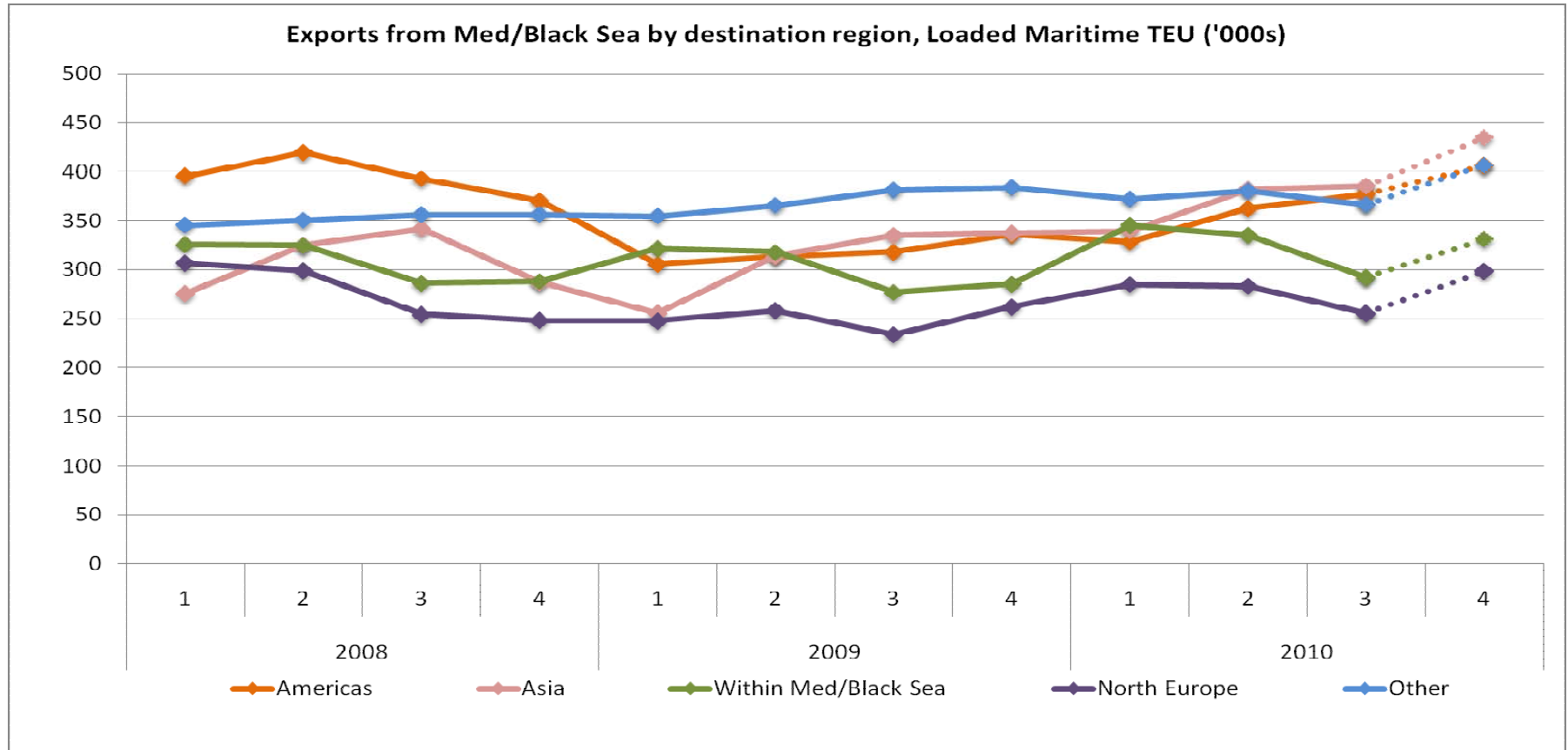
- Recession hit imports from Asia and Americas
- Other markets more residual

# 14. 2008 – 2010: Recession & Recovery



- Exports followed similar pattern to imports
- Recession hit industrial goods most severely

# 15. 2008 – 2010: Recession & Recovery



- Exports to Americas more vulnerable in the recession
- Exports to Asia recovered rapidly

# 16. Dealing with trade fluctuation: Liner services

- **Drop in trade of -9% to the region from Q2 2008 to Q2 2009 led to:**
  - **16% drop in deep-sea sea services calling at Med/Black Sea ports**
  - **17% drop in deep-sea vessels calling at Med/Black Sea ports**
  - **while average vessel capacity increased by 9%**
- **Demand recovery of 18% to Q2 2010 addressed by the lines by:**
  - **11% increase in deep-sea sea services calling at Med/Black Sea ports**
  - **15% increase in deep-sea vessels calling at Med/Black Sea ports**
  - **average vessels capacity increased by a further 11%**

# 17. Liner Service behaviour

- Estimated **global loss** grew **\$3.7billion to \$16.3 billion 2008 to 2009**
- Recovery first 6 months **2010** indicates **profit of \$ 6 billion**

Billion \$

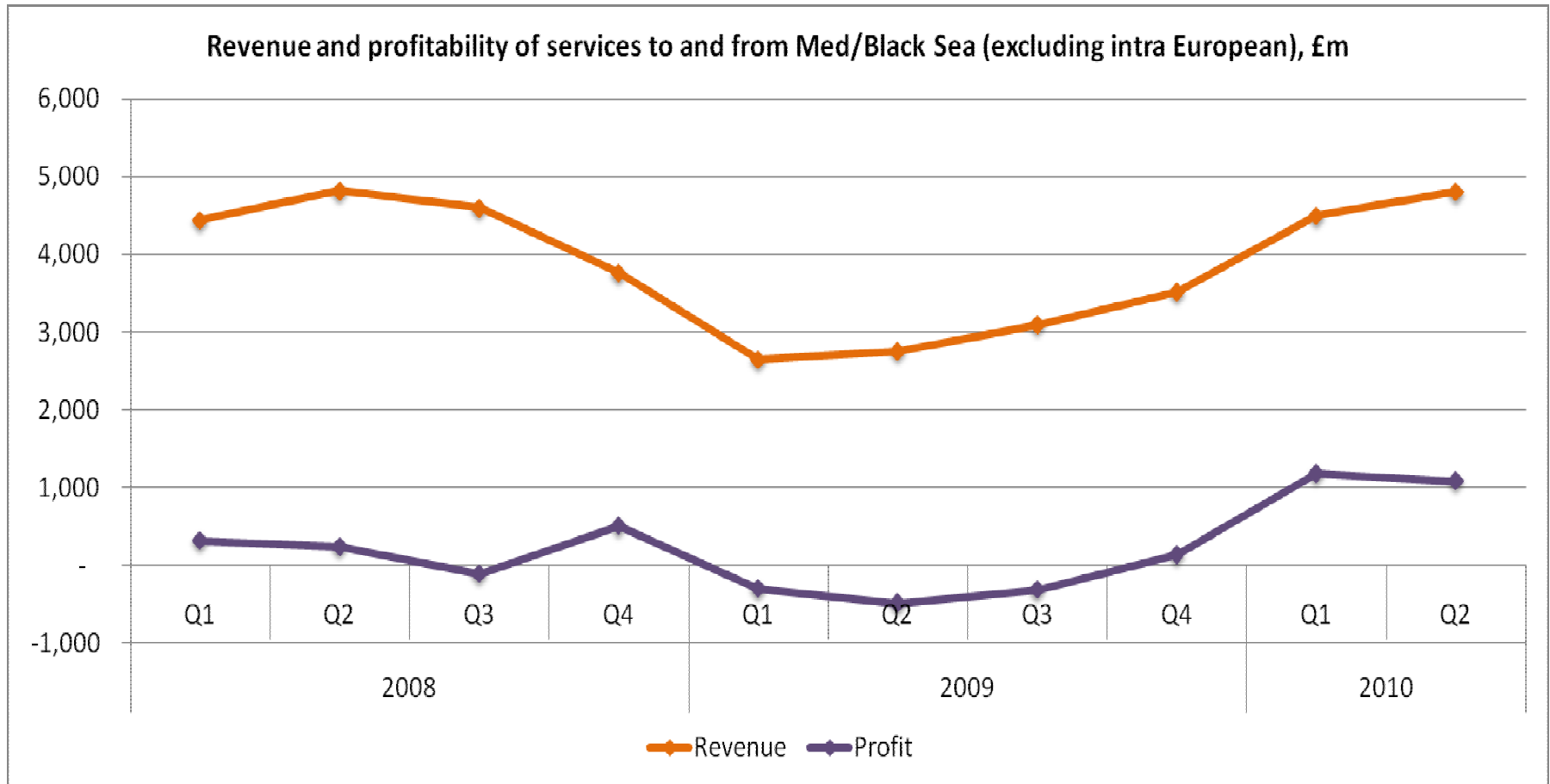
	2008	2009	<i>Jan-June 2008</i>	<i>Jan-June 2009</i>	<i>Jan-June 2010</i>
Revenue	137.6	101.7	69.9	45.2	71.0
Costs	141.3	118.0	73.1	55.1	65.0
Profit	-3.7	-16.3	-3.2	-9.9	6.0

- **Mediterranean/Black Sea(15% global revenue) profitable 2010**

Billion \$

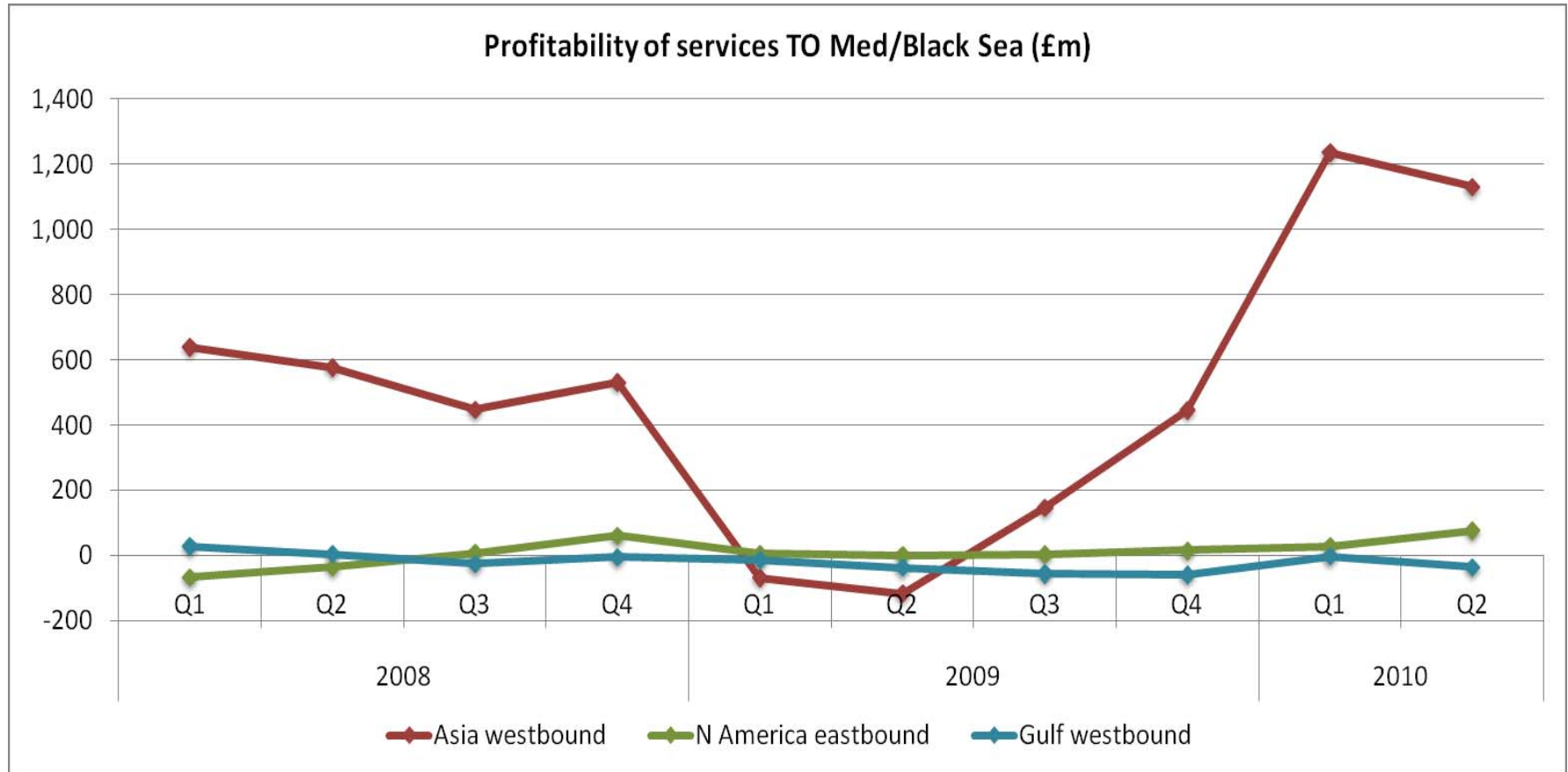
	2008	2009	<i>Jan-June 2008</i>	<i>Jan-June 2009</i>	<i>Jan-June 2010</i>
Revenue	20.2	13.9	10.7	6.3	10.3
Costs	19.7	15.7	10.3	7.4	8.6
Profit	0.5	-1.8	0.4	-1.1	1.7

# 18. Liner Service revenue and profitability



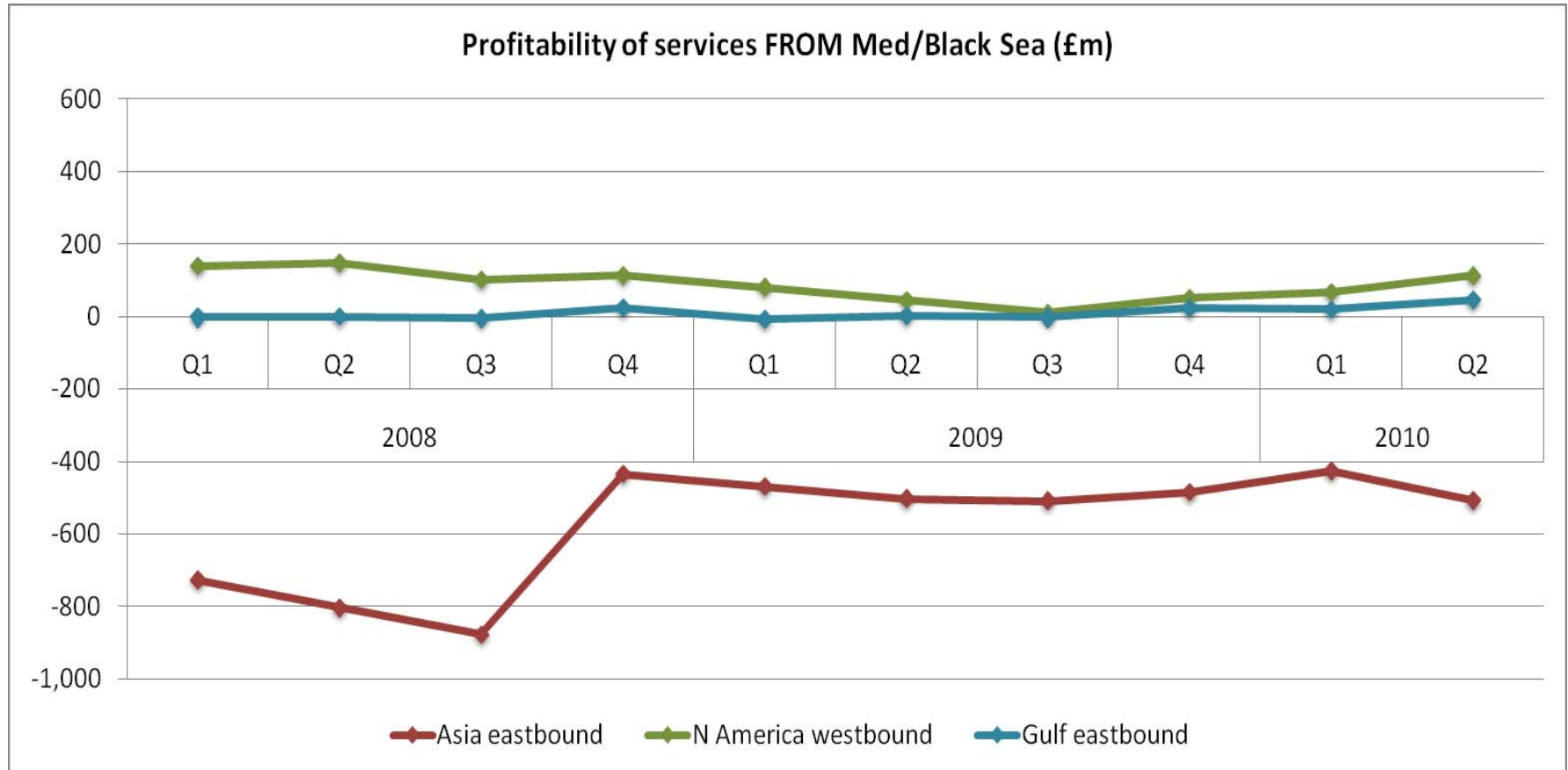
- Revenue fell sharply in 2009: services become unprofitable

# 19. Liner profitability by trade lane - to Mediterranean



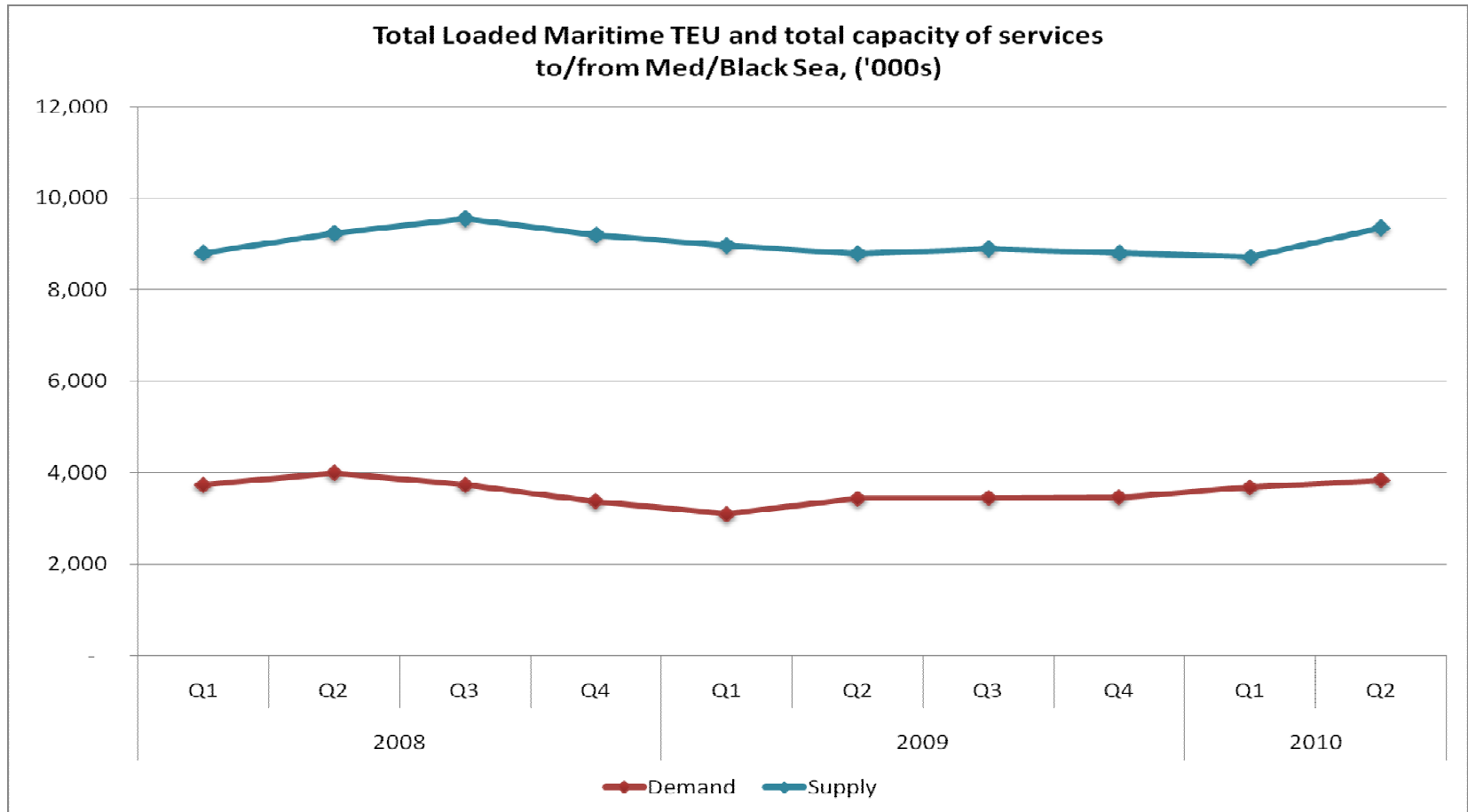
- Estimated profitability apparently recovering fastest on Asia westbound trade lane

## 20. Liner profitability by trade lane - FROM Mediterranean



- Asia westbound trade lane inevitably loss-making but losses reducing.

# 21. Supply & Demand: Med/Black Sea



- Demand recovered from Q4 2009
- Lines reduced capacity to Q1 2010
  - rates therefore rose in early 2010 but now falling back

## 22. Shipping line supply to the Mediterranean - DeepSea services

TEUs

Top 10 operators	2008	2009	2010
MAERSK LINE	935,290	1,003,464	888,586
MSC	737,143	897,736	835,388
CMA-CGM	396,200	342,329	527,541
ZIM	281,284	237,565	263,371
EVERGREEN	247,619	190,679	163,889
CSAV NORASIA	77,230	86,385	156,239
HANJIN	150,489	129,427	146,170
HAPAG-LLOYD	154,610	117,702	132,057
UASC	66,664	87,544	113,619
OOCL	69,044	72,816	89,558
<u>All others</u>	<u>889,506</u>	<u>798,343</u>	<u>743,338</u>
<b>Total</b>	<b>4,005,079</b>	<b>3,963,992</b>	<b>4,059,755</b>

- Leading ten lines offer 82% capacity to the region in 2010
- Top three lines grow from 51.6% to 55.5% from 2008 to 2010

## 23. Short term forecasts: evidence from trade data for future Med/Black Sea trades

- **Trend analysis at country/commodity level implies 12% growth over next 2 years (Q2 2010 v Q2 2012)**
- **Growth likely to be led by imports of:**
  - Mineral Manufactures
  - Vegetables & Fruit, Nuts
  - Other Chemicals
  - Plastics In Primary Forms
  - Textiles & Made-Up Articles
- **Fastest absolute growth to:**
  - Italy
  - Spain
  - Turkey

## 24. Summary

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- **Global volumes now at all time high**
  - **Q3 2010 estimated +8% over Q3 2008**
- **Long run growth to Med/Black Sea 4.2% p.a.**
  - **Forecast +12% for next 2 years**
- **Liner profitability has recovered rapidly**
- **Service capacity growth slow to respond late 2009**
  - **But marginal over-response now corrected**
- **Stability apparently returning to the market**

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