

# Worldwide Overview of the Container Shipping Market

by

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# Agenda

- World economic growth and trading relationships
- Fuel and the environment
- Digitalisation and new technologies
- Modal shifts and capacity constraints
- Conclusions

# World Economic Growth and trading relationships

Trade is increasingly volatile and annual growth rates have become more erratic

Global economic growth is slowing

Protectionism and trading disputes are on the increase

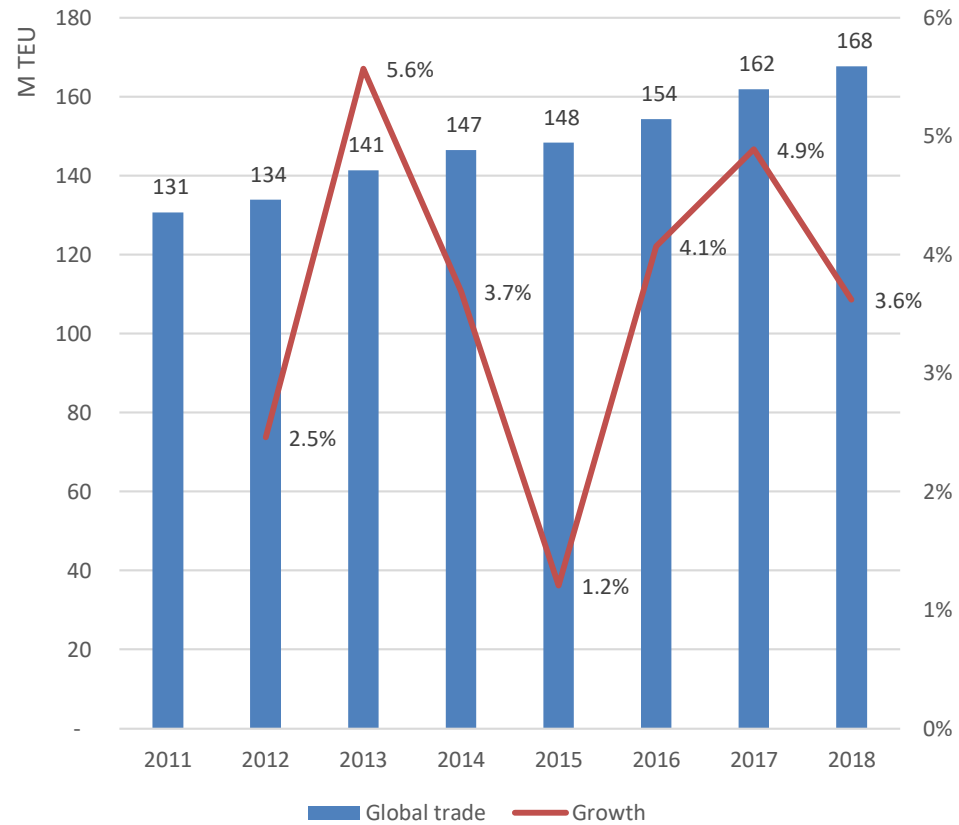
Containerisation process is maturing

Despite these issues, global container trade has still increased, but operators need to plan for slower growth in the future

2019-2024 growth in the 3%+ range

They also need to plan for more intra-regional trade growth

Growth in global container trade (2011-2018)



# World Economic Growth and trading relationships

Monthly trading volumes have been more volatile this year than in 2018

Trade dispute between China and the US has been the main reason for this

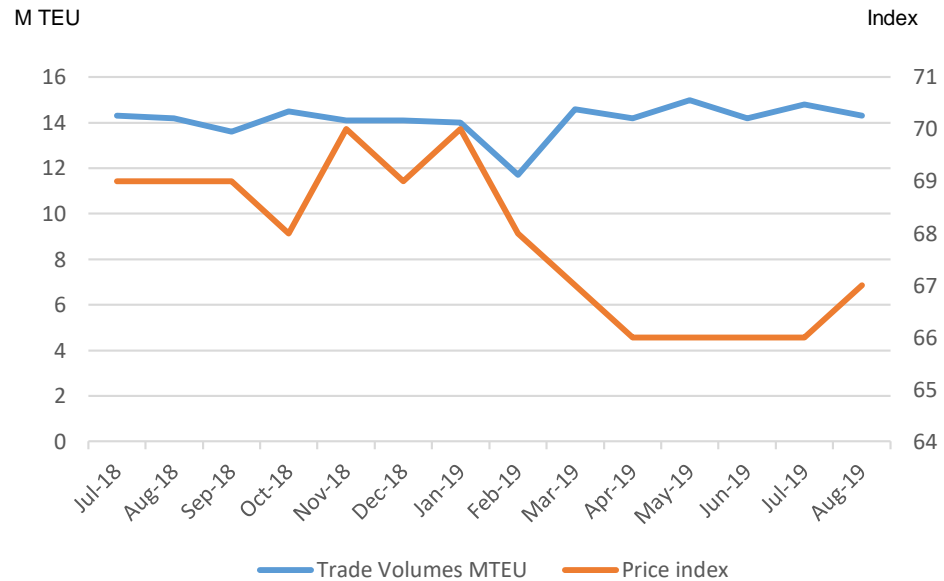
Brexit and US sanctions on Iran have had an impact, but it has been more muted

Potential tariffs by the US on EU exports would be highly disruptive

Sanctions and tariffs are changing global flows and resulting in Beneficial Cargo Owners having to adjust their supply chains

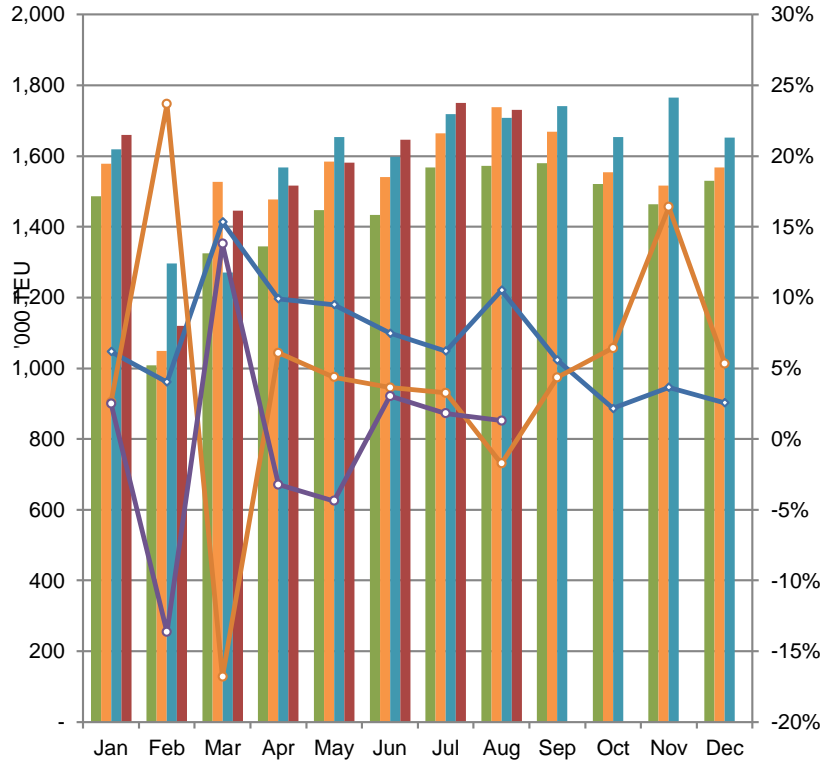
Uncertainty has had a severe impact on freight rates

Monthly trade volumes and freight rates



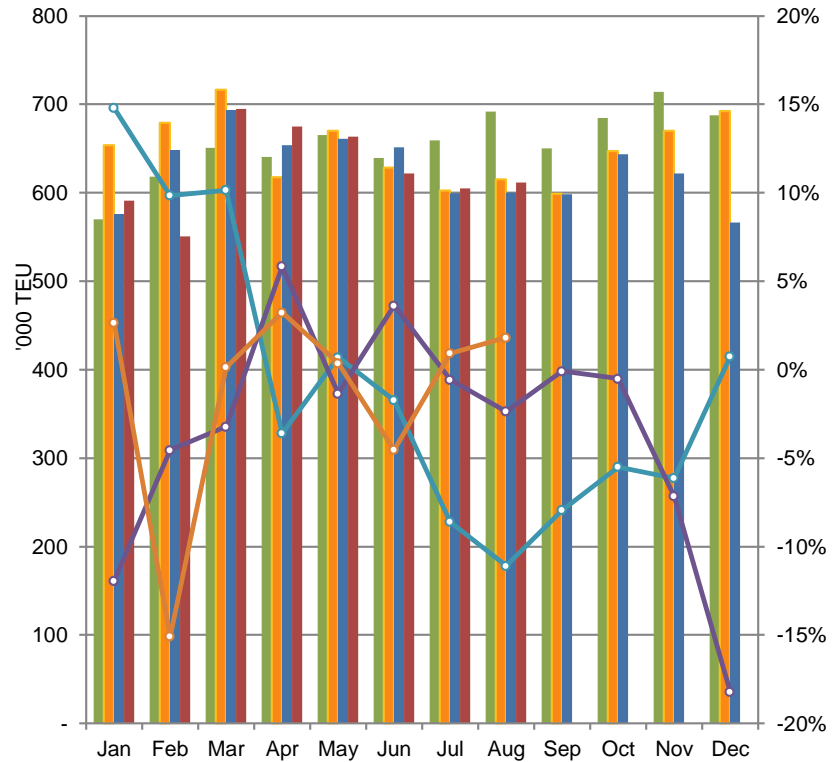
# Transpacific trades

## Eastbound



■ 2016    ■ 2017    ■ 2018    ■ 2019  
—○— change 16/17    —○— change 17/18    —○— change 18/19

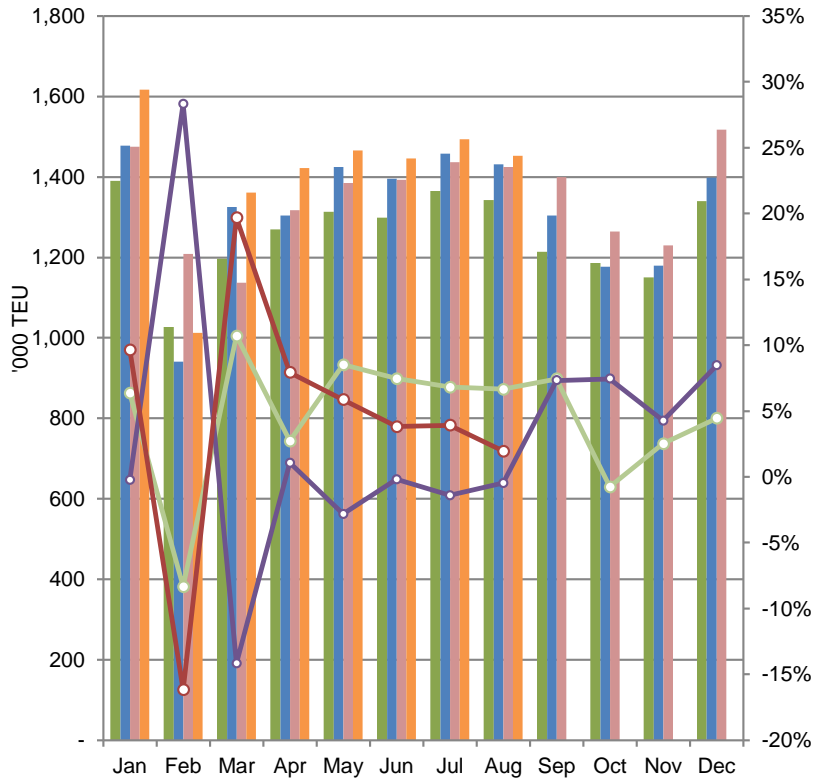
## Westbound



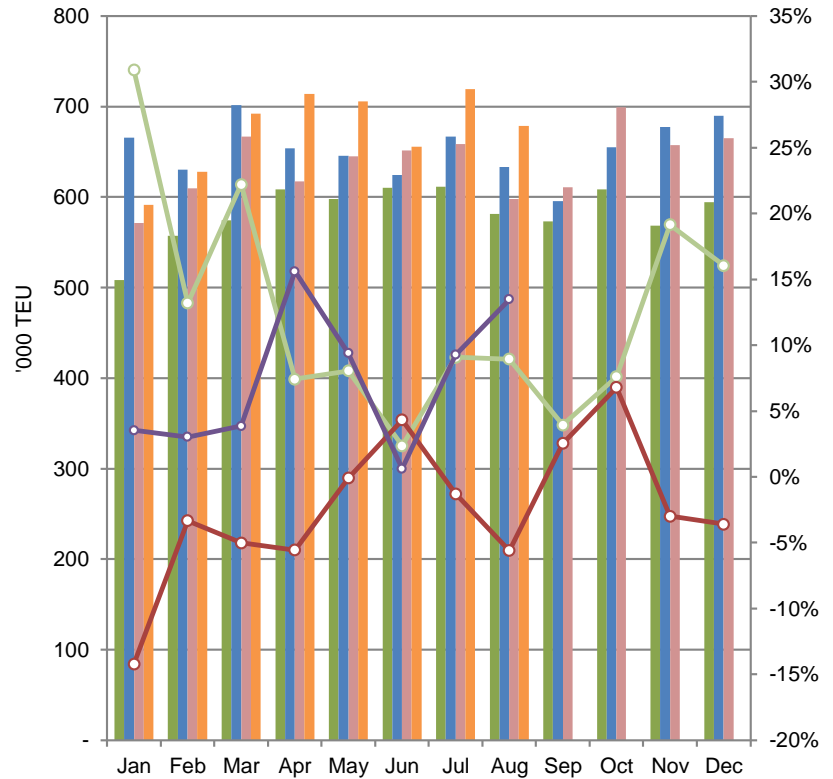
■ 2016    ■ 2017    ■ 2018    ■ 2019  
—○— change 16/17    —○— change 17/18    —○— change 18/19

# Asia/Europe/Asia trade

## Westbound



## Eastbound



# Fuel and the environment

IMO 2020 caps sulphur content of marine bunkers at 0.5%, down from 3.5% currently

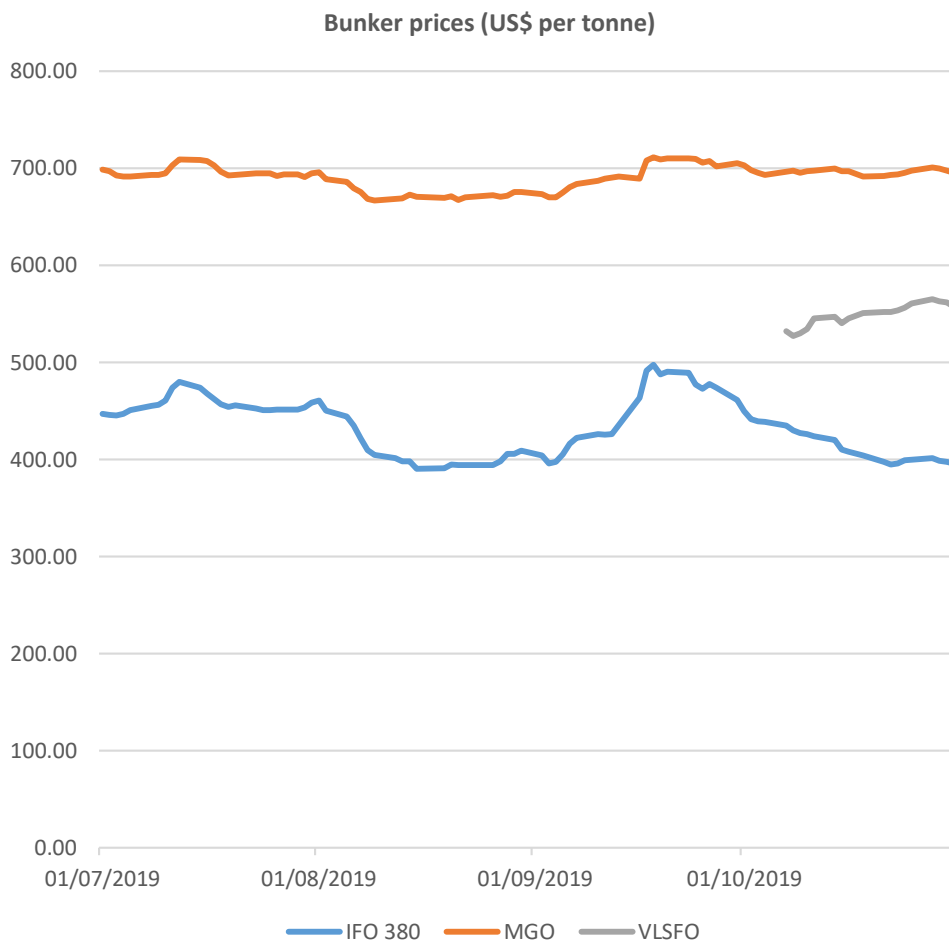
Alternatives to HFO are expensive

Fitting scrubbers is an alternative, but there are also cost implications and some regulatory uncertainties

Ocean carriers have new BAF calculations in place and BCOs will have to pay more

But IMO 2020 is only the start to a decarbonised and GHG-free industry

Shipping lines spending millions on research



# Emerging & disruptive technologies

- Automation and artificial intelligence
- Digitalisation, Block Chain, Big data and Internet of Things
- Cyber security
- Additive manufacturing, including 3D printing





# Modal shifts and capacity constraints

- Containers will increase their share of the market
- Rail, inland waterways and coastal shipping services will increase their share of Intra-European trades
- Driver shortages will present the trucking sector with further problems
- Challenges – intermodal terminal capacity, freight train paths will need to be addressed
- Tightness in some equipment could limit growth



# Conclusions

- Global container trade is growing, but it faces many challenges
- Future growth rates will be slower and probably slower than at any time in the past
- Fuel and the environment will have an increasing influence on all aspects of the supply chain in the future
- New technologies will help the above and continue to offer service improvements and cost cutting programmes for the industry
- Modal shifts and capacity constraints will present the industry with both challenges and opportunities