CONTAINER AND GENERAL CARGO FLEET DEVELOPMENT, SUPPLY/DEMAND PATTERNS AND WORLD CONTAINER PORT DEVELOPMENT

As of January 1st, 2004, the fully cellular container fleet stood at 3,036 ships with 90.2 mill dwt equal to 6.4 mill TEU total and the general cargo fleet comprised 16,487 ships with 95.2 mill dwt equal to 1.9 mill TEU.

Together these fleet segments had, in terms of dwt tonnage, a share of 22.1 per cent of the total world merchant fleet (ships of 300 gt and over). The world merchant fleet had a total capacity of 8.6 mill TEU, whereby at the beginning of 2004, 74.7 per cent of this capacity was attributable to the fully cellular container fleet compared with TEU/shares of 48.8 per cent in 1989 and 67.6 per cent in 2000.

Besides supply and demand patterns the ISL market analysis presents assumptions on future containerised trade developments and includes information on container traffic for the leading world ports. Included in the SSMR issue is an extract of a new information service - the "ISL Monthly Container Port Monitor" (compare pages in the middle of this issue).

THE WORLD CONTAINER FLEET

Tonnage supply 2004

In the period of 2000-2004, the TEU-capacity of the world container fleet grew per year on average by 10.6 per cent, whereas the number of the container vessels rose by 5.6 per cent and the deadweight tonnage by 9.3 per cent.

During the year 2003, the fully cellular container fleet grew by "just" 8.6 per cent (based on TEU). Compared with 1994, the fully cellular container fleet has more than doubled its TEU capacity (+ 215 %), whereby the disproportionate increase of the TEU capacity indicates the trend towards larger container ships.
Thus, looking at the size development of container ships there is, as in previous years, a marked tendency towards larger units. At the beginning of 2004, 473 fully cellular container ships, equal to a share of 38.7 per cent of the total TEU-capacity of the world cellular container fleet, were attributable to sizes above 4,000 TEU. Moreover 109 container ships with approx. 741,000 TEU were attributable to size categories of 6,000 TEU and over, other 148 ships in this size category stood in the order book of January 1st, 2004.

The largest container ships in service at the beginning of 2004 are four OOCL ships with a capacity of 8,063 TEU, like the "OOCL Shenzhen".

As far as container ship operators are concerned the container shipping industry has gone through a period of massive concentration which is not necessarily reflected in the above ownership analysis. Approx. 65 per cent of all fully cellular container ships and 75 per cent of the global TEU capacity is controlled by only 15 operators. The largest is Maersk-Sealand, operating a capacity of 778,000 TEU equal to 13.0 per cent of the total world fleet capacity. Nine of the top 15 operators are with major parts of their fleets involved global alliances. As shown in Fig. 8, about 28 per cent of the total container capacity is employed in three alliances (CHKY alliance, Grand Alliance incl. Grand Americana and New World Alliance). Together with the big three "independent carriers", namely Maersk-Sealand, MSC and Evergreen, these "Global Players" have a market share of 56 per cent on the total TEU-capacity in world container shipping.

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Container fleet operators 2004

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Container fleet by ownership patterns and ship operators 2004

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General cargo and container shipping

cent) and ro-ro cargo ships (14.5 per cent). Single-deck ships grew steadily in number and tonnage throughout the last years.

Looking at the year 2003, demolitions exceeded fleet additions (newbuildings and other entries) by 2.5 mill dwt. As a result, the general cargo fleet decreased, by – 1.6 per cent comparing tonnage figures as of January 1st, 2003 and 2004.

Fig. 7: General cargo fleet by ship type and division of age as of January 1st, 2004 (No of ships)

Assuming that ships of the total general cargo fleet have an average age of approx. 29 years before they are scrapped, the demolition potential for the current general cargo fleet had at least a volume of about 14 mill dwt, thereof 6 mill dwt single and multi deck ships each. This broken-up potential represents more than 15 per cent of the current fleet equal to about 4,300 ships.

SUPPLY / DEMAND PATTERNS IN CONTAINER AND GENERAL CARGO SHIPPING

Monthly market indicators at a glance

Cargo upturns in container trades are also reflected in traffic statistics of leading world container ports as well as container freight rates.

The new ISL “Monthly Container Port Monitor” shows the dynamic development of world container traffic. Monthly TEU figures up to April 2004 increased dramatically in the majority of hub ports in Asia, Europe and America.

The weighted Charter Rate Index from Howe Robinson increased more than 76 per cent during the year 2003 and 38 per cent from the beginning of January to End of April 2004.

The “Hamburg Index for Containership Time Charter Rates up to May 2004” showed ongoing rate improvements for the majority of size classes ranging from under 999 TEU up to 1999 TEU.

Fig. 10: Monthly port container traffic 2000-2004 of US and European ports (TEU - Index 2000 = 100)

4 US Pacific: Los Angeles, Long Beach, Oakland, Seattle; US Atlantic: New York, Port of Virginia, Savannah and Charleston

3 Assumption based on ISL broken-up tonnage analysis for the year 2003.
Future tonnage supply in container and general cargo shipping

Decision for the deployment in general cargo and container shipping is moreover the development of future tonnage supply, namely the potential of demolitions and new orders.

During 2003, 445 container vessels with a capacity of 1.9 mill TEU were contracted. This represents a new record high compared with previous years’ figures. At the beginning of 2004, the container ship order book (ships of 300 gt and over) stood at 588 ships with 31.3 mill dwt and 6.4 mill TEU. At least 86 container ships on order have capacities of 8,000 TEU and above.

Whereas the future tonnage supply and thus the supply/demand balance will be determined by a large number of newbuildings, the situation is completely different in general cargo shipping. In 2003, 518 general cargo ships with a total of 4.1 mill dwt were sold to breakers, which represents, in terms of tonnage, an increase of 24.4 per cent compared with results in 2002. During 2003, 226 general cargo ships with 2.5 mill dwt were added to the order book (ships of 300 gt and over).

Looking at recent developments ISL records indicate that up to April 2004, 120 general cargo ships with a tonnage volume of 0.7 mill dwt and only six container ships with 0.1 mill dwt were reported to be broken-up.

During the first quarter of 2004, new orders amounted to 85 general cargo ships with 0.7 mill dwt and 116 fully cellular container ships with 0.5 mill TEU and 6.3 mill dwt respectively.

THE SHIPBUILDING INDUSTRY

Order activities for general cargo and fully cellular container ships are an indicator for the “market climate”. As already pointed out, for both market segments ordering of new tonnage developed positively.

At the beginning of 2004, the order book reached a level of 18.8 mill cgt for container ships and 5.8 mill cgt for general cargo ships. Compared with previous years’ cgt figures, the order book for container ships strongly increased by 115 per cent, whereas the increase for general cargo ships stood at 23.7 per cent. The order book at the beginning of 2004 comprised 86 container ships in sizes of 8,000 TEU and above totalling 5.1 mill cgt. These ships have a cgt share of 27.3 per cent on the total container order book.
As of January 1st, 2004, 58.0 per cent of the total general cargo tonnage, in terms of cgt, was attributable to Asian shipyards (January 1st, 2000: 48.7 per cent). Their cgt market share for container ships stood at 86.7 per cent. Far Eastern yards increased their order book container tonnage by over 200 per cent compared with figures at the beginning of 2000 which is equal to an average yearly growth of 32.1 per cent. The order book ranking by country of build is led by Japan for general cargo ships and by South Korea for containerships. The latter is especially dominating the market for larger container ship units.

The order book for AWES-yards stood at the beginning of 2004 at 1.9 mill cgt for container ships and 2.3 mill cgt for general cargo. AWES countries lost further market shares to Asian competitors. The cgt-shares for container ships fell from 17.7 per cent in 2000 to 12.2 per cent at the beginning of 2004, whereas market shares for general cargo ships climbed from 29.9 per cent (2000) to 32.9 per cent.

Looking at the first quarter 2004, order activities for container ships continued on a high level. 116 new orders with 3.7 mill cgt were placed. As of April 1st, 2004, the order book for container vessels stood at 662 vessel with 21.5 mill cgt, an increase of over 14 per cent compared with figures for January 2004.

At the beginning of April 2004, the order book for general stood at 460 vessels with 5.8 mill cgt, all about the same level as in January 2004.

**WORLD PORT CONTAINER TRAFFIC**

The following analysis is focussing on the regional development patterns of world container ports.

The total container traffic volume of the top container ports, with a container traffic of more than one mill TEU analysed here, reached 219.5 mill TEU in 2003 and increased by 13 per cent compared with results in 2002. Included in the 2003 analysis are 62 ports, of which 28 Asian ports, 17 European ports and 15 American ports.

In 2003, approx. 63 per cent of the world container traffic, in terms of TEU, were attributable to Asian ports, whereby the top 8 Chinese ports alone represent 25.9 per cent of the total container traffic. Europe had a share of 20.2 per cent of the world container port traffic and America 15.4 per cent.

The top Chinese mainland container ports (with out Hong Kong) grew on average by more than 30 per cent yearly. Their annual container traffic summed up to 13.4 mill TEU in 1999 and 36.4 mill TEU in 2003 respectively.

In 2003, container traffic of the two top ranking world ports increased 6.8 per cent (Hong Kong) and 8.7 per cent (Singapore). The third ranking port, now Shanghai, grew by 30.9 per cent up to a traffic volume of 11.3 mill TEU in 2003.

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5 ISL provides detailed information on container traffic development of major world container ports. Information is based on the ISL port data base and a special inquiry. Comments on the presented tables and completions of missing data and additional statistics will be much appreciated. A detailed description of the ISL port data base is included on the following pages. The 62 Ports presented in the statistical analysis represent, in terms of TEU, approx. two thirds of the total world container port traffic. Thus, figures are a basic indicator for maritime trade developments in 2002/2003. The monthly traffic figures are based on our new service, the ISL Monthly Container Port Monitor. See also: http://www.isl.org/products_services/
During the last year, Port Tanjung Pelapas (3.5 mill TEU, up 31.1 per cent) as well as Laem Chabang (3.2 mill TEU, up 19.7 per cent) were the most dynamic Far Eastern ports outside of China.

Fig. 20: Quarterly container traffic of Hong Kong, Busan and Kaohsiung from January 1999 to March 2004 (in 1000 TEU)

Japanese container ports, except Tokyo (increase of 14.9 per cent), show only moderate growth tendencies. The three top ranking Japanese ports, included in the ISL analysis, topped their last year’s result by almost 0.7 mill TEU, equal to an increase of 9.9 per cent compared with 2003.

The major transhipment ports in the Near East are Dubai Ports, Khor Fakkan in the UAE, Salalah in Oman and Jeddah in Saudi Arabia. Dubai showed a container traffic growth of 22.8 per cent compared with 2002 reaching a total traffic volume of 5.15 mill TEU and Salalah, the port with the largest service gantries in the world, showed an enormous plus of 59 per cent now handling two mill TEU.

All major container ports in the US, except Long Beach, showed substantial gains. This is true for Tacoma (plus 18.2 per cent, in 2003 1.74 mill TEU), Los Angeles (plus 17.6 per cent, 7.2 mill TEU in 2003), Savannah (plus 14.6 per cent, in 2003, 1.52 mill TEU), and the port of Virginia (plus 14.5 per cent 1.65 mill TEU in 2003).

In 2003, Rotterdam, the top European container port, increased it’s traffic by 8.9 per cent. The port now is ranked on position 8 in the world container port league. The port once again lost market shares to Antwerp and Hamburg, which increased their combined market share considerably. Once again the ports of Hamburg and Antwerp outperformed the other ports in the range. They achieved TEU increases of 14.2 per cent (Hamburg) and 13.3 per cent (Antwerp) respectively. Taken together, this represents an increase of 1.4 mill TEU, whereas Rotterdam alone gained only about 580,000 TEU.

Fig. 21: Monthly container traffic of major North Range ports 1999-2004 (Quarterly averages of TEU - Index 2000=100)

Container traffic of the top Mediterranean ports increased by 9.2 per cent. This growth is mainly determined by Algeciras, Piraeus and Barcelona, showing an increase of 15 per cent (Algeciras up to 2.6 mill TEU in 2003), 14.2 per cent (Piraeus up to 1.6 mill TEU in 2003) and 13.4 per cent (Barcelona up to 1.6 mill TEU in 2003). Competition between the large transhipment hubs is extremely strong.

The analysis of container port traffic by continent shows differences of ports with view to their trade relations. This is especially true for European North Sea ports and Far Eastern ports.

Bremen and Antwerp have strong links to the Americas, Hamburg and Rotterdam are more related to Asia. But the traffic analysis underlines that ports gained ground in trades which are not their core domain. For example Bremen Ports and Antwerp show highest growth rates in Asian trades and Hamburg in American and intra-European trades. Rotterdam lost market shares of the European-wide traffic to Hamburg, Antwerp and Bremen/Bremerhaven. This is especially true for transhipment potentials related to the Baltic sea.

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North American West coast ports have strong relationships to Far Eastern ports. Their traffic is to more than 90 per cent distributed to and from the Far East. This interrelation is underlined by the analysis of monthly container traffic of North American West coast ports.

Christel Heideloff, Senior Economist/Editor  
Dieter Stockmann, Editorial Assistant  
Reinhard Monden, Economist