

Globalisation & Container Shipping - impact to developing countries exemplified by South East Asia and Vietnam

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Shipping; a prerequisite for globalisation

- > Discovery of sea ways from Europe to Asia and America and round the world
- > Steam ships
- > Suez and Panama Canals
- > Containerisation



"A truck is a box, and a ship is a ferry, a bridge."

Malcolm MacLean

Strong growth in global container transports

- > 1980: 14 mill. TEU
- > 1990: 29 mill. TEU
- > 2000: 55 mill. TEU
- > 2004: 81 mill. TEU
- > 2005: 88 mill. TEU
- > 2010: 122 mill. TEU (estimate)

Avg. growth rate: approx. 9% per year



The container

Shipper benefits:

- > Less damage
- > Different goods to the same consignee
- > Economies of scale
- > Reduced need for warehousing

An ordinary 40 foot container

- > Equals a bus in size
- > Can store:
 - > 1,500 DVD players
 - > 18,000 T-shirts
 - > 90,000 lamb chops



Why container shipping is successful

Shift from bulk to container

- > Faster transport
- > Reduced cargo damage
- > Better logistical opportunities
- > Lower costs

Outsourcing of production

Change of production venues

Avg. yearly growth in % 1982-2005

GNP (world): 2.8%

International trade volume: 6%

Container volume TEU: 9.9%



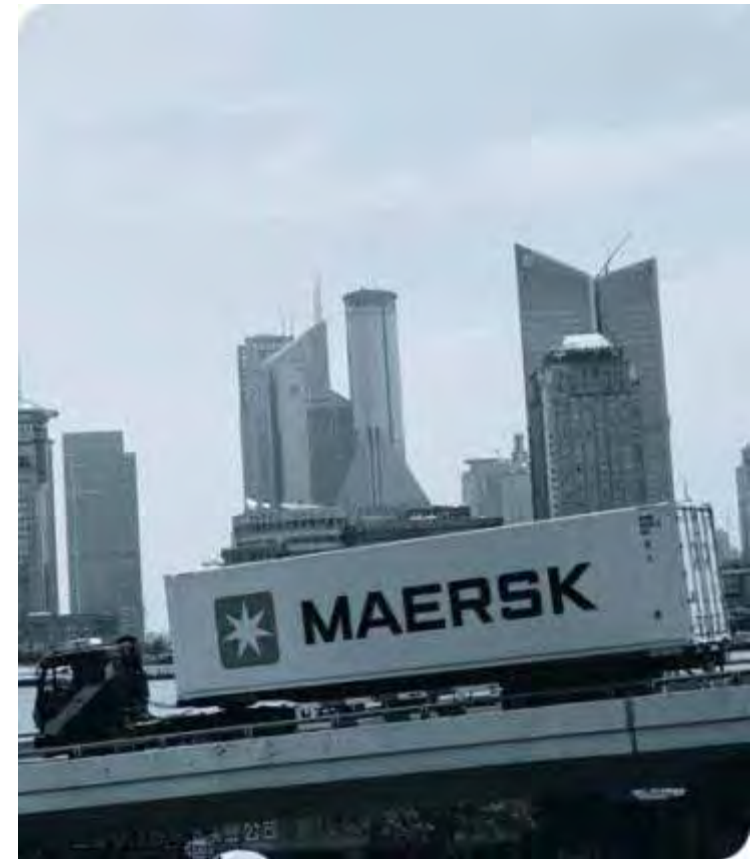
Lower transport costs enables globalisation

From Asia to Europe with e.g. Emma Maersk:

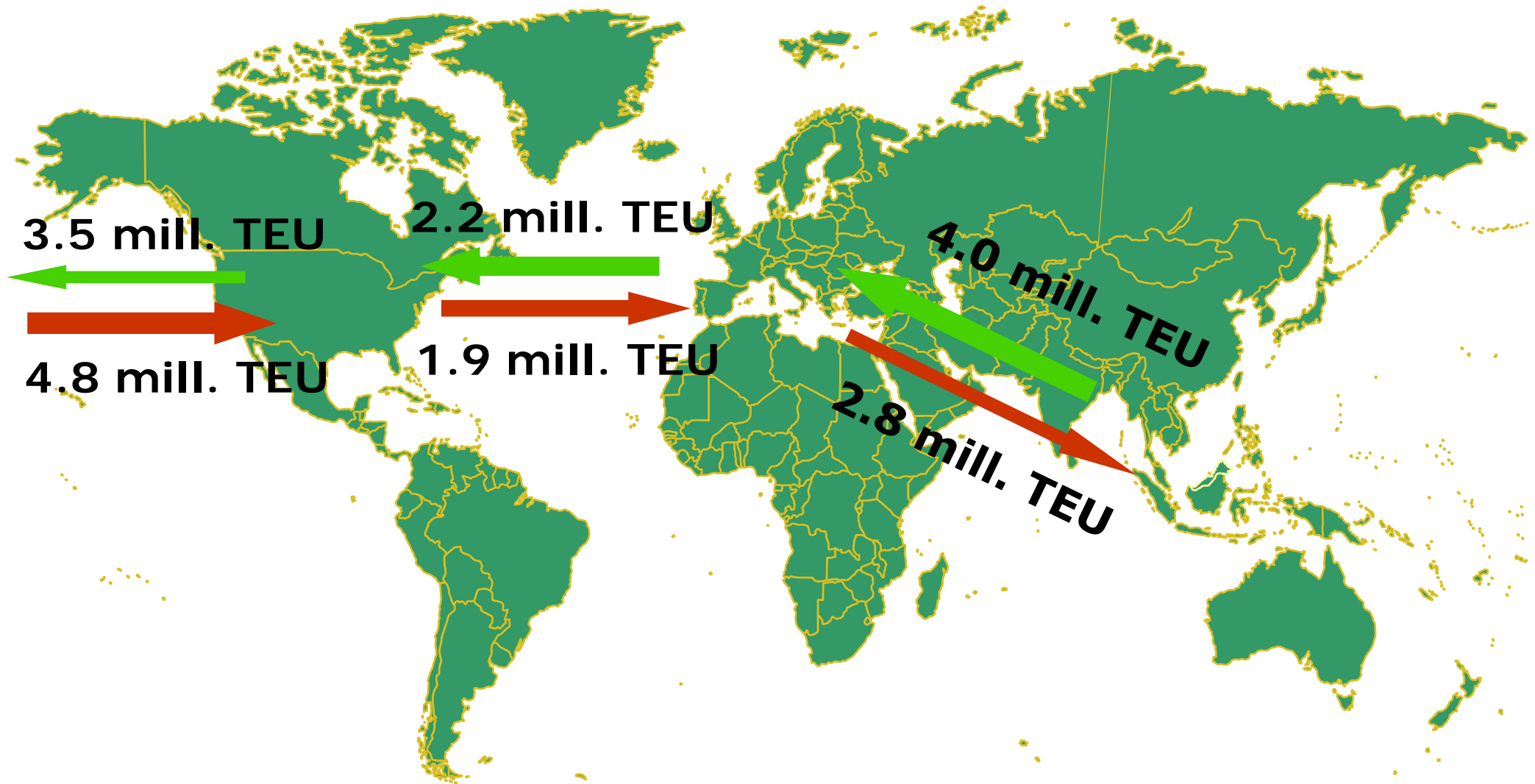
- > A bicycle: USD 10
- > A washing machine: USD 18
- > A T-shirt: USD 0.22
- > A pair of jeans: USD 0.73

"The real driving force behind globalization is... the declining cost of international transport."

The Journal of Commerce,
April 15, 1997

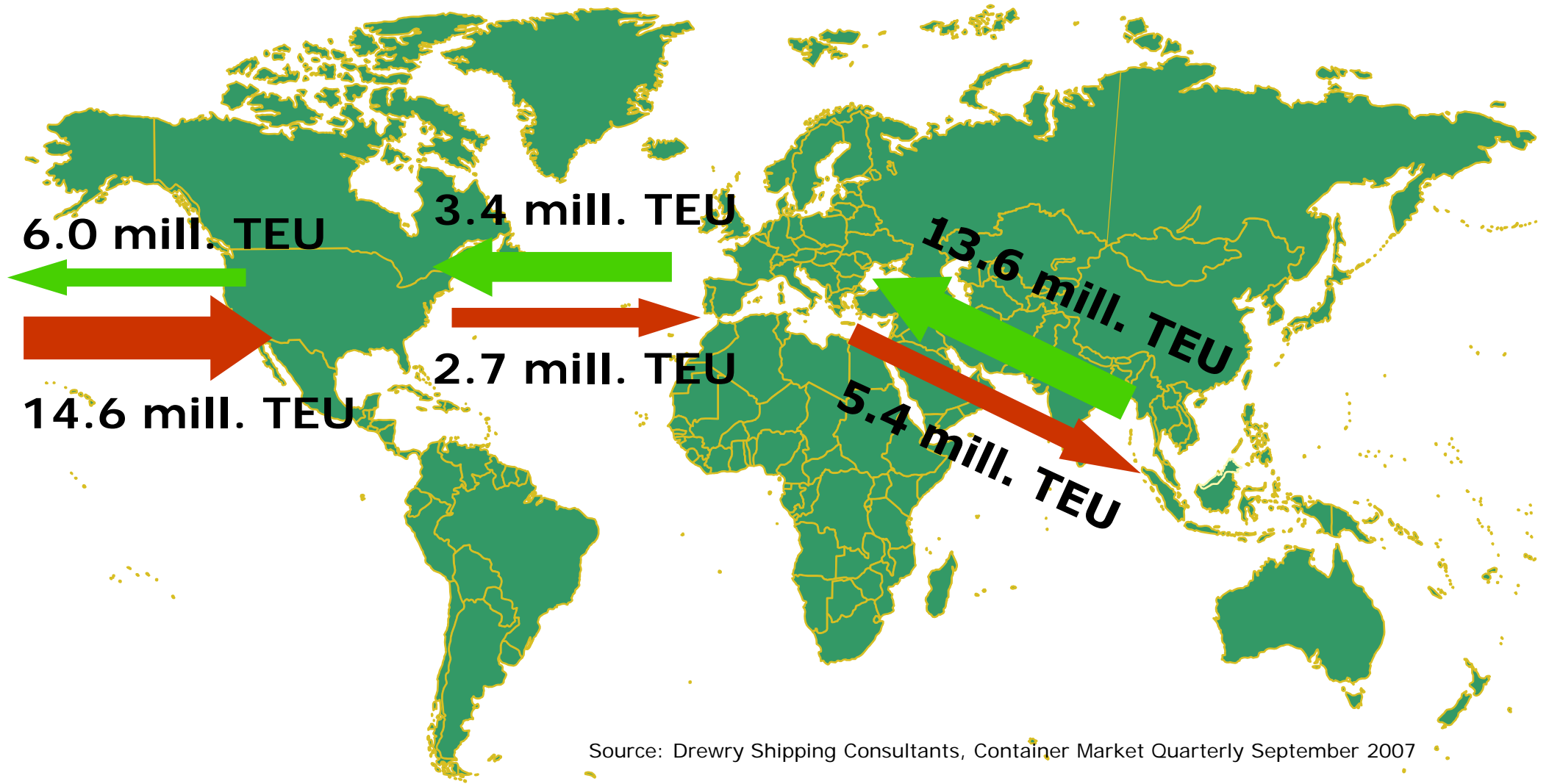


Trade Imbalances 1997



Source: Drewry Shipping Consultants, Container Market Quarterly December 2006

Trade Imbalances 2007 (estimated)



Source: Drewry Shipping Consultants, Container Market Quarterly September 2007

Future

Growth expected to continue

- > Outsourcing
- > Change of production venue
- > Continued low transport costs

To sustain growth we must address

- > Environment
- > Need for modernisation
- > Infrastructure
- > Logistics

Recap

- > Globalisation follows many hundred years of continuous trade growth
- > The last 20 years, container shipping growth has been approx. 9% each year on average
- > We expect the high growth rate to continue
- > Containerisation and outsourcing are the main drivers
- > Container shipping is essential for the development of the world economy
- > The international transport industry need to be modernised, and over the next years large infrastructure investments are required

Introduction to South East Asia

Quick facts about South East Asia:

- > Third fastest growing economic area in the world measured in terms of GDP growth
- > Home to a number of emerging and developing countries that outperform other emerging regions in terms of export oriented manufacturing
- > Hosts four of the world's largest ports that together account for 13% of global container traffic



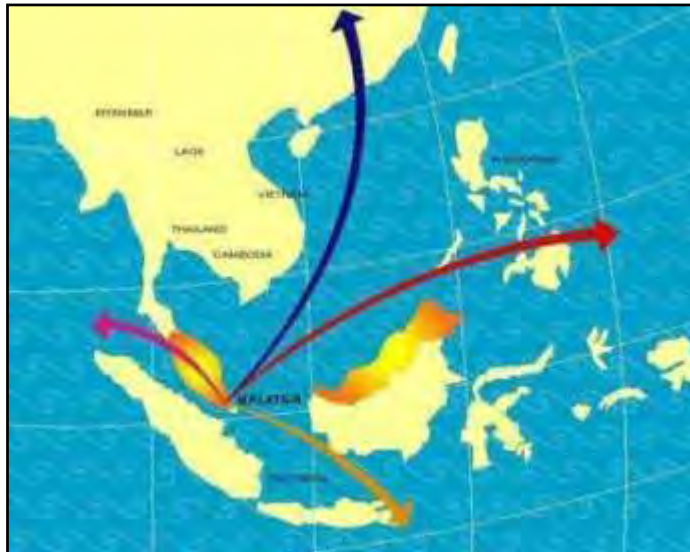
Data from Institute of Shipping Economics and Logistics, ISL (2005): Shipping statistics and Market Review – Focus: World Port Development, No. 11/12 November/ December 2005, Germany

Connecting Developing Countries to Global Trade Routes

Port of Tanjung Pelapas as transshipment hub

Connectivity through Port of Tanjung Pelapas (PTP) in Malaysia

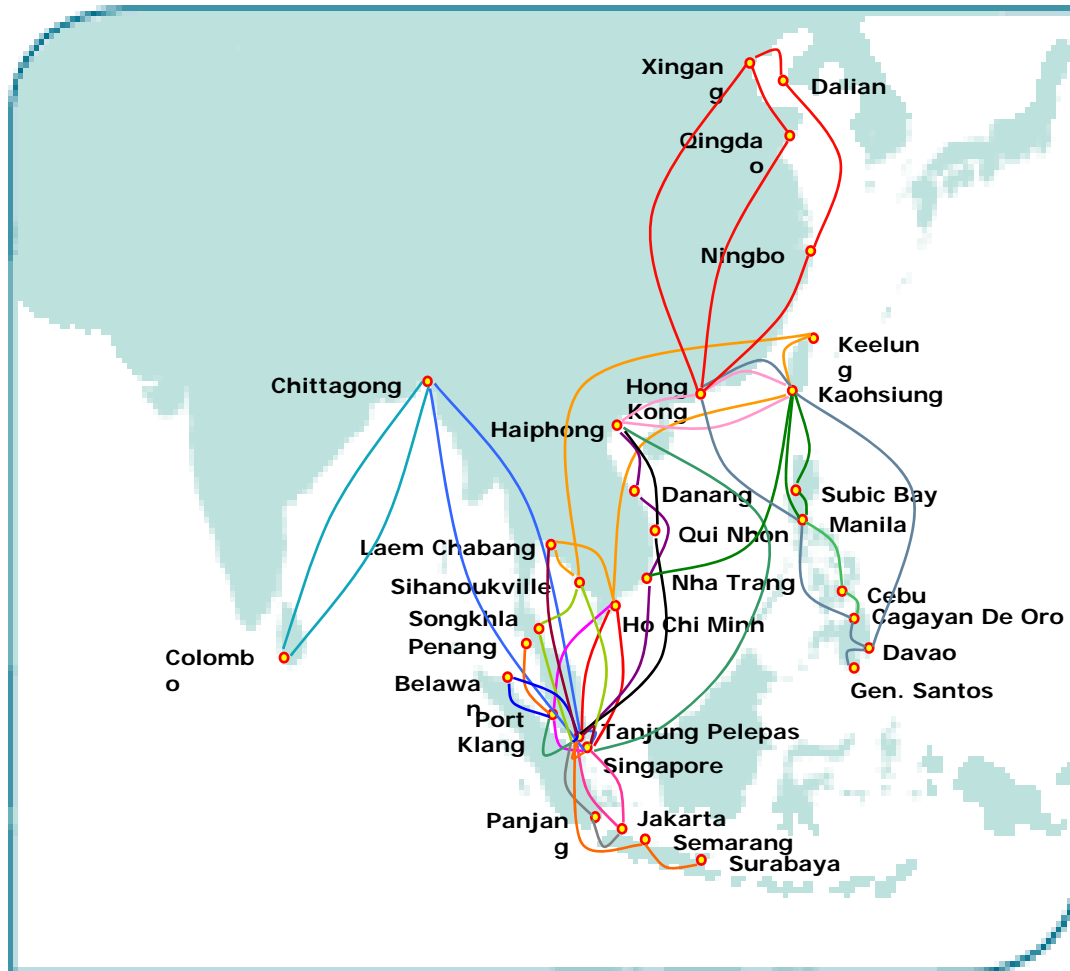
- > Intersection of East – West International trade lanes
- > 60% of the throughput at PTP is accounted for by Maersk¹
- > Over 20 weekly services to more than 25 destinations in South East Asia
- > Over 70 direct weekly services globally



¹ Source: Presentation by Port of Tanjung Pelapas, Malaysia, August 2006

Providing Connectivity within South East Asia

MCC Service Network



Quick facts on MCC Feeder Network

> Provides feeder connectivity at Port of Tanjung Pelepas enabling the port to attract and retain 3rd party main line customers.

> No. of vessels: 32

> Weekly capacity: 46,538 TEU

> Annual capacity: 2.42 million TEU per year (annualised as per projected fleet size in October 2007)

> No. of port calls per week: 96

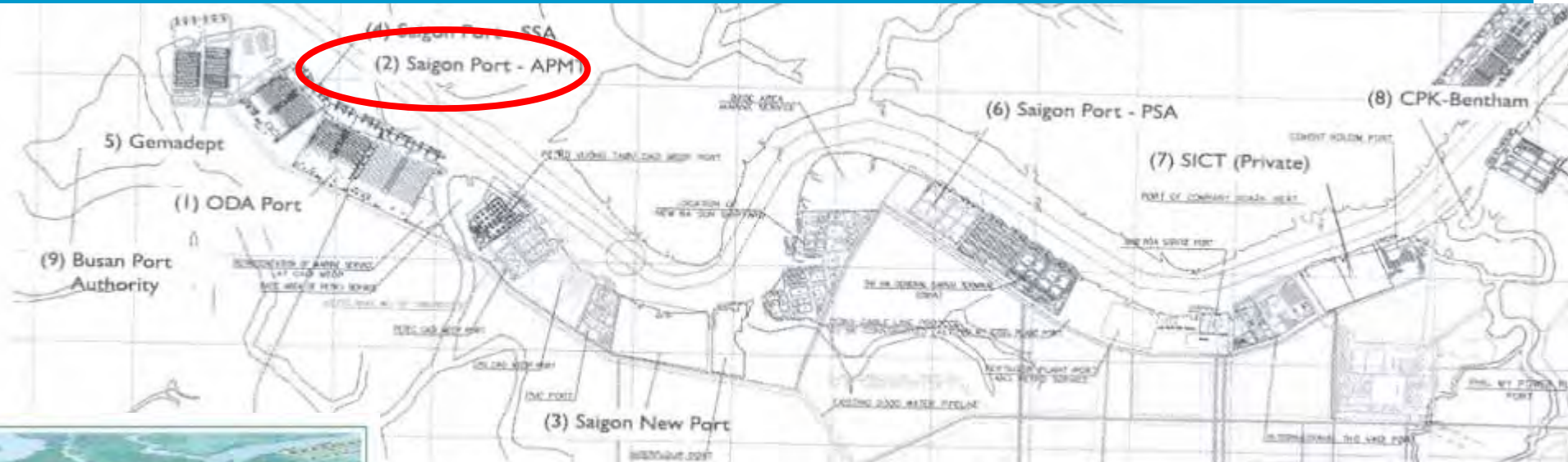
> No. of different ports per week: 32

> No. of ports where 'feeder max' apply: 18

Leveraging Growth in Vietnam: New Port Developments

Currently focused on Cai Mep – 90 km south east of Ho Chi Minh city

Cai Mep – Thi Vai Port Development Details



APM Terminals Investment plan

CAI MEP INTERNATIONAL CONTAINER TERMINAL

- > Joint venture between Saigon Port (51%) and APM Terminals (49%), the second largest container port operator in the world
- > Construction started in 2007; targeted for completion in 2009 and to be operational in 2010
- > Capacity 950,000 TEU per year
- > Approximately 90 km from Ho Chi Minh City

Cai Mep to the World ...



Major Impact in South East Asia

Facilitate the integration of developing countries and their firms into the global economy through providing global connectivity

- > Building ports and transport route networks

Integrate and coordinate globalised production processes

- > Results in knowledge transfer to local enterprises and staff