State of the industry – a market perspective

Chief Shipping Analyst Peter Sand

Digitization and Automation in the Maritime Supply Chain
31 May 2017, Copenhagen, Denmark
BIMCO’s vision and mission

Our vision:
“To be the chosen partner trusted to provide leadership to the global shipping industry”

Our mission:
“To be at the forefront of global developments in shipping, providing expert knowledge and practical advice to safeguard and add value to our members’ businesses”
Our strength in numbers

• 4 locations – Shanghai, Singapore, London and Copenhagen
• 50+ staff – 13 nationalities
• 10,000 helpdesk enquiries per year
• 30,000 followers on social media (Twitter, LinkedIn, WeChat, Facebook)
• over 3 million page views on the BIMCO website per year
• represent more than half of the world’s tonnage in total over 1 Billion TDW and growing
• 2,100 members in over 120 countries including around 800 owners representing all sectors.
**BIMCO’s 4 core services**

<table>
<thead>
<tr>
<th>Products</th>
<th>Training</th>
<th>Regulation</th>
<th>Information &amp; advice</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Contracts and clauses</td>
<td>• eLearning</td>
<td>• NGO at IMO</td>
<td>Ships</td>
</tr>
<tr>
<td>• IDEA2</td>
<td>• Face-to-face courses</td>
<td>• Regular engagement with regional regulators</td>
<td></td>
</tr>
<tr>
<td>• Shipping KPIs</td>
<td>• Webinars</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Publications</td>
<td>• Tailor-made courses</td>
<td></td>
<td>Commercial</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Ships**
- Technical
- Environmental
- Safety
- Security

**Commercial**
- Chartering support
- Ports and cargo databases
- Credit risk
- Debt recovery
- Fraud alerts
- Market analysis
The buzzword to remember

• *The Fourth Industrial Revolution* builds on the Digital Revolution, representing new ways in which technology becomes embedded within societies and even the human body.

• The Fourth Industrial Revolution is marked by emerging technology breakthroughs in a number of fields, including robotics, artificial intelligence, nanotechnology, biotechnology, The Internet of Things, 3D printing and autonomous vehicles.
The World in a nutshell

AND NOW, THE GLOBALIZATION OF NATIONALISM

ECONOMY STRONG ENOUGH
Fed Rates 0.25% Up

MY MOOD IS UP 0.25%


Source: © Chappatte in The International New York Times (www.globecartoon.com)
China and Japan are doing well for now.
Dry Bulk Shipping
As the BDI moves higher, demolition activity weakens
Dry Bulk Shipping
A ‘false dawn’ - BDI below 1,000 again on Monday 15 May 2017

Dry bulk freight market development
2011-2017

Dry bulk ship fleet growth

A is actual. F is forecast. E is estimate, which will change if new orders are placed. The supply growth for 2017-2019 contains existing orders only and is estimated under the assumptions that the scheduled deliveries fall short by 10% due to various reasons and 40% of the remaining vessels on order are delayed/postponed.
No way around the basics

Changes to the fundamental market balance

This is a projection – NOT a forecast
Tanker Shipping
Shipowners have their work cut out handling the supply side in 2017

Crude oil tanker earnings
2015-2017

Crude oil tanker fleet growth

A is actual, F is forecast, E is estimate, which will change if new orders are placed. The supply growth for 2017-2019 contains existing orders only and is estimated under the assumptions that the scheduled deliveries fall short by 10% due to various reasons and 35% of the remaining vessels on order are delayed/postponed.

Source: BIMCO, Clarksons
Tanker Shipping

Oil product tanker earnings
2015-2017

Oil product tanker fleet growth

Source: BIMCO, Clarkson's

A is actual, P is forecast, E is estimate, which will change if new orders are placed. The supply growth for 2017-2019 contains existing orders only and is estimated under the assumptions that the scheduled deliveries fall short by 10% due to various reasons and 35% of the remaining vessels on order are delayed/postponed.
Container Shipping
New networks come into focus as the supply side holds the key to improvements

US West Coast, inbound loaded containers
2015-2017

Source: BIMCO, US West Coast ports

Note: Accumulated growth rates for 2015 and 2016 are intentionally left out due to the labour conflict in January and February 2015.

Changes to container shipping alliances
from 1 April 2017

Previous

New

2M
G6
Ocean
Ocean Alliance

Source: BIMCO, company websites
Container Shipping

Indicative market fundamentals for container shipping

2004-2016

- Demand (TEU-mile)
- Supply (TEU)

Source: BIMCO, Clarkson

Container ship fleet growth

- To be delivered p.a.
- Demolition
- Growth rate (RH-axis)

Source: BIMCO estimates on Clarkson's raw data

A is actual, F is forecast, E is estimate, which will change if new orders are placed. The supply growth for 2013-2019 contains existing orders only and is estimated under the assumptions that the scheduled deliveries fall short by 10% due to various reasons and 30% of the remaining vessels on order are delayed/postponed.
Already third in the ranks.
While still on its maiden voyage...
A whole new world? Nah, we are not that conservative in the shipping industry

- Cyber Security – does “WannaCry” rings a bell?
  - BIMCO and partners leading the industry (vers. 2.0 later this year)
    1) Make guidelines
    2) implement them
    3) cyber resilience

- Autonomous ships (from all-manual to smart ships)
  - Next year in domestic waters
  - International shipping – “a bit more complicated”...

- BIMCO’s Shipping KPI – IDEA’3’ – both relaunch later this year

- EU Efficiensea II project
A scenario could be...

**Maritime Single Windows**

**The Maritime Cloud**
- Communication behind firewall
- Identification Registry
- Service Registry
- Service provider (BIMCO port database)

**Authorities**
- Immigrations
- Customs
- Police
- Maritime Authority
- Port State Control
- Health
- Ports
- ...

**Information**
- Cargo formalities
- Waste delivery
- Bunkers
- Pre-arrival/Departure
- Dangerous goods
- Crew/Passenger lists
- Ten last ports of call
- Certificates
- ...

**Ship owners**

**Mariners**

**Service providers (BIMCO port database)**

**Port Authorities**
- Reception facilities
- Contact points
- Holiday Calendar
- Taxes & Tariffs
- ...

**BIMCO**
On Big Data – JUST a thought...

• “Big Data is a little like teenage sex. Everybody claims they are doing it, most people don’t know how to do it, but think everyone else is doing it.

• The people who are doing it, aren’t doing it well enough to get any satisfaction from it.”

• Futurist K D Adamson of Futurenautics (female)
Thank you!

Contact BIMCO at
www.bimco.org