

IMO World Maritime Day

The theme of the 2005 United Nations International Maritime Organization (IMO) World Maritime Day is: 'International Shipping Carrier of World Trade'.

The following information has been prepared by the Round Table of international shipping associations - BIMCO, INTERCARGO, INTERNATIONAL CHAMBER OF SHIPPING/INTERNATIONAL SHIPPING FEDERATION and INTERTANKO.

It is also supported by the national shipowners' associations of Australia, Austria, Belgium, Brazil, Bulgaria, Canada, Chile, China, Croatia, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong - China, Iceland, India, Ireland, Isle of Man, Italy, Japan, Korea, Kuwait, Liberia, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Pakistan, Philippines, Singapore, Spain, Sweden, Switzerland, Turkey, United Kingdom and United States.

For more information about the shipping industry:

www.shippingfacts.com



'International Shipping - Carrier of World Trade'

The international shipping industry is responsible for the carriage of 90% of world trade and is the life blood of the global economy.

Without shipping, intercontinental trade, the bulk transport of raw materials, and the import/export of affordable food and manufactured goods would simply not be possible - half the world would starve and the other half would freeze!



Ships are technically sophisticated, high value assets (larger hi-tech vessels can cost over US \$150 million to build), and the operation of merchant ships generates an estimated annual income of over US \$380 billion in freight rates, representing about 5% of the total global economy.

It is the availability, low cost and efficiency of maritime transport that has made possible the large shift towards industrial production in Asia, which has in large part been responsible for recent improvements in global living standards.

World trade continues to grow, and the international shipping industry has responded to demand for its services. Recently, the industry has enjoyed what has become the longest sustained period of buoyant markets within living memory. Shipping markets are cyclical and notoriously volatile, and today's unprecedented markets are unlikely to continue for ever. But virtually all sectors of the industry have benefited from the recent global shipping boom.



International Maritime Organization (IMO) in session in London

Global regulation for a global industry

Shipping is an international industry which depends upon a global regulatory framework to operate efficiently.

Shipping enjoys a relatively level 'playing field' between maritime nations, and healthy competition between individual shipping companies, of which there are around 10,000 involved in international trades, operating about 50,000 ships.



Shipping is highly regulated at the global level, notably by the United Nations International Maritime Organization (IMO), which is responsible for safety of life at sea, maritime security and the protection of the marine environment. In addition, the International Labour Organization (ILO) establishes standards of employment and working conditions for seafarers.

It is vital that regulations on matters such as construction standards, navigational rules and crew qualifications are common to all ships in international trade. When a ship sails from Brisbane to Buenos Aires, the same rules need to apply at both ends of the voyage. The alternative would be a web of conflicting national regulations, resulting in market distortions and administrative confusion that would compromise the efficiency of world trade.

The level of ratification and enforcement of IMO Conventions is very high in comparison with international rules adopted for land based industries. For example, the provisions of the Safety of Life at Sea Convention (SOLAS) and the International Convention for the Prevention of Pollution from Ships (MARPOL) have been implemented by virtually every maritime country. Nations have the power to detain foreign ships in port if they do not conform to international rules, and IMO regulations are enforced on a global basis.

The safety record of the industry and its environmental performance are impressive (see graphs, right). National and regional policy makers occasionally question the efficiency of the international regulatory regime under which shipping operates. But when consideration is given to the difficulties involved in securing international agreement on complex technical requirements, IMO is a model of efficiency.





Maintaining efficient maritime services

Of significant relevance to shipping's fortunes are the negotiations at the World Trade Organization (WTO) in Geneva on eliminating trade discrimination and unfair treatment by governments. A successful new WTO agreement on goods and products should further increase world trade and so generate demand for shipping services.

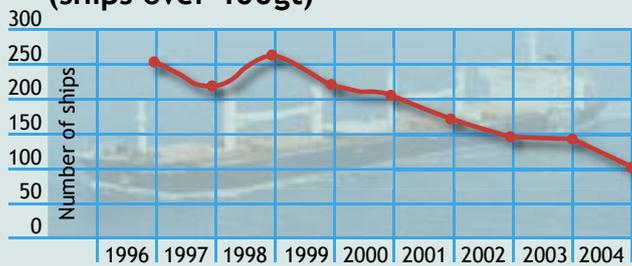
But shipping customers also stand to benefit from any specific terms that are agreed on maritime services as part of the current 'Doha' round of negotiations on a new General Agreement on Trade in Services (GATS). Currently shipping remains one of the few major industries still outside the scope of the existing agreement concluded in the 1990s, largely because it has long been very liberalised in terms of freedom to trade with other countries, as well as extensively regulated at a global level.

The principal benefits to ship operators of the incorporation of maritime services into any new WTO agreement are that it will codify existing best practices. This should help to prevent any return to unacceptable measures, such as widespread cargo reservation for national operators on commercial international voyages, or discrimination when charging for port services.

The shipping industry has been encouraged by the efforts of the government negotiators at WTO that have formed the 'Friends of Maritime Group'. Comprising over 50 countries, the Group has highlighted the great importance of efficient maritime services to the health of the world economy.

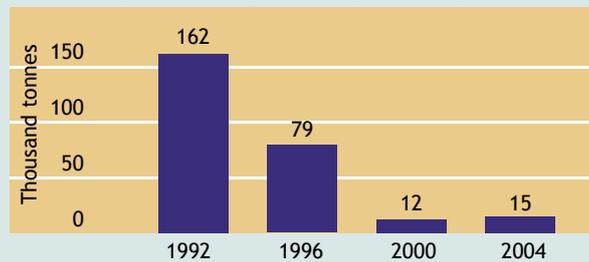
Shipping's performance

Total losses by number (ships over 100gt)



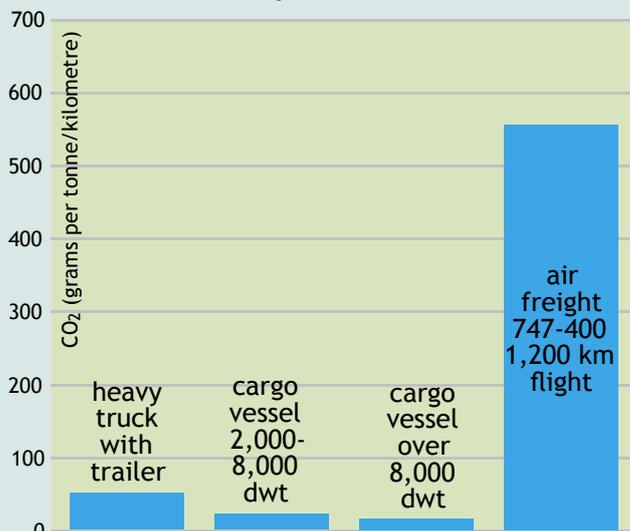
A 'loss' refers to ships damaged beyond economic repair
Source: Lloyd's Register Fairplay

Quantity of oil spilled (tonnes)



Source: International Tanker Owners' Pollution Federation Limited

Comparison of CO₂ emissions between different transport modes



Source: NTM (Swedish Network for Transport and the Environment)

The low costs of maritime transport

Due to continuous improvements in technology and efficiency maritime transport costs are very competitive.



- The typical cost to a consumer in the United States of transporting crude oil from the Middle East, in terms of the purchase price of gasoline at the pump, is about half a US cent per litre.



- The typical cost of transporting a tonne of iron ore from Australia to Europe by sea is about US \$12.



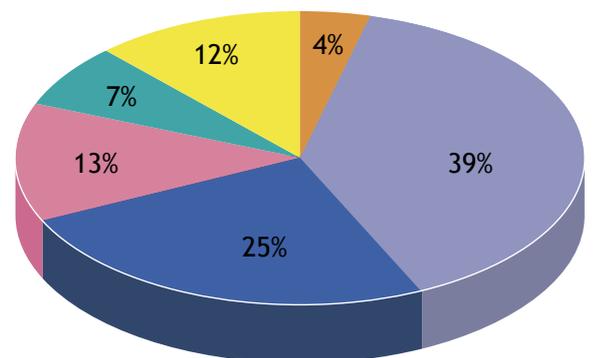
- The typical cost of transporting a 20 foot container from Asia to Europe carrying over 20 tonnes of cargo is about the same as the economy airfare for a single passenger on the same journey.

Typical Ocean Freight Costs (Asia-US or Asia-Europe)

	Unit	Typical Shelf Price	Shipping Costs
	1 unit	\$700.00	\$10.00
	1 unit	\$200.00	\$1.50
	1 unit	\$150.00	\$1.00
	Bottle	\$50.00	\$0.15
	1 kg	\$15.00	\$0.15
	Tin	\$3.00	\$0.05
	Can	\$1.00	\$0.01

Bulk shipping costs have increased by only 70% in the last 50 years.
US retail prices have risen by almost 700%!

Different sectors as a percentage of total number of ships in the world fleet 1 Jan 2005



- Tankers
- Bulk carriers
- Container ships
- General cargo ships
- Passenger ships
- Other

Source: Lloyd's Register Fairplay

Different types of ships in the world fleet



Container Ships carry most of the world's manufactured goods and products, usually on scheduled liner services. **The latest generation of container ships can carry the equivalent of 10,000 heavy trucks.**



Bulk Carriers are the work horses of the fleet, transporting raw materials such as iron ore, coal and foodstuffs, identifiable by the hatches raised above deck level which cover the large cargo holds. **The largest bulk carriers can transport up to 200,000 tonnes of grain, enough to feed half a million people for a year.**



Tankers transport crude oil, chemicals and petroleum products. Tankers can appear similar to bulk carriers, but the deck is flush and covered by oil pipelines and vents. **The largest tankers can carry over 300,000 tonnes of oil, enough to heat an entire city for a year.**



Other Ships include car carriers (shown here), gas carriers, heavy lift vessels and ships supporting the offshore oil industry. There are also a large number of smaller general cargo ships.



Ferries and Passenger Ships
Ferries usually perform shorter journeys for a mix of passengers, cars and commercial vehicles. Many of these ships are Ro-Ro (roll on - roll off). The number of luxury cruise ships has also expanded greatly in recent years.

The Round Table of international shipping associations



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For an electronic version see:
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