

# Container market: the impact of China

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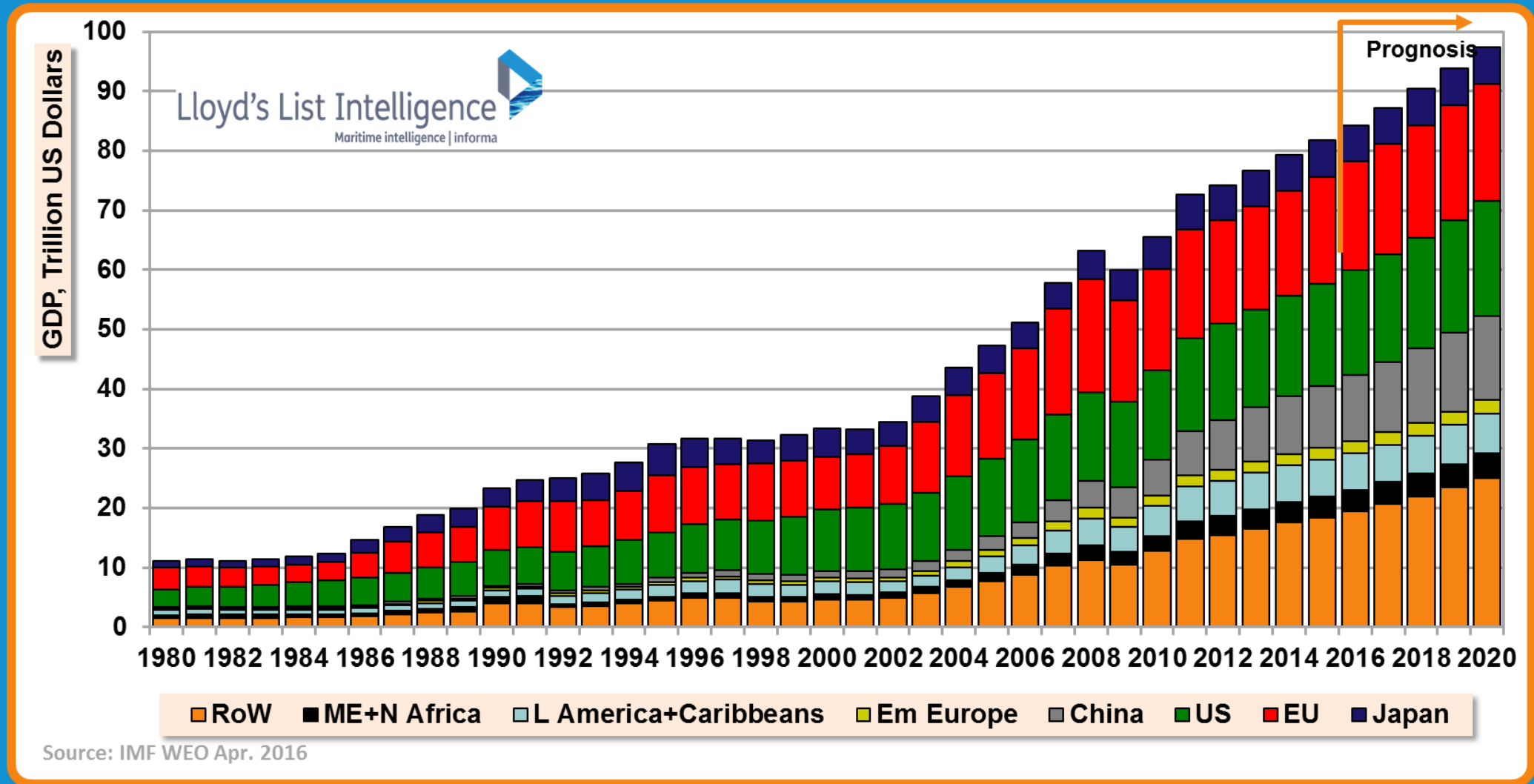
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# Global GDP growth on the roller coaster ride. Enormous growth since 2000, +\$50Tn +\$16Tn in the next 5.



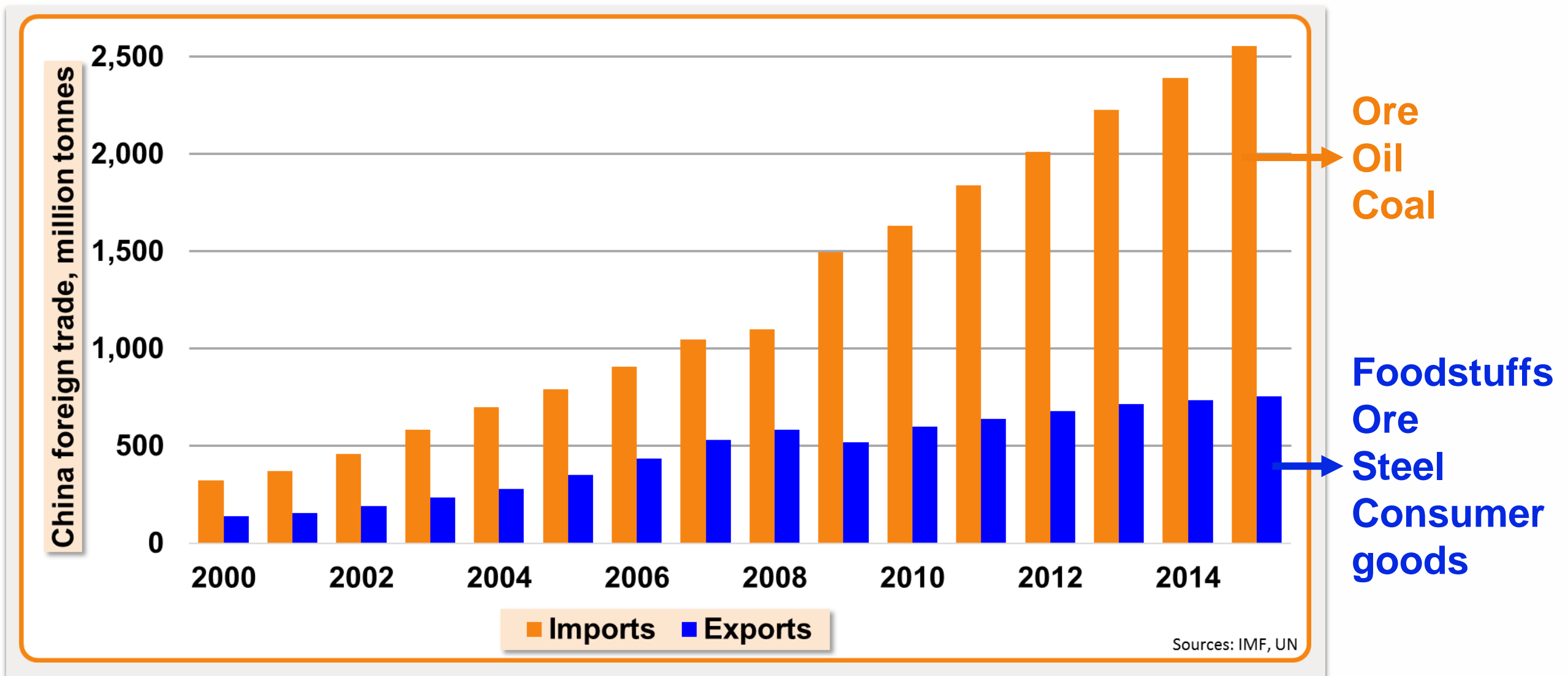
## GDP

- Consumption
- Public expend.
- Investments
- Inventory changes
- Exports
- Imports

↓

- Price \* Volume
- Land
- Air
- Sea

# Chinese trade a large explanation for the global GDP growth. It has increased by 2.8Bn tonnes since they joined the WTO

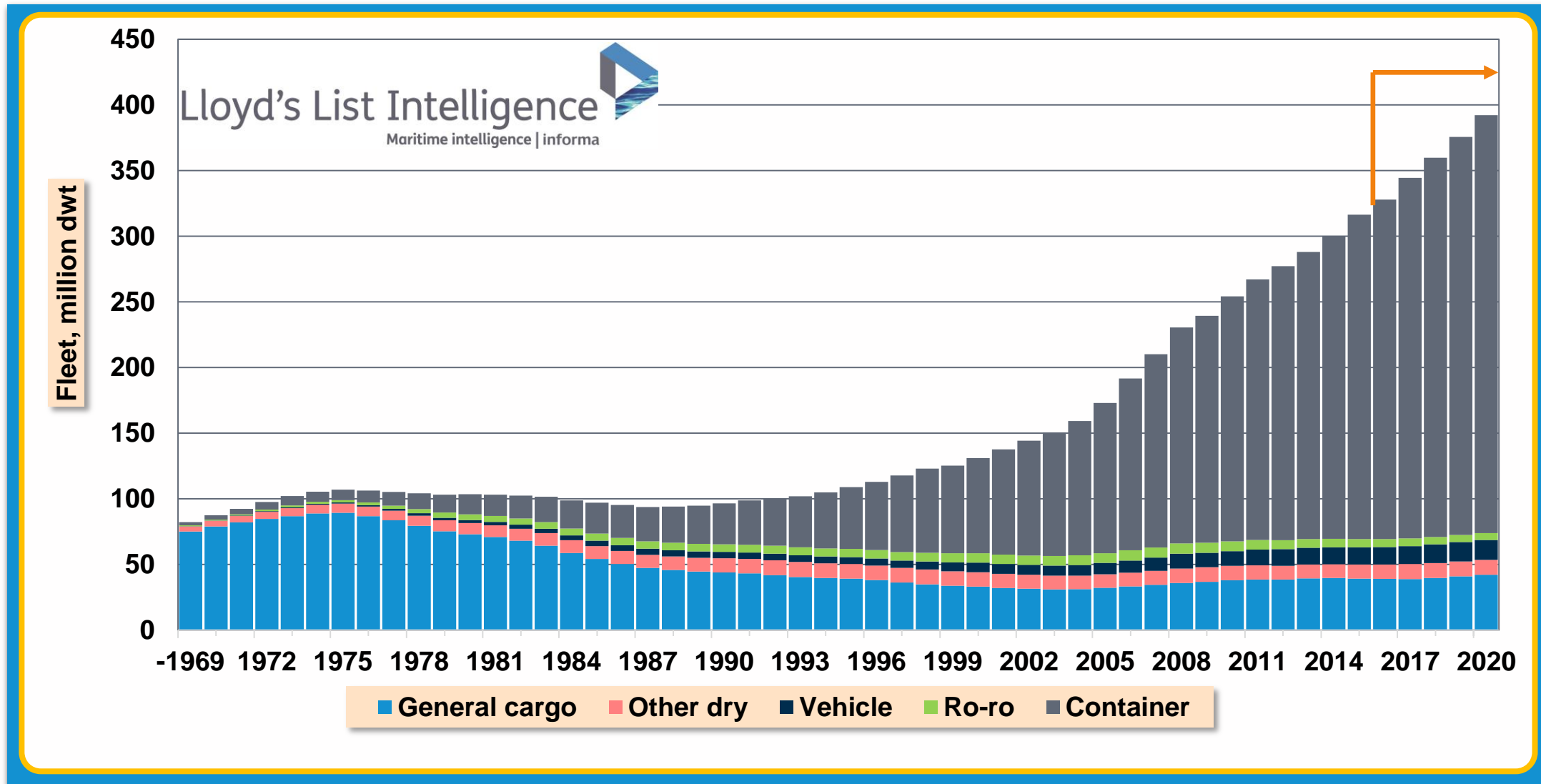


## Going forward the growth rate of total global trade is expected to increase

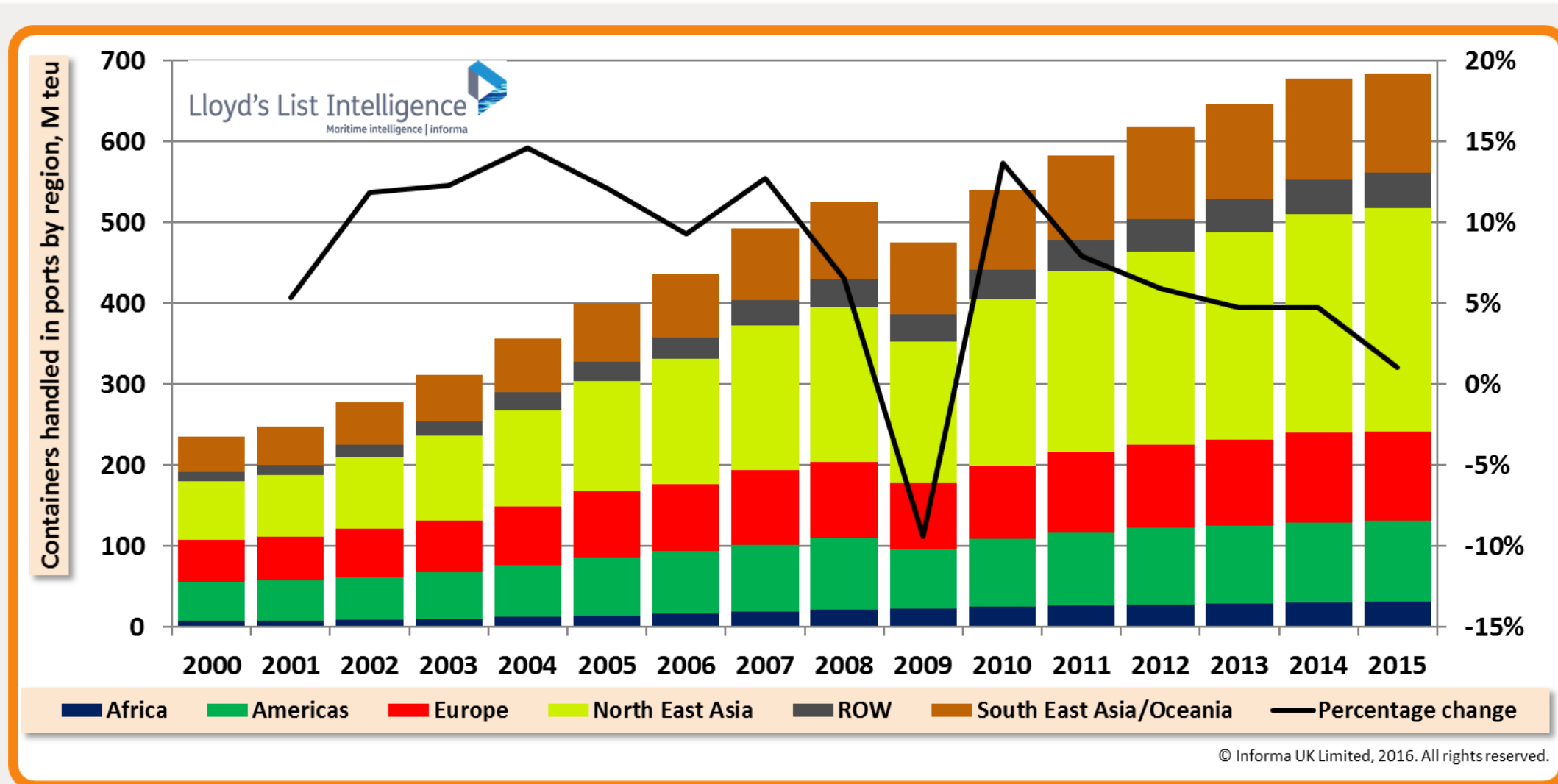
- **Average annual growth rate (cagr)**
  - 3.1% 2006-2015
  - 3.4% 2016-2025
- **Slower in China**
- **Faster in:**
  - India
  - Other parts of Asia
  - Middle East
  - Parts of Africa



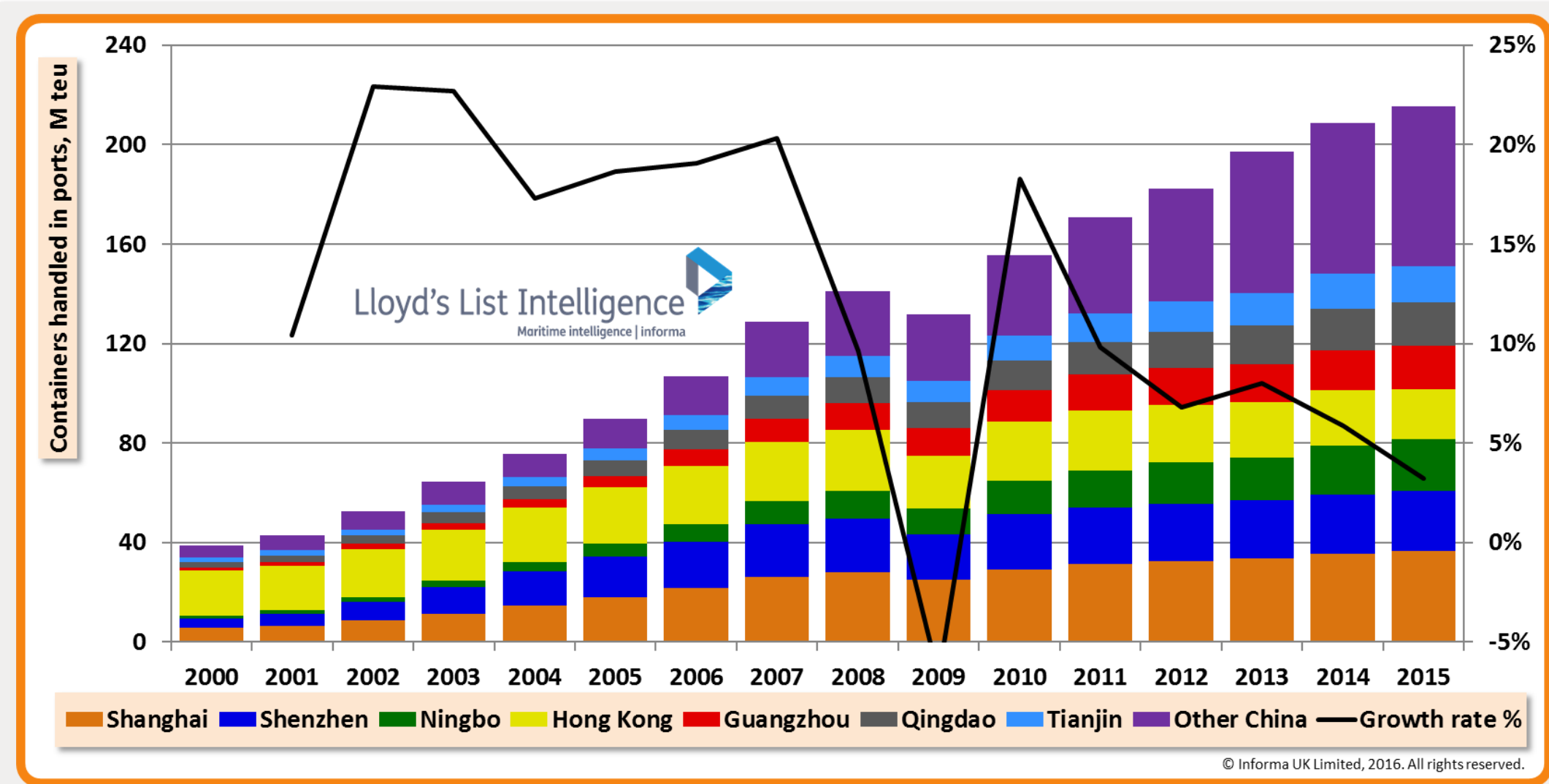
# The containerization has also been a leading facilitator of globalisation



# The global port turn around of containers has increased continuously and is approaching 700M teu



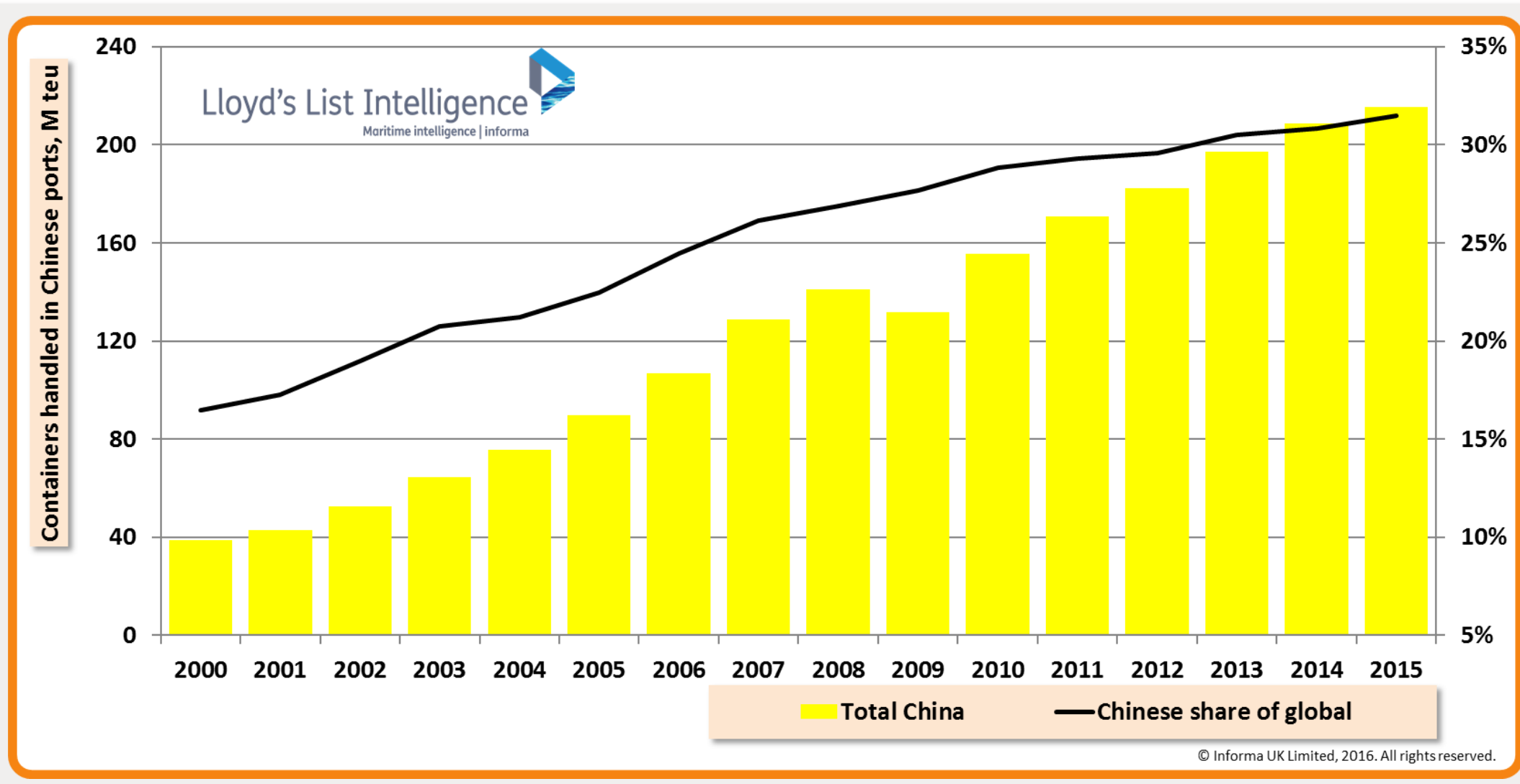
# Tremendous growth in China. 7 ports with more than 14M teu, those together >150M teu of the total 215M teu



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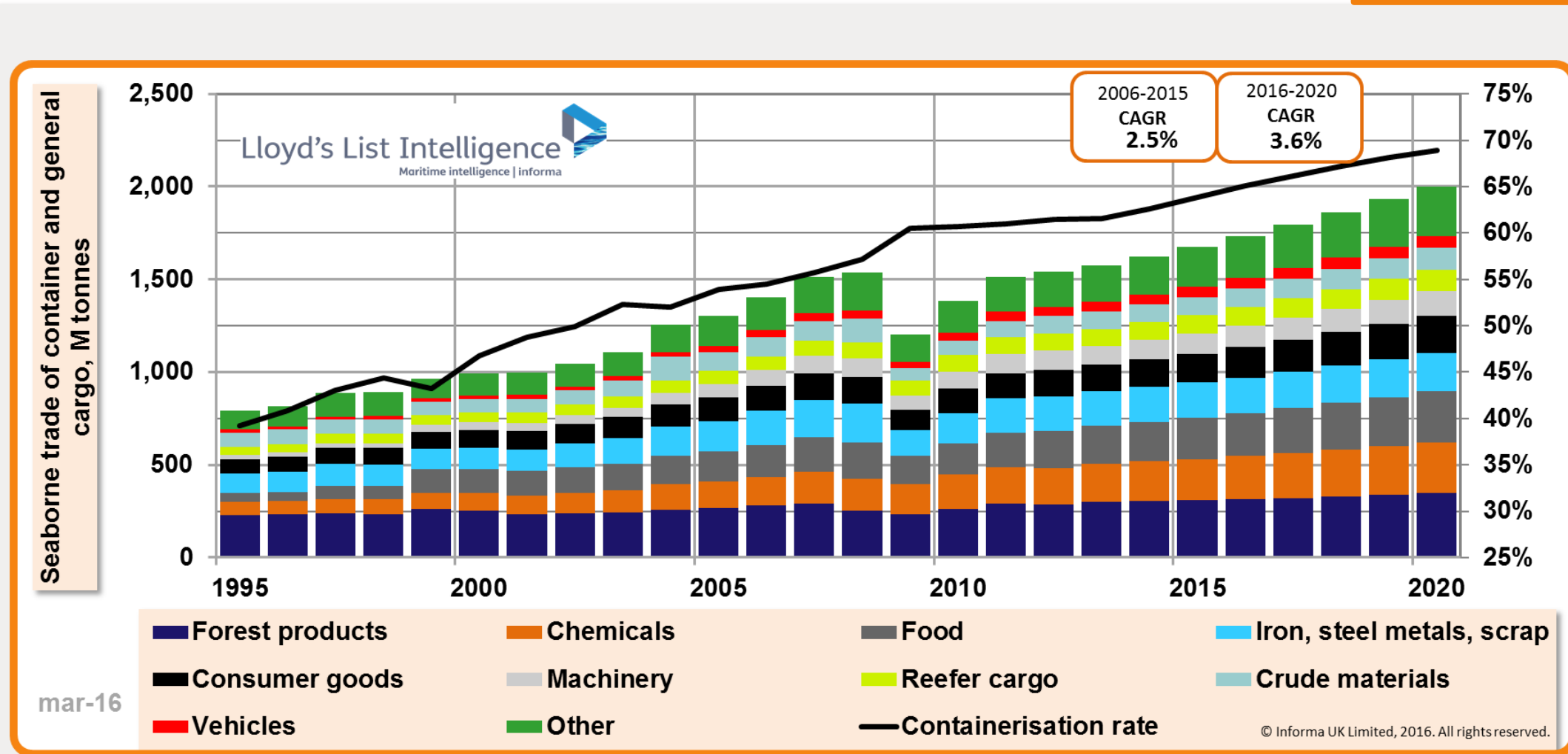
# The Chinese share of the total has doubled in 15 years to 31%



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The forecast growth rate for Seaborne trade of general cargo is higher onwards, following the growing amount of middle class in Asia.

Containerisation means 5.1% growth



Growth commodities:

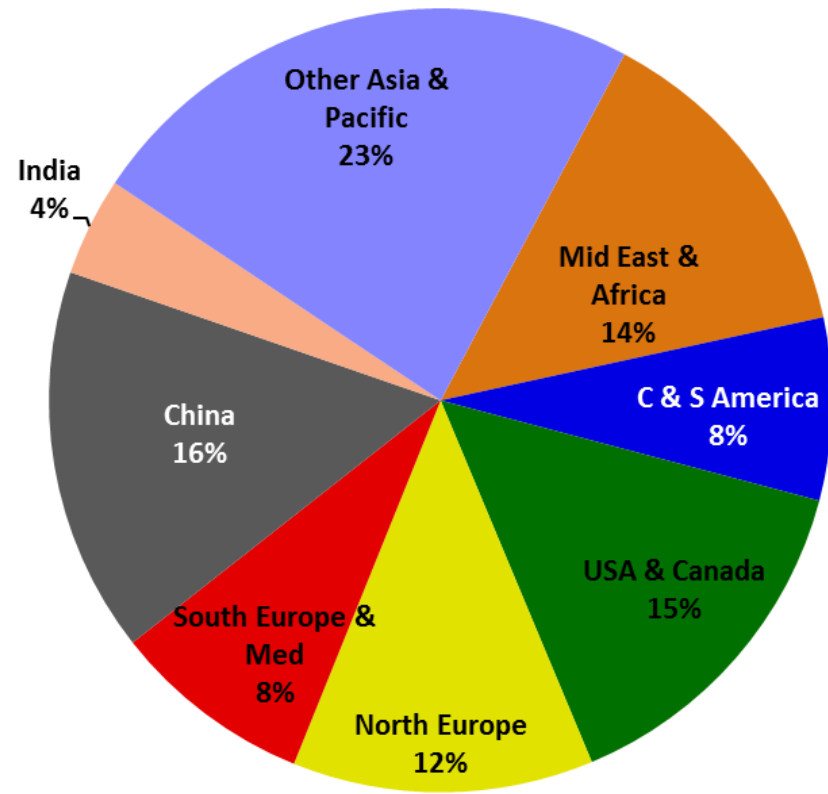
- Chemicals
- Forest products
- Iron, steel, metals, scrap
- Building materials

Growth trades:

- Intra-regional
- New routes
- Return hauls

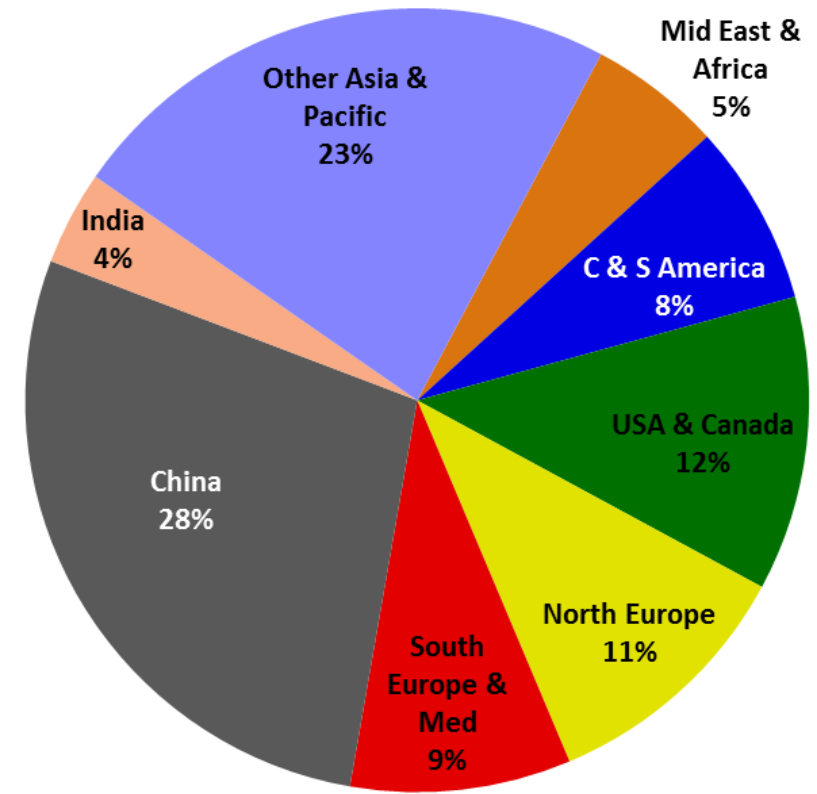
# Most containers come from China, and they are the biggest import nation as well.

### Container trade by destination, 1.1bn tonnes



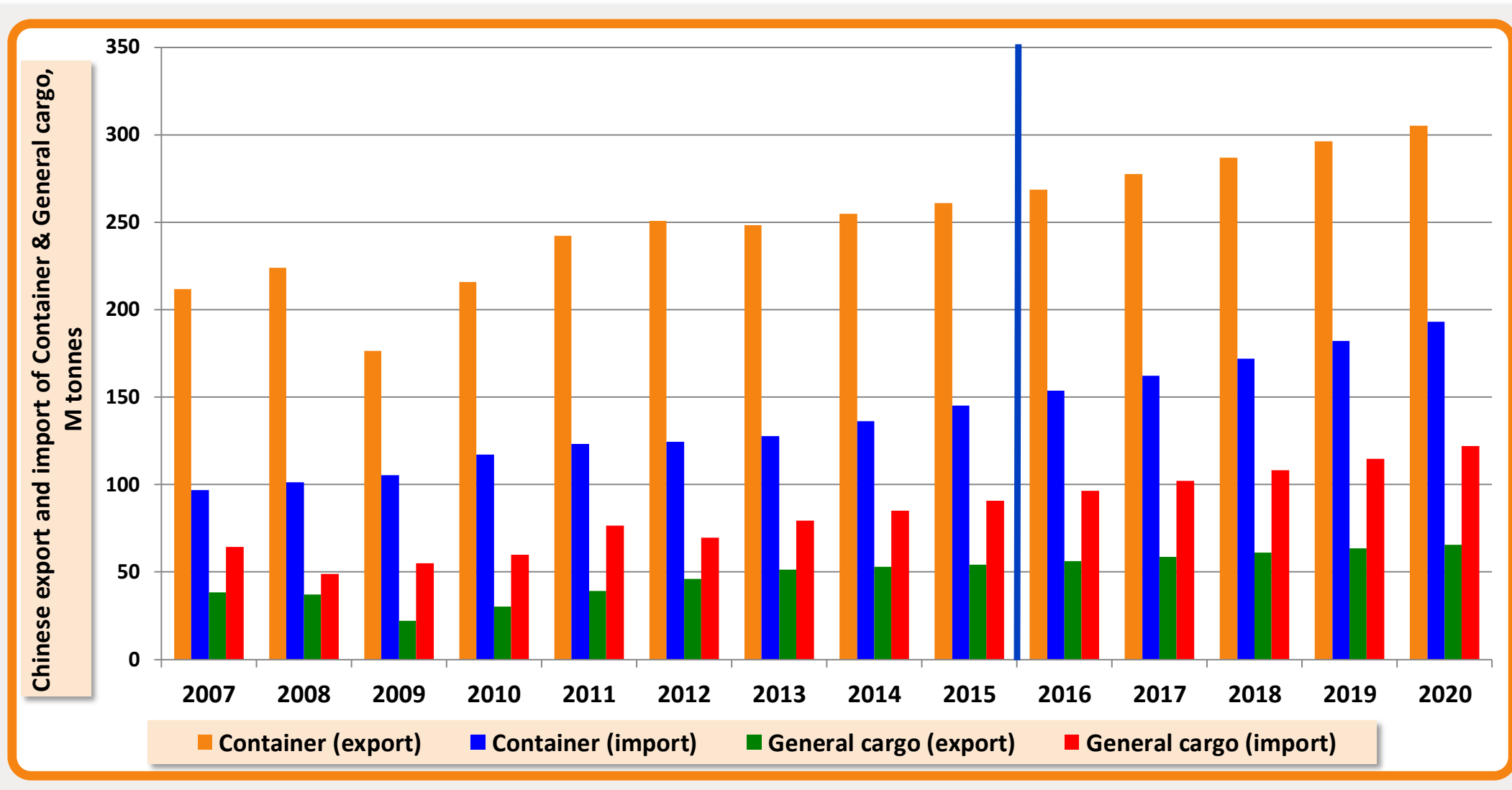
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### Container trade by origin, 1.1bn tonnes

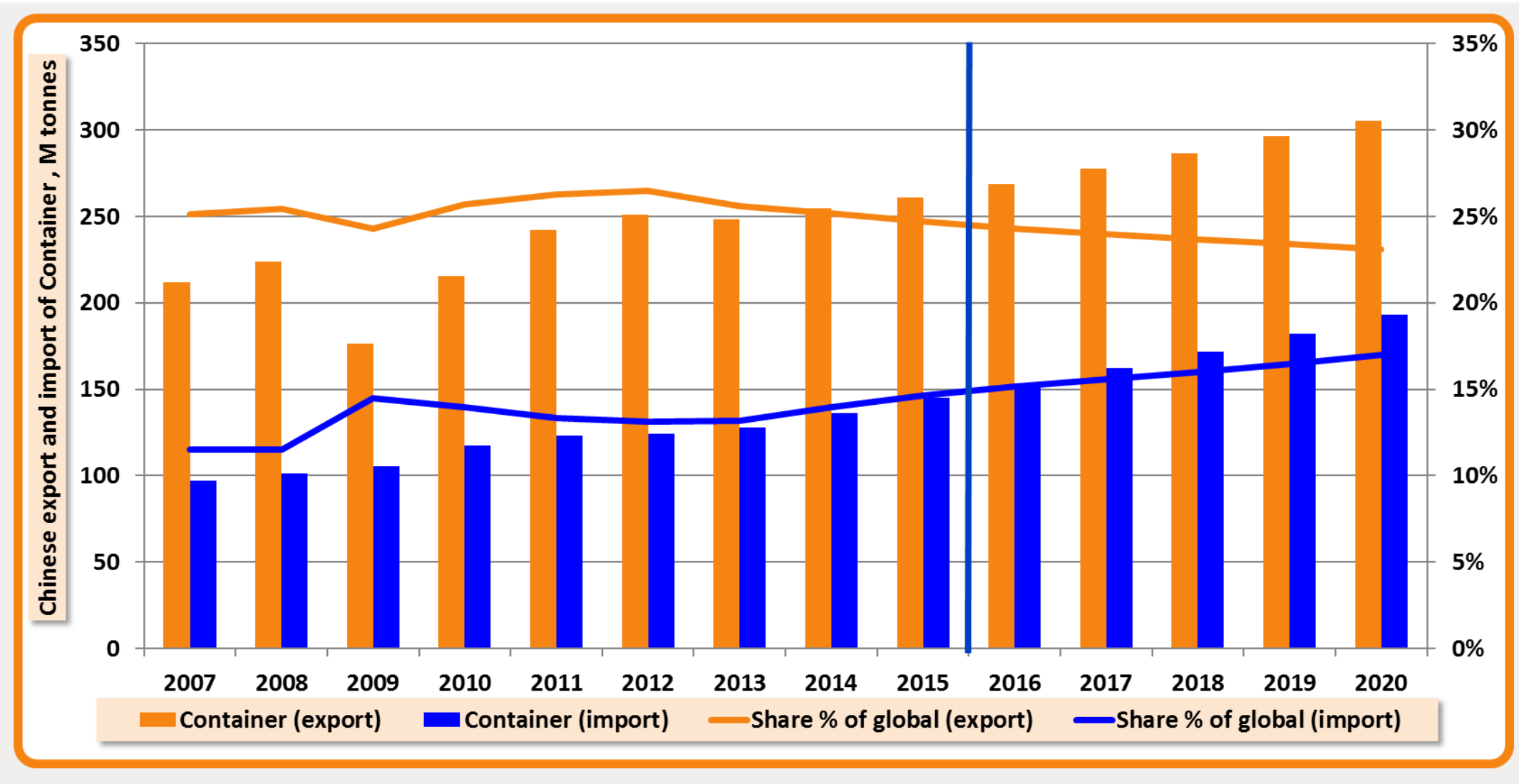


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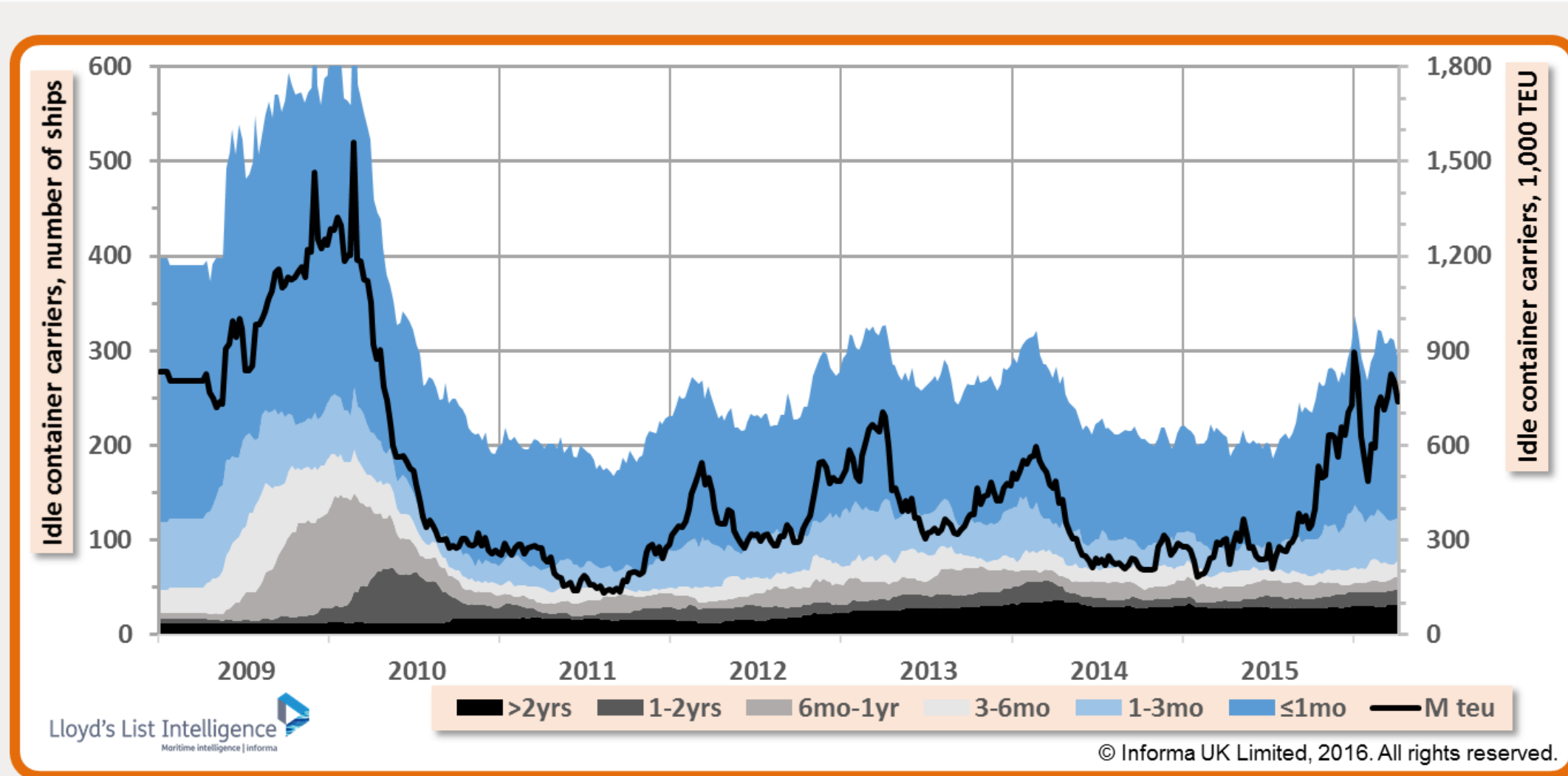
# Imbalance in trade with China for both general cargo and containers – gives room for more imports in containers and better balance



# Chinese share of global container exports will shrink, but the share of imports will increase – better balance – better revenues

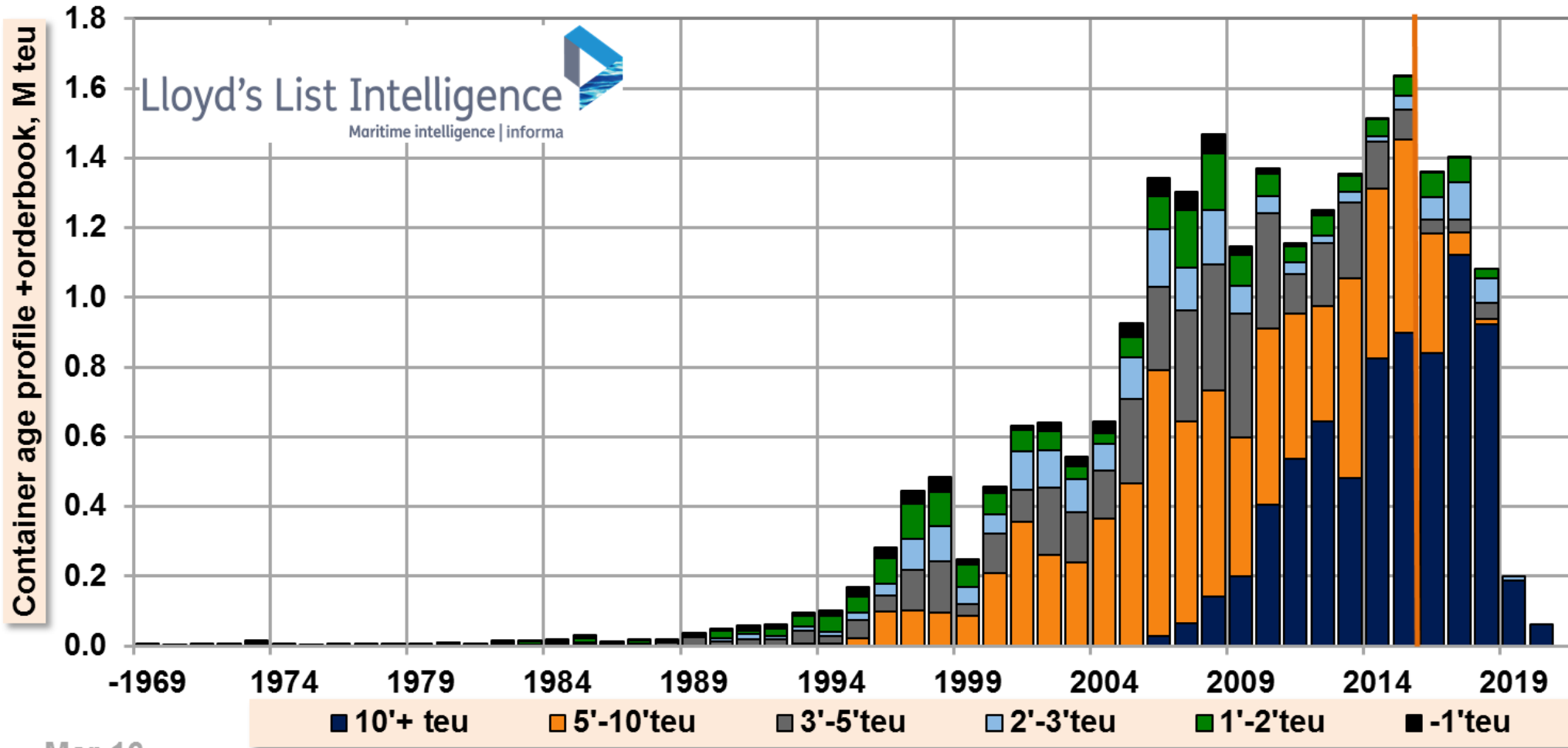


# But the market is struggling and the number of idle ships have picked up recently



- Average laid up size 2,512 teu
- Average laid up age 18.5 years

# And the fleet is young with a 521 ship large orderbook! 207 > 10,000teu!!!



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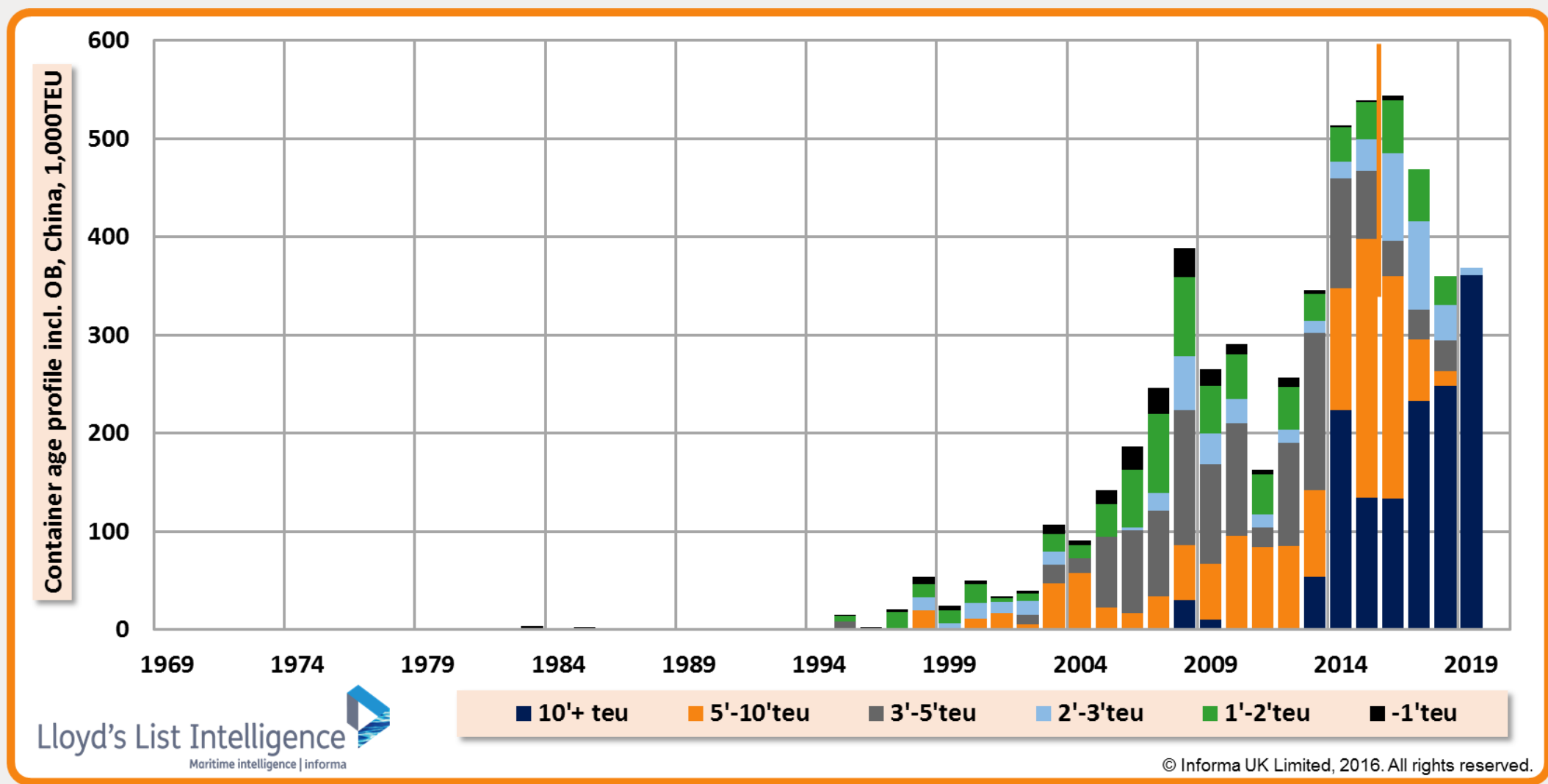
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**Fleet no:**  
**5,286 ships**

**Fleet cap:**  
**19.5M teu**

**Orderbook:**  
**4.1M teu**

# Many of the ships are built in China – and it will be more – 308 ships in the Chinese orderbook (58%)



**Fleet no:**  
**1,384 ships**  
**(26%)**

**Fleet cap:**  
**3.8M teu**  
**(19%)**

**Orderbook:**  
**1.7M teu**  
**(41%)**



# Conclusions, the container market and China

- China has been the main driver in the container market
  - ✓ 1/3 of the port turn around
- Demand growth strong – better in other Asia than in China
- Supply growth strong – will continue – more to be built in China
  - ✓ Scale of economy
  - ✓ Attractive pricing
  - ✓ Fuel economy
- Old laid up ships will be removed from the fleet
- Operators financially strained – mergers & acquisitions
- More cargo to be containerized – especially in trade with China
  - ✓ Gives better balance with China

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