Demand for Shipbuilding
The Shipowners’ Perspective

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International Chamber of Shipping

- Principal international trade association for merchant ship operators
- National shipowners’ associations from 35 nations
- 80% of world fleet
Agenda Today

- Issues Impacting Medium and Long Term Demand
- Early removal of surplus tonnage
- Demand for new ‘Eco-ships’

The Shipping Downturn Continues

Baltic Indices

Dry Cargo Freight Indices 2008-2013
Sentiment is Important

Individual and Collective Interests are Not Always the Same
Ship Recycling

Recycling Early is Big Decision…

- Ships built for life of 25 years +
- Final years of ship’s life sometimes most profitable
- Older ships are part of shipping ecosystem
US 500 Billion Cost of New Environmental Compliance May Impact Decisions on Early Recycling

Impact of IMO Ballast Convention

$US 1-5 million per ship
Impact of IMO Sulphur Regulations

Recycling will Depend on Attitude of Banks?
New Ships are More Fuel Efficient…

Economic Case for Fuel Efficiency is a ‘No Brainer’

Fuel is largest operational cost for ships

Last 5 years, marine fuel costs increased 300%
Typical Fuel Consumption
25 Tonnes Per Day

Dry bulk carrier

Typical Fuel Consumption
80 Tonnes Per Day

‘Super tanker’ (VLCC)
Typical Fuel Consumption
250 Tonnes Per Day

Large Containership

Typical Annual Fuel Costs (US$)

- Bulk Carrier – $3 million
- ‘Super Tanker’ – $10 million
- ‘Mega’ containership – $30 million
Fuel Today Costs More Than Ships!

The Impact of Low Sulphur Fuel: 50% + Increase in Fuel Cost

- Under separate new IMO Rules – ships are switching to low-sulphur distillate (diesel) fuel
- $50 billion additional annual cost to global shipping industry

Source: Clarkson Research
The Rise of the ‘Eco-Ships’

New Build or Second Hand?
Maritime Trade Will Continue to Expand (along with Global GDP and Population)

Sources: IHS, OECD, UN

Maritime Trade Continues to Grow since 2009

Sources: Clarkson Research Services
The China Effect

Future Demand from China
Relocation of Manufacturing?

Changing Relationship Between GDP and Shipping Growth
The Shale Gas Revolution?

Global shale gas basins, top reserve holders

Concluding Remarks
IMO agreement on CO\textsubscript{2}

Energy Efficiency Design Index (EEDI)

Defining ‘eco-ships’
Thank you