

**COUNCIL  
WORKING PARTY ON SHIPBUILDING**

**BULKER MARKET EXPECTATIONS**

**(Presentation by SAJ)**

*This document by the Shipbuilders' Association of Japan, will be presented at the second session of the Workshop with non-member economies on shipbuilding policies to be held on 18-19 December 2006.*

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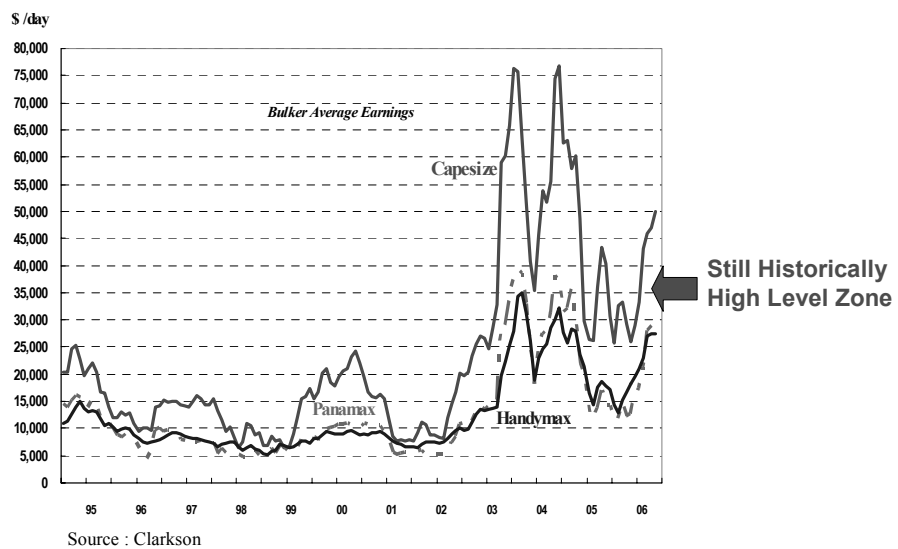
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# Bulker Market Expectations

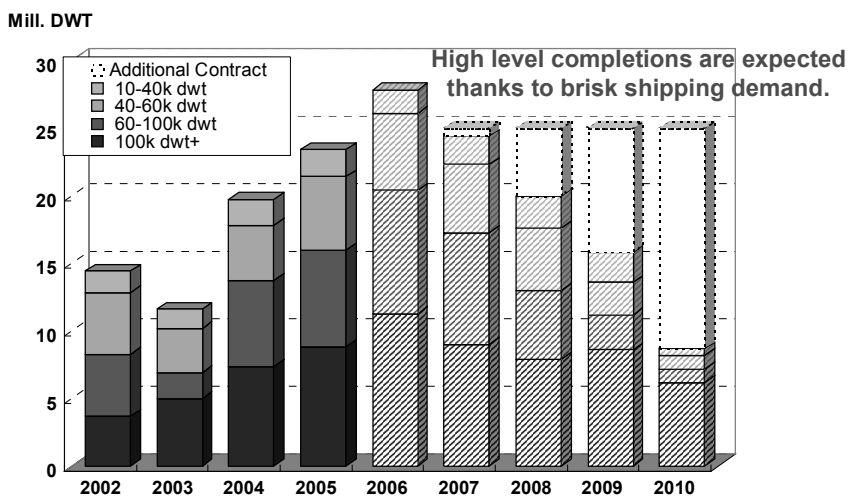
OECD Workshop, Paris, 19 Dec. 2006

The Shipbuilders' Association of Japan

Fig.1 Development of Bulker Freight Rates



**Fig.2 Bulker - (Expected) Completions**



**Fig.3 Bulk - Seaborne Trade**

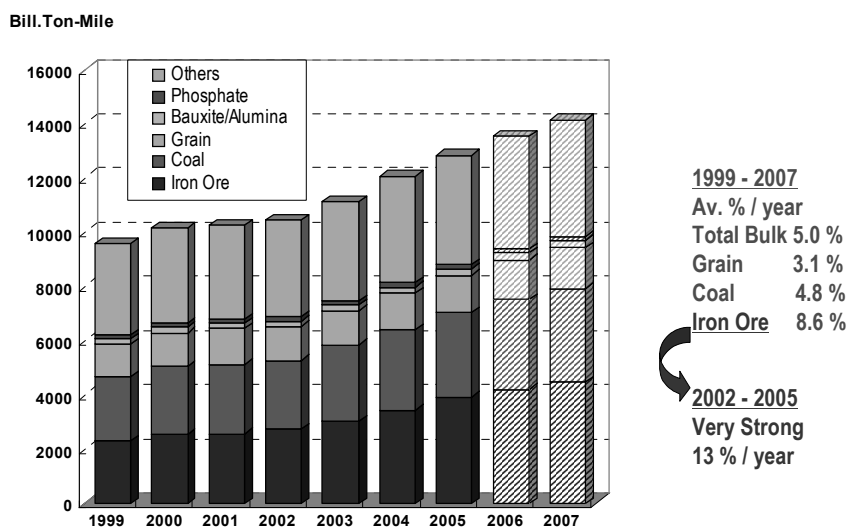


Fig.4 **IISI ; Real Steel Demand till 2015**

Future Steel Demand is key factor to Bulk Trade Growth.

	Trend to 2010 (%/year)	2010f (mmt)	Trend 2010-15 (%/year)
EU (15)	2.0	157	1.3
EU (25)	2.5	183	1.7
CIS	5.0	57	4.0
NAFTA	1.9	160	2.4
South America	3.9	40	3.7
Japan	0.4	83	-0.1
India	7.0	54	7.7
China	8.4	489	6.2
South Korea and Chinese Taipei	3.1	78	1.9
Rest of World	4.0	177	4.0
World	4.9	1,319	4.2
World excluding China	3.0	831	2.9



IISI outlook indicates positive effect on Bulker trade.

### China and India, Key to Future Bulk Trade (Demands for Energy, Steel, Food etc.)

#### China *As Domestic Demand Grows,*



- Iron Ore Import ; Up
  - Coal Export ; Down → China will become Net Importer.
- Chinese Coal Importing Countries such as Japan & Korea ;  
Need for alternative resources. Good effect on ton-mile trade.

#### India *As Domestic Demand Grows,*



- Iron Ore Export ; Down
- Indian Iron Ore Importing Countries such as China ;  
Need for alternative resources. Good effect on ton-mile trade.
- Coal Import ; Up

## Negative Factors Affecting Future Trade

- **Global Economic Slowdown**  
(Economic Cycle)

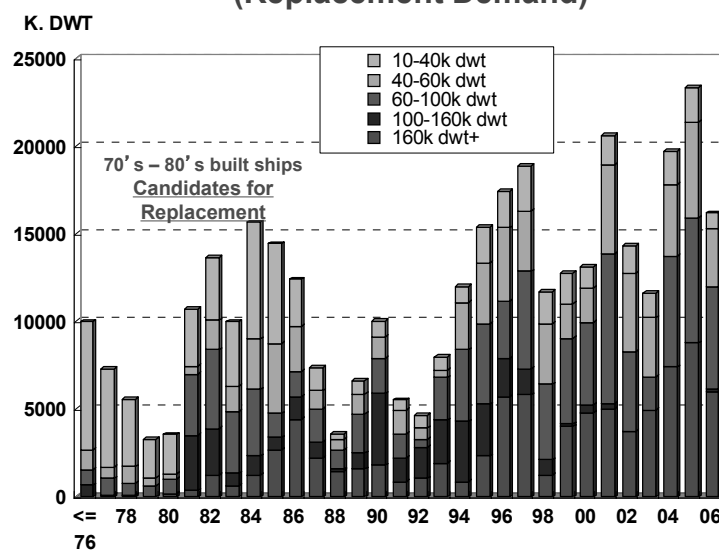


- **Environmental Concern**  
Disadvantage for environment-unfriendly fossil fuels



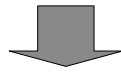
- **Government Policy Change**

Fig.5 **Bulker - Existing Fleet by Year of Build (Replacement Demand)**



### **For Sustainable Bulker Market**

- **Future trade will increase. However, growth rate may slow down.**
- **Excessive newbuilding supply destroys shipping demand and supply balance.**



**Necessary to**

- 1. Watch Market Development Constantly**
- 2. Acceleration of Old Fleet Scrapping**