Recession reports - Global shipping industry facing tough 2010

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According to a forecast by Business Monitor International, the global container shipping industry faces a tough recovery in 2010 after the decline in global trade volumes this year.

To gauge the magnitude of the recovery that lies ahead for the container sector, BMI uses its global port container throughput indicators for 2009. Since final figures for the year have yet to be released, BMI makes its assumptions using its forecasts, which were reviewed after the first six months of 2009 with H1 2009 data being added to its forecasting matrix.

BMI said that "Using the UAE port of Jebel Ali, the region's busiest container port and a transhipment hub for other Middle East countries, as a bellwether, BMI notes that the port is one of the few expected to post throughput growth in 2009, with 6.6% growth forecast. It should be noted, however, that in 2009, despite positive growth, container throughput at Jebel Ali will have slowed YoY, as the port posted 25% and 21.2% growth for 2007 and 2008 respectively."

Asia's container throughput has felt the knock on effect of many major consumer markets going into recession at the end of 2008 and in 2009. Factory output dropped as orders from consumer markets in Europe and the US dried up. The port of Singapore boasts the largest container throughput and is a major transhipment hub for Asian states shipping to Europe and the US.

Emerging Europe has been one of the areas worst hit by the downturn, as once-developing consumer markets have shrunk on the back of the global economic downturn. Using Russia, the main economy in the region, as a bellwether, BMI predicts that throughput at the country's main container port of St Petersburg will decline by 39.72% in 2009. This is on the back of a forecast total trade decline of 34.6% for the country in 2009.

African ports' container throughput is also facing negative growth, as although the country's raw material sector and dry bulk shipping sector has been propped up by Chinese demand for commodities such as coal, Africa's demand for manufactured goods has plummeted. At the port of Durban, South Africa's largest container port in terms of volume, BMI forecast box throughput to drop by 13.58%.

The US, where the economic crisis began, has been struggling with consumer confidence as unemployment has increased. This has had a knock on effect at the country's container facilities as slackening demand from consumers has meant a decline in the import of manufactured goods.

In Latin America the situation is the opposite way around. The region's main west coast port, the Pacific facility of Valparaso in Chile, is forecast to witness a decline of 12.91% as compared to the Atlantic port of Santos in Brazil, where BMI believes box volumes will fall by 22.93% YoY in 2009. The reason for this is that Chile's trade volumes are expected to fall by 14.9% as compared to Brazil's YoY decrease of 24.3%.

BMI believes that scrapping will continue in 2010, but not perhaps at the same pace as was seen in 2009. A recovery in trade volumes is being predicted, which BMI believes will mean that owners will choose lay up over scrapping in the hope that their vessels will once again start to make money.

(Sourced from Emirates Business)