PROSPECTS FOR INTERNATIONALISATION A REPORT ON WORLD'S TANKER FLEET AND BULK CARRIER FLEET

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This report focuses on the world's tanker fleet (crude and refined products) and bulk carrier fleet (dry bulks, principally minerals, coal and grain) which at the end of October 2011 consisted of 14,360 ships with a gross tonnage capacity of 1,067 million tonnes.

This fleet guarantees, whilst respecting the highest levels of safety and environmental sustainability, the transport at low cost of large volumes of raw materials, primary energy sources, grain and many other transportable dry bulks.

In 2010, dry bulk loads moved beyond 3,300 million tonnes, whilst oil loads amounted to 2,800 million tonnes, representing together the cargo most commonly transported by sea.

Interestingly, November 2011 marked the 150th anniversary of the first maritime transport of oil: the three-masted "Elisabeth Watts" (gross tonnage 224 tonnes) sailed in fact from Philadelphia on 19th November 1861 bound for London with a cargo of 1,330 barrels of oil.

Another twenty-five years were to pass before the construction of the first oil tanker, the "Gluckhauf", with a gross registered tonnage of 2,318 tonnes. This marked the beginning of significant growth in oil tanker construction: by 1950 the largest tankers had a tonnage of 15,500 tonnes with a capacity of around 200 million tonnes. Today's tankers have a tonnage of more than 300,000 tonnes and the world's tanker fleet transports more than 2,800 million tonnes.

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The industry is highly fragmented and no one Group has sufficient power to influence the market. Other features of the industry include substantial transparency, a fully global market, high levels of volatility and capital intensiveness.

Freight rates (which crucially impact ship asset values) are the result of supply and demand forces adjusted by a variety of other factors, such as the political climate, economic expectations, natural events, exchange rate and interest rate movements, changes in production and/or consumption areas (for instance, relocation in crude oil refining facilities).

In the twenty years that preceded the boom years from 2003 to mid-2008, despite an increase in fleet size (7% annually) above demand (3.5% annually), the overall market trend was positive with only limited swings in some areas.

In the period from 2003 to mid-2008, freight rates soared to record levels on the back of a combination of, on the one hand, seemingly unstoppable economic growth and, on the other, generous financing at increasingly favourable conditions.

The exceptional increase in ships' profitability levels encouraged shipowners to decide on huge increases in new ship orders. Shipyards, in turn, in the face of the strong demand for new ships at increasingly higher prices, increased significantly their productive capacity.

Orders for new tankers and bulk carriers rose from 17 million GT in 2005 and 64 million GT in 2006 to 178 million GT in 2007 and 130 million GT in 2008, to then collapse to 14 million GT in 2009.

In this context, the percentage of bulk carriers on order at year-end with regards to those in service rose from 20-22% for 2005-06 to 70% for 2008, dropping to 62% for 2009, 52% for year-end 2010 and 38% at the end of October 2011. As regards tankers, figures are similar with a rise from 28% in 2005 to 40% in 2008, and then falls to 30% at the end of 2009, 28% at the end of 2010 and 20% at the end of October 2011.

By mid-2008, the global crisis of the real economy, fuelled by the financial crisis, had led also the shipping industry to a devastating

crisis marked by plunges in profits and ship values, widespread order renegotiations or cancellations, credit rigidity and the exit by major banking groups from the scene.

Some examples will suffice: a Panamax oil tanker (100,000-115,00 GT) recorded in 2008 an average daily freight of 68,00 US dollars; in 2009 this dropped to USD 16,000, with an upturn to USD 20,000 in 2010, followed by another fall to USD 12,000 for the first ten months of 2011. A similar scenario can be found for bulk carriers: a Panamax carrier (70,00-80,00 GT) in 2008 recorded a daily average of USD 44,000, falling to USD 15,000 in 2009, followed by a temporary recovery to USD 20,000 in 2010, followed by a drop to USD 12,000 for the first ten months of 2011.

Clearly, these average figures do not reveal the full extent of the market crisis: a bulk capes (180,000 GT) earned a daily average freight of USD 235,000 in June 2008 to fall in just six months to USD 2,300; here too a rise in mid-2010 to around USD 33,000 was followed by a fall to around USD 13,000 in the first ten months of 2011.

Ship values reveal a similar situation: a five-year old Panamax bulk carrier was valued at USD 90 million at year-end 2007 in comparison to USD 35 million in 2009 and around USD 27 million today.

In the face of a crisis of this proportion, ship-owners have tried to contain the disaster by reducing the supply of tonnage. Four methods have typically been resorted to:

- blocking new orders;
- renegotiating (cancelling) outstanding orders or at least postponing delivery times;
- increasing laid-up tonnage;
- doubling ship demolition volumes.

Some results have been obtained: for 2009 and 2010 alone a significant part of the order book (40%) was not delivered for reasons that were officially never given but which can easily be guessed. As for shipyards, these have cancelled where possible investments aimed at increasing productive capacity as well as implementing a slowdown in internal productive organisation and reducing to a minimum recourse to sub-contracting.

Shipyards overall have obtained some results, but more has still to be done to reduce the imbalance between tonnage supply and demand, thereby alleviating the most critical aspects of the crisis. Some steps have been made in the transformation from shipbuilding to repairs and the construction of large scale infrastructure. The process will, however, be a long and difficult one.

In the medium term therefore the problem does not lie in the demand for transport, but the size of tonnage offered. In fact, traffic is already recovering and the Asian giants, which never went into recession, have often recorded increases in industrial production. China is a case in point: in 2009, it increased steel production by 14% and increased the import of minerals by 10 million tonnes over the previous year.

The crisis has been serious and is not yet finished, even though there are some signs that the worse might be over. For most ship-owners however the problem is assessing the future financial demands represented by commitments for ships already on order.

This emerges clearly if we analyse the situation in mid-2010 when the contractual value of ships on order was around USD 500 billion in comparison to an estimated market value of around USD 300 billion. In this negative difference lies the essence of the crisis for the maritime industry. In fact, in normal conditions, out of an order book of around USD 500 billion, ship-owners would have been expected to cover 25% (USD 125 billion) of the total with the banks funding the rest (USD 375 billion).

Today, even in a best-case scenario, and for the highest-rated clients, the banks will cover 60% of market value (i.e. USD 180 billion), leaving shipowners the job of finding the remaining USD 320 billion.

The difference for ship-owners, hit by a period of low profitability, between what they would normally have had to pay and what they now have to find is therefore around USD 200 billion; an amount far in excess of what they had calculated at the moment of ordering.

The answer appears to lie therefore in a slowdown in the delivery of new tonnage, in an increase in scrapping and above all an increase in ship values, helped by improved freight rates generated by increased demand.

In spite of this situation, some optimism at least in the medium term is not wholly unjustified, especially if we take into account the development of economies such as China, India and Brazil.

It should be remembered that 15-20 years ago the economically developed world was made up by 500-600 million people. Today, it has gone beyond 2.5 billion and continues to rise. These populations will represent an increasingly ambitious socio-economic environment oriented towards growing levels of consumption.

Age distribution of the world merchant fleet, by vessel type, as of 1 January 2013 (Percentage of total ships and dwt) . 40. The 35 countries and territories with the largest owned fleets, as of 1 January 2013 (Dwt) . 43. vi REVIEW OF MARITIME TRANSPORT 2013.Â Tonnage reported sold for demolition, major vessel types and countries where demolished, 2012 (Thousands of GT) . 59 2.10.Â Dry bulk and ore carriers Capesize bulk carrier Panamax bulk carrier Handymax bulk carrier Handysize bulk carrier. 100,000 dwt plus 60,000â€“99,999 dwt 40,000â€“59,999 dwt 10,000â€“39,999 dwt. Container ships Post-Panamax container ship Panamax container ship. A. world fleet structure. Chapter 1 highlighted the demand side of and growth in seaborne trade volumes, which may serve as a leading indicator of or proxy for globalization, economic growth and merchandise trade expansion. However, such exchanges would not be possible without shipping and associated services, which provide in particular the global fleet of different vessels that cater for every type of cargo transported across the oceans.Â On 1 January 2018, the world commercial fleet consisted of 94,171 vessels, with a combined tonnage of 1.92 billion dwt.Â They are followed by oil tankers, which carry crude oil and its products, and account for 29.2 per cent of total dead-weight tonnage. Star Bulk is a global ship manager of seaborne transportation that provides worldwide sustainable solutions in the dry bulk sector, transporting both major and minor bulks such as iron ore, coal, grain, bauxite, fertilizers and steel products.Â A diverse and modern fleet of high - specification vessels, built in world class shipyards. Download Fleet List. On the Water Fleet. The lion's share of world production of tankers for transporting liquefied natural gas belongs to South Korea. It has released approximately two-thirds of all LNG fleet vessels in the world. In Russia, this shipbuilding industry is located in.Â They began work on the creation of the world's first nuclear submarine LNG tanker. This development was undertaken by the St. Petersburg Maritime Bureau of Engineering "Malachite". Work began last spring.Â Tests of the LNG tanker Vladimir Rusanov: Prospects for the establishment of LNG bunker vessels. In addition, with the advent of LNG-powered vessels, there is a need to create refueling vessels. The probability of creating bunker vessels (tankers) was considered by one of Gazprom Neft's subsidiaries.