



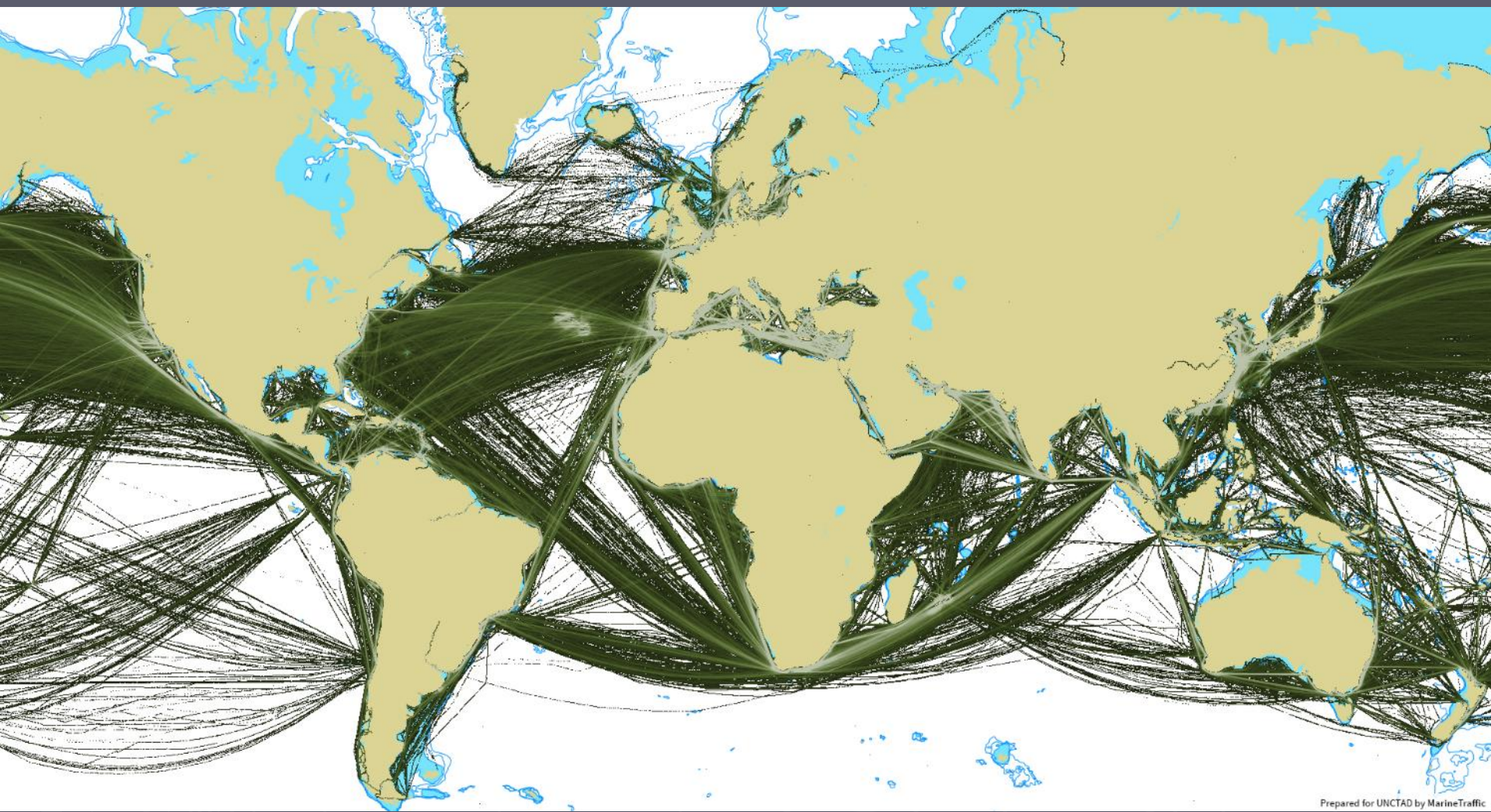
Transporte marítimo y puertos: Competencia en el sector y desafíos para la regulación

Example: "Hoffmann Shipping":

- ▶ Owner: German
- ▶ Flag: Antigua and Barbuda
- ▶ Freight agent: Netherlands
- ▶ Seafarers: Poland
- ▶ Crewing agent: Cyprus
- ▶ Cargo: Turkey
- ▶ to Canada
- ▶ Fuel: Spain
- ▶ Insurance: United Kingdom
- ▶ Shipyard: Portugal
- ▶ Captains' favourite drink:
Ireland



Figure 6.1. Density map of container ship movements



Prepared for UNCTAD by MarineTraffic

Source: Prepared for UNCTAD by Marine Traffic.
Note: Data depict container ship movements in 2016.

- ▶ Costos del transporte internacional
- ▶ Consolidación entre las líneas navieras
- ▶ América Latina y el Caribe:
La situación en el 2018



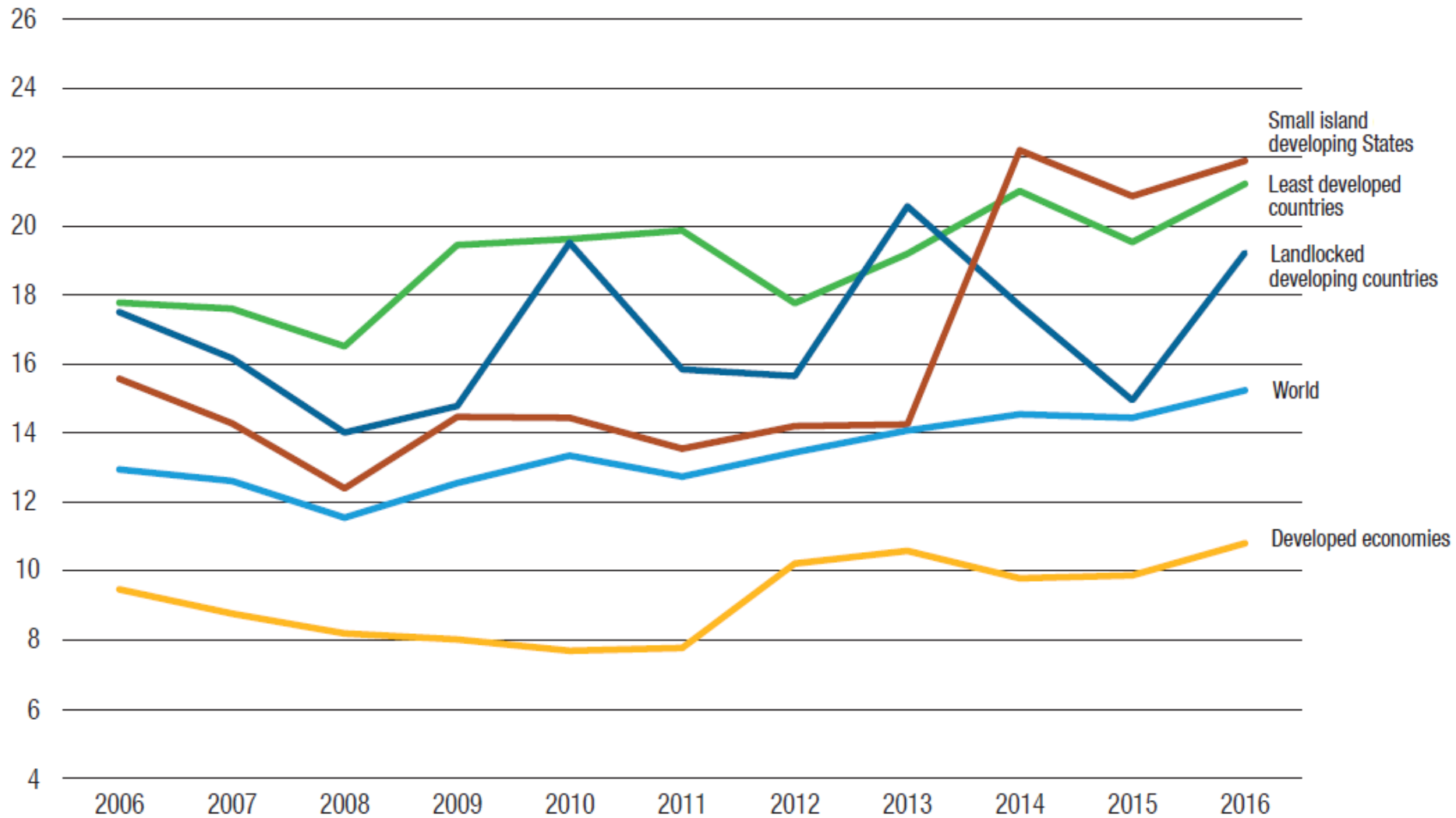


- ▶ **Costos del transporte internacional**

- ▶ Consolidación entre las líneas navieras

- ▶ América Latina y el Caribe:
La situación en el 2018

Figure 3.5. Transport and insurance costs of international trade, 2006–2016
(Percentage share of value of imports)



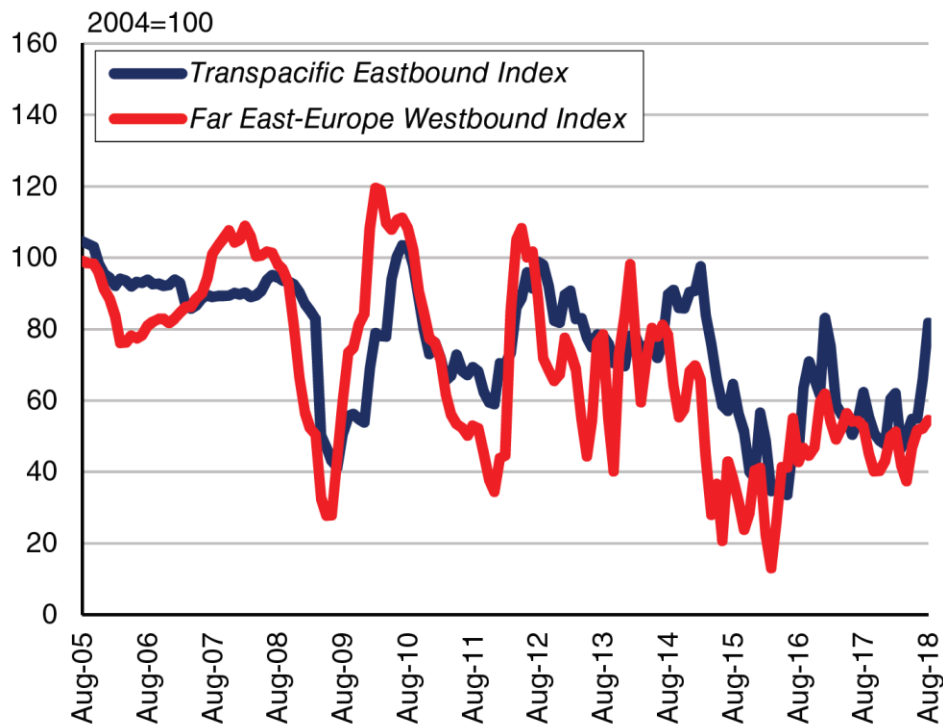
Source: UNCTAD secretariat calculations.

Source: UNCTAD RMT 2017

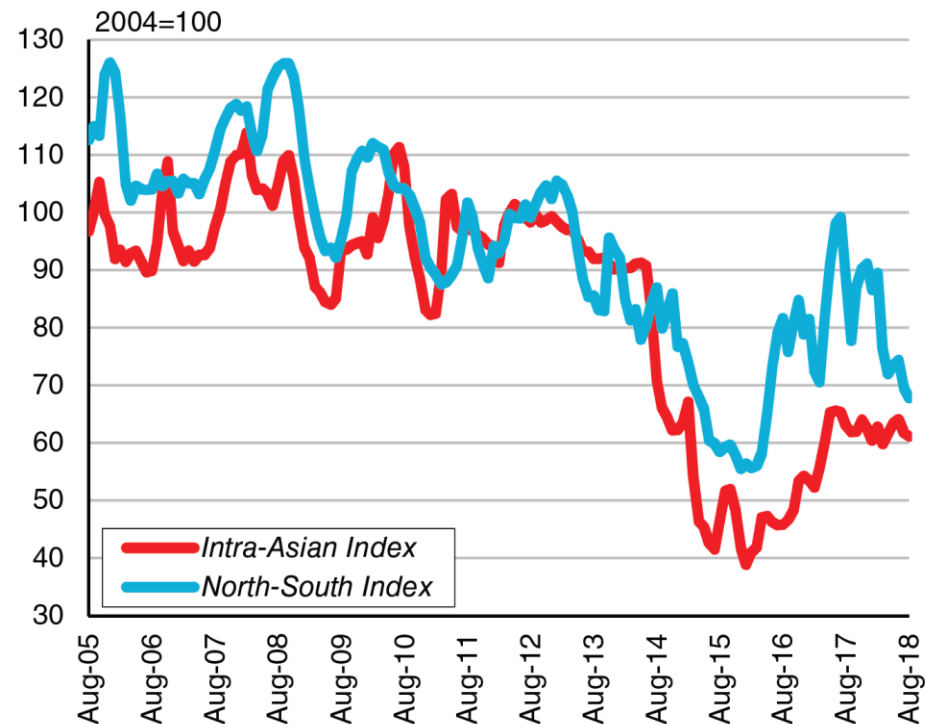
Note: All modes of transport; the least developed countries grouping includes 48 countries for all periods up to 2016.

Different trends on different routes

Mainlane Freight Rate Indices



Regional Freight Rate Indices

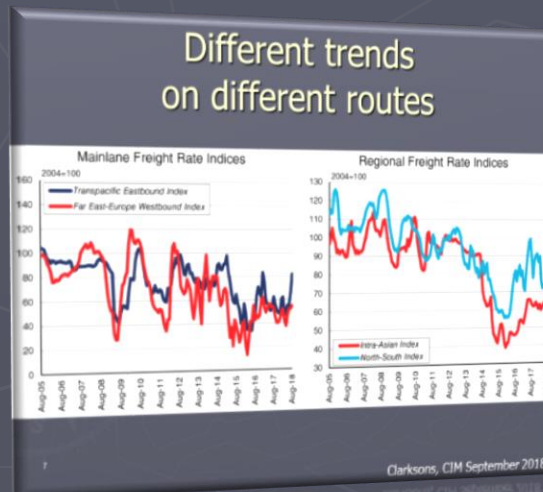
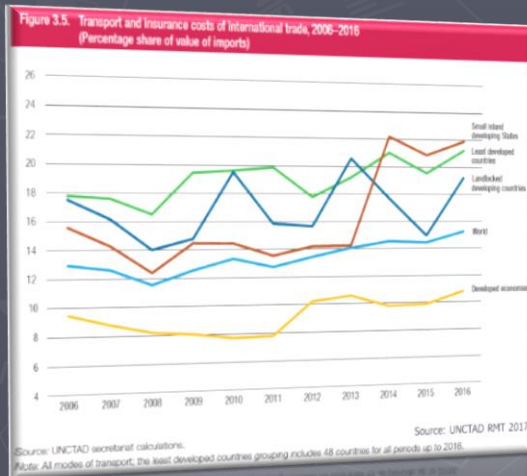


Container freight rates from China

North-South Freight Market	\$/TEU			\$/ TEU Freight Rate		
	Avg. 2016	Avg. 2017	Avg. 2018*	May	2018 Jun	Jul
Shanghai - South America <i>% change y-o-y</i>	1,647 271%	2,679 63%	2,009 -26%	1,927 -38%	1,875 -47%	1,673 -54%
Shanghai - Australia/New Zealand <i>% change y-o-y</i>	526 10%	677 29%	917 87%	830 104%	733 110%	736 82%
Shanghai - West Africa <i>% change y-o-y</i>	1,187 -18%	1,770 49%	1,778 -10%	1,875 -16%	2,207 -11%	2,046 -20%
Shanghai - South Africa <i>% change y-o-y</i>	580 -15%	1,155 99%	905 -18%	803 -30%	796 -37%	586 -59%

Source: Clarksons Research, CIM September 2018

¿Qué es lo que explica estas diferencias? (perspectiva del usuario)



Container freight rates from China

North-South Freight Market	\$/TEU			\$/ TEU Freight Rate		
	Avg. 2016	Avg. 2017	Avg. 2018*	May 2018	Jun 2018	Jul 2018
Shanghai - South America	1,647	2,679	2,009	1,927	1,875	1,673
% change y-o-y	271%	63%	-26%	-38%	-47%	-54%
Shanghai - Australia/New Zealand	526	677	917	830	733	736
% change y-o-y	10%	29%	87%	104%	110%	105%
Shanghai - West Africa	1,187	1,770	1,778	1,875	2,207	2,046
% change y-o-y	-18%	49%	-10%	-16%	-11%	-20%
Shanghai - South Africa	580	1,155	905	803	796	586
% change y-o-y	-15%	99%	-18%	-30%	-37%	-59%

Source: Clarksons Research, CIM September 2018

Differences in freight costs depend on...

- 1) Distances
- 2) Economies of scale
- 3) Imbalances
- 4) Type and value of goods
- 5) Competition
- 6) Port characteristics

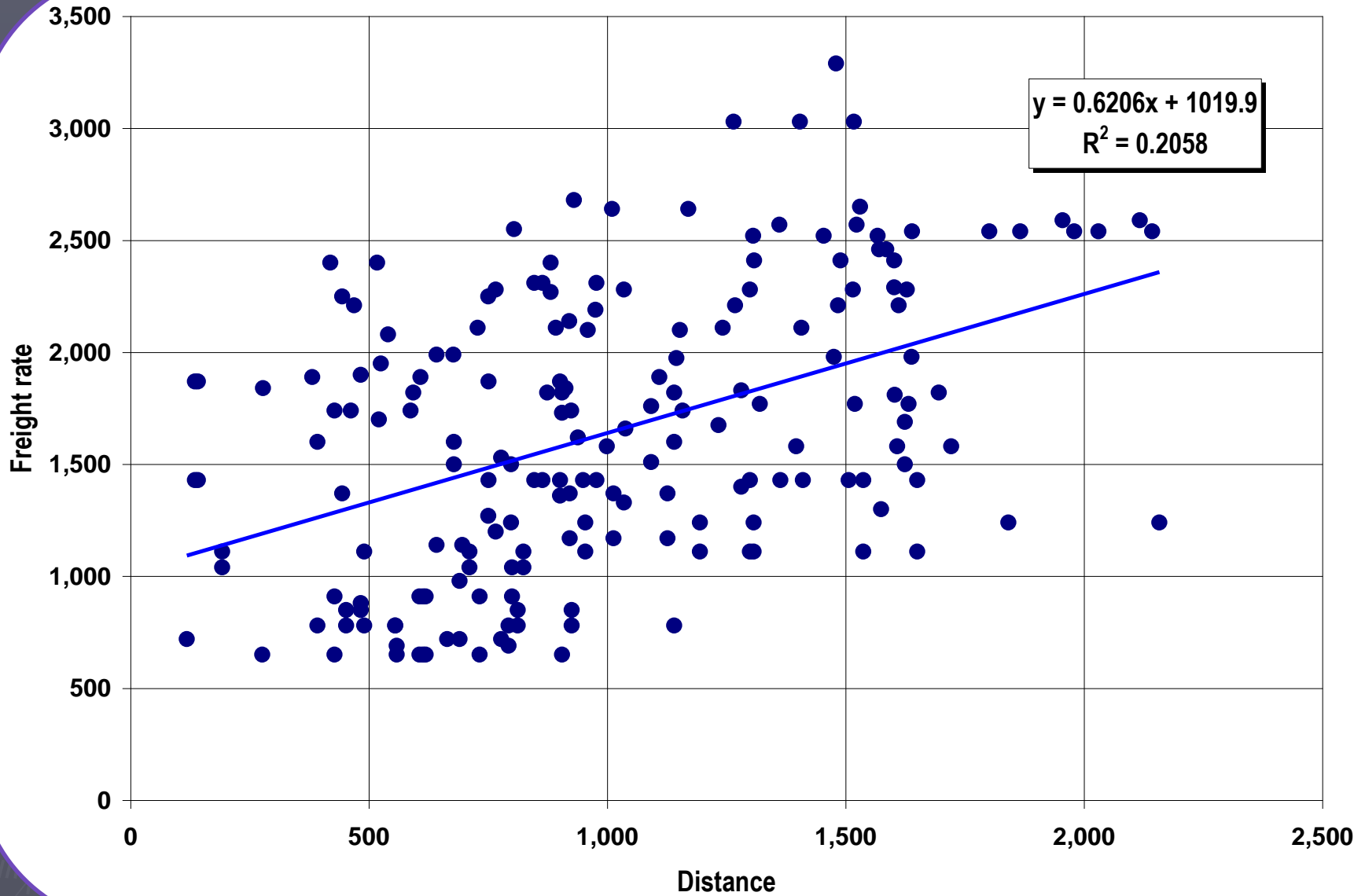


Differences in freight costs depend on...

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- 6) Port characteristics



Freight rates and Distance in the Caribbean

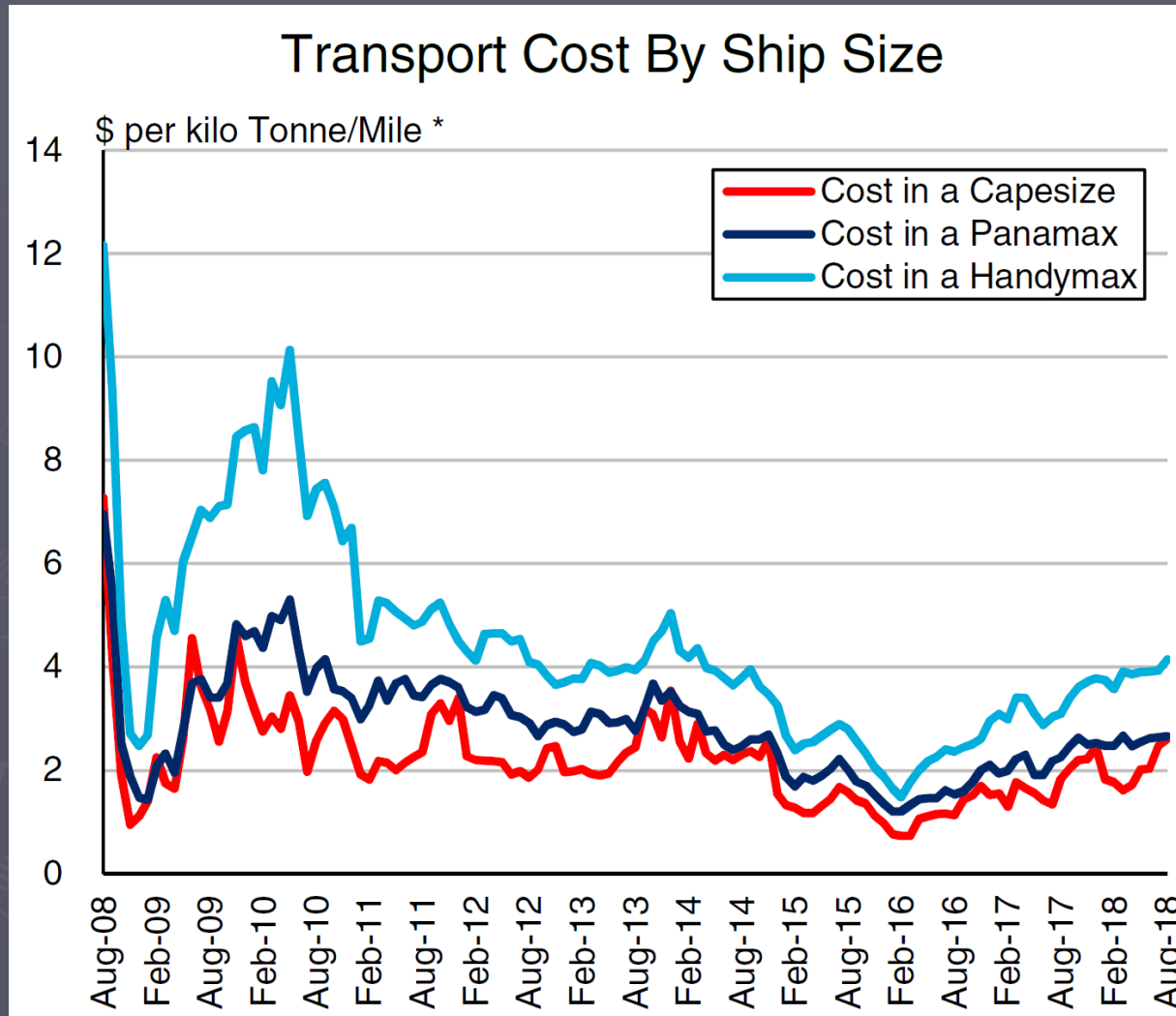


Differences in freight costs depend on...

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- 5) Competition
- 6) Port characteristics



Economies of scale



Differences in freight costs depend on...

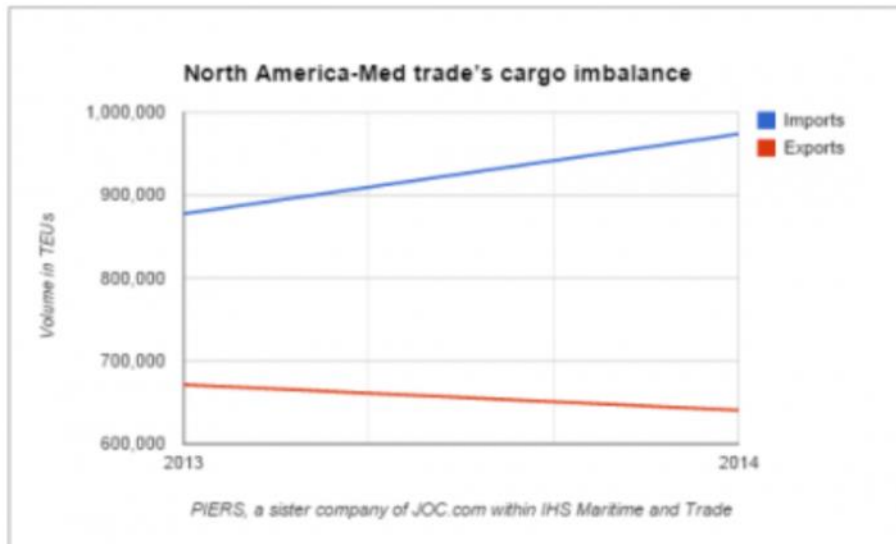
- 1) Distances
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Imbalances



Eastbound utilization crept up to 38.2 percent in December from the previous month's low of 37.2 percent but the all-in rate charged by forwarders for spot cargo from New York to Genoa dipped by 8 percent to \$1,120 per FEU.



Several carriers are implementing general rate increases on April 1 in a bid to shore up the market.

Hapag-Lloyd plans \$200 per 20-foot containers and \$300 per FEU from the Mediterranean to the U.S. East Coast and is also implementing a "cost recovery initiative" of \$14 per TEU on the return leg. Maersk Line is applying a GRI of \$300 per container on the westbound leg

coupled with a \$100 per FEU U.S. peak season surcharge.

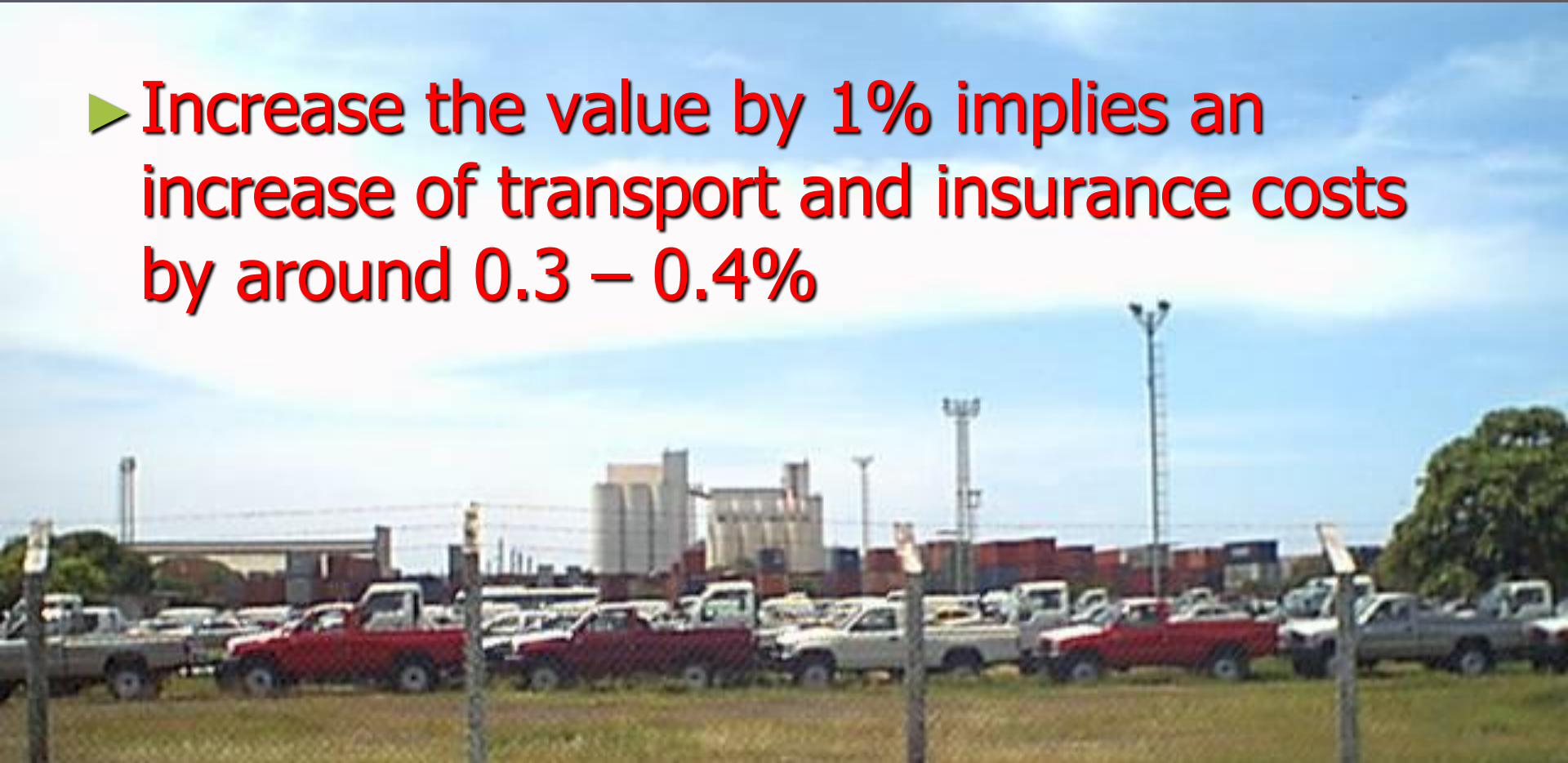
Differences in freight costs depend on...

- 1) Distances
- 2) Economies of scale
- 3) Imbalances
- 4) Type and value of goods
- 5) Competition
- 6) Port characteristics



Merchandize type and value

- ▶ Increase the value by 1% implies an increase of transport and insurance costs by around 0.3 – 0.4%



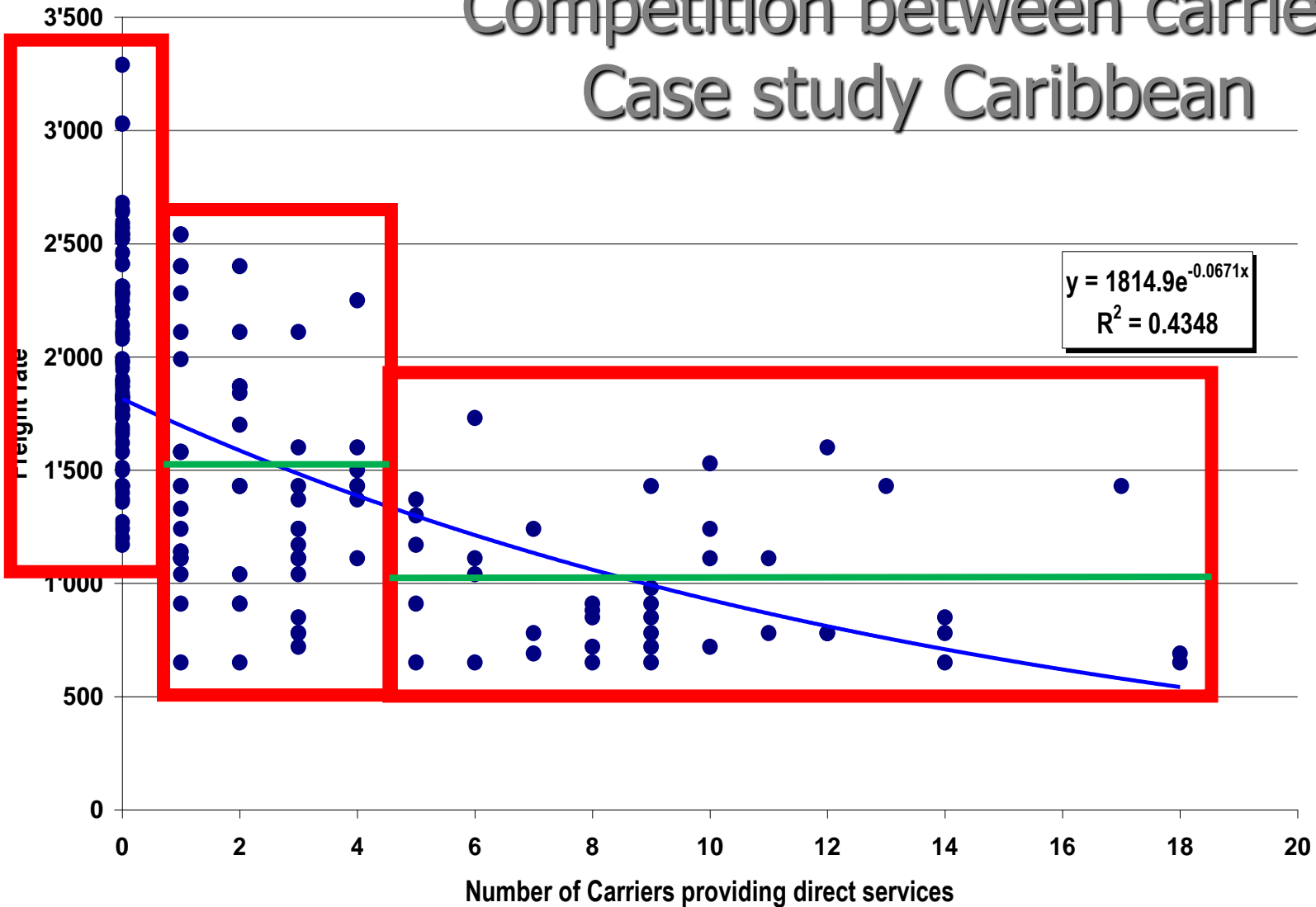
Differences in freight costs depend on...

- 1) Distances
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- 5) Competition
- 6) Port characteristics



Competition between carriers

Case study Caribbean



Differences in freight costs depend on...

- 1) Distances
- 2) Economies of scale
- 3) Imbalances
- 4) Type and value of goods
- 5) Competition
- 6) Port characteristics



Dependent variable: maritime transport costs per tonne of containerizable cargo

Variable	Model 7	Model 8	Model 9	Model 10	Model 11	Model 12	Model 13
Observations	N = 75 928	N = 75 928	N = 75 928	N = 75 928	N = 75 928	N = 35 438	N = 73 818
TONS _k	-0.0863 (-57.65)	-0.0863 (-57.67)	-0.0869 (-58.11)	-0.0846 (-56.51)	-0.0874 (-58.85)	-0.0632 (-29.15)	-0.0857 (-57.00)
VALUEPERTON _k	0.3422 (128.74)	0.3416 (128.82)	0.3416 (128.94)	0.3408 (128.38)	0.3374 (127.73)	0.4665 (113.19)	0.3447 (129.16)
DISTANCE _{ij}	0.3716 (95.80)	0.3698 (97.26)	0.3542 (90.31)	0.3716 (92.47)	0.3890 (96.81)	0.3380 (55.36)	0.1769 (30.28)
BILATERALVOLUME _{ij}	-0.0100 (-4.46)	-0.0109 (-5.53)	-0.0161 (-7.97)	-0.0075 (-3.31)	-0.0322 (-13.70)	-0.0794 (-23.74)	0.0256 (10.91)
BALANCEROUTE _{ij}	0.00020 (1.73)	0.00027 (2.40)	0.00047 (4.25)	0.00051 (4.31)	0.00022 (-1.80)	0.00082 (5.06)	0.00228 (14.31)

“Maritime transport costs”
= ocean freight, surcharges, and THC in importing country



Dependent variable: maritime transport costs per tonne of containerizable cargo

Variable	Model 7	Model 8
Observations	N = 75 928	N = 75 928
TONS _k	-0.0863 (-57.65)	-0.0863 (-57.67)
VALUEPERTON _k	0.3422 (128.74)	0.3416 (128.82)
DISTANCE _{ij}	0.3716 (95.80)	0.3698 (97.26)
BILATERALVOLUME _{ij}	-0.0100 (-4.46)	-0.0109 (-5.53)
BALANCEROUTE _{ij}	0.00020 (1.73)	0.00027 (2.40)
PORTINFRA _i	-0.0333 (-9.92)	
PORTINFRA _j	-0.0497 (-10.76)	
PORTINFRA _{ij}		-0.2444 (-13.51)



Better port infrastructure reduces maritime transport costs

Dependent variable: maritime transport costs per tonne of containerizable cargo

Variable	Model 7	Model 8	Model 9
Observations	N = 75 928	N = 75 928	N = 75 928
TONS _k	-0.0863 (-57.65)	-0.0863 (-57.67)	-0.0869 (-58.11)
VALUEPERTON _k	0.3422 (128.74)	0.3416 (128.82)	0.3416 (128.94)
DISTANCE _{ij}	0.3716 (95.80)	0.3698 (97.26)	0.3542 (90.31)
BILATERALVOLUME _{ij}	-0.0100 (-4.46)	-0.0109 (-5.53)	-0.0161 (-7.97)
BALANCEROUTE _{ij}	0.00020 (1.73)	0.00027 (2.40)	0.00047 (4.25)
PORTEFIC _{ij}			-0.3835 (-17.65)



Better (perceived) port efficiency reduces maritime transport costs

**Dependent variable:
maritime transport costs per tonne of containerizable cargo**



Model 11	Model 12	Model 13
N = 75 928	N = 35 438	N = 73 818
-0.0874 (-58.85)	-0.0632 (-29.15)	-0.0857 (-57.00)
0.3374 (127.73)	0.4665 (113.19)	0.3447 (129.16)
0.3890 (96.81)	0.3380 (55.36)	0.1769 (30.28)
-0.0322 (-13.70)	-0.0794 (-23.74)	0.0256 (10.91)
0.00022 (-1.80)	0.00082 (5.06)	0.00228 (14.31)
0.0038 (2.00)		
-0.0562 (-32.00)		

**Port privatization in the exporting country
reduces maritime transport costs**

Dependent variable: maritime transport costs per tonne of containerizable cargo

Variable
Observations
TONS _k
VALUEPERTON _k
DISTANCE _{ij}
BILATERALVOLUME _{ij}
BALANCEROUTE _{ij}
CUSTOMSDELAY _i
CUSTOMSDELAY _j

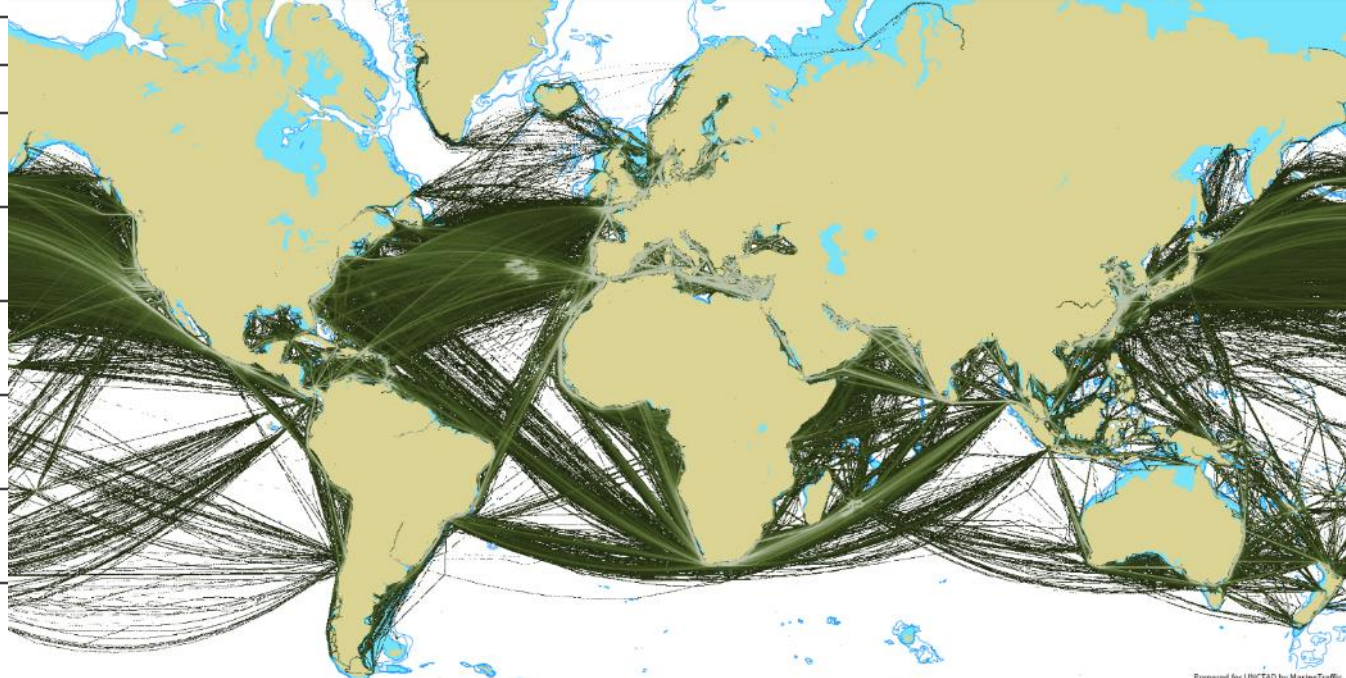


Model 12	Model 13
N = 35 438	N = 73 818
-0.0632 (-29.15)	-0.0857 (-57.00)
0.4665 (113.19)	0.3447 (129.16)
0.3380 (55.36)	0.1769 (30.28)
-0.0794 (-23.74)	0.0256 (10.91)
0.00082 (5.06)	0.00228 (14.31)
0.0512 (4.32)	
0.0074 (0.80)	

Trade facilitation in the importing country reduces maritime transport costs

Dependent variable: maritime transport costs per tonne of containerizable cargo

Variable		Model 13
Observations		N = 73 818
TONS _k		-0.0857 (-57.00)
VALUEPERTON _k		0.3447 (129.16)
DISTANCE _{ij}		0.1769 (30.28)
BILATERALVOLUME _{ij}		0.0256 (10.91)
BALANCROUTE _{ij}		0.00228 (14.31)
LINERSERVICES _{ij}		-0.1129 (-32.60)



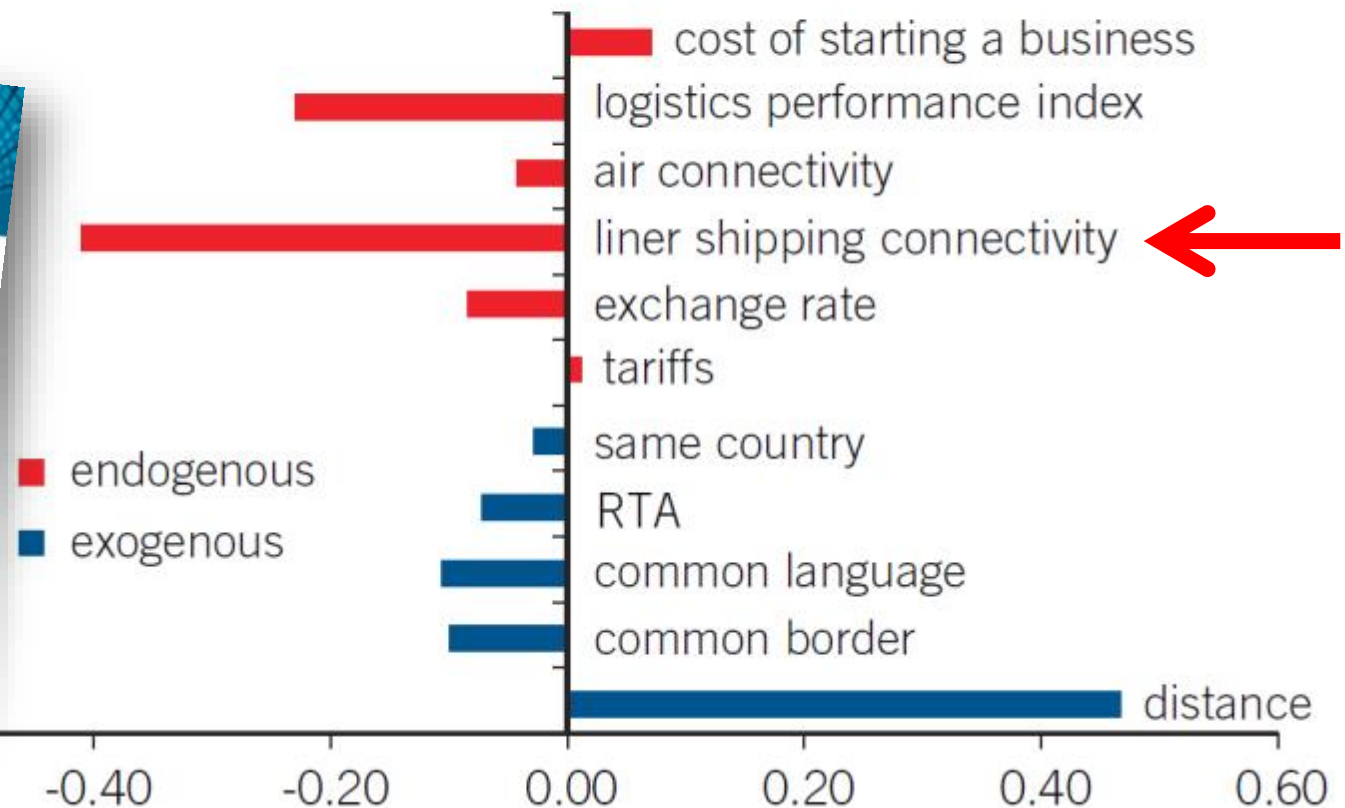
Prepared for UNCTAD by MarineTraffic

Better connectivity / more competition among carriers reduces maritime transport costs (shippers perspective)

Higher Liner Shipping Connectivity leads to lower trade costs

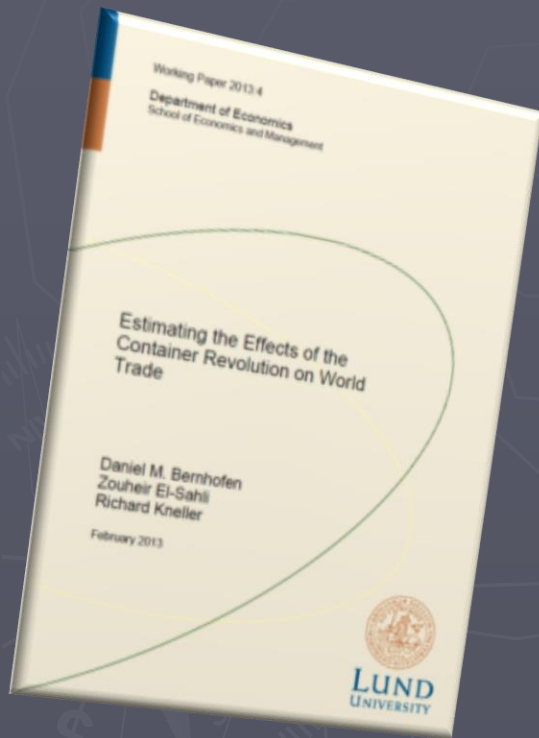
Figure 1. Relative Impact of Different Sources of Trade Costs

(normalized regression coefficients [“betas”] against the indicator measuring the cost component)



(Arvis et al, 2013)

Introducing containerization leads to more trade



(Bernhofen et al, 2013)

Differences in freight costs depend on...

- 1) Distances
- 2) Economies of scale
- 3) Imbalances
- 4) Type and value of goods
- 5) Competition
- 6) Port characteristics

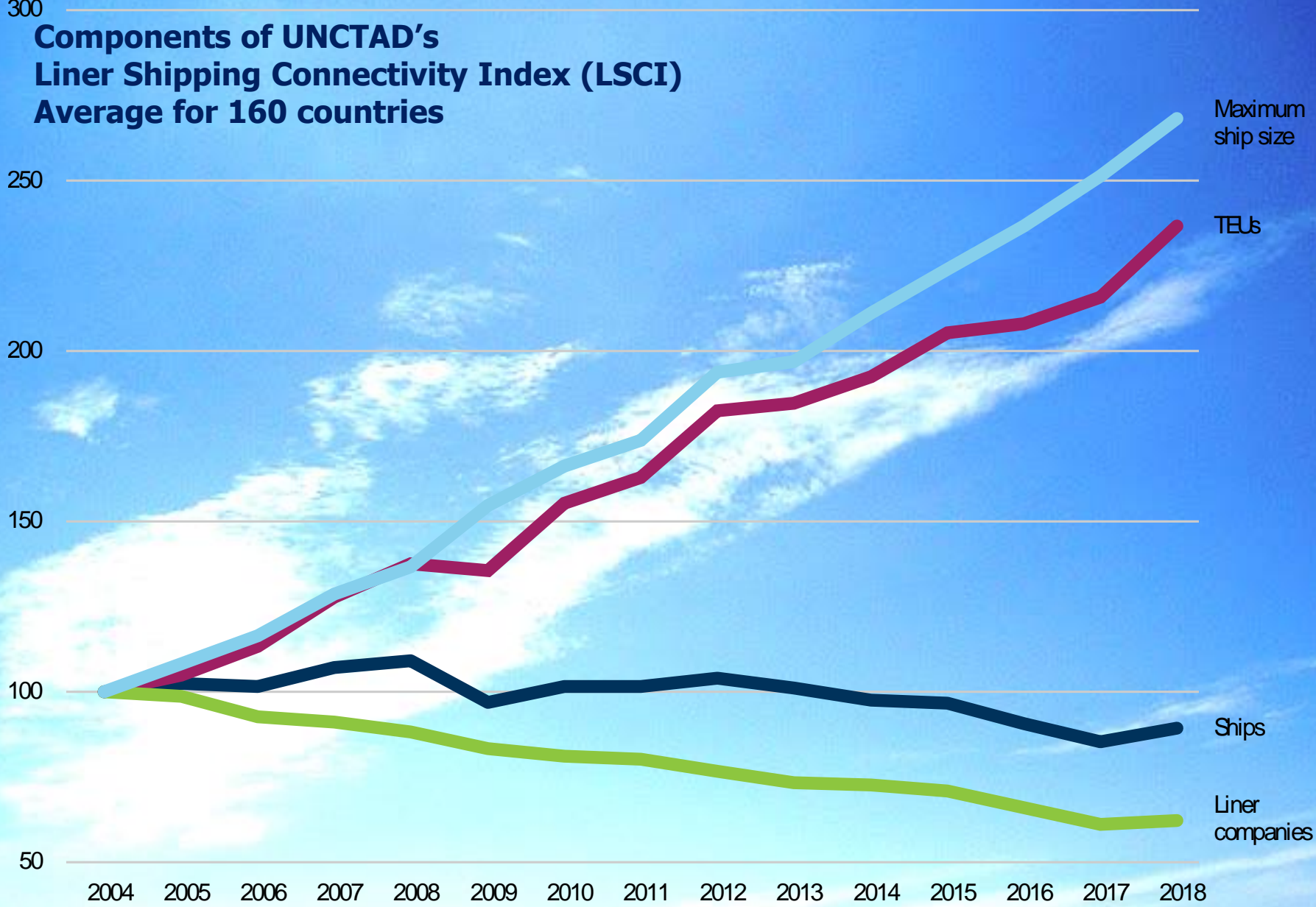


Differences in freight costs depend on...

- 1) Distances
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- 3) Imbalances
- 4) Type and value of goods
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Components of UNCTAD's Liner Shipping Connectivity Index (LSCI) Average for 160 countries



Source: UNCTAD RMT 2018, on the basis of data from MDS Transmodal



Differences in freight costs depend on...

- 1) Distances
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- 3) Imbalances
- 4) Type and value of goods
- 5) Competition
- 6) Port characteristics

Trade terms

SIR - The term "shipper" was wrongly used in your article on shipping ("Economies of scale made steel", November 12th). The shipper is the client, that is, the importer or exporter of goods. The provider of the service is the shipping line, or carrier. Furthermore, although it is true that the carriers benefit from economies of scale, which help to reduce their costs, these cost savings still need to be passed on to the client (the shipper).

The same trend of market concentration that leads to cost savings may also lead to less competition. On routes where there are less than five carriers providing liner services there is evidence that the process of concentration leads in effect to higher freight rates. So not all cost savings will be passed on in the form of lower freight rates to the clients.

JAN HOFFMANN
Trade facilitation section
United Nations Conference on
Trade and Development (UNCTAD)
Geneva

Differences in freight costs depend on...

- 1) Distances
- 2) Economies of scale
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IS THERE OVER-INVESTMENT IN ULTRA LARGE CONTAINER SHIPS?

Containerships have never been bigger than today, container freight rates have never been lower, and never has so much container carrying capacity been idle. In March 2016, the idle container ship fleet stands at 1.6 million TEU, and a shipper may pay less than 200 US\$ to have his twenty foot container shipped from Shanghai to South America. A related trend is that in recent months there have been new mergers and acquisitions among liner companies.

The oversupply of tonnage is the result of past investment decisions against slower than expected demand growth. Individual carriers typically react to this situation by a) trying to reduce their costs, and b) growing their market share. From an individual company's perspective, this often means a) investing in modern large containerships to save fuel and achieve economies of scale, and b) seeking mergers to better control the market, which is necessary to fill the new large ships. This makes sense from the individual company's perspective, but it doesn't if we look at the big picture, and here are three reasons why!¹

1. When replacing old ships with new ones, the old ones don't exit the market. The overcapacity usually stays on, unless scrapped. And most of the containership fleet is simply too young to be demolished. In the end all carriers are confronted with the historically low freight rates. The overinvestment is not in the interest of the liner business.

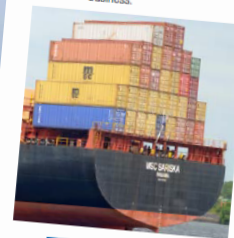
2. The larger ships may cut unit costs for the carriers, but the total system costs are not reduced, in fact, they may actually go up. The costs of the megaships to the logistics system may out-weigh the benefits. The ports, the hinterland connections, and the network structure (more transshipments with fewer direct services) will lead to more costs as the vessel size goes up. This not only applies to those ports and routes which have to accommodate the largest ships, but due to the cascading effect it is also relevant in many smaller and developing countries markets. The overinvestment is not in the interest of the carriers' logistics partners.²

3. As ships get bigger faster than trade grows, there is space for fewer carriers in individual markets. We observe a continued process of concentration. While lower freight rates may be good news for the shipper in the short term, in the longer term, there is a danger of more markets with oligopolistic market structures. Overinvestment is not in the long term interest of

shippers, at least in smaller markets.²

The above mentioned three reasons for not investing in more and larger container ships may not be relevant for the individual carrier. As a commercial entity, it has to look at its own returns, and will not accept staying behind competitors.

In the longer term, there is still scope for further consolidation. Globally, the industry is not very concentrated. Maersk has a share of 14.6% of the TEU carrying capacity, followed by MSC with 12.9%, CMA CGM group (8.7%) and COSCO group (7.5%) (20 March 2016, source: Alphaliner). The logistics partners (ports, intermodal connections) will do their best to adapt to growing vessel sizes, and in the long term, perhaps, the "optimal" vessel size will be larger than today. In the meantime, the pressure on the maritime freight rates will continue, and the resulting low trade costs should help the global economy recover. Thank you to containerization and the maritime business.



¹ For a further discussion on this issue see e.g. Drewry Shipping Consultants 2016 (<http://www.drewry.co.uk/news.php?id=4571>), Huelshoff 2016 (<http://www.huelshoff.de/en/transport/2016/01/containership-sizes-and-port-planning.html>), CMA CGM 2015 (<http://www.cmagroup.com/2015/06/22/the-impact-of-mega-ships/>), and Jean Paul Rodriguez 2015 (<http://www.tracked.com/pulse/that-advantage-scale-maritime-shipping-jean-paul-rodriquez/>).

² For a further discussion of trends in liner shipping connectivity and fleet deployment, see e.g. UNCTAD Review of Maritime Transport 2015 (<http://unctad.org/RMT>).

For further information contact Jan Hoffmann (jan.hoffmann@tradelogistics.com), Trade Logistics GmbH



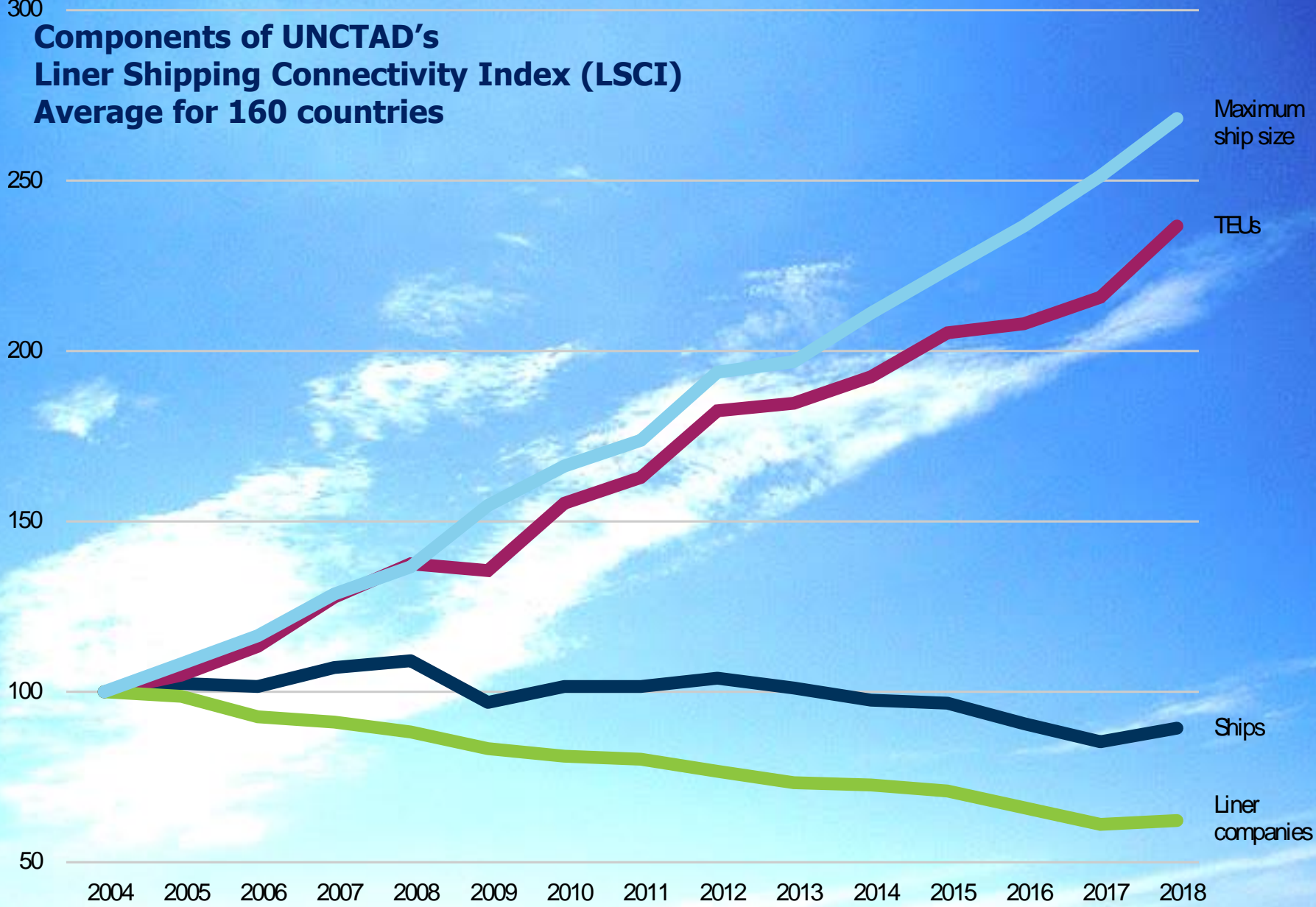


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Source: UNCTAD RMT 2018, on the basis of data from MDS Transmodal



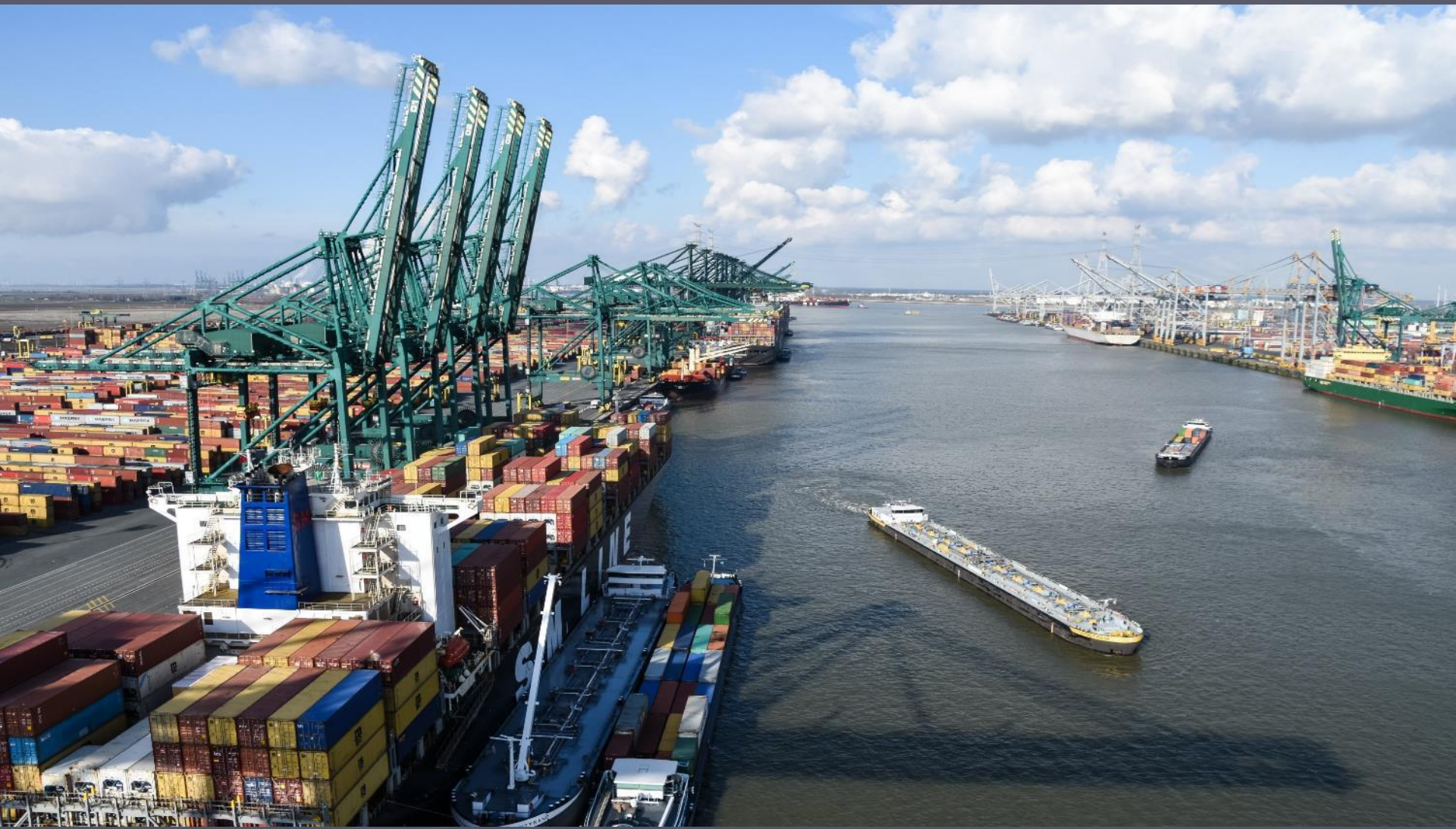
Consolidation in the container market

► Mergers and Acquisitions

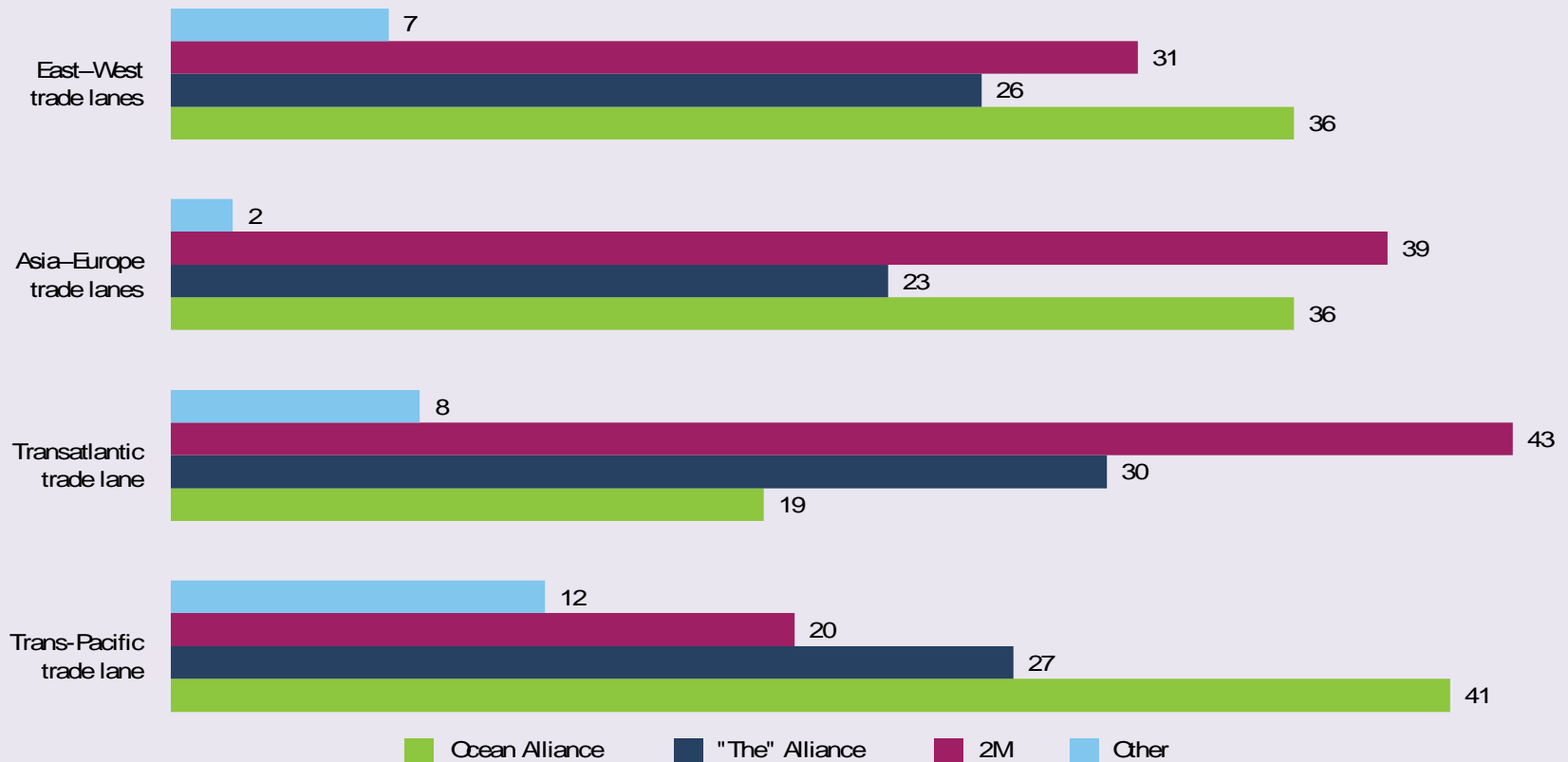
“As of January 2018, the top 15 carriers accounted for 70.3% of all capacity. Their share has increased further with the completion of the operational integration of the new mergers in 2018, with the top 10 shipping lines controlling almost 70% of fleet capacity as of June 2018.”



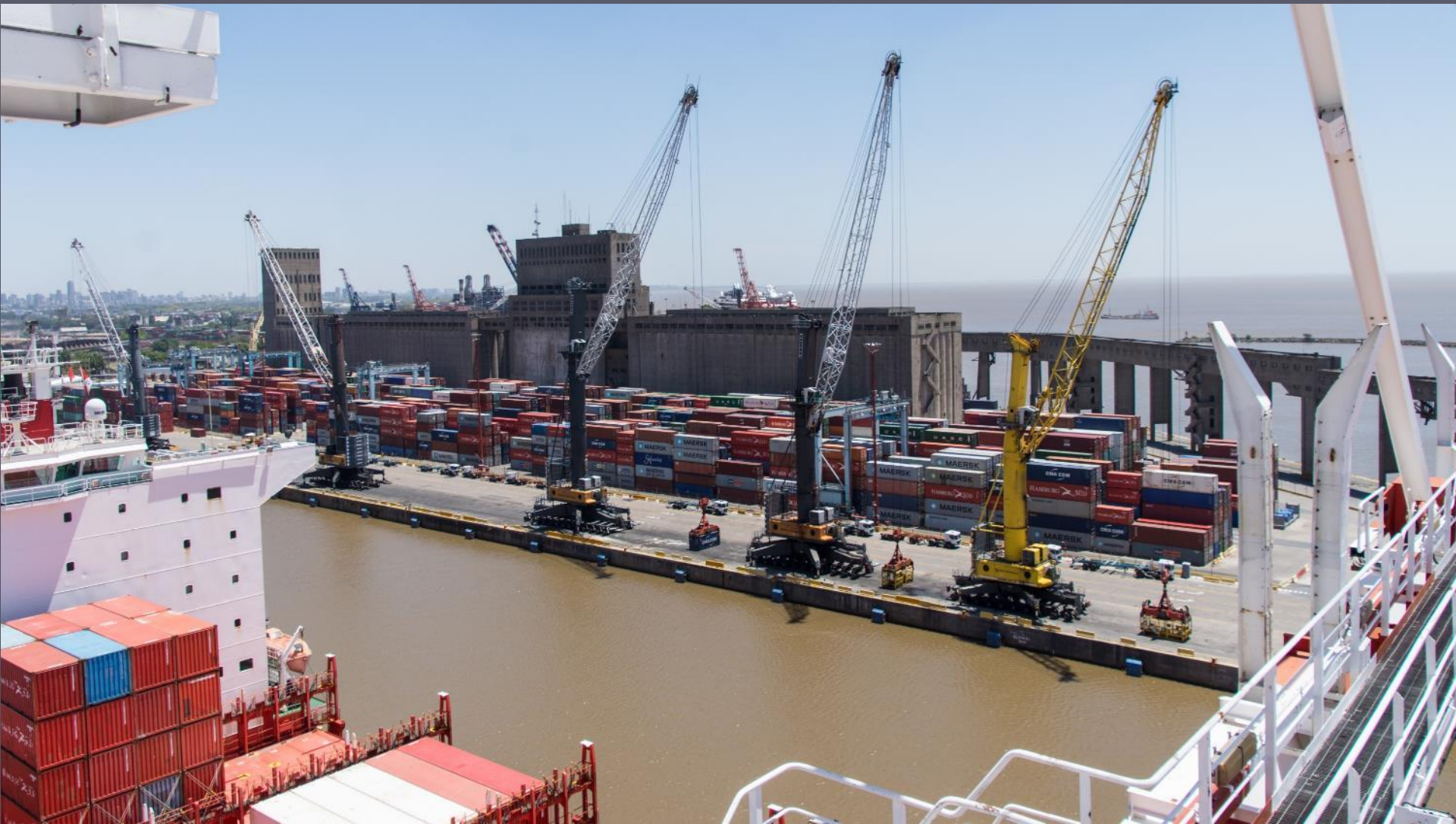
Alliances



Alliances of global carriers were restructured in 2017 to form 3 larger ones: 2M, the Ocean Alliance and "The" Alliance. This reshuffling resulted in a highly concentrated market structure, mainly in the main trade lanes, where the 3 alliances collectively account for around 93 % of the East–West routes.



Vertical integration: e.g. Buenos Aires




Challenges for Small Islands

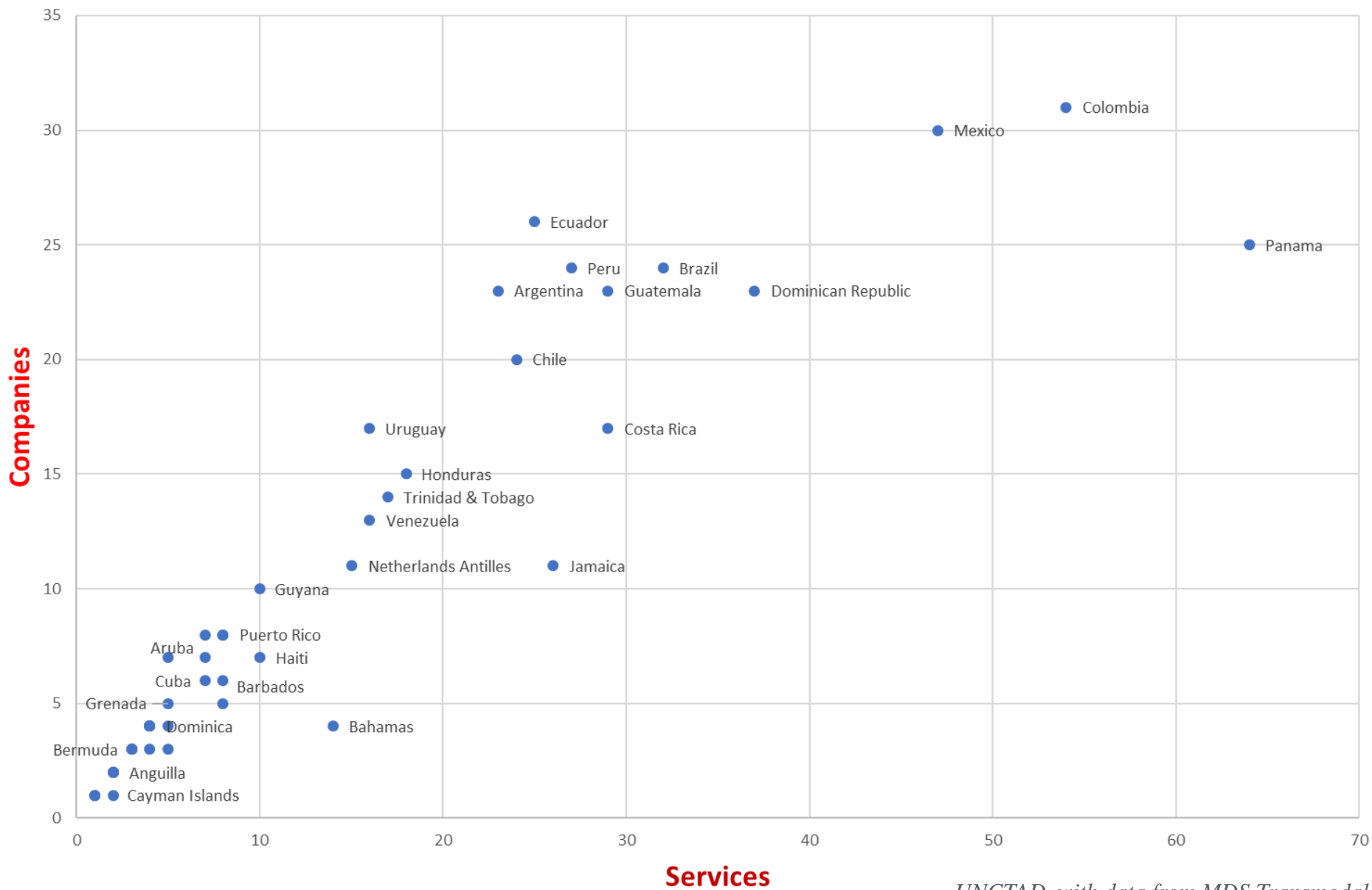


Challenges for Small Islands

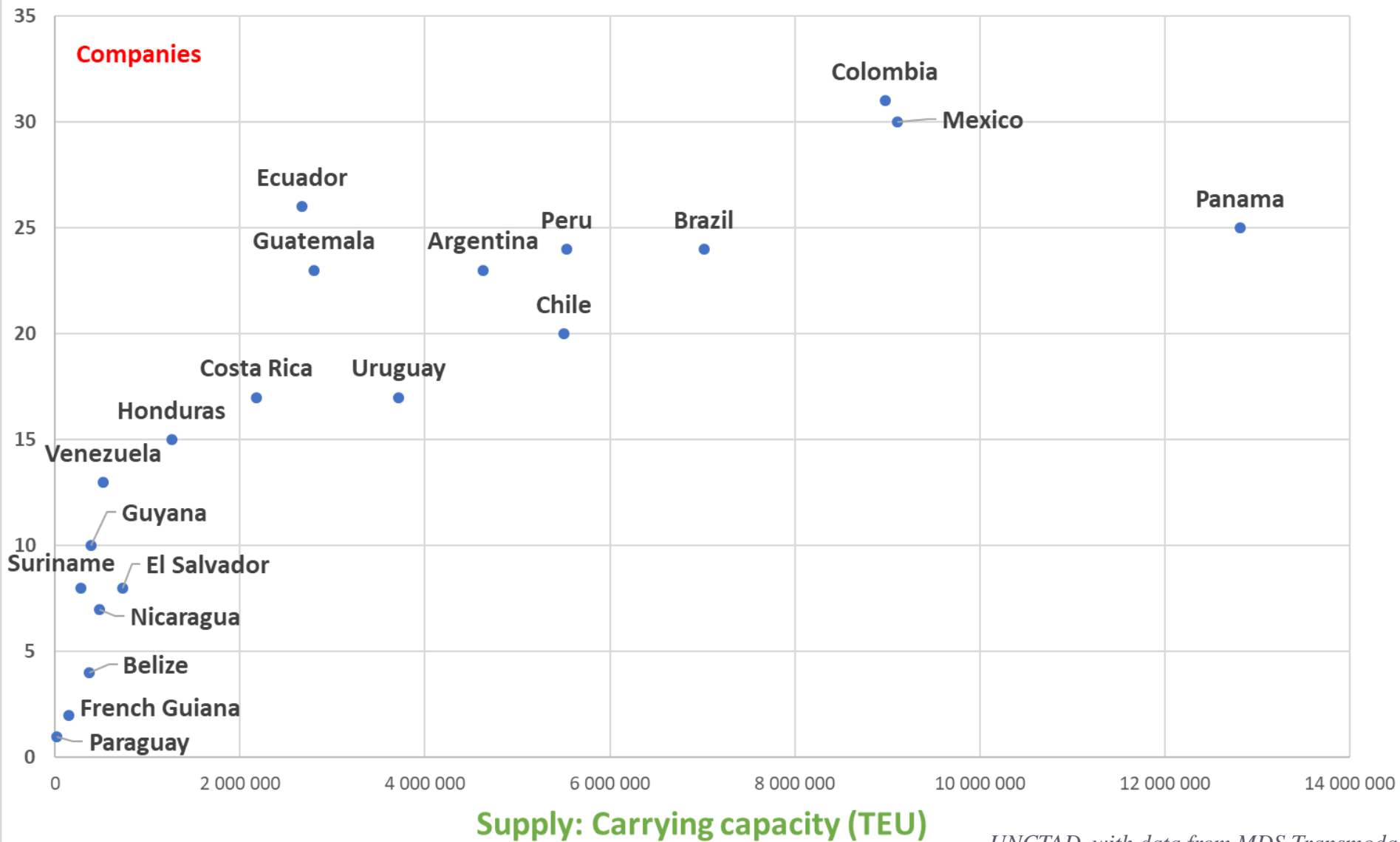


- 
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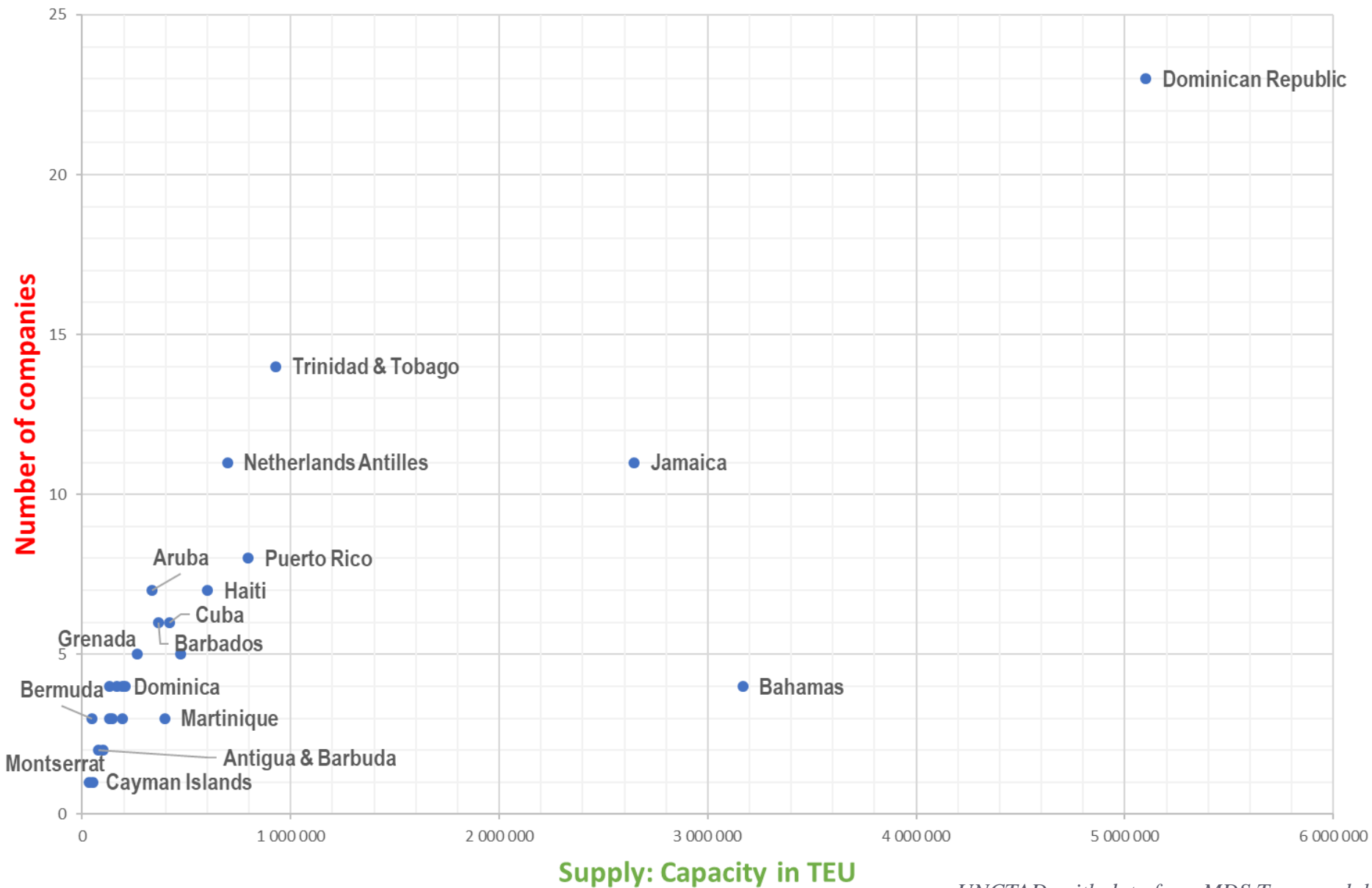
Liner supply in 2018



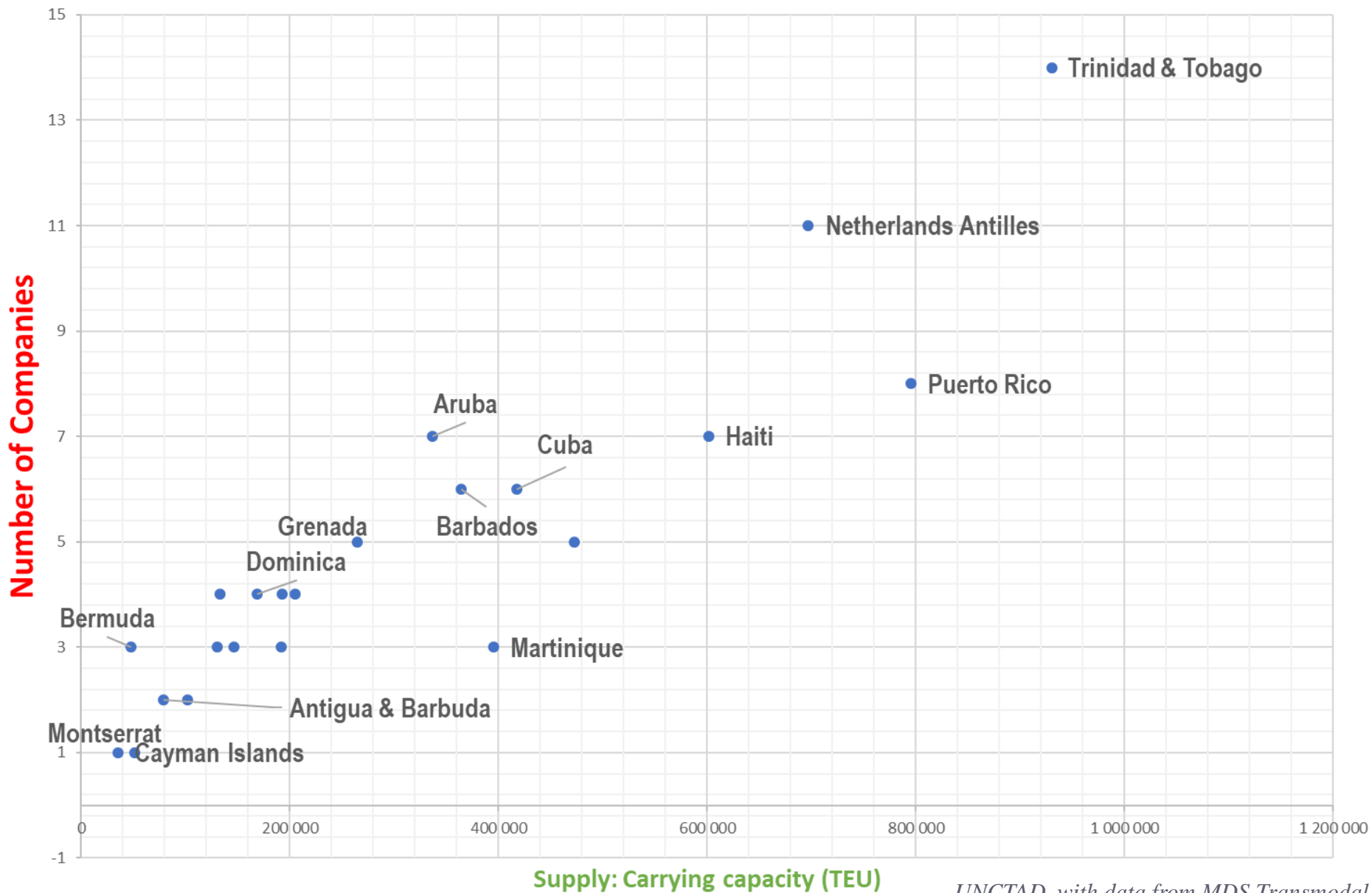
Liner supply in 2018



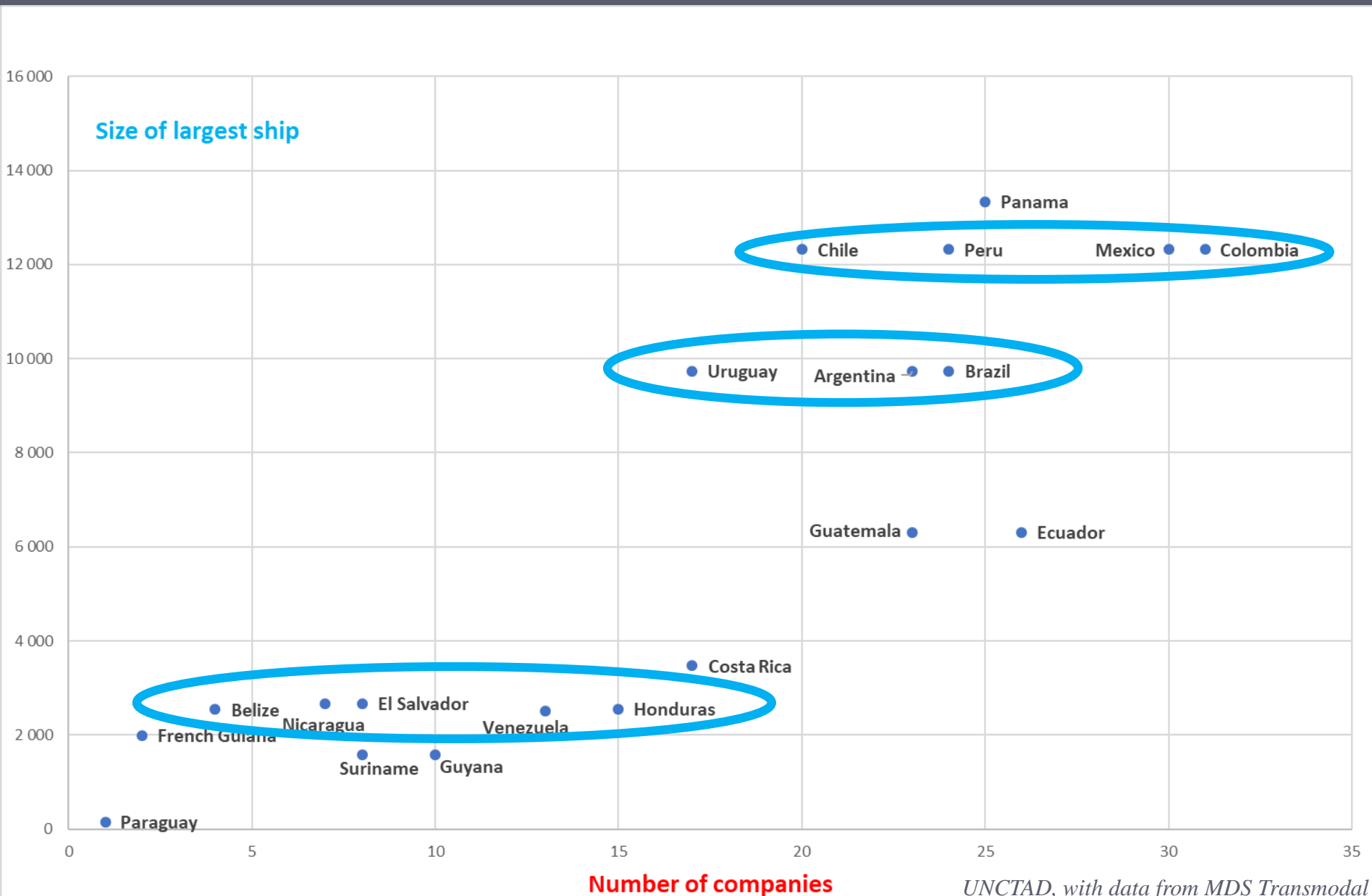
Liner supply in 2018



Liner supply in 2018



Ship sizes



Leading providers for Brazil

Carrier Group	Carrier Name	2017	2018	%dif
MSC	MSC	455.562	405.402	-11%
HAMBURG-SUD	HAMBURG-SUD	155.398	275.720	77%
	ALIANCA	207.155	72.560	-65%
HAPAG LLOYD	HAPAG LLOYD	256.235	296.186	16%
MAERSK LINE	MAERSK LINE	156.104	173.828	11%
	MERCOSUL LINE	1.473		-100%
	SAFMARINE	35.838	33.182	-7%
	SEALAND	18.594	19.539	5%
CMA-CGM	CMA-CGM	160.240	182.987	14%
	MERCOSUL LINE		2.374	-
OCEAN NETWORK EXPRESS	ONE		35.554	-
EVERGREEN	EVERGREEN	33.368	35.389	6%
COSCO	COSCO	27.876	33.463	20%
ZIM	ZIM	27.109	27.204	0%
OTHER		123.892	86.472	-30%
Grand Total		1.658.844	1.679.859	1%

▶ Costos del transporte internacional

▶ Consolidación entre las líneas navieras

▶ América Latina y el Caribe: La situación en el 2018

Differences in freight costs depend on...

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The Economist November 26th 2011

Trade terms
six - The term "shipper" was wrongly used in your article scale made steel". November that is, the importer or exporter of goods. The provider of the service is the shipping line, or carrier. Furthermore, although it is true that the carriers benefit from economies of scale, which help to reduce their costs, these cost savings still need to be passed on to the client (the shipper).
The same





Transporte marítimo y puertos: Competencia en el sector y desafíos para la regulación