



**8<sup>th</sup> City of London Biennial Meeting**  
**17-18 November 2016**  
**International Maritime Organisation (IMO), London**

"Drybulk Shipping in 21<sup>st</sup> Century"

by

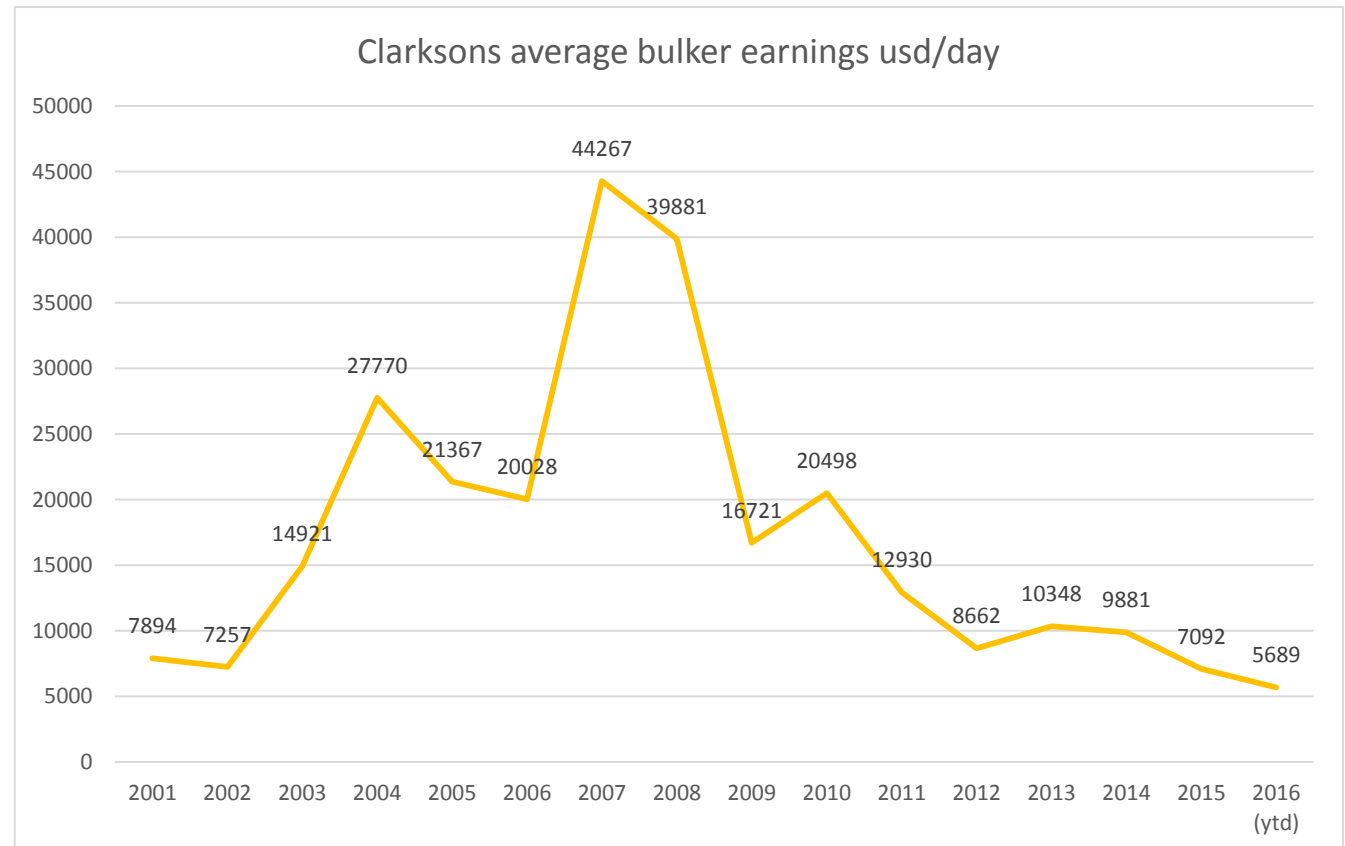
Hakki Deval (MSc STF 2001)



The Costas Grammenos International Centre for Shipping, Trade & Finance

## “Drybulk Shipping in 21<sup>st</sup> Century”

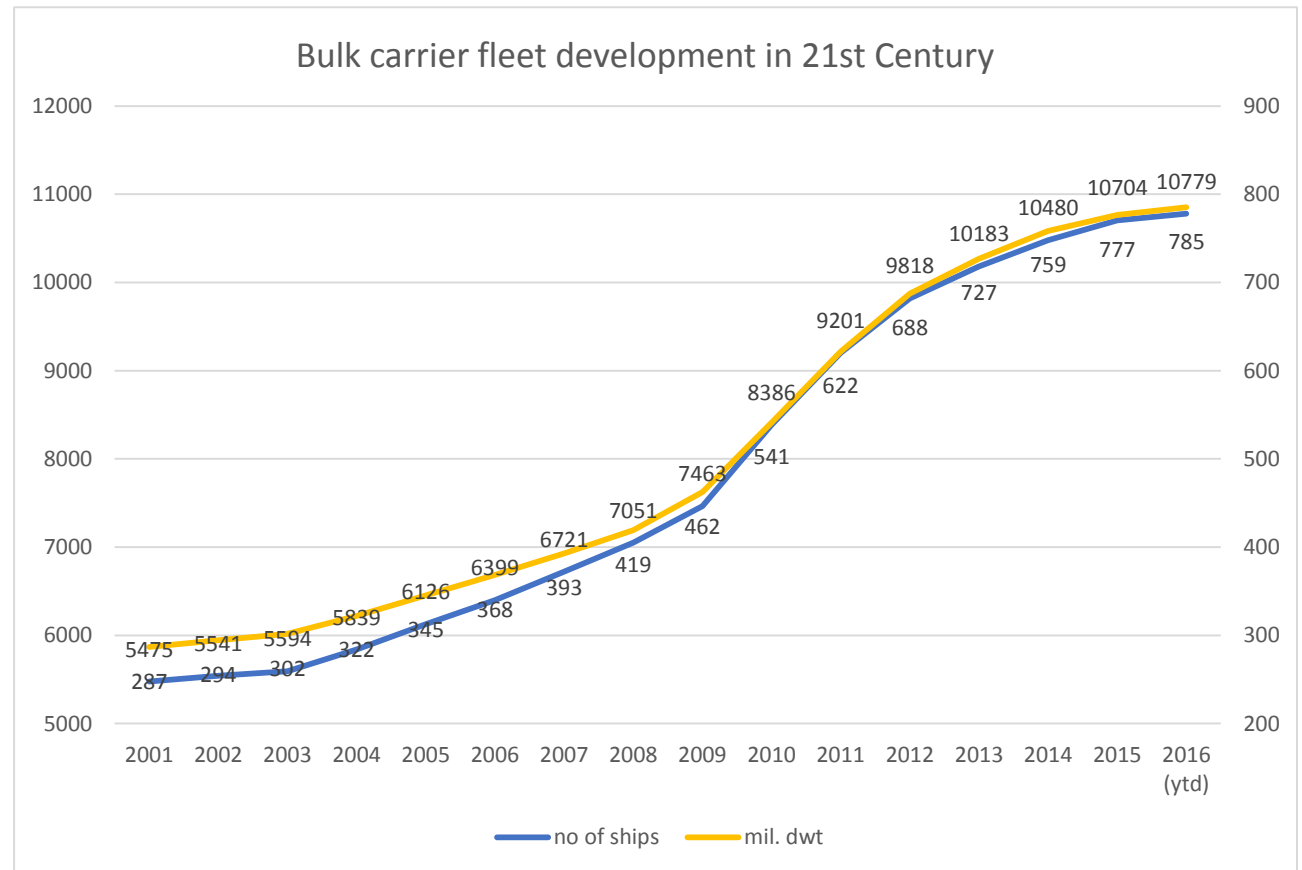
- China joins WTO in December 2001
- Imports and exports increase rapidly, China fuels growth resulting in the dry bulk boom!
- Baltic Dry Index hits all time high in 2007/2008 – a frenzy
- Free money and available shipyards - a shipbuilding boom
- Today: more ships than cargoes



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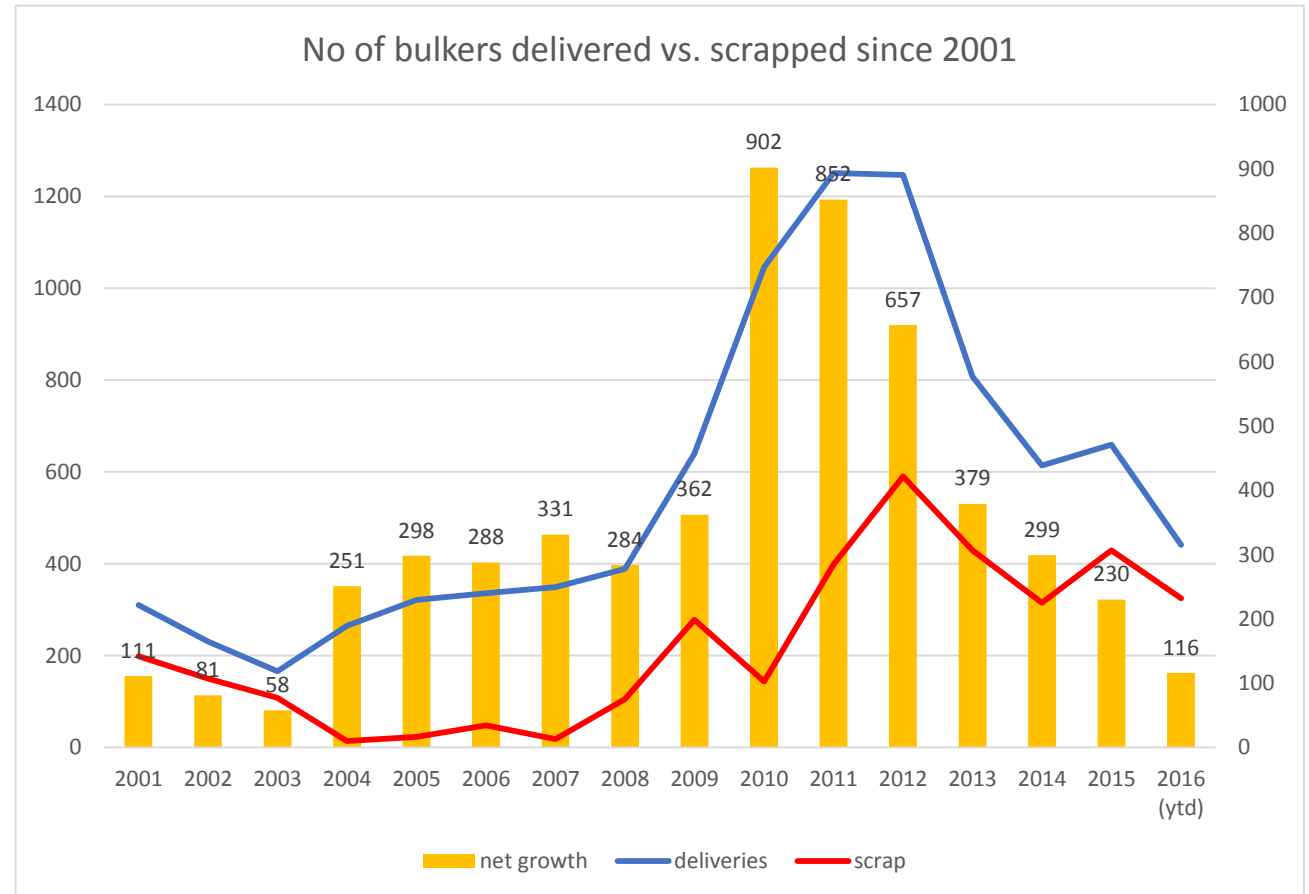
- China, Korea and Japan expanded shipbuilding capacity at record speed
- No of ships have tripled and the fleet have almost doubled by DWT measure
- Massive oversupply of ships root cause for the depressed rate environment



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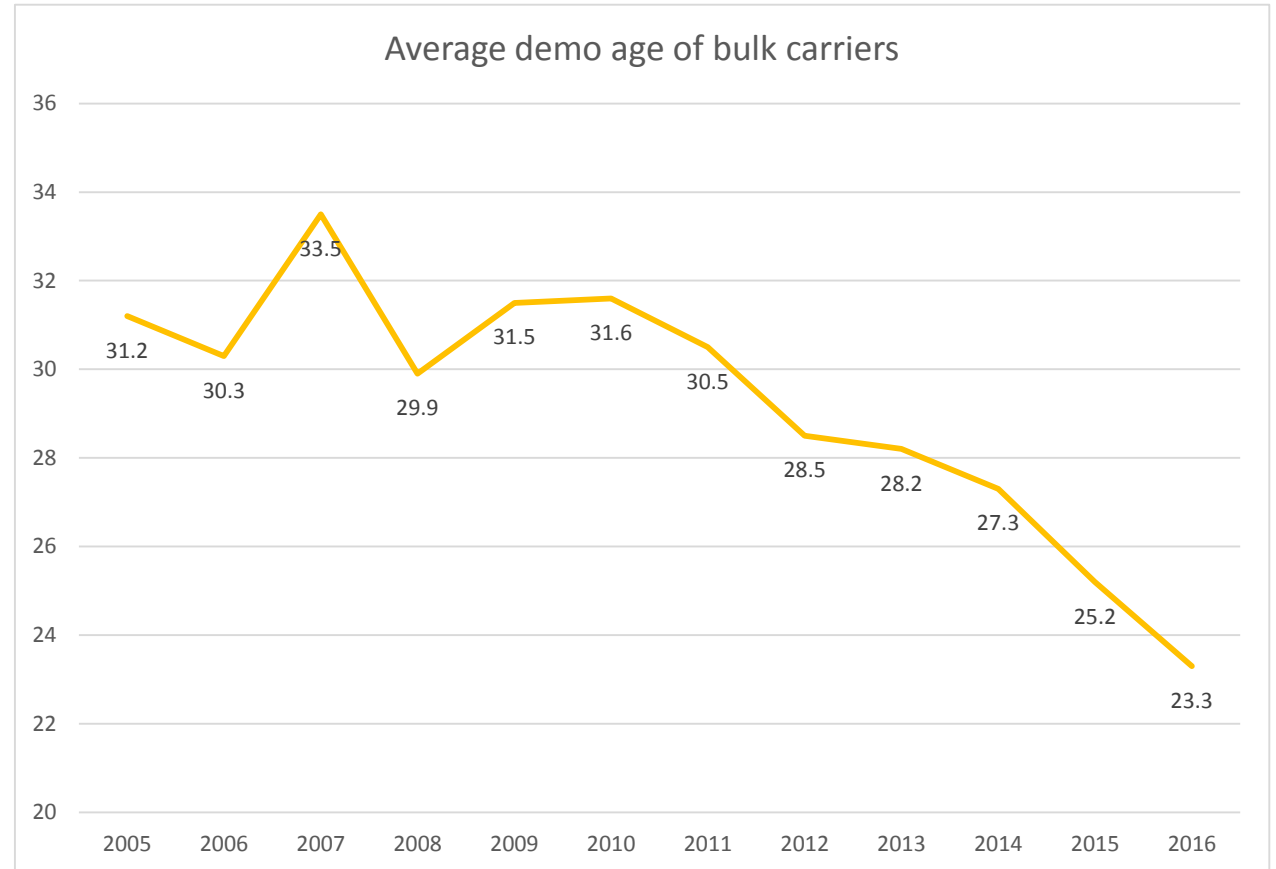
- Fleet is still experiencing net growth (more deliveries than scrappings)
- 2016 is finally showing positive signs of slowing fleet growth
- 100+ vessels too many still



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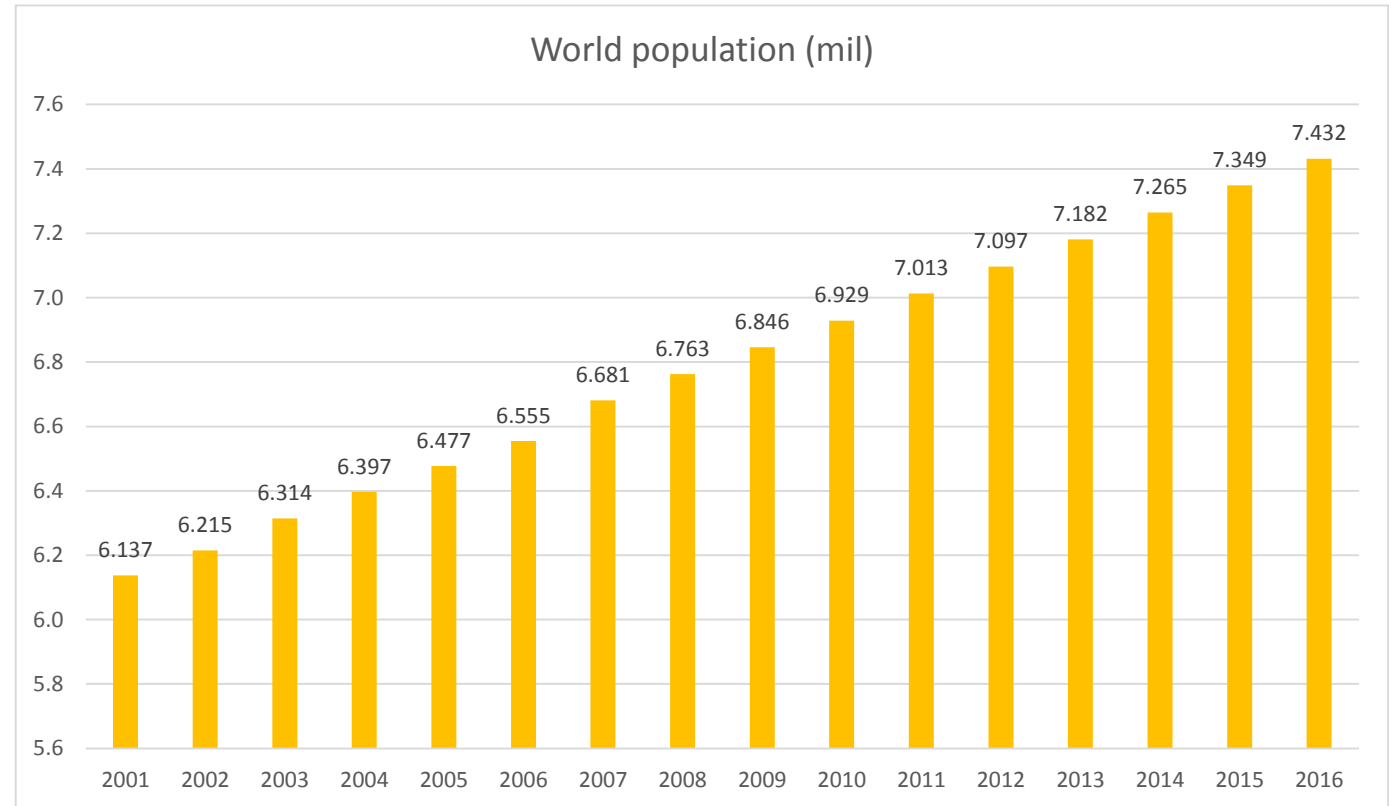
- Demolition age reduced by 10 years (from 33 to 23 years of age)
- Hopefully the trend will continue
- The oldest ships have left the fleet
- Only about 1,250 bulkers remain older than 20 years (abt 12% by no of bulkers)
- Still potential for scrapping



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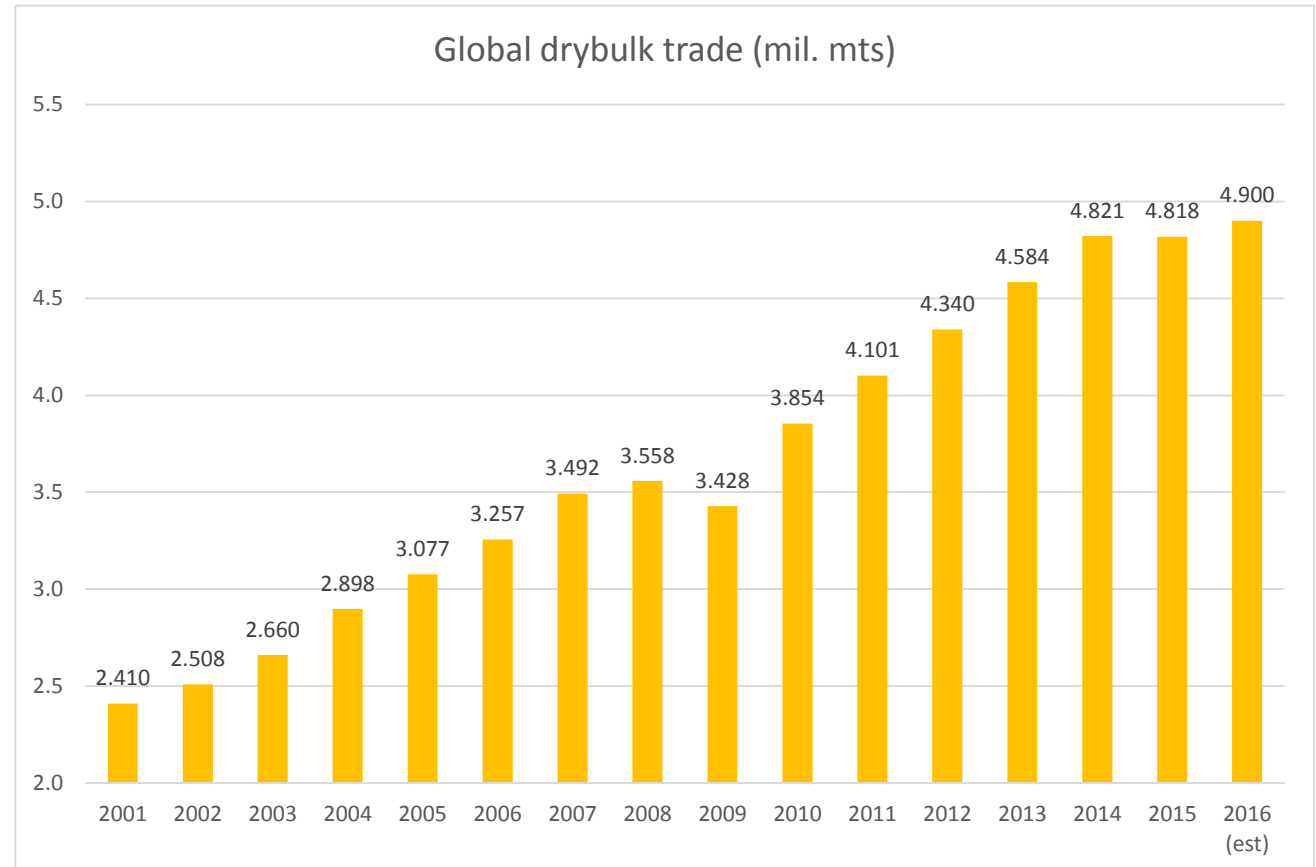
- We are 1.3bn more populous today
- Gross World Product (GWP) reached to estimated USD77 trillion from USD 33 trillion in 2001
- Global Seaborne Drybulk Trade has done its job well and grown a massive 2.5bn tonnes over 15 years!
- China’s share is 45%!!!
- Positive correlation with Population, GWP and Drybulk Trade



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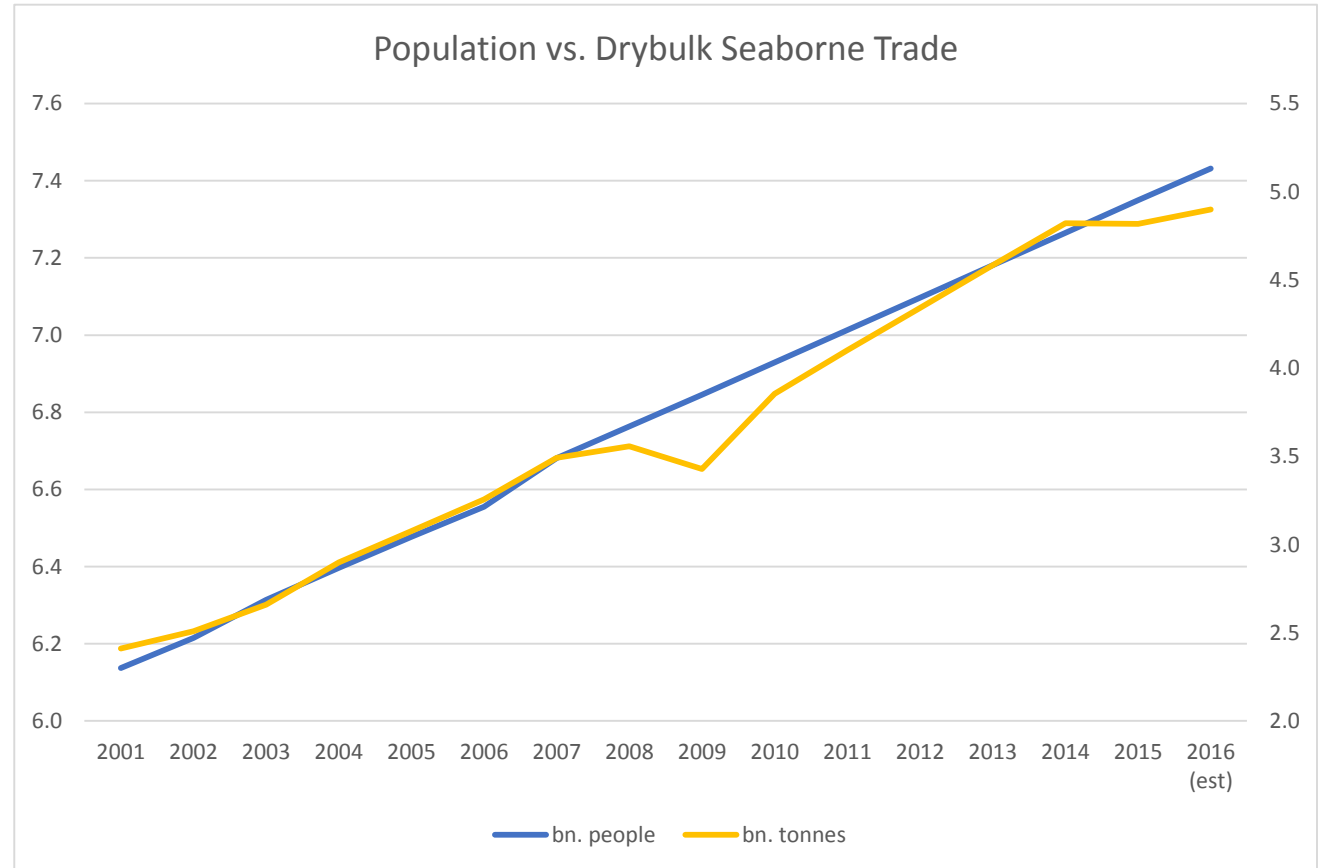
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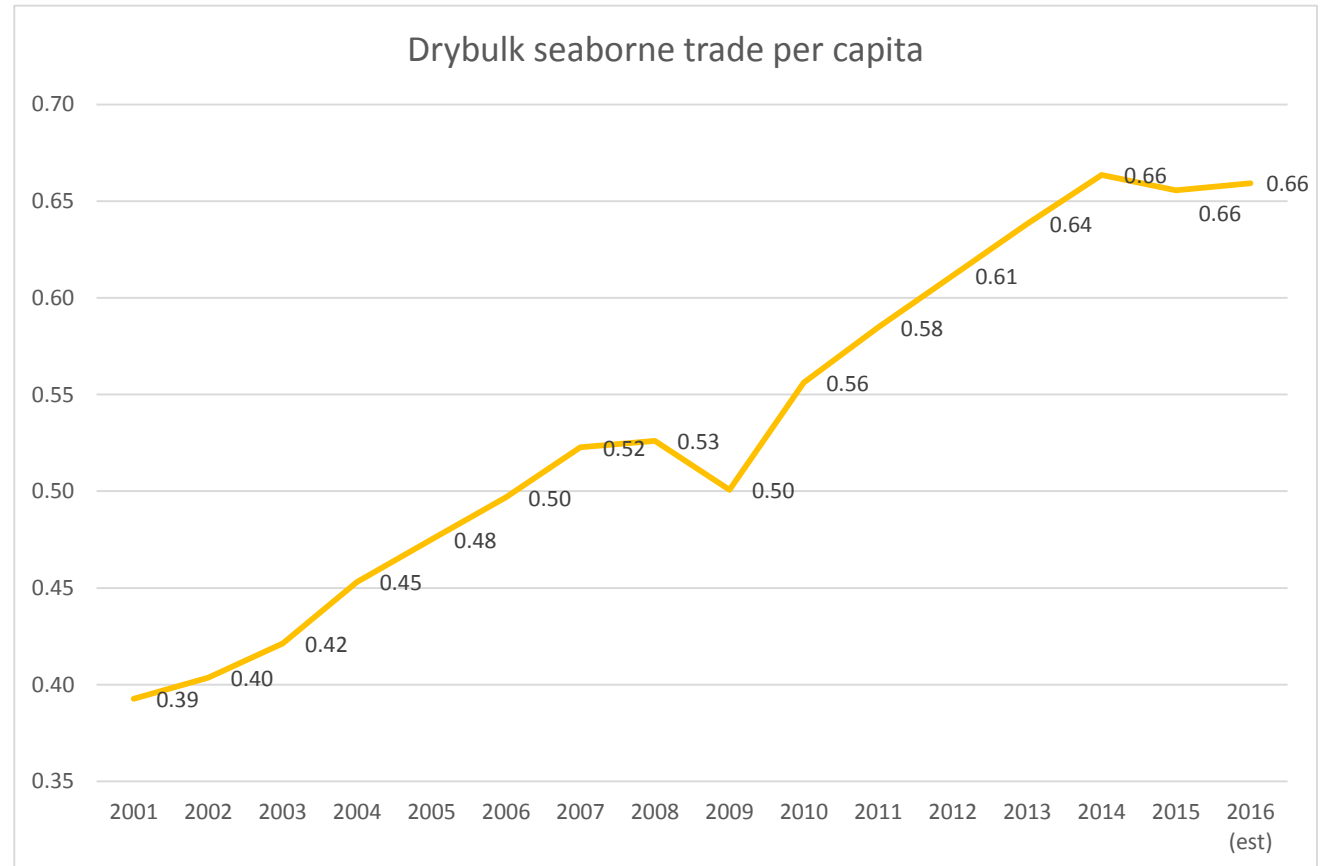


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- We love trading, don't we?
- Trade per capita has gone up by 70%



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## Good news

- Historically we are at an all-time-low on earnings and asset values
- Investments are less risky (but less rewarding too)
- Slowing down of fleet growth by cancellations, slippage, yard closures, higher scrapping, BWTS, credit crunch
- World population growth, trade per capita and drybulk seaborne trade all show positive signs

## Bad news

- Over-dependence on slowing China? Shifting towards a less commodity intensive economy
- Still so many shipyards are out there
- Chronic oversupply – STOP ORDERING SHIPS!!!
- The shipping man has a short memory....we forget!

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Thank you very much!

### References:

- Clarksons Research Studies (2016) *Shipping Review Database*. Autumn 2016. London: Clarksons.
- UNCTAD (2016) *Review of Maritime Transport, 2016*. New York and Geneva: United Nations.
- United Nations (2015) *World Population Prospects: the 2015 revision*. New York: United Nations.
- www.sin.clarksons.net (sin2010, The Shipping Intelligence Network) accessed various dates in November 2016.