



UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Global economic crisis and international transport

A discussion on service providers perceptions and market realities

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GENEVA – 24 September 2009
Multimodal Transport Institute (MTI) meeting - FIATA World Congress

Container outlook

- "Container shipping faces its toughest year ever as cargo volumes shrink by up to 10%"
- Drewry Shipping Consultants forecasting that ocean carriers' collective losses could top \$20bn as revenues plummet \$55bn."
- "Overall, Drewry expects container handling to contract by 10.3% to 471m teu this year, a decline that has serious implications for ports as well as lines. Only a very modest recovery to 1% growth is forecast for 2010, a figure that will be nowhere near enough to return that liner trades to balance."

Source Lloyds list 4 September 2009

Tanker Outlook

- "Collapsing crude demand has derailed confidence in tankers and seen rates plunge to their lowest levels ever for some tanker types."
- "Compounding rock-bottom rates is the bloated newbuilding orderbook, which overshadows any prospects for improvement."

Source Lloyds list 4 September 2009

Dry Bulk Outlook

- "The dry bulk roller coaster is showing no signs of slowing. Capesize fronthaul rates shipping iron ore from Brazil to China reached yearly highs of \$115,000 per day in late June, as congestion levels at Chinese ore discharging ports reached a record high of 88 vessels, tightening vessel supply."

Source Lloyds list 4 September 2009

Impact on road transport

- Due to the financial crisis which has turned into an economic crisis, the demand for vital road freight transport services has slowed down dramatically. For the last quarter of 2008, government and industry sources point to:
 - a decrease in road freight transport activity of up to 50%;
 - a doubling of the number of bankruptcies;
 - a dramatic increase in unemployment (permanent or temporary layoffs), which already amounts to 140,000 jobs in the EU, 120,000 jobs in the CIS countries and 200,000 jobs in North America;
 - The forecasts for transport for 2009 are extremely worrying. Haulage tariffs are generally in decline in the first quarter of 2009.

Source IRU website

European Rail Freight in Crisis

- Whilst European rail freight has managed to benefit over-proportionately from the dynamic growth in the economy and the increase in world trade over recent years, the sector is now recording an unprecedented collapse in demand due to the global economic crisis.
- Across Europe, the sector has posted a fall of 36% compared to the same quarter in 2008. Other freight transportation sectors, such as road freight (down 14%) or air freight (down 23%), recorded similarly painful figures for the first quarter of 2009.
- In the latest study by Booz & Company, *European Rail Freight Survey 2009*, 250 of the biggest industrial and logistics companies in Europe confirmed this negative trend. The survey was conducted from February to April 2009 when the full impact of the recession was felt.
- In a study commissioned by the German transport ministry, Intraplan Consult estimates that cargo transport in Germany will decrease 12.7% in 2009, but forecasts an upturn for 2010. The decline in rail and inland shipping cargo in 2009 is estimated at 18% each, air freight 11.4% and road cargo 10.8%, Logistics Finland informs.

Source: Booz & Company, *European Rail Freight Survey 2009*

Does everyone agree?

- when profits are high economy enjoys prosperity, but declining profits can lead to depression ...

Not really ...

- Investing in freight transport can help Australia to recover from the global economic crisis, according to the Australian Logistics Council's (ALC) chief executive Hal Morris. ([Rail Express](#) —Jul 22, 2009)
- both railway operating companies as well as infrastructure companies need to invest consistently—even during the current crisis—in expanding the rail network and driving forward optimization of capacity management and order management (Booz & Co study)
- MSC Aponte defends box fleet growth Move is necessary in an 'extraordinary crisis' (LL John McLaughlin - Tuesday 14 July 2009)

The crisis as an opportunity

- To go green or greener
- To increase trade and transport facilitation
- To maintain long term perspectives
- Stimulus packages ...



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Thank you

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