Surge in new orders in 2021 after decline in 2020 – UNCTAD Maritime Report 2021

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The United Nations Conference on Trade and Development (UNCTAD) has just published its Review of Maritime Transport 2021, looking at the impact of events in the past two years on maritime transport in general and on the challenges faced by seafarers in particular.

IMN is covering each of the (six) individual chapters separately.

Today, Chapter 2: **Maritime transport and infrastructure**, including the growth of the world fleet, the regulation of shipping, port services and the impact of Covid-19:

The World Fleet

In the 12 months to January 1st, 2021, the global commercial shipping fleet grew by 3% to 99,800 ships of 100 gt and above, equivalent to 2,134,639,907 dwt of capacity. From peak of 11% growth rate 2011 this has slowed.

UNCTAD said that an increasingly important concern was the ageing of the fleet, since older ships were generally less efficient and generated higher emissions. At the beginning of 2021 some 30% of the carrying capacity of the global fleet was in ships of between five and nine years old. Since 2017 this age cohort has represented the highest proportion of capacity, but its proportion and that for younger vessels, has been falling, the proportion of vessels that are 10 to 14 years old has been rising at a steady rate.

The age distribution varies between different economies. The oldest ships are generally those in the least developed countries (LDCs), where close to 30% are more than 20 years old. Compared to the developing group, or the developed countries, the LDCs also have a higher proportion of ships of 15 to 19 years old.

World fleet by principal vessel type, 2020 to 2021 (thousand dead-weight tons and average percentage change

Principal types	2020	2021	% change
Bulk carriers	879,725	913,032	3.79%
Percentage	42.47%	42.77%	
Oil tankers	601,342	619,148	2.96%
Percentage	29.03%	29.00%	
Container ships	274,973	281,784	2.48%
Percentage	13.27%	13.20%	
Offshore supply	84,049	84,094	0.05%
Percentage	4.06%	3.94%	
Gas carriers	73,685	77,455	5.12%
Percentage	3.56%	3.63%	
Chemical tankers	47,480	48,858	2.90%
Percentage	2.29%	2.29%	
Other/not available	25,500	25,407	-0.36%
Percentage	1.23%	1.19%	
Ferries and passenger ships	7,992	8,109	1.46%
Percentage	0.39%	0.38%	
General cargo ships	76,893	76,754	-0.18%

Percentage	3.71%	3.60%	
World total	2,071,638	2,134,640	3.04%

Source: UNCTAD calculations, based on data from Clarksons Research.
Notes: Propelled seagoing merchant vessels of 100 gross tons and above, on January 1st 2021.

DWT for individual vessels have been estimated.

As of January 1st, 2021 the top three ship-owning countries, in terms of both dead-weight tons and the commercial value of their fleets, were Greece, China, and Japan. Over the previous year, among the top 35 shipowners, the greatest increases in shares of carrying capacity were in the United Arab Emirates, from 1.01% to 1.18%, and Vietnam, from 0.52% to 0.59%.

In terms of value, the highest increases in shares of the world merchant fleet value were in Taiwan Province of China, from 1.49% to 1.86%, and the Republic of Korea, from 2.77% to 3.08%.

As of January 1st this year, in terms of both carrying capacity and commercial value of the fleet, the top three flags of registration remained those of Panama, Liberia and Marshall Islands. Among the top 35 flags of registration, the greatest increases were in Vietnam (up 12.1% from 9,868 to 10,269 thousand dwt), and in the Russian Federation, (up by 10.4% from 9,164 to 10,899 thousand dwt). In terms of value, the greatest increase was in Nigeria, whose share of the world merchant fleet value increased from 0.50% to 0.78%.

In 2020 ship deliveries declined by 12% year on year, mainly due to lockdown-induced labour shortages during the first half of the year. As was the case in 2018 and 2019, the ships delivered were mostly bulk carriers, followed by oil tankers and container ships. Since 2015 an increasing proportion of shipbuilding has taken place in just four countries – China, South Korea, Japan, and the Philippines. In 2020, their combined market share rose to 96%.

Between January 2020 and January 2021, the global orderbook declined by 16%, with the sharpest reductions being for bulk carriers (down 36%), followed by ferries and passenger ships (down 32%).

Other segments grew: liquefied gas carriers were up 10% year on year and general cargo ships were up 6%.

From a longer-term perspective, the fleet orderbook has been shrinking since 2011, reaching 165,520,744 dwt in January 2021, the lowest level for the last decade.

UNCTAD said that this was "largely the result of constraints on finance combined with uncertainty over future choices of energy sources and compounded from 2020 by the impacts of Covid-19 on trade volumes and economic activity".

At the beginning of 2021, order levels for container ships were similar to those in 2018, for bulk carriers they were at the level seen between 2004 and 2006, and for oil tankers they were on a par with the levels seen in in 2001, 2003 and 2020.

Since early 2021, however, there had been a surge of new orders. As world trade gradually recovered during the second half of 2020 and the first half of 2021, demand for ships increased – responding to severe fleet capacity constraints and the uptick in freight rates. During the first half of 2021, newbuild investment was at its highest level since the first half of 2014, orders for container ships almost eight times those in the first half of 2020.

New building orders were spearheaded by those for Panamax container ships. There has also been an increase for LNG carriers.

The largest increases in orders during this period were for Chinese and Korean shipbuilders. However, UNCTAD observed that these orders appeared to be concentrated in a few shipyards and warned that this could increase average contract lead times and hinder fleet growth.

More detail available at:
https://unctad.org/system/files/official-document/rmt2021ch2_en.pdf