

2016

EVOLVING TRENDS INFLUENCING THE GLOBAL MARITIME INDUSTRY

What will the “new normal” look like and how should we prepare for it?

Richard Clayton, Chief Correspondent,
IHS Maritime and Trade

richard.clayton@ihs.com

A decade of disruption

- 2008 – this was the year we fell off a cliff
- 2009 – now the only way is up
- 2010 – we saw signs of an upturn
- 2011 – but it was a false dawn
- 2012 – maybe an upturn next year
- 2013 – or perhaps the year after that
- 2014 – this is more than a downturn
- 2015 – it's a seismic readjustment
- 2016 – made even worse by new orders
- 2017 – overcapacity still working through
- 2018 – the 'new normal' becomes clearer

In search of the normal for maritime

- Are we reaching a “new normal” state?
- Is this a sustainable position?
- Has there ever been a “normal” state?

Mathilde Maersk at DP World Southampton



Evolving trends

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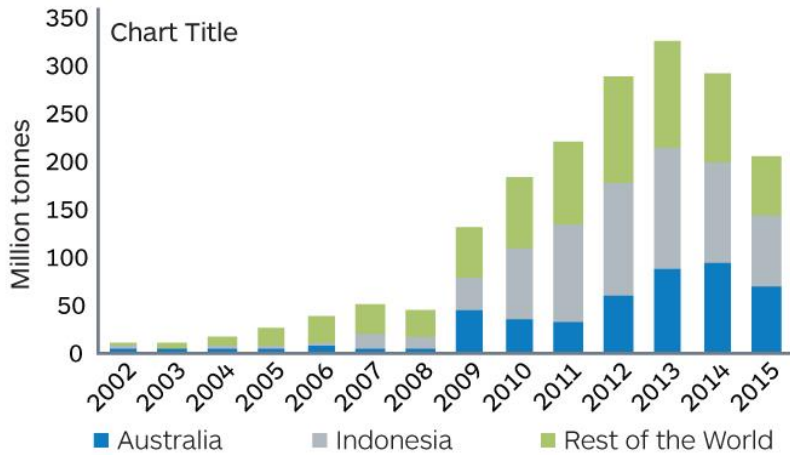
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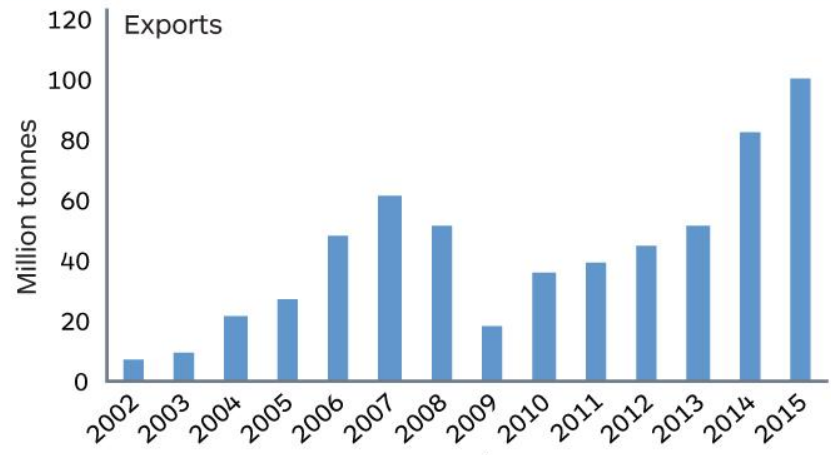
*A “new
normal” or
just a
milestone
on a
journey?*

China

China coal and lignite imports



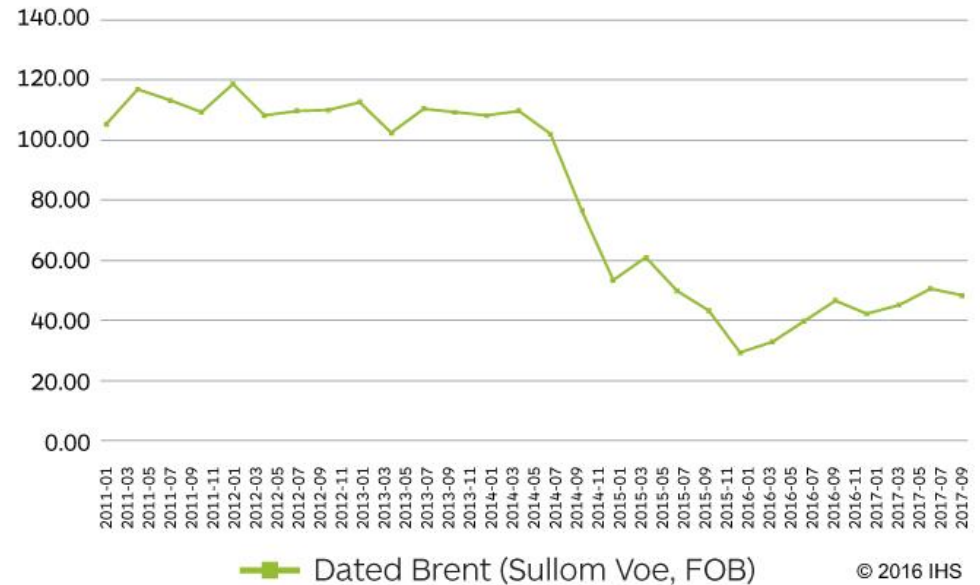
China steel exports



Oil



World Crude Oil Price – 2014 Real \$BBL



“Even under the most bullish scenario for demand growth, we still forecast deterioration in crude tanker utilisation, which has negative implications for rates, asset values and company earnings.”

Amit Mehrotra, analyst, Deutsche Bank

Consolidation

Builders

Acquisitions

Class

Shipbrokers

AGREEMENT

Container ship
operators

Alliances

P&I

SHIPMANAGERS

Partnership

Clubs

**Terminal
operators**

MERGERS

Digital revolution



No one can guarantee absolute security

Supply chain

**How will
ships fit
into the
broader
supply
chain as it
evolves?**



Evolving trends: key takeaways

Transition in shipping is not new – it's
normal

**New normal: a previously abnormal state that has
now become accepted as commonplace**

Evolving trends: key takeaways

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**China's restructure and oil price movements
are driven by short-term geopolitics**

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Shipping decisions have medium-term consequences

Maritime serves trade, not the other way round. We need to discover longer-term solutions that can accommodate short- and medium-term shocks

New normal: a previously abnormal state that has now become accepted as commonplace

Evolving trends: Key takeaways

Decisions must be taken to enable a transition to a less China-focused industry, for which the price of oil will remain low.

A less fragmented industry will be more efficient, while a better-connected industry could be more profitable, provided the issue of cyber security is addressed.

A more efficient and profitable shipping sector will play a more significant part in the global supply chain.

お問合せ先

IHSグローバル株式会社

〒104-0031 東京都中央区京橋3-1-1 東京スクエアガーデン12階

Tel : 03-6262-1700

IHS Customer Care:

Americas: +1 800 IHS CARE (+1 800 447 2273); CustomerCare@ihs.com

Europe, Middle East, and Africa: +44 (0) 1344 328 300; Customer.Support@ihs.com

Asia and the Pacific Rim: +604 291 3600; SupportAPAC@ihs.com

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