Trends in the International Shipping and Port Industries

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The International Transport System

Trade Forecast

Growth Rate = 2~3% p.a.
Growth of Container Trade

- Bulk Growth Rate = 2% p.a.
- Container Growth rate = 8% p.a.
- Forecast Container Growth Rate = 6% p.a.

The China Factor

- CHINA'S GDP GROWTH
- CHINA'S REAL GROWTH IN INDUSTRIAL OUTPUT
- CHINA'S FDI INFLOWS
- CHINA'S INTERNATIONAL TRADE

Major Trends in Container Shipping

- Larger Containerships
  - Maintain load factors
  - Load centring/ Hub and spoke systems
- Increased concentration
  - Alliances
  - M & A
- Vertical integration
  - Dedicated terminals
  - Port operations
Economies of Scale

Concentration and Cooperation in Liner Shipping

Implications for Ports

- Greater Transhipment and Hub Competition
  - Good location = mainlines + hubs
  - Mainlines + hubs = transhipment business
  - Transhipment business = feeder services
  - Feeder services = mainlines + hubs
- Increased Buying Power of Shipping Lines
- Globalisation and Concentration of Terminal Operators
- Vertical Integration
World Container Throughput
(Millions of TEUs)

<table>
<thead>
<tr>
<th>Port</th>
<th>2005</th>
<th>2004</th>
<th>2003</th>
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<tbody>
<tr>
<td>Singapore</td>
<td>22.20</td>
<td>21.34</td>
<td>18.10</td>
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<tr>
<td>Hong Kong</td>
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<td>21.99</td>
<td>20.10</td>
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<tr>
<td>Shanghai</td>
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<td>Shenzhen</td>
<td>16.20</td>
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<td>Busan</td>
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<td>Kaohsiung</td>
<td>9.47</td>
<td>9.71</td>
<td>8.84</td>
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<td>Rotterdam</td>
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<td>8.30</td>
<td>7.18</td>
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<td>8.10</td>
<td>7.01</td>
<td>6.14</td>
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<td>Los Angeles</td>
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<td>7.22</td>
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<td>Long Beach</td>
<td>6.70</td>
<td>5.78</td>
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Hutchinson Port Holdings

- Asia
  - Hong Kong International Terminals, Inland Gateway International Container Terminals, Nantong International Container Terminals, Shanghai Budding International Container Terminals, Shanghai Budding International Container Terminals, Shanghai Budding International Container Terminals, Shanghai Budding International Container Terminals, Shanghai Budding International Container Terminals, Shanghai Budding International Container Terminals, Shanghai Budding International Container Terminals, Shanghai Budding International Container Terminals
  - International Port Services – Saudi Arabia, Tanzania
  - International Container Terminal Services
  - Argentina Container Terminals, Panama International Container Terminals, Panama International Container Terminals
  - Europe
    - The Americas
      - Puente Arroyo Container Terminal, Exencasa International Container Terminals, Exencasa International Container Terminals
    - Asia
      - South America
        - Hutchison Korea Terminals, Karachi Container Port, Karachi International Container Terminals, Karachi International Container Terminals
      - Middle East
        - Hutchison Korea Terminals, Karachi Container Port, Karachi International Container Terminals, Karachi International Container Terminals
      - Europe
        - Hutchison Korea Terminals, Karachi Container Port, Karachi International Container Terminals, Karachi International Container Terminals
      - Africa
        - Hutchison Korea Terminals, Karachi Container Port, Karachi International Container Terminals, Karachi International Container Terminals

PSA International

- Hutchison Terminals
- Antwerp and Zeebrugge ports in Belgium
- Hesse-Noorde nato in Rotterdam
- World Terminals, Europa (Genoa) and Venice Container Terminals in Italy
- Hong Container Terminal in Brunei
- Shanghai, Tianjin, Fuzhou, Dongguan and Guangzhou Container Terminals in China
- Tuticorin Container Terminal in India
- Incheon Container Terminal and Busan New Port in Korea
- Hibik Container Terminal in Japan
- Sines Container Terminal in Portugal
- Laem Chabang Terminal, Thailand
- Hong Kong
A Return to the China Factor

- Continued trade growth
- Impact of China's accession to the WTO
  - Changes to customs procedures etc
  - Impact on FDI and trade
  - Port Law 2004
  - Opening up of port and logistics market

Corollary

- China will continue to grow and will lead world trade
- Asia becomes even more of a focus for container shipping industry
- In shipping, service rationalisation and the deployment of large containerships will continue in phases
- Hinterlands of load centre ports must expand
- Mega-terminals will be further developed

Example Megaport

Yangshan in Shanghai
**A New Logistics Perspective**

- Vertical integration of independent port operators into the inland logistics market
- Traditional shipping lines will increasingly diversify into shore-based logistics
- This is supported by, and will contribute, to inland transport infrastructure investment and more efficient logistical systems
- Hinterlands increasingly overlap and ports compete for the same cargo base
- Greater industrial concentration in shipping and in ports is a complication, as is vertical integration into logistics and land transport
- A further complication is the increasing role of 3PLs in port and carrier choice
- A greater appreciation of the role of shipping and ports in international logistics and supply chains emerges

**Conclusions**

- The price vs. Efficiency (quality of service) trade-off for ports remains very important
- Shipping lines face greater regulation
- Shipping lines will provide an important source of competition for the dedicated port operator
- Facilitated by continuing port/terminal privatisation
- The role of a port as a planning instrument for national or regional economic development has been completely undermined

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**Thank You**