



# MAINTAINING EFFICIENT SHIPPING SERVICES

WTO Ministerial Conference  
December 2005



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*The Sixth World Trade Organization (WTO) Ministerial Conference is being held in Hong Kong, China, from 13–18 December 2005. The conference will be vital for enabling the four year old Doha Development Agenda negotiations to move forward sufficiently to conclude the round in 2006. It will also be of significant relevance to the fortunes of the global shipping industry.*

*The following information has been prepared by the **International Chamber of Shipping (ICS)** which is the principal international trade association for the shipping industry representing all sectors and trades.*

*ICS membership comprises national shipowners' associations whose member shipping companies operate two thirds of the world's merchant tonnage. Membership includes the following countries:*

*Australia, Austria, Belgium, Bulgaria, Canada, Chile, Croatia, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong - China, Iceland, Ireland, Italy, Japan, Kuwait, Liberia, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Pakistan, Singapore, Spain, Sweden, Switzerland, Turkey, United Kingdom and United States.*



## Maintaining efficient shipping services

Shipping enjoys a relatively level 'playing field' between maritime nations, and healthy competition between individual shipping companies, of which there are around 10,000 involved in international trades, operating about 50,000 ships.

The negotiations at the World Trade Organization (WTO) on eliminating trade discrimination and unfair treatment by governments are of significant relevance to shipping's fortunes. A successful new WTO agreement on goods and products should further increase world trade and so generate demand for shipping services.

But shipping customers also stand to benefit from any specific terms that are agreed on maritime services as part of the current 'Doha' round of negotiations on a new General Agreement on Trade in Services (GATS). Currently, shipping remains one of the few major industries still outside the scope of the existing agreement concluded in the 1990s, largely because it has long been very liberalised in terms of freedom to trade with other countries, as well as extensively regulated at a global level.

The principal benefits to ship operators of the incorporation of maritime services into any new WTO agreement are that it will codify existing best practices. This should help to prevent any return to unacceptable measures, such as widespread cargo reservation for national operators on commercial international voyages, or discrimination

when charging for port services.

The shipping industry has been encouraged by the efforts of the government negotiators at WTO that have formed the 'Friends of Maritime Group'. With a statement supported by over 50 countries, the Group has highlighted the great importance of efficient maritime services to the health of the world economy.



## The low costs of maritime transport

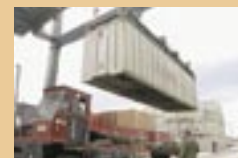
Due to continuous improvements in technology and efficiency, maritime transport costs are very competitive.



- The typical cost to a consumer in the United States of transporting crude oil from the Middle East, in terms of the purchase price of gasoline at the pump, is about half a US cent per litre.



- The typical cost of transporting a tonne of iron ore from Australia to Europe by sea is about US \$12.



- The typical cost of transporting a 20 foot container from Asia to Europe carrying over 20 tonnes is about the same as the economy airfare for a single passenger on the same journey.



## International shipping - carrier of world trade

The international shipping industry is responsible for the carriage of 90% of world trade and is the life blood of the global economy.

Without shipping, intercontinental trade, the bulk transport of raw materials, and the import/export of affordable food and manufactured goods would simply not be possible – half the world would starve and the other half would freeze!

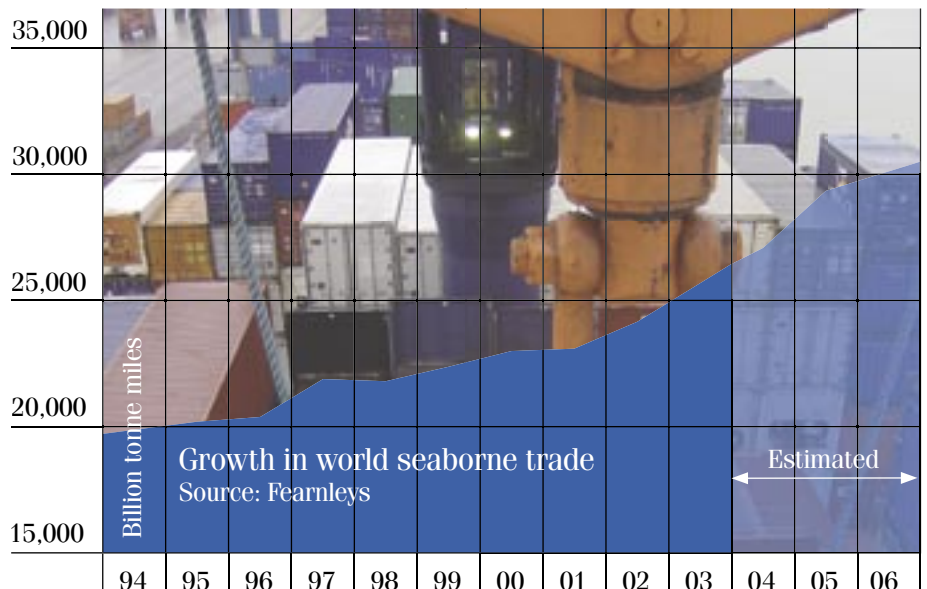
Ships are technically sophisticated, high










value assets (larger hi-tech vessels can cost over US \$150 million to build), and the operation of merchant ships generates an estimated annual income of over US \$380 billion in freight rates, representing about 5% of the total global economy.

It is the availability, low cost and efficiency of maritime transport that has made possible the large shift towards industrial production in Asia, which has in large part been responsible for recent improvements in global living standards.

World trade continues to grow, and the international shipping industry has responded to demand for its services. But shipping is an international industry which depends upon a global regulatory framework to operate efficiently.



### Typical Ocean Freight Costs (Asia-US or Asia-Europe)

							
	TV Set	DVD/CD Player	Vacuum Cleaner	Scotch Whisky	Coffee	Biscuits	Beer
Unit	1 unit	1 unit	1 unit	1 bottle	1 kg	1 tin	1 can
Typical Shelf Price	\$700.00	\$200.00	\$150.00	\$50.00	\$15.00	\$3.00	\$1.00
Shipping Costs	\$10.00	\$1.50	\$1.00	\$0.15	\$0.15	\$0.05	\$0.01

# Different types of ships in the world fleet

## Container Ships

carry most of the world's manufactured goods and products, usually on scheduled liner services.

The latest generation of container ships can carry the equivalent of 10,000 heavy trucks.



## Bulk Carriers

are the work horses of the fleet, transporting raw materials such as iron ore, coal and foodstuffs, identifiable by the hatches raised above deck level which cover the large cargo holds. The largest bulk carriers can transport up to 200,000 tonnes of grain, enough to feed half a million people for a year.



## Tankers

transport crude oil, chemicals and petroleum products. Tankers can appear similar to bulk carriers, but the deck is flush and covered by oil pipelines and vents. The largest tankers can carry over 300,000 tonnes of oil, enough to heat an entire city for a year.



## Other Ships

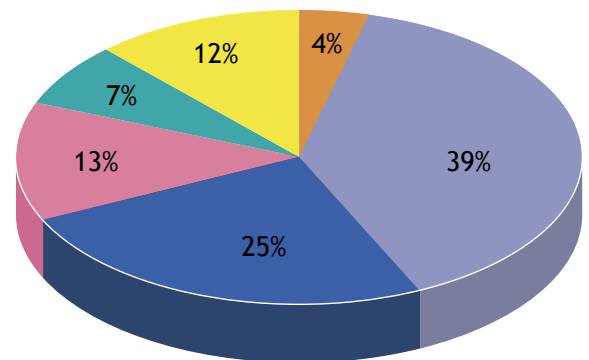
include car carriers (shown here), gas carriers, heavy lift vessels and ships supporting the offshore oil industry. There are also a large number of smaller general cargo ships.



## Ferries and Passenger Ships

Ferries usually perform shorter journeys for a mix of passengers, cars and commercial vehicles. Many of these ships are Ro-Ro (roll on - roll off). The number of luxury cruise ships has also expanded greatly in recent years.

Different sectors as a percentage of total number of ships in the world fleet 1 Jan 2005



- Tankers
- Bulk carriers
- Container ships
- General cargo ships
- Passenger ships
- Other

Source: Lloyd's Register Fairplay

For more information about the shipping industry  
[www.shippingfacts.com](http://www.shippingfacts.com)



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