

CONTAINER SHIPPING WITHIN THE MIDDLE EAST AND ASIAN COUNTRIES : DYNAMICS AND TRENDS

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Presentation outline



- The growing trade & maritime clout of the Middle East (ME) region.
- Growth of container ports / shipping, supporting services & sectors in ME.
- Prognosis of container trade & handling in the region.
- Container trade & shipping in ME :
The road ahead.

ME's growing trade & maritime clout



- ME is one of the world's fastest growing economic regions.
- Seaborne loaded goods grew 60% from 1974-2004; unloaded : tenfold.
- Four ME nations in UNCTAD's list of top 35 maritime nations.
- Dubai's maritime rise epitomizes ME's growing maritime clout.

ME's seaborne trade (mil. tons)



Year	Goods loaded	Goods unloaded
1970	657.6	14.2
1980	867.4	68.4
1990	569.2	129.7
2000	1,023.7	137.4
2004	1,083.5	147.6

UNCTAD

ME countries in UNCTAD's list of top maritime nations



Rank	Country	No. of vessels	DWT '000	DWT as % of world tonnage
17	Saudi A	123	11,062	1.32
19	Iran	172	9,478	1.13
30	Kuwait	45	3,791	0.45
34	UAE	134	2,658	0.32

UNCTAD

ME's growth of container ports



- Oil boom results in investment pouring into maritime infrastructure.
- Triple-digit throughput growth in Iran, Oman & Saudi Arabia b/w 2000-05.
- Double-digit throughput growth in Jeddah, Dubai, Dammam & Bandar Abbas ports b/w 2003-05.

ME's container port traffic 2000-2005



- Dubai Port handled 7.62m TEU in 2005 vs. 6.43m in 2004.
- Other ports are also expanding to facilitate greater container volume.
- DP World's exploits symbolize the region's growing maritime confidence.
- Up to Aug '06, container handling at ME ports has grown 10.3% in 2006.

Container traffic of ME countries, 2000 & 2004



Country	2000	2004	% change
UAE	5.05	8.86	75.44
Saudi	1.50	3.18	112.0
Oman	1.16	2.52	117.24
Iran	0.43	1.22	183.72

UNCTAD

Container traffic of ME ports, 2003-2005



Port	2003	2004	2005	% 2003-05
Dubai	5.15	6.43	7.62	47.96
Jeddah	1.78	2.42	2.83	58.99
Dammam	0.63	0.74	0.89	41.27
B. Abbas	0.96	1.14	1.29	34.37
Salalah	2.0	2.25	2.5	25.0
Aden	0.03	0.036	0.039	30.0

Containerisation International, Various ports

ME's growth of container shipping



- ME countries have been increasing their shipping tonnage.
- Focus on container shipping reflects booming containerized trade in ME.
- Growing intra-Asian trade fuels ME's container shipping growth.
- Transshipment with South Asia also on the rise.

ME's growth of container shipping



- Dubai dominates, providing 60% of ME container shipping capacity.
- DP World's acquisition of P&O Nedlloyd & emergence of ESL marks Dubai's entrance as a global player.
- Other lines i.e. Iran's IRISL & Saudi's NSCSA also adding container tonnage.

ME's container fleets ('000 GRT)



Country	1/1/2000	31/12/2004
Bahrain	96	96
Iran	10	334
Jordan	5	13
Kuwait	214	214
Qatar	186	184
S Arabia	222	149
UAE	214	214

UNCTAD, Lloyd's Register, Fairplay

ME's container fleets ('000 DWT)



Country	1/1/2000	31/12/2004
Bahrain	100	100
Iran	11	420
Jordan	7	16
Kuwait	227	227
Qatar	198	202
S Arabia	217	156
UAE	227	227

UNCTAD, Lloyd's Register, Fairplay

ME's growing supporting services & sectors



- Growing ancillary services i.e. ship management, legal, banking.
- Shipbuilding & ship repairing : Dubai Drydocks fast establishing a name.
- Airports in the region handling greater cargo volume.
- Logistics sector also growing rapidly.

Prognosis of container trade & handling in ME



- Despite falling freight rates, ME will still growing albeit *slower*.
- ME is expected to remain resilient and retain high growth rates.
- Container traffic in ME is expected to grow 6% in 2008 (10.4% in 2004).

Asia-Europe & Asia-NA (annual % TEU growth)



Trade	2008F	2007F	2006F	2005	2004
Asia- Europe	7.4	10.3	12.6	14.5	17.6
Europe-Asia	6.9	5.5	5.9	7.1	7.9
Asia-N.America	7.7	8.1	9.4	12.1	12.5
N.America-Asia	5.0	5.1	5.6	5.6	1.3

Global Insight, World Trade Services

Factors influencing container trade in ME



The China factor

- China's import of oil will continue to contribute to ME's economy / trade.
- Sino-Arab trade was \$36.7b in 2005.
- Sino-GCC \$33.8b in '05 (\$1.5b in '91).
- FTA being negotiated b/w the two.
- More ME-China services expected.

Factors influencing container trade in ME



Financing

- Oil money & FDI will determine growth of container ports / shipping in ME, hence container trade.
- More banks now in ME offering loans to tap into the sector's potential.
- Some nations offer attractive tax breaks.

Factors influencing container trade in ME



Changing ownership structures

- Wave of consolidation in ports / shipping will eventually reach ME's shore.
- When it does, it will change the way ports are developed & shipping routing.
- Greater economies of scale & better use of resources as a result of consolidation.

Factors influencing container trade in ME



Geopolitics

- Peace & stability crucial to ME's container trade.
- War in Iraq & Lebanon caused sharp drops in their ports' throughput.
- Saudi's accession into WTO & FTAs will contribute to greater trade in ME.

Factors influencing container trade in ME



Global / regional economy

- Prosperity from oil results in higher income & greater consumer demand.
- Higher oil price increases import costs, hence slowing down trade.
- Global container trade to grow 6.3% this year compared to 10.4% in 2004.

Import cost, GDP & world trade (annual % change)



Country	Import cost index	Real GDP	Real trade
2005	3.8	3.5	6.8
2006 (F)	-0.6	3.4	7.1
2007 (F)	-5.3	3.1	9.2
2008 (F)	-2.8	3.2	7.8

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Factors influencing container trade in ME



Inland transport

- Improvements in intermodal linkages with ports in several ME countries.
- Supply chain infra in the region has grown in capacity & sophistication.
- ME's express, logistics & transport sector are very dynamic markets.

The road ahead



- Outlook for ME's container trade should remain bullish in near future.
- ME's ports / shipping companies must improve competitiveness & capacity.
- Many factors will exert their influence on ME container trade / shipping.
- Plenty of opportunities in intra-Asian trade that ME should reap.

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“Shukran jazeeelan”

Thank you

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