



## **IUMI 2007 SHIPPING STATISTICS – ANALYSIS**

### **Total Losses Sharply Up and Major Partial Losses Continue to Rise**

#### **TOTAL LOSSES**

Since last report (March 2007) the number of total losses for the 2006 year have significantly increased from 67 to 92 – we anticipated more reports during 2007 but this 37% increase is probably unprecedented. The increase in tonnage lost since the last report is 40% (508,141 has increased to 715,032) halting the previous years downward trend. Reported so far for 2007 are 82 total losses (compared to 67 for 2006 at the same point) and if reports increase at the same level as 2006 we will be reporting 112 total losses for the 2007 year in March 2009. Tonnage lost in 2007 is slightly down on 2006 at the same point 481,741 compared to 508,141 but it should be remembered that a total loss of a cape size bulk carrier is within this 2006 figure.

This increase in total losses (as defined by LMIU) is also noticeable as a percentage of the world fleet where the percentage of tonnage lost has almost doubled from 2005 (0.06%) to 2006 (0.11%) with 2007 at this stage being 0.08%. However, this still compares favourably to the 0.4% in the early 1990s.

Weather remains the major cause of total losses but collision has overtaken grounding as the next most common proximate cause. Of the weather losses a total of 14 general cargo vessels over 25 years of age were total losses in 2007.

#### **MAJOR SERIOUS LOSSES**

The serious partial losses continue to increase dramatically, there has been a strong upward movement since 1998 where 247 serious incidents were reported with 727 reported in 2006 (a 6% increase since last reported) and a staggering 914 so far for 2007. A 270% increase in one decade.

As a percentage of the world fleet this increase is equivalent to 0.64% of the fleet suffering a serious partial loss in 1998 compared to 1.73% for 2007.

Machinery continues to be the major cause of serious partial losses with a frequency of approximately 35% in the past five years. As with total losses 2007 has seen collision or contact damage (25%) overtake groundings (20%) as the next most frequent cause.

## **WORLD FLEET**

The world tanker fleet has continued its growth with 412 tankers delivered in 2007 and only 75 demolished, a net growth of 337 but this compares with the much stronger net growth of 411 tankers in 2006. A significant increase in growth for 2007 is apparent in the bulk carrier fleet with a net growth to the fleet by number of 312 (compared to 261 in 2006). In addition extraordinary growth continued in 2007 in the container sector with 350 (344 in 2006) being the net growth to the fleet by number and an increase 2,623 (942 2006) million TEU in the year. The container fleet has reached 10,742 million TEU (3,766 million in 1998).

## **CONSTRUCTION ORDER BOOK**

South Korea retains its predominant position in the international shipbuilding world with 36% of the CGT on order at 1 October 2007. However, China's strengthening position in this market continues, with 28% of the CGT compared to 22% at the start of 2007 and also has greatest percentage of construction when measured by number on order being 34%, with South Korea at 23%. This growth in China is at the expense of Europe and Japan but Japan remains in third position by both measures – 18% CGT and 16% by numbers.

A total of 82% of the CGT on order is with South Korea, China and Japan.

## **DEMOLITION**

The scrapping of the tanker and bulker fleets remain very low being about 0.5% of world fleet for both sectors.

Unsurprisingly only 13 bulk carriers were scrapped in 2007 which compares to an average of 125 per annum between 1998 and 2006. 75 tankers were scrapped in 2007. Scrap prices have reached a new high of \$500 per lightweight tonne.

## **FREIGHT RATES**

The bulker market reached an all-time peak of over \$40,000 a day and this compares extremely favourably to the \$7,500 in 2002. However, tanker earnings dropped sharply in 2007 being approximately \$30,000 per day compared with nearly \$40,000 in 2006 but this remains strong compared to the \$20,000 in 2002.

## **VESSEL VALUES**

In 2007 the second-hand tonnage prices in the bulker sector reached an all-time high of \$1,200 per DWT comfortably exceeding the historical high for new buildings at \$900 per DWT. However, the market for tankers settled at \$700 per DWT for new tanker and a second-hand price of \$800 per DWT.