New trade patterns: The implications for maritime transport

Hall 2, Level +1

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There is an evident link between trade patterns and maritime transport, considering that the lion’s share of trade flows are transported by sea. This session focused on identifying new trends in trade and outlining their possible implications for maritime transport.

Past decades have seen waves of outsourcing of manufacturing activity on a global scale that has led to unprecedented growth in maritime transport. However these times are over; we can no longer expect container trade to GDP-multipliers of two to three, according to Jakob Bomholt, Chief Commercial Officer of APM Terminals, who predicts average annual growth rates of 3-4% for the container trade in the coming years, which still provides very decent growth when compared to many other economic sectors.

Expansion in Asia continues to determine global trade patterns, with intra-Asia containerised cargo flows now being more substantial than Asia-Europe and Asia-US flows together. China is no longer just an export market, but has now also developed into a consumption market. Near-sourcing could to some extent change trade flows.

One of the determining factors of the shipping industry is the drive to reduce costs by increasing ship size. Scale has become the game, according to Ron Widdows, Chairman of the World Shipping Council. This has various ramifications for landside infrastructure and for the shipping sector itself. Alliances in shipping have allowed smaller players to remain in the game and also reap economies of scale, but these have led to increased complexity. The next frontier of economies of scale could be on the landside, according to Widdows, where more cooperation or consolidation might be needed, but competition regulation might sometimes need to be reformed to make this possible.

Maritime transport will see more technological advances in the years to come. There is a potential for using more big data analysis in maritime transport and increasing data exchange could reduce some of the current supply chain system inefficiencies. Most of the large world ports are currently engaged in major investments and expansions, all generally becoming greener and more automated.

Ongoing and planned large infrastructure projects, such as the expansion of the Panama Canal, could change trade patterns and facilitate trade. Many initiatives, including the China Maritime Silk Route, could have important ramifications, but these are difficult to predict. Some countries are still constrained in their trade capacity by lacking infrastructure; investments in ports and hinterland infrastructure have the potential to unlock economic growth.
All these developments underline the need for continuous reforms. One of these reforms is in liberalisation of coastal shipping, a reform that Australia is currently undertaking, as outlined by Deputy Prime Minister Warren Truss of Australia. The aim of this reform is to stimulate coastal shipping by opening it up to foreign flagged ships, under certain conditions. But reforms could also be taken at a regional level, as Deputy Minister Chikunga of South Africa points out, referring to the Integrated Maritime Strategy 2050 as agreed by the African heads of state, which includes measures to build up an African maritime sector.

Success often comes at a cost – complacency, observes Andrew Tan, Chief Executive of the Maritime and Port Authority (MPA) of Singapore; players will have to ask themselves what role they would like to play as new trade routes open up and how to play to their strengths. This could mean the development of hub functions, but also the creation of maritime clusters drawing on other sectors in the economy, like banking, insurance and arbitration.

**Staff Contact:**

Olaf Merk  
olaf.merk@oecd.org

**Speaker**

**Warren Truss**  
Deputy Prime Minister  
Australia  

Warren Truss has been Australia’s Deputy Prime Minister and Minister for Infrastructure and Regional Development since 2013. From 2006 to 2007, Truss served as Minister for Trade, having been Minister for Transport and Regional Services from 2005 to 2006. He has repeatedly been the elected representative for Wide Bay, Queensland since 1990.
Lydia Sindisiwe Chikunga is South Africa’s Deputy Minister of Transport and a member of the African National Congress party. Her priority areas of responsibilities broadly involve transport safety and security in the aviation, maritime, rail and road safety disciplines, transformation and women empowerment. She has been a member of parliament since 2004, serving as whip from 2007 to 2009. Sindisiwe Chikunga was the Chairperson of the Portfolio Committee on Police from 2009 to 2012. She has also served as a Member of the Portfolio Committee on Housing.

Jakob Bomholt joined APM Terminals in April 2015 as Chief Commercial Officer, with responsibility to lead the company’s global growth in the commercial sector throughout the APM Terminals Global Terminal Network of port facilities and Inland Services. APM’s Global Terminal Network has 20,600 employees on five continents which includes 64 operating port and terminal facilities in 39 countries. Prior to joining APM, Bomholt was the CEO of Maersk Group’s Seago Line. Beginning his professional career as a Management Trainee with the Maersk Group in 1995, Bomholt has also held the positions of Managing Director of Maersk Line Brazil; Head of Yield Management and Pricing at the Maersk Line headquarters in Copenhagen; Managing Director of the Scandinavian Division of the former Maersk Line subsidiary Norfolkline, in Gothenburg, Sweden; and General Manager of Maersk Industries, with the Maersk Group in Copenhagen.

Andrew Tan was appointed Chief Executive of the Maritime and Port Authority (MPA) of Singapore since January 2014. Prior to joining MPA, Tan was Deputy Secretary in Singapore’s Ministry of Transport and was Chief Executive Officer of the National Environment Agency (NEA) from 2009 to 2013. From 2002 to 2004 he was Principal Private Secretary to Minister Mentor Lee Kuan Yew, and subsequently held senior appointments in the Foreign Affairs Ministry and Environment and Water Resources Ministry before joining NEA. He was Founding Director of the Centre for Liveable Cities from 2008 to 2010 and remains a Fellow. Tan joined the Singapore Administrative Service in 1991.
Ronald Widdows has served as Chairman of the World Shipping Council since 2008. His 40-plus year career has been primarily in the container shipping sector with responsibilities that included; global container shipping, end-to-end supply chain management, marine terminal operations, international and domestic intermodal rail operations, and alliance/consortium agreement management. He is the Principal of Ronald Dean Widdows and Associates Pte Ltd. which provides consulting and advisory services covering the maritime industry with particular focus on liner shipping and related businesses. Widdows is the former Group President and CEO of Neptune Orient Lines, the parent of APL. He also held the position of CEO, Rickmers Holding from 2012 to 2014. He is a former Chairman of the Transpacific Stabilization Agreement – a research and discussion group of major container shipping lines offering ocean and inland transportation, logistics and supply chain services from Asia to the US.

Pat Cox has been President of the European Parliament Former Members’ Association (2010-2014), President of the European Movement International (2005-2011), a former President of the European Parliament (2002-2004), and Member of the European Parliament (1989-2004). Between 1998 and 2002 he was President of the European Liberal Democrat and Reform Party (ELDR) Group European Parliament. Prior to this Cox was a current affairs television broadcaster for RTE, Ireland’s national broadcaster, from 1982 to 1986 and Secretary General Progressive Democrat Party (Ireland) between 1986 and 1989.