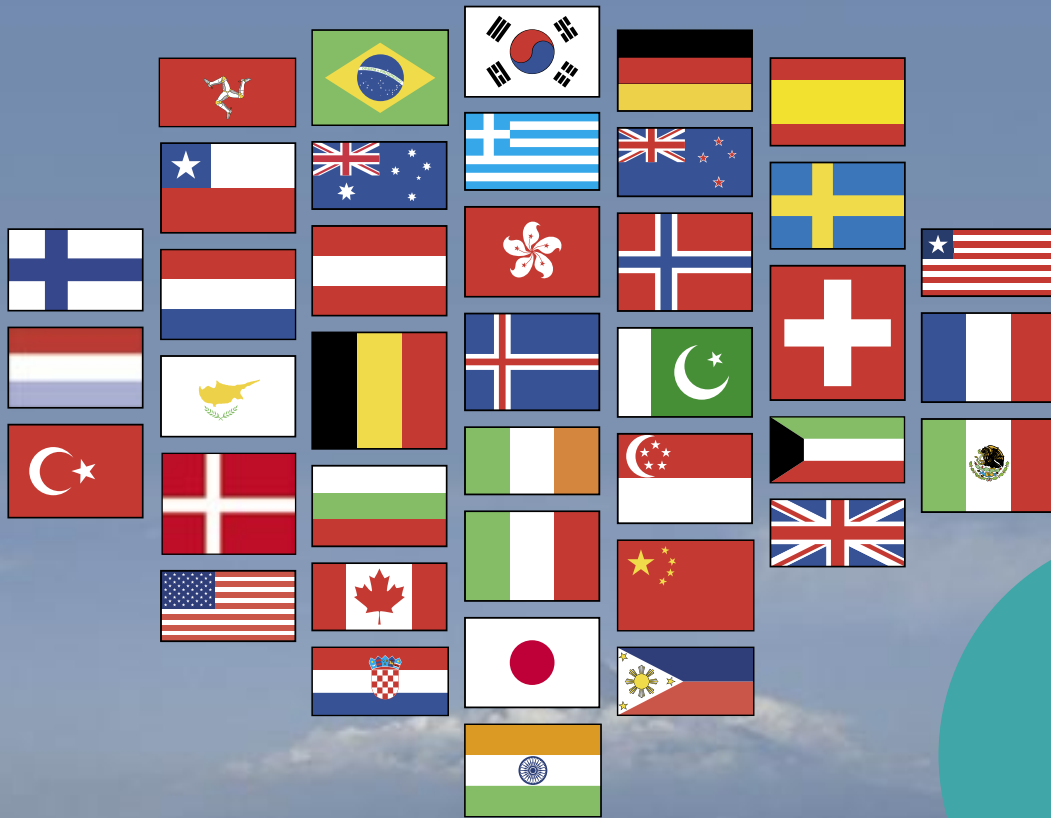


International Shipping Carrier of World Trade

Promoting technical co-operation to ensure the efficiency, safety and environmental performance of the global shipping industry



IMO
WORLD
MARITIME
DAY
2006



IMO World Maritime Day

The theme of the 2006 United Nations International Maritime Organization (IMO) World Maritime Day is 'Technical Co-operation: IMO's response to the 2005 world summit'.

The following information has been prepared by the Round Table of international shipping associations - BIMCO, INTERCARGO, INTERNATIONAL CHAMBER OF SHIPPING/INTERNATIONAL SHIPPING FEDERATION and INTERTANKO.

It is also supported by the national shipowners' associations of Australia, Austria, Belgium, Brazil, Bulgaria, Canada, Chile, China, Croatia, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong - China, Iceland, India, Ireland, Isle of Man, Italy, Japan, Korea, Kuwait, Liberia, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Pakistan, Philippines, Singapore, Spain, Sweden, Switzerland, Turkey, United Kingdom and the United States.

For more information about the shipping industry see:

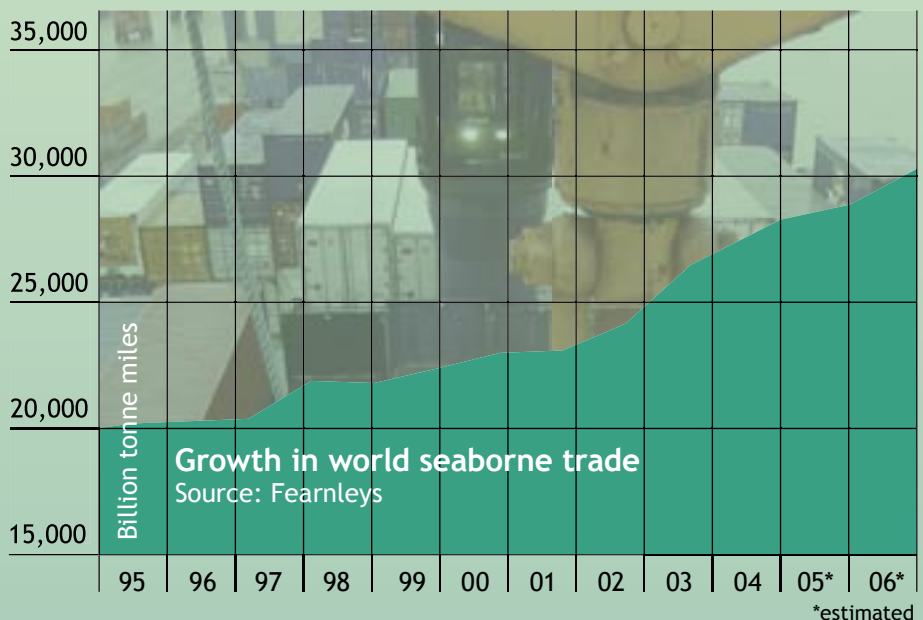
www.shippingfacts.com



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, it would simply not be possible to conduct intercontinental trade, the bulk transport of raw materials or the import/export of affordable food and manufactured goods - half the world would starve and the other half would freeze!



Ships are technically sophisticated, high value assets (the largest hi-tech vessels can cost over US \$150 million to build) and the operation of merchant ships generates an estimated annual income approaching US\$500 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. Recently, the industry has enjoyed what has become the longest sustained period of buoyant markets within living memory. Shipping markets are cyclical and notoriously volatile, and today's unprecedented markets are unlikely to continue for ever. However, virtually all sectors of the industry have benefited from the recent global shipping boom.



International Maritime Organization (IMO) in session in London

Global Regulation for a Global Industry

Shipping is an international industry which depends upon a global regulatory framework to operate efficiently.

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



Shipping is highly regulated at the global level, notably by the United Nations International Maritime Organization (IMO), which is responsible for safety of life at sea, maritime security and the protection of the marine environment. In addition, the International Labour Organization (ILO) establishes standards of employment and working conditions for seafarers.

It is vital that regulations on matters such as construction standards, navigational rules and crew qualifications are common to all ships in international trade. When a ship sails from Brisbane to Buenos Aires, the same rules need to apply at both ends of the voyage. The alternative would be a web of conflicting national regulations, resulting in market distortions and administrative confusion that would compromise the efficiency of world trade.

The level of ratification and enforcement of IMO Conventions is very high in comparison with international rules adopted for land based industries. For example, the provisions of the Safety of Life at Sea Convention (SOLAS) and the International Convention for the Prevention of Pollution from Ships (MARPOL) have been implemented by virtually every maritime country. IMO regulations are enforced on a global basis and nations have the power to detain foreign ships in port if they do not conform to international rules.

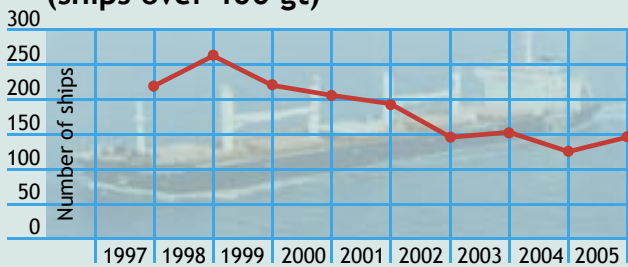
ILO has also adopted the Maritime Labour Convention (MLC) which is shortly expected to be implemented on a global basis, to provide a level playing field with regard to seafarers' employment standards.

The safety record of the industry and its environmental performance are impressive (see graphs, right). National and regional policy makers occasionally question the efficiency of the international regulatory regime under which shipping operates. But when consideration is given to the difficulties involved in securing international agreement on complex technical requirements, IMO is a model of efficiency.



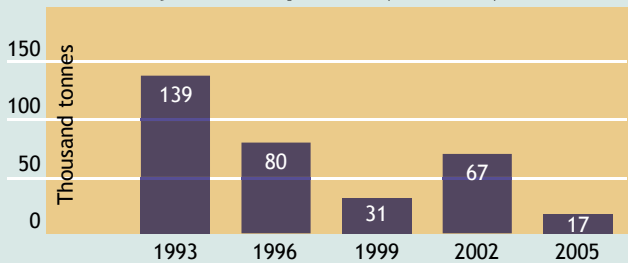
Shipping's performance

Total losses by number (ships over 100 gt)



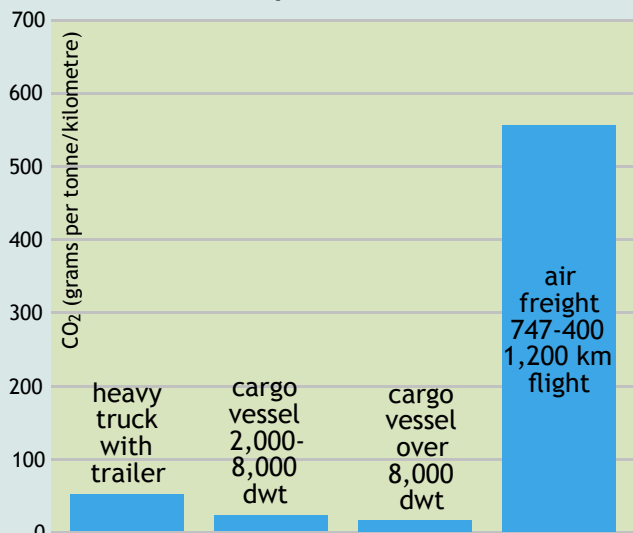
A 'loss' refers to ships damaged beyond economic repair
Source: Lloyd's Register Fairplay

Quantity of oil spilled (tonnes)



Source: International Tanker Owners' Pollution Federation Limited

Comparison of CO₂ emissions between different transport modes



Source: NTM (Swedish Network for Transport and the Environment)

Technical Co-operation and the IMO Voluntary Member State Audit Scheme

It is probably not overstating the case to suggest that the recent adoption of the IMO Voluntary Member State Audit Scheme will prove to be the most significant IMO regulatory milestone of the decade. For the first time, maritime administrations will be subject to external audit of how effectively they implement and enforce IMO safety and pollution prevention regulations. Moreover, the auditors will act under the auspices of IMO, using specially trained experts nominated by other IMO member states.

Crucially, the results of the audits should allow resources from IMO's Technical Co-operation programme to be better targeted at maritime administrations in less developed countries.

It will take time for the audits to be conducted and for the actions that follow to bear fruit. However, the development is significant, not only because all flag states can learn from their peer group, but more particularly because most of the small number of sub-standard ships that still trade, at risk to their crews and the environment and with an unfair advantage over their competitors, are concentrated in just a handful of poorly performing flag states.

The Round Table organisations have been strong supporters of the development of the IMO Scheme and have been impressed by the pragmatic way in which governments have addressed understandable concerns about sovereignty. The IMO audit is thus voluntary, as is the Code on the Implementation of Mandatory IMO Instruments on which the audits will be based. In practice, however, and importantly, it will be vital for any reputable maritime administration to submit to an audit in order to maintain its reputation and to satisfy its shipping company clients.

Meanwhile, as a complement to the IMO Scheme, the Round Table of international shipping associations has updated its Shipping Industry Guidelines on Flag State Performance. The Guidelines are accompanied by the industry's Flag State Performance Table, which continues to be updated on an annual basis (see www.marisec.org/flag-performance).

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 less than one US cent per litre.



- The typical cost of transporting a tonne of iron ore from Australia to Europe by sea is about US \$10.



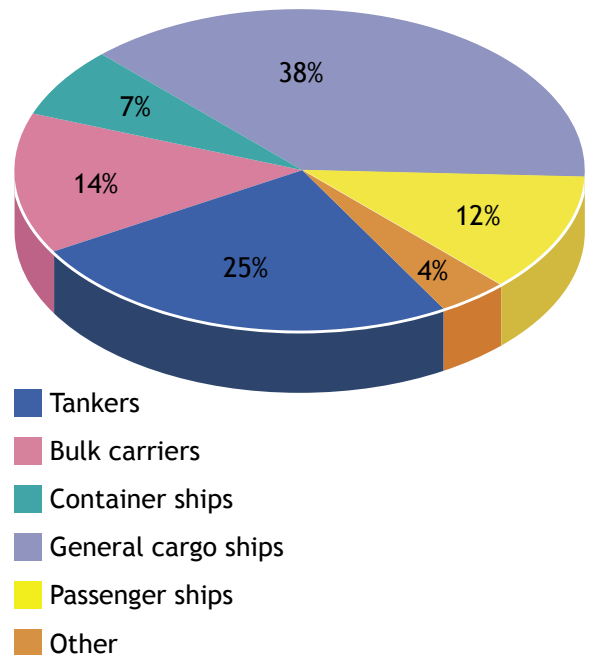
- The typical cost of transporting a 20 foot container from Asia to Europe carrying over 20 tonnes of cargo is about the same as the economy airfare for a single passenger on the same journey.

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

	Unit	Typical Shelf Price	Shipping Costs
	1 unit	\$700.00	\$10.00
	1 unit	\$200.00	\$1.50
	1 unit	\$150.00	\$1.00
	Bottle	\$50.00	\$0.15
	1 kg	\$15.00	\$0.15
	Tin	\$3.00	\$0.05
	Can	\$1.00	\$0.01

Bulk shipping costs have increased by only 70% in the last 50 years. US retail prices have risen by almost 700%!

Different sectors as a percentage of total number of ships in the world fleet 1 Jan 2006



Source: Lloyd's Register Fairplay

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, and are identifiable by the hatches raised above deck level which cover the large cargo holds. **The largest bulk carriers can transport enough grain to feed nearly four million people for a month.**



Tankers transport crude oil, chemicals and petroleum products. More than 70% of the world's ocean going tankers now have double hulls. **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.

The Round Table of international shipping associations



INTERTANKO



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