# 3. Shipbuilding, new orders and ship recycling

## *Shipbuilding*

China, the Republic of Korea and Japan maintained their traditional leadership in shipbuilding, representing 92.5 per cent of the newbuilding deliveries in 2019

| Table 2.3 | Ownership of world fleet, ranked by carrying capacity in dead-weight tons, 2020 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Number of vessels | | | Dead-weight tonnage | | | | |
| | Country or territory of ownership | National flag | Foreign flag | Total | National flag | Foreign flag | Total | Foreign flag as a percentage of total | Total as a percentage of total |
| 1 | Greece | 671 | 3 977 | 4 648 | 60 827 479 | 303 026 753 | 363 854 232 | 83.28 | 17.77 |
| 2 | Japan | 909 | 3 001 | 3 910 | 36 805 225 | 196 329 652 | 233 134 877 | 84.21 | 11.38 |
| 3 | China | 4 569 | 2 300 | 6 869 | 99 484 023 | 128 892 849 | 228 376 872 | 56.44 | 11.15 |
| 4 | Singapore | 1 493 | 1 368 | 2 861 | 74 754 209 | 62 545 517 | 137 299 726 | 45.55 | 6.70 |
| 5 | Hong Kong, China | 883 | 807 | 1 690 | 72 505 185 | 28 452 208 | 100 957 393 | 28.18 | 4.93 |
| 6 | Germany | 205 | 2 299 | 2 504 | 8 340 596 | 81 062 481 | 89 403 077 | 90.67 | 4.37 |
| 7 | Republic of Korea | 778 | 837 | 1 615 | 14 402 899 | 66 179 736 | 80 582 635 | 82.13 | 3.93 |
| 8 | Norway | 383 | 1 660 | 2 043 | 1 884 535 | 62 051 275 | 63 935 810 | 97.05 | 3.12 |
| 9 | Bermuda | 13 | 529 | 542 | 324 902 | 60 088 969 | 60 413 871 | 99.46 | 2.95 |
| 10 | United States | 799 | 1 131 | 1 930 | 10 237 585 | 46 979 245 | 57 216 830 | 82.11 | 2.79 |
| 11 | United Kingdom | 317 | 1 027 | 1 344 | 6 835 508 | 46 355 337 | 53 190 845 | 87.15 | 2.60 |
| 12 | Taiwan Province of China | 140 | 850 | 990 | 6 636 271 | 44 255 009 | 50 891 280 | 86.96 | 2.48 |
| 13 | Monaco | | 473 | 473 | | 43 831 888 | 43 831 888 | 100.00 | 2.14 |
| 14 | Denmark | 25 | 921 | 946 | 31 435 | 42 683 049 | 42 714 484 | 99.93 | 2.09 |
| 15 | Belgium | 113 | 188 | 301 | 10 040 106 | 20 658 108 | 30 698 214 | 67.29 | 1.50 |
| 16 | Turkey | 449 | 1 079 | 1 528 | 6 656 989 | 21 433 413 | 28 090 402 | 76.30 | 1.37 |
| 17 | Switzerland | 26 | 401 | 427 | 1 113 387 | 25 365 225 | 26 478 612 | 95.80 | 1.29 |
| 18 | India | 859 | 183 | 1 042 | 16 800 490 | 9 035 433 | 25 835 923 | 34.97 | 1.26 |
| 19 | Indonesia | 2 132 | 76 | 2 208 | 22 301 493 | 1 604 369 | 23 905 862 | 6.71 | 1.17 |
| 20 | Russian Federation | 1 403 | 339 | 1 742 | 8 292 932 | 14 812 631 | 23 105 563 | 64.11 | 1.13 |
| 21 | United Arab Emirates | 118 | 852 | 970 | 480 283 | 20 271 823 | 20 752 106 | 97.69 | 1.01 |
| 22 | Islamic Republic of Iran | 238 | 8 | 246 | 18 245 935 | 353 441 | 18 599 376 | 1.90 | 0.91 |
| 23 | Netherlands | 700 | 492 | 1 192 | 5 584 365 | 12 437 918 | 18 022 283 | 69.01 | 0.88 |
| 24 | Saudi Arabia | 137 | 132 | 269 | 13 303 057 | 4 126 462 | 17 429 519 | 23.68 | 0.85 |
| 25 | Italy | 499 | 179 | 678 | 11 005 343 | 6 400 010 | 17 405 353 | 36.77 | 0.85 |
| 26 | Brazil | 302 | 94 | 396 | 4 963 496 | 8 984 821 | 13 948 317 | 64.42 | 0.68 |
| 27 | France | 106 | 333 | 439 | 898 897 | 12 448 289 | 13 347 186 | 93.27 | 0.65 |
| 28 | Cyprus | 141 | 165 | 306 | 4 958 311 | 6 659 094 | 11 617 405 | 57.32 | 0.57 |
| 29 | Viet Nam | 910 | 150 | 1 060 | 8 390 791 | 2 357 014 | 10 747 805 | 21.93 | 0.52 |
| 30 | Canada | 222 | 159 | 381 | 2 723 583 | 7 247 389 | 9 970 972 | 72.68 | 0.49 |
| 31 | Malaysia | 464 | 156 | 620 | 6 378 887 | 2 164 848 | 8 543 735 | 25.34 | 0.42 |
| 32 | Oman | 5 | 51 | 56 | 5 704 | 8 069 314 | 8 075 018 | 99.93 | 0.39 |
| 33 | Qatar | 59 | 67 | 126 | 1 056 669 | 6 054 422 | 7 111 091 | 85.14 | 0.35 |
| 34 | Sweden | 88 | 213 | 301 | 929 401 | 5 580 520 | 6 509 921 | 85.72 | 0.32 |
| 35 | Nigeria | 182 | 74 | 256 | 3 227 668 | 3 031 686 | 6 259 354 | 48.43 | 0.31 |
| | **Subtotal, top 35 shipowners** | **20 338** | **26 571** | **46 909** | **540 427 639** | **1 411 830 198** | **1 952 257 837** | **72.32** | **95.33** |
| | *Rest of world and unknown* | *3 037* | *3 015* | *6 052* | *36 513 130* | *59 204 480* | *95 717 610* | *61.85* | *4.67* |
| | **World total** | **23 375** | **29 586** | **52 961** | **576 940 769** | **1 471 034 678** | **2 047 975 447** | **71.8** | **100.0** |

*Source*: UNCTAD calculations, based on data from Clarksons Research.

*Notes*: Propelled seagoing vessels of 1,000 gross tons and above, as at 1 January 2020. For the purposes of this table, second and international registries are recorded as foreign or international registries, whereby, for example, ships belonging to owners in the United Kingdom registered in Gibraltar or on the Isle of Man are recorded as being under a foreign or an international flag. In addition, ships belonging to owners in Denmark and registered in the Danish International Ship Register account for 45 per cent of the Denmark-owned fleet in dead-weight tonnage, and ships belonging to owners in Norway registered in the Norwegian International Ship Register account for 27.4 per cent of the Norway-owned fleet in dead-weight tonnage. For a complete listing of nationally owned fleets, see http://stats.unctad.org/fleetownership.

**Table 2.4 Top 25 ship-owning economies, as at 1 January 2020**
(Million dollars)

| | Country or territory | Bulk carriers | Oil tankers | Offshore vessels | Ferries and passenger ships | Container ships | Gas carriers | General cargo ships | Chemical tankers | Other /not available | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Greece | 34 426 | 37 873 | 187 | 2 404 | 7 936 | 12 238 | 189 | 1 064 | 468 | 96 785 |
| 2 | Japan | 34 027 | 9 981 | 4 713 | 3 030 | 11 805 | 15 173 | 3 482 | 4 937 | 9 150 | 96 298 |
| 3 | China | 30 108 | 13 278 | 10 189 | 5 089 | 17 243 | 4 267 | 5 244 | 3 126 | 3 008 | 91 553 |
| 4 | United States | 3 352 | 6 308 | 20 392 | 52 130 | 1 190 | 1 458 | 1 122 | 1 971 | 732 | 88 655 |
| 5 | Norway | 4 213 | 6 217 | 23 156 | 3 088 | 1 852 | 7 847 | 950 | 2 423 | 3 002 | 52 748 |
| 6 | Singapore | 12 860 | 13 975 | 5 189 | 25 | 6 845 | 4 428 | 1 043 | 4 695 | 566 | 49 626 |
| 7 | Germany | 5 857 | 2 121 | 630 | 9 630 | 17 211 | 1 966 | 3 429 | 791 | 360 | 41 996 |
| 8 | United Kingdom | 3 760 | 4 106 | 13 226 | 4 575 | 4 592 | 5 318 | 920 | 1 457 | 2 581 | 40 535 |
| 9 | Hong Kong, China | 10 209 | 7 239 | 601 | 2 723 | 10 082 | 1 173 | 898 | 282 | 1 027 | 34 234 |
| 10 | Bermuda | 4 826 | 5 895 | 5 779 | | 2 079 | 8 431 | | 375 | 62 | 27 447 |
| 11 | Republic of Korea | 7 319 | 5 999 | 264 | 366 | 2 400 | 4 914 | 710 | 1 595 | 2 816 | 26 383 |
| 12 | Denmark | 1 412 | 4 008 | 2 373 | 999 | 10 642 | 2 014 | 752 | 971 | 111 | 23 282 |
| 13 | Switzerland | 813 | 821 | 3 244 | 10 243 | 7 337 | 225 | 236 | 213 | 9 | 23 142 |
| 14 | Netherlands | 747 | 535 | 13 457 | 619 | 386 | 753 | 3 411 | 1 228 | 1 938 | 23 076 |
| 15 | Italy | 1 162 | 2 319 | 2 655 | 8 944 | 4 | 305 | 2 068 | 553 | 504 | 18 515 |
| 16 | Brazil | 145 | 1 029 | 15 345 | 69 | 298 | 131 | 35 | 84 | 1 | 17 138 |
| 17 | Monaco | 3 292 | 7 232 | | 32 | 997 | 3 712 | | 32 | 30 | 15 327 |
| 18 | Taiwan Province of China | 7 057 | 1 668 | 37 | 79 | 4 088 | 396 | 632 | 156 | 105 | 14 219 |
| 19 | France | 374 | 130 | 5 393 | 1 813 | 4 174 | 521 | 179 | 141 | 224 | 12 949 |
| 20 | Turkey | 3 208 | 1 433 | 691 | 346 | 1 290 | 145 | 1 892 | 1 121 | 42 | 10 168 |
| 21 | Russian Federation | 246 | 3 966 | 1 456 | 74 | 72 | 1 489 | 1 227 | 633 | 849 | 10 014 |
| 22 | Malaysia | 166 | 239 | 6 409 | 14 | 73 | 1 897 | 138 | 142 | 166 | 9 245 |
| 23 | Belgium | 1 515 | 4 070 | 88 | | 262 | 1 221 | 811 | 167 | 529 | 8 663 |
| 24 | Indonesia | 838 | 2 091 | 849 | 1 942 | 790 | 517 | 1 105 | 348 | 47 | 8 528 |
| 25 | United Arab Emirates | 1 530 | 2 300 | 3 051 | 59 | 216 | 473 | 75 | 584 | 72 | 8 359 |
| | Other | 13 157 | 19 676 | 23 857 | 12 120 | 3 135 | 15 552 | 8 345 | 4 169 | 3 317 | 103 328 |
| | **World total** | **186 622** | **164 511** | **163 232** | **120 413** | **116 998** | **96 568** | **38 894** | **33 258** | **31 718** | **952 213** |

*Source*: UNCTAD calculations, based on data from Clarksons Research, as at 1 January 2020 (estimated current value).
*Note*: Value is estimated for all commercial ships of 1,000 gross tons and above.

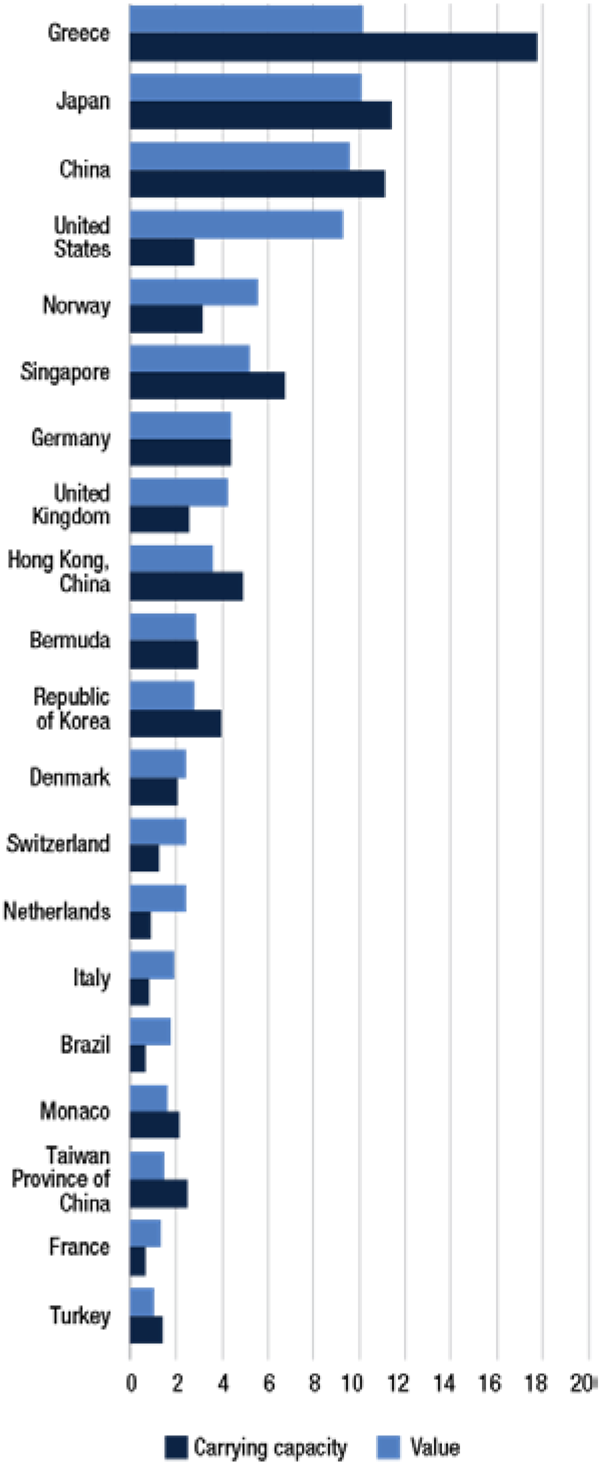
(table 2.7). Each country specializes in different shipping segments. China is the leading builder of bulk carriers (56.2 per cent), offshore vessels (58 per cent) and general cargo ships (34.6 per cent); the Republic of Korea, of gas carriers (62.8 per cent), oil tankers (59.4 per cent) and container ships (41.7 per cent); and Japan, chemical tankers (54.1 per cent).

Compared with 2019, the market share of the Republic of Korea increased by 7.7 percentage points, whereas that of China decreased by 5.1 percentage points. Bulk carrier and oil tanker newbuildings registered the largest increases (7.8 and 5.2 percentage points, respectively) whereas container ships and gas carriers registered the greatest decreases (-2 and -3.2 percentage points, respectively).

## New orders

In early 2020, the world order book had declined with respect to dry bulk carriers, oil carriers, container ships and general cargo ships (figure 2.4). Orders for three of these shipping segments have been shrinking since 2017 (except for dry bulk carriers, which increased in 2019). Widening disparity between newbuilding prices and earnings, geopolitical instability, persistent financing challenges and broad uncertainty over fuel and technology choices explain this trend (Barry Rogliano Salles, 2020).

Figure 2.3 Top 20 ship-owning economies in terms of value and carrying capacity of the global fleet, 2020
(Percentage)




*Source*: UNCTAD calculations, based on data from Clarksons Research.

*Note*: Value is estimated for all commercial ships of 1,000 gross tons and above.

## Ship recycling

Bangladesh remains the country with the largest global share of recycled tonnage, accounting for more than half of the ships recycled in 2019. Together with India and Turkey, these three countries represented 90.3 per cent of the ship recycling activity in 2019. The same year, bulk carriers constituted most of the recycled tonnage (about one third), followed by container ships and oil tankers (table 2.8). Since 2016, global volumes of recycled tonnage have been on the wane. Volumes fell to 29,135 thousand gross tons in 2016, 23,138 thousand gross tons in 2017, 19,003 thousand gross tons in 2018 and 12,218 thousand gross tons in 2019. Steel price developments in scrapping destinations and expectations concerning the evolution of freight rates are factors underpinning these trends (Hellenic Shipping News Worldwide, 2019).

The only country among the top five scrapping destinations that increased its ship-recycling volumes in 2019 was Turkey (figure 2.5), linked reportedly to certification of Turkish shipyards by the European Union, enabling them to be on the list of approved facilities for the recycling of ships flying European Union flags (Hellenic Shipping News Worldwide, 2018). In 2019, Turkey also ratified the Hong Kong [China] International Convention for the Safe and Environmentally Sound Recycling of Ships, 2009 of IMO. Among the other countries, the reduction in the share of Pakistan was most significant, motivated by adverse conditions related to taxation and exchange rates (The Maritime Executive, 2019). In 2019, bulk carriers increased their percentage share in global recycling volumes by 172 per cent; container ships, by 145 per cent; and offshore vessels, by 88 per cent. By contrast, oil tankers and gas carriers registered significant decreases of 71 and 55 per cent, respectively.

### *Impacts of the coronavirus disease pandemic, responses and prospects: Labour shortages affect newbuilding and ship recycling and weak investor sentiment affects ordering*

The pandemic led to reductions and delays in newbuilding delivery and to a standstill in ship recycling. This can be attributed to lockdown-induced labour shortages in the shipbuilding and ship recycling industries. In addition, other measures implemented to reduce the spread of the pandemic, such as travel restrictions, made it impossible for owners to arrange visits or obtain a crew for final delivery. Port closures also affected tonnage arrival into scrapping destinations on the Indian subcontinent (Hellenic Shipping News Worldwide, 2020b).

The pandemic also had a significant impact on the manufacturing segments of the maritime supply chain. In February 2020, deliveries from China fell to their lowest level in 15 years, with only four ships delivered. As lockdowns were gradually lifted, industrial activity resumed. China was reported to have returned to 50 per cent of its 2019 output average in March 2020

Table 2.5 Leading flags of registration by dead-weight tonnage, 2020

| | Flag of registration | Number of vessels | Share of world vessel total (percentage) | Dead-weight tonnage (thousand dead-weight tons) | Share of total world dead-weight tonnage (percentage) | Cumulated share of dead-weight tonnage (percentage) | Average vessel size (dead-weight tonnage) | Growth in dead-weight tonnage 2020 over 2019 (percentage) |
|---|---|---|---|---|---|---|---|---|
| 1 | Panama | 7 886 | 8 | 328 950 | 16 | 16.0 | 41 713 | -1.3 |
| 2 | Liberia | 3 716 | 4 | 274 786 | 13 | 29.3 | 73 947 | 13.0 |
| 3 | Marshall Islands | 3 683 | 4 | 261 806 | 13 | 42.0 | 71 085 | 6.5 |
| 4 | Hong Kong, China | 2 694 | 3 | 201 361 | 10 | 51.7 | 74 744 | 1.3 |
| 5 | Singapore | 3 420 | 3 | 140 333 | 7 | 58.5 | 41 033 | 8.3 |
| 6 | Malta | 2 207 | 2 | 115 879 | 6 | 64.2 | 52 505 | 4.7 |
| 7 | China | 6 192 | 6 | 100 086 | 5 | 69.0 | 16 164 | 3.0 |
| 8 | Bahamas | 1 381 | 1 | 77 869 | 4 | 72.8 | 56 386 | 0.1 |
| 9 | Greece | 1 294 | 1 | 68 632 | 3 | 76.1 | 53 039 | -0.7 |
| 10 | Japan | 5 041 | 5 | 40 323 | 2 | 78.1 | 7 999 | 3.4 |
| 11 | Cyprus | 1 065 | 1 | 34 533 | 2 | 79.8 | 32 425 | -0.1 |
| 12 | Indonesia | 10 137 | 10 | 25 574 | 1 | 81.0 | 2 523 | 6.9 |
| 13 | Isle of Man | 356 | 0 | 24 129 | 1 | 82.2 | 67 779 | -13.5 |
| 14 | Danish International Register | 575 | 1 | 23 044 | 1 | 83.3 | 40 077 | 3.0 |
| 15 | Norwegian International Register | 647 | 1 | 20 780 | 1 | 84.3 | 32 118 | 4.8 |
| 16 | Madeira | 526 | 1 | 20 698 | 1 | 85.3 | 39 351 | 6.0 |
| 17 | Islamic Republic of Iran | 877 | 1 | 19 700 | 1 | 86.3 | 22 463 | 362.3 |
| 18 | India | 1 768 | 2 | 17 339 | 1 | 87.1 | 9 807 | -0.2 |
| 19 | Republic of Korea | 1 889 | 2 | 14 942 | 1 | 87.8 | 7 910 | 14.9 |
| 20 | Saudi Arabia | 376 | 0 | 13 554 | 1 | 88.5 | 36 047 | 3.2 |
| 21 | United States | 3 650 | 4 | 11 985 | 1 | 89.1 | 3 284 | 0.6 |
| 22 | United Kingdom | 945 | 1 | 11 962 | 1 | 89.6 | 12 658 | -29.8 |
| 23 | Italy | 1 310 | 1 | 11 953 | 1 | 90.2 | 9 124 | -10.8 |
| 24 | Belgium | 203 | 0 | 10 349 | 1 | 90.7 | 50 980 | -1.1 |
| 25 | Malaysia | 1 772 | 2 | 10 260 | 0 | 91.2 | 5 790 | -0.4 |
| 26 | Russian Federation | 2 808 | 3 | 9 797 | 0 | 91.7 | 3 489 | 6.9 |
| 27 | Viet Nam | 1 909 | 2 | 9 123 | 0 | 92.1 | 4 779 | 7.7 |
| 28 | Germany | 606 | 1 | 8 468 | 0 | 92.5 | 13 974 | -0.9 |
| 29 | Bermuda | 138 | 0 | 7 662 | 0 | 92.9 | 55 525 | -18.9 |
| 30 | Turkey | 1 216 | 1 | 6 993 | 0 | 93.3 | 5 751 | -6.5 |
| 31 | Netherlands | 1 200 | 1 | 6 982 | 0 | 93.6 | 5 818 | -1.4 |
| 32 | Taiwan Province of China | 407 | 0 | 6 739 | 0 | 93.9 | 16 557 | 16.0 |
| 33 | Antigua and Barbuda | 727 | 1 | 6 657 | 0 | 94.2 | 9 157 | -11.1 |
| 34 | Thailand | 840 | 1 | 6 642 | 0 | 94.6 | 7 907 | 15.7 |
| 35 | Cayman Islands | 163 | 0 | 6 636 | 0 | 94.9 | 40 713 | -1.1 |
| | **Top 35 total** | **73 624** | **75** | **1 956 529** | **95** | **94.9** | **26 575** | |
| | **World total** | **98 140** | **100** | **2 061 944** | **100** | **100.00** | **21 010** | **4.1** |

*Source*: UNCTAD calculations, based on data from Clarksons Research.

*Notes*: Propelled seagoing merchant vessels of 100 gross tons and above, as at 1 January 2020. For a complete listing of countries, see http://stats.unctad.org/fleet.

**Table 2.6 Leading flags of registration, ranked by value of principal vessel type, 2020**
(Dollars)

| | Flag of registration | Bulk carriers | Oil tankers | Offshore vessels | Ferries and passenger ships | Container ships | Gas carriers | General cargo ships | Chemical tankers | Other/not applicable | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Panama | 40 369 | 13 462 | 17 612 | 12 037 | 17 035 | 10 632 | 3 899 | 5 306 | 7 412 | 127 765 |
| 2 | Marshall Islands | 27 870 | 29 606 | 17 257 | 1 284 | 6 150 | 15 110 | 515 | 4 511 | 2 207 | 104 511 |
| 3 | Liberia | 23 729 | 22 944 | 12 662 | 150 | 17 217 | 5 756 | 1 010 | 2 590 | 1 488 | 87 544 |
| 4 | Bahamas | 4 950 | 7 759 | 23 781 | 31 330 | 606 | 13 295 | 73 | 106 | 2 566 | 84 466 |
| 5 | Hong Kong, China | 23 280 | 11 360 | 289 | 42 | 21 030 | 5 987 | 1 607 | 1 878 | 120 | 65 592 |
| 6 | Malta | 9 418 | 11 192 | 4 758 | 15 420 | 12 173 | 4 929 | 1 681 | 1 793 | 873 | 62 236 |
| 7 | Singapore | 12 226 | 14 540 | 8 748 | | 11 673 | 7 473 | 1 066 | 3 541 | 1 458 | 60 725 |
| 8 | China | 14 910 | 7 012 | 7 914 | 4 412 | 3 456 | 678 | 2 880 | 1 451 | 2 887 | 45 599 |
| 9 | Greece | 2 831 | 10 710 | 1 | 1 561 | 272 | 5 587 | 47 | 77 | 90 | 21 176 |
| 10 | Italy | 671 | 1 064 | 501 | 14 235 | 77 | 244 | 2 106 | 388 | 504 | 19 791 |
| | **Subtotal top 10** | **160 253** | **129 650** | **93 521** | **80 469** | **89 689** | **69 692** | **14 883** | **21 642** | **19 606** | **679 405** |
| | ***Other*** | ***26 370*** | ***34 861*** | ***69 711*** | ***39 944*** | ***27 309*** | ***26 876*** | ***24 011*** | ***11 615*** | ***12 112*** | ***272 808*** |
| | **World total** | **186 622** | **164 511** | **163 232** | **120 413** | **116 998** | **96 568** | **38 894** | **33 258** | **31 718** | **952 213** |

*Source*: UNCTAD calculations, based on data from Clarksons Research, as at 1 January 2019 (estimated current value).
*Note*: Value is estimated for all commercial ships of 1,000 gross tons and above.

**Table 2.7 Deliveries of newbuildings by major vessel types and countries of construction, 2019**
(Thousand gross tons)

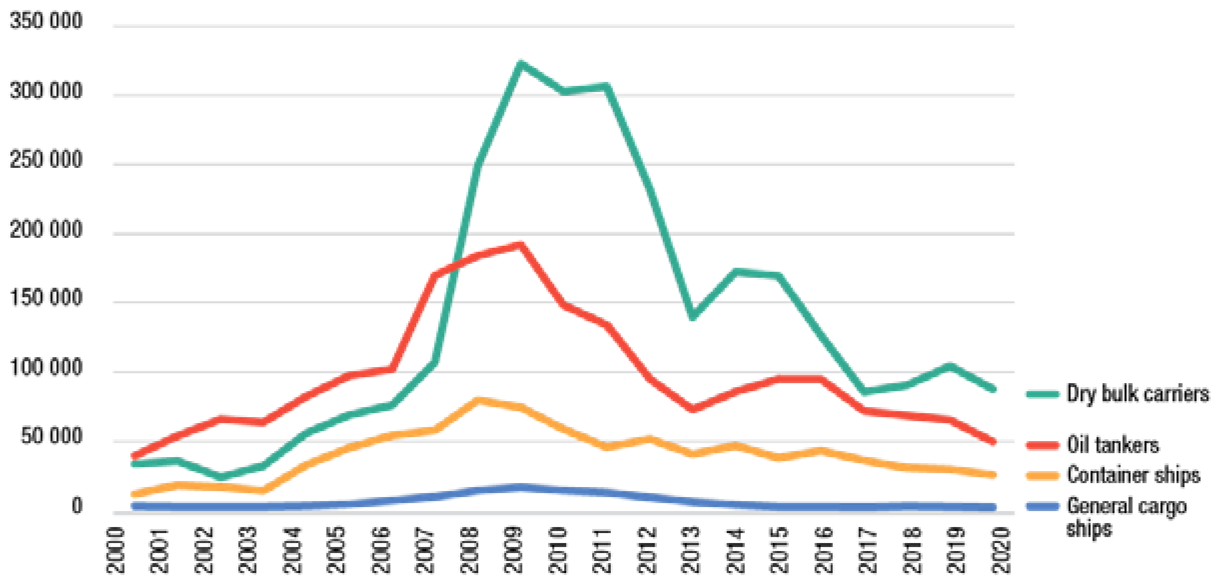
| Vessel type | China | Republic of Korea | Japan | Philippines | Rest of world | Total | Percentage |
|---|---|---|---|---|---|---|---|
| Bulk carriers | 12 773 | 1 010 | 7 942 | 652 | 338 | **22 716** | 34.5 |
| Oil tankers | 4 200 | 11 827 | 2 811 | 128 | 946 | **9 912** | 30.2 |
| Container ships | 3 712 | 4 545 | 2 521 | 19 | 94 | **10 891** | 16.5 |
| Gas carriers | 420 | 3 888 | 1 881 | | 1 | **6 189** | 9.4 |
| Ferries and passenger ships | 214 | 3 | 59 | 3 | 1 903 | **2 182** | 3.3 |
| General cargo ships | 452 | 202 | 267 | | 387 | **1 307** | 2.0 |
| Offshore vessels | 651 | 135 | 4 | | 332 | **1 121** | 1.7 |
| Chemical tankers | 368 | 49 | 574 | | 71 | **1 063** | 1.6 |
| Other | 285 | 12 | 182 | 0 | 50 | **530** | 0.8 |
| **Total** | **23 074** | **21 670** | **16 242** | **802** | **4 122** | **65 911** | **100.0** |
| Percentage | 35.0 | 32.9 | 24.6 | 1.2 | 6.3 | **100.0** | |

*Source*: UNCTAD calculations, based on data from Clarksons Research.
*Notes*: Propelled seagoing merchant vessels of 100 gross tons and above. For more data on other shipbuilding countries, see http://stats.unctad.org/shipbuilding.

and to 60 per cent in May. However, by May 2020 global shipbuilding output in dwt was down 14 per cent year over year (Clarksons Research, 2020a). In March, when the pandemic erupted in the Europe and the United States, lockdowns in Bangladesh, India and Pakistan gradually halted ship recycling (Vessels Value, 2020). In June 2020, Indian recycling yards were reported to be operating at just 30 to 40 per cent of full capacity (Clarksons Research, 2020b).

The COVID-19 pandemic has brought widespread uncertainty related to economic performance in 2020 and 2021 (see chapter 1). As a result, strategic investment decisions had to be reconsidered, for instance, newbuilding ordering and repairs were postponed. Ordering contracts were down 53 per cent year over year in July 2020 (Clarksons Research, 2020c). In addition, many companies decided to delay scrubber installation because of the impact of the pandemic

**Figure 2.4 World tonnage on order, 2000–2020**
(Thousand dead-weight tons)




*Source*: UNCTAD calculations, based on data from Clarksons Research.
*Notes*: Propelled seagoing merchant vessels of 100 gross tons and above; beginning-of-year figures.

**Table 2.8 Reported tonnage sold for ship recycling by major vessel type and country of ship recycling, 2019**
(Thousand gross tons)

| Vessel type | Bangladesh | China | India | Pakistan | Turkey | Rest of world | World total | Percentage |
|---|---|---|---|---|---|---|---|---|
| Bulk carriers | 3 426 | 238 | 582 | 132 | 161 | 32 | **4 570** | 37.4 |
| Chemical tankers | 64 | 4 | 125 | 7 | 3 | 9 | **211** | 1.7 |
| Container ships | 1 015 | 24 | 964 | 12 | 10 | 86 | **2 111** | 17.3 |
| Ferries and passenger ships | 71 | 2 | 46 | 27 | 76 | 5 | **226** | 1.8 |
| General cargo ships | 140 | 62 | 150 | 12 | 174 | 36 | **575** | 4.7 |
| Liquefied gas carriers | 169 | | 70 | | 30 | 9 | **279** | 2.3 |
| Offshore vessels | 326 | 4 | 543 | 9 | 435 | 197 | **1 514** | 12.4 |
| Oil tankers | 1 271 | 14 | 387 | 56 | 119 | 153 | **1 999** | 16.4 |
| Other | 200 | 35 | 384 | 13 | 87 | 12 | **732** | 6.0 |
| **Total** | **6 682** | **383** | **6 682** | **267** | **1 095** | **540** | **12 218** | **100.0** |
| Percentage | 54.7 | 3.1 | 26.6 | 2.2 | 9.0 | 4.4 | **100.0** | |

*Source*: Clarksons Research.
*Notes*: Propelled seagoing vessels of 100 gross tons and above. Estimates for all countries available at http://stats.unctad.org/shipscrapping.

on financial cash flow (Clarksons Research, 2020d; *Manifold Times*, 2020). This is also linked to fuel price dynamics since January 2020, namely the narrowing of the price differential between high and low sulphur fuel, which increased the time to recover the investment cost of installing scrubbers (IHS Markit, 2020; *Seatrade Maritime News*, 2020a).

Before the pandemic, the shipbuilding sector had already been facing a challenging environment of fierce competition and declining orders. Increased consolidation and government finance helped to cope with this situation (UNCTAD, 2019a). Seeking to minimize costs and losses and restructuring their businesses to improve balance sheets, the world's largest shipbuilder (Hyundai Heavy Industries Company of the Republic of Korea) signed in March 2020 a formal agreement with the State-run Korea [Republic of] Development Bank to buy Daewoo Shipbuilding and Marine Engineering. The merger will be completed upon approval by antitrust authorities in China, the European Union, Japan, Kazakhstan, the Republic of Korea and Singapore (*The Korea Times*, 2020). The European Union and Japan have voiced concerns about the potential of this merger to lead to an uneven trading playing field (WTO, 2020) and reduced competition in shipbuilding markets of large container ships, oil tankers, liquefied natural gas carriers and liquefied petroleum gas carriers (European Commission, 2019).

Against this background, the pandemic further accentuated challenges, reducing demand and affecting orders, production and delivery. Box 2.2 describes some of these challenges, from perspective of the European Union.

The slowdown in shipbuilding contributes to lower fleet growth. Fewer newbuilding deliveries during the April–September 2020 period could result in relatively lower fleet growth, bringing it to about 1.6 per cent for 2020 (Clarksons Research, 2020e). The extent to which this will improve supply–demand balance in 2021 will depend on how demand and economic activity will recover and on developments in ship recycling.

In comparison, ship recycling offers more positive prospects. In June 2020, container ship recycling volumes were nearly as high as levels reported from January to May 2020 (Hellenic Shipping News Worldwide, 2020c). By the end of that month, ship-recycling activity had partially recovered in the bulk carriers segment. In this segment, scrapped volumes for the first half of 2020 exceeded levels for the full year 2019 (Clarksons Research, 2020e). Ship recycling is expected to increase, as the shipping industry copes with idling fleets and plans to scrap older vessels (more than 15 years old) that are not fuel efficient (Lloyd's List, 2020b).