



The mainstay of maritime trade, growth in dry bulk commodity trade, faltered in 2019

Major bulk

Dry bulk commodities, in particular minerals and ores, are closely linked to industrial and steel production, as well as manufacturing and construction.¹ With many relevant indicators pointing downward in 2019, global trade in dry bulk lost momentum during the year and grew marginally, (0.5 per cent), bringing the total to 5.3 billion tons (table 1.7) (Clarksons Research, 2020f). An overview of global players in the dry bulk commodities and steel trade sector is presented in table 1.8.

For the first time in 20 years, iron ore trade fell by 1.5 per cent due to severe supply-side disruptions caused by the Vale dam collapse in Brazil and Cyclone Veronica in Australia. Other factors at play include a shift in the make-up of steel production in China, which favours scrap steel over imported iron ore. As China represented 72 per cent of global seaborne iron ore imports in 2019 (Clarksons Research, 2020f), changes affecting its import demand could have a strong impact on trade in global dry bulk commodities. Australia and Brazil are major suppliers of iron ore to China. However, growing Chinese investments in Guinea are likely to make this



Table 1.7 Dry bulk trade, 2018–2019 (Million tons and annual percentage change)			
	2018	2019	Percentage change 2018–2019
Major bulks ^a of which:	3 215.0	3 225.0	0.3
Coal	1 263.0	1 293.0	2.4
Grain	475.0	477.0	0.4
Iron ore	1 477.0	1 455.0	-1.5
Minor bulk of which:	2 010.0	2 028.0	0.9
Forest products	380.0	382.0	0.5
Steel products	388.0	371.0	-4.4
Total dry bulk	5 225.0	5 253.0	0.5

Source: UNCTAD calculations, based on Clarksons Research, 2019d, *Dry Bulk Trade Outlook*, Volume 26, No. 6, June.

^a Includes iron ore, coal (steam and coking) and grains (wheat, coarse grain and soybean).

country an important alternative source of supply that may capture part of the Chinese market (Drewry, 2020a). Although growth in the economy of China continued to decelerate, its steel demand expanded by 7.8 per cent in 2019, largely driven by real estate investment (World Steel Association, 2019). By contrast, steel demand was low in the rest of the world. The Chinese manufacturing sector, similarly to that of many other countries, came under pressure due to the slowing economy and the effect of trade tensions, particularly on the manufacturing and automotive industries.

In 2019, growth in coal (coking and thermal) trade slowed to 2.4 per cent, reflecting fewer thermal coal imports into Europe and lower coking coal demand in China. With regard to exports of thermal and coking coal, Indonesia remained in the top position, with a share of 35.3 per cent, followed by Australia with 29.7 per cent (Clarksons Research, 2020g). In China, seaborne thermal coal imports increased by 9.2 per cent, supported by lower coal prices and government efforts to stimulate industrial activity and growth. The country's topping up of its domestic coal supply with imports is a key risk factor for global seaborne coal trade. Its import demand varies according to domestic output, prices and government policies, including decarbonization and air pollution control efforts. In India and countries of South-East Asia, imports continued to rise, given new coal-fired power generation capacities. India, the world's largest seaborne coking coal importer, and Viet Nam, which is becoming a major steel producer, increased their coking coal imports in 2019 to support growth in their steel sectors.

Agricultural bulk commodities, notably grains, are an important issue in trade tensions between China and

Table 1.8 Major dry bulk commodities and steel: Producers, users, exporters and importers, 2019 (World market shares in percentage)			
Steel producers		Steel users	
China	53	China	51
India	6	India	6
Japan	5	United States	6
United States	5	Japan	4
Russian Federation	4	Republic of Korea	3
Republic of Korea	4	Russian Federation	2
Germany	2	Germany	2
Turkey	2	Turkey	1
Brazil	2	Italy	1
Other	17	Other	24
Iron ore exporters		Iron ore importers	
Australia	57	China	72
Brazil	23	Japan	8
South Africa	5	Europe	7
Canada	4	Republic of Korea	5
India	2	Other	8
Sweden	2		
Other	7		
Coal exporters		Coal importers	
Indonesia	35	China	19
Australia	30	India	18
Russian Federation	12	Japan	15
United States	6	European Union	11
South Africa	6	Republic of Korea	11
Colombia	6	Taiwan Province of China	5
Canada	3	Malaysia	3
Other	2	Other	18
Grain exporters		Grain importers	
Brazil	25	East and South Asia	46
United States	22	Western Asia	14
Argentina	13	Africa	13
Ukraine	12	South and Central America	12
European Union	8	European Union	10
Russian Federation	7	North America	1
Canada	6	Other	4
Australia	3		
Other	4		

Sources: UNCTAD calculations, based on data from Clarksons Research, 2020f, *Dry Bulk Trade Outlook*, Volume 26, No. 6, June; World Steel Association, 2019, World Steel short range outlook October 2019, 14 October; World Steel Association, 2020, *2020 World Steel in Figures*.

the United States. In 2019, grain volumes expanded by 0.4 per cent. Soybean imports into China, which accounted for about 60 per cent of global soybean imports, continued to be affected by the new tariffs and the spread of swine fever in the country's pig population. In this context and through a substitution effect, Brazil overtook the United States as the world's largest seaborne grain exporter. The United States has long been the world's largest grain exporter and, if fully implemented, the first phase of a trade agreement between China and the United States could potentially support increased



soybean and other grain exports from the United States. Shipping can benefit from this development, with the two exporters complementing each other, since the grain export season in the United States runs from September to February, and that of Brazil, from March to September.

Minor bulk

A contraction of 4.4 per cent in the trade of steel products detracted from the overall growth in seaborne shipments of minor bulk commodities. In 2019, minor bulk volumes expanded by 0.9 per cent, down from 3.8 per cent in 2018 (Clarksons Research, 2020g). Exports from China, Japan, the Republic of Korea and the Russian Federation came under pressure as demand from Europe and the United States lessened. Imports into China of some minor bulk commodities, namely nickel ore, bauxite and cement, continued to support this type of trade. An important development with a potential impact on this segment is a ban placed by Indonesia on nickel ore exports that came into force in January 2020. However, exports from the Philippines and New Caledonia may help to partially bolster trade in these commodities.

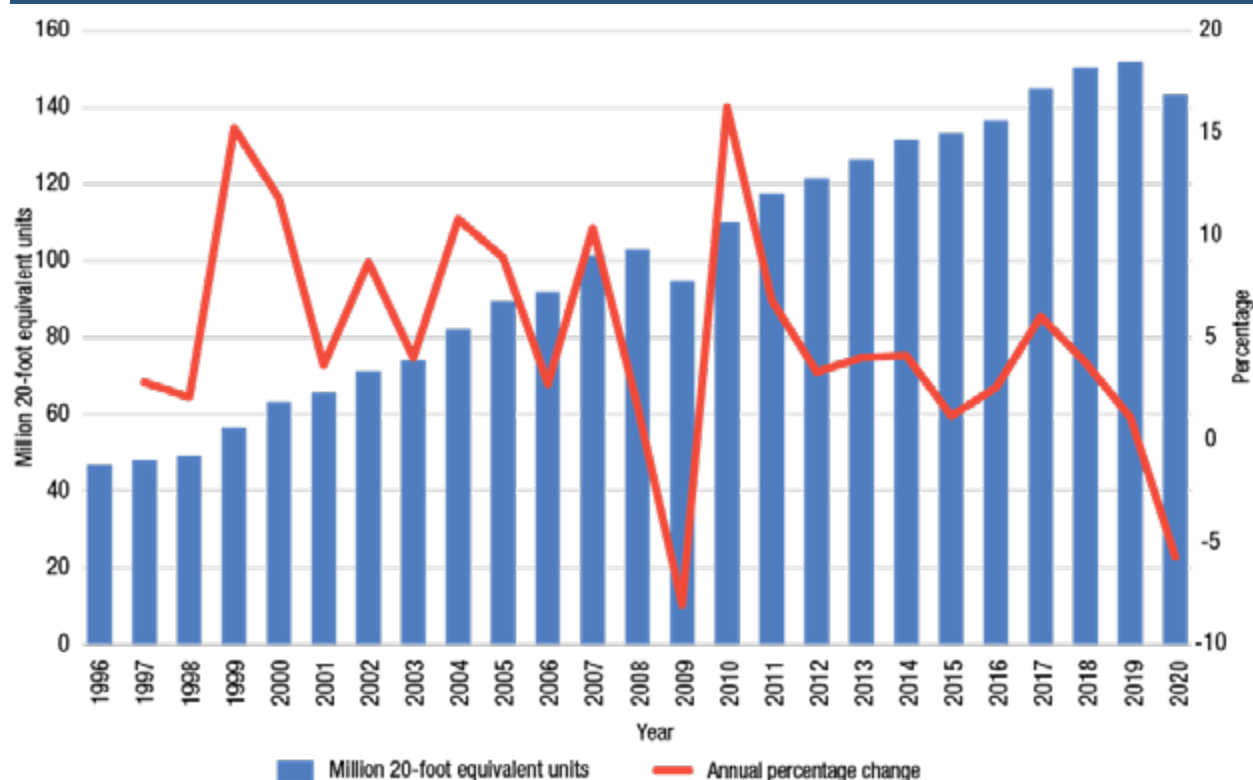
Other dry cargo: Containerized trade

In 2019, global containerized trade expanded at a slower rate of 1.1 per cent, down from 3.8 per cent in 2018 bringing the total to 152 TEUs (figure 1.8). Much

of the growth was driven by activity on non-mainlane East–West, South–South and intraregional trade routes. Excluding intraregional flows, global containerized trade increased by 0.4 per cent in 2019. The challenges facing the global car industry and motor manufacturing in 2019 have had some impact, as trade in automotive-related goods is an important sector for some individual trade lanes. Global car sales decreased for the first time by about 1.5 per cent in 2018, after steady growth for over a decade. Sales continued to decline in 2019. China, the largest market, recorded a double-digit drop. In addition to the slowdown in the economy, other factors came into play: new emissions standards, a shift towards electrification, greater durability of cars with an extended life cycle and the growing popularity of used cars and ridesharing (Drewry, 2019).

Mainlane East–West containerized trade routes, namely Asia–Europe, the trans-Pacific and the transatlantic, handled 39.1 per cent of worldwide containerized trade flows in 2019. Trade on other routes, which involves greater participation from developing countries, has gained in importance over time, as these countries accounted for 60.9 per cent of containerized trade in 2019 (figure 1.9 and table 1.9). Together, intraregional trade, principally intra-Asian flows, and South–South trade represented over 39.9 per cent of the total in 2019.

Figure 1.8 Global containerized trade, 1996–2020
(Million 20-foot equivalent units and annual percentage change)



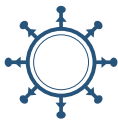
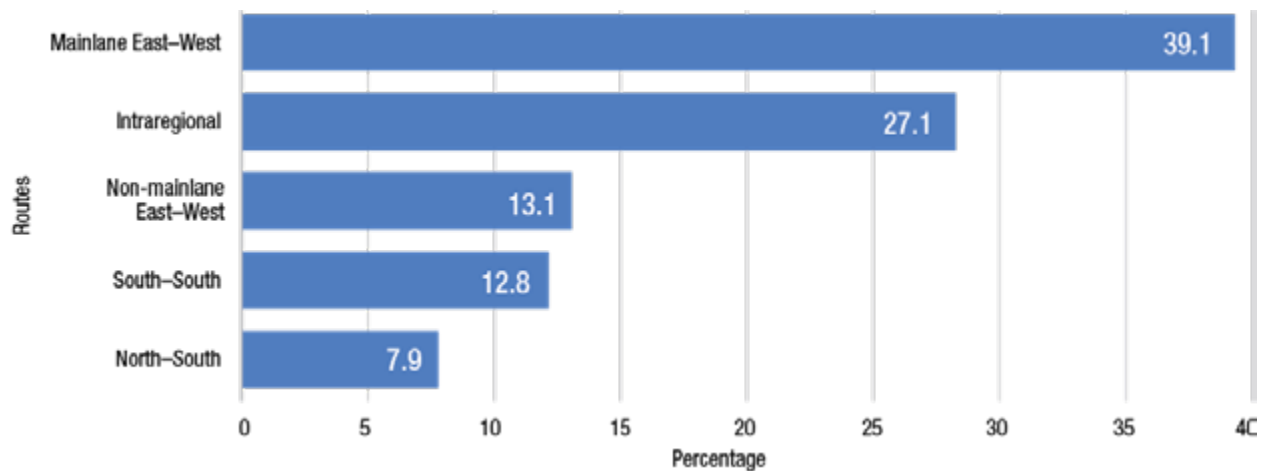


Figure 1.9 Market share of global containerized trade by route, 2019
(Percentage)



Source: UNCTAD calculations, based on data from MDS Transmodal, 2020b, World Cargo Database, 19 August.

Table 1.9 Containerized trade on mainlane East-West routes and other routes, 2016–2020
(20-foot equivalent units and annual percentage change)

	2016	2017	2018	2019	2020 ^a
20-foot equivalent units					
Mainlane East-West routes	54 610 793	57 695 035	60 512 411	59 451 778	55 529 706
Other routes of which:	81 973 339	87 152 831	89 796 992	92 439 115	87 733 977
Non-mainlane East-West	17 928 632	18 977 780	18 961 472	19 869 413	18 099 717
North-South	11 108 989	11 753 235	11 963 148	12 018 424	11 576 259
South-South	16 251 689	17 619 241	18 898 303	19 433 908	18 007 289
Intraregional	36 684 030	38 802 575	39 974 069	41 117 369	40 050 711
World total	136 584 133	144 847 866	150 309 403	151 890 894	143 263 682
Percentage change					
	2016	2017	2018	2019	2020 ^a
Mainlane East-West routes	4.06	5.6	4.9	-1.8	-6.6
Other routes (non-mainlane) of which:	1.59	6.3	3.0	2.9	-5.1
Non-mainlane East-West	2.7	5.9	-0.1	4.8	-8.9
North-South	-0.31	5.8	1.8	0.5	-3.7
South-South	-0.98	8.4	7.3	2.8	-7.3
Intraregional	2.83	5.8	3.0	2.9	-2.6

Source: UNCTAD calculations, based on data from MDS Transmodal, 2020b, World Cargo Database, 19 August.

Notes: Non-mainlane East-West: Trade involving East Asia, Europe, North America and Western Asia and the Indian subcontinent.

North-South: Trade involving Europe, Latin America, North America, Oceania and sub-Saharan Africa.

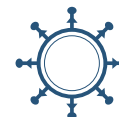
South-South: Trade involving East Asia, Latin America, Oceania, sub-Saharan Africa and Western Asia.

^a Forecast.

The continued prominence of Asia as the world's factory continued to boost expansion in intra-Asian container trade, with a growing contribution from South-East Asia.

Non-mainlane, or secondary East-West trade routes and North-South routes accounted for 13.1 per cent

and 7.9 per cent of the market, respectively. Trade on the non-mainlane East-West routes involves flows between the Far East and Western Asia, the Far East and South Asia, South Asia and Europe, and Western Asia and Europe, for example. Sanctions on the Islamic



Republic of Iran and geopolitical tensions in the region create volatility on these types of trade. Cargo bound for Saudi Arabia and the United Arab Emirates make up over 50 per cent of the containers carried from the Far East to Western Asia. In 2019, trade on the westbound leg of this route increased, reflecting the gradual economic recovery in these two countries. Imports into Iraq also improved, which may reflect an element of diverted trade away from the Islamic Republic of Iran. The number of imports on the Eastern Asia–South Asia lane diminished in 2019 in line with poor economic performance in India. Lower consumption demand, as well as bans on waste imports, and declining vehicle sales and car manufacturing contributed to lower growth. It appears at the time of writing (September 2020) that India, unlike Viet Nam, has not yet capitalized on the trade tensions between China and the United States to attract the production moving away from China (Drewry, 2019).

In 2019, main East–West trade lanes contracted by 1.8 per cent, compared with positive growth on other routes (+2.9 per cent growth). Trade tensions and escalating tariffs between China and the United States took a toll on trans-Pacific containerized trade. Volumes on this key East–West lane contracted by 4.7 per cent in 2019. This reflected a decrease of 7.4 per cent on the peak leg, East Asia–North America, on the one hand, and a 3.8 per cent drop on the return leg from North America to East Asia, on the other (table 1.10). Although significant, the slump in trade flows was moderated by the substitution of Chinese volumes by exports to the United States from other Asian economies. The substitution impact became clear: the number of shipments from China and Hong Kong, China declined, while those from several other countries rose (Malaysia, Thailand and Viet Nam – and to a lesser extent – Indonesia, Japan, the Republic of Korea and Taiwan Province of China).

Table 1.10 Containerized trade on major East–West trade routes, 2014–2020
(Million 20-foot equivalent units and annual percentage change)

Year	Trans-Pacific			Asia–Europe			Transatlantic		
	Eastbound	Westbound	Trans-Pacific	Eastbound	Westbound	Total Asia–Europe	Eastbound	Westbound	Transatlantic
	East Asia–North America	North America–East Asia		Northern Europe and Mediterranean to East Asia	East Asia–Northern Europe and Mediterranean		North America–Northern Europe and Mediterranean	Northern Europe and Mediterranean–North America	
2014	16.2	7.0	23.2	6.3	15.5	21.8	2.8	3.9	6.7
2015	17.4	6.9	24.3	6.4	15.0	21.3	2.7	4.1	6.8
2016	18.2	7.3	25.5	6.8	15.3	22.1	2.7	4.3	7.0
2017	19.4	7.3	26.7	7.1	16.4	23.4	3.0	4.6	7.5
2018	20.8	7.4	28.2	7.0	17.3	24.3	3.1	4.9	8.0
2019	20.0	6.8	26.8	7.2	17.5	24.7	2.9	4.9	7.9
2020	18.1	7.0	25.1	6.9	16.1	23.0	2.8	4.7	7.4
Annual percentage change									
2014–2015	7.9	-2.0	4.9	1.4	-2.6	-1.4	-2.4	5.6	2.2
2015–2016	4.4	6.6	5.1	6.3	2.5	3.6	0.4	2.9	1.9
2016–2017	6.7	-0.5	4.7	4.1	6.9	6.0	7.9	8.3	8.1
2017–2018	7.0	0.9	5.4	-1.3	5.7	3.6	5.8	6.8	6.4
2018–2019	-3.8	-7.4	-4.7	2.9	1.4	1.8	-5.0	-0.2	-2.1
2019–2020	-9.7	2.6	-6.6	-3.6	-8.3	-6.9	-5.3	-5.8	-5.6

Source: UNCTAD calculations, based on MDS Transmodal, 2020b, World Cargo Database, 19 August.

Volumes on the Asia–Europe trade lane grew by 1.8 per cent. Volumes on the westbound leg expanded by 1.4 per cent, supported by the replenishment by European importers of their own stocks, inventory building in the United Kingdom before Brexit and an increased export focus by China on Europe (Clarksons Research, 2020h). Eastbound volumes from Europe to Asia rose by 2.9 per cent, strengthened by an uplift in refrigerated pork shipments in response to the outbreak of African swine fever in China (Drewry, 2019). Shipments of wastepaper and plastic also increased in

2019, as loads destined for recycling in China reflected greater compliance with the country's new regulations on waste contamination levels or, alternatively, were redirected to markets outside China, such as Indonesia and Malaysia.

Transatlantic trade volumes declined by 2.1 per cent in 2019. Volumes on the eastbound journey from North America to Europe contracted at 5.0 per cent. On the westbound leg, the number of imports into the United States fell slightly (0.2 per cent), reflecting a reduced



need to ship parts and components for motor vehicle manufacturing in the United States. The potentially negative impact of escalating trade tensions between the European Union and the United States remained a major reason for concern. In October 2019, WTO authorized the United States to apply new tariffs of 25 per cent on \$7.5 billion worth of imports from the European Union, following a 15-year dispute over subsidies granted to Airbus. The European Union has since threatened to also apply tariffs to the United States, and WTO is expected to make a decision regarding the United States subsidies to Boeing (Drewry, 2019). The possibility that tariffs may be applied to European exports of cars and motor vehicle parts to the United States remains a concern.