



Shipping Challenges as an Exporter

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Limited

CONTENT

Shipping Industry Overview

Maritime Regulation

Current Challenges

Effects and Impact





Overview of Shipping Industry



- The shipping industry is responsible for the carriage of around 90% of world trade
- Shipping is the life blood of the global economy.



- It is the most affordable means of transportation for international import and export.
- It is the safest and most environment friendly form of transportation.



- There are approximately 55,000 merchant ships sailing the seas.
- Approximately 1.5 million people employed in the maritime sector.

Maritime Regulation

Establishment

- The safety of maritime transport is regulated by various United Nations agencies.
- In 1948 a landmark Convention establishing the IMO (International Maritime Organization) was adopted in Geneva

Scope of IMO

- Its main task was to develop and maintain a comprehensive regulatory framework for shipping. Today, that remit has been widened to include safety, legal concerns, technical co-operation, environmental matters and security

Development

- The International Maritime Organization has developed a comprehensive framework of global maritime safety regulations that implemented worldwide.

Current Challenges



Port Congestion and Shipping Delays



- congestion and bottleneck problems are worsening getting into 2022
- Shipping lines struggling to move goods around the world
- the number of blank sailings - when container ships cancel routes or miss out ports on their normal schedule - has been increasing.

Container Shortages

Liners would rather deliver empty containers back to China/Asia where they are quickly loaded with more profitable cargo to send back to the Africa.

Consequently, the production of the new containers has slowed since 2019

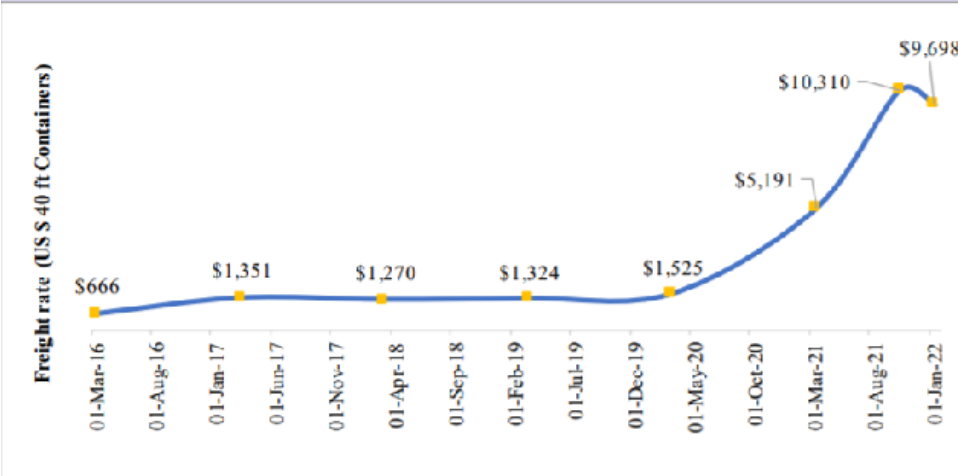


High Freight Rate

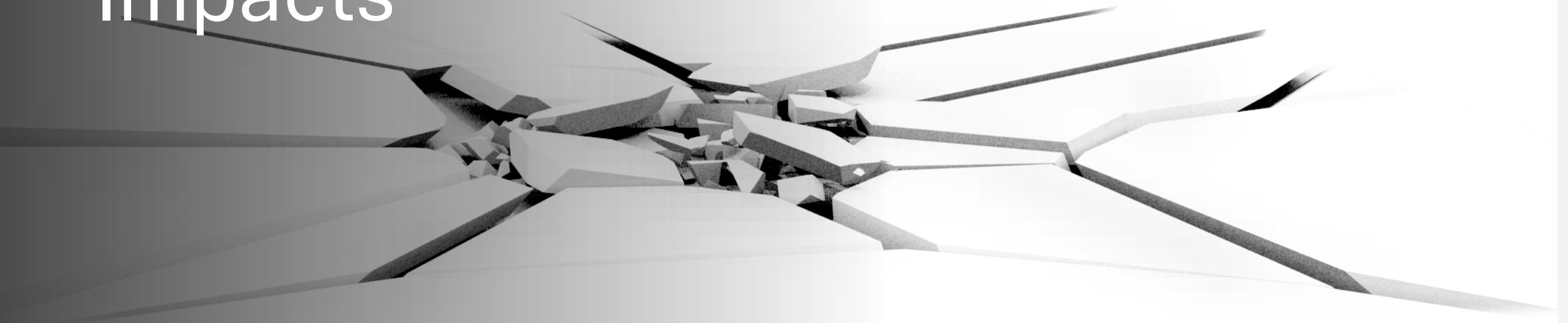
The stress in the container shortages can be captured in the Drewry's Composite World Container Index.

The Index stands at \$ 9,698.33 per 40ft container as of 20th January 2022. This is \$ 6,656 higher than the five-year average and remains 82% higher than a year earlier.

It estimated that the shipping industry made record combined profits of \$190bn in 2021.



Effects and Impacts



Supply Chain Disruption

Companies have had to fight tooth and nail to secure space on container ships to keep production and sales moving while facing cash flow pressure as they soak up rocketing freight rates — up seven times on average pre-pandemic levels — and mounting stockpiles.

Consumers have experienced it via empty shelves, limited product availability and rising prices.





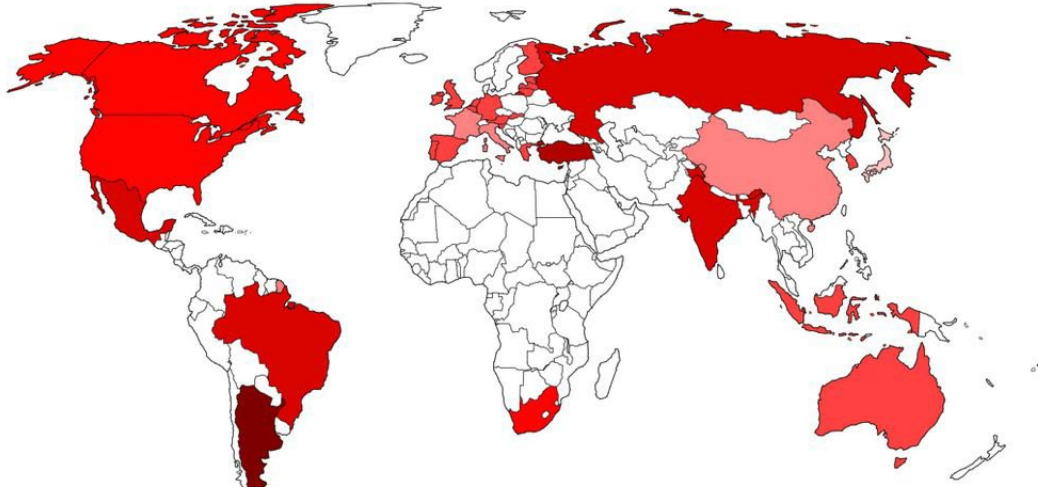
Food Shortages

Food is piling up in all the wrong places, thanks to carriers hauling empty shipping containers. Global competition for the ribbed steel containers means that Thailand can't ship its rice, Canada is stuck with peas and India can't offload its mountain of sugar. Shipping empty boxes back to China has become so profitable that even some American soybean shippers are having to fight for containers to supply hungry Asian buyers.

Price Pressure

Inflation in G-20 economies is predicted to accelerate to 3.7% this year

2021 inflation rate: <0% 0%-2% 2%-3% 3%-5% 5%-7.5% >15% >45%



With shipping bottlenecks and some critical supply shortages persisting, global price inflation will remain high in 2022.

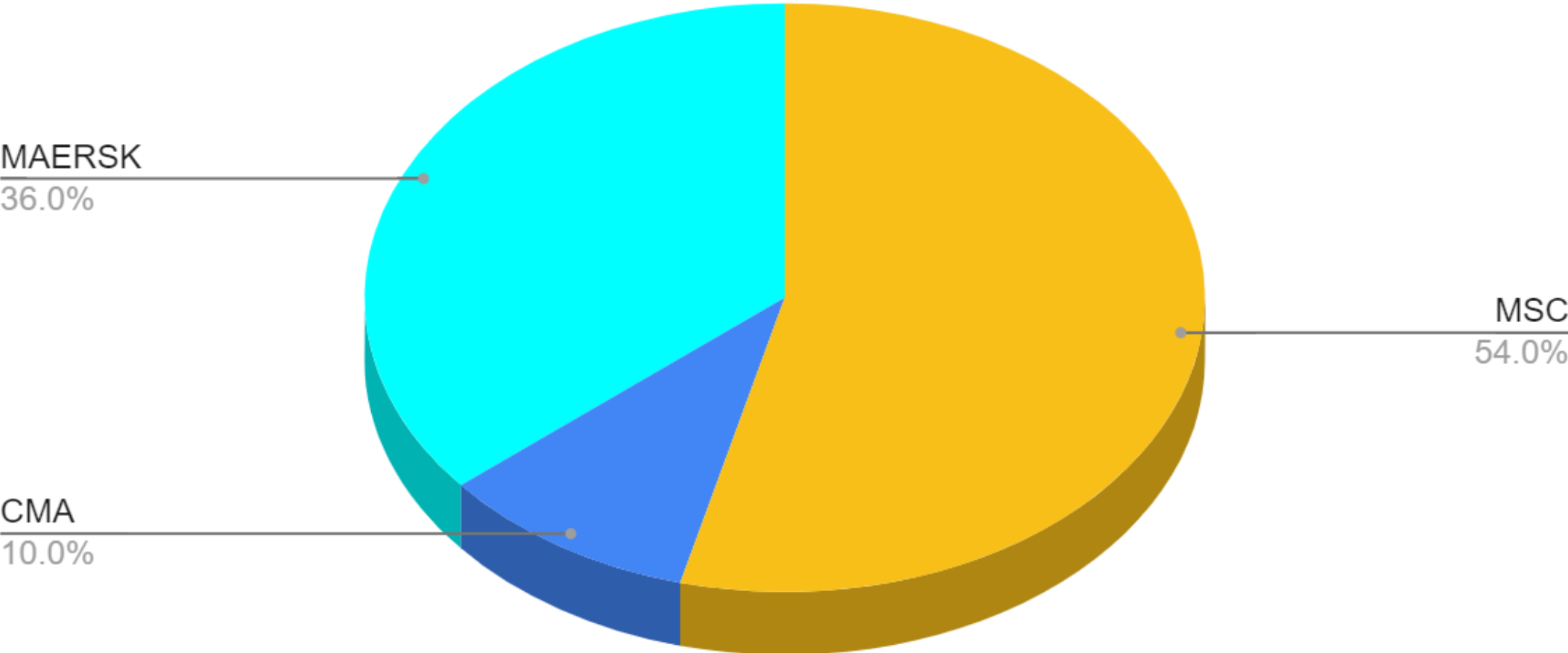
Global consumer price inflation reached 5.2% year on year (y/y) in November and December 2021, its highest pace since September 2008

Worldwide inflation will likely remain near 5.0% in early 2022

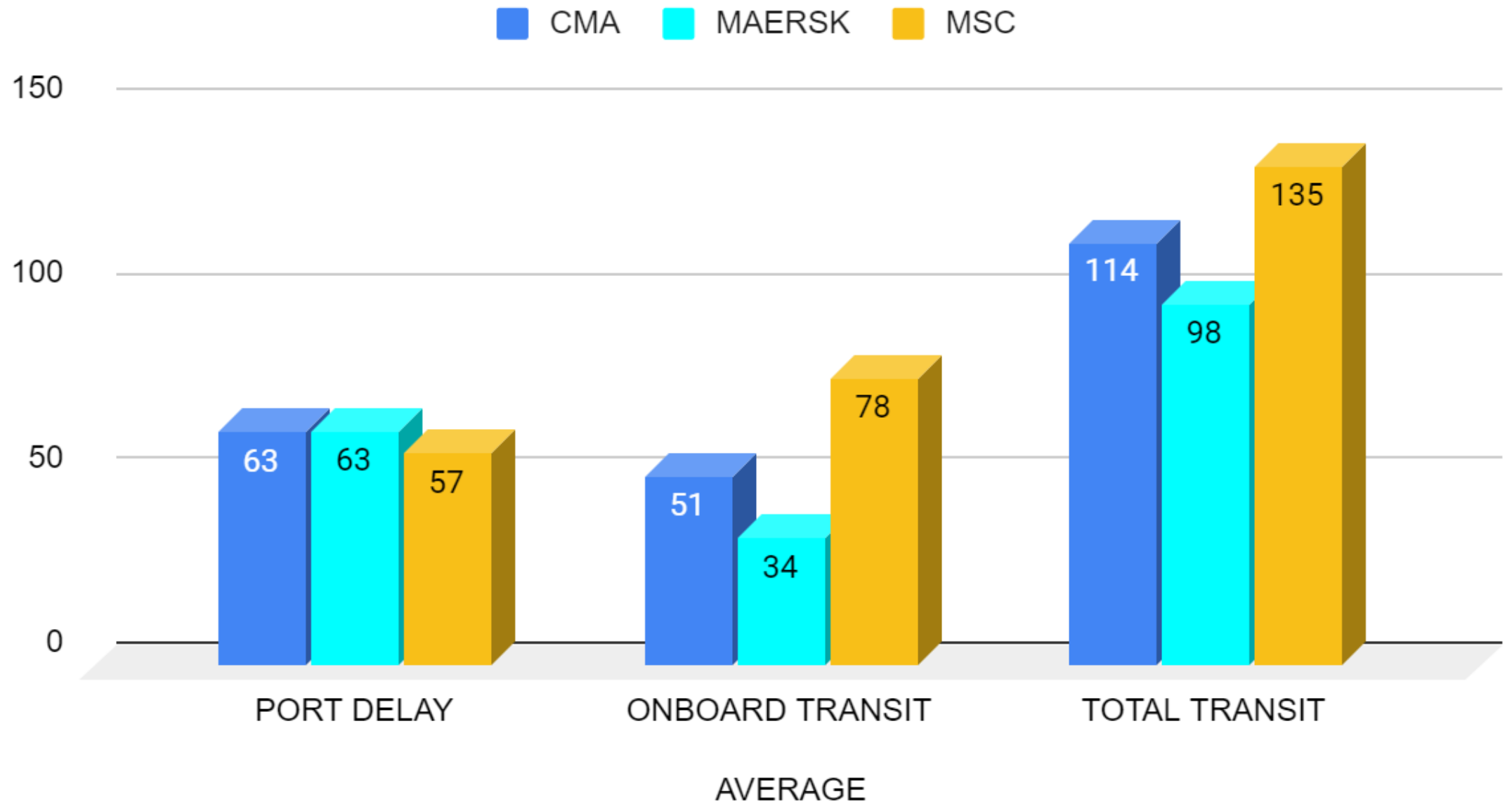
The situation is throwing a spotlight on the market concentration of shipping lines, and their legal immunity from antitrust laws.

Global Inflation

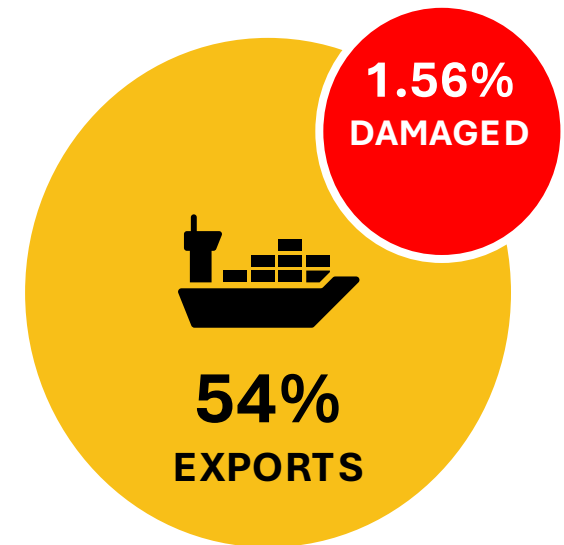
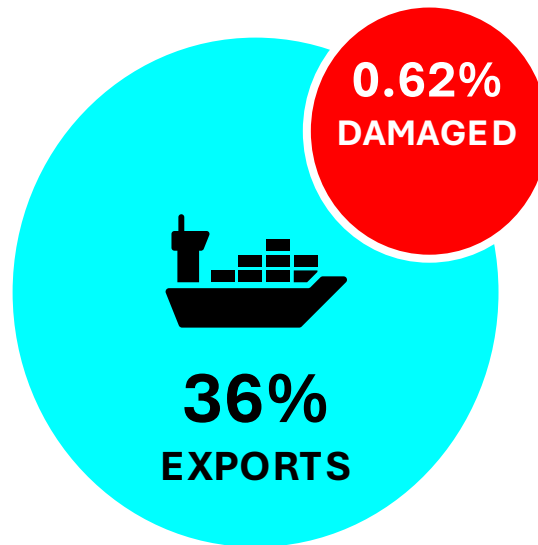
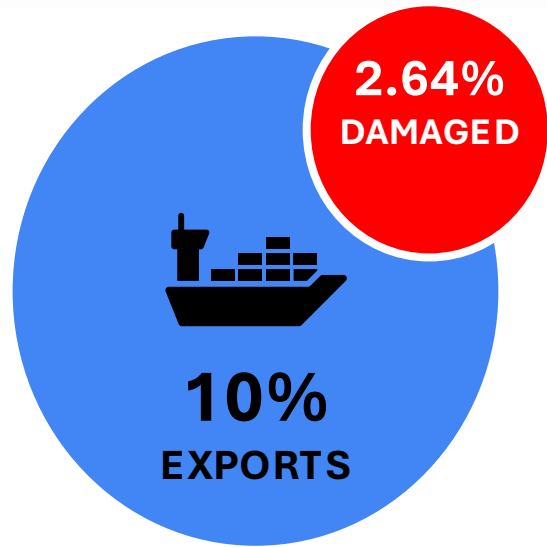
Containers Distribution



CONTAINER TRANSIT TIME



WET/DAMAGED CASHEW





Thank you for
your attention

