

The Dynamics of Global Maritime Trade

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The maritime trade has increased significantly since 1970. It has been increased more than four times between 1970 to 2021. It increased by 3 per cent per year (average) during the same period. The share of developed economies has declined significantly while the share of the global south has increased significantly. Asia has accounted for around 60 per cent of maritime trade.

Introduction

Maritime transport serves as the fundamental pillar of global trade and the logistical networks supporting manufacturing supply chains. According to the United Nations Conference on Commerce and Development (UNCATD, 2019), it is emphasised that over 25 per cent of the total global trade volume is conducted through maritime transportation. Moreover, maritime transportation is responsible for managing 80 per cent of trade in terms of volume, accounting for around 70 per cent of its total value. It is the most cost-effective method of transporting commodities and raw materials worldwide (ITF Transport Outlook 2013). This trade plays a crucial role in connecting global economies and serves as a vital facilitator of trade, a catalyst for economic expansion, and a promoter of social progress.

The direct correlation between GDP growth and maritime trade growth is illustrated in Figure 1. Global GDP, for instance, decreased by 3.1 per cent in 2020 as a result of the COVID-19 pandemic; maritime trade also decreased by 3.8 per cent in the same year. Additionally, Figure 1 illustrates that maritime trade experienced a decline of 5 per cent and global GDP fell by 1.3 per cent as a result of the 2008 financial crisis. In a recent report, the United Nations Conference on Trade and Development (UNCTAD) has projected a moderation in the growth of maritime trade to 1.4 per cent. Furthermore, it is anticipated that between the years 2023 and 2027, the expansion of maritime trade will occur at an average annual rate of 2.1 percent. This projected growth rate is slower compared to the average rate of 3 percent observed during the past five decades. The Ukraine-Russia conflict, supply

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chain disruptions due to the COVID pandemic in 2020 and 2021, the current middle Asia crisis and slow global GDP further decreased the maritime trade as projected by UNCTAD also.

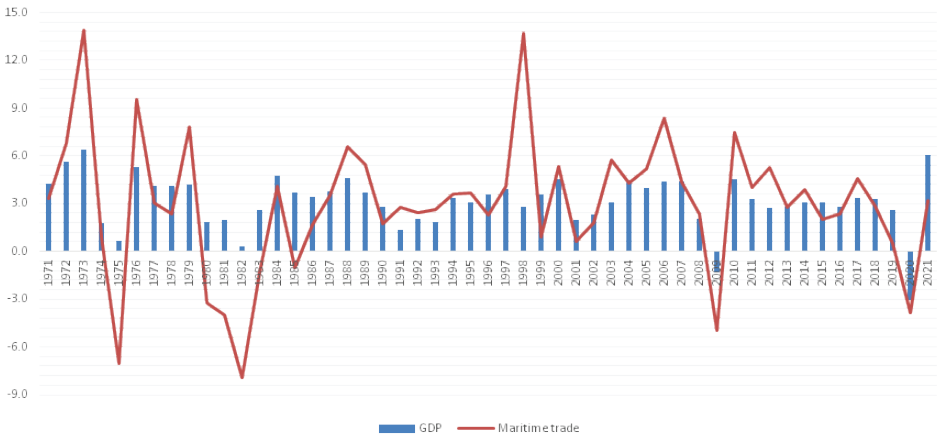
Table 1 provides long-term trends in maritime trade since 1970. Data reveal the shift from liquid (crude oil) to dry bulk as the driver of global maritime trade. Table also shows that International Maritime trade flows, which were around 2.6 billion tonnes in 1970, to increase by around 11 billion tonnes in 2021. It increased more than four times in the last 51 years. Maritime trade grew by 3.2 per cent to a total of 11 billion tonnes – only slightly below the pre-pandemic level. Another important fact revealed by the data is that the share of crude oil in total loaded (exports) and discharged (imports) has declined from 46 per cent in 1970 to around 15 per cent in 2021,

and the share of dry cargo has increased significantly from 44 per cent to 71 per cent during the same period. This structural shift was further emphasised by the rapid development in manufacturing trade, which is included under ‘Dry cargo.’ There is a strong possibility of a decline in maritime trade in 2023 due to the low global GDP growth and low global trade growth due to high inflation, the possibility of global recession, the Ukraine-Russia conflict, and the current middle Asia crisis. As UNCATD pointed out, the world economy is flying at “stall speed”, with projections of a modest growth of 2.4 per cent in 2023, meeting the definition of a global recession.

Contribution of Developing Countries in Global Maritime Trade

Analysing the share of developing countries in total maritime trade is

Figure 1: Global maritime trade and Global GDP 1970-2021 (percentage annual change)



Source: Author’s calculation data from UNCTAD and WDI.

Table 1: Global maritime trade, 1970–2021, by type of cargo (Millions of tons)

Years	Goods loaded				Goods discharged			
	Crude oil	Dry cargo	Other tanker trade	Total goods	Crude oil	Dry cargo	Other tanker trade	Total goods
1970	1207	1165	233	2605	1101	1131	298	2529
1980	1527	1833	344	3704	1530	1823	326	3679
1990	1287	2253	468	4008	1315	2365	466	4126
2000	1605	3821	558	5984	1633	4097	513	6242
2005	1857	4687	565	7109	1854	4696	573	7122
2006	1783	5004	915	7702	1940	5066	897	7903
2007	1814	5289	934	8036	1996	5165	902	8063
2008	1785	5486	957	8228	1943	5419	933	8295
2009	1710	5177	931	7818	1875	5044	923	7841
2010	1785	5649	968	8401	1939	5454	971	8364
2011	1751	5959	1028	8739	1897	5766	1039	8702
2012	1785	6357	1055	9197	1930	6129	1056	9115
2013	1738	6625	1091	9453	1882	6511	1091	9483
2014	1712	6983	1122	9816	1850	6782	1088	9720
2015	1761	7074	1178	10013	1910	6879	1175	9965
2016	1832	7176	1238	10247	1985	7083	1235	10303
2017	1875	7560	1279	10714	2033	7366	1288	10687
2018	1881	7818	1320	11019	2049	7629	1339	11017
2019	1860	7908	1303	11071	2023	7712	1320	11055
2020	1715	7727	1203	10645	1864	7546	1224	10634
2021	1700	8033	1252	10985	1846	7856	1273	10975

Source: UNCTAD (Access on 21/11/2023 <https://unctadstat.unctad.org/datacentre/dataviewer/US.SeaborneTrade>).

Note: Goods loaded for international shipment are assumed to be exports, while goods discharged from ships are assumed to be imports. The seaborne trade balance measures the difference between the volumes of loaded and discharged goods. Dry cargo refers to cargo that is usually not carried in tankers, such as dry bulks (e.g., coal, ores, grains), pallets, bags, crates, and containers. “Other” tanker trade refers to tanker trade, excluding crude oil. It includes refined petroleum products, gas and chemicals.¹ Annual world totals of goods loaded and discharged are not necessarily the same, given, among other factors, bilateral asymmetries in international merchandise trade statistics and the fact that volumes loaded in one calendar year may reach their port of destination in the next calendar year. Data on maritime traffic reflect data recorded at the loading and unloading ports. Traffic to or from neighbouring countries is attributed to the country where the ports are located: therefore, landlocked countries are not included in this table. Since March 2021, the category “transition economies” is no longer used by UNCTAD. Economies formerly classified as “transition economies” and located in Europe, are reassigned to the “developed regions” grouping, and the economies formerly classified as “transition economies” and found in Asia, are reassigned to the “developing regions” grouping.

essential. As we know, the share of developing countries in total global trade has increased significantly over the period. Today, the share of developing countries in global trade accounts for more than 50 per cent of global trade. Figure 2 shows that in 2006, the share of developing countries accounted for 58 per cent of goods loaded (exports) and 40 per cent of goods discharged, which further increased to 61 per cent in 2021, and goods loaded declined to 55 per cent in 2021. It shows that the world's leading maritime trade-handling centres were the developing countries. The developed countries contributed the remaining 45 per cent of exports and just 39 per cent of imports (see Figure 2).

The Regional Dimension of Maritime Trade

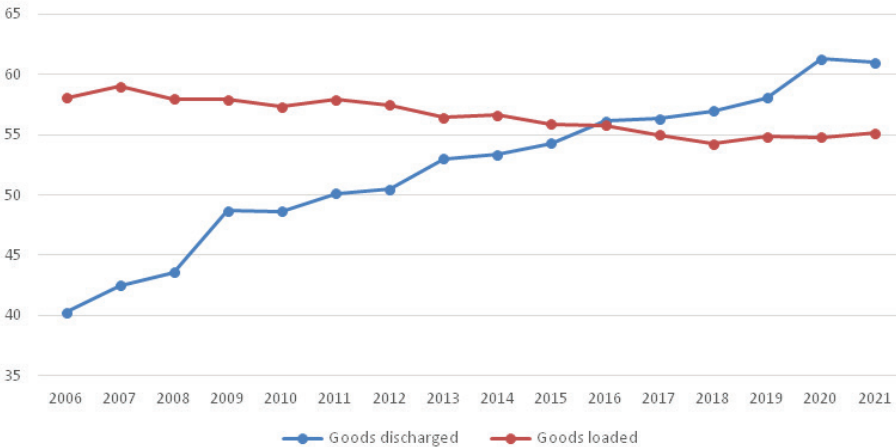
From 2006 to 2021, Asia consistently

maintained its position as the foremost hub for loading and discharging goods worldwide, as depicted in Figure 3. During this period, Asia accounted for 41 per cent of global exports and 58 per cent of global imports. Subsequently, Europe followed by the Americas, Africa, and Oceania.

Figure 4 shows that over the period 2006-2021, the share of developing countries has increased from 39 per cent in 2006 to 61 per cent in 2021, while the share of developed countries in total maritime trade has declined significantly from 61 per cent in 2006 to around 39 per cent in 2021.

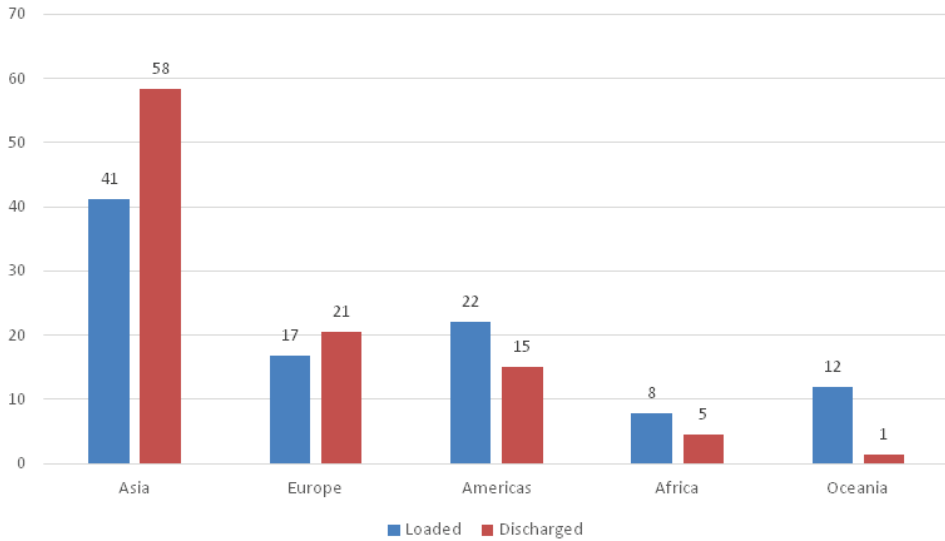
The analysis shows that the maritime trade has increased significantly since 1970. It has been increased more than four times between 1970 to 2021. It increased by 3 per cent per year (average) during the same period. The share

Figure 2: The share of developing countries in global maritime trade (2006-2021) (percentage share in total tonnage)



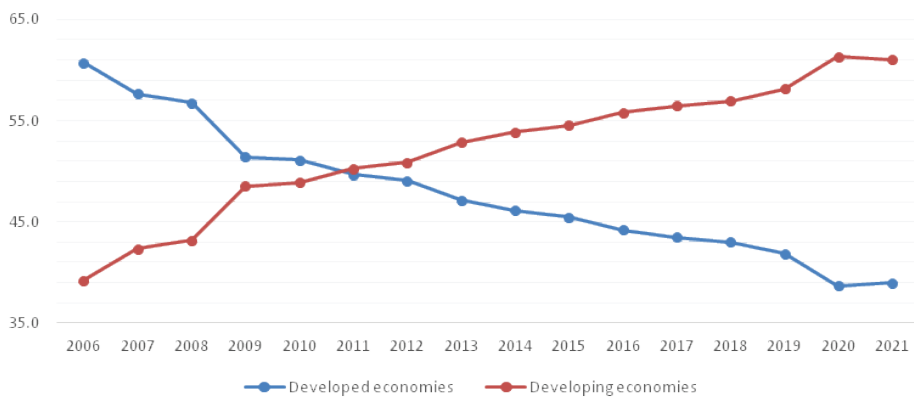
Source: Authors' calculation data from UNCTAD.

Figure 3: International maritime trade, by region, 2006 -2021 (average) (percentage share in world tonnage)



Source: Authors' calculation data from UNCTAD.

Figure 4: The share of Developed and Developing countries in global maritime trade (2006-2021)² (percentage share in total tonnage)



Source: Authors' calculation data from UNCTAD.

of developed economies has declined significantly while the share of the global south has increased significantly. Asia has accounted for around 60 per cent of maritime trade. Further, the Ukraine-Russia conflict and the Middle Asia crisis may negatively affect maritime trade.

Endnotes

- ¹ <https://hbs.unctad.org/world-seaborne-trade/>
- ² Data is available from 2006 onwards

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