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STRONG CONTAINERPORT DEMAND OUTLOOK

IN THE MIDDLE EAST AND SOUTH ASIA

In the Middle East and South Asia, growth in containerport demand has accelerated in recent years. This has been driven by strong oil prices, a measure of deregulation and investment in the Indian subcontinent and the integration of the region into the major east-west trades.

Whilst demand is very strong in India, the capabilities of its ports and terminals remain limited, and the connectivity of these facilities with major hinterland markets is under mounting pressure. Planned major investment will need to be realised to accommodate anticipated growth, and coping with congestion will require a transformation of terminal productivity.

In the Gulf, by contrast, investment in new container facilities is running at very high levels, with oil wealth being directed into intense infrastructure programmes. Here, the danger may be of overcapacity.

This new study* from Ocean Shipping Consultants Ltd analyses the development of container handling demand by port, and forecasts future demand to 2020 by country or port range, based on expected economic expansion and the outlook for transshipment. It includes an "increased-risk" scenario to reflect the possibility of a protectionist or other shock to trade. The study covers the containerport markets in the following major port regions and constituent ranges:

- Middle East: Arabian Gulf/Gulf of Oman, Arabian Sea/Gulf of Aden, Red Sea;
- South Asia: India, Sri Lanka, Pakistan, Bangladesh.

A detailed review of containerport investment plans is included, and capacity utilisation forecasts are presented to highlight areas of likely capacity surplus or shortfall.

Containerport productivity is analysed by country or seaboard, in TEUs per metre of container quays, and TEUs per quayside container gantry crane.

The following highlights some of the main findings of the report:

- Middle East containerport throughput increased by 291 per cent to 21.99m TEU over 1995-2006. The Arabian Gulf ports retained the largest share of regional throughput, at 68.2 per cent in 2006. Transshipment has boosted the share of ports on the Gulf of Aden/Arabian Sea range to 13.7 per cent in 2006, and there has been a resurgence in the share of Red Sea ports to over 18.0 per cent since 2004.

- South Asian containerport throughput increased by 261 per cent over 1995-2006 and by 117 per cent over 2000-06, to 11.81m TEU. Over this period, India's share of the regional throughput increased to 51.7 in 2006, whilst Sri Lanka's fell to 26.1 per cent.

Table 1
Middle East and South Asia: Containerport Throughput by Region, 1995-2006

m TEUs	1995	2000	2001	2002	2003	2004	2005	2006
Middle East								
Arabian Gulf/Gulf of Oman	4.46	6.59	7.05	8.33	9.92	12.04	13.63	14.99
Arabian Sea/Gulf of Aden	0.09	1.41	1.71	1.84	2.40	2.71	3.00	3.01
Red Sea	1.09	1.39	1.60	1.83	2.41	3.29	3.82	3.99
Total	**5.63**	**9.39**	**10.36**	**11.99**	**14.73**	**18.04**	**20.45**	**21.99**
South Asia								
India west coast	1.02	1.75	2.12	2.50	2.87	3.21	3.57	4.46
India east coast	0.43	0.72	0.77	0.88	1.08	1.26	1.42	1.65
Sri Lanka	1.05	1.73	1.73	1.76	1.96	2.22	2.46	3.08
Pakistan	0.51	0.77	0.82	0.89	1.02	1.24	1.43	1.73
Bangladesh	0.26	0.47	0.51	0.55	0.65	0.71	0.81	0.90
Total	**3.28**	**5.45**	**5.94**	**6.59**	**7.57**	**8.65**	**9.69**	**11.81**

Figures may not sum exactly due to rounding.

Source: Ocean Shipping Consultants Ltd

- For the purpose of forecasting non-transshipment container handling demand, two broad scenarios are used for the macroeconomic forecasts employed in the study. Case I reflects the most positive economic growth scenario; Case II, a lower economic growth scenario. A third case is also included, in order to explore the implications of a higher-risk scenario, in which the flow of global exports is impeded by tariffs or other measures in the developed economies, or a sudden devaluation or other shock to trade.

- Total non-transshipment container handling volumes are forecast to increase by 91-157 per cent over 2006-15, to 40.5-54.3m TEUs, and by a further 39-49 per cent over 2015-20, to 56.1-81.1m TEUs, the range being defined by the economic scenario.

- The future development of transshipment will be a compound of underlying economic-growth-induced demand and the policies of major operators in converting direct flows into transshipped flows.

- Total container transshipment in the Middle East and South Asia is forecast to increase by 83-140 per cent over 2006-15, to 23.20-30.43m TEUs, and by a further 31-39 per cent over 2015-20, to 30.28-42.29m TEUs.

- Combining non-transshipment and transshipment forecasts, *total containerport demand* in Middle East and South Asia is thus forecast to record sustained growth, aggregating for each case to:

    - Case I: 151 per cent to 84.76m TEU over 2006-15, and 46 per cent to 123.37m TEU over 2015-20;

- Case II: 120 per cent to 74.31m TEU over 2006-15, and 34 per cent to 99.61m TEU over 2015-20;
- Increased-Risk Case: 88 per cent to 63.66m TEU over 2006-15, and 36 per cent to 86.42m TEU over 2015-20.

FIGURE 1
MIDDLE EAST / SOUTH ASIA: CONTAINERPORT DEMAND TO 2020 BY PORT RANGE - Case I

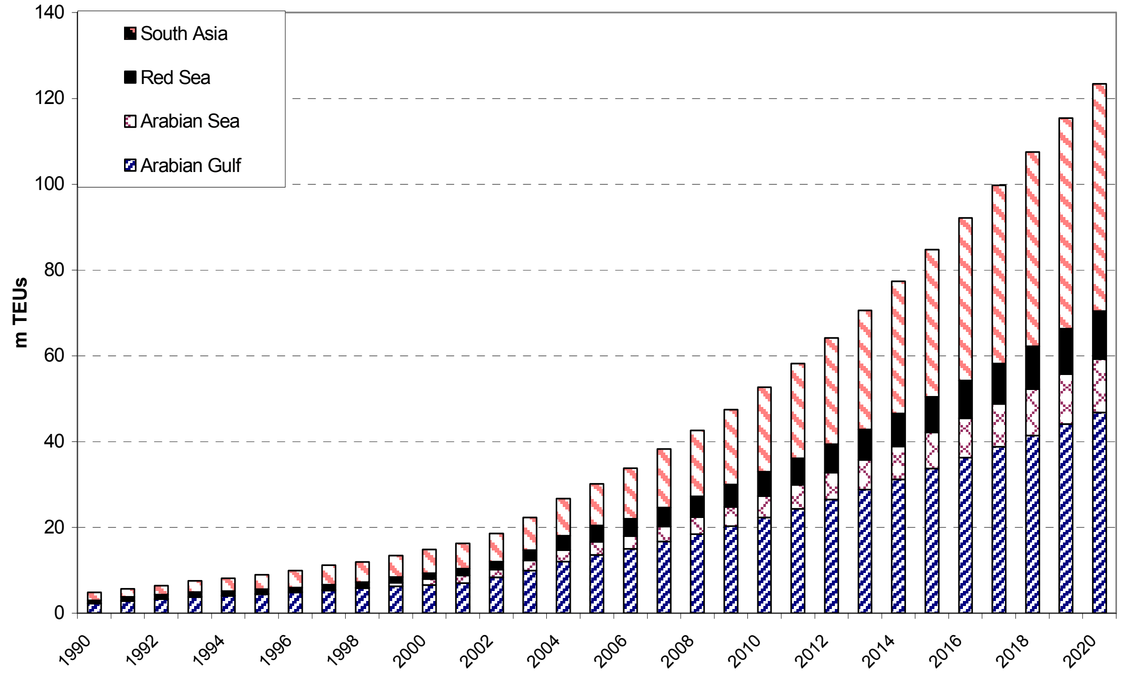
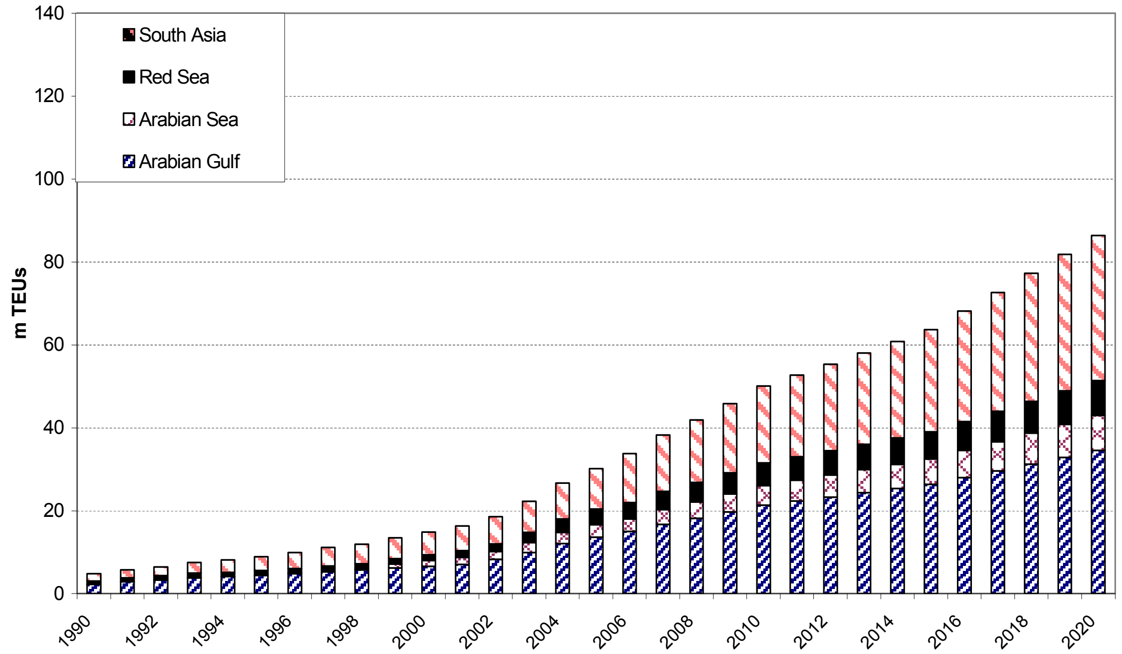


FIGURE 2
MIDDLE EAST / SOUTH ASIA: CONTAINERPORT DEMAND TO 2020 BY PORT RANGE - Increased-Risk Case



- ♦ Forecasts of total containerport demand for each port range or region are as follows:
  - Arabian Gulf/Gulf of Oman: 76-125 per cent to 26.38-33.74m TEU over 2006-15, and 31-39 per cent to 34.55-46.79m TEU over 2015-20;
  - Arabian Sea/Gulf of Aden: 103-179 per cent to 6.11-8.42m TEU over 2006-15, and 37-48 per cent to 8.37-12.46m TEU over 2015-20;
  - Red Sea: 65-107 per cent to 6.58-8.25m TEU over 2006-15, and 29-36 per cent to 8.49-11.24m TEU over 2015-20;
  - South Asia: 108-191 per cent to 24.59-34.35m TEU over 2006-15, and 42-54 per cent to 35.01-52.89m TEU over 2015-20.
- ♦ Thus, sustained growth is forecast in each port region in each case.

* ***CONTAINERPORT MARKETS IN THE MIDDLE EAST AND SOUTH ASIA TO 2020***

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Details from:

Study Sales Department
Ocean Shipping Consultants Ltd
Ocean House
60 Guildford Street
Chertsey
Surrey KT16 9BE
England

Tel: 01932 560332 (international +44 1932 560332)
Fax: 01932 567084 (international +44 1932 567084)
Email: info@osclimited.com
Website: www.osclimited.com

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