

REFRIGERATED TRADES AND OUTLOOK TO 2015

Trade in perishable products has expanded steadily in recent years, spurred by economic growth and increasing prosperity in East Asia and the transitional economies. However, the past decade has also seen the share of conventional reeferships eroded year by year through competition from containerships. After several awful years for the reefer shipping industry, marked by rationalisation and mergers, 2002-04 brought a recovery in freight rates, from which both conventional reefer and containership operators benefited. However, the orderbook for containership newbuilding is at an all-time high. Will the reefership recovery last?

This study analyses recent trends and the complicated dynamics of a market, which is defined not only by the supply/demand balance in the reefer industry, but also by that in the container shipping industry. Forecasts to 2015 are developed for the trade in refrigerated goods, by commodity and type of vessel.

Technical developments in reefership construction are outlined, notably those designed to enable conventional reefers to compete effectively with the container industry.

The reefership and containership fleets, and their associated reefer capacity are analysed, and the reefer operations of both reefer and container carriers are profiled. Recent newbuilding activity and the type of vessels being built are reviewed. The implications of current low ordering on capacity in the reefership fleet and of large-scale ordering on containership capacity are evaluated – and also the likely impact on future freight rates.

Imports and exports of seaborne refrigerated cargoes are analysed by source and destination since 1990, covering the following commodity groups:

- Bananas & plantains
- Deciduous fruits: apples, grapes, pears, peaches, kiwi fruit, plums
- Citrus fruits: oranges, tangerines, lemons & limes, grapefruits, pomelos
- Tropical fruits: melons, pineapples, mangoes, avocados, papayas & others
- Meat: poultry, bovine, porcine and ovine
- Fishery products: frozen, chilled & freshwater fish, crustaceans, molluscs & cephalopods
- Dairy products: butter & cheese.

Forecasts of demand growth are derived for each of the trades by major importing region. The forecasts are aggregated, and the conventional reefership and containership shares of future trade are also predicted. Future productivity and reefer freight rate levels are calculated by relating the conventional reefer trade forecasts to anticipated fleet capacity growth and the likely interaction of containership freight rates.

This new study is the fourth in-depth analysis of the reefer markets produced by OSC since 1993. It presents a full revision of historical and forecast trends, and evaluation of the balance between reefer container and conventional reefer markets. The comparative development of freight markets in each sector is central to the analysis.

CONTENTS

SECTION 1: INTRODUCTION AND EXECUTIVE SUMMARY

SECTION 2: MARKET OVERVIEW: TRENDS, FREIGHT RATES & FORECASTS

Market conditions for reefers are likely to remain strong in the next couple of years – given the combination of continuing underlying demand growth for refrigerated products, notably in Russia and East Asia, and static reefer fleet capacity due to the dearth of newbuilding activity. However, the longer-term trend toward containerisation will reassert itself, as new and ever larger containerships with ample reefer container capacity are added to the containership fleet. This Section provides an overview of the development of seaborne reefer trades, identifying trends in the major importing regions and exporting countries. The market share development of conventional reefers and containerships is analysed by commodity group. The implications of relative freight rates in the reefership and containership sectors are explored. Historical reefer demand and supply are compared to generate a productivity analysis, whose relationship to historical freight rates is examined. Seaborne import demand forecasts by commodity group are aggregated in this Section, and the conventional reefer/reefer container shares for each commodity group are forecast. The future reefership fleet, reefer productivity and hence freight rates are also forecast.

SECTION 3: SEABORNE BANANA TRADES

The banana trades are almost entirely seaborne and offer year-around employment to reefer operators, in contrast to the purely seasonal employment provided by the other fruit trades. This Section analyses the seaborne trade in bananas by major countries of origin and destination, and provides high- and low-case forecasts of future imports to 2015 by major importing region.

SECTION 4: SEABORNE DECIDUOUS FRUIT TRADES

Deciduous fruits form the second largest group of conventional reefer cargoes. The pattern of seaborne trade in apples, grapes, pears, peaches, kiwi fruit and plums is described by major suppliers and markets. Two forecast cases of trade by fruit and major importing region are presented to 2015.

SECTION 5: SEABORNE CITRUS FRUIT TRADES

Citrus forms the third largest group of refrigerated fruit cargoes. This Section details the seaborne trade in oranges, tangerines, lemons and limes, grapefruit and pomelos, and more unusual citrus fruits, by major importing and exporting countries. Two forecast cases to 2015 are presented, by fruit and major importing region.

SECTION 6: SEABORNE TROPICAL FRUIT TRADES

Tropical fruits form the most rapidly growing fruit market and, due to improvements in reefer technology, most trade is now carried by sea. The switch from airfreight has made these fruits accessible to larger numbers of consumers and expanded their market. The largest trade categories are melons and pineapples. Imports of mangoes and avocados are increasing rapidly, and papayas have also become increasingly popular. The Section provides geographic analyses of historic trends and forecasts by fruit.

SECTION 7: SEABORNE MEAT TRADES

The growth in the seaborne meat trades has been rapid during the last decade, and they now exceed trade in bananas. In these trades, reefer containers are the dominant means of transport, so lessening their importance for the conventional reefer industry. Growth has been general to all regions, but strongest in East Asia and the transitional economies. The Section provides geographic analyses of historic trends and forecasts for poultry, bovine, porcine and ovine meat. The effects of periodic trade restrictions, introduced for health and other reasons, notably to contain BSE, foot-and-mouth and bird flu, are also considered.

SECTION 8: SEABORNE FISHERY PRODUCTS TRADES

Global consumption of seafoods has increased substantially and trade along with it. As per capita demand for seafoods continues to climb and pressure on wild stocks along with it, an increasing share of demand is being met by the growth of fish farming. The Section analyses the trade in fresh/chilled and frozen fish, crustaceans, molluscs and cephalopods by origin and destination, and provides two forecast cases of trade by major importing region to 2015.

SECTION 9: SEABORNE DAIRY PRODUCTS TRADES

The international dairy products trade is small-scale compared with other reefer trades and mostly containerised. Seaborne exports are dominated by Australasia and the European Union. The Section provides analysis of trade trends by origin and destination, and forecasts to 2015 of future import demand by major importing region.

SECTION 10: REEFERSHIP AND CELLULAR REEFER FLEET TRENDS

In this Section, reefership and containership fleets are analysed by size, age and capacity. Reefership additions, deletions and secondhand sales are reviewed. The reefer capacity of the containership fleet, and the container and pallet capacity of the reefership fleet are also analysed. The reefership and containership orderbooks are reviewed and implications for future reefer container capacity are quantified.

SECTION 11: REEFERSHIP AND CONTAINERSHIP OPERATORS

The reefer industry has undergone significant and increasing transformation during the past two decades. This has been precipitated in large part by growing competition from containerships and the breakdown of distinctions between east-west and north-south trades. This Section profiles the strategies, fleets and areas of activity of the major conventional reefership operators, and the reefer container fleets, reefer services and strategies of the containership operators.

SECTION 12: TECHNICAL TRENDS

This Section reviews aspects of reefership design, including vessel size, speed, gearing, refrigeration, controlled-atmosphere technology, palletisation, container capacity and multifunctional capability. Technical trends in reefer containers are also examined, notably the role of controlled-atmosphere technology in expanding the market.

The Section concludes with a consideration of the characteristics of the reefership of the future, including descriptions of recent reefership and containership newbuilding deliveries.

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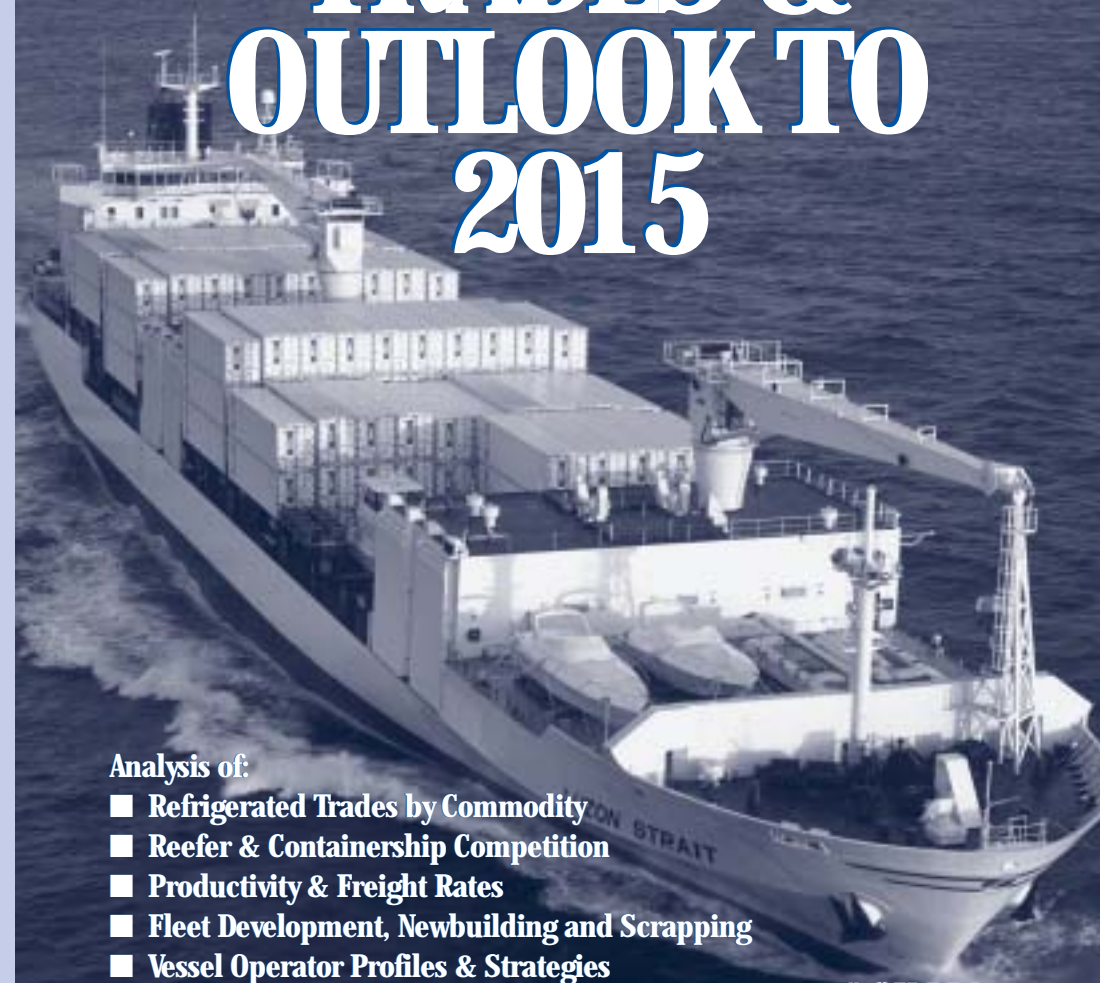
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