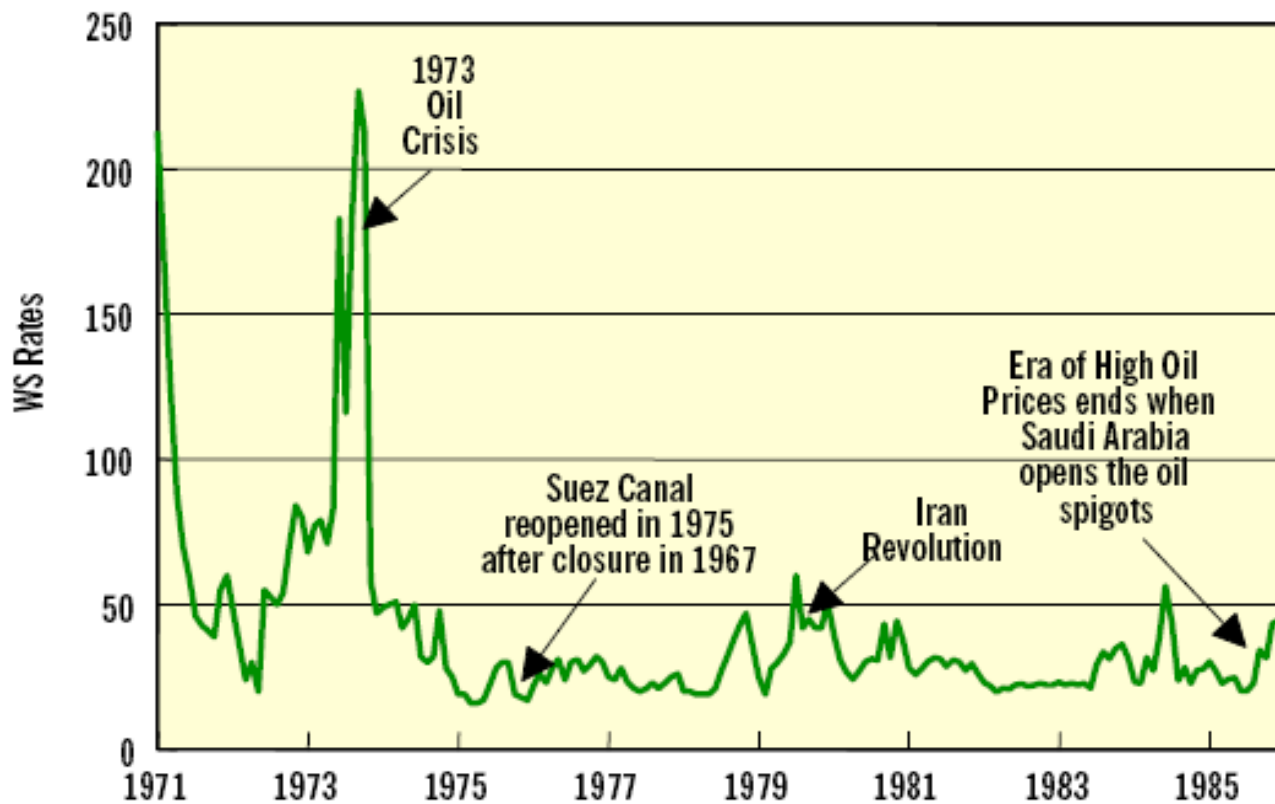


**Current Trends**

**Dr. N. Shashi Kumar**

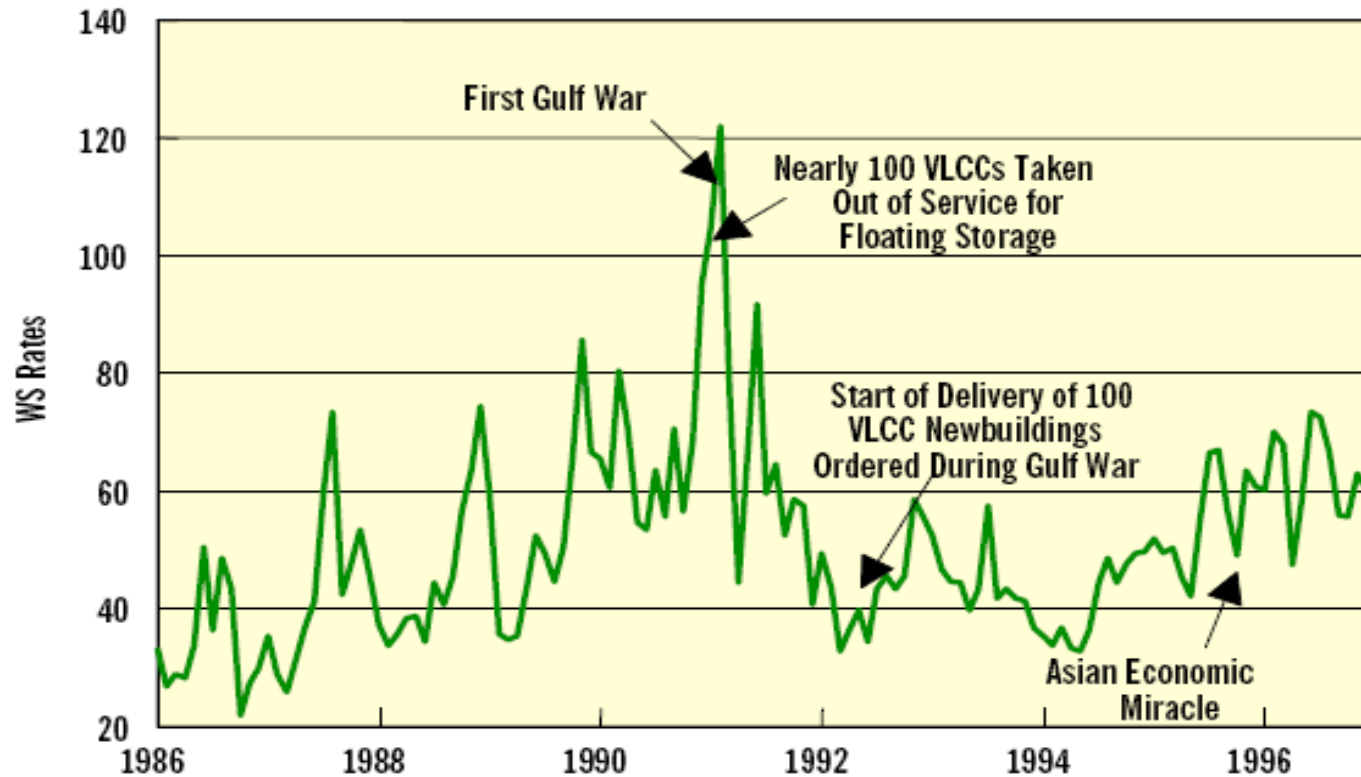
**Professor and Dean of the Loeb-Sullivan School of  
International Business & Logistics  
Maine Maritime Academy**

# Tanker Market History Key Events



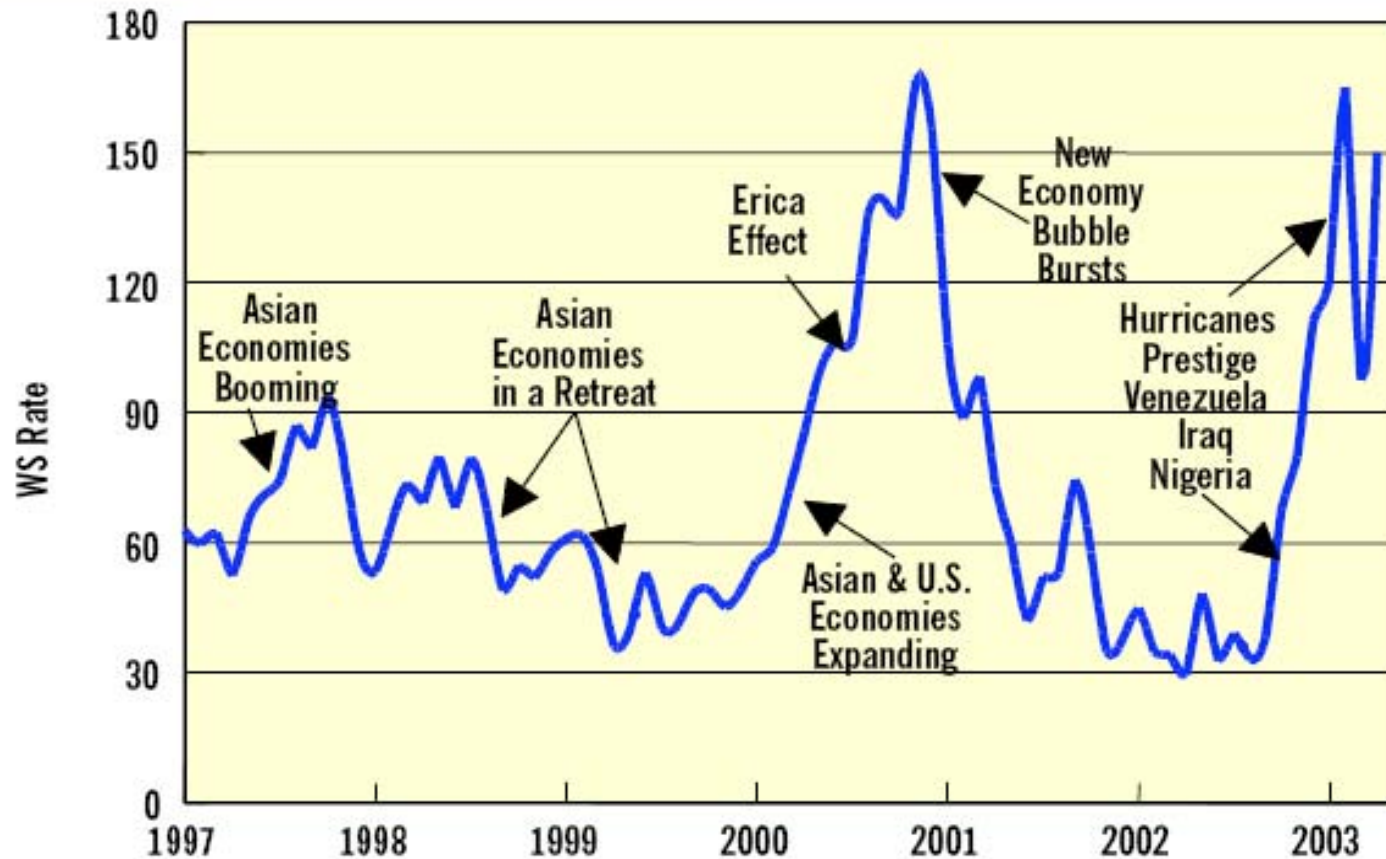
Source: Exxon-Mobil

# Tanker Market History Key Events



Source: Exxon-Mobil

# Tanker Market History Key Events



Source: Exxon-Mobil

## Return to the Golden Era?

---

- Political uncertainty
  - Iraq
  - Venezuela
  - Iran
  - Nigeria
- Economic uncertainty
- Sinking of the Prestige
- New/increased long haul VLCC cargoes
  - Carib crude to Far East
  - European/American fuel to Singapore
  - Black Sea crude to Far East & USWC

## Tanker Demand Drivers

---

- Demand in big emerging markets (China and India)
- Demand for modern ships
- Low oil stocks
- Market disruptions

# Market Disruptions

---

## Political

- Venezuela
- Iraq
- Nigeria
- Iran
- Russian “Yukolette”

## Technical

- Congestion in Bosphorus
- Refining capacity shortage in U.S.
- Piracy

## Random events

- Weather

## Tanker Supply Drivers

---

- Large order book
- Accelerated SH phase-out
- Scrapping old tonnage
- Tonnage primarily DH
- Drop in average age



## Future Trends

---

- Market conditions will remain tight
- Significant uncertainties

## Other Changes

---

### Structural changes

- Consolidation among independent operators
- Investments and Costs

# Legislative Changes

---

Post-Erika

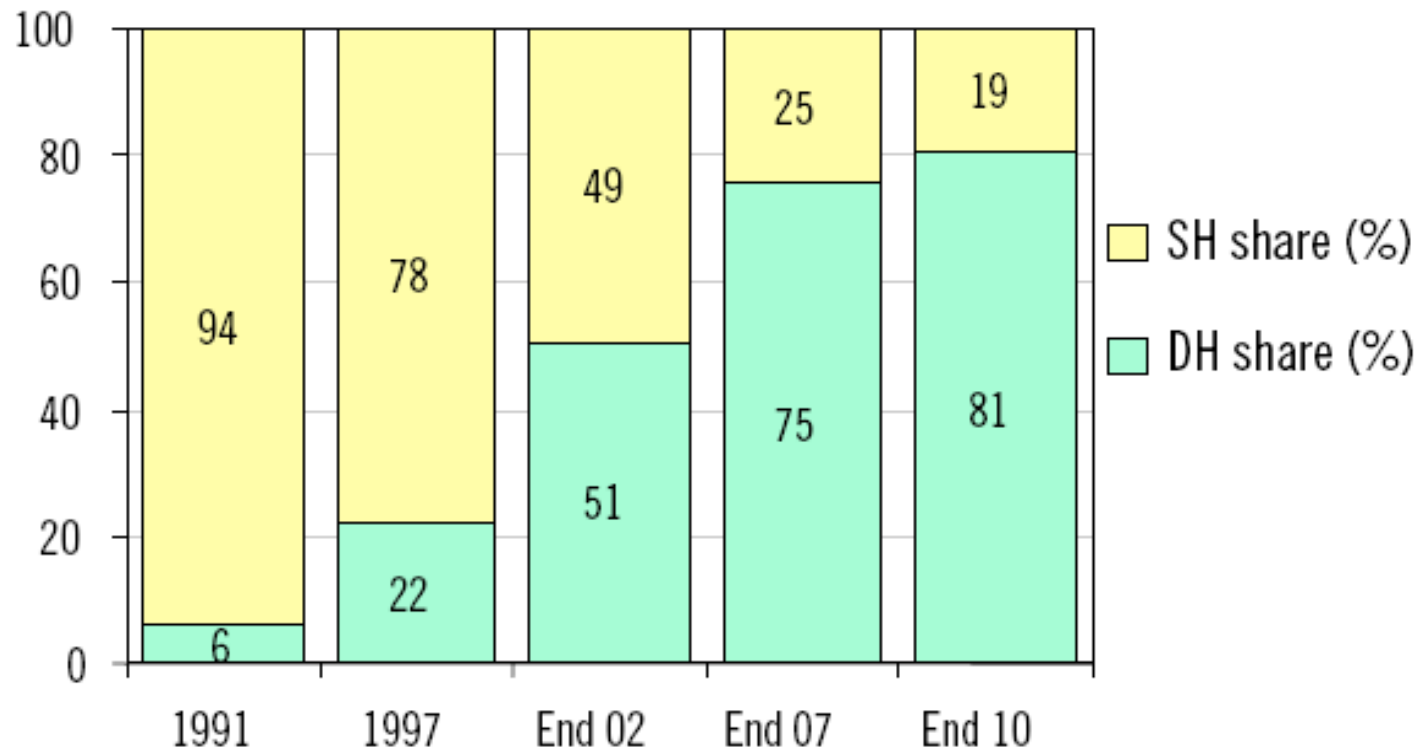
Post-Prestige

Amendments to Annex I of MARPOL

- Accelerated phase-out
- Expanded condition assessment scheme
  - From 15 years
- SH Heavy oil carriage restrictions

# Declining SH Tonnage

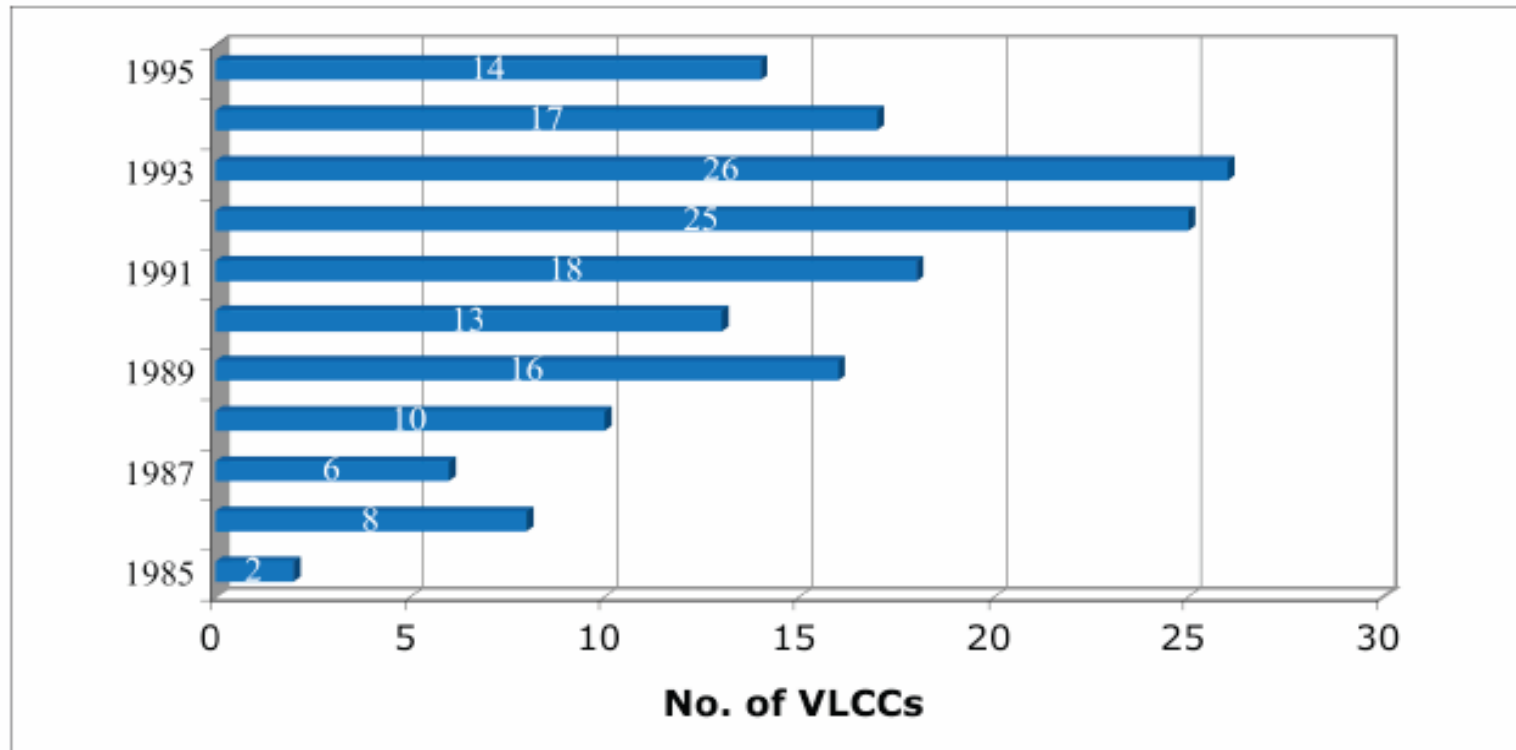
---



Source: Intertanko

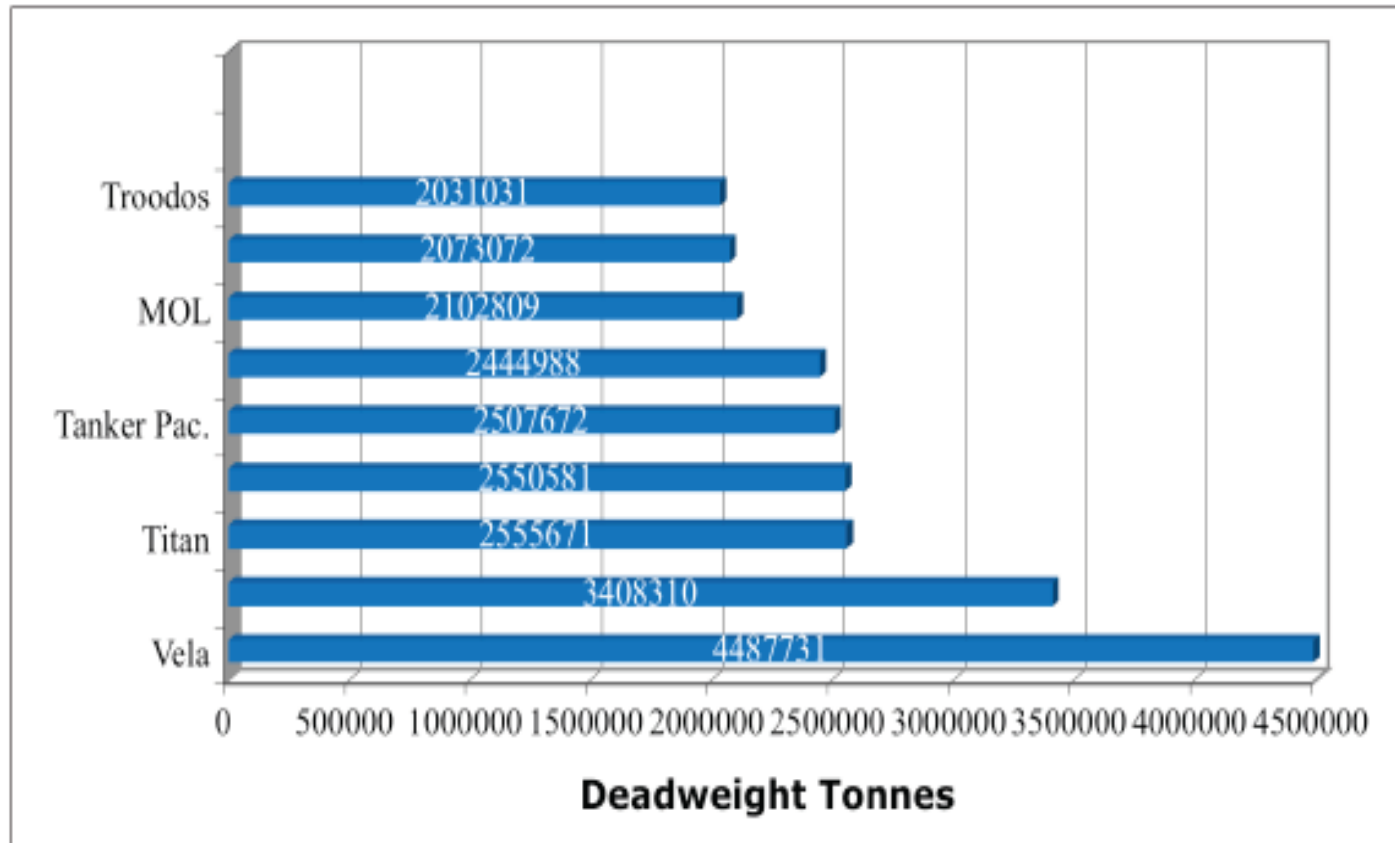
## Single Hull VLCCs Approaching Phase-Out

---



## Major Owners of SH VLCCs

---



## Developments in the U.S.

---



In 2000, 42% of world tankers called U.S. ports, making 14,455 visits

Source: Intertanko

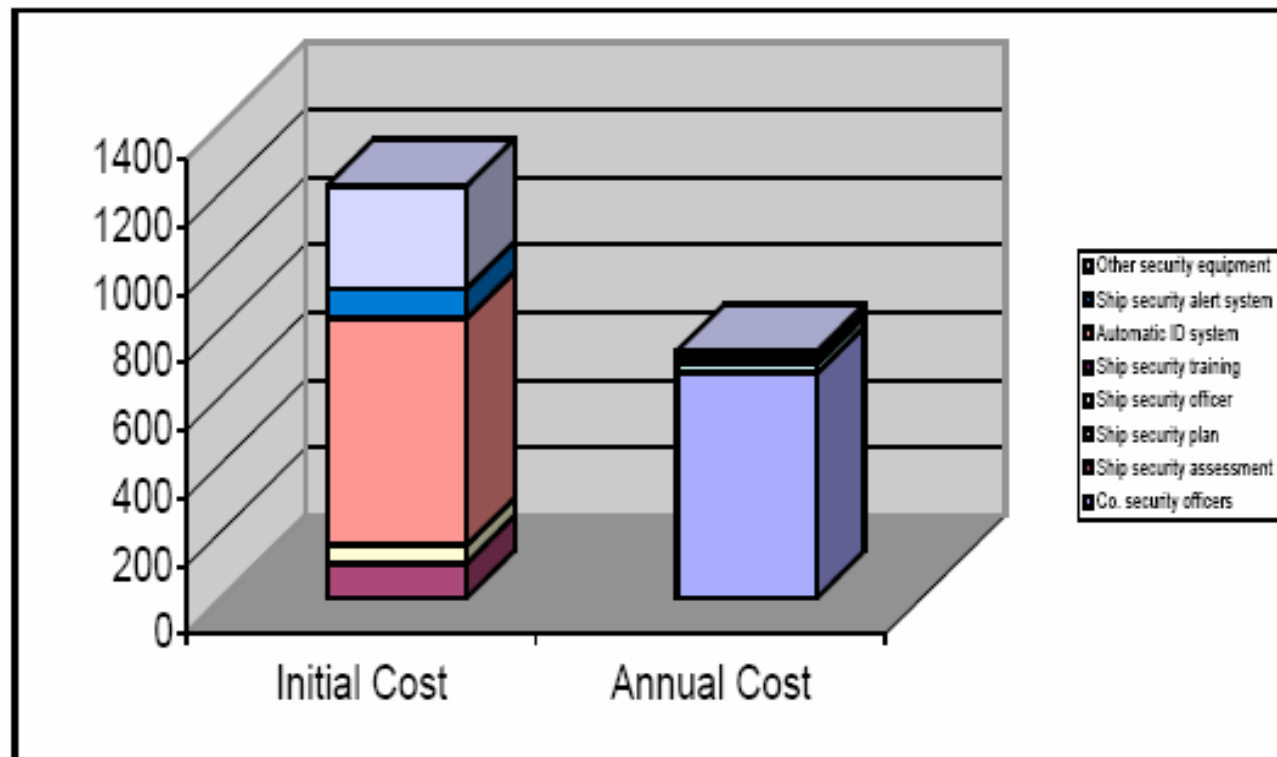
# Maritime Security

---

- Maritime Transportation Security Act (MTSA), November 2002
- USCG Interim Final Rule, June 2003
- USCG Final Rule, October 2003
- Entry into force, July 1, 2004

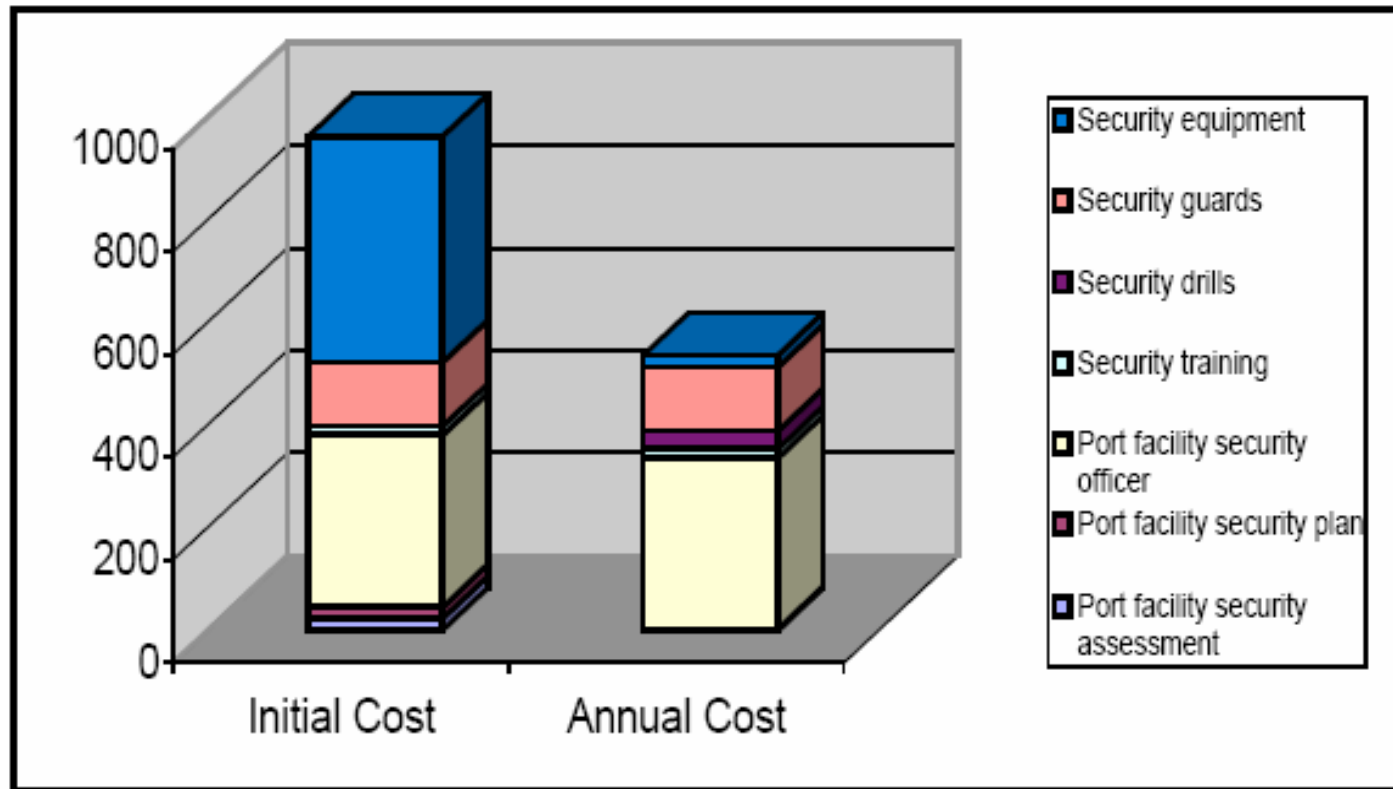


## Additional Costs for Shipping Companies



OECD

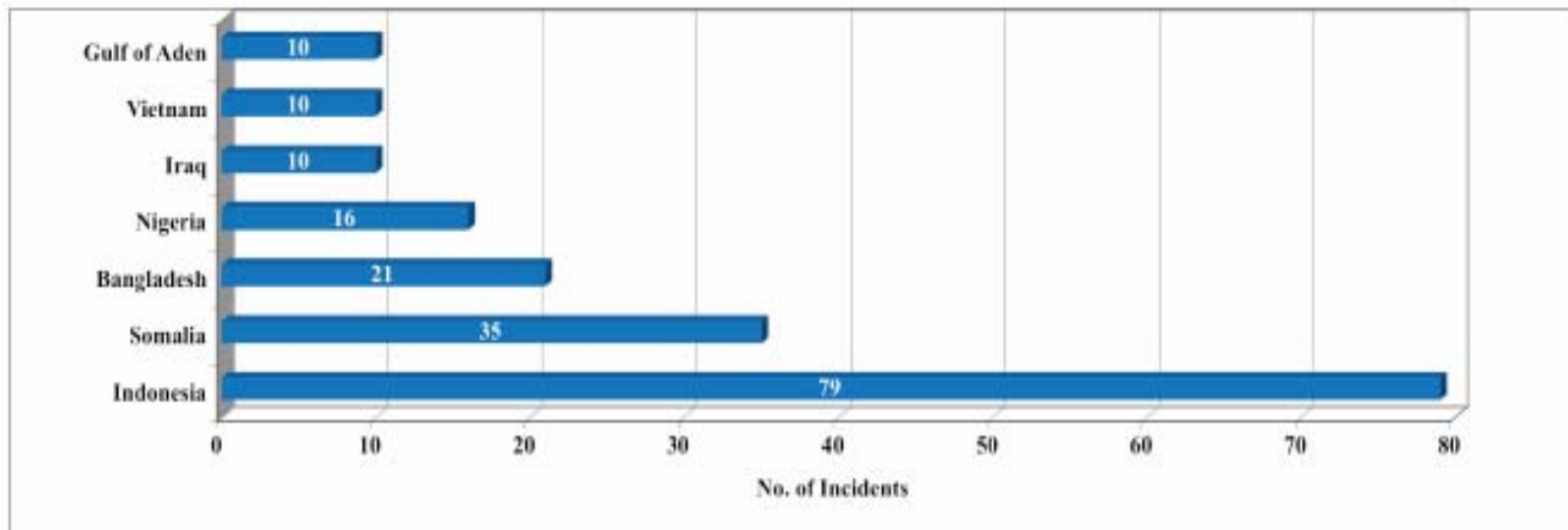
## Additional Costs for Ports and Terminal Operators



OECD

# Major Piracy Incidents in 2005

---



# Parting Thoughts

---

There is no limit to human ingenuity!

Tankers could be our arteries for economic growth

They could easily be floating disasters

- Human errors
- Piracy
- Terrorism
- Random event

