

FOREWORD

PLEASE READ CAREFULLY THE DISCLAIMER AT THE BEGINNING OF THIS REPORT.

WORLD DEMAND INDICATORS

THE GLOBAL ECONOMIC RECOVERY IS PROGRESSING BETTER THAN PREVIOUSLY ANTICIPATED, PRIMARILY DRIVEN BY STRONG GROWTH IN ASIA. HOWEVER, THE RECOVERY IN WORLD TRADE VOLUMES WILL HARDLY BRING ABOUT A RETURN TO PRE-CRISIS LEVELS ALREADY IN 2010. COMBINED WITH AN UNPRECEDENTED INFLOW OF NEW TONNAGE, THE 2010 OUTLOOK FOR THE MERCHANT FLEET IS BLEAK.

WORLD TRADE VOLUMES CONTRACTED 12% IN 2009

In September 2009, when we last published our Shipping Market Review, global production and trade were starting to recover. Confidence was rebounding as the extraordinary policy support measures began working their way through the economies. Both monetary and fiscal policies provided major stimuli in response to the economic downturn. The stimuli programs were a success to the extent that world GDP contracted merely 0.8% in 2009. For world trade, in contrast, 2009 was the worst period in 70 years: World trade volumes contracted 12% (fig. 1).

WORLD INDUSTRIAL PRODUCTION DROPPED 8% IN 2009

The fact that world trade declined much more severely than world GDP clearly taught us an important lesson. Fiscal and monetary stimuli packages are not directed towards supporting world trade as no governments are interested in exporting taxpayers' money. World industrial production is therefore expected to decline in an economic recession. World industrial production dropped 8% in 2009.

OECD INDUSTRIAL PRODUCTION DECLINED 12% IN 2009

The recession impacted regional industrial production unevenly. The OECD led the downturn with a 12% decline in industrial production, while the non-OECD industrial production declined less (fig. 3). It was therefore evident that the OECD could not lift the global economy out of recession. GDP in the *advanced economies* dropped 3.2%. It was thus left up to major emerging economies in Asia (e.g. China) to drive the

Figure WDI.1

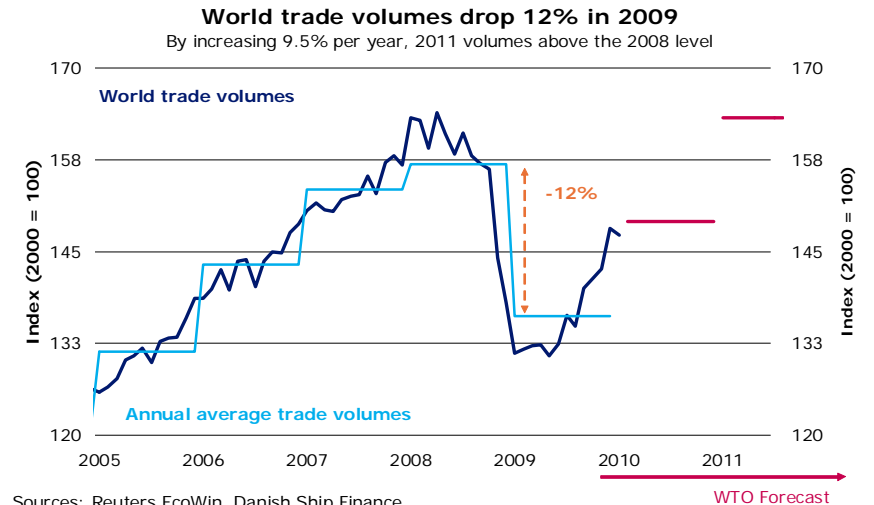


Figure WDI.2

