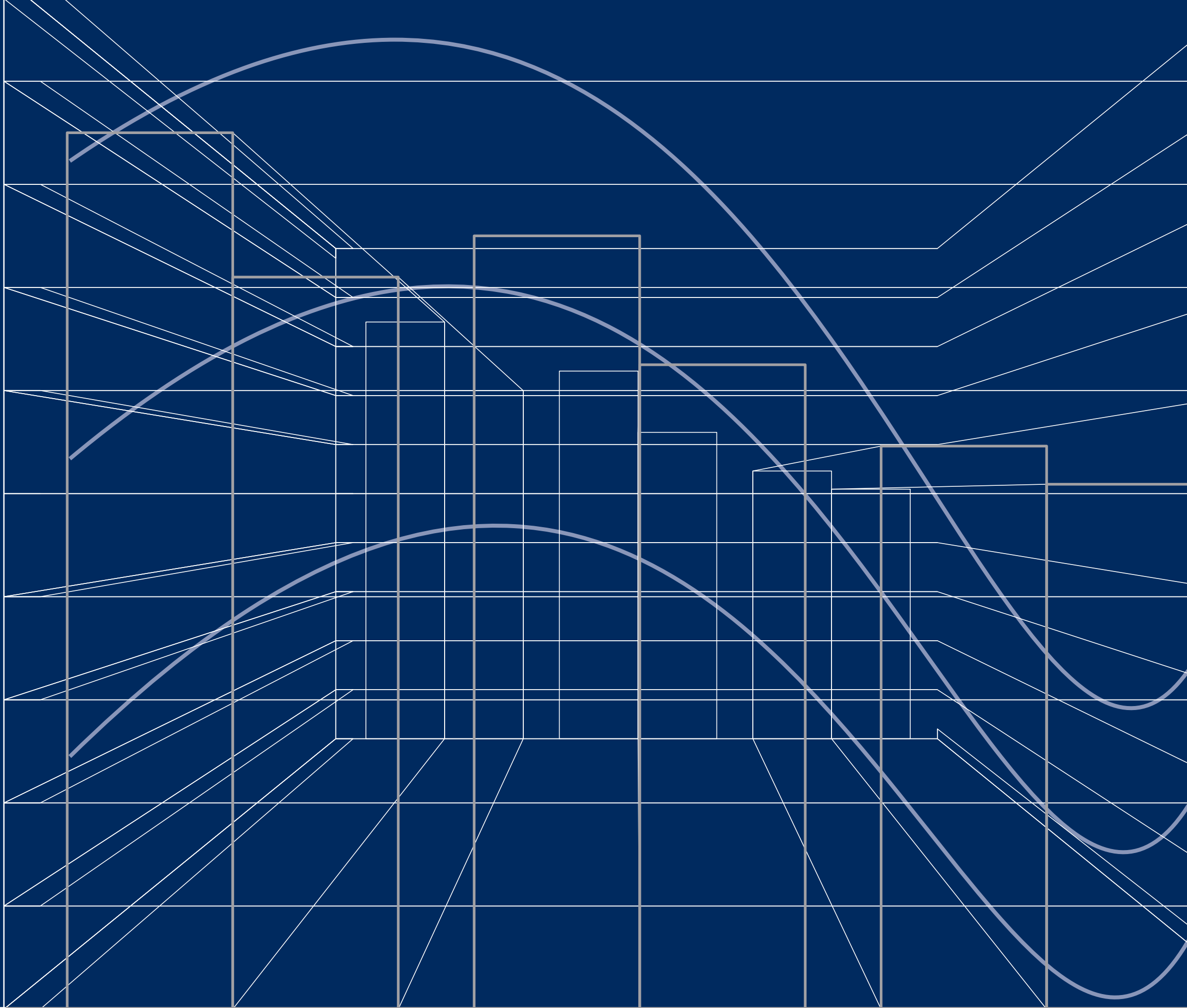

# The Irish Maritime Transport Economist

VOLUME 7
*April, 2010*

ISSN 1649-5225

IMDO-Ireland
Marine Institute Foras na Mara

# The Irish Maritime Development Office

The Irish Maritime Development Office (IMDO) was established by statute in December 1999 and is a body under the aegis of the Department of Transport. The office is the national agency responsible for supporting the development of the Irish shipping, ports and shipping service sectors.

The IMDO has a legislative mandate that includes amongst its statutory mandate the following functions:

- Advise the Minister on the development and co-ordination of policy in the shipping and shipping service sector so as to protect and create employment.
- Advise the Minister on development and co-ordination of policy and to carry out policy as may be specified by that Minister relating to the ports and ports services sector;
- Carry out policy as may be specified by the Minister relating to shipping and shipping services.

Editorial Team: Glenn Murphy, Victoria Vogel, Sarah Stanley, Gavin Doherty

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# The Irish Maritime Transport Economist

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# Contents


| | |
|---|---|
| Foreword | 3 |
| Executive Summary | 4-5 |
| Key Indicators | 4-5 |
| **Economic Review** | |
| National Accounts - Irish GDP and GNP | 8 |
| Components of Irish GDP 2005 – 2010 | 8 |
| Irish GDP cf. Selected Economies | 8 |
| Consumer Price Index 2004 – 2010 | 9 |
| EU Harmonised Index of Consumer Prices | 9 |
| Wholesale Price Index | 9 |
| Forecast Interest Rates 2010 | 10 |
| Selected International Interest Rates | 10 |
| Forecast Euro Exchange Rates 2010 | 11 |
| Exchange Rates: Units per Euro | 11 |
| Oil Prices: USD per barrel, 2004 – 2010 | 12 |
| Bunker Prices: USD per tonne, 1999 – 2009 | 12 |
| **Trade Review** | |
| External Trade Value 1992 - 2009 | 14 |
| Trade Value Classified by Commodity – Exports | 15 |
| Trade Value Classified by Commodity – Imports | 15 |
| Export Value by Main Trading Partner | 16 |
| Import Value by Main Trading Partner | 16 |
| **Traffic Review** | |
| Irish Ports Bulk Market | 18 - 19 |
| Market Share of Bulk Market 2009 | 19 |
| Lift-on/Lift-off Port Traffic 2009 | 20 |
| Total Container Traffic through Irish Ports 2009 | 20 |
| Lift-on/Lift-off Operator Traffic 2009 | 21 |
| Lift-on/Lift-off, ROI Imports & Exports Performance 2009 | 21 |
| Roll-on/Roll-off Port Traffic 2009 | 22 |
| Roll-on/Roll-off Operator Traffic 2009 | 23 |
| Passenger & Car Traffic 2009 | 24 |
| **Market Review** | |
| Tanker Market 2009 | 26 |
| Dry Bulk Market 2009 | 27 |
| Containership Market 2009 | 28 |
| Deep-sea Container Trades & Freight Rates 2009 | 29 |
| Newbuilding Market 2009 | 30 |
| Glossary of Terms | 31 |

Tom O’Mahony

SECRETARY GENERAL, DEPARTMENT OF TRANSPORT

# Foreword



It is my pleasure to welcome you to the 7th edition of the Irish Maritime Transport Economist published by the Irish Maritime Development Office (IMDO).

Since my arrival in the Department in June 2009 I have witnessed many changes in both the global and domestic economy that have had a direct impact on our transport networks. There is no doubt that the Irish economy has been badly affected and is going through an adjustment with few international parallels. It is staggering to believe that we have lost 10 per cent of our national income in less than two years. The traffic data in this publication indicates that our unitised traffic volumes have fallen back to 2003 levels, with very large adjustments in volume taking place during this period. It is abundantly clear that as a small, open economy, sustainable recovery depends on increasing our exports of goods and services to world markets.

Our focus as a Department is to play a key role in the development of the transport infrastructure that underpins economic recovery. The recession will pass and it is important that Ireland is well positioned to take advantage of the opportunities that will arise. The future economy must be sustainable and export driven. I have no doubt that our ports and shipping sectors, as front line transport service providers to the economy, will play a key role in this regard and that any recovery in our exports will be dependent on competitive, frequent, and reliable port and maritime services. The Department has commenced preparatory work on a review of the Government’s Ports Policy Statement. It is hoped to publish a consultation document shortly and I would welcome your participation in the consultation process.

The Department recently held a meeting on freight transport at which stakeholders from various transport modes north and south of the border gathered together to discuss freight issues. The group identified a number of priority issues on which the future work of a national freight forum should focus. We expect to hold further meetings of this group later this year and I would encourage you to engage in this forum.

In the meantime, I believe that this publication provides solid descriptive and statistical analysis of how changes in our real economy are anticipated by the changes in trading patterns and behaviours occurring in the Irish maritime ports and shipping sector.

Tom O’Mahony

SECRETARY GENERAL, DEPARTMENT OF TRANSPORT

Key Indicators:
GDP: -7%
GNP: -11%
Inflation: -4.49%
Exports: -3%
Imports: -22%



# Executive Summary

This is our 7th annual edition of the Irish Transport Economist and it is, undoubtedly, the bleakest review that we have published to date. Overall, in terms of content and analysis for 2009, there are very few positives to report, with almost no growth in any area over the course of the year. The relentless unwinding of the economy last year was, again, clearly illustrated in the continued abrupt correction in volume throughput at our ports. Nonetheless, while the trend for 2009 was negative, we observed that the pace of decline in economic activity moderated significantly since last spring with some volume recovery in several of our domestic shipping segments recorded to the year end. As we look forward to 2010, we do so with some optimism, that both economically and sectorally, we have passed the trough of the economic downturn and that the economy will exit recession this year with a return to growth in 2011.

The Irish economy remained in recession for all of 2009 and continued to contract with GDP falling by an unprecedented 7 per cent and GNP by 11 per cent. The wide ranging imbalances created by the credit fuelled property boom continued to create difficult fiscal and economic conditions. The openness of the Irish economy meant that the downturn in the global economy, and in particular the financial crisis, served to expose even further the pre-existing vulnerabilities of our domestic situation. When breaking down GDP, the two underlying factors that have impacted on shipping volumes have been “investment” and “consumption”. Investment fell by a third which, in real terms, reduced the demand for many of the products and materials that are used in the construction related industries. Consumption reduced substantially for much of 2009 as unemployment and taxes rose while net wages fell. Continued subdued consumer confidence resulted in significantly less demand for imported goods: another major growth driver of shipping and port volumes over the past decade. Consumer confidence was undermined by rising unemployment and employment concerns. Unemployment almost doubled over the course of 2009 to 12.6 per cent and while conditions are expected to improve this year, it is still forecast to continue to rise over the course of 2010, but more moderately to around 14 per cent.

Inflation was persistently negative in Ireland for the whole of 2009, reflecting the unwinding of the European economic bubble against the backdrop of a strong euro. Inflation fell by an average of 4.5 per cent last year, the first annual deflation recorded since the 1940’s. Irish inflation generally exceeded that of the entire euro area between 1997 and 2008. The ensuing wage rises aiming to keep pace with inflation over this period resulted in a loss of competitiveness as the global economy abruptly declined. Latest data indicates that average wages have fallen by over 20 per cent in Ireland. Continued wage restraint and productivity growth will be important factors in regaining export-led competitiveness. Another highly important factor in revitalizing our export sector will be the ability of the banking system to rebuild itself and recommence lending to an investment market stripped of property. The actions of the Government and its establishment of National Asset Management Agency will be key in this regard. The European Central Bank left their main refinancing rate unchanged for 2009 and, with the problems being faced by other European economies such as Portugal, Italy and Greece, it is increasingly unlikely that a rise in the near term is likely.

The negative carryover for global trade from 2008 prevailed in 2009 presenting extremely challenging market conditions for Irish exporters. Despite this, the value of our exports declined by only 3 per cent last year. Taking into account the 12 per cent appreciation of the euro against sterling impacting on trade with the UK (our largest trading partner) this decline could have been far worse. The sharp decline in the value of our imports, which fell by 22 per cent, contrasted with the fall in exports and resulted in a 34 per cent increase in our trade surplus. It is largely recognised now that the return to positive economic growth will be export led and as such, the initial stages of our recovery will be mainly influenced by a recovery in the global economy and in particular, our major trading partners. To date, the global economy has recovered more strongly than had been previously expected, which we have observed in the corresponding movement of several key global shipping indicators. While this remains a positive development, the recovery across our major trading partners, in particular the UK, remains uneven and fragile. The ongoing caveats of currency volatility and steadily increasing oil and bunker prices remain further risks to the recovery process.

As mentioned earlier, the continued contraction of the Irish economy last year inevitably materialized in a realignment of shipping volumes across all the key market segments. This resulted in bulk volumes falling to levels last seen in 1995. Unitised

Glenn Murphy
DIRECTOR

Key Indicators:
Bulk Traffic: -22%
Lo/Lo Traffic: -22%
Ro/Ro Traffic: -9%
Passenger Traffic: 0%



segments also saw almost 5 years of volume growth dissipate over the course of 18 months, with lift on/lift off (lo/lo) falling back to 2003 levels and roll on/roll off back to 2005 levels. The market segments that were most heavily weighted towards construction related activity were hardest hit. The impact of the collapse of the construction industry resulted in breakbulk volumes falling by 49 per cent last year with commodities such as timber, aggregates, steel and plaster all falling to pre-boom levels. The oversupply of residential property, especially in parts of the country where demand is likely to remain weak for many years, will invariably result in weak volume demand for these base products. The lo/lo sector has similarly been a market segment enjoying long periods of double digit volume growth during the consumer driven boom time. This is mainly due to the segment being heavily weighted towards import laden volumes. Lo/lo volumes fell by 21 per cent on an all-island basis last year as consumer spending corrected sharply. The other main market segment, ro/ro, is traditionally heavily weighted towards volume movements to the United Kingdom. Ro/ro volumes fell by 9 per cent as underlying economic and currency issues in both markets continued to dampen demand. Both the lo/lo and ro/ro markets last year continued to undergo significant structural, route and capacity changes as the operators were challenged with having to adapt to rapidly evolving volume patterns and trade adjustments.

The global shipping markets spent much of 2009 trying to rebuild and repair the damage caused by the single greatest crash in the history of the shipping markets in 2008. Some markets however, fared better than others, the large bulk markets rallied mid-year driven by a surge in demand from China. This led to average large bulk carrier time charter earnings doubling over the course of 2009. However, this market is now trending towards a heavy reliance on China and its economic expansion plans. The bulk market will certainly be tested by another wave of new capacity coming to the market in 2010. The potential supply/demand imbalance in the dry markets pales into insignificance when compared with the systemic problems of over capacity in the deepsea container markets. Shipping, at its core, is a truly liberal market with few barriers to entry and exit and no real opportunities to cap capacity at any point. As such, when the global economy expands, a natural reaction is to build more to cater for this demand. The boom in the global economy since 2002 saw wave after wave of container fleet being built. When the global economy went into economic meltdown the reality that shipping container volumes, container newbuilding capacity and freight rates were intrinsically linked materialised for many shipping giants. Last year saw almost all of the top 20 container operators recording losses between $500m to $2billion for the financial year. This market has since made some recovery but a looming wave of new capacity will test market absorption levels, and the resolve of its owners, further this year. The tanker markets saw a large tumble in freight levels in 2009 as global demand for oil and petroleum-based products diminished. This market will also be tested with a large order book for new capacity expected to come on stream during 2010 and 2011. However, as the global economy begins its fragile recovery, the demand for oil is likely to increase.

While the overall outlook, both domestically and internationally, still remains largely volatile, it would appear that the worst is behind us and that the recovery in the medium term is likely to be slow and gradual. Despite the very significant changes to volumes that have occurred through our ports over the past 18 months, the overall fundamentals of the sector remain strong, with a wide mix of quality shipping service providers still active and competing in the market. This is set against a backdrop of solid investment in port infrastructure and the wider connected transport network which should underpin the economy's drive towards solid export-led international traded activity.

I would like to thank Matherson, Orsmby, Prentice again, for their continued sponsorship of this years publication. Finally, I would like to acknowledge the excellent IMDO team effort project managed by our market analyst Ms Victoria Vogel.

Glenn Murphy
DIRECTOR

Economic Review

## NATIONAL ACCOUNTS

The Irish economy endured a second consecutive annual decline in GDP in 2009. After dropping by 3 per cent in 2008, the recession last year was more severe than previously forecast with real GDP falling by a further 7 per cent and GNP contracting by 11 per cent. Much of the sharp drop off occurred during the first half of the year when GDP plunged by an unprecedented 7.5 per cent in that period, while indications over the 3rd and 4th quarters suggest that the economy began to stabilise towards the year end.

Breaking GDP into its components, investment fell most sharply, by 30 per cent, mainly due to housing completions halving in 2009 and a large drop in non-housing investment. Private consumption, the largest component of GDP, declined by 7 per cent as unemployment and taxes rose, and wages fell, depressing disposable incomes. Net exports remained positive, with imports falling far further than exports (-9.1 per cent and -2.5 per cent respectively). These economic trends are reflected in the continued change in trading activity that occurred through our ports last year which are discussed in more detail later.

Concerns about unemployment prospects were a significant underlying factor which contributed to poor consumer confidence last year. Unemployment almost doubled in 2009 to 12.6 per cent, however, the rise did not peak at levels which had been initially expected as economic conditions eased over the course of the year. For 2010 the economy is likely to record negative GDP growth of about -1 per cent. Most economists agree that an export led recovery is the most realistic path to provide a sustainable economic stimulus.



# Economic

### TABLE 1

#### National Accounts 2002-2009

| Real/Constant Prices € millions (chain linked to 2007) | | | | |
|---|---|---|---|---|
| Year | GDP | Annual change | GNP | Annual change |
| 2002 | 146,536 | 11.40% | 124,741 | 8.79% |
| 2003 | 152,962 | 4.39% | 131,899 | 5.74% |
| 2004 | 159,992 | 4.60% | 137,611 | 4.33% |
| 2005 | 169,871 | 6.17% | 145,306 | 5.59% |
| 2006 | 178,970 | 5.36% | 154,520 | 6.34% |
| 2007 | 189,751 | 6.02% | 161,244 | 4.35% |
| 2008 | 183,991 | -3.04% | 156,760 | -2.78% |
| 2009 (e) | 171,112 | -7.00% | 139,046 | -11.30% |
| 2010 (f) | 169,401 | -1.00% | 136,265 | -2.00% |
| 2011 (f) | 173,636 | 2.50% | 138,991 | 2.00% |
| 2012 (f) | 180,581 | 4.00% | 143,855 | 3.50% |

*Source: CSO, Central Bank Quarterly Bulletin (09/10) & AIB ERU (11/12)*

### GRAPH 1

#### Economic Growth Trend 2002-2010


*Source: CSO, Central Bank Quarterly Bulletin (09/10)*

### TABLE 2

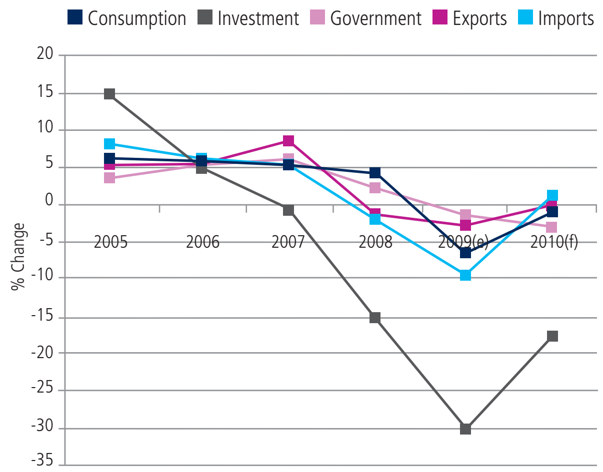
#### Real % GDP Growth in Selected Economies 2006-09

| % Change (national currency) | | | | | | |
|---|---|---|---|---|---|---|
| Country | 2006 | 2007 | 2008 | 2009 (e) | 2010 (f) | 2011 (f) |
| Denmark | 3.3 | 1.6 | -1.2 | -2.4 | 0.9 | 1.5 |
| France | 2.4 | 2.3 | 0.3 | -2.4 | 0.9 | 1.8 |
| Germany | 3.2 | 2.5 | 1.2 | -5.3 | 0.3 | 1.5 |
| Ireland | 5.4 | 6.0 | -3.0 | -7.5 | -2.5 | 1.0 |
| Italy | 2.0 | 1.6 | -1.0 | -5.1 | 0.2 | 0.7 |
| Japan | 2.0 | 2.3 | -0.7 | -5.4 | 1.7 | 2.4 |
| Netherlands | 3.4 | 3.6 | 2.0 | -4.2 | 0.7 | 0.6 |
| Norway | 2.3 | 3.1 | 2.1 | -1.9 | 1.3 | 1.8 |
| Poland | 6.2 | 6.8 | 4.9 | 1.0 | 2.2 | 4.0 |
| Spain | 4.0 | 3.6 | 0.9 | -3.8 | -0.7 | 0.9 |
| UK | 2.9 | 2.6 | 0.7 | -4.4 | 0.9 | 2.5 |
| US | 2.7 | 2.1 | 0.4 | -2.7 | 1.5 | 2.8 |

*Source: International Monetary Fund, World Economic Outlook Database, October 2009*

### GRAPH 2

#### Growth in Components of Irish GDP 2005-2010




*Source: CSO*

## INFLATION

Inflation in Ireland, measured by the Consumer Price Index (CPI), dropped by an average of 4.5 per cent in 2009; the first annual deflation recorded in Ireland since the 1940's. Monthly figures for 2009 show a growing decline in prices, falling by -0.1 per cent at the start of the year to a rate of -6.6 per cent in October. The most significant changes were in housing, water and energy prices, which fell by 15.2 per cent. Clothing and footwear, and food and non-alcoholic beverages fell by 10.8 per cent and 8.2 per cent respectively. However, there were increases in the price of education (11.3 per cent), transport (3.5 per cent) and health (1.9 per cent). The EU Harmonised Index of Consumer Prices (HICP) for Ireland reports a more subdued deflation of 1.7 per cent in 2009, with the large differential due to base effects from mortgage interest repayments and volatility in international commodity prices.

The Manufacturing Wholesale Price Index for 2009 reflects a moderate deflationary pressure on manufacturing prices at a rate of -0.3 per cent, consistent with the trend in recent years due to competition from manufacturing in China and Eastern Europe. Notable changes in wholesale prices over the year include basic metals decreasing by 13.2 per cent, a 7.6 per cent fall in chemicals, and a 4.1 per cent drop off in the price of office machinery, the latter two of which are Ireland's top export commodities.

Deflation has since eased to -3.9 per cent in January 2010 and is expected to continue to slow to around -1 per cent during the year. Forecasts for 2011 predict that the CPI will eventually emerge into a positive figure of around 1 per cent, with growth driven by a more competitive environment and an export-led recovery.



### TABLE 3

#### Consumer Price Index 2004-2010

| | Dec 2006=100 | Annual change |
|---|---|---|
| 2004 | 92 | 2.11% |
| 2005 | 94.3 | 2.50% |
| 2006 | 98 | 3.92% |
| 2007 | 102.8 | 4.90% |
| 2008 | 107 | 4.09% |
| 2009 | 102.2 | -4.49% |
| 2010 (f) | 101.7 | -0.50% |

*Source: CSO, ESRI (f)*

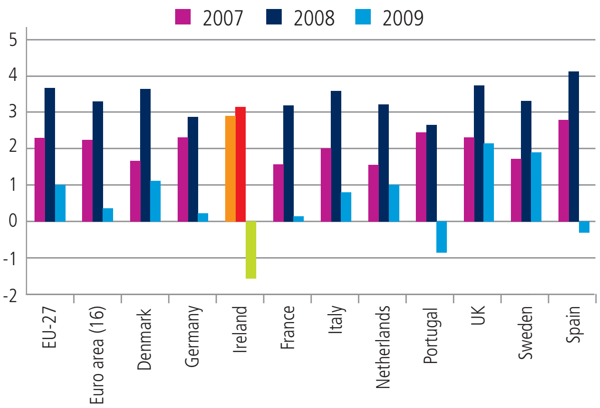
### GRAPH 3

#### Consumer Price Index 2004-2010


*Source: CSO, ESRI (f)*

### GRAPH 3A

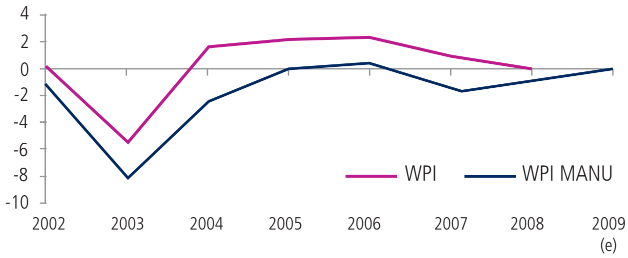
#### EU Harmonised Annual Inflation (%)




*Source: CSO, Eurostat*

### GRAPH 3B

#### Wholesale Price Index




*Source: CSO*

## INTEREST RATES

The European Central Bank (ECB) left their main refinancing rate unchanged at 1 per cent for the latter half of 2009 and the first quarter of 2010. The non-standard liquidity measures adopted by the Euro-system since the onset of the financial crisis continued to contribute to the improvement in money market conditions. In late 2008, the ECB initially reduced its key interest rates by 50 basis points to 4.25 per cent before further rate cuts saw the main refinancing rate fall to 2.5 per cent by the end of 2008. In the six months to May 2009 central banks continued to ease monetary conditions with the ECB's main refinancing rate falling by 225 basis points to its current level of 1 per cent. As of March, the Bank of England has also kept rates at their historic low of 0.5 per cent, and halted its quantitative easing programme after 11 months in operation amid signs that the contraction of the economy was not as severe as previously thought.

The average Irish prime lending rate has been below 2 per cent since June. However the key issue is not the cost of credit but its availability. Although credit has been cheap, securing it has been another matter due to the difficulties in the Irish banking sector. The National Asset Management Agency (NAMA) has started taking over loans from Irish banks. It is hoped that this intervention by the Irish Government will provide more stability to the commercial banking sector while at the same time providing more liquidity to the market, boosting lending and economic activity.

In February the ECB reaffirmed its view that the euro zone's economic recovery would be modest and uneven this year. Greece and other peripheral countries, combined with already weak growth, make it unlikely that the ECB is going to be in a position to raise interest rates in 2010.



### TABLE 4

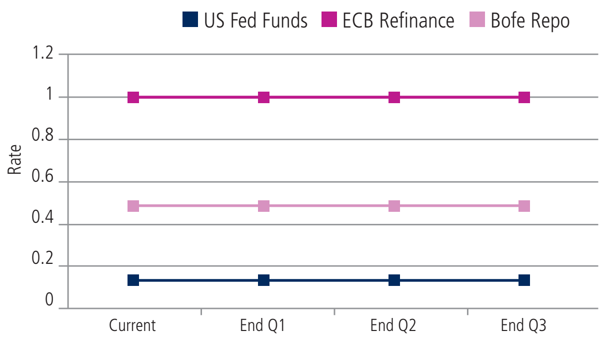
Forecast Interest Rates 2010

| | Current | End Q1 | End Q2 | End Q3 |
|---|---|---|---|---|
| US Fed Funds | 0.125 | 0.125 | 0.125 | 0.125 |
| ECB Refinance | 1.00 | 1.00 | 1.00 | 1.00 |
| BofE Repo | 0.50 | 0.50 | 0.50 | 0.50 |

*Source: CSO, AIB Global Treasury*

### GRAPH 4

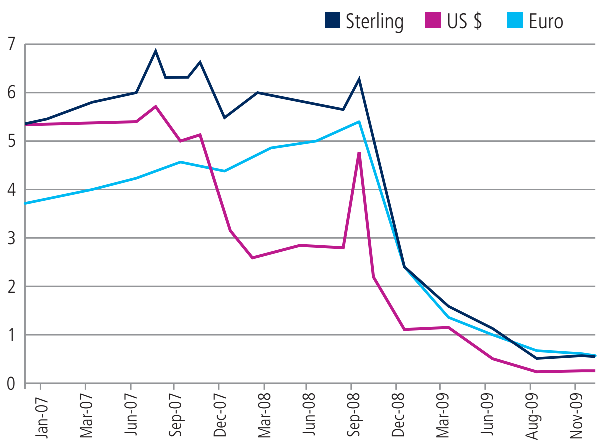
Forecast Interest Rates for 2010




*Source: AIB Global Treasury*

### GRAPH 4A

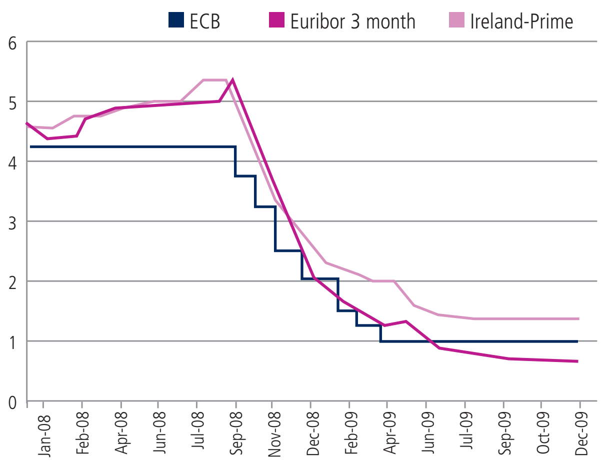
International 3-month Interest Rates (% per annum)




*Source: RBS & Bank of England*

### GRAPH 4B

Official & Selected Interest Rates (% p.a.)




*Source: European Central Bank, Central Bank of Ireland*

## EXCHANGE RATES

2008 saw a weak US dollar hit almost $1.60 against the euro in April and again in July but making some lost ground later in the year as the financial crisis escalated and investors flocked to a 'safe haven' currency. The dollar started 2009 around the $1.30 mark against the euro, but as the flow of investor's funds reversed the dollar steadily lost value through the year until November, where the exchange rate peaked at $1.50 = €1. Amid worries over the finances of Greece, and with growing confidence in a US economic recovery, the dollar gained against the euro towards the end of 2009 and early 2010, with the euro trading in the $1.30-$1.40 range. The fiscal challenges facing Greece, Spain, Portugal and Ireland appear to be of immediate concern to market participants. These concerns continue to erode support for the euro, which has fallen to its lowest level against the US dollar since May 2009 amid rumblings of a Greek bailout.

The euro/sterling rate remained stable throughout 2008 at around €1 = £0.80 but sterling depreciated sharply throughout December 2008 almost reaching parity with the euro by the end of the month as the markets learned the UK's public finances were worse than previously thought. By mid 2009 the euro had retreated against sterling, trading in the £0.85-£0.90 region. Positive economic data from the Eurozone drove the euro/sterling rate back up to the £0.90 level through the last quarter of the year. This has already had a significant impact on trade and Irish exports to the UK.

In terms of the euro/sterling exchange rate, concern over the fiscal health of the Eurozone's peripheral states has offset continued anxiety over the UK's public finances. In mid February 2010, the pound was 1.7 per cent higher against the single currency than at the beginning of January.



### TABLE 5

Selected Exchange Rates: Period Averages (Units per Euro)

| | Annual Averages | | | | | | |
|---|---|---|---|---|---|---|---|
| EUR/ | USD | JPY | DKK | GBP | SEK | CHF | CAD |
| 1999 | 1.0658 | 121.3171 | 7.4355 | 0.6587 | 8.8075 | 1.6003 | 1.584 |
| 2000 | 0.9236 | 99.4748 | 7.4538 | 0.6095 | 8.4452 | 1.5579 | 1.3706 |
| 2001 | 0.8956 | 108.7332 | 7.4522 | 0.6219 | 9.2557 | 1.5104 | 1.3867 |
| 2002 | 0.9449 | 118.0646 | 7.4305 | 0.6288 | 9.1590 | 1.4672 | 1.4828 |
| 2003 | 1.1309 | 130.9640 | 7.4307 | 0.6919 | 9.1244 | 1.5207 | 1.5820 |
| 2004 | 1.2433 | 134.3984 | 7.4400 | 0.6786 | 9.1250 | 1.5441 | 1.6170 |
| 2005 | 1.2448 | 136.8713 | 7.4517 | 0.6839 | 7.4517 | 1.5483 | 1.5097 |
| 2006 | 1.2557 | 146.0736 | 7.4591 | 0.6818 | 7.4591 | 1.5731 | 1.4242 |
| 2007 | 1.3705 | 161.2526 | 7.4506 | 0.6843 | 7.4506 | 1.6427 | 1.4678 |
| 2008 | 1.4708 | 152.4551 | 7.4560 | 0.7963 | 7.4560 | 1.5874 | 1.5594 |
| 2009 | 1.3948 | 130.3366 | 7.4462 | 0.8909 | 7.4462 | 1.5100 | 1.5850 |

*Source: Central Bank of Ireland*

### TABLE 6

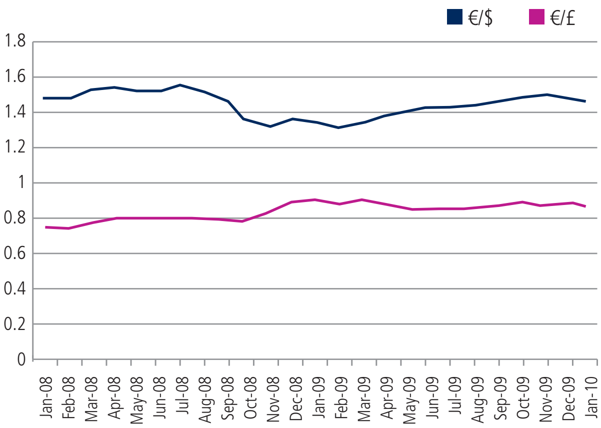
Forecast Euro Exchange Rates 2010 (Expected range mid points)

| | Q4 2009 | Q1 2010 | Q2 2010 | Q3 2010 | Q4 2010 |
|---|---|---|---|---|---|
| USD/EUR | 1.4781 | 1.3842 | 1.38-1.44 | 1.37-1.43 | 1.36-1.42 |
| GBP/EUR | 0.8989 | 0.8868 | 0.85-0.89 | 0.84-0.89 | 0.84-0.88 |
| JPY/EUR | 132.69 | 125.48 | 125-135 | 128-138 | 130-140 |

*Source: Central Bank of Ireland, AIB, ERU*

### GRAPH 5

Euro Exchange Rates




*Source: Central Bank of Ireland*

## OIL & BUNKER PRICES

In the wake of the economic crisis and the subsequent sharp decline in crude prices in 2008, the cost of oil stabilised at around $42 per barrel in early 2009. An increase in demand, as economies began to recover from the global recession in the second half of the year, led to the price of oil rising to over $70 per barrel in December. Demand was propped up by non-OECD countries, in particular China and East Asia, and is projected to continue to increase in these areas. After two decades of excess capacity, oil production stagnated between 2006 and 2008 due to project delays, increased cost of extraction and restrictive policy factors. While capacity has risen again over the past year, over the medium term fewer investments and capital expenditures in the energy sector in 2009 and 2010 are likely to amplify future price increases, as demand gradually begins to recover in conjunction with global growth.

The trend in bunker prices matched that of crude oil, dropping significantly in the second half of 2008 before gradually recovering again in 2009. The price of 380 cst bunkers rose steadily from $225 per tonne at the beginning of last year to $457 per tonne in January 2010, putting growing pressure on hard hit ship operators and owners. However, on average, the 380 cst bunker price was still approximately 50 per cent lower in 2009 than its peak in 2008. Similarly, the mean annual price of marine diesel oil fell 68 per cent from a peak in July 2008 of $1,133.13 per tonne to $365.6 per tonne in February last year in Rotterdam, Singapore and L.A. Most market forecasts indicate that bunker prices are not expected to dip from their heights, regained in the first quarter of 2010.



### TABLE 7

**Bunker Prices ($/Tonne)**

| | MDO $/tonne | | | 380 $/tonne | | |
|---|---|---|---|---|---|---|
| Year | Rotterdam | L.A | Singapore | Rotterdam | L.A | Singapore |
| 1999 | 132.960 | 157.823 | 141.846 | 93.406 | 96.598 | 101.802 |
| 2000 | 231.556 | 270.504 | 248.460 | 138.431 | 152.096 | 158.717 |
| 2001 | 192.444 | 256.581 | 205.823 | 117.446 | 126.081 | 133.108 |
| 2002 | 188.240 | 233.598 | 197.918 | 133.690 | 142.352 | 148.942 |
| 2003 | 230.375 | 306.883 | 242.469 | 152.854 | 162.052 | 172.042 |
| 2004 | 313.373 | 397.973 | 334.317 | 155.265 | 186.438 | 180.321 |
| 2005 | 458.421 | 574.385 | 481.417 | 233.979 | 263.319 | 261.900 |
| 2006 | 524.063 | 651.577 | 580.552 | 293.040 | 320.958 | 313.183 |
| 2007 | 571.269 | 709.304 | 621.838 | 345.065 | 381.665 | 372.821 |
| 2008 | 850.733 | 951.525 | 907.004 | 471.909 | 524.538 | 505.623 |
| 2009 | 385.775 | 466.125 | 414.200 | 236.442 | 259.958 | 255.533 |

*Source: Clarksons*

### TABLE 8

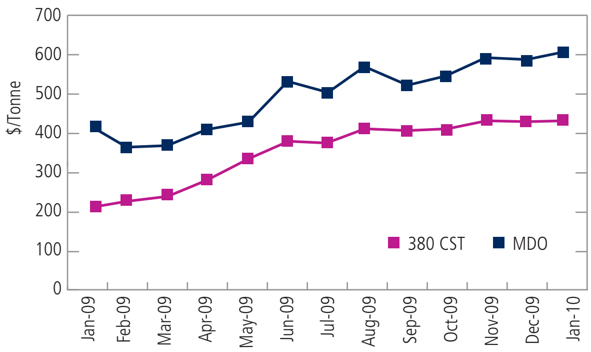
**Oil Prices 1997-2010 ($/Barrel)**

| | Average $US per barrel | | | | | |
|---|---|---|---|---|---|---|
| Year | Brent | WTI | Bonny | Dubai | Arab Lt | Minas |
| 1997 | 19.11 | 20.61 | 19.56 | 18.23 | 18.85 | 19.42 |
| 1998 | 12.76 | 14.42 | 12.88 | 12.25 | 12.30 | 12.44 |
| 1999 | 17.90 | 19.34 | 17.78 | 16.99 | 17.16 | 17.57 |
| 2000 | 28.66 | 30.38 | 28.26 | 26.03 | 26.58 | 28.58 |
| 2001 | 24.46 | 25.98 | 24.54 | 22.81 | 23.11 | 24.09 |
| 2002 | 24.99 | 26.18 | 24.98 | 23.75 | 22.57 | 25.42 |
| 2003 | 28.85 | 31.08 | 28.78 | 26.76 | 26.05 | 29.63 |
| 2004 | 38.26 | 41.51 | 37.99 | 33.53 | 33.89 | 36.73 |
| 2005 | 54.57 | 56.64 | 55.68 | 49.32 | 49.29 | 54.01 |
| 2006 | 65.16 | 66.05 | 67.03 | 61.49 | 60.29 | 65.18 |
| 2007 | 72.44 | 72.34 | 74.68 | 68.19 | 68.46 | 73.36 |
| 2008 | 96.94 | 99.67 | 101.78 | 94.34 | 95.17 | 101.23 |
| 2009 | 61.74 | 61.95 | 63.02 | 61.10 | 58.98 | 64.11 |
| Oct 09 | 71.87 | 74.78 | 73.12 | 71.64 | 70.43 | 74.79 |
| Nov 09 | 76.60 | 77.94 | 78.60 | 77.73 | 75.95 | 80.74 |
| Dec 09 | 74.02 | 73.70 | 75.72 | 75.12 | 73.09 | 78.19 |
| Jan 10 | 76.30 | 78.41 | 78.42 | 76.87 | 75.13 | 80.16 |
| Feb 10 | 73.86 | 76.48 | 75.25 | 73.37 | 72.49 | 76.04 |

*Source: US Dept of Energy*

### GRAPH 7

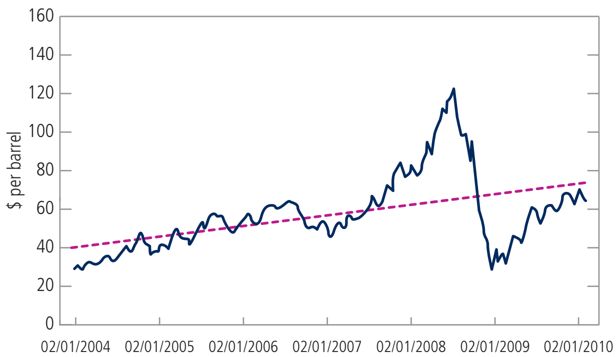
**Bunker Prices at Rotterdam 2009**




*Source: Clarksons*

### GRAPH 8

**Weekly Oil Prices 2004-10**




*Source: US Dept of Energy*

Trade Review

## EXTERNAL TRADE

Estimates for 2009 indicate a further drop off in trade following the deterioration of the global economy in 2008. Exports fell from €86.4 billion in 2008 to €83.5 billion in 2009 (-3 per cent), while imports experienced a more severe decline, falling 22 per cent from €57.6 billion to €44.8 billion. As a result, the trade surplus reached €38.7 billion; 34 per cent higher than the previous year and the largest annual trade surplus recorded in Ireland to date. Ireland's top three imports in 2008 - office equipment, petroleum and road vehicles - all declined dramatically due to a drop off in domestic demand. As in recent years, exports were buoyed by medical products and organic chemicals, which increased by 17 per cent and 2 per cent respectively and were collectively worth 54 per cent of all exports. However, exports were dampened by a decline in office and electrical machinery, with the level of outbound trade to Great Britain, Germany and France consequently suffering. The 12 per cent appreciation of the euro against the sterling in 2009 also exerted a downward pressure on exports to the UK. Exports to the US, however, were aided by a significant depreciation of the euro against the dollar at the end of 2008 which only began recovering gradually in 2009. In the opening months of 2010 fears of a rising public deficit in the euro zone have eroded the value of the single currency which is likely to have a positive impact on the competitiveness of European exports worldwide.

It is expected that ongoing weak consumer confidence will continue to affect consumption and to suppress demand for imports in 2010, albeit to a lesser degree than in 2009. A general recovery in the wider global economy is expected to drive export demand for Irish-manufactured high value pharmaceutical and chemical exports.



# Trade

### TABLE 9

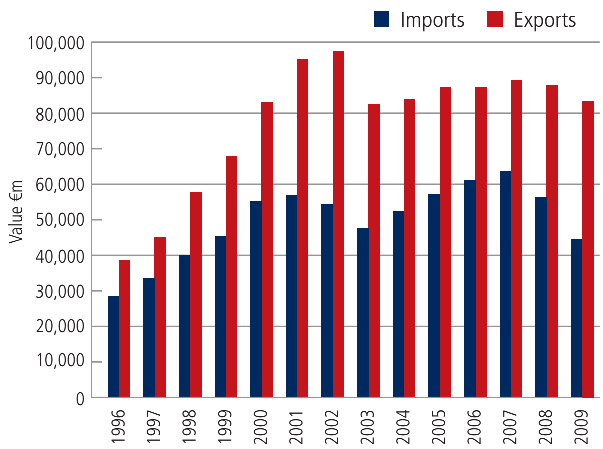
**External Trade Value 1993-2009**

| Year | Imports €m | Exports €m | Trade Surplus €m % | % Change Exports | % Change Imports | Trade Surplus % Change |
|---|---|---|---|---|---|---|
| 1993 | 18,900 | 25,179 | 6,279 | 18% | 13% | 39% |
| 1994 | 21,945 | 28,891 | 6,946 | 15% | 16% | 11% |
| 1995 | 26,181 | 35,330 | 9,149 | 22% | 19% | 32% |
| 1996 | 28,479 | 38,609 | 10,130 | 9% | 9% | 11% |
| 1997 | 32,863 | 44,868 | 12,004 | 16% | 15% | 19% |
| 1998 | 39,715 | 57,322 | 17,607 | 28% | 21% | 47% |
| 1999 | 44,327 | 66,956 | 22,629 | 17% | 12% | 29% |
| 2000 | 55,909 | 83,889 | 27,980 | 25% | 26% | 24% |
| 2001 | 57,384 | 92,690 | 35,306 | 10% | 3% | 26% |
| 2002 | 55,628 | 93,675 | 38,047 | 1% | -3% | 8% |
| 2003 | 47,865 | 82,076 | 34,212 | -12% | -14% | -10% |
| 2004 | 51,105 | 84,410 | 33,304 | 3% | 7% | -3% |
| 2005 | 57,465 | 86,732 | 29,267 | 3% | 12% | -12% |
| 2006 | 60,857 | 86,772 | 25,915 | 0% | 6% | -11% |
| 2007 | 63,486 | 89,226 | 25,741 | 3% | 4% | -1% |
| 2008 | 57,585 | 86,394 | 28,810 | -3% | -9% | 12% |
| 2009 | 44,809 | 83,477 | 38,667 | -3% | -22% | 34% |

*Source: CSO*

### GRAPH 9

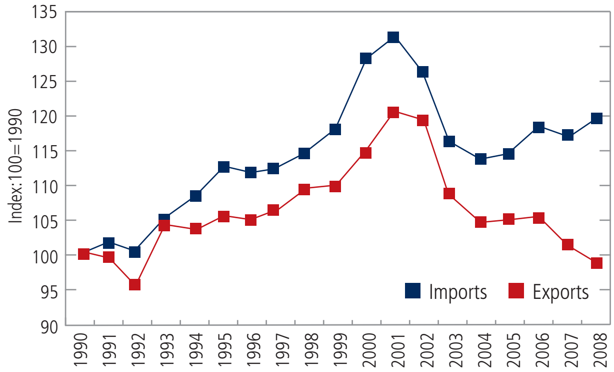
**External Trade Value 2009**




*Source: CSO*

### GRAPH 9A

**Imports v Exports Index by Value**




*Source: CSO*

## COMMODITY TRADE

Irish merchandise trade fell in 2009 due to the drop off in both domestic and foreign demand due to difficulties in the wider global economy. Medical and pharmaceutical products, organic chemicals and office machinery, are Ireland's top three commodity exports, and make up over 50 per cent of Irish exports.

Exports of medical and pharmaceutical products have retained strong growth despite the turbulent economic environment, indicative of their relative inelastic demand and the continued foreign direct investment in the Irish pharmaceutical industry over the last two years. However, it was another difficult year for the Irish software industry with manufacturers such as Dell downsizing their operations. The decline in exports of office machinery, which commenced in 2007 continued last year. Overall, computer equipment imported into and exported from Ireland in 2009 fell 27 per cent and 45 per cent respectively, representing a total loss of over €4.5 billion to Irish economy.

Imports fell 22 per cent in 2009, while some of the leading contributors to the general drop in imports were road vehicles and petroleum products. Low consumer sentiment and a consequential decline in domestic demand had a marked effect on imports of road vehicles, which plummeted by 72 per cent from the 3rd to the 17th highest import, and petroleum which fell 33 per cent.

In 2010, indications of a recovering global economy should assist export-led growth in Ireland. However, imports may remain subdued due to an apprehensive consumer outlook and relatively high unemployment.



### TABLE 10

#### Value of Merchandise Exports by Commodity Group, 2009

| Exports | 2008 €000 | 2009 €000 | Change % | Share % |
|---|---|---|---|---|
| Med & pharma products | 13,697,823 | 16,461,010 | 20% | 23% |
| Organic chemicals | 14,881,081 | 16,171,180 | 9% | 23% |
| Office machines | 7,644,982 | 5,600,540 | -27% | 8% |
| Essential oils | 4,624,659 | 4,661,930 | 1% | 7% |
| Misc manufactured art. | 3,917,323 | 4,010,429 | 2% | 6% |
| Chemical materials | 3,092,189 | 2,897,516 | -6% | 4% |
| Electrical machinery | 4,078,841 | 2,839,469 | -30% | 4% |
| Professional apparatus | 2,256,519 | 2,498,986 | 11% | 4% |
| Special transactions | 1,623,858 | 2,139,348 | 32% | 3% |
| Meat & meat preparations | 1,993,546 | 1,784,759 | -10% | 3% |
| Misc edible products | 1,349,358 | 1,157,219 | -14% | 2% |

*Source: CSO*

### TABLE 11

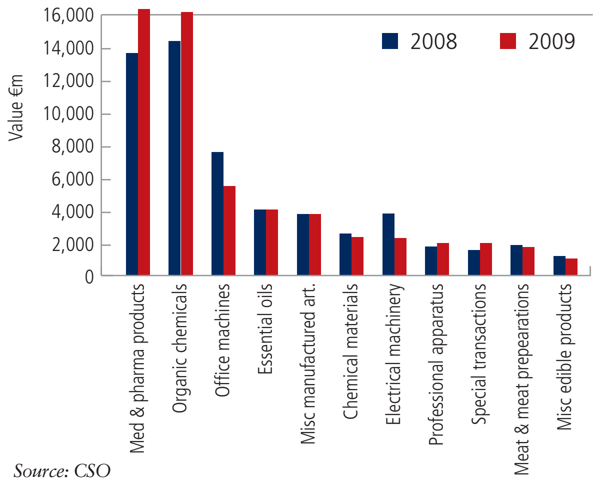
#### Value of Merchandise Imports by Commodity Group, 2009

| Imports | 2008 €000 | 2009 €000 | Change % | Share % |
|---|---|---|---|---|
| Other transport equipment | 2,214,784 | 3,515,838 | 59% | 9% |
| Office machines | 5,727,779 | 3,165,036 | -45% | 8% |
| Petroleum | 4,307,675 | 2,618,905 | -39% | 7% |
| Med & pharma products | 2,330,863 | 2,346,018 | 1% | 6% |
| Misc manufactured articles | 2,237,958 | 1,956,273 | -13% | 5% |
| Special transactions | 2,108,440 | 1,946,195 | -8% | 5% |
| Electrical machinery | 2,387,903 | 1,925,552 | -19% | 5% |
| Organic chemicals | 1,487,751 | 1,385,622 | -7% | 4% |
| Articles of apparel | 1,428,106 | 1,362,928 | -5% | 4% |
| Telecommunications & sound equip | 1,430,097 | 1,023,301 | -28% | 3% |
| All other commodities | 987,184 | 945,251 | -4% | 3% |
| Road vehicles | 2,809,994 | 674,823 | -76% | 2% |

*Source: CSO*
*NB - Road Vehicles are included in 2009 Imports because they dropped so significantly, from 3rd highest import in 2008 to 17th in 2009*

### GRAPH 10

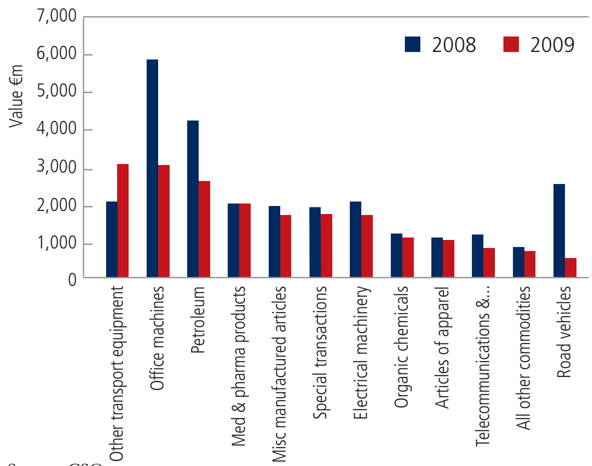
#### Value of Merchandise Exports by Commodity, 2009




*Source: CSO*

### GRAPH 11

#### Value of Merchandise Imports by Commodity, 2009




*Source: CSO*

## TRADE: COUNTRY

The UK, United States and Belgium were Ireland's three largest trading partners again in 2009. The US remained our largest market in 2009 as the value of exports to the United States was 2.5 times that of imports, driven by medical and pharmaceutical products, organic chemicals and by the depreciation of the euro against the dollar.

The total value of exports to the EU fell by 5 per cent for the second consecutive year. Exports to all our main EU trading partners decreased sharply excluding Belgium, which registered a 27 per cent increase in exports, overtaking the UK for the first time as Ireland's largest European export market. As a consequence, exports to Eurozone countries remained steady at almost €35bn. The growth in exports to Belgium was mainly driven by organic chemicals and pharmaceutical and medical products. Exports to the UK were eroded by the appreciation of the euro against sterling, affecting exports of meat, dairy products and office and data equipment. There was also a noticeable 21 per cent decline in exports to Germany attributable to weaker demand for machinery, industrial and office equipment in German markets.

The total value of imports decreased drastically in 2009 as domestic demand dried up. Imports from the United States, in particular non-road vehicles and unclassified commodities, bucked the trend and rose by 16 per cent, the percentage change in imports from all other countries fell in double digits. British (-29 per cent), Chinese (-34 per cent), German (-35 per cent) and Japanese (-43 per cent) imports displayed the highest declines due to a fall off in demand for road vehicles from Germany and Japan, office and data machines from China, and petroleum, gas, iron and steel, office machines and road vehicles from the UK.



# Trade

### TABLE 12

#### Exports Value by Country, 2009

| Exports | 2008 €000 | 2009 €000 | Change % | Share % |
|---|---|---|---|---|
| United States | 16,674,304 | 17,584,596 | 5% | 21% |
| Great Britain | 14,299,752 | 12,225,242 | -15% | 15% |
| Belgium | 12,253,138 | 14,644,215 | 20% | 18% |
| Germany | 6,089,405 | 4,821,852 | -21% | 6% |
| France | 5,019,358 | 4,607,458 | -8% | 6% |
| Spain | 3,589,850 | 3,479,790 | -3% | 4% |
| Italy | 3,006,636 | 2,784,667 | -7% | 3% |
| Netherlands | 3,028,410 | 2,836,945 | -6% | 3% |
| Switzerland | 2,560,809 | 2,447,937 | -4% | 3% |
| Japan | 1,708,239 | 1,737,183 | 2% | 2% |
| China | 1,609,277 | 1,639,575 | 2% | 2% |
| Northern Ireland | 1,564,532 | 1,269,778 | -19% | 2% |
| Malaysia | 1,062,973 | 835,991 | -21% | 1% |
| All Other | 13,927,709 | 12,561,481 | -10% | 15% |
| Total EU | 53,840,600 | 50,937,200 | -5% | 61% |
| of which Eurozone | 34,795,400 | 34,846,300 | 0% | 42% |
| Total | 86,394,392 | 83,476,710 | -3% | 100% |

*Source: CSO*

### TABLE 13

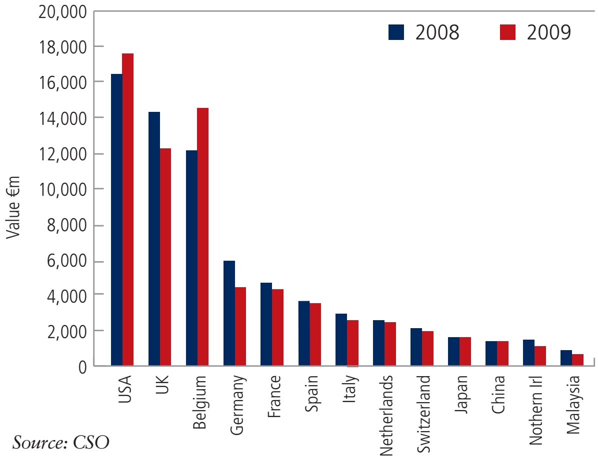
#### Imports Value by Country, 2009

| Imports | 2008 €000 | 2009 €000 | Change % | Share % |
|---|---|---|---|---|
| Great Britain | 17,941,355 | 12,662,565 | -29% | 28% |
| United States | 6,762,828 | 7,838,174 | 16% | 17% |
| Germany | 4,640,696 | 3,011,551 | -35% | 7% |
| China | 3,901,991 | 2,579,859 | -34% | 5% |
| Netherlands | 2,892,214 | 2,297,550 | -21% | 5% |
| France | 2,388,411 | 2,173,369 | -9% | 6% |
| Italy | 1,343,614 | 899,190 | -33% | 2% |
| Belgium | 1,320,516 | 924,683 | -30% | 2% |
| Norway | 1,306,464 | 868,468 | -34% | 2% |
| Northern Ireland | 1,261,312 | 926,924 | -27% | 2% |
| Japan | 1,144,406 | 653,291 | -43% | 1% |
| Denmark | 1,042,325 | 763,527 | -27% | 2% |
| Spain | 936,643 | 562,331 | -40% | 1% |
| All Other | 10,701,932 | 8,647,815 | -19% | 19% |
| Total EU | 36,555,700 | 26,462,100 | -28% | 59% |
| of which Eurozone | 14,708,000 | 10,809,400 | -27% | 24% |
| Total | 57,584,707 | 44,809,297 | -22% | 100% |

*Source: CSO*

### GRAPH 12

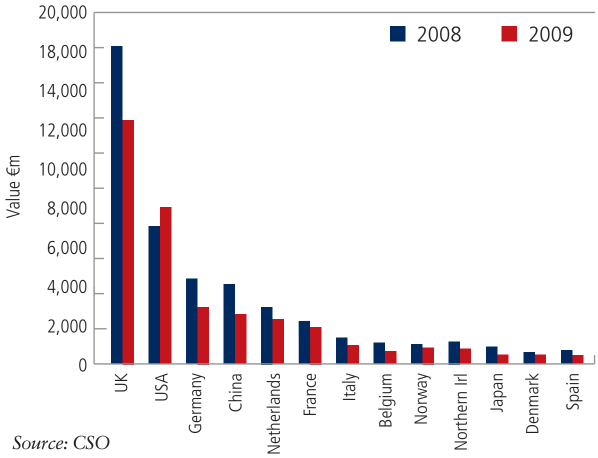
#### Export Value by Country, 2009




*Source: CSO*

### GRAPH 13

#### Import Value by Country, 2009




*Source: CSO*

Traffic Review

## IRISH PORTS: BULK MARKETS

Bulk cargo volumes through Irish ports recorded an unprecedented fall of 22 per cent to a total of 23.6 million tonnes in 2009 with 7 million tonnes of cargo stripped out of the market. For the second consecutive year all 10 bulk ports around the country experienced declines in throughput, albeit a more severe contraction resulting in the volume base returning to 1995 levels. Our analysis covers the three categories: liquid, dry and break bulk. Volumes in all three categories fell significantly, however the largest percentage change was again in break bulk which declined by 49 per cent while the largest volume correction occurred in the dry bulk market as 4.38 million tonnes of cargo was removed. The changes in volumes last year have resulted in a slight change in market distribution. Liquid bulk now accounts for the largest proportion at 50 per cent, up 6 per cent, with dry bulk down 5 per cent and break bulk likewise down 5 per cent in terms of cargo distribution in the market.

DRY BULK: In 2009 dry bulk traffic dropped by 29 per cent to 10.9 million tonnes; down from a peak of 16 million tonnes in 2006. The dry bulk market comprises agri-products, fertilizers, coal, aggregates, grain and ore with ore being the largest and most influential component of the market. The significant correction in volume is partly attributed to changes in volume composition through the Shannon Foynes area. Shannon Foynes handles 60 per cent of all dry bulk traffic on the island, and throughput fell by 30 per cent last year due to reduced activity at the Aughinish Alumina plant. Aughnish Alumina reduced output by 40 per cent in the first half of the year, however in the latter half output gradually increased to normal levels boosting dry bulk volumes for that period. For other dry bulk commodities, weather was the single most influential factor in 2009. Grain output in Europe and the US was severely hampered by wet weather and other areas were affected by drought. The volume of cereal exports from Ireland fell 26 per cent in 2009.



# Traffic

### TABLE 14

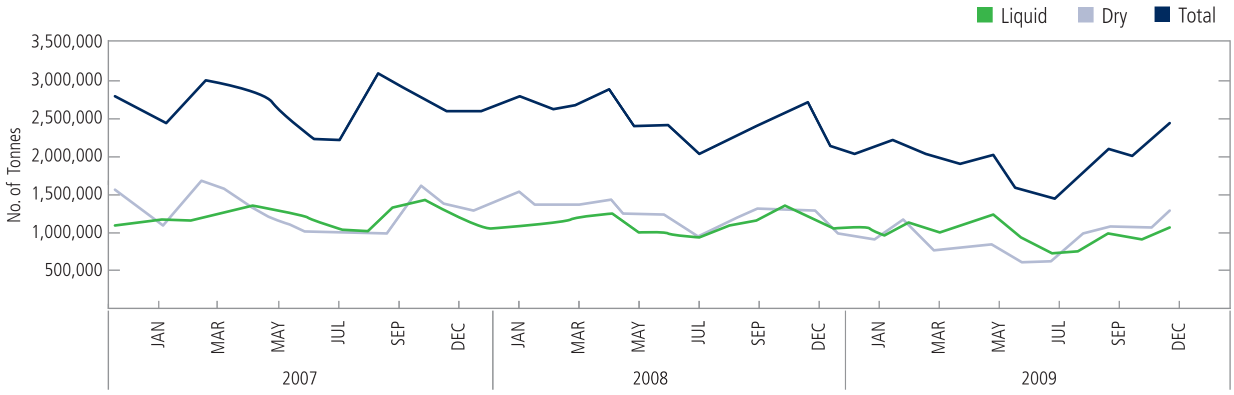
Irish Ports Bulk Traffic by Type 2009

| | TOTAL 2009 | | | TOTAL | | |
|---|---|---|---|---|---|---|
| | Liquid | Dry | Break | 2008 | 2009 | % Change |
| Wicklow | - | 19,983 | 54,140 | 84,538 | 74,123 | -12% |
| Greenore | - | 317,479 | 72,701 | 699,774 | 390,180 | -44% |
| New Ross | 76,551 | 314,468 | 16,459 | 693,793 | 407,478 | -41% |
| Drogheda | 35,235 | 389,564 | 75,016 | 608,087 | 499,815 | -18% |
| Galway | 660,610 | 52,320 | 9,964 | 837,987 | 722,894 | -14% |
| Waterford | 16,767 | 642,660 | 69,285 | 901,245 | 728,712 | -19% |
| Bantry Bay | 911,103 | 22,063 | - | 1,010,024 | 933,166 | -8% |
| Dublin | 4,051,029 | 1,583,316 | 101,873 | 6,669,905 | 5,736,218 | -14% |
| Cork | 5,011,866 | 1,188,373 | 302,818 | 8,046,862 | 6,503,057 | -19% |
| Shannon Foynes | 1,035,703 | 6,397,970 | 146,091 | 10,818,882 | 7,579,764 | -30% |
| **Total** | **11,798,864** | **10,928,196** | **848,346** | **30,371,907** | **23,575,406** | **-22%** |

*Source: IMDO*

### GRAPH 14

Total Bulk Traffic through ROI Ports




*Source: IMDO*

## IRISH PORTS: BULK MARKETS

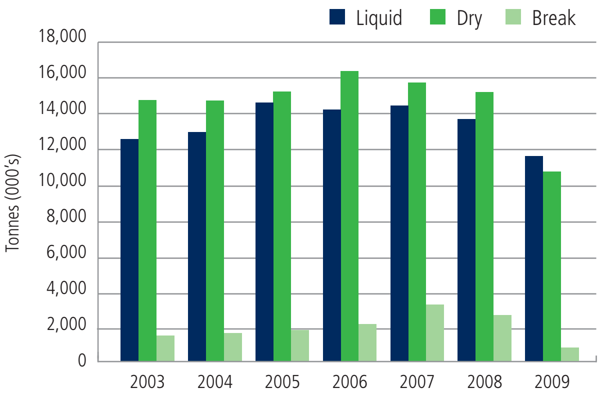
BREAK BULK: Break bulk is the smallest component of the bulk market, accounting for 4 per cent of the total bulk market. Volume throughput fell by 49 per cent in 2009 to 848,346 tonnes. The break bulk sector is heavily weighted towards materials for the construction sector and the severe correction in volumes is largely due to the lack of demand in this market. A significant observation from the data is that volume throughputs at all the regional ports declined by 50 per cent in 2009. Nine of the ten ports active in the bulk market handled breakbulk cargoes and as such the impact of the decline in this sector has been more widespread. The decline in break bulk volumes started in 2007 and continued throughout 2009 with the lowest point reached in November, down to 47,448 tonnes. There is no immediate medium term volume recovery expected in this segment.

LIQUID BULK: This sector is primarily made up of petroleum and petroleum related products and overall throughput declined by 12 per cent in 2009 to 13.3 million tonnes. We estimate that 86 per cent of liquid bulk cargo moves through Dublin, Cork and Shannon Foynes. Cork handles 42 per cent of liquid bulk for the country; throughput fell 17 per cent in 2009 primarily due to lower foreign storage demand at Whitegate. Volumes at Shannon Foynes fell by 30 per cent, largely as a result of the running down of the Tarbert power station, which is to be converted to a gas facility. The change in this market tends to be less volatile and can be impacted by the volumes of foreign storage reserves located in the South, particularly for transhipment to the US market by the oil major Conoco Philips. The liquid bulk sector has a far lower level of throughput volatility and as such we believe the outlook for volumes to be reasonably stable this year.



### GRAPH 14 A

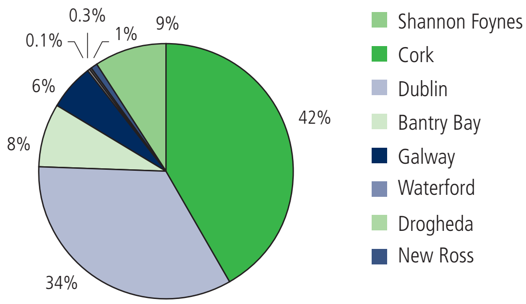
Bulk Traffic by Category 2003-2009




*Source: IMDO*

### GRAPH 14 B

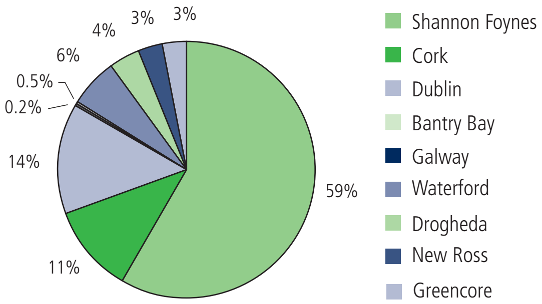
Market Share of Liquid Bulk Traffic 2009




*Source: IMDO*

### GRAPH 14 C

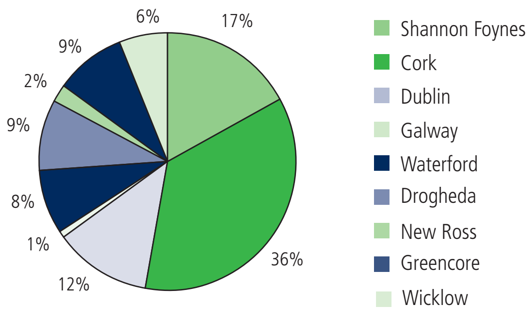
Market Share of Dry Bulk Traffic 2009




*Source: IMDO*

### GRAPH 14 D

Market Share of Break Bulk Traffic 2009




*Source: IMDO*

## LIFT-ON/LIFT-OFF MARKET: PORTS

The volumes of lift-on/lift-off (lo/lo) traffic continued to fall in 2009 with a year-on-year decline of 21 per cent or a fall of 300,000 TEU to 1.05 million TEU for the whole of Ireland. The severe volume correction resulted in unitised container traffic returning to 2003 levels. Lo/lo traffic volumes through Republic of Ireland (ROI) ports fell by 22 per cent year-on-year to 817,305 TEU and volumes through Northern Irish ports declined by 21 per cent in 2009 to 230,053 TEU.

Lo/Lo trades are heavily weighted in the movement of import bound traffic. Laden imports fell 25 per cent year-on-year which has been a noticeable evolving trend pattern since mid-2008. The slowdown in residential construction linked to subdued consumer confidence saw demand for white goods, consumables and luxury goods significantly diminish. A further dampening factor has been the low levels of stocking, particularly in the retail sector, along with traditional seasonal peaks in demand not occuring in 2009. Laden exports declined by 11 per cent in 2009, although volumes have been buoyed by the relatively stable export markets of food, chemicals and pharmaceuticals.

All ports in this market segment endured double digit declines ranging from 17 to 81 per cent with ports at the higher end of the scale being particularly affected by restructuring or the termination of services by operators. The rate of lo/lo volume decline eased towards the end of 2009. However the start of 2010 has been hampered by weather delays which has had a knock-on effect on early trading. If this is an indicator for the year, further volume falls can be expected with a high dependency on consumer confidence returning to prop up container throughput.



# Traffic

### TABLE 15

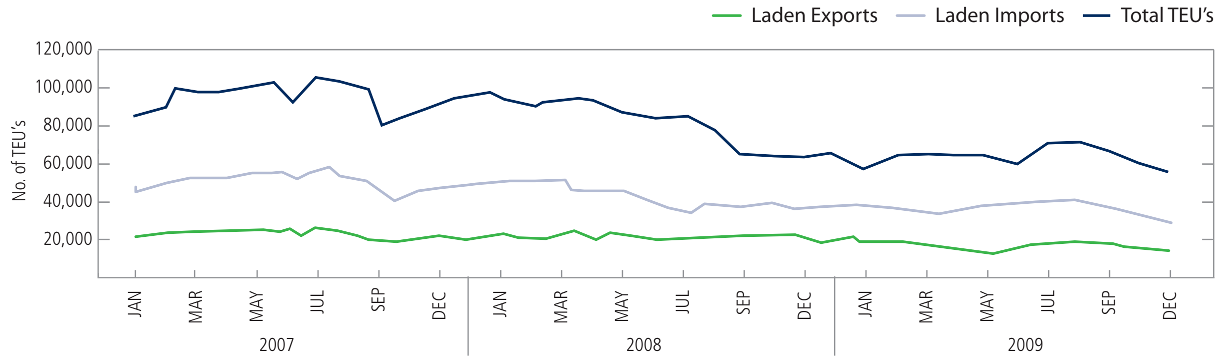
#### Container Port Traffic 2009

| Port | Laden | | Unladen | | Total | | | |
|---|---|---|---|---|---|---|---|---|
| No. of TEU's | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | % Change | % Share |
| Dublin | 517,744 | 422,759 | 159,126 | 125,364 | 676,870 | 548,123 | -19% | 52% |
| Cork | 153,538 | 125,195 | 33,118 | 23,428 | 186,656 | 148,623 | -20% | 14% |
| Waterford | 129,717 | 95,207 | 43,386 | 24,012 | 173,103 | 119,220 | -31% | 11% |
| Drogheda | 5,619 | 1,328 | 1,496 | 11 | 7,115 | 1,339 | -81% | 0% |
| Belfast | 183,220 | 155,272 | 73,988 | 57,315 | 257,207 | 212,587 | -17% | 20% |
| Warrenpoint | 22,334 | 12,632 | 10,761 | 4,833 | 33,095 | 17,466 | -47% | 2% |
| **Total ROI** | **806,618** | **644,489** | **237,126** | **172,816** | **1,043,744** | **817,305** | **-22%** | **78%** |
| **Total NI** | **205,554** | **167,904** | **84,749** | **62,148** | **290,302** | **230,053** | **-21%** | **22%** |
| **Total Irl** | **1,012,171** | **812,393** | **321,875** | **234,964** | **1,334,046** | **1,047,357** | **-21%** | **100%** |

*Source: IMDO*

### GRAPH 15

#### Total Monthly Container Traffic through ROI ports 2007-2009




*Source: IMDO*

## LIFT-ON/LIFT-OFF MARKET: OPERATORS

In 2009 shortsea and feeder operators continued to grapple with significant market changes as volumes deteriorated. Per quarter capacity was reduced by an average of 10 per cent and for the whole of 2009 we estimate that 13 per cent of the nominal capacity was removed to counter the fall in demand. As previously stated this market is heavily skewed towards laden import traffic running at a ratio of 2:1 between laden imports and exports. The ongoing decline in domestic consumption last year forced operators to make short run adjustments to supply levels. China had been one of the main drivers in high volume import traffic over the past 8 years, and imports from this region declined by 34 per cent in 2009, underpinning part of the volume problem.

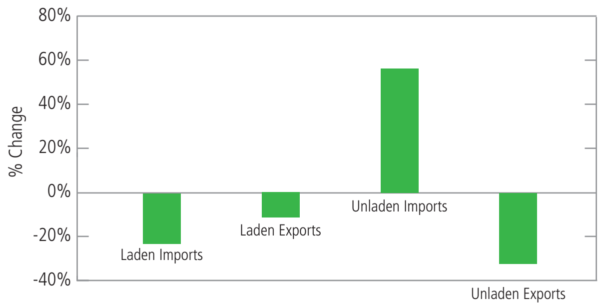
As in 2008, operators continued to reduce the amount of capacity available in the market, through redelivery of charter tonnage, reduction in vessel sizes and reduction in frequency. We also noted various incumbent operators moving towards vessel sharing arrangements last year. We estimate that 14 routes were rationalised, while the frequency of services between the main arterial gateways were also reduced as a result of the capacity restructuring.

Several noteable changes made by operators included; C2C Lines ceasing their service from Waterford and Warrenpoint to Rotterdam and transferring operations to the new Cobelfret ro/lo service from Dublin to Zeebrugge and Lysline shifting their Scandinavian traffic volumes from Drogheda to the DFDS service from Dublin. The restructuring of these services has resulted in a reduction in the number of ports providing regular scheduled lo/lo services. The outlook for this market is still quite volatile. Operators are likely to be challenged with lower volume levels that will continue to place pressure on freight rates as the supply/demand balance remains uneven.



### GRAPH 15A

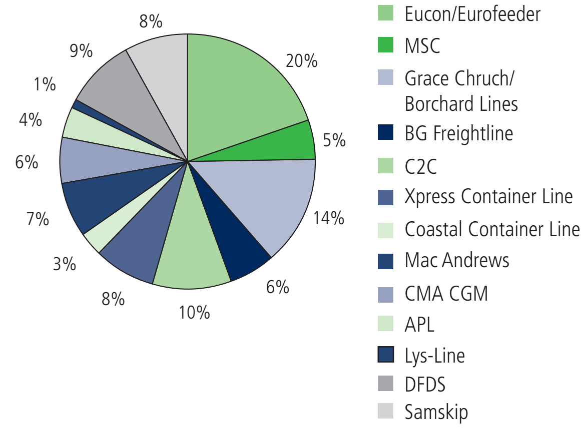
Performance of Container Imports and Exports, ROI 2009




*Source: IMDO*

### GRAPH 15B

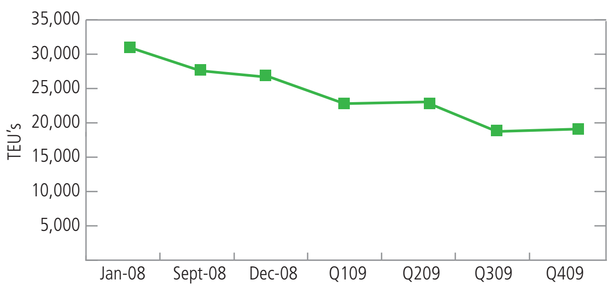
Estimated Share of Available Lo/Lo Capacity 2009




*Source: IMDO*

### GRAPH 15C

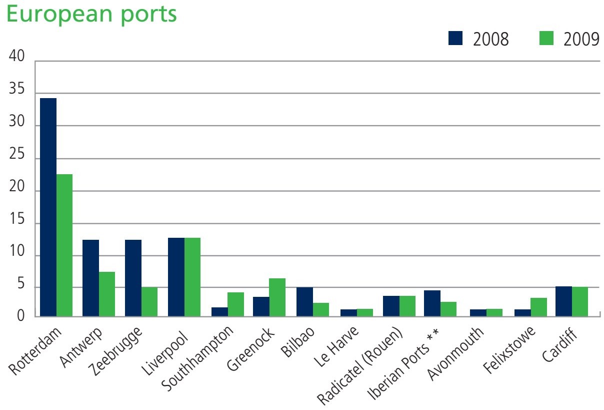
Estimated Weekly Capacity in the Irish Market 2008-2009




*Source: IMDO*

### GRAPH 15D

Frequency of Services between Ireland and European ports




*Source: IMDO*

## ROLL-ON/ROLL-OFF MARKET: PORTS

2008 saw the first decline in all-Ireland roll-on/roll-off (ro/ro) freight trailer volumes for over 10 years and this downward trend continued during 2009 when ro/ro freight traffic fell by 9 per cent to 1,534,127 freight units. Our latest analysis indicates that this decline continued until Q4 2009, when the rate of decline slowed to -1 per cent. Both driver-accompanied and unaccompanied traffic fell in 2009, with unaccompanied falling at the slower rate of 8 per cent compared to a 14 per cent decline in accompanied traffic.

All 7 ro/ro ports with the exception of Warrenpoint (up 3 per cent) recorded a fall in ro/ro volumes last year. Dublin port freight traffic declined by 8 per cent in 2009; with accompanied freight traffic falling by 11 per cent and unaccompanied down 6 per cent. Dublin Port handles 42 per cent of all-island freight traffic, and is the largest ro/ro port on the island. A further reduction in the frequency of sailings of the HSS resulted in a 70 per cent decline in freight volumes through Dun Laoghaire. In Rosslare total volumes declined by 15 per cent for the year, although traffic to continental Europe from the port increased by 40 per cent for the same period; which can be attributed to the increase in frequency and capacity by operators on the route over 2009. Traffic through ports in Northern Ireland declined by 7 per cent last year, in Belfast volume fell 2 per cent, while Larne had a 13 per cent fall in volume. Warrenpoint enjoyed a 3 per cent increase in throughput due to capacity changes by the incumbent operator there.

Traffic in this sector is heavily weighted in movements to the UK. A weak sterling and ongoing weakness in the Irish and British economies are likely to continue to present challenging market conditions in 2010. Although, volume erosion is expected to be less severe this year.



### TABLE 16

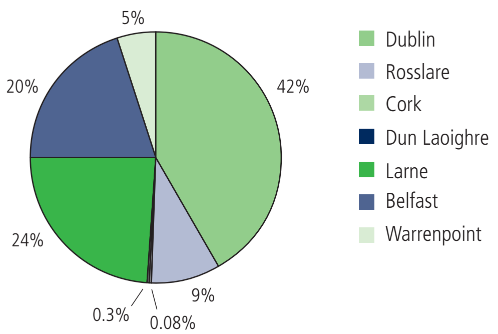
Roll-on/Roll-off Freight Traffic by Port 2009

| | Driver Accompanied | | | Unaccompanied | | | Total | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| No. of Freight Units | 2008 | 2009 | % Ch | 2008 | 2009 | % Ch | 2008 | 2009 | % Ch | % Share |
| Dublin | 337,164 | 299,688 | -11% | 367,045 | 345,008 | -6% | 704,209 | 644,696 | -8% | 42% |
| Rosslare | 89,447 | 73,387 | -18% | 67,041 | 60,132 | -10% | 156,488 | 133,519 | -15% | 9% |
| Cork | 891 | 1,083 | 22% | 110 | 105 | -5% | 1,001 | 1,188 | 19% | 0% |
| Dun Laoghaire | 13,898 | 4,202 | -70% | - | - | - | 13,898 | 4,202 | -70% | 0% |
| **Total ROI** | **441,400** | **378,360** | **-14%** | **434,196** | **405,245** | **-7%** | **875,596** | **783,605** | **-11%** | **51%** |
| Larne | 207,724 | 180,854 | -13% | 206,955 | 179,965 | -13% | 414,679 | 360,819 | -13% | 24% |
| Belfast | | | | | | | 315,642 | 307,871 | -2% | 20% |
| Warrenpoint | 5,229 | 6,773 | 30% | 74,284 | 75,059 | 1% | 79,513 | 81,832 | 3% | 5% |
| **Total NI** | **212,953** | **187,627** | **-12%** | **281,239** | **255,024** | **-9%** | **809,834** | **750,522** | **-7%** | **49%** |
| **Total All Ireland** | **654,353** | **565,987** | **-14%** | **715,435** | **660,269** | **-8%** | **1,685,430** | **1,534,127** | **-9%** | **100%** |

*Source: IMDO*

### GRAPH 16

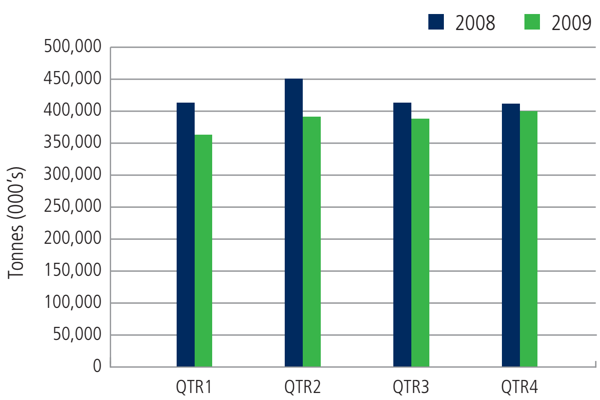
Market Share of Ro/Ro Traffic by Port 2009




*Source: IMDO*

### GRAPH 16A

Ro/Ro Freight Traffic per Quarter




*Source: IMDO*

## ROLL-ON/ROLL-OFF MARKET: OPERATORS

We segment our analysis of the distribution of ro/ro freight traffic over four corridors, Northern, Central, Southern and Continental. We estimate that there was an increase in total available capacity of 10 per cent last year on the main routes between Ireland and the UK which comes against the backdrop of a 9 per cent decline in freight volumes.

The capacity increases occurred as a result of operators making structural changes to routes. Norfolkline replaced its vessel on the Belfast – Heysham route with the larger *Maersk Exporter*. Seatruck Ferries replaced 2 vessels with new larger vessels on the Warrenpoint – Heysham route and also added a second new and larger vessel to the Dublin – Liverpool route, adding further unaccompanied freight capacity to the Central Corridor. Stenaline also added the *Stena Nordica* as part of a new schedule from Dublin but reduced the number of sailings of the HSS from Dun Laoghaire. Cobelfret commenced a new service from Dublin to Zeebrugge while ending its previous Rosslare schedule. LD Lines and Celtic Link commenced a vessel sharing arrangement on the Rosslare-Cherbourg routes.

Again our analysis of operators data reaffirms that the rate of decline in unaccompanied traffic was much slower than in accompanied traffic last year with 7 per cent and 13 per cent falls respectively. The slower rate of decline in unaccompanied freight traffic resulted in an increase in its percentage share of total traffic on the Ireland – UK routes, from 46 per cent of the market in 2008 to 53 per cent in 2009. The Southern Corridor however still has a greater weighting towards accompanied traffic accounting for 58 per cent of the movements.

Looking ahead for this year, the ro/ro market continues to face a number of challenges as both the Irish and UK economies exit recession. The supply and demand capacity balance will continue to challenge operators this year as the market seeks to realign to volume changes.



### TABLE 17

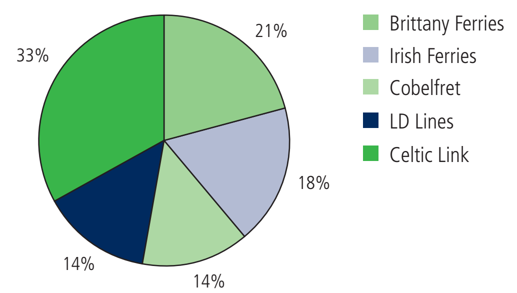
Roll-on/Roll-off Freight Traffic by Corridor 2009

| Corridor | Accompanied | | | Unaccompanied | | | Total | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| No. Freight Units | 2008 | 2008 | %Change | 2008 | 2009 | % Change | 2008 | 2009 | % Change | % Share |
| Northern | 321,119 | 291,283 | -9% | 478,400 | 454,178 | -5% | 799,519 | 745,461 | -7% | 49% |
| Central | 370,986 | 316,983 | -15% | 349,904 | 321,111 | -8% | 720,890 | 638,094 | -11% | 42% |
| Southern | 78,715 | 59,719 | -24% | 55,285 | 43,006 | -22% | 134,000 | 102,725 | -23% | 7% |
| Continental | 11,804 | 15,268 | 29% | 11,387 | 16,900 | 48% | 23,191 | 32,168 | 39% | 2% |
| **Total** | **782,624** | **683,253** | **-13%** | **894,976** | **835,195** | **-7%** | **1,677,600** | **1,518,448** | **-9%** | **100%** |

*Source: IMDO*

### GRAPH 17

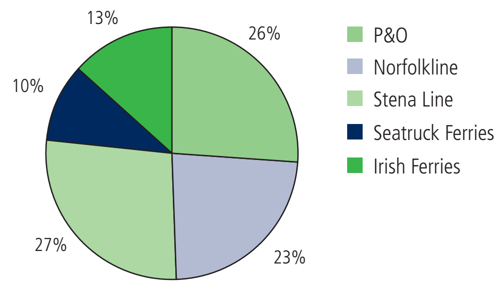
Market Share of Ireland-France Roll-on/Roll-off Market 2009




*Source: IMDO*
*The market share for the Continental corridor is based on available capacity, based on number of sailings per week and lane meter capacity and not actual volumes carried*

### GRAPH 17A

Market Share of All-Ireland - UK Roll-On/Roll-Off Traffic 2009




*Source: IMDO*
*The market share on the all-Ireland – UK routes is based on volumes carried by each operator*

## PASSENGER TRAFFIC

In 2009 ferry passenger traffic remained at the same level as in 2008, compared to an overall backdrop of an 11 per cent decline in tourism where air passenger traffic volumes fell by 12 per cent in 2009. The Ireland UK ferry passenger market fell only slightly, by 14,000 passengers compared to 2008. The 2009 figures represent a fairly resilient performance when taking into account the underlying issues of weak sterling to euro exchange rate and subdued consumer demand in both the UK and Ireland.

Passenger volumes increased 2 per cent during the peak season of April to September when 70 per cent of all passenger traffic is carried. Traffic through Dublin Port grew by 18 per cent in 2009 which may be due to structural changes in capacity distribution by operators, principally between Dublin and Dun Laoghaire. Passenger numbers on the Northern Corridor increased by 3 per cent, while on the Southern routes, passenger volumes fell by 8 per cent year-on-year. The re-establishment of the Cork – Swansea passenger service by Fastnet Line should provide a boost for tourism in the South East region this year.

The direct continental services saw volumes fall by 3 per cent in 2009. Again, during the peak season, passenger numbers increased 7 per cent year-on-year. This was the first full year of operation for LD Lines on the Ireland – France route. Some traffic is likely to have been attracted to the Cherbourg route since LD Lines switched from Le Havre to Cherbourg, increasing frequency on the route. Car traffic fell 1 per cent in 2009 but increased by 4 per cent during the peak period. Many operators reported a shift in consumer behaviour away from shorter, frequent breaks to a longer trip with a car.

We expect that 2010 will again provide testing market conditions for operators with a weak sterling exchange rate, ongoing frailty in consumer confidence, and upward trending bunker prices adding to pressure on operating costs and pricing margins.



# Traffic

### TABLE 18

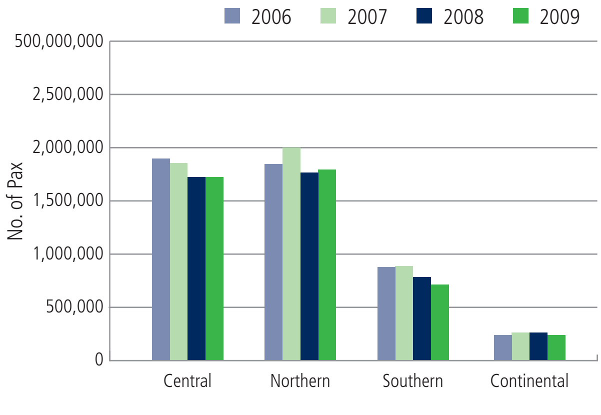
**Passenger & Car Traffic 2005-2009**

| | Tourist Passengers | | | | | | Tourist Cars | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Corridor | 2005 | 2006 | 2007 | 2008 | 2009 | % Change | 2007 | 2008 | 2009 | % Change |
| Central | 2,265,365 | 1,919,239 | 1,897,037 | 1,770,186 | 1,766,586 | 0% | 394,262 | 488,609 | 511,887 | 5% |
| Northern | 1,900,000 | 1,894,552 | 1,997,666 | 1,850,646 | 1,901,759 | 3% | 482,301 | 539,420 | 515,490 | -4% |
| Southern | 911,889 | 868,687 | 875,807 | 810,299 | 748,205 | -8% | 200,780 | 250,472 | 240,258 | -4% |
| Continental | 278,536 | 264,345 | 271,011 | 269,196 | 262,338 | -3% | | 84,500 | 82,000 | -3% |
| **Total** | **5,355,790** | **4,946,823** | **5,041,521** | **4,700,327** | **4,678,888** | **0%** | **1,077,343** | **1,363,001** | **1,349,635** | **-1%** |

*Source: IMDO*

### GRAPH 18

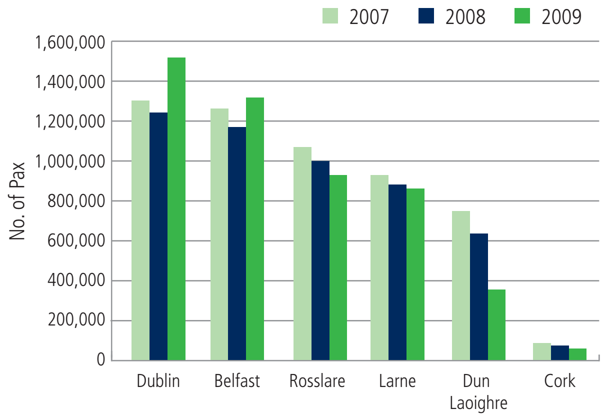
**All-Ireland Passenger Traffic 2006-2009**




*Source: IMDO*

### GRAPH 18A

**Port Passenger Traffic 2009**




*Source: IMDO*

# Market Review

## TANKER MARKET

After five years of growth, rates tumbled back towards 2002 levels last year. The most dramatic changes were recorded in the first half of the year, with the rate of decline slowing in the last quarter before showing signs of recovery in early 2010.

Supply and demand diverged severely in 2009 as the global recession caused a fall in consumption of oil, while the tanker fleet continued to expand. In 2009, deliveries to the worldwide tanker fleet grew by 11 per cent for the second year running with an estimated 727 new vessels delivered. However, the conversion of tankers for use as FPSO vessels helped to alleviate the oversupply.

Rates for petroleum carriers fell by between 32 and 36 per cent in the year leading up to January 2010. One-year time charter rates for VLCC's fell by 18 per cent in April and 12 per cent in May. VLCC rates continued to slide over the summer, albeit at a less severe rate, levelling out to a yearly low of $31,000 in October and November; a 54 per cent drop from January 2009. Aframax and Suezmax rates also fell sharply in April and May, reaching their lowest points in December at $17,000 and $24,000 respectively; almost two thirds of their January values.

Forecasts for 2010 indicate that the global economy will begin a fragile recovery, supported by strong commodity trade movements in China and other emerging Asian countries. As a result, fuel consumption will increase and crude prices, although 44 per cent lower than in July 2008, are gradually climbing. The tanker market faces considerable challenges as demand for oil in developed countries remains below its recent peak. Additionally, the outstanding orderbook for tankers is still significant, although the outlook for capacity growth is less severe than in previous years due to the phasing out of single hull tankers.



### TABLE 21

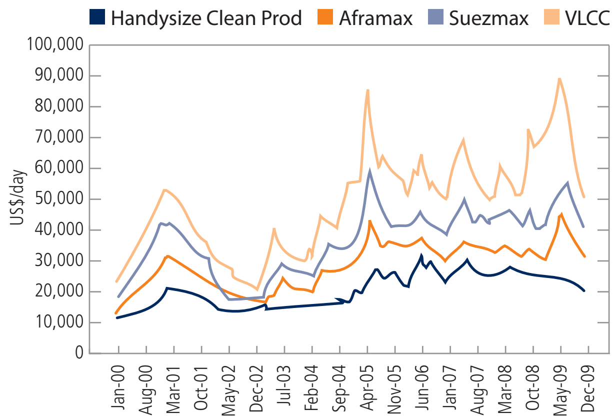
Tanker 1 Year Time Charter Rates

| US $ / Day Date | Handysize Clean Prod | Aframax | Suezmax | VLCC |
|---|---|---|---|---|
| Jan-08 | 25,000 | 33,250 | 43,000 | 66,875 |
| Dec-08 | 21,000 | 28,688 | 42,000 | 51,875 |
| Jan-09 | 20,200 | 27,800 | 41,800 | 56,000 |
| Feb-09 | 18,625 | 26,000 | 40,000 | 54,250 |
| Mar-09 | 17,375 | 23,625 | 36,250 | 50,750 |
| Apr-09 | 16,625 | 20,375 | 33,000 | 41,500 |
| May-09 | 16,500 | 18,400 | 31,200 | 36,600 |
| Jun-09 | 16,125 | 17,500 | 30,750 | 35,750 |
| Jul-09 | 14,100 | 17,800 | 28,900 | 36,000 |
| Aug-09 | 13,000 | 18,000 | 25,125 | 36,000 |
| Sep-09 | 12,875 | 18,000 | 24,000 | 32,750, |
| Oct-09 | 12,500 | 18,000 | 24,000 | 31,000 |
| Nov-09 | 12,000 | 18,000 | 27,000 | 31,000 |
| Dec-09 | 12,250 | 17,000 | 24,000 | 33,000 |
| Jan-10 | 12,900 | 18,200 | 27,600 | 38,200 |

*Source: Clarksons*

### GRAPH 21

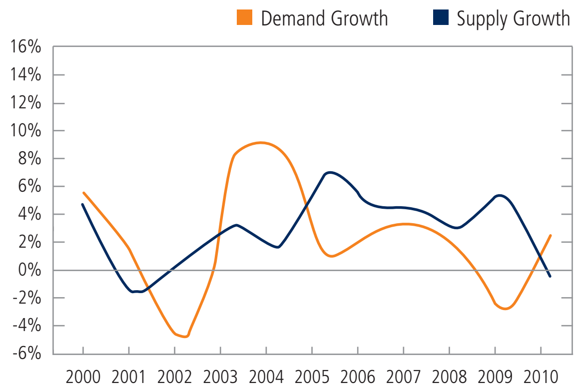
Tanker 1 Year Time Charter Rates




*Source: Clarksons*

### GRAPH 21A

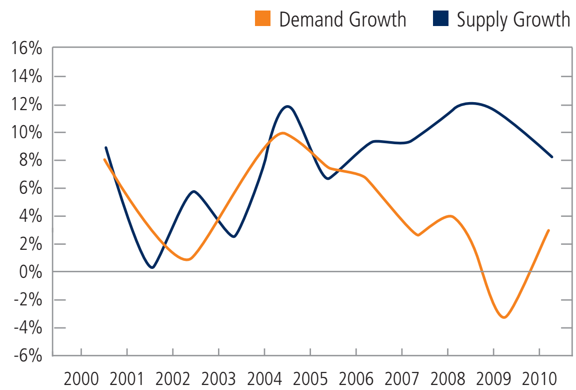
Demand Supply Dynamics: Crude Tankers




*Source: Clarksons*

### GRAPH 21B

Demand Supply Dynamics: Product Tankers




*Source: Clarksons*

## DRY BULK MARKET

In the opening months of 2009 the dry bulk sector struggled to recover from the collapse of one-year time charter rates in 2008. Despite some volatility, rates picked up in 2009 and are currently looking more promising than they were a year ago. The rapid industrial recovery in China spurred demand for iron ore and coal imports causing Capesize rates to surge from $19,000 to $37,500 in May, almost doubling the Baltic Dry Index from 1,806 to 3,681 in one month. After a brief dip, Capesize rates continued to rise on the back of Chinese demand, to a peak of $44,250 in June. Over the second half of the year, the arrival of newbuildings and uncertainty over the commodity boom in China depressed the sector to some extent before a re-emergence in the fourth quarter. Handysize, Handymax and Panamax rates also displayed a steady upward incline and ultimately doubled over the course of 2009 although, on average rates were 60 per cent lower than they were in 2008.

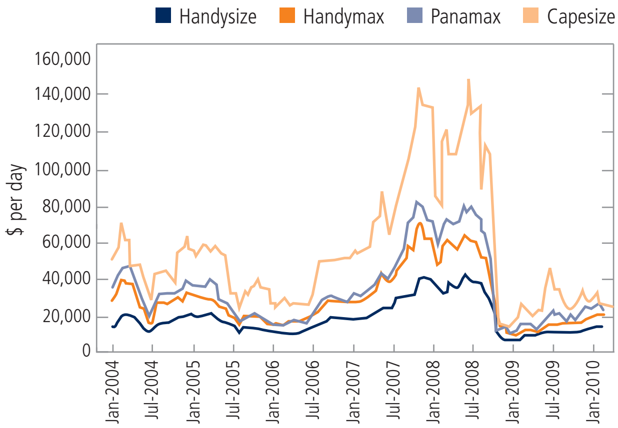
Accounting for 68 per cent of the global iron ore trade and 19 per cent of global coal imports in 2009, demand for imported commodities is predicted to be sustained in 2010 by the construction and automotive industries in China. However, with a large number of newbuildings expected to be delivered in the coming year, particularly in the Capesize sector, it will test whether China will be able to soak up the supply of tonnage.

COASTAL BULK MARKET: The Shortsea bulk market had a difficult start in 2009 as rates bottomed out at below cost levels. The coastal index continued at its lowest possible rate for the first three quarters of 2009, finally relenting at the end of August and increasing by 36 per cent by October. However, the continued volatility of the European market was illustrated by the unusual re-stabilising of rates in November and December.



### GRAPH 21C

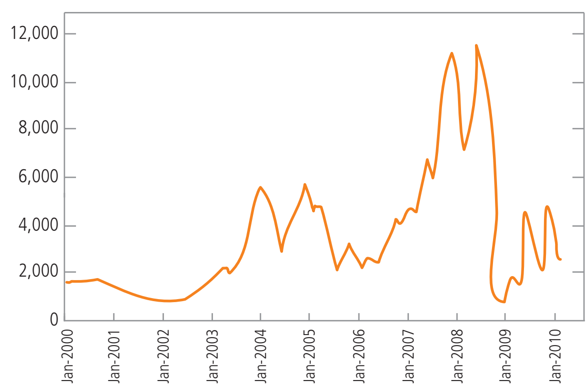
Dry Bulk 1 Year Time Charter Rates




*Source: Clarksons*

### GRAPH 21D

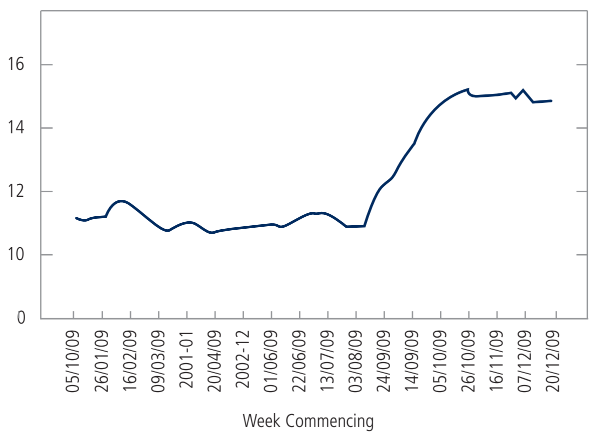
Baltic Dry Index over 10 Year Period




*Source: Clarksons*

### GRAPH 21E

Shortsea Bulk Index 2009




*Source: H.C. Shipping & Chartering*

## CONTAINERSHIP CHARTER MARKET

The decline in containership charter rates accelerated in 2008 and by the year end rates had fallen by over 50 per cent for ships in the 700-1,700 TEU range. In 2009 rates on average slipped by a further 15 to 28 per cent. The persistently low rates were the result of subdued world trade demand and its impact on container volumes. The supply of boxships grew by 5.4 per cent in 2009 and is projected to grow by a further 5.1 per cent in 2010. As already outlined, strategic attempts by operators to ease excess capacity include the laying up of vessels, delaying or cancelling orders and extra slow steaming.

In 2009, Handymax vessels experienced the largest drop in 1 year charter rates, falling 28 per cent from $5,900 to $4,200/day (down from a high of $18,500/day in early 2008). Feedermax had the smallest reduction in rates at 15 per cent, going from $4,000 to $3,400/day. Feedersize are the only vessel type not to register any increase in rates this year sitting at $3,200/day since November. Recent market data indicated that there may be a slight increase in 1 year charter rates during February and March 2010, up by between 1.5-3.5 per cent.

The abrupt correction in the container market had a significant impact on the financial earnings of the liner operators. Revenues of all the top 20 mainline operators in 2009 contracted severely, third quarter financial data showed cumulative operating losses of over $9 billion for the January to September period. Total revenue fell 40 per cent from $94 billion in 2008 to $56 billion in 2009. Consequently over $12 billion in financial aid has been raised in the last 12 months. At the same time carriers have been actively pursuing freight rate increases, and average rates have risen 62 per cent on the Far East-Europe routes between March and September 2009.



### TABLE 22

**Container 1 Year Charter Rates**

| US $ Daily Rate | Feeder 350 TEU | Feedmax 725 TEU | Handysize 1000 TEU | Handymax 1700 TEU |
|---|---|---|---|---|
| Jan-09 | 3,900 | 4,000 | 4,600 | 5,900 |
| Feb-09 | 3,500 | 3,750 | 4,300 | 5,500 |
| Mar-09 | 3,450 | 3,600 | 4,100 | 5,250 |
| Apr-09 | 3,300 | 3,500 | 4,000 | 5,050 |
| May-09 | 3,400 | 3,600 | 4,100 | 4,850 |
| Jun-09 | 3,300 | 3,500 | 4,000 | 4,700 |
| Jul-09 | 3,300 | 3,500 | 4,000 | 4,500 |
| Aug-09 | 3,300 | 3,500 | 4,000 | 4,400 |
| Sep-09 | 3,300 | 3,500 | 4,000 | 4,250 |
| Oct-09 | 3,250 | 3,450 | 4,000 | 4,250 |
| Nov-09 | 3,200 | 3,400 | 3,900 | 4,200 |
| Dec-09 | 3,200 | 3,400 | 3,900 | 4,200 |
| Jan-10 | 3,200 | 3,425 | 4,000 | 4,200 |
| Feb-10 | 3,200 | 3,450 | 4,200 | 4,350 |
| Mar-10 | 3,200 | 3,450 | 4,200 | 4,350 |

*Source: Clarksons*

### TABLE 23

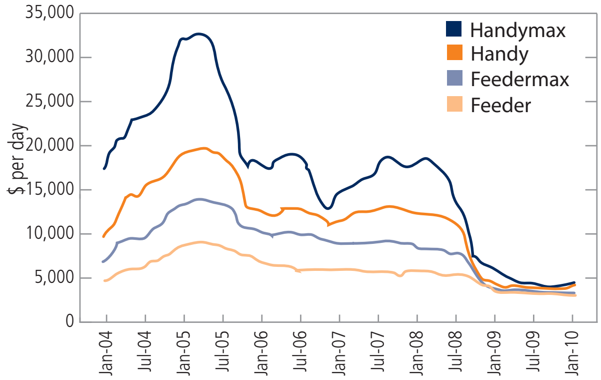
**Top 10 Containership Operators 2009**

| Rank | Operator | TEU | Ships | % Share |
|---|---|---|---|---|
| 1 | APM-Maersk | 2,061,142 | 548 | 16% |
| 2 | MSC | 1,560,289 | 402 | 12% |
| 3 | CMA CGM | 1,040,064 | 362 | 8% |
| 4 | APL | 572,099 | 145 | 5% |
| 5 | Evergreen Line | 551,490 | 148 | 4% |
| 6 | Hapag-Lloyd | 536,532 | 127 | 4% |
| 7 | COSCO | 466,311 | 130 | 4% |
| 8 | CSCL | 436,446 | 120 | 3% |
| 9 | Hanjin Shipping | 433,325 | 97 | 3% |
| 10 | CSAV Group | 383,802 | 107 | 3% |
| **Total Top 10** | | **8,041,500** | **2,186** | **63%** |
| **Total Other** | | **4,669,627** | **2,270** | **37%** |
| **Total** | | **12,711,127** | **4,456** | **100%** |

*Source: Alphaliner*

### GRAPH 22

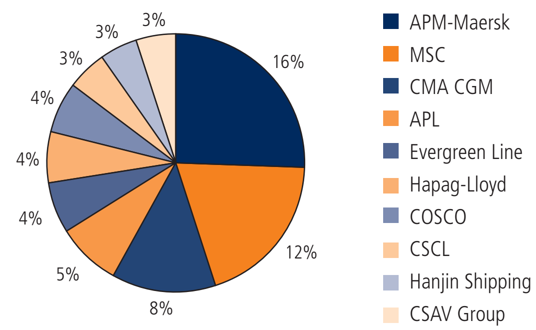
**Container Vessel 1 Year Time Charter Rates**




*Source: Clarksons*

### GRAPH 23

**Top 10 Containership Operators by TEU 2009**




*Source: Alphaliner*

## DEEP SEA CONTAINER TRADES AND FREIGHT RATES

Global container volumes fell by 5.8 per cent in 2009. As world trade seized up towards the end of 2008, imports into developed nations suffered the most and the effects of this could be seen on the different trades. Westbound volumes on the Europe-Far East trade fell by an estimated 14.5 per cent in 2009, whereas eastbound volumes grew marginally by 3 per cent. On the North America-Europe trade both East and Westbound volumes fell sharply for the year, by 25 and 15 per cent respectively.

Reduced demand and excess capacity led to extremely weak freight rates throughout 2009. Operators have taken a number of strategic measures to reduce capacity in the market including redelivery of charter tonnage, reduced frequency, removing services, deactivating vessels, cancelling newbuilding orders and slowsteaming. Since 'extra slow steaming' was introduced in May 2009 it has absorbed around 400,000 TEU of global capacity. 1.24 million TEU or 9.4 per cent of capacity was estimated to be 'idle' at the beginning of March 2010, down from 1.37 million TEU in February. Idle containership capacity should continue to decrease over the short term as additional capacity is required and new Europe-Asia services are introduced over the next few months adding 22,000 TEU of capacity per week to the trade.

By December 2009 the volume of box shipments between Asia and Europe showed signs of improvement and indicated a return to growth in the early months of 2010. Westbound January volumes have risen 10.6 per cent year-on-year. Box shipments on the eastbound leg increased 35 per cent on the same period last year. The mechanisms to reduce supply to the market by the main line operators coupled with the increases in volume demand has led to an increase in freight rates on both East and Westbound legs.



### TABLE 24

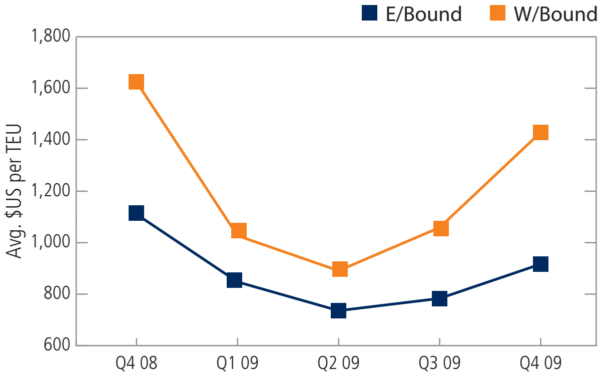
Inter-Continental Freight Rates 2009

| Average $US Per TEU | Q4 08 | Q1 09 | Q2 09 | Q3 09 | Q4 09 | Q4/Q3 Change | Q4 /Q4 Change |
|---|---|---|---|---|---|---|---|
| Asia to North US Eastbound | 1,890 | 1,670 | 1,383 | 1,232 | 1,322 | 7.3% | -30% |
| North US to Asia Westbound | 1,196 | 913 | 802 | 817 | 883 | 8% | -26% |
| Europe to Asia Eastbound | 1,109 | 853 | 742 | 787 | 920 | 16.9% | -17% |
| Asia to Europe Westbound | 1,619 | 1,023 | 897 | 1,061 | 1,422 | 34% | -12% |
| North US to Europe Eastbound | 1,731 | 1,481 | 1,431 | 1,424 | 1,527 | 7.2% | -11.8% |
| Europe to North US Westbound | 1,600 | 1,325 | 1,168 | 1,133 | 1,250 | 10.3% | -21.8% |

*Source: Containerisation International*

### GRAPH 24

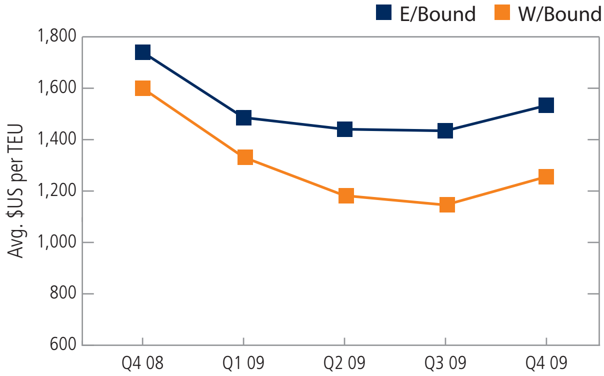
Europe-Far East Freight Rates




*Source: Containerisation International*

### GRAPH 24A

Europe-North America Freight Rates




*Source: Containerisation International*

## NEWBUILDING MARKET

CONTAINER FLEET: The rate of expansion of the global container fleet as measured by TEU capacity began to ease with 5.4 per cent of additional capacity delivered last year compared to the 11.7 per cent in 2007 and 10.9 per cent in 2008. Growth for 2010 is expected to be about 5.1 per cent. Scrappage, slippage, and cancellations have contributed to the reduced rates of growth in the world fleet in 2008 and 2009. However overall total capacity has still grown from 12.9 million TEU in 2007 to 15.1 million in 2009 against a backdrop of declining demand over that period.

Scrapped capacity increased by 384 per cent in 2008 and 237 per cent in 2009 to 337,400 TEU but is expected to fall to 217,000 TEU this year. The majority of demolitions have been in the sub 3,000 TEU fleet; this is in marked contrast to the growth in the 3000+ TEU fleet. The disparity in growth rates among the different vessel sizes is a consequence of the shift towards larger ships to gain economies of scale.

RO/RO FLEET: The ro/ro and cruise market has been adversely affected by the global downturn which is reflected in the respective 28 per cent and 30 per cent fall in vessels ordered in 2009. However, ferry orders have marginally increased, up by 8 per cent. Ro/ro operators are taking advantage of the recession and replacing older vessels with more efficient, faster or larger models. On the Irish Sea, LD Lines is expecting delivery of a 900pax/1,500lm vessel in May 2010 with an option for one more. P&O Ferries will be taking delivery of two 1,500pax/2,700lm vessels in 2010 and 2011 with the option of a further two. Stena Line has ordered two of what will be the largest RoPax vessels with a capacity of 5,500lm and 1,200pax for the North Sea and they are investing €15m in upgrading its Irish Sea ferries.



### TABLE 26

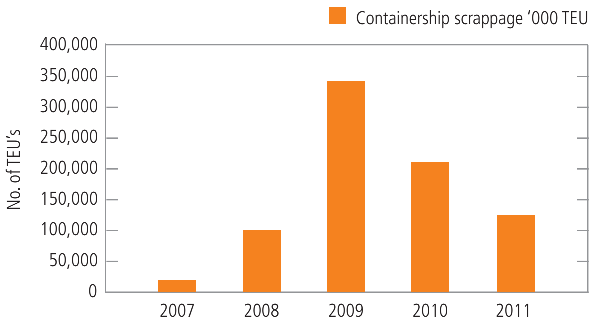
Ro/Ro Orderbook 2009

| | | | | | Yards (Orders) | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Vessel Type | Far East | N.Europe | S.Europe | ROW | 2008 | 2009 | %Ch | $USm | Pax | Cars | Lane m | Weight |
| Ro/Ro | 110 | 26 | 12 | 14 | 224 | 162 | -28% | 9,993.8 | | | 543,306 | 2,293,887 Dwt |
| Hi-Speed | | | | 29 | 23 | 29 | 26% | | 13,199 | 1,773 | | |
| Ferry | 15 | 26 | 20 | 3 | 59 | 64 | 8% | 4,643 | 56,123 | 8,991 | 79,237 | 1,030,128 Gt |
| Cruise | | 12 | 15 | 3 | 43 | 30 | -30% | 14,913 | 55,597 | | | 2,371,088 Gt |
| Total | 125 | 64 | 47 | 49 | 349 | 285 | -18% | 29,549.8 | 124,919 | 10,764 | 622,543 | |

*Source: Cruise & Ferry Info*

### GRAPH 26

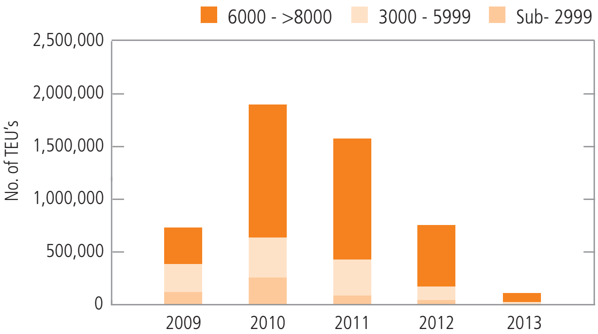
Containership Scrappage TEU




*Source: Clarksons*

### GRAPH 26A

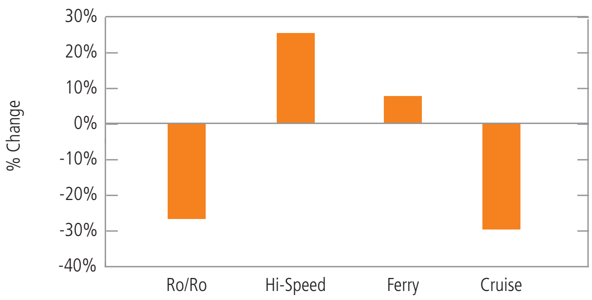
World Cellular Fleet Orders by Size Range




*Source: Containerisation International*

### GRAPH 26B

Change of Ro/Ro Orderbook 2008-2009




*Source: Cruise & Ferry Info*

# Glossary of Terms



**GDP – Gross Domestic Product** represents the total value added (output) in the production of goods and services in the country. The rate of growth in GDP measures the increase in the value of output produced in the state, irrespective of whether the income generated by this economic activity accrues to residents of the state or not.

**NFI – Net Factor Income** from the rest of the world is the difference between investment income (interest, profits etc.) and labour income earned abroad by Irish residents persons and companies (inflows) and similar incomes earned in Ireland by non-residents (outflows). The data are taken from the balance of payment statistics.

**GNP – Gross National Product** is the sum of GDP and NFI. The rate of increase of GNP attempts to capture the increase in the incomes of residents, irrespective of where the activity that generated the income took place. The term 'resident' covers not only persons but also firms whose headquarters are located in Ireland.

**Constant Prices:** The deflator used to generate constant figures is based on the implied yearly price index for the exports and goods and services.

**CPI – Consumer Price Index** is designed to measure the change in the average level of prices (inclusive of all indirect taxes) paid for consumer goods and services by all private households in the country and by foreign tourists holidaying in Ireland.

**MUICP – Monetary Union Index of Consumer Prices:** The MUICP is calculated as a weighted average of HICPs of the 12 countries participating in Stage 111 of Economic and Monetary Union (EMU). Country weights are computed every year reflecting the country's share of private final domestic consumption expenditure in the EMU total.

**TEU – Twenty-foot Equivalent Unit**

**Ro/Ro Units** as defined by CSO include HGVs and trailers, unaccompanied trailers, unaccompanied caravans and agricultural and industrial vehicles.

**Freight Rates** shown for Inter-Continental Freight Rates are 'all-in', including CAFs and BAFs etc, plus THCs and inland haulage where gate/gate or door/door fixed rates have been agreed.

*Source: Central Bank of Ireland, Central Statistics Office, Containerisation International*

# Sources of Data

The bulletin contains the results of quarterly and annual analysis of activity at Irish Ports, and the activity of shipping lines operating from Irish Ports. The data is compiled from returns made by the Harbour Authorities, State Companies, Northern Ireland Ports and roll-on/roll-off shipping lines on routes between Ireland and the UK as outlined below:

**Harbour Authorities:**

Bantry Bay Harbour Commissioners

Kinsale Harbour Commissioners

Tralee and Fenit Pier Harbour Commissioners

Youghal Harbour Commissioners

**State Companies:**

Drogheda Port Company

Dublin Port Company

Dundalk Port Company

Dun Laoghaire Harbour Port Company

Galway Port Company

Greenore Port Company

New Ross Port Company

Port of Cork Company

Port of Waterford Company

Rosslare Europort

Shannon Foynes Port Company

Wicklow Port Company

**Northern Ireland Ports:**

Belfast Harbour Commissioners

Port of Larne

Warrenpoint Harbour Authority

**Roll-on/Roll-off Shipping Lines:**

Irish Ferries

Norfolkline Irish Sea Ferries

P&O Irish Sea Ferries

Seatruck Ferries

Stena Line

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