The Irish Maritime Transport Economist

VOLUME 11
May, 2014

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, Tourism and Sport. The office is the national agency responsible for supporting the development of the Irish shipping, ports and shipping services sectors.

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

- Advise the Minister on the development and co-ordination of policy in the shipping and shipping services 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: Liam Lacey, Fergal Curtin, Matthew Pavitt, Robert Merrylees

VOLUME 11
May, 2014
ISSN 1649-5225

The Irish Maritime Transport Economist

Published by:
Irish Maritime Development Office
80 Harcourt Street
Dublin 2
Ireland

telephone: + 00 353 1 476 6500
facsimile: + 00 353 1 478 4988
website: www.imdo.ie
email: imdo@imdo.ie

Contents

Leo Varadkar, T.D.
MINISTER FOR TRANSPORT, TOURISM & SPORT

As Minister for Transport, Tourism and Sport, I am pleased to provide the foreword for the 11th edition of the Irish Maritime Transport Economist (IMTE). This annual publication has become an important reference document for practitioners and policy makers in Ireland's maritime sector. The performance of this sector is positively correlated with growth in international trade and as a result, with job creation in the Irish economy. To support the development of international trade and take full advantage of its job creation potential, government policy in the maritime sector must be built on relevant, accurate and timely information and I acknowledge the important contribution that the IMTE makes in this regard.

Since the first edition of the IMTE was published in 2004, the Irish Maritime Development Office (IMDO) has worked to construct the invaluable database that underpins this publication and informs policy in the shipping and ports sectors. This would not have been possible without the cooperation and support of industry stakeholders, whose contribution to the relevance and success of the IMTE I would like to acknowledge.

As an island nation, we depend on the quality and efficiency of the maritime sector to a much greater degree than many of our trading partners. We rely on the efficiency and competitiveness of our ports and the shipping companies operating in Irish waters to maintain existing trade links and to expand into developing markets. However, the contribution made by ports and shipping companies goes beyond the provision of services in response to market demand. Through their efficiency and competitiveness, ports and shipping companies help to overcome Ireland's geographical position as an island at the edge of Europe and create the conditions that facilitate international trade and job creation. In this context, I welcome the initiatives that are being taken by our port companies to provide the additional capacity that will be needed as our economy continues to recover and expand. I also welcome recent increases in shipping capacity and the development of new trade routes. These developments auger well for economic growth and are supportive of the objectives of the National Ports Policy and the Government's plan for National Recovery 2011-2016.

As reported in the IMTE, the international shipping environment remains challenging. Nonetheless, we have begun to see signs of recovery in the Irish maritime sector, as evidenced by the growth in trade, through Irish ports in 2013. National economic recovery will result from the application of well formulated policies that are evidence based and from enhancing the competitiveness of the Irish economy. I commend the efforts of all those who work within the maritime sector in pursuit of these policies.

I would like to take this opportunity to thank Mr Glenn Murphy, former Director of the IMDO, for his contribution to the sector over the years and to congratulate Mr Liam Lacey on his recent appointment as the new Director of the IMDO.

Leo Varadkar, T.D.
MINISTER FOR TRANSPORT, TOURISM & SPORT

Liam Lacey
DIRECTOR

Key 2013 Indicators:
GDP: -0.3%
GNP: +3.4%
Inflation: +0.5%
Merchandise Imports: +1%
Merchandise Exports: -5%

It is a great pleasure, as the newly appointed Director of the Irish Maritime Development Office (IMDO), to introduce the latest edition of the Irish Maritime Transport Economist (IMTE) and to comment on some of the major issues that influenced the performance of the maritime transport sector in 2013. Before offering my comments, I would like to acknowledge the contribution made by my predecessor, Glenn Murphy, who established the information database and network of industry contacts on which this publication relies. In addition, it would be remiss of me not to recognise the work of the editorial team, Fergal Curtin, Matthew Pavitt and Robert Merrylees, in bringing this edition of the IMTE to fruition. In the coming years, I look forward to providing industry stakeholders with insightful and authoritative commentary that will inform policy and practice in the maritime transport sector, an area that has important ramifications for the competitiveness of the national economy.

Turning to the performance of the sector in 2013, it is clear that a number of indicators give cause for greater optimism than has been the case in recent years. The volume of trade that moves through Irish ports is a reliable indicator of national economic performance and activity. Although traffic through Irish ports has not returned to the levels that were recorded prior to the recession, it is noteworthy that the iShip Index, which is an aggregate measure of trade volumes, rose to 862 points for 2013, up 3% on the previous year. Contributing to this increase, Ro/Ro volumes rose by 6%, buoyed by transfers from the Lo/Lo mode. Dry-bulk traffic also grew by 6%, resulting primarily from increased demand for animal feed and coal. Additional demand for construction related materials contributed to Break-bulk traffic growing to 961,803 tonnes, up 20% on the previous year. Although Liquid-bulk and Lo/Lo traffic fell by 14% and 1% respectively, these decreases in volume were caused by market anomalies rather than a reduction in total demand. Overall, as a barometer of economic performance, the iShip Index for 2013 supports the view that steady progress is being made towards economic recovery.

Within the tourism sector, Irish ports continued to capitalise on the global rise in cruise business over the last decade, as vessel calls to the island of Ireland rose to 277 during 2013. In this category, the majority of visitors came from North America, Britain and Germany. Ferry tourism, encompassing services between the Republic of Ireland and Great Britain showed an increase of 1% to 2.33 million passengers. This increase marks an important turning point as growth returns to a market segment that has been in decline since 2010.

Trade volumes are influenced by a variety of factors and to a significant extent by the cost of maritime transport. Since more than 98% of Ireland's international trade continues to be transported by sea, the competitiveness of the maritime transport sector has a direct effect on the performance of the economy, as recognised by the Competition Authority in its review of competition in the Irish ports sector. Maritime transport costs include, inter alia, fuel and vessel charter costs, which typically account for more than 50% of total operating costs. Based on Rotterdam spot prices, the cost of

Key 2013 Indicators:
Bulk Traffic: -3%
Lo/Lo Traffic: -2%
Ro/Ro Traffic: +4%
Passenger Traffic: 0%
iShip Index: +3%

fuel (IFO380) fell by 7% when compared to 2012 levels, reaching a three year low of $595 per tonne in 2013. This reduction in fuel costs helped to offset increases in charter rates, particularly in the classes of container vessels that operate in the Irish market. Daily charter rates for vessels in the 350 to 1000 TEU range increased by up to 20% in the year, as growing market demand pushed rates closer to levels that generate an economic return for owners. Other transport costs increased marginally as reflected in the very low levels of inflation recorded in the Irish economy and in the Eurozone as a whole in 2013. Looking forward to the coming year, it is expected that charter rates will continue to rise in the 350 TEU to 1000 TEU vessel category, while rates for larger vessels are likely to ease somewhat, as a result of the record number of new vessel deliveries scheduled for 2014.

The efficiency of our ports is another important determinant of growth in international trade. Port efficiency mitigates the geographic disadvantages of being an island nation. The National Ports Policy continues to drive improvements in this regard and although total port capacity is not an immediate concern, given that current volumes remain below pre-recession highs, it is noteworthy that a number of ports have launched ambitious plans to increase capacity in order to meet market needs as the economy continues to recover. It is also worth noting that the provision of adequate and timely port capacity gives confidence to incumbent shipping services to expand and to new service providers to enter the market. In this way, our ports have an important role to play in influencing the expansion, openness and competitiveness of the maritime transport sector and in facilitating new services, such as those established in recent months.

It would be unwise to predict that Ireland's economic recovery is assured. Nonetheless, a number of important indicators show that shipping and port volumes are increasing, and there is investment taking place in an industry sector that has often been a reliable bellwether for economic growth. Preliminary figures for the first quarter of 2014 suggest that the trends in the maritime transport sector that were observed in 2013 have continued and that a degree of cautious optimism is justified.

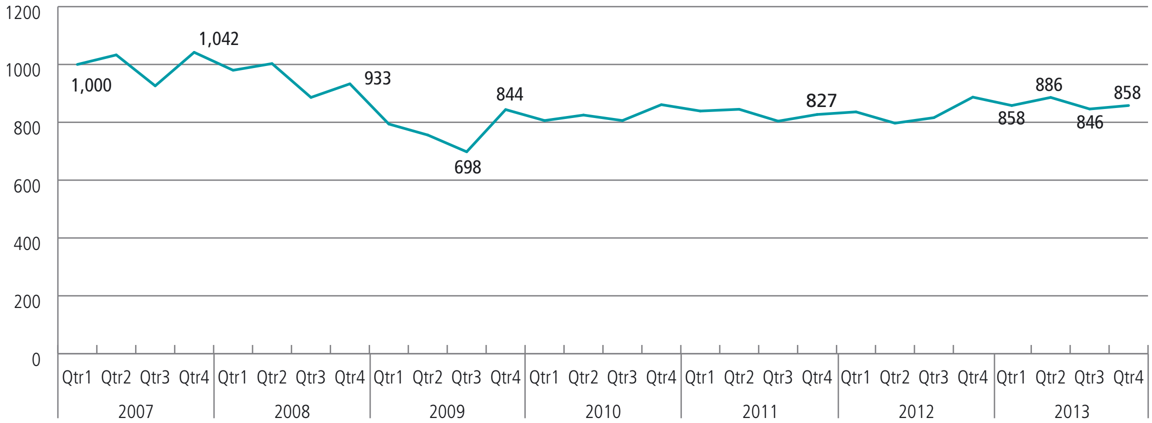
In conclusion, may I take this opportunity to wish all those involved in the maritime transport sector success in the vitally important work they do in maintaining and expanding Ireland's trade links with the rest of the world and in driving growth, efficiency and competitiveness in our economy. May I also thank all those who continue to support this publication through their readership and by providing the information on which the IMTE database is constructed.

Liam Lacey.

Liam Lacey
DIRECTOR

SHIPPING INDEX

iShip Index: 2007-2013



Source: IMDO

iSHIP INDEX

The *iShip Index* is a quarterly weighted indicator which gauges the health of the Irish shipping industry and the wider economy. The index is comprised of five separate indices, representing the main maritime traffic categories moving through ports in the Republic of Ireland: Lo-Lo, Ro-Ro, Dry Bulk, Liquid Bulk & Break Bulk. As all three bulk segments are traditionally measured in tonnage, Lo-Lo and Ro-Ro traffic have been converted into tonnage terms, whereby 1 TEU =10 tonnes and 1 Freight Unit = 14 tonnes, enabling the index to be built from a common denominator. The base period is Quarter 1 2007 at which all indices equal 1000.

The *iShip Index* recorded three year-on-year quarterly rises in 2013. These increases were buoyed by gains in the *Dry Bulk Index* as animal feed & coal volumes increased, while there was a strong return to growth in the *Ro-Ro Index* as trading conditions in the UK economy began to improve. The *Lo-Lo Index* again remained subdued as domestic demand remained flat for a majority of the year. The *Break Bulk Index,* while only a small component of the iShip index, recorded its highest quarterly index figure in Quarter 4 2013 (517), since Quarter 4 2008 (646), as volumes of construction related materials and project cargo increased.

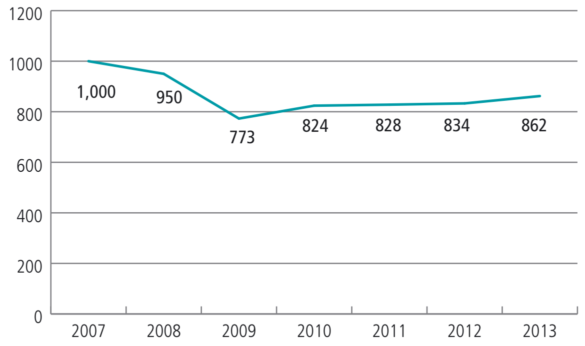
Annually, the *iShip Index* indicates a **3%** gain in overall shipping activity as three of the five traffic categories recorded increased index figures for 2013.

Focusing on the last quarter of 2013, the *iShip Index* reveals a figure of **858** following declines in bulk traffic. Although 14% lower than the base reading, and 18% below the peak recorded in Quarter 4 2007 (**1042**), this represents a substantial turnaround from the trough experienced in the third quarter of 2009 (**698**), mirroring the steady improvement in the national economy which the iShip has been recording annually (**Graph A**).

Note 1: Please see technical note at the back of the publication.

GRAPH A

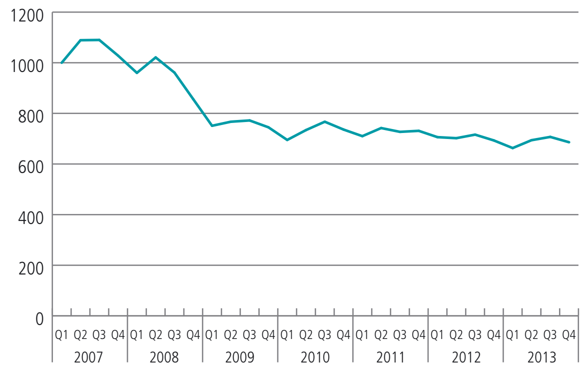
Annual iShip Index



Source: IMDO

GRAPH B

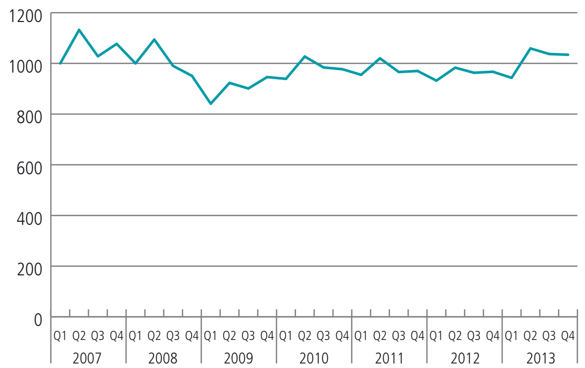
Lo-Lo Index



Source: IMDO

GRAPH C

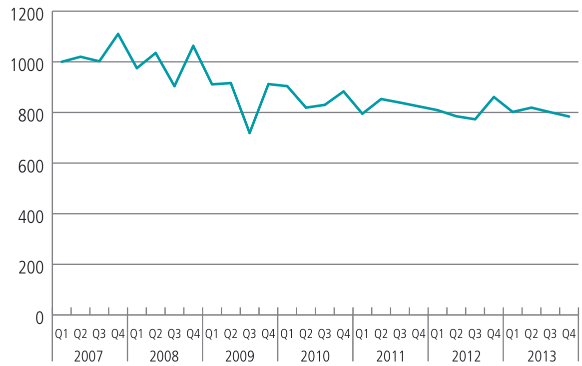
Ro-Ro Index



Source: IMDO

GRAPH D

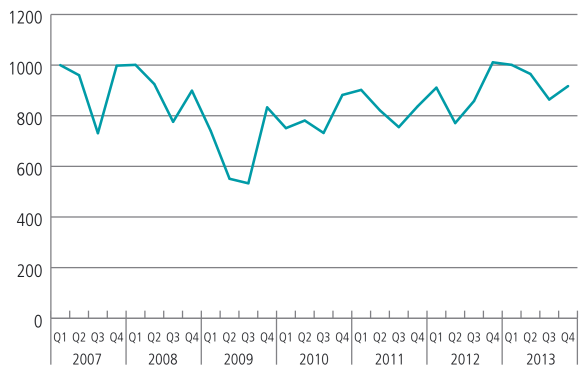
Liquid Bulk Index



Source: IMDO

GRAPH E

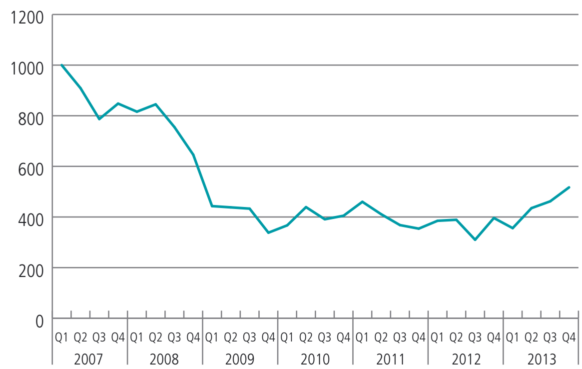
Dry Bulk Index



Source: IMDO

GRAPH F

Break Bulk Index



Source: IMDO

iShip Index — INCREASED BY **3%**

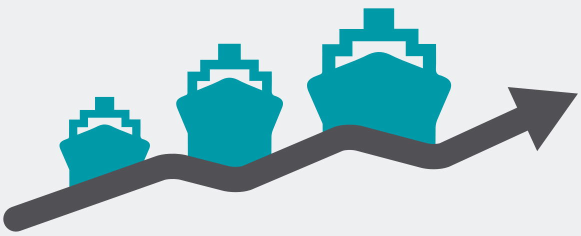
INDEX OF THE IRISH PORTS & SHIPPING INDUSTRY

FREIGHT UNIT VOLUMES INCREASED BY 4% TO **1,631,355**

10 OF THE 11 PORTS

IN THE REPUBLIC OF IRELAND RECORDED INCREASED BULK TRAFFIC VOLUMES

THE AVERAGE SIZE OF CONTAINER VESSELS ENTERING IRISH PORTS IS



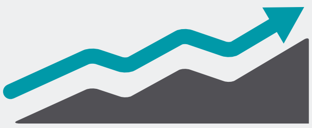
800 TEU

277 IN 2013

CRUISE VESSEL

NUMBERS VISITING IRELAND ANNUALLY HAVE INCREASED FROM 231 TO 277 IN THE LAST YEAR

THE BALTIC DRY INDEX ROSE 31% TO 1206 POINTS



GLOBAL CONTAINER TRADE GREW BY 5% DURING 2013

BUNKER FUEL PRICES DECREASED BY 7% DURING 2013

Economic

NATIONAL ACCOUNTS

Irish Gross Domestic Product (GDP) fell 0.3% in 2013 to €162.3bn, its first annual decline since 2010. Overall, industrial production declined by 3.3% despite building and construction, a major component, increasing by 10.6%. The software, transport and distribution sector declined by 2.5%, while agriculture, forestry and fisheries increased by 6.9%. Gross National Product (GNP) a measure which factors in repatriated income, increased for the second successive year, up 3.4%. The divergence between GDP and GNP can largely be explained by the pharmaceutical "patent cliff", which impacted on the multinational sector.

Quarterly growth was uneven across the year; 2013 started weakly as GDP fell 0.6% on a quarter-by-quarter basis, however the economy rebounded strongly in quarter two and three experiencing GDP growth of 0.4% and 1.5% respectively in comparison to the preceding quarter. GDP declined by 2.3% in quarter four with industrial production seeing the largest decline by 4.7%.

Import growth outpaced declining exports in 2013, a trend reversal of recent years which had the combined effect of net exports declining €1,028m. Consumer spending, which accounts for approximately two thirds of domestic demand, fell 1.1%, while fiscal consolidation continued albeit at a slower rate than in 2012, resulting in government expenditure marginally declining by 0.5%. Capital investment declined for the first half of the year, but ended positively with two successive quarters of expansion, up 10.9% in quarter three and 3.1% in quarter four when compared to previous quarters. This saw yearly capital investment increase 4.2% when compared to 2012.

The Central Bank forecasts 2.1% GDP growth for 2014, a 0.5% downgrade from this time last year, highlighting persistent uncertainties within Europe and globally. The Central Bank forecasts a strong recovery, with GDP growth of 3.2% in 2015. The European Commission has forecast Ireland's main trading partners will see improving growth in 2014, predicting GDP growth of 1.2% for the Eurozone, 2.5% for the UK and 2.9% for the US.

TABLE 1A

National Accounts, 2004-2013

Constant Prices €Millions (Chain Linked to 2011)				
Year	**GDP**	**% change**	**GNP**	**% change**
2004	149,488	4.2%	126,493	3.8%
2005	158,577	6.1%	134,118	6.0%
2006	167,307	5.5%	142,874	6.5%
2007	175,624	5.0%	148,034	3.6%
2008	171,829	-2.2%	145,317	-1.8%
2009	160,858	-6.4%	132,051	-9.1%
2010	159,148	-1.1%	132,749	0.5%
2011	162,600	2.2%	130,663	-1.6%
2012	162,855	0.2%	132,984	1.8%
2013	162,302	-0.3%	137,476	3.4%

Source: CSO

TABLE 1B

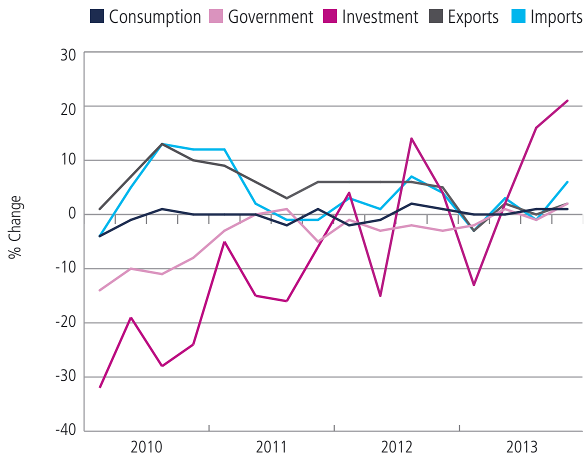
Real GDP Growth in Selected Economies, 2010-2015

Real GDP % Change (national currency)						
Country	**2010**	**2011**	**2012**	**2013**	**2014 (f)**	**2015 (f)**
Denmark	1.6	1.1	-0.4	**0.4**	1.4	1.7
Germany	4.2	3	0.7	**0.4**	1.8	2
Ireland	-1.1	2.2	0.2	**-0.3***	2.1**	3.2**
Spain	-0.3	0.1	-1.6	**-1.4**	1	1.7
France	1.7	1.7	0	**0.2**	1	1.7
Italy	1.7	0.4	-2.4	**-1.9**	0.6	1.2
UK	1.8	1.1	0.3	**1.9**	2.5	2.4
EU	2.1	1.7	-0.4	**0.1**	1.5	2
USA	2.4	1.8	2.8	**1.9**	2.9	3.2
Japan	4.7	-0.5	1.4	**1.5**	1.6	1.3

Source: Eurostat
*Note: *CSO, **Central Bank of Ireland*

GRAPH 1A

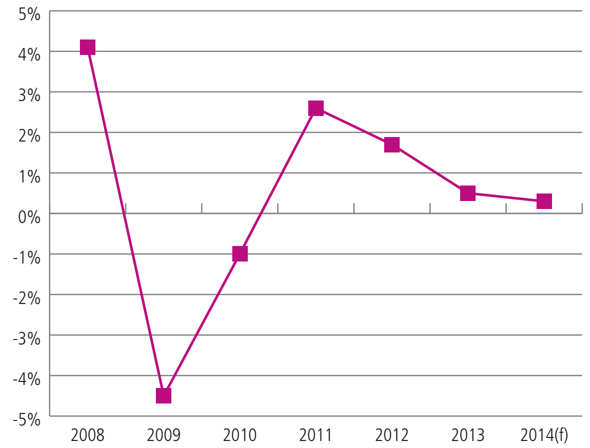
Growth in Components of Irish GDP, 2010-2013



Source: CSO

GRAPH 2A

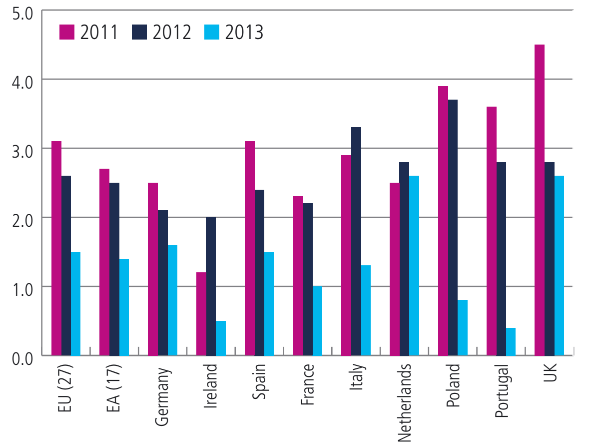
Consumer Price Index, 2008-2014(f)



Source: CSO, Central Bank of Ireland (f)

GRAPH 2B

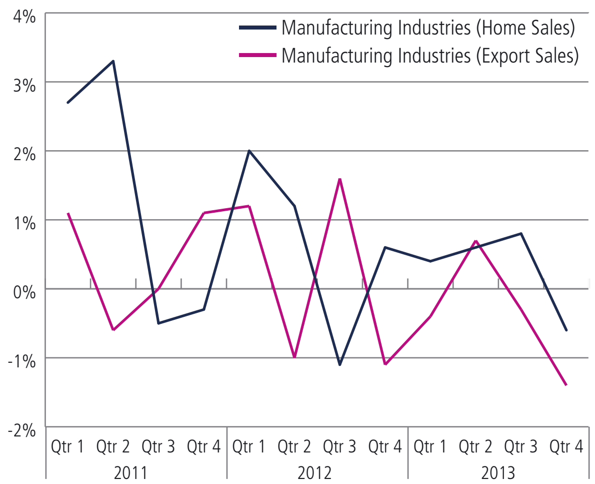
EU Harmonised Index of Consumer Prices, 2011-2013



Source: CSO, Eurostat

GRAPH 2C

Wholesale Price Index, 2011-2013



Source: CSO

INFLATION

Ireland's annual inflation rate was 0.5% in 2013, falling from 1.7% in 2012. On an annual basis, consumer price inflation (CPI) remained at positive levels in the last three years, following two consecutive years of deflation in 2009 and 2010. A weaker trend in average prices for energy products, which had been the chief driver of inflation in 2012, proved the main factor behind the decline in the annual rate of inflation: energy prices declined 0.1% in the year, down from a positive price increase of 9.4% in 2012. This resulted from the downward trend in euro-denominated oil prices which saw petrol, diesel and home heating oil prices decline during the year.

Services inflation stood at 1.7% for 2013, despite mortgage interest repayments falling 7.1% on average, while goods recorded deflation of 0.9%, compared with previous year growth of 1.2%. Prices for clothing and footwear (-2.9%) and communications (-3.6%) both declined, meanwhile inflation of 4.7% for education – driven by the increasing cost of tertiary education – was markedly down from a figure of 8.4% in 2012. Average prices in the alcoholic beverages and tobacco category recorded the highest growth for 2013, at a rate of 5.2%. The Harmonised Index of Consumer Prices (HICP), which excludes mortgage interest rate changes, recorded growth of 0.5% for 2013, below the Eurozone average of 1.4% and down from a four-year high of 2.0% in 2012.

Annual manufacturing prices fell by 0.4% compared with an increase of 1.9% in 2012, according to the Wholesale Price Index. This decline was driven by a drop in the exported goods price index of 0.7%, while growth in prices for goods sold on the domestic market slowed. The main factor behind declining export prices was a decline in basic pharmaceutical products and preparations of 1.7%, which was heavily influenced by the 'patent cliff'. Food products recorded a slowdown in price growth, despite dairy products rising 10.9%.

The Central Bank notes that the weaker underlying inflation pressures and weaker energy inflation which resulted in muted consumer price inflation during 2013 are expected to continue through 2014/15. The CPI is expected to slow further to 0.3% in the year ahead as the price of oil continues to fall.

Economic

INTEREST RATES

Interest rates at the major international central banks remained at historically low levels during the course of 2013. The European Central Bank's official refinancing operation rate dropped 50 basis points (bps) to 0.25%, its lowest figure on record, following cuts of 25 bps in both May and November. Slumping inflation and rising unemployment were cited as the main reasons for these cuts, which were aimed at supporting the bloc's fragile economic recovery. Further cuts to this main refinancing rate during 2014 are unlikely, according to a majority of analysts, however the ECB have signalled their intent to act if inflation falls further below its target rate of 2.0%.

In quarter four of 2013, Ireland exited the EU/IMF financial support programme following a final drawdown from the facility which had provided a total of €67.5bn in external financing during its three-year span. Fiscal consolidation and banking soundness remain as two key challenges to a successful exit from the programme, however the process was aided by the State regaining full access to long term debt markets in early 2014.

Ireland's ten-year bond yields followed a steady downward trajectory as the year progressed, despite upward pressure during the second quarter from wider market fears of the US Federal Reserve tapering quantitative easing. An over-subscribed ten-year bond auction in March, in addition to the liquidation of IBRC and restructuring of its promissory note repayments, ensured falling yields into the second half of the year. Further positive developments included the negotiation of extended maturities on loans from the European Financial Stability Facility (EFSF), reducing the State's borrowing requirements by €20 billion. Ten-year bonds closed the year down 106 bps, at a yield of 3.47%, while five-year bond yields closed at 2.09% having followed a similar trajectory. With market access restored and Ireland's sovereign credit rating upgraded to investment grade by all three of the main ratings agencies for the first time since July 2011, a strong platform is set for further bond auctions in 2014.

The outlook for interest rates remains stable, with the AIB Global Treasury Economic Research Unit forecasting key rates at the US Federal Reserve, the Bank of England and the European Central Bank all remaining unchanged throughout the coming year.

TABLE 3A

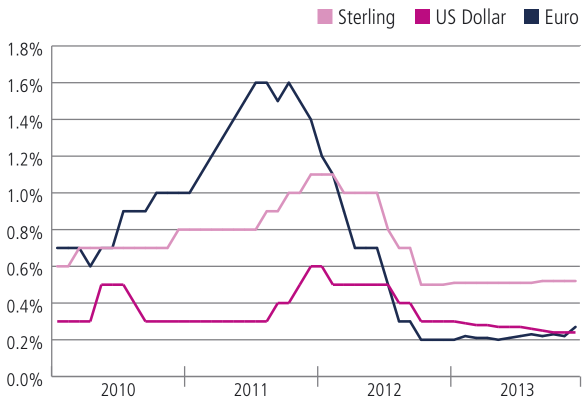
Interest rates, 2010-2014(f)

	2010	2011	2012	2013	2014(f)
US (Fed Funds)	0.25	0.25	0.125	0.125	0.125
Euro (Refi Rate)	1.00	1.00	0.75	0.25	0.25
UK (Bank Rate)	0.50	0.50	0.50	0.50	0.50

Source: AIB Global Treasury

GRAPH 3A

International 3-Month Interest Rates, 2010-2013



Source: Eurostat

GRAPH 3B

Irish Bond Yields, 2012-2013

Source: Financial Times

TABLE 4A

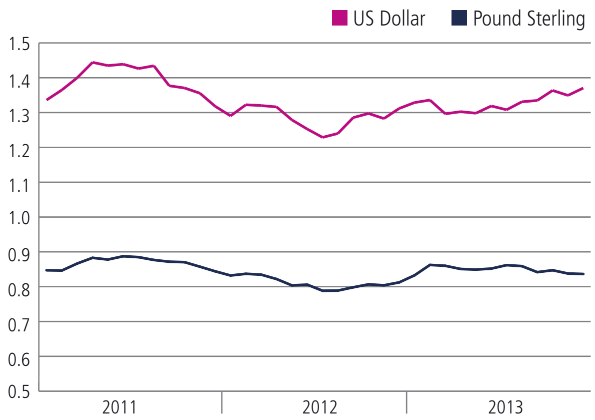
Selected Exchange Rates: Annual Averages (Units per Euro)

	Annual Averages			
Year	**USD**	**GBP**	**CHF**	**JPY**
2004	1.244	0.679	1.544	134.44
2005	1.244	0.684	1.548	136.85
2006	1.256	0.682	1.573	146.02
2007	1.370	0.684	1.643	161.25
2008	1.471	0.796	1.587	152.46
2009	1.395	0.891	1.510	130.34
2010	1.326	0.858	1.380	116.24
2011	1.392	0.868	1.233	110.96
2012	1.285	0.811	1.205	102.49
2013	1.328	0.849	1.231	129.66

Source: Central Bank of Ireland

GRAPH 4A

Euro Exchange Rates, 2011-2013



Source: ECB

TABLE 4B

Exchange Rate Forecasts (Units per Euro)

	Q1 2014	Q2 2014	Q3 2014	Q4 2014
USD	1.32-1.38	1.32-1.38	1.30-1.36	1.28-1.34
GBP	0.80-0.84	0.80-0.84	0.79-0.83	0.78-0.82
CHF	1.23	1.22	1.21	1.21
JPY	139-145	138-144	138-144	139-145

Source: AIB Global Treasury

EXCHANGE RATES

In 2013, the Euro appreciated against both the UK pound and US dollar by 4.7% and 3.8% respectively on its way to becoming the best-performing major currency of the year, largely reflecting the bloc's gradual emergence from recession. At the onset of the first quarter, the euro continued its late-2012 rally against both the pound and dollar as emerging signs of a Eurozone recovery were met by a stabilisation in the bloc's sovereign debt ratio. Weak growth prospects for both the UK and US added to the euro's valuation, with a downgrading of the former's triple-A credit rating resulting in the pound falling to a 16-month low in February of EUR/GBP 0.8789. A turnaround in economic conditions in both the UK and US, in addition to cooling Eurozone inflation and the worsening banking crisis in Cyprus, contributed however to the euro depreciating vis-a-vis the pound and dollar leading into the second quarter.

Following a brief period of relative stability, exchange rates with the pound and dollar diverged mid-way through quarter three, setting the tone for the remainder of the year. Positive Eurozone figures that exceeded expectations were met by weakening manufacturing and jobs data in the US which, aided by the October federal government shutdown and expectations that the Federal Reserve would continue its $85 billion monthly bond-purchasing programme, saw the euro appreciate 5.4% against the dollar in the second half of 2013. In contrast, a strong rebound in the UK economy resulted in the euro steadily declining against the pound, trading 2.7% lower in the last six months of the year.

The strengthening euro saw a gradual decline in Ireland's competitiveness during the year, as measured by the Harmonised Competitiveness Indicator [HCI], a trade weighted exchange rate figure produced by the Central Bank of Ireland. Following steady competitiveness improvements in recent years, a reversal in the trend saw the HCI record an annual increase in 2013 for the first time in five years, marking a decline in competitiveness; however, the figure remained significantly below the pre-crisis highs recorded in 2008.

The euro is forecast to gradually weaken in the year ahead, according to the AIB Global Treasury Economic Research Unit, with median forecasts suggesting an approximate depreciation of -6.0% and -5.2% against the pound and dollar respectively. This move is likely to ease trading conditions for Irish exporters in their two largest overseas markets.

Economic

OIL AND BUNKER PRICES

Oil price volatility was at its lowest level in more than a decade, as many of the factors that had been driving instability were mitigated during 2013. Rising US oil production resulted in supply being more in line with market expectations while economic recovery became more evident as the European debt crisis waned and US unemployment fell.

The Brent spot price averaged $109/bbl in 2013, down 3% from 2012. Brent crude prices rose in early 2013, reaching the monthly average high of $115.3 in February as political instability increased in North Africa and OPEC's production hit a 15-month low. Prices moderated in March as US oil production was forecasted to exceed crude imports for the first time since 1995. Market volatility returned mid-year due to political turmoil in Syria along with protests at Libyan oil-fields and terminals leading supply to decline 75% from 2012 levels. Benchmarks became more bullish in quarter three as supply was further disrupted as the Suez Canal and Sumed pipeline experienced disruption of an estimated 3 million barrels-per-day (bpd). Monthly prices weakened in quarter four following UN resolutions on Syria to dispose of its chemical weapons and talks began with Iran regarding export sanction removals.

Bunker prices generally track those of crude oil, but factors such as refining priorities, capacity constraints and price hedging can create pricing distortions. The benchmark IFO 380cst declined over 7% in 2013, while spreads between Rotterdam and Los Angeles averaged $38/tonne down 7% from 2012.

The International Energy Agency forecasts demand to increase by 1.3m bpd in 2014, reaching 92.5m bpd, due to stronger economic growth in developed nations. The US Energy Information Administration forecast Brent prices to weaken in 2014, averaging $105 and $102 in 2014 and 2015 respectively, as non-OPEC supply growth exceeds world demand growth.

TABLE 5A

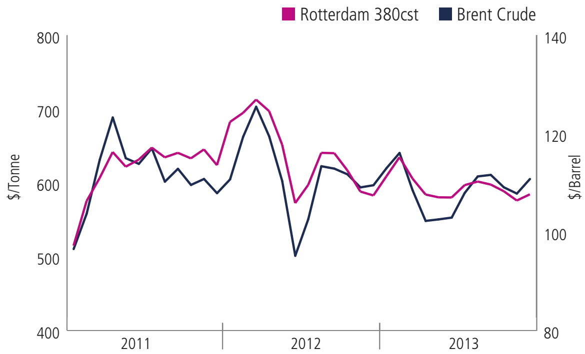
Bunker Prices, 2004-2013

	IFO 380cst $/Tonne		
Year	Rotterdam	L.A.	Singapore
2004	155	186	180
2005	234	263	262
2006	293	321	313
2007	345	382	373
2008	472	525	506
2009	354	375	372
2010	450	469	464
2011	618	656	647
2012	640	681	664
2013	595	631	616

Source: Clarksons

GRAPH 5A

Bunker & Oil Prices, 2011-2013



Source: Clarksons, EIA

TABLE 5B

Oil Prices, 2004-2013

	Average $US per barrel		
Annual	Brent	OPEC	WTI
2004	38.26	36.05	41.51
2005	54.57	50.64	56.64
2006	65.16	61.08	66.05
2007	72.44	69.08	72.34
2008	96.94	94.45	99.67
2009	61.74	61.06	61.95
2010	79.61	77.45	79.48
2011	111.26	107.46	94.88
2012	111.57	109.45	94.05
2013	108.56	105.87	97.93
Jan-14	108.12	104.71	94.62
Feb-14	108.90	105.38	108.82

Source: EIA, OPEC

Trade Review (All Modes)

EXTERNAL TRADE

Ireland's merchandise trade performance declined in 2013 due to a sharp fall in exports and rising imports. The trade surplus declined 12% to €37bn, its lowest level in five years, yet still the third highest trade surplus in the EU. On a monthly basis, March saw the largest trade surplus for 2013, reaching a total of €3.9bn while December saw the smallest, at just €2.2bn.

The international downturn, particularly within Europe, accompanied by the "patent-cliff" whereby a number of key pharmaceutical and medical patents expired, took its toll on Irish exports which declined 5.2% to €86.9bn, their lowest level since 2008. Exports to the EU were particularly affected, declining 8% from 2012 to €49.5bn. March saw the highest monthly value of exports at €8.1bn, but this was down 5.8% from March 2012.

Imports increased 1% to €49.6bn, yet remained some 14% lower than pre-crisis levels of €57.6bn in 2008. Import values have now increased consecutively for four years, indicating the consistent improvement in the Irish economy as consumer sentiment and business optimism gain traction. Quarter four saw the strongest imports with each comprising month recording values over €4.3bn, while October saw the highest monthly imports at €4.4bn.

The Central Bank forecasts merchandise exports to decline marginally in 2014 and rise by 0.8% in 2015. As external and domestic demand recovers, the Central Bank forecasts merchandise import growth of 1.2% in 2014, and 2.5% in 2015. Export growth is strongly dependent on the recovery of the Eurozone and wider global economy. The IMF forecasts slightly higher global growth in 2014, at around 3.7%, rising to 3.9% in 2015.

TABLE 6A

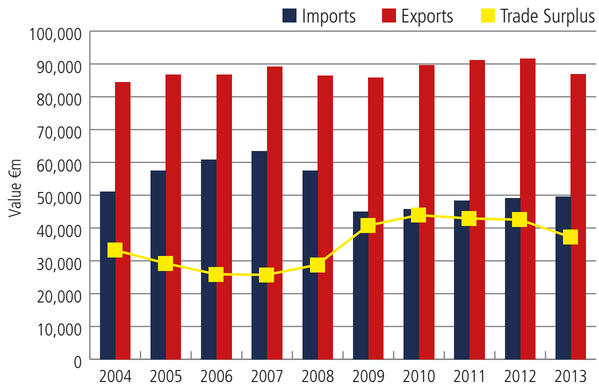
External Trade Growth: 2004-2013

Year	Imports €m	Exports €m	Trade Surplus €m	Import Change %	Export Change %	Trade Surplus Change %
2004	51,105	84,410	33,304	7%	3%	-3%
2005	57,465	86,732	29,267	12%	3%	-12%
2006	60,857	86,772	25,915	6%	0%	-11%
2007	63,486	89,226	25,740	4%	3%	-1%
2008	57,585	86,394	28,810	-9%	-3%	12%
2009	45,061	85,804	40,743	-22%	-1%	41%
2010	45,764	89,703	43,939	2%	5%	8%
2011	48,302	91,228	42,926	6%	2%	-2%
2012	49,151	91,688	42,537	2%	1%	-1%
2013	49,635	86,890	37,255	1%	-5%	-12%

Source: CSO

GRAPH 6A

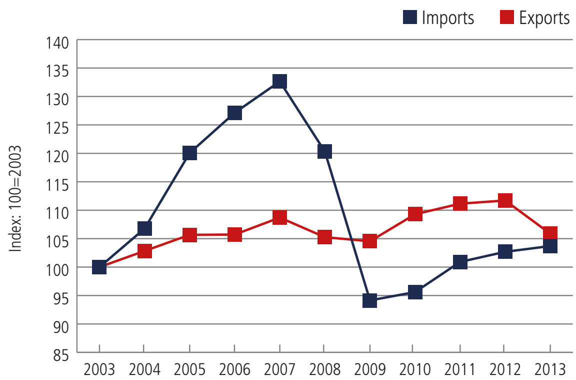
External Trade Value: 2004-2013



Source: CSO

GRAPH 6B

Imports v Exports Indices by Value



Source: CSO

TABLE 7A

Value of Merchandise Exports by Commodity Group, 2012-2013

Exports	2012 € m	2013 € m	Change %	Share %
Med & pharma products	24,551	21,617	-12%	25%
Organic chemicals	20,053	18,291	-9%	21%
Essential oils	6,246	6,250	0%	7%
Misc manufactured articles	5,474	5,551	1%	6%
Office machines	3,501	3,998	14%	5%
Scientific apparatus	3,608	3,583	-1%	4%
Chemical materials	3,209	3,206	0%	4%
Meat and meat preparations	2,979	3,019	1%	3%
Electrical machinery	2,614	2,277	-13%	3%
Dairy products & birds' eggs	1,647	1,902	15%	2%
Misc edible products	1,431	1,636	14%	2%
General Industrial machinery	1,354	1,428	5%	2%

Source: CSO

TABLE 7B

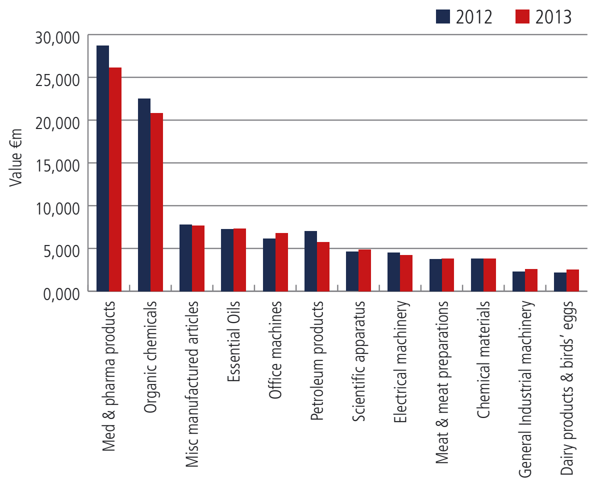
Value of Merchandise Imports by Commodity Group, 2012-2013

Imports	2012 €m	2013 €m	Change %	Share %
Petroleum products	5,475	5,021	-8%	10%
Med & pharma products	4,164	4,509	8%	9%
Office machines	2,648	2,823	7%	6%
Organic chemicals	2,485	2,545	2%	5%
Misc manufactured articles	2,320	2,150	-7%	4%
Electrical machinery	1,927	1,966	2%	4%
Road vehicles	1,598	1,863	17%	4%
Gas	1,450	1,576	9%	3%
Apparel	1,647	1,498	-9%	3%
Scientific apparatus	1,008	1,283	27%	3%
Specialised industry machinery	790	1,262	60%	3%
General industrial machinery	955	1,196	25%	2%

Source: CSO

GRAPH 7A

Total Value of Merchandise Trade by Commodity Group, 2012-2013



Source: CSO

COMMODITY TRADE

Total exports contracted by 5.2% in value terms during 2013, when compared with 2012. This decline resulted principally from weakened demand in the Eurozone during the first half of the year combined with a decline in chemical and pharmaceutical exports, as a consequence of several high-earning drugs coming off patent. Chemical and pharmaceutical products, which accounted for 58% of all exports, declined in value by €4.6bn (-8.4%). This included large declines for organic chemicals (-9%) and tablet/bottled pharmaceuticals for final use (-12%). Excluding chemical and pharmaceutical products, however, merchandise exports remained steady in 2013, with some sectors showing strong signs of expansion during the final quarter. Food and live animal exports in particular went some way to offsetting the declines in other export sectors, increasing €616mn (7.6%) year-on-year, led by strong growth in dairy products & birds' eggs (up €255mn; +15%) and live animals (up €110mn; +33%).

Imports in 2013 rose 1% year-on-year, due in part to improved inflows of medical and pharmaceutical products (up €345mn; +8%), and specialised industrial machinery (up €472mn; +60%). Petroleum imports, which accounted for 10% of all imports, recorded an 8% drop in value as a consequence of falling oil prices and a slight reduction (-2.5%) in import volumes. Meanwhile, transport equipment saw the largest decline, as aircraft and associated equipment fell €1.49bn (-60%) owing to trading activity in Ireland's aircraft leasing sector.

Exports in the chemical and pharmaceutical sector are projected to improve in 2014, as drugs set to come off patent during the course of the year are generally of lesser value than those in 2012/13. Bord Bia meanwhile expect the export market for Irish food & drink to remain positive as output continues to increase, boosted by the expectation of stronger demand in emerging economies. Imports are expected to increase modestly, with figures from the Central Bank of Ireland showing private consumption is set to return to positive growth in 2014.

TRADE: COUNTRY

Ireland's trade deficit with Great Britain, its largest trading partner, grew 83% last year to €3.15bn, its highest level since 2008, after declining 42% in 2012. The increasing deficit was due to a €1.2bn decline in exports to Great Britain accompanied by Irish imports rising €200m. Ireland's trade surplus with the United States grew 12.4% to a total of €13.2bn on the back of steady exports and a decline in imports of €1.2bn.

Exports to the US, Ireland's single largest export market, stabilised in 2013 following a sharp contraction of 16% during the previous year. Although the value of pharmaceutical exports continued to fall as a result of patent expirations, organic chemical exports to the US rose by €328mn (+5%), contributing to overall growth of 1% for the year. Meanwhile, a 5% appreciation of the euro against sterling contributed to the decline of €1.2bn (-9%) in exports to Great Britain, Ireland's largest trading partner, which resulted principally from a near €1bn decrease in the value of organic chemical exports, down 18% compared with 2012. Exports of petroleum products also declined significantly, by €478mn (-50%), while the food and live animal sector – specifically dairy products – recorded the highest annual growth at 6%. Elsewhere, the decline in the value of medical and pharmaceutical exports led to overall exports to the EU falling 8%, while slowing growth in emerging economies saw export growth to the BRICS group once again decline, by 3% annually.

Imports from Great Britain increased 2% to €15.7bn, resulting in a total import share of 32%. US imports declined by 19% to €5.2bn primarily due to machinery and transport equipment imports decreasing 42% from 2012. German imports performed strongly in 2013, increasing by 18% to €4bn and accounting for an 8% share of total imports. Total EU imports increased 6% to €32bn, resulting in the bloc increasing its share of total imports to 65%. Eurozone imports rose 12% to €12.3bn, yet this amounts only to 38% of total EU imports due to the scale of trade with Great Britain and Northern Ireland. The largest percentage increase in imports was from Japan, rising 42% to over €1bn, largely due to increased car imports.

TABLE 8A

Export Value by Country, 2012-2013

Exports	2012 €m	2013 €m	Change %	Share %
USA	18,157	18,389	1%	21%
Great Britain	13,682	12,505	-9%	14%
Belgium	13,619	11,221	-18%	13%
Germany	7,461	6,572	-12%	8%
Switzerland	5,070	5,116	1%	6%
France	4,348	4,016	-8%	5%
Netherlands	3,292	3,671	12%	4%
Spain	2,766	2,693	-3%	3%
Italy	2,656	2,291	-14%	3%
China	2,168	1,941	-10%	2%
Japan	2,085	1,692	-19%	2%
Northern Ireland	1,436	1,470	2%	2%
Poland	672	811	21%	1%
Sweden	804	822	2%	1%
All Other	13,472	13,690	2%	16%
Total EU	54,036	49,563	-8%	57%
Euro Zone	35,751	32,112	-10%	37%
Total	91,688	86,890	-5%	100%

Source: CSO

TABLE 8B

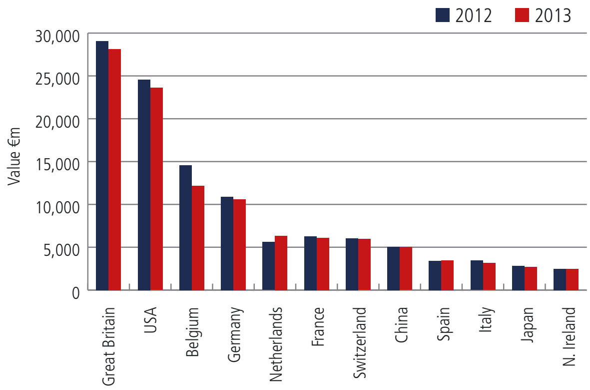
Import Value by Country, 2012-2013

Imports	2012 €m	2013 €m	Change %	Share %
Great Britain	15,403	15,657	2%	32%
USA	6,441	5,220	-19%	11%
Germany	3,436	4,053	18%	8%
China	2,878	3,076	7%	6%
Netherlands	2,318	2,667	15%	5%
France	1,907	2,086	9%	4%
Norway	938	1,103	18%	2%
Japan	733	1,041	42%	2%
Northern Ireland	1,026	1,014	-1%	2%
Belgium	959	995	4%	2%
Italy	782	862	10%	2%
Switzerland	957	838	-12%	2%
Spain	660	770	17%	2%
All Other	10,713	10,253	-4%	21%
Total EU	30,169	32,126	6%	65%
Euro Zone	11,006	12,327	12%	25%
Total	49,151	49,635	1%	100%

Source: CSO

GRAPH 8A

Total Trade Value by Country, 2012-2013



Source: CSO

Irish Market Review

IRISH PORT TRAFFIC: TOTAL BULK VOLUMES

Overall bulk volumes through ports in the Republic of Ireland decreased by 3% to 28.3 million tonnes during 2013. When we exclude volumes from Bantry, which due to its nature as a transhipment port can sometimes distort the market, our data shows that bulk traffic increased by 4% to 26.8 million tonnes.

The dry bulk market continues to be the largest bulk segment accounting for 56% of bulk volumes handled at Irish ports, compared to 41% for liquid bulk and 3% for break bulk. Bulk volumes in the Republic of Ireland are primarily accounted for by three ports which make up nearly 82% of the total bulk volume: Shannon (37%), Cork (25%), and Dublin (20%).

During 2013, volumes in dry and break bulk markets increased volumes by 6% and 20% respectively, while liquid bulk declined by 14%. Ten of the eleven ports in our analysis recorded increased bulk volumes in 2013 with Dundalk, New Ross, Wicklow and Waterford all reporting double-digit growth. The main drivers of growth in the bulk market during 2013 were animal feed, coal and fertilizer.

There were three consecutive quarterly increases in total bulk traffic during 2013 (excluding Bantry Bay volumes): Quarter 1 (+5%), Quarter 2 (+16%), Quarter 3 (+3%), while Quarter 4 returned negative growth of -8%. The Quarter 4 decline can be attributed to a reduction in demand for animal feed & coal.

We assess the performance of the individual categories in more detail in the following sections, all of which have different demand drivers.

TABLE 9A

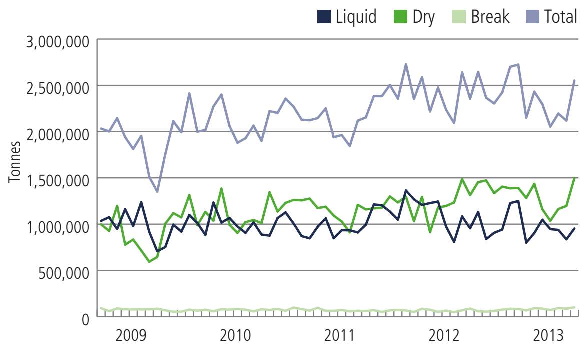
Irish Port Traffic: Total Bulk (Tonnes)

	Total		
Port	**2012**	**2013**	**% Change**
Bantry Bay	3,261,469	1,468,763	-55%
Cork	7,142,979	7,188,824	1%
Drogheda	998,190	1,044,033	5%
Dublin	5,318,471	5,554,059	4%
Dundalk	66,942	97,400	45%
Galway	500,741	521,646	4%
Greenore	373,406	383,075	3%
New Ross	303,246	340,990	12%
Shannon Foynes	10,286,206	10,510,720	2%
Waterford	865,798	1,063,721	23%
Wicklow	73,108	141,828	94%
Total ROI	**29,190,556**	**28,315,059**	**-3%**

Source: IMDO

GRAPH 9A

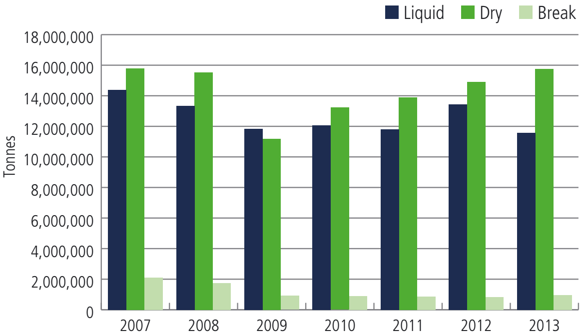
Total Bulk Tonnage through ROI Ports (Monthly)



Source: IMDO

GRAPH 9B

Bulk Traffic by Category 2007-2013



Source: IMDO

TABLE 10A

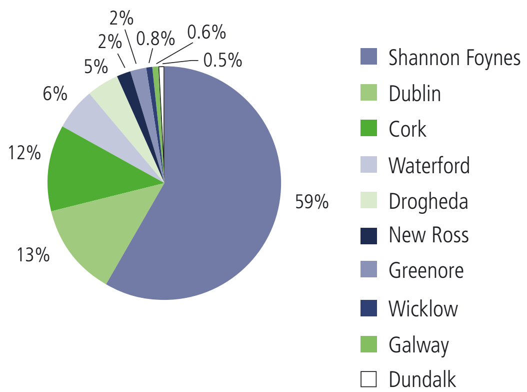
Irish Port Traffic: Dry Bulk (Tonnes)

Port	Dry 2012	2013	% Change
Cork	1,662,512	1,835,251	10%
Drogheda	872,146	787,639	-10%
Dublin	1,815,932	1,984,741	9%
Dundalk	54,149	83,723	55%
Galway	72,235	93,012	29%
Greenore	263,532	286,574	9%
New Ross	293,989	340,990	16%
Shannon Foynes	9,068,813	9,227,005	2%
Waterford	813,871	1,004,844	23%
Wicklow	21,120	120,899	472%
Total ROI	**14,938,298**	**15,764,677**	**6%**

Source: IMDO

GRAPH 10A

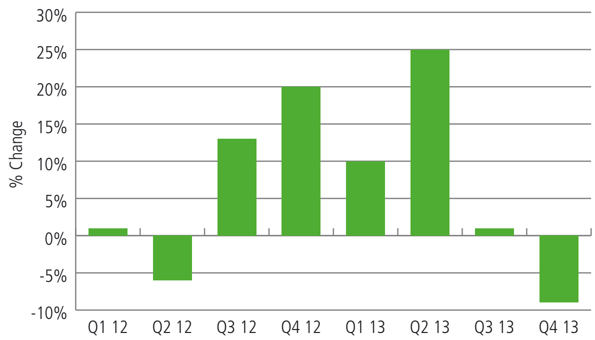
Market Share of Dry Bulk Traffic 2013



Source: IMDO

GRAPH 10B

% Change in Dry Bulk Through ROI Ports



Source: IMDO

DRY BULK:

Dry bulk volumes through ports in the Republic of Ireland increased by 6% to 15.8 million tonnes during 2013. The main commodities in this segment are animal feed, iron ore, fertilizer, cement, bauxite and alumina. This market segment was particularly buoyed by increases in bulk volumes of coal (+6%) and animal feed (+14%).

A late spring in 2013 adversely affected early season grass growth, exacerbating the impact of the fodder shortage that emerged in 2012 and continued into 2013. This led the agricultural sector to import more animal feed to combat the shortage of available quality grass. This development was particularly evident in the dry bulk figures as volumes began to grow rapidly. The return of mild weather meant an end to the elevated volumes of feed in the latter part of 2013.

Dry bulk volumes increased by double digits in the first half of 2013, following which growth subsequently eased into the latter half of the year. This trend was primarily due to record imports of animal feed in the early stages of the year, as discussed above, followed by increased coal imports in the second quarter. However, a clear slowdown was recorded from the third quarter as the commodities listed above began moving back into flat or negative volume growth.

Nine of the ten ports in this segment recorded increased tonnage during 2013 with the Port of Waterford reporting the largest volume increase. Shannon Foynes remains the largest dry bulk port in Ireland with a 59% share of the market and recorded a 2% increase in dry bulk volumes during 2013 due primarily to steady demand at Moneypoint and Aughinish. Bauxite and alumina at Shannon Foynes make up the largest share of dry bulk commodities, representing 40% of the overall market.

LIQUID BULK:

In 2013, liquid bulk volumes through Irish ports declined by 14% to 11.6 million tonnes. When transhipment activity and crude oil storage is excluded from the overall figure, which correlates volumes closer to domestic demand, we estimate the liquid bulk market declined 1%. Petroleum, one of the main demand drivers in this category, again remained relatively subdued with most ports recording a decline in import volumes.

The main commodities in this category include fuel oils, bitumen, heavy fuel oils and molasses. Over the last five years since the economic recession, ports involved in this segment have seen market volumes decline by over 10%. The market is driven by a number of demand factors, including transport (aviation, road vehicles) and domestic use (home heating oil), which suggests any improvement in the domestic economy should eventually be borne out in increased liquid bulk volumes.

Dublin and Cork are the primary fuel transport depots in the Republic of Ireland. The Port of Cork again recorded the largest share of liquid bulk handled at any port, while Dublin Port reported a volume increase of 3% during 2013. Ireland's only refinery, the Whitegate Refinery located in Cork, supplied 25-30% of the domestic market and approximately one third of the product from the refinery was exported.

Drogheda, Galway and Shannon Foynes all recorded marginal declines in volumes for the year. Bantry Bay's volumes declined by 55% in 2013, after a record breaking year in 2012. However, 2013 was still the ports second busiest year since 2008.

The market share in this segment remained relatively unchanged during 2013 with the Port of Cork (44%), Dublin Port (30%), and Bantry Bay (13%) controlling 87% of liquid bulk through Irish ports.

TABLE 11A

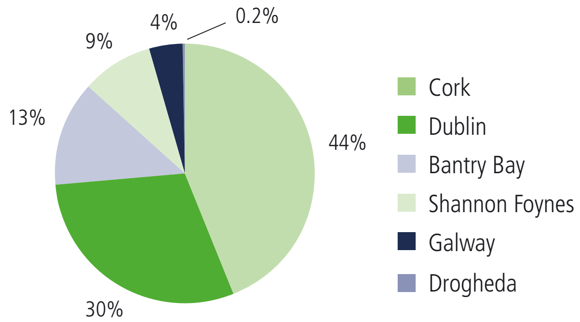
Irish Port Traffic: Liquid Bulk (Tonnes)

Port	Liquid 2012	2013	% Change
Bantry Bay	3,261,469	1,468,763	-55%
Cork	5,200,140	5,059,368	-3%
Drogheda	26,562	24,965	-6%
Dublin	3,443,664	3,530,862	3%
Galway	415,203	412,804	-1%
Shannon Foynes	1,100,973	1,091,817	-1%
Total ROI	**13,448,011**	**11,588,578**	**-14%**

Source: IMDO

GRAPH 11A

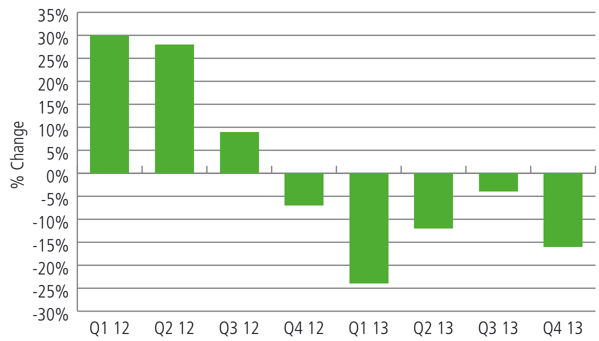
Market Share of Liquid Bulk Traffic 2013



Source: IMDO

GRAPH 11B

% Change in Liquid Bulk Through ROI Ports



Source: IMDO

TABLE 12A

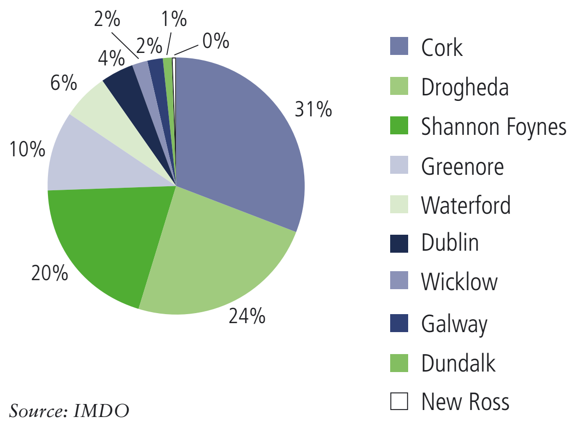
Irish Port Traffic: Break Bulk (Tonnes)

Port	Break 2012	2013	% Change
Cork	280,328	294,205	5%
Drogheda	99,482	231,429	133%
Dublin	58,875	38,456	-35%
Dundalk	12,793	13,677	7%
Galway	13,303	15,830	19%
Greenore	109,874	96,501	-12%
New Ross	9,257	-	-100%
Shannon Foynes	116,420	191,899	65%
Waterford	51,927	58,877	13%
Wicklow	51,988	20,929	-60%
Total ROI	**804,247**	**961,803**	**20%**

Source: IMDO

GRAPH 12A

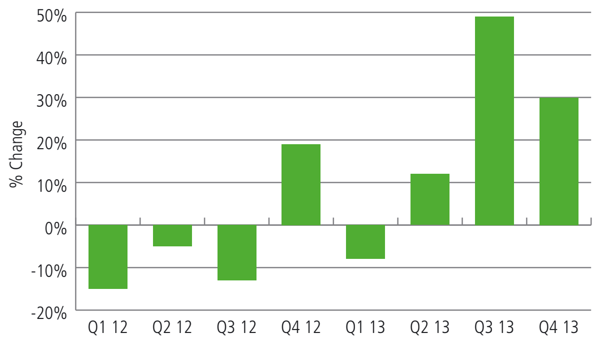
Market Share of Break Bulk Traffic 2013



Source: IMDO

GRAPH 12B

% Change in Break Bulk Through ROI Ports



Source: IMDO

BREAK BULK:

Break bulk volumes increased by 20% through ports in the Republic of Ireland, to 961,803 tonnes in 2013. Break bulk remains the smallest bulk component at 3% of total bulk volumes. This market increase represents the first annual rise in break bulk tonnage for five years, while an examination of quarterly data shows that the break bulk sector recorded three consecutive increases during 2013. This is the first time since the start of the economic recession in 2008 that break bulk volumes recorded three consecutive quarterly increases.

Both Drogheda and Shannon Foynes gained significant market share during 2013 although the Port of Cork remained the largest break bulk port in the Republic of Ireland with 31% of the market. The ports of Drogheda, Galway, Shannon Foynes, and Waterford all recorded double-digit volume growth in this sector in 2013.

Commodities such as timber, steel products, machinery equipment, and general project cargo for use in the wind farm sector make up the majority of break bulk cargo moving through Irish ports. The main drivers in this segment's recovery, albeit at a low base level, are construction related activities and the delivery of project cargo into Ireland.

Break bulk data, while not a direct link to construction industry activity, has mirrored improvements in the sector. The CSO "Building and Construction" output indicator for 2013, reports that volumes of output in building and construction increased by double digits in 2013, which was in line with break bulk volumes recorded by the IMDO.

As we progress through 2014, a degree of optimism is returning to the construction industry, while the delivery of wind turbine components are becoming more frequent at Irish ports. These two factors combined should contribute to a gradual recovery in the break bulk market in the coming year.

LIFT-ON/LIFT-OFF MARKET: PORTS

Container traffic volumes through ports in the Republic of Ireland and Northern Ireland declined by 2% and 1% respectively during 2013. On the island of Ireland, laden traffic declined by 2% to 758,533 TEU. This was the fifth successive annual decline for this segment, while market share between ports remained unchanged.

Dublin is the largest container port with 54% of the All-island market, while there was no change in market share between port volumes in the Republic of Ireland and Northern Ireland during 2013, remaining at 77% and 23% respectively. Despite the overall decline in laden container volumes during 2013, both Cork and Warrenpoint again enjoyed volume growth. Cork benefited from the increasing Fyffes banana trade, handled under contract with Maersk, while Warrenpoint continued to expand its container service to Bristol.

Exports continued to decline in 2013, with exports from the Republic of Ireland declining by 4% and from Northern Ireland by 1%. Exports from the island of Ireland declined by 3% overall. This was the second consecutive annual decline in container exports from the Republic of Ireland. The export market from the Republic of Ireland displayed signs of weakness mid 2012 and this continued in 2013. Market data for the Republic of Ireland since 2010 shows that there has been a downward trend in laden container exports: 2011 (5%), 2012 (-2%) and 2013 (-4%). Northern Ireland, while generally a more volatile export market due to the smaller number of larger export players, also recorded disappointing figures: 2011 (12%), 2012 (-2%) and 2013 (-1%). Exports continue to be dampened by weak consumer spending globally as governments continue with austerity measures.

Imports declined by 1% on the island of Ireland during 2013. Imports in the Republic of Ireland and Northern Ireland declined by -1% and -2% respectively. However, laden imports increased in quarter four 2013 for the first time since 2007 in the Republic of Ireland. While clearly an encouraging sign of a recovery, it must be noted that inward container traffic in quarter four 2012 was particularly weak. Nonetheless the easing of the rate of decline particularly from the middle of 2013 and moving into positive territory for the last quarter is a welcomed development. Cork was the only port to record an increase in laden imports during 2013.

TABLE 13A

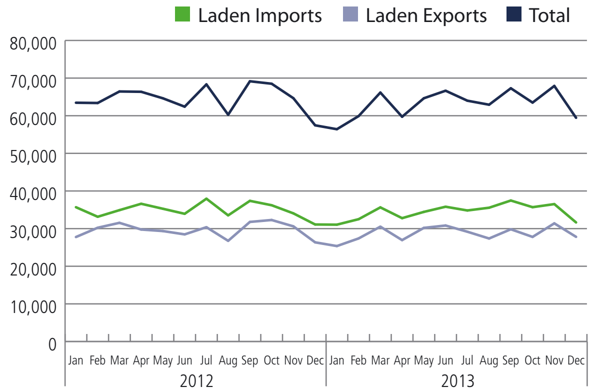
Laden Container Port Traffic (TEU)

Port	Total			
No. of TEU	**2012**	**2013**	**% Change**	**% Share**
Dublin	426,757	412,742	-3%	54%
Cork	139,007	141,986	2%	19%
Waterford	32,304	29,116	-10%	4%
Drogheda	280	-	-100%	0%
Belfast	165,599	158,000	-5%	21%
Warrenpoint	11,073	16,689	51%	2%
Total ROI	**598,348**	**583,844**	**-2%**	**77%**
Total NI	**176,672**	**174,689**	**-1%**	**23%**
Total IRL	**775,020**	**758,533**	**-2%**	**100%**

Source: IMDO

GRAPH 13A

Total Monthly Container Traffic through All Irish Ports 2012-2013



Source: IMDO

TABLE 13B

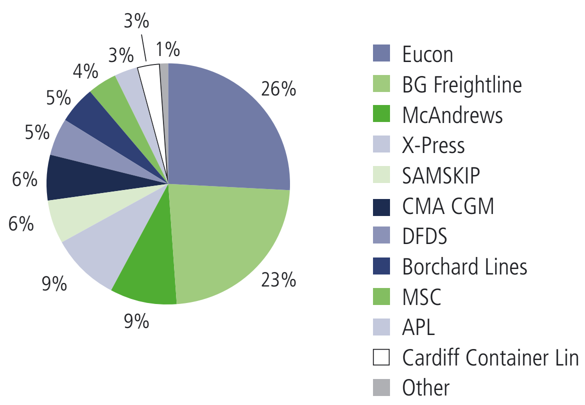
Total Container Port Traffic (TEU) (Laden and Unladen)

Port	Total			
No. of TEU	**2012**	**2013**	**% Change**	**% Share**
Dublin	527,735	517,086	-2%	54%
Cork	166,287	170,410	2%	18%
Waterford	39,478	39,835	1%	4%
Drogheda	280	-	-100%	0%
Belfast	209,254	207,555	-1%	21%
Warrenpoint	19,775	31,363	59%	3%
Total ROI	**733,780**	**727,331**	**-1%**	**75%**
Total NI	**229,029**	**238,918**	**4%**	**25%**
Total IRL	**962,809**	**966,249**	**0%**	**100%**

Source: IMDO

GRAPH 14A

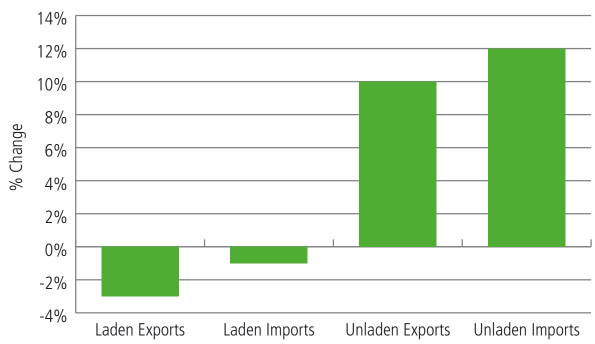
Estimated available capacity by carrier, 2013



Source: IMDO

GRAPH 14B

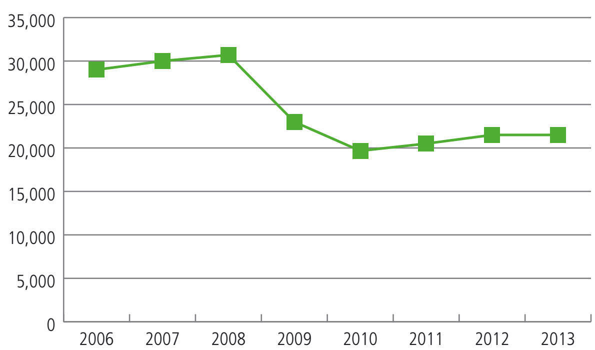
Container Imports and Exports 2013



Source: IMDO

GRAPH 14C

Estimated Weekly TEU Capacity in the Irish Market



Source: IMDO

LIFT-ON/LIFT-OFF MARKET: OPERATORS

We estimate lo-lo capacity remained unchanged at 21,500 TEU per week during 2013, keeping in line with total volume demand. The average size of container vessels entering Irish ports is now approximately 800 TEU while a total of twelve companies provided direct services during 2013. One notable market development was that Peel Ports Group carried out restructuring of operations that saw Coastal Container Line merged into BG Freight Line's Irish Sea network. Vessel sharing agreements (VSA) are now firmly part of the short sea & feeder market, with Eucon and BG Freight continuing to operate the largest VSA.

Short sea services again saw volumes driven by dairy, waste paper, peat and medical equipment. The short sea market remained subdued during 2013, as the EU economy continued to slowly emerge from recession. Deepsea lines meanwhile reported strong growth in exports of milk powder & waste paper to China and the Middle East. In particular, the volume of Ireland's milk powder exports increased to Asia, as China announced in August it was temporarily halting the imports of all milk powder from New Zealand and Australia due to quality concerns. Deepsea lines are expecting to see increased demand for Irish agricultural products abroad due to the introduction of the CAP reform from 2015.

There was a 12% increase in empty containers shipped to Ireland last year, totalling 72,706 TEU up from 65,124 in 2012. A total of 43,525 empty containers were imported into the Republic of Ireland, with 29,181 empty containers being imported into Northern Ireland.

From the 1st January 2015, the EU Sulphur Directive will come into effect for all operators in the SECA area. This will substantially increase the cost of bunker fuel and will result in increased fuel surcharges by container operators. All ships transiting this SECA area will be required to use fuel with a sulphur content of 0.1% Marine Gas Oil (MGO) which is more expensive than fuel with sulphur content of 1%.

MDS Transmodal estimates that for 2013, global container trade grew by 4.5% and it is forecast for the forthcoming 12 months to increase to 7%, with a strong recovery for Asia-Europe traffic. In Ireland, we expect volumes to remain flat with any improvements being driven by exports.

ROLL-ON / ROLL-OFF MARKET: PORTS

Roll-on/roll-off (ro-ro) traffic in 2013 increased by 4%, to 1,631,355 freight units. Traffic through ports in the Republic of Ireland and Northern Ireland increased by 6% and 1% respectively. This was the first year since 2010 that total traffic volumes increased annually in this market.

Dublin Port again had the largest ro-ro market share at 47%, up 1% on the previous year. While a majority of ports recorded declines in ro-ro traffic in 2012, this trend was reversed for 2013. Distribution of volumes between the Republic of Ireland and Northern Ireland remained relatively unchanged at 54% and 46% respectively. Driver unaccompanied traffic from the island of Ireland accounted for 61% of all freight volumes.

Services with Great Britain, from the island of Ireland, account for 92% of total volume in this market segment. Traffic volumes from ROI and NI to Great Britain rose by 4% and 1% respectively. Direct continental services to France, Belgium and the Netherlands increased in total by 17% to 132,919 freight units, with unaccompanied traffic growing by 20%. This continued growth has been driven in part by the increased presence of continental supermarkets in Ireland.

Ro-ro traffic is a relatively simple but effective gauge of how trade between the island of Ireland and Great Britain is performing. The growth of ro-ro traffic during 2013 again reflected the strength of trade ties between both economies. In the UK, gross domestic product increased by 1.8% in 2013, making it the strongest annual rate of growth since 2007, when the economy grew by 3.4%. A continuation of the recovery in the UK economy is predicted for 2014 and will thus benefit trade volumes in this market segment. The IMDO outlook is for continued growth in both British and Continental volumes during 2014.

TABLE 15A

Roll-on/Roll-off Freight Traffic (Freight Units)

Port	Total			
Freight Units	**2012**	**2013**	**% Change**	**% Share**
Dublin	719,121	761,651	6%	47%
Rosslare	113,781	118,928	5%	7%
Cork	828	954	15%	0.06%
Dun Laoghaire	718	2,329	224%	0.14%
Belfast	432,438	465,953	8%	29%
Larne	215,357	188,237	-13%	12%
Warrenpoint	89,584	93,303	4%	6%
Total ROI	**834,448**	**883,862**	**6%**	**54%**
Total NI	**737,379**	**747,493**	**1%**	**46%**
Total IRL	**1,571,827**	**1,631,355**	**4%**	**100%**

Source: IMDO

TABLE 15B

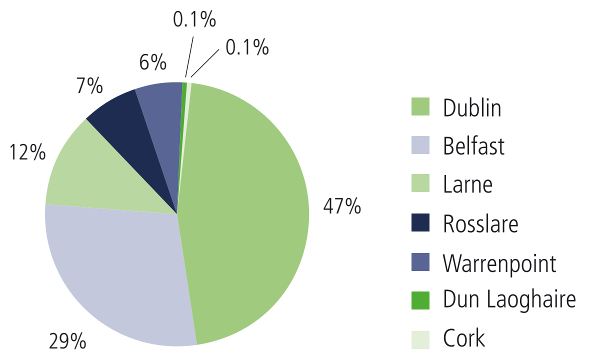
Roll-on/Roll-off Freight Traffic (Freight Units)

Port	Accompanied		%	Unaccompanied		%
Freight Units	**2012**	**2013**	**Ch.**	**2012**	**2013**	**Ch.**
Dublin	288,329	286,429	-1%	430,792	475,222	10%
Rosslare	64,803	64,510	0%	48,978	54,418	11%
Cork	692	805	16%	136	149	10%
Dun Laoghaire	718	2,329	224%	-	-	-
Belfast	138,900	157,050	13%	293,538	308,903	5%
Larne	127,866	118,208	-8%	87,491	70,029	-20%
Warrenpoint	6,236	6,832	10%	83,348	86,471	4%
Total ROI	**354,542**	**354,073**	**0%**	**479,906**	**529,789**	**10%**
Total NI	**273,002**	**282,090**	**3%**	**464,377**	**465,403**	**0%**
Total IRL	**627,544**	**636,163**	**1%**	**944,283**	**995,192**	**5%**

Source: IMDO

GRAPH 15A

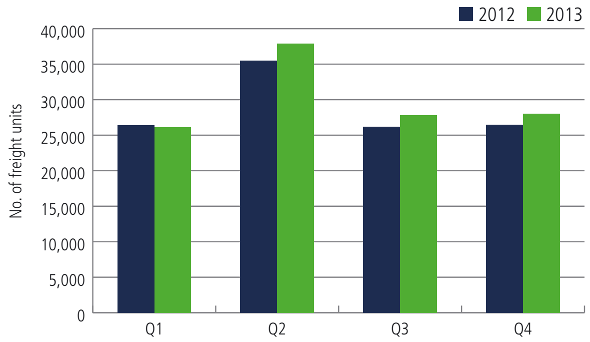
Market Share of Roll-on/Roll-off Traffic by Port 2013



Source: IMDO

GRAPH 16A

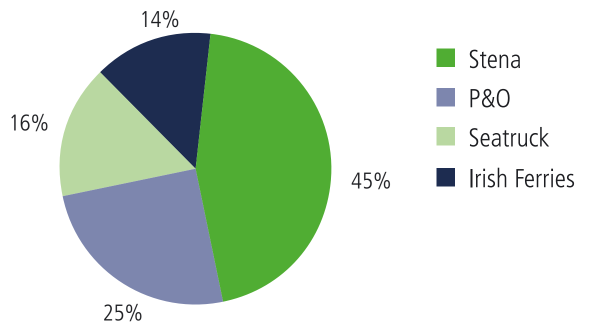
Quarterly Roll-on/Roll-off Freight Traffic



Source: IMDO

GRAPH 16B

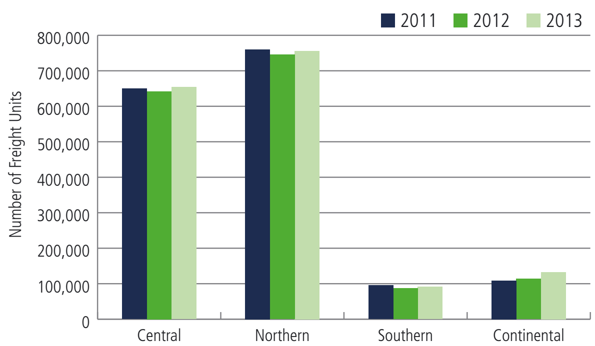
Market Share of Ireland-UK: Roll-on/Roll-off traffic 2013



Source: IMDO

GRAPH 16C

Ro/Ro Freight Traffic per Corridor



Source: IMDO

ROLL-ON / ROLL-OFF MARKET: OPERATORS

Ro-ro freight unit numbers continued to increase from the second quarter of 2013, as the UK economy began to recover. There were seven freight operators providing regular scheduled services during 2013 - Irish Ferries, P&O, Stena, Seatruck, Celtic Link, Brittany Ferries and Cobelfret – providing links between Ireland, Great Britain & Northern Europe.

Analysis of the market is segmented into four primary corridors: Northern, Central, Southern and Direct Continental. The market share between these four corridors remained mostly unchanged in 2013. The Central Corridor volumes increased by 4%, with P&O, Irish Ferries, Stena and Seatruck providing services to Liverpool, Holyhead, and Heysham. On the Northern Corridor, volumes increased by 1%, with Stena, P&O and Seatruck providing services to Liverpool, Heysham, and Cairnryan. Stena Line added a third vessel to the Belfast – Liverpool route in the latter part of 2013, as the freight ferry "Stena Hibernia" commenced running with a focus on accompanied trailer traffic. On the Southern Corridor, volumes increased by 5% as Stena and Irish Ferries provided sailings to Fishguard and Pembroke.

The Continental Corridor provides direct continental services from Dublin, Rosslare and Cork. Traffic volumes remained buoyant in this market, with Cobelfret, Brittany Ferries, Celtic Link, and Irish Ferries all providing services. We expect continental traffic to continue to grow strongly in 2014.

With the recovery in the UK economy continuing into 2014, this growth should translate to increased freight trailers moving between Ireland and Great Britain. Preliminary figures for the beginning of 2014 show increased growth in both Dublin & Belfast volumes. Market developments in early 2014 saw LD Lines and Irish Ferries introduce extra capacity into the market, while Stena line acquired the Irish-owned Celtic Link Ferries service.

PASSENGER TRAFFIC

Tourist Passenger numbers between the island of Ireland, Great Britain & Continental Europe were unchanged at 4.4 million in 2013. Total passenger numbers moving between the Republic of Ireland and Great Britain showed an increase of 1% to 2.33 million while passenger numbers moving between Northern Ireland and Great Britain remained unchanged at 1.7 million.

Passenger numbers increased for the first time in the Republic of Ireland since 2010. The first quarter of 2013 was particularly strong as Easter fell in March rather than in April, while the traditionally busy season for passenger traffic, Quarter 3, saw numbers increase 3%.

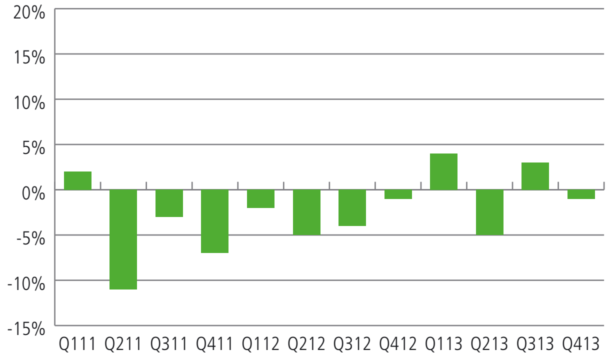
The only corridor to show any growth during the year was the Central Corridor from the Republic of Ireland which reported its first growth in passenger numbers since 2010. Examining the passenger corridors in more detail shows that the Central Corridor, which encompasses Dublin and Dun Laoghaire, recorded a 2% annual increase in passenger numbers, while also recording three quarterly increases during 2013. The Southern Corridor, encompassing services from Rosslare to the United Kingdom, reported a 3% decline in numbers in 2013, although the corridor did report strong growth of 4% between July-September. The Northern Corridor, which encompasses passenger traffic from Belfast and Larne, saw numbers remain unchanged at 1.7 million. The Continental Corridor saw tourist passenger numbers decline by 2% to 336,000.

Tourist cars volumes were unchanged at 1.2 million for the island of Ireland during 2013. Tourist car volumes moving from the Republic of Ireland, including continental tourist cars, recorded volumes of 749,000. Tourist car numbers moving from Northern Ireland were 485,000.

There have been a number of developments in the Irish market during the early part of 2014, with Irish Ferries opening a new route from Dublin to Cherbourg while LD Lines commenced a service from Rosslare to St Nazaire/ Gijon. Stena Line meanwhile acquired the Celtic Link business between Rosslare-Cherbourg, towards the end of March 2014. The IMDO estimate that tourist passenger & car figures will remain broadly similar in 2014.

GRAPH 17A

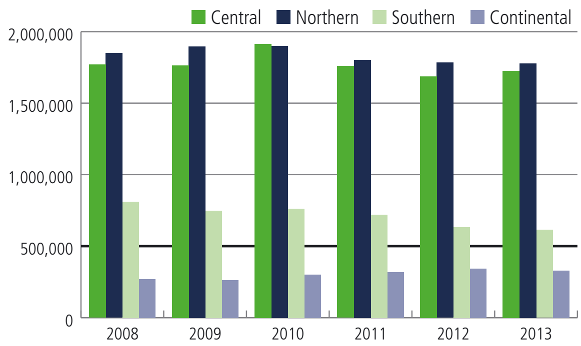
Quarterly Change in Passenger Traffic from the Island of Ireland (Including Continental)



Source: IMDO

GRAPH 17B

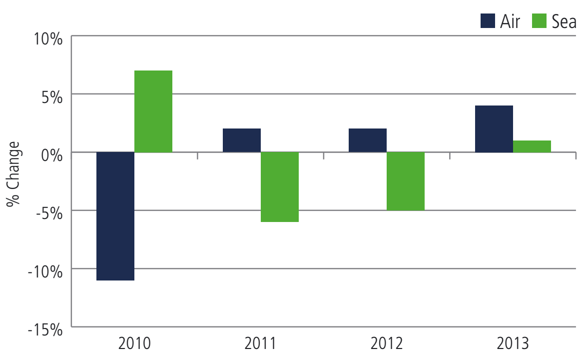
Passenger Traffic per Corridor 2008-2013



Source: IMDO

GRAPH 17C

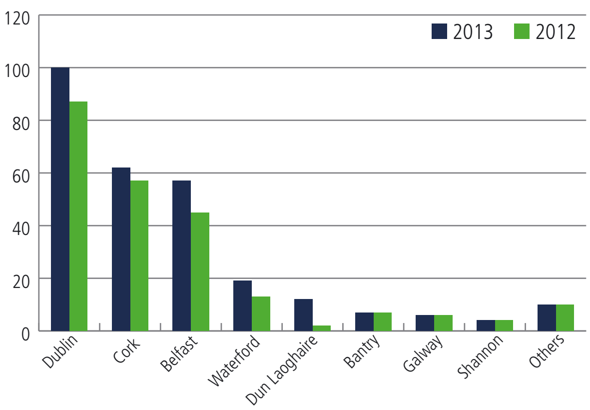
Annual Change in Air & Sea Passenger Traffic 2010-2013



Source: Failte Ireland

GRAPH 18A

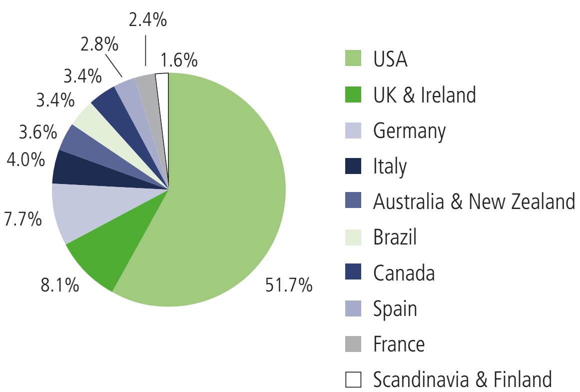
Annual Numbers in Cruise Ship Calls



Source: Individual ports

GRAPH 18B

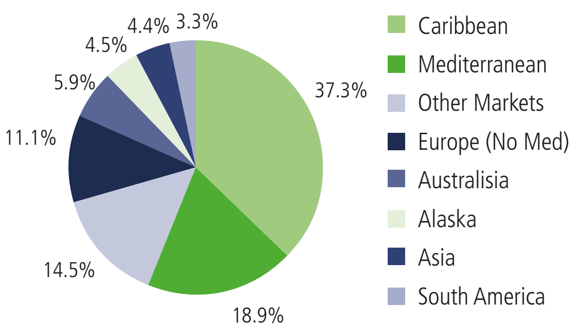
Top 10 Passenger Source Countries



Source: Cruise Lines International Association

GRAPH 18C

Global Cruise Itineraries and Ship Deployment



Source: Cruise Lines International Association

CRUISE SECTOR

The IMDO estimate that there were 277 cruise vessel calls to Ireland in 2013, carrying 406,797 passengers and crew. Irish ports continue to capitalise on the global rise in cruise tourism over the last decade. Ireland is viewed as a port of call for Northern European and Baltic Sea cruises, with North American, British & German passengers making up the largest proportion of visitors.

The three largest cruise ports on the island of Ireland all recorded increased cruise traffic figures during 2013, with Belfast Harbour seeing vessel calls increase by 27%, Dublin Port by 15%, and the Port of Cork by 9%. Dublin Port was the busiest cruise terminal with 100 cruise vessel calls, carrying 150,921 passengers and crew. This represented an annual record high number of vessels and passengers welcomed to the Port. The Port of Cork meanwhile received a record 62 vessel calls, up from 57 calls in 2012, while welcoming 122,536 passengers and crew. Belfast Harbour had a total of 57 cruise ship arrivals which brought 90,679 passengers. Dun Laoghaire, Galway, Waterford, Shannon and Bantry all recorded encouraging cruise figures during 2013, with combined cruise calls increasing from 32 to 48.

Cruise Lines International Association (CLIA) has projected its cruise line members (representing 95% of global capacity) will see total passenger numbers rise to 21.7 million in 2014, representing 2% growth on 2013. The Caribbean remains the leading cruise destination, measured by ship deployments, set to account for a 37.3% global market share in 2014, while Northern Europe is projected to record a marginal increase from 10.9% to 11.1% in 2014. The UK & Ireland will remain the second largest source market for passengers, accounting for 8.1%, with growth in cruise passenger numbers increasing 81% in the last five years.

Global Market Review

TANKER MARKET

The crude sector began 2013 with the same negative sentiment as 2012. US seaborne crude oil imports fell 15% due to swelling domestic production, China ran-down inventories, and the sector experienced strong fleet growth for the first half of the year. Spot rates were the lowest in over 20 years for the first ten months of the year and regularly dipped below vessel operating costs. In the final quarter, Asian imports increased and a lack of available tonnage caused spot rates to spike, especially for VLCCs which averaged almost $40,000 a day. Despite the spike, one-year average charter rates declined across all crude segments, with VLCC rates the most volatile, declining 10.2% from 2012.

The clean sector experienced greater stability as rates improved; average one-year time charter rates increased 6% from 2012 as trade volumes grew 4.8%, particularly from rising Asian imports. Meanwhile, clean fleet capacity expanded by 6%, absorbing most of the increase in demand growth.

Despite global oil demand increasing 1%, seaborne crude imports declined 1.9%, a negative development for crude tankers which saw fleet growth of 4.5%. However, several factors alleviated this imbalance to keep ton-mile demand flat when compared to 2012. Firstly, average trading distances continued to increase, rising 1% in 2013. China, the world's largest oil importer from October, was the main driver of this by increasing imports from West and North Africa, and Latin America. Secondly, fleet productivity declined 4% as slow steaming continued, while vessel utilisation declined 1% to 83%.

Newbuild prices bottomed out in the first half of the year, resulting in those with available financing able to book out ship-yards until 2016, which in turn led prices to increase 6-13% across all segments. The second-hand market experienced a strong upswing late in the year as freight rates increased, with values rising by 10-30% for older vessels.

Analysts forecast improvements for 2014, as the realisation that overcapacity is moderate rather than systemic indicates improving fundamentals. Trade volumes and average distances are forecast to increase, while crude fleet growth will continue to ease to its lowest level in over a decade, thereby improving vessel utilisation.

TABLE 19A

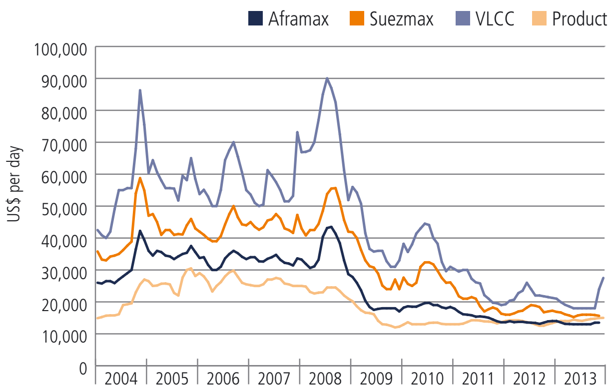
One Year Time Charter Rates ($/day), 2013

	Product	Aframax	Suezmax	VLCC
Jan-13	13,750	14,000	16,875	21,000
Feb-13	14,000	13,562	16,688	19,938
Mar-13	14,000	13,100	16,100	19,100
Apr-13	14,000	13,062	15,750	18,562
May-13	14,450	13,000	15,246	18,000
Jun-13	14,188	13,000	15,750	18,000
Jul-13	14,062	13,000	16,000	18,000
Aug-13	14,350	13,000	16,000	18,000
Sep-13	14,625	13,000	16,000	18,000
Oct-13	14,750	13,500	15,875	18,000
Nov-13	14,950	13,500	15,650	24,000
Dec-13	15,000	13,875	16,500	27,500
Jan-14	15,200	16,000	21,100	26,600
Feb-14	15,000	15,875	20,250	25,875

Source: Clarksons

GRAPH 19A

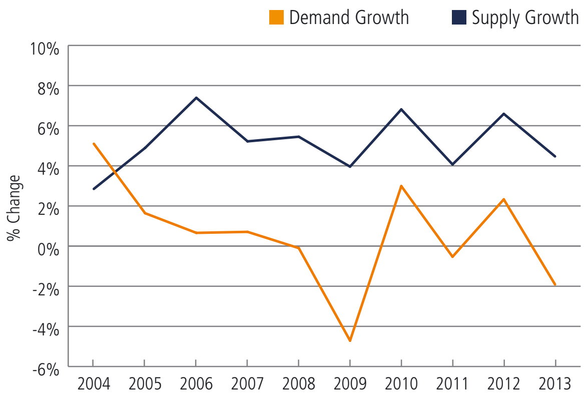
Tanker One Year Time Charter Rates, 2004-2013



Source: Clarksons

GRAPH 19B

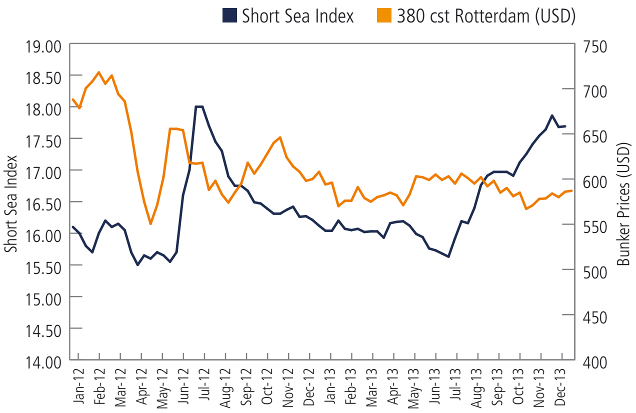
Demand Supply Dynamics: Crude Tankers, 2004-2013



Source: Clarksons

GRAPH 20A

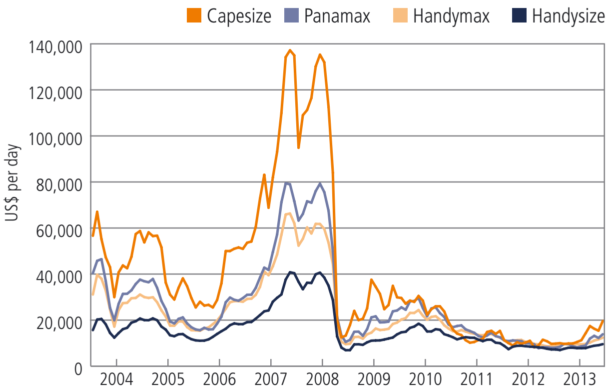
European Dry Bulk Short Sea Market, 2012-2013



Source: HC Shipping and Chartering

GRAPH 20B

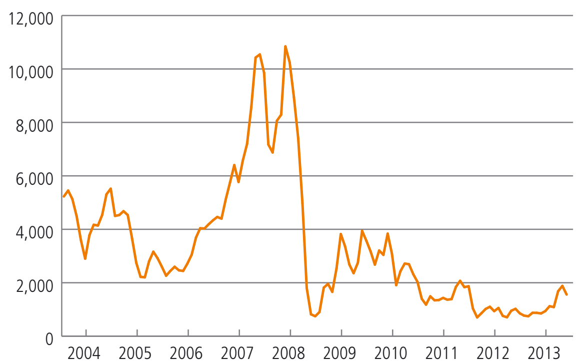
Dry Bulk One Year Time Charter Rates, 2004-2013



Source: Clarksons

GRAPH 20C

Baltic Dry Index, 2004-2013



Source: Clarksons

DRY BULK MARKET

The dry bulk market rebounded in 2013 from 2012's lows to achieve sizeable gains by the year's end. The first half of the year saw a stable Baltic Dry Index remain below 1000; however the Index rose 134% from mid-June to finish the year at 2247. The gains were driven by two periods of firm activity in September and late-November, particularly in the Capesize segment, as China restocked iron ore and bauxite inventories. The index averaged 1,206 for the year, up 31% from 2012 but remained 33% down on the five-year average of 1,810.

One-year time charter rates show a contrasting picture for 2013. Looking across the year, rates dramatically improved. The Capesize segment saw the largest gains, up 100% from January to December, followed by Panamax up 73%, Handymax up 41% and Handysize up 32%. However this skews towards the strong end of year performance and when comparing the yearly averages to 2012, only Capesize and Panamax segments saw gains (27% and 4% respectively), while Handymax and Handysize segments saw marginal declines. Overall, average bulk charter rates in 2013 remained 29% below the five-year average.

Tonnage demand increased 9% due to strong Chinese imports and a sizeable recovery in global grain trades in quarter four. China's importance continues to grow, as it now accounts for over 40% of global bulk commodity trades. Fleet productivity declined 2% due to the further adoption of slow steaming and increasing imbalances on cross-ocean trades, which led more vessels to require ballast on one leg. Throughout the year ship values steadily increased as earnings improved, with new-build prices across all segments rising 15-20%.

The European short sea bulk market was subdued for the first three quarters of the year as minimal demand growth kept freight rates down. The fourth quarter saw demand and rates improve while poor weather restricted tonnage supply. The outlook is improving as European economies recover however new sulphur regulations in the North and Baltic Seas come 2015 will increase operators' costs.

Looking forward, a ban on exports of unprocessed minerals from Indonesia is expected to contribute to a significant decline in both nickel ore and bauxite trade in 2014, resulting in Clarksons projecting dry bulk trade growth to slow to 3% in 2014. However declining vessel deliveries should improve fundamentals enabling increased fleet capacity utilisation and vessel productivity.

CONTAINERSHIP CHARTER MARKET

The containership timecharter market reported modest improvement in 2013 as rates increased 2.9% on average, compared with the previous year. However from a historical perspective, rates remained close to an all-time low for the majority of vessel classes, with most sub-5,000 teu classes continuing to record rates below breakeven level. Lower average bunker prices – down 7% from 2012 – did nonetheless provide relief for market participants.

Overcapacity played a key role in the marketplace, as cascading of larger vessels onto non-mainlane routes continued at pace in 2013. Consequently, the need for small and particularly medium-sized charter tonnage declined, reducing chartering activity and limiting any upside in rates. Meanwhile, charter-owned idle tonnage acted as a ceiling on rates. An average capacity of 0.60 million teu was placed in lay-up during the year, of which two-thirds (0.39mn teu) was charter owned tonnage, providing an ample supply of unemployed vessels which restricted owners' attempts to raise rates.

Smaller geared vessel classes continued to outperform large gearless tonnage, with the former boosted by a shrinking fleet size and strong demand for feedering in less developed ports. Indeed, geared vessels below 1,700 teu saw average timecharter rate increases in the range of 6-18% across the year. Meanwhile, charter rates for larger gearless tonnage declined 10% in 2013 owing to a steady newbuild delivery schedule.

Timecharter rates are expected to remain weak throughout 2014 as the market place is again placed under strain from a record schedule of new vessel deliveries. However, geared feeder and handy container vessels are projected to once more record steady gains. Clarksons Research Services note that a more significant upturn in charter earnings will require accelerated trade growth, to absorb excess capacity and the pool of idle tonnage.

TABLE 21A

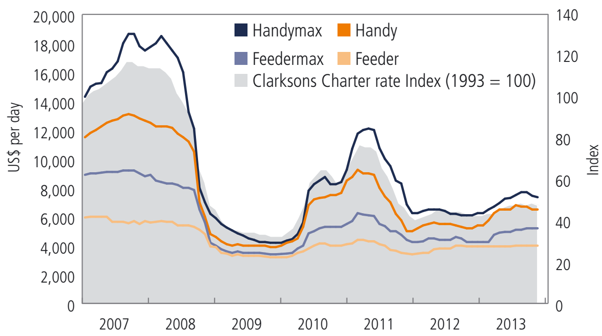
Containership One Year Time Charter Rates ($/day), 2013

	Feeder 350 TEU	Feedmax 725 TEU	Handysize 1000 TEU	Handymax 1700 TEU
Jan-13	3,950	4,250	5,400	6,250
Feb-13	3,950	4,250	5,400	6,250
Mar-13	3,950	4,250	5,750	6,500
Apr-13	3,950	4,750	6,250	6,700
May-13	3,950	4,900	6,500	6,950
Jun-13	3,950	4,950	6,500	7,250
Jul-13	3,950	4,950	6,500	7,300
Aug-13	4,000	5,100	6,800	7,500
Sep-13	4,000	5,100	6,700	7,700
Oct-13	4,000	5,200	6,700	7,700
Nov-13	4,000	5,200	6,500	7,450
Dec-13	4,000	5,200	6,500	7,350
Jan-14	4,000	5,100	6,600	7,500
Feb-14	4,000	5,000	6,600	7,250

Source: Clarksons

GRAPH 21A

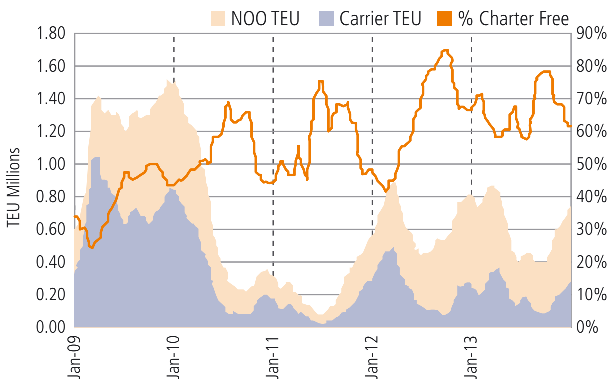
Container One Year Time Charter Rates, 2007-2013



Source: Clarksons

GRAPH 21B

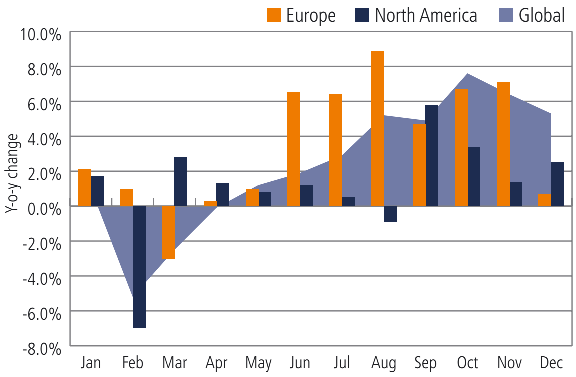
Idle Containership Fleet Capacity, breakdown by Non-owner operator and Carrier-controlled: 2009-2013



Source: Alphaliner

GRAPH 22A

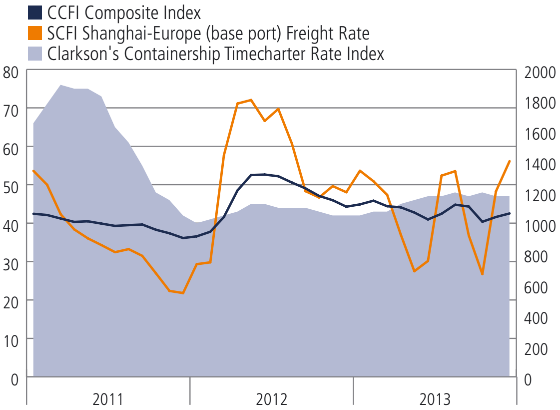
Container import growth, year-on-year (excluding intra-regional): 2013



Source: Container Trade Statistics

GRAPH 22B

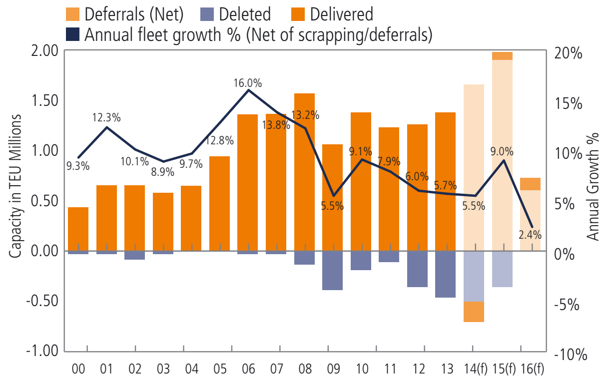
Containership Charter Rates vs Container Freight Rates: 2011-2013



Source: Clarksons

GRAPH 22C

Containership Capacity Growth: 2000-2016(f)



Source: Alphaliner

DEEP SEA CONTAINER TRADES & FREIGHT RATES

In 2013 global container trade grew by 5%, marking an improvement on historically modest growth of 3.2% in 2012. However, this expansion came in below early projections of 6.1% growth due to subdued Eurozone activity in the first half of the year and a slowdown within some emerging Asian economies. Forecasts place growth for 2014 at 6-7% as the economic recovery in Europe continues while stronger Intra-Asian and US activity is expected.

Mainlane trade staged a recovery in 2013, expanding 3.9%, following a contraction of nearly 1% in the previous year. Traffic on the Far East Asia to Europe route led the way, returning to steady growth of 4% on the back of improved European consumer demand in the later part of the year. Total traffic into European ports grew 2% across the year, while North-South lanes also grew strongly, expanding 4.3%.

Freight rates in the container market remained under pressure during the year, falling an average of 5% per TEU compared with 2012. On mainlanes, structural overcapacity continued to force rates downward despite the containership fleet expanding at a rate of 5.5%, marginally slower than demand growth. A substantial delivery schedule combined with weakened European container demand at the start of the year led to highly volatile freight rates on the Far East Asia to Europe headline route, where successive attempts by shipping lines to implement rate increases were countered by sustained periods of rate erosion. A marked improvement in rates during the final months, owing to seasonal capacity withdrawals and the year-end demand surge, saw the Shanghai-Europe Containerised Freight Index (SCFI) record an annual average of $1,090/teu, down 21% on a yearly average basis.

Volumes on the Far East Asia to Europe trade lane are expected to grow at an accelerated pace of 5.1% in 2014, according to Clarksons Research Services. Meanwhile, capacity management by shipping lines will remain the key determining factor in the freight market. Cancellations and blanked sailings implemented in the first quarter provided a solid platform for rates to be driven upwards, with the SCFI Shanghai-Europe index reaching an 18-month high of $1,659/teu in January. Nonetheless, freight rates in 2014 are set to remain highly volatile, with the introduction of the proposed P3 vessel-sharing alliance and the response by competitors adding further uncertainty to the marketplace.

NEWBUILDING AND DEMOLITION MARKET

CONTAINER FLEET: The containership fleet grew at 5.5% in 2013, reaching a total capacity of 17.13 million teu. A continuing trend towards larger vessels saw fleet additions of 1.34 million teu dominated by vessels greater than 8,000 teu for service on the main East-West trade lanes. Demolitions however reached their highest level on record, at 0.43 million teu, to slow fleet growth to its lowest level since 1999. The orderbook for 2014 shows a record 1.69 million teu will be delivered across the year, with vessels larger than 8,000 teu accounting for nearly three quarters of scheduled deliveries.

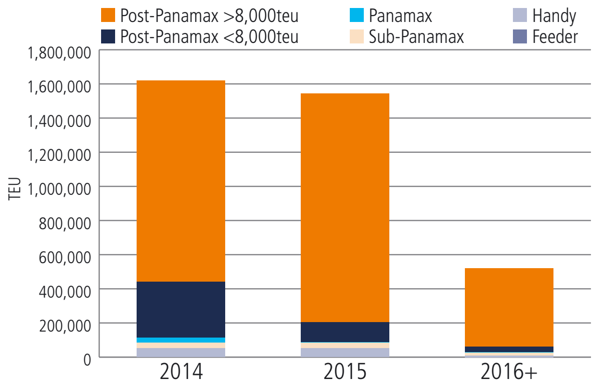
RORO FLEET: The ro-ro fleet declined a near-record 3.8% in 2013, dropping to 8.25 million dwt as a result of a reduced orderbook and steady demolitions. This marked a continuation of the fleet's decline since 2009, as lower trade volumes in the key European short sea market have resulted in the fleet contracting 15% in tonnage terms. The larger vessel classes – greater than 10,000 dwt – recorded the sharpest decline, accounting for three quarters of the fleet's contraction across the year. Ro-ro newbuilds are set to pick-up in the year ahead however, with 420,000 dwt (23 vessels) scheduled for delivery.

DRY BULK FLEET: Bulk deliveries totalled 62.2 million dwt in 2013, against demolitions of 22.2 million dwt, resulting in fleet growth of 5.8%. Falling scrap prices coupled with higher freight rates discouraged scrappage for ship-owners, however bulk demolitions accounted for over half of all maritime tonnage scrapped, despite declining by a third since 2012. Demolished vessels averaged 28 years old and were distributed evenly across vessel classes. The orderbook at the beginning of 2014 stood at 149 million dwt, with 59 million dwt forecast for delivery in 2014. This represents 4.4% fleet growth as both deliveries and demolition cool off.

TANKER FLEET: The tanker fleet grew by 1.9% in 2013 to reach 502 million dwt. New tanker orders rose to 33 million dwt, twice 2012's level, resulting in an orderbook of 51.5 million dwt. Despite this, the orderbook is at its lowest level in 13 years, representing just 11% of the fleet, with 23.8 million dwt due for delivery in 2014. Some 110 tankers were scrapped, amounting to 10.9 million dwt, down 6% from 2012. Single-hull demolitions totalled just 1.6 million dwt, down 50% from 2012, indicating the small proportion of single-skinned tankers still operational. Scrapped vessels had an average age of 23 years.

GRAPH 23A

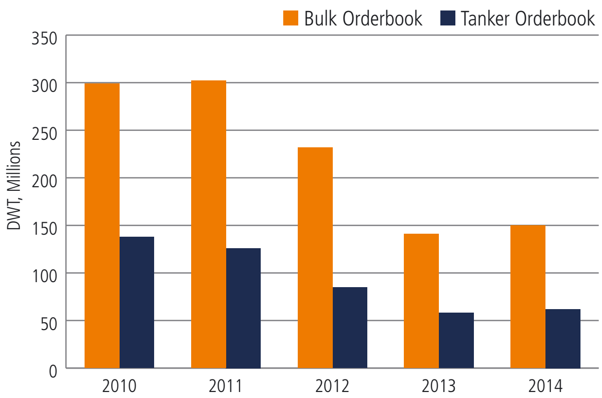
World Cellular Fleet Orders by Size Range, 2014-2016



Source: Clarksons

GRAPH 23B

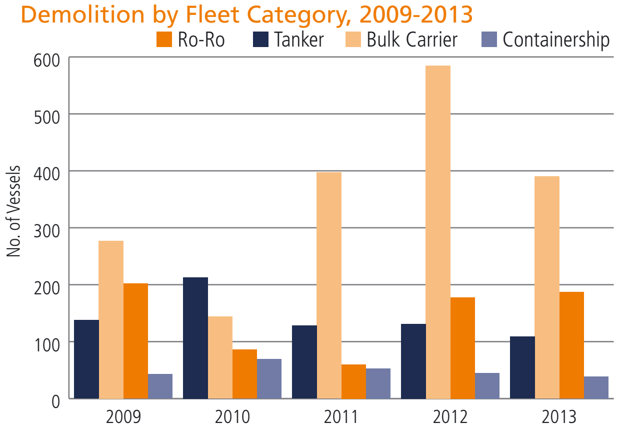
Bulk Carrier Orderbook, 2010-2014



Source: Clarksons

GRAPH 23C

Demolition by Fleet Category, 2009-2013



Source: Clarksons

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 citizens of the state or not.

GNP – Gross National Product is the sum of GDP and Net factor income from the rest of the world. The rate of increase of GNP attempts to capture the increase in the incomes of the state's citizens irrespective of where the activity that generated the income took place.

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.

TEU – Twenty-foot equivalent unit.

Ro/Ro Freight 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.

VLCC - Very Large Crude Carriers, 150,000-320,000 dwt in size.

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 to and from Ireland and the UK as outlined below:

State Companies:

Drogheda Port Company

Dublin Port Company
(Including Dundalk Port Company)

Dun Laoghaire Harbour Port Company

Galway Port Company

Greenore Port Company

New Ross Port Company

Port of Cork Company
(Including Bantry Bay Port 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

P&O Irish Sea Ferries

Seatruck Ferries

Stena Line

TECHNICAL NOTE

- The *iShip Index* is a weighted indicator comprised of five separate indices, representing the main maritime freight categories moving through Ports in the Republic of Ireland: Lo-Lo, Ro-Ro, Dry Bulk, Liquid Bulk & Break Bulk.
- The Lo/lo index comprises soley of laden traffic.
- The following ports have been included in the index: Port of Cork, Drogheda Port, Dublin Port, Dundalk Port, Dún Laoghaire Harbour, Galway Harbour, Greenore Port, New Ross Port, Rosslare-Europort, Shannon Foynes Port, Port of Waterford and Wicklow Port. Bantry Bay has been excluded as its throughput is predominantly of a transhipment nature.
- All data is derived from the individual port companies and subject to a one-year revision period.
- The base period is **Quarter 1 2007** at which all indices equal 1000.

TRAFFIC BREAKDOWN

LIQUID BULK:
Consists mainly of petroleum, heavy fuel oil, liquefied gas and bio-ethanol.

DRY BULK:
Dry Bulk: Consists mainly of animal feed, fertilizer, cereals, ore, bauxite, alumina, and coal.

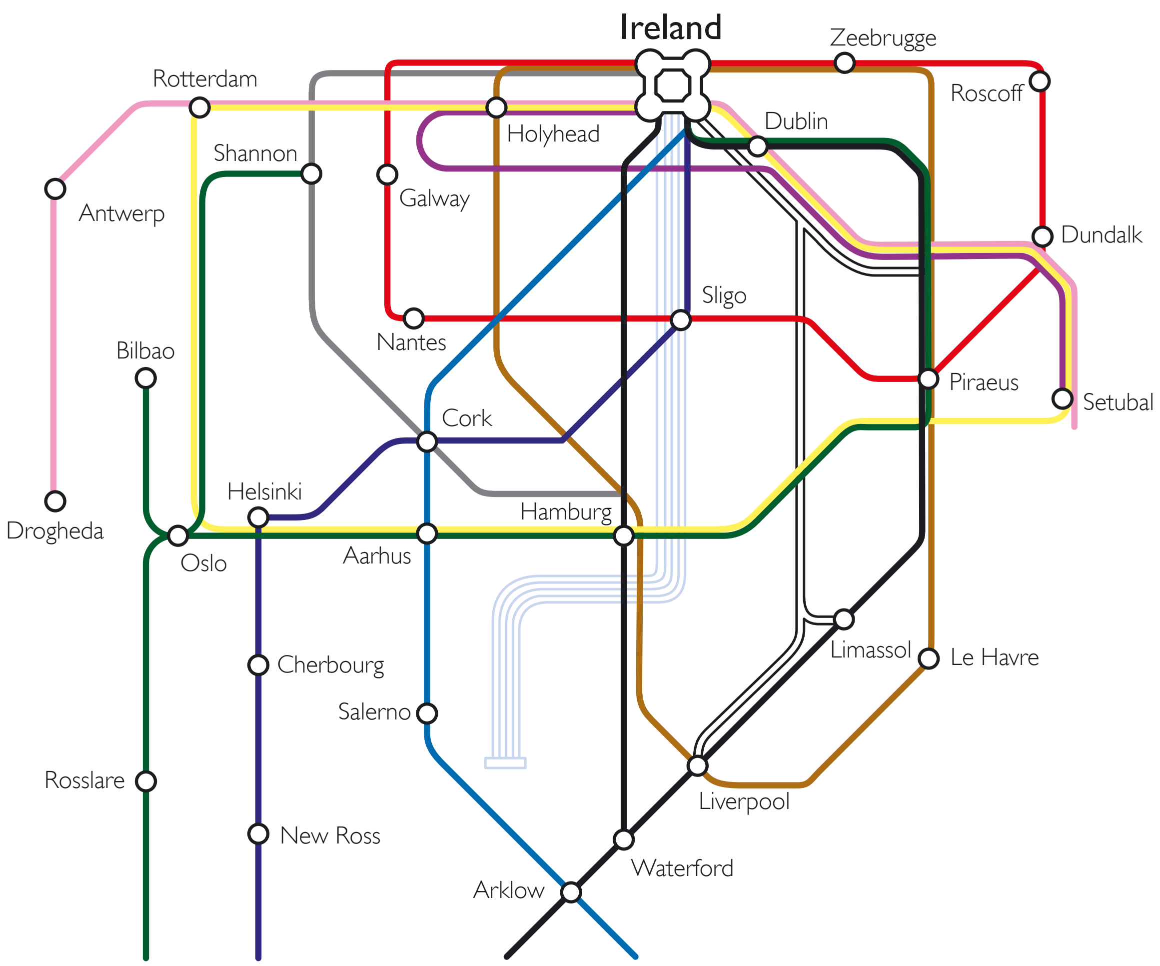
BREAK BULK:
Consists mainly of construction related materials and project cargo.

LO-LO (LIFT ON-LIFT OFF):
There are direct daily container services from the Republic of Ireland to Great Britain, mainland Europe and the Mediterranean. There are also worldwide transhipment services available from the Republic of Ireland.

RO-RO (ROLL ON-ROLL OFF):
This traffic is wheeled accompanied and unaccompanied goods vehicles. The majority of this trade is between Ireland and the United Kingdom, but there is also a Con-Ro service between Ireland and Continental Europe included in this traffic classification.

Maritime Ireland, connecting Irish industry with the world

www.imdo.ie



IMDO-Ireland
Marine Institute Foras na Mara

MARITIME IRELAND
www.imdo.ie
Irish Maritime Development Office

Irish Maritime Development Office 80 Harcourt Street Dublin 2 Ireland
telephone 353 1 476 6500 *facsimile* 353 1 478 4988 *e-mail* imdo@imdo.ie

design by **drawinginc**

www.imdo.ie

IMDO·Ireland
Marine Institute Foras na Mara

Irish Maritime Development Office **80 Harcourt Street Dublin 2 Ireland**
telephone 353 1 476 6500 *facsimile* 353 1 478 4988
e-mail imdo@imdo.ie *website* www.imdo.ie