

Scrap and Build Green, urges Jim Davis

James Brewer writes:-

Most of our readers are aware that the sage of St Mary Axe, Jim Davis, shares the view that economically, much of the world is "in a pretty good mess," but although he has been cast as a Cassandra of the shipping industry, he does perceive glimmers of hope. This he made clear when delivering an overview of the industry to the latest quarterly meeting of Afrimari, the London-based network for professionals with African business links.

"Is there an area for optimism?" asked the chairman of the International Maritime Industries Forum. "I can see the occasional one." He reasoned that the big thing in shipping economics is bunker costs, which gives rise at the same time to gloom and to hope: hope because everyone is having to look to fuel-efficient ships. This cost factor is aligning with the desire of the 'greens' and the world to have done with high consumption ships, he said.

The shipbuilders have been wondering what they are going to do now. They like building ships, and here with the shipowners they can grasp a unique opportunity. With the help of the classification societies, they are starting to produce very efficient ships in terms of hull form and propulsion equipment. Warming to his evergreen 'scrap and build' call, the IMIF chief declared: "As for your gas guzzlers "they must go." The only economic rule which never failed was the law of supply and demand. Recalling the ever-increasing false bubble of optimism, when more and more ships were being produced, ahead of the rate of growth in trade, and the super-optimism of the banking cycle that produced negative equity, he said that the blunt result was: "We have too many ships chasing too few cargoes."

Meanwhile, "any easy years in maritime" were some way off, certainly not 2012 and at least into 2013. "There will be blood on the carpet because some people are going to go bust, but we have to work through that," he said, underlining a warning he delivered earlier this year.

On Africa, the subject dear to his audience, he had a further positive message, saying that despite problems in the continent, it is at a stage where it has a great deal of commodities that other people need. Africa is in a very strong position and has a great future in the maritime world, and he advised people not to be too worried by the understandably large stake that China has assumed there.

Afrimari, not yet two years old, already has 200 members and supporters working in shipping and logistics, legal, risk, energy and trade sectors, and a lively selection of them were at the Baltic Exchange as the venue for the latest meeting, which was sponsored by Braemar LPG Connect.

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