

International Freight Transportation:

Recent Trends and Challenges in the Ocean Shipping Sector

Presented to the Commodity Supply Chain Table

June 4, 2021

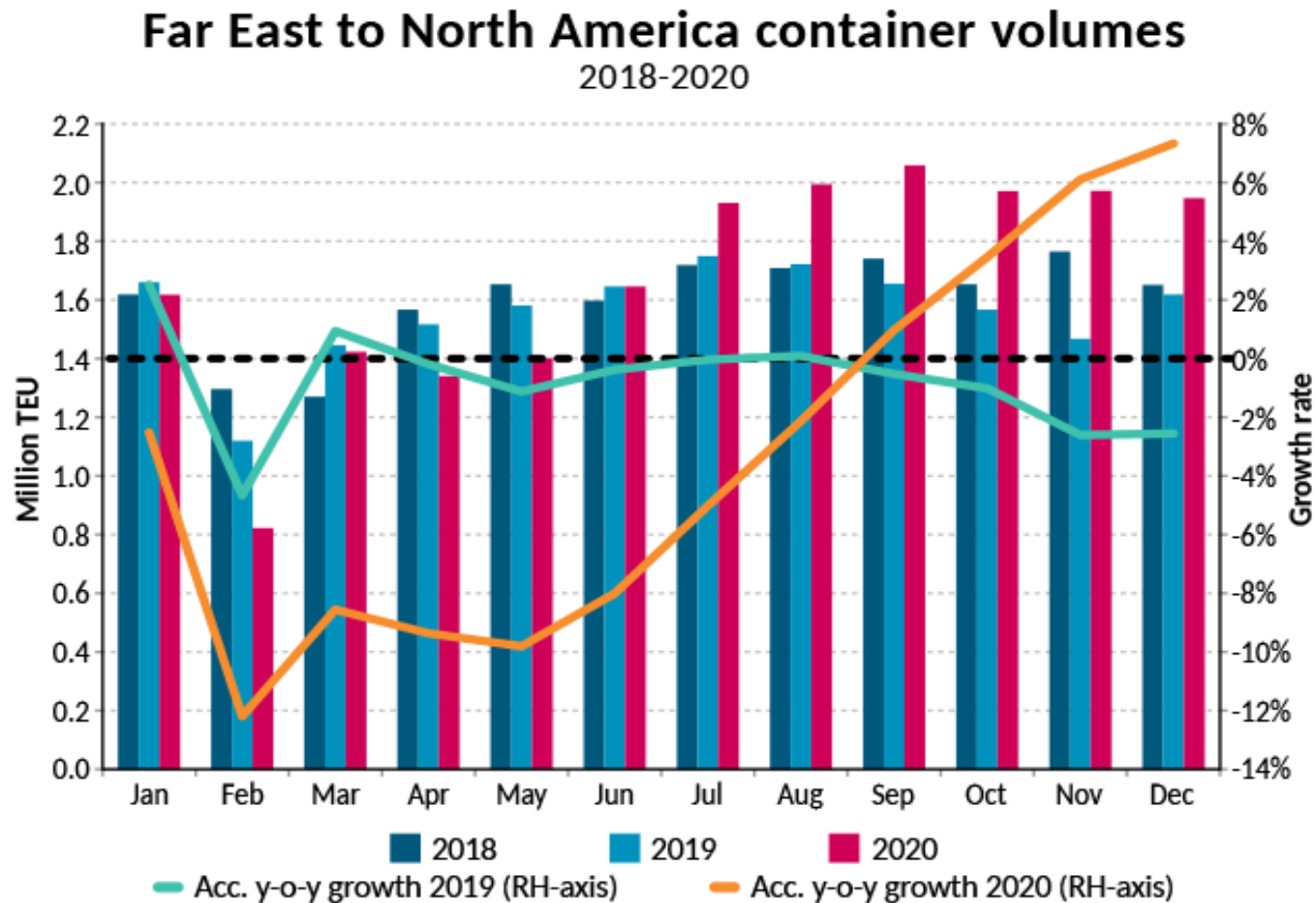
2. About the Shipping Federation of Canada

- Incorporated by Act of Parliament in 1903
- Voice of the owners, operators and agents of ocean vessels that carry Canada's overseas exports and imports
- Long history and deep roots in Canada's maritime community
- 71 member companies representing 200 + shipping lines:
 - Load / unload cargo at ports across Canada:
 - Atlantic, St. Lawrence/Great Lakes, West Coast, Arctic
 - Consumer goods, commodities, manufacturing inputs
 - All ships types – container, dry bulk, breakbulk, tanker, ro-ro, project, cruise
 - Combination of regular (liner) and irregular (tramp) traders
- National association with national perspective

3. Key Features of Ocean Ships Serving Canada

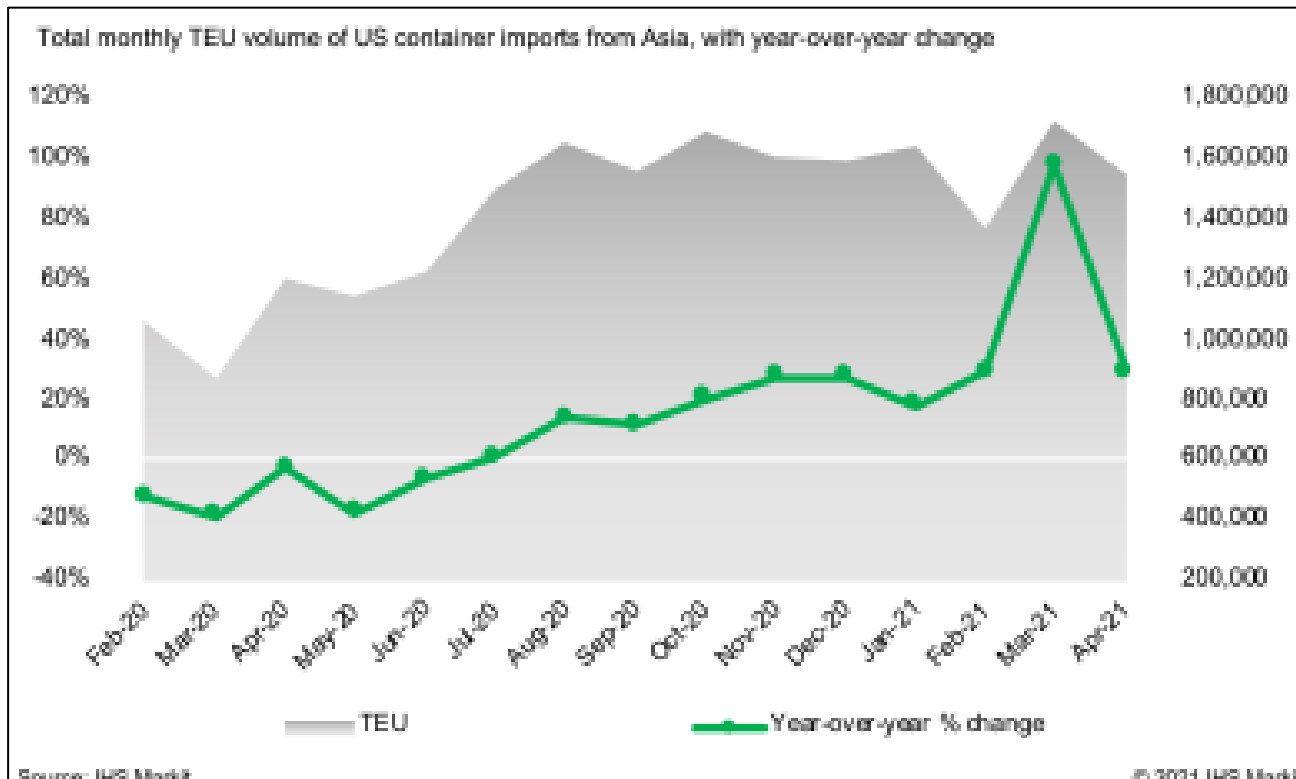
- All foreign flagged, mostly foreign owned (Canadian branch offices)
- Carry majority of Canada's overseas (non U.S.) trade:
 - Canada **100% reliant** on foreign flag ships to carry its waterborne international trade
- Engaged in global activity (call ports throughout the world):
 - Pursue international cargo worldwide
 - Cross multiple borders and multiple jurisdictions all over world
 - Only spend a fraction of their time in Canadian waters
- Governed by forces of supply and demand
- Asset intensive industry – cyclical and high risk

4. Evolution of Container Shipping Demand Far East – North America



Source: BIMCO, CTS

5. Similar Demand Trajectory in 2021 Far East – North America



6. Global Demand Also High

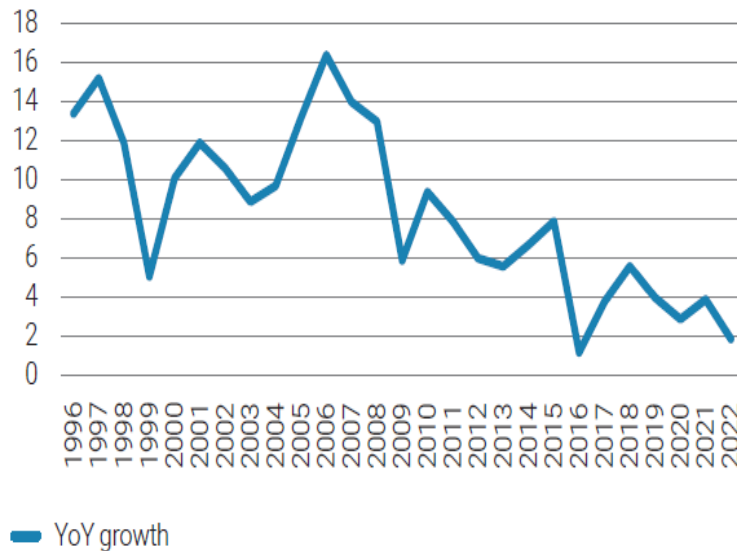


Source: BIMCO, CTS

7. Evolution of TEU Capacity

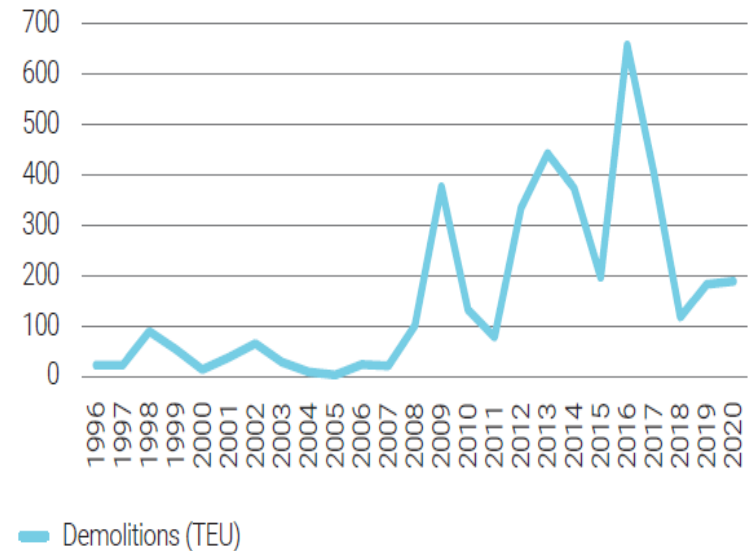
FIGURE 3: GROWTH IN TEU CAPACITY HAS TURNED NEGATIVE

Fleet Growth: YoY change in TEU capacity (%)



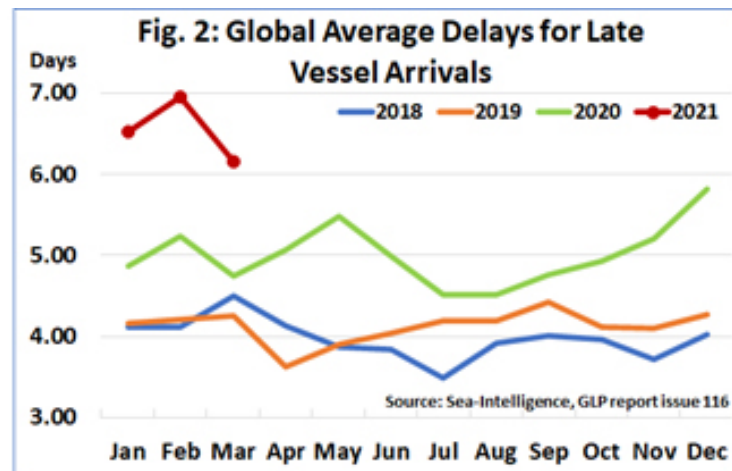
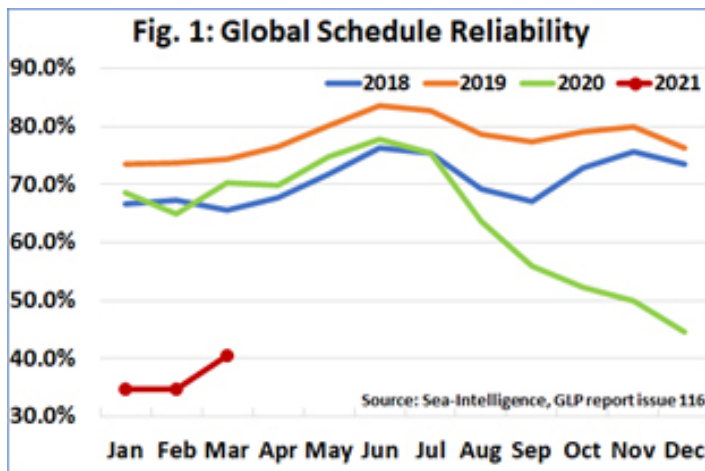
TEU = 20-foot-equivalent unit, YoY = year over year

Vessel scrapping: Demolitions in TEU capacity (000s)



8. Supply Chain Impacts of Demand Growth

- Congested ports and terminals
- Challenges securing vessel space
- Shortage of empty containers
- Schedule reliability difficult to maintain



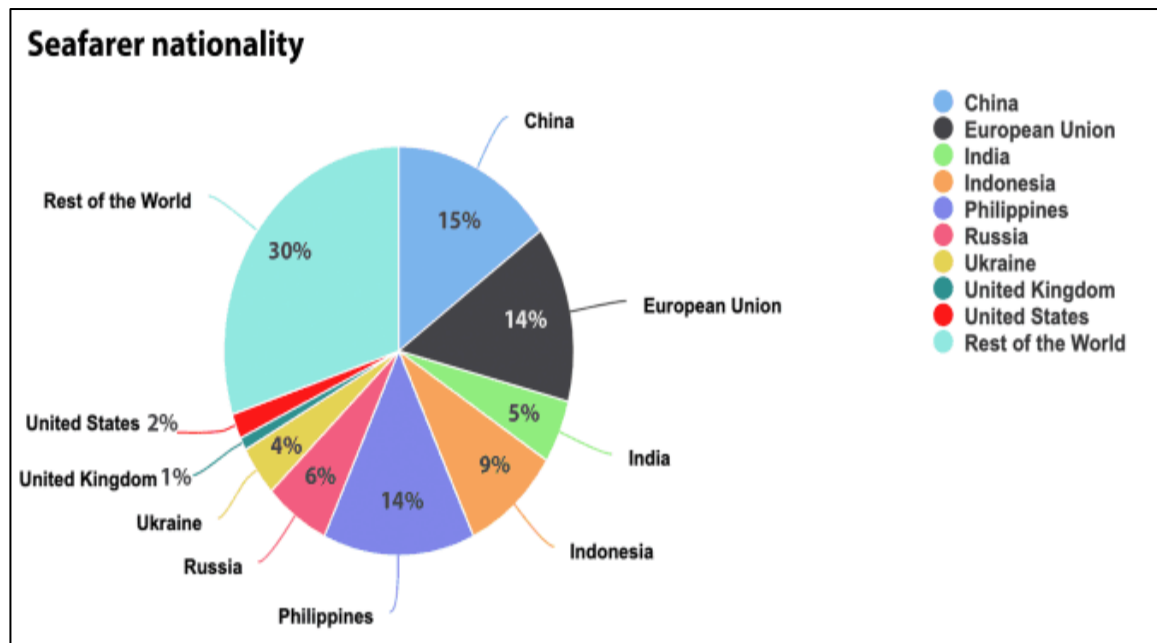
9. What Lies Ahead?

- Continued demand for containerized imports means supply chain pressures likely to persist through 2021



10. Pandemic Impacts on Seafarers

- Seafarer workforce - Internationalized, highly diverse
- 1.6 million individuals worldwide
- 400,000 seafarers stranded last summer - 200,000 today but rising
- Seafarer access to vaccines is major challenge



Thank you

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