

# ASEAN maritime trade trends - Implications and lessons learnt in the BIMP-EAGA region

Presentation



# Founded in 1967, Roland Berger is a leading global strategy firm with successful operations in all major international markets

## Our global presence

**50** offices in **34** countries, with approx. **2,400** employees

Over **220** partners with specific expertise organized in **14** competence centers

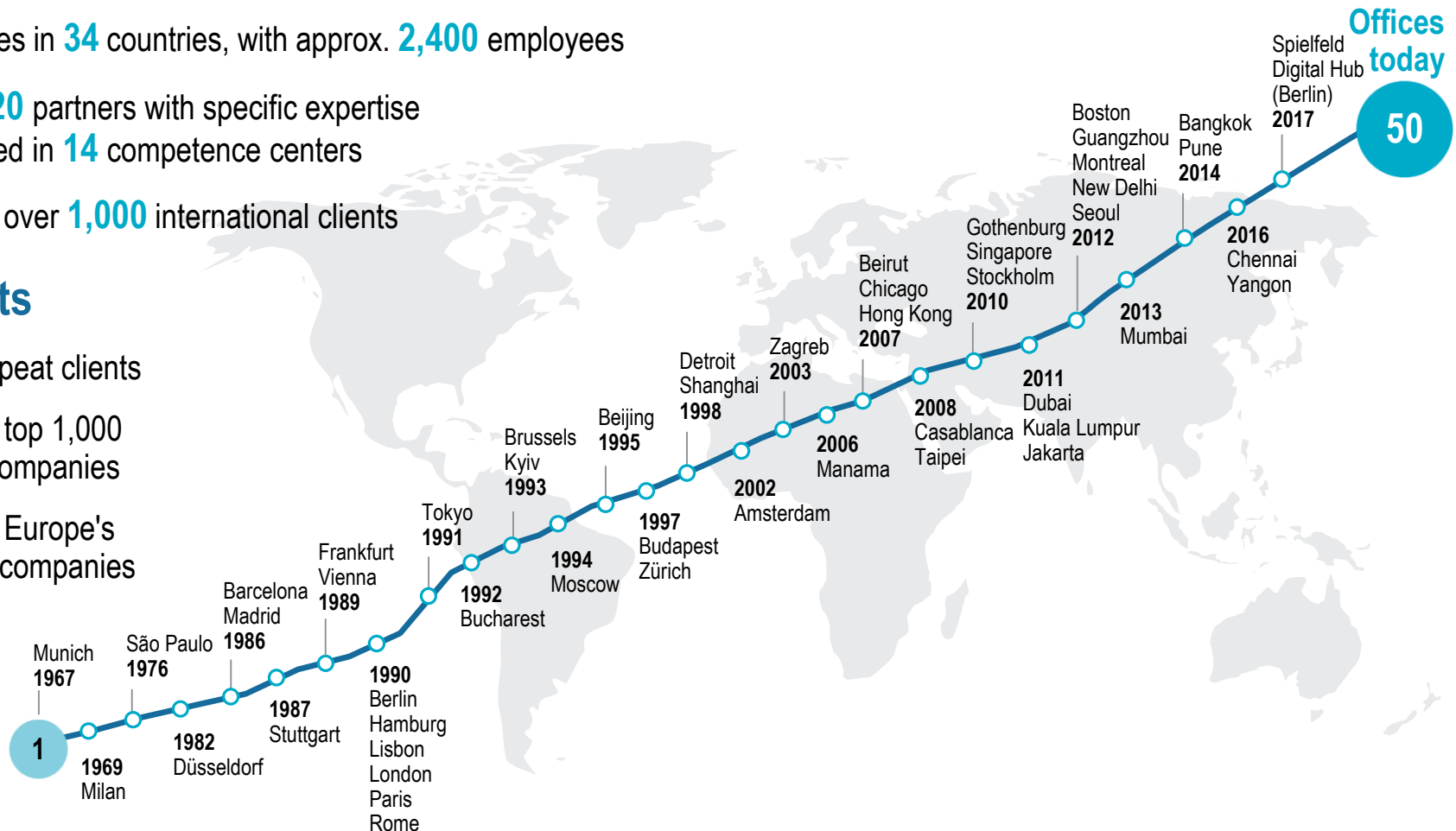
Serving over **1,000** international clients

## Clients

**75%** repeat clients

**40%** of top 1,000 global companies




**50%** of Europe's leading companies



# We have deep experience and expertise in supporting ports, terminal operators and maritime sector development globally

Selected Roland Berger clients in ports/terminals and shipping

| Ports/terminals  | Shipping  |
|---|--|
|                 |           |

-  We are proud to be a **top 5 player** in the **global strategy market**
-  We have **deep global port/terminal planning and development experience**
-  We have a **Global Maritime Practice**

# In the ports sector, we offer an integrated approach and specialized services for the ports sector all over the world

## Our service offerings – Our port consulting experience by country

### 1. Port policy & regulation



- > Malaysia
- > Pakistan
- > Tunisia
- > Ukraine
- > Hungary
- > Thailand
- > Indonesia
- > Myanmar
- > Morocco
- > Iran
- > Singapore
- > Belgium

### 2. Port planning & development



- > Iran
- > Malaysia
- > Indonesia
- > Pakistan
- > Bahrain
- > Netherlands
- > Maldives
- > China
- > Taiwan
- > Vietnam
- > Thailand
- > Saudi Arabia
- > Russia
- > Ukraine
- > UK
- > Morocco
- > Egypt
- > Bangladesh
- > Brazil
- > Kenia
- > Bulgaria
- > Portugal
- > France
- > Estonia

### 3. Port business



- > Malaysia
- > Indonesia
- > Pakistan
- > Maldives
- > China
- > Netherlands
- > Singapore
- > Japan
- > Cambodia
- > Vietnam
- > Thailand
- > South Korea
- > Germany
- > United Kingdom
- > Belgium
- > Italy

### 4. Port operations



- > Malaysia
- > Indonesia
- > Thailand
- > China
- > France
- > Russia
- > Ukraine
- > Estonia
- > Singapore
- > Netherlands

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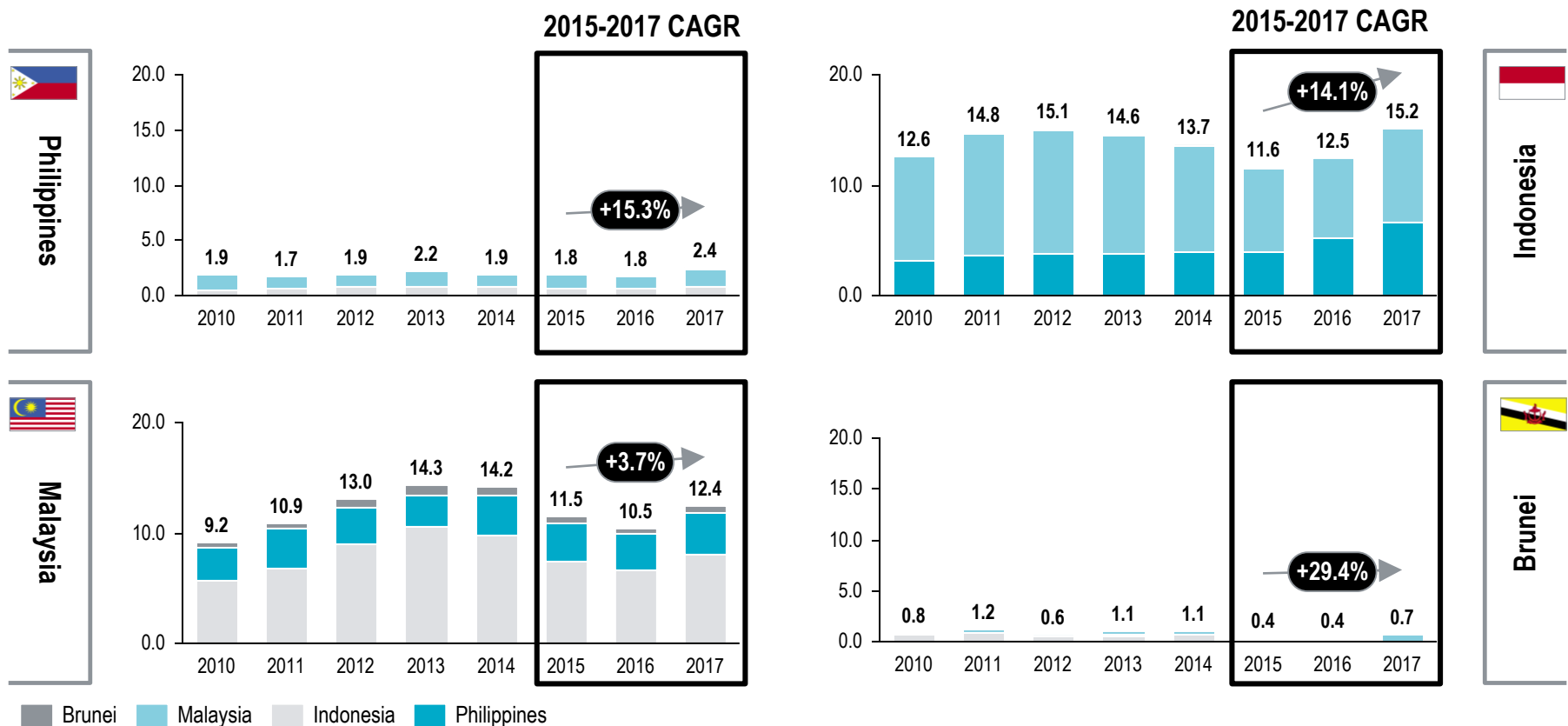
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## A. BIMP-EAGA outlook



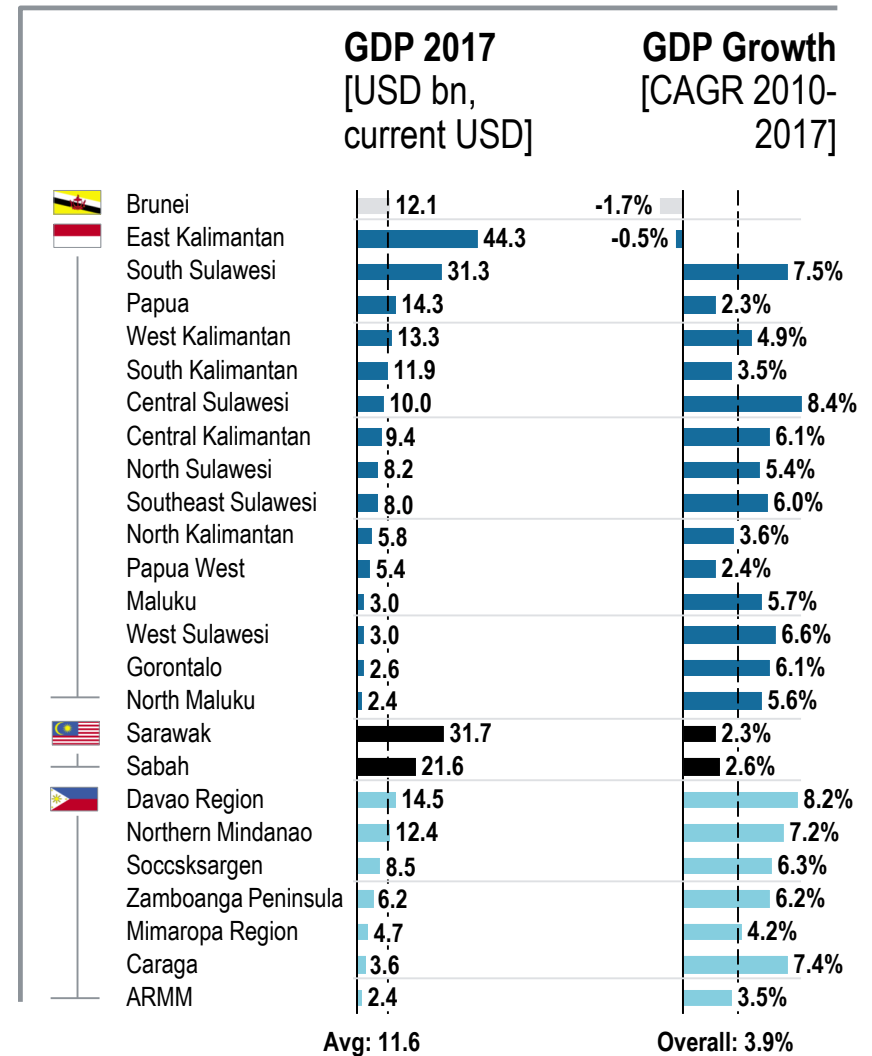
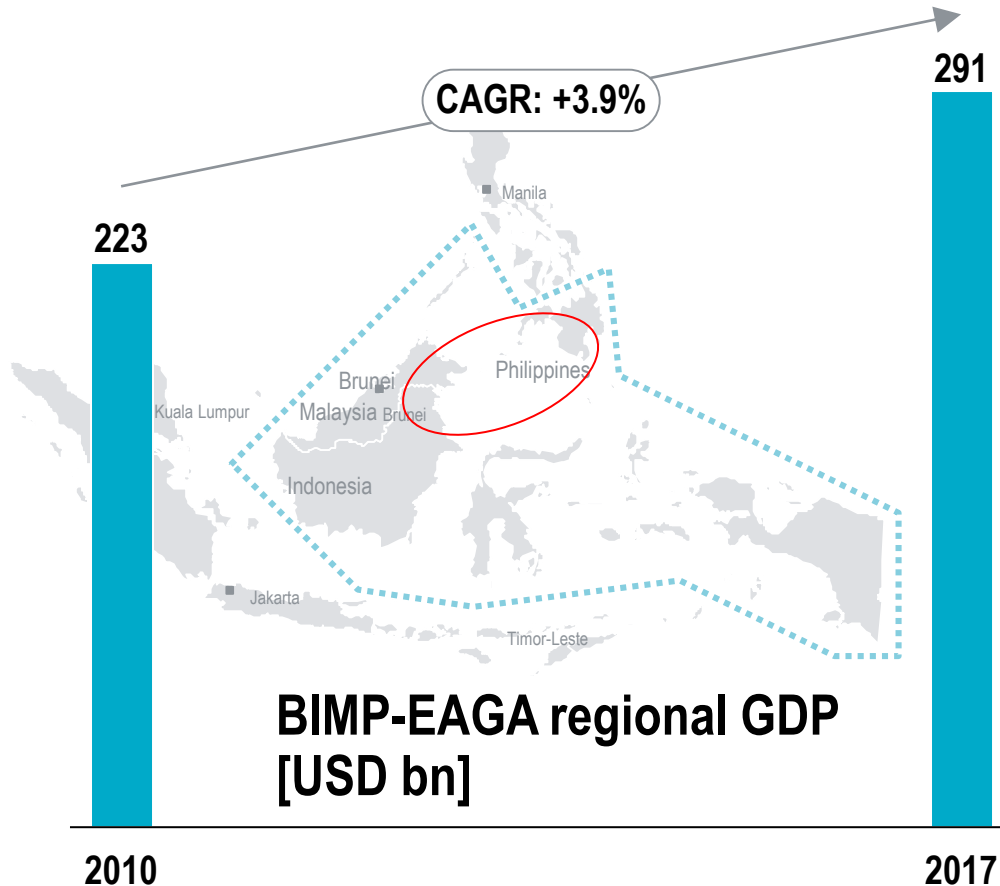
# Total trade between the BIMP-EAGA countries has grown at a rate of 10% during the period 2015-2017 – USD 31 bn in 2017

Intra-regional exports to BIMP-EAGA partners [bn USD]



Growth across the BIMP-EAGA region is at 3.9% relatively slow, while showing wide variations between the various sub-regions

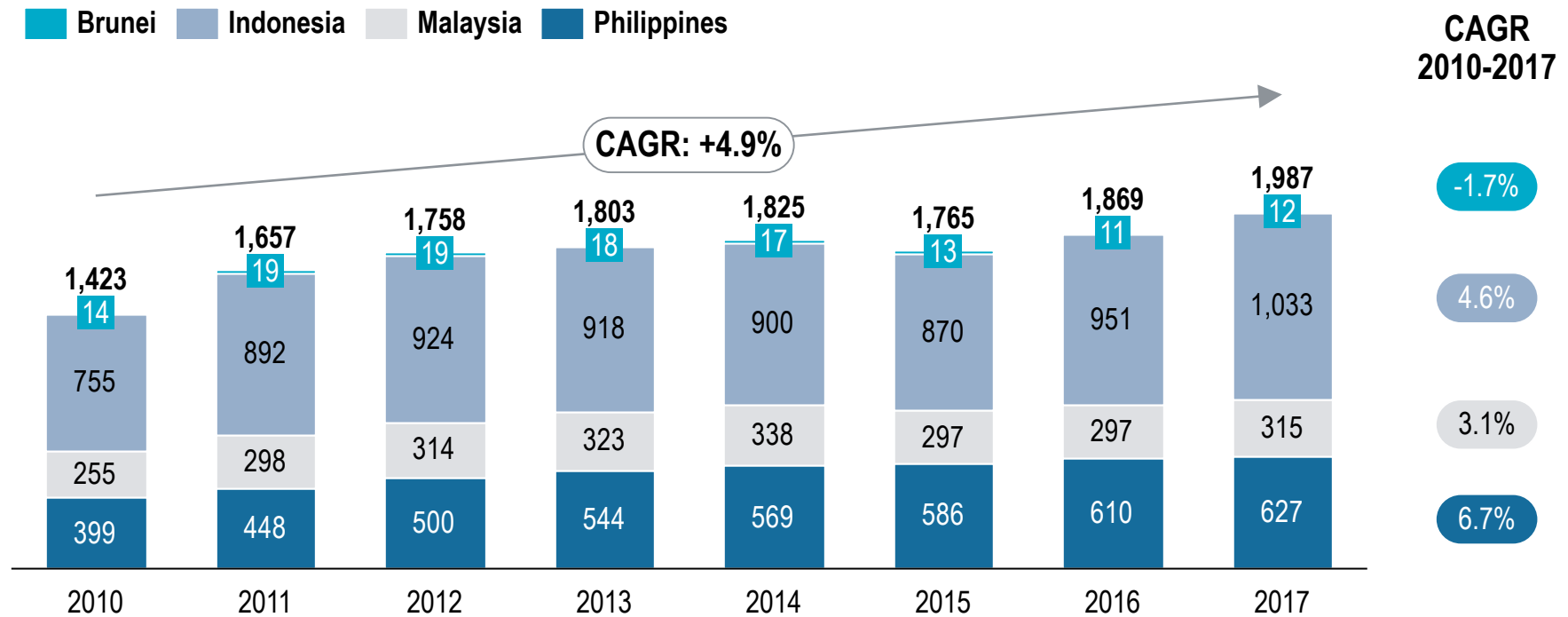
Regional growth statistics 2010-2017





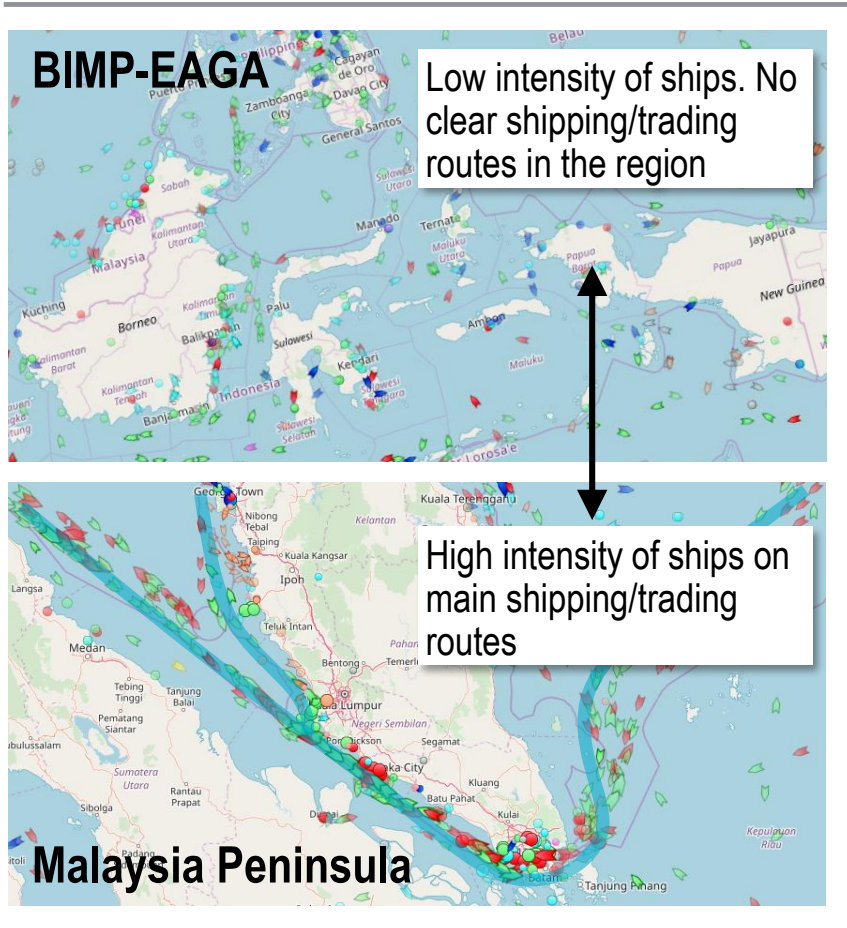
The region's growth rate of 3.9% falls significantly behind the overall growth rate of the partners of 4.9%

GDP BIMP-EAGA partners [bn USD, 2010-2017]



# Direct shipping trade within the BIMP-EAGA region is limited, due to lack of direct value chain linkages

## Satellite view of vessel traffic



➤ Tanker 
 ➤ Cargo vessel 
 ➤ Passenger vessel 
 ➤ Trade route

Source: Business Mirror, MarineTraffic, Roland Berger

## Limited intra-regional maritime trade

- > The different islands within the BIMP-EAGA region all mainly focus on agriculture and mining exports
- > There is limited movement up the value chain between islands
- > Exports and trade are not within the region but rather from the region to larger hub ports



*Super Shuttle RoRo (Davao – General Santos – Bitung)*

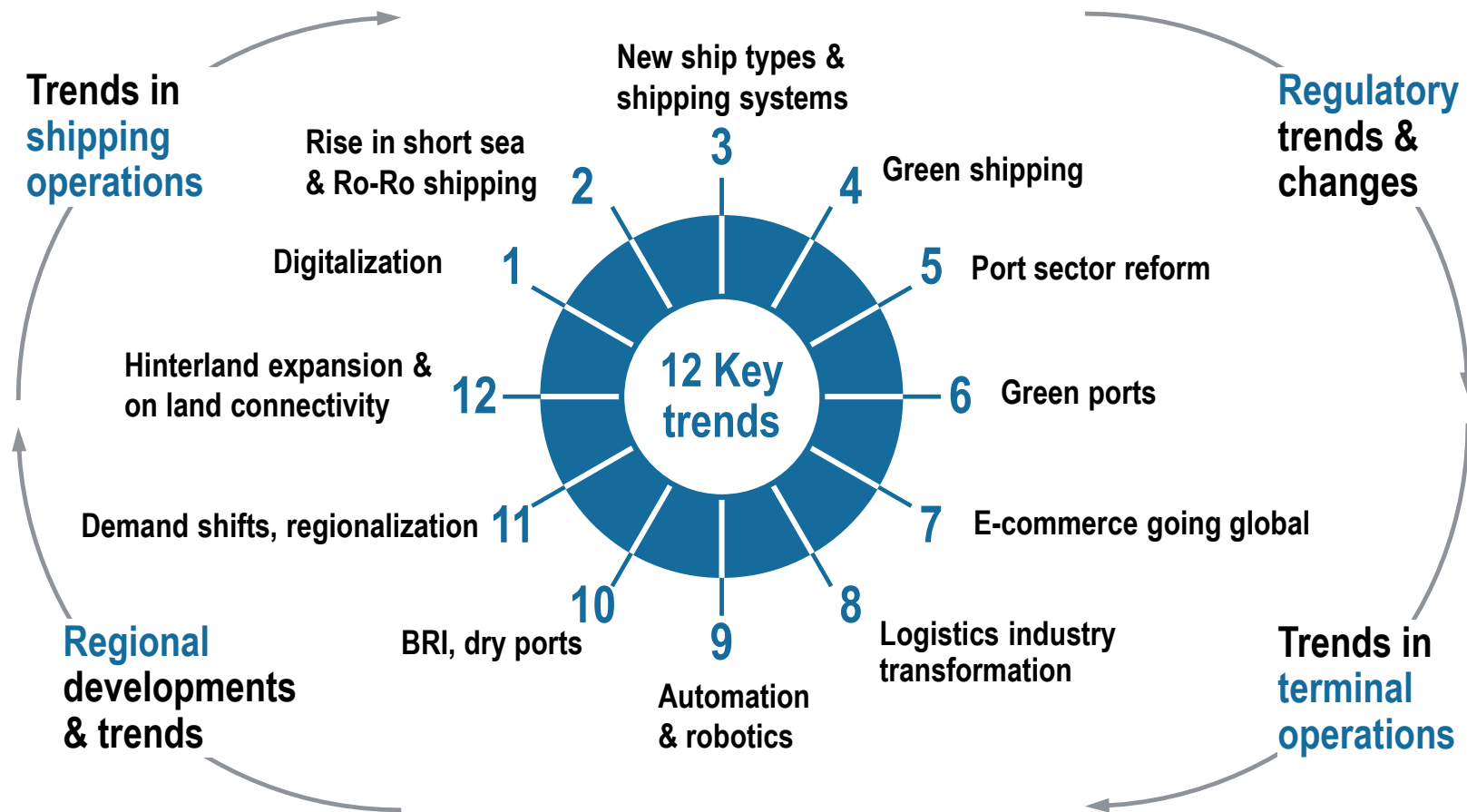
<https://businessmirror.com.ph/phl-indonesian-businesses-unable-to-provide-volume-to-ro-ro-shipping/>

## B. Maritime trade trends



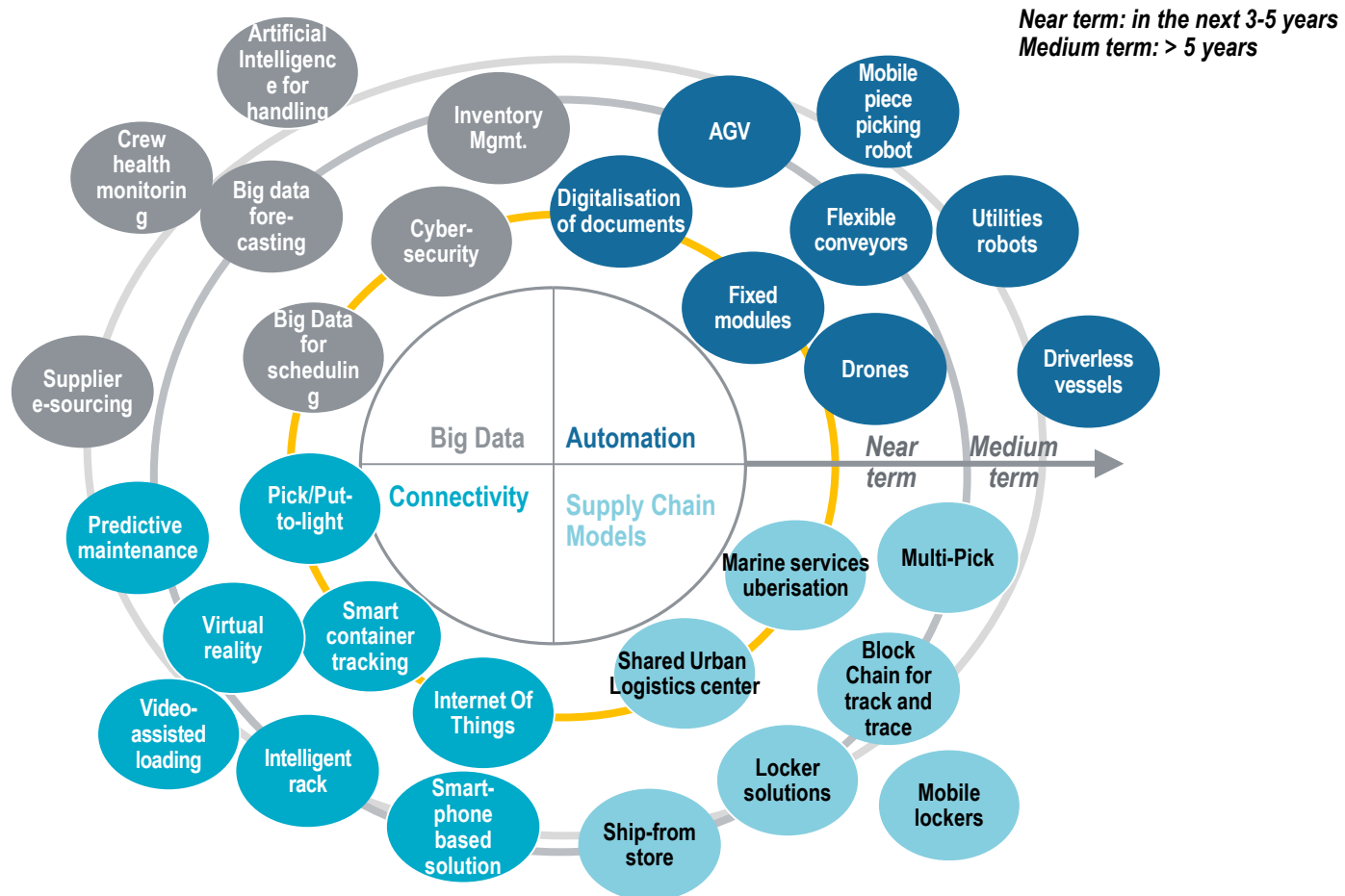
# The maritime industry is facing an environment that is becoming increasingly challenging

12 mega-trends/ challenges for the maritime industry



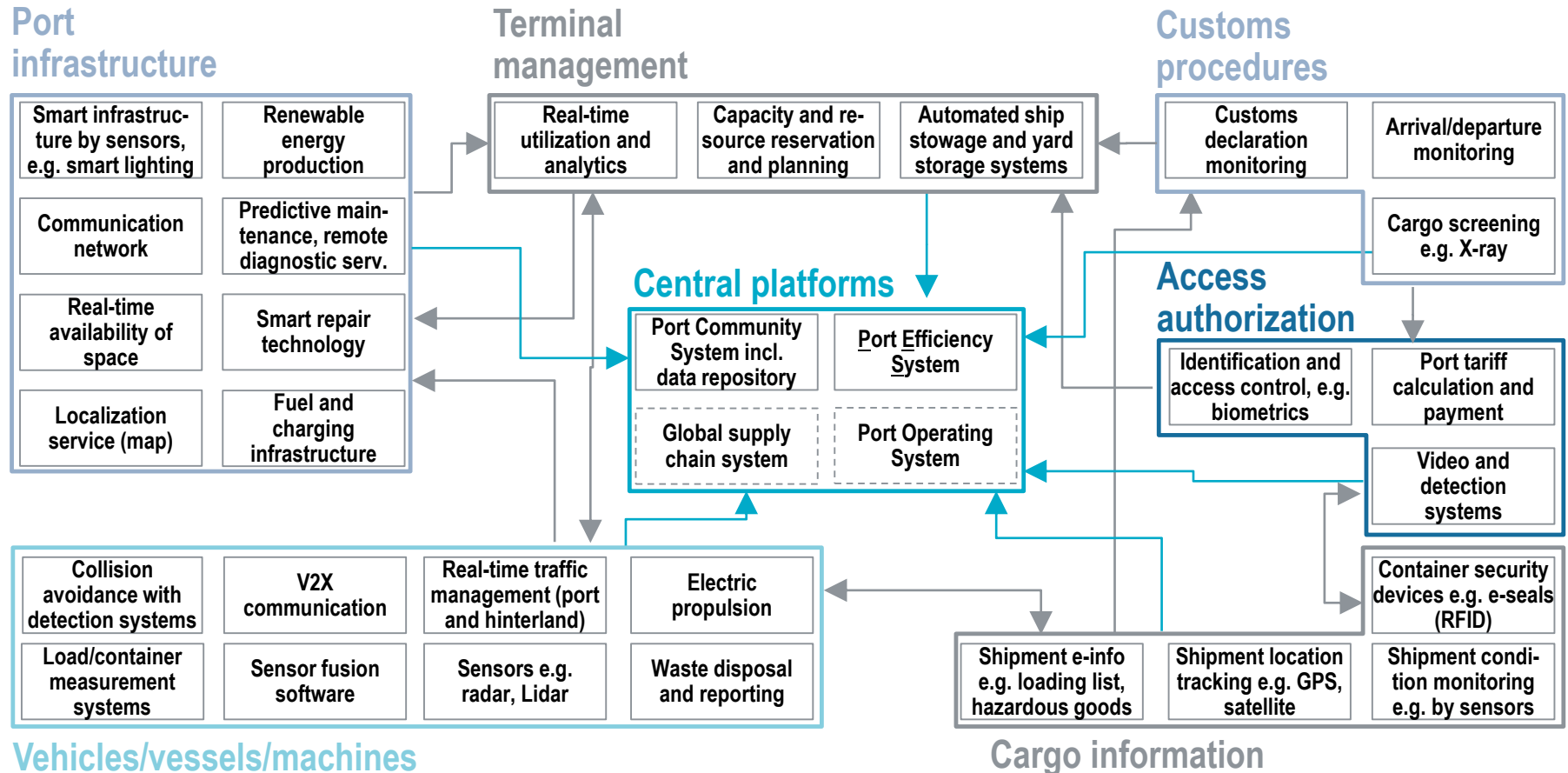
In the maritime sector as a whole, the range of new innovations / technologies now emerging is very large (more than 100)

Innovation trends on transportation (NOT exhaustive)

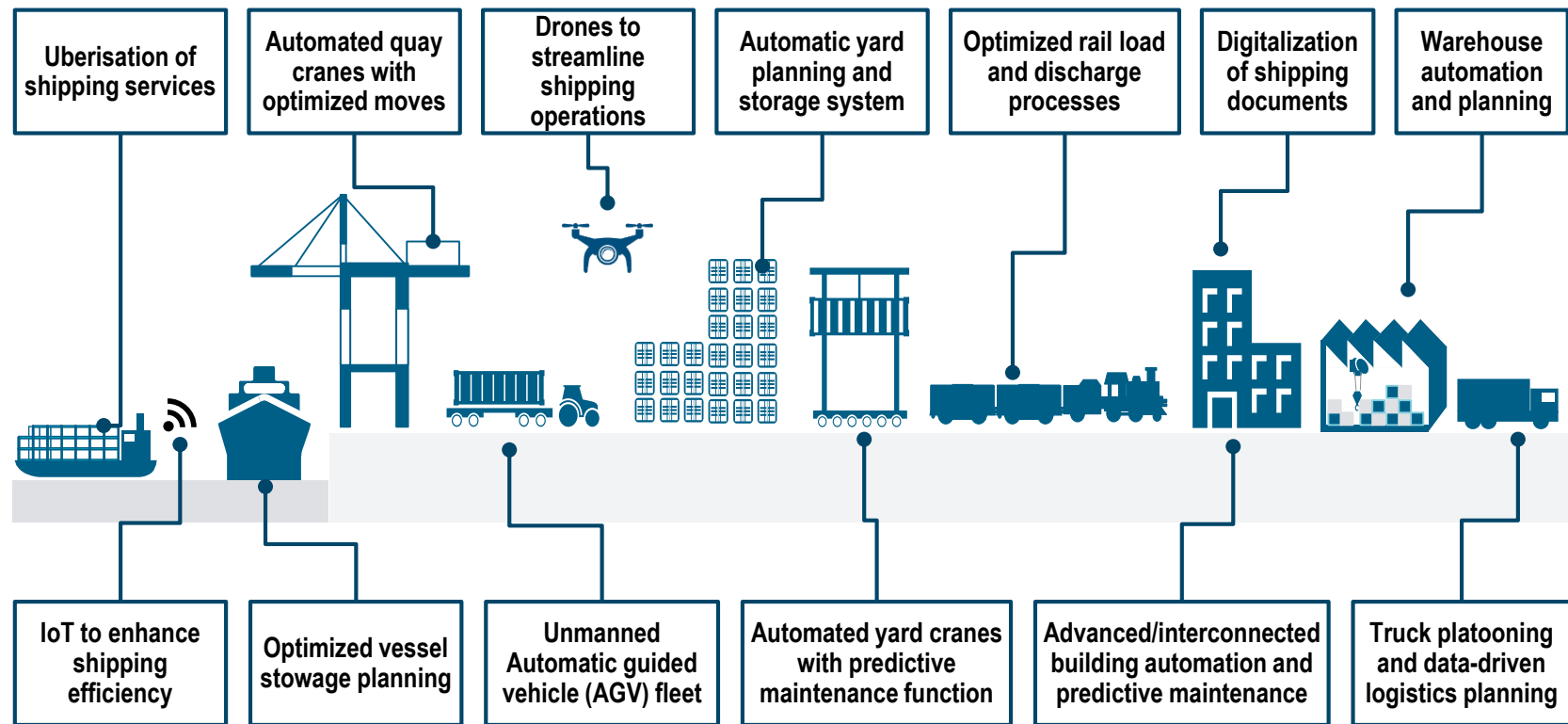


Source: Roland Berger

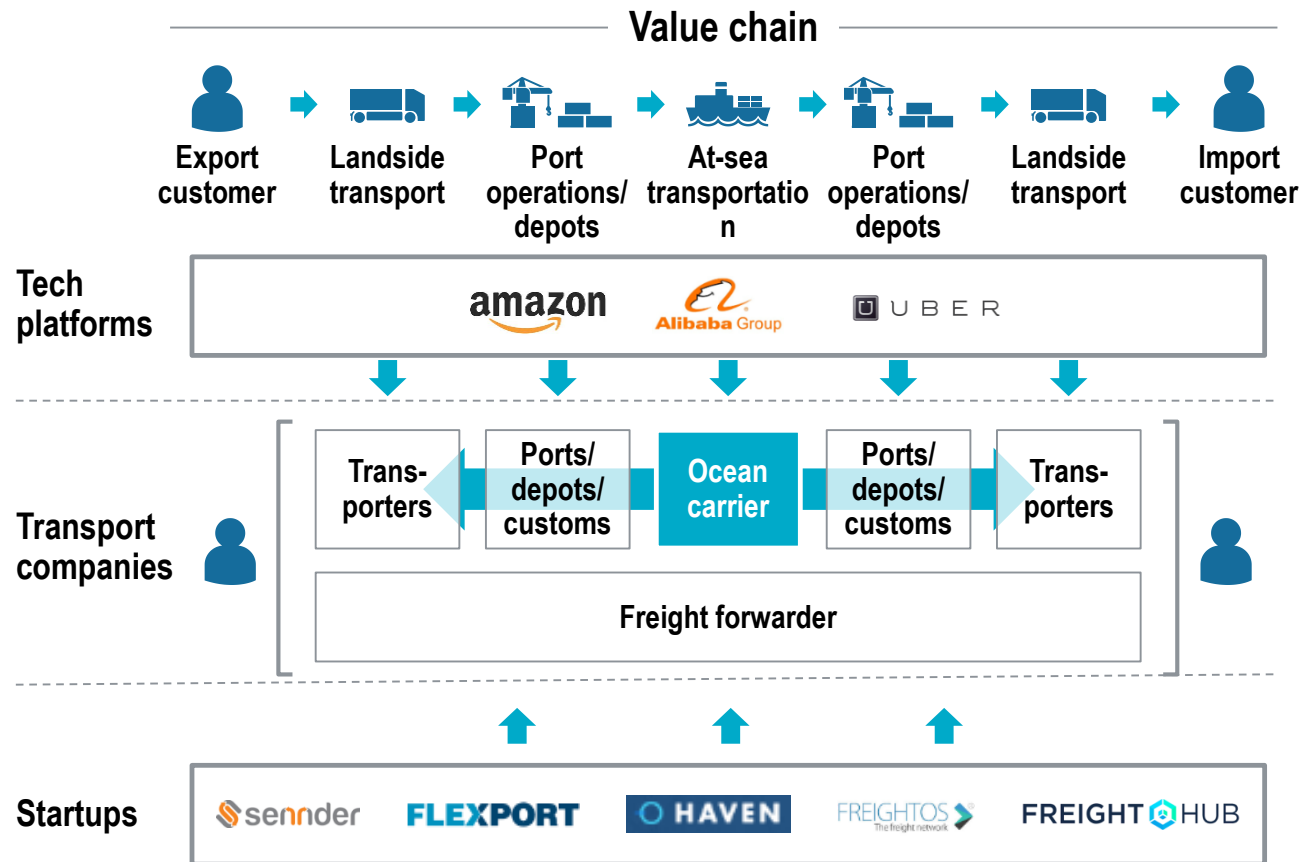
In port/terminal operations, there are numerous separate as well as inter-linked or intersecting digital development trends



In addition, new automation trends and technologies are emerging "aggressively", that bring new challenges to terminal & ship operators



In logistics – including sea shipping - boundaries are changing, with new players now beginning to compete in the ocean carrier market





# For example: Alibaba is disrupting the industry through its "New Retail" strategy, enhancing its control over it's logistics chain

## New Retail strategy

**1** Enhancing customer experience leveraging technology and data analytics



**2** Improving logistics efficiency & flexibility



"Alibaba aims to build the most efficient logistics network in China and around the world"

Daniel Zhang  
Chief Executive of Alibaba Group

## USD 15 bn<sup>1)</sup> investment in smart logistics

> Cainiao (smart logistics arm) to deliver anywhere in China within 24h and anywhere in the world within 72h

> ZTO Express delivery to provide line-haul, last-mile, fulfilment, warehousing, international logistics management



51%  
Sept. 2017

菜鸟网络  
CAINIAO

10%  
May 2018



1) 2017-2022

# In particular, container shipping is vulnerable ....

## 5 Mega Disruptors

1. Robotic automation
2. Global E-commerce
3. Energy transition
4. New ship design tech
5. Digitalization

## Ships Today - Available

- Slow, 15-16 knots
- Dirty
- Complex
- Large, low frequency
- Hub & spoke, rigid schedules
- Wide
- Heavy, steel-based, water ballast
- Decks, hatches
- Crew 20-30
- Pilots, tugs, ropes, anchors
- Marine diesel for fuel
- Designed for a single KPI
- Turnaround in 10-24 hrs
- Large terminal equipment

## Ships Tomorrow - Needed

- Fast, 30-40-50 knots
- Green
- Simple, smart
- Small, high frequency
- Direct calls ++
- Narrow
- Light new materials, no ballast
- No decks, no hatches
- Crew 5-6
- Dynamic positioning
- Electrical propulsion +++
- Designed for the sea
- Turnaround in 2-3 hrs
- Small robotized terminal equipm't

## C. Opportunities for BIMP- EAGA



# Global disruptions will also take place in BIMP-EAGA – leading to new opportunities

## Major trends



### Global e-commerce

## Implications

- > More frequent calls, smaller ships
- > Higher share of imports in 'export only' regions because of parcel deliveries
- > 'Disruption' of value chains, new customers, new suppliers

## Opportunities

- > New types of distribution
- > New opportunities for regional logistics & shipping companies
- > New warehousing systems



### New technologies

- > Smaller, faster ships, requiring different shipping systems
- > Flexible real-time optimized 'direct' routing
- > Fast shipping on demand ('Go-jek shipping')

- > New/smarter ships to be built
- > New terminals, smaller, more
- > BIMP-EAGA is an ideal 'testing ground' for smart, agile technology, with its many islands

In case of questions, please do not hesitate to contact me

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