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Shipping keeps a clear course in turbulent times

Merchant fleet remains stable / Training figures rise significantly / Efforts to protect the climate are being intensified

The German Shipowners' Association (VDR) today published new data on the situation of the German shipping industry. President Gaby Bornheim and CEO Martin Kröger were able to report positive developments despite a difficult geopolitical environment for the shipping industry: Overall, Germany continues to have the seventh largest merchant fleet in the world and remains world leader in container shipping. Recently, significantly more young people have also opted for a career in the shipping industry.

Geopolitical conflicts affect maritime trade

Shipping is increasingly confronted with challenges caused by wars and conflicts. The Red Sea has become unsafe for navigation owing to attacks on merchant vessels by Houthi rebels, a situation stemming from the ongoing conflict in the Middle East. Large parts of the Black Sea remain a war zone and high risk area for shipping due to Russia's attack on Ukraine. Additionally, the strain between China and Taiwan, along with tensions in the South China Sea, are continuously intensifying.

"The current geopolitical developments are worrying. Even though the shipping industry is in principle crisis-tested and can react flexibly to new geopolitical conditions, stability and security are essential in the long term. If maritime supply chains continue to be constantly disrupted, at some point our sea-based supply will be at risk," explains VDR President Gaby Bornheim. Germany conducts approximately 60 percent of its import and export activities via shipping routes, facilitating the entry of essential goods such as energy, food, clothing, technology, furniture, and medicines into the country.

Germany remains one of the most important shipping locations in the world

"Maintaining a robust merchant fleet within the country is, and continues to be, of paramount importance for Germany. The encouraging current figures highlight the stability of the German merchant fleet," says Martin Kröger, CEO of the VDR.

At the end of 2023, the German merchant fleet consisted of a total of 1,800 ships (previous year: 1,839 ships) with a gross tonnage (GT) of 47 million (previous year: 44.8 million GT). This means that Germany remains the seventh largest shipping nation in the world. Greece, China and Japan occupy the first three places in this order. Germany remains the leader in container shipping (29 million GT), ahead of China (28.1 million GT).



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"The data underscores Germany's status as one of the leading maritime nations in the world, owning and operating a significant fleet, while also affirming its position as a competitive hub for shipping. To preserve this standing in the future, it is crucial to maintain attractive and stable conditions for shipping companies operating within Germany", emphasizes Kröger.

The majority of German shipping companies are small and medium sized enterprises. 80 percent of the companies have fewer than ten ships. 881 ships in the German merchant fleet fly the flag of an EU country at the stern, among them 259 the German flag, 386 the flag of Portugal, 135 the flag of Cyprus, 41 ships the flag of Malta, and 60 the flag of another country of the EU. Therefore, every second German ship sails under the flag of an EU country.

More career starters begin training in the shipping industry

Attracting and competing for young talent is of critical importance to the shipping industry. Thus, it is heartening to observe that the number of new training contracts in the shipping industry for the 2023 training year has increased by approximately eleven percent compared to the previous year. Last year, 418 young people started training at sea (previous year 377) and 214 on land (previous year 192).

"The future of our shipping sector hinges on the skills and enthusiasm of well-trained young individuals. Their contribution is essential for advancing and future-proofing shipping in Germany. It is encouraging to see a growing interest among the youth in pursuing careers in the shipping industry. We remain committed to drawing young talent to maritime professions, reinforcing the notion that shipping is an attractive and promising field of work," says VDR President Bornheim.

Shipping on the way to climate neutrality

One of the biggest challenges facing shipping is the transition to climate-neutral operations by 2050. The industry is undertaking significant efforts and investments to realize this goal. In a landmark decision, the European Union has resolved to incorporate maritime shipping into the EU Emissions Trading System starting in 2024. Consequently, shipping companies will be required to compensate for their CO2 emissions within the EU and acquire emission rights.

"We endorse the principle of emissions pricing, recognizing it as a potentially effective tool for enhancing climate protection," says Martin Kröger. "Nevertheless, it is imperative for the German government to now promptly specify the modalities of integrating shipping into the emissions trading scheme, as a legislative proposal to transpose the European regulation into national law has yet to be presented. For us, the cornerstone of our operations is not only planning certainty but also the assurance of uniform competitive conditions on an international scale. While we support emissions pricing as a policy measure, it must be implemented consistently across the globe. The fragmented approach of regional specificities is untenable for global shipping and undermines effective climate protection. Furthermore, we seek to avoid the redundancy of compensating for the same emissions more than once," says the VDR CEO.



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All new data on German merchant shipping can be found at:

<https://www.reederverband.de/en/facts-figures-maritime-shipping-germany>

About the German Shipowners' Association

The German Shipowners' Association (VDR) represents the common economic and socio-political interests of German shipping companies at federal and state level as well as vis-à-vis European and international bodies. The VDR was founded in 1907 and merged with the Association of German Coastal Shipowners in 1994. With around 150 members, the VDR represents the largest part of the German merchant fleet. More information at www.reederverband.de.