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**Brussels meeting 2015**  
**Cargo Presentation**

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Swiss Re Corporate Solutions

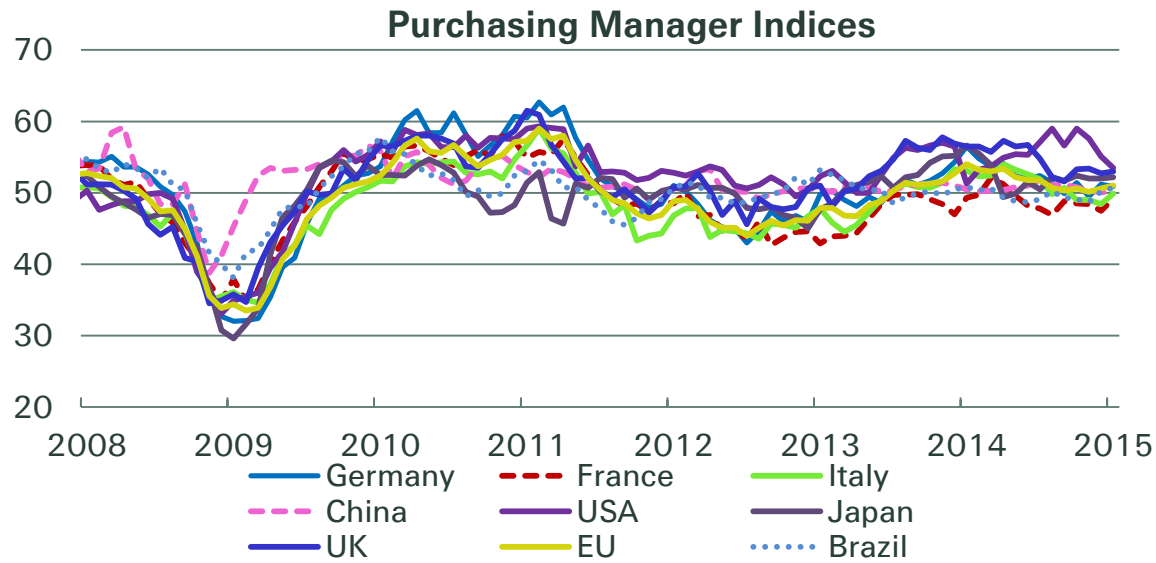
Chairman Facts & Figures Committee



# Economic Outlook

- **Purchase Manager Index ( PMI )**
- **GDP Forecast**
- **Inflation Forecast**
- **Short Term interest rates**
- **Stock Market**

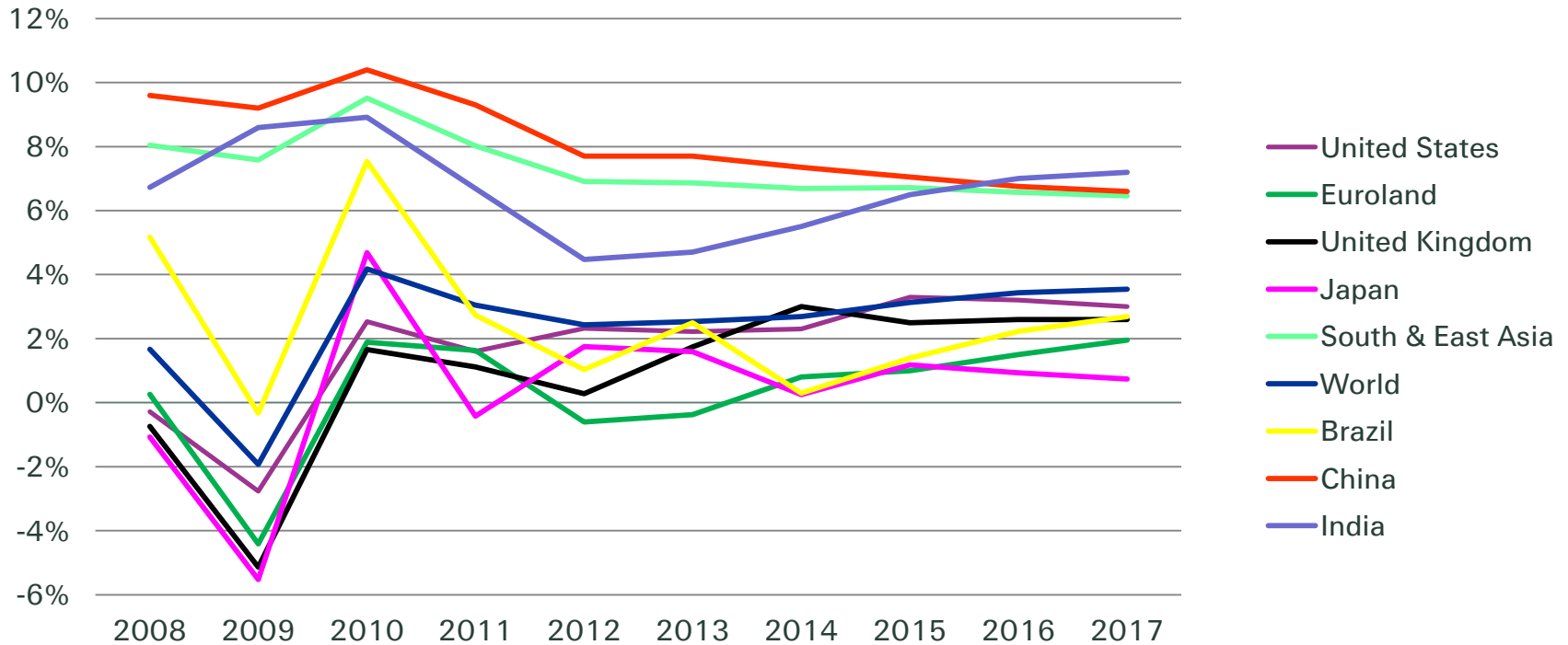
# Economic activity generally expanding ...but recent slowdown in some countries



The global economic recovery continues, although it remains fragile and uneven. Recent slowdown in growth in key emerging markets such as China and Brazil and parts of Europe. Heightened geopolitical tensions (Greece, Ukraine, Middle East) creating headwinds.

# Advanced economies projected to contribute more to the global upswing

GDP real growth forecast

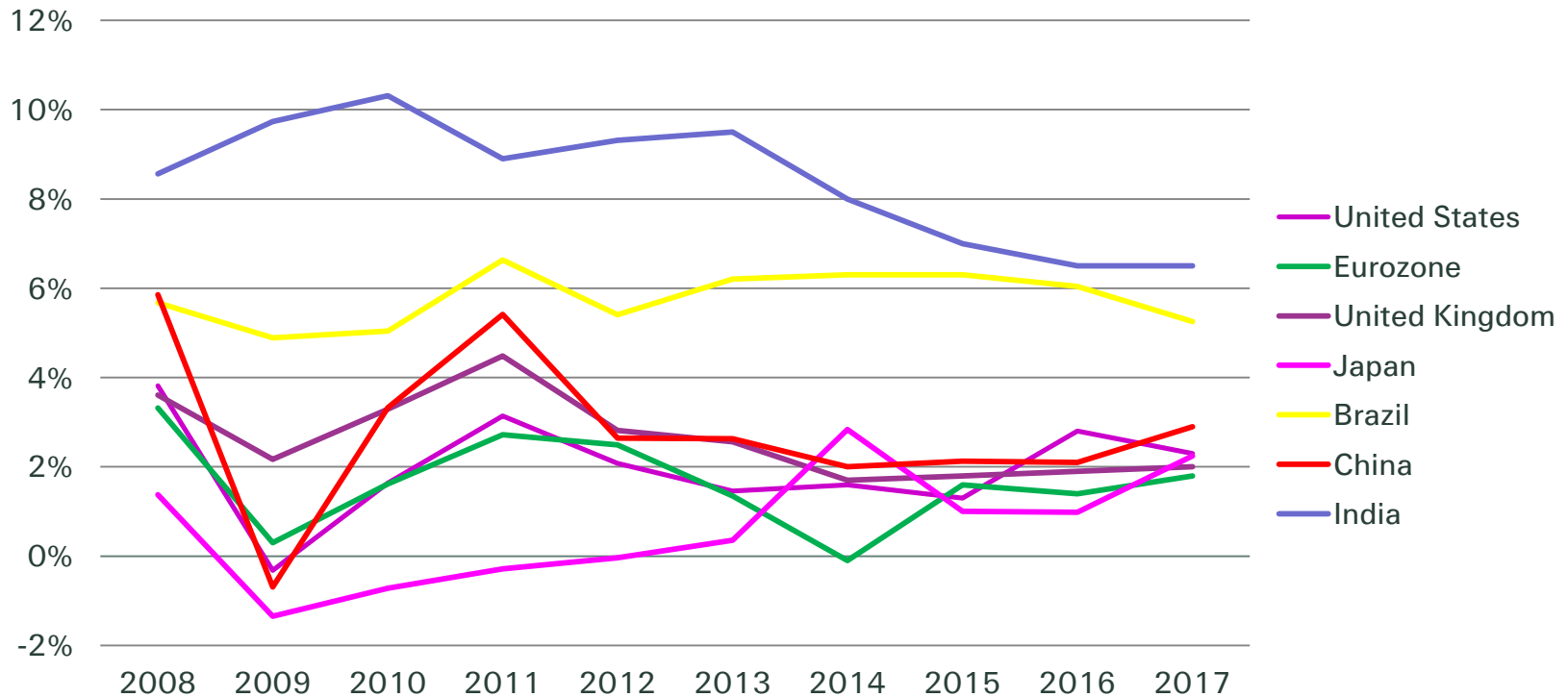


Continued monetary policy accommodation as well as lower oil prices should support global aggregate demand and activity.

# Inflation expected to remain contained, at least in the near-term

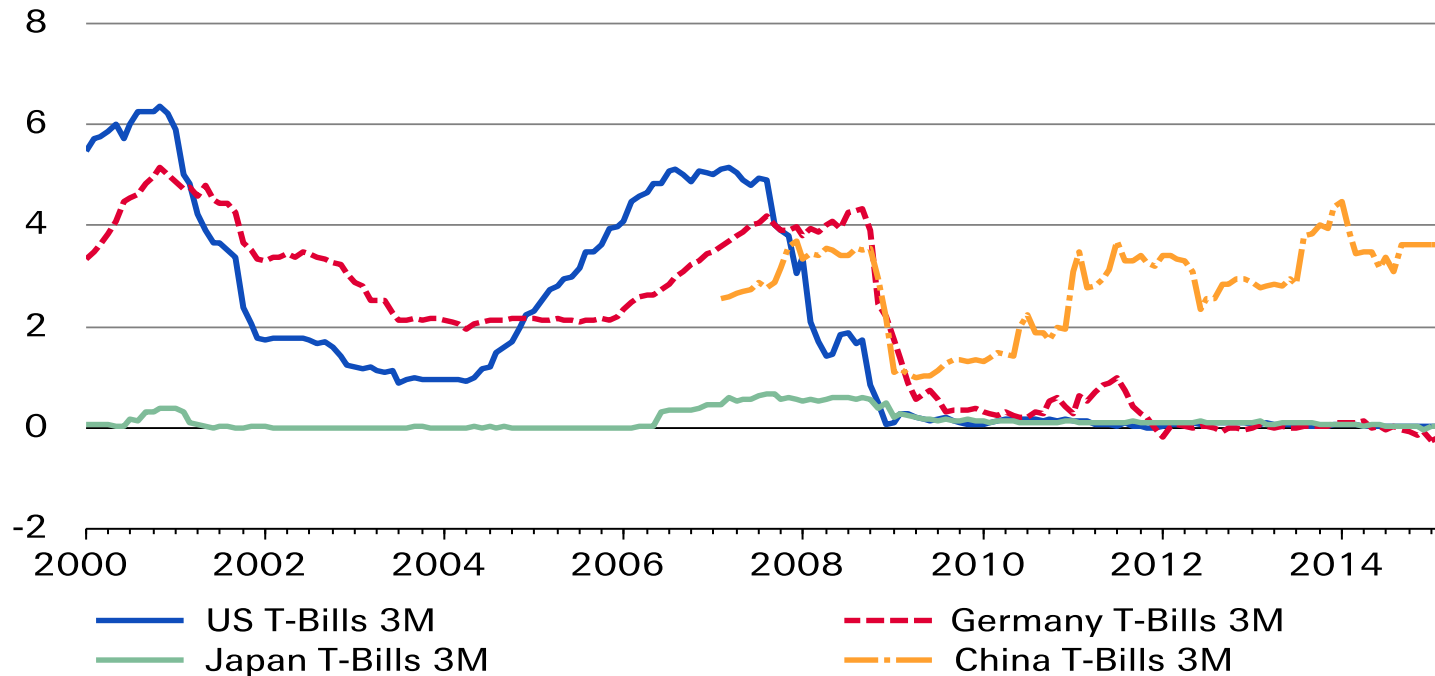


Inflation (CPI) forecast



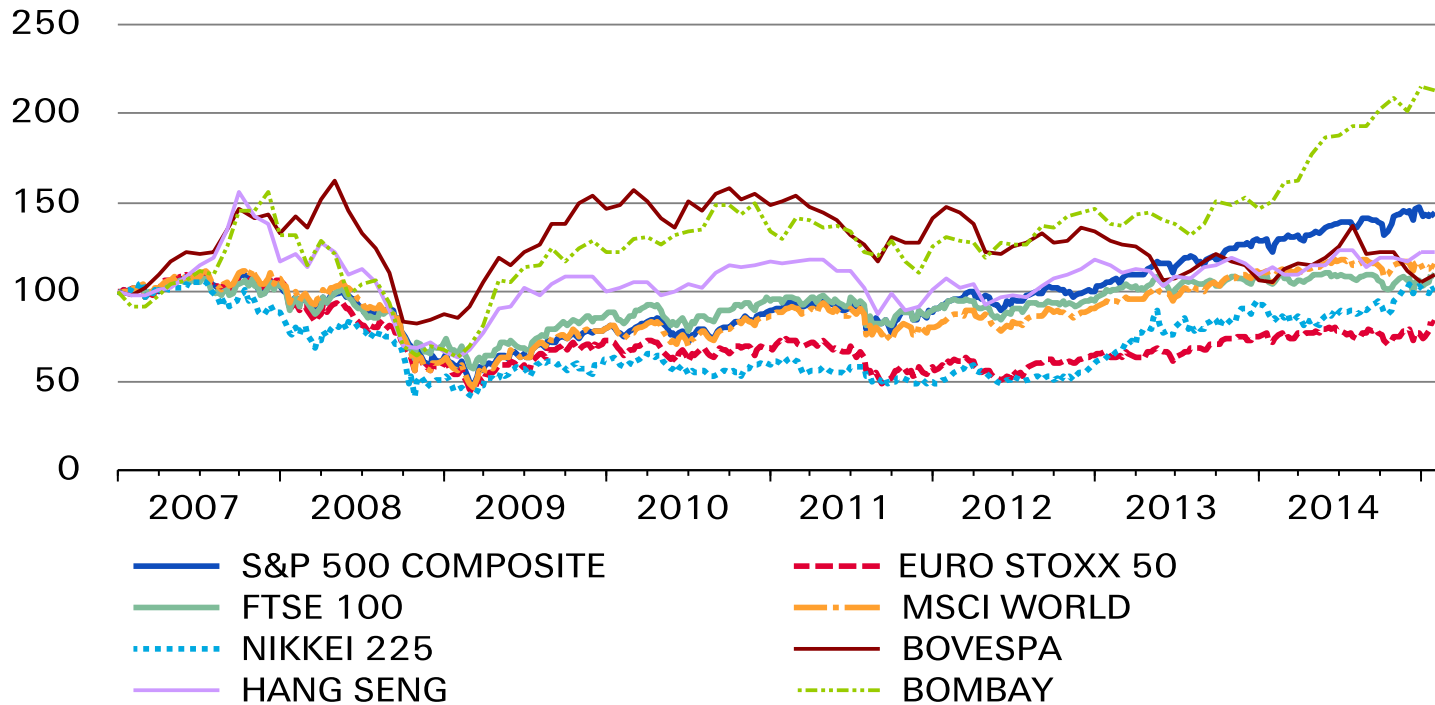
Given the extent of economic slack in the major economies, inflation is likely to remain contained even as growth continues.

# Short term interest rates



Short term market interest rates in the major economies remain very low. But prospective divergence in future path of monetary policies in major economies could cause problems for some emerging markets.

# Stock Market



Equity prices have generally continued to rise on strengthening company earnings, hopes of sustained global economic recovery and significant financial market liquidity.

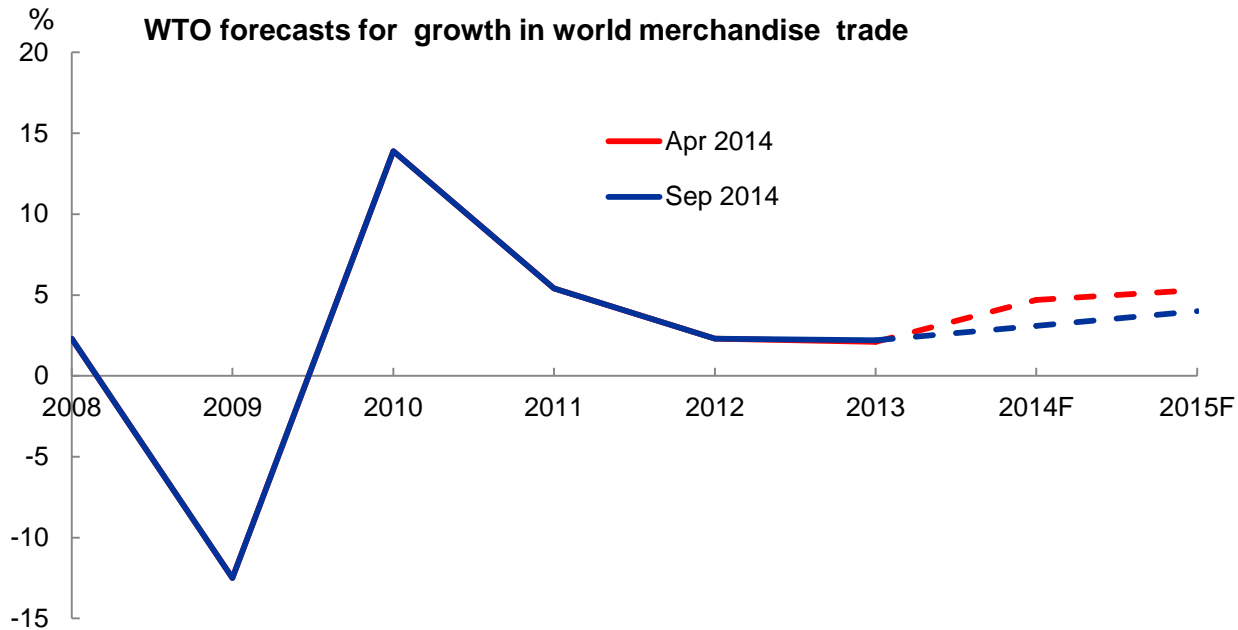


# World Trade

- **Trade Overview**
- **Commodity Prices**
- **Freight Rates**
- **Demand for transport**
- **Trade flows**
- **Port Activity index**

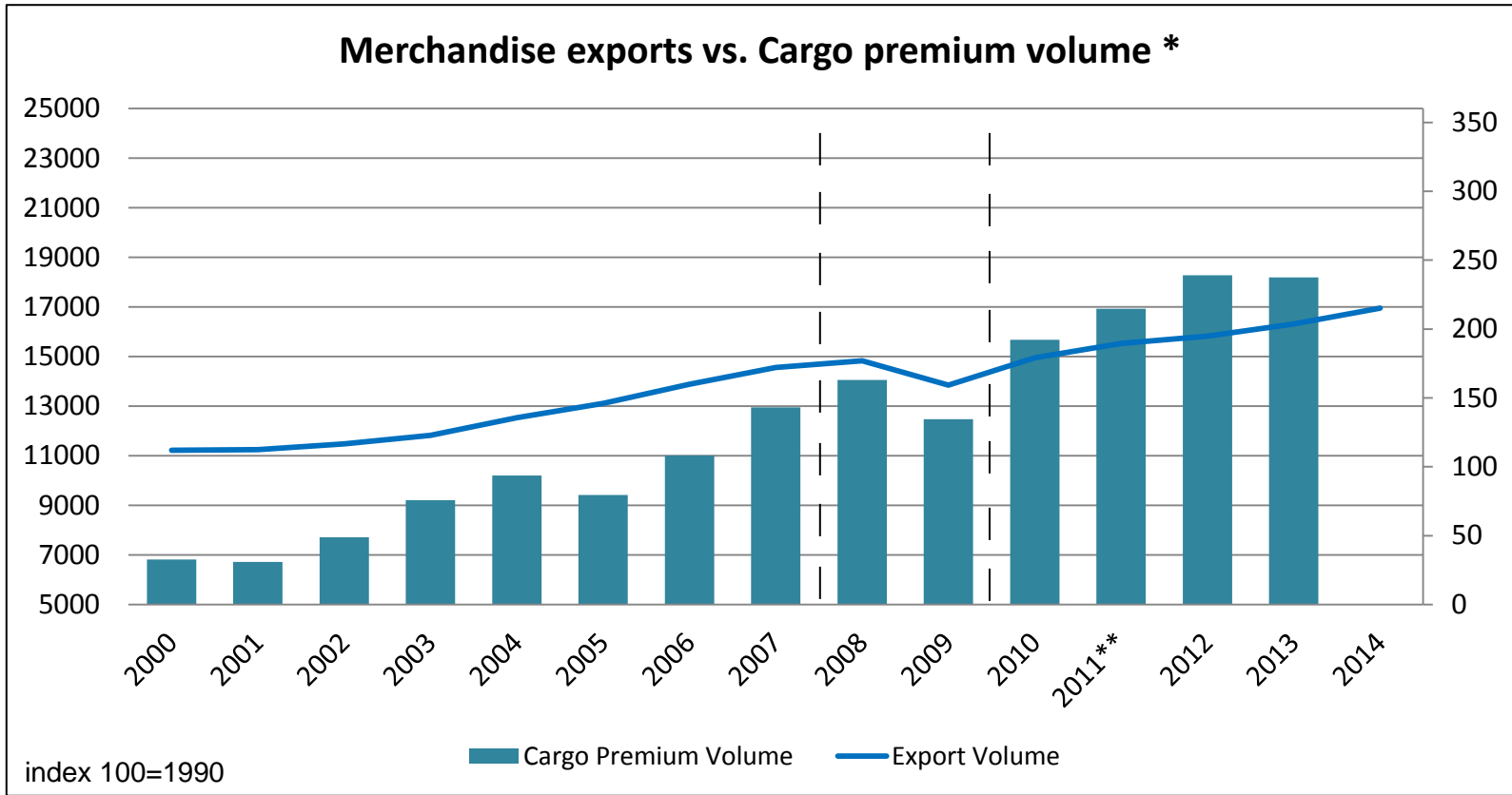


# Trade growth remains subdued



Trade stagnated in 2014 H1 on the back of lower GDP and import demand, particularly in natural resource export regions such as South and Central America. WTO Forecasts for world trade revised lower with significant downside risks.

# Level of exports remain well below trend



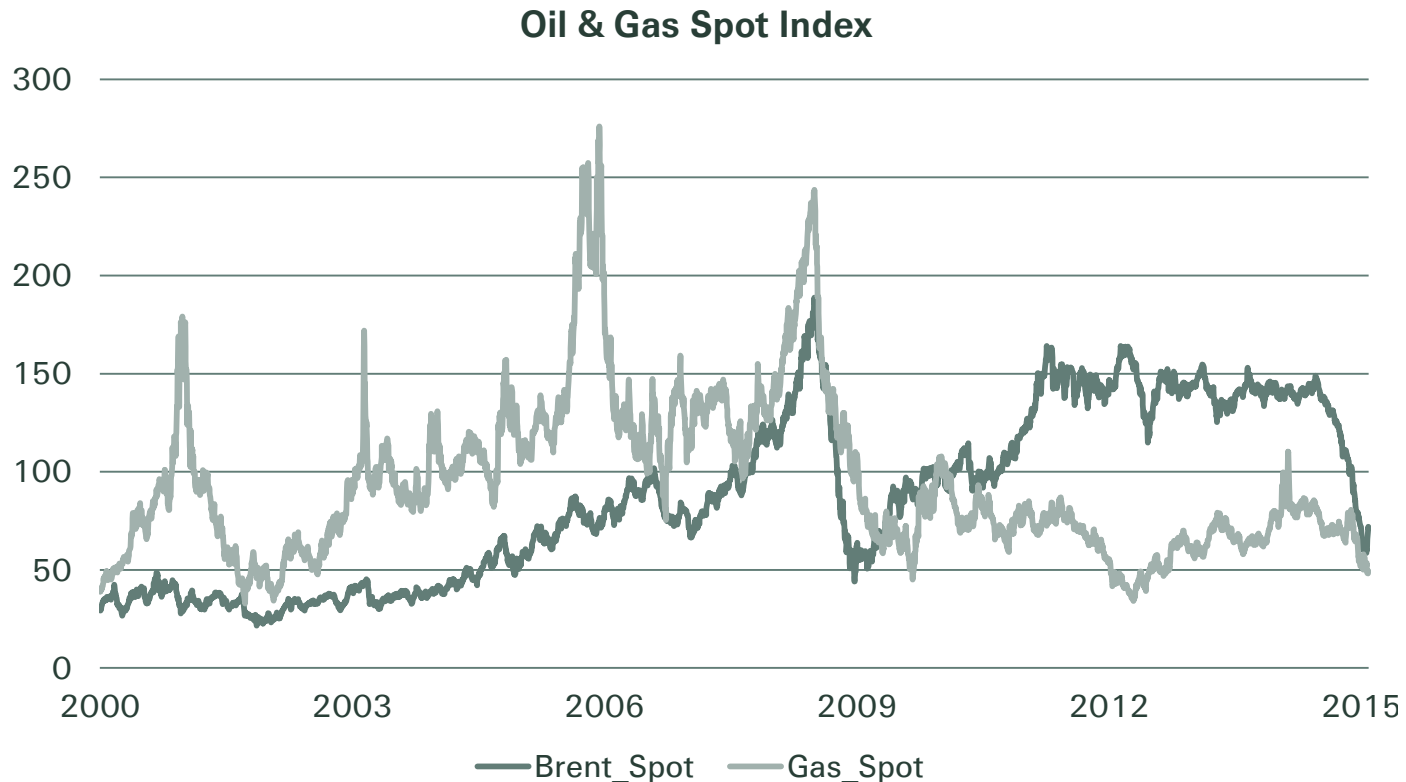
Level of world exports was well below trend till 2010, then it exceeded the trend, reflecting the economic recovery.

\* From 2008: China figures included.

Premium in 1.000.000 us\$ source: WTO / IUMI

\*\* From 2010: Latin America (Brasil from 2006), Middle East and non-IUMI Asian figures included

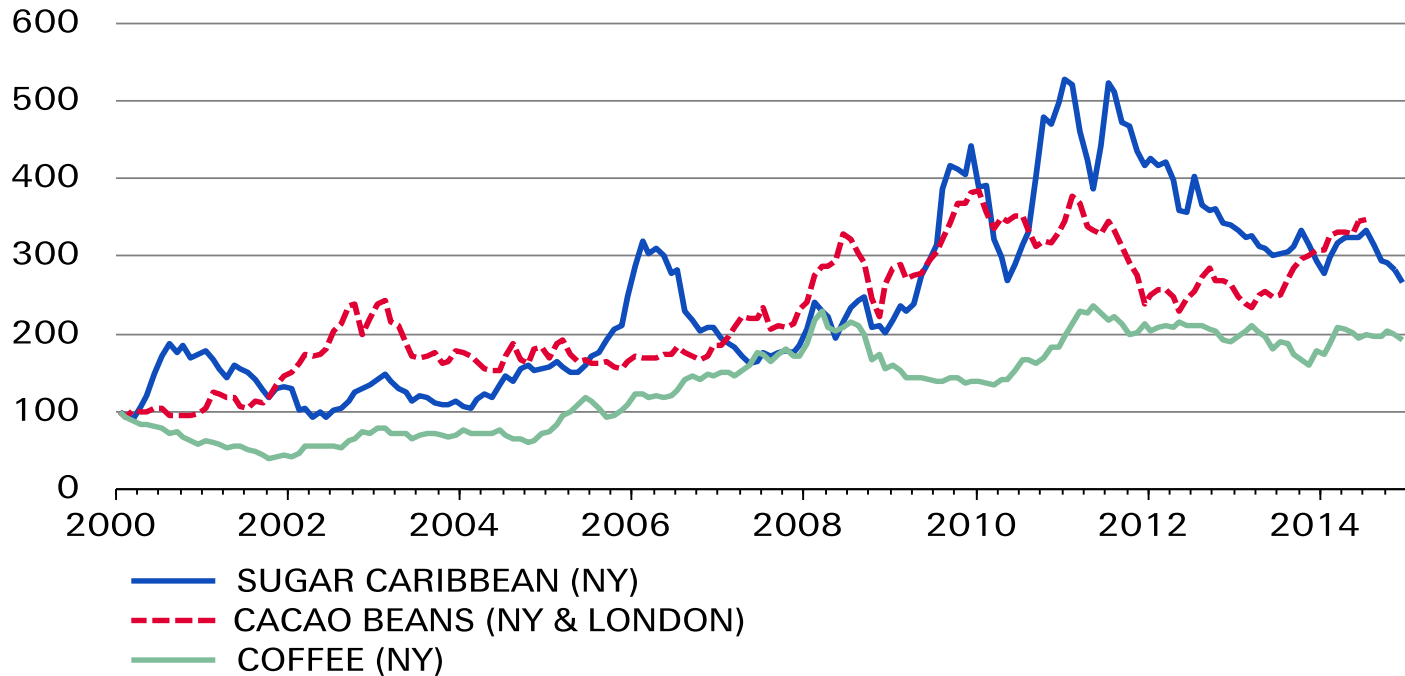
# Oil & Gas prices have fallen at different speeds



Slower prospective growth in key commodity importing nations such as China has hit demand for oil.

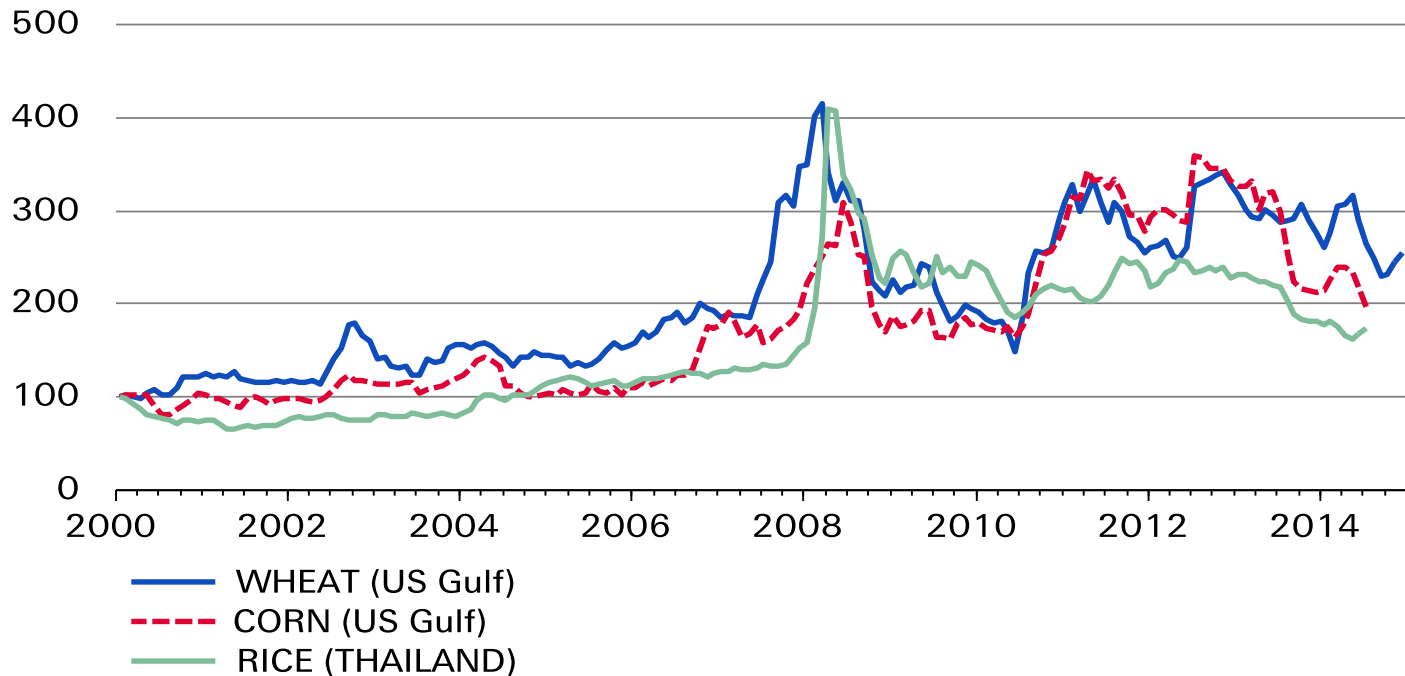
At the same time, excess supply has (linked to US shale gas extraction and continued OPEC production) contributed to sharp fall in oil and gas prices.

# Chocolate crunch



Ebola-linked disruptions in W. Africa have pushed cacao prices higher.

# Other agriculture prices have generally eased recently

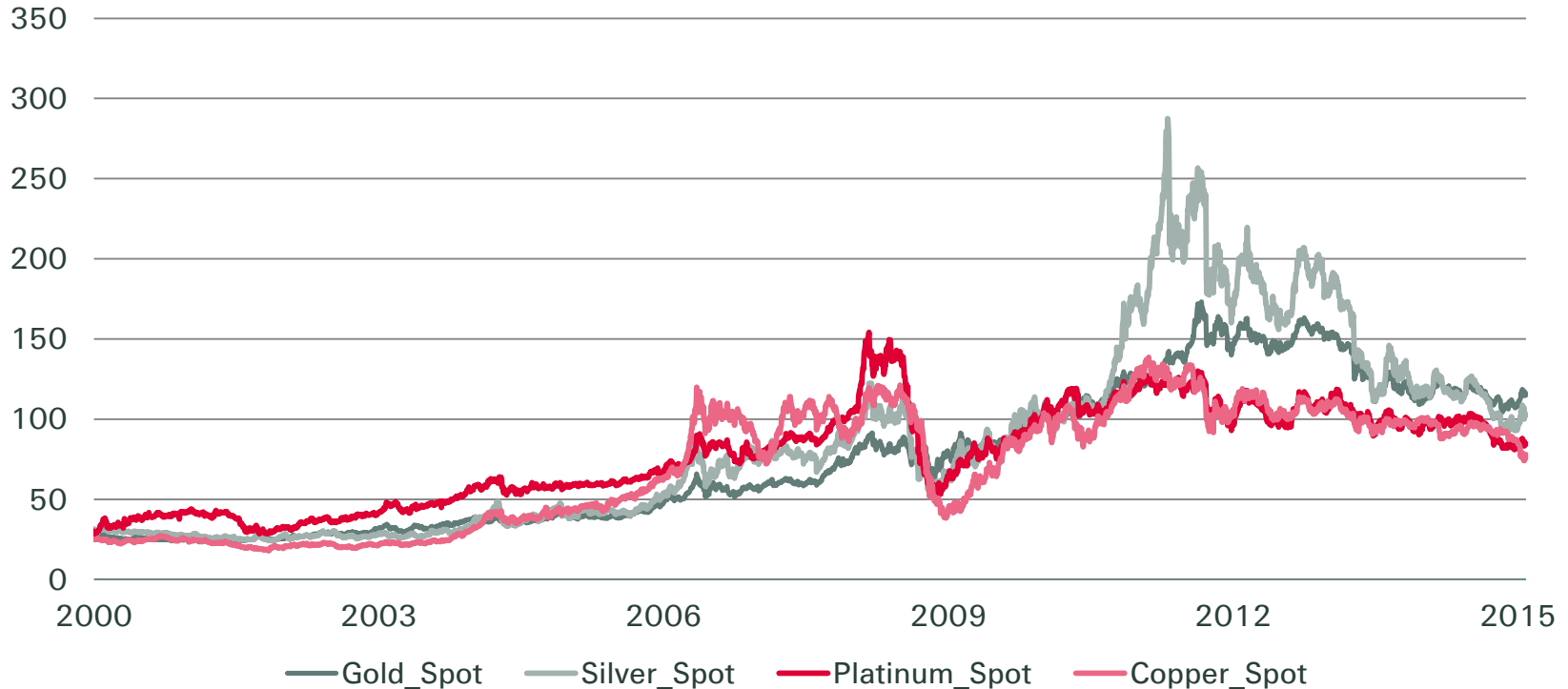


After increased volatility in recent years, better balanced supply and demand is underpinning some easing in agricultural commodity prices.

# Industrial metal prices: Metals



### Metals Spot Index

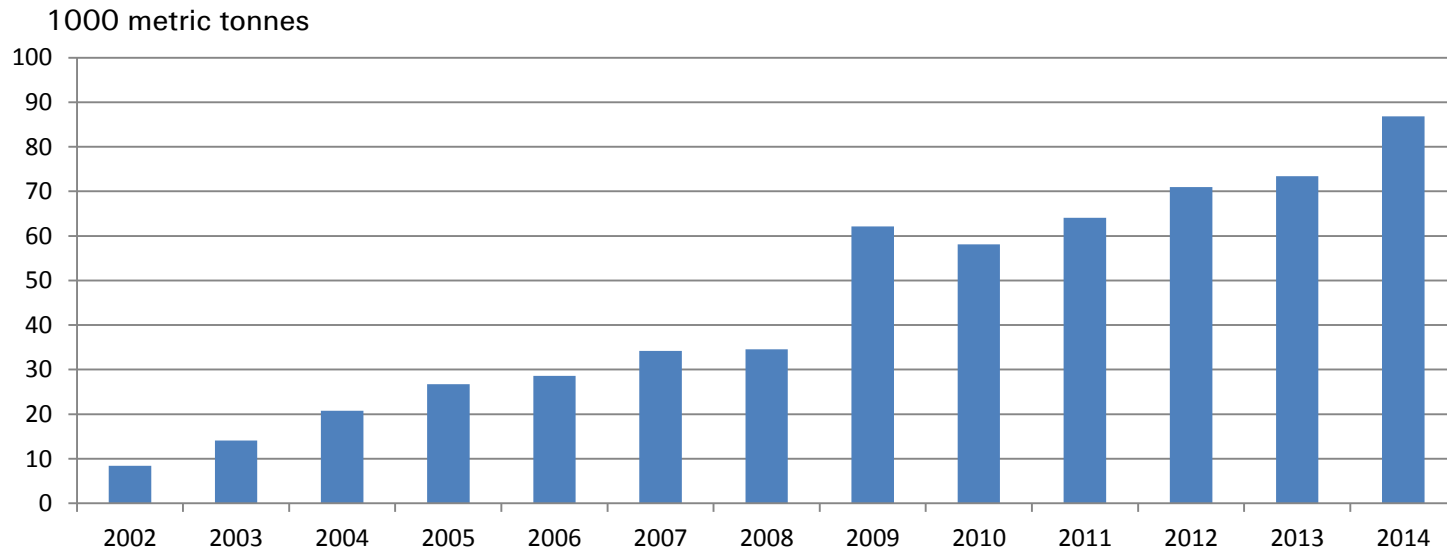


Weakening growth in China dragging down industrial metals prices.  
Precious metals affected by investment demand and "safe haven" flows.

# China needs Steel

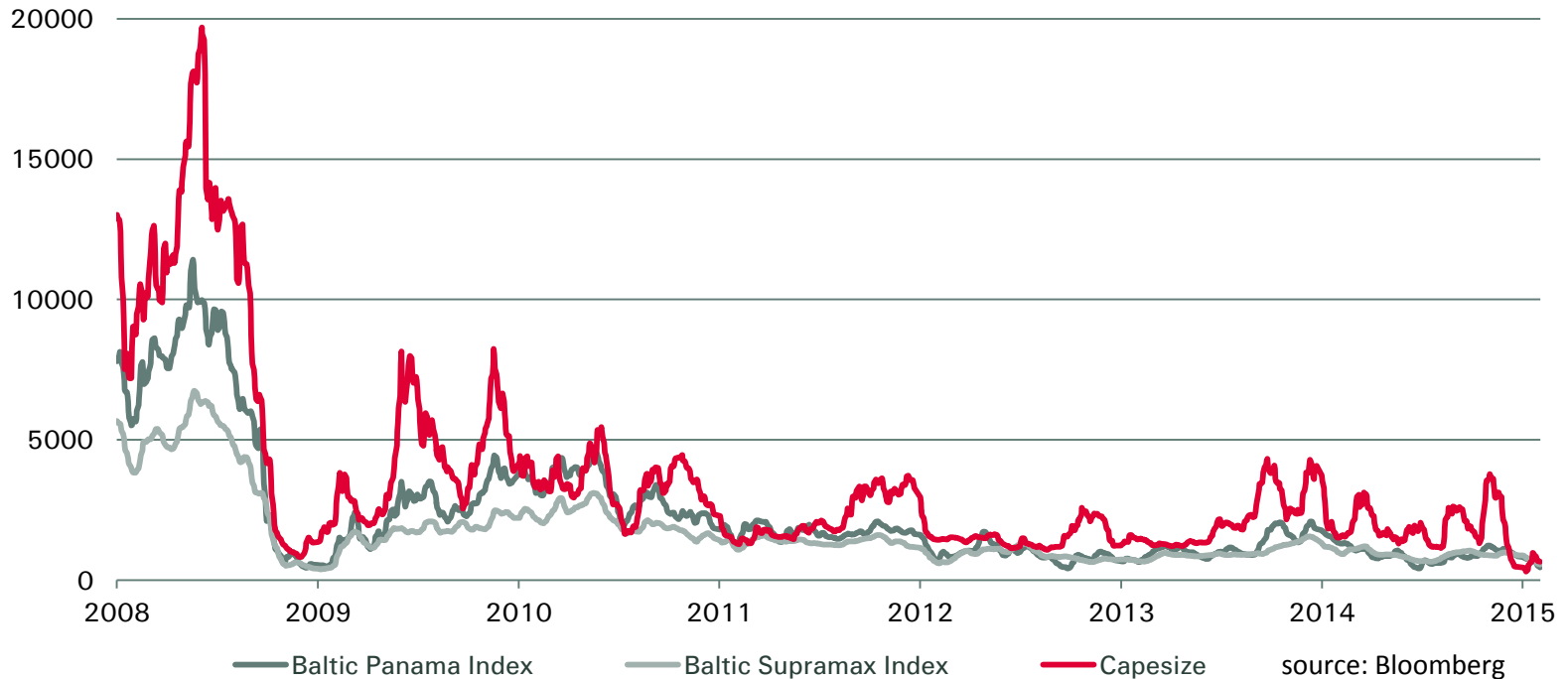


## Chinese iron ore imports



China's infrastructures building programme represents an increasing demand of Iron Ore, and local supply is not enough to satisfy it.

# Freight rates have weakened again

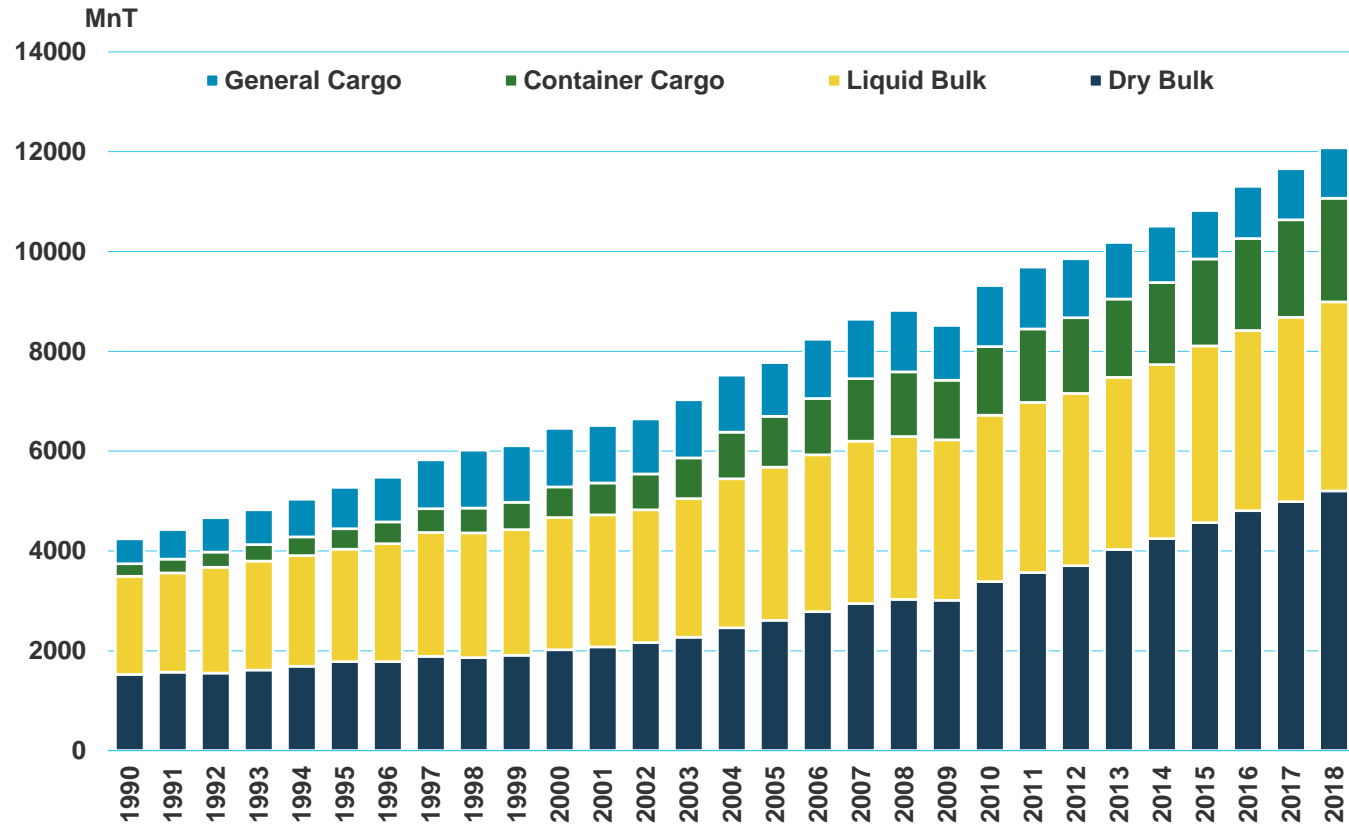


Freight rates under pressure from weakening import demand from China and persistent excess shipping capacity.

But sentiment in the shipping industry is reportedly improving on hopes of a prospective upturn in freight rates.



# Demand for transport: Seaborne trade



Source: MSI, August 2014

# Trade Flows in 2013



## Intra-region Trade

Ranking	Region	Volume	% of WT
1	Europe	4'560	24.92%
2	Asia	3'076	16.81%
3	North America	1'189	6.50%

## Inter-region Trade

Ranking	From	To	Volume	% of WT
1	Asia	North America	1012	5.53%
2	Asia	Europe	855	4.67%
3	Middle East	Asia	703	3.84%
4	Europe	Asia	667	3.64%
5	Europe	North America	506	2.76%



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# Cargo Accumulations

- **Ports and Warehouses Accumulations**
- **Stock Throughput: Thailand floods**
- **Accumulations on Vessels**

# Ports and Warehouses Accumulations: A challenge for Re / Insurers



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- Uninsured goods / double insured goods
- Seasonality
- Value per TEU
- Dwell time
- ...

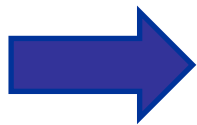
Goods  
Exposure

- Perils
- Type of packing
- Loss Prevention / Mitigation
- ...

# 'Superstorm' Sandy – a record breaking catastrophe( 1 / 2 )



- Superstorm Sandy struck on the evening of the 29<sup>th</sup> October 2012 southwest of Atlantic City, N.J.
- Estimated to be 6th costliest event in global insurance history
- Insured losses accumulated to \$ 18.8 billion excluding another \$ 7.1 billion covered by NFIP (National Flood Insurance Program)
- Economic losses are estimated at \$ 70 billion
- Set historical records for water levels in NY, NJ & Connecticut
- Caused 280 fatalities & the loss of homes and personal belongings for thousands



It has shown us that also the Northeast of America can be hit by hurricanes, hurricane season can last until Nov. 30th, the advantages of having flood coverages and existence and language of storm deductibles.

# Superstorm Sandy – the consequences ( 2 / 2 )



- Electrical transformers in commercial buildings hauled to upper floors
- The ability to shutter key tunnels, airports and subways needed
- Hospitals to have backup power on high ground instead of on lower floors or in basements
- Insurance coverage including Storm Surge
- 2nd costliest since Katrina in 2005
- Increase Burglaries
- Port and Terminal Operators contingency plans had only addressed wind; they are now also considering flood and tidal surge
- NOAA (National Oceanic and Atmospheric Administration) is developing a tool to help predict/project flood extent from tidal surge
- Former contingency plans included bringing in back-up generators and replacement equipment. During Sandy, government agencies confiscated the backups to help save lives, a higher priority than the property. Insured/clients may not have access to these replacements in future events
- Uniform and tighter definitions of the terms "Flood" and "Windstorm" have been added to all policies
- Higher and percentage deductibles have been added to Cargo Warehouse policies, particularly locations residing in Flood Zones A & B

# MV Rena

## Astrolabe Reef, New Zealand – 5<sup>th</sup> October 2011



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Source: New Zealand History



Source: Maritime New Zealand



Source: Antipodean Mariner



Source: Radio New Zealand

### 5<sup>th</sup> October 2011

- Rena ran aground Astrolabe Reef, 12 nautical miles offshore of Tauranga Harbour, NZ
- Ship had been declared a total construction loss
- 300-400t of bunker fuel leaked & affected wildlife & shore
- Vessel was carrying 1368 containers of which 88 had already fallen of board

**Wreck removal:** \$114m  
**Pollution:** £10m  
**Cargo:** \$0.6m  
**Severance pay & crew:** \$0.4m  
**Gross reserve:** \$125m

### 2<sup>nd</sup> March 2012

- Successful stripping during first weekend in January
- In bad weather Rena broke in tow with stern section moving 30 meters away from bow section
- Resulting in loss of several containers

**Wreck removal:** \$164m  
**Gross reserve:** \$175m

### 5<sup>th</sup> April 2012

- Unforeseeable weather conditions delayed removal
- Significant change of conditions & position of wreck
- Intervention of NZ authorities
- April 4<sup>th</sup> the aft sank further in bad weather

**Wreck removal:** \$105m  
**Pollution:** \$30m  
**Cargo:** \$35m  
**Costs:** \$9m  
**Iwi:** \$5m  
**Crew:** \$6m  
**Gross reserve:** \$300m

### 9<sup>th</sup> June 2013

- Higher cost for marine operations, beach cleaning, pollution response and claims increased gross reserve
- Weather & adverse swells have caused numerous interruptions

**Wreck removal:** \$132m  
**Cargo Handling:** \$70m  
**Pollution:** \$30m  
**Iwi:** \$10m  
**Cargo or other claims:** \$10m  
**Crew:** \$1m  
**Gross reserve:** \$350m

# Accumulation on Vessels



19,100 TEU capacity  
184,320 DWT



# Accumulation on Vessels



## Today

- Length: 399 metres
- Beam: 58 metres
- Capacity: 19,100 TEU
- DWT: 184,320
- GRT: 187,541

## Future

- Length: 396 metres
- Beam: 59 metres
- Capacity: 19,224 TEU



# Accumulation on Vessels: Car Carriers



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# Accumulation on Vessels: LNG Carriers



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266.000 m<sup>3</sup>

# Accumulation on Vessels: Bulkers



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DWT: 400.000  
75.000.000 US\$



# Accumulation on Vessels





# Appendix

- **World Trade Figures**
- **Theft to cargo in Transit in Europe**

# Intra- and inter-regional merchandise trade, 2013

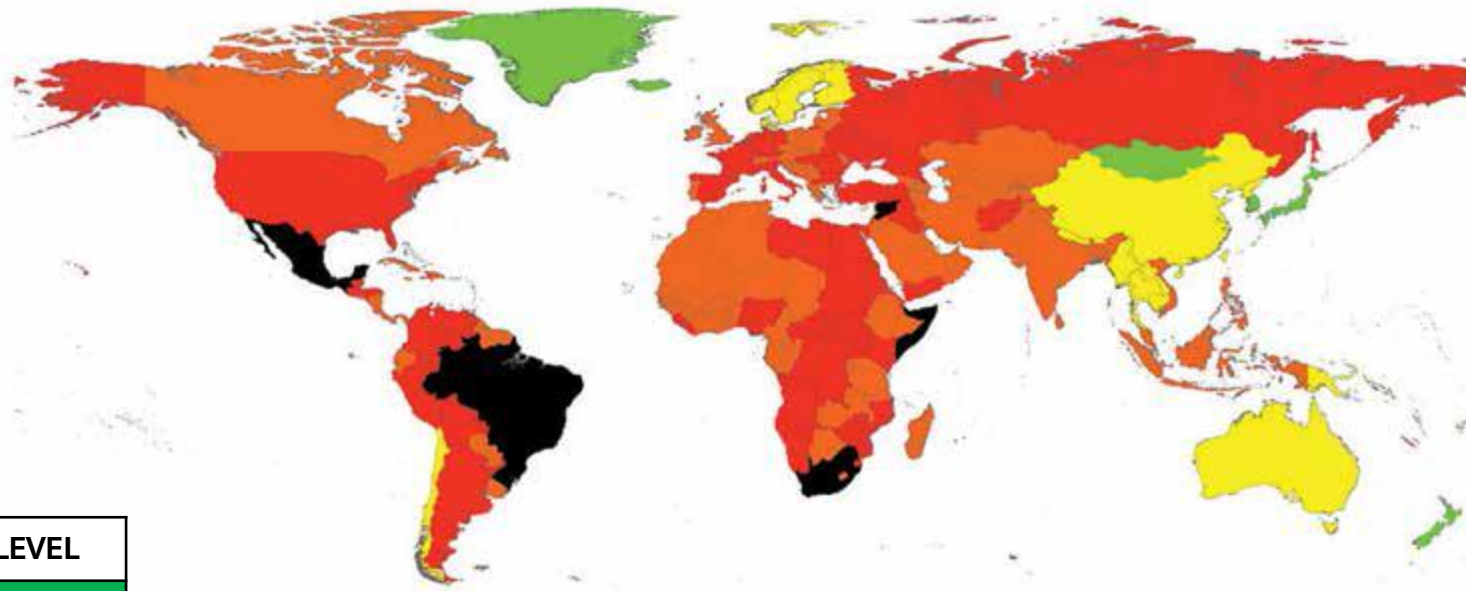


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Origin	Destination							
	North America	South and Central America	Europe	CIS	Africa	Middle East	Asia	World
Value								
<b>World</b>	<b>3082</b>	<b>782</b>	<b>6669</b>	<b>566</b>	<b>618</b>	<b>760</b>	<b>5423</b>	<b>18301</b>
North America	1189	216	368	19	40	78	501	2418
South and Central America	178	195	121	9	20	18	178	736
Europe	506	129	4560	253	222	220	667	6646
Commonwealth of Independent States (CIS)	33	9	407	149	13	19	139	779
Africa	54	30	216	2	97	18	160	602
Middle East	110	11	143	6	38	135	703	1347
Asia	1012	191	855	128	188	270	3076	5773
<b>Share of regional trade flows in each region's total merchandise exports</b>								
<b>World</b>	<b>16.8</b>	<b>4.3</b>	<b>36.4</b>	<b>3.1</b>	<b>3.4</b>	<b>4.2</b>	<b>29.6</b>	<b>100.0</b>
North America	49.2	8.9	15.2	0.8	1.7	3.2	20.7	100.0
South and Central America	24.2	26.6	16.4	1.2	2.7	2.5	24.1	100.0
Europe	7.6	1.9	68.6	3.8	3.3	3.3	10.0	100.0
Commonwealth of Independent States (CIS)	4.2	1.2	52.2	19.1	1.7	2.5	17.8	100.0
Africa	8.9	4.9	35.8	0.3	16.2	3.0	26.6	100.0
Middle East	8.2	0.8	10.6	0.5	2.8	10.1	52.2	100.0
Asia	17.5	3.3	14.8	2.2	3.3	4.7	53.3	100.0
<b>Share of regional trade flows in world merchandise exports</b>								
<b>World</b>	<b>16.8</b>	<b>4.3</b>	<b>36.4</b>	<b>3.1</b>	<b>3.4</b>	<b>4.2</b>	<b>29.6</b>	<b>100.0</b>
North America	6.5	1.2	2.0	0.1	0.2	0.4	2.7	13.2
South and Central America	1.0	1.1	0.7	0.0	0.1	0.1	1.0	4.0
Europe	2.8	0.7	24.9	1.4	1.2	1.2	3.6	36.3
Commonwealth of Independent States (CIS)	0.2	0.1	2.2	0.8	0.1	0.1	0.8	4.3
Africa	0.3	0.2	1.2	0.0	0.5	0.1	0.9	3.3
Middle East	0.6	0.1	0.8	0.0	0.2	0.7	3.8	7.4
Asia	5.5	1.0	4.7	0.7	1.0	1.5	16.8	31.5

Source: WTO website. Units: billion US\$

# Global Cargo Theft Risk - 2014

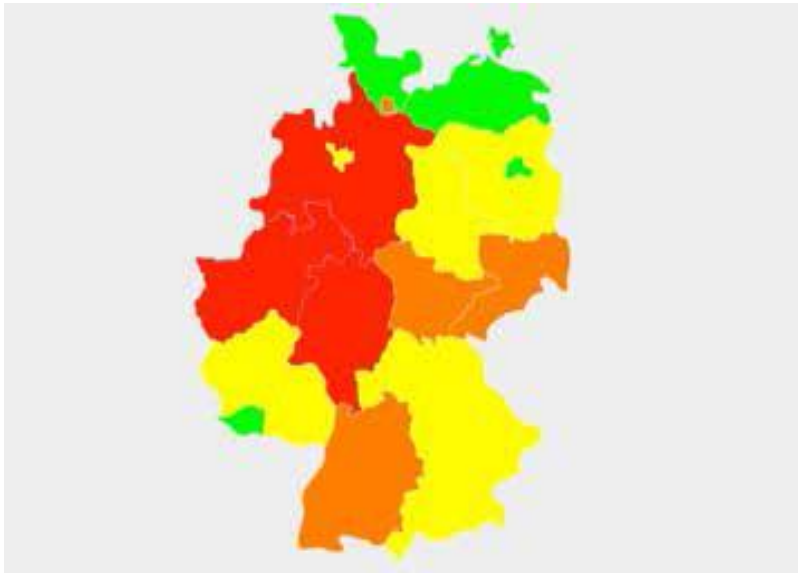


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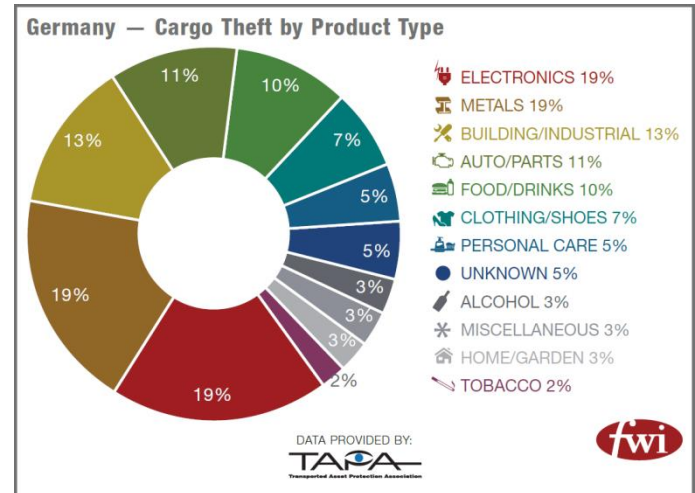
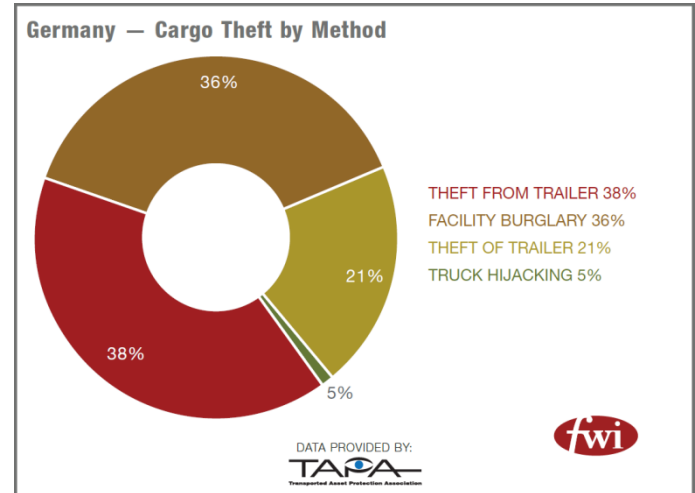


# Germany: Theft Incidents Statistics 2014

## Germany Heat Map



RISK LEVEL
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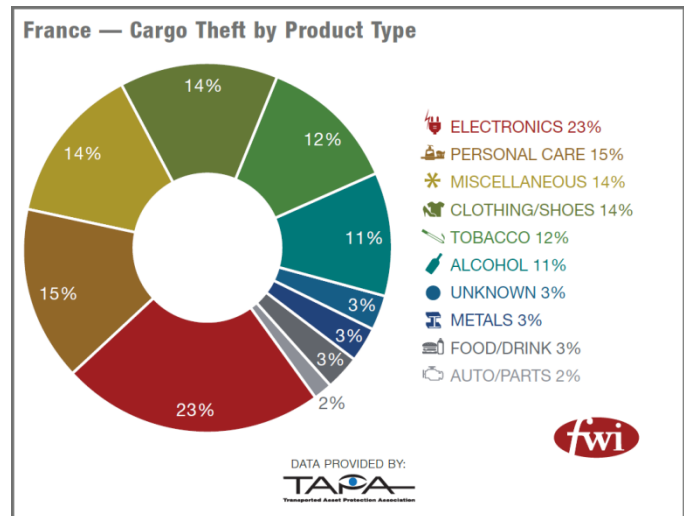
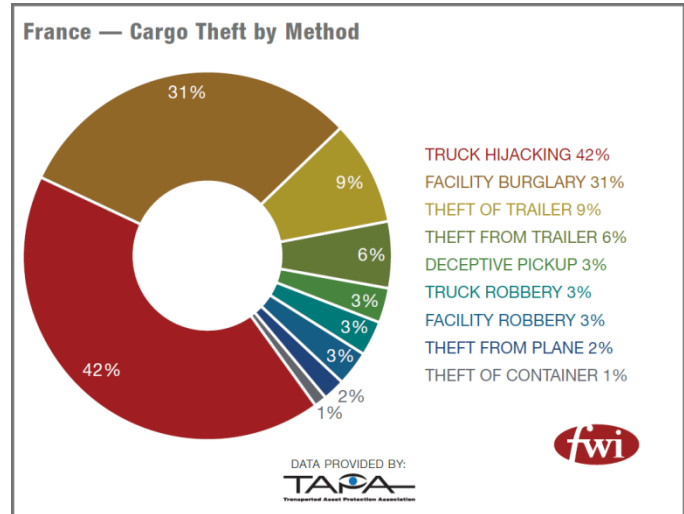


# France: Theft Incidents Statistics 2014

France Heat Map



RISK LEVEL
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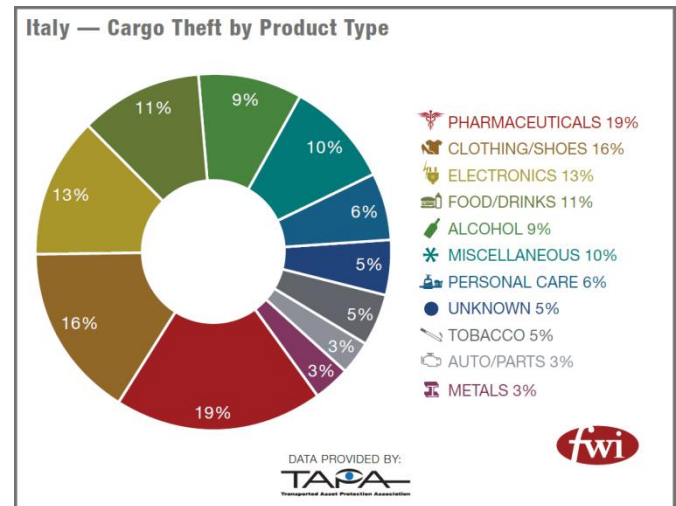
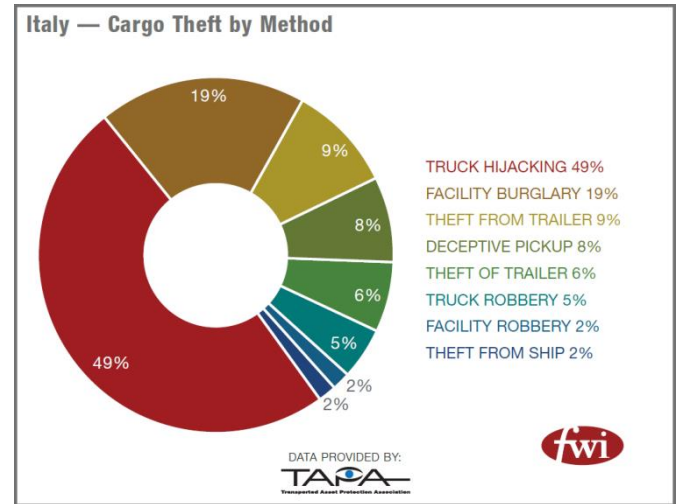


# Italy: Theft Incidents Statistics 2014

Italy Heat Map

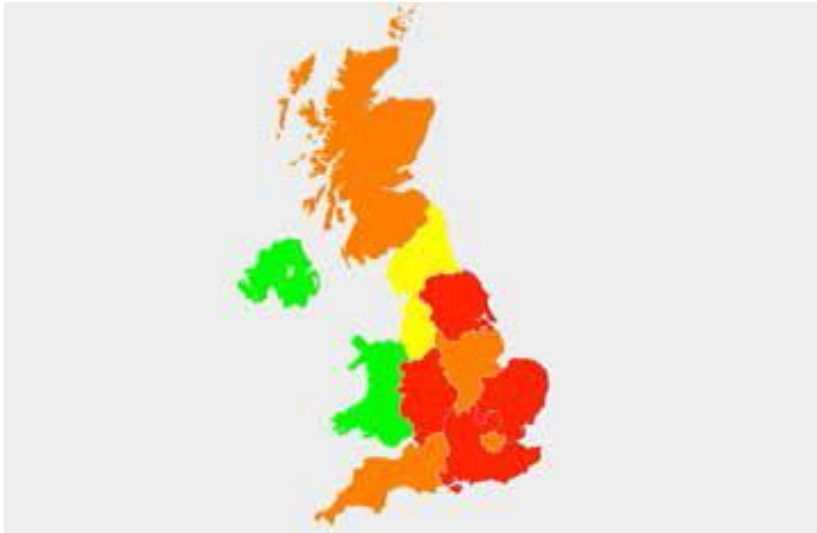


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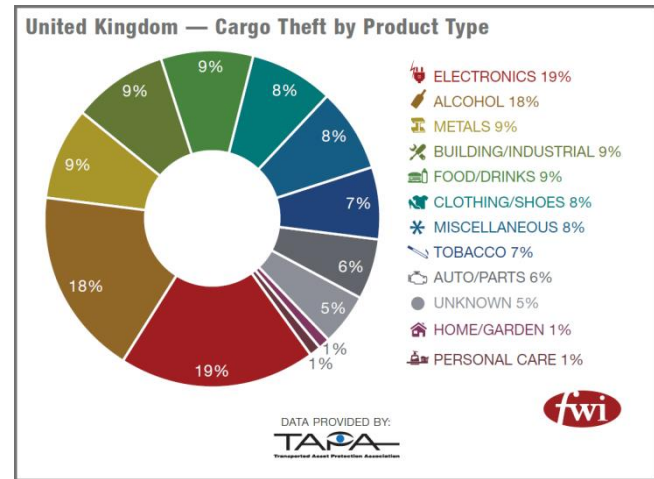
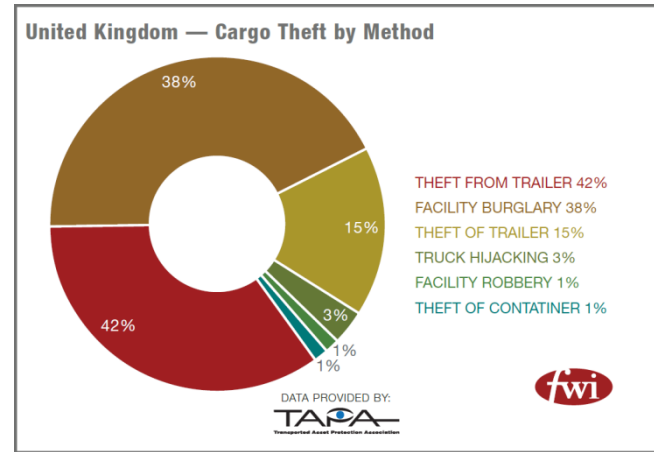


# UK: Theft Incidents Statistics 2014

UK Heat Map

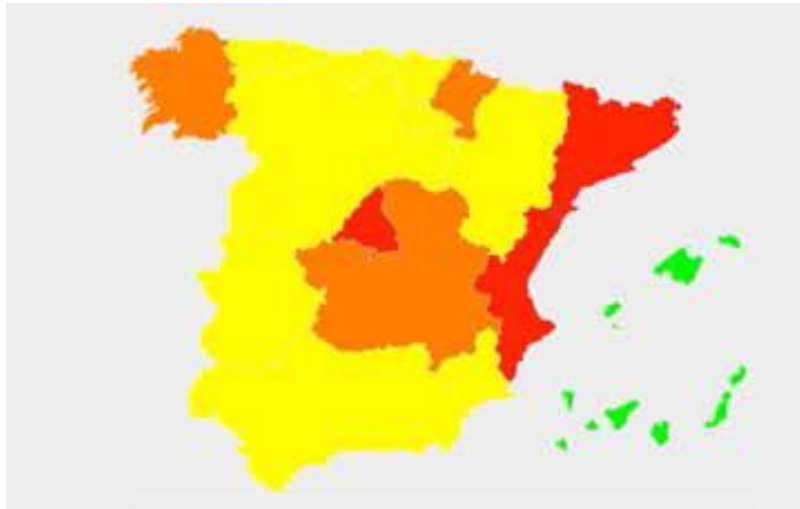


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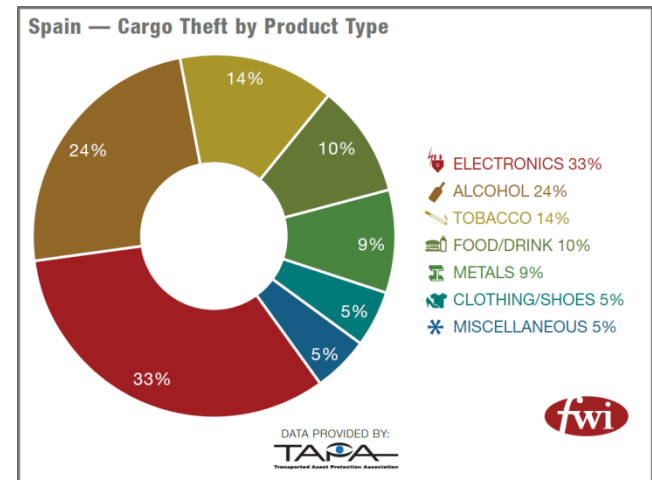
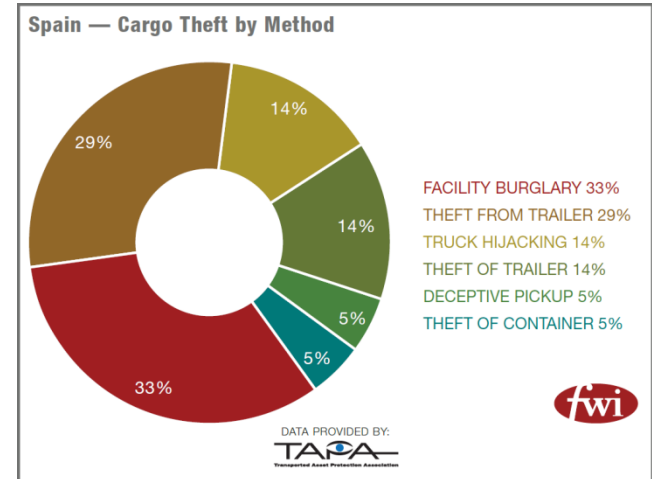


# Spain: Theft Incidents Statistics 2014

Spain Heat Map

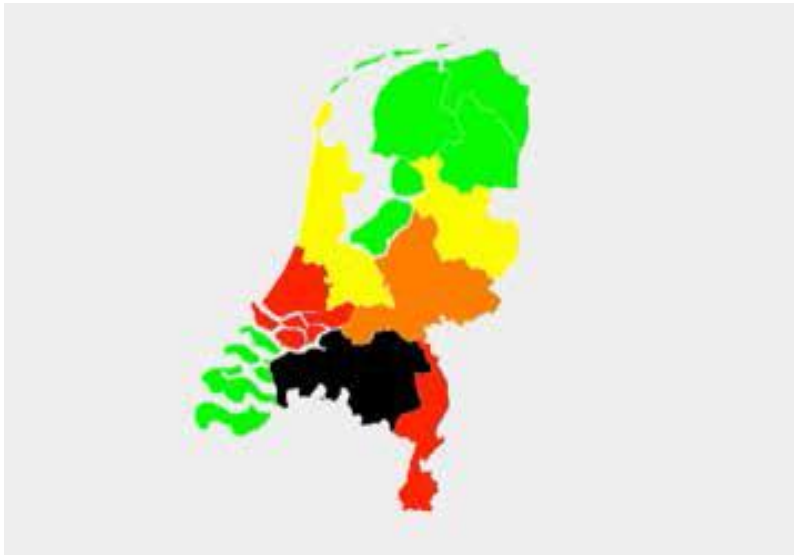


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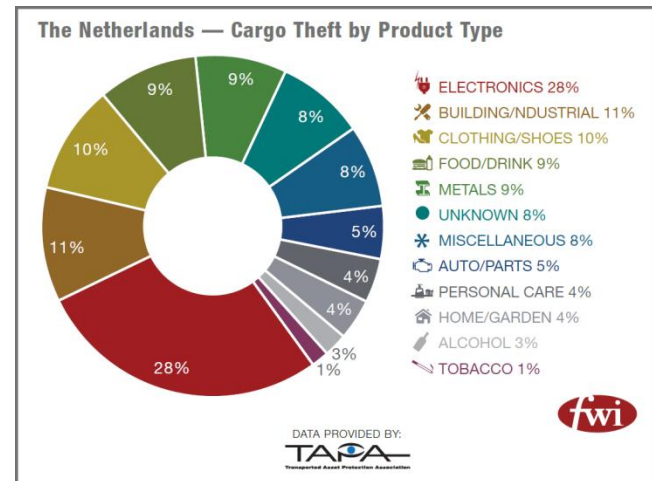
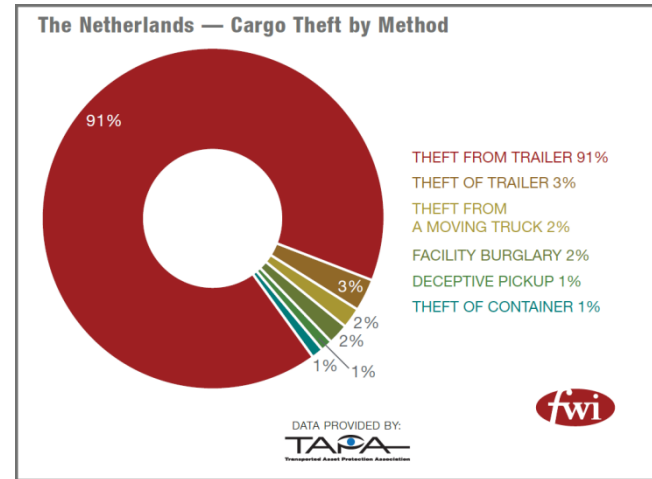


# Netherlands: Theft Incidents Statistics 2014

Netherlands Heat Map



RISK LEVEL
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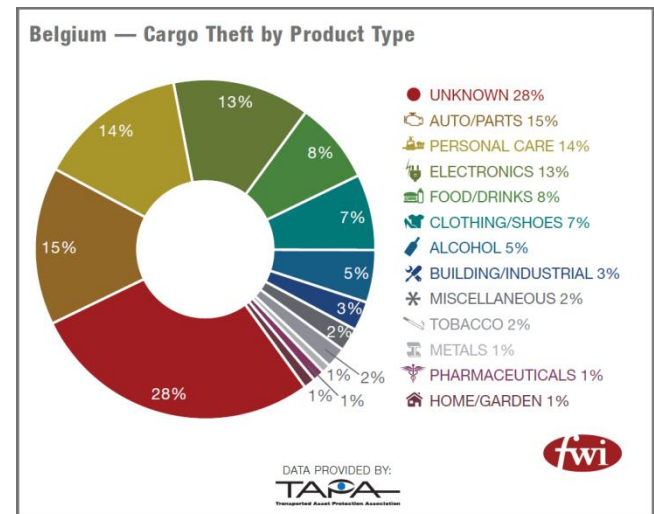
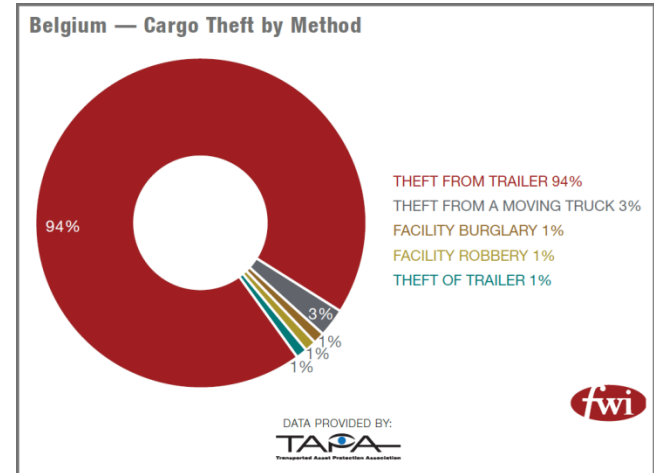


# Belgium: Theft Incidents Statistics 2014

Belgium Heat Map

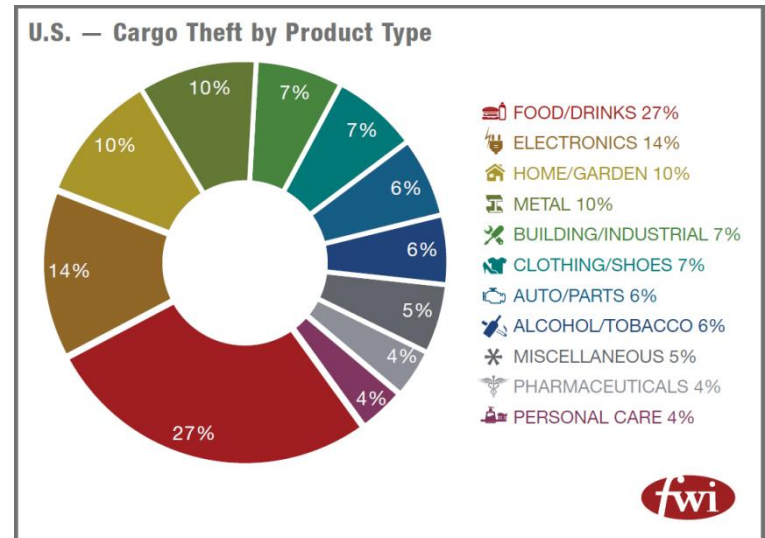
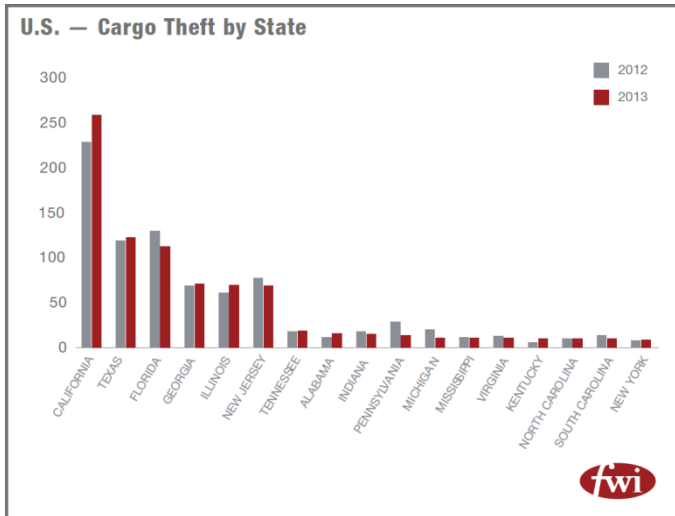


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# US: Theft Incidents Statistics 2014





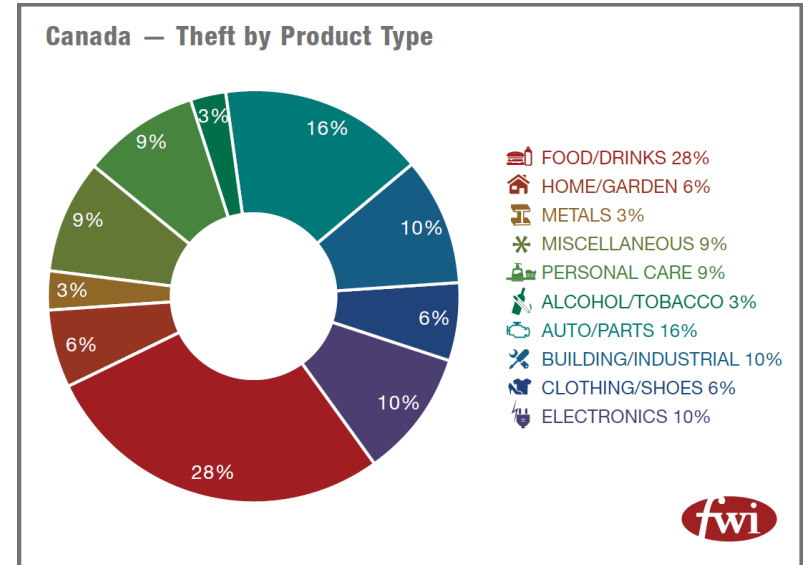
# Canada: Theft Incidents Statistics 2014



## Canada Heat Map

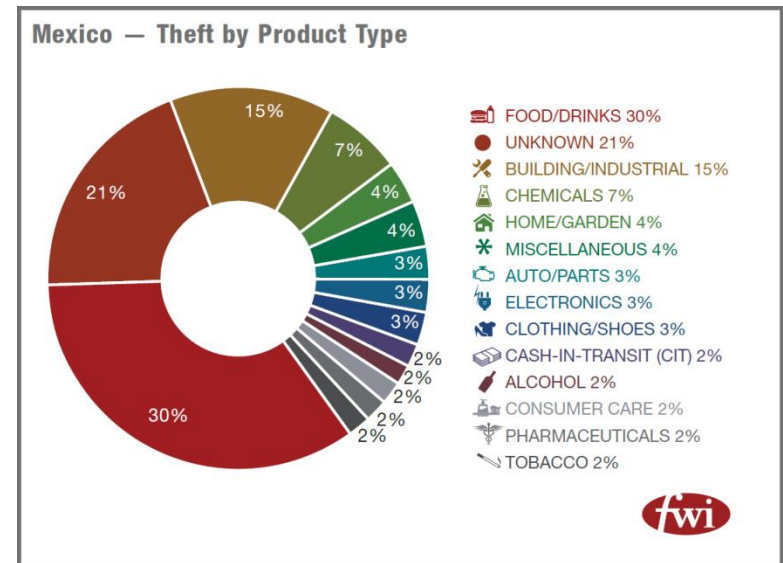
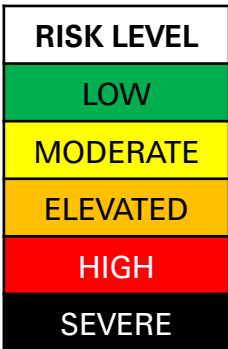
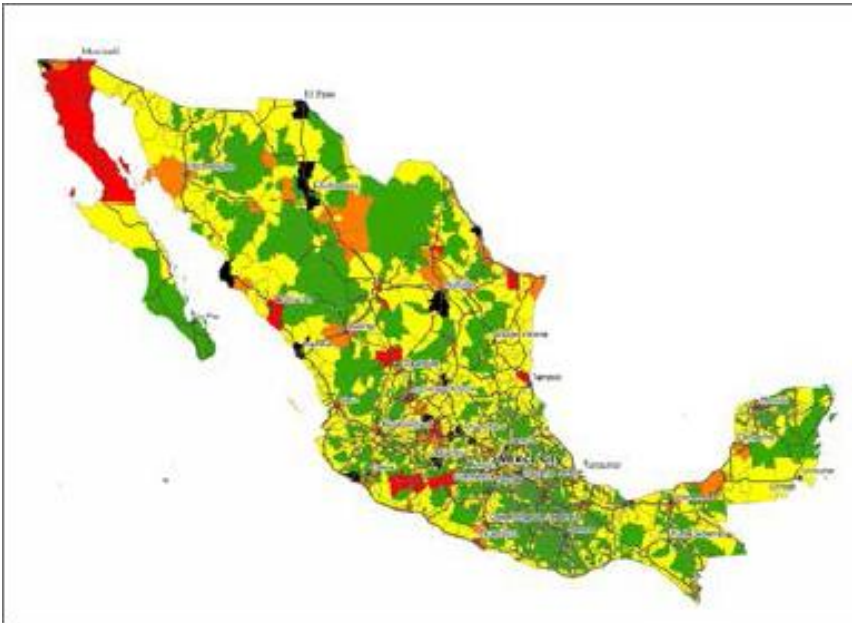


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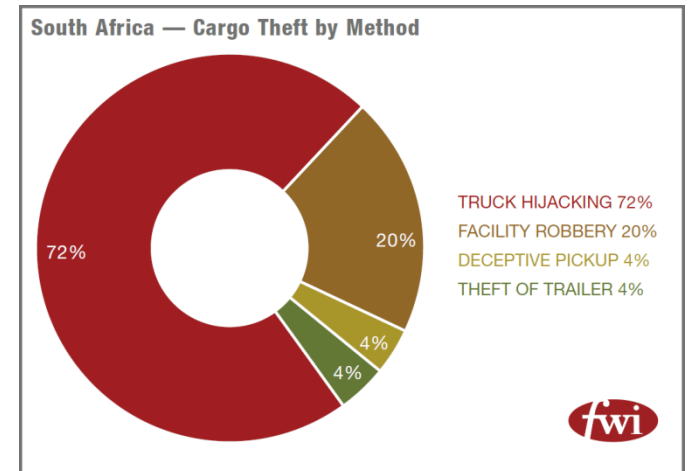
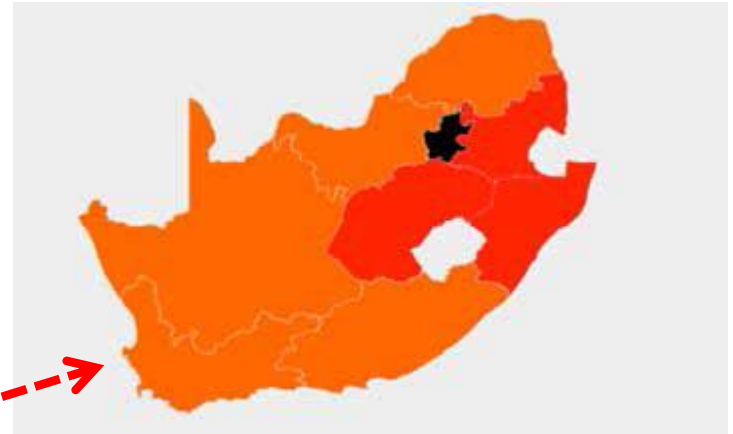
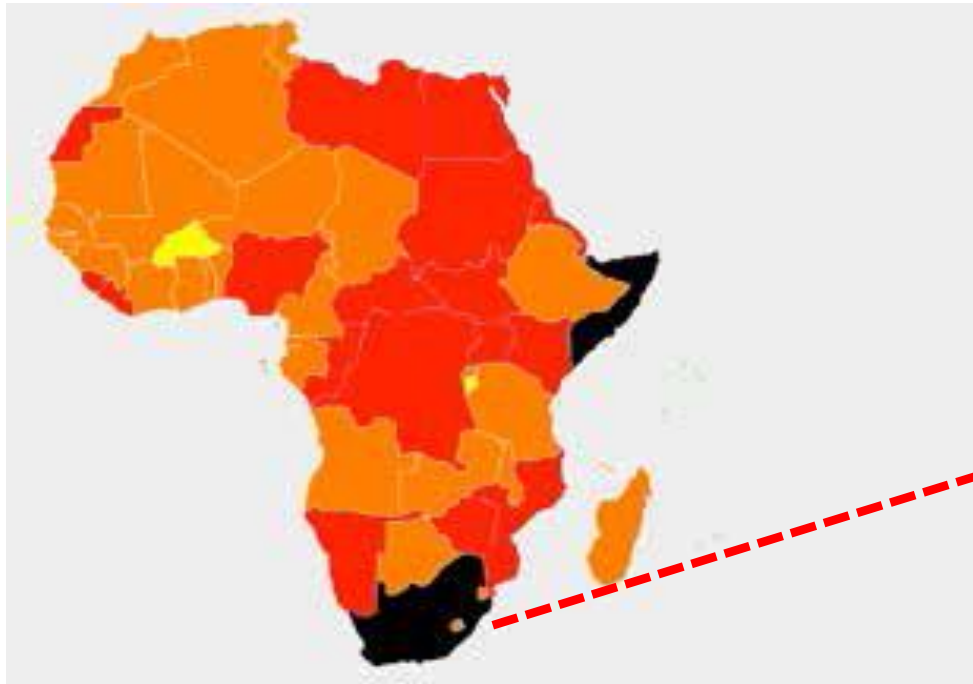


# Mexico: Theft Incidents Statistics 2014

## Mexico Heat Map



# Africa: Theft Incidents Statistics 2014



RISK LEVEL
LOW
MODERATE
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# Asia: Theft Incidents Statistics 2014

China Heat Map



Philippines Heat Map



RISK LEVEL
LOW
MODERATE
ELEVATED
HIGH
SEVERE

Bangladesh Heat Map



India Heat Map



# Central & South America 1: Theft Incidents Statistics 2014

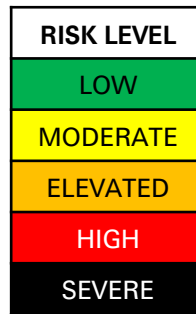


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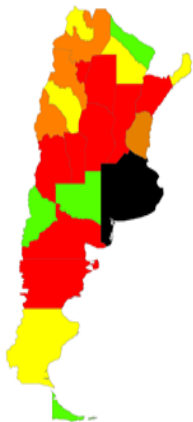
Brazil Heat Map



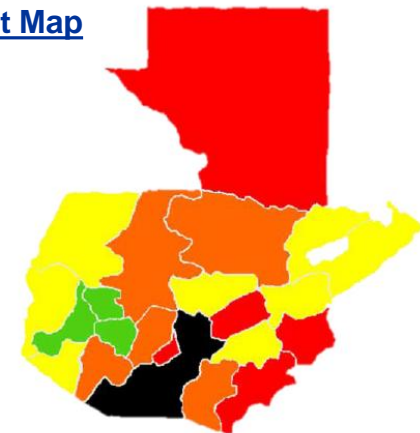
Venezuela Heat Map



Argentina Heat Map



Guatemala Heat Map



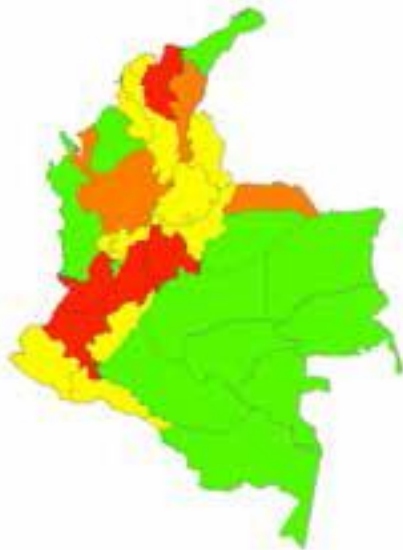
Source: Freight Watchers

# Central & South America 2: Theft Incidents Statistics 2014



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Colombia Heat Map



Peru Heat Map



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