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ECONOMIC VALORISATION OF THE SHIP IN GLOBALIZED CIRCUMSTANCES

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Abstract: *Economic recovery of the ship or fleet is made through shipping activity in which all specific activity resources are efficiently used, to obtain profit, while performing tasks transportation. This activity is closely related to economic phenomena that directly or indirectly affect the trade. European shipping in the context of globalized markets and increased competitive pressure, is the target of ship-owners strategies to increase competitive advantage in shipping markets.*

Introduction

Globalization is defined as a process that targets the integration into the international system of values at all levels of civilian and military, paving the way to a homogenization quality of life on a global scale. In view of the International Monetary Fund, the effects of globalization are found in international trade ties by increasing volumes and typology of goods, services and capital flows, raising also and quantities of goods transported by water. Globalization has direct and positive effects compared to other economic sectors and strategies implemented by ship-owners are characterized by the quality of transport, flexibility and environmental protection with clear target in competitive advantage and increase profitability. Navigation and shipping are par excellence the industry's most globalized characterized by laws and regulations uniform international applicable in all the world's fleets, with markets clearly determined, freight bursary in which are accepted all shipping suppliers, with flows of goods and strategic business corridors and they constituted the profitable and stabilizing element to the hostile effects of globalization (anexa 1)

If globalization does not in a negative way affect shipping activity, the financial crisis led to economic destabilization, with strong reverberations damaging international trade activity and implicitly the shipping.

The financial crisis has had a major negative impact on freight and shipping bursary, shipping companies reaching unimaginable losses even in bankruptcy, evolving without profit, to subsistence limit.

Economic mechanisms for shipping

Like all trade mechanisms, the marine industry operates on the principle of supply and demand.

The offer that is supported in shipping market, is configured by the trader, ship owners, whose availability for transport covers transportation specification. The offer is defined as the maximum transport capacity that it can be activated into a determined period at a negotiated freight. The operating principle of shipping supply is based on the ratio of demand and transport capacity (increasing capacity in a poor market would result in lower freight) in anticipation of world trade, it is the support of the offering attitude and repositioning transport capabilities. The offer is composed of elements that are converged to quantity and quality of shipping and is materialized by the world fleet and its productivity, the production of new vessels in which is embedded performance technology, along with losses and ships cassation, and is directly involved in the evolution of market freight. Freight is the amount paid by the beneficiary to ship-owner to rent one or more units of measure of transport capacity made available and stipulated in a contract.

The demand is supported by economic entities that require shipping, in the context of cargo relocation necessity, to travel along the circuit path to the recipient of the goods. Demand materializes in the volume required in the economic cycle, for a determinate period. The principle governing the creation of shipping works by freight evolution; an example can be taken the case when the freight rate increases, reorientation to other modes of transport is inevitable, and then demand will diminish. If shrinking price for transport of goods for interesting relationships, economic agents will be crowding around shipping. Demand is characterized by economic environment factors in a globalized condition, by the volume of trade that creates the need to use transport services, by opportunities and hostilities created by political events and transportation costs at the need arises moment.

The demand and offer are interdependent by zonal economic evolution and has the support, production of goods or raw materials, dictating the necessary of transport capacity. Demand and offer can raise or lower the share (shares) and asset values to shipping companies, with increasing freight rates. In this regard, management policies must take advantage of

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market opportunities speculating favorable economic cycles, to attract economic performance. This policy can only be applied if the market moves in a positive way but we must not ignore the pitfalls and obstacles that may arise and which can be controlled with other managerial components, applicable in these cases i.e.: flexibility, ability and capacity to anticipate of peaks and fall of the market.

Shipping markets

Shipping markets are commonly segmented into operational areas, categories of ships, transport capacities and autonomy, but all evolve based on economic mechanisms. In particular, considering the effects of globalization, Romanian shipping companies and Romanian naval transport, can speculate Romanian advantage to be bordering the Black Sea and having a competitive port infrastructure which is characterized as being the main hub (main node connection) between central and Eastern Europe countries with the near East and the Far East countries, through pan-European transport corridors Corridor IV, Corridor IX and Corridor VII (Danube) - linking the North Sea to the Black Sea through the Rhine-Main-Danube channel.

Pan European economic coridors, source:https://www.google.ro/search?q=coridorul+7+paneuropean&biw=1391&bih=700&sourc

Through this comparative advantage is facilitated export of maritime and river transport services and with operating related services, transit, storage, etc. Geographic and geopolitical strategic advantage, gives opportunities for development and of naval operation in optimal conditions of assets and port infrastructure. This advantage, compared to countries non-riparian or from other fleets, allowing of Romanian shipping companies to reposition themselves in the market consists of the basins of the Black Sea and the Mediterranean Sea that is evolving in the context of globalization, to reduce the impact of economic-financial crisis and termination of conflicts in which are involving countries bordering this area, where the potential for trade and shipping increases significantly and will go to the reconstruction and economic recovery of these areas affected by sinister, which will create new outlets transportation and retail for riverain naval companies.

Market capitalization is representative for capitalization of freight shipping services, which holds two types of trading such as:

Freight Contract: is characterized by payment of fixed price per unit of measure (ton, cubic meter), which is performed by a sender. This type of contract is commonly used by the senders who prefer transport management to be performed by the owner.

Time charter: is the price fixed for renting the vessel per unit of time (day, month), transportation management is the responsibility of the sender.

Freight

Freight represents the type of direct capitalization of shipping services and is defined as the price paid to the ship-owner for the transport of goods from one port to another, on the agreed route (usually the shortest route), with the most reasonable diligence. Because of the multiple segments of the shipping market, demand and offer evolves not necessarily on the transport market; generally, this being found it in a complex market, made up of specific commodities markets and ships categories that corresponding to them. Freight is generally established as a payment for a measure unit but this rule does not apply always, freight can express price paid for the total capacity of the ship -LUMPSUM, or can take the form of a percentage from the value of goods - Ad Valorem, all these forms are used depending on the factors that influence, directly and punctually, the transport on a given route.

Freight's level, which is fixed depending on the market segment (class of vessel, operating areas, types of cargo), directly depends on the market conditions, on the economic request-offer mechanism whose index is evaluated both to current submission of offers and to predicting its evolution in the future. The shipping price in relation of ships contracts, into a transmission

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line, can be governed by conventions, strict for the route in question.

Freight must cover the spends and allow reaching a certain profit. The spends occurring in the economic activity of shipping, are classified as: direct spends for the maintenance of the ship navigability, expenses related of the ship operation, in which the CASCO and P & I type insurances are included too, and the indirectly spends regarding to the ship operation. They are independent but compulsory and to the ship-owner imposed (port spends, pilotage, transit etc.).

Freight market analysis

Market dynamics, no matter if shipping goods or services are involving, presents a risk to the actors who are involved in transactions making. This dynamic is based on predictable or unpredictable variations in demand and offer that evolves, depending on the needs of each economy at a time. After some thorough analysis, it was concluded that, even if certain economical agents accept risk, the owners are interested in the stability of freight rates and operating charges. Freight stability when line navigation is protected by the conferences which freight limit establish. This changing is at least three months before announced and where is established, and a "Code of Conduct for Liner Conferences" is applied, this period must be of 150 days.

Most unstable market in freight point of view, is the "TRAMP" market which is characterized by large fluctuations of freight rates, which can make consistent profits but losses too to the shipping companies. This instability presents speculation for the owners and for that, they are used all the resources and managerial skills of staff to profits attract.

With the need of the freight level stabilization, the interest in the "FUTURES" market has increased, which is characterized by capacities contracting for a future date, which can be in flexible conditions executed, without restrictions or taxation, as the transportation activity in system "TRAMP" is carried.

Baltic Centre International for Freight forecast "BIFFEX" (Baltic International Future Freight Exchange) is a bursary in which are centralized, for analysis and projection of the freight evolution, thereby supporting the work of ship-owners and potential senders, through concrete data, forecasts of transport tariff. The index of this bursary is "BFI" (Baltic freight index) and is determined by the average of 23 freight quotes for 23 different itineraries. The forecast bulletins are issued based on the evolution of the freight index (freight index) and through average of freight value is materialize, for different voyages and goods and the result is, a quote assumption for the contractual unit (UC) at a given time.

Factors that directly influence the level of freight in the globalization context

Nature of goods - considering that goods transported by water are the most varied, the performance calculation aims the optimal valorization to space (consider the stowage factor), goods perishability, the dangerousness of goods that are transported (most dangerous goods are considered the explosive goods and those with self-ignition risk) and additional transport measures that are adopted (if applicable) for each type of goods.

Vessel capacity - directly freight affects, through of costs, per ton deadweight evaluated, that decrease with the vessel size, due to vessel operating expenses decreasing and to a vessel lower amortization (proportional to the vessel size) calculated per unit of time.

Size of distance between the port of departure and the destination - distance with or without stop is the basis for calculating of costs per measurement unit (ton, cubic meter) for shipment which will be fixed, summed with expense during stationing of ship for loading/unloading.

The rate of loading/discharging - if the destination ports have a low loading rate, rises the stationary percentage of the total time travel and freight is reduced, in proportion to the costs. Ports are classified and provide information about the operating time for each type of cargo and terminal. So, can appear different freight for identical routes to which operating times is differing.

Type and class of ship - new ships, recorded in a register classification with a high market share, may obtain, in negotiating, a higher freight, due to cost reduction of cargo insurance, which is paid by the sender.

The category and classification of departure and destination ports - is defined by the volume of goods that can be operated in conjunction with operating mode (24/24; 12/24, days off, public holidays, etc.). In practice, they are known as usual (more or less, depending on the port and the operation area) operating times, and stationary in harbor area, does not coincide with the scheduled, according to classification, and raises substantial ship-owner costs, as for which, ship-owners or the conferences, establish congestion fees.

Port taxes - represent taxes that are determined by the relevant port authorities, to recover maintenance costs of port assets. These charges are found in the freight, and are different

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depending on the size and type of vessel and the port infrastructure used.

Transit fees through the channels and straits - are expenses that have directly influence of freight increasing.

The price of fuels - is considered as expense whose has direct influence on the cost of operation and that can affect the level of freight.

The distance to the port of embarkation - is sometimes an impediment to have a competitive offer because of rising costs and implicit due to the rise of freight. Cases that movements are accepted for payment (relocations) or dead freight, are usually for specialized vessels, oil platform and floating utility installations.

Loading the ship in the port of discharge to another destination - taking cargo in the port of discharge is an opportunity to be speculated, because they are disadvantaged areas in this regard, and this certainly affects negotiated freight rates for that port. Usually in these cases the freight is supplemented with a penalty payment, which is considered dead freight.

Social-political situation in the loading/discharging areas and transit - this factor is evaluated for that countries and area that are less stable or crossing areas with potential for rebellion, war, piracy (Horn of Africa), the costs of ship insurance and goods increases considerably and then will affect the level of freight rates.

Contractual terms that refer to lay days– accepting by the contract of waiting times or exempted in the calculation of lay days and increasing of spending, are compulsory found in freight. In ship-owner versus sender negotiating, always the low price of demurrage will sensitize the ship-owner thinking, raising the freight price to cover any costs and if the demurrage price is considered covering or even profitable, the owner may be suspected of carelessness in reducing operating times.

The geographical position of operating ports and the trajectory of route - Ports that are located in geographical areas hostile to shipping activity, having a high frequency of storms, shallow water (where are navigable rivers), or at risk of frost, the freight is considerably increased to take the risk of additional expenses.

Payment and currency that will be paid - the freight can be paid and evaluated on the time of payment: anticipated, on completion of voyage or partially payment happened at loading and payment completed at discharging, after issuing the bill of lading or the term, after discharging. The currency in which the contract is negotiated and paid the equivalent of freight rates, freight that may have impairments that must be penalized or acceptable fluctuations.

The charter modality - if the charter is tramp booked, getting a small freight is inevitable, the same performance (poor) can obtain with long-term charter in consecutive voyages. If it is approached a consistent flow of merchandise, that allows the evolution of ship full on full, it is recommended to contract the ship in time - charter, even if the rent per unit time is relatively small, standing during the operation, downtime on harbor area and the operating risks with delaying to the goods operation, are taken over by the charterer (consistent flows of goods, for sure crowded and hampers safe operation).

Policies and recovery methods of shipping services, in a globalized economy

In the context of globalization and the injuries suffered by the economic crisis, it is appreciated phenomenon of softening of risks through the freight stability in case of big loads of cargo. To avoid the risk of freight fluctuation, traders prefer assimilation into the commercial process of a specialized company, so the cost of shipping activity becoming more stable.

Large amounts allocated in shipping international goods and instability factor, given by the volumes of merchandise fluctuating, make that, the most of the operations, agreed in the freight bursary to be operations in term of "HEDGE" typ, which is characterized by booking freight with a trick that is characterized by a reverse operation those of the buy or sell. In the freight bursary world, are known two types of "HEDGE" operations: short- hedge and long -hedge.

Operations short-hedge, characterize bursary shares of the ship-owners by overcapacity, which aim stable maintaining of current Freight (during operation) for a given period. Exemplifying this operation can take place as follows: The owner sold in March at a price forecast of 2500 USD/U.C. (contractual unit), prices remaining the same, regardless of its progress to date stipulated in the contract, in late September. Assuming that, a time charterer hires in the meantime a certain cargo match at the price of 2430 USD/UC; the owner will carry out the transport service, in this context, the loss will be covered by buying, from bursary, a volume equal to that chartered at the price of 2430 USD/UC. If the price cashed on UC is higher than the initial one, i.e. 3000 USD/UC, ship-owners will perform the request, following that, the margin of physical gain to be balanced with the bursary, buying an adequate number of UC at a price of 3000 USD/UC. If, the owner will not proceed according to bursay regulations, will

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be considered as unscrupulous speculator and will suffer the consequences.
The long-hedge operations are characterized by buying through bursary to a volume for which a trader wants that the prices remain constant. Such operation is strategic done by the trader, to make projections to the performance of the transaction, without having any fears to freight fluctuations during peak periods. In partnership with the bursary, the entity can transact the reserved quality, compensating losses or gains, physical recorded from traded contracts. Transactions can be phased and segmented, according to the policies and actions of economic agents with positive effects in the real evolution of the freight market, which leads to unpredictable of freight evolution.
For many charterers, in conditions of the so-called imbalance of mechanisms of freight market (periods of peak transport), when offer is less than demand, this may lead to raising freight rates, is opportune moment triggering hedging operations by renting ships for a period, determined by the conditions and transported volume. Through of this type of operation, the charterers will use the ship, both for transporting their goods, and for the transport destined to volumes, to the other economic agents.

CONCLUSION

On the background of entry into normal trade in the basins of the Black Sea and the Mediterranean, with the perspective of rebuilding areas, affected by armed conflict, in accordance with the evolution of technology and the application of laws and regulations of environmental protection, taking into account of factors that affecting freight rates, can develop development strategies and repositioning on the transport market to Romanian shipping companies, in terms of competitive advantage, due to the strategic position of the port of Constanta, which connects East and Central Europe through various economic corridors of transport.

New silk economic belt,
source:https://www.google.ro/search?q=coridorul+7+paneuropean&biw=1391&bih=700&source=lnms&tbm=isch&sa=X&ved=0ahUKEwjpqNnMgMrQAhWCAJoKHVmEBp8Q_AUIBigB#tbm=isch&q=new+silk+road+china&imgrc=0y6Gg8IZuzotjM%3A

Proper management of mechanisms and market regulation of the shipping industry, particularly the market for freight, that can be compared to the barometer of international trade, in conjunction with management skills and of information using and bursary quotes, lead to performance in naval transport which, under conditions of globalization, tend to revive, by increasing the international exchange of goods and hence the demand for shipping.
Also, performantvalorization of potential of sailing companies lead to the attraction of profits from the export of services with positive effects on.

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