

Maersk and CMA CGM restructuring their Far East/Med services

Despite the fact that Maersk Line and French CMA CGM have stopped their cooperation on the Far East / North Europe trade, both will rationalize their joint services between Asia and the Mediterranean. Danish Maersk will reduce their capacities between the Far East and Europe with 9%, but has commented in a press release they will defend their market share at any price.

The new CEO Søren Skou stated that the policy of the Danish #1 global container carrier will be to follow the market evolutions and become profitable again in the near future. According to Skou this is the only reason why Maersk Line is taking immediate action to anticipate towards the present over capacity on the trade. Earlier the AE8/FAL5 loop from Maersk and CMA CGM to Northern Europe was ceased and the Danish were utilizing the 10 vessels with 13.000 teu capacities for their Far East/Mediterranean service.



These ulcs units will now finally be used on the current AE11 loop from Maersk presently performing with 8.500 teu vessels and the MEX-service from CMA CGM using vessels between 6.500 and 8.500 teu capacities. Both carriers also agreed not to start any new extra service to the Med at the same time. The planned AE20 service from Maersk and the FAL9 joint service from CMA CGM with MSC's Jade service will now be scheduled together in one loop with vessels of 9.500 teu.

At this moment MSC's position towards this new initiative is still unclear. This rationalization operation of Maersk Line is a clear statement of their new CEO to the trade. He is reducing capacities for the simple fact the rates are reaching bottom levels due to the existing overcapacity.

Also last week, the average westbound tariffs continued weakening. According to a statement of the Danish carrier, Maersk is not excluding to take additional measures by idling more vessels of their fleet and by redelivering chartered tonnage to their owners. They also confirmed that for the time being they are not considering placing orders for new built tonnage with 18.000 teu capacities.



European parliament looking to implement new sulphur standards

The environmental commission of the European parliament is insisting that the new sulphur standard of 0.1% applicable as from January 1st, 2015 will be valid not only for the ECA's (Emission Control Areas) but for all seas surrounding Europe. The Commission has for this reason applied a new amendment to the sulphur guidelines that is targeting to apply the European standards to the existing agreements within the IMO.



The International Maritime Organization had only scheduled to validate the 0.1% standard in the present ECA's regions within Europe being; the Baltic Sea, the North Sea and the British Canal. Part of the European ports are now afraid they will be facing a competitive disadvantage since it will be no longer possible for some vessels using classical bunkers with higher sulphur percentages to reach their ports.

Only vessels using more expensive oil distillates would have continued access to their ports. By extending the 0.1% standard for all coastal waters within Europe, the playing field of all operators would remain evenly. The concerned amendment will be handled and voted by the plenary session of European parliament in May of this year. The question remains if the European parliament will agree with the amendment. It is unavoidable that most carriers will use intensified lobbying to avoid the application of the amendment since this will reflect on a cost increase of their operations in the near future.

CSAV dramatic performance during 2011

Although the Chilean container operator faced tremendous losses last year amounting to us dollar 1.2 milliard, it looks like their financial performance is improving. The present restructuring of their operations will reduce their operational fleet with 50%.



During the last quarter of 2012, CSAV was able to limit their losses to us dollar 145 million, whereas the previous two quarters the losses were exceeding more than us dollar 300. As a result the management remains positive at the Santiago headquarters. In comparison with other colleagues competitors in the trade CSAV was able to reduce the losses where others saw a negative evolution in their performances.

The planning to split the shipping operations from the terminal and logistic services remains scheduled. Also the number of chartered vessels will be reviewed in order to have fewer vessels in the fleet. The aim is to have 30% of the vessels in service in ownership towards June 2012. Today this is only 9%. Meantime some of the group's activities have been suspended or sold, they contributed to the 2011 losses for us dollar 280 million.

G6 Alliance advances Asia-Europe service launch

Members of the G6 Alliance will bring forward the start their cooperation in Asia-Europe container shipping to the first week of March, a month ahead of schedule, the alliance says. The alliance, which serves the Asia to Europe and Mediterranean market, has hinted that strong market response and signs of improvement in global trade had prompted the launch date change.



"We are eager to roll out our competitive products to benefit customers by offering a comprehensive and increased coverage of 40 ports in the Asia-Europe market with more sailing frequency," the members said in a statement last week. "Customer response to the G6 Alliance is strong, the latest economic condition in the trade supports the timing of the launch, and we are ready to meet the market's expectations," they said.

The G6 Alliance, announced last December, brings together member carriers of the Grand Alliance and New World Alliance, which merged in an apparent response to Danish shipping giant Maersk Line's launch of its Daily Maersk expanded container service from Asia to Mediterranean and Europe late last year. The G6 Alliance members are APL, Hapag-Lloyd AG, Hyundai Merchant Marine, Mitsui O.S.K Lines, Nippon Yusen Kaisha and Orient Overseas Container Line. The G6 Alliance will launch six services between Asia and North Europe in the first week of March., the members said.

Those serving Japanese ports will commence after completing consultations with the Japan Harbor Transportation Association and labor unions. A seventh service will follow when it can be supported by sustainable trade conditions, the members said. The service will provide direct coverage to the Bohai Bay ports in Dalian and Xingang in China. The G6 Alliance will continue the existing Asia-Mediterranean Express Service (EUM) and will also launch a new Asia-Black Sea Express Service (ABX) in the first week of April.



Cosco and Maersk to be the last year's champions in growth

Expansion of 18 % helped Danish carrier regain market share last year. Maersk Line expanded capacity at double the pace of the overall shipping industry in 2011, helping the world's largest container ship operator regain market share and setting the stage for larger additions in coming years, according to industry analysts Alphaliner.

Container shipping capacity worldwide expanded 7.9 percent to 15.4 million 20-foot equivalent units, last year, Alphaliner said. Maersk, Mediterranean Shipping and CMA CGM — the world's three largest carriers — all grew at a double-digit pace. Maersk built up its fleet by 18 percent, or 392,000 TEUs, the firm said, pushing the Danish carrier's market share to 16 percent, up 1.5 percentage points from the start of the year.



"In a departure from past practice, Maersk made no attempt to hide the actual capacity of the new 'EEE'-class vessels, sending a clear signal to the company's rivals of its intention to maintain the lead in the liner market," Alphaliner said. Although final figures on global container volume have not been compiled, Drewry Shipping Consultants estimates overall demand in 2011 grew 6.5 percent.

Much of that growth, however, likely came in secondary and emerging markets rather than the large east-west trade lanes that have absorbed the largest of the new ships. Maersk, bidding to dominate the Asia-Europe trade lanes, has ordered 20 vessels with 18,000 TEUs of capacity apiece. The carrier's share of global shipping capacity peaked at 18.2 percent at the end of 2005, following Maersk's acquisition of P&O Nedlloyd.



Mediterranean Shipping had the second largest fleet growth in 2011, with 14 percent capacity growing by 250,000 TEUs, or by 14 percent. The Geneva-based carrier was followed by CMA CGM, which had 11 percent growth, and COSCO, which had 19 percent growth.

