NEWSLETTER

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MISC leaving the shipping industry

Malaysian vessel operator MISC Berhad will cease completely it's shipping activities in June 2012. The required investments and costs have become to important in comparison with their turn over. MISC has a fleet of approx 100 tankers specially focused on transports of chemicals, oil and gaz. In the past the Malaysian operator was also active in the container trade as a member of the Grand Alliance operating between Europe and the Far East.

On the 1st of January 2010, the Malaysian container carrier stopped his partnership with the Grand Alliance members as a result of the crisis which started in 2009. MISC focussed more on their Intra Asian regular liner services, however also there competition and profitability has been under huge pressure. As a result MISC has now decided to withdraw fully from the shipping industry.

This exit will cost the carrier the amount of us dollar 400 million which will be included in the balance sheets of the current year. Over the last three years the operator was facing losses amounting to us dollar 789 million. The present container fleet of MISC includes 20 vessels with capacities between 714 teu and 4.530 teu whereof thirteen in ownership and 7 in charter. With this total capacity of 45.314 teu, MISC is ranked 29th on the global container ranking. Furthermore MISC has also a number of post panamax vessels who are chartered out to other external companies. Also these vessels will be sold.

MISC concluded that in order to stay competitive, the investments in larger ULCS vessels is required in a market which today is over flooded with capacity. As such MISC confesses to be a victim of the scale enlargement of the top container carriers. CEO Datuk Nasarudin Idris stated that the costs to remain active in the liner shipping today is unbearable.

Hapag Lloyd shareholder TUI wants to sell asap

German tourist operator and Hapag Lloyd shareholder with 38.4%, TUI wants to have finalised the selling of it's participation in the container operator by latest January next year. Negotiation with possible investors in Qatar and China have proven to be a dead end street. Already before TUI had seriously considered to put the Hapag Lloyd shares at the stock exchange.

In spite the fact that some discussions are still going on with investors, it looks more and more likely that TUI will sell his shares to the Albert Ballin consortium with whom it has a an agreement to sell/buy the shares at a fixed price till January 2nd 2012. This consortium of which Klaus Michael Kühne, the city of Hamburg and a number of banks and investors are member, holds all the remaining shares.

Chief Financial Offices Horst Baier of the TUI group declared that most probably they will use the agreement to sell their part to the consortium on January 2nd next year. If the Ballin group would decide however to abstain from buying the shares of TUI, the latter will be entitled to sell their shares to any interested party.

ZIM and CSAV looking for partners after continued losses

Continued losses are forcing both ZIM and CSAV to increase once more their capital in order to stay afloat. Consequently both carriers continue their search for partnership within the immediate future.

Chilean shipping operator CSAV hat suffered a loss of us dollar 343 million during Q3. Also during the 2nd quarter CSAV had been reporting bad figures with losses amounting to us dollar 339 million. Late October this year, the carrier was saved by an important capital increase of us dollar 1.2 milliard by the Quinenco holding of the Luksic family.

Despite the fact that CSAV has reduced its capacity this year with 33% and has started a cooperation with MSC and CMA CGM, the perspectives for the coming months remain very negative. The newly raised capital looks to be absorbed by the losses very soon already. For this reason "Celfin Capital" was appointed by CSAV to look for a buyer who is still willing to invest in the shipping activities. Israeli carrier ZIM has been able to stabilize it's losses to an amount of us dollar 66 million for the 3th quarter of this year.

During the first six months ZIM already faced losses amounting to us dollar 179 million. ZIM's mother company "Israel Corp" belonging to the Ofer group has already announced they are ready to support another us dollar 100 million as additional capital in exchange for a further and new restructuration plan.

Maersk Line reducing capacity on Asia trade lanes

Early next year Danish shipping company Maersk Line will cease it's Icon service to the East Coast of India which only started earlier this year in March in cooperation with their Belgian sister company Safmarine. Maersk had announced earlier it would not stop any of their services between Asia and Europe since this would endanger the daily departures of their "Daily Maersk" service.

Nevertheless the Danish will cease their India service which was employing 6 vessels with an average capacity of 4.200 teu. Their volumes originating from Chittagong and Chennai will be feedered to Tanjung Pelepas and Colombo for transhipment to the Far East. This way Maersk Line is generating more cargo's for their AE1 and AE7 service without touching their frequency, but still reducing the capacities available.

The stoppage of the Icon service will affect four European ports being : Felixstowe, Zee Bruges, Rotterdam and Bremerhaven. Export shipments bound for Colombo, Chennai and Chittagong will be loaded in future on the AE1 service as from early February. This service is having port calls in Felixstowe, Rotterdam and Bremerhaven and is discharging in Colombo as new port of destination.

Westbound shipments will carried on the AE7 loop which will make an additional port call in Colombo. According to a statement of Maersk this rerouting of sailing schedules will have no effect on transit times of this service employing vessels with capacities of 8.000 till 9.600 teu.

CMA CGM reporting small profits

French container line CMA CGM has been successful as one of the only global operators to make some small profits after the first nine months of 2011. Nevertheless the net profit margin of us dollar 13.2 million dollar on a turn over of more then us dollar 11 milliard is considered as very poor after last years successful performance.

In comparison with 2010, CMA CGM carried 9.4% more volumes. Thanks to the low tariff situation, turn over increase however was limited to only 5.2%. In order to anticipate the continuous rumours about their financial difficulties, the French carrier declared they still had a cash flow position of us dollar 763 million to cover all expenses for the running fiscal year and beyond.

As the credibility of the Marseille based operator is still under huge pressure as a result of the structural overcapacity of the trade, CMA CGM will take further measures. Their close cooperation with MSC, which was announced earlier this month, will contribute for an important share of this cost savings for 2012. However with further structural measures the French do hope to save another us dollar 400 million during next year. A rationalisation of existing services, an decrease of the fleet, lower charter tariffs for the vessels and a monitoring of the fuel consumption are all considered.