

NOL – considering the option for 10.000 TEU vessels

Singaporean container carrier Neptune Orient Lines has always applied a precautionary policy when it came to the implementation of new vessels. However today, the carrier is looking seriously into the ordering of new built container vessels with a capacity of 10.000TEU.

Recently, NOL's CEO mr. Ron Widdows declared that NOL will be ordering vessels with a 10.000 TEU capacity within the near future. Something one year ago was unthinkable. According to Widdows information, there will be a shortage of vessels with capacities above 6.000 TEU since he is predicting an economical revival.

Furthermore Widdows stated that NOL will continue to apply the concept of "slow steaming". The savings realised due to a reduction on bunkering will assist the larger container vessels integration much more easy into their regular liner schedules. Even when freight rates will normalise, NOL will not change his policy, Widdows continued.

At this stage it is still unclear which type of engines will be implemented in the new built NOL vessels.



Evergreen – 10 new built vessels ordered

Rumours circulating in the market about Evergreen considering to order 10 new built container vessels with a capacity of 8.000 TEU have been confirmed. Evergreen chairman Mr. Y.F. Chang informed the American press in this respect during an interview. Mr. Chang also predicted that Evergreen will be returning to profitability in 2010.



It was also indicated that another order for 12 similar vessels are under negotiation with a Taiwanese wharf although the 1st order was assigned to a Korean ship builder. Evergreen is unwilling to pay more the 10.000 us dollar per teu. They are taking the advantage of the poor order books of the ship builders to benefit from the lower constructions costs.

Last year Evergreen stated their intentions to order 100 new built vessels thus taking the advantage of the bad conjunction of the shipping yards. Today their first intentions have been confirmed.

Extra Slow Steaming – applied as standard in regular liner services

One year ago only five regular liner services slowed down their vessels in an attempt to save fuel consumption. Today, according to Alphaliner's data base, more then one hundred services apply extra slow steaming.

Alphanliner considered "extra slow steaming" an average service speed of 18 knots. This average can be the result of an 21 knots speed for the trip out and 15 knots for the trip back. Shipping lines applying an average of 15 knots and less apply "super slow steaming"

Extra slow steaming is extremely popular on the container services between Asia and Europe. Reason is the long distance between these continents. On the shorter routes of the North Atlantic where carriers can offer a weekly service with only 4 vessels the situation is different. On this service, charges to implement an additional vessel in comparison with extra fuel consumption are less important. Only three services out of 28 apply "Extra Slow Steaming".

It looks that the "slow steaming" principle will also be applied in future after the global crisis. Bunker costs today are over 400 us dollar per ton. As a result it is more economical to have more vessels in services then to have a higher fuel consumption. On the route between Asia and Europe, today an average of 9.9 vessels are employed. One year ago this was only 8.1 vessel per service.

The application of the "extra slow steaming" has been very beneficial for carriers in respect of their vessels being anchored due the crisis. It is estimated that with this measure more then 100 ships could be maintained in service. This is 4.1% of the global container vessels fleet.



With the reductions of bunker expenses, the employment of more vessels and the improvement for the environment it looked like slow steaming was very beneficial for the ship owners. However lately it showed that the empty repositioning of container equipment on some routes becomes problematic.

Further reduction port calls by carriers

Andrew Penfold from Ocean Shipping Consultants recently declared that the implementation by the shipping lines of the ULCS vessels will lead to a further reduction of the ports of call in order to master a further downwards trends of their expenses.

This statement was done during the ESPO (European Sea Ports Organisation) Conference in Helsinki. The past has proven that there is a relation between the growth of the GNP and the increase of the container flows, he stated. Since this growth is variable, decisions on port calls will be decided geographically.



Penfold foresees an imbalance in growth between Asia/Africa and Europe. He predicts that European ports will only reach their normal volumes by the end of 2012/2013. This could bring us some unforeseen surprises in sailing schedules when carriers will be working closer together in future in an further attempt to stay in control of their costs.

The coming two years a large number of ULCS vessels will be delivered by the ships yards. This will further result in financial pressure for shipping lines and they will be forced to monitor their costs very carefully. Today 25% of the operational costs are absorbed by stevedoring operations. Bunker expenses stand for 18% of the costs whereas vessels also take 25% of the costing. This looks to be excellent news for the mainports who look to increase their importance.

