NEWSLETTER JULY 2010

Drewy reports – Container developments 2010

British consultants Drewry have changed their prognoses for the container trade in 2010. They expect an increase with 8.5% this year although in January they were still expecting only 3.4%.

Nevertheless Drewry disagrees with the shipping lines claiming the economical crisis is over and return to "business as usual". In their latest edition of "Drewy Container Forecaster" they state that due to the shortage of equipment in Asia, the perception of larger volumes in this region is not realistic.

Drewry projects that after the peak season of Asian exports during the 2nd half of the year, volumes will drop again. As a result temporary pressure on the container carriers will be reinstalled. However the rate corrections will not be as drastically as in the recent past.

The 2nd quarter brought positive figures to the shipping lines. Trade capacity in the Pacific trade was raised with 19%, whereas trade on the Far East / Europe axle increased with 12.4%. But the new policy of the carriers to focus on profitability rather then on volumes, has created tension between them and their customers base.

Shippers who were treated as VIP during the pre crisis era are handled today as any other customer. Sometimes resulting in none accepting of their volumes due to a shortage of space. This attitude of the container carriers forced shippers to pay higher rates in order to obtain guarantees their cargo was being shipped out.

Maesk Line – Container shortage

Shipping company Maersk is expecting an unseen shortage of empty containers because of the increasingly demand of container equipment, while entering the peak season for the container industry. This problem could continue until the third quarter of this year.

In order to anticipate this situation, Maersk Line has ordered new containers and closed some leasing contracts with container owners. Also laid-up vessels will be transporting the empty equipment to the Far East where the shortage is reaching dramatic conditions.

Besides this, Maersk has also decided to raise their tariffs on the Far East / Europe trade during the peak season. This increase of the freight rates is for covering the additional cost that comes parallel with the measures they have to take to compensate the shortage of equipment.

Iran traffic banned by Europe

The European Council has recently decided it is unavoidable that new measures will be taken against trade to and from Iran in view of the fact the Iranian government has not adapted his nuclear strategy.

The Ministry of Foreign Affairs of the EU has been invited to approve new measures in accordance with the 1929 resolution of the Security Council of the United Nations. As a result different sectors will be affected.

Also the logistic capabilities of the country will be targeted. IRISL, the Islamic Republic Of Iran Shipping Lines and her offices will be victimized by the EU decisions. The oil and gas industry will also be focussed and there will be a prohibition on new investments in the technological industry and the exchange of technological know how.

Nevertheless the EU remains determined to find diplomatic solutions to the political crisis and has invited the Iranian government for further negotiations. However there is no doubt that volumes carried by vessels to and from Iran will face heavy decreases.

Iranian carriers like ABS and SADIP are loading normally approx 1000 TEU per week in Antwerp only. Major volumes are car parts and spares for Citroën and Peugeot. In addition there are also two break bulk sailings per month ex Antwerp to Iran.

Evergreen – VLCS vessels ordered

Taiwanese carrier Evergreen has ordered 10 VLCS vessels (Very Large Container Ships) with Korean wharf Samsung Heavy Industries. The carrier is herewith the 1st container line from the global top 20 who is ordering new buildings.

The capacity of these vessels will vary between 9.200 TEU and 9.600 TEU depending on the configuration. They will be able to load 18 container rows on deck. The new ships will have a speed of 24.5 knots. Consequently Evergreen is not lifting the option to have vessels with reduced speed and benefit from possible bunker savings.

Nevertheless Evergreen emphasizes that within their philosophy of "Greenship" the vessels are programmed to be environmentally friendly and economize on fuel consumption. Last week rumours were spread that Evergreen also wanted to built extra vessels in their home country Taiwan.

However the projected costs of million 80 us dollar per vessel for Taiwanese ship builder CSCB was not feasible to them. The buildings ordered with Samsung will be costing us dollar 103 million per vessel. These ships should become operational between May 2012 and November 2013.

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