

Maersk Line – cancelling AE9-service

In November Maersk Line will be cancelling one of his Asian/Northern Europe services. It concerns the AE9-service. After the Grand Alliance, Maersk Line is the second carrier to reduce it's capacity during winter season. Likewise the Hapag-Lloyd, NYK and OOCL alliance, the Danish #1 container carrier will reduce it's capacity with approximately 10%.

The AE9-service is employing 9 vessels between 6.252 TEU till 7.250 TEU. According to Maersk planning, the service will only be temporarily suspended and will be resumed shortly after winter season. It's estimated this will be after Chinese New Year in 2011. This year Chinese New Year is starting on February 3rd, it's the year of the "rabbit".

The suspended service was making port calls at Salalah (Oman), Colombo, Port Kelang, Singapore, Laem Chabang and Tanjung Pelepas. Some of the other Maersk Line services will adapt their vessels rotation in order to compensate the stoppage of the service.



Double Dip Scenario

According to recent publications of the Norwegian RS Platou Markets, the freight rates on the route Asia/Europe will decrease with approx 15% during the last quarter of 2010. On the Pacific route there would only be a 7% drop. However, RS Platou states in the same report that there is no reason to worry since this is the traditional market evolution towards the end of the year.

The consultants expect there is very little change that carriers will introduce more capacity to the trade or stabilize their capacity during this period, thus causing a dramatic drop of freight rates. The fact that some carriers have already scheduled to reduce their vessels capacities on some routes is according to RS Platou a clear sign that carriers are giving priority to rent ability rather than to increasing their market share.

The conclusions of the Norwegian consultants are in line with the previous reports from their British colleagues Drewry. Moreover stock building is bringing more volumes in the market than initially foreseen resulting in higher market volumes during off season.



Heavy Lift Carrier "Scanscot" filed bankruptcy

German's heavy lift carrier Scanscot, located in Hamburg, is the first heavy lift carrier which is filing for bankruptcy since the shipping crisis started. Mid October the carrier deposited his books at the Court to file for bankruptcy. At that moment they had 7 vessels in operation.

Main reason for this situation is most probably created by the fact Scanscot had ordered two more heavy lift vessels with a dwt of 9500 tons just before the outbreak of the crisis at high costing.

Meantime also in the heavy lift sector the rates went down drastically and Scanscot was unable to pay back their running loans with the banks. Since it was expected that there was no restoration of the rates within short, the banks withdraw their support. The curators are trying to fulfil the running contracts with the remaining 5 ships.



Container capacity peaking ...

A new record have been set ... never before there has been a larger delivery of container vessels capacity in the trade then during the 3rd quarter of 2010. According to French databank Alphaliner the capacity delivered was amounting to 468.000 slots.

Between May and July of this year, not less the 72 new container vessels have been taken into service. The average capacity was 6.500 TEU. For the last quarter of 2010, it is expected only 233.00 TEU new capacity will be delivered. This means the total for the running year will be set at 1.42 million TEU. As a comparison, in 2008, 1.57 million TEU were delivered and last year this as only 1.07 million TEU.

Older tonnage demolished this year is estimated to be 180.000 TEU, resulting in an increased capacity of 9.5% for 2010. For 2011 specialists calculated a further increase of 9.1% since one out of four new vessels being delivered will have a capacity of more then 10.000 TEU. The figures were already adapted to the new situation of various delayed deliveries during 2010 and 2011.



It is clear for all parties involved that the increase of the new vessels will be a huge challenge for the operations of the carriers. Most of the larger vessels will be implemented into the services between Asia and Europe or the Pacific. As a result a large fleet of ships between 5.000 TEU and 7.500 TEU will need to be applied to other routes i.e. the South Americas.

MSC has already scheduled vessels with capacities of 6.732 TEU between Asia and South America, which sets new records on vessels capacities to Chile and Peru. Also Hamburg Süd has introduced his own tonnage of 5.770 TEU in their service.

Regular container services – Crisis control

During a recent London press conference, Mr. Kenichi Kuroya, CEO of K Line confirmed the liner sector is still suffering from the crisis. The three largest Japanese shipping companies are taking a careful approach towards the future of the liner business activities. They are looking for a continuous diversification of their shipping interests.

One of the carriers main problems is the huge difference between supply and demand, moreover since there are many new built container vessels entering the market the coming years which could create a new over capacity.



Also K Line has 13 new container vessels coming up. Eight thereof will be 4.500 TEU vessels which are due for delivery by mid 2011. Another five have a 8.000 TEU capacity and will most probably be used to replace existing tonnage. New plans for more new buildings are not scheduled with K Line.

Mr. Kuroya further declared he was doubtful whether the ULCS vessels with capacities of 14.000 TEU would become the standard in future. He stated he was expecting they would be used in the Europe Asia trade but he was doubtful whether they could become a standard for the Trans Pacific services.

The members of the CKYH Alliance will further fulfil the implementation of "Green shipping". They agreed to implement measures such as eco-slow steaming for energy saving and emission reduction. Their achievements in emission reductions in 2009 by participating in the speed reduction program and cold ironing program in specific areas have proved to be successful and will continue to be applied.



With reference to the slow steaming concept, Mr. Kenichi Kuroya stated that all his Far East services between Asia / Europe and Mediterranean trade today are applying the concept. Resulting to an extend that every single trade line is being performed with more vessels then before.