

Shippers may face higher rates in 2010 as space gets tight -

Patrick Burnson - Logistics Management, 1/5/2010

SAN FRANCISCO - The active capacity of the world's leading ocean cargo carriers dropped by 2.4 percent over the last 12 months.

According to a new report issued ASX-Alphaliner capacity management has become the key to restoring the industry to profitability in 2010.

"Although the total operated fleet of the top 20 carriers increased by 1.6 percent since 2009, the effective capacity dropped due to an increase in the idle fleet," said analysts.

Analysts added that the combined capacity of the "Top 20" carriers reached 10.81 million twenty-foot-equivalent units (TEU) on 1 January 2010 compared to 10.63 million TEU in 2009. The idled capacity of these carriers currently stands at 743,000 TEU, representing 6.9 percent of the carriers' operated fleet. The idle capacity for these carriers was 328,000 TEU or 3.1 percent of their fleet on 1 January 2009.

"There were no new entrants to the 'Top 20' list although as a group, the Top 20 carriers" according to analysts, share of the overall liner capacity fell marginally from 81.6 percent of the global capacity to 79.2 percent.

Meanwhile, Maersk retained its overall lead in the carrier rankings, despite losing some market share from 15.6 percent to 15.0 percent. As noted in LMs' "State of Logistics" report last July, analysts had forecast such a reduction for 2010.

Edward Zaninelli, vice president of Transpacific Westbound Trade for OOCL, predicted that carriers would be using more all-water services that will avoid both the Suez and Panama Canals in 2010.

"We'll see more 'slow steaming' around the Cape and Horn as vessel operators seek ways to save on fuel costs, which will be rising again," he said. And according to Zaninelli, that figures into the higher rate equations, too.

"Revenue is below cost in all trade lanes now, and the recovery is just beginning," he said. "Asia and the U.S. will be the first economic zones to see growth in 2010, but the EU is going to take longer."