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SEAINTEL MARITIME ANALYSIS

SIGNIFICANT TIME-AT-SEA DIFFERENCES ACROSS CARRIERS

Despite larger capacity, Maersk Line vessels spend up to 21% less time in port compared to the alliances

There is an old adage in shipping saying that a ship makes its money while at sea, not while staying in port.

Clearly customers are only willing to pay for their goods being transported from point A to point B, not for waiting around at either end.

One of the significant benefits arising from containerization was a drastically reduced time in port, resulting in more steaming – and therefore revenue generating – time for the carriers.

However, as vessel sizes are getting ever larger, it becomes of increasing importance to understand the balance between size and time in port.

MAERSK LINE SPEND SIGNIFICANTLY LESS TIME IN PORT THAN THE ALLIANCES

vessel will have economies of scale (provided it is full) ideally compensating for the loss of revenue-generating time at sea.

We decided to analyze the time various carriers spend at sea versus in port on the Asia to North Europe services.

Not surprisingly we find that larger ships do indeed result in a degradation of the time-at-sea. As an example, if Maersk Line increases their vessel size from 8,000 TEU to 18,000 TEU, they would on average spend 41% more time in port and 6.6% less time at sea.

What is more interesting is the very significant difference we see in the time-at-sea development across different carriers, as they are

THE PAIN IS SHOWING

The spot rates on Asia to North Europe has declined in 46 of the last 52 weeks. The spot rate has not increased a single time in 2011. Conditions are only slightly better on Asia-Mediterranean and the Pacific trades. The impact is now beginning to manifest itself in carrier actions. In the last few weeks we have seen 3 strings pulled from Asia-Europe by PIL/Wan Hai, CKYH Alliance and CSAV. Transpacific has also seen pullbacks, first by TCC followed by CSAV and Hyundai. Additionally Yanghai Shipping Co joined TCC in going out of business as a consequence of the poor market conditions. With no imminent signs of a strong peak, it can only be a matter of time before we see an even more substantial

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