

ASKING CARRIERS AN ENVIRONMENTAL QUESTION

A simple question posed by a customer shows significant gap between carriers' global and local communication

On Thursday this week the Associate Press reported that, as a result of a record rise in heat-trapping carbon dioxide (CO₂) - reported as being 564 million more tons in 2010 over 2009 - the levels of greenhouse gasses are already higher than the 'worst case scenario' that was outlined in 2007 by world climate experts.

In an effort to do their part to curb this man-made global warming trend, a number of container carriers have publically placed emphasis on environmental sustainability. In fact, some carriers have spent enormous amounts of time and money putting specific initiatives in place. The most prominent of these initiatives is the crucial task of reducing CO₂ emissions, in order to reduce the carbon footprint associated with the transport

Some shippers, too, appear to have concerns over minimizing their carbon footprint and the overall reduction of CO₂ emissions within their supply chain. Their rationale is that consumers are concerned about the environment which, in turn, drives the shippers to focus even harder to prove their commitment to environmental sustainability. Shippers market their products using words like "green" and "environmentally friendly" in the hopes that consumers will choose them over their competitors.

In this context, we wondered how shippers would come to realize the steps the carriers have taken in regards to the reduction of CO₂ emissions, and whether they would get a viable response when calling the carriers for these details.

LIMBO PRICING?

"How low can you go" appears to be the norm in Asia-N.Europe pricing. While we see the Transpacific rates stabilize, the rate decline on Asia-N.Europe is accelerating. This week spot rates declined 5.5%, whereas the past two weeks the declines were 4.1% and 2.9%. As carriers' had increased BAF by 5-10USD/TEU this week, the real spot rate decline was in reality 6-7%.

Whilst some carriers have contracts which hold a little more firm, we also see spot rates clearly lower than the Shanghai Index SCFI spot rates. This week the SCFI rate was 613 USD/TEU – yet last week we received a firm quote for a 40' (not a 20') container at 600 USD for the next vessel. Clearly