SUNDAY SPOTLIGHT

18 DECEMBER 2011, ISSUE 39

SEAINTEL MARITIME ANALYSIS

ASIA-EUROPE SUPPLY/DEMAND DEVELOPMENTS 2010-2012

Recent withdrawals insufficient to match demand situation

The Asia-Europe trade has been hit by significant capacity injections, lower demand growth than expected and a largely absent peak season. Freight rates on the trade lane have declined since the beginning of the year, and some of the carriers have recently pulled capacity from this trade lane.

In May, PIL and Wan Hai left the trade. During the summer, the CKYH alliance suspended their NE5 service, just like CSAV suspended their Mare Nostrum service. In October, the Grand Alliance stated that they would suspend their EU Loop D service with affect from mid – November and finally, the CKYH alliance has informed that their NE4 service will be suspended from Q1 2012.

However, the decrease in deployed capacity on the week we will take a deeper look into the capacity, which is currently deployed on the trade, how it has developed since 2010 and what we expect for Q1 2012.

What does the current picture look like?

Since July 2011, SeaIntel Maritime Analysis has monitored more than 185 services in our Global Liner Schedule Reliability database. Besides monitoring schedule reliability, the database gives us a unique opportunity to monitor the development of deployed capacity on the main east west trades. The database includes all the services between Asia and Europe including the Mediterranean down to the individual vessel level.

Average vessel size

At the moment, 46 different

NEW ALLIANCES?

Following the announcement of the MSCMA alliance the other week, the question is whether more such changes are in the pipeline. We very much find this to be the case. Most carriers today operate within alliances, and we believe that for any carrier with long-term ambitions, it is necessary to enter into strategic alliances. Consequently, we expect that particularly smaller top-20 carriers currently operating independently, but with significant growth ambitions and access to large vessels, will be entering into such alliances. An example of such a carrier is UASC who has a series of 13.000 TEU vessels under delivery. They will need to enter into a stronger partnership in order to leverage their vessel portfolio,