SUNDAY SPOTLIGHT

SEAINTEL MARITIME ANALYSIS

Indicators from the week 6 Aug. – 12 Aug. 2012

China-N.Eur spot rate
-98 USD/TEU

Nhava Sheva container traffic growth
0%

+108 USD/FFE
China-USWC spot rate

+17%
Mexico container throughput 1H 2012

Reliability from global vessels to the container at the country level: **Performance in June 2012**. See page 14 for details.
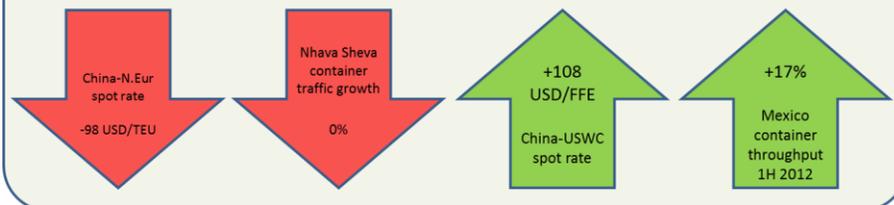
DARK CLOUDS IN EUROPE
Declining demand and a large order book makes for a challenging outlook

We have on several occasions during 2012 analyzed the freight rate increases on the Asia-Europe trade lane. Overall, the carriers have been highly successful in recovering from the depths of the rate war in 2011 and seem set on becoming profitable in 2012.

However, if we take a closer look at the fundamental forces playing out in the all-important Asia-Europe trade lane we find a set of very dark clouds on the horizon.

As we have also previously outlined in the SeaIntel Sunday Spotlight, carriers do have the tools at their disposal to handle the impending storm, the question is whether they will be able to effectively utilize those tools.

We are aware that bad news does not always sit well with the people on the receiving end of such news, hence this analysis aims to outline the forces lining up to produce the storm in the Asia-Europe market in 2013. With the forces lined up, it also becomes clearer what the various scenarios for 2013 might be in terms of carrier action.

Having looked at the numbers, we cannot help but be reminded of a

Cabotage on the way out?

This week saw information surface that India is contemplating a change of their cabotage rules. This would particularly benefit Vallarpardam port, as it would be well situated to cater for transshipment cargo to India in competition with particularly the port of Colombo. Recently, we saw how a newcomer to the US market gave up on profitably building new Jones Act vessels, leaving it an open question how Guam and Hawaii will be served in the future. This could well be the beginning of the end for cabotage rules.

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