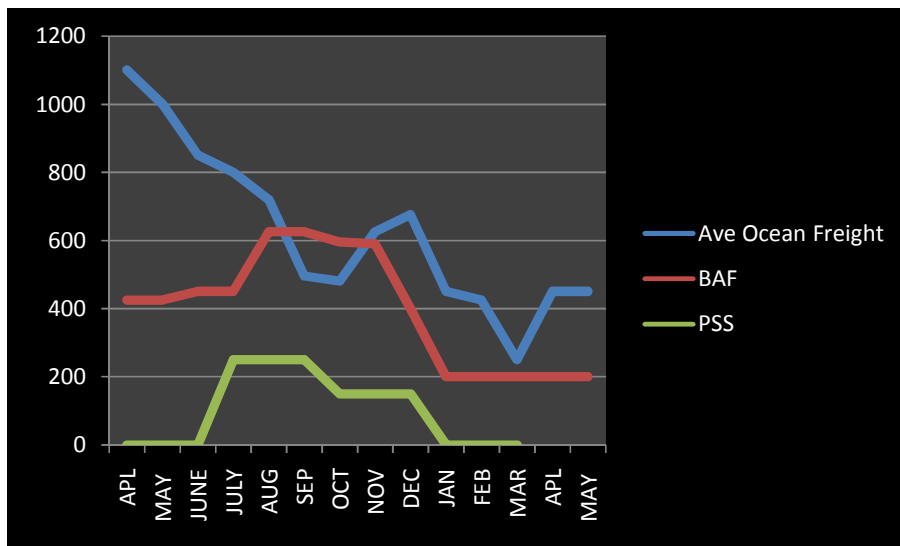
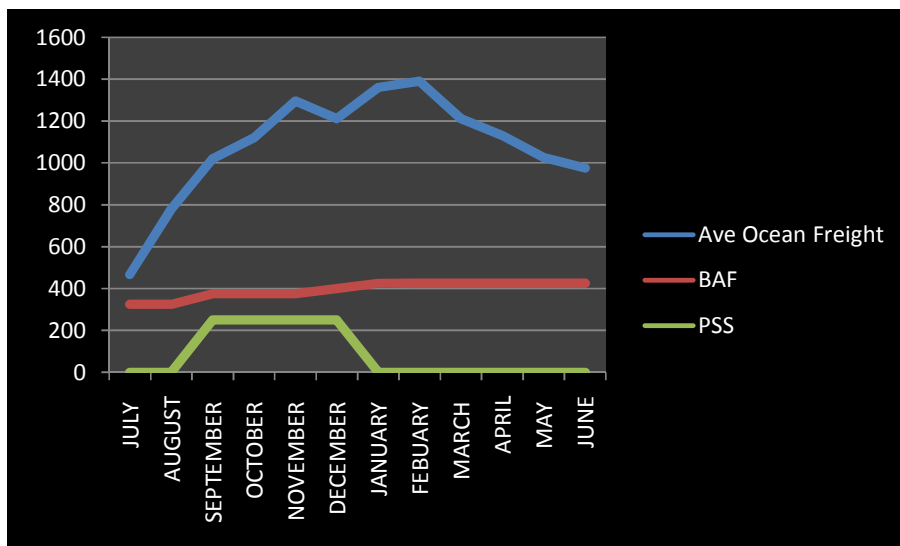


The past two years have seen four unprecedented events in the shipping industry, with the major impacts being on the container shipping lines themselves with a ripple effect to the rates, and obviously the importers themselves.

Firstly we witnessed the volatile fuel pricing and the impact it had on overall freight rates (seen on graph below) and then the dramatic decrease in rates in response to the impending recession (also seen on the below graph). As the credit crunch played out, shipping lines laid up ships, joined/shared routings; all new ships in production were either halted or delayed and no new equipment was to be introduced into the market. This brought about a “peak season” type of feel with limited space and the eventual increase in pricing, as seen on the 09-10 Financial Year Graph.



08-09 Financial Year



09-10 Financial Year

Although the new financial year saw fuel pricing level out and stabilise, it was recognised by the shipping lines that to create demand they needed to act swiftly and this created a large amount of ships being put into lay-up. Rates began to increase and a peak season surcharge was soon introduced.

As demand in container shipping began to recover, shipping lines had a long way to go before they were out of any sort of financial trouble. Most shipping lines posted a financial loss over this period. The rates seemingly to be on a never ending increase, the entry into the market of three new shipping lines began to unsettle the competitor shipping lines. With the new players using to their advantage ships in lay-up; they offered a “cheaper or discounted” alternative, which meant that the larger shipping lines needed to react with the same cheaper rates or risk losing business.

Although this has meant that rates are being offered at a more reasonable level, the shipping lines will look to continue to recover costs and increases will be a necessity. Some ships are being introduced back into the system however lack of equipment remains an issue. With some newer ship builds due to hit the market over the next couple of months; this will mean that the volatile nature of supply versus demand will play out again through shipping rates.

Written and prepared by

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