

Lines boxed in by container shortage

Thursday 24 June 2010 **The price of containers has hit a 20-year high as a result of a shortage that has reached “critical” levels.**

Analyst AXS Alphaliner said the current price of a new 20ft dry box had increase from US\$2,000 per unit at the end of last year to \$2,750 today.

The analyst’s figures show this is the highest price since 1991 and far above the average for the last 10 years of between \$1,500 and \$2,400.

As a result, Alphaliner said it expected demand to outstrip supply during the third-quarter peak season.

Alphaliner said: “Container manufacturers are facing difficulties in restoring full capacity following the cutback in production of dry containers since October 2008.

“Capacity at the main container producers has been cut back significantly since late 2008, as production lines were shut and twin-shift operations reduced to single shifts.

“Although annual production at the two largest container manufacturers, CIMC and Singamas, is over 3.5 million teu, they are expected to produce only 1.35 million teu this year.”

The growth in demand is reflected in sales figures from CIMC, which is reporting orders for 102,900teu in just the first quarter of this year, compared with 60,400 teu in the whole of 2009.

Output of new containers this year is expected to reach between 1.5 and 2 million teu this year, well down on the 4.2 million teu produced in 2007 and the current fleet of 5 million teu.

Fowarders and shippers are expecting a tough peak season and fear the shortage of containers will result in further price increases and delays to cargo.

In a bid to combat the problem, Maersk Line announced laid-up ships would be brought back into service to ferry containers back to China, while also ordering more new containers.

But to pay for these measures, Maersk has announced a record peak-season surcharge of \$750 per 20ft, \$1,000 per 40ft and \$1,200 per 40ft high-cube container on westbound services to Northern Europe from 15 July.

On westbound services to the Mediterranean, the surcharge will be \$600 per 20ft, \$800 per 40ft and \$1,000 per 40ft high-cube.

IFW understands that two other carriers are about to introduce container shortage surcharges.