

THE JOURNAL

(<http://www.joc.com>)

Trans-Pacific Carriers See 90 Percent Vessel Use

Economic indicators, forward bookings suggest optimism for 2010

Cargo bookings by the individual lines in the Transpacific Stabilization Agreement suggest that vessel utilization levels in the trade will run in the mid-high 90 percent range in most trade segments in the coming months, with a typical dip for the Lunar New Year period in Asia when factories are closed, but picking up quickly after that.

The TSA said Thursday it is pressing ahead with efforts to boost freight rates as its 15 carriers expressed some optimism about 2010 volumes on the trans-Pacific, based on a combination of economic indicators and forward bookings during the off-season Lunar New Year period.

The TSA said its member carriers expect a significant year-on-year increase in 2010 traffic after a 2009 in which a final tally of cargo demand is likely to fall 15-20 percent below 2008 levels.

"The TSA carriers have embarked on a multi-year process focused on improving the economics of the trade," said Ron Widdows, the outgoing chairman of the TSA's executive committee. "The aim is to get to rate levels which will enable carriers to make the investment decisions that are required to meet customers' long-term supply chain needs."

Widdows said carriers face difficult choices in 2010, as they ramp up their networks to meet service demand. "At the same time they will have to precisely calibrate their fleets and schedules to control costs, and also make long-term strategic decisions relating to market focus, network productivity, environmental mitigation and other factors."

Among the factors contributing to a positive forecast are a likely bottoming of the U.S. job market; better-than-expected 2009 holiday sales, coupled with rising U.S. consumer confidence and spending and the need going forward for retailers and other businesses to replenish inventories and to upgrade physical and technology infrastructures.

TSA carriers' short-term focus remains revenue improvement in the second half of the 2009-2010 contract year, with many rates in major commodity segments down \$1,000 or more per 40-foot container from late 2008 levels. TSA reported that member lines are actively pursuing a previously announced Emergency Revenue Charge and that carriers

are seeing a high degree of success leading to the effective date of Jan. 15.

"The bottom line for trans-Pacific operators is gradually fine-tuning their operations from an environment of contraction to one of preparing for growth," Widdows said. "That adjustment begins with a stable revenue foundation for gradual reinvestment in the trade. The emergency revenue charge is a positive first step towards recovery in 2010, and lays important groundwork for the critical general rate increase to follow in the 2010-11 round of contracts."

Contact Peter T. Leach at pleach@joc.com.

[Container Lines](#) [Trade Lanes](#) [Container Shipping](#) [Maritime](#) [Asia](#) [North America](#)

Source URL: <http://www.joc.com/maritime/trans-pacific-carriers-see-volume-improving>