



SHIP SMARTER AND SAVE

ON THE GLOBAL WATER FRONT

A record has been set with a “Triple-E” vessel carrying the highest ever number of containers between Europe and Asia. Last month Mary Maersk left Spain on its eastward journey, bound for Malaysia. This was a special voyage because the Mary Maersk was carrying 17,603 twenty-foot equivalent units (TEUs), the highest number containers ever loaded on a vessel. This is the third Triple-E vessel launched by Maersk. The first two, the Maersk Mc-Kinney Moller and the Majestic Maersk we launched in the past 60 days.

The container-shipping industry has been marred by low freight rates over the past few years with analysts estimating the available capacity running around 30% above demand. Maersk’s Chief Executive, Nils Andersen said it would take around four years before supply and demand is balanced. With shipping having its ups and downs many view this investment as quite a gamble in as much as it could result in more capacity than there is demand. Maersk’s COO Morten H. Engelstoft explains the thinking behind the “Triple-E” that could provide a key market edge that they are counting on. He stated “I think there is a clue in the name. The first E stands for economy of scale and this refers to the number of containers we can move in one go. The second E is energy efficiency. We expect the Triple E to reduce fuel consumed by approximately 20% compared to the most fuel-efficient vessel in our fleet today. The third E is environment. By reducing fuel consumption it will also reduce our CO2 emissions by 20%”. These ships will carry 2,500 more containers than those they will replace.

The “Triple-E” is the largest container ship in the world and costs around \$150 million each. Industry executives say these large vessels, which can carry in excess of 18,000 containers, are attractive because of their cost-savings potential. Like the airlines, Maersk and others are making significant investments in fuel economy and hope to reap long term benefits in the not too distant future. At the moment, these ships are mainly deployed on the benchmark Asia-to-Europe trade route. They can cut operational costs by 20% on each container shipped, compared with the average cost of existing vessels with less fuel-efficient engines.

The Maersk Line has 20 Triple E's on order, and when deliveries are completed they will have 31 ultra-large container vessels, enough to operate three Asia-Europe loops with around 10 vessels operating in a loop. The ships will mainly carry Asian exports ranging from electrical appliances, clothes and shoes to furniture and fresh produce.

Shippers should recognize that this new direction can be beneficial to them within the trade lanes these ships travel. If they are successful in reducing operating costs this should result in lower costs per TEU. If the market remains soft on these lanes and capacity remains higher than demand, you could see this imbalance result in continued lower cost per TEU. As with most transportation price scenarios, it boils down to supply and demand.

We want to help you and your company benefit from Big Data. Our Professional Services team stands ready to support you in controlling your transportation expenses and freight cost analysis. Please contact Leif Holm-Andersen, Executive Director of Professional Services at Leif.holm-andersen@data2logistics.com or +1 239 425 8050.