



# The American Companies

## "NEWS-UPDATE"

January 6, 2009

### Growing Concerns of Continued Ship Layups in New Year

As reported by several sources in the past week, including a recent write up in the January 5<sup>th</sup> issue of The Journal of Commerce, weakening cargo demand has created an adjustment of freight rates, particularly that of lowered BAF surcharges in the marketplace, but more importantly a decrease in container vessels. At the onset of December 25<sup>th</sup>, it was reported that approximately 165 vessels, totaling 430,000 TEUs (Twenty Foot Equivalent Units) had been idle. This was an increase of 300,000 TEUs from just two weeks earlier, thus significant action displaying a sign of strategy by the major carriers and vessel operators to deal with the state of slumping volumes and falling revenues as a result.

The data comes from AXS-Alphaliner, a Paris – based consulting firm that specializes in transportation industry trends. Their figures have been used to compare previous years volumes and it has been noted that the current lay ups and decrease in container capacity are now equivalent to the lowest point of the 2002 slump in volumes. The figures also note that the decrease makes up approximately 3.5% of the total world fleet in TEUs with the potential to further increase.

With surcharges, rates and capacity all decreasing in various manners, time will tell as to how long it will be until an economic display of supply and demand of space will again dictate the ocean freight industry. As usual, we will report further findings or actions by the carriers in what is anticipated to be an instable market for the months to come.

In the mean time, if you have any questions or need further assistance, please do not hesitate to contact your local sales representative or branch office of The American Companies.

Also, don't forget that there are only **21** more days before Importer Security Filings are officially implemented. **THE AMERICAN COMPANIES OFFERS FREE ISF TESTING UNTIL THEN.** Please contact any of our ISF Customer Service Specialists who will assist you in getting set up to meet the January 26<sup>th</sup> compliance date requirement.

Sincerely,

THE AMERICAN COMPANIES

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