

# DVB report warns orderbook is half the size of current fleet

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The container-shipping industry has "no magic solution" to the impending problem of an all-time-high in newbuilding deliveries.

Today's orderbook is more than half the size of the container-shipping fleet and is likely to vastly outnumber ships due to be scrapped, cancelled or delayed, a

leading shipping bank warns. According to German bank DVB's Outlook 2009 report, the boxship orderbook amounts to 1,200 vessels of 6.1 million teu.

That is 50.7% of nominal capacity of the current fleet of 4,717 vessels, totalling 12.1 million teu.

A historic high of two million teu comprising 537 vessels is scheduled for delivery in 2009,

including delayed newbuildings from last year, which implies fleet growth of 16.8%.

Scrapping will hardly change the supply picture, as the container fleet is young with an average age of 10.8 years. DVB notes that only 3.6% of the fleet is older than 25 years, comprising 466 vessels of only 436,000 teu.

It anticipates that overcapacity

will hit larger ships of over 3,000 teu the hardest, affecting panamax, post-panamax and super post-panamax vessels. These sizes will contribute around 80% of the capacity growth this year and next.

At least two-thirds of newbuilding deliveries of these larger vessels were scheduled for deployment in the arterial east-west trades.

That implies that the nominal capacity deployed in those trades would need to increase by about 15% to 20% this year and next for the newbuildings to be absorbed. However, it is thought that trade volumes may shrink this year.

DVB concludes that the chance of the container-shipping industry regaining its strength in 2009 "is rather slim, if at all".