
Slowdown signs - NYK to halve its fleet of container ships

Saturday, 07 Nov, 2009

It is reported that Japanese carrier NYK will halve its fleet of container ships by 2013 as it struggles to cope with weak demand and huge financial losses. The line operates 120 container vessels, 20% of which are thought to be owned by the group, with the rest under lease.

It plans to get rid of 60 by scrapping or selling some of its group-owned ships and returning many of those on charter. The process could result in billions of dollars in charges. A surge in shipments to China and other emerging economies prompted NYK to embark on a massive expansion of its fleet earlier this decade, but demand collapsed in the wake of last year's global economic meltdown.

Container shipping is the company's main business, providing USD 6.5 billion, or roughly 25%, of sales in the year ended this past March. The expense of maintaining a huge fleet, coupled with falling shipping rates, had a hand in last fiscal year's USD 280 million pretax loss.

NYK expected to suffer a pretax loss of more than USD 370 million this fiscal year, despite having taken more ships off line and negotiated for higher rates. Now it has decided on an unprecedented reduction of its container fleet. MOL, which runs Japan's second largest fleet and third-ranked K Line may follow suit.

(Sourced from www.cargonewsasia.com)

For more news visit at www.steelguru.com