
Hanjin Shipping unveils USD 874.5 million CAPEX plan

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Bloomberg reported that Hanjin Shipping Co will spend 17% more for ships and other facilities in 2009 as the shipping line is paying for vessels it ordered 2 to 3 years ago.

As per report, Hanjin Shipping will boost capital expenditure to USD 874.5 million in 2009 from USD 748.1 million in 2008. It said that spending for ship purchases will rise 28% to USD 649.2 million.

Hanjin Shipping said that the higher investment comes as a global recession cools trade, hammering rates to move container cargoes as well as iron ore, coal and other materials. It added that it will continue to cut cost and reduce container ship capacity by consolidating routes and operating fewer vessels.

Mr Kim Young Min CEO of Hanjin Shipping said that "The outlook for the global shipping industry is pretty grim as a flow of new vessels into the market and slowing sea trade will cause an imbalance in the market."

In 2008, Hanjin Shipping moved 3.4 million TEUs, down by 5.5% YoY. Hanjin didn't elaborate about the capacity reduction plan for 2009.

(Sourced from www.bloomberg.net)

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