
Slowdown signs - NYKK to slash fleet expansion plans

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Bloomberg reported that Nippon Yusen KK will slash fleet expansion plans by 10% as it scraps some ships and returns others to owners amid slumping demand for transporting cars and containers.

Mr Yasumi Kudo president of NYKK said that it will expand its fleet to about 850 ships by the end of March 2011 as compared with earlier plan of 940 ships. It had 776 vessels at the end of March 2008.

Nippon Yusen said last month that net income probably fell by 88% for the year ended March 31st 2009. Japan exported 64% fewer vehicles in February, the biggest drop since the Japan Automobile Manufacturers Association began keeping figures in 1973 as Toyota Motor Corporation and Honda Motor Co slashed production.

Mr Kudo said that "Shipping demand has yet to rebound. Operating profit will be lower this fiscal year." He added that it will cut planned capital spending by at least 10% over the three years to March 2011. It had planned to spend about JPY 1.37 trillion on new vessels. The shipping line will not cancel existing orders and the savings will come from orders that had not been placed."

He further added that "Shipping rates have fallen too much. We are expecting another loss this fiscal year for our container business. Even if we keep the crew on board we are still saving on the fuel costs we would have to pay if we were operating the ships."

(Sourced from www.bloomberg.net)

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