



Can Reefer Containers Seize the Day?

The prospect for reefer containers in the global perishables supply chain will be under the spotlight at 2nd Cool Logistics conference, 28-30 September, Hamburg

Key Questions:

- How will changes in global food consumption patterns impact the shipping sector?
- Where will the cargo come from to fill reefer container vessel slots?
- On which trade routes can reefers make a difference between profitability and loss?
- Can the container sector win the battle for seaborne reefer trade?
- How serious is the threat of air cargo?
- How do shipping lines justify and measure investment in reefer containers?
- How should reefer box lessors position themselves?

These key issues - and more - will be addressed at the 2nd Cool Logistics Conference, taking place on 28-30 September 2009 at the InterContinental Hotel Hamburg, Germany.

Register online at www.coollogisticsconference.com/register or contact Helen Coffey for a booking form. Tel +44 20 8977 0530 Email helen@nextlevelinfo.com

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The global market for container shipping and operations remains in the doldrums, with precious few indicators of an early or easy recovery. The worldwide downturn in cargo volumes and severe erosion in freight rates have hit home hard and liner shipping has already seen its first casualties.

Despite recent efforts to recover rates on the major trade lanes, and latest IMF indicators that the global economy is beginning to pull out of recession, analysts still predict a grim few years ahead as a financially weakened container shipping sector struggles to absorb a huge influx of new tonnage.

In the midst of all the pain, however, the reefer container segment appears to be well and truly bucking the trend. So far this year, global reefer cargo volumes are holding steady or showing modest decline, according to reports from ocean carriers, logistics providers and market analysts.

So why is this happening? On the most basic level - people still need to eat. In developed nations, cost-conscious consumers don't buy less food; they turn to budget retailers and buy less expensive food. And with the nature of today's global food industry, less expensive generally does not equate to locally-sourced. For similar reasons, the pharmaceuticals market is also holding firm - people still get sick.

World trade in perishable reefer cargo is forecast to grow to 215 million tons by 2015, according to Drewry Shipping Consultants¹, of which 109 million tons will be seaborne. Drewry predicts that the bulk of seaborne perishable trade will be containerised, due partly to limited - and declining - capacity in the specialised reefer vessel fleet, which in recent years has seen consolidation and the withdrawal of some established names.

The specialised fleet is forecast to carry 32 million tons in 2015, down 3.5 million tons on 2007 volumes. That leaves a potential 77 million tons for the reefer container sector in 2015.

But while the future looks encouraging, will current liquidity problems and lack of access to capital throw a spanner in the works? Financially straitened container shipping lines have been pulling in their horns, including reduced investment in new reefer boxes. Acquisitions by the leasing sector are also set to contract, with the major companies planning to buy less than 21,00TEU of new reefer boxes this year, according to the latest IICL Annual Leased Container Fleet Survey².

Set against this, however, IICL's 2009 survey, released this June, also reveals dramatic growth in the global reefer lease fleet during 2008, from 367,343TEU at the start of last year to 564,138TEU as of 1 January 2009 (driven mainly by growth in 40ft hi cube reefers). So perhaps the leasing industry has stocked up enough new equipment to take advantage of demand from shipping lines with reduced purchasing budgets.

Shipping lines do still need to actively invest in reefer containers, argues Alfred Cheung, Managing Director of ZIM (Japan). However, in the current economic climate they also need to pay close attention to yield management and put solid financial analytics in place to accurately measure returns.

A veteran and pioneer of the reefer container industry, Mr. Cheung is among a number of shipping executives participating at the 2nd Cool Logistics conference, Hamburg, 28-30 September. Speaking on "Why ocean carriers need to invest in reefer containers", he will provide a thorough analysis of profitability, yield and ROI factors for investment in today's climate of extreme financial scrutiny.

Mr. Cheung will be joined by speakers from major reefer container carriers including CMA-CGM, Hamburg Sud and APL, specialist perishable logistics companies including Hellman Worldwide Logistics and Kuehne & Nagel and key airfreight providers including Lufthansa Cargo, to explore challenges and opportunities for logistics and transport in the global perishables supply chain.

Views from the perishable producer/grower and importer/retailer community will round out the picture, along with analysis of trends in global perishables consumption and the reefer trades from Containerisation International's John Fossey and Ben Hackett of Global Insight, among others.

A pre-conference technical workshop will also explore latest approaches to reducing produce wastage and cost and improving visibility and control along the cold supply chain. Among other topics, speakers will review new directions in monitoring systems for reefer equipment and perishable produce, and developments in reefer container technology and refrigerants.

For more information and to book your place please visit www.coollogisticsconference.com

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1. Drewry Shipping Consultants Annual Reefer Market Review and Forecast 2009 www.drewry.co.uk

2. 2009 IICL Annual Leased Container Fleet Survey www.iicl.com