

The True Current Crisis in the Ocean Freight Sector

By: [Ray McGuire](#)

The story by Simon Parry of the UK's Daily Mail is an excellent overview of the true current crisis in the ocean freight sector ([Revealed - The Ghost Fleet Recession](#)). This is a "must read" article if you want to know what is really happening in ocean freight and how it will continue to impact all of us over the next few years.

Like many supply chain professionals I like and read the Journal of Commerce daily, and am up-to-date on the changing numbers side of this issue. In short, the current (depending on your sources) idle ship statistics are approximately:

Container traffic	= 12-15%
Roll On – Roll Off traffic	= 20%
Tanker traffic	= 2-15%

Interestingly, while oil production has dropped about 13%, only about 2% of tankers are listed as idle. This is partly due to incomplete reporting, but more likely due to oil producers leasing the idle ships to store crude and keep "market" supplies lower – [Oil Producers Running Out of Storage Space](#)

Simon's article, however, not only presents the numbers, but has also covered personal viewpoints and details that are typically missing from mainstream industry-related publications. It is really quite good.

You may want to check with the Journal of Commerce occasionally to get updates. Here are links to a few of their recent articles (FYI - Box ship = container ship. TEU = 20 foot container. Divide by 2 to get 40 foot container equivalent).

This year container lines are set to scrap ten times more ships than average and the most ever recorded in one year

– [Owners Scrap 94 Ships in First Half - www.joc.com.](#)

Close to 15% of container ships may stand idle by end of 2009

– [Idle Box Fleet Heading for 2 Million TEUs - www.joc.com.](#)

Roll On – Roll Off (car, truck, equipment carriers) running out of gas

– [Ro-Ro's Slow Go - www.joc.com.](#)

By the way, Baltimore Ro-Ro shipments (the USA's top Ro-Ro port and No. 2 in automobile exports) are down 14 % this year.

Scrapping or idling ships in this manner serve to drive capacity down and provide the basis for higher rates. We have spoken to these [rising ocean freights](#) rates in a recent post.

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About the Author:

Ray McGuire (President – Ray McGuire Consulting Group), seasoned logistics and supply chain executive with experience in Asia, Europe, and the United States, provides advice, direction, and project management to well known high-end consumer electronics, fashion apparel retailers, paper and packaging products manufacturers, and other importers, as well as customs brokers and international forwarders; successfully implementing **international logistics**, **Customs**, C-TPAT, NAFTA, **Importer Security Filing**, TSA, **social and vendor compliance**, cross-dock, pick & pack fulfillment, and distribution solutions. He has expert knowledge and experience in C-TPAT certification (Customs-Trade Partnership Against Terrorism), Importer Security Filing (ISF or 10+2), AES, FAST, TSA, and other supply chain security programs

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