

一、 Review on 2008 World Economy and Trade Related to Transports of The Three Intercontinental Lines

1. Review on 2008 Asian Economy and Trade

In 2008, further spread of global financial crisis caused by subprime mortgage crisis of the U.S. led to the slow down of the overall economy growth in major Asian countries compared with that in 2007. Statistics of the Asian Development Bank showed that the economic growth rate in Asian regions is merely 7.5%, lower than the expected 7.6%. Though the world economy had been in a negative condition, that of China's was comparatively optimistic. It still kept a stable GDP growth rate of 9.9% in the first three quarters. But in the fourth quarter, the negative impact on China's economy gradually became more obvious. However, compared with the decline of economic indicators, the more problem more serious is that whether the deteriorating situation will affect the real economy. Review the overall economy of Asia in 2008, high price of oil and food, the remained high inflation rate the slowed down value of export exerted a negative influence on Asian developing economies.

2. Review on 2008 American Economy and Trade

Since 2008, problems occurred one after another to the U.S. investment banks and real estate lending institutions. The losses of the U.S. financial institutions had reached 760 billion by the end of September and the Government had taken over Freddie Mac and Fannie Mae. In this situation, though GDP of the United State kept growing in the first two quarters with a increase of 0.9% and 2.8% respectively, with the intensive fluctuation of financial market, GDP of the third quarter showed an 0.3% negative growth and in the fourth quarter, it shrunk more seriously. It is estimated that the situation of negative growth will last till 2009.

3. Review on 2008 European Economy and Trade

In 2008, without exception, the economies had been badly affected by the financial crisis. Euro-zone showed a negative growth in the second and third quarter and the European economies as a whole was in a trend of economy recession, among which German, as the largest economy in the euro-zone, presented a GDP decline of 0.4% and 0.5% in the second and third quarter respectively. In the semiannual report on economic prospects in November, 2008, OECD had cut the expected economic growth in 2009 from negative 0.5% to 0.6%. Meanwhile, it is estimated that the unemployment rate in the euro-zone will reach 7.6% and 8.4% in the year 2008 and 2009 respectively. Hungary, Iceland, Ireland, Luxembourg, Spain, Turkey and the UK economy were all terrifically influenced in 2008.

4. Review on 2008 EU-US Bilateral Trade

European Union and the United States are the world's largest bilateral trade partners, whose trade volume of bilateral commodities covers 33% of the world's, while that of bilateral services covers 42%. In the first ten months of 2008, the U.S. exports to Europe had reached US203.375 billion, with a

growth of 13.7% year-on-year. In the meantime, the turnover of the U.S. imports from EU had been rising stably. Its imports from EU-27 in the first ten months reached 314.61 billion, with a 6.8% increase year-on-year. But with the further spread of the financial crisis, the surge of commodity prices and housing crisis in some countries, Europe and the U.S. economy have both been and will be affected to different extent from 2008. Therefore, though EU-US trade development had a positive tendency, the entity economy will be influenced by the further spread the financial crisis.

5、 of China's Impacts on the world's Economy and Trade in 2008

The year 2008 was the 30th year since China's Reform and Opening-up Policy was first carried out. According to the report of National Bureau of Statistics, the share of China's overall economy in the world had risen from 1.8% in 1978 to 6% in 2007. In recent years, China's economy is growing rapidly, and so as its foreign trade. It is estimated by the W.T.O. that China's value of foreign trade may surpass America to become the world's trade superpowers in 2010. The rapid growth of China's economy and trade, especially in manufacturing industries, has stimulated the development of China's container suppliers. Nowadays China's market is becoming influential to three intercontinental lines transport of containers. However, at the same time, attention should be paid to some uncertain factors which China will face on its way of foreign trade over the next few years: (1) China's trade will be greatly influenced by the deteriorating global economy; (2) influenced by financial crisis, China's economy will take priority on a development mode stimulating domestic demand in the coming years. (3) RMB exchange rate policy will be got stuck in dilemma. (4) Macroeconomic control policies, such as export tax rebates, are difficult to come into effect immediately.

二、 Review on 2008 Transpacific container shipping market

1、 Transpacific container traffic analysis on 2008

General features:

- Eastbound traffic decline obviously. Asia-America eastbound freight volume amounted to 13.919 million TEU on 2008, reduced by 3% year-on-year.
- Overall westbound traffic grew. Exports freight volume of U.S. continued to grow in the first three quarters of 2008. But in the fourth, it began to decline.
- The proportion of traffic from east to west is decreasing. The gap between eastbound and westbound traffic reduced continuously in 2008, and the imbalance between the two flow continued to slow down, the proportion is approximately 2 to 1, which is lower than before.
- Main exports still concentrated in the East Asia.
- "China's Impact" plays an important role. As a country accounts great share in the market of world trade, China's import and export situation will have a direct impact to the transpacific container traffic.

2、 Transpacific container fleet analysis on 2008

1) General features of fleet as follows:

- Overall transpacific container fleet transport capacity declined.

- input of fleet keep stable. Seasonal features no longer exist.
- growth of fleet available for use is limited.

2) Market share analysis

Compared to 2007, major shipping companies generally maintain their structure, which means, shipping companies headed by Maersk and shipping alliances lead the container transport market. CKYH Alliance, NWA Alliance, GA Alliance are major force in the Transpacific routes. The tightly cooperating alliances have the final say on route layout, fleet adjustments and tariff rise. Single liner companies outside the alliances have to improve its competitiveness through other means.

3、Transpacific freight analysis on 2008

1) The general features and trends

- Overall transpacific freight represents a growth trend.
- the enforcement of additional charges didn't run smoothly
- Transportation costs continue to increase, which strengthen the pressure to the implement of price strategy.
- Depressed charter market negatively influenced the second-hand market.

2) The trend China Container Freight Index analysis

The CCFI of West and East America in 2008 is higher than that in 2007, with more stable. Compared with the substantial decline in demand, freight represents relatively stable, which reflects "stability-oriented" strategy of the shipping companies, that is, price stability is due to fleet decline rather than to the demand growth.

4、features of Transpacific market

A few shipping liners occupy most share of the market. In 2008, the market was stable in the first three quarters and presented a obvious decline trend in the fourth.

三、Review on 2008 Eurasian liner trade market

1、Eurasian container traffic analysis in 2008

- Eastbound traffic increase slowly. It grew negatively in the first quarter, reduced by 10.7% year-on-year.
- After the rapid growth of westbound traffic in the first quarter, the growth of the North-West Europe / Far East and the Mediterranean / Far East both slowed down. The growth of third and fourth quarter was only 2.8% and 2.9% respectively.
- Traditional peak time for transportation no loner exists. In previous years, the third and fourth quarters were the busy seasons of Europe/the United States transportation for the Christmas goods, but this year it represented a decline, with space utilization rate of only 90%,which was gained only with the measures of reducing the fleet, deceleration to ease the market pressure. The freight dropped to a historical low point even before the chance to enter the traditional Christmas peak season.

2、Eurasian container fleet analysis on 2008

1) General features of fleet as follows:

Due to the recession of the transpacific lines, the westbound volumes of Far East grow rapidly, with a possibility to substitute the transpacific line. As the European shipping market and even the whole European economy shank, a great number of fleet in Asia-Europe were canceled to avoid further depression.

2) The allocation of container fleet

The allocation of container fleet in Eurasian: ①Asia-Europe route has invested a lot of ultra-large container ships, many of which are more than 10000TEU. But they cut their fleet size because of the shrunken market, ②Ship space utilization rate only maintained at the level of 60%-70%. ③Although Maersk still accounted for the largest share, which is 13.7%, compared to the 20.6% last year; it has decreased a significant portion. The total fleet Growth in 2008 is around 370,000 TEU, which should be contributed to the CKYH Alliance and the Grand Alliance, which General Star shipping line in 2008 invested heavily in the Asia-Europe fleet.

3、Asia-Europe freight analysis on 2008

In 2008 eastbound freight slowed down rapidly. The exports reduced due to the financial crisis, thus westbound freight showed negative growth.

四、Review on 2008 Transatlantic container shipping market

1、Transatlantic container traffic analysis in 2008

1) Transatlantic container port throughput in 2008

In 2008, the global demand growth rate has slowed down, but the negative growth only happened to several countries, the worldwide demand still grew. The growth rate of transatlantic Container Traffic Volume slowed down to a degree below the average global increasing rate. In 2008, the growth rates of The Container Traffic Volume in North American and in euro are 1.9% and 6.7% respectively, which are all below the worldwide average growth rate 8.9%.

2) Transport capacity flow of transatlantic container lines analysis in 2008

- Transatlantic volume is small compared with other two lines.
- transport capacity volume began to decline.
- The eastbound and westbound flows of container shipping showed a balanced trend.

2、Transatlantic container fleet allocation analysis on 2008

1) General features of fleet allocation:

Due to the continuing rise in crude oil prices, operating costs of ships kept increasing. Since the capacity pressure caused by the market of 2007 the Atlantic Ocean in 2008 continued to shrank.

2) The allocation of container fleet

- Transatlantic eastbound-westbound fleet comparative analysis: ①The westbound capacity is in absolute value larger than that of the eastbound, with a ratio of 1.1:1. ② the capacity of the eastbound and westbound are in a similar developing trend. ③the capacity changes seasonally and environmentally.

- In general, the allocation of the fleet in transatlantic is stable; most ships replaced and lines optimized are Medium-sized ships below 4000 TEU.

3) Market share analysis

In general, transatlantic trade market is a conservative one. Giants like Hapag-Lloyd, Evergreen, MSC, Maersk share a considerable proportion of the market, which means capacity change is just some operational decision or adjustment of global coverage.

3、 Transatlantic freight analysis on 2008

In 2008, freight changing trend of the east-west lines in 2008 is opposed to that of 2007. The increase of the American-European export result in the continuous advance of eastbound freight; and the westbound freight fluctuated dramatically with the change of oil prices in 2007. In general, the freight in 2008 increased slightly over that of 2007, including BAF.