

Asian forum previewed in Hong Kong

Organizers of Sea Asia 2009 also share views on current state of shipping industry, what to expect in '09

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In Hong Kong last week, representatives of the shipping industry and organizers of the Sea Asia 2009 maritime forum, held a press conference where they gave a preview of the event, discussed the current state of the industry, and provided some insight into the future.

The panel consisted of Hong Kong shipowner Kenneth Koo, Pacific Basin Shipping Ltd. (HK)'s deputy CEO Klaus Nyborg, as well as Andrew O'Callaghan of Seatrade Communications Ltd., co-organizers of Sea Asia 2009 to be held in Singapore on Apr. 21-23, 2009.

The event, organized by Seatrade and the Singapore Maritime Foundation, aims to maximize Asia's voice on the global maritime scene. And according to its organizers, it comes at the right time given the region's importance in the scale of its shipbuilding and shipping operations.

Koo, chairman and chief operating officer of Tai



Chong Cheang Steamship Co (HK) Ltd., will be speaking at the event in Singapore, and said that he believes Sea Asia 2009 will present the "voice of Asia in world shipping."

Koo said that the region's profile has grown exponentially due to the boom of the last few years – especially in the case of China. Koo added that in recent years, the Asian shipping industry has seen numerous new companies enter the market.

Koo said, "Its voice and opinions in the global market should be heard ... and I hope to see many Chinese companies and delegates there."

Koo also answered questions about the current state of the industry and the slump in world trade in general. Koo said that because he has been in the business for many years, this is what he calls the "third major crisis" he has experienced. As

before, he said the current problems will inevitably ease at some point, and the key thing is to learn from them.

Koo said that he believes one crucial difference, comparing the current economic crisis to the past, is that both China and India economies have transformed into economic powers. He said this change gives him some optimism.

He also pointed to massive infrastructure projects required in China – not only inland and along the Yangtze River, but also in the Northwest provinces. He said that these projects are evidence that there is still a lot of cargo to move.

Also at the press conference in Hong Kong last week, Nyborg spoke about the possibility of an improvement in the dry bulk shipping rates. He pointed out that problems are arising from the current difficulty that shippers are having obtaining letters of credit (LCs).

Nyborg claimed that the easing up of lines of credit

from banks could be the first catalyst for a return to steadier rates. However, he said that the rates were unlikely to return to the former highs.

Nyborg said, "Most owners have good coverage of earnings going forward, while some others are suffering more," adding, "The tanker sector is suffering a lot less."

On the issue of chartering default, according to Nyborg and Koo, neither of the their companies had suffered as yet. Meanwhile, regarding cancellations, Nyborg said he believes as much as 30 percent of the current orderbook may be threatened. Koo said that a lot of current cancellations were not firm orders to begin with, adding, "Our orderbooks are intact."

Regarding the industry's immediate future, Nyborg said that it will have a "big question mark" hanging over it for the next year or so. Koo said, "We will have to wait until the end of the first quarter next year to evaluate where we stand."