

## Alphaliner says green shipping will increase megamax numbers



**Increasing costs of fuel will mean that larger ships will become even more sought after in the future with economies of scale and cost reductions intensifying these key battlegrounds for vessel operators.**

Nick Savides | May 29, 2024

In its latest weekly report, Alphaliner highlights that the container shipping industry has shot through the 4m teu mark, currently at 4.01m teu in terms of ultra-large container ships (ULCS), comprising of 186 vessels of more than 18,000 teu.

Growth of this fleet is expected to slow between now and 2028 when the next milestone of 5m teu is expected to be transcended, but the composition of the fleet in the future will be driven by environmental regulation.

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This matters, because as Alphaliner analyst Jan Tiedemann points out: “Since energy (green fuels) and CO2 is going to be a major price driver, carriers will strive for economies of scale in their networks.”

Nevertheless, the first moves will be in what Tiedemann calls the middle market sizes that will see carriers: “consolidate 5,000 teu loops into 8,000 teu ones and move and merge 8,000 teu services to 14,000 teu.”

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According to Tiedemann the advantage of the 14,000-16,000 teu vessels is that much of the infrastructure constraints have already been removed in the past 10 years and these vessels can now call at almost any port in most regions, including in South America and West Africa.

This leaves the coast clear for the ULCSs to populate Far East to US East Coast services via Suez or the Cape of Good Hope, with these long distances more suitable for the larger, more economical, ships and, Tiedemann believes, cargo demand for these trades is “almost” there.

“Contrary to the US West Coast, the US East Coast typically has three to four calls, rather than one to two. Single calls (Asia - LA - Asia) pose the problem that 36,000 teu (18,000 teu out / 18,000 teu in) would have to be moved in one week max, otherwise the ship will block the berth for its fleet mate on the next voyage,” said Tiedemann.

In his opinion the “Transpac is better served by 9,000 - 16,000 teu ships. However - carriers also like to 'manage capacity' some might want to avoid the 'signal' that a 20,000 teu ship on the USEC sends to the market.”

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