



Orion Marine Corp./ConFlo Lines

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The good news: vessel space is opening up again. The bad news: volume of global trade is contracting.

The last quarter of 2008 strained all elements of maritime transport. It was clear from the beginning: What goes up must come down. This industry is, at best, cyclical. Owners and operators placing orders for new tonnage just 12 months ago are now

trying to reconfigure delivery dates and sizes. Some orders have already been modified, indeed, canceled with appropriate penalties. Those ships may be built after all, but for

different owners, and likely in the trade they were originally intended for, thus creating another competitive element.

The shipping business is forever renewing itself. Lean periods follow fat periods, and consumers in Europe and America are finicky when it comes to buying goods they don't absolutely need, particularly when money or access to money is scarce and their own jobs may be imperiled.

In the breakbulk and project sector, the outlook is somewhat brighter. In most cases, the funding is already in place and materials were ordered long in advance. With charter rates and marine diesel in decline, there is additional incentive to carry such cargoes around the globe.

Having said this, we believe a leaner period is upon us, which requires perhaps fewer bodies and more brainpower. Downsizing and mergers are not lost concepts in this industry. To strengthen both the carriers and intermediaries, there is a lot of room for further consolidation to ascertain that the vital global shipping/logistics community will be ready for tough times as well as the "fat" years that, inevitably, will follow.