NEWSLETTER
wk 13 – March 2012

Airfreight industry

Dear readers of our weekly newsletter,

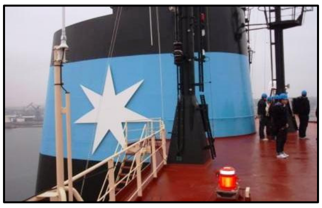
As you know we have developed our airfreight activities since a couple of years already and our activities in this field are rapidly expanding under the management of Patrick Braeckmans. Therefore we have been invited by our customers to supply them also with information on the airfreight industry.

Therefore we are pleased to inform you we will be informing you also weekly on the airfreight developments on the globe as from this edition onwards. We do hope you will enjoy and appreciate this info in future.

Thank you and have a nice reading.
Brgds
Luc Huymans
CEO

Maersk line taking new record ship into Latin America loop

The South Korean shipyard Daewoo has delivered the 8,700 teu big 'Maersk Lota'. It is the largest ship ever built, specifically for regular sailings to South America. Maersk ordered at Daewoo a total of sixteen ships of 7,450 teu of which eight were already completed. For the second series of eight deliveries, the steering box is still somewhat higher constructed, so that even more containers can be stacked upper deck.



The "Maersk Lota" is the first senior ship in this series and can there-fore carry 8,700 teu. The new building will be used between the Far East and the east coast of South America. On that route the new ship replaces a vessel of 7,450 teu which is trans-ferred to the "Samba service" between South America and Northern Europe. Maersk Line will be gradually replacing all ships of 3,200 teu in their Samba ser-vice by units of 7,450 teu and later of 8,700 teu.

These so-called Sammax ships, the largest that can call South American ports, are special due to their high reefer-capacity. 1,700 refrigerated containers can be powered on board of this type of vessels. The "Maersk Laguna" arrives on the 25th of April as first ship of the class Sammax into Rotterdam. On the 29th of April, the ship will be loading for the first time in Antwerp for Santos, Paranaque, Buenos Aires, Montevideo, Rio Grande and Itapúa.

Zim gets allocation on G6 Alliance ships

The Israeli shipping company Zim may use slots on three of the six new weekly services of the G6 Alliance between Northern Europe and the Far East. Due to an agreement, Zim already did have an allocation on the A-B-, and C-loop of that alliance, assured by ships of Nyk, Hapag Lloyd and OOCL.

Now that this ship-owner- trio forms, together with the members of The New World Alliance, the new G6 Alliance, the Israeli company gets space on the loops nr 1, 5 and 6 of the new group. The first loop replaces the former A loop; focused to serve Japan. The new service is provided by 5 ships of NYK (9.040 teu) and 5 of MOL (8.110 teu).The first ship on which Zim containers will book is the 'MOL Courage', which leaves Kobe on March 3.

Via the fifth loop, ZIM now can serve Singapore, Kwan yang, Busan, Shanghai, Chiwan and Yantian. This service is actually the successor of the AEX service of the New Wold Alliance and is assured by 10 ships of Hyundai Merchant marine. The first departure for Zim will be the 8.900 teu big 'Hyundai Force' on March 9 from Kwan yang. The fleet for the sixth loop of the G6 Alliance will be provided by Hapag Lloyd and NYK.

This service connects Antwerp and Rotterdam with Singapore, Shekou, Kaohsiung, Xiamen and Hong Kong. Zim will load his first containers on March 5 in Kaohsiung on the 'Nyk Virgo'. Except an allocation on the three services of the G6 Alliance, Zim also has slots on the AEX 1 service of China Shipping. It is expected medio May that the Israeli carrier will resume the shared AEX2 with Evergreen and China Shipping. The first sailing will be offered with the currently imposed 'Zim Antwerp' of 10.062 teu from Qingdao. The in November abandoned service did connect Antwerp with Tanjung Pelepas, Qingdao, Shanghai, Ningbo, Xiamen and Yantian.

<u>Ship-owners tired of fighting for market share</u>

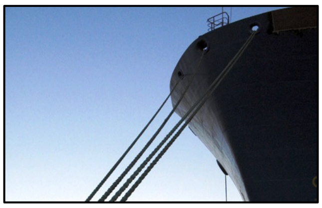
The focus on the major East-West axes appears to lie again on profita-bility, rather than on the market share. This is evidenced by the nume-rous announced tariff increases and the fleet reduction. Almost all major shipping companies, active in the important trade between Asia and Europe, have announ-ced significant rate increases in recent weeks between 650 and 800 us dollar per teu. This seems to go hand in hand with a further reduction of the fleet capacity.

However, so far only Maersk Lines and CMA CGM announced to reduce their capacity by merging services between Asia and the Mediterranean region. That would take approximately 22.000 teu from the capacity of the trade. Maersk line announced its ability to reduce total of 9 pct on this route; 6 pct of them is through the cooperation with the French carrier; 3 pct must be done through other means, including the possible imposition of ships or yield back of chartered units. Other ship-owners seem to adapt rather a wait-and-see attitude regarding capacity reductions, in the hope that the rate increases – most of them begin to run in March – will succeed.

Whether this will the case remains to be seen. Many shippers and for-warding agents find the tariff increases 'astronomic' high! Analysts expect that ship-owners will gain a part of the increase, but not the full pound. The South Korean company Daishin Securities predicts that ship-owners will gain about 60 pct of their announced increases.

<u>Declining Far East trade results in more unemployed vessels</u>

The further decreasing volumes ex Far East have resulted in 11 pct. More unemployed container vessels in barely 2 weeks' time. The latest figures of container trade statistics (CTS) pointed out that the total shipped volumes in the trade lane between Far East and Europe have drastically dropped in the last quarter of 2011.



Due to the disappointing month November 2011 (minus 5.8 pct.) the total westbound volumes in the 4th quarter 2011 were half a per cent lower than the same period in 2010. Several services on this trade lane were stopped end of last year which explains the increase of unem-ployed container vessels. As per French maritime analyst Alphaliners database info, more than 285 container vessels remain out of service at the end of January 2012 and they represent about 750.000 slots.

The bigger container vessels of Hanjin, NYK, CSCL, ZIM and K-Line with capacities of over 8.000 teu's are lying at anchor nearby China and waiting to be reactivated when the carriers will restart some of their suspended services for the summer season. In Europe there is at the moment only the vessel "MOL Cosmos', a ULCS unit with a capacity of 8.110 teu waiting for a new job. Hard economic times remain in place also for the ocean carriers.

How big is the threat of new built vessels timely deliveries?

Since the 2009 global economic downturn, the supply/demand balance of the containership market has been propped up to a great extent by drastically curtailed supply growth. The major limiting factor has been the 'slippage' and cancellation ('non-delivery') of containership capacity.

It is estimated that, assuming that original delivery dates had been met, the recession of 2009 would have seen the global S/D index fall to 86 points from 103 in 2008; compared with the actual decline from 104 points in 2008 to 90 points in 2009 (both scenarios assume an identical level of scrapping). However, not only was 'non-delivery' crucial in supporting the market balance in 2009, it also maintained its importance in the following years, despite a rebound in global trade growth.

If original delivery dates had been met, 2010/11, not 2009, would have seen the peak of deliveries. 2.0m TEU and 1.9m TEU were originally scheduled to be delivered in 2010 and 2011 respectively; compared to actual deliveries of 1.4m and 1.2m TEU. As such, the global S/D index would not have reached its lowest point until 2011, despite estimated demand growth in 2011 of 7.9%, compared to a trade contraction of 9.0% in 2009.

Supply Managed

According to the order book at the start of each respective year, annual 'non-delivery' gradually slowed from 45% in 2009 to 38% in 2010 and 27% in 2011. However, with respect to original delivery dates, 'non-delivery' for all three years hovered between 32-38%, capturing the impact that removals prior to the start of that year had on the delivery schedule.

By 2011, 'non-delivery' with respect to original delivery dates (38%) was higher than that according to the start 2011 order book; the cancellation of ships for 2011 delivery that had occurred pre-2011 outweighed the capacity addition to the 2011 order book through slippage. Looking ahead, the impact of these cancellations is still being felt. Even if the start 2012 order book is delivered on time, the global S/D index would only fall to 94 points (ignoring demand side risks), much higher than would have otherwise transpired if all original delivery dates had been met, and still higher than in 2009.

Thus, although 'slippage' according to original delivery dates remains significant, it is the cumulative effect of cancelations that have had the lasting effect on the global supply/demand balance.

Brussels Airport may get a connection with Tokyo

Japanese All Nippon Airways (ANA) will possibly cooperate with Brussels Airlines. That would result in a connection between Brussels Airport and Tokyo that will also be interesting from a cargo point of view. ANA stepped out of its partnership with Lufthansa last year, which was focused on the passenger traffic on the routes between Japan and Europe.

In an interview with the newspaper 'Nickel' president Shinichiro Ito said that this cooperation may be dialed to other partners in the Lufthansa Group, such as Swiss International Air Lines, Austrian Airlines and Brussels Airlines. As a result from this last possibility there would be a direct connection between Brussels and Japan. This would be moderated by ANA, since its own operation on Tokyo doesn't fit in the business model of Brussels Airlines.

ANA is one of the companies that purchased the Boeing-787 'Dreamliner'. That unit is also deployed on Frankfurt. If this appliance also would call Brussels airport this will be directly connecting to Tokyo again for cargo shipments. In that regard, the Dreamliner can depend on the implementation, 28 or 36 LD3 containers or load 9 respectively 11 standard pallets. ANA is certainly interested in cargo. The society currently is talking with Boeing about the yet to develop '737 MAX', the upgrade of the B737. Within these talks ANA has suggested that the appliance certainly would be equipped for the carriage of cargo containers.

ACI announces tonnage decline in January

Airports Council International (ACI) has announced a decline for the month of January 2012 for airfreight traffic of 1,8%. That contrasts with the passenger traffic, which grew by 4,8%. According to the data of ACI World, 67,953 tons of cargo were handled in the airports during the first month of this year i.e. 45,236 ton international cargo 19,645 ton in the domestic traffic.

The international traffic decreased by 1,8%, the domestic by 1,4%. What the total tonnage concerns, Asia-Pacific remains the main region with 25,523 ton. The decrease with 3,6% is possible partly due to the early Chinese new year. In Europe, good for 14,976 ton, the decrease was 0,4%. Also in North America there was a tonnage reduction of 2,2%, to a total of 19,503 ton. The shakers belong to Africa (855,5 ton, plus 10,1%), Latin-America (2,756,5 ton, plus 2,8%) and the Middle-East (4,348 ton, plus 0,5%)