# NEWSLETTER
## # 16 – May 2011

### NYK to charter new OOCL vessels

NYK will charter another four vessels with capacities of 13,000 20-foot equivalent units from OOCL under a new agreement between partners in the Grand Alliance service network. This is part of the carriers' plan to deploy 10 ships of this size on the global Grand Alliance network, which also includes Hapag-Lloyd.

To obtain the new ships for charter to NYK, OOCL exercised its option to order an additional four 13,000 TEU vessels on top of the six 13,000-TEU vessels it ordered from Samsung Heavy Industries in March 2011. From the 10 13,000-TEU ships it has ordered, OOCL will charter four to NYK for three years. The first ship chartered will be delivered to NYK in 2013. Both carriers plan to deploy these 10 ships within the Grand Alliance service network to allow a service upgrade.

### Hapag-Lloyd satisfactory results during Q1/2011

Good earnings in the 2011 first quarter – rising oil price, weak us-dollar and increasing competition making current business more difficult. In the traditionally weak first quarter Hapag-Lloyd managed to boost revenues by comparison with the same period of the previous year by 16.5 percent to 1.483 million euro's. The main reason for this achievement was a ten percent rise to 1,563 usd/teu in the average freight rate.

Transport volume was two percent up on the 2010 first quarter at 1.2 million teu. Active yield management enabled Hapag-Lloyd to concentrate successfully on profitable cargo, foregoing transports of inferior price quality. Adjusted Earnings Before Interest and Taxes (adjusted EBIT) in the first quarter totalled 16.1 million euro's, an improvement of 9.4 million euro's on the previous year. Operative cash flow rose by 16 million euro's to 34.5 million euro's.

"Given the prevailing conditions, we achieved a good result in the first quarter. Nevertheless, the rise in the oil price, the weak US-dollar and growing competition are making business more difficult. Our aim must be to see that the additional external challenges are covered by appropriate rate increases," commented Michael Behrendt, Chairman of the Executive Board of Hapag-Lloyd Holding AG, on the 2011 first quarter results presented today.

Total transport volume in the first quarter rose by two percent to 1.2 million tey. Here developments varied on the different trade routes. The Atlantic more or less reached the previous year's level with a volume of 273,000 (Q1 2010: 276,000) teu. In the trades with Latin America, with 265,000 teu we managed to increase the previous year's volume by 6.5 percent. On the Far East routes, Hapag-Lloyd rejected transport contracts with lower price quality, so that volume was down from 284,000 teu to 260,000 teu.

The Transpacific reported a positive trend, volume during the period rising from 238,000 TEU to 266,000 teu. The same applied to Australasia, where Hapag-Lloyd boosted volume by 6.1 percent to 134,000 teu. At 1,563 us dollars per teu, the average freight rate was 9.9 percent higher than the comparable figure for the previous year.

## CSAV into red figures

Chilean container line, CSAV, has posted a first quarter net loss the equivalent of over R1.2-billion, compared to a loss of R253.44-million for the same period a year earlier, as falling freight rates and high fuel costs return Latin America's largest shipping company to the red, reports Lloyds List.

First-quarter sales were up by 37% to R9.9-bn, reflecting CSAV's expanded fleet, with 877 000 TEUs transported. But lower freight rates ended the dramatic profit turnaround that saw CSAV rebound in 2010 after narrowly avoiding bankruptcy in 2009. German-based owners from whom the company hired tonnage took an equity stake in the company in exchange for lower charter rates, as part of a R5-bn restructuring programme.

In 2010, CSAV posted a profit of over R1.2-bn, compared to a loss of more than R4.3-bn in 2009, and took advantage of low charter rates to boost its fleet to expand from the 16th-largest to world's eighth-largest line. The strategy pushed the company's profits to a record R983.4m in the third quarter of 2010, reflecting the brief return of freight rates to pre-crisis levels.

## NOL invests in Chinese Terminal

NOL Group announces plans to operate its first-ever container terminal in China. The Singapore-based parent of APL, the world's seventh-largest container line, is investing us dollar 25.8 million in a joint venture to operate a two-berth container terminal at the Port of Qingdao that is expected to open in the second half of 2011.

NOL formed a partnership with Qingdao Qianwan United Container Terminal Co. to operate the Qingdao terminal under a 30-year concession. "Terminal investment is a logical step for us after decades of supporting the nation's trade on sea and land," said Kenneth Glenn, APL President for North Asia. NOL said it decided to invest in Qingdao on the Yellow Sea coast because it is China's fifth-largest container port and the largest in the north, which is a strategic market for APL.

NOL said the investment will ensure future access to terminal capacity as China's trade growth accelerates. The new terminal will add 20-foot equivalent units of annual container capacity at Qingdao. It will be equipped with seven post-Panamax ship-to-shore cranes as well as 16 rail-mounted yard gantry cranes.

The terminal, whose construction has been completed, will primarily serve vessels operated by APL and SITC. APL said the dedicated container terminal will help improve schedule reliability and guarantee high service levels to its customers. The Qingdao investment is the latest in a long series of engagements by NOL companies in China. APL's predecessor company, American President Lines, began regular vessel service to China in 1867.

APL currently operates marine terminals at Kaohsiung, Taiwan; Kobe and Yokohama, Japan; Los Angeles and Oakland, California.; Seattle, Washington.; and Dutch Harbor, AK. NOL also has investments in terminals in Vietnam and Thailand, and in Rotterdam World Gateway, the first container terminal of the Maasvlakte 2 port development in Rotterdam, currently under construction.

**MOL paying us dollar 1.2 million for  Shipping Act Allegations**

MOL will need to pay us dollar 1.2 million to settle numerous allegations that it violated the Shipping Act, one of the largest penalties in Federal Maritime Commission history. The compromise agreement announced by the FMC last week nearly equals all other penalties the commission has collected over the past three years. Under a settlement, a carrier or non-vessel-operating common carriers agrees to cooperate and pay penalties, but admits no guilt.

The FMC said the Japanese carrier agreed to the settlement after commission's Bureau of Enforcement and area representatives found "many hundreds" of violations of the law over several years. Mitsui OSK was cited for mis-description of commodities, unlawful equipment substitution, tariff undercharges, providing service contract service to unauthorized intermediaries, or ones that did not have licenses, tariffs or surety bonds.

FMC Chairman Richard A. Lidinsky Jr. said the penalties "should serve as a reminder" that the commission is watching carrier behavior. "If you're violating the law, sooner or later, we will find you, and the consequences can be serious," he said. This settlement is one of largest in FMC history.