NEWSLETTER
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EU watchdogs raid shipping lines

European Union regulators raided several liner shipping companies on last week, including Danish group A.P. Moller-Maersk, on suspicion of price fixing. "The (European) Commission has reason to believe that the companies concerned may have violated the antitrust rules that prohibit cartels and restrictive business practices and/or abuse of a dominant market position," the EU executive said.

The Commission, which can fine companies up to 10 percent of their global revenues for breaching EU rules, did not identify the companies raided. A.P. Moller-Maersk, which owns the world's biggest container shipping company Maersk Line, said its practices were in compliance with EU competition legislation and it would cooperate fully with the Commission to investigate the matter.

"We can confirm that today the European Commission carried out an unannounced inspection in our offices," Christian Kledal, head of A.P. Moller-Maersk's legal department, said in a statement. The Commission's purpose was to ascertain whether there was evidence of any infringement of European competition law related to liner shipping, Kledal said.

"The Commission has stated that it is interested in possible coordination of prices and/or liner transport capacity to and from the EU or the EEA," Maersk did not say which other liner shipping companies were under suspicion of cooperating with it. "Furthermore, the EU Commission is investigating whether there is abuse of dominant position on the market," Kledal said. The Commission's probe covers the period from 2008, when liner shipping conferences were banned, to the present, Maersk's spokesman Michael Storgaard said.

Liner shipping was earlier organised in groups called "liner conferences", which met to discuss market conditions, freight rates and other common concerns under a block exemption from European competition rules. But the European Union decided in 2006 to ban the practice as against competition rules and the ban took effect in 2008.

Maersk's main European competitors in liner shipping are privately held Switzerland-based Mediterranean Shipping Company (MSC), privately owned French group CMA CGM and German company Hapag-Lloyd, which is half-owned by TUI AG. Shares in A.P. Moller-Maersk fell 0.6 percent by 1214 GMT, underperforming a 0.4 percent fall in the Copenhagen bourse's blue chip index .

Five more containerships for Evergreen.

On May 10, 2011, Costamare Inc. announced that it ordered another five new build containerships of about 8,800 teu's each with Sungdong Shipbuilding & Marine Engineering Co., Ltd of Korea.
These are expected for delivery between January and September 2013. Upon delivery, they will enter into long-term time charter agreements with members of the Evergreen Group.

Both the contract price and the daily charter rate are similar to the other new build vessels mentioned above. The acquisition of these five new builds is expected to be financed by cash from operations and new credit facilities. Costamare has announced that it has received indications of interest from major financial institutions and does not expect to use its currently committed credit line which will remain available for other opportunities.

Maersk stuns with Q1 profit

AP Moller-Maersk has stunned the shipping industry by reporting a first quarter 2011 profit of us dollar 1.2 billion, a massive increase of 82 percent compared to the equivalent period in 2010. Revenue for the period increased by 10 percent to us dollar 14.5 billion (from us dollar 13.2 billion), primarily due to higher container freight rates, container volumes and oil prices according to the company. Maersk said the profit increase was driven by better operational performance in most business units. The group's ROIC increased to 11.7 percent from 7.6 percent.

"We have had a good start to the year and are very satisfied with the results," said AP Moller-Maersk Group CEO Nils S Andersen. "Our businesses have performed very well, even as tanker rates have remained low and container rates have been decreasing during the period. In the past six months we have made signify-cant investments in ships, terminals, drilling rigs and oil fields. These reflect our continued strong confidence in the long term future of our markets and not least our ability to continue to com-pete successfully."

CMA CGM decides on bigger vessels

Three running orders with the shipping yard from Daewoo from the French container carrier CMA CGM for 13.830 teu capacity will finally be built with a capacity of 16.000 teu. They will become operational second half of next year.

CMA CGM's president Jacques Saade confirmed the change of the order this week during the naming ceremony of the new built "CMA CGM Titan (11.388 teu) at the port of Dunkirk. He disclosed that CMA CGM is very seriously considering to operate 18.000 teu vessels in future, thus copying his competitor Maersk Line who will operate these larger tonnages as from 2013.

Furthermore CMA CGM has pending constructions with other shipping wharfs for 12.552 teu and 12.825 teu vessels. If the French carrier can conclude negotiations to change these orders in new orders for larger tonnage, the carrier will have sufficient 16.000 teu vessels under operation in two year time to cover a full loop between China and Northern Europe.

Meantime it has also become clear that the French government will not invest fresh cash flow via the "Fonds Stratégique d'Investissement" since CMA CGM received sufficient new capital earlier this year via the participation of Turkish group Yildirim.

Hapag Lloyd sale delayed

The sale of the shares by TUI of their 38% package in Hapag Lloyd will be delayed with a couple of weeks. Although there is a substan-tial interest by investors, same are awaiting the final results of the "due diligence" report. TUI had announced earlier that it expected to sell his remaining shares by the end of May to foreign investors.

However it looks like this will not be realisable according to internal sources being closely involved with the transfer deal. Nevertheless same sources have confirmed that negotiations with two investors are continuing and being intensified over the last weeks. The foreign investors are identified being Onyx investments from Oman and HNA, the fourth largest Chinese airfreight group. Both requested more time to check on the financial situation of the German carrier. Their bidding is expected by the end of July.

Neither of the present shareholders, TUI and the consortium Ballin – that carries 62% of the Hapag Lloyd shares – nor the potential investors, could confirm any timing.