

NEWSLETTER

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Wan Hai confirms restructuring of services

Taiwanese carrier Wan Hai has officially confirmed the planned reorganisation of his regular container services between Europe and the Far East. The restructuring of the services is also applying to their Singaporean partners PIL. Various rumours over the last week disclosed the intentions of Wan Hai and PIL to stop their FES-service. Already during June, the volumes of both shipping lines were carried physically by Chinese Cosco.

According to a statement of Wan Hai, the cooperation with Cosco is giving them the opportunity to serve more ports in China. Moreover a number of transit times between ports of call would also more interesting for the customers. PIL and Wan Hai are receiving slots on the NE-1 and NE-3 service of the CKYH Green Alliance serving Shanghai, Ningbo, Cantina, Hong Kong, Nansha and Singapore. In Europe ports of call are Rotterdam, Hamburg and Antwerp.

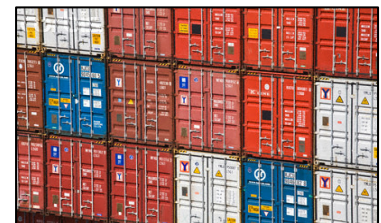


The FES-service of PIL and Wan Hai was operating with nine vessels of 4.252 teu whereas the NE1 and NE3 service loops of Cosco are utilizing vessels with capacities between 8.400 and 13.092 teu.

2011 container shortage

According to present estimates, the container shortage for the expected Asian peak season will be less important than last year. According to British consultants Drewry the impact will be felt especially in low-value cargo shippers exporting to China because the shipping lines are targeting to return the repositioning of their empty containers as quickly as possible.

Over the last weeks, the shipping lines have already prepared the peak season by transporting their empties out of Africa into Far East. Meantime the rates for leased containers are rapidly increasing due to the fact that new built containers prices are going up to us dollar 3000/teu. Since carriers are investing their financial resources into their new built vessels, the container lessors are now extending their container fleets.



According to the Institute of International Container Lessors (ICL) this was also the case during 2010. At that time 2.75 million teu on new built containers was taken into service, whereof 1.6 million teu through specialised container lessors i.e. Textainer, TAL International, CAI International and SeaCube. It is expected that this year the global container availability will increase with another 3.5 million teu. Next year this would further increased to 4.3 million teu caused by the fact the shipping lines are increasing their tonnage by taking larger vessels into their services.

Shanghai's hub ambitions supported by Yangshan deep water terminal

Yangshan Deep-water Port's throughput volume will grow by at least 40 percent, on the back of Shanghai's ambition to become an international shipping hub, said a senior executive from the port's development company. Yangshan Port, part of the Port of Shanghai, is situated at the estuary of Hangzhou Bay and is the nearest deep-water port to Shanghai.



Since starting operations in late 2005, it has consistently expanded to cope with the increasing volume of goods. Over the past five years, the annual growth rate of its container throughput volume reached 32.5 percent. More than 10 billion yuan (\$1.54 billion) will be spent in building new deep-water berths in the port, said Wang Xuan, general manager of Yangshan Tongsheng Port Construction Co Ltd, the company in charge of the port's design and construction.

After completion, the handling capacity will grow at least 40 percent and facilitate Shanghai's efforts to build an international shipping hub, he said. According to Wang, the fourth phase is expected to be finished in 2015, which will add 4 million TEUs (20-foot equivalent unit, the standard for container ships) to the port's current designed capacity of 9.3 million teus. Throughput at Yangshan Port is planned to grow to 12.3 million TEUs in 2011, up 21.78 percent from 10.1 million TEUs in 2010, said Wang. Yangshan's target is to have a throughput volume of 15 million TEUs by 2020, by which time the city intends to have built an international shipping hub.

The Port of Shanghai surpassed Singapore to become the world's busiest and largest container port in 2010 with a total container throughput of 29 million TEUs. "Yangshan's container throughput accounts for a third of the throughput of the Port of Shanghai," added Wang.

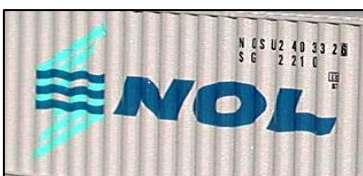


Chen Xuyuan, president of Shanghai International Port (Group) Co Ltd, said in April that the container throughput of Shanghai Port will exceed 30 million TEUs in 2011. "During the first quarter, Shanghai Port handled more than 7.4 million TEUs, up 12 percent year-on-year.

Meanwhile, as many as 1,425 international lines operated in the port of Shanghai in April, handling more than 90,000 TEUs of containers daily," Chen said. "Yangshan Port has changed Shanghai's history of having no deep-water port, and it laid a solid foundation for Shanghai to develop into a global shipping center," Shao Xiaoping, director of the Yangshan Customs, told reporters on Thursday. "Equipped with the latest technology and facilities, customs procedures have been greatly simplified. Customs clearance time has shortened to one or two hours from a full working day, and the cost of logistics has also been reduced by 30 percent," said Shao.

NOL new investments

Neptune Orient Lines announced us dollar 1.54 billion of contracts for 10 new 14,000 TEUs ships, two 9,200 TEUs vessels and upgrades to 10 ships it ordered last year. The Singapore-based ocean carrier said the investment in new, larger ships to be built in South Korea is aimed at reducing unit capacity and operating costs. The 14,000 TEUs ships, to be deployed on Asia-Europe routes, will be built by Hyundai Samho Heavy Industries. The 9,200 TEUs vessels, likely to be employed on the transPacific trades, will be built by Daewoo Shipbuilding and Marine Engineering.



NOL is also upgrading 10-8,400 TEUs ships on order with Daewoo to 9,200 TEUs each. The enlarged ships will also employ new, more efficient design and technology. The vessels are scheduled for delivery in 2013 and 2014. The new ships are designed to meet future growth and replace older and smaller chartered vessels that will be returned to their owners, NOL said.

CSAV stops Pacific services

Chilean carrier CSAV has announced it will depart temporarily from the Pacific route because the present tariff levels are simply too low to operate satisfactorily. The rates on the route Far East and Northern Europe are also still decreasing. Already before in March CSAV stopped its service between the Far East and the North American east coast. Now they have also decided to withdraw their Asian service between India, the Far East and the American west coast. The last departure was performed ex Shanghai during week 23.



CSAV stated the present negative market conditions are the main reason to stop their east/west trade. According to the Shanghai Containerized Freight Index the spot tariffication on the Pacific went down to us dollar 1.719 all in per 40 footer. Also the westbound tariffs for Chinese exports to Northern Europe become under pressure due to the fact that presently the outbound vessels departing from Far East are only loaded up to 80 percent of their maximum capacity. Nevertheless it is expected the shipping lines will try to introduce a general rate increase as from July 1st.