# NEWSLETTER
## # 22 – July 2011

**<u>MSC to pass 2 million TEU capacity</u>**

MSC is the second shipping line, after Maersk, with a fleet whose capacity is more than two million teu. Maersk and MSC control respectively 15.2% and 12.9% of the total container fleet. The Geneva based shipping line, exploits today exactly 213 owned and 258 chartered vessels. Together there is a capacity of 2,003,836 teu.

The capacity of MSC could exceed the milestone of two million slots because last week the 12,552 teu "MSC Fillippa" was taken into service. This ship was ordered in May 2007 by the German ship owner Peter Dohle. Four of the eight ships of this order have already been completed. Because of the crisis Dohle could not find a charterer, so the vessels were delivered with much delay. MSC has finally rented the first four.

Maersk will remain the largest container shipping company with a fleet of 622 ships, good for 2,348,871 teu. This figure includes besides the slots of Maersk Line also those of sister companies Safmarine and MCC Transport. Maersk and MSC are much larger than all other shipping companies. The fleet capacity of the number three, CMA CGM is 1,272,383 teu and Evergreen is fourth with 617,514 teu.

**<u>Asian shippers angry over FMC</u>**

John Lu (Asian shippers organizations ASC & SNSC) finds that the Federal Maritime Commission has failed in the study of price agreements between ship owners and that they become unbelievable. John Lu - recently re-elected as Chairman of the Singapore National Shippers 'Council (SNSC) and also chairman of the Asian Shippers' Council (ASC) - stated that the whole world is laughing with the FMC.

Reason is the way how, for nine months, a survey was conducted by the U.S. government concerning price agreements between shipping lines. The FMC was very disappointing to conclude – also for the U.S. shippers – that everything is peachy keen, while in Europe the issue is taken seriously and opened a new investigation of cartel practices. "For me, FMC has lost its reputation as organisation.

For Lu, Europe is an example for the seriousness with which non-conforming market practices of owners has to be resolved, but he admitted that it becomes difficult to find evidence of price fixing. Ship-owners no longer speak to each other in Europe, but may still do elsewhere in the world. In Singapore and in Japan their own block exemption on anti-trust practices was recently extended until 2015.

"The maritime industry is indeed global. If you compare the volume growth to growth of the rates after the crisis, you can easily see that the rates much earlier bounced up then the volumes did. And that the volume growth was certainly not as spectacular as the rate growth. " Lu wants a rate-setting based purely on market trends of supply and demand.

**<u>Hanjin investing us dollar 845.9 m for five 13,100teu boxships</u>**

South Korea’s Hanjin Shipping has confirmed it will spend us dollar 845.9m to build five 13,100 teu containerships for delivery beginning first quarter 2012 through 2013. It is understood the order was originally placed in 2008 by German KG house MPC Capital with Hyundai Heavy Industries for charter to Hanjin.

MPC, which had arranged long-term charter contracts with Hanjin for the ships, wanted to finance the equity part via KG funds. However, this plan derailed when the KG market collapsed in the aftermath of the Lehman bankruptcy.

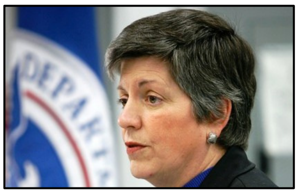
**Good year for Hamburg Sud**

Following the historic crisis year of 2009 and a first-time ever decline in global transports in container liner shipping, 2010 saw an unexpectedly sharp volume rise. Hamburg Süd, too benefited from a resurgent world economy along with her Brazilian sister company Aliança as well as the tramp activities operating under Rudolf A. Oetker (RAO) and Furness Withy Chartering.

Shipment volume in the container liner services last year came to roughly 2.9 million TEU, equivalent to a gain of 23 per cent on 2009. As, in addition to volumes, freight rates recorded a moderate recovery, turnover in liner shipping added a good 45 per cent to just under EUR 3.9 billion. With the inclusion of conventional break-bulk and product tanker operations, the shipping group's total turnover increased to some EUR 4.4 billion, 39 per cent up on 2009.

**US security chief reveals 100% scanning rule may be scrapped**

The US has confirmed it is considering alternatives to plans for all containers loaded at a foreign port to be scanned before they can enter the country. US Homeland Security chief Janet Napolitano speaking to press at the World Port Centre at Rotterdam, said 100% scanning was "probably not the best way to go".



The requirement, introduced by Congress in 2007, meant all containers would need to x-rayed at the foreign port of loading by 2014. Napolitano indicated that Congress was now considering a more layered approach to container security and was developing a combined system, which would include scanning, data analysis, risk analysis, physical checks and closer co-operation with ports and countries around the world.

She said: "I think what we have learnt over time is that there are many different ways to achieve a security objective. You have to have multiple layers that operate effectively." However, Matthew Beddow, Managing Editor of *IFW*s sister publication *Containerisation International*, pointed out that Napolitano had not guaranteed that the 100% scanning requirement would be overturned.

He said: "As matters stand, the US government still requires 100% scanning by 2014, and all overseas ports have been gearing up for it. So Napolitano's words may encourage a few to take their foot off the pedal, particularly as this is not the first time that her doubts have been openly revealed. "On the other hand, Napolitano is not in charge of US foreign policy, and Washington may well harbour different views.

" Initially, the target for implementation of the controversial requirement was set as 2012, but this was later extended to 2014 because of concerns that ports would not be able to meet the deadline. Any container bound for the US would have to be scanned for conventional – as well as radio-active – threats before being loaded onto a vessel at a foreign port. The scheme had been criticized because its implementation would need to be paid for by non-US ports and because the process could cause disruption to the supply chain.