

## **China – Shortage of container equipment**

The month of May has revealed exiting export statistics from Chinese ports. New records have been set. Chinese exporters are now facing extreme difficulties to obtain empty container equipment. The problem is occurring because the turn around time of the container equipment has been extended as a result of the "slow steaming" of the carriers.

During May 2010 Chinese ports handled 12.44 million TEU. This is 21.9% more than in May 2009 and 16.6% more than in May 2008. Six Chinese ports have set new individual records; Ningbo, Shanghai, Guangzhou, Tianjin, Xiamen and Dalian. Shanghai handled more containers than Singapore and could become the world largest container port by the end of 2010.

Predictions however are that this will not continue the coming months. Insiders believe that in July volumes will drop as a result of the economical budget savings of the European governments. Also independent consultants Alphaliner is predicting a weakening of the volumes during the 2<sup>nd</sup> semester.



The shortage of container equipment has various reasons. One main reason is the fact that carriers have not, or very limited, ordered the building of new container equipment during 2009 as a result of the crisis in their sector. See also our previous newsletters. In combination with the slow steaming of the vessels, it now appears that this drop of 90% in orders last year is having drastic consequences.

## **OOCL – New vessels integrated in Grand Alliance**

Last May OOCL has employed his last container vessels from a total of 16 vessels into the Grand Alliance. It concerns the "OOCL Luxembourg" a 8.063 TEU vessel of the SX-class. These 16 vessels were ordered with Samsung Heavy Industries. The first vessel the "OOCL Shenzhen" was already delivered in 2003 and was at that moment the largest container vessel in the world.

Today these vessels are employed in the C-loop of the Grand Alliance. They make port calls in Rotterdam, Hamburg, Southampton before heading for the Far East. In Asia they are serving : Singapore, Shekou, Hong Kong, Kaohsiung, Ningbo, Shanghai and Xiamen.

OOCL has pending orders for another 6 container vessels with a capacity of 8.600 TEU. They are ordered with the Chinese shipping wharf "Hudong Zhonghua" and will be delivered between April 2011 and May 2013.



## **APL –Larger vessels into the SCX service**



Singaporean container carrier APL has replaced two of its smaller container vessels in the South China Express service by two larger chartered units of 8.500 TEU. The SCX service is consisting of 8 sister vessels of 8.110 TEU from Japanese container carrier MOL. Four of them have now been chartered out to APL.

Originally APL added two vessels of 6.350 TEU to the service in order to apply "super slow steaming". These vessels have now been replaced by new and bigger tonnage of 8.500 TEU. For APL these two new buildings are the largest of their existing fleet.



The 1<sup>st</sup> vessel is the "Bunga Seroja Tiga" which was ordered in March 2008 by a Japanese company with the Mitsubishi ship yard for account of MISC. However since Malaysian International Shipping Company departed last year from the Grand Alliance, they are no longer in need of larger container vessels. APL on the other hand has employed all of his container fleet and thus could take the benefit of the situation.

Meantime the vessel has started his maiden trip to Europe under the name of "APL Zeebrugge" and is due to arrive in Zeebrugge on July 10<sup>th</sup>. Before Zeebrugge the vessel will call Southampton and afterwards proceed to Hamburg and Rotterdam. In Asia it will make port calls according to the SCX service schedule in Shalala, Singapore, Hong Kong, Ningbo, Shanghai, Fuzhou and Xiamen.

### **Hamburg Süd and Maersk Line adding more capacity**

In order to overcome the shortage of the present container capacity, Hamburg Süd and Maersk Line have decided to increase their present capacity. This will become effective as from July on their services between Asia, South Africa and the East Coast of South America.

This second string will be performed by 5 vessels of each partner and each vessel will have an effective capacity of 2.100 TEU. The additional second string service will only stay operational until the end of the peak season by the end of November. Afterwards the service will continue as before with a single-string configuration.



### **CMA-CGM stopping two Asian services**

As previously reported, CMA-CGM has joined the FAL-5 service between Europe and Asia in cooperation with Danish Maersk Line. As a result they will be forced to adapt few of their other operations in that same service area.

The first sailing of the new FAL-5 service will start in Ningbo on July 3th by the "CMA CGM Fidelio", a container vessel of 9.415 TEU. This vessel was one out of three vessels withdrawn from the FAL-2 service schedule by the French container carrier. This in order to meet the peak season volumes.

Meantime, CMA-CGM has stopped his FAL-7 and FAL-9 services, which were based on a slot charter agreement with Maersk Line. The "CMA CGM Christophe" which was operating in this service, having a capacity of 13.830 TEU will be scheduled in the new FAL-5 service. After all these service corrections, CMA CGM will remain operational with 9 weekly sailing to and from Asia.

