

Hapag Lloyd – Shareholder TUI increases his participation

Thanks to the improved results of Hapag Lloyd, the German container carrier will start to pay back their debts to shareholder TUI. Although same was not required as long as the State Guarantee was in place, Hapag Lloyd has decided to proceed.



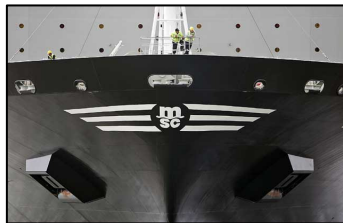
At first euro 65 million of interest in arrears will be repaid to TUI and euro's 227 million will be refunded by bridging credit terms and conditions. The tourist group TUI from their side will invest their running loan to Hapag Lloyd, amounting to euro's 350 million, into capital resources. Consequently their shareholder ship will increase from 43.3 to 49.75%. Because TUI does not want to become majority shareholder again, agreements were made for other loans to be repaid in future.

A second tranche of EUR 350 million will be repaid in instalments starting in October 2010 with 5% interest. The reshuffling of the Hapag Lloyd present debts situation will prepare the carrier for an eventual introduction at the stock exchange.

MSC – Two new ULCS vessels for their Lion Service

Two larger sister vessels, the "MSC Emanuela" and the "MSC Eva" with a capacity of 13.798 TEU have joined recently the Lion Service of Mediterranean Shipping Company. This will bring the total of ultra large container ships in the service to four units. This month another three units of 9.200 TEU will be replaced by three ULCS', the "MSC Rosa", the "MSC La Spezia" and the "MSC Gaia".

Last month MSC received their first 12.500 TEU ship out of a total of nine units ordered. The vessel was called the "MSC Beril" and will operate in the Dragon Service between Far East and the Med.

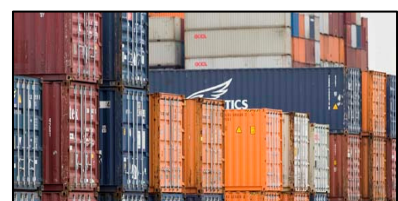


The ships owner is the Greek "Niki Group" who ordered the vessel based on a long term charter agreement with MSC. MSC furthermore announced they will only employ ULCS vessels in their Far East services. Besides 26 orders for 14.000 TEU ships, it also concerns eight more units with a capacity of 13.092 TEU and five units with a capacity of 13.050 TEU. These last ones are chartered from German shipping owners Erck Rickmers and Claus-Peter Offen.

Container Tariffs – Pressure on carriers is increasing

The Shanghai Containerised Freight Index (SCFI) has been going downwards for a couple of weeks already. In order to prevent the freight rates going down further, some container carriers have now decided to reduce their fleet capacity. First measures are expected as from mid October.

The SCFI is based on the calculation of Chinese container export spot tariffs to global destinations. Recently the index dropped with 13.1% in just one weeks time, which is a new record. The tariff index ex China to Europe is already under pressure since summer this year. Although most carrier could still increase and level their tariffs until March/April of this year, it is clear that since May the freight tariffs have been showing negative growths.





In September the pressure on the tariffs increased once more due to the disappointing volumes during peak season. A further decrease looks unavoidable due to an even larger drop in volumes as from early October. Then the Chinese Golden Weeks festivities will be starting.

Most container carriers are now considering to reduce their capacities as from 41 or 42. According to British newspaper Lloyd's List the forwarders community have already informed their dedicated carriers. It is not expected that the carriers will cease the new services and departures they recently started. However it is predicted that some sailing will be cancelled regularly during winter time.

Piracy – Ship owners should not bear the costs.

The European Community Shipowners' Associations (ECSA) is pleased with the prolongation of the mandate for Atalanta, the European unit against piracy. However ship-owners want an even more dynamic approach of the piracy problem without them having to pay the bill.

The ECSA has fully agreed with the principles of the European Council for the Maritime Industry to implement what they call : "best practices". These measures include the implementation of an observation post like in the good old days. As such the vessels will be able to react quicker and either try to avoid a confrontation by changing course, or increase their speed. In today's "slow steaming" concepts this is not something ship owners like to implement regularly.

Nevertheless the organisation insists for a more efficient military support and new legislation to prosecute eventual pirates on a global scale and not just for the region around Somalia and Aden. ECSA confirmed they are in favour of military escorts on board of the vessels, however under the condition these are not private militia. Today France and Belgium are offering this type of military security however against a very expensive pricing. According to ECSA, piracy is an international problem which should be solved by the global authorities and thus potential victims like carriers should not bear the costs for same.



NOL – Ordering more container vessels

Singaporean Neptune Orient Lines has ordered 10 postpanamax vessels with a capacity of 8.400 TEU with the South Korean ship yard Daewoo Shipbuilding & Marine Engineering (DSME). They will come into service during 2013 and 2014 and will be operated by NOL daughter company APL.

After Evergreens previous order for new buildings, NOL is now the second larger container carrier taking the initiative to order new built vessels. The timing is quite suitable since the order books of the shipping yards were empty and thus the pricing of this extensive investment drastically dropped. Today NOL is paying approx us dollar 97 million for a vessel of 8.400 TEU, whereas the price for the same type of vessel was us dollar 130 million in 2007.

It is planned that DSME will built two more vessels for APL with a capacity of 10.700 TEU. APL has already 8 further units under construction for delivery in 2012. However new capacity is highly required thanks to the implementation of the slow steaming concept between Far East and Europe.

