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The
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India Booms But Ports Lack Capacity

The Indian subcontinent has seen a tremendous growth of its economy lately. With a population of more than a billion, it is both a giant market as well as a giant supplier of raw materials, manufacture and services. A great number of foreign companies, mainly European ones, have opened industrial production lines in India where the labour force is large, comparatively well educated and low-earning. As a consequence of this, India's exports are growing. At the same

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time, India's 'new' middle class expands in numbers and develops into a consumer market of giant dimensions. This growing demand has boosted imports for some years and it will continue to do so. Opposed to China, where the central government invested heavily into the nation's transport infrastructure, India is not well prepared: Highways, railroads and ports are not ready to accommodate the sheer volumes of cargo that are now being transported. Many new infrastructure projects have been delayed by India's infamous bureaucracy. Thus, the nation's transport industry performs rather poorly: Despite India's low wages, hauling a container from a port to a destination some 100 kilometres off the coast will be at least 20 percent more expensive in India than in Europe or North America. Compared to China, hinterland access is several times as costly. India's container trade is almost exclusively handled through the country's main ports of Calcutta, Chennai, Cochin, Gujarat Pipavav, Mumbai, Mundra, Nhava Sheva and Tuticorin. Most of the ports can only handle ships of panamax dimensions. Today, only Chennai, Mundra and Nhava Sheva can accommodate ships of up to 6,000 TEU, drawing up to 13.5 metres. In the past years, most containers bound for India arrived onboard of smaller vessels as transshipment cargo. They were routed via the Arabian peninsula or Singapore. This long-established pattern has started to change in recent years and a growing number of direct services has been established. Today, almost all large liner shipping companies provide dedicated services to India. Especially the loops that connect the subcontinent with Europe and East Asia are presently going through a phase of rapid growth. Thus, it would surely make sense to deploy bigger ships to these loops, but ports are unable to cope with them. Not only are access channels and berths not deep enough: Gantry cranes at most terminals do not have sufficient outreach and stacking yards are too small for big ship's cargo loads. Most terminals are running to capacity and some seem rather close to a collapse. One exception Mundra's relatively young terminal. Located in India's northwest it has a deep water access of 17.5 meters and features post panamax cranes. Mundra is ready to take the next generation of vessels. In case of India this means upgrading main services to 'standard' post panamax ships. The largest loops calling at India presently employ 5,000 TEU ships.

A look at the world container order book reveals that much bigger vessels are bound to hit India very soon and ports will have to invest heavily to be able to serve them. Most Indian facilities are operated by large international companies like DP World, PSA and APM Terminals - willing to invest in huge-scale expansions and entirely new terminal facilities. Many recent projects have however been delayed or even stopped by India's many regional Governments who seem to be in constant struggle with each other.

A New Dimension for PIL

Singapore's Pacific International Lines has recently taken over the first unit of a new Chinese-built series of container ships. Delivered as Kota Lagu, the vessel launched the carrier's new L-class of 4,250 TEU ships – the largest ever to trade for PIL. Kota Lagu has been constructed at Dalian New Shipyard. The vessel is 263 metres long and has a paanmax beam. Together with three yet to be delivered sister ships and four similarly-sized units of Wan Hai Steamship's 500-series, Kota Lagu will upgrade the two carriers' joint Asia-Europe loop. So far, the loop had been operated with ships of around 3,000 TEU.



**Kota Lagu is PIL's first Dalian-built 4,250 TEU ship.
Photo: Jan Tiedemann**

Gothenburg: Problems with Maersk's E-Class Giants

When the new giant Emma Maersk arrived at Gothenburg for the first time this autumn a week earlier than originally planned, she caused a bit of a stir since the terminal was not yet ready for such a large vessel. The port's brand new super post panamax gantry cranes had just arrived from Chinese manufacturer ZPMC and were not yet operational. After having completed an entire Europe-Asia roundtrip, Emma recently arrived at Gothenburg again. Since such a trip takes nine weeks, the issue should have been resolved, but actually it was not: Again, the terminal was not well prepared for Emma. The three new gantries were not in use. The reasons for this are rather complicated and a bit obscure. Reportedly, an accident happened during the installation of the cranes, which sadly led to the death on one of ZPMC's assemblymen. The final setting up of the cranes had to be discontinued while Swedish legal authorities carried out an investigation of the accident. One of the findings of this investigation was that the Chinese workers were paid wages in the region of SKR three per hour – the equivalent of EUR 0.35. Consequently, Swedish trade unions demanded ZPMC to pay their employees Swedish minimum wages while carrying out work in the country. The unions consequently detained ZPMC staff from carrying out their tasks in Gothenburg. After some lengthy negotiations, the matter is now expected to be settled and the cranes should be up and running at the end of this year.

Samsung Delivers CSCL Le Havre

CMA CGM's and CSCL's joint FAL-2 service has really picked up speed and is up and running successfully: Almost every week, a new ship was introduced in the last months and now the loop's fleet line-up is complete. Danaos Shipping of Greece has now taken delivery of their second 9,580 TEU container ship from Samsung Shipbuilding. The vessel immediately went into a long-term charter with China Shipping and left the yard as CSCL Le Havre. Thus, both the Chinese and the French have completed their four-ship input to the FAL-2, which now employs a homogeneous fleet of +9,400 TEU ships. Presently,

CSCL Le Havre is picking up cargo in China. She will then head for Port Kelang and finally debut in Northern Europe shortly before Christmas. China Shipping's order book at Samsung still accounts for another four units of CSCL La Havre's class, to be deployed to a yet unnamed service. The ships will all be delivered in the first half of 2007.

Koreans Join Forces Against Foreign Investors

According to recent media reports, Korea Line and Hanjin Shipping are exchanging shares in a bid to prevent (foreign) takeovers. Hanjin will buy 750,000 shares of Korea Line at USD 34 million. This will result in a 7.5 percent share. At the same time, Korea Line will purchase one million (a stake of 1.67 percent) Hanjin Shipping shares at USD 32 million. This move is aimed to prevent individual investors like Sami Ofer's Citigroup Global Markets from a further acquisition of Hanjin shares. After his latest purchase from John Fredriksen, the Israeli Shipping tycoon Ofer controls nine million Hanjin shares. Meanwhile, Hanjin Shipping's third-quarter turnover has increased by 7.3 percent over its second quarter performance. However, as it is the case with most liner operators, net profits went down some 3.6 percent and stood at USD 33 million. Hanjin blamed exorbitant bunker costs and low freight rates for the decline.

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YM Utmost and YM Unison

Last week, Yang Ming Line has taken delivery of the third vessel of their 8,200 TEU U-class series. The ship was built at South Korean Hyundai Heavy, who are presently well ahead of their building schedule and turn out big boats at the rate of one per

week. Taiwan's second largest container shipping company named the vessel YM Unison. It will be deployed to Yang Ming's and K-Line's joint Northern Europe loop, where it replaces a 5,500 TEU unit. The latter will be switched to Yang Ming's new Asia – Med service. Since K-Line presently receives a series of 9,100 TEU ships from Japan, the entire loop's joint fleet will be upgraded to +8,000 TEU ships in only six months. YM Unison is expected to arrive at Northern Europe early in January. Her delivery coincided with her earlier sister's maiden call at your editors' home port: YM Utmost premiered at Hamburg in mid-November.



The new YM Utmost on her maiden call at Hamburg. She is seen here berthed at HHLA's Tollerort Terminal.

Photo: Jan Tiedemann

INX Loop to Serve Indian Subcontinent

A new dedicated North America – India loop will soon be launched by Hanjin Shipping, K-Line, Yang Ming and UASC. The massive growth of India's imports and exports has led the group to set up the new joint service. The new weekly loop employs vessels of 3,500 to 4,000 TEU and will be called India North America Service (INX). The first departure is scheduled for December 2nd from Singapore. The fleet line-up will consist of the vessels YM Tianjin, YM Mondego, Jilfar, Al Abdali, Hanjin

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Elizabeth, Hanjin Colombo. Hanjin Kaohsiung and Rhine Bridge. The new service includes a call at Port Said where transshipment is offered to destinations in Southern Europe and the Eastern Med. The INX's port rotation is Singapore, Colombo, Nhava Sheva, Pipavav, Port Said, New York, Norfolk, Savannah, Port Said, Jeddah, Colombo and Singapore.

New Ships For SCI

The state-run Shipping Corporation of India (SCI) has finally concluded some rather lengthy negotiations with Hyundai Samho and eventually signed two 4,400 TEU container vessels. The pair will be delivered in November of 2008. Negotiations had taken more than a year and SCI managed to persuade the Koreans to deliver the ships for a rather favourable price of only USD 67 million each – roughly USD three million less than today's market price. Earlier this year, when the company had to contribute ships to various joint services, SCI went through a bit of trouble finding suitable charter tonnage at reasonable rates. Presently, the company's container fleet only consists of a few ships – the biggest being three 1,870 TEU units built in the early nineties by Hyundai Heavy Industries. These ships are employed in between India and China.

Eleonra's Ancestors

In last week's newsletter we reported that the third Maersk E-class ship would be called Eleonora Maersk and that this name only had previously been used once. Recently, your editors dug a little deeper into Maersk Line's fleet history and learned that there was actually another Eleonora Maersk. Thus, we have to set the record straight and provide you with some details of the ship. Apart from the German-built Eleonora (1936) there is also a 1951-built ship of the same name. Launched at Haverton Hill, England, she was a 16,700 tonnes deadweight tanker. This ship, the second Eleonora Maersk, traded for the Danes until 1958 when she was sold to Norwegian interests. The vessel was later sold again to England, where it was rebuild into a bulk carrier. The ship was laid up in Greece in 1978 where it lay idle for four years. It was finally scrapped in 1982.

New Chinese-Built Feeder: RBD Alexa

Chinese Builder Mawai Shipyards has recently delivered another feeder vessel for Northern European owners. The 698 TEU RBD Alexa will trade for short-sea operator Unifeeder. Please refer to our data base for vessel details.



**RBD Alexa: Another Mawai-bult container feeder ship.
Photo: Jan Tiedemann**

Japanese Upgrade Asia-Med Service

Two of Japan's leading liner companies have separately announced service changes. Kawasaki Kisen Kaisha, together with Taiwanese partner Yang Ming, is to harmonise its existing AMS and AMS2 services by introducing a new Asia-Mediterranean loop with seven 5,500-TEU vessels. This loop, that started operating a few days ago, will replace both the aforementioned services. The current AMS2 service employs seven 4,300-TEU ships. K-Line's partner Yang Ming used to provide six 2,000-teu ships for the AMS. All ports covered by the existing two services will be maintained by the new combined loop. Meanwhile Mitsui OSK Lines announced an upgrade of their intermediate Europe - South Africa service from the beginning of 2007. MOL will resume weekly services on the North-South route to meet seasonal requirements for

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extra capacity. Together with MOL's core service, the line will offer two weekly fixed-day services between South Africa and Europe. The intermediate service is operated jointly with Deutsche Afrika Linien, Maersk Line and Safmarine.

APM Buy Dunkirk Box Terminal

Netherlands-based APM Terminals has purchased 61 percent of Dunkirk's Nord France International container terminal from the Port of Dunkirk Authority. Simultaneously, the French Line CMA CGM purchased a 30 percent stake in the facility, previously held by Interferry-Boats, an affiliate of the Belgian national railways. The remaining nine percent stake will stay with Port of Dunkirk. APM Terminals will be responsible for the management of the terminal. APMT's sister company Maersk Line has gradually built up its presence at Dunkirk and included the port in their AE7 Far East – Europe service. The Danish company is also using Dunkirk for feeder services and calls on a West Africa loops. In 2005, the Nord France terminal handled some 200,000 TEU. Besides Maersk Line, CMA CGM and their affiliate Delmas are Dunkirk's most important clients. Maersk also heavily uses the port of Dunkirk through its roro-passenger subsidiary Norfolk Line. Norfolk line employs three large ropax ferries in the trade across the English Channel.

MSC Reaches One Million TEU Slots

Until now, Maersk Line was the world's only shipping line with an added capacity of more than one million TEU. Recent reports suggest that the line's two nearest competitors, Geneva-based Mediterranean Shipping Company and CMA CGM of Marseille are catching up. Calculations made by several shipping research institutes show that MSC will break the one million TEU barrier by the end of this month. This figure includes both owned, long-term and short-term chartered vessels. Excluding vessels on short-term contracts, MSC controls some 900,000 TEU slots. Despite the analysts' warnings of an overcapacity situation, the Mediterranean Shipping Company has recently chartered a large number of ships at rather expensive rates. The Swiss carrier made use of every occasion to get hold of additional tonnage, purchasing older ships and chartering

vessels let down by other shipping companies. Provided one only adds up the capacity of the carrier's pipeline of vessels with the shipyards, as well as publicised charter deals, MSC's feet will reach a capacity of 1.35 million TEU by 2010.

New Jumbo Ship Skips Bremerhaven Call

Gale force winds have prevented the 13,500 TEU container ship newbuilding Estelle Maersk to make her maiden call at Bremerhaven yesterday. On its maiden voyage from Gothenburg the ship anchored in the outer river Weser, waiting for weather conditions to improve. The shipping company later decided to order Estelle's crew to weigh anchors and steam to Rotterdam. According to Maersk Line, containers booked on Estelle Maersk will have to wait one week for the next ship in the AE1 service, Gunvor Maersk. It was the first time that a Maersk Line vessel had to by-pass Bremerhaven because of wind conditions.

This Newsletter is edited and compiled by Jan Svendsen and Jan Tiedemann. This pdf-file is available for download at "www.jantiedemann.de" and "www.containership-info.net.tc". Feel free to contact the editors by e-mail at jantiedemann@hotmail.com and jan.svendsen@gmx.net. We greatly appreciate your feedback and your input. More contact details can be obtained from the above websites. Please note the disclaimers displayed on the download pages. All information given in this newsletter is believed correct, but not guaranteed.

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