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January 2007, 2nd week

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Let's Set Sail Into 2007

The editors of the containershipping-newsletter hope you all had a good start into the new year 2007. After a break of two weeks, we will resume our weekly coverage of the box business with this edition of our newsletter. However, we have not been idle and used the free time to add several hundred new photographs to our vessel galleries. We hope you will enjoy them.

Selected Holiday Premiers

Rather briefly, we would like to introduce a couple of significant new ships that hit European waters for the first time while our weekly newsletter paused for two weeks. On December 22nd, China Shipping Line's brand new CSCL Le Havre made her first appearance at Hamburg. The new ship finally completed the line-up of CSCL's and CMA CGM's joint FAL-2 loop. Employing four Samsung-built 9,580 TEU units and four Hyundai-built 9,415 TEU ships, the FAL-2 is presently the world's largest container liner service outside Maersk Line's sphere.



The 9,600 TEU CSCL Le Havre premiered at Hamburg shortly before Christmas Day.

Photo: Jan Tiedemann

Another ship that made its Northern European debut in December was Yang Ming Line's 8,189 TEU YM Unison. The new vessel is the third unit in a quartet of ships Yang Ming had signed with Hyundai Heavy. YM Unison serves in the CYKH alliance's AE-1 loop, together with K-Line's Humber Bridge type 9,100 TEU newbuilds. For the port of Antwerp, the ship also acted as a bearer of good news: After initially deciding to drop the port from the service's rotation, the alliance partners recently changed their views and unanimously voted in favour of Antwerp. Thus, the AE-1 will now continue to call at the

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Belgian hub as its last European port. CYKH's original plan to by-pass Antwerp had come as a big surprise and its motives were widely discussed. The 're-rearranged' schedule now looks much more in line with the carriers' routing strategy.



**YM Unison arrives at Hamburg on her maiden voyage.
Photo: Jan Tiedemann**

Unison, was not the only new ship in the AE-1 that premiered in December. Only one week after YM Unison, another new vessel was introduced to the service: K-Line's Hannover Bridge. Built by IHI at Kure, the new ship carries the equivalent of 9,100 TEU and has a top speed of 24.5 knots. Sadly, the vessel's Hamburg premiere was not greeted by blue skies and sunshine as you can see in the picture.

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**Hannover Bridge upon her maiden arrival at Hamburg
Photo: Jan Tiedemann**

Less than favourable photo conditions also accompanied Petrohue's European debut at Hamburg. The fourth 6,500 TEU ship CSAV received from Hyundai Heavy made its debut a day before Hannover Bridge. The ship is employed in CSAV-Norasia's ANE service where it replaces one of the 5,500 TEU units designed and built by Taiwanese China Shipbuilding at Kaohsiung. CSAV-Norasia's ANE loop was hitherto known as the AME (Asia - Med- Europe) service. Since, the loop's port rotation was occasionally altered over the years, it was decided to rename the service in order to reflect its character as a fast non-stop service between the Far East and the ports of the European north range. Fuelled by an excellent capacity utilisation, the service employed a rapid succession of ever larger vessels: The 4,043 TEU L-class sub-panamaxs were soon supplemented (and eventually replaced) by 5,527 TEU C-classes. Meanwhile, almost all of these ships have been succeeded by 6,539 TEU P-ships. In some respect, CSAV-Norasia was not really able to enjoy the success they had with the ANE service: the company's poor financial performance forced CSAV to sell off most of their C-ships as soon as a sufficient number of larger vessels had become available to maintain the ANE.



Petrohue premiered in Europe in dense fog: The ship berthed at Hamburg's Athabaskakai
Photo: Jan Tiedemann

EPIC II Fleet Line-Up Announced

The second string of CMA CGM's, Hapag-Lloyd's and Hamburg Süd's Europe – India service will lead two comparatively new ships to northern Europe. The vessels are CMA CGM Tulip and CMA CGM Rose, 2,824 TEU standard designs by Hyundai Mipo HI. The new loop will be launched on January 15th, with Tulip's eastbound departure from Hamburg. The sling's line-up will also include CMA CGM Aegean, CMA CGM Turkey, Cap Roca, and Gothenburg Express.

Ham'Süd Orders 6,500 TEU Quintet

Shortly before Christmas, Hamburg Süd ordered their largest ever containerships at Daewoo Heavy. The carrier will buy five 6,000 TEU units and signed one option for a sixth ship of similar design. Analysts believe the price for the ships will be around USD 500 million. According to local media, deliveries are set for 2009 and 2010. In a recent newspaper interview, Ham'Süd's executive board chairman Klaus Meves stated that the line was determined to maintain a 60-percent ownership

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position in its fleet. The paper also reports that a letter of intent has been signed with Korea's Daewoo. The contract itself will be signed very soon. Hamburg Süd expects trade demand to grow by between some percent or even 10 percent annually.

Far East – Europe Loop by IRISL

A few weeks ago, we already announced that IRISL Container Lines will finally realise their long intended plan and launch a Northern Europe – Med - Middle East - Far East loop. The service will integrate the carrier's existing Europe Container Line. Recent press reports predicted the following port rotation: Felixstowe, Hamburg, Antwerp, Castellon, Genoa, Port Said, Jeddah, Bandar Abbas, Dubai, Tianjin, Shanghai, Ningbo, Chiwan, Port Kelang, Bandar Abbas, Dubai, Port Said, Damietta, Malta, Misurata and Felixstowe. The Iranian carrier will employ ships of around 2,500 TEU for the time being. In 2008, the service will be upgraded to ships of 5,000 and 6,500 TEU. IRISL's present order book accounts for ten such units.

Uncertain Future for Odense Shipyard

Recent news from Copenhagen suggest the board members of AP Møller now seriously reconsider the fate of Odense Steel Shipyard's future. Until now, the company-owned yard has been Maersk Line's first choice for their top-range containerships. So far, the carrier seemed convinced that the advantages of an in-house shipyard still outweighed the higher cost of building vessels in Denmark. Recently, Maersk Line's decision makers seem to be having increased doubts about the strategic advantage of buying from the home yard. The carrier's rather poor 2006 result will make it increasingly difficult for Maersk to justify subsidising the shipbuilder. The Odense shipyard presently employs 3,200. Four yards in four European countries make up APM's shipbuilding division. Five more E-class ships still fill Odense's order book. Recent new orders include a quartet of Maersk supply vessels and three patrol vessels for the Danish Navy. Allegedly, Maersk Line has agreed further containership orders at Odense, that would follow the E-series. However, these options are not confirmed.

Maersk Line: E-Class Speculations Aplenty

Quite obviously, the Danish A.P. Møller group is presently trying to raise some money to fund its rapid expansion. The company invested heavily – not only into ships, but also into terminal infrastructure. The process of freeing cash for investment purposes also involves a number of sale-and-lease-back deals. In the last few months, Maersk sold several M-class vessels to Greek and Canadian interests and subsequently re-chartered the ships. Deals like these will however not suffice to yield a sufficient amount of money, since the ships are only of panamax size and more than a decade old. Thus, some industry sources even suggested Maersk considered a sale of their brand new 13,500 TEU E-classes. These ships are estimated to be worth 170 million USD apiece. Should such a sale actually materialise, Hamburg's ship finance market might be the first choice. Rumours suggest that Maersk would seek consultations with MPC Steamship and E.R. Schiffahrt, respectively Nordcapital. However, this has not yet been confirmed. One interesting question in this respect is the vessel management. Maersk Line will probably not be inclined to see their flagships managed by anyone else but themselves. So, while there is some doubt about this part of the E-classes future, new developments have also become tangible in terms of the future deployment of the big boats: Maersk recently announced the launch of a new container liner service, tailored to the requirements of the box leviathans. This new service will actually be created by totally restructuring the existing AE-7. The new sailing schedule for the reshaped loop will be effective from March, as soon as the fourth E-vessel becomes available. The news loop will employ four 13,500 vessels and four +8,000 TEU ships. Further E-class newbuilds will gradually be deployed to the new sling until it employs a homogenous fleet of eight. The service's proposed port rotation only includes a very limited range of calls: Ningbo, Xiamen, Hong Kong and Yantian in Asia. Bremerhaven, Rotterdam and Algeciras (eastbound) in Europe.

MOL Launches New C-class

Mitsui OSK Line's first 9,100 TEU container vessel is finally nearing completion at Mitsubishi Heavy's Nagasaki shipyard. To

be delivered as MOL Creation, the ship will be the first in a series of six new vessels (plus one option). Mitsubishi's Nagasaki yard is not a traditional containership yard, but an experienced builder of various other ship types. Regretfully, both MOL and the builders stick to the Japanese tradition of not publishing any relevant vessel particulars until the ship is actually launched.



Our Japanese supporter luckily used his winter holiday to travel to Nagasaki and take this photograph for us.

Photo: Y.M.

According to some shipbrokers, the new carriers will have a length of 318m and a beam of 45.50m. The design draught will be 13 metres, corresponding with a displacement of 99,500 tonnes. Your editors believe, the 318-metre-length relates to the ships' perpendicular measurements. The above photograph suggests a total length of forty 20'-bays, ten thereof aft of the deck house. This would result in an overall length of about 336m – in line with most common 18-wide +9,000 TEU ships. MOL Creation's summer draught will most likely be 14.50m. Not only is Mitsui still secretive about the ship's dimensions – the carrier also did not reveal the ship's future area of trade. Most likely, the C-classes are earmarked for an upgrade of MOL's Asia-Europe loop. This service is presently operated by a fleet of 6,300 TEU ships. Since six ships would not suffice to ensure

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weekly departures on such a sling, we believe they might be supplemented by a duo of similarly-sized ships MOL will receive from Miahara's Koyo Dockyard. MOL Creation will be followed by vessels named MOL Celebration, Charisma, Comfort, Competence, Continuity, Cosmos and Courage.

Offen Convert Containership Order in Favour of Tankers

A while ago, the German ship finance and management company Offen received some attention when it placed orders for a total of twenty 1,800 TEU feeders at Hyundai Mipo. The delivery of this series of ships will start in the second half of this year. Offen managed to find a charterer for the first six ships: Hamburg Süd will take the ships for USD 19,000 per day. The second batch of six will be chartered by the Chinese operator SYMS. Some sources suggest that Offen was close to finalising a deal for the remaining units with APL. However, it looks like this deal failed to actually materialise. Charter rates for mid-sized ships have followed the market trend down and a 1,800 TEU ship will currently fetch rates of about USD 13,000. Some analysts suggest that rates might even fall to as little as USD 10,000. Reportedly, Offen had ordered the ships for a price of USD 42.5 million per vessel – very much at the peak of the market. Today, it should be possible to sign a 1,800 TEU ship for just USD 33 to 35 million. Thus, the German shipping company has now taken the consequences of recent market developments and converted the far end of their pipeline into tankers. Between 2008 and early 2009, Mipo will deliver a series of 37,000 dwt chemical tankers to Offen.

DP World Sell off Shekou Shares

Dubai Port World has sold off their stake in a container terminal at Shekou. DP World had ended up with a minority share in the facility when the Arabs took over of P&O Ports in 2006. The stake was sold to the China Merchants Group who also bought out another minority stakeholder. The buyers already owned the majority of the container terminals. Furthermore, China Merchants controls the nearby Chiwan and Mawan terminals. The move will pave the way for an integration of the facilities at Shekou, Chiwan and Mawan into one large container port.

Today, Shekou has an annual capacity of 3.8 million TEU, A 700,000 TEU extension is presently nearing completion. Altogether, the three terminals in the western part of the Shenzhen province will have a capacity of eleven million TEU per year.

Buss Group Mega Order

Quite surprisingly, it is not MSC, CMA CGM or Maersk Line who has finished up 2006 with a record order for Container ships. Neither was the deal bagged up by one of the large South Korean yards: It was the German Hermann Buss Shipping of Leer who is reportedly close to signing a total of 20 boxships en bloc. Buss turned to the comparatively unknown Chinese yard of Zhejiang Ouhua shipbuilding for the 1,500 TEU vessels. Zhejiang Ouhua is a member of the Zhejiang Yangfan Ship Group. The Germans already collaborated with Zhejiang Yangfan in the past and ordered 15 feeder vessels of 972 TEU. Until summer 2008, the group's yards are furthermore scheduled to deliver twelve 1,284 TEU ships to Buss. The Ouhua yard is one of the more recently established yards in the Zhejiang Yangfan Ship Group. It is located in the Zhejiang province, south of Shanghai. All the orders fit into Buss's size range: The company's present fleet ranges from 1,600 to 2,500 TEU and consists mainly of German-built ships. The Hermann Buss fleet will not only grow in numbers, but also in vessel size: The company's order book includes a trio of 2,800 TEU ships from German HDW at Kiel. Allegedly, Buss and Zhejiang Yangfan also negotiate an order for a quartet of 5,250 TEU panamax ships. These ships will be a new type designed by Zhejiang Ouhua. No details of this deal are available yet, but some suppliers and subcontractors claim to already have received firm orders for equipment for the panamaxes.

Palena Delivered

Some weeks ago, the shipbuilders at Hyundai HI, the largest and probably also one of the fastest shipyards in the world, delivered the fifth 6,500 TEU containership to CSAV-Norasia. Once again, Hyundai Heavy Industries turned out to be overachievers when it comes to adherence of delivery dates:

the ship was handed over to her owners 10 weeks ahead of schedule. Named Palena, the vessel follows right on the heels of its earlier sisters Pucon, Puelo, Pangal and Petrohue. The new ship is owned by Hamburg's Peter Döhle Schiffahrt. It is employed in CSAV's the ANE service. Palena will make her European debut at Hamburg on January 16th. She will later visit both Rotterdam and Antwerp.

Samsung Hands Over MSC Roma

Samsung HI has recently delivered the 9,178 TEU MSC Roma to Hamburg's Claus Peter Offen. Roma is the eighth ship in a series of nine sister vessels. Originally, all units had been signed by Offen, but five ships were sold on to MSC well ahead of delivery. The Swiss carrier also long-term charters the remaining four units. The entire class of vessels will thus trade for MSC. Roma will join the Mediterranean Shipping Company's Silk Express. The ship already left her first loading ports in northern China and is presently heading for the Pearl River Delta. In Europe, the new carrier will visit the ports of Valencia (January 29th) Rotterdam, Antwerp and Felixstowe.

New vessel: MSC Xian

In the last few days of 2006, the Mediterranean Shipping Company took delivery of another +8,000 TEU container ship. The new MSC Xian was handed over by Hyundai Samho Heavy Industries. Like her earlier sister MSC Bengal, the new vessel is managed by Hamburg's E.R. Schiffahrt who chartered the ship out to CMA CGM. The French Line sublets the ship to MSC. Xian does not carry MSC's house colours, but just a plain CMA CGM blue and without any markings. Xian will join MSC's Lion service. Her European calls are limited to Antwerp, Hamburg, Bremerhaven and Felixstowe.

Ever Steady

During the last days of 2006, Japan's Mitsubishi HI delivered another 7,024 TEU S-class ship to the Evergreen Group. The new ship is the sixth unit of a ten ship family, The remaining four carriers are scheduled for delivery until October. The new

ship was christened Ever Steady. It will be employed in Evergreen's service between Hong Kong, Taiwan and the United States' west coast, called HTW. This loop already employs Ever Steady's earlier sisters.

Ocean's Eleven: OOCL Tokyo

A few days ago, South Korean Samsung Heavy handed over another 8,063 TEU ship. Hong Kong based Orient Overseas Container Line, took delivery of their eleventh vessel of this type, named OOCL Tokyo. So far, the design has been built exclusively for Oriental Overseas. At the time of their launch, the ships were the first true +8,000 TEU carriers outside Maersk Line. One peculiarity of the vessels is their slightly unusual length of 323m – The vast majority of 17-wide standard ships was later built to a 20-bay long 335m-design.



Only one more ship and OOCL's series of twelve 8,063 TEU carriers will be complete.

Photos: Jan Svendsen, Boris Paulien, Jan Tiedemann

OOCL's short-term order book still accounts for one more ship of this type. Quite recently however, the carrier contracted four more ships at Samsung. OOCL claims, the ships which are scheduled for delivery in 2009 and 2010 will be 8,036 TEU types, too – thus stretching the series to a total of 16 units.

Regarding the size of the vessels, it is fair to say that there is room for some doubt: We dare suggest that OOCL might in fact have ordered a quartet of 9,600 TEU ships – roughly similar to those Samsung HI designed for China Shipping. As far as the present newbuild is concerned, OOCL Tokyo will trade in the Grand Alliance's AE4 service, linking north Chinese ports with northern Europe. This service is currently being upgraded from 6,700 to 7,500 TEU ships to vessels of 8,000 to 9,000 TEU. The AE4 service's European ports of call are Hamburg, Rotterdam and Southampton. The new ship is expected to make her European debut early in February.

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