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Danaos Adds ULCS +++ Five Ultra-Large Loops for Mediterranean Shipping? +++ MSC Monterey Launched as NSB's 100th Ship +++ Ever Safety Concludes Mitsubishi's 7,024 TEU Series +++ US Housing Slump to Effect Pacific Volumes ? +++ Sietas Hands Over First 168L Type +++ OOCL Places Orders At CSSC +++ Will Evergreen Change Its Mind?

Danaos Adds ULCS

Not very long ago, your editors understood that Piraeus-based Danaos Shipping had ordered a quartet of 12,500 TEU container ships at Ulsan's Hyundai Heavy. As reported in our newsletter, the vessels are destined for a long-term charter with Hyundai Merchant Marine. Of course we noticed that a five-ship order is a bit unusual – at least when it comes to vessels of such huge size, since these jumbo carriers are very likely to be earmarked for the trade between the far East and Northern Europe. Quite frankly, your editors believed that it would not make much sense to deploy the ships to the transpacific trade, where a quintet of vessels would at least neatly satisfy an entire loop's tonnage requirement. Some industry rumours indicated that HMM was planning to supplement the quintet by a parallel order for three or four own

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ships. This will however not happen, since Danaos has now fixed four additional ULCS for a charter with HMM. This time, the ship's were contracted from Hyundai Samho. They are quoted as 12,500 TEU units. Your editors however believe that the vessels will actually be able to take in 13,100 TEU. All four vessels are slated for delivery in 2011. Although no charter has been confirmed so far, it is very likely that the ships will end up with HMM. The carrier would then dispose of a sufficient number of ULCS to fully equip a standalone Far-East to Europe service.

Five Ultra-Large Loops for Mediterranean Shipping?

The Mediterranean Shipping Company is building its container vessel order book so quickly, that the world's second largest shipping line might develop into the number one in the trade between the Far East and Europe in a few years' time. This position is presently held by the world's number one: Maersk Line of Denmark. Accounting for both owned ships and chartered vessels, MSC's pipeline now includes no less than 36 true ULCS of at least 12,500 TEU. Furthermore it includes nine slightly smaller ships of about 11,000 TEU. All these new vessels are slated for delivery between 2008 and late 2011. This massive fleet would put MSC in the position to operate five additional Asia-Europe jumbo slings. Of course it is very unlikely for MSC to add five additional service loops. The company will most certainly deploy ULCS to their largest-capacity slings, where the ships would set smaller tonnage free. One must bear in mind that 'smaller tonnage' in this case still refers to ships of 9,000 TEU or more. These ships might then be deployed to the Pacific. Given the massive amount of new tonnage that will come on stream, MSC is however bound to add at least a number of additional mainline loops, too. Your editors thus expect the carrier to launch one additional service to northern Europe in the foreseeable future. Quite likely, any new Far East to Europe sling would either employ a fleet of nine ships or feature a rather condensed range of port of call. Thus, MSC would be able to save fuel costs by steaming slower. In combination, the replacement of existing tonnage with ULCS and the launch of one or two new loops would greatly boost MSC's capacity in the Asia to Europe trade. From today's point

of view, no other carrier's fleet expansion scheme would allow for so many ultra-large loops. Even Maersk Line who will soon own their first complete set of ULCS has only confirmed the charter of one additional set of big boats – namely those of Hamburg's Bertram Rickmers and his Singaporean offshoot Rickmers Maritime. Most analysts however believe that Maersk Line already secretly secured at least one more set of boxboat leviathans. In combination with further G-class orders from Odense, this would allow Maersk to operate four Asia-Europe slings with ULCS. In this case we dare count Maersk's G-class ships as ULCS since their slightly lower capacity is offset by the E-classes massive intake, when one adds all four loop's capacities for an overall picture. As for MSC, the Swiss' lines Far-East to Europe capacity might reach anything between 3.2 million or even 4.6 million TEU annually – depending on the carrier's tonnage deployment strategy and the number of new services to be launched.

MSC Monterey Launched as NSB's 100th Ship

Deawoo Mangalia, the well-known South Korean shipbuilding giant's Black Sea subsidiary, has recently handed over the new MSC Monterey. Financed by German Gebab of Meerbusch, MSC Monterey is managed by NSB Niederelbe. For the Buxtehude-based company, the ship with the project name Buxvillage marks the 100th vessel under its management. MSC Monterey is 275 metres long and 32.20 metres wide. The ship's container intake is 4,884 TEU. The Mediterranean Shipping Company will employ the new carrier in a service between Europe and the South American East Coast. While MSC Monterey was handed over on schedule, the Romanian yard presently struggles to find a sufficient number of qualified workers in order to timely build all the ships in its ambitious order book. According to some sources, no less than 2,000 vacant positions at Mangalia need to be staffed over the next couple of years.

Mitsubishi's Delivers Penultimate Ever S-Class

With the completion of Ever Safety, the Evergreen Group has now taken delivery of their ninth unit of 7,024 TEU S-class vessels. Built at Mitsubishi Heavy Industries' Kobe yard, Ever

Safety will be the penultimate vessel of the ten-ship series. Over the decades, Mitsubishi built no less than 35 large and mid-sized (from today's point of view) container ships for the Taiwanese shipping line. All of Mitsubishi's vessels are easily recognisable Evergreen liners: They ships of the D-, R-, S- and U-class all feature Evergreen's distinctive funnel and the fully enclosed wheelhouse – features that literally developed into trademarks of the shipping line. Nevertheless, it very much looks like the two companies' joint history will come to and end soon: Apart from Ever Salute, the S-class' final vessel, Mitsubishi's order book does not include a single Evergreen ship. Evergreen's penultimate Mitsubishi ship has been deployed to the carrier's Transpacific HTW service. This sling connects the Far East – mainly Chinese ports – with the Californian ports of Los Angeles and Oakland.

US Housing Slump to Effect Pacific Volumes ?

Most of our readers have surely read about the present crisis of the United States' housing market: It was described as the biggest slump in U.S. housing in the past forty years. The crisis obviously sparked fears of a coming recession or at least an economic downturn. Economists warned that the adverse effects on the world economy – and especially the American economy – could be worse than those of the dotcom crash some years ago. With consumer confidence at low levels, north American imports are stagnating. Retailers are increasingly cautious about importing consumer goods and have put many overseas orders on hold. Compared to 2006, America's Pacific ports were expected to grow between five and nine percent in terms of container throughput. Now most analysts believe that container traffic may remain flat or even decline this year. In 2006, the ports of Los Angeles and Long Beach, north America's largest terminal complex, handled about 15.8 million containers and even saw a record growth in exports this summer. However, this will not be sufficient to offset lost import volumes due to the recent market developments. Thus, it is not unlikely that some shipping lines will switch some of their smaller tonnage to the Pacific and deploy bigger vessels to their European slings as long as volumes continue to soar in this trade.

Sietas Hands Over First 168L Type

With the delivery of *Ida Rambow*, Hamburg-based J.J.Sietas shipyard has now handed over its first 168L feeder vessel. This new type represents a modified version of Sietas' highly successful type 168 semi-open-top feeders: Compared to the earlier ships, the design's central open-top hold has been lengthened by one 45' foot bay – boosting the vessels' intake from 868 to 1,008 TEU. Apart from accepting orders for new type 168L ships, Sietas has offered shipping line's the opportunity to have their existing type 168 vessels jumboised by the insertion of an additional middle section. Several companies thus already signed conversion contracts.



**Ida Rambow performs a short party cruise on the day she was christened.
photo: Jan Tiedemann**

Peculiarly, *Ida Rambow* has undergone such a lengthening scheme despite the fact that the vessel is brand new. Reportedly, her owners' last-minute decision to favour a larger ship than originally ordered has prompted the shipbuilders to opt for this unusual solution: *Ida Rambow* was build as a standard type 168 vessel. The brand new hull was then stretched at Norderwerft, a Sietas subsidiary that mainly

focuses on ship repair, conversion and maintenance. The hull sections that Norderwerft used to lengthen the ship were prefabricated in Poland. Opposed to many other ship jumoisation schemes, the additional hull section was not floated in. Instead, cranes were used to lift several large steel blocks into the dock, once the ship had been cut in two and torn apart. This weekend, Ida Rambow has entered a two-year charter with Unifeeder. The ship will trade between Hamburg and Bremerhaven and ports in the Baltic Sea Region. The new feeder will initially serve Copenhagen and Helsingborg, with calls at St. Petersburg scheduled for the Winter season. Please turn to our vessel gallery for images of the ship's building process.

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OOCL Places Orders At CSSC

Speculations about a large vessel order by Hong Kong's OOCL have been afloat for quite a while, but analysts' opinions were divided whether the carrier would continue to order ships in the size range of 8,000 TEU or slightly larger, or if OOCL finally planned to enter the league of future operators of ultra large tonnage. For the time being, it now seems that the shipping line favours further orders of large, but not ultra large ships. Last week it became known that OOCL recently turned to the China State Shipbuilding Corporation to sign a quartet of vessels in China. Although the ship's capacity has not been published, the price tag of USD 120.7 million in a pointer towards 8,500 TEU units. Such vessels are included in both CSSC's Jinling shipyard's and Hudong-Zhonghua's portfolio. Potentially, CSSC's Dalian yard could also build such vessels. Although no detailed information has become available so far,

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your editor's believe that the ships will be constructed at Hudong-Zhonghua shipyard. Very likely they will follow the basic design of the 8,475 TEU ships Hudong will deliver to China Shipping Line and Danaos. The first unit of the new type had only recently been handed over to CSCL as Xin Ya Zhou. The first ship of OOCL's recent order is slated for delivery in the forth quarter of 2010. The remaining three ships will come on stream in 2011. The Chinese shipbuilders have thus been able to offer OOCL a comparatively early delivery. The new ships will be the largest in the OOCL fleet and they will most likely be employed in the Far East to Europe trade.

Will Evergreen Change Its Mind?

Maybe it is time to wonder how much Evergreen chairman Chang Yung-Fa's words can actually be trusted when it comes to his line's future fleet policy. Not very long ago, Dr. Chang strongly opposed the idea of ULCS as a future option for Evergreen Marine. He claimed to favour ships of 7,000 TEU or less and he stated that Evergreen would not even dispose of its 8,200 TEU bottoms today, had he not been tempted by his sales department to charter those vehicles from Conti of Germany. Recent media reports now claim to know that Evergreen is definitely hunting for tonnage of 12,000 TEU or larger. Was Dr Chang's statement thus just an elaborate bluff? Or do Evergreen's strategic decisions vary on a daily basis? Either way, the Taiwanese carrier is now believed to be in the market for ultra large tonnage. Some analysts might believe that the carrier's officials eventually realised that – on a middle-term basis – there is just no way to bypass larger-capacity vessels for a first-league carrier. Or is there? A recent article on Lloyd's List claimed that not only Evergreen was hunting the big boats now: Three members of the Grand Alliancem, namely OOCL, Hapag-Lloyd and NYK, reportedly also considered ordering ships in the ULCS size range. Lloyd's however, did not know whether the trio was planning a co-ordinated order scheme or not. Strangely, your editors did not receive any new inside information of plans at Evergreen or the Grand Alliance. We dare say that at least of our industry contacts should have triggered an alert if an ULCS order was in the air. So maybe this gossip will turn out to be wrong after all.

In the recent past, Evergreen's name was frequently linked to charters that allegedly backed up large-scale vessel orders, but the deals either never materialised or the ships were taken by other lines. Altogether one can say that the recent ULCS order spree has left shipping analysts split about where exactly the market is heading: Some believe the massive newbuilding schedule will result in an oversupply situation – especially since the majority of the ultra large boxships will hit the market within a relatively short period of time. Others believe the Asia-Europe trade will live up to the projections of most current demand forecasts. In this case, the market should be able to absorb all the new leviathans well.

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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