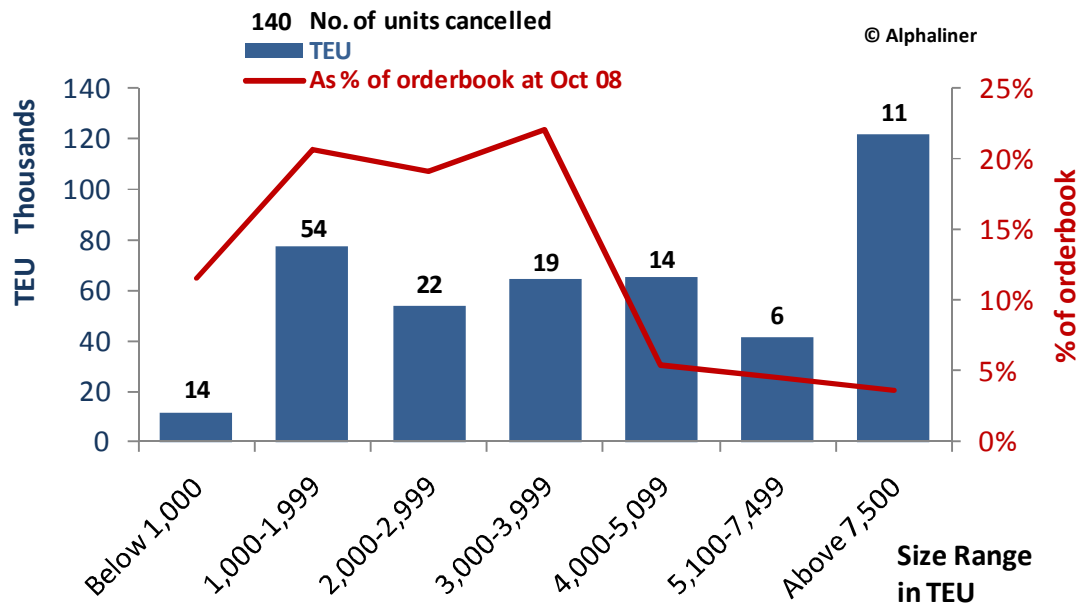




- 140 container ship cancellations have been recorded by Alphaliner since the start of the financial crisis in September 2008
- The 436,000 teu of cellular capacity cancelled represent 6.7% of the orderbook as at 1 Oct 2008.

### Chart of the week

Containership order cancellations since Oct 2008



### Cancellations hit 6.7% of orderbook

Cancellations of containership orders have reached 140 ships for 436,000 teu since the start of the financial crisis in September 2008, according to Alphaliner records. The level of cancellations is lower than the ones observed in the bulk carrier and tanker segments and it represents 6.7% of the 6.51 Mteu container ship orderbook at 1 October 2008.

The cancelled orders include 27 containership orders that were converted into other vessel types by their owners. The remainder of the cancelled orders were outright cancellations or orders that have been delayed to such an extent that they are believed to have been dropped, especially in cases where shipyards faced difficulties in meeting contractual deadlines allowing owners to get out of their commitments. Further cancellations could emerge as discussions are still ongoing between the shipyards and owners. Also, some cancellations may not have been disclosed yet.

The list does not include cancellations of contracts for ships whose construction had already commenced, as well as for completed ships which have not been delivered due to their owners' failure to make full payments. These cancellations have not been included in the statistics as the ships will still enter the fleet as the shipyards will resell them or reach an eventual financial settlement with the original owners.

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Port News compilation

The Alphaliner cancellation list does not include disputed contracts for container-ships already built.

The recent case of the CMA CGM KESSEL is one example of disputed orders, with a large number of similar contracts awaiting resolution. In the case of CMA CGM KESSEL (6,477 teu), the vessel was eventually sold by the builder, Hanjin Heavy Industries, to Greek interests at a 60% discount to the contract price. The vessel has been renamed MIRAMARIN and was traded on the charter market where she was fixed by MSC.

The case followed the dispute at the same yard on three 6,572 teu ships originally contracted by IRISL. The ships were put up for sale by Hanjin H.I. in August 2009 after IRISL failed to make final payments. The dispute was eventually resolved in December following negotiations between the two sides.

Two other interesting cases concern the 2,790 teu PORTO and POSITANO, part of a six ship series contracted by Reederei F. Laeisz at Aker Ostsee in October 2007. Aker Ostsee was taken over by Russian investors in the summer of 2008 and was renamed Wadan Yards. The company was declared insolvent in June 2009. At the time, the first of the six units, PORTO, was at an advanced stage of construction while work had started on the second ship, POSITANO. The insolvency of a shipyard usually triggers a contractual clause allowing the shipowner to cancel the contracts. Laeisz is believed to have used this possibility to cancel all six ships.

However, although with their contracts cancelled, the PORTO and POSITANO were already built. Eventually, Laeisz renegotiated these two ships with the shipyard insolvency administrators with a 60% discount to the original price. Besides, two 1,698 teu ships which were almost fully completed at the same yard when the insolvency was declared, also saw their contracts cancelled. They were later resold by the yard to new owners.

These cases show that the announcement of order cancellations need to be handled with caution when dealing with orderbook statistics and fleet forecasts. It is in full knowledge of their specific status that we decided to maintain them in our orderbook figures despite official cancellations.

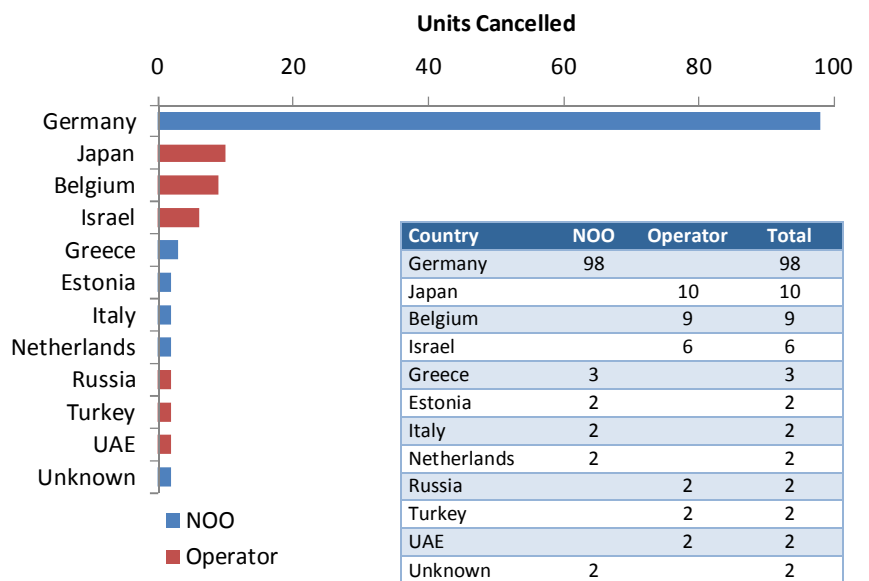
Cancellations were observed in all size segments, with the largest number of cancelled orders in the 1,000 to 1,800 teu size range. A total of 54 cancellations in this size range was recorded. Cancellations in the larger sizes were less common, but they constitute a large part of the capacity cancelled. Although only 31 units of 4,000 teu and above were cancelled (22% of all cancelled orders), they represent 52% of the capacity (228,500 teu) removed from the orderbook.

NYK was among the latest companies to confirm the cancellation of seven containership orders, with two orders of 9,600 teu ships converted into 300,000 tdw VLCC tanker orders and five units of 4,900 teu converted into bulk carrier orders. The seven ships were originally scheduled for delivery in 2011.

The NYK initiative followed the decision of compatriot K Line to convert orders for three 4,500 teu ships into bulk carriers. Interestingly, these 4,900 and 4,500 teu overpanamaxes were part of full sets of nine- and ten-ship-orders, contracted en-bloc. Most likely, they had been contracted to serve a specific route for their respective owners as part of long term plans. The financial crisis has upset these plans. Japanese companies are the most affected by the current crisis in terms of loss of market share. The Japanese carriers have embarked on a revised strategy to reduce their exposure in the container sector, contrasting with pre-crisis development objectives.

The bulk of the cancellations were, however, made by German Non-Operating Owners (NOO), with 98 out of the 140 cancellations recorded made by this group, most of which are believed to be funded by KG structures.

**Cancellations by Owner type/Country of ownership**



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**Cancellations by Shipyard  
Country of Build**

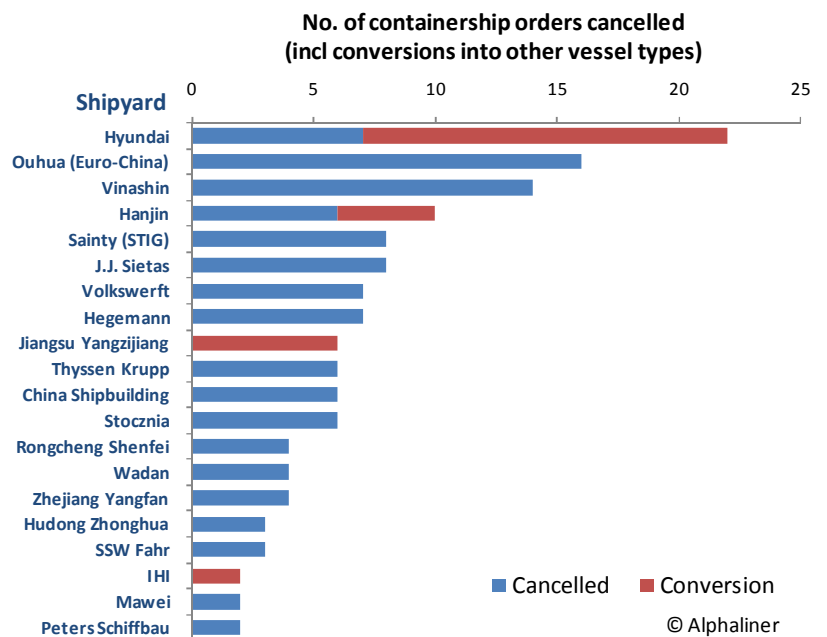
Country	Units	TEU
China	43	111,000
Germany	37	74,000
S Korea	26	113,000
Vietnam	14	14,000
Taiwan	6	10,000
Poland	6	18,000
Philippines	6	77,000
Japan	2	19,000

The statuses of a significant number of newbuilding contracts are still unclear, pending the ability of their owners to secure funding to finance the vessels on order.

UASC was the latest company to announce last week that it has secured a \$275M term loan facility that will be used to finance the acquisition of the first three units of the nine-ship A13-type-series of 13,100 teu vessels ordered from Samsung Heavy Industries in June 2008. The first unit of the UASC order is due to be delivered in October 2010. The status of the remaining six units on order and due in 2011, is still unclear.

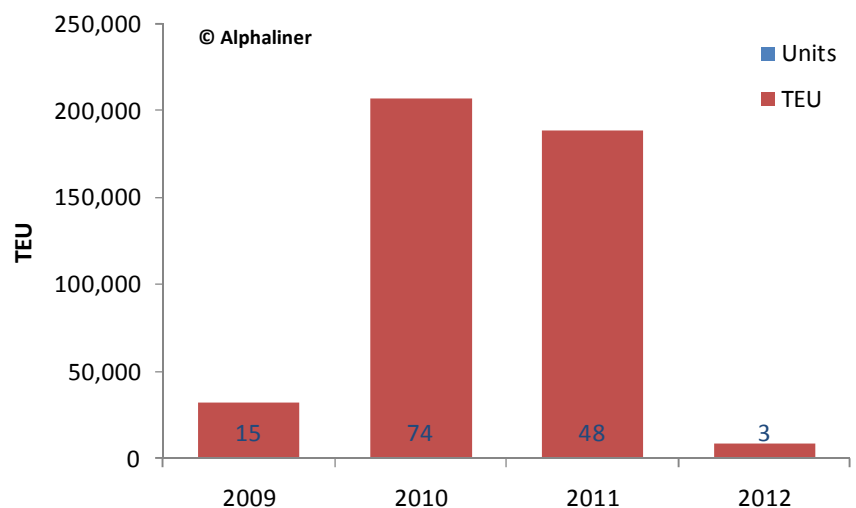
Amongst the shipyards affected by the cancellations, Chinese yards suffered the highest number of cancellations with 43 units cancelled - including 6 conversions. However, the impact of the cancellations has hit German yards hardest. A number of them was forced to exit from building containerships or will stop building them in the near future.

**Containership cancellations by yard**

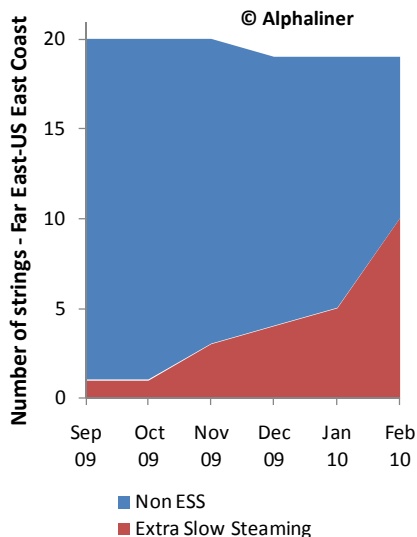


The majority of the units cancelled were originally scheduled for delivery this year, with 74 units for 207,00 teu initially due in 2010. A further 48 units for 189,000 teu that have been cancelled were scheduled for 2011 delivery. This includes six VLCS units of 12,825 teu ordered by NSC Schifffahrt (Neromar Shg Co).

**Original delivery schedule of containerships cancelled**



## SLOW STEAMING WATCH

FE-USEC Services Breakdown  
ESS and non-ESSANZ-US 'Oceania' VSA service  
adopting slow steaming

The member lines of the Oceania Vessel Sharing Agreement (Hamburg Süd, Hapag-Lloyd, Maersk Line and ANL-USL) are running the weekly ANZ-US 'Pacific Southwest String' (PSW) in seven weeks instead of six weeks, with a 7th vessel added. The statement issued by the companies says that "the investment in an extra ship is being undertaken in response to growing concerns over congestion in Australian ports and a strong desire on the part of the member lines to ensure a reliable fixed day weekly service is maintained".

The weekly Pacific Southwest String (PSW) employs seven ships of 2,500-2,700 teu calling at Long Beach, Auckland, Melbourne, Sydney, Tauranga, Suva (2 x monthly), Honolulu (1 x monthly), Oakland, Long Beach. The additional vessel, CAP BLANCHE (provided by Hamburg Süd), has joined the service this weekend. In addition to the PSW string, the Oceania VSA continues to operate the fortnightly 'Pacific Northwest String' with four vessels on a fortnightly basis (PNW).

Majority of FE-USEC services switch to ESS as TSA lines  
given FMC permission to discuss emissions reduction

The number of services that has switched to Extra Slow Steaming (ESS) mode on the all-water Far East to US East Coast has reached 10 out of a total of 19 services on the route. Since MSC first started ESS on its revised FE-USEC Golden Gate Service via Suez in August 2009, more carriers have joined the trend towards slow steaming.

## List of FE-USEC services that have adopted ESS

Service	Operator	Average vsl size	ESS from
Golden Gate	MSC	7,250 teu	Aug 2009
PEX 3	CMA CGM	4,450 teu	Nov 2009
TP-3/Columbus	Maersk/CMA CGM	5,700 teu	Nov 2009
ZCS	Zim	4,900 teu	Dec 2009
AWN/AWE-1 (CKYH)	Hanjin Shg	4,000 teu	Jan 2010
AUE	Evergreen	4,300 teu	Feb 2010
NUE	Evergreen	4,300 teu	Feb 2010
AWY/AWE-3 (CKYH)	Yang Ming	4,000 teu	Feb 2010
AWK/AWE-4 (CKYH)	K Line	4,800 teu	Feb 2010
AWN/AWE-5 (CKYH)	Hanjin Shg	4,200 teu	Feb 2010

## Not on full ESS but rotation extended

AEX	Grand Alliance	5,500 teu	Jan 2010
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The latest service extensions were made by the CKYH Alliance which has stretched four of the group's five all-water services since January. The latest one recorded to have switched to ESS is the CKYH AWY/AWE-3 service which has taken the unusual route of returning from the USEC to the Far East via the Cape of Good Hope. This has extended its westbound transit time from Wilmington (Delaware) to Kaohsiung from 26 days via the Panama Canal prior to the switch to 33 days. The move was initiated with the AWE-3 sailing departing the US on 18 Feb, with subsequent voyages also being routed via the Cape and with one extra ship added to maintain the weekly frequency.

It is unclear if other carriers will follow the move to route via the Cape as the savings on canal toll fees will be offset by the higher fuel costs due to the longer sailing distance and the full 7 day extension in transit time.

Nonetheless, it is very likely that more of the other operators will follow to slow down sailing speeds on the Transpacific services down as shippers are more ready to accept longer transit times than in the past. The moves come as the US Federal Maritime Commission (FMC) approved last week the request from the members of the TSA (Transpacific Stabilization Agreement) to discuss strategies to reduce emissions including slow steaming and other measures to reduce air and water pollution.

## SERVICE UPDATES

**Maersk Line - Mashariki Express Service Details**

<b>Mashariki Express</b>
<b>Vessels Deployed:</b>
6 x 1,700 - 2,500 teu
<b>Port Rotation</b>
Tanjung Pelepas, Mombasa, Dar Es Salaam, Tanjung Pelepas

**MCC Transport - PH-1 Service Details**

<b>Korea-China-Philippines (PH-1)</b>
<b>Vessels Deployed:</b>
4 x 1,300 teu
<b>Port Rotation</b>
Hong Kong, Manila, Cagayan de Oro, Davao, Shanghai, Pyongtaek, Dalian, Xingang, Qingdao, Shanghai, Hong Kong

**FE-WCSA Sling 2 'Andes' Service Details**

<b>FE-WCSA Sling 2 'Andes'</b>
<b>Vessels Deployed:</b>
11 x 3,000-5,500 teu
<b>Port Rotation (revised 2010)</b>
Keelung, Hong Kong, Chiwan, Shanghai, Ningbo, Busan, Yokohama, Manzanillo (Mex), Balboa, Callao, Iquique, Valparaiso, San Vicente, Mejillones, Manzanillo (Mex), Keelung

**Maersk adds direct PTP-East Africa link**

Maersk Line is to launch the 'Mashariki Express', a weekly relay service connecting directly Tanjung Pelepas to Mombasa and Dar Es Salaam, run with six ships of 1,700-2,500 teu. The new service will allow to reduce transit times between the Far East and these two East African ports, currently covered through transshipment at Salalah.

The butterfly service organized in December 2009 to connect Salalah, India and East Africa is terminated. That service called at Salalah, Mombasa, Dar es Salaam, Salalah, Mumbai-Nhava Sheva, Pipavav, Jebel Ali, Salalah using 12 ships of 1,700-2,500 teu. Direct connections between Salalah, Jebel Ali, Mombasa and Dar Es Salaam continue to be maintained with about eight ships of 1,000-2,500 teu in order to provide connections with Atlantic-oriented services

**MCC adds Pyongtaek call on China-Philippines service**

MCC Transport, Maersk's intra-Asia operating arm, is to add Pyongtaek (Korea) to its China-Philippines service (PH-1). The rotation is extended by one week, with the addition of a fourth ship of 1,300 teu in order to maintain the weekly frequency.

**NYK adds Asia-Europe loop through slot buying**

NYK is to add an Asia-Europe loop through slot buying on the Evergreen operated CES service, run with ten ships of 6,300-7,000 teu. NYK is understood to take 300 teu/week on each direction. CMA CGM is already co-loader on this service. The

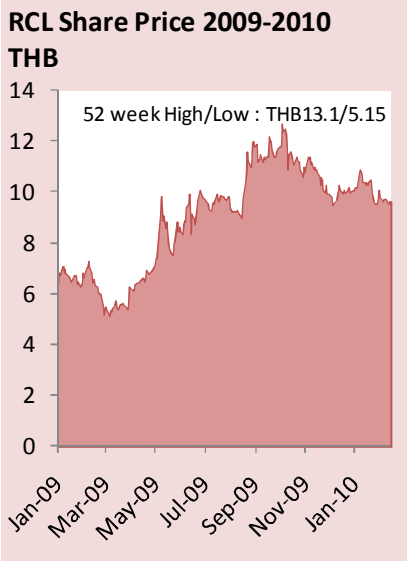
CES calls at Le Havre, Rotterdam, Hamburg, Thamesport, Taranto, Colombo, Tanjung Pelepas, Kaohsiung, Ningbo, Shanghai, Taipei, Hong Kong, Yantian, Tanjung Pelepas, Colombo, Taranto, Le Havre

**MSC/HS/CCNI add calls on FE-WCSA service**

MSC, Hamburg Süd and CCNI are to add calls at Balboa (Panama) and Iquique (Chile) to their joint FE-WCSA Sling 2 'Andex' service. The Buenaventura call in Colombia is removed (this port is already covered with the Sling 1).

The new 'Andes' rotation, which will be phased in over March and April, is as follows : Keelung, Hong Kong, Chiwan, Shanghai, Ningbo, Busan, Yokohama, Manzanillo (Mex), Balboa, Callao, Iquique, Valparaiso, San Vicente, Mejillones, Manzanillo (Mex), Keelung.

**CORPORATE UPDATES**



**RCL to take THB 1,628M impairment loss**

In a stock exchange filing, Thai regional operator RCL has announced that it will recognize impairment losses of THB 1,628M (\$49M) for the financial year ended December 2009.

The bulk of the losses is attributed to the reduction in the value of vessels held by its Singapore subsidiary, which dropped by THB 853M (\$25M). The value of its properties in Singapore also fell by THB 796M (\$24M) but this was offset by a revaluation of its Hong Kong properties which rose by THB 21M (\$0.6M).

RCL is due to report its full-year 2009 results later this month. For the first three quarters of the year, it had reported a net loss of \$47.6M before these impairment losses were recognized. The full year loss is expected to exceed \$100M making it the worst annual performance in the company's history.

**Maruba receives lifeline**

Argentinean carrier Maruba has received much-needed aid from the government, with a promised \$30M credit injection. In return, the Rodriguez family which currently owns 100% of the carrier will trim its stake to 40%, with 35% of the shares going to the Syndicate of United Maritime Workers (SOMU) union and the remaining 25% taken by private investors.

The deal is part of a Letter of Intent (LOI) signed by Maruba and SOMU which is expected to be finalized by March.

**SCI liner business lost \$62M in 2009**

The Shipping Corporation of India (SCI) suffered an operating loss (EBIT) of INR 2,866.6M (\$62M) for the calendar year 2009 from its liner shipping business. The results is based on the quarterly results compiled from company filings (SCI financial year end is in March).

SCI's liner shipping operations include the breakbulk and container shipping business which suffered from a 11% drop in revenue during the year. The company is reportedly seeking to buy second hand vessels (primarily for its dry bulk and tanker shipping business which remains profitable).

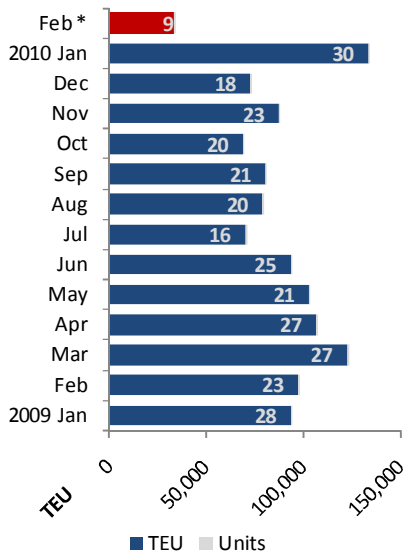
**Shipping Corp. of India (SCI)  
Liner Shipping Results FY 09/08**

INR M	Jan-Mar	Apr-Dec	Full Year
<b>Revenue</b>			
Liner - 2009	2,054.9	6,060.7	8,115.6
Liner - 2008	2,509.1	6,618.1	9,127.2
<b>EBIT</b>			
Liner - 2009	-707.3	-2,159.3	-2,866.6
Liner - 2008	-75.1	-1,165.1	-1,240.2

Note:  
SCI financial year end is in March  
Results shown for liner shipping only (excl bulk and other shipping segment)

**DELIVERY UPDATES**

**2009-2010 Deliveries By Month**



\* Deliveries recorded month-to-date

**February 2010 Deliveries (recorded to date)**

Name	Teu	Operator
APL OMAN	4,872	APL
BAHAMAS	4,330	APL
JOSEPH CONRAD	4,256	CSAV
JPO VOLANS	4,252	n.a.
SCHLIEMI RICKMERS	4,250	Hanjin
HS HAYDN	3,534	TSL
MAERSK BRANI	3,200	Maersk
ARICA BRIDGE	2,553	K Line
MAERSK WILMINGTON	1,708	MCC

**The APL OMAN (4,872 teu) is delivered**

APL has taken in charge the APL OMAN, first of two 4,872 teu ships built at Romanian shipyard Daewoo-Mangalia H.I. (DMHI - affiliate of Daewoo Group, Korea) for Singapore-based Seacastle, which purchased these contracts from German ship financier Gebab in October 2007. The APL OMAN will perform a Europe to Far East trip after which she is expected to join the 'North China-India Express' (CIX), run jointly by APL and OOCL. These ships are similar to 12 ships built at DMHI or DSME for various owners.

The delivery of the APL OMAN was delayed by 11 months, with a second vessel (APL QATAR) for the same owner due to be delivered next month under a similar long term charter arrangement to APL.

**The HS HAYDN (3,534 teu) is joins TS Lines**

Hansa Shipping GmbH & Co KG - acting on behalf of ship financier Hansa Treuhand - has received the HS HAYDN (3,534 teu), built at the Shanghai Chengxi Shipyard ('Shanghai 3500' design). The HS HAYDN is to join her charterer TS Lines for assignment to its China-India-Middle East service (CME).

The HS HAYDN follows in the 'Shanghai 3500' series the PRAIA, delivered in December.

**The MAERSK BRANI (3,200 teu) is delivered**

Maersk Line has taken in charge the MAERSK BRANI, last unit of a series of eleven ships of 3,200 teu, ordered at Hanjin in two steps (May and Oct 2005). These ships are owned by the Singapore branch of the A.P. Møller-Maersk Group. The MAERSK BRANI will join Maersk's Tanjung Pelepas-New Zealand seasonal relay service, which strengthens the main PTP-Australia/New Zealand relay service during the southern hemisphere fruit season (February-June). She follows the MAERSK BATUR, delivered in January. These ships have a high reefer capacity with 802 reefer plugs.

**The ARICA BRIDGE (2,553 teu) is delivered**

K Line has taken in charge the ARICA BRIDGE, a 2,553 teu ship built for Japanese owners at Naikai Zosen and long term chartered by K Line. She belongs to the 'Naikai 2500' series and is assigned to the Asia-WCSA 'New Andes' service. In the 'Naikai 2500' series, the ARICA follows the MOL SPARKLE which had been delivered in November 2009.

## TERMINAL UPDATES

**Top 25 Ports  
2009 Handling Volumes**

Port	M teu	Change
1 Singapore	25.87	-13.5%
2 Shanghai	25.00	-10.7%
3 Hong Kong	20.98	-14.3%
4 Shenzhen	18.25	-14.8%
5 Busan	11.95	-11.1%
6 LA/LB	11.82	-17.6%
7 Guangzhou	11.19	1.7%
8 Dubai	11.10	-6.1%
9 Ningbo	10.50	-6.4%
10 Qingdao	10.26	-0.6%
11 Rotterdam	9.74	-9.6%
12 Tianjin	8.70	2.4%
13 Kaohsiung	8.58	-11.3%
14 Antwerp	7.31	-15.6%
15 Port Kelang	7.31	-8.3%
16 Hamburg	7.01	-28.0%
17 Tanjung Pelepas	6.02	7.5%
18 Xiamen	4.68	-7.0%
19 Laem Chabang	4.64	-9.7%
20 Bremerhaven	4.56	-17.4%
21 Dalian	4.55	1.1%
22 NY/NJ (f/c)	4.53	-14.1%
23 Nhava Sheva	3.86	-7.6%
24 Jakarta	3.80	-4.5%
25 Tokyo (f/c)	3.73	-9.9%

**Main Asian port volumes rise in January**

Hong Kong's container throughput rose by 17.1% in January to 1.89 Mteu. Volumes had dipped by 14.3% overall in 2009 to 20.98 Mteu in its worst annual performance.

Busan also recorded a 18.3% rise in volumes handled to 1.06 Mteu in January while Kaohsiung's throughput rose by 23.7% to 766,000 teu.

**LA/LB volumes still weak**

The ports of Los Angeles and Long Beach achieved a combined throughput of 1.002 Mteu in January 2010, slightly higher than the 0.986 Mteu recorded in the same period last year. While export volumes rose by 19% to 254,000 teu, import volumes fell by 1% to 514,000 teu. The improved imbalance ratio also resulted in a reduction in empty container handling to 233,000 teu, a fall of 15%.

**APMT submits bid for Callao North Terminal**

APM Terminals have put up a proposal to re-develop the Muelle Norte container terminal area at the Peruvian main port of Callao. The terminal is currently operated by the National Port Company (ENAPU). APMT's bid will compete with an earlier proposal by DP World submitted in December 2008. The Peruvian National Port Authority (Autoridad Portuaria Nacional - APN), said that AMPT proposed to invest \$1.9bn into the project over a period of 30 years.

APN said that it will perform a technical evaluation of the initiative presented within the next 60 days.

**River Scheldt dredging works have begun**

One month after the project's final green light, the deepening of the river Scheldt has started in February. After years of negotiations between the Belgian port of Antwerp, main beneficiary of the deepening, and the Dutch waterway authorities, the first dredging vessels finally started operations on 12 February.

Over the course of the year 2010, about 7.7 million cubic metres of sand will be removed from the seabed in the river fairway. Once the work is completed, ships with drafts of up to 13.1m will be able to navigate the river passage between Antwerp and the North Sea irrespective of the state of tide. Deeper draft ships will still have to sail into and out of Antwerp with the high tide, but time windows - especially those for large ships - will be much more comfortable after the deepening is completed.