

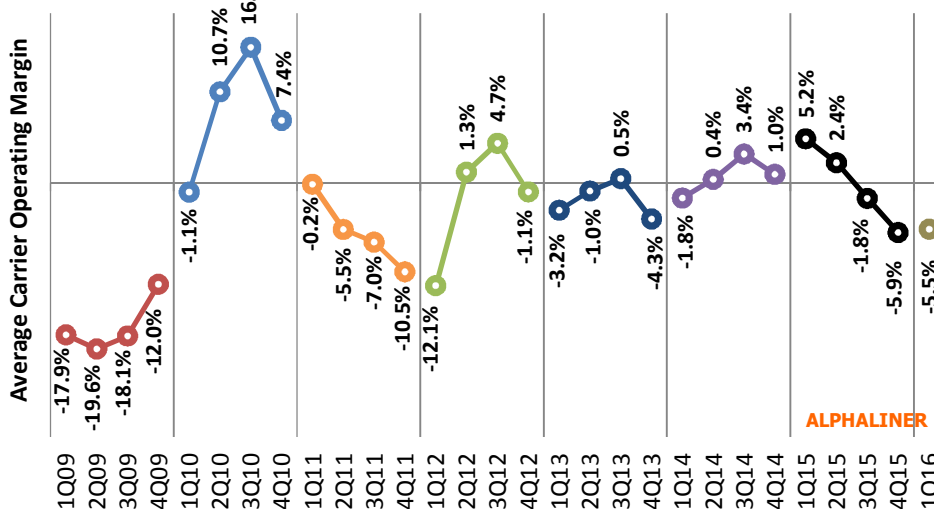
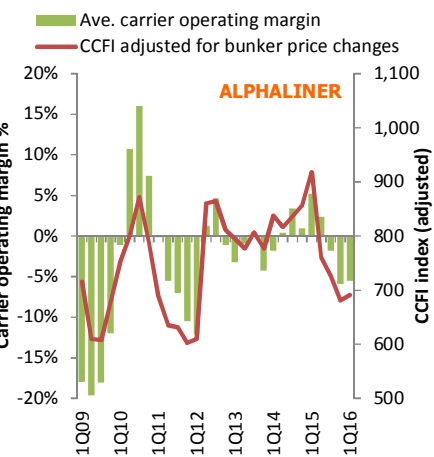


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Chart of the week

Average Operating Margins by Quarter (Container Shipping Only) : 2009-2016

Correlation of CCFI (adjusted) to average carriers' operating margins



Average of APL, CMA CGM (fr 2010), CSCL, EMC, Hanjin, Hapag-Lloyd (incl CSAV to 2014), HMM, KL, Maersk, MOL, NYK, WHL, YML, Zim

More capacity reductions planned as carriers remain in the red and carrier consolidation gets underway

CMA CGM has launched a voluntary conditional general offer for NOL's shares at S\$1.30 per share on 30 May 2016, which is to become unconditional as soon as the French ocean carrier acquires over 50% of the shares. This is expected to be confirmed by next week as NOL's main shareholder (Temasek Holdings) has given its undertaking to sell its 66.8% stake to CMA CGM. This will add to the 10.6% stake that CMA CGM had already secured from open market purchases in the past six months, since the first announcement of its intention to acquire NOL and the carrier's container shipping arm APL on 7 December 2015.

The move will strengthen CMA CGM's position as the third largest carrier in the world by adding APL's fleet of 540,000 teu to the 1,801,000 teu that CMA CGM currently operates. While the deal is expected to be closed by July, it takes place at a difficult time for the container shipping market, as carriers' earnings remain under severe pressure.

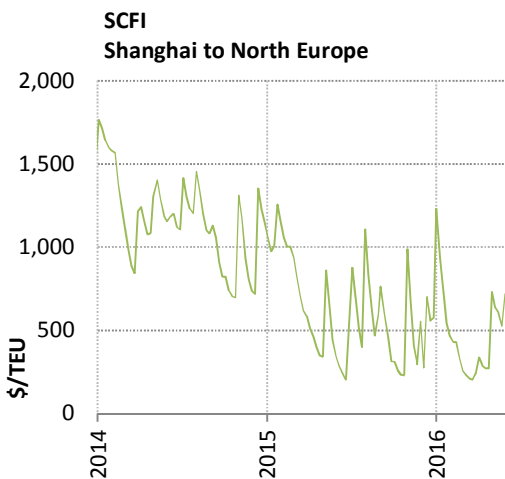
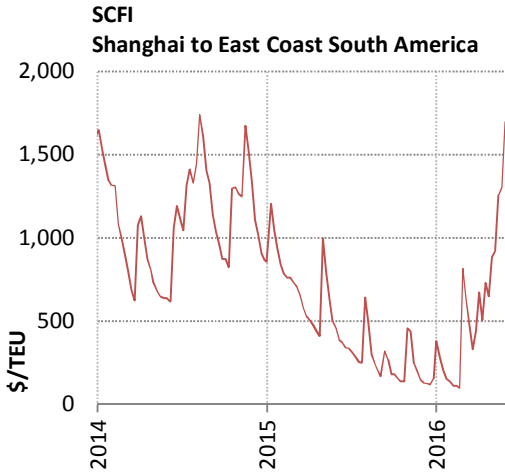
Last week, Zim reported an operating loss (core EBIT) of -\$16 M in the first quarter, for an operating margin of -2.5%. Zim was the last of the main carriers to post financial results for the first three months of 2016, with average operating margins of the 14 main carriers surveyed by Alphaliner reaching -5.5% during the quarter.

The weak market conditions and the CMA CGM-APL consolidation, as well as the uncertainties posed by HMM and Hanjin Shipping's financial restructuring moves, are expected to lead to significant capacity reductions in the coming months, as carriers move to stop the severe rate slide of the past few months.

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Spot rates on selected routes from Shanghai : 2014-2016



Permanent capacity cuts have proven to be the only effective way for carriers to revive the ailing freight rates amidst weak market demand. Rates on the Asia to East Coast South America market have surged in the last three months, after carriers took drastic action to reduce overall capacity on the route by 40% year-on-year, with six weekly strings consolidated into only three remaining services per week.

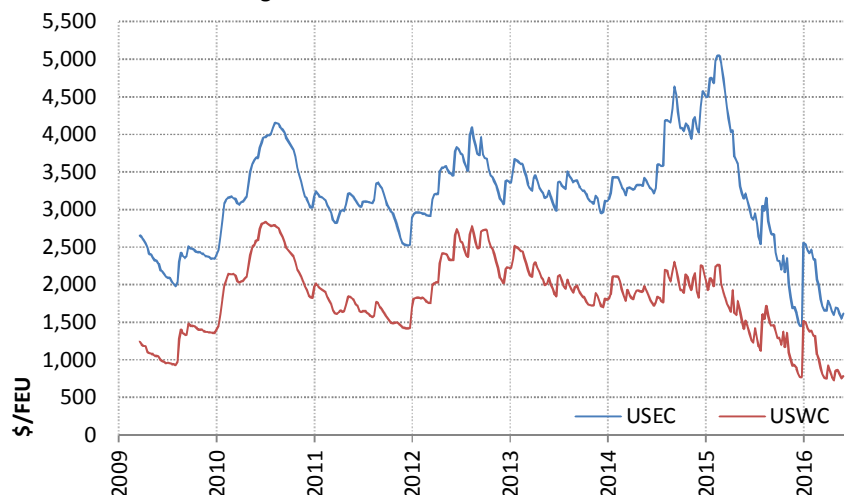
Spot rates from Shanghai to Santos now stand at about \$1,700/teu compared to only \$100/teu in early February, for a massive 1,600% increase in the space of only three months.

Carriers have also been somewhat successful with their efforts to push-up Asia - Europe rates after each of the four main alliances withdrew one Far East - North Europe string. Subsequently, the number of weekly services on this route was cut from last year's 21 loops to the current total of only 17. Previous carrier initiatives to support rate increases by selectively voiding sailings had proven ineffective, as these such efforts only removed capacity on a temporary basis, creating short-term capacity peaks and troughs that failed to lift rates on a sustainable basis.

The improvements from the General Rate Increase (GRI) exercise on the Asia-Europe route, implemented on 1 May, were largely retained and even though carriers failed to push through with a proposed mid-May increase, they are now going ahead with another GRI on 1 June. This is expected to keep spot rates on the route at above \$700/teu, a significant improvement over the \$200 per teu that were offered in the first quarter, when rates on the trade had reached an all-time low.

Attention will now shift to the Asia - North America trade, where spot freight rates have also slumped to their lowest levels on record, and where recent GRI attempts have failed to lift rates from their current rock bottom levels. According to Alphaliner data, overall Asia - North America capacity is currently 5.1% higher than one year ago, putting significant rate pressure on carriers as demand remains slack. Since present rate levels are unsustainable for carriers, capacity cuts in this trade are expected to be announced in the coming weeks.

SCFI Shanghai to USWC & USEC



SERVICE UPDATES

The revised 2M Asia-North Europe network will feature 44 weekly calls at ports in South East Asia and the Far East, compared to 54 calls under the present setup.

Ports losing calls are Yantian (from 9 to 7), Tanjung Pelepas (from 7 to 6) and Hong Kong (from 4 to 3). Of note Singapore sees its weekly Far East - North Europe calls decrease from 4 to 3.

The number of North European calls will be 29, down from 30. Rotterdam loses the double call on the 'AE-1/Shogun' service to Felixstowe, changing the situation of 5 calls at Rotterdam and 4 in Felixstowe in favour of the UK port. Antwerp will gain two new services, but keeps 4 weekly calls as the double calls on 'AE-2/Swan' and 'AE-6/Lion' are to be terminated. The German ports of Bremerhaven (6 calls), Hamburg and Wilhelmshaven (each 2) keep the same number of calls, whilst Le Havre is to lose one (down to 2).

Of note, the revised network does not feature any direct calls at Cai Mep and Kaohsiung, while such direct connections from Taiwan to North Europe are offered by 2M competitors.

2M partners unveil new FE-North Europe network

Maersk Line and MSC are to revise the rotations of the five Far East-North Europe services operated within the framework of the '2M Vessel Sharing Agreement'. To be implemented in the third quarter, the network revamp will see the overall number of weekly port calls drop from 95 to 83. The reduction is made to bring down transit times on some corridors and to maintain schedule reliability in case of vessel delays by means of adding more buffer time.

The most significant change is the omission of the Japanese ports of Kobe, Nagoya and Yokohama from the 'AE-1/Shogun' service, which will take over the Middle East calls (eastbound) of the existing 'AE-6 / Lion' service. The only direct Japan call in the network will be the Yokohama call on the westbound leg of the only 'AE-Europe-FE-USWC' pendulum.

The new patterns affects the following services :

- ▶ AE-1/Shogun - Omitting Japanese ports whilst keeping South East Asia coverage via Colombo (westbound) and henceforth serving the Middle East eastbound.
- ▶ AE-2/Swan - Aimed as fast link from North & Central China to UK and Belgian markets and taking over Colombo eastbound call from existing 'AE-1/Shogun' service.
- ▶ AE-5/Albatros - Targeting the German market westbound and taking over the Scandinavian calls of 'AE-2/Swan' service.
- ▶ AE-6/Lion - Keeping westbound focus on Sines and Antwerp and aiming at UK to Far East exports with eastbound calls at both Southampton and Felixstowe.
- ▶ AE-10/Silk - Taking over Dalian and Xiamen calls from 'AE-5/Albatros' whilst keeping South Korean coverage with westbound focus on the Dutch and Polish markets.

2M Asia-North Europe Service Network Matrix Comparison

Service Code	Ships Deployed	Ave. TEU per week	North Continent / Scandinavia		UK	Wayports					SEA	S. China	C. China	N. China	Korea	Japan																					
			Le Havre	Antwerp	Rotterdam	Hamburg	Bremerhaven	Wilhelmshaven	Gdansk	Aarhus	Gothenburg	Felixstowe	Southampton	Sines	Algeiras	Tangier	Salalah	Jebel Ali	Colombo	Singapore	Tg Pelepas	Nansha	Hong Kong	Yantian	Chiwai	Xiamen	Ningbo	Shanghai Ports	Qingdao	Xingang	Dalian	Busan	Kwangyang	Kobe	Nagoya	Yokohama	
Current rotation																																					
AE-1 / Shogun	11 x 13,000-15,900	14,605	6	2/5	3	4					1			ew				2	1/12		3/10/4/11		8	9									5	6	7		
AE-2 / Swan	12 x 15,500-19,200	16,979		2/8		3/7	6	5	4		1			ew				1	9		8		7	2/6													
AE-5 / Albatross	11 x 18,300-19,200	18,661	1	2		3				4				ew e				1/11		2/10		9	8	3/7													
AE-6 / Lion	17 x 13,000-13,800	13,237	7	1/6	4	2	3			5				w		e e		1	(13)	2(11)	3	4(12)	(10)	5(9)	(7)	(8)									(6)		
AE-10 / Silk	11 x 18,300-19,200	18,420			5	2/4	3			1				e				1	9		3	2/8		7	6												
Revised rotation (from 3Q 2016)																																					
AE-1 / Shogun	TBC		7	6	2	3	4			1/5				e e e w				5		3	4		1	2													
AE-2 / Swan	TBC			2	5	4	3			1				w				1	10		2	3/9		8	7												
AE-5 / Albatross	TBC			7	8	2	1/6	5	4	3				w				1	9		8		6	2/7													
AE-6 / Lion	TBC		2	1						4	3			w		e		1	(11)		2	3	4(10)	(9)	5	(7)	(8)									(6)	
AE-10 / Silk	TBC				1	2/4	3			5				e					1/9		8		7	2/6													
Sequence of port calls indicated for both North Europe and Far East port range (Numbers in brackets denote westbound calls only for pendulum services).Wayports show east or west bound call																																					
Total no. of weekly calls at each port (incl. double calls)																																					
Current rotation			3	4	5	2	6	2	1	1	1	4	1	1	2	4	1	1	2	4	7	2	4	9	1	3	5	7	2	1	1	3	1	1	1	2	
Revised rotation (from 3Q 2016)			2	4	4	2	6	2	1	1	1	5	1	1	2	3	1	1	2	3	6	1	3	7	1	1	5	7	2	2	1	3	1	0	0	1	

SERVICE UPDATES

MSC : 'Origami' Service Details

Origami feeder service
Vessels Deployed:
3 x 4,000-4,250 teu
Port Rotation
Ningbo, Osaka, Kobe, Yokkaichi, Nagoya, Ningbo, Omaezaki, Yokohama, Tokyo, Hakata, Kwangyang, Ningbo

CMA CGM : US flag service Details

US to Korea/China
Vessels Deployed:
Slots on APL's EX1 service
Port Rotation
Los Angeles, Oakland to Busan, Qingdao, Shanghai (westbound only)

MSC revises 'Origami' Japan feeder service

MSC is reorganizing its Japan feeder service, branded 'Origami Express'. The new rotation will offer two successive strings in a butterfly pattern.

With loops centred on MSC's hub port of Ningbo, the changes allow for a reduction of transit times to and from Ningbo, while overall port coverage remains unchanged.

The revised rotation covers Ningbo, Osaka, Kobe, Yokkaichi, Nagoya, Ningbo, Omaezaki, Yokohama, Tokyo, Hakata, Kwangyang, Ningbo.

A third week and third ship are added to cater for the increased mileage. The additional ship is the 4,250 teu VICKI RICKMERS, which is to join the MSC NATALIA (4,117 teu) and MSC ANNICK (3,987 teu).

The new 'Origami Express' pattern will be implemented a few weeks before Kobe and Nagoya will be dropped from the revised '2M' network, leaving Yokohama as the only direct call in Japan, on the Far East-Europe 'AE-6 / Lion' loop. The 'AE-6 / Lion' loop will be the only '2M' Far East-Europe service calling directly in Japan.

Maersk, MSC's 2M partner, has not yet announced how it will serve the Japanese market following the omission of the Japanese ports on its Asia-North Europe services in the third quarter of this year.

CMA CGM to offer transpacific US-flag service

CMA CGM is to offer a transpacific US-flagged weekly service connecting the USWC to South Korea and China through slots on the APL 'Eagle Express' (EX 1) service.

The French carrier will get up to 100 teu per week from Los Angeles and Oakland to Busan, Qingdao and Shanghai. The US flag status of this service will allow CMA CGM to carry US government and military cargoes.

The 'EX 1' service is operated with six US flag vessels of 5,100-5,500 teu controlled by APL Maritime Ltd, the US-based branch of APL.

The full rotation covers Qingdao, Shanghai, Busan, Los Angeles, Oakland, Dutch Harbor, Yokohama, Busan, Naha, Qingdao.

SERVICE UPDATES

**Maersk : AC-1/AC-2/AC-3
Services Details****Asia-West Coast South America****Vessels Deployed:**

AC-1 (new) : TBN 4,500 teu ships

AC-2 : 9 x 9,600 teu

(the remaining 13,500 teu ships to be removed)

AC-3 : 21 x 6,500-9,600 teu (pendulum)

Port Rotation (all weekly)

AC-1 (new) : Busan, Shanghai, Ningbo, Kaohsiung, Hong Kong, Chiwan, San Antonio, Callao, Buenaventura, Balboa, Lazaro Cardenas, Manzanillo (Mex), Busan

AC-2 (revised) : Qingdao, Shanghai, Busan, Manzanillo (Mex), Lazaro Cardenas, Balboa, Buenaventura, Lazaro Cardenas, Qingdao
*(Ningbo call is removed)*AC-3 (revised) : Kaohsiung, Nansha, Hong Kong, Chiwan, Ningbo, Kwangyang, Yokohama, Manzanillo (Mex), Lazaro Cardenas, Balboa, Buenaventura, Callao, San Antonio, Kaohsiung
*(the Buenaventura, Balboa, Lazaro Cardenas, Manzanillo (Mex) northbound segment is removed)*** Note : The 'AC-1' appellation was previously used for a Maersk Line service that is unrelated to the new Asia-WCSA service. This service, operated between 2006 and 2008, initially connected the Far East with Panama, the Caribbean and Mexico, with the Caribbean calls at Manzanillo (Pan) and Kingston dropped in 2007. The service then turned around at Balboa and Lazara Cardenas until its closure in end 2008 in the aftermaths of the Lehmann Bros failure.***Maersk to add third Asia-WCSA service - with reversed WCSA pattern**

Maersk Line is to add a third weekly service between Asia, the West Coast of South America and Mexico from the end of June as part of a wider reorganization of its network in the trade. The new pattern will include two loops turning with counter rotations, allowing to substantially improve Far East - Chile transit times in both directions.

The additional service, dubbed 'AC-1', will be the only FE-WCSA service that is first directed to Chile ports rather than using the traditional routeing starting with Mexico or Colombia or Ecuador or Peru, that puts Chile at a disadvantage for southbound transit times. For example, the new 'reversed' pattern allows an advertised transit time of only 28 days from Chiwan to San Antonio on the AC-1, compared to 39 days on Maersk's existing AC-3 service.

The improved transit times will work in the other direction as well because the northbound WCSA-Mexico-FE segment of the 'AC-1' allows to cut a similar segment from the 'AC-3' (string of pendulum), which will therefore proceed directly from San Antonio to the Far East without wayporting in the northernmost WCSA and Mexico ports, therefore improving the Chile - Far East northbound transit times.

The 'AC-1' will add to the current 'AC-2' and 'AC-3' services, whose rotations will be adjusted. It will employ 4,500 teu vessels whilst the fleets deployed on the AC-2 and AC-3 will be partially downgraded.

The 'AC-2' will drop the call at Ningbo and the loop's capacity, which averaged some 11,800 teu in early May, will be downgraded to the about 9,600 teu as the currently deployed 13,600 teu ships are phased out. Of note, MSC slots on this service, branding it 'Alpacca'.

The AC-3 will return straight to Asia after the San Antonio call, instead of the routing via Colombia, Panama and Mexico. Of note the 'AC-3' is the Asia - WCSA segment of a pendulum combining the Far East - Mexico - WCSA 'AC-3' service and the Far East - South Africa 'Safari' string. A total of 21 ships of 6,300-9,600 teu are currently deployed on the service, offering an average weekly capacity of about 9,000 teu, to be reduced to 8,500 teu.

Although Maersk states that overall weekly capacity will remain unchanged following the introduction of the new AC-1, the combined weekly Asia - WCSA of the existing AC-2 and AC-3 (based on the average capacity in April/May) will be increased from y of 20,800 teu to a notional 22,600 teu after the launch of the AC-1. This marks an increase of some 9% over the current capacity, or, respectively, 25% on a year-on-year basis, according to Alphaliner records.

SERVICE UPDATES

**CMA CGM/COSCO/Hapag-Lloyd :
PEX 2/CAX 1/JCS Service Details****PEX 2/CAX 1/JCS****Vessels Deployed:**

12 x 4,250-5,100 teu

Port Rotation

Singapore, Chiwan, Hong Kong, Kaohsiung, Ningbo, Shanghai, Qingdao, Busan, Enseñada, Manzanillo (Mexico), Manzanillo (Panama), Cartagena, Kingston, Caucedo, Port of Spain, Singapore

Previous Asia rotation called at Busan, Qingdao, Shanghai, Ningbo, Kaohsiung, Chiwan, Hong Kong

CMA CGM, COSCO and Hapag-Lloyd revise Far East - Mexico - Caribbean service

CMA CGM, COSCO and Hapag-Lloyd are to reverse the Asian range port rotation of their joint Far East-Mexico-Caribbean service as they opt for a permanent routing via the Cape of Good Hope on the return leg from NCSA to Asia.

This service, branded as 'PEX 2' by CMA CGM, 'CAX 1' by COSCO and 'Joint Caribbean Service' (JCS) by Hapag-Lloyd, and on which Hamburg Süd and APL take slots, will continue to use the Panama Canal on the headhaul leg from the Far East to Mexico. The return via the Cape gives it an eastbound round-the-world pattern.

Despite the use of the Cape route for most backhaul sailings since early 2016, the joint service's 12 ships 4,250-5,100 teu continued to call at Busan as the first port in Asia and returned to Southern China afterwards. This rotation will be turned around, therefore reverting to the pattern the service followed prior to November 2014.

An extra call at Singapore will also be included, which will allow faster connections from the Caribbean to South East Asia and, by transhipment, to South Asia.

The service will continue to turn in 12 weeks, calling at Singapore, Chiwan, Hong Kong, Kaohsiung, Ningbo, Shanghai, Qingdao, Busan, Enseñada, Manzanillo (Mexico), Manzanillo (Panama), Cartagena, Kingston, Caucedo, Port of Spain, Singapore.

The first ship to follow the revised schedule will be the 5,078 teu CMA CGM NEW JERSEY, sailing on 14 June from Chiwan.

The choice of a permanent Cape routing is a further illustration of the Suez Canal Authority's failed attempt to regain lost traffic through a 30% rebate for USEC - Far East or Caribbean -Far East transits on the normal toll. This rebate is however valid until 5 June, with the SCA to decide about a possible extension.

New rotation of the PEX 2/CAX 1/JCS service

SERVICE UPDATES

The 'Z7S' adds to the six loops offered by HMM within the G6 partnership

The 'Z7S' calls at Dachan Bay, Yantian, Cai Mep, Port Kelang, Colombo ...(Suez)... New York, Norfolk, Savannah ...(CGH)... Port Kelang, Dachan Bay.

The service turns in ten weeks, using ten ships of 4,100-8,400 teu.

It is routed westbound via the Suez Canal and it returns via the Cape of Good Hope.

MOL : TSE Service Details

Taiwan-Singapore-US East Coast svc

Vessels Deployed:

Slots on Evergreen AUE service

Port Rotation

Xiamen, Kaohsiung, Hong Kong, Yantian, Singapore ...(Suez Canal)... New York, Norfolk, Savannah, Colon-Coco Solo (new call from July) ...(Pan Canal)... Xiamen

Zim and HMM in slot swap on FE-USEC

HMM and Zim have concluded a slot exchange agreement on the Far East - USEC run, through which HMM will start to take slots (150 weekly teu) on Zim's Asia-USEC 'Seven Star Express' service (Z7S), while Zim will take 150 additional weekly teu slots from HMM on the Asia-USEC G6 Asia - USEC 'CEC' service (CEC).

The first HMM sailing on the 'Z7S' occurred on 29 May from Dachan Bay.

The deal will bring the number of HMM's Far East-USEC weekly services (either via Suez or Panama) from six to seven. HMM is the fourth G6 partner to take slots on the 'Z7S', adding to OOCL (since May 2015), MOL and NYK (both since 8 May 2016). The G6 partners and Zim are already involved in other agreements involving Far East-US services, including the 'CEC' service on which Zim receives the additional slots.

MOL goes on with revision of Far East - USEC offer

Further to the closure of the current G6 'SCE/NYE Combo sling' within a wider restructuring of the G6 Far East - USEC services. MOL is to maintain its connectivity on the South China - Taiwan - South East Asia - USEC trade through slots on one of the CKHYE services covering this trade, branded 'AWE 8' by COSCO, Yang Ming and K Line, 'AWP' by Hanjin and 'AUE' by Evergreen. MOL will market it as 'TSE'.

The 'TSE' will in particular allow MOL to maintain a direct Xiamen-USEC link and to continue to offer three weekly loops on the South China - Taiwan - South East Asia - USEC trade, along with the existing G6 'CEC' loop via Suez and the MOL's slots on the Zim 'Z7S' service via Suez.

The 'AWE 8/AWP/AUE' currently routed via Suez in both directions, will return to Asia via the expanded Panama Canal, effective from July, while continuing to use the Suez route out of South East Asia. The rotation will remain unchanged, except for an additional call at the Panama hub of Colon-Coco Solo.

The service will then call at Xiamen, Kaohsiung, Hong Kong, Yantian, Singapore ...(Suez Canal)... New York, Norfolk, Savannah, Colon-Coco Solo (new call from July) ...(Panama Canal)... Xiamen. Of note, MOL does not advertise Colon-Coco Solo. The service will continue to turn in 11 weeks with 11 ships of 8,000-9,000 teu, provided by COSCO, Hanjin and Evergreen. The first MOL sailing is scheduled on 8 June from Xiamen.

MOL's overall Far East - USEC offer will comprise by July a total of eight weekly loops, either via Panama or Suez.

SERVICE UPDATES

**CMA CGM : Victory Bridge
Service Details****Victory Bridge****Vessels Deployed:**

6 x 4,200-4,300 teu

Port RotationLe Havre, Antwerp, Rotterdam,
Bremerhaven, Charleston, Savannah,
Miami, Veracruz, Tuxpan, Altamira,
Houston, New Orleans, Miami, Le

MACS was set up in Germany in 1970 by the Scheder Bieschin family. The company currently operates 13 geared multipurpose cargo vessels of 30-37,000 dwt as well as the 364 teu BLACK RHINO, operated on the Durban -Maputo Black Rhino service.

SEABOARD MARINE

Seaboard Marine is a leading carrier in the Americas, with a network covering the US-Caribbean, US-Central America, US-NCSA and US-WCSA trade routes. The company caters for containers, breakbulk cargoes and, marginally, rolling stock, with a fleet of 24 container and multipurpose, as well as one ro-ro vessel.

CMA CGM to add Tuxpan call to transatlantic service

CMA CGM is to add the Mexican port of Tuxpan to its standalone North Europe - US Gulf 'Victory Bridge' service, with the new call to be inserted between the loops current Mexico coverage of Veracruz and Altamira. The addition will make CMA CGM first carrier to include this new container port on a regular liner service. The 'Victory Bridge' will continue to turn in six weeks with six classic panamax ships of 4,200-4,300 teu, calling at Le Havre, Antwerp, Rotterdam, Bremerhaven, Charleston, Savannah, Miami, Veracruz, Tuxpan, Altamira, Houston, New Orleans, Miami, Le Havre.

The first Tuxpan call is planned for 4 July with the HAMMONIA VENEZIA, which will start loading in Europe at Le Havre on 12 June.

The ship will be handled at the new SSA Tuxpan Port Terminal (see page 15) of which CMA CGM is the launch customer. The French Line opted for Tuxpan as it is the closest geographical port to Mexico City, with a good connectivity to Valle de Mexico and the industrial and automotive hub of the Bajio region.

MACS to offer WCSA connections with Seaboard link

Hamburg-based MACS Maritime Carrier Shipping has inked a connecting carrier agreement with Miami-based Seaboard Marine, allowing the German firm to offer a Europe-Jamaica-WCSA breakbulk service via transshipment at Houston. The agreement covers the shipment of conventional cargoes with unit weights of up to 120 tons.

The first leg of the voyage is ensured by MACS with its monthly Europe-US Gulf breakbulk service. This operation, which employs two geared multipurpose cargo vessels, the 33,000 dwt/1,908 teu AMBER LAGOON and GREY FOX, connects Immingham, Brake, Antwerp and Bilbao to the US Gulf, including Houston.

Once in Houston, the cargo loaded in Europe is transhipped onto Seaboard's USG-WCSA container and breakbulk service, a fortnightly operation using four geared multipurpose cargo vessels of 25,000 dwt/1,571 teu of the SEABOARD VALPARAISO type. Discharge ports covered by this agreement include Kingston, Guayaquil, Callao, Arica, Angamos and Valparaiso.

This agreement allows MACS to add Kingston and the WCSA to its services portfolio, currently centred on Europe - South Africa, US Gulf - South Africa (Galborg service) and Europe - US Gulf.

SERVICE UPDATES

King Ocean : Tri-Ocean
Service Details

Tri-Ocean Service

Vessels Deployed:

2 x 500 teu

Port Rotation

Port Everglades, Guayaquil, Callao,
Guayaquil, Port Everglades

King Ocean takes over Trinity and Interocean's Florida - WCSA service

Miami-based container carrier King Ocean Services has taken over the Florida - WCSA 'Tri-Ocean' container and breakbulk service operated jointly by compatriots Trinity Shipping Line and Interocean Lines, which have now ceased trading after being in the trade since 1992.

This fortnightly service, which calls at Port Everglades, Guayaquil, Callao, Guayaquil, Port Everglades, uses two chartered ships, the 523 teu KATHARINA B, hitherto contributed by Trinity, and the 508 teu S. RAFAEL, hitherto contributed by Interocean. King Ocean plans for now to continue operating this service without changes.

With this acquisition, King Ocean ventures West of the Panama Canal for the first time in its history, with a foray into the Ecuadorian and Peruvian markets.

King Ocean's container services had so far focused exclusively on links between the US and the Caribbean, the East coast of Central America and NCSA sectors from its US hub ports of Port Everglades and Jacksonville. King Ocean's network covers Aruba, Bonaire, Curaçao, Trinidad, the Dominican Republic, the Eastern Caribbean, Costa Rica, Guatemala, Honduras, Nicaragua, Panama, Colombia, Venezuela and Guyana. These countries are covered with standalone services, joint services and slots, with partners comprising Hamburg Süd, Crowley, Seaboard and X-Press Feeders.

King Ocean operates a fleet of ten chartered containerships of 205 to 1,795 teu to which are now added the two former Tri-Ocean vessels, boosting the carrier's operated fleet to 10,500 teu.

King Ocean Services was set up in 1982 at Miami by Venezuelan investors. The company's original venture was a service to Aruba, Bonaire and Curaçao, at a time of significant oil-related investments in this region.

In 1986, King Ocean's operations were extended to Venezuela, and in 1990 to Central America. Trinidad started to be served in 1992 and Colombia in 1996.

The company accelerated its development in 2012, with the purchase of Bernuth Lines, a US-based carrier specialized in Caribbean container services from the U.S.

The acquisition of the Trinity & Interocean joint service is yet another step in the company's expansion, this time beyond its traditional sphere of activity.

DELIVERY/VESSEL UPDATES

Cellular Containership Deliveries
May 2016

Name	Teu	Operator
MSC JADE	19,224	MSC
AL JASRAH	14,993	UASC
TRITON	14,354	Evergreen
YM WIDTH	14,198	Yang Ming
YM WINDOW	14,198	Yang Ming
NYK IBIS	14,000	NYK
HYUNDAI SATURN	10,081	To join HMM
ATACAMA	9,030	Hamburg Süd
MAERSH SHIVLING	9,288	Maersk
CI TONG 1	2,444	Quanzhou Ansheng
MSC PALAK	8,800	MSC
SITC KANTO	1,808	SITC
NORDLILY	1,730	KMTC
DOLE CARIBBEAN	1,540	Dole
NEW MINGZHOU 60	1,098	NBOSCO
GLORY GUANG-ZHOU	1,020	HASCO

The YM WIDTH (14,198 teu) is delivered

Seaspan Corporation has received the YM WIDTH, vessel number 12 in a series of 15 'SAVER'-class ULCS of 14,000 teu. Contracted on the back of long term charters to Yang Ming, the ships were ordered in three steps in January, July and August 2013. Orders were split between Korea's Hyundai Heavy Industries (ten ships - all delivered in 2015), and CSBC Corp., Taiwan (five ships - to be delivered in 2016-17). Details aside, the vessels are similar to the 'Hyundai 14000' type, of which 46 units have been ordered in total. This count includes the 15 aforementioned ships that Seaspan dubs its '14000 teu SAVER' series.

Ownership of the 15 vessels is split equally between Seaspan and Greater China Intermodal Investments (GCII), a Marshall-based investment vehicle established by Seaspan together with the Carlyle Group and the Washington family, but all 15 ships will be managed by Seaspan. The YM WIDTH, second of CSBC-built units, is one of the Seaspan-owned ships.

The YM WIDTH is to join on 29 May the Asia-Europe CKYHE 'MD 2' loop, which is in course of upsizing from the 8,000-8,500 teu scale to the 14,000 teu one. She follows the YM WINDOW, delivered three weeks ago to GCII. The remaining three units from CSBC were all originally scheduled for delivery in 2016 but two units have now been deferred to 2017.

The HYUNDAI SATURN (10,081 teu) is delivered

Zodiac Maritime has received the 10,081 teu HYUNDAI SATURN, fourth of six neo-panamax ships ordered in December 2013 from the Daewoo (DSME) shipyard with the backing of 12 year charters to Hyundai Merchant Marine (HMM).

Currently anchored off Geoje Island, South Korea, the HYUNDAI SATURN has not yet been assigned to HMM. As a result of HMM's liquidity crisis, the Korean carrier is currently in negotiations with Zodiac and other shipowners to reduce charter rate commitments.

The HYUNDAI SATURN follows the HYUNDAI JUPITER, delivered in March. These ships offer a deadweight of 120,700 tons and are fitted with 900 reefer plugs. They are designed to cruise at a nominal commercial speed of 22 knots and present an Loa of 323 m and a breadth of 48.40 m (19 rows).

HMM secured these ships with the intention to deploy them in the Far East - USEC trade, where their relatively low air draft would allow in particular to transit under the Bayonne Bridge to reach certain New York terminals. The ship is expected to join the new G6 FE - USEC 'NYX' service later in June.



The MSC PALAK, shown above on sea trials, is the first-ever containership built by Jinhai Heavy Industries.

Located at Ningbo-Zhoushan, China, the yard has been a prolific builder of large commercial vessels for many years. So far however, Jinhai mainly focused on bulk ships.

Of note, Alphaliner currently rates the MSC PALAK and her sister ships as 8,800 teu units, whereas the shipyard advertises them as 9,400 teu bottoms. The actual usable intake has yet to be clarified.

Photo: Jinhai Heavy Industries

The ATACAMA (9,030 teu) joins Hamburg Süd

Hamburg Süd has taken in charge the ATACAMA, the last of four 9,030 teu compact neo-panamax ships, ordered in several steps between November 2011 and November 2012 from Hanjin-Philippines Shipyard by interests related to CCNI.

The first two ships in this series are jointly owned by Grupo Empresas Navieras (GEN - 75%) and German partner NSC Schiffahrt (25%), while the last two units are jointly owned by CCNI (55.7%) and NSC (44.3%). All four are chartered to CCNI for a minimum term of 12 years. The charter agreements were transferred from CCNI to Hamburg Süd, when the latter acquired CCNI's container shipping activities in March 2015. All four sister vessels are managed by NSC.

The ATACAMA is proceeding from the Philippines to Singapore and India, where she is expected to join the Europe - Middle East - India subcontinent (IOS) service operated jointly by Hapag-Lloyd and Hamburg Süd. This loop is currently being up-sized from the 5,500-6,000 teu scale to ships of 8,000-9,000 teu. The ATACAMA follows the CCNI ANDES, delivered in September 2015.

The MSC PALAK (8,800 teu) is delivered

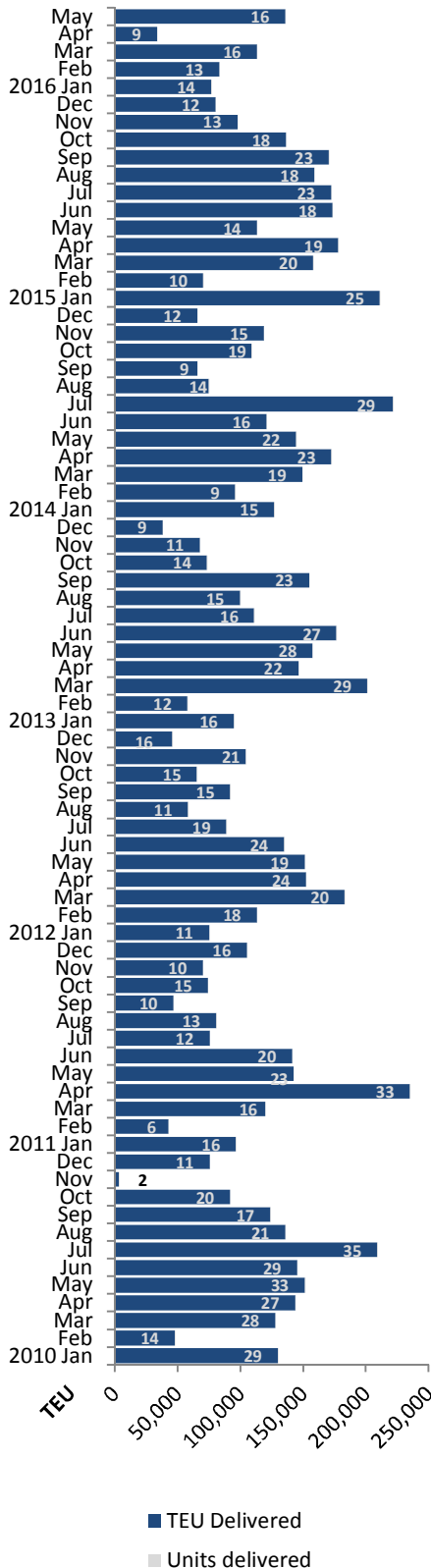
MSC has taken in charge the 8,800 teu MSC PALAK, first of five compact neo-panamax units from Jinhai Heavy Industries of Zhoushan, China. Ordered in May 2013 by Norway-based SinOceanic Shipping ASA on behalf of foreign interests, the ships were originally part of a series of ten sisters. With five contracts since upgraded to orders for 11,500 teu vessels and a further five units of the larger type ordered later on, the tally at Jinhai now stands at 15 units. Of note, both SinOceanic and Jinhai are controlled by the HNA Group, a Chinese conglomerate based in Haikou.

For MSC, the vessels belong to a newbuilding program of 39 neo-panamaxes which includes 29 units of 8,800-9,400 teu with a 'Bosporus-max' Loa of 299.90 m and ten longer units of 11,500 teu. All 39 vessels feature a neo-panamax breadth of 48.20 meters (19 rows). In this program, the MSC PALAK follows the 9,411 teu MSC CHLOE, delivered in April by Jiangnan Changxing Shipyard.

These 39 container ships were ordered by Chinese interests in 2013 in several steps at four Chinese shipbuilding concerns with the backing of long term MSC bareboat charters. They are built in 2015 and 2016 by New Century Shipbuilding Corp. (seven ships), Dalian Shipbuilding Industry Corp. (seven ships), Jiangnan Changxing Shipyard (ten ships) and Jinhai Heavy Industries (five ships of 8,800 teu and ten ships of 11,500 teu). The vessels add to 18 MSC-operated ships of the same gauge, built in 2012-2014.

DELIVERY/VESSEL UPDATES

Cellular Containership Deliveries
By Month : 2010-2016



The NORDLILY (1,730 teu) is delivered - Joins KMTC

Hamburg-based Reederei 'Nord' has received the NORDLILY, 12th of 16 ships of 1,730 teu ordered at the Zhejiang Ouhua Shipyard (China) in three steps between April 2011 and August 2014 by Reederei 'Nord' with financing partly provided by AMA Capital Partners.

The NORDLILY has been chartered by KMTC for assignment to the new Korea-Vietnam-Thailand 'KHS 2' service, operated jointly by Heung-A, KMTC and Sinokor. She follows the NORDCLAIRE, delivered in April.

These ships, dubbed 'Topaz' type, are based on the 'CV Neptun 1700' design (originating from Germany). They offer an extra wide beam with an Lbp to B ratio of only 5.75 and an Loa of 170.00 m, under the 172.20 m limit that defines the 'Bangkokmax' gauge. These ships are fitted with 350 reefer plugs and can be optionally geared. They can ply at a commercial speed of 18.5 knots, impelled by a fully electronically-controlled slow speed engine of 14,280 kW designed by MAN-B&W (model S60ME-B8 in 6 cylinder version).

The GLORY GUANGZHOU (1,020 teu) is delivered

Shanghai Hai Hua (HASCO), a subsidiary of the state-owned Shanghai International Port (Group) (SIPG), has received the 1,020 teu GLORY GUANGZHOU, first of four ships ordered in April 2014 at the Tsuneishi Zhoushan Shipyard, an affiliate of the Tsuneseishi Group, which also controls a shipyard located in Japan, at Numakuma.

The four newbuildings belong to a HASCO fleet expansion and renewal program that also includes two 1,003 teu vessels delivered in 2015 by the Dae Sun Shipyard. The GLORY GUANGZHOU has joined last week the HASCO's Taicang-Shanghai-Japan (Kanto) shuttle service (SKT 6).

The four newbuildings are based on the 'Tsuneishi 1000' design, of which two units were delivered last year to Japanese owner-operator Kambara Kisen, the VEGA SKY and ALTAIR SKY.

These ships are wide beam units of 143 m Loa for a 22.60 m beam. Contrary to the two Kambara ships, the four HASCO ships are propelled by a fully electronically-controlled main engine, allowing enhanced speed flexibility and optimization of fuel consumption on a wide load range.

Assembled under licence from MAN-B&W, the engine is a S50ME-B8.3 model in six-cylinder version. They can reach a maximum commercial speed of 18 knots.

DELIVERY/VESSEL UPDATES



The DOLE PACIFIC, pictured above, is the first of the three new reefer containerships that South Korea's Hyundai Mipo Dockyard is to deliver to Dole. She is a sister of the DOLE CARIBBEAN.

The cellular ship is equipped with two jib cranes for container. Mounted atop of travelling gantries, the cranes can reach all container bays.

The DOLE CARIBBEAN (Reefer 770 feu) is delivered

US fruit grower and trader Dole Food Company has received the DOLE CARIBBEAN, last of three integral reefer container vessels of 770 x 40 ft units (equivalent to 1,540 teu), ordered in May 2013 at the Hyundai Mipo Dockyard.

The new vessels will replace three of Dole's four con 1989-1991 built container reefer ships. These somewhat smaller units have an intake of 491 x 40 ft (982 teu), of which 445 can be reefer containers.

The DOLE CARIBBEAN follows the DOLE PACIFIC, delivered in November, and the DOLE ATLANTIC, delivered in February. These ships are aimed at the Latin America-US fruit services operated by Dole Ocean Cargo Express, the shipping arm of Dole. These ships are the latest evolution in integral reefer container vessels (ships that are dedicated to carry mostly reefer containers), pioneered 35 years ago to replace reefer cargo vessels on some reefer-heavy niche trades.

The new ships are wide beam units of 27,500 tdw with an Loa of 190 m for a breadth of 30.40 m. They are self sustained thanks to jib cranes installed on two travelling gantries. They are fitted with a forced ventilation system in holds for the respiration of fruits and with a container water cooling system, a classic solution to cool the compressors of the fruit reefer containers stowed in holds.

The forced ventilation system on the new Dole reefer containerships are installed as reefer containers loaded with fruits require constant air renewal for fruit metabolism.

Inside the containers, the fruits need oxygen and they also release carbon dioxide, ethane and other gases that have to be evacuated, otherwise the ripening process is broken and the fruits are asphyxiated, killing them and rendering them unsuitable for consumption.

This explains why fruit-laden containers are usually not accepted in holds of containerships, unless an adequate hold ventilation equipment is provided, similar to the one equipping the new Dole ships.

Ventilation is particularly important for bananas, which are from this viewpoint among the most delicate fruits to transport. This is compounded by the fact that bananas are the most commonly transported fruit, especially out of Ecuador, Central America and Caribbeans, where they can make up to 90% of all the fruits exported from these areas on some reefer shipments (of note, controlled atmosphere solutions inside containers can help to slow down the ripening process, a solution used for certain shipments).

On standard containerships fitted with reefer plugs both on deck and in holds, fruit-laden reefer containers are usually carried on deck (the natural 'ship wind' provides the necessary ventilation) while under deck reefer containers are confined to carry frozen cargoes (such as meat, seafood, butter etc.) or chilled cargoes (such as chocolate, some pharmaceuticals, films etc.).

However, in these latter cases, the heat released by the reefer compressors needs to be evacuated through a minimal ventilation of the holds, although this ventilation is usually not sufficient for fruit respiration.

DELIVERY/VESSEL UPDATES

COSCO SHIPPING PANAMA (ex ANDRONIKOS)
 Scheduled port calls : June-August

Port	ETA-ETD
Iskenderun	30-30 May
Evyap	1-2 June
Ambarli	3-3 June
Constantza	4-5 June
Odessa	6-6 June
Ambarli	8-8 June
Piraeus	9-11 June
- Panama Canal -	25-26 June
Kwangyang	2-3 August
Busan	3-4 August

First transit through the Expanded Panama Canal will be in westbound direction

The privilege to operate the first vessel to transit the expanded Panama Canal during the waterway's inauguration on Sunday, 26 June will come at a price for China COSCO Shipping, who won a draw organized by the Panama Canal Authority for the historical transit.

The Chinese carrier's chartered 9,443 teu containership ANDRONIKOS (renamed COSCO SHIPPING PANAMA for the historic occasion) will make an off-schedule westbound transit through the Panama Canal from the Mediterranean back to Asia. The vessel is scheduled to leave Piraeus on 11 June and will proceed directly to Panama.



On Charter to COSCO, the 9,443 teu handy neo-panamax ship ANDRONIKOS has recently been renamed COSCO SHIPPING PANAMA. The vessel is scheduled to perform the maiden transit through the expanded Panama Canal and the new set of locks on 26 June.

The ship sports a hybrid livery of its owners' blue house colors and the 'COSCO SHIPPING' name tag. The latter reflects the recent merger of COSCO with the China Shipping Line CSCL.

Photo: Kwok Hiu Fung

It is unclear whether the ship will only carry empty containers, or whether it will also carry laden containers from the Med.

The trip from Piraeus to Korea will take over 50 days, compared to less than half the time it would take on the usual route via the Suez Canal.

The COSCO SHIPPING PANAMA is currently deployed on the Asia-Black Sea (BEX).

Jointly operated by the Ocean 3 and Yang Ming, the service's regular rotation covers Beirut, Iskenderun, Evyap, Ambarli, Constantza, Odessa, Ambarli, Piraeus, (Suez Canal), Port Kelang, Kwangyang, Busan, Shanghai, Ningbo, Chiwan, Port Kelang, (Suez Canal), Port Said, Beirut.

TERMINAL UPDATES

Mexican Atlantic and Pacific Coast:

Main container ports serving the Capital City Region

Road Distances from Mexico City (ca.)Atlantic Coast:

- Altamira:	495 Km
- Tuxpan:	296 Km
- Veracruz:	399 Km

Pacific Coast:

- Manzanillo:	840 Km
- L. Cardenas:	623 Km



Computer rendering of the new SSA Marine Terminal (TPT) at Tuxpan.

Rendering: SSA Marine Mexico

Mexico: SSA gears up for launch of TPT Tuxpan

The Mexican port of Tuxpan, located half way between the port of Tampico and Veracruz on the Gulf of Mexico, will soon make its appearance on the global container map. In a few weeks' time, SSA Marine, a global port operator within the Carrix Group of companies, will open the Tuxpan Port Terminal (TPT).

SSA had won the concession to develop and operate the new facility in mid-2011, when the company was awarded a 20-year lease with a 14-year option to extend. Originally slated to cost about USD 300M and scheduled to open in 2013, the launch of the pier was eventually delayed. According to recent press reports, the price tag for the new TPT also increased to some USD 370M.

Tuxpan Port Terminal offers 560 metres of container berths with a permissible draft of about 14 metres. Equipped with four large over-panamax ship-to-shore gantry cranes, the terminal will offer a design capacity of 0.71 Mteu, once fully operational. The four quay gantries, as well as a first set of two rail-mounted container yard cranes (RMGs) were delivered in January aboard the heavy load transporter ZHEN HUA 14. Another batch of six RMGs was delivered in mid-February. The equipment was manufactured in China by ZPMC.

The port of Tuxpan is not a major container port yet and it currently does not feature on any scheduled liner services. Tuxpan's main selling point is its relative proximity to Mexico City. At about 300 kilometres road distance, Tuxpan is the nearest Atlantic port from the Mexican Capital city, a greater metropolitan region of about 20 million inhabitants. Competing container ports on Mexico's Atlantic coast line lie at about 400 (for Veracruz) and 500 (for Altamira) kilometres distance.

The first container carrier to begin scheduled liner services to Tuxpan will be CMA CGM (see also page 8). As of next month, the French carrier will add weekly calls at TPT to its standalone Victory Bridge Service. This loop deploys a fleet of classic 4,250 teu handy panamaxes to connect the European Northern Range with ports on the Southern USEC, the US Gulf and Mexico. The loop already calls at Veracruz and Altamira, with Tuxpan to be slotted in-between.

Of note, in addition to SSA, the Philippine operator ICTSI also mulls the development of a new container terminal at Tuxpan. One year ago, ICTSI had acquired 100% of Terminal Maritima de Tuxpan (TMT), a company that also holds a concession to develop and operate a container terminal at Tuxpan. While TMT holds this concession since 1997, the company has not started to build the new facility yet and it is currently unclear if and when ICTSI plans to develop its Tuxpan terminal.