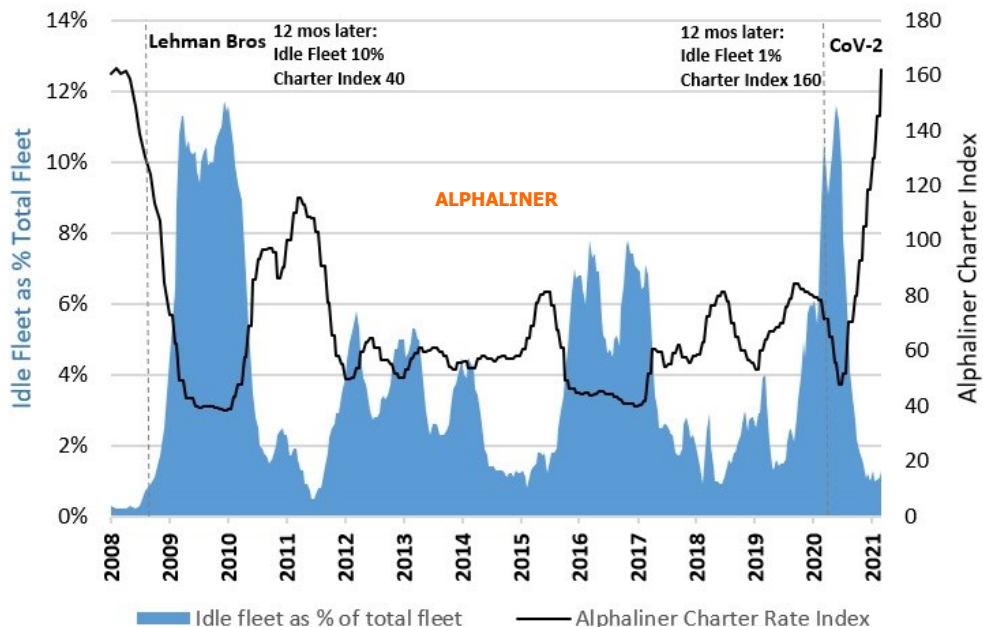




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## Chart of the week

### Idle container capacity vs charter rates 2008-2021



**Lehman Brothers' bankruptcy in September 2008 triggered a collapse in the containership market, with Alphaliner's charter index losing 75% of its value in the following twelve months.**

**Apart from a significant spike in 2011, rates remained subdued for a decade.**

**Despite the outbreak of COVID-19 in early 2020, government money and consumer spending has seen a turnaround and container charter rates are now at a 13-year high**

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## Pandemic sees echoes of 2008 but market takes a different turn

Containership operators have emerged much stronger from the COVID-19 pandemic than the 2008 financial crisis due to a mix of generous government aid, buoyant volumes, carrier discipline and a modest orderbook.

Despite a steep -3.5% decline in world GDP last year, global throughput of containers was relatively unscathed in 2020 with volumes dropping only -1.4%. This contrasts with 2009 when global GDP fell only -0.1% but container throughput plummeted -8.2%. Twelve months after the collapse of Lehman Bros, the Alphaliner Charter Index languished at just under 40 points - its lowest ever level - while idle tonnage had risen to 10% of the total fleet.

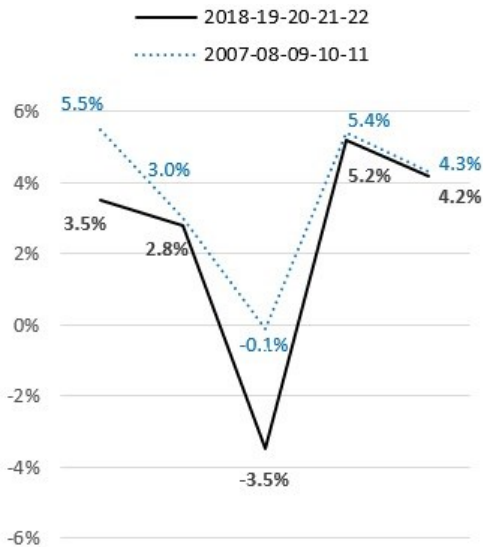
The equivalent numbers a year after the COVID-19 outbreak show the reverse, with idle tonnage representing just 1% of the total fleet, and charter rates hitting the highest level in 13 years.

Several trends have kept container volumes high: consumers who remained in employment switched their spending from services to products, sparking a boom in consuming purchasing.

Meanwhile, massive government stimulus programmes shored up earnings for those negatively impacted by the pandemic. High volumes of pandemic-related hygiene products also helped carriers. The switch to consumer goods appears confirmed by the mismatch between the IMF's recorded -9.6% drop in total world trade volumes in 2020 covering both goods and services, to Alphaliner's -1.4% drop in containerised traffic.

CORPORATE UPDATES

World GDP Growth 2018-2022 (e) versus 2007-2011



Pent-up demand?

Employed workers have racked up large savings during the pandemic, creating a spending power which may be unleashed once the impact of the virus recedes.

For example, in the four months from February to April 2020, Italians saved an estimated EUR 27Bn in deposits, more than 1% of the country's GDP.

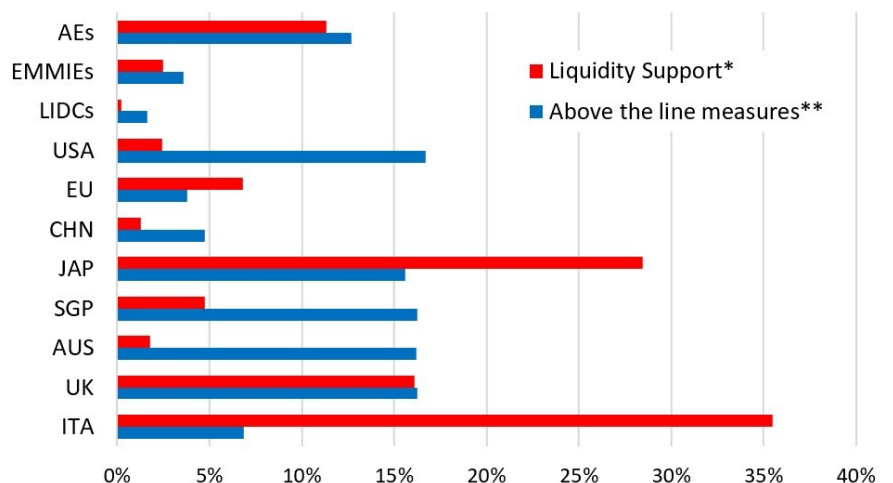
In the same period, French savers put away USD 45Bn in savings, or nearly 2% of GDP.

Carrier discipline was also backed up by a small orderbook. The orderbook represented 11% of the fleet or 2.6 Mteu at the beginning of 2021. By contrast, in 2008, just a few weeks before the Lehman Brothers failure, the orderbook peaked at around 7 Mteu, representing a massive 60% of the fleet in the water.

Backing it all, governments poured more money into the crisis this time. By June 2020, governments had already allocated USD 10Trn in stimulus measures to the economic crisis, triple the amount for the entire 2008-09 recession according to a McKinsey & Co report.

Meanwhile, IMF figures show the 'Advanced Economies' created stimulus packages equal to on average 25% of GDP in 2020. This is even before the recent USD 1.9Trn package approved in the US.

Government stimulus packages as a percentage of GDP in 2020, source IMF. (AEs-Advanced Economies, EMMIEs-Emerging Economies, LIDCs-Low income economies)



\*Equity injections, loans, asset purchase or debt assumptions \*\*Additional spending and forgone revenue

While the world's largest carrier Maersk claims the market will peak this quarter, lines' behaviour indicates they are relatively confident for the longer term. Major carriers have been willing to sign ten-year charter deals while newbuilding orders are now piling up.

Pent-up demand and the huge savings accumulated by households during the pandemic could also usher in a new wave of buying once the pandemic recedes - see box left.

Pessimists point out however that current levels of e-commerce may slump once the pandemic passes as consumers switch back to a service-driven economy, while levels of unemployment are not clear once government support recedes. Even with a forecast 3.4% increase in container throughput in the current year, this will not bring volumes back up to levels forecast before the pandemic.

## CORPORATE UPDATES

**Family increases stake by 3%**

The Saadé family holding company, MERIT France, had increased its stake in CMA CGM to 73% with the purchase of a 3% share from French state bank Bpifrance.

Bpifrance holds a remaining 3% share in the group, and will continue to serve on the group's board of directors.

**Further reduction in emissions**

CMA CGM reduced total fleet emissions by 4% in 2020, adding to a 6% reduction in 2019. It brings the firm's total emissions reduction since 2008 to 49%.

The group intends to become carbon neutral by 2050 and to increase its share of alternative fuels to 10% by 2023.



above: Delivered in mid-2020, the new CMA CGM JACQUES SAADÉ is the world's first LNG-powered megamax.

photo: J. Tiedemann

**CMA CGM in USD 2Bn profit turnaround**

CMA CGM has reported a near USD 2Bn turnaround in group profit for 2020, logging net income of USD 1.75Bn for last year against a loss of USD 229M in 2019.

CMA CGM benefited from a 6.8% increase in revenue per teu in its main shipping business, earning an average USD 1,154 per twenty-foot box during the year. Annual revenue for the shipping division rose 4% to USD 24.2Bn, while more than 55% of the division's yearly net profit was generated in the last quarter.

The carrier capitalised on strong demand in the second half of the year, increasing its Asia-Europe capacity by 18% in H2 through the deployment of larger capacity vessels, while it expanded its fleet of containers by 8.7% in the same period.

**CMA CGM Shipping Financial Performance in 2020**

CMA CGM (Shipping activity excl. CEVA Logistics)		Currency	FY 2019	1Q20	2Q20	3Q20	4Q20	FY 2020
Revenue	US\$ m		23,133	5,521	5,318	6,254	7,140	24,230
EBITDA			3,215	836	1,052	1,533	2,079	5,499
EBITDA Margin %			13.9%	15.1%	19.8%	24.5%	29.1%	22.7%
EBIT			1,076	296	497	978	1,521	3,292
EBIT Margin %			4.7%	5.4%	9.3%	15.6%	21.3%	13.6%
Net Profit			-68	91	145	566	1,058	1,860
Ave. TEU Operated '000			2,674	2,663	2,648	2,792	2,928	2,758
Liftings in '000 TEU			21,556	4,928	4,781	5,585	5,690	20,984
Ave. rate (\$/TEU)			1,073	1,120	1,112	1,120	1,265	1,154

Overall, group revenue rose 3.9% and EBITDA finished at USD 6.1Bn, up from USD 3.7Bn a year previous. Profitability rose in all of the group's businesses, although CEVA logistics again reported an annual net loss, at USD 105M, due to a non-recurring charge of USD 58M linked to the early repayment of a loan.

The group reduced its debt by USD 900M during 2020, although at USD 16.9Bn as of 31 December it remains substantial.

CMA CGM expects current shipping demand to last until at least the end of July and said it was confident for the year. The fleet grew by 61 vessels in 2020, and the line said it would continue to roll out new services.

It reiterated its commitment to LNG-powered ships, calling it the best available technology although it also described it as an 'initial response' in the fight against global warming. The line will own a fleet of 32 LNG-powered container ships by the end of 2022 and has pledged to increase its share of alternative fuels to 10% by 2023 - see box left.

## SERVICE UPDATES

**Maersk: 'TP2', MSC: 'Jaguar'  
Transpacific****Vessels Deployed**

5\* x 14,000 - 19,000 teu  
*round trip time to be confirmed*

**Port Rotation**

Nansha, Yantian, Long Beach, Oakland,  
Busan, Nansha

**MSC: 'Sentosa'  
Straits / South East Asia - USWC****Vessels Deployed**

to be announced / first ship: 5,000 teu

**Port Rotation**

Singapore, Tanjung Pelepas, Laem Chabang,  
Cai Mep, Long Beach, Shanghai, Ningbo,  
Xiamen, Singapore

## 2M carriers unveil Transpacific service rotations after splitting pendulums

MSC has unveiled the rotations of the 2M Asia - USWC 'TP2 / Jaguar' and 'TP6 / Pearl' services after their decoupling from the respective Far East - North Europe 'AE6 / Lion' and 'AE1 / Shogun' loops.

The former pendulum services were split to reduce the exposure of the Far East - Europe network to port delays in California.

The Asian rotation of the new 2M 'TP2 / Jaguar' will be limited to calls at Busan, Nansha and Yantian.

The first vessel to follow the new rotation Nansha, Yantian, Long Beach, Oakland, Busan, Nansha, is the 14,036 teu MSC TERESA which sailed from Nansha on 23 February.

SM Line continues to take slots on this service, branding it as 'PS2', in continuation of its slot agreement with 2M on the transpacific string of the former pendulum service. The South Korean carrier does not participate in the Nansha call.

The new 2M Far East - USWC 'TP6 / Pearl' service retakes the Transpacific rotation of the former pendulum linking it to the Far East - North Europe 'AE1 / Shogun' service with the exception of a west-bound call at Shanghai, which was in fact already temporarily skipped since January to improve schedule reliability.

The 13,050 teu MSC VANDYA which sailed from Cai Mep on 2 March is the first ship to follow the new rotation after the disentangling of the Transpacific string of the former pendulum.

Its schedule includes calls at Cai Mep, Hong Kong, Yantian, Xiamen, Los Angeles, Yokohama, Xiamen, Cai Mep.

## MSC launches S'East Asia-Long Beach loop 'Sentosa'

MSC has announced the start of a direct South East Asia - California 'Sentosa' service.

The new loop will compensate for the loss of a connection from Singapore and Laem Chabang to Long Beach that results from the split of the 2M Europe - Asia - USWC 'AE6 - TP2 / Lion - Jaguar' pendulum service into separate Far East - Europe loop 'AE6 / Lion' and the transpacific service 'TP2 / Jaguar'.

The 'Sentosa' service will be launched in early April with the 5,050 MSC ORNELLA. It will call at Singapore, Tanjung Pelepas, Laem Chabang, Cai Mep, Long Beach, Shanghai, Ningbo, Xiamen, Singapore.

MSC has announced the 'Sentosa' as a dedicated service of the Ge-



## SERVICE UPDATES

**Maersk: 'TP23', MSC: 'Palmetto'  
Asia - USEC - Asia****Vessels Deployed**

to be announced

**Port Rotation**

to be announced.

Vietnam call confirmed, calls at Yantian, Savannah, Charleston and Newark (New York) confirmed.

**Maersk: 'tbn'  
N'Europe - Gibraltar Strait - Panama****Vessels Deployed**

5 x 2,500 - 4,500 teu

**Port Rotation**

Antwerp, Tanger Med, Manzanillo (Panama), Algeciras, Antwerp

neva-base carrier, operated outside the scope of the 2M Vessel Sharing Agreement with Maersk.

The 'Sentosa' will not only offer fast transit times from Laem Chabang and Cai Mep to Long Beach, but will also allow MSC to reposition empty boxes from Long Beach to Central China on the way back to Singapore.

**Maersk and MSC announce new 2M Asia - USEC loop**

Maersk and MSC have both confirmed their intentions to launch an additional Asia - US East Coast service.

The loop will become operational in May as part of the Asia - North American portfolio of the 2M Vessel Sharing Agreement.

The new 'TP23 / Palmetto' service will include direct calls in Vietnam and it will replace the significant number of extra loaders on ad-hoc routings deployed in the past months.

Full details on fleet deployment, port rotation, starting date and transit times have yet to be announced, but direct calls at Vietnam, Yantian, Savannah, Charleston and Newark (New York) have already been confirmed.

Similarly, it is known that the serve will be routed via the Panama Canal on the way from Asia to the USA.

**Maersk offers additional Panama - Europe capacity**

Maersk last week launched a new weekly Panama - Europe service to cope with high cargo demand on its reefer-oriented WCSA/NCSA/ Central America - Europe services.

The additional loop offers extra capacity between Maersk's hub at Manzanillo, Panama, and the European ports of Algeciras and Antwerp.

The extra service turns in five weeks with 5 x 2,500 - 4,500 teu ships (fitted with 538 - 900 reefer plugs). It will call at Antwerp, Tanger Med, Manzanillo (Panama), Algeciras, Antwerp.

A first sailing from Manzanillo was offered on 12 March with the 2,556 teu HAMMONIA HUSUM.

## SERVICE UPDATES

**Evergreen: 'IA-88'**  
Japan / China - Vietnam / Thailand**Vessels Deployed**

slots on Sealand Asia

**Port Rotation**

Osaka\*, Kobe\*, Yokohama\*, Nagoya\*, Qingdao\*, Shanghai\*, Ho Chi Minh City\*, Bangkok, Laem Chabang, Haiphong, Xiamen, Qingdao, Osaka

\*Evergreen participation

**Evergreen: 'KCV'**  
Korea / China - Vietnam**Vessels Deployed**

3 x 1,600 - 1,800 teu

**Port Rotation**

Hakata, Busan, Ulsan, Kwangyang, Shanghai, Ningbo, Hong Kong, Shekou, Da Nang, Haiphong, Kaohsiung, Taichung, Taipei, Hakata.

## Evergreen enhances China, Japan, Korea and Vietnam coverage with two new services

Evergreen is about to enhance its coverage of Japan, South Korea, China and Vietnam by introducing two new service products, focused on Southern and Northern Vietnam, respectively.

The first service was introduced in late February and it covers a southbound connection from Japan and China to Southern Vietnam.

This connection is offered through a slot arrangement on the Japan - Vietnam segment of Sealand Asia's 'IA-88' service. Evergreen retains this service name to advertise its new offer.

The 'IA-88' service's full rotation includes Osaka\*, Kobe\*, Yokohama\*, Nagoya\*, Qingdao\*, Shanghai\*, Ho Chi Minh City\*, Bangkok, Laem Chabang, Haiphong, Xiamen, Qingdao, Osaka (\*Evergreen participation).

The loop turns in five weeks with five ships of about 1,700 – 2,000 teu. Evergreen's co-loading started on 28 February with the 1,756 teu SAN GIORGIO's sailing from Osaka.

In early April, Evergreen will organize a second new service: This will connect Kyushu Island in Japan, South Korea, China, Central and Northern Vietnam.

The new weekly link will be advertised as 'Korea China Vietnam service' (KCV) by the Taiwanese carrier.

The 'KCV' will serve Hakata, Busan, Ulsan, Kwangyang, Shanghai, Ningbo, Hong Kong, Shekou, Da Nang, Haiphong, Kaohsiung, Taichung, Taipei, Hakata.

It will turn in three weeks using three ships of about 1,600 – 1,800 teu. The first sailing is scheduled on 7 April from Shanghai with the 1,809 teu GREEN CLARITY.

Evergreen already offers a network of multiple services linking Vietnam with China, Japan and South Korea.

The two new loops will provide the Taiwanese carrier with additional capacity and more sailing options to offer between the above-mentioned countries.

**left: the 1,809 teu Bangkokmax vessel GREEN CLARITY will launch operations on the new 'KCV' service of Evergreen. Our photo shows her at Sri Racha Seaport, a terminal located just outside of Thailand's main port Laem Chabang. The ship was delivered in 2019 by Hyundai Mipo Dockyard of South Korea. Japanese owners Nissen Kaiun charter her out to Evergreen.**

photo: G. Vinnes



## VESSEL UPDATES

## Containership Deliveries in March

Name	Teu	Operator
ZEUS LUMOS	14,952	ONE
EVER FAME	11,888	Evergreen
WAN HAI 326	3,055	Wan Hai Lines



above: The brand new EVER FAME at Imabari Marugame, ready to set sail for her maiden voyage.

photo: Y.M.



above: Grimaldi Group will receive eight GG5G type roros for the Med and another four units of a somewhat revised design for service in the Baltic, North Sea and Bay of Biscay.

photo: Y.M.

## Imabari delivers EVER FAME (11,888 teu)

Evergreen is to take delivery this week of the EVER FAME. The vessel is the fourth ship in a series of twelve Imabari-built 11,888 teu units that the Taiwanese carrier will receive within the frame of long-term charters from Shoei Kisen.

These twelve ships, together with eight Evergreen-owned 12,118 teu units from Samsung Heavy Industries, will eventually form Evergreen's 20-strong 'F-class' of vessels.

The new EVER FAME is 333.90 m long and 48.40 m (19 rows) wide. Like all Evergreen 'F-class' ships, she is equipped with a scrubber for IMO 2020 compliance.

The new ship will soon join the OCEAN Alliance Far East - WCNA service 'PSW7' (Evergreen's 'HTW'), where a fleet of mostly 9,450 teu 'L-class' ships is gradually being replaced by the new larger 'F-class' ships since August 2020.

Evergreen's new EVER FAME, her sisters and half-sisters, are part of a massive newbuilding program by the Taiwanese carrier. In addition to regional tonnage of 1,800 to 2,500 teu and the 'F-class' vessels, the shipping line's pipeline also comprises 20 vessels of 15,000 teu and ten ships of 24,000 teu.

With the delivery of the EVER ACE, Evergreen will receive its biggest-ever container ship in July. At 23,764 teu, the carrier's next-generation 'A-class' megamax vessels are close to 4,000 teu larger than Evergreen's Japanese 'G-class' jumbos from Imabari of Japan.

## ECO SAVONA (7,800 Im roro) delivered to Grimaldi

China Merchants Group's CSC Jinling Shipyard at the end of last week delivered the 7,800 lane meter 'mega' roro vessel ECO SAVONA to Grimaldi Lines of Italy.

The new ship is the fourth of twelve 'GG5G' type roro ships that Grimaldi Group will receive from the yard in variants for intra-Med (Grimaldi Lines) and intra-North Europe (Finnlines) trading.

The ECO SAVONA is 238.00 m long and 34.00 m wide. Grimaldi's 'GG5G' ships are scrubber-fitted hybrid vessels that burn heavy fuel oil at sea, but operate on battery power for their electricity needs when in port.

After positioning to Europe, the ECO LIVORNO is expected to join her sisters ECO VALENCIA, ECO BARCELONA and ECO LIVORNO on Grimaldi's intra-Med roro network. This generation of ships will predominantly serve the western Med, with regular calls at their namesake ports.

## VESSEL UPDATES

## Highest charter rate in 16 years for classic panamax

Maersk has embarked on a 'classic panamax' fixing spree, having snapped up five NOO vessels of 4,200-4,600 teu for period employments of up to 30 months, of which three ships fixed at the highest charter rates in 16 years.

The Danish carrier has fixed (or extended) a trio of 4,600 teu handy 'classic panamax' container vessels controlled by V Ships Hamburg, the 2009-2010-built NORTHERN PRIORITY, NORTHERN PROMOTION and NORTHERN PRECISION (Daewoo 4600 type) for period employments of 24-27 months at USD 35,000 per day.

The last time a 'handy' classic panamax vessel was fixed at USD 35,000 per day was in January 2005, when the 4,367 teu HS CARIBE secured a 60 months charter with Maersk.

The charter rate obtained by the three 'NORTHERN P Class' ships is a major jump from the last 24 months fixture of a 'handy panamax' unit, concluded recently at 'only' USD 30,750 per day.

It is also significantly above the USD 33,000 obtained by the slightly larger, 4,992 teu, Lomar-controlled 'maxi-panamax' VERMONT TRADER for a 23-25 month extension with Thailand-based RCL, agreed three weeks ago.

In addition to the 'NORTHERN P class' fixtures, Maersk is said to have chartered two further 'classic panamaxes', the 4,253 teu XIAMEN (CS 4250) and the 4,252 teu NAGOYA TOWER (Samsung 4000) both controlled by UK-based Zodiac Maritime, for period charters of 30 months at USD 32,000 per day.

This is also a new rate-high relative to the length of the employment, with previous similar fixtures concluded in the high-USD 20,000 per day only a few weeks ago.

Sky's currently the limit for containership charter rates as NOOs retain the upper hand in a charter market facing a squeeze of supply and a continuously strong demand that shows no sign of weakening in the short term.

## Seaspan orders six 15,000 teu ships

Following a series of orders for no fewer than 25 large mainline container ships, placed since December 2020, Seaspan Corporation signed yet another batch of newbuilding orders last week.

According to a stock exchange filing of its parent, Atlas Corporation, Seaspan ordered another six ships of 15,000 teu at an undisclosed yard.

The release said that the containerships are anticipated to begin deliveries in the fourth quarter of 2023, and upon completion will enter long-term charters with a global liner operator.

Seaspan did not disclose any further details, but the lingo used in the company's statement suggests that the vessels will be conventionally powered and fitted with exhaust gas scrubbers.

None of the non-operating owner's recent go-to yards, meaning China's Yangzijiang Shipbuilding (YZJ) and South Korea's Samsung Heavy Industries, nor Hyundai Group, have yet separately disclosed new vessel orders. It is thus currently not known whether the orders went to a Chinese or South Korean builder, or whether there is an outside chance that a Taiwanese or Japanese yard will build the ships. Alphaliner is nevertheless confident, that more information will find its way into the public realm soon.

It is recalled that Seaspan's most recent deal with YZJ came with options for a quartet of 15,000 teu ships attached. The comparatively early 2023 delivery slot however suggests that Yangzijiang will likely not be the source of the ships, as Seaspan's set of firmly-ordered 15,000 teu units already stretches well into 2024.

To recap, Seaspan's massive ordering spree so far includes the following ships (\*to be confirmed, \*\* said to be ONE):

- > Yangzijiang Shipbuilding, 5 x 12.000 teu, charter to MSC\*
- > Yangzijiang Shipbuilding, 2 x 24.000 teu, charter to MSC\*
- > Samsung Heavy Industries, 10 x 15.000 teu (LNG), charter to ZIM
- > Yangzijiang Shipbuilding, 4 x 12.000 teu, undisclosed charterer\*\*
- > Yangzijiang Shipbuilding, 4 x 15.000 teu, undisclosed charterer\*\*

## Neo-Panamax orders keep pouring in

After many months of rather subdued market activity, newbuilding orders for large mainline container ships started to pick up speed again in Q4 of 2020, and orders keep pouring in through all of Q1 of 2021.



## VESSEL UPDATES



## Cido orders four 15,000 teu ships for long term charters to MSC

Asian shipping sources claim that the South Korean ship owner and ship management firm Cido Shipping is the 'undisclosed owner' behind two sets of orders for two 15,900 teu vessels at Hyundai Heavy Industries.

Some sources claim that Cido committed to four ships, whereas others report that the deal is for two firm orders and two options.

The two (or four) new container ships, scheduled for delivery in 2022 and 2023, are reportedly earmarked for long-term charters with MSC.

If confirmed, the move would mark Cido's return to the container shipping sector after a four-year absence.

In November 2017, the company had sold its remaining fleet of ten small and mid-sized box vessels to MPC Container Ships AS in a USD 130M en-bloc deal, thereby quitting the sector altogether.

More recently, Cido then re-focused on its fleet of PCTC and bulk carriers, with a total of around 60 ships.

Cido's ship revival, worth up to USD 500M, has yet to be confirmed as neither the company nor the shipyard have formally disclosed full details of the recent orders such as the buyer's identity.

From MSC's point of view, the ships would add to an massive wave of large newbuildings, including ten chartered ships of 24,000 teu from CSSC and YZJ, five chartered ships of 12,000 teu from YZJ. Not to mention five owned 24,000 teu ships from DSME.

The Korean-built quintet will already join the carrier this year.

Next to a whole slew of megamax ships, ordered by or on behalf of carriers such as ONE, Hapag-Lloyd, or MSC, the majority of orders was for neo-panamax ships. This includes vessels of the smaller 12,000 to 13,000 teu variety, as well as maxi-neo-panamaxes with capacities in excess of 15,000 teu.

Recent stock exchange disclosures show that, at least for now, ordering activity is not slowing down yet, with new deals announced both from the buyers' and builders' side.

South Korean shipbuilder Korea Shipbuilding & Offshore Engineering (KSOE) recently advised that Hyundai Heavy Industries received a total of four orders for container ships from an undisclosed owner (see side bar).

The four contracts were reported in two batches of two ships, ordered for USD 125 M and USD 126 M per vessel, respectively. The ships are expected to be identical conventionally powered units of 15,900 teu. They are to be delivered from late 2022 to May 2023.

KSOE's compatriot and competitor Samsung Heavy Industries meanwhile said it had bagged orders for five LNG-powered 15,000 teu vessels from an undisclosed 'Asian owner'.

These ships are to be handed over from mid-2023 to January 2024. Samsung will charge USD 700M for the quintet or USD 140M per ship, which puts the 'LNG premium' for a neo-panamax at around USD 15M over a scrubber-fitted unit.

Since Samsung so far only reported five on the ten orders for LNG-powered 15,000 teu ships that Seaspan placed in February, this week's quintet is believed to be the second batch of the ten, whereby 'Asian owner' could be a special purpose vehicle of Seaspan. This however remains to be confirmed.

More details will have to emerge until a truthful picture of the most recent orders can be painted, since - as illustrated by the above - some of the recent yard announcements could simply be the 'counterparts' of order disclosures made by carriers or owners in recent days.

Further to these already disclosed orders, additional contracts for big mainline container tonnage are currently under negotiation:

Taiwanese carrier Wan Hai Lines for example this week disclosed that its board of directors gave the carrier's management green light to proceed with orders for nine vessels of 13,000 teu.

These are expected to be finalized in the coming weeks, adding to the already massive volume of contracts signed in this quarter and the last.

## VESSEL UPDATES

# SITC



right: Delivered as recently as November, the gearless 2,400 teu vessel SITC SHEKOU is an example for one of the modern 'regional' ships delivered to the carrier by Yangzijiang Shipbuilding.

From 2019 to now, SICT already received six of these ships and three 2,700 teu sisters from YZJ.

As per the carrier's current orderbook, the yard will build another 27 ships for SITC.

photo: YZJ

## SITC keeps at it with more orders at YZJ

The Shandong International Transportation Corporation, better known by its acronym SITC, has bolstered its container ship order book this month with yet another round of orders at its favourite shipyard: Yangzijiang Shipbuilding (YZJ).

A YZJ disclosure to the Singapore Stock Exchange revealed fresh orders for no fewer than eight container ships, including four 1,844 teu sisters and four units of 2,600 teu.

Since last year, SICT turned to YZJ four times, adding tonnage to its pipeline in August, November and December.

SITC placed firm orders for six 1,800 teu ships in August, with six options attached to the deal.

In November, the company added seven more orders for two ships of 1,800 teu (options converted to firm orders), four ships of 2,400 teu (fresh orders) and one ship of 2,700 teu (fresh order).

December then saw the carrier once again knocking at YZJ's door with orders for six ships of 2,600 teu.

Since August, SICT thus signed orders for a total of 27 container ships at YZJ, all in the size range from 1,800 to 2,700 teu.

SITC's vessel pipeline now reaches 60,500 teu and it will add 46% to the carrier's present fleet capacity of 132,000 teu.

As for Yangzijiang Shipbuilding, the yard has been one of the superstars of the recent order feast, scoring multiple deals, not only for regional tonnage such as the SITC vessels, but also for numerous large mainliners of the 12,000 teu, 15,000 teu (neo-panamax) and 24,000 teu (megamax) class.



## PORT UPDATES



above: The ZHEN HUA 29 at Shanghai. She carries two cranes for Hutchison Sohar in Oman (already delivered) and three cranes for DP World Berbera.

photo: ZPMC

right: A terminal expansion was built west of the existing multipurpose pier

map : Alphaliner

below: Aerial view of the new pier and the expanded container yard.

photo: Somaliland Ports Authority

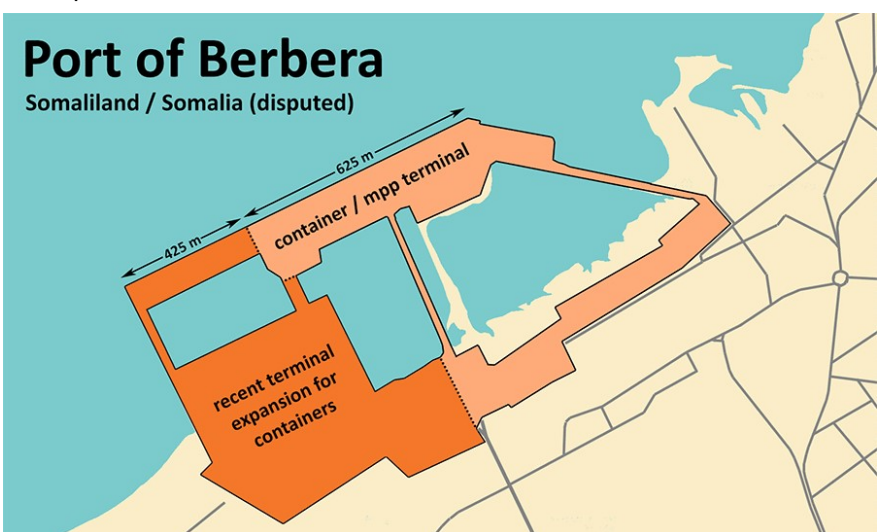


## DP World Berbera receives first container cranes

DP World's project to develop a new container terminal at Berbera, Somaliland, has taken a big step ahead this week with the delivery of three ultra-large ship-to-shore cranes.

The new equipment arrived on Monday 15 March aboard the heavy load transporter ZHEN HUA 29.

In 2016, DPW had won a 30-year concession for the management and development of a multi-purpose port at Berbera and it has since built a 425 m pier extension and a new storage yard at the Somaliland port.



Unlike the older parts of the pier, which are designed to handle general cargo vessels and small container ships, the new terminal extension will enable Berbera to accommodate large (theoretically ultra-large) container vessels: The three ZPMC cranes for Berbera are of the 'megamax' variety and they come with an outreach of 70 m.

For many years, DPW had tried to establish a permanent presence at the Horn of Africa. The group's efforts to gain a foothold in the region with terminals at Aden, Djibouti and Bossaso have seen mixed results.

From 2008, the company operated the container terminal at Aden, Yemen, but quit in 2012. The divorce followed an extended period of tensions between DPW and its Yemeni business partners.

At Djibouti meanwhile, DPW and the country's government battled for years over the administration's unilateral cancellation of the concession for the DPW-operated container terminal.

While the Dubai-based operator scored a victory at a London court of arbitration, the matter as a whole remains somewhat unresolved. At the same time, China Merchants Ports has become very active at Djibouti with its own multipurpose and container terminal.



## PORT UPDATES



above: the older eastern part of Berbera port is essentially a conventional multi-purpose terminal.

As the picture shows, it is however used to load and discharge containers on small and mid-sized vessels.

photo: Lakmi00, Creative Commons

right: In a few years, the outer harbour of Colombo port will accommodate three large container terminals: South, East and West.

The South Terminal is run by CM-Ports under the name Colombo International Terminal.

The East Terminal so far only consists of a single berth with plans to develop it into a full-sized facility. Colombo East is operated by the SLPA.

The West Terminal will be developed by a joint venture of Adani Ports and John Keells. So far it has no formal branding yet and is just referred to as the West Container Terminal or WCT.

map: Alphaliner

Seeing the writing on the wall for its Djibouti concession, DP World strategically started to invest in a backup plan in Somalia.

In 2016, the company signed the aforementioned 30-year concession with the government of Somaliland. This has not been without difficulty either, since the Republic of Somaliland is only a self-declared country, but internationally considered to be part of Somalia.

To be developed as a public-private partnership with the Republic of Somaliland and the land-locked neighbor country Ethiopia, the project has seen stiff opposition from the government of Somalia.

UAE-based P&O Ports, an indirect wholly-owned subsidiary of DP World, then in 2017 entered into a 30-year concession for the management and development of a multi-purpose and container terminal at Bosasso in Somalia. This has widely been regarded as a strategic move to 'appease Somalia'.

In spite of the difficult circumstances in this region of the world, Djibouti, Somalia, Somaliland, and Yemen have all attracted foreign interest in the development of their ports - partly also for wider geo-strategic reasons - from China, the United Arab Emirates, and others.

Berbera is not a major container port, but it sees regular calls from vessels in the size range from 1,000 to 3,500 teu. Main users include Global Feeder Shipping, CMA CGM and MSC.

## Adani & John Keells to develop Colombo West Terminal

India's Adani Ports and Sri Lanka's John Keells Holdings have partnered with the Sri Lanka Ports Authority (SLPA) to build a new container terminal at Colombo.



continues on next page...



## PORT UPDATES



above : two distinctive green hopper dredgers of DEME, working on Germany's Elbe River deepening project.

photo: Deme Group

### Elbe River Deepening technical-ly completed: Deeper draft to Hamburg possible from May

The port of Hamburg, Germany's largest container gateway, will finally be able to accept deeper draft (container) ships this year, now that the much-delayed Elbe River deepening project has been completed.

Germany's Federal Waterway Authorities reported that, after the initial hold-up in court, the actual dredging works progressed faster than expected and that ships would be allowed to take advantage of the increased fairway depth as of May.

Permissible drafts at Hamburg depend on a variety of factors such as vessel size, winds and tides.

The permissible inbound draft at Hamburg was 15.10 m. This is however dependent on high tide and limited to ships that do not exceed certain dimensions.

So far, only bulk carriers took advantage of this max draft, whereas ultra-large container ships were typically limited to inbound drafts of around 14.00 m.

The Elbe Deepening will add about 1.00 m of extra draft to all in-bound and out-bound ships, compared to the current situation.

For ships that do not max-out the full permissible draft, the dredging program will greatly increase operational flexibility by extending the twice-daily tidal windows during which deep-draft ships can safely maneuver on the Elbe River.

In addition to extra draft, the increased fairway width also facilitates smoother traffic flow inbound and outbound.

The three stakeholders this week signed an agreement to develop the new Colombo West Container Terminal (WCT) under a 35-year build-operate-transfer concession.

WCT would be the sixth container terminal at Colombo and the third terminal in the port's outer harbor. It would add to the Jaya, SAGT and Unity terminals in the inner harbor and the South (aka CICT) and East Terminals in the outer area of Colombo's port.

According to Adani, which leads the joint venture with a 51% stake, the new facility would eventually offer a 1,400 m deep-water pier with an annual design capacity of 3.50 Mteu.

The deal comes somewhat surprisingly, since the SLPA only very recently announced that it would develop the currently incomplete East Terminal into a fully-dedicated container pier. The announcement came after a cooperation deal between Sri Lanka, India and Japan failed.

At Colombo, the SLPA not only acts as the landlord authority, but also as the operator of some terminals, and as a minority shareholder in all facilities - including the ones operated by industry majors such as APMT and China Merchants Group.

It thus remains to be seen whether the SLPA will still be fully committed to further develop the East Terminal, now that it has joined Adani and John Keells in the West Terminal project.

Adani did not disclose any of the deal's financial aspects and it did not provide a schedule for the construction and the planned phase-in of the WCT. The Colombo deal marks Adani's first involvement in Sri Lanka. So far, the company had very much focused on the Indian market.

Apparently, the company is confident that significantly more container ship handling capacity is needed in the region as the WCT project partly competes with the delayed Vizhinjam project, where Adani develops a container port in the Kerala State on the Indian south west coast.

Only last month, Adani had furthermore announced the acquisition of Dighi Port a small port located 100 km south of Mumbai, which it plans to develop into a gateway that competes with the terminals at Nhava Sheva, where India's largest port operator is only notable by its absence.

Last year, however, the port of Mundra, where Adani is the main terminal operator, overtook Nhava Sheva to become India's largest container port.

## PORT UPDATES

DP WORLD



MASPION GROUP

### New Liebherr STS for Patrick's AutoStrad Brisbane Terminal

photos: Patrick Terminals



Patrick Terminals' container pier at Brisbane, Australia, has taken delivery of a new Liebherr-built ship-to-shore container crane.

Sections of the new crane had been delivered earlier this year by a multipurpose cargo ship and the new gantry is currently being assembled at Brisbane port.

Manufactured in Liebherr's Killarney plant in the Southwest of Ireland, the crane parts were trucked to the small port of Fenit and shipped to Australia aboard the 18,000 dwt heavy-lifter HANNA.

The new gantry is expected to be operational around mid-year.

### CDPQ joins DPW and Maspion in East Java Port Project

Canadian investment fund 'Caisse de depot et placement du Quebec', commonly referred to as CDPQ, will join Dubai's terminal operator DP World and partner Maspion, an Indonesian industrial and services conglomerate, in the development of a new container terminal in the greater Surabaya region.

Plans to develop the new facility at the port of Gresik were first announced in mid-2019, when DPW and Maspion signed preliminary agreements to jointly create the new container terminal and industrial logistics park near Tanjung Perak. Earlier that year, DP World had exited from operations at Tanjung Perak, where it held a 49% stake in the mid-sized container facility TPS.

In January 2020, DPW and Maspion finalized the agreement and disclosed that the Indonesian partner will hold a 51% share in DPW-MICT, whereas the UAE-based ports and maritime services giant will control the remaining 49%.

Under the 2019 and 2020 agreements the partners intend to develop a 3.00 Mteu container terminal, scheduled to come on stream in the first half of 2022.

DP World and CDPQ are no strangers to each other. In 2016, they developed a joint investment platform in which the fund managers took a 45% stake, whereas 55% are held by DPW. Over the past five years, the platform has invested the equivalent of several billion USD in 'port terminals globally and across various stages of the asset life cycle'.

In its most recent update regarding the East Java project at Gresik, DPW said that construction works on the new terminal were scheduled to start in the third quarter of this year.

Investments in the new port are expected at around USD 1.2 M. At the time of the 2019 agreement, third party sources initially suggested a commercial launch in 2022. Given the construction start later this year, this however appears somewhat unrealistic.

While DPW did not communicate on the new terminal's planned launch, Alphaliner expects that the first berth will not come on stream before 2023, with full completion likely in the middle of the decade.

#### imprint

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