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ASIAN SHIPPER
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Vietnam to build its first box manufacturing plant

VIETCOMBANK has agreed to provide more than US$16.5 million in financing the Vinashin-TGC Container joint venture to build a plant to manufacture shipping containers.

The plant will be the first of its kind in Vietnam and will be located in the Hai Duong Shipbuilding Industry Zone. A report from the official Vietnam News Service said the first phase of the facility will have an annual capacity of 30,000 TEU, which is expected to double in the second phase.

Vietcombank will effectively finance 75 per cent of the $22 million project over eight years while the rest of the money will come from the joint venture's own sources, the report said.

"This contract is a good start and I hope Vinashin and Vietcombank will co-operate more in the future," said Vietcombank chairman Nguyen Hoa Binh.

Vinashin-TGC is a joint venture between the Vietnam Shipbuilding Industry Group (Vinashin) and Taiwan-based Toong Goen Co.

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World container demand leaves Sri Lanka in the lurch

BECAUSE of the huge demand for container capacity, Sri Lanka is being left behind as the country's exporters hunt every week for 600-650 TEU for Europe that just isn't there, says Sri Lanka Shippers Council chairman Jayanath Perera.

Speaking to the Colombo Sunday Observer, Mr Perera said lack of space has created a severe demand for shipping space resulting in rate increases to US$300 per TEU.

Some shipping lines have withdrawn Sri Lankan services completely because conditions are more attractive elsewhere. Hanjin Shipping, which operated two services to Europe, has pulled out one. "K" Line and UASC were Hanjin's joint partners. Norasia with Zim has also withdrawn its weekly Europe service.

Discouraging the ocean carriers is the congestion and delays at the Port of Colombo, resulting from inadequate infrastructure and a lack of cargo handling facilities. The badly needed Colombo South Harbour Expansion Project will not be ready until 2010.

Meanwhile India's Jawaharlal Nehru and Cochin ports have upgraded tremendously and now pose a threat to Colombo status in the major port league.

"Shipping lines prefer to call on ports equipped with better facilities," Mr Perera said. "India has developed its ports in the last three years ago, but we have failed to develop ours."

The time spent on end-to-end container cargo clearance averages 24-36 working hours at Colombo. Delays in container and truck turnarounds have increased from two hours in 2004 to eight hours today due to traffic congestion and increasing land use restrictions, he said.

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Piracy plummets in SE Asia, but doubles off Nigeria in Q1

PIRACY at sea in the first quarter of 2007 fell year-on-year worldwide and "dropped significantly" in southeast Asia, according to the International Chamber of Commerce International Maritime Bureau (IMB), which noted 41 incidents, 20 fewer than the 61 reported in the first quarter of 2006.

But the IMB's "Piracy and Armed Robbery Against Ships Report" noted a doubling of attacks off Nigeria over the first three months of 2007, with 40 crew members taken hostage. Six Nigerian coastal attacks in the first quarter included a number against vessels and crew working offshore oil rigs.

Incidents "dropped significantly" in south east Asia. Indonesia recorded nine, down from 19 year on year, and only two were recorded in the Malacca Straits.

"This area represents an excellent example of how co-operation between authorities can suppress piracy. There was also notable improvement in Bangladesh with only two incidents compared to nine in the last quarter of 2006," said the IMB release.

The Kuala Lumpur-based Piracy Reporting centre (PRC) offers round-the-clock reporting of incidents worldwide. The work of PRC is funded by 22 organisations including shipowners and insurers, providing assistance without charge to ships that have been attacked.

The Somalia situation has improved, said the IMB, with one vessel reportedly hijacked and only one other incident in the first quarter of 2007, but ships are recommended to keep 75 knots from the coast. has posted a 64 per cent decline in net profit for the first quarter of the year to US$43 million, compared to the same quarter a year ago when the group reported earnings of $120 million.

NOL's first quarter results for the period from December 30 to April 6 show that the group's core earnings before gross interest expense, tax and non-recurring items (EBIT) was $58 million, down 59 per cent year on year.

Group revenues during the reporting period rose by one per cent over the same quarter a year ago to $1.9 billion.

The liner business achieved core EBIT of US$41 million, down 67 per cent over the previous year despite revenues from the liner business being two per cent higher than in the previous year at $1.57 billion. This meant that average revenues per FEU declined six per cent.

"Freight rate levels for our company in the first quarter of 2007 were, on average, six per cent lower than in first quarter 2006. This reduction in rate levels year-on-year has been the major factor in the lower profit reported today. The effect of recent freight rate increases achieved in some key trade lanes have yet to be fully reflected in these results," said NOL president and CEO Thomas Held.

Overall total container volumes grew by 10 per cent over the first quarter the previous year. Strongest growth was recorded in the Intra-Asia region where volumes grew 25 per cent year on year.

Liner network capacity increased by 11 per cent due to the introduction of new vessels and services, network changes, and enhanced slot purchase and sharing arrangements with other carriers, a group statement said.

The liner business delivered cost reductions of US$45 million in the first quarter through increased fuel efficiencies, network optimisation and improved management of container equipment. Overall liner costs per FEU improved by 1.5 per cent year on year.

In the logistics segment, APL Logistics registered a 25 per cent fall in core EBIT to $12 million. Revenues from logistics were six per cent lower than in the first quarter the prior year at $325 million. The Asia-Middle East region registered the strongest year on year revenue growth, accounting for 21 per cent of overall logistics revenues.

Cathay-Dragonair results show cargo falls 4.8pc in April

CATHAY Pacific Airways and Dragonair combined cargo load factors fell 4.8 per cent in April while the passenger load factor rose to 80.4 per cent at the same time, according to a Cathay statement.

Tonnage in the first four months was down by 1.3 per cent to 500,752 tonnes with capacity for the same period rising by 3.9 per cent. Last month's cargo load factor was down by 4.8 per cent year on year compared to the 64.9 per cent achieved in April in 2006.

Blaming a market downturn, the Cathay Pacific and Dragonair statement added that the airlines carried 128,193 tonnes in March, a dip of 1.7 per cent in the same month the previous year. This compares to a 3 per cent rise in capacity in available cargo/mail tonne kilometres.

"The cargo market was softer than anticipated in April and was slow picking up after the Easter holidays," said Cathay cargo chief Ron Mathison.

"North Asian exports seem to be suffering as a result of strong local currencies and a general shift in manufacturing to China. Demand out of the mainland remains strong and our new freighter service to Beijing is doing well," he said.

The two airlines together carried a total of 1,929,655 passengers in April, up 2.2 per cent on the same month last year and ahead of a rise in capacity, measured in available seat kilometres (ASKs), of 1.2 per cent for the same period.

The passenger load factor was 80.4 per cent, marking a rise of 0.9 points on April 2006. The year-to-date load factor was 78.2 per cent, up 0.7 points on last year - while the passenger total was up 1.1 per cent on 2006.

Australia earmarks US$47.37 million for aviation security

AUSTRALIA's government has unveiled an A$57.2 million (US$47.37 million) spending package to increase aviation security to comply with international standards.

The aviation security programme calls for Canberra to spend A$18.6 million over four years to establish an accreditation scheme for land transport operators that carry air cargo.

Another key aspect of the federal aviation security programme is for the nation's 26 regional airports to begin screening checked baggage from August 1.

At the same time, the nation's 11 major airports will also start screening the checked baggage of their domestic passengers as they currently only screen the checked baggage of their international passengers.

"The government will spend an extra A$18.2 million over four years to ensure that the Office of Transport Security (OTS) can maintain the intensity of its inspection programme. In the first six months of 2006-07, its inspectors carried out 248 inspections at airports and 98 inspections of airlines," said Transport Minister Mark Vaile.

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After 2 mega thefts, Penang holds security forum May 24

MALAYSIA's Penang State Government, the Universiti Sains Malaysia (USM) and the Penang chapter of the Malaysian Crime Prevention Foundation are working with police to enhance airfreight security by holding a one-day forum May 24.

Cargo security in Malaysia was brought into national focus after the MYR50 million (US$14.6 million) theft of computer parts at the MASkargo warehouse in Penang last November.

The forum will deal with the status of industrial security in Penang and protection of air cargo at the event organised by the Royal Malaysian Police, reported Malaysia's Business Times.

"The forum is also aimed at providing comprehensive air, land and maritime security in Malaysia," said SJ Security Consultants owner Syed Jaafar Syed Ali.

The forum, to be held at the university's Kuliah A, will include a keynote addresses from Federal Criminal Investigations Department Commissioner Christopher Wan Soo Kee, Malaysia Airlines cargo centre manager JJ Ong and Malaysia Airports Holdings general manager Kamaruddin Ismail.

After the November theft, some MYR3.5 million in computer parts was stolen from a warehouse in Juru, Penang. Other such thefts in Penang last year cost an estimated MYR50 million.

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Maersk Line to launch Asia-Europe service (AE11)

MAERSK Line will introduce later this month a Europe-Far East service called the AE11 to meet increasing demand for more capacity on this trade route.

The port rotation for the AE11 service will be: Xingang, Dalian, Qingdao, Shanghai, Hong Kong, Malaga, Algeciras, Xiamen, and Xingang.

The service will deploy seven vessels, each with a capacity of 4,000 TEU. The first ship to launch this service is to leave Xingang on May 28, a company statement said.

The AE11 will be connected to Maersk Line's feeder networks in Europe and Asia as well as its worldwide network. The shipping line operates 10 dedicated services on the Asia-Europe trade.

TSA sets up east and west coast shipper meetings in June

THE Transpacific Stabilisation Agreement (TSA) will hold a meeting in San Francisco on June 7 and another in New York on June 25 with shippers using US-Asia ocean carrier services.

Talk will focus on fuel prices, surcharges, operating costs and on a review of the state of infrastructure and congestion concerns. There will also be discussions on service contract cycles and the contracting process, said a TSA communique.

"Our goal is to continue the successful conversation begun earlier this year, and broaden the discussion to more customers of all sizes and types," said TSA chairman Ron Widdows.

"We're pleased with the degree of interest that has been expressed concerning these meetings," Mr Widdows said. "We're mindful of the feedback coming out of Long Beach in favour of smaller, focused groups, but we also recognize the need to broaden participation."

TSA members include APL, Hyundai Merchant Marine, CMA-CGM, "K" Line, Cosco, MOL, Evergreen, NYK, Hanjin Shipping, OOCL, Hapag-Lloyd and Yangming Marine.

NOL group sees Q1 net profit plummet 64pc

NEPTUNE Orient Lines (NOL), of Singapore, has posted a 64 per cent decline in net profit for the first quarter of the year to US$43 million, compared to the same quarter a year ago when the group reported earnings of $120 million.

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