KaoPort’s continuing growth in container throughput in 2012

In spite of the global economic recession, transshipment container volume in the Port of Kaohsiung reached 4.29 million TEU from January through November of 2012, a year-on-year increase of 4.28%, while total container handling volume reached 8.98 million TEU. It is worth mentioning that since the “Transshipment Cargo Incentive” commenced in September, 2012, the Port of Kaohsiung has benefited tremendously. In addition, several preferential measures are to be implemented to reduce shippers’ operating costs and attract more transshipment, such as Commodity Price Adjustment Subsidies, Preferential Port Charges, and Blue Way Transshipment.

### Container Volume, Port of Kaohsiung January~November 2012

<table>
<thead>
<tr>
<th>Month</th>
<th>Jan.–Nov. 2011</th>
<th>Jan.–Nov. 2012</th>
<th>% Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transhipment</td>
<td>4,121,734</td>
<td>4,298,242</td>
<td>4.28</td>
</tr>
<tr>
<td>Inbound/Outbound</td>
<td>4,684,266</td>
<td>4,686,993</td>
<td>0.06</td>
</tr>
<tr>
<td>Total</td>
<td>8,806,000</td>
<td>8,985,235</td>
<td>2.04</td>
</tr>
</tbody>
</table>
To increase Taiwan’s container T/S cargo volume, the T/S cargo incentive scheme was introduced on September 1, 2012, aimed at T/S cargo handled at the four international ports (Kaohsiung, Taichung, Keelung, and Taipei) in Taiwan and applicable to all containers, whether originating domestically or abroad.

The “Volume Increase Incentive” applies to all container carriers handling more than 5000 TEU per annum (total cargo handled at Kaohsiung, Taichung, Keelung, or Taipei). The incentive will be calculated annually, based on incremental increases year-on-year, using 2011 as the base reference point.

In addition, the “Cargo Volume Performance Incentive”, an incentive budget of NT$50 million, will be shared by those carriers qualifying for the volume increase incentive, though the benefit for each carrier/group will be capped at 50% of her increase incentive.

For the purposes of these incentives, T/S cargo will be defined as a loaded container; empty containers will be excluded.

Taiwan International Ports Corp. held a Signing Ceremony on Nov. 16, 2012, to celebrate the signing of a new Investment Contract with Evergreen Marine Corporation, and Investment Letters of Intent with another four firms from the Kaohsiung Area: Tr. Logistics Taiwan Ltd., Formosa Logistics Corp., Kao’s Express Warehouse & Stevedoring Co. Ltd.; and the Kaochun Stevedoring Co. These four firms will invest in and operate warehousing and logistic enterprises in the Port of Kaohsiung. Their commitment is expected to increase commodity volume by 300,000 tons annually, as well as create more job opportunities for the Port of Kaohsiung.

In addition to its use as a Free Trade Zone, the Nansing Project Zone will also be the base for the Port of Kaohsiung as it seeks to be recognized as a Certified Port for The London Metal Exchange (LME).
Evergreen’s ongoing commitment to the Port of Kaohsiung

Evergreen Marine Corporation currently leases Wharf No.’s 115~117 in the Fourth Container Terminal and Wharf No.’s 79~81 in the Fifth Container Terminal, a total of six container wharves. Evergreen has long regarded the Port of Kaohsiung as its mother port for its global shipping and logistics operations. To cope with the accelerating trend toward mega vessels and intense shipping competition, Evergreen has extended its lease tenure of Wharf No.117 for another ten years, while dredging work is conducted for Wharf No.115 through No.117 in the Port of Kaohsiung. Furthermore, to promote its overall container and operational capacity, Evergreen is to add 100 new container vessels to its fleet, including twenty L-type 8,452 –TEU container vessels from Samsung Heavy Industries and another ten from Taiwan Shipbuilding Corporation.

The 2nd Phase of the Sixth Container Terminal

The Port of Kaohsiung and Yang Ming’s Kaoming Container Terminal Corporation are jointly engaged in the construction of the Sixth Container Terminal on a BOT basis. The project, covering 74.8 hectares of land, consists of four new container wharves (No’s 108~111) with 1500 meters of new quay line and a water depth of 16 meters, as well as a site to be used for a container yard and warehouses measuring 475 meters in length behind the wharves. Wharves No.108 and 109 were completed at the end of 2010 and began formal operation in January, 2011. Based on the most recent statistics (1.06 million TEU handled in 2011), the two wharves have already handled 0.89 million TEU for the first ten months of 2012. The 2nd Phase of the project now under construction includes two new container wharves (No’s 110 and 111), the CY-3 container yard, and related support buildings and infrastructure. Phase-2 work is scheduled to be completed by June, 2014.

Completion of the four new container wharves, each capable of accommodating 13000-TEU vessels, is expected to raise container volume by some three million TEU per year, and strengthen even further the role of Kaohsiung Port as a transshipment hub in the Asia-Pacific region.
Phase 2 Construction of ICTC

Following the completion of shore protection and breakwater work in March of 2012, the Port of Kaohsiung will begin Phase Two of the Intercontinental Container Terminal Center (ICTC), at a total cost of NT$13 billion. Quay line construction is scheduled to be completed in 2017, when petrochemical companies will construct storage tanks and their related facilities, as well as assume operational responsibility. At which point the Port of Kaohsiung will embark upon a new chapter in its long and illustrious history.

The project includes ten petrochemical wharves and four general cargo wharves, along with 2,777 meters of quay line, encompassing 47.2 hectares of land reserved for petrochemical storage and distribution. At present, petrochemical wharves and tanks exist in Chienchen and Lingya commercial port areas, and in these two areas the petrochemical enterprises will be gradually replaced by simple processing work and logistics operations.

In addition, this project includes construction of five deep-water container wharves, two of which will be regarded as high-priority. Inquiries regarding investment and cooperation from related firms are welcome.

Growth Expected for Cruise Tourism

In order to attract more cruise ships to Kaohsiung, the Port of Kaohsiung has launched a NT$3.82 billion Cruise Terminal project, the largest in Taiwan. Construction will begin in 2013. The new cruise terminal is located at Wharf No.’s 19 & 20 of the Lingya commercial port area, occupying 2.46 hectares.

The 15-floor cruise terminal building has two underground levels and a total floor area of 80,000 square meters. The building consists of port offices, passenger service facilities, conference rooms, customs (entry and departure), restaurants, and a diverse shopping area. The new cruise terminal is expected to commence operations in October, 2015, and will no doubt significantly increase the number of cruise passengers attracted to the Port of Kaohsiung.

Nineteen cruise liners have called at the Port of Kaohsiung thus far in 2012, including Legend of the Seas, Superstar Aquarius, and Nippon Maru, all visiting in October. The Pacific Venus will also visit Kaohsiung by year’s end.
A delegation from the Port of Hamburg, led by Mr. Jens Meier, CEO of Hamburg Port Authority, Mr. Lutz Birke, Head of Strategy Division, and Mr. Joerg Pollmann, Harbor Master, paid a visit to the Port of Kaohsiung on November 12, 2012. General Manager Huang and Harbor Master Chen, on behalf of the Port of Kaohsiung, welcomed the delegation and exchanged ideas on port management.

Since 1999, the Port of Hamburg and the Port of Kaohsiung have been sister ports. In that time, in addition to two port visits, the sharing of relevant experience and regular communication have become a feature of this highly-beneficial relationship. The high level of the current visit to Kaohsiung is evidence of the mutual regard felt by both ports. In the course of extensive discussions held during the visit, some of the topics touched upon included: International Ship and Port Facility Security (ISPS), various environmental issues, liquefied natural gas (LNG), shore power supply, and piloting.

Furthermore, since the Port of Hamburg is constructing its own cruise terminal building, the delegation had great interest in the new terminal building planned for the Port of Kaohsiung. Apart from an in-depth talk on the prospects for, and management of, the cruise business, authorities from both ports look forward to the exciting opportunities made available through their sisterhood ties.

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**Green Port Policy**

In order to protect the marine ecology and lower the risk of maritime incidents involving oil tankers, the Taiwan government will impose a ban on foreign single-hull oil tankers (tankers of more than 5000 tonnes deadweight, or tankers of more than 600 tonnes deadweight carrying heavy-grade oil) from entering Taiwan's commercial and industrial ports, anchorage areas and off-shore facilities beginning on January 1, 2013.
Cooperation with Lianyungang Port

On December 4, 2012, a Letter of Intent was signed by General Manager Huang of the Port of Kaohsiung, under the Taiwan International Ports Corp. (TIPC), and Deputy President Zhang of Lianyungang Port Group.

There are five existing shipping routes, operated by Wan Hai Lines Ltd, Yang Ming Marine Transport Corp., Cheng Lie Navigation Co., Ltd, T.S. Lines Co., Ltd. and Cosco Group China Ocean Shipping, between Lianyungang Port and Taiwan (Kaohsiung, Taichung, Keelung). Container throughput between Lianyungang Port and Taiwan for the first nine months of 2012 was up by 84,000 TEU, an increase of 45.7% year-on-year.

Lianyungang Port serves as the shipping hub for the central coast of China, and as such has an obvious interest in vigorously promoting cooperation with Taiwan. The signing of a Letter of Intent is a concrete expression of that cooperation.

Maersk’s new shipping route

Sally Maersk, serving on Maersk’s new long-haul shipping line, its Asia-Central America Service, made her first call at the port of Kaohsiung on November 21, 2012, docking at the Fifth Container Terminal.

Sally Maersk is one of Maersk’s S-type container ships, with a length of 347 meters, a beam of 42 meters, and a carrying capacity of 10,000 TEU. Its new shipping route is: Kaohsiung - Nansha- Hong Kong - Yantian – Lazaro Cardenas - Balboa.
**Hanjin Seattle**, represented by Taiwan Hanjing, made her maiden voyage to the Port of Kaohsiung on November 28, 2012, docking at Wharf No.78. Constructed in April, 2010, Hanjin Seattle has a gross tonnage of 91,621 tons, a length of 320.9 meters, a beam of 42.8 meters, and a draft of 15.5 meters. She has a carrying capacity of 8,600 TEU. She is serving on the US East Coast route: Kaohsiung – Yantian – Shedou – Shanghai – Busan- Long Beach – Auckland – Busan - Gwang yang – Kaohsiung.

**M/V Wan Hai 103**, Wan Hai Line’s newly-built container ship, made her first voyage to the Port of Kaohsiung on October 18, 2012, docking at Wharf No. 64. With a gross tonnage of 8,834 tons, a length of 144.1 meters, and a beam of 22.5 meters, she is capable of carrying 1,040 TEU. The route she is serving is Japan – Taiwan – Haiphong (JSH) : Kaohsiung – Hong Kong – Haiphong – Zhanjiang- Yantian- Osaka – Kobe- Hiroshima - Mojiko- Hakata- Ulsan – Kaohsiung.

**The M/V Saga Future**, a member of the Saga Forest Fleet, represented by Fortune Shipping Agency Co., Ltd, made her first call at the Port of Kaohsiung on October 18, 2012, docking at Wharf No. 36. Launched in October, 2012, the M/V Saga Future has a gross tonnage of 37,499 tons, a length of 199.9 meters, and a beam of 32.26 meters, and she is capable of carrying general cargo weighing 55,596.4 tons. She is serving on the Asia- America route: Kaohsiung – Ulsan – Vancouver – Los Angeles.
**The M/V MSC Altamira**, a Liberia–registered container vessel, represented by Ideal Consolidators Ltd., made her first voyage to the Port of Kaohsiung on September 29, 2012, docking at Wharf No. 78. With a gross tonnage of 94,700 tons, the M/V MSC Altamira is 300 meters in length, 48.2 meters in beam, and has a capacity of 8,900 TEU. Her Asia–Africa shipping route is: Xiamen – Qingdao – Kaohsiung – Hong Kong – Chiwan – Singapore – Port Louis – Durban – Fuchou.

**The Seaspan Felixstowe**, a Hong Kong–registered container vessel, represented by OOCL Taiwan, made her maiden voyage to the Port of Kaohsiung on November 8, 2012, docking at Wharf No. 121. Constructed in 2002, she has a gross tonnage of 39,941 tons, a length of 260 meters, a beam of 32.2 meters and a carrying capacity of 4,250 TEU. She will serve on the Asia-Pacific – Eastern America route: Kaohsiung – Shedou – Hong Kong – New York – Savannah – Colon.

**The M/V Saga Fortune**, a member of the Saga Forest Fleet, represented by Fortune Shipping Agency Co., Ltd, made her first call at the Port of Kaohsiung on November 9, 2012, docking at Wharf No. 35. Launched in November, 2012, the M/V Saga Fortune has a gross tonnage of 37,441 tons, a length of 194.51 meters, and a beam of 32.26 meters, and she is capable of carrying general cargo weighing 55,596.4 tons. She is serving on the Asia–America route: Kaohsiung – Ulsan – Vancouver – Los Angeles.