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Karen V Gregory, Secretary
Federal Maritime Commission
800 North Capital Street N.W, Room 1046
Washington D.C. 20573-001

January 25, 2011

Re: Response to Notice of Inquiry November 1, 2010 from Evergreen Line

Dear Ms Gregory,

Please find enclosed the completed response to the NOI issued on Nov 1, 2001 which we have divided into two files and have printed separately as Not Confidential and Confidential for your ease of review.

File 1 13 Pages is the response to Questions A to F that are not confidential

File 2 4 Pages is marked Confidential to items in Questions B,C, D and F

If you have any questions please contact the undersigned for clarification or coordination with the concerned parties at Evergreen Shipping Agency (America) Corporation, as US General Agent for Evergreen Line.

Respectfully,

Dominic C. Obrigkeit
Senior Vice President
Business Coordination Department
International Business Coordination Division

Evergreen - Confidential Materials Excluded

Section A: General Questions

1. Based on your experience since September 2006 (when the European Union announced its decision to terminate the block exemption for liner shipping conferences to take effect October 2008), what impacts, if any, have you identified on your company's commercial activities, in any trade lane, that you would attribute to the termination of the E.U. conference block exemption? Please explain. If you believe there have been such impacts, please indicate when that impact first occurred.

A: EU's termination of the block exemption for container shipping affected the development of Far East / Europe and Trans-Atlantic trades. Evergreen Line is not a conference member so the removal of FEFC and TACA did not cause a direct impact to our strategic planning. However, it should be noted that the abolition increased the volatility of shipping markets, which in turn affected the stability of supply chains.

This period of volatility including vessel layups and service string cuts was exacerbated by the lack of a stabilizing discussion platform formerly available to conference carriers before the termination of the conference block exemption. As a result recovery in the shipping market was delayed because conference carriers were making individual decisions without benefit of referenced to conference discussions and evaluation of market conditions.

2. Based on your experience since October 2008 (when the E.U. exemption for liner conferences was terminated) has any class of shipper or class of vessel-operating common carrier received a competitive advantage or been put at a competitive disadvantage as a result of the E.U. decision to terminate the exemption? If so, please explain.

A: EU terminated the block exemption for liner shipping with a view to enhance carriers' competition and to have freight rates and capacity supply fully determined by market conditions. The concept itself does not favor any class of vessel operators or shippers. But as shown by the market development through past 2 years, the increasing volatility of shipping market made it harder for small-sized carriers to survive the market downturn.

3. Based on your experience since October 2008 (when the E.U. exemption for liner conferences was terminated), have differences between U.S. and E.U. liner

shipping competition regulations created any problems for your company? If so, please explain.

A: The differences between U.S. and E.U. competition regulations do not cause a problem for our strategic planning.

4. Does your company view cooperation among ocean carriers in operational agreements (e.g., vessel sharing agreements, alliances, consortia, etc.) as generally having a positive, neutral or negative impact on the availability or cost of liner shipping services? Please explain. Does the E.U. market share threshold of 30% for such operational agreements have any effect with respect to that impact? If so, please explain.

A: The operational agreements allow carriers to make better use of their vessel fleet and to provide a greater variety of service strings to customers.

EU's market share threshold prevents alliances from gaining monopoly status through continuous expansion.

Section B: Questions about the North Atlantic Trade (North Europe/U.S.)

6. How, and to what extent, did the recent economic recession (2008 – 2009) affect your company's liner shipping-related business in the North Europe/U.S. trade? Please explain.

A: North Europe and U.S. were two of the hardest-hit areas in the financial storm. Tumbling consumer demand led to considerable decrease in cargo volumes. To cope with the drastic downturn, we had to substantially streamline our fleet deployment in this trade.

7. Based on your experience prior to July 2008, when the Trans-Atlantic Conference Agreement (TACA) disbanded, did the existence of TACA have any impact on your liner shipping-related business in the North Europe/U.S. trade? If so, please explain.

A: Not directly but TACA announcements served as a barometer of market conditions against which independent carriers could better gauge their decisions in regard to vessels investment and deployment.

8. Based on your experience in the period from October 2008 to the present (i.e.,

since the E.U. block exemption was terminated), has there been any significant change(s) in liner services in the North Europe/U.S. trade that you attribute to the E.U. terminating the block exemption? For example, changes in:

a. the level of freight rates and surcharges;

A: Before and after the termination of block exemption, freight rates remain subject to market competition and determined by capacity demand and tonnage supply. But without rate guidelines proposed by TACA, the volatility becomes higher after the abolishment of conference.

As for surcharges, independent carriers such as Evergreen put in place their own surcharges before the abolishment of conferences but did look to TACA as an indicator of where the level for surcharges was. After TACA was abolished, all carriers set their own individual surcharges.

b. the frequency with which rates or surcharges are adjusted upward or downward (rate volatility);

A: The frequency of rate adjustment is subject to market development. There is no obvious change before and after the termination of block exemption except that the absence of a discussion platform such as TACA for conference carriers leads to a volatile decision by individual carriers lacking the frame of reference provided by TACA.

c. the assessment of surcharges;

A: Surcharges are designed to cover the fluctuation of operating costs. There is no change in the assessment.

d. the level of competition among ocean carriers;

A: Without the reference of TACA's announcements, it becomes easier for some carriers to launch destructive pricing campaigns to gain market shares. Such activities can threaten the survival of small-sized low cost carriers and thereby affect market competition.

e. the service contracting practices or terms offered by ocean carriers;

A: The terms and conditions of our service contracts remain unchanged before and after the termination of block exemption.

f. the availability of vessel capacity and container equipment; or

A: The abolishment of liner conferences did not directly affect the availability of vessel capacity and container equipment but as discussed previously due to the lack of a discussion platform for the former conference carriers each carrier whether conference or independents, were required to make decisions re vessel capacity and container equipment on an individual case by case basis without reference to discussions platforms provided by TACA.

g. the level or quality of liner services (including customer service, billing accuracy, etc.) If so, please identify and explain those changes.

A: No, the abolishment of liner conferences did not directly affect the quality of Evergreen's liner services including customer service, billing, accuracy, etc. As described above, however, the abolishment of liner conferences did increase the volatility in the shipping markers and prolonged the effects of the global financial crisis as far as the shipping industry was concerned.

10. Following repeal of the E.U. block exemption, ocean carriers created a global information system under Container Trade Statistics, Ltd. (CTS) in which a majority of ocean carriers serving the North Europe/U.S. trade participate. CTS provides certain data free on its web site, including indices of the carriers' aggregated average revenue per TEU by month. CTS also sells other data. To what extent, if at all, does your company access and use CTS Europe/U.S. trade data, and (if it does so) for what purpose(s)?

A: We use the statistics of CTS to monitor the market development in terms of cargo flow. On top of that, we also have access to other market information source, such as JOC and Drewry.

Section C: Questions about the Transpacific Trade (Far East/U.S.)

12. How, and to what extent, did the recent economic recession (2008-2009) affect your company's liner shipping-related business in the Far East/U.S. trade? Please explain.

A: The economic recession caused tremendous financial losses across the container shipping industry. We were forced to scale back our fleet deployment due to shrinking cargo volumes and unsustainable freight rates.

Besides, the ripple effect also spread to other shipping-related businesses of our Group, such as stevedore, container depot and trucking.

13. Based on your experience from January 2006 to the present, have the activities of the Trans-Pacific Stabilization Agreement (TSA) or the Westbound Trans-Pacific Stabilization Agreement (WTSA) had any significant impact on your company's liner shipping-related business in the Far East/U.S. trades? If so, please explain.

A: TSA and WTSA provide shipping companies a platform to exchange view over the market outlook. Through this channel, carriers can adjust strategies at their own discretion to serve customer demand and to compete against one another.

14. Based on your experience in the period from October 2008 to the present, have there been any significant characteristics of liner services in Far East/U.S. trades that you attribute to actions taken by TSA or WTSA member lines acting collectively? If so, please identify and explain those characteristics.

For example:

a. the level of freight rates and surcharges;

A: TSA and WTSA have no binding forces over their members' pricing strategies. Levels of freight rates are the results of market mechanism. Besides, carriers are free to adopt different surcharges to reflect the change of their operating costs.

b. the frequency with which rates or surcharges are adjusted upward or downward (rate volatility);

A: Basically, the frequencies of rates and surcharges adjustments are made in line with the change of market demand and capacity supply.

c. the assessment of surcharges;

A: TSA and WTSA provide indicators for the assessment of surcharges. However, carriers are free to make their own adjustments in consideration of their costs and to the fluctuation bunker cost voluntarily.

d. the level of competition among ocean carriers;

A: The announcements of TSA and WTSA only serve as a reference without binding power. Carriers can adopt different approaches and have to watch competitors' actions for proper adjustments. Market competition remains the same with or without the talking agreements.

e. the service contracting practices or terms offered by ocean carriers;

A: No. Our contract terms are in line with market practices and in compliance with government regulations.

f. the availability of vessel capacity and container equipment; and

A: No. TSA and WTSA are not allowed to discuss capacity arrangement.

g. the level or quality of liner services (including customer service, billing accuracy, etc.)

A: There is no change in this aspect.

Section D: Questions about the Europe – Asia Trade (Far East/Europe)

17. How, and to what extent, did the recent economic recession (2008-2009) affect your company's liner shipping-related business in the Far East/Europe trade? Please explain.

A: Before recent economic recession, the majority of big ships above 8,000 teu were deployed in the Far East/Europe trade. So when the financial storm struck, tumbling consumer demand led to a huge gap of capacity demand and supply. To cope with the severe market downturn, we substantially scale back our fleet deployment in this trade to lessen operating loss.

18. Based on your experience prior to October 2008 (i.e., before the Far East Freight Conference (FEFC) disbanded), did the existence of FEFC have any impact on your liner shipping-related business in the Far East/Europe trade? Please explain.

A: The existence of the FEFC did not have a direct impact on our liner shipping related business in the Far East/Europe trade but as stated previously the FEFC served as discussion platform for conference carriers to discuss market conditions in that trade and allowed independent carriers to have an insight as to how the FEFC members were reacting to such conditions.

19. Based on your experience in the period from October 2008 to the present (i.e., since the E.U. block exemption was terminated), has there been any significant

change(s) in liner services in the Far East/Europe trade that you attribute to the E.U.'s ending of the block exemption? For example, changes in:

a. the level of freight rates and surcharges;

A: Before and after the termination of block exemption, freight rates remained subject to market competition. As stated previously, the guidelines proposed by the FEFC provided a baseline for independent carriers to evaluate their freight rates. The lack of such a baseline has increased the volatility in the trade especially during the last 2 to 3 years of economic downturn.

As for surcharges, carriers were free to follow the FEFC's tariffs or adopt their own versions before abolishment of the conference. After that, carriers were required to offer their unique versions of surcharges.

b. the frequency with which rates or surcharges are adjusted upward or downward (rate volatility);

A: The frequency with which rates or surcharges are adjusted upward or downward is not directly affected by the ending of the block exemption. This is strictly a matter of market competition. In our opinion there was no obvious change before or after the termination of the block exemption.

c. the assessment of surcharges;

A: Surcharges are designed to cover the fluctuation of operating costs. There is no change in the assessment.

d. the level of competition among ocean carriers;

A: Without the stabilizing influence of the FEFC the economic down turn has led to destructive pricing wars which have threatened the survival of small low cost carriers leaving only large size major carriers to compete. The net result will be less completion rather than more competition because there will be less carriers in the trade.

e. the service contracting practices or terms offered by ocean carriers;

A: The terms and conditions of our service contracts remain unchanged before and after the termination of block exemption.

f. the availability of vessel capacity and container equipment; or

A: The abolishment of liner conference increased the volatility of shipping markets. Lack of a common view on market outlook postponed the reactivation of idle ships and precluded carriers from long-term investments, including orders of new vessels and container equipment.

g. the level or quality of liner services (including customer service, billing accuracy, etc.) If so, please identify and explain those changes.

A: No, the abolishment of liner conference increased the volatility of shipping markets. During the global financial storm, it deepened the market downturn and resulted in colossal losses across the container shipping industry. When carriers were struggling for survival and making every effort in cost-cutting programs, there were little left for service improvement.

21. Following repeal of the E.U. block exemption, ocean carriers created a global information system under Container Trade Statistics, Ltd. (CTS), in which a majority of ocean carriers serving the Far East/Europe trade participate. CTS makes certain data free on its web site, including indices of the carriers' aggregated average revenue per TEU by month. CTS also sells other data. To what extent, if at all, does your company access and use Far East/Europe trade data, and (if it does so) for what purpose(s)?

A: We mainly use the statistics of CTS to monitor the market development in terms of cargo flow. On top of that, we also have access to other market information source, such as Drewry.

Section E: Comparisons among Trades

22. Based on your experience since October 2008 (since the E.U. block exemption was terminated) are there differences in the characteristics of the Far East/U.S. trade versus the Far East/Europe or North Europe/U.S. trades that you attribute to differences between U.S. and European liner competition regulations?

A. Responding generally, in regard to differences in the characteristics of the Far East/U.S. trade versus the Far East/Europe and North Europe/U.S. trades one major difference is the existence of discussion platforms available to carriers i.e. TSA and WTSA where existence and discussions capability have helped to decrease part of the volatility resulting from the economic downturn from 2008 onward.

If so, please explain those differences. For example, differences in:

a. the level of freight rates and surcharges;

$\boxed{A}$: There are no obvious differences, since the level of freight rates are subject to supply and demand of their respective markets. Likewise surcharges are adjusted to reflect relative operating costs. As discussed in our general answer above, however, the existence of the TSA and WTSA has had a helpful effect on the volatility aspect.

b. the frequency with which rates or surcharges are adjusted upward or downward (rate volatility);

$\boxed{A}$: No obvious differences. The frequency with which rates or surcharges are adjusted depends on the change of market conditions and operating costs. Because of the existence of the TSA and WTSA the frequency of changes in rates and surcharges has not been as extreme as in the Far East to Europe trade.

c. the assessment of surcharges;

$\boxed{A}$: No obvious change. Surcharges are adjusted to reflect the change of operating costs.

d. the level of competition among ocean carriers;

$\boxed{A}$: Carriers compete with one another in all these markets whether there is a conference or not.

e. the service contracting practices or terms offered by ocean carriers;

$\boxed{A}$: There is no noticeable change in this aspect.

f. the availability of vessel capacity and container equipment; and

$\boxed{A}$: Container shipping is a highly capital-intensive industry. It takes sustainable freight rates to maintain the service network. Increasing market fluctuation can affect carriers' long-term investments, including vessel capacity and availability of container equipment are directly dependent upon market conditions. The lack of a discussion platform in the Far East to Europe trade lane in Evergreen's opinion has negatively affected long term investment strategy and decisions in regard to vessel capacity in the trades. From this point of view, abolishment of liner conferences has resulted in an increase in the volatility of freight rates.

g. the level or quality of liner services (including customer service, billing accuracy, etc.)

A: In terms of customer service and billing accuracy, there are no obvious differences in these trades.

23. Please identify any significant similarities and dissimilarities (for example, cargo volumes, scope or scale of operations, shipper mix, geography, market concentration levels, contracting practices, legal requirements, etc.) that existed in liner shipping markets in the (1) Far East/U.S. trade and the (2) Far East/Europe trade during the period 2006-2010. In your opinion, how (if at all) would those similarities and dissimilarities likely impact a comparison of liner pricing and service behavior across those two trades?

A:

a. Cargo volumes: The two markets are similar in sizes of total cargo volumes.

b. Scope or scale of operations: Trans-Pacific trade covers fewer countries and the service strings are deployed by medium-sized vessels. FE/Europe trade us consisted of more countries and served by larger ships.

c. Shipper mix: In terms of cargo volumes, there are more big accounts in the Trans-Pacific trade while FE/Europe market mainly consists of medium-sized and small customers.

d. Geography: North America is a large continent crisscrossed with a complex intermodal transport network. Cargoes are discharged in the ports of west coast and east coast and then connected by inter-modal network through the continent. European market spread across a fractured landscape, covering many peninsulas and islands. Cargoes are unloaded in several main ports and transshipped mostly by feeder to each country.

e. Market concentration level: Both Trans-Pacific & FE/Europe trades are highly competitive.

f. Contracting practices: Contract duration of Trans-Pacific trade is longer than that of FE/Europe trade. Besides, the ratio of contract cargoes is higher in Trans-Pacific trade than FE/Europe trade.

g. Legal requirements: TP is supervised by FMC regulations and Shipping Act, while FE/Europe is supervised by EU Maritime Competition Law.

Section F: Additional Questions for Vessel-Operating Common Carriers

FOR VOCCs ONLY:

27. Based on your experience during the period from January 2006 to the present, have there been any significant changes in the nature of your business in the North Europe/U.S. liner shipping market related to changes in:

a. Seasonality of cargo movements;

A: No significant change.

b. Commodity values;

A: No change for our main cargo structure.

c. Directional cargo imbalances (imports vs. exports);

A: Traditionally west-bound volumes of the Trans-Atlantic trade were higher than east-bound. But from 2007, the trade imbalance started to diminish.

d. Number of carriers serving the trade; or

A: No significant change.

e. Minimum scale (# and size of vessels) needed to serve the trade efficiently

A: It depends on cargo volume, vessel charter cost, fuel cost, port terminal operation and freight rates level, etc.

If so, please identify and explain those changes.

28. Based on your company's experience in the North Europe/U.S. trade, please identify any substantial changes that occurred in your liner business (operations, marketing, pricing, etc.) in the two years following repeal of the E.U. liner conference exemption (CY 2009 and 2010) as compared with the two years preceding the repeal (2006 – 2007)? If any, please explain.

A: Being a non-conference member, there is no substantial change in our own strategic planning. However, we are confronted with a more volatile market in the post-conference era.

29. Based on your experience during the period from January 2006 to the present, have there been any significant changes in the nature of your business in the Far East/U.S. liner shipping market related to changes in:

a. Seasonality of cargo movements,

A: No significant change.

b. Commodity values

A: No significant change.

c. Directional cargo imbalances (imports vs. exports)

A: US imports remain overwhelmingly higher than exports.

d. Number of carriers serving the trade; or

A: Some carriers withdraw during the downturn. Some carriers join this trade or resume service when the market recovers. But major players remain the same.

e. Minimum scale (# and size of vessels) needed to serve the trade efficiently

A: Total operated tonnage depends on cargo volume, vessel charter cost, fuel cost, terminal capacity and freight rates, etc.

The vessel sizes of FE-USEC all-water services are subject to the capacity of Panama Canal except for a few alternative routes via Suez Canal.

The FE-USWC market has no such limitation so more and more post-Panamax ships are being deployed in this trade.

30. Based on your experience during the period from January 2006 to the present, have there been any significant changes in the nature of your business in the Far East/E.U. liner shipping market related to changes in:

a. Seasonality of cargo movements;

A: No significant change.

b. Commodity values;

A: There is no significant change. However, the volume of solar panels and electronic goods are increasing in recent year.

c. Directional cargo imbalances (imports vs. exports);

A: Trade imbalance always exists with westbound volumes far exceeding those of eastbound leg.

d. Number of carriers serving the trade; or

A: There is no significant change in the number of major carriers.

e. Minimum scale (# and size of vessels) needed to serve the trade efficiently

A: Total operated tonnage depends on cargo volume, vessel charter cost, fuel cost, terminal capacity and freight rates, etc.

The vessel sizes of the FE-Europe market have been substantially expanded. For example, most giant ships above 10,000 teu are deployed in this trade.

NOW THEREFORE, it is ordered that Notice of this Inquiry be published in the Federal Register.

By the Commission.

Karen V. Gregory

Secretary