"K" LINE AMERICA, INC.

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OFFICE OF THE SECRETARY
FEDERAL MARITIME COMM

January 17, 2011

Karen V. Gregory, Secretary
Federal Maritime Commission
800 North Capitol Street, N. W. Room 1046
Washington, D. C. 20573-0001

Subject: FMC EU Study – Response to NOI

Dear Ms. Gregory:

In response to the Commission's Notice of Inquiry, An Analysis of the European Union Repeal of the Liner Conference Block Exemption dated November, 01, 2010, as agents for Kawasaki Kisen Kaisha, Ltd. ("K" Line) we respectfully submit the following documents as requested:

1. The complete filing of The Confidential-Restricted Response To The FMC E. U. Study Notice of Inquiry Questions each page marked as Confidential-Restricted with the confidential material clearly marked on each affected page. The Confidential-Restricted version responses to questions number 5, 11, 16, 20, 24, 25 and 26 have been marked as **(Confidential materials excluded from public version.)**

2. The complete filing of the public version of The Response To The FMC E. U. Study Notice of Inquiry Questions marked with the confidential material excluded and clearly marked on each affected page as "Confidential Materials Excluded". The responses to questions number 5, 11, 16, 20, 24, 25 and 26 have been excluded from the public version and noted as **(Confidential materials excluded.)**

The confidential materials consist of competitively sensitive information regarding details of "K" Line's business activities. This information could be used by competitors to the determent of "K" Line and could be used against "K" Line in commercial negotiations.

Sincerely,

John P. Meade
General Counsel
"K" Line America, Inc. as agents for Kawasaki Kisen Kaisha, Ltd.

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RESPONSE TO THE FMC E.U. Study Notice of Inquiry Questions

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Identifying Information

Name of Respondent: John P. Meade
Respondent's Title/Position: General Counsel
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Name and Address of Company or Other Entity: **"K" Line America, Inc.**
8730 Stony Point Parkway, Suite 400
Richmond, Virginia 23235

as Agent for

Kawasaki Kisen Kaisha, Ltd.
Hibiya Central Building 2-9,
Nishi-Shinbashi 1-chome,
Minato-ku, Tokyo, JAPAN 105-8421

Type of Company or Other Entity:
Vessel-Operating Ocean Carrier (VOCC)

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.

RESPONSE 1: Even under FEFC umbrella, each carrier had been independently working with each of their customers in terms of rates and conditions. From this starting point, there was less impact in the trade after this announcement than would have been the case otherwise. Prohibition of information exchanges among the conference members including guidelines on rates and surcharges adjustment aggravated fears and suspicions among the carriers and resulted in more frequent and sharp rate fluctuation than during the years with FEFC.

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.

RESPONSE 2: We have not noted any case particularly related to the EU regulation change.

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.

RESPONSE 3: No guidelines for rate increases, surcharge implementation, etc that had been provided by conference before, as TSA does even now, seems to have caused confusion and inconvenience for customers because the frequency and implementation date of adjustments vary carrier to carrier.

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.

RESPONSE 4: We have found that cooperation among ocean carriers in these operational matters positively impacts the activities of both carriers and shippers in terms of variety and balance of services, efficiency and cost competitiveness. We do not see any negative impact so far of the threshold of 30% EU market share, but we understand the theory that it could tend to lessen anti-competitive activities caused by over-concentration of market power.

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

5. Approximately what percent of your company's freight earnings (lines, OTIs) or shipping expenses (shippers) involves international shipping in the North Europe/U.S. trade? Does your company's business involve US imports (westbound service) only, U.S. exports (eastbound service) only, or both? Please explain briefly.

RESPONSE 5. **(Confidential materials excluded.)**

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.

RESPONSE 6: The precipitate drops in demand, especially on the head haul leg (TAS= Trans-Atlantic WB) forced "K" Line to rationalize its service from 3 loops with average 900 TEUs capacity per week in early 2008 to 1 loop with average 280 TEUs capacity per week in beginning of 4th quarter 2009.

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.

RESPONSE 7: The disbandment of TACA had negligible impact on "K" Line. "K" Line was not a member of this discussion agreement. Their guideline announcements did give some indications on where the transatlantic rates might be heading. However, rate levels were driven by the rule of supply and demand, as always.

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;
    b. the frequency with which rates or surcharges are adjusted upward or downward (rate volatility);
    c. the assessment of surcharges;
    d. the level of competition among ocean carriers;
    e. the service contracting practices or terms offered by ocean carriers;
    f. the availability of vessel capacity and container equipment; or
    g. the level or quality of liner services (including customer service, billing accuracy, etc.)

    If so, please identify and explain those changes.

RESPONSE 8:

a.) The TACA guideline announcements provided customers with some general guides on the timing and quantum of rate increases and surcharge adjustments. After removal of the block exemption, this guide is no longer available. Customers have advised that this has caused confusion and inconvenience because the frequency and implementation date of adjustments vary carrier to carrier.

b.) See (a) above.

c.) to g) No impact.

9. For CY 2010 to date, please estimate the percentage of your annual business (by volume) *in the North Europe/U.S. liner trade* that moved under (a) annual (or longer) service contracts, (b) shorter-term freight agreements, (c) spot rates, and (d) other (please specify). Has that changed significantly since October 2008? If so, please explain.

RESPONSE 9:

a.) The vast majority of TAS eastbound cargo volume is nominally under "annual contracts". In the real shipping world, the majority of contract rates are subject to changes requested, primarily by customers, to reflect market fluctuations.

b.) Not applicable.

c. We make rates effective for one month only on TAS eastbound exempt commodities.

d.)Not applicable.

No significant changes to the composition of (a) and (c) since 2008.

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)?

RESPONSE 10: "K"Line does not participate in its membership with CTS. Occasionally, we visit their public website to see general market trends only. We use numerous sources for market data.

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

11. Approximately what percent of your company's freight earnings (lines, OTIs) or shipping expenses (shippers) involve international shipping in the Far East/U.S. trade? Does your company's business involve U.S. imports (eastbound service) only, U.S. exports (westbound service) only, or both? Please explain.

RESPONSE 11: **(Confidential materials excluded.)**

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.

RESPONSE 12: Among all container services operated by "K" Line, the Far East/North America service (TPS) suffered the most disastrous financial loss in 2008/2009. Revenues in the other trade lanes started to recover in 4th quarter 2009 while revenue in TPS remained at record lows until May 2010.

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.

RESPONSE 13: The discussion agreements enable current market information exchange, helping us to improve utilization. The Carrier/Shipper meetings organized by TSA provided opportunities for us to have dialogues with large groups of customers about issues of common interest and exchange views on demand forecasts, supplementing information gathered by individual carriers.

The voluntary rate guidelines recommended by TSA/WTSA provided customers a general guide as to where rates were heading from the carriers' perspective. It also gave customers an indication of the "maximum" increase carriers might propose. In most cases, however, customers obtained lower than guideline rates through one-on-one negotiation.

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*? For example:

a. the level of freight rates and surcharges;

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

c. the assessment of surcharges;

d. the level of competition among ocean carriers;

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

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

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

If so, please identify and explain those characteristics.

RESPONSE 14:

a. The level of freight rates and rate volatility were, as always, driven by supply and demand. Rate levels tended to drop when general vessel utilizations were low among carriers and rebound when vessels were full.
   In general, rate drops were more frequent than rate increases. Most customers were eager to push carriers to "follow the market" when the market was soft. They were slow in agreeing or reluctant to agree to restoration of rates back to original levels when the market rebounded.
   Service contracts predominate in the TPS trade. In general, carriers only had a chance to secure rate restoration/increases during contract renewal time.

b. See (a) above.

c. The discussion agreements allow information exchange bearing on surcharge levels. This supports uniform surcharge levels based on trade-wide considerations.

d. Discussion agreements did not reduce the level of competition. In a down market, they actually tend to increase competition, such as in the 2008-2009 demand slump.

e. Other than periodic discussion of standard contracting terms, there is no material effect. There is no meaningful impact on practices or terms, because shippers' leverage drives contract contents, and shippers use their leverage to impose their own contract wording.

f. "K" Line makes its own decisions on space and equipment availability. Discussion agreements had no impact on these issues.

g. We surveyed our customers periodically on levels of our services. Based on their feedback, we made improvements/refinements to our services where possible.

   TSA/WTSA had no impact on these issues but utilization improvement due to information exchange did result in increased capacity available to shippers.

15. For CY 2010 to date, please estimate the percentage of your annual business (by volume) *in the Far East/U.S. liner trade* that moves under (a) annual (or longer) service contracts, (b)

shorter-term freight agreements, (c) spot rates, and (d) other (please specify)? Has that changed significantly since October 2008? If so, please explain.

RESPONSE 15.

a. A larger percentage of cargo volume is nominally under "annual contracts". In the real shipping world, the majority of contract rates are subject to changes requested, mostly by customers, to reflect market fluctuations.
b. Our TPS WB contracts are mostly 3-months in duration. Rates are subject to changes as discussed in (a) above.
c. We make rates effective for one month only on TPS WB exempt commodities.
d. Not applicable. No significant changes to the composition of (a) to (c) since 2008.

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

16. Approximately what percent of your company's freight earnings (lines, OTIs) or shipping expenses (shippers) involve international shipping in the Far East/Europe trade? Does your company's business involve European imports (westbound service) only, European exports (eastbound service) only, or both? Please explain briefly.

RESPONSE 16: **(Confidential materials excluded.)**

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.

RESPONSE 17: Among all container services operated by "K" Line, the Far East/Europe service suffered the 2nd largest disastrous financial loss in 2008/2009 with freight rate levels that did not cover even vessel hire cost.

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.

RESPONSE 18: Yes; In terms of information exchanges, especially concerning supply / demand predictions, allowing better utilization and helping maintain a more efficient service.

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;
    b. the frequency with which rates or surcharges are adjusted upward or downward (rate volatility);
    c. the assessment of surcharges;
    d. the level of competition among ocean carriers;
    e. the service contracting practices or terms offered by ocean carriers;

f. the availability of vessel capacity and container equipment: and
g. the level or quality of liner services (including customer service, billing accuracy, etc.)

If so, please identify and explain those changes.

RESPONSE 19:

a. As in all trades, the levels of freight rates were driven by supply and demand. End of the conference era did not have a direct impact on the historically low level of the freight rates in 08/09. Rate levels tended to drop when general vessel utilizations were low among carriers and rebound when vessels were full.

In general, rate drops were more frequent than rate increases, even week by week and day by day. The majority of the cargo in this trade moves under short-term agreements based on market rate. As to surcharges, each carrier created various surcharges with different names at different levels after the conference era, which created confusion and inconvenience for shippers who use multiple carriers.

b. (See above a.)

c. (See above a.)

d. to g. No particular change from the days with the conference

20. For CY 2010 to date, please estimate the percentage of your annual business (by volume) *in the Far East/Europe liner trade* that moved under (a) annual (or longer) service contracts, (b) shorter-term freight agreements, (c) spot rates, and (d) other (please specify)? Has that changed significantly since October 2008? If so, please explain.

RESPONSE 20: **(Confidential materials excluded.)**

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)?

RESPONSE 21. "K"Line did not participate in its membership with ELAA. We sometimes refer their public website to see general market trend only, and use various sources of market data.

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? For example, differences in:

a. the level of freight rates and surcharges;
b. the frequency with which rates or surcharges are adjusted upward or downward (rate volatility);
c. the assessment of surcharges;
d. the level of competition among ocean carriers;
e. the service contracting practices or terms offered by ocean carriers;
f. the availability of vessel capacity and container equipment; and
g. the level or quality of liner services (including customer service, billing accuracy, etc.)

If so, please explain those differences.

RESPONSE 22:

a. Rates and Surcharges (means, total freight rate level) in all trades are dependent on supply and demand situation, irrespective of whether the carriers are permitted to exchange information through conferences, but the guideline that used to be announced by conference provided customers with some general guide on the timing and quantum of rate increases and surcharge adjustments. After removal of the block exemption, this guide is no longer available, causing the carriers to set up similar surcharges with different names at different quantum as well as quantum of general rate increase / adjustment. Customers advised that this caused confusion and inconvenience because the frequency and implementation date of adjustments vary carrier to carrier.
b. Majority of US related trades are under rather long-term service contract. Contrarily to this, majority of Far East / Europe trades are not under service contract type agreement but under short-term and spot rate. Both of them fluctuate depending on supply and demand situation, but frequency of adjustment and magnitude of such adjustment to the carriers' profit & loss bottom-line in Far East / Europe trade is more frequent and larger due to trade structure.
c. Basically to reflect cost fluctuation in both trades with consideration of market competition. This is the field that gives inconvenience to customers post conference era mentioned in a. above.
d. No difference between Europe/US and Far East/Europe basically. Competition is based on supply and demand situation irrespective of existence of conference.
e. See b. above
f. and g. Whilst conferences have been abolished, this was only after Europe introduced the consortia regulations allowing Alliances. Prior to 1995 when this new legislation was brought in, it was conference legislation that ensured the maintaining of a regular service as this was a requirement of being in a conference.

(Summary KAM and KEU's answers to Q-8, Q-14 and Q19.)

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?

RESPONSE 23: In TPS trade, we file tariff rate, charge, rule, contract rate, and etc. to FMC, while there is no similar obligation in Far East / EUROPE trade. In spite of the dissimilarity in the obligation of filing, freight rate levels still depend on market fluctuations in both TPS and EUROPE markets, thus in this respect there is no difference between these two markets.

Section F: Additional Questions for Vessel-Operating Common Carriers

FOR VOCCs ONLY:

24. Please estimate the percentage of your liner revenues (globally) that were earned in each of the following trade lanes during CY 2010 to date:

    a. North Europe/U.S. liner trade ___ %
    b. Far East/U.S. liner trade ___ %
    c. Far East/Europe liner trade ___ %
    d. All other liner trades ___ %
    e. Total (all liner trades combined) 100 %

    If those percentages changed significantly during the 2006 through 2010 period, please describe and explain the change.

RESPONSE 24: **(Confidential materials excluded.)**

25. In each of the three major East-West trades, please estimate the percent of cargo your company carried for beneficial cargo owners (BCO) accounts, (b) OTI accounts, (c) other accounts (if any, please explain) during CY 2010 to date:

	BCO	OTI	Other
f. North Europe/U.S. liner trade	___%	___%	___%
g. Far East/U.S. liner trade	___%	___%	___%
h. Far East/Europe liner trade	___%	___%	___%

    Has the relative ranking of shipper types in these trade lanes changed significantly during the 2006 through 2010 period? If so, please describe and explain the change.

RESPONSE 25: **(Confidential materials excluded.)**

26. In each of the three major East-West trade lanes, please indicate which lanes have tended to be the relatively most profitable and which was the relatively least profitable for each year between 2006 and 2010 (inclusive). [Write *M* for most, and *L* for least.]

	Far East/U.S.	Far East/Europe	North Europe/U.S.
a. 2006	_____	_____	_____
b. 2007	_____	_____	_____
c. 2008	_____	_____	_____
d. 2009	_____	_____	_____
e. 2010	_____	_____	_____

If those rankings changed significantly during the 2006 through 2010 period, please explain the reason(s) for the change.

RESPONSE 26: **<u>(Confidential materials excluded.)</u>**

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;
    b. Commodity values;
    c. Directional cargo imbalances (imports vs. exports);
    d. Number of carriers serving the trade; or
    e. Minimum scale (# and size of vessels) needed to serve the trade efficiently

    If so, please identify and explain those changes.

RESPONSE 27:

a. No significant change to seasonality of cargo movement. Quarterly volume per year is quite steady.
b. No way to know values.
c. Following are Europe / US import and export reported by Drewry :

	EUR Export	EUR Import	Imbalance Ratio (Export vs. Import)
Y2006	1,782,000 TEUs	1,316,000 TEUs	1.4 : 1
Y2007	1,721,000 TEUs	1,527,000 TEUs	1.1 : 1
Y2008	1,621,000 TEUs	1,621,000 TEUs	1.0 : 1
Y2009	1,298,000 TEUs	1,169,000 TEUs	1.1 : 1
Y2010*	1,322,000 TEUs	1,267,000 TEUs	1.0 : 1

Data by Drewry *2010 Decry's estimation

d. Number of players kept changing in past several years with major mergers / Acquisitions, and new comers. Current carriers who serves are Maersk, APL, Hapag-Lloyd, ACL, CMA CGM, COSCO, Hanjin, Yang Ming, ICL, Evergreen, Hyundai, ZIM, NYK, MOL, OOCL, Hamburg-Sud, China Shipping, MSC

e. Biggest vessel operating is 6,500 teu average capacity. Average size vessel is Panamax 4,500 teu capacity

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.

RESPONSE 28: Generally the supply and demand imbalance in the trade had started before 2008. Prior to 2008 repeal of E.U. liner conference exemption there was a huge increase in capacity during 2006/2007 by approx 20% as the N Atlantic trade became a dumping-ground for bigger tonnage as Lines took delivery of new buildings and resulted in the cascading of vessels. This severely impacted freight rates as demand outstripped supply and levels fell. Post-2008 the situation remained unchanged for almost a year after which a number of Lines decided to withdraw capacity or re-tonnage to smaller units. However, rates still remain fragile given the poor volume growth forecasts projected for 2011/2012.

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,
b. Commodity values
c. Directional cargo imbalances (imports vs. exports)
d. Number of carriers serving the trade; or
e. Minimum scale (# and size of vessels) needed to serve the trade efficiently

If so, please identify and explain those changes.

RESPONSE 29:

a. No significant change to seasonality of cargo movement.
b. Customers won't disclose cargo values to us. Judging from the information we gathered from the media, cargo values in eastbound leg have come down as manufacturers in Far East are offering more competitive prices than their counterpart in the U.S. No significant changes to cargo value for TPS westbound.
c. Directional imbalance remains serious. Following are TPS import and export reported by PIERS Trade Horizons :

	TPS Import	TPS WB Export	Imbalance Ratio (Import vs Export)
Y2006	14,355,727 TEUs	5,027,517 TEUs	2.8 : 1
Y2007	13,799,299 TEUs	5,866,740 TEUs	2.3 : 1
Y2008	12,763,165 TEUs	6,237,930 TEUs	2.0 : 1

Y2009	10,829,830 TEUs	6,237,013 TEUs	1.7 : 1
Y2010*	6,175,278 TEUs	3,175,960 TEUs	1.9 : 1

*2010 1st & 2nd quarter

Imbalance ratio should revert to 2006 or 2007 levels as the U.S. economy continues its recovery and consumers resume their spending.

d. Number of players kept changing in past several years. There were "new" carriers entering into the trade while some carriers were being acquired.

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;
    b. Commodity values;
    c. Directional cargo imbalances (imports vs. exports);
    d. Number of carriers serving the trade; or
    e. Minimum scale (# and size of vessels) needed to serve the trade efficiently

    If so, please identify and explain those changes.

RESPONSE 30.

a. No significant change to seasonality of cargo movement.
b. No way to know values. Similarly to Far East / U.S cargo values in Westbound leg have come down as manufacturers in Far East are offering more competitive prices than their competitors in Eastern Europe, No significant changes to cargo value for Europe / Far East Eastbound.
c. Following are Far East / Europe import and export reported by Drewry :

	EUR Import	EUR Export	Imbalance Ratio (Import vs.Export)
Y2006	11,276,000 TEUs	4,978,000 TEUs	2.3 : 1
Y2007	13,374,000 TEUs	5,218,000 TEUs	2.6 : 1
Y2008	13,270,000 TEUs	5,235,000 TEUs	2.5 : 1
Y2009	11,546,000 TEUs	5,471,000 TEUs	2.1 : 1
Y2010*	12,858,000 TEUs	5,623.000 TEUs	2.3 : 1

Data by Drewry *2010 Drewry's estimation

d. Number of players kept changing in past several years with major mergers / Acquisitions, and new comers.
e. In mid of 2000th, majority of the vessel size in Far East / Europe was 5,000-6,000teu type but most of them were replaced by 8,000 – 12,000teu mega size especially in

this 4 years. It becomes difficult for carrier to survive in this market without enjoying lower operation cost per container by larger size of the vessel.

Sincerely,

John P. Meade
General Counsel
"K" Line America, Inc. as agents for Kawasaki Kisen Kaisha, Ltd.