

**Federal Maritime Commission
Notice of Inquiry
Solicitation of Views on the Impact of Slow Steaming**

Questions Directed to Ocean Liner Carriers

1. What does your company see as the advantages and disadvantages of slow steaming?

Advantages: Use of slow steaming allows for greater flexibility in management and employment of fixed assets, increased fuel efficiency and associated decreases in environmental impact, and provides greater flexibility in scheduling (response to weather and port-related delays). It should be noted that reduction in fuel costs is offset by increases in fixed asset costs (i.e. additional vessel and containers).

Disadvantages: As slow steaming requires employment of additional vessels (typically one additional per string / service), carriers incur additional vessel related costs.

2. What proportion of the ships your company operates in the U.S. trades slow steam? What proportion slow steam outbound from the United States? What proportion slow steam inbound to the United States? Please break this information down by trade.

Each vessel in the following services operates at slow steaming, principally outbound from the United States: BOHAI (Asia/PSW), YANG TSE (Asia/PSW), PRX (Asia/PSW), PEX3 (Asia/USG / USEC / Med / ME / SE Asia), and COLUMBUS (Asia/PNW/Asia/USEC/Asia). Our GULFBRIDGE (Caribbean / Mexico / Central America) and Caribbean services do not operate in slow steaming mode.

3. Do you have plans to increase or decrease slow steaming during 2011 and/or the years that follow?

CMA CGM has no definitive plans with respect to either increasing or decreasing use of slow steaming in the future; we will continue to monitor and evaluate the impact of slow steaming on performance, cost and benefit in order to evaluate the future of slow steaming operations within the Group.

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4. What factors help your company decide to slow steam any given service string? What factors cause your company to decide whether to slow steam in one direction only?

CMA CGM considers a wide range of factors in determining whether or not to utilize slow steaming, including customer service requirements (i.e., transit time, frequency of port calls), comparison to competitor's offered service, operational constraints (port availability and productivity /efficiency) and cost analysis.

The predominant factor in determining to employ slow steaming in one direction only - such as is found in the Transpacific trade - is the transit time required by shippers / cargo owners.

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5. In the past year, by how much (i.e., absolute amount and as a percent of the total) has your company reduced its bunker consumption, bunker fuel expenses, and carbon emissions as a result of slow steaming ships in U.S. ocean liner service?

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6. Do you make this information on fuel, cost, and emissions savings available and transparent to your customers? If not, do you have plans to, and what is your goal date? If not, why not?

RESPONSE DELETED

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7. Do you offer shippers, over the same trade lane, different transit times by reason of slow steaming vs. normal steaming?

No.

8. Have you passed cost savings along to shippers through adjustments to any bunker surcharge formulas, or by lowering rates? If not, do you have plans to, and what is your goal date? If not, why not?

No; thus far, we have found fuel savings realized through slow steaming are offset by additional or increased capital / fixed investment costs, maintenance, equipment and crew costs.

9. Are there any costs incurred by the ships your company is slow steaming that would not accrue if they were operating at normal service speed and, if so, what are these costs and how significant are they?

As noted above, slow steaming has typically required addition of vessels and containers in each service, increasing fixed assets, as well as maintenance and operations costs. We have observed increased maintenance costs arising from the combination of slow steaming

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procedures in company. Simultaneously, the increasing consumption of low-sulfur fuels is generating additional costs.

10. What factors constrain your company's ability to slow steam more services or to further slow down ships that are already slow steaming (i.e., super-slow steaming)?

The availability of vessels, technical limitations on certain vessels, costs analysis and market conditions and perceptions are the main factors.

11. How many vessels do you add to service loops that begin slow steaming for part or all of the loop? Are there instances where vessels are not added?

As noted above, slow steaming has typically required addition of one (1) vessel in each string.

12. Is your company adding new vessels to your fleet to accommodate slow steaming?

Not at the present time.

13. Are new ship designs incorporating hull and propulsion engine innovations to better accommodate slow steaming?

Our new ship designs incorporate hull and propulsion technologies and innovations that focus upon increased efficiency and lower environmental impacts, which also improve and better accommodate the implementation of slow steaming (electronic engine, for instance).

14. How has slow steaming impacted your company's on time performance of sailing schedules?

The additional vessel required due to slow steaming and to the increased number of moves (larger vessels) has give us flexibility and reactivity to recover delays in the schedule. For instance, on a transpacific EB leg, a vessel could be delayed by bad weather and could arrive late in LA/LB. On the return leg (WB), this delay will be recovered and the vessel will be in time to load in Asia. Without slow steaming, unless we decide to by-pass ports in Asia, the vessel would have still been late in LA/LB on the following voyage.

15. Are some shipper accounts more affected by slow steaming than others? If so, please explain. What measures has your company taken to try to mitigate any adverse impact of slow steaming on specific shipper accounts?

The implementation of slow steaming in only one direction - such as the westbound Trans Pacific - would logically have a greater impact on westbound shipping accounts than on eastbound. We have not, however, noted any increase in customer comment or complaint regarding the frequency and availability of westbound services.

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16. To what extent has slow steaming affected your company's ability to maintain or expand capacity in the U.S. trades and/or its ability to maintain adequate availability of containers at appropriate inland locations?

Slow steaming has had no negative impact with respect to capacity or availability of equipment. The imbalance import and export (relative volumes) and the freight levels have a greater impact on equipment availability than slow steaming.

17. Do you believe slow steaming is sustainable over the long-run? Please explain why or why not.

Yes, so long as operating conditions, as noted above, sustain and justify its use.

18. If your company participates in one or more vessel sharing arrangements ("VSAs"), describe whether and to what extent VSAs are positively or negatively impacted by slow steaming.

Implementation of slow steaming within Vessel Sharing Agreements is based upon the same factors and circumstances upon which CMA CGM might make an independent decision to slow steam. As a result the positive and negative impacts of slow steaming appear to be the same for the VSAs in which we participate.