

22 June 2009

## **Swire Shipping Announces Major Service Restructure**

Swire Shipping has announced major changes to its regional and global network of liner shipping services and a restructuring of its organisation. The changes involve the suspension of its two round-the-world operations, a refocus on its traditional core trading region of Asia-Pacific and a reduction of its global staffing levels.

In conjunction with the integration of its New Zealand-based associate, Tasman Orient Line (TOL), and following a comprehensive review of its key liner service operations, the company has decided to withdraw from parts of its global operation and consolidate its activities around the core Asia-Pacific region. As a result of continued weakness in the European and United States economies, Swire Shipping will be suspending its two round-the-world services, the Eastabout Round-the-World (ERTW) and the Westabout Round-the-World (WRTW) operation. Both services are heavily dependent on volumes to and from these key trading areas. The collapse in cargo volumes and significant reduction in freight rates, coupled with the increasing oil price, means that these trades are no longer financially sustainable. The previously announced Europe Pacific Service, originally planned to replace the WRTW, will also be suspended for similar reasons.

“The decision to terminate these two established services has not been made lightly and it is always regrettable having to withdraw from a trade lane”, said Ulrich Stelling, chief executive. “However, we are confident that, by consolidating our resources and focusing our attention on our traditional key trading regions of Asia, Papua New Guinea and the Pacific, and by strengthening our service products to our core customers, Swire Shipping will ride out these difficult economic times and emerge a stronger organisation,” he added.

Swire Shipping’s Australia-North Asia service will, effective from July, be integrated with Tasman Orient’s New Zealand-North Asia operation to provide a significantly upgraded framework. A fourth vessel will be added to TOL’s existing three vessel service to provide better port coverage and frequency in the Australia-North Asia as well as the Trans-Tasman sectors.

The two sister vessels currently deployed in the Australia-North Asia service will cascade into other regional services. One of them will be introduced into the Australia - Papua New Guinea/Solomon Islands trade as a third vessel, thus substantially increasing capacity and frequency in this sector. The other ship will return to a dedicated employment in the Australia-Pacific Islands trade. The four large multipurpose vessels operating in the ERTW service, owned and operated by Swire Shipping’s parent, China Navigation, will be redeployed into the Australia-West Coast North America trade over the coming months.

“With these enhancements to our key regional trades, we are reinforcing our focus on our traditional markets and our core customer base,” commented Toby Smith, General Manager for Swire Shipping’s trades. “These changes complement the previously announced enhancements to our South East Asia - Papua New Guinea service,” he added.

The consolidation of the liner operations and the organisational alignment of Tasman Orient and the NZ agency business of Quadrant Pacific with that of Swire Shipping will result in a reduction in the size of the global organisation. It is expected that, of the approximately 550 staff within the group’s liner network worldwide, there will be a reduction in the number of positions by about 200. Ulrich Stelling said, “While this impact on staff employment is extremely regrettable, it is an essential move to ensure the continued viability of the company as we navigate through these turbulent economic times.” He added, “we are committed to concentrating on continuing to deliver a first class service to our customers during this transitory time. By strengthening our

focus on key strategic markets and allocating our resources to provide the very best service to our core trading regions and customers, we will be able to ride out this difficult economic period and emerge a stronger organisation, operating a more robust and long-term viable business.”

Full details of the changes to each trade lane are shown on the following appendices.

For further information please contact:

Ulrich Stelling  
Chief Executive  
[ustelling@swireshipping.com](mailto:ustelling@swireshipping.com)

Toby Smith  
General Manager, Trades  
[tsmith@swireshipping.com](mailto:tsmith@swireshipping.com)

## **Details of Service Enhancements**

### **Australia – North Asia – PNG**

- Integration of the separate North Asia services operated by Swire Shipping (with 2 vessels) and Tasman Orient Line (with 3 vessels), connecting NZ and Australia respectively, into a single loop deploying 4 multipurpose vessels.
- Introduction of “***Pacific Pathfinder***” as the 4<sup>th</sup> vessel to TOL’s North Asia service and redeployment of SSL’s “***Pacific Harmony***” and “***Pacific Horizon***”

#### New service:

- Vessels: 4 multi-purpose tweendeck vessels, upto 25,000 tons DWT
- Sailing frequency: Every 16 days
- Schedule integrity: Robust and reliable due to reserve speed capability
- North Asia rotation: Keelung, Taichung, Kaohsiung, Shanghai, Busan, Osaka, Yokohama
- PNG ports (southbound): Lae, Port Moresby
- Solomon Islands (southbound): Honiara (monthly)
- Pacific Islands (southbound): Guam (monthly), Noumea
- Australian ports (northbound): Brisbane, Townsville
- NZ ports of call: Auckland, Wellington, Timaru, Tauranga
- Transshipment services: Serviced via Busan
- Cargo capability: Containers, break bulk and project coverage

### **New Zealand – Australia**

- Introduction of TOL’s North Asia service to Trans-Tasman trade, connecting Timaru and Tauranga directly with Brisbane and Townsville.
- Complementing existing Tasman Shuttle Service, operated by “***Tasman Chief***”/“***Pacific Chief***”
- Almost doubling the current 24 westbound Trans Tasman sailings to 46 per year and providing greater port coverage.

### **Australia – Papua New Guinea**

- Introduction of “***Pacific Harmony***” to join existing two sister-vessels effective from July:

#### New service:

- Vessels deployed: 3 multi purpose ‘Miho’ class vessels – 980 TEU / 13,500 dwt
- Cargo capability: Containerised and break bulk cargo
- Sailing frequency: every 10 days
- Australian ports: Melbourne, Sydney, Newcastle, Brisbane
- PNG ports: Port Moresby, Lae, Madang, Kimbe / Rabaul, Lihir
- Solomon Islands port: Honiara

### **Australia – Pacific Islands**

- Introduction of “***Pacific Horizon***” – full schedule details to follow