

# CARRIER CONSOLIDATIONS AND ALLIANCES AND THE IMPACT ON PORTS IN THE WESTERN HEMISPHERE

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# TOP CARRIERS

| Rank | Operator                         | Teu       | Share | Existing fleet  | Orderbook |
|------|----------------------------------|-----------|-------|---|-----------|
| 1    | APM-Maersk                       | 4,038,530 | 17.9% | [Bar chart showing 100% Existing fleet]                 |           |
| 2    | Mediterranean Shg Co             | 3,251,999 | 14.4% | [Bar chart showing ~95% Existing fleet, ~5% Orderbook]  |           |
| 3    | COSCO Group                      | 2,796,293 | 12.4% | [Bar chart showing ~90% Existing fleet, ~10% Orderbook] |           |
| 4    | CMA CGM Group                    | 2,643,724 | 11.7% | [Bar chart showing ~85% Existing fleet, ~15% Orderbook] |           |
| 5    | Hapag-Lloyd                      | 1,595,408 | 7.1%  | [Bar chart showing 100% Existing fleet]                 |           |
| 6    | ONE (Ocean Network Express)      | 1,542,223 | 6.8%  | [Bar chart showing ~95% Existing fleet, ~5% Orderbook]  |           |
| 7    | Evergreen Line                   | 1,197,437 | 5.3%  | [Bar chart showing ~80% Existing fleet, ~20% Orderbook] |           |
| 8    | Yang Ming Marine Transport Corp. | 629,643   | 2.8%  | [Bar chart showing ~70% Existing fleet, ~30% Orderbook] |           |
| 9    | PIL (Pacific Int. Line)          | 416,746   | 1.8%  | [Bar chart showing ~90% Existing fleet, ~10% Orderbook] |           |
| 10   | Hyundai M.M.                     | 414,073   | 1.8%  | [Bar chart showing ~60% Existing fleet, ~40% Orderbook] |           |
| 11   | Zim                              | 381,652   | 1.7%  | [Bar chart showing 100% Existing fleet]                 |           |



# US EAST COAST VESSEL SIZES

A 69% increase in size in under five years.

2014: 8,500 TEUs

2015: 9,000 TEUs

2016: 10,500 TEUs

2017 (May): 13,098 TEUs

2017 (July): 13,300 TEUs

2017 (Aug): 14,400 TEUs



# TRENDS

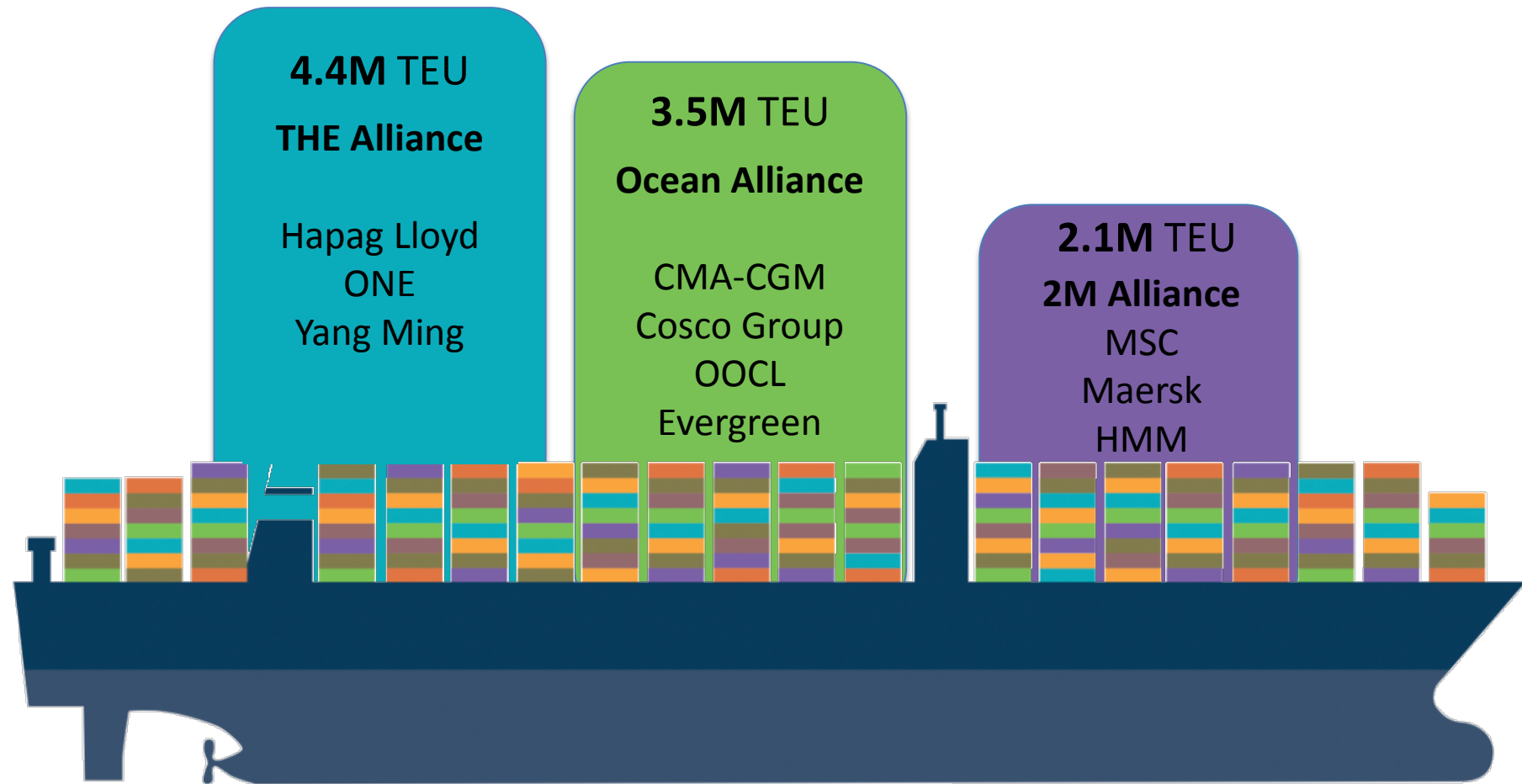
- Deployment of larger container ships as carriers seek economies of scale
- Formation of carrier alliances in order to fill the large ships
- Decrease in port vessel calls while handling increased cargo



*MOL Triumph, 20,150 TEUs*



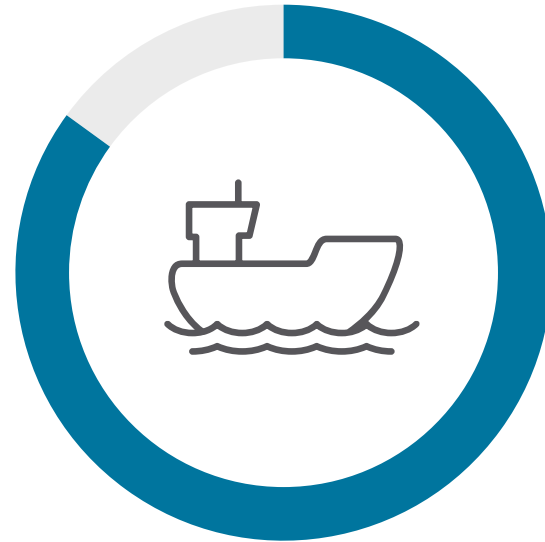
# ALLIANCES



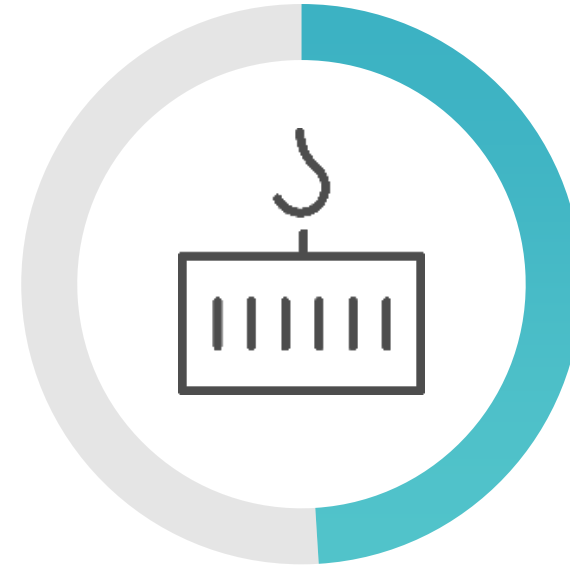
These alliances control nearly 90% of container volume on primary world trade lanes.



# THE PORT OF VIRGINIA



**Vessel calls are down  
5.1%**  
compared to FY 2017



**Volumes are  
up 2.4%**  
over FY 2017

1.6 million containers for Fiscal Year 2018



# COMMERCIAL IMPACTS

- Higher concentration of any port's freight is contained within these alliances
- Negotiating with an alliance vs. carrier
  - More freight at stake to either gain or lose
- Smaller ports impacted by alliance routing larger ships to larger ports that have capabilities to handle them



# PORT OPERATIONAL CHALLENGES



- Berth windows
- Crane productivity
- Terminal congestion
- Rail delays
- Chassis shortages
- Labor utilization





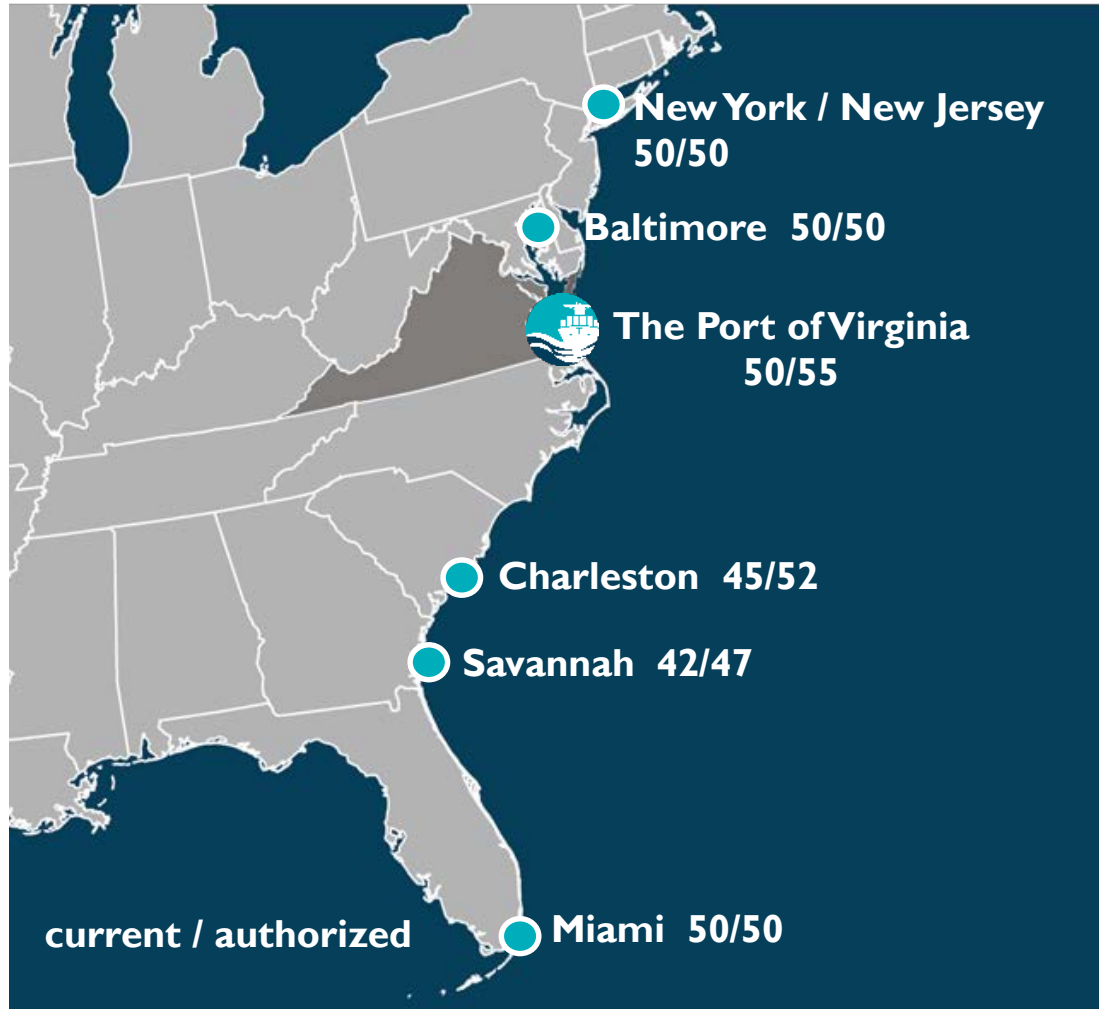
# PORT INVESTMENT

Bigger ships create the need for:

- Wider and deeper channels
- Larger cranes
- Longer berths
- Increased yard capacity
- Good intermodal connections
- Warehousing and distribution centers



# EAST COAST PORT DEPTHS



## **New York/New Jersey - 50' deepening completed September 2016**

- \$2.1B total cost (roughly 54% federal/46% local cost share)
- Bayonne Bridge lift from 151' to 215' completed June 2017
- \$1.3B total cost

## **Baltimore - Constructed to 50'**

- LRR underway to consider widening

## **Charleston - 52' authorized in WIIN 2016**

- \$494M total cost (\$224M federal/\$269M local)
- SC appropriated \$300M in 2012
- Approvals complete. \$17.5M included in USACE FY17 and \$49M in FY18 Work Plans for construction.
- Construction began March 2018

## **Savannah - 47' authorized in WRRDA 2014**

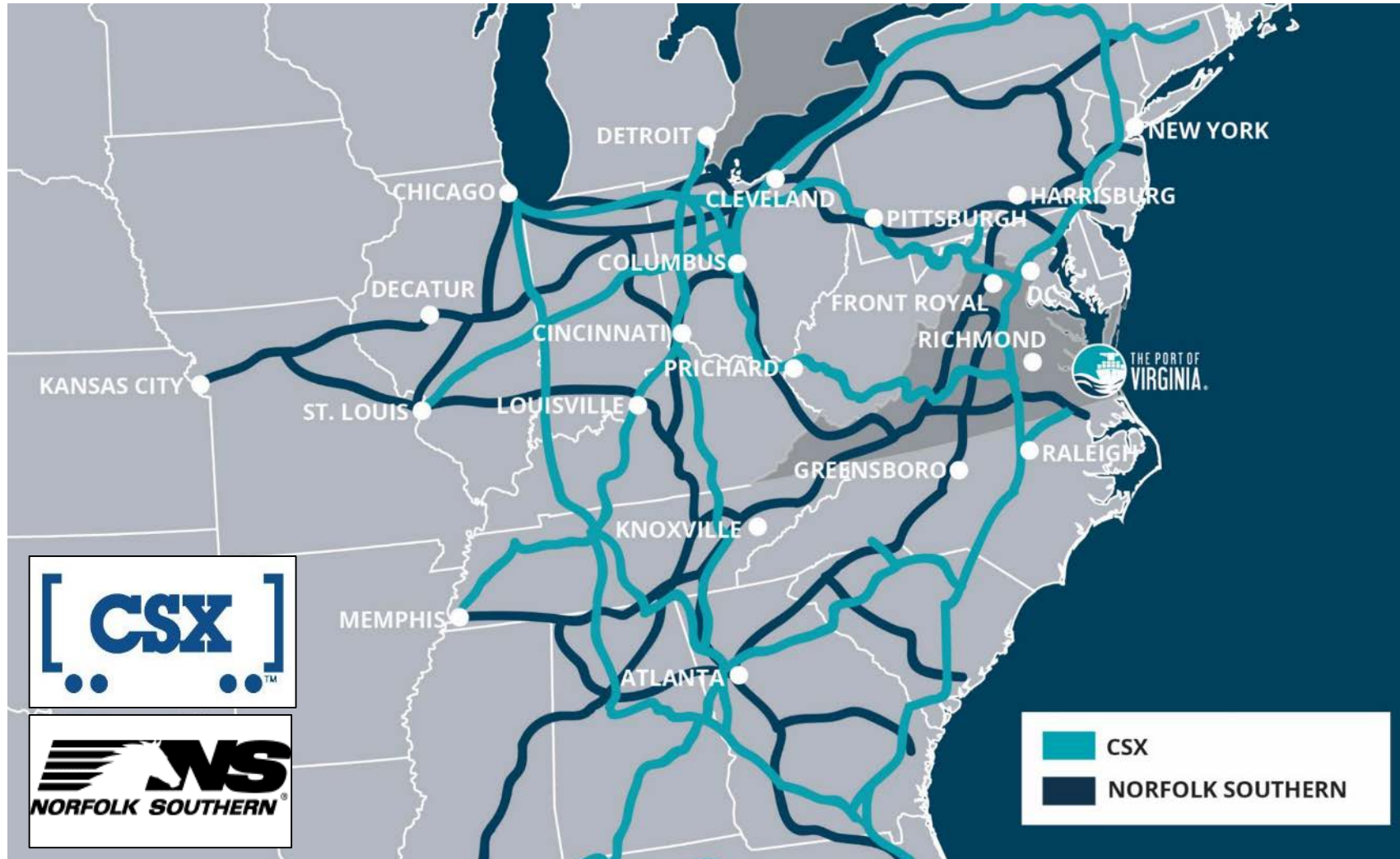
- \$973M total cost (roughly 60% federal /40% state)
- GA appropriated \$266M through bonds
- Outer harbor construction began in 2015 and scheduled through 2018

## **Miami - 50' deepening complete in September 2015**

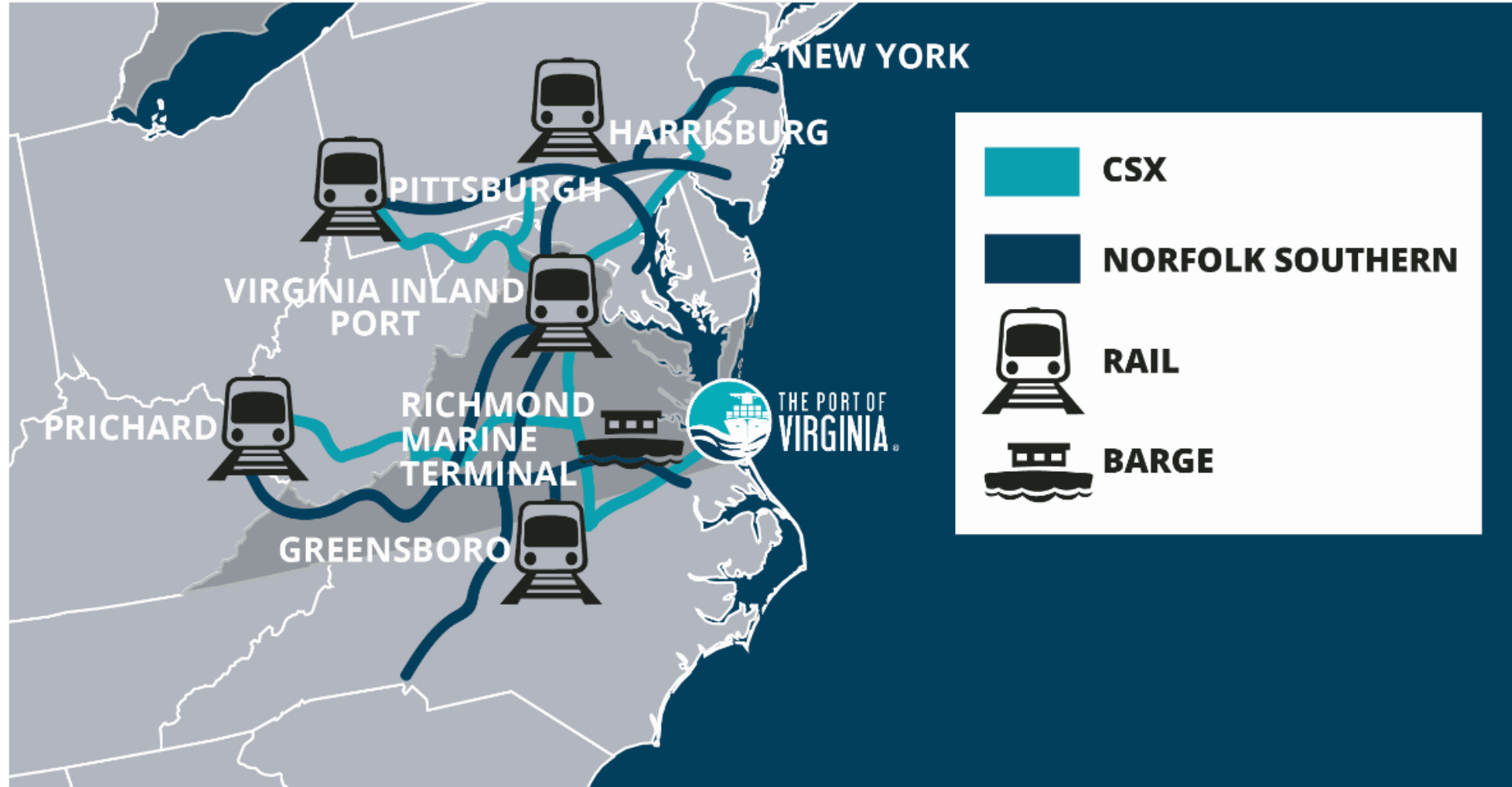
- \$220M total cost (\$112M FL/\$108 Miami-Dade)



# BETTER CONNECTIVITY



# DEVELOP SHORT HAUL STRATEGIES



# FREIGHT MOVEMENT ALTERNATIVES



# IMPROVED TECHNOLOGIES TO ACCOMMODATE LARGER DISCHARGES

NAVIS N4 - 3.3.6.1.273903

File Unit Gate Yard Vessel Rail Cargo Control Dashboards Reports BI Windows Help

Units Vessel Visits Train Visits

Actions Display Unit Nbr --

| Last Move   | Unit Nbr    | Type ISO | Category | V-State | T-State | Position | Line Op | I/B Actual Visit | O/B Actual Visit | P |
|-------------|-------------|----------|----------|---------|---------|----------|---------|------------------|------------------|---|
| 2017-Apr-03 | TJSU7244109 | UNKN     | Import   |         |         |          |         |                  |                  |   |
| 2017-Apr-03 | TJSU4711298 | UNKN     | Import   |         |         |          |         |                  |                  |   |
| 2017-Apr-03 | TJSU5178554 | 2109     | Storage  |         |         |          |         |                  |                  |   |
| 2017-Apr-03 | TYLU110077  | 2200     | Import   |         |         |          |         |                  |                  |   |
| 2017-Apr-03 | TYLU7598038 | 2200     | Import   |         |         |          |         |                  |                  |   |
| 2017-Apr-03 | TJSU1907418 | 2200     | Export   |         |         |          |         |                  |                  |   |
| 2017-Apr-03 | TJSU6479162 | 2230     | Export   |         |         |          |         |                  |                  |   |
| 2017-Apr-03 | TJSU8285204 | 4200     | Export   |         |         |          |         |                  |                  |   |
| 2017-Apr-03 | TJSU5715813 | 2200     | Export   |         |         |          |         |                  |                  |   |
| 2017-Apr-03 | TJSU5643416 | 2200     | Export   |         |         |          |         |                  |                  |   |
| 2017-Apr-03 | TYLU7598038 | 2200     | Export   |         |         |          |         |                  |                  |   |
| 2017-Apr-03 | TJSU7588465 | 2230     | Export   |         |         |          |         |                  |                  |   |
| 2017-Apr-03 | TJSU4786852 | 2200     | Export   |         |         |          |         |                  |                  |   |

Unit Inspector for TJSU447363

Container

Status

T-Stat

Last Move: 2017-Apr-03

Complex Position: T-GEN\_TRUCK

Planned Position:

Frght Kind: FCL

Line Op: TJS

VGM Weight (kg):

VGM Verifier:

VGM Updated Date:

Gross Weight Source:

Weight (kg): 1,900

Stow:

Stow 2:

Stow 3:

Customs:

Hazards

Unit Nbr: TJSU447363

Type ISO: 2200

EqRole: Primary

Vessel Inspector for CYU733-4

Vessel

Vessel Name: CYU VESSEL

O/B Vyg: 733

Visit

Visit: CYU733-4

Service: IUE

Line: GHI

I/B Vyg: 733

O/B Vyg: 733

Next Facility:

Status

Visit Phase: Arrived

Facility: LCT

Est. Time of Depart: 2017-Apr-10

Act. Time of Arrival: 2017-Mar-31

Classification:

Train Inspector for AOT1354

Train

AOT1354 railroad: AOT

Visit

Train Id: AOT1354

Service: SZS

Rail Road: AOT

Direction: Inbound Only Train

Status

Phase: Arrived

Facility: LCT

ETA: 2017-Apr-02

ETD: 2017-Apr-16

Begin Receive:

JVP VVC712 SIN

GEN\_TRUCK VVC712 SIN

VVC120 GEN TRUCK LYT

1:552

qa-node1 | LPC/NZLYT/LCT/MAIN/admin

navis N4

- Automation
- Coordination
- Flexibility

Credit: NAVIS

Thank you

