

# Competitive Dynamics for Carriers: Competition & Cooperation in the Container Market

AAPA Marine Terminal Management Training

Long Beach • October 1, 2018

Dr. Noel Hacegaba  
Deputy Executive Director

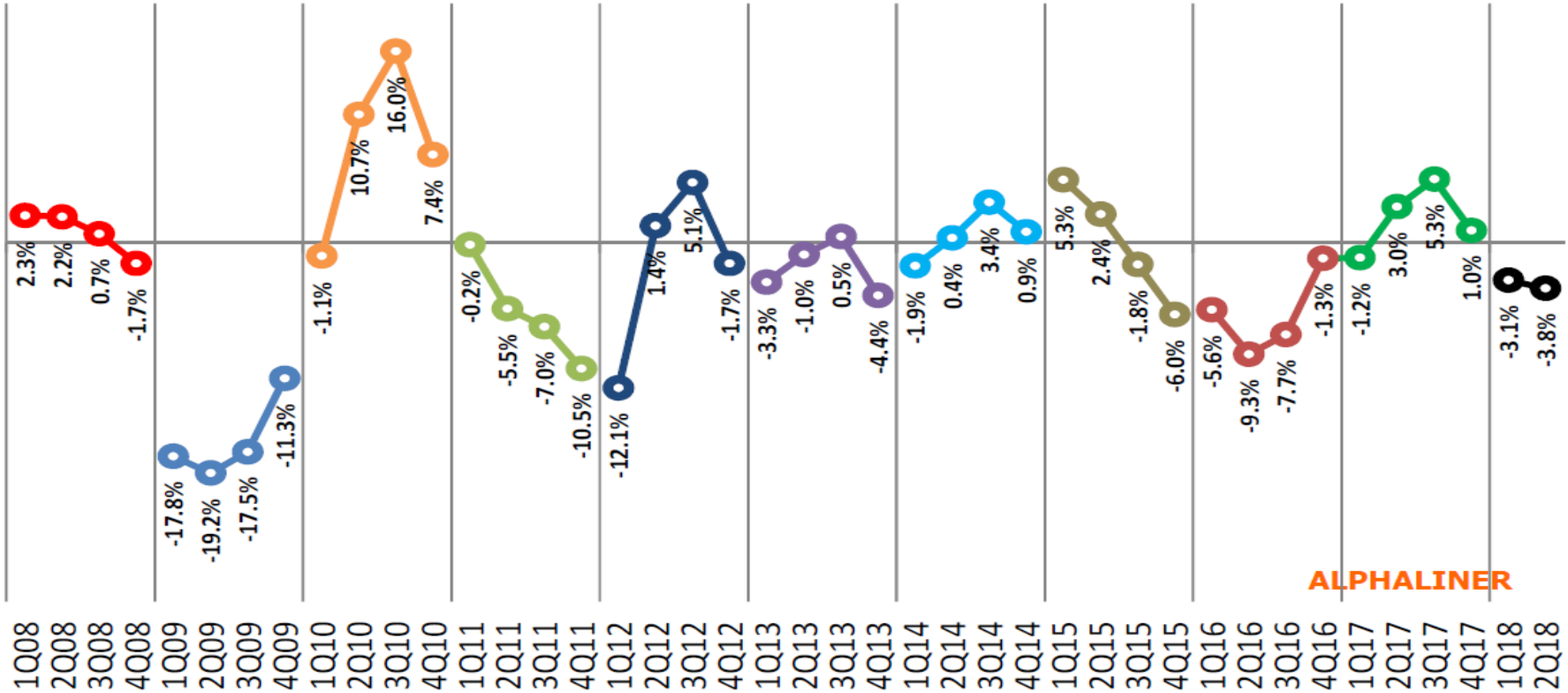


# Outline

- Ocean Carrier market trends
- Shipping Line Alliance evolution
- Port Authority role and investments
- Q&A

# Main carriers - average operating margin by quarter : 2008-2018

Average Carrier Operating Margin

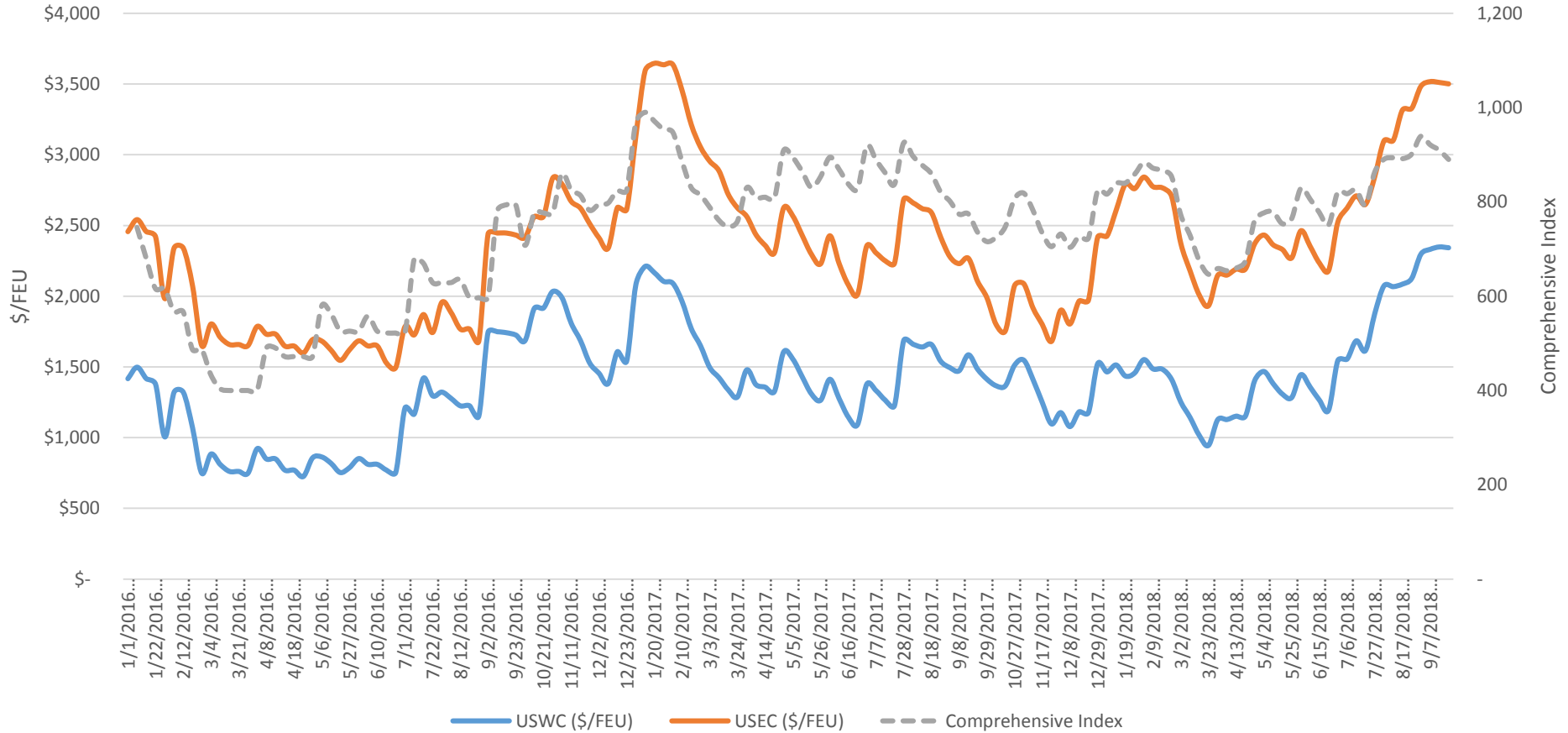


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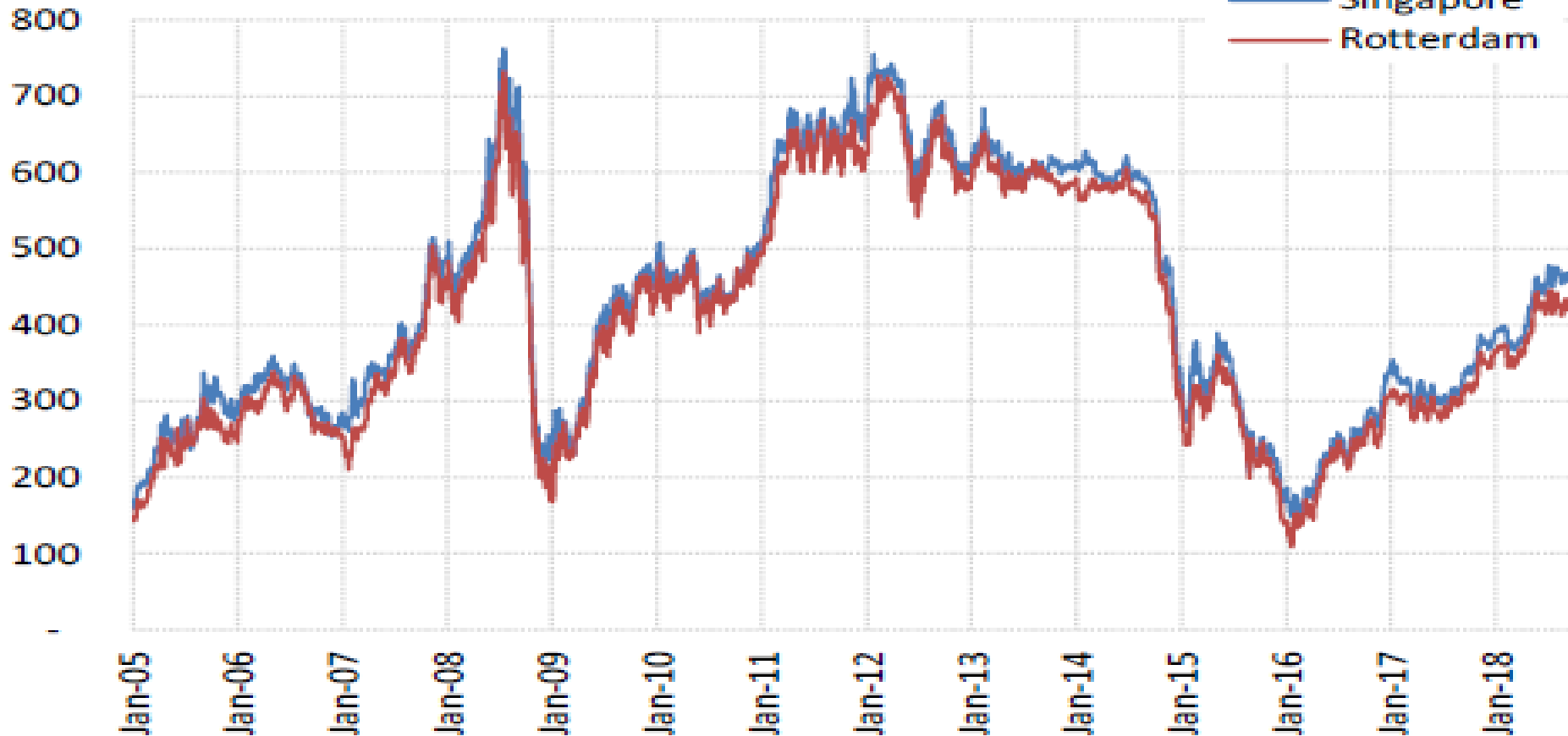
Average of CMA CGM (incl APL to 2Q 2016), CSCL (to 1Q2016), EMC, Hanjin (to 3Q 2016), Hapag-Lloyd (incl CSAV to 2014), HMM, Maersk, ONE (from 2Q 2018, formerly KL, MOL, NYK), WHL, YML, Zim



# SCFI (USWC/USEC/Comprehensive Index)

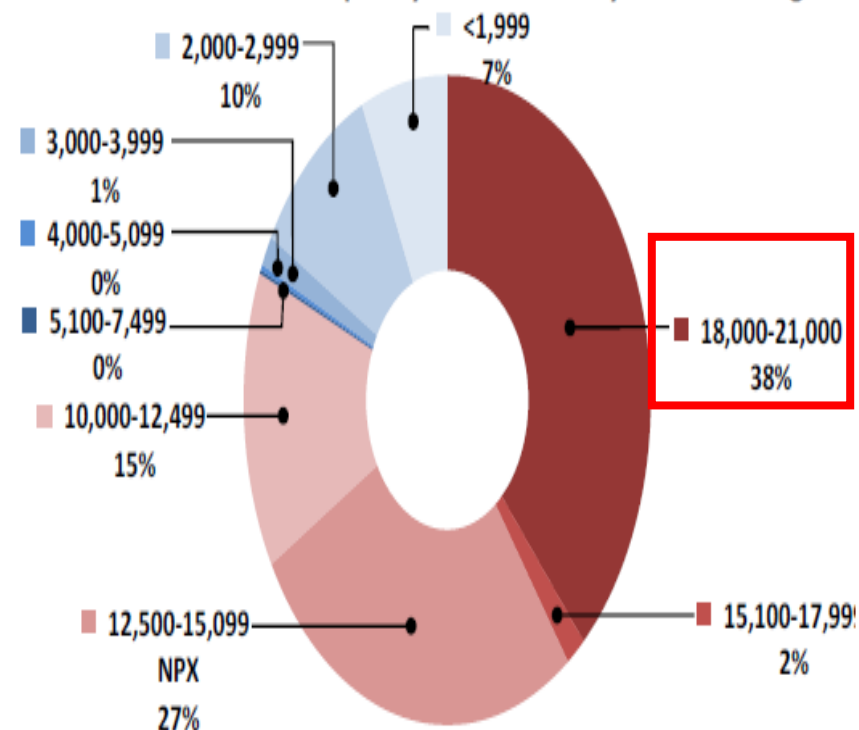


# Bunker Price : 380 cSt \$/ton



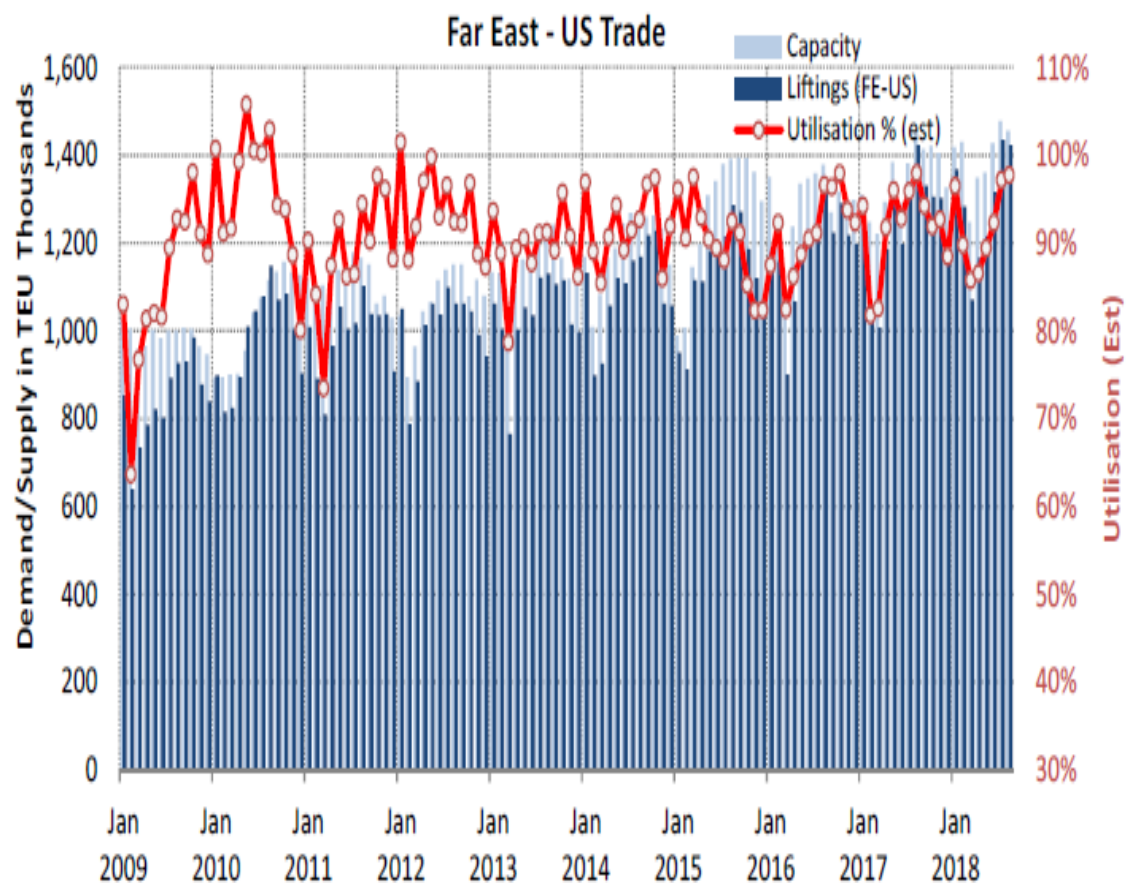
Size Range TEU	All cellular ships		Of which chartered			Orderbook/ Existing %
	Units	TEU	Units	TEU	% Chrt	
18,000-20,000	50	1,100,976	14	301,104	27.3%	64.6%
15,100-17,999	3	45,846	0	0	0.0%	9.0%
* 12,500-15,099 NPX	54	766,474	39	557,106	72.7%	23.9%
10,000-12,499	36	424,944	28	328,944	77.4%	25.2%
7,500-9,999	0	0	0	0	0.0%	0.0%
5,100-7,499	1	5,295	1	5,295	100.0%	0.2%
4,000-5,099	2	8,000	2	8,000	100.0%	0.3%
3,000-3,999	13	43,628	0	0	0.0%	5.1%
2,000-2,999	107	280,360	39	103,570	36.9%	16.8%
1,500-1,999	83	149,956	67	121,054	80.7%	14.5%
1,000-1,499	28	32,262	12	14,896	46.2%	3.9%
500-999	24	15,390	0	0	0.0%	2.6%
100-499	1	120	0	0	0.0%	0.2%
<b>TOTAL</b>	<b>402</b>	<b>2,873,251</b>	<b>202</b>	<b>1,439,969</b>	<b>50.1%</b>	<b>13.0%</b>

## Orderbook Fleet Capacity Breakdown by TEU size range



\* Note on Neo-Panamax (NPX) ships - Ships of 13,300 to 15,099 teu with beams of 49.00 to 51.25m (revised neo-Panamax gauge) are counted in the revised 12,500-15,099 teu segment from 1 Jun 2018.

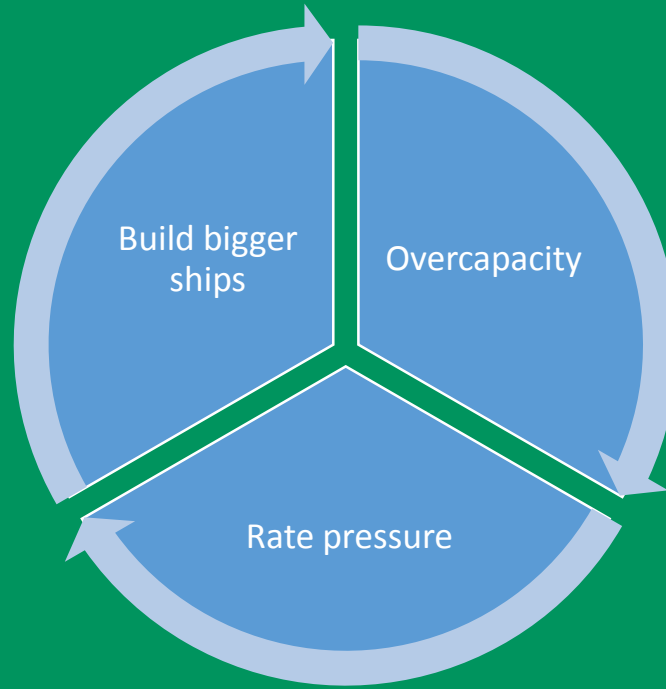
FE-US TEU	2016	2017	2018	18/17%	17/16%	16/15%
Jan	1,181,121	1,234,319	1,367,701	10.8%	4.5%	24.2%
Feb	1,158,392	1,020,907	1,283,309	25.7%	-11.9%	27.0%
Mar	900,008	1,008,171	1,070,669	6.2%	12.0%	-19.4%
Apr	1,066,420	1,186,689	1,166,200	-1.7%	11.3%	-4.1%
May	1,183,797	1,328,836	1,215,195	-8.6%	12.3%	0.1%
Jun	1,218,191	1,197,031	1,315,919	9.9%	-1.7%	1.7%
Jul	1,237,243	1,324,490	1,434,746	8.3%	7.1%	1.8%
Aug	1,331,768	1,423,770	1,421,925	-0.1%	6.9%	3.5%
Sep	1,223,323	1,331,464			8.8%	-3.7%
Oct	1,289,806	1,305,453			1.2%	8.6%
Nov	1,218,463	1,301,819			6.8%	8.7%
Dec	1,197,041	1,173,162			-2.0%	12.3%
Q1	3,239,522	3,263,397	3,721,680	14.0%	0.7%	8.7%
Q2	3,468,409	3,712,555	3,697,314	-0.4%	7.0%	-0.7%
Q3	3,792,334	4,079,724			7.6%	0.5%
Q4	3,705,310	3,780,434			2.0%	9.8%
YTD Aug	9,276,942	9,724,212	10,275,665	5.7%	4.8%	75.9%
Full Year	14,205,575	14,836,110			4.4%	4.3%



Trade utilisation based on reported liftings/trade capacity deployed adjusted for non-scope allocation (based on Alphaliner estimates)

Trade demand data for FE-US is derived from PIERS (based on discharge date)

# Vicious Cycle





Q2 1996	Q1 1998	Q4 2001	Q4 2005	Q4 2009	Q1 2012	Q2 2015
<b>Global Alliance</b> APL MOL Nedlloyd OOCL MISC	<b>NWA</b> APL/NOL MOL Hyundai	<b>NWA</b> APL/NOL MOL Hyundai	<b>NWA</b> APL/NOL MOL Hyundai	<b>NWA</b> APL/NOL MOL Hyundai	<b>G6 Alliance</b> APL/NOL MOL Hyundai Hapag-Lloyd NYK OOCL	<b>G6 Alliance</b> APL/NOL MOL Hyundai Hapag-Lloyd NYK OOCL
<b>Grand Alliance</b> Hapag-Lloyd NYK P&O Nedlloyd NYK NOL P&OCL	<b>Grand Alliance</b> Hapag-Lloyd NYK P&O Nedlloyd OOCL MISC	<b>Grand Alliance</b> Hapag-Lloyd NYK P&O Nedlloyd OOCL MISC	<b>Grand Alliance</b> Hapag-Lloyd NYK OOCL MISC	<b>Grand Alliance</b> Hapag-Lloyd NYK OOCL		
	<b>United Alliance</b> Hanjin/Senator Cho Yang UASC	<b>CKYH</b> Hanjin/Senator K Line Yang Ming COSCO	<b>CKYH</b> Hanjin K Line Yang Ming COSCO	<b>CKYH</b> Hanjin K Line Yang Ming COSCO	<b>CKYH</b> Hanjin K Line Yang Ming COSCO	<b>CKYHE</b> Hanjin K Line Yang Ming COSCO Evergreen
	<b>CYK Alliance</b> K Line Yang Ming COSCO					
						<b>2M</b> MSC Maersk
						<b>Ocean Three</b> CMA CGM China Shipping UASC

# Current Alliance Structure



OCEAN  
ALLIANCE



2M+H  
ALLIANCE



THE  
ALLIANCE



INDEPENDENT  
CARRIERS

# Adapting to the new norm...



# Adapting to the new norm...



# Terminal Investment...



# Roadway Investment...



# Rail Investment...





## Port's Role in Optimizing Operations

- Facilitating communication and collaboration
- Enabling innovation and information-sharing
- Enhancing velocity and reliability
- Creating value for the end-user





# Free Flow (Peel Off)

The image shows the front grille of a silver Peterbilt truck. The grille is a large, rectangular mesh with three vertical chrome bars. Above the grille is a Peterbilt logo. Two yellow fog lights are mounted on the grille. The truck's headlights are visible on either side. The background is a clear blue sky and some trees.

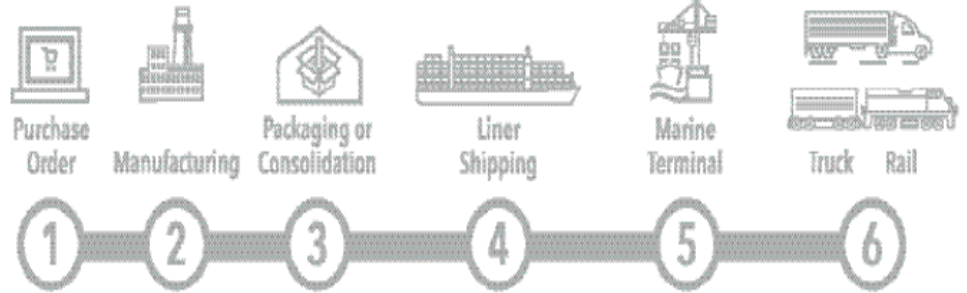
# Reservation System (Appointments)



GE Transportation's Digital Solutions

# Port Optimizer

## Optimizing the Global Supply Chain



Port Optimizer		
Inbound Visibility	Vessel Status	Peel Piles
<ul style="list-style-type: none"> <li>Shipping Line</li> <li>Vessel</li> <li>Terminal</li> <li>BCO</li> <li>Destination</li> <li>Container Size</li> <li>Container Type</li> <li>Date</li> </ul>	<ul style="list-style-type: none"> <li>Inbound</li> <li>Outbound</li> <li>Docked</li> <li>ETA/ETD</li> <li>Unload Status</li> </ul>	<ul style="list-style-type: none"> <li>Container Tracking</li> <li>Container Forecast</li> <li>↑ Dual Transactions</li> </ul>
	Chassis Positioning	
	Container Status	
	<ul style="list-style-type: none"> <li>Terminal</li> <li>Discharged</li> <li>Status</li> <li>Destination</li> <li>Days after Dchrg</li> </ul>	
	Empty Cont. Mgt	

# *ITS/Advent: Predictive Availability*





Pier A  
SSA

Pier C  
Matson

WBCT North  
THEA

TraPac  
THEA

WBCT South  
OCEAN

YTI  
THEA

TTI  
2M+H

LBCT  
OCEAN

ITS  
THEA

ETS  
OCEAN

GGS  
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PCT  
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DR. NOEL HACEGABA  
DEPUTY EXECUTIVE DIRECTOR

NOEL.HACEGABA@POLB.COM



@PortofLB



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