3^{rd} Med Ports 2015
Transshipment Patterns and Ship Size Revolution in the West Mediterranean

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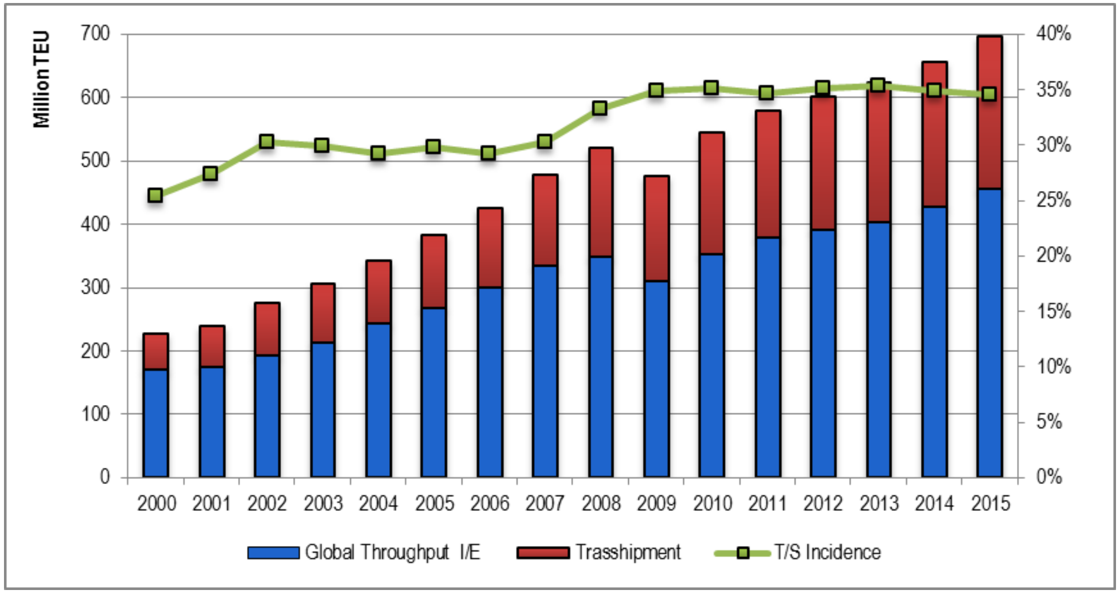
Agenda

1. Overview of transshipment volumes in the West Med
2. West Med versus Central Med
3. Hub & spoke development drivers and forecast
4. Relay development drivers and forecast
5. Challenging the status quo
6. Drivers and constraints in the ship size revolution
7. Key conclussions

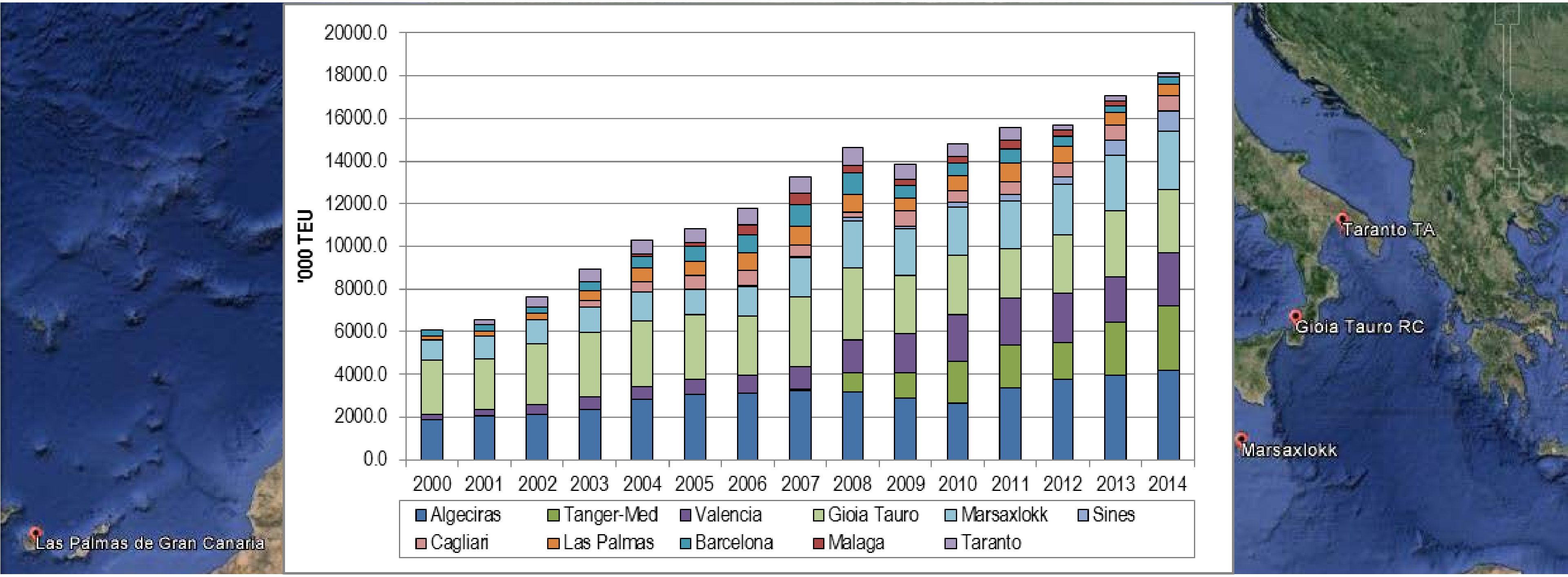
Overview of Transshipment Volumes

- At global scale, the transshipment incidence has reached a higher level (35%).
- This move took place rapidly during the global slowdown 2008-2009.



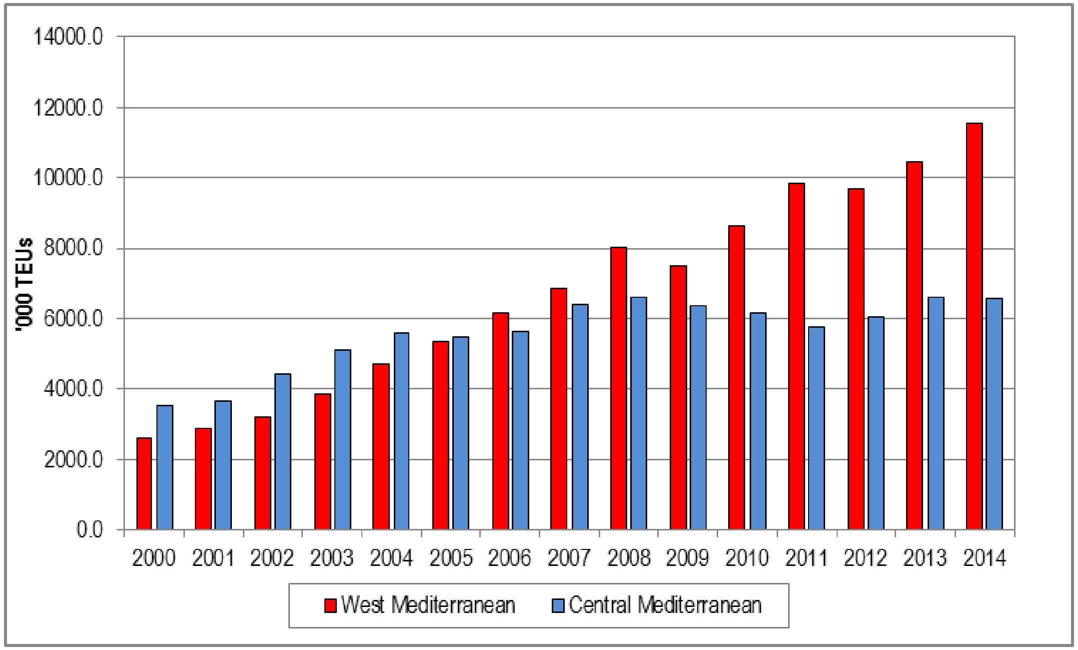
Overview of Transshipment Volumes

- In Central and West Mediterranean t/s volumes has reached 18.0 million TEU in 2014.
- Volumes increased threefold between 2000-2014 in spite of the 2009 slowdown.



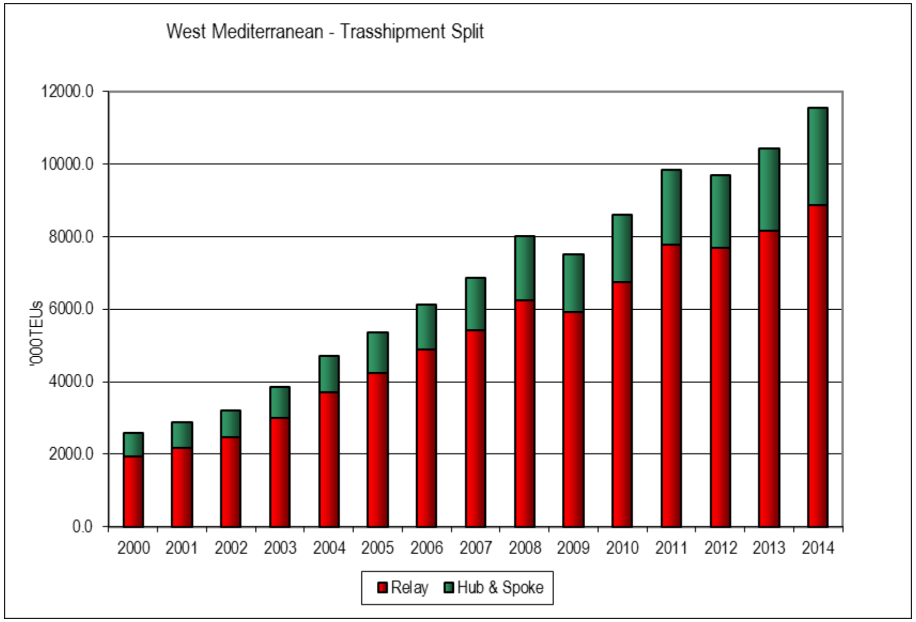
West Med versus Central Med

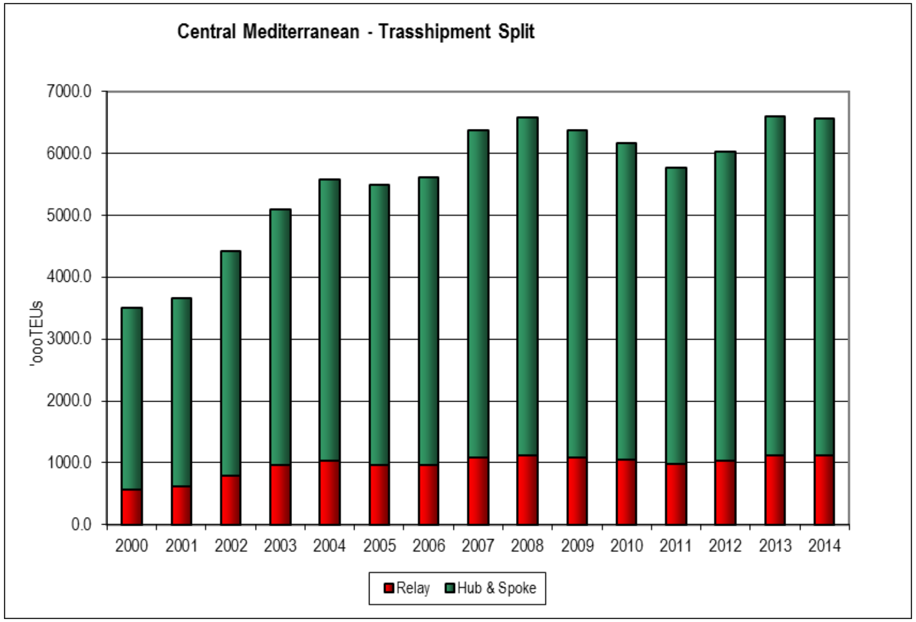
- Different developments between Central Med and West Med.
- West Med ports approaching 12.0m TEU and gaining market share, while Central Med seems to have reached a ceiling.



Transshipment Operations (W & C Med)

- Hub & spoke transshipment
- Relay transshipment





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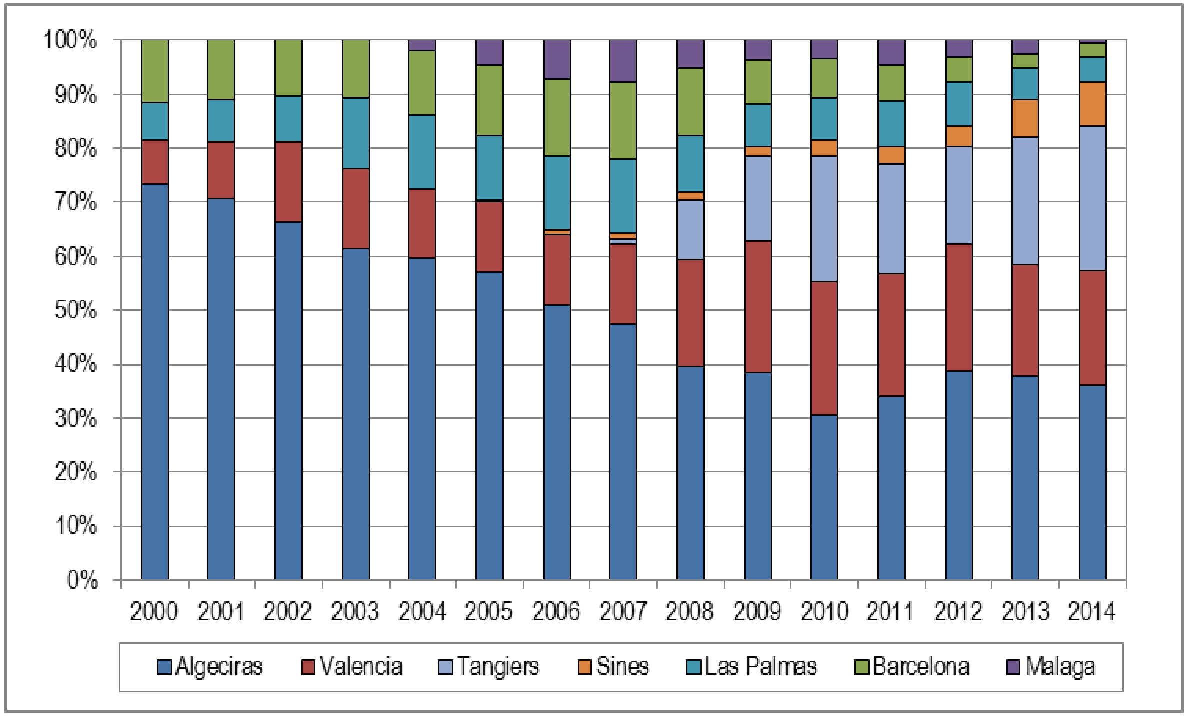
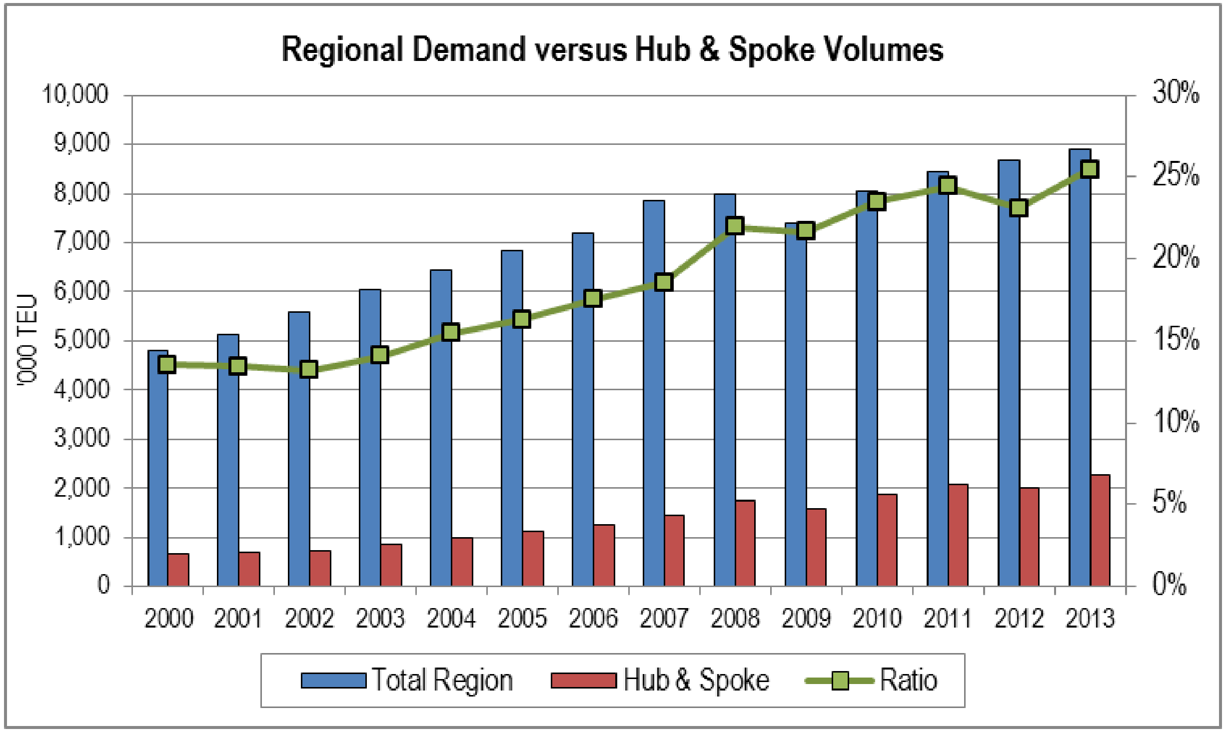
West Mediterranean Key Players

- New players entering the market since 2008 and rapidly gaining market share.
- Successful stories: TangerMed, Valencia, Sines.



Hub & Spoke Forecast – West Med

- Main driver: GDP growth of West Med countries



- Elasticity of port demand
- Watch out for economies in transition!

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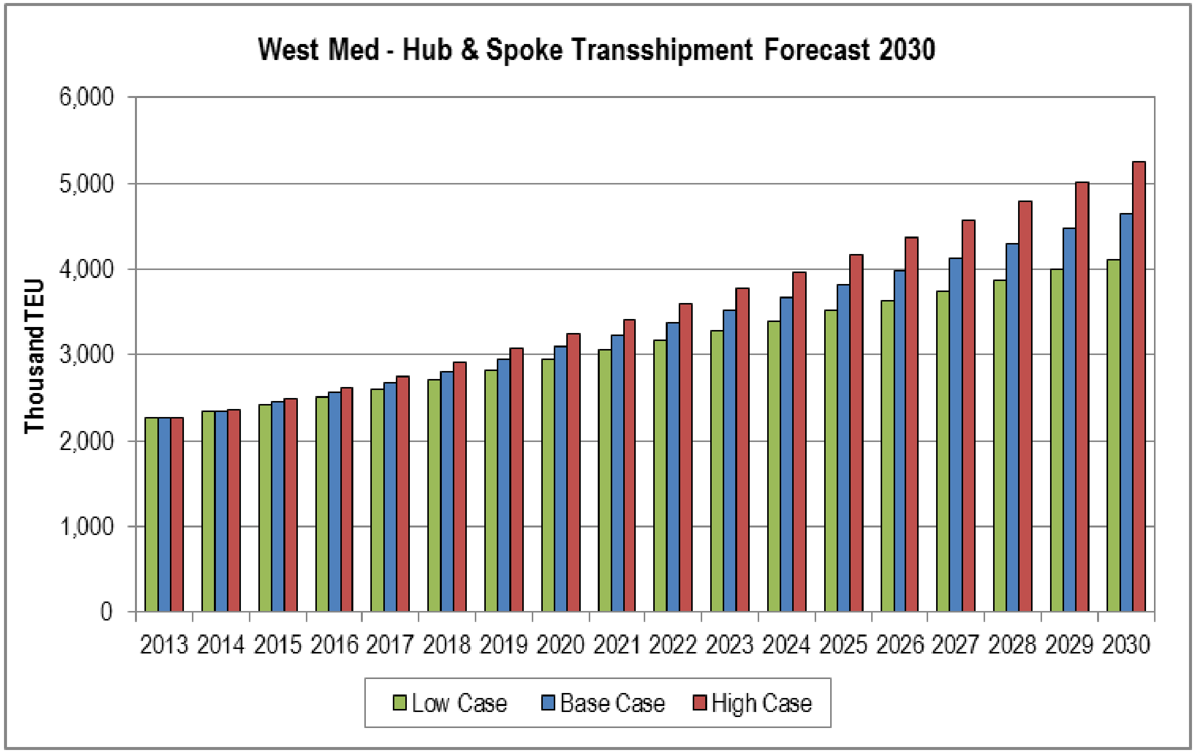
Hub & Spoke Forecast – West Med

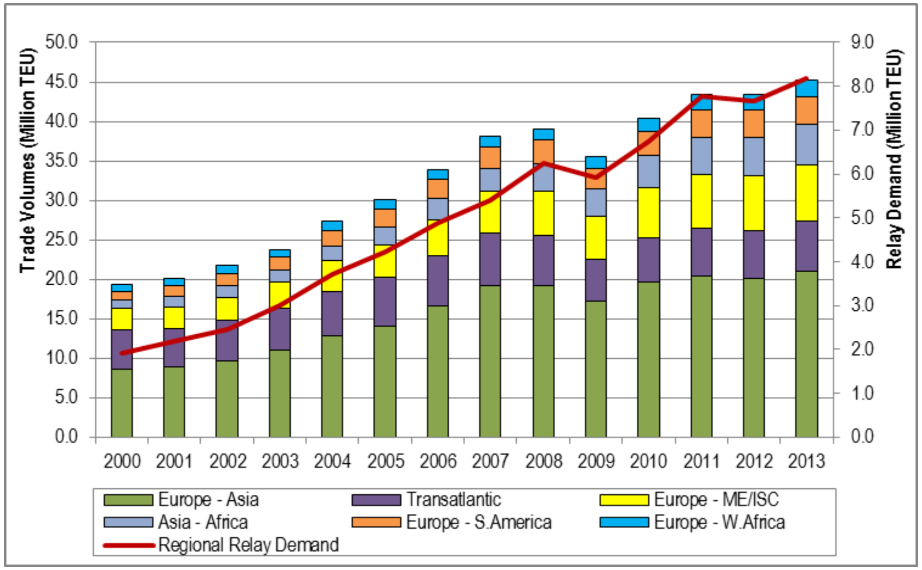
- Main driver: GDP growth of West Med countries

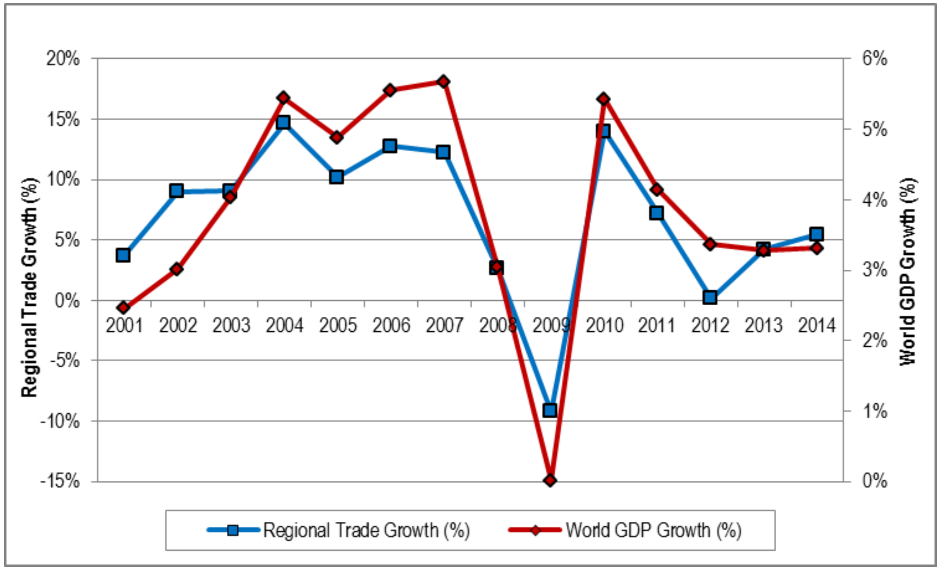


- Hub & spoke volumes expected to more than double by 2030.

Relay T/S Forecast – West Med

- Different drivers influence the Relay (interlining) market
  - CAGR% of the trade along the selected routes was 6.8% 2000-2013.
  - CAGR% of the Relay T/S in the West Med was 11.7% in 2000-2013.





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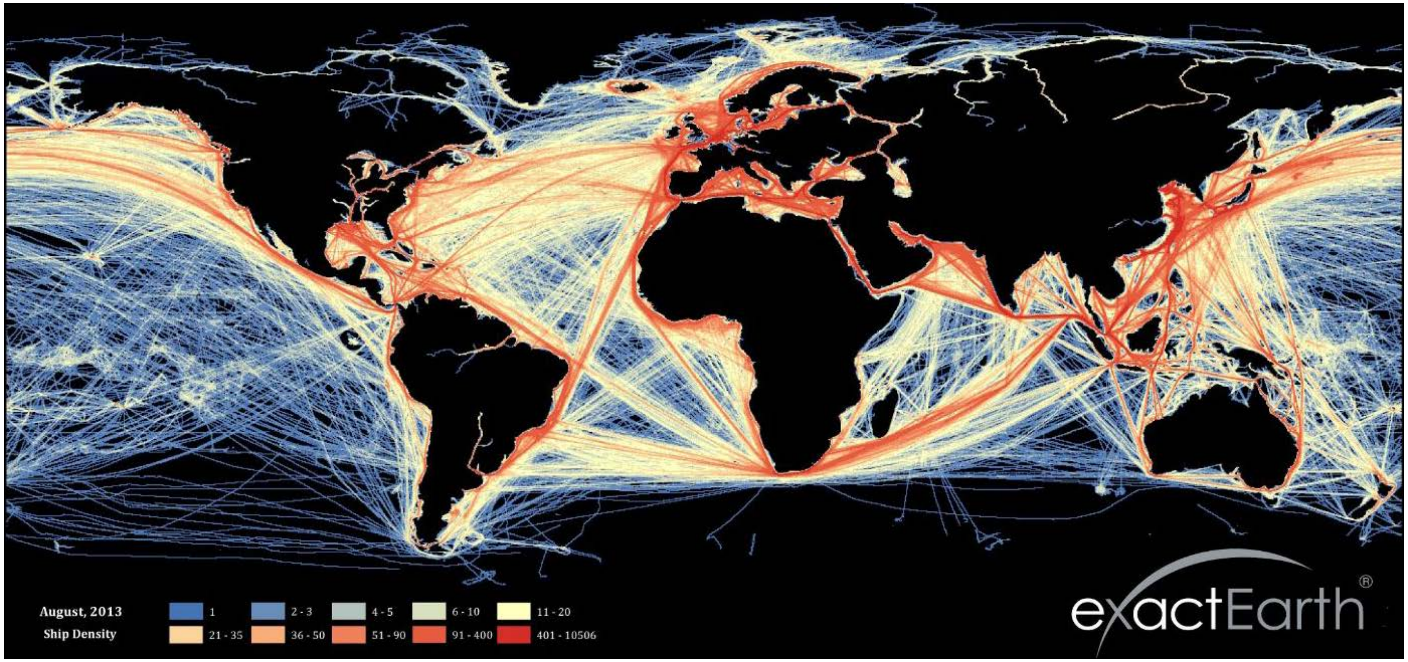
What factors could slow down this growth?

- The Panama Canal Expansion
- Developments in the West African ports



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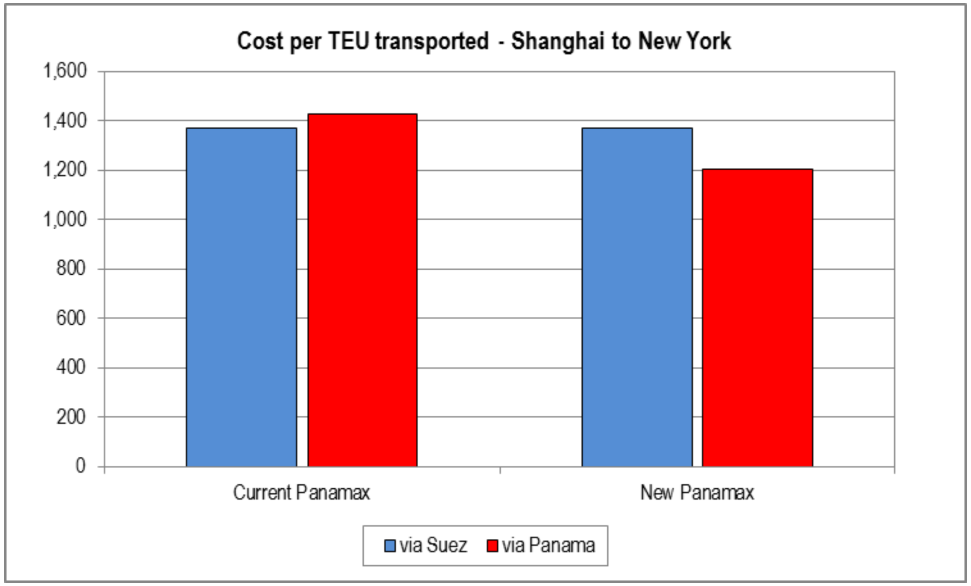
What factors could slow down this growth?

- The Panama Canal Expansion
  - Some routes currently generating t/s in the West Med could be negatively affected by the economics associated with the New Panama Canal.



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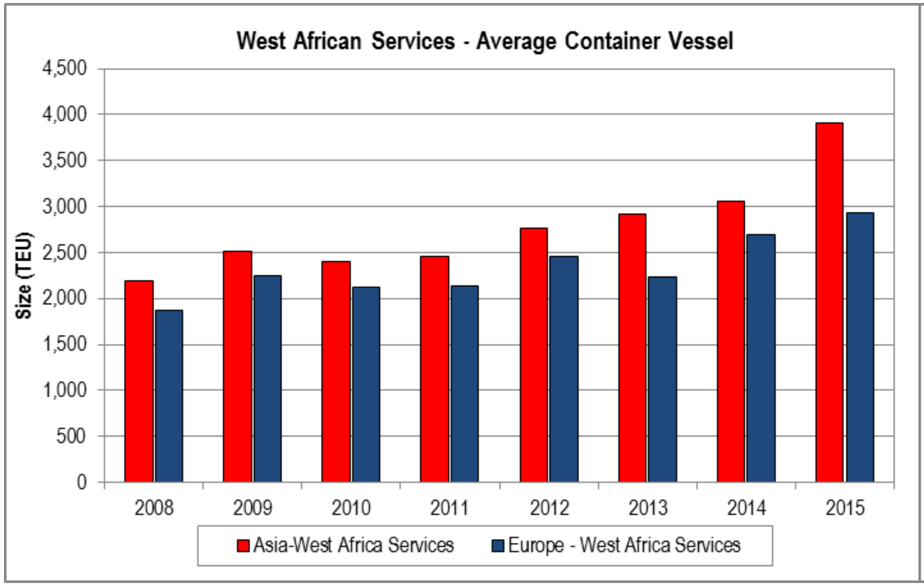
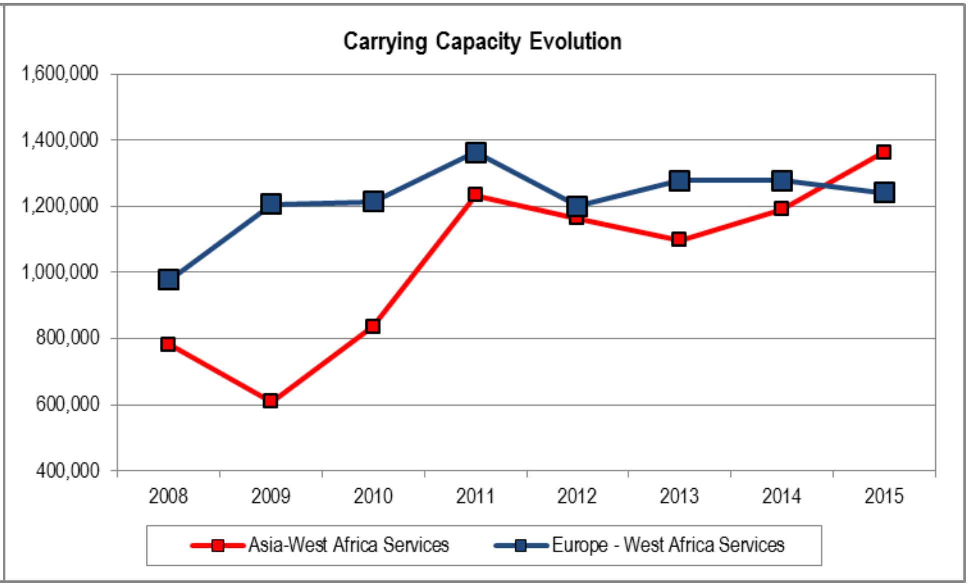
What factors could slow down this growth?

- Developments in the West African ports
  - Increasing number of services via the Cape, avoiding the Suez Canal fees.





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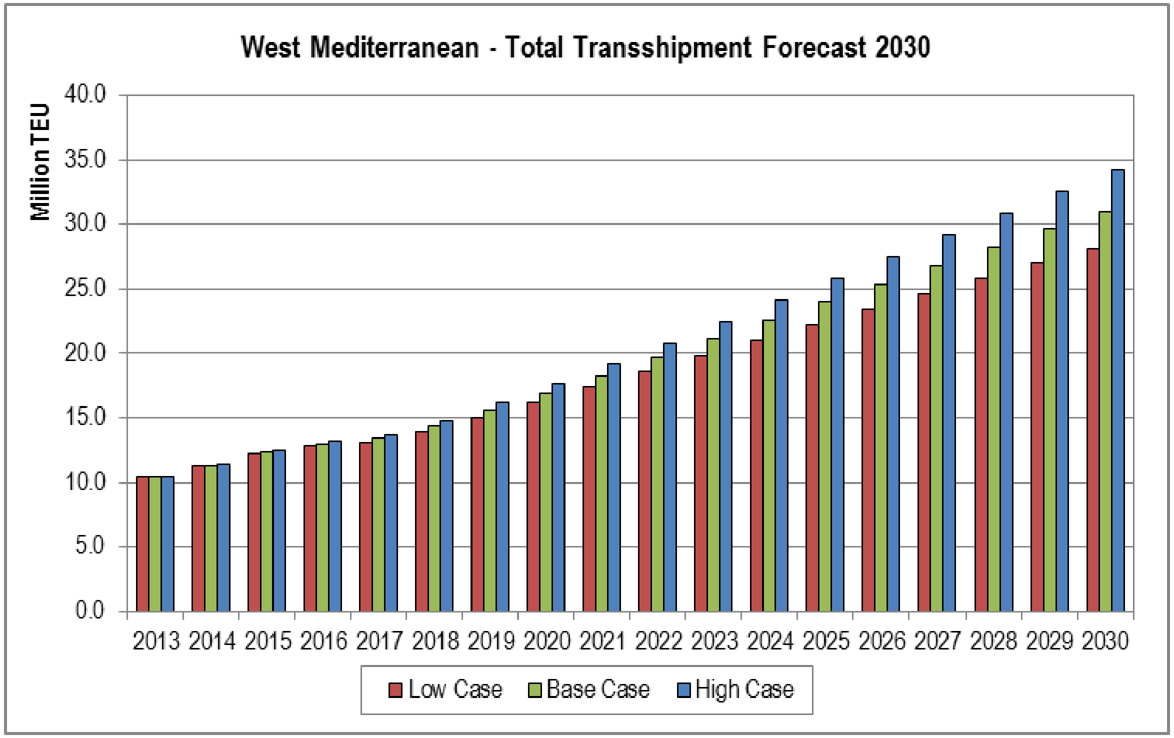
Relay T/S Forecast – West Mediterranean

- Even applying these reducing factors…



- We expect relay T/S to increase threefold by 2030.
- Expected CAGR of 6.6 per cent to 2030.

Ship Size Revolution

- She used to be the largest container vessel in the world…

Maersk McKinney Moller, 399m length, 59m width, 18,2700 TEU

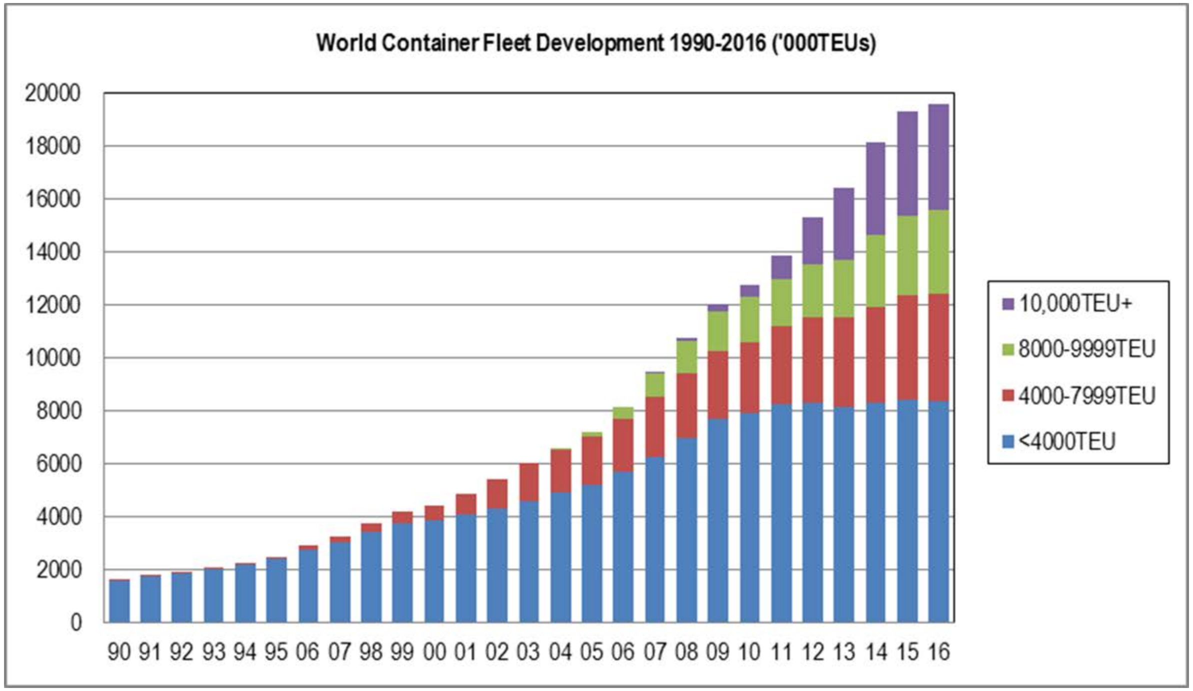
Ship Size Revolution

- But not anymore…

CSCL Globe, 400m length, 58.6m, 19,000 TEU

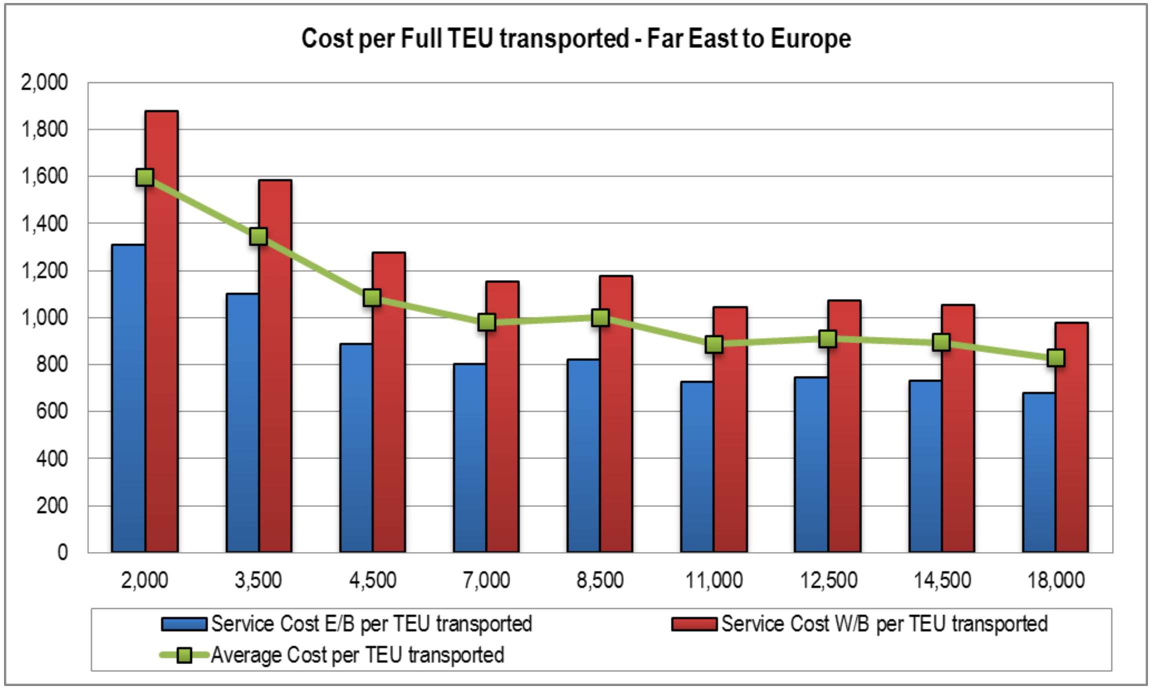
Ship Size Revolution

- The segment 10,000TEU+ has quickly developed since 2008.
- The size increase has been faster than anticipated, due to global supply/demand imbalance derived from the economic slowdown.



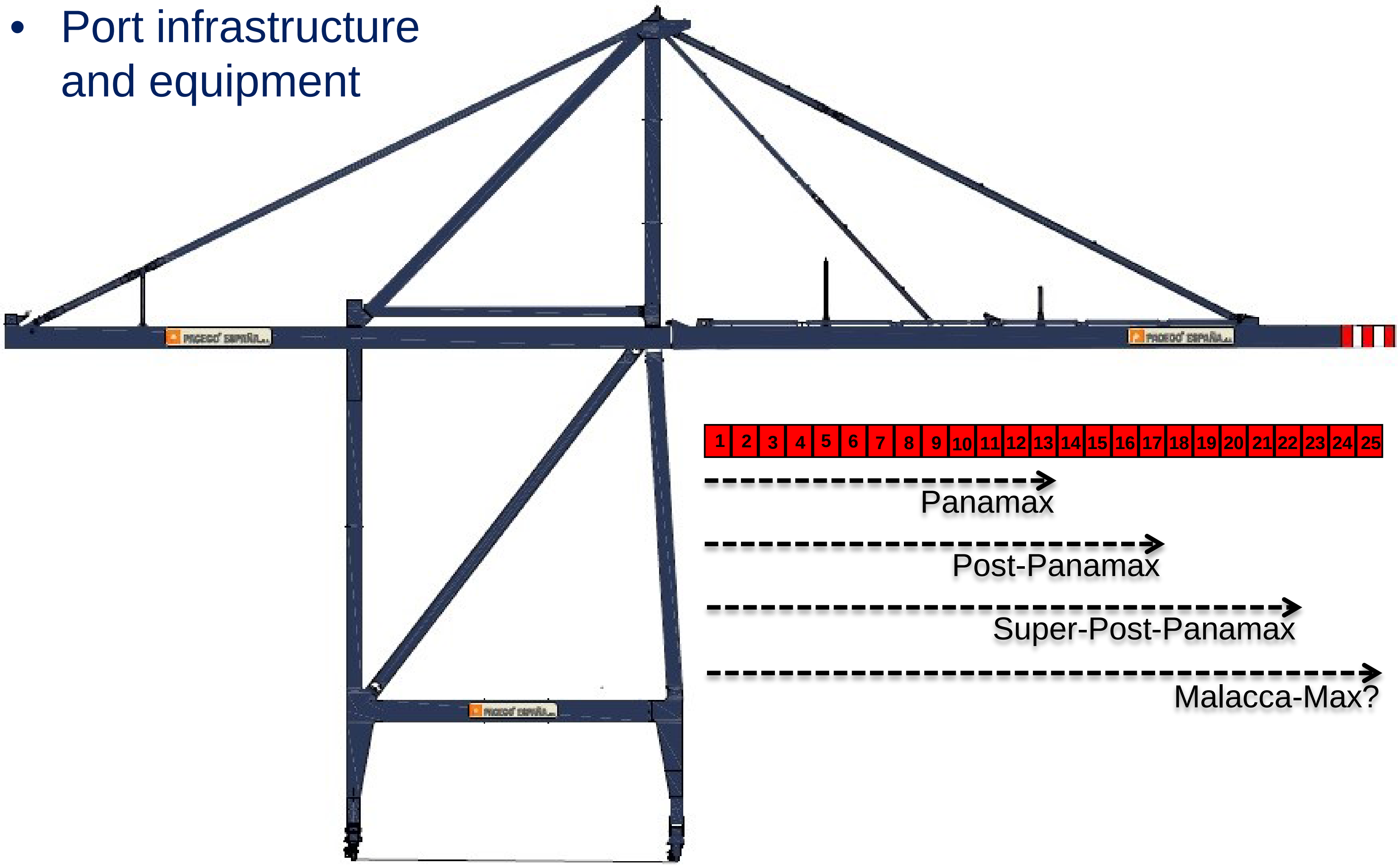
Drivers in the Ship Size Revolution

- Economies of scale



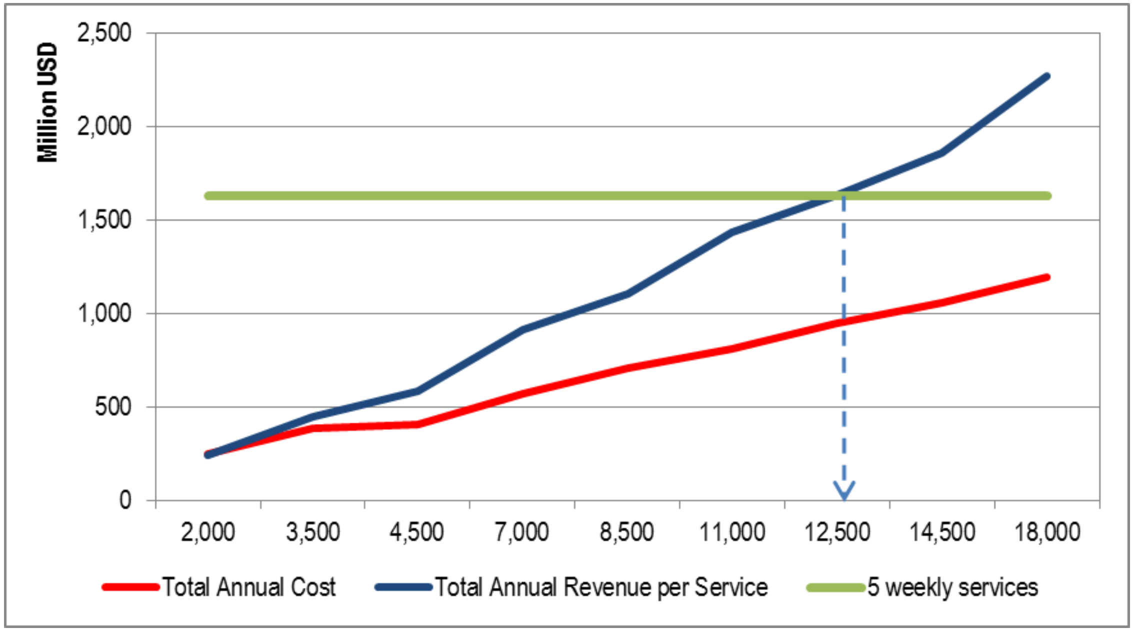
Where is the limit for ship size increase?

- Port infrastructure and equipment



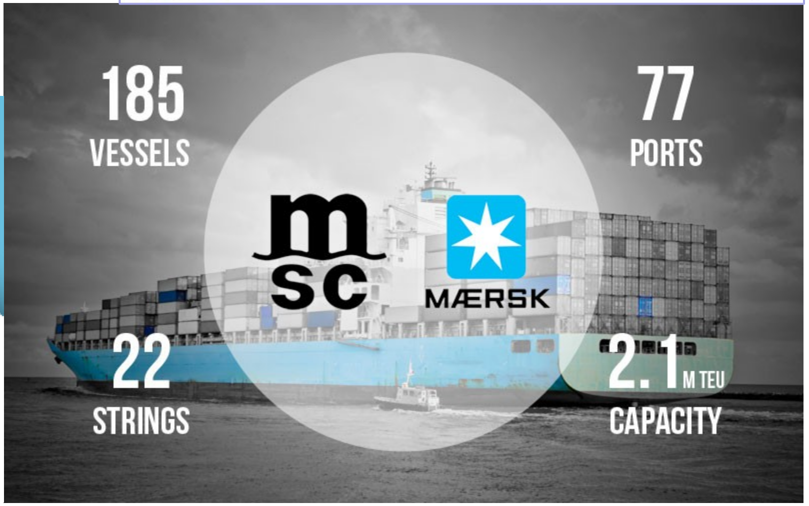
Where is the limit for ship size increase?

- Availability of volumes, needed to achieve economies of scale,
- Otherwise diseconomies of scale may arise.



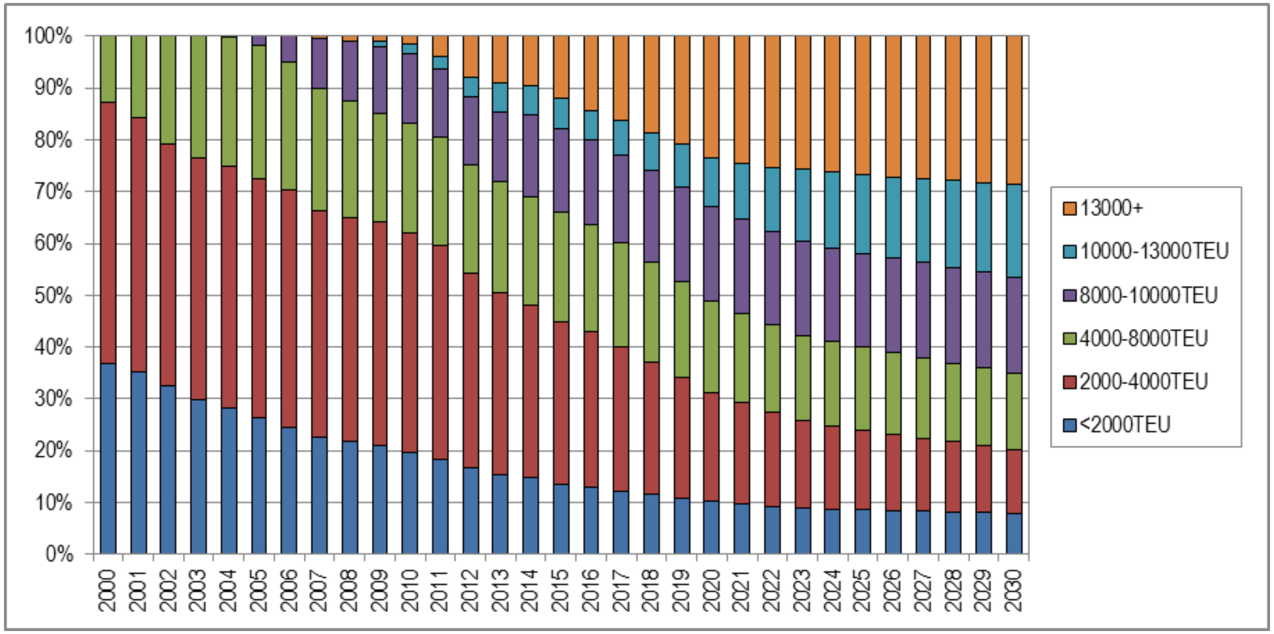
Where is the limit for ship size increase?

- Alliances facilitate the concentration of volumes needed to achieve economies of scale
- Filling up bigger vessels become feasible



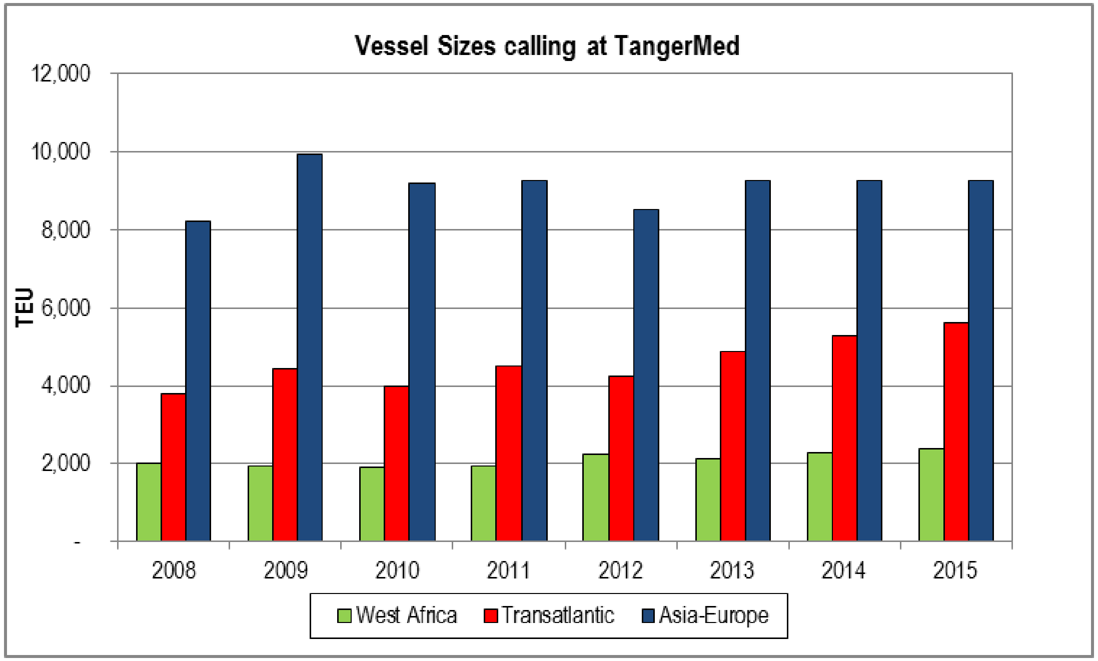
Container vessel fleet forecast to 2030

- Further increase in the 10,000TEU+ is anticipated and approaching a 50% share of the global fleet.



Vessel sizes deployed in different routes

- Example: Tanger Med



- Largest vessels calling TangerMed are deployed in the Asia-Europe Services.

Key messages

- The West Med in gaining market share against the Central Med.
- Some factors in the global shipping patterns can challenge the rapid growth of transshipment in the West Med, namely the New Panama Canal and the developments in the West African ports.
- Annual growth rate expected to slow down from the historical 11.7% to a more moderate 6.6% towards 2030, producing the volumes to increase threefold by 2030.
- The drivers governing ship economics are still in place and there is some room for further ship size increase (20,000-22,000TEU).
- Vessels sizes are associated with specific routes. Ports have to make investments decisions depending on their role in these routes.

Thank You!

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