Challenges faced by ports in the scenario of changing shipping alliances

5th MED Ports

Barcelona, 26th October 2017

Port de Barcelona

Lluís París, *Commercial Manager*

0.- Current market

1.- The Alliances' raison d'être?

2.- Where are we coming from?

3.- Alliances 2013 – 2017

4.- Challenges

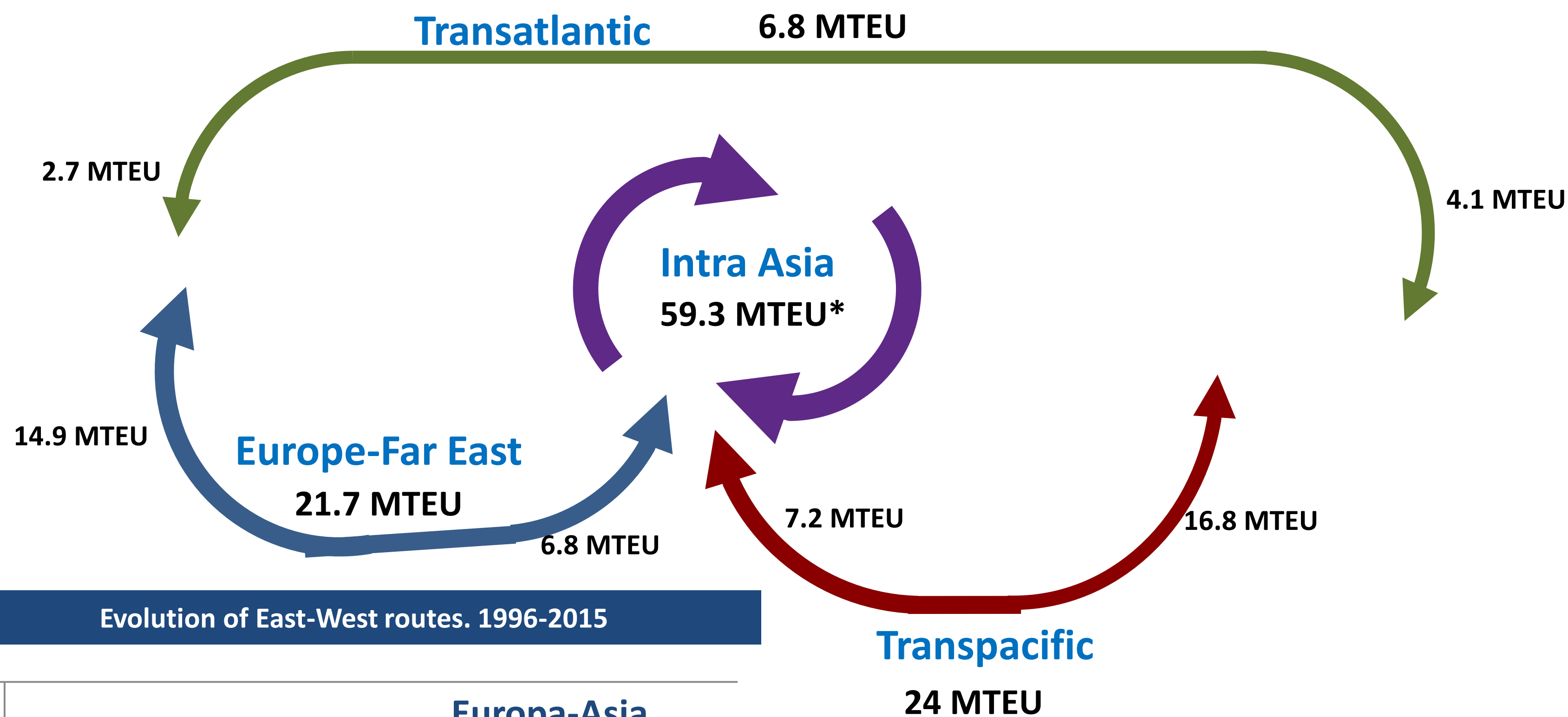
5.- What is the impact on Ports, Terminals and hinterlands?

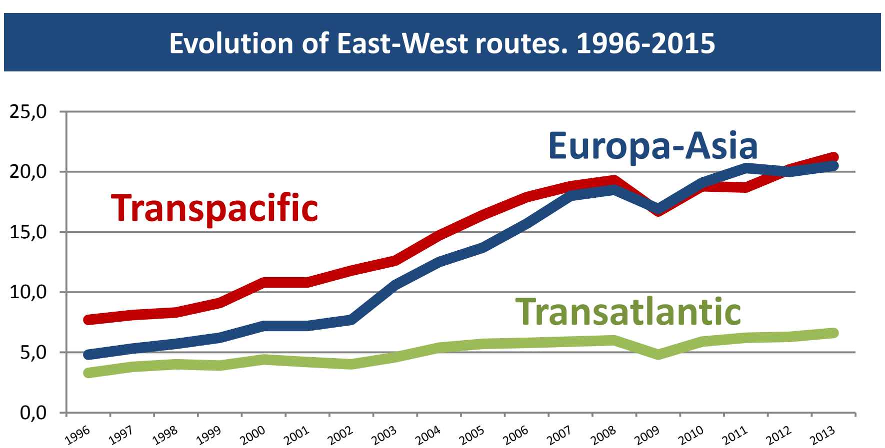
6.- What did we do in the Port of Barcelona?

7.- Conclusions

0. Current market

Worldwide maritime traffic (full containers)





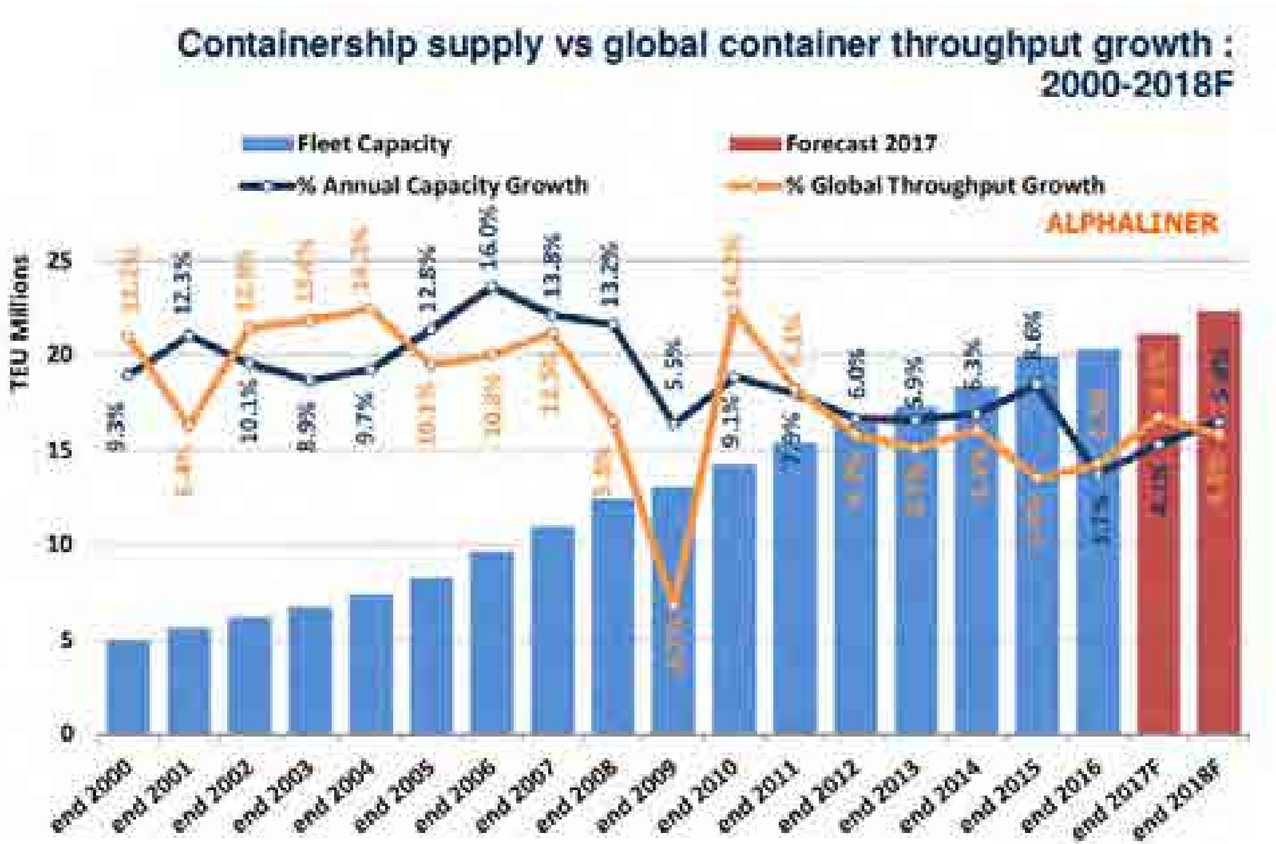
Source: *UNCTAD, Review of maritime transport 2016*
**Drewry maritime Research 2014*

1. The Alliances' raison d'être?

Unbalanced supply and demand

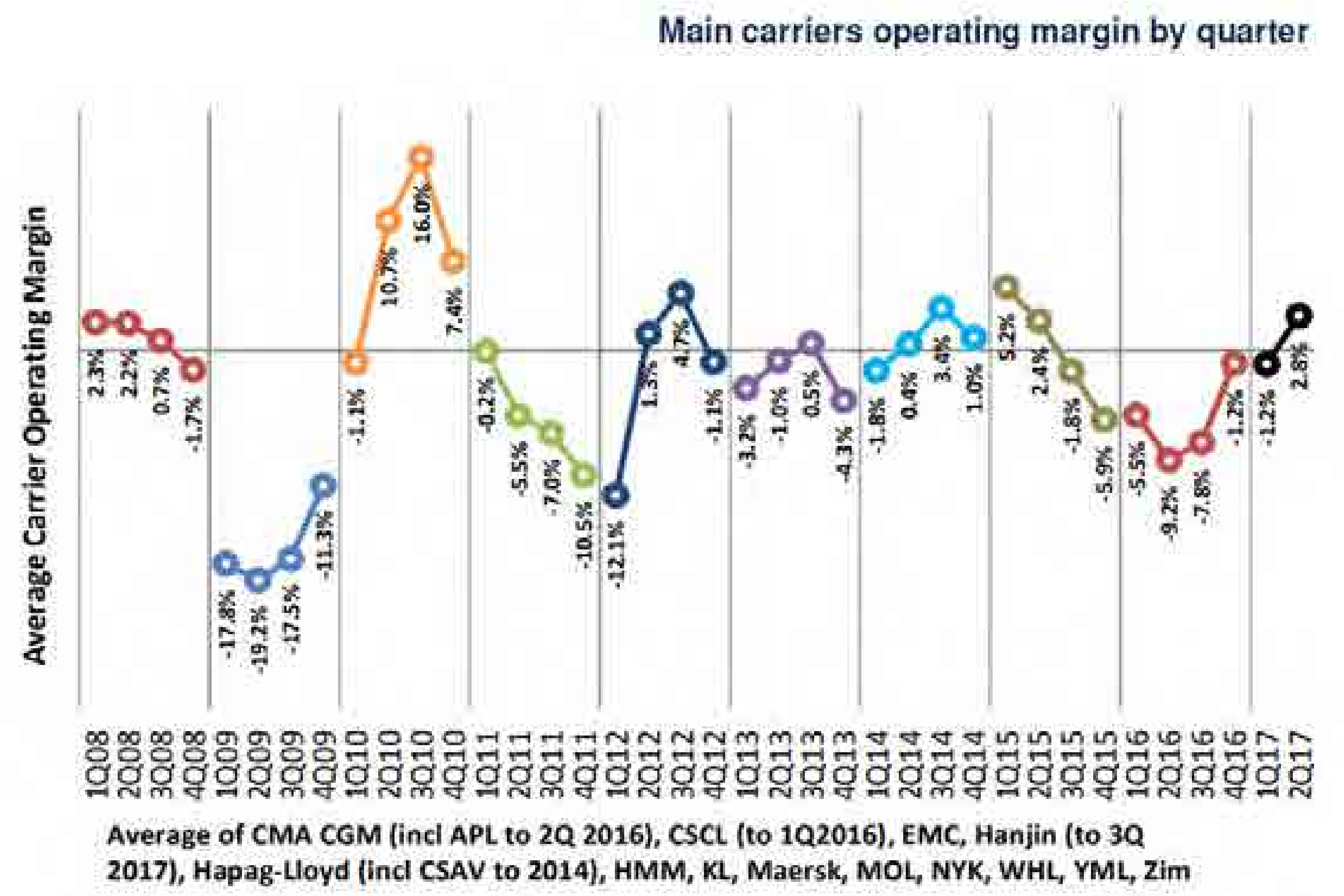
- + FLEET
- Larger Vessels
- - Demand

= OVERCAPACITY



1. The Alliances' raison d'être?

Negative operating margins



Source:, Alphaliner

2. Where are we coming from?

1992

APL
Choyang
CMA
CGM
Cosco
CSAV
CSCL
Delmas
DRS-Senator
Evergreen
Hanjin
Hapag Lloyd
HMM
K Line
Maersk
MISC
MOL
MSC
Nedlloyd
NOL
Norasia
NYK
OOCL
P&O
Sealand
Setramar
Torm Liner Service
UASC
Yang Ming
ZIM

1998

Norasia
CMA CGM

Hapag Lloyd
MISC
Nedlloyd
NYK
OOCL
P&O

Cosco
K Line
Yang Ming

Choyang
Hanjin-Senator
UASC

HMM
MOL
NOL

MSC

ZIM

CSCL
CSAV

MAERSK
SEALAND

Evergreen
Lloyd Testino

Torm Liner Service

2000

Norasia
CMA CGM

Grand Alliance NYK
Hapag Lloyd
MISC
OOCL
P&O

CKY Consortium
Cosco
K Line
Yang Ming

New World Alliance
APL
HMM
MOL

United Alliance
Choyang
Hanjin
UASC
ZIM

CSCL

MSC

Maersk - Sealand

Evergreen LT

Torm Liner Service

2005

CMA CGM
Delmas

Grand Alliance NYK
Hapag Lloyd
MISC
OOCL

CKYH Alliance
Cosco
Hanjin Senator
K Line
Yang Ming

New World Alliance
APL
HMM
MOL

UASC

ZIM
CSCL

MSC

Maersk

Evergreen

CSAV Norasia

P&O - Nedlloyd

2010

CMA CGM

Grand Alliance
Hapag Lloyd
NYK
OOCL

CKYH Alliance
Cosco
Hanjin
K Line
Yang Ming

New World Alliance
APL
HMM
MOL

UASC

CSCL - ZIM

MSC

Maersk

Evergreen

2016

CMA CGM
MSC

CKYH Alliance
Cosco
Hanjin
K Line
Yang Ming
Evergreen

G6
Hapag Lloyd
NYK
OOCL
HMM
MOL

2M
Maersk
MSC

O3
CMA CGM -APL
UASC

2017

Ocean Alliance
CMA CGM
Cosco
Evergreen
OOCL

The Alliance
K Line
Yang Ming
Hapag Lloyd - UASC
NYK

2M
Maersk - Hamburg Sud
MSC

Changes (1996-2015)

Slot Capacity Share

- Top 3: from 17% to 38%
- Top 10: from 44% to 67%
- Top 20: from 65% to 88%
- Top 35: from 79% to 93%

Slot Capacity Organic Growth (p.a.)

- Total: 11 %
- MSC: 20%
- HSDG: 17%
- CMA CGM: 15%
- Hapag-Lloyd: 11%
- Evergreen: 9%
- Maersk: 9%

2. Where are we coming from?

The current and upcoming fleet capacity

October 2017

Rnk	Operator	TEU	Share
1	APM-Maersk	3,526,662	16.5%
2	Mediterranean Shg Co	3,136,248	14.7%
3	CMA CGM Group	2,476,761	11.6%
4	COSCO Shipping Co Ltd	1,807,168	8.5%
5	Hapag-Lloyd	1,513,452	7.1%
6	Evergreen Line	1,065,819	5.0%
7	OOCL	672,215	3.1%
8	Yang Ming Marine Transport Corp.	575,484	2.7%
9	Hamburg Süd Group	565,485	2.6%
10	MOL	548,607	2.6%
11	NYK Line	538,915	2.5%
12	PIL (Pacific Int. Line)	370,247	1.7%
13	Zim	362,567	1.7%
14	Hyundai M.M.	348,673	1.6%
15	K Line	341,746	1.6%
16	Wan Hai Lines	216,957	1.0%
17	X-Press Feeders Group	147,138	0.7%
18	KMTC	122,983	0.6%
19	Antong Holdings (QASC)	104,694	0.5%
20	SITC	98,868	0.5%
21	Zhonggu Logistics Corp.	96,563	0.5%
22	IRISL Group	96,383	0.5%
23	Arkas Line / EMES	74,758	0.4%
24	TS Lines	72,015	0.3%
25	Simatech	67,793	0.3%
26	Sinotrans	67,631	0.3%
27	Salam Pasific	52,273	0.2%
28	RCL (Regional Container L.)	49,105	0.2%
29	SM Line Corp.	48,736	0.2%
30	Heung-A Shipping	48,279	0.2%

Existing fleet
Orderbook

Source: ALPHALINER Top 100 (October 2017)

3. Alliances 2013-2017

Dance of Alliances

2014

HAMBURG SÜD acquired CCNI

Hapag-Lloyd acquired CSAV

UASC HAMBURG SÜD

Announce some collaboration

3. Alli

Dan

Ocean Alliance (April 2017)

2

SUMMARY

¿2M?

MAERSK LINE

MSC

RULE OUT

Ocean Alliance (April 2017)

COSCO SHIPPING

CMA CGM

EVERGREEN

OOCL

"THE Alliance" (April 2017)

31.08.16 Bankruptcy

* In talks

CHYK+E

HANJIN

YANG MING

"K" LINE

- ONE - 2018

G6

MOL

¿ NYK LINE NIPPON YUSEN KAISHA ?

Hapag-Lloyd

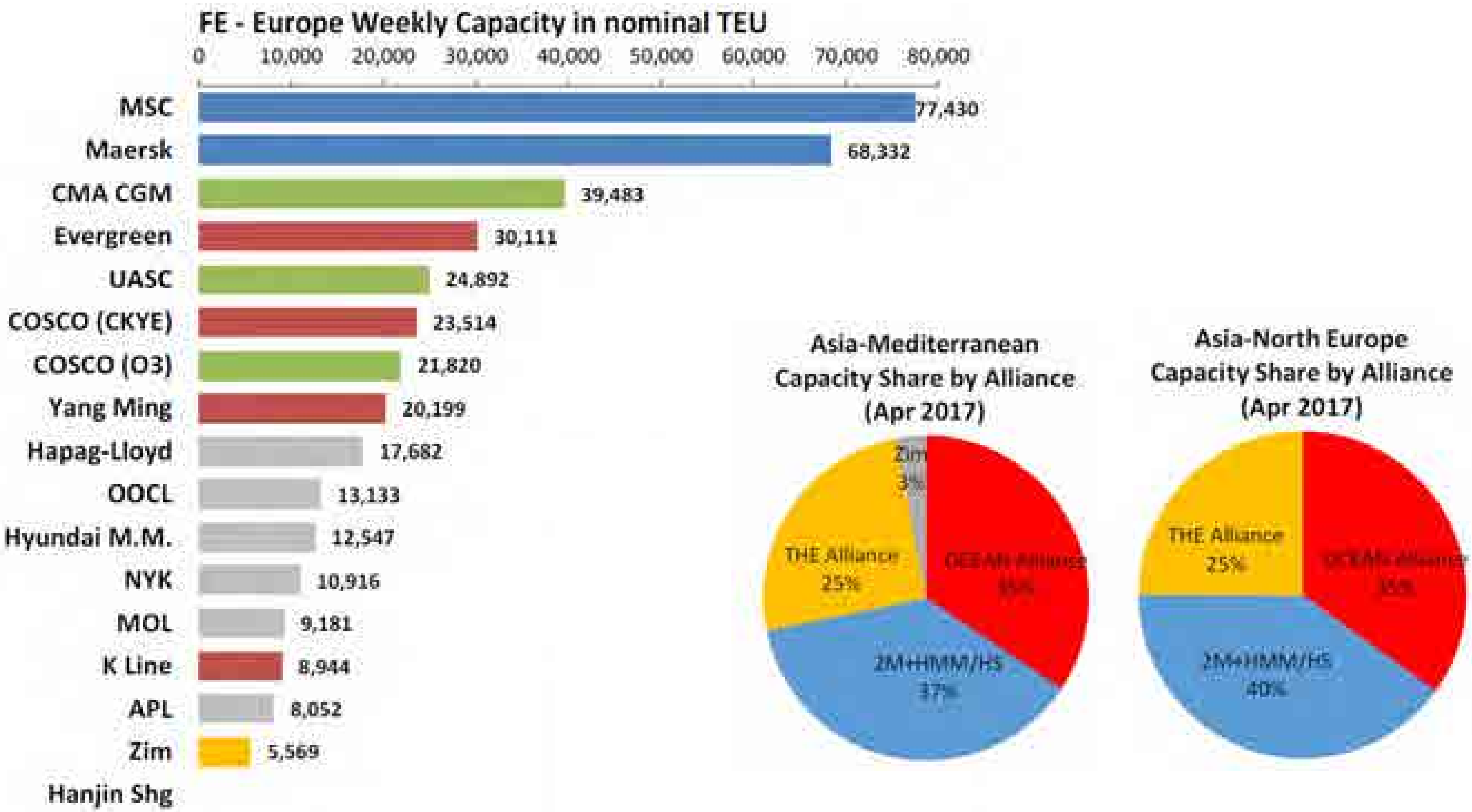
HMM HYUNDAI MERCHANT MARINE CO., LTD.

HAMBURG SÜD

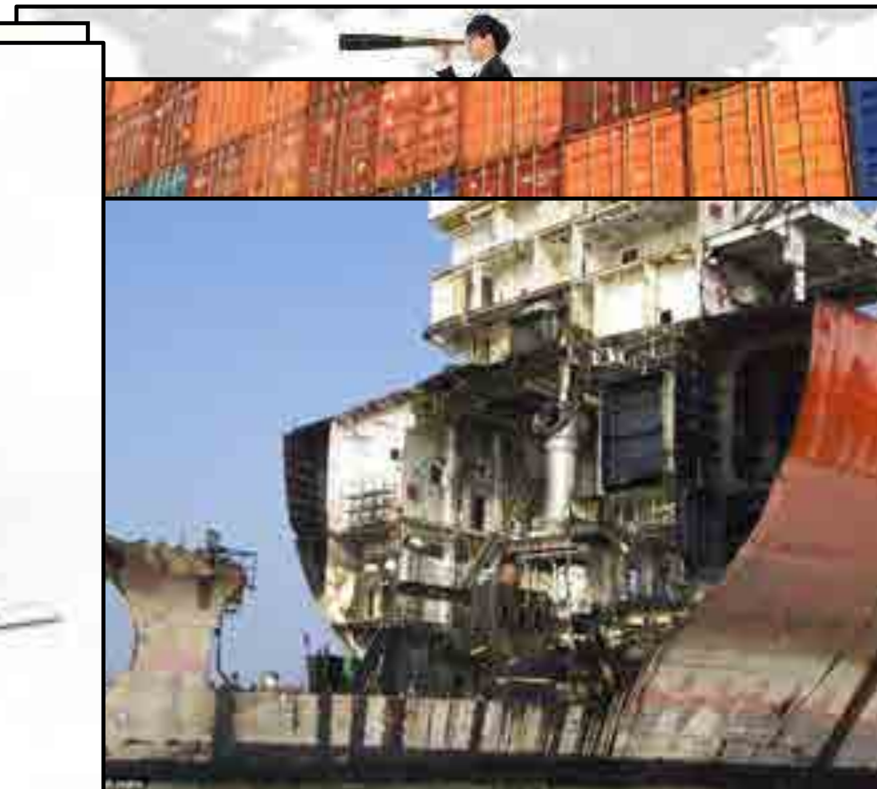
الملاحة العربية المتحدة UASC

3. Alliances 2017

Fleet capacity



4. Challenges



Overcapacity

Vessel oversupply → Rock-bottom rates → High rate volatility → Consolidation

5. What is the impact on ports, terminals and hinterlands?

Infrastructure is not in itself trade-enhancing

6. What did we do in the Port of Barcelona?

Biggest industrial and logistics concentration in the Mediterranean and Southern Europe

Enlargement of the Port and Logistics areas

Improved connectivity with hinterland and foreland

+

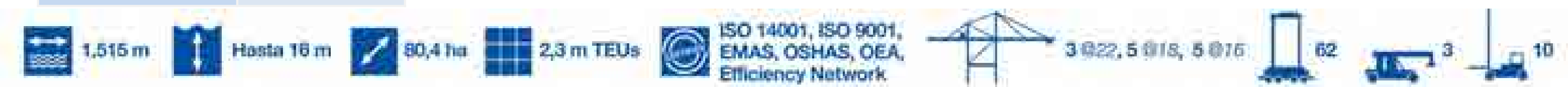
Client-oriented: competitiveness, quality, proactivity, efficiency

6. What did we do in the Port of Barcelona?

State-of-the-art infrastructures. APM Terminals Barcelona

APM TERMINALS BARCELONA	
Capacity	2.3 M TEU
Area	80,4 ha
Berthing line	1.515 ml
Draught	16 m
Quay cranes	13
Reach Staker	2
Fork lift	10
Straddle carrier	72
Reefer plugs	525

Railway terminal
6 Rail tracks (750mts each) (Mixed gauge UIC-Iberian) 2 RMG



1. Crane height of 3 Super Post Panamax will be increased from 41 to 47m
2. Online berthing windows booking system, avoiding vessel berthing delays
3. Visual container inspection system (OCR), vessel to terminal and terminal to truck EIR, avoiding and reducing cargo and container claims to a minimum.
4. Receiving & Delivery daily average 2,500 truck moves.

6. What did we do in the Port of Barcelona?

State-of-the-art infrastructures. HUTCHISON PORTS BEST

HUTCHISON PORTS BEST	
Capacity	2.25 M TEU
Area	79 ha
Berthing line	1.300 ml
Draught	16 – 16.5 m
Quay cranes	11
Blocks	21
ASC	42
Shuttle carriers	26
Reach Stackers	6
Reefer plugs	1,188

Next phase	
Capacity	3.25 M TEU
Area	100 ha
Berthing line	1.500 ml
Draught	16 – 16.5 m

- Horizontal movements with non-automated Shuttle carrier
- Automated operations with ASC in the stockage area
- Land side operations with remote control

Railway terminal
8 Rail tracks (750mts each) Total rail tracks of 21Km (Mixed gauge UIC-Iberian) 2 RMG

6. What did we do in the Port of Barcelona?

Port of Barcelona hinterland

From Barcelona, you can reach a market of

400 millions consumers in less than 24/ 48 hours.

6. What did we do in the Port of Barcelona?

Port of Barcelona, main logistics hub in the Mediterranean

Weekly connections with all main world ports

Regular, frequent & direct services

- **Main maritime routes from Barcelona** (direct container services):

MAIN MARITIME ROUTES	Services from BCN
Europe – Far East	5
Europe – Indian Subcontinent	3
Europe – Middle East	8
Europe – Africa	14
Europe – Transatlantic	8
Europe – Central& South America	10

Updated: September 2017 – Source: Observatory Shipping Lines

- **Major ship-owners partnerships (from April 2017):**

  2M: MSC / Maersk (w/Hamburg Süd) / HMM (slot allocation)

  OCEAN ALLIANCE: CMA CGM (w/ APL) / COSCO SHIPPING / EVERGREEN / OOCL

  THE ALLIANCE: YM / MOL / KL / NYK (ONE en 2018) / HL (w/ UASC)

  OTHERS: ZIM / KLC

More than **100** regular shipping lines

Operated by **163** shipowners

connecting Barcelona with **850** ports

Network of maritime services in the Mediterranean

Short Sea Shipping & Ro-Ro & Multipurpose services

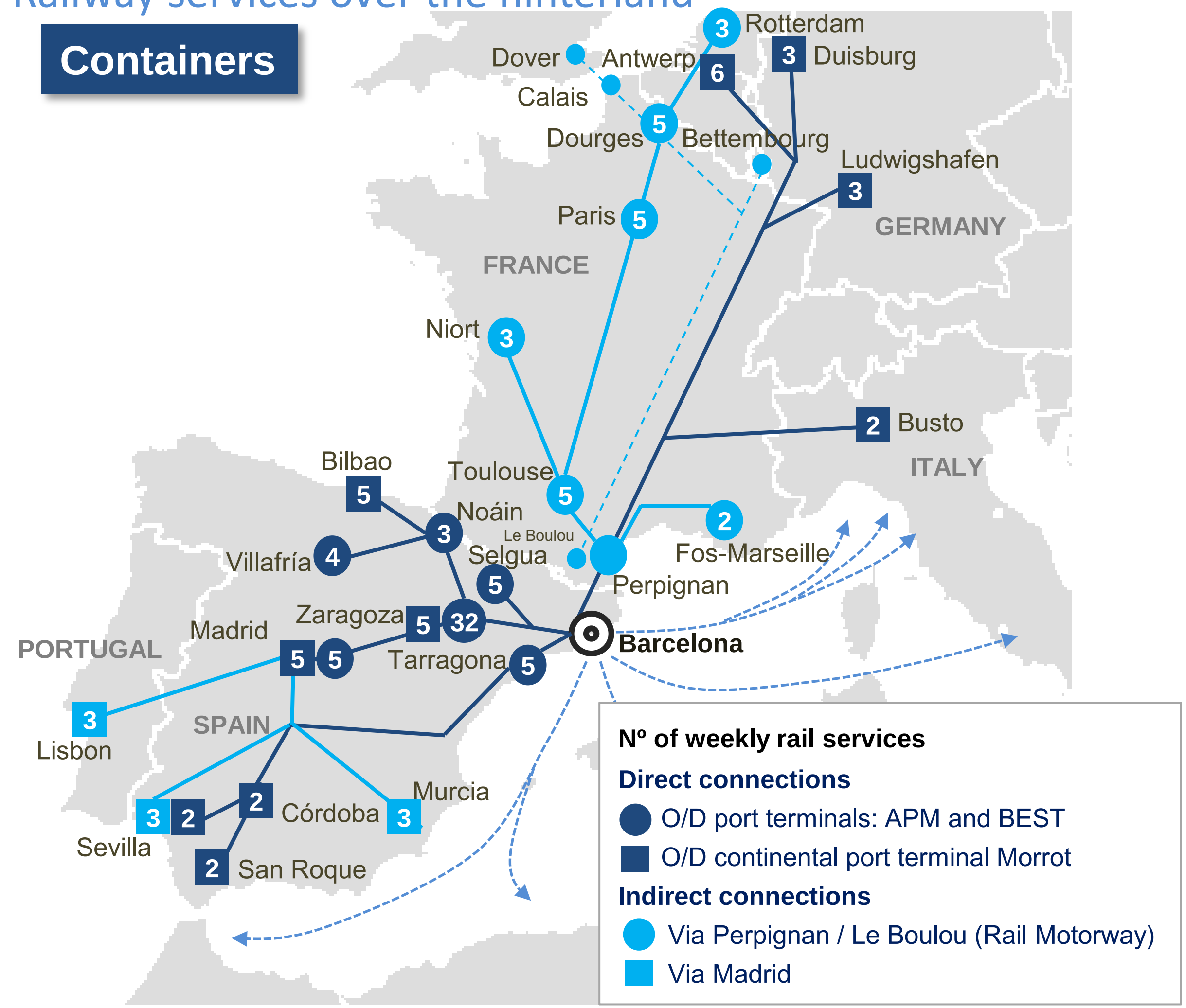
Port de Barcelona

6. What did we do in the Port of Barcelona?

Railway services over the hinterland

October 2017

Containers



You can check updated services at:
http://www.portdebarcelona.cat/ssff

From port terminals APM and BEST	Nº of weekly rail services
France (Toulouse, Niort, Paris, Dourges, Fos, Marseille, Rotterdam, Duisburg)	
Transportes Portuarios	1-5
Madrid Azuqueca	
SICSA	1
APMT Railway + Hutchison Logistics	4
Noáin (Pamplona)	
Hutchison Logistics	3
Selgua (Huesca)	
MSC	1
APMT Railway	4
Tarragona	
Transportes Portuarios	5
Villafría (Burgos)	
APMT Railway	4
Zaragoza TMZ	
SICSA	2
APMT Railway*	25
Zaragoza PLAZA (Noatum rail terminal and LTA)	
SICSA	2
APMT Railway	3
Total **	**54**

* Includes the rail service for temperature-controlled containers
** Without considering the rail offer to France, Netherlands and Germany

From continental port terminal Morrot	Nº of weekly rail services
Antwerp	
Hupac	6
Bilbao	
Transfesa / Continental	5
Busto	
Hupac	2
Ludwigshafen	
Kombiverkher	3
Zaragoza PLAZA **Madrid Abroñigal (to Murcia, Sevilla and Lisbon)**	
Renfe	5
Córdoba, Sevilla, San Roque	
Multirail	2
Total	**23**

6. What did we do in the Port of Barcelona?

Customer oriented logistics

Providing comprehensive and specialized services to promote competitiveness

Link between the market and the Port
It acts as a promotion, complaints handling, information requests, incidents resolution, etc.

Commitment of quality and service efficiency between companies and institutions involved on the maritime transport in the Port of Barcelona

It acts at APMT, BEST, the PIF, and Setram Autoterminal
Is involved in the detection of damage and faults in the goods and in the seal and supports the inspection services; Controls interventions and provides incidents information

Promotion to introduce and strengthen the presence of the companies of our country into the markets with more growth prospects through a customized agenda of business and institutional contacts.

Information service regarding the CO2 generated by the customer logistics chains and advice on more effective alternatives from an environmental point of view.

Telematic tool and interconnection between ports. It provides information services, document exchange and electronic commerce.

The Port offers **logistics consulting services** proposing alternatives for greater efficiency

6. What did we do in the Port of Barcelona?

Efficient port

- **Reliability:** clients and logistics operators need to know their planning (lead time, etc) is going to be respected and fulfilled. And this despite inspections, etc.
- **Speed:** Reduce as much as possible time of stay of merchandises in the port due to port procedures.
- **Transparency:** clients need to know always what is happening to their cargo and why.
- **Productivity:** in terms of net productivity of the cranes for load / unload of vessels, in number of movements per hectare in the container terminals, etc.
- **Intermodality:** frequency, destinations, reliability…
- **And competitive price !**

7. Conclusions

Orderbook continues…

- *Shipping is self oriented*
- *Stop Ordering?*
- *Supply chain as smooth as possible*

Strategic partnership

- *Carrier is not a supplier, it should be a strategic partner for the customer*
- *Shipping Line is a fundamental asset and key player in the supply chain*

Balance the supply and demand

- *Focusing on the demand*
- *Change some behaviors*

No cargo, …. No party !

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Thank you !!