Challenges faced by ports in the scenario of changing shipping alliances

14th Trans Middle East 2017 Exhibition and Conference

Tehran, 25th January 2017

Port de Barcelona

Carles Mayol, *Sales Manager*

0.- Current market

1.- The Alliances' raison d'être?

2.- Where are we coming from?

3.- Alliances 2013-2107

4.- Challenges

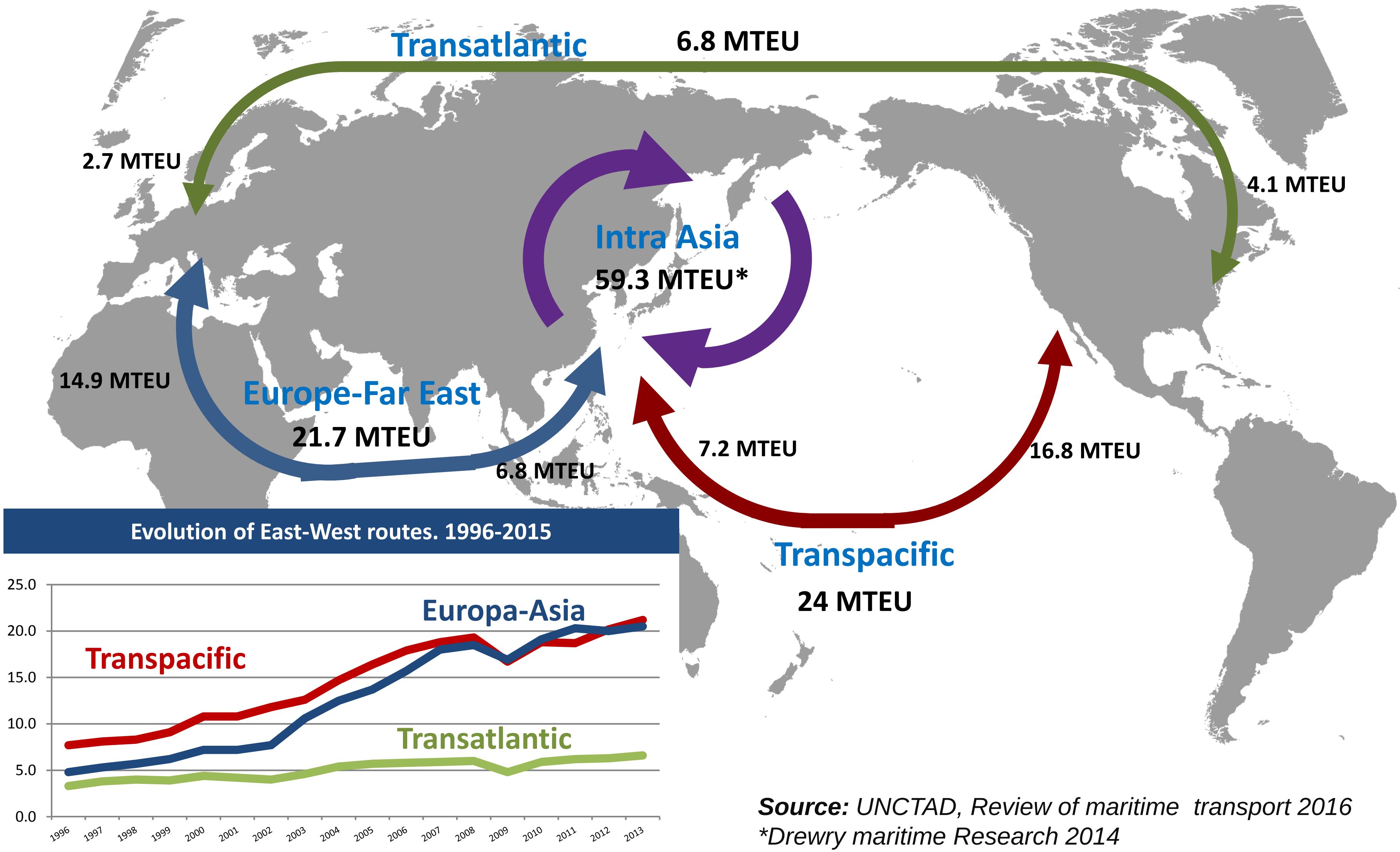
5.- What is the impact on Ports, Terminals and hinterlands?

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*

Port de Barcelona

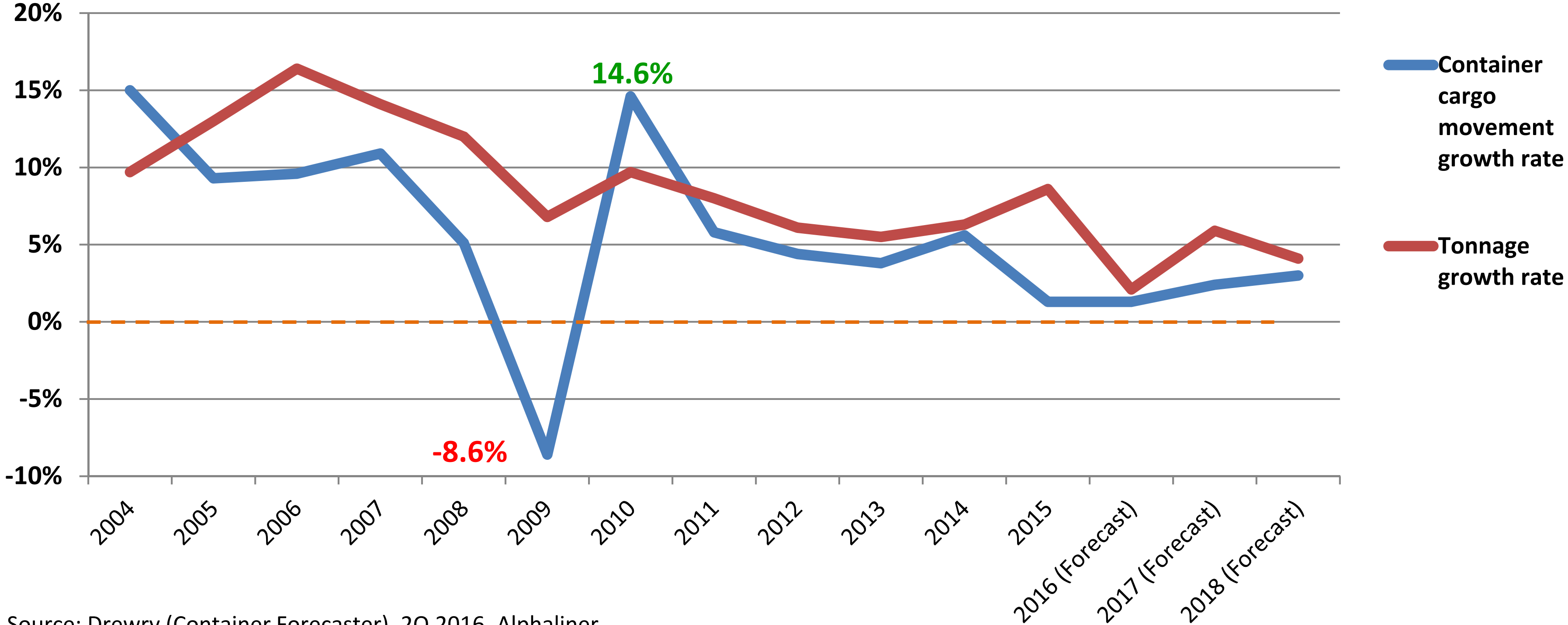
1. The Alliances' raison d'être?

Unbalanced supply and demand

- + FLEET
- Larger Vessels
- - Demand

= **OVERCAPACITY**

Cargo demand and tonnage supply



Source: Drewry (Container Forecaster), 2Q 2016, Alphaliner

2. Where are we coming from?

Market developments and acquisitions since 1995

Branch Consolidation – Acquisitions 1996-2015

No	1996 Operator	Existing k teu	Existing % teu
1	Sea-Land Service	189	5,9%
2	Maersk Line	185	5,8%
3	Evergreen	183	5,7%
4	COSCO	170	5,3%
5	NYK	146	4,6%
6	MOL	124	3,9%
7	Nedlloyd	116	3,6%
8	P&OCL	99	3,1%
9	Hanjin	97	3,1%
10	APL	84	2,6%
11	Yang Ming	78	2,5%
12	MSC	78	2,4%
13	K Line	75	2,3%
14	Zim	73	2,3%
15	Hapag-Lloyd	71	2,2%
16	DSR-Senator	71	2,2%
17	OOCL	70	2,2%
18	NOL	64	2,0%
19	Hyundai	58	1,8%
20	CMA	47	1,5%
21	UASC	43	1,4%
22	Cho Yang	42	1,3%
23	CSAV	41	1,3%
24	Delmas Group	37	1,2%
25	Wan Hai	33	1,0%
26	Contship	31	1,0%
27	Hamburg Süd	27	0,8%
29	M.I.S.C.	27	0,8%
30	CP Ships	27	0,8%
33	Matson	27	0,8%
31	Sinotrans	26	0,8%
32	CMB-T	25	0,8%
28	CGM	24	0,8%
34	PIL	23	0,7%
35	Regional Container L.	23	0,7%

World Fleet* k TEU: 3.195

* World fleet 1996 based on TOP 100

Ø + 11% p.a.

2015 Operator	Existing k teu	Existing % teu
APM-Maersk	2.907	15,7%
MSC	2.539	13,7%
CMA CGM	1.650	8,9%
Hapag-Lloyd	980	5,3%
Evergreen	954	5,2%
COSCO	825	4,5%
CSCL	674	3,6%
Hanjin	608	3,3%
MOL	602	3,3%
APL	562	3,0%
Hamburg Süd	533	2,9%
OOCL	532	2,9%
NYK Line	501	2,7%
Yang Ming	402	2,2%
PIL	380	2,1%
Hyundai	378	2,0%
K Line	364	2,0%
UASC	362	2,0%
Zim	332	1,8%
Wan Hai Lines	200	1,1%
X-Press Feeders Group	112	0,6%
HDS Lines	89	0,5%
SITC	84	0,5%
KMTC	83	0,4%
TS Lines	75	0,4%
NileDutch	73	0,4%
Arkas Line / EMES	56	0,3%
Quanzhou An Sheng Shg	53	0,3%
RCL (Regional Container L	49	0,3%
Simatech	48	0,3%
UniFeeder	46	0,2%
Sinotrans	44	0,2%
Grimaldi (Napoli)	38	0,2%
Swire Shipping	35	0,2%
CCNI	35	0,2%

18.490

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%

Source: AXS-Alphaliner, January 2015

2. Where are we coming from?

The current and upcoming fleet capacity

Rnk	Operator	Teu	Share	Existing fleet / Orderbook
1	APM-Maersk	3,255,926	15.7%	
2	Mediterranean Shg Co	2,822,293	13.6%	
3	CMA CGM Group	2,145,227	10.4%	
4	COSCO Container Lines	1,575,799	7.6%	
5	Evergreen Line	997,068	4.8%	
6	Hapag-Lloyd	954,455	4.6%	
7	Hamburg Süd Group	600,344	2.9%	
8	OOCL	571,114	2.8%	
9	Yang Ming Marine Transport Corp.	570,772	2.8%	
10	UASC	538,108	2.6%	
11	MOL	500,921	2.4%	
12	NYK Line	500,251	2.4%	
13	Hyundai M.M.	454,129	2.2%	
14	PIL (Pacific Int. Line)	368,117	1.8%	
15	K Line	352,230	1.7%	
16	Zim	307,832	1.5%	
17	Wan Hai Lines	219,224	1.1%	
18	X-Press Feeders Group	159,206	0.8%	
19	KMTC	127,920	0.6%	
20	IRISL Group	100,580	0.5%	
21	SITC	92,190	0.4%	
22	TS Lines	87,349	0.4%	
23	Hanjin Shipping	85,289	0.4%	
24	Arkas Line / EMES	72,547	0.4%	
25	Simatech	61,633	0.3%	
26	Quanzhou An Sheng Shg Co	53,888	0.3%	
27	Transworld Group	52,896	0.3%	
28	RCL (Regional Container L.)	51,224	0.2%	
29	Sinokor	50,399	0.2%	
30	Zhonggu Shipping	49,152	0.2%	

Source: ALPHALINER Top 100 (23 November 2016)

2. Where are we coming from?

The current and upcoming fleet capacity

WORLD MARKET SHARE (NOVEMBER 2016)

		TEUs	% individual share	TOTAL TEUs	% TOTAL SAHRE per Alliance
2M	MSC	2.822.293	13,60%	6.081.007	29,30%
	MAERSK (APM)	3.258.714	15,70%		
THE OCEAN ALLIANCE	CMA CGM	2.145.227	10,40%	5.289.208	25,60%
	COSCO	1.575.799	7,60%		
	EVERGREEN	997.068	4,80%		
	OOCL	571.114	2,80%		
THE ALLIANCE	HAPAG LLOYD	954.455	4,60%	3.416.737	16,50%
	UASC	538.108	2,60%		
	K-LINE	352.230	1,70%		
	MOL	500.921	2,40%		
	NYK	500.251	2,40%		
	YANG MING	570.772	2,80%		

Source: ALPHALINER Top 100 (23 November 2016)

3. Alliances 2013-2017

Dance of Alliances

G6
- MOL
- Hapag-Lloyd
- OOCL
- APL
- NYK LINE
- HMM

CHYK+E
- EVERGREEN
- HANJIN
- YANG MING
- COSCO
- "K" LINE

o3
- M
- UASC
- 中国海运 CHINA SHIPPING

2M
- MAERSK LINE
- MSC

2014

HAMBURG SÜD acquired CCNI

Hapag-Lloyd acquired CSAV

UASC HAMBURG SÜD

Announce some collaboration

3. Alliances 2013-2017

From the current picture to April'17

Current situation

2M
MAERSK LINE
MSC

O3
CMA CGM
CS
UASC

CHYK+E
COSCO
HANJIN
YANG MING
"K" LINE
EVERGREEN

G6
MOL
APL
Hapag-Lloyd
HMM
NYK LINE
OOCL

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

Port de Barcelona

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

1.515 m | Hasta 16 m | 80,4 ha | 2,3 m TEUs | ISO 14001, ISO 9001, EMAS, OSHAS, OEA, Efficiency Network | 3 @22, 5 @18, 5 @16 | 62 | 3 | 10

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 2016	
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

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

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

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

Port of Barcelona hinterland

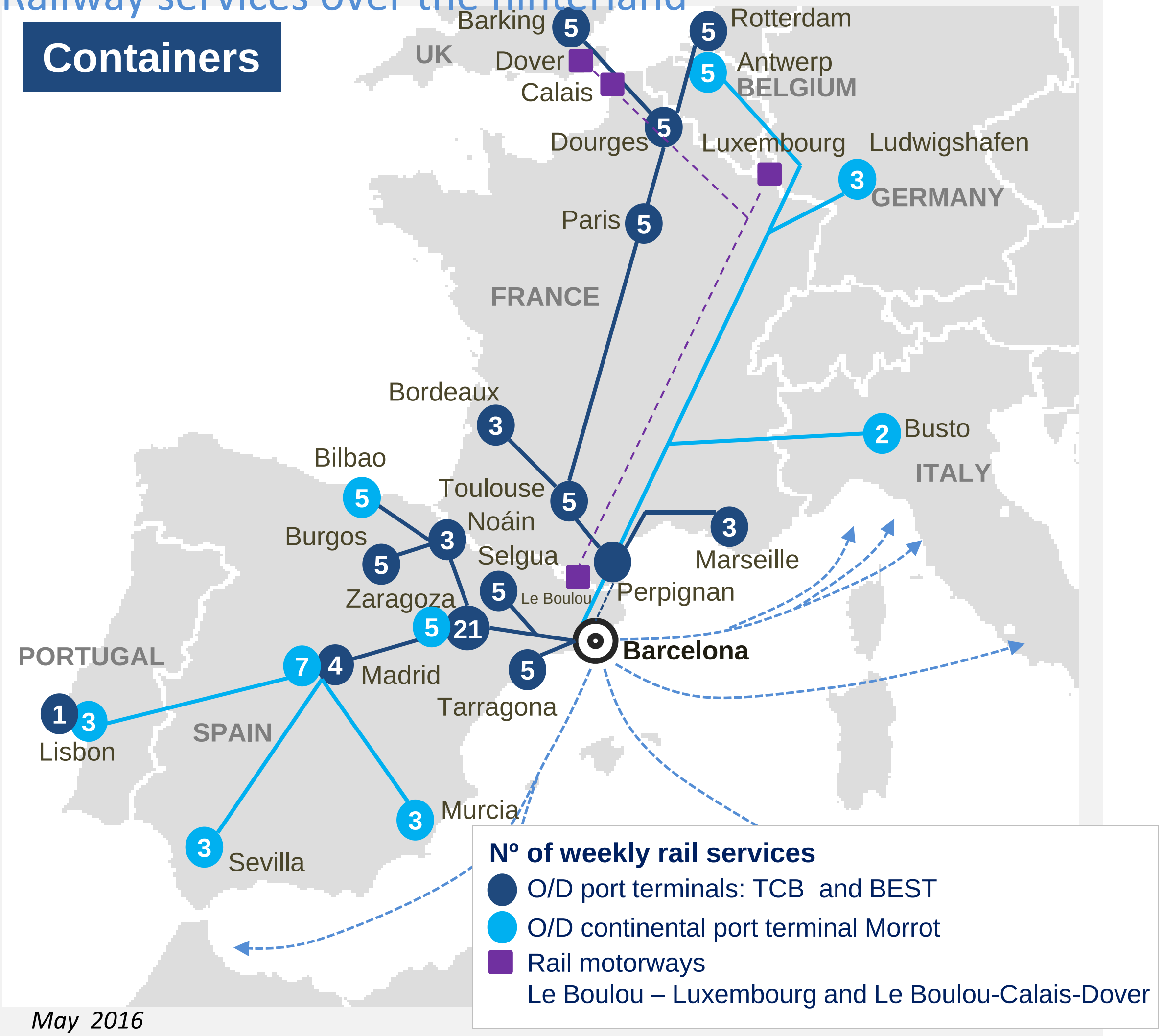
From Barcelona, you can reach a market of

400 millions consumers in less than 24/ 48 hours.

Port de Barcelona

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

Railway services over the hinterland



May 2016

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

From port terminals APM TERMINALS BARCELONA and HUTCHISON PORTS BEST	Nº of weekly rail services
UK (Barking), Netherlands (Rotterdam), France (Toul., Bourd., Paris, Dourges, Marseille)	
T.Portuarios	5/3
Lisbon (Portugal)	
Alfil	1
Madrid Azuqueca	
Hutchison + Alfil	3
SICSA + TCB Railway	1
Noáin (Pamplona)	
Hutchison	3
Selgua (Huesca)	
MSC	2
TCB Railway	3
Tarragona	
T.Portuarios	5
Villafría (Burgos)	
TCB Railway	5
Zaragoza PLAZA / LTA	
SICSA	2
TCB Railway	5
Transitia / Acciona	1
Zaragoza TMZ	
TCB Railway	10
SICSA	3
Total *	**44**

*Without considering the rail offer to UK, Netherlands and France

From continental port terminal Morrot	Nº of weekly rail services
Antwerp	
Hupac	5
Bilbao	
Transfesa / Continental	5
Busto	
Hupac	2
Ludwigshafen	
Kombiverkher	3
Madrid Abroñigal**	
Renfe	7
Zaragoza PLAZA	
Renfe	5
Total	**27**

** Connections from Madrid to Murcia, Sevilla and Lisbon

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 TCB, Tercat, 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

7. Conclusions

No longer bigger ships, from 2021

- *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 !

carles.mayol@portdebarcelona.cat

+34.93.306.88.04

carles.mayol

https://www.linkedin.com/in/CarlesMayol

@CarlesMayol

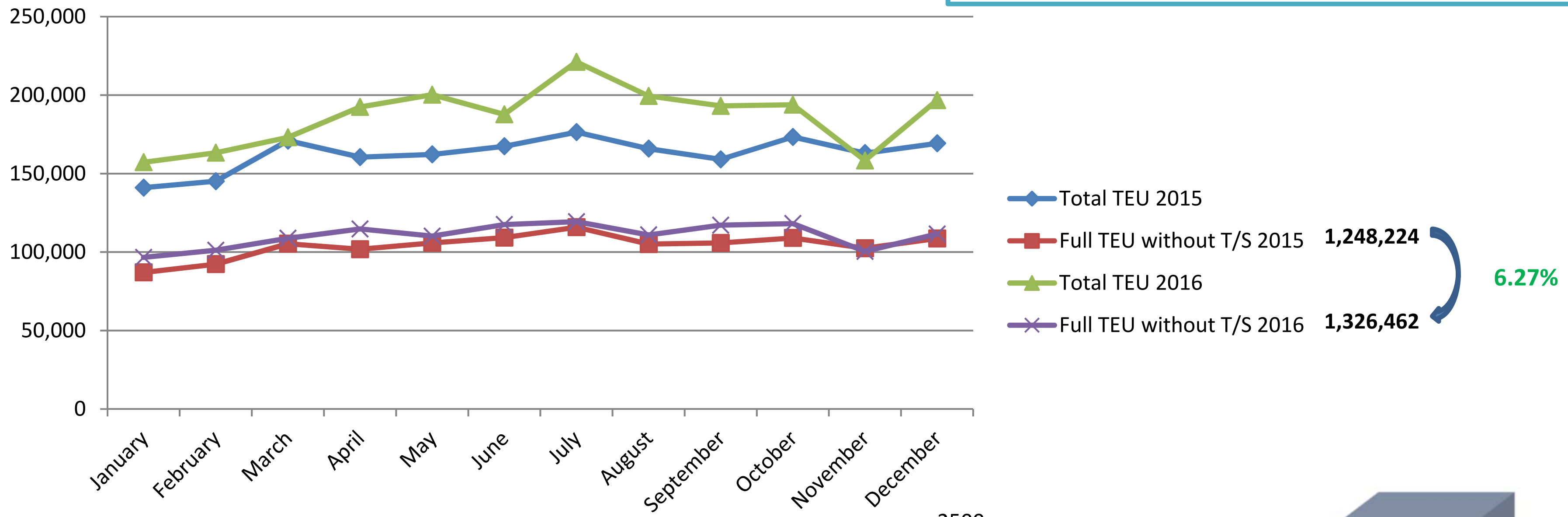
www.portdebarcelona.cat

Please visit us at the booth num. 17

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

Traffic evolution

Total traffic 2016: 2.2 M Teu
14.46% increase vs. 2015



	Total 2015	Total 2016 (provisional)	Var. (%)
Export.	850,405	897,202	5.50%
Import.	829,628	953,174	14.89%
t/s	274,230	386,412	40.91%
Total Traffic	**1,954,263**	**2,236,787**	**14.46%**