

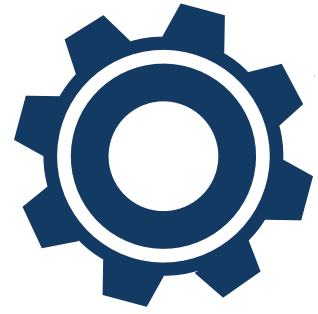


FUNDACIÓN
VALENCIAPORT

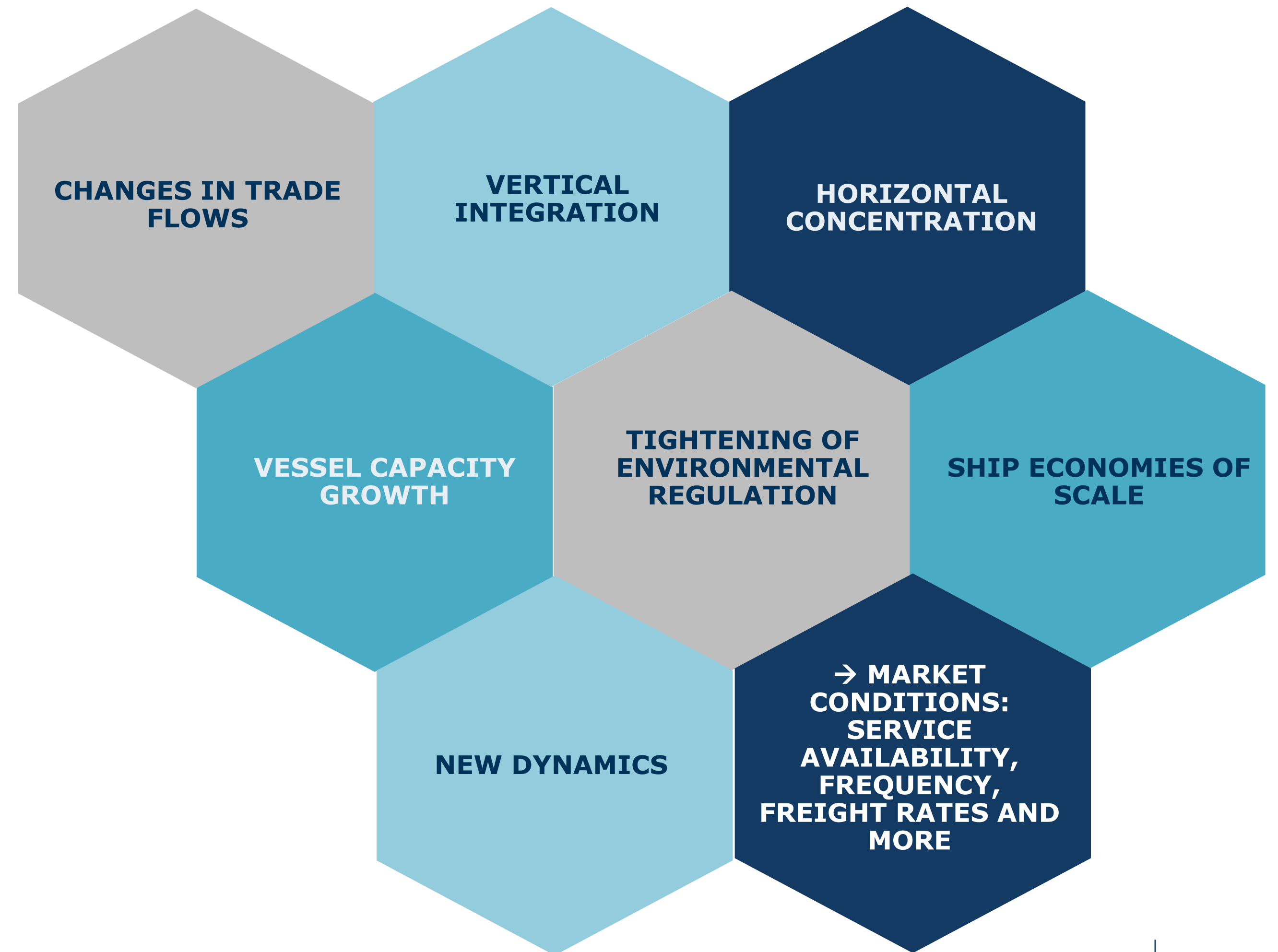
Market Conditions For Maritime Trade in The WestMed

September 2021

Eva Pérez García, Fundación Valenciaport



Goal: Analyse and put in context current market conditions for seaborne trade in the WestMed





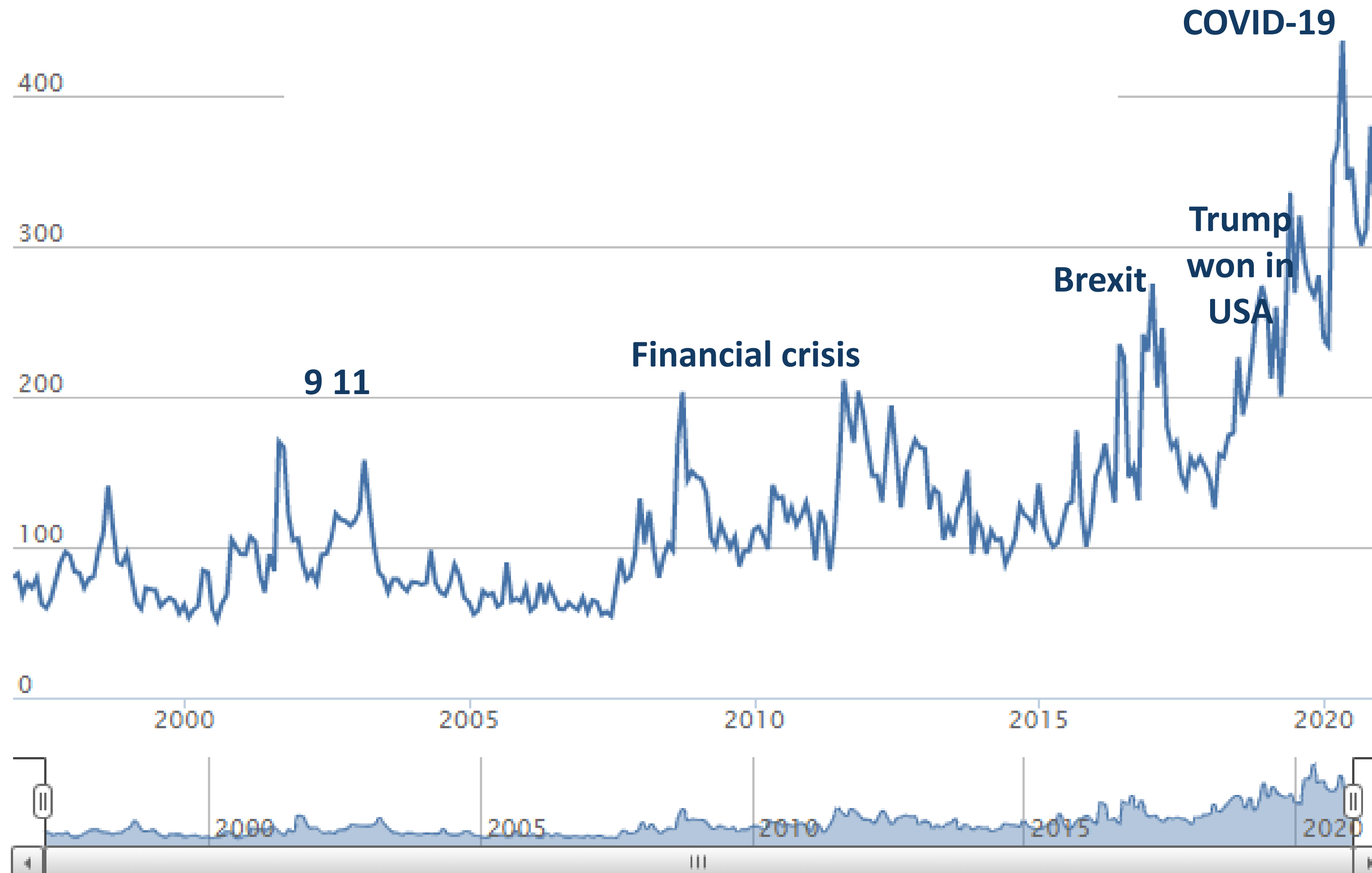
Uncertainty

A FIRST WARNING



Monthly Global Economic Policy Uncertainty Index

From: Dec 31, 1996 To: Jan 31, 2021

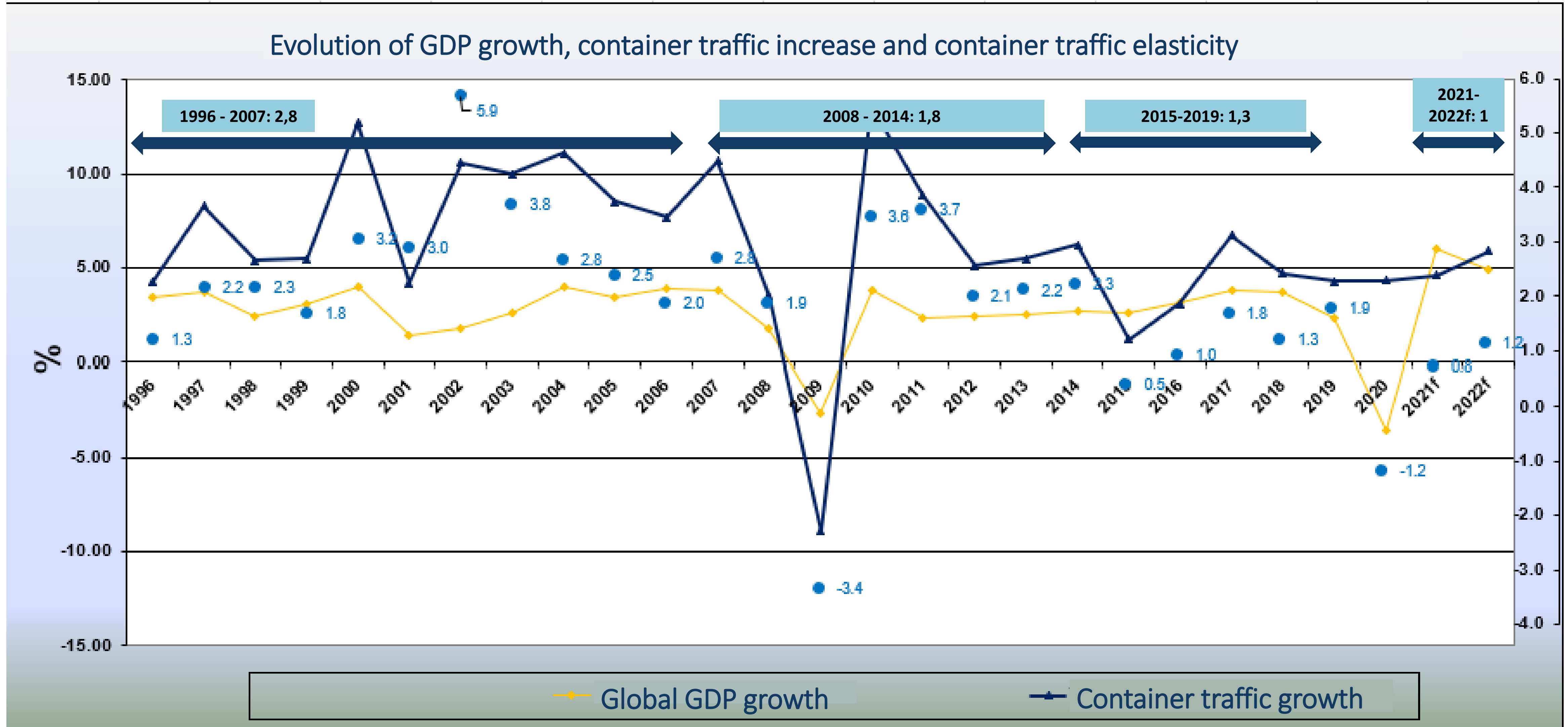


CHANGES IN TRADE PATTERNS





Link between GDP growth and Container traffic increase: Evolution of container traffic elasticity



Source: Pérez-García (2021): *Market Conditions For Maritime Trade in The WestMed*, Oct 2021, based on Global Insight and Drewry Shipping Consultants until 2008, and on UNCTAD and IMF since 2009. Forecasts based on IHS Markit. Left-hand side axis for volumen exports and GDP, right-hand side for elasticities.



Change in trade patterns

Drivers of relocalisation of production and nearshoring



Nearshoring: The Future of Manufacturing May Be Closer to Home

Published on April 6, 2021

The dynamics are becoming more complex.

Access to materials, shipping costs, tariffs and socio/political instability all factor into the total cost of manufacturing. As technology improves, and offshored labour costs rise, the manufacturing cost proposition is shifting — offshoring isn't as compelling as it once was.

As a result, companies are *nearshoring* (bringing manufacturing closer to home). Similar time zones, reduced lead times, more stability, greater control over production — nearshoring has many benefits.

The disruptions of the last year has caused many to rethink their supply chains.

According to a study by Alvarez and Marsal, **70% of Europe's largest retailers** have conducted a review of their supply chains, and many have chosen to relocate production to domestic economies.

According to the same study, more than half (55%) have already begun to diversify suppliers, with 29% planning to do so in the next 12 months.

The pandemic has accelerated nearshoring.

Source: Lauritsen, April 2021



Change in trade patterns

Examples of relocation of production and nearshoring

Apple To Move A Fifth Of iPhone Production From China To India In Massive Supply-Chain Shift



by Tyler Durden
Mon, 05/11/2020 - 08:48



One reason why the global economy will never be the same after the coronavirus pandemic is long forgotten, is that supply-chains – which have been in place for decades, taking advantage of China's cheap labor costs and keeping global inflation in check – are being gutted and overhauled, in many cases from scratch.

A perfect example of this is Apple's quiet transition away from China and into the country that is emerging as the next labor superpower: India. According to [Inc42](#), "Apple is looking to move nearly a fifth of its iPhone and other electronics production capacity from China to India to get benefits under the Indian government's production-linked incentives (PLI) scheme", which was launched to incentivize local handset manufacturing and exports.

According to the report, With this move, Apple is planning to produce iPhones worth \$40BN through its contractors Foxconn and Wistron, and essentially diversifying its production out of China, and set India as a base for manufacturing and export. **The move is in line with Apple's plans to reduce its reliance on China as a manufacturing hub as it looks to dodge the negative impact of the US trade tariffs as well as the current coronavirus pandemic, which had forced all production in China to come to a halt.**

Government officials, close to the matter, have assured that they will look into all the concerns raised, as the government is focusing on bringing high-tech manufacturing to India. Under the scheme, a company must manufacture at least \$10 Bn worth mobile phones, in a phased manner, between 2020 and 2025 to avail the benefits of the PLI scheme. The selected applicant is required to meet targets on a yearly basis.

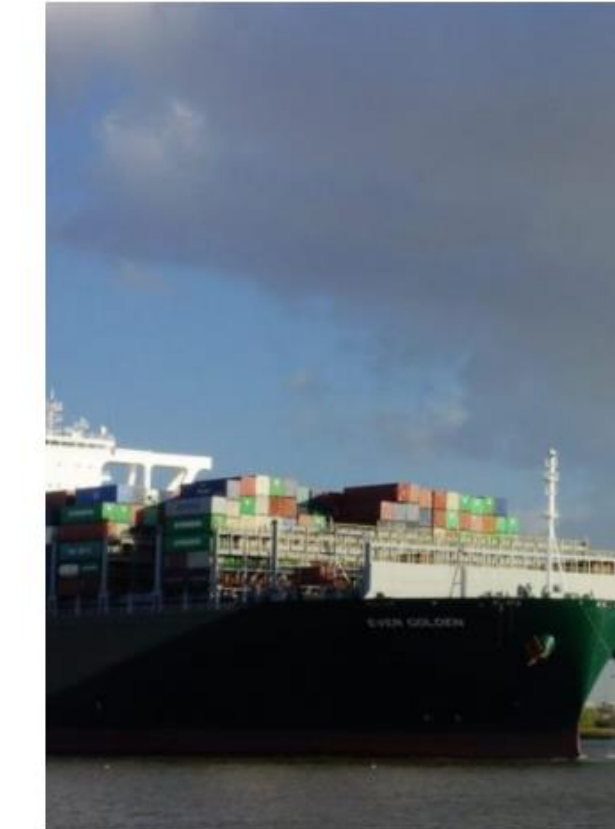
The scheme has a corpus of INR 40K Cr and provides an incentive of 4-6% on incremental sales (over the base year) of goods manufactured in India. It also covers under target segments to eligible companies, for a period of five years subsequent to the base year as defined.

Source: Zerohedge.com, May 2020

el MERCANTIL

Cargadores y transitarios plantean alternativas para mitigar el alza de fletes

Se buscan fórmulas que combinen una mayor colaboración entre cargadores, el uso de todo tipo de buques y la relocalización productiva



Freepik

PAULA BLANCO | Barcelona

13 de septiembre de 2021

RELOCALIZACIÓN EN EL SECTOR DEL MUEBLE PARA AFRONTAR LA DINÁMICA

Alcanzar un volumen de carga mínimo también es uno de los motivos por los que, a pesar de la gran demanda en su sector, la Asociación Nacional de Fabricantes y Exportadores de Muebles de España (Anieme) no se plantea fletar barcos. "A nosotros nos está preocupando la pérdida de competitividad, porque son productos que tienen un coste elevado, pero no tenemos volumen suficiente para plantearnos, como otras grandes empresas o sectores que dependen cien por cien del transporte marítimo, fabricar o que nos produzcan contenedores", sostiene la directora general de Anieme, Amparo Bertomeu. Cerca del 70% de los muebles exportados por sus asociados llegan a distintos puntos de Europa en camiones y el envío de mercancía a través del transporte marítimo se realiza en condiciones FOB ('Free on Board', solo pagan el coste de llevar la mercancía desde las fábricas hasta el puerto) y así el coste y la responsabilidad recae en el importador.

Su principal dificultad proviene de la falta de materias primas que necesitan para fabricar, que alargan los plazos de llegada hasta los seis meses. La primera fórmula que aplican es la diversificación, tener "varios proveedores de distintos países, pese a que las calidades para minimizar el riesgo y los precios varían, porque no nos podemos quedar sin stock". Para que esta medida sea posible, la solución pasa por aproximar la producción. "En mi sector, muchas empresas están pensando en la relocalización porque si necesitan muchos suministros de una zona, se incrementa el coste de la materia prima y aumenta el precio de traerlo a España, te interesa más fabricarlo cerca", expone Amparo Bertomeu. Otra razón es el aumento del coste de mano de obra, hasta ahora encargada de ciertas partes de los muebles, además del tirón que este sector está viviendo desde el inicio de la pandemia. Las exportaciones de mobiliario son el 44% superiores a las del último año previo a la llegada del coronavirus y ahora tienen que afrontar esta alta demanda.

Source: El Mercantil, Sept 2021



Change in trade patterns

Relocalisation of production and nearshoring: Is it affecting the EU?

Regionalization vs globalization: what is the future direction of trade?

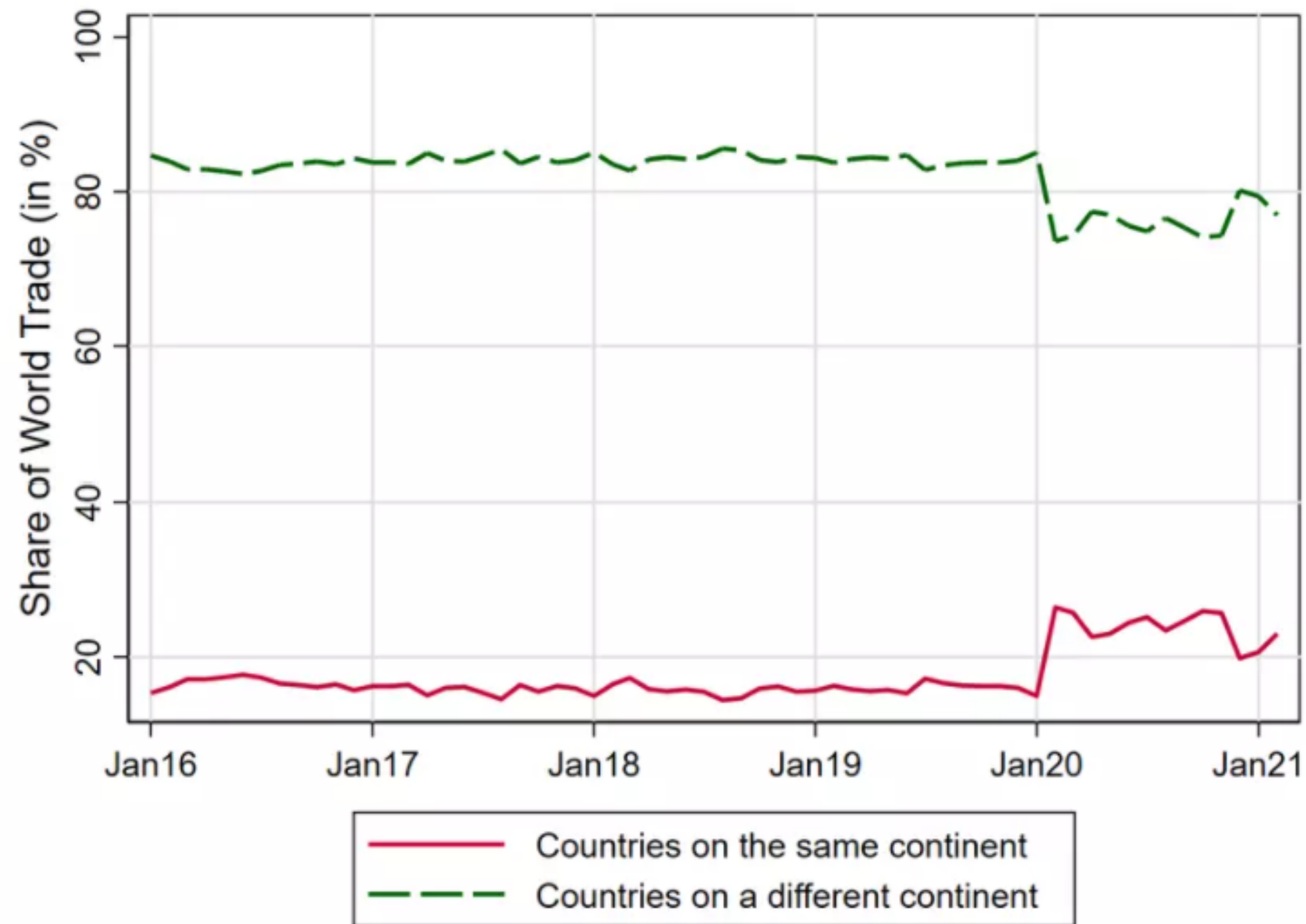
15 Jul 2021

Stefan Legge
Lecturer and Postdoctoral Researcher in Economics,
University of St.Gallen,

Piotr Lukaszuk
Director for Data Forensics, St.Gallen Endowment for
Prosperity through Trade

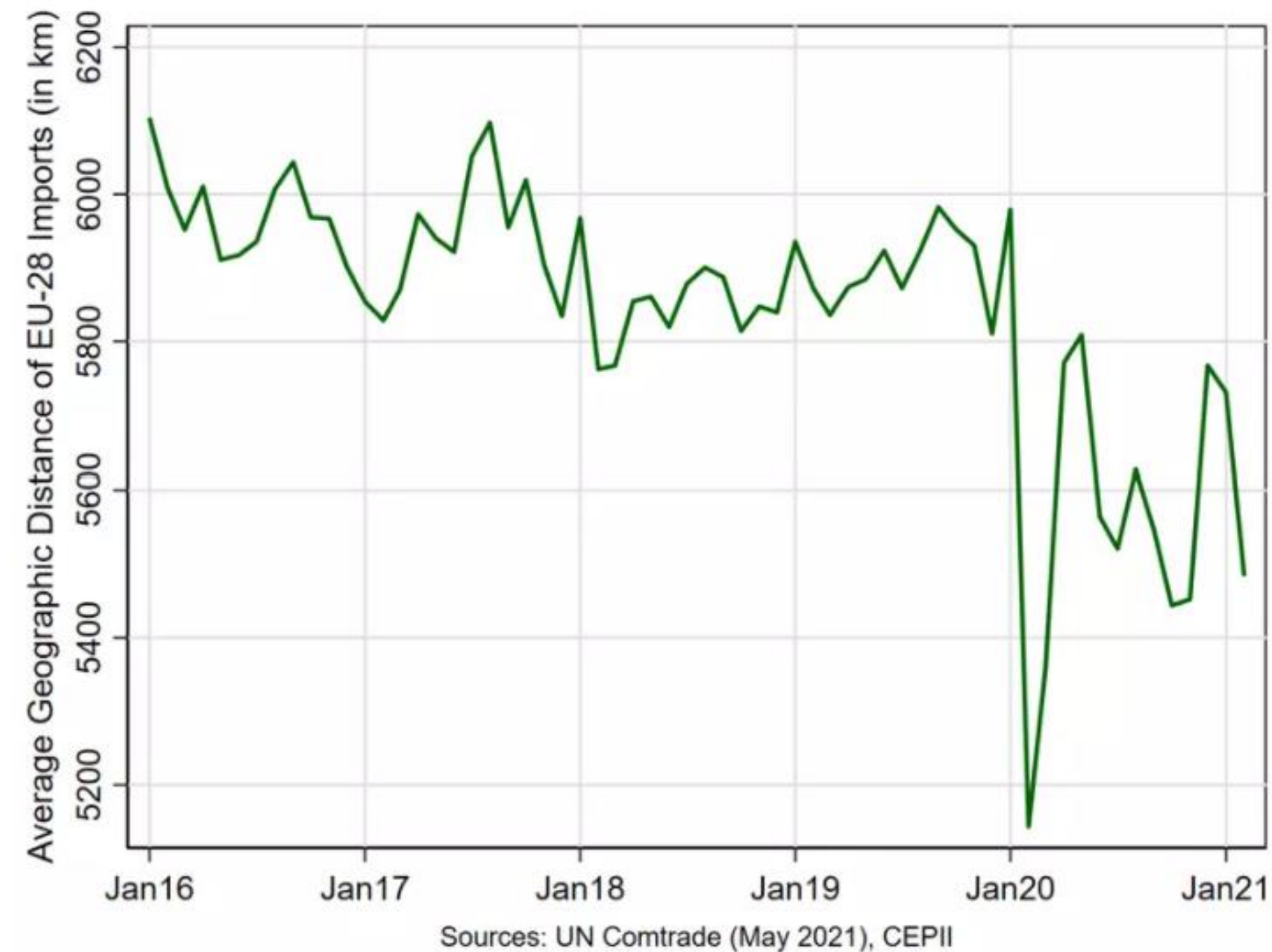
- Destabilizing world events, including COVID-19 and the Suez Canal blockage, have exposed international trade's vulnerabilities.
- Several prominent analysts and commentators are predicting trade will become less globalized and more regional.

Tests for Regionalization in Latest EU-28 Trade Data, 2016-2021



Sources: UN Comtrade (May 2021), CEPII

Average Geographic Distance of EU-28 Imports in km

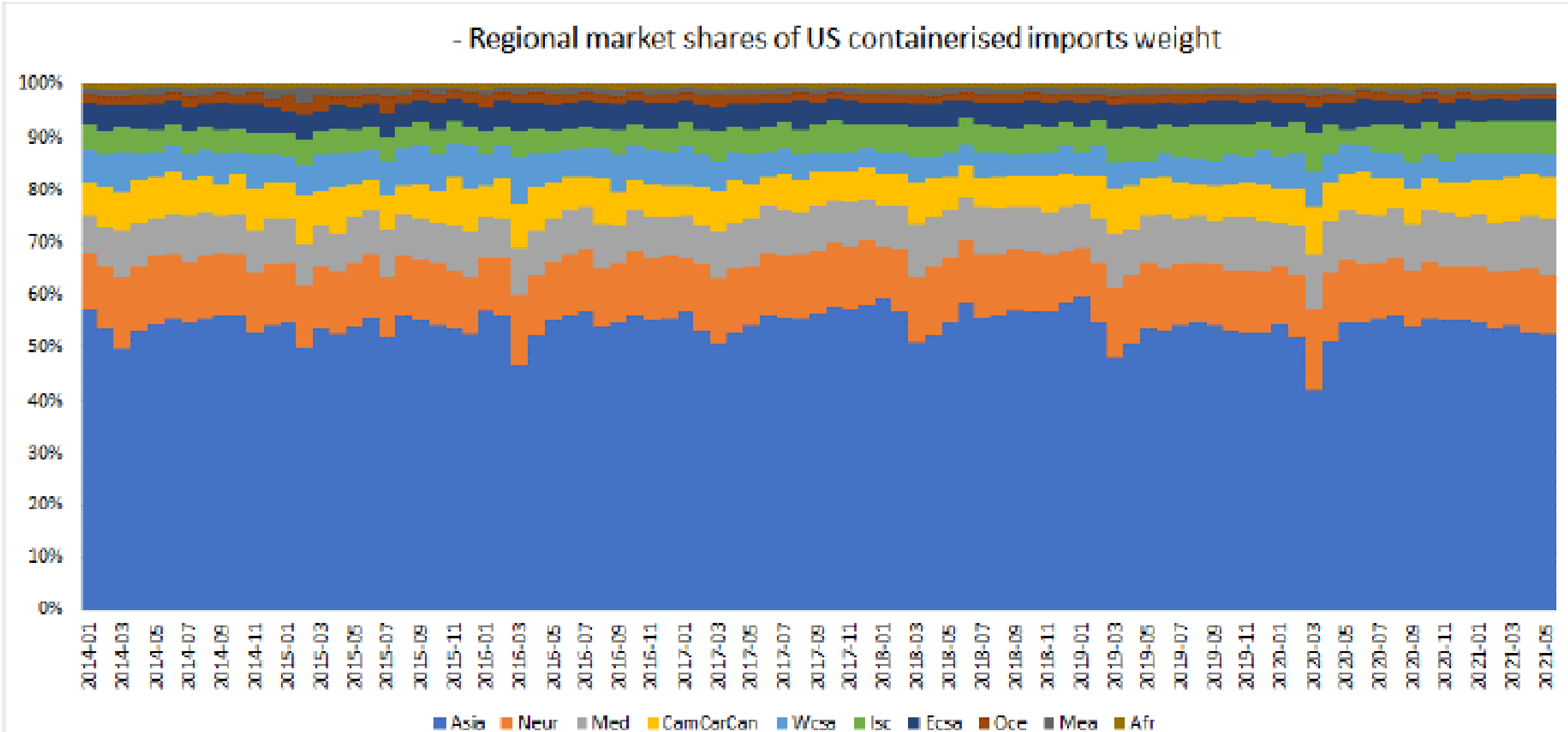
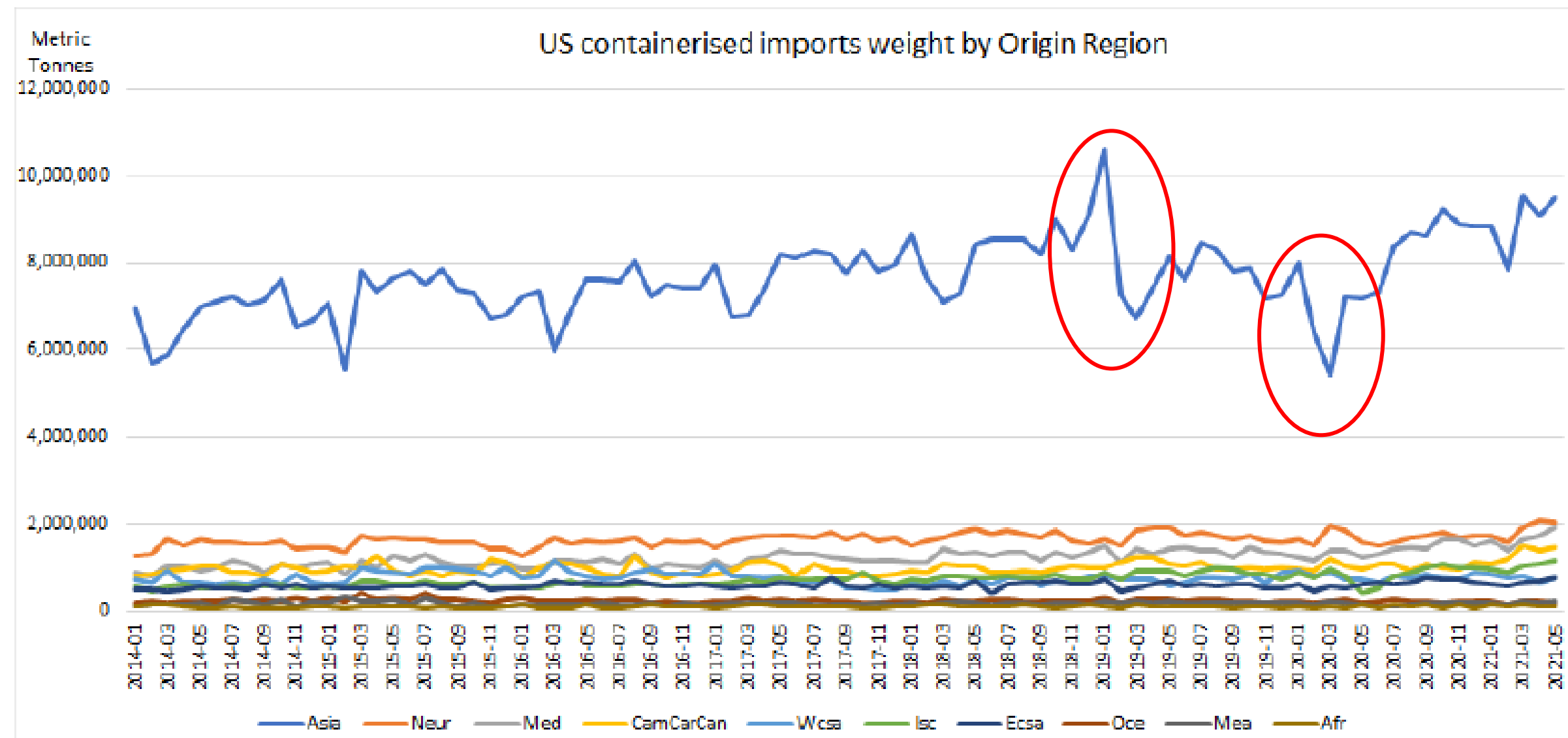


Sources: UN Comtrade (May 2021), CEPII



Change in trade patterns

Relocalisation of production and nearshoring: What about the US?

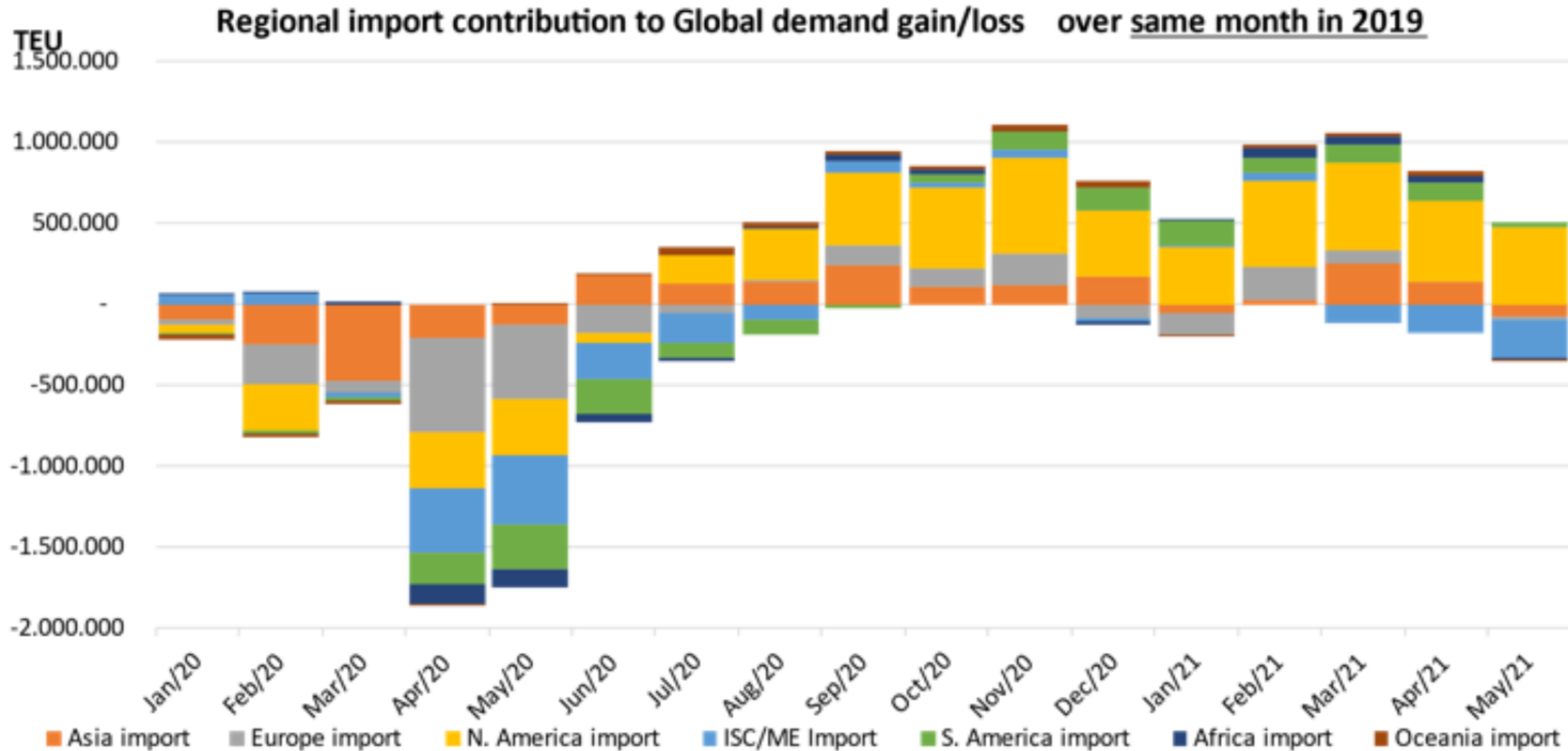


Source: Sea-Intelligence Sunday Spotlight. July 25, 2021 – Issue 524



Let's analyse container shipping demand

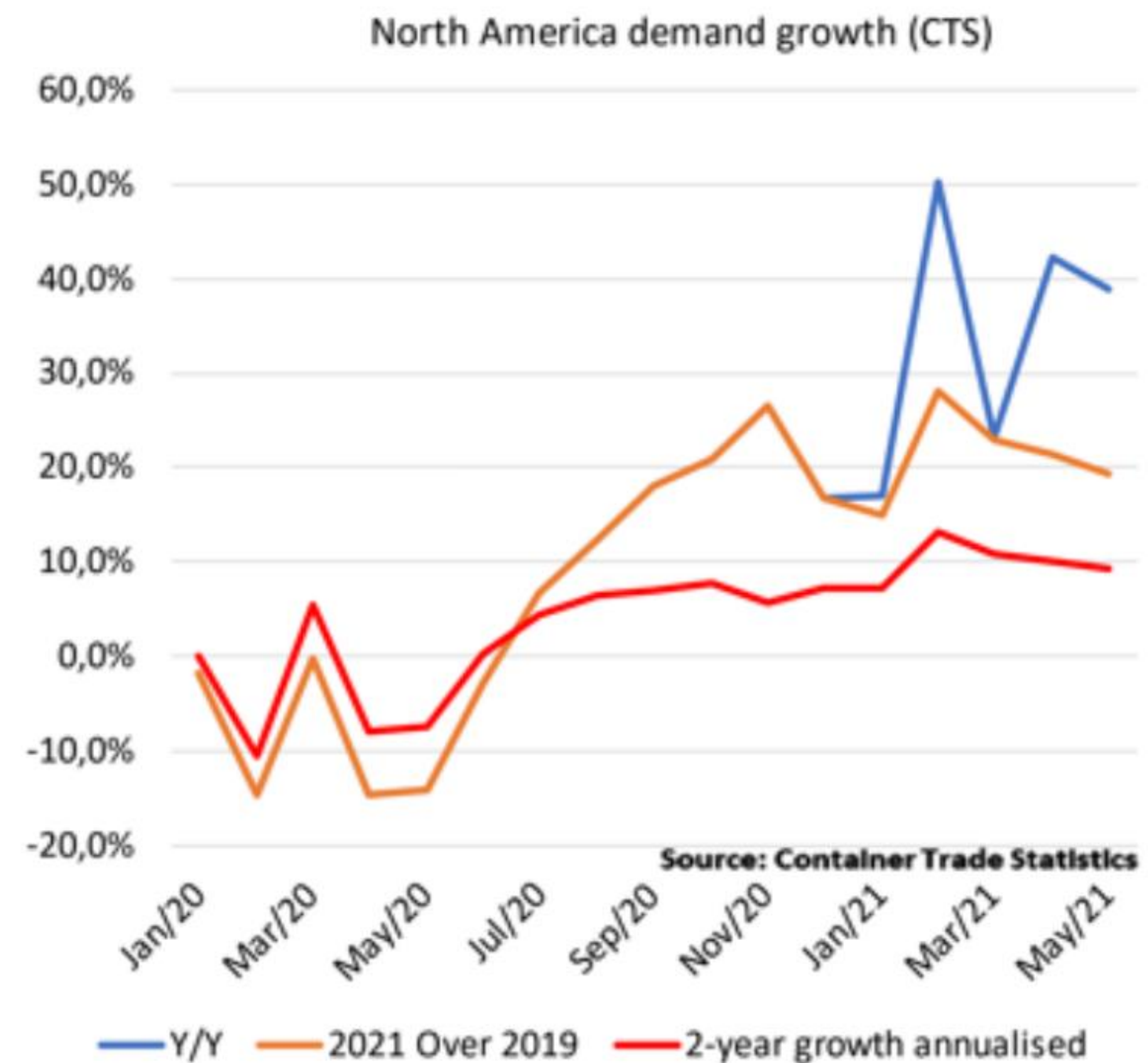
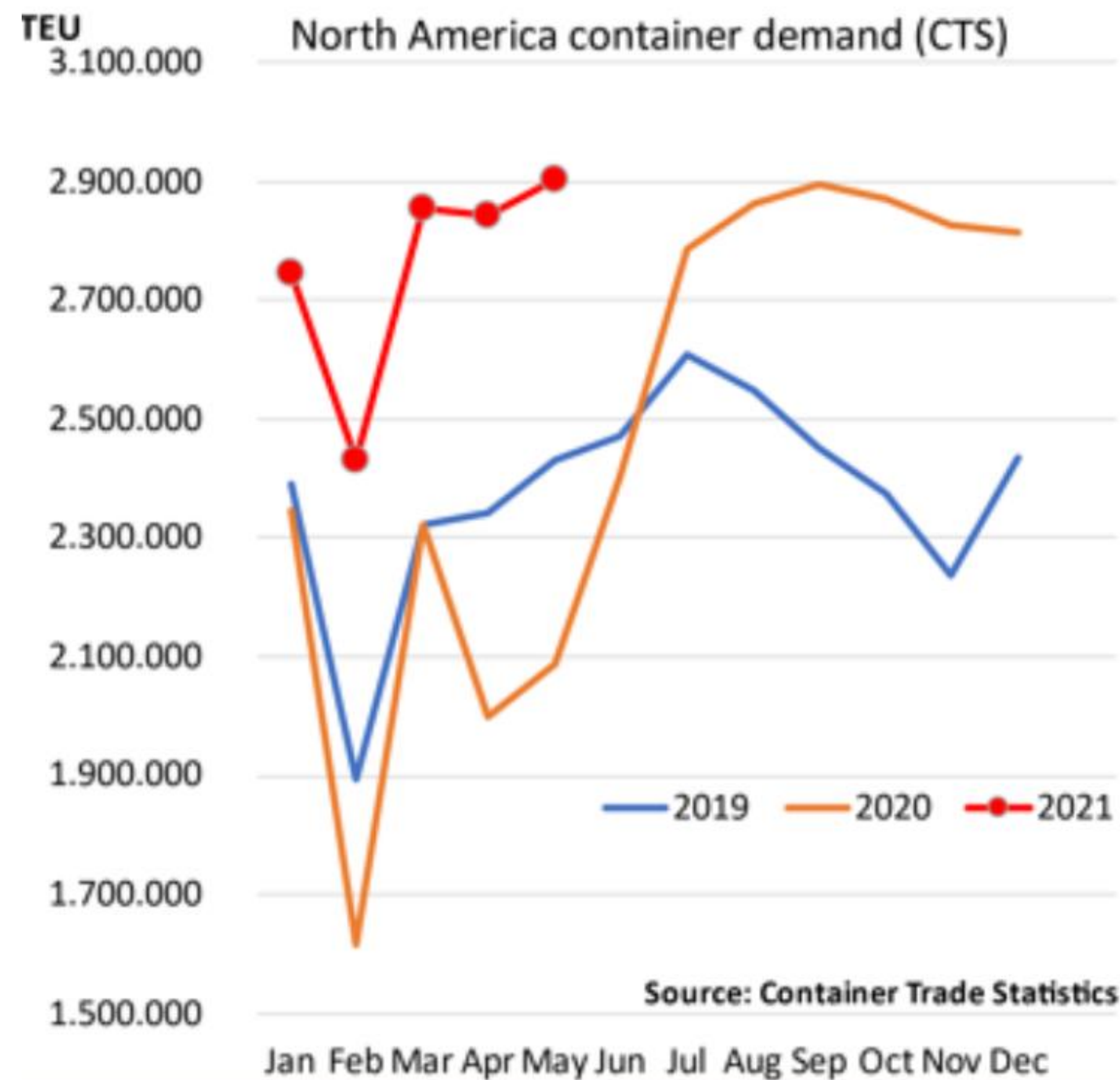
North America is the main contributor of global demand growth since July 2020





Let's analyse container shipping demand

North America demand growth: between 7% and 10% of annualised growth rate since Sept 2019



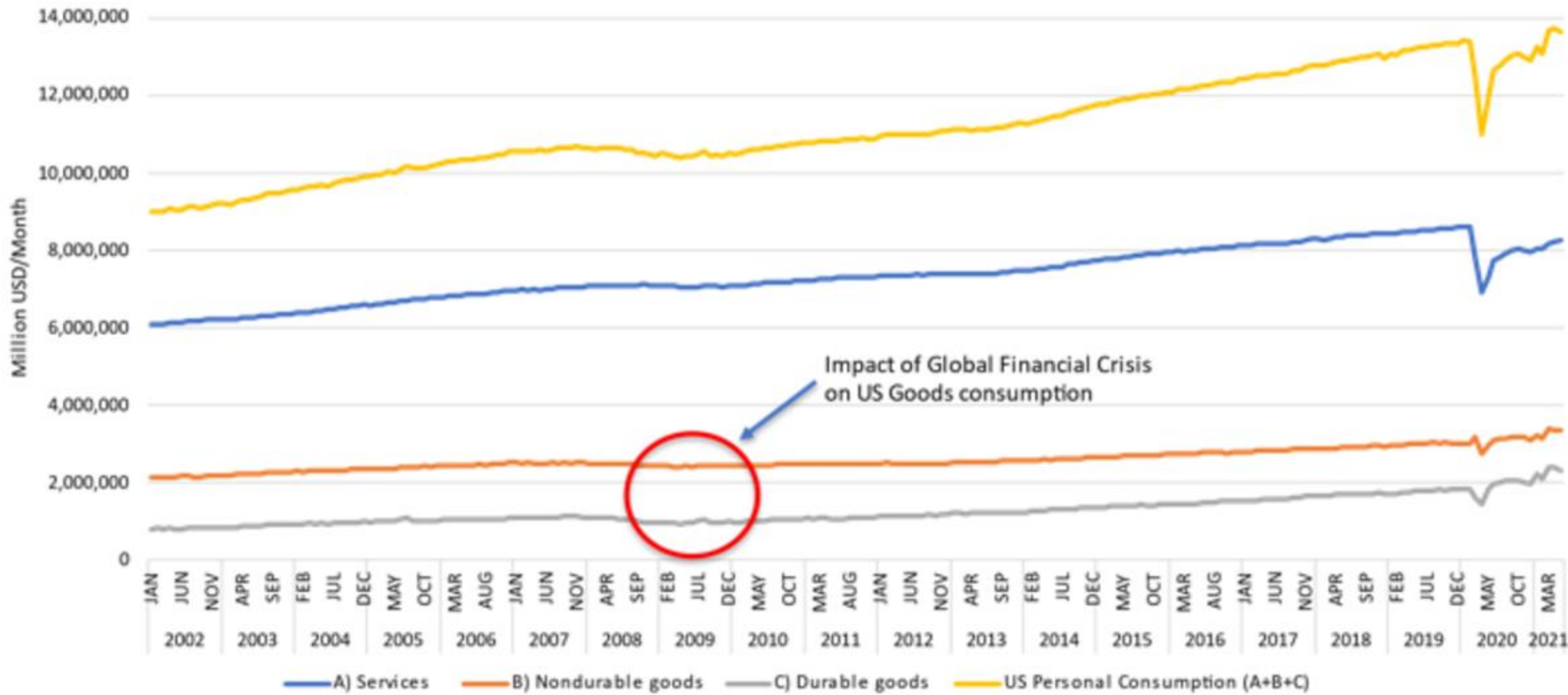


Let's analyse container shipping demand

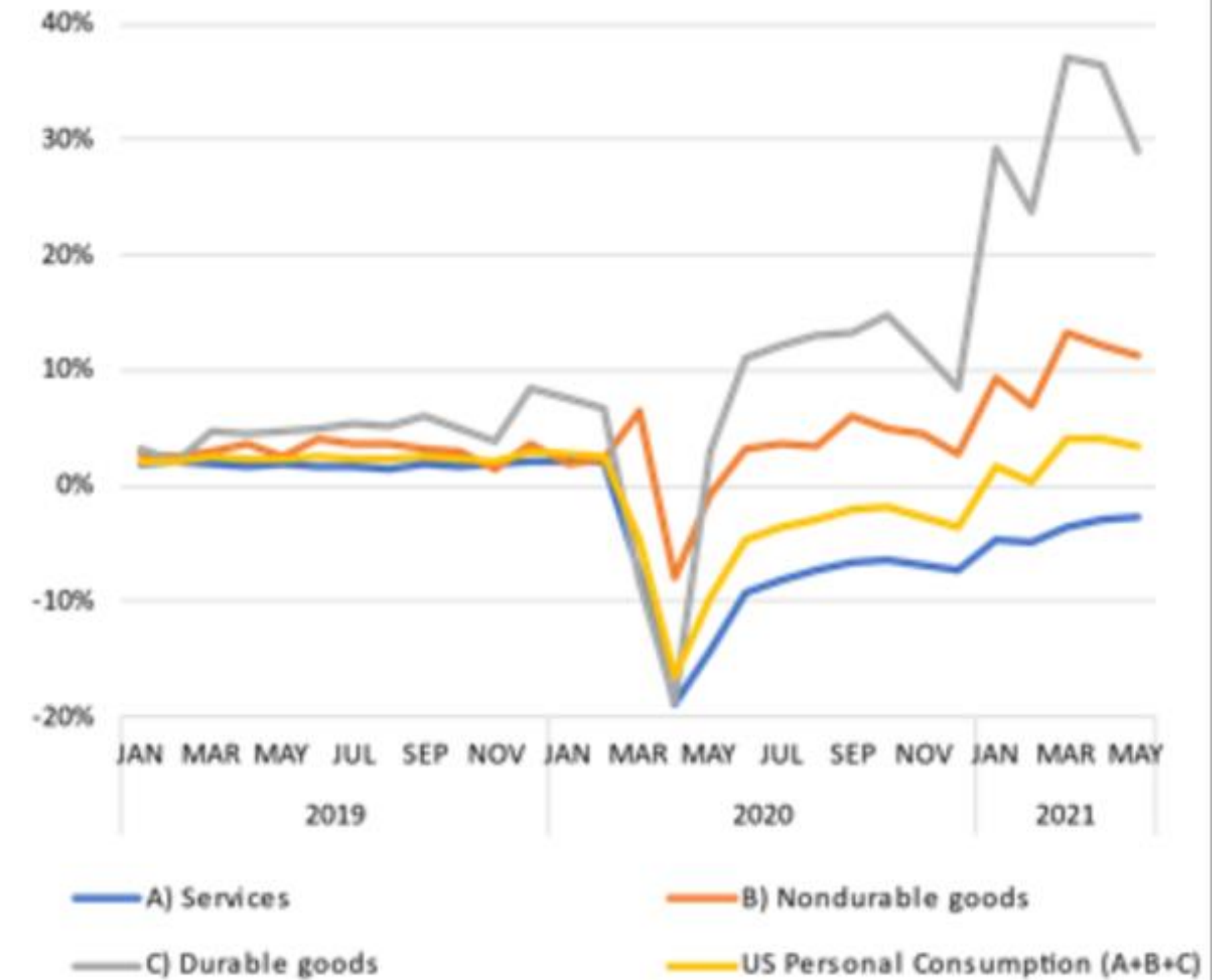
All-time records in consumer spending growth in the US in 2021

The Pandemic impact is like nothing seen before

20 Years of US Consumer Spending



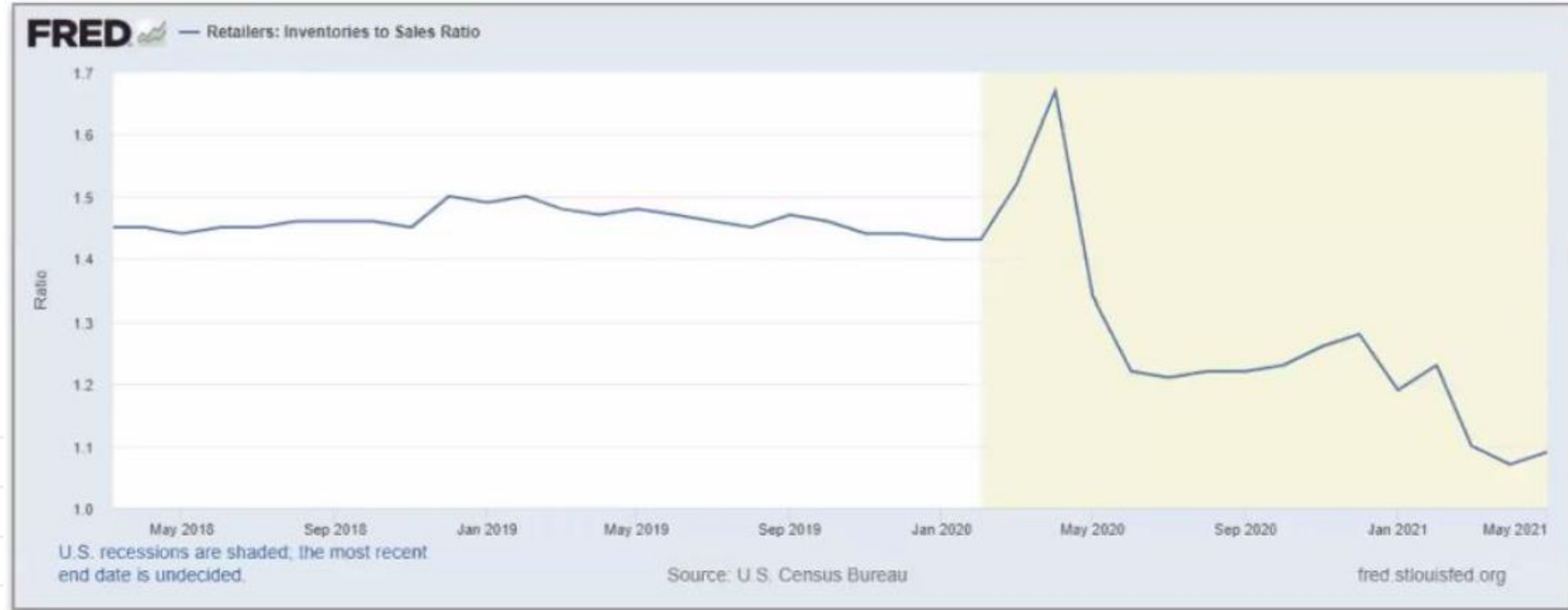
US Consumer Spending growth (2021 over 2019)





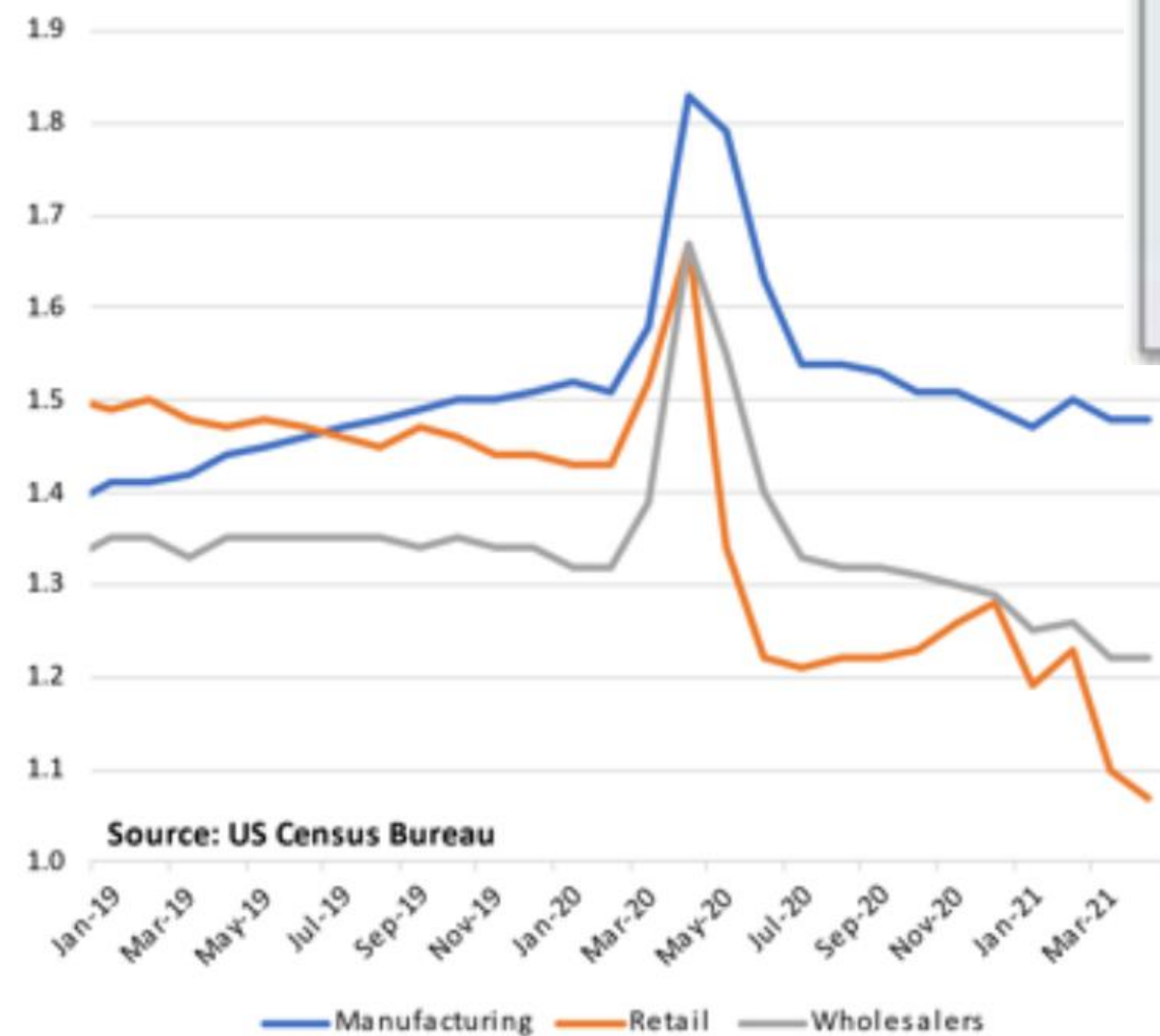
Let's analyse container shipping demand

Looking at US inventory/sales ratios, it looks like high US container shipping demand will go on for at least 6-12 more months



Source: US Federal Reserve

Inventory to Sales ratio by category



Source: SealIntelligence, JOC webinar, July 2021



Let's analyse container shipping demand

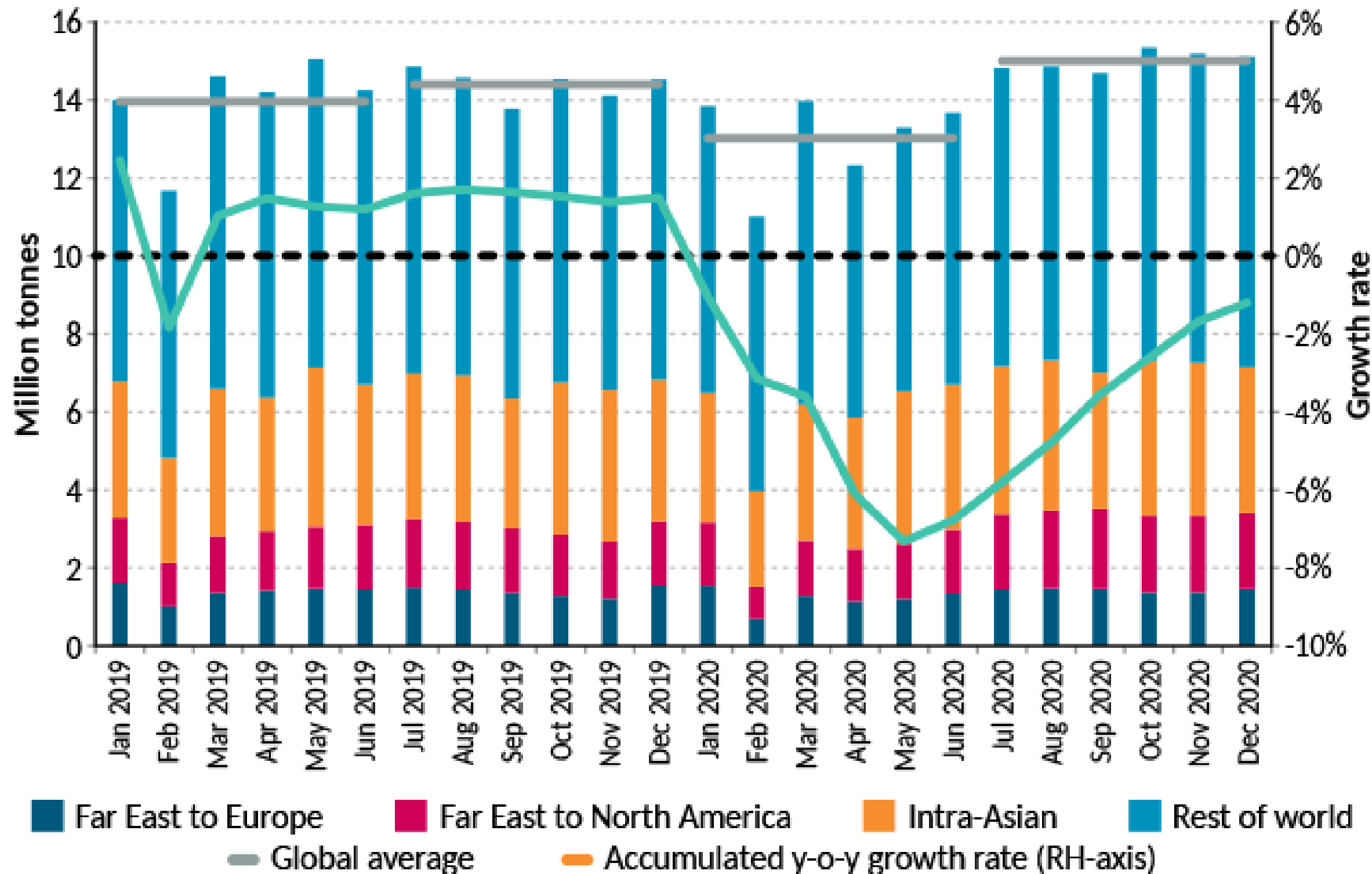
Global Container Shipping Demand:

Global container shipping volumes fell by 1.2% in 2020 compared with 2019, Far-East to North America being the only high-volume trade that grew over the full year in 2020

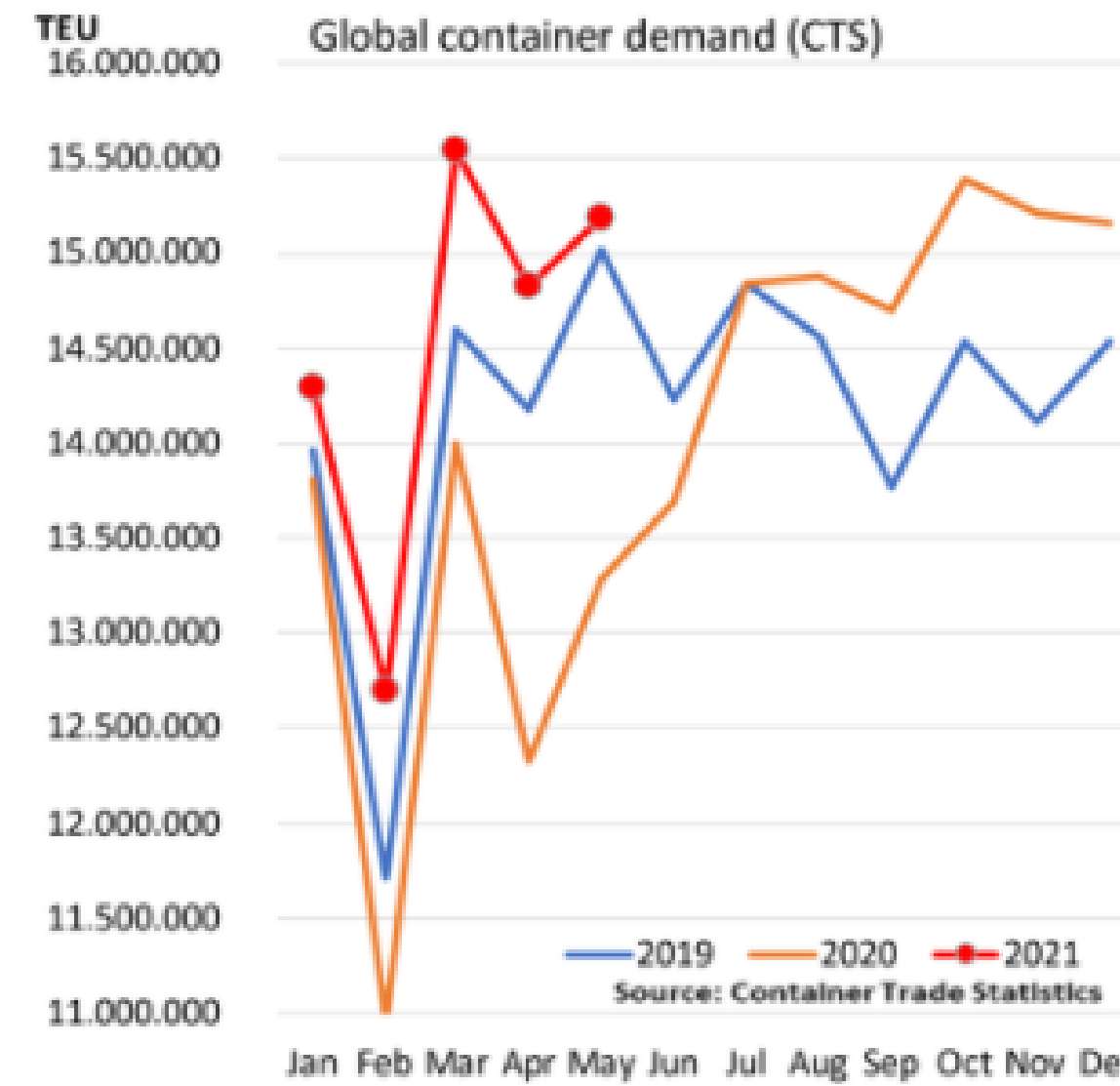
In 2021, global demand is not outside of the norm as shown by the annualised growth for 2 years (red line in the right-hand graph). The region whose demand is growing outrageously is North America.

Global container shipping demand

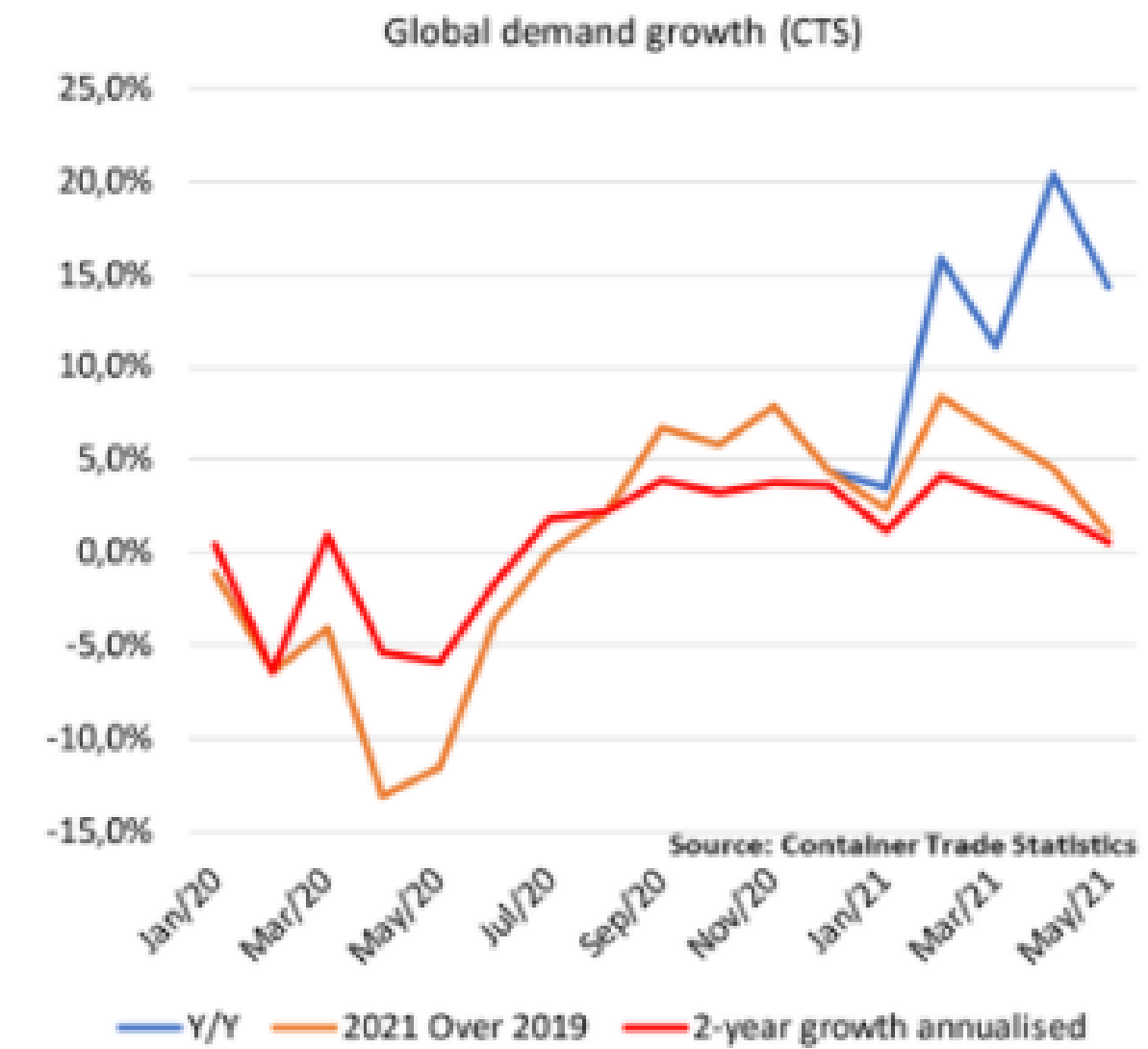
2019-2020



Source: BIMCO, CTS



© Sea-Intelligence



JOC Webcast – July 2021

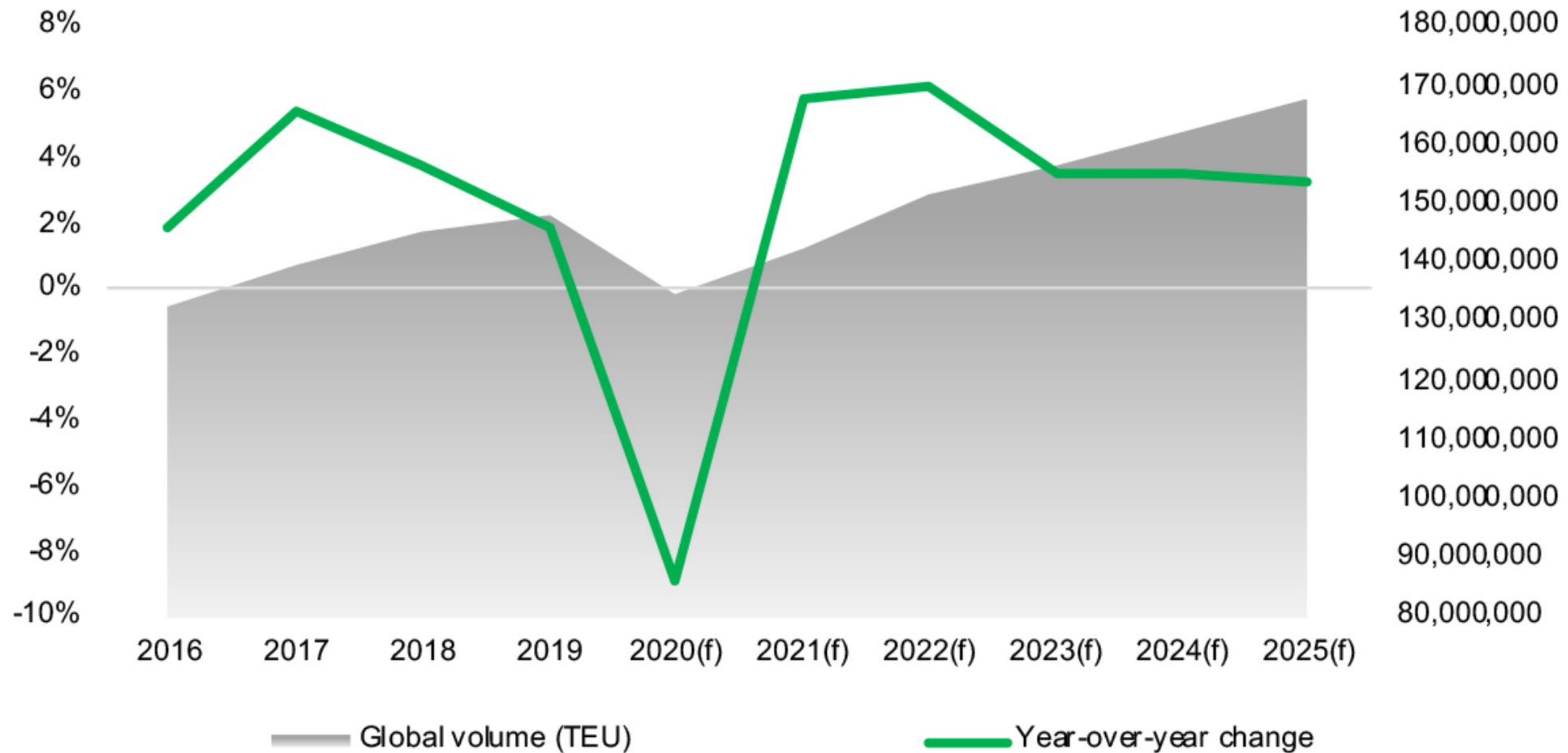


Let's analyse container shipping demand

Forecasts of global container volume growth: analysts predicting global compound rates to vary between 4 and 6% between 2021-2025

Global container volume growth forecast to recover in 2021

Global containerized cargo volume, historical and forecasts (f), with year-over-year change

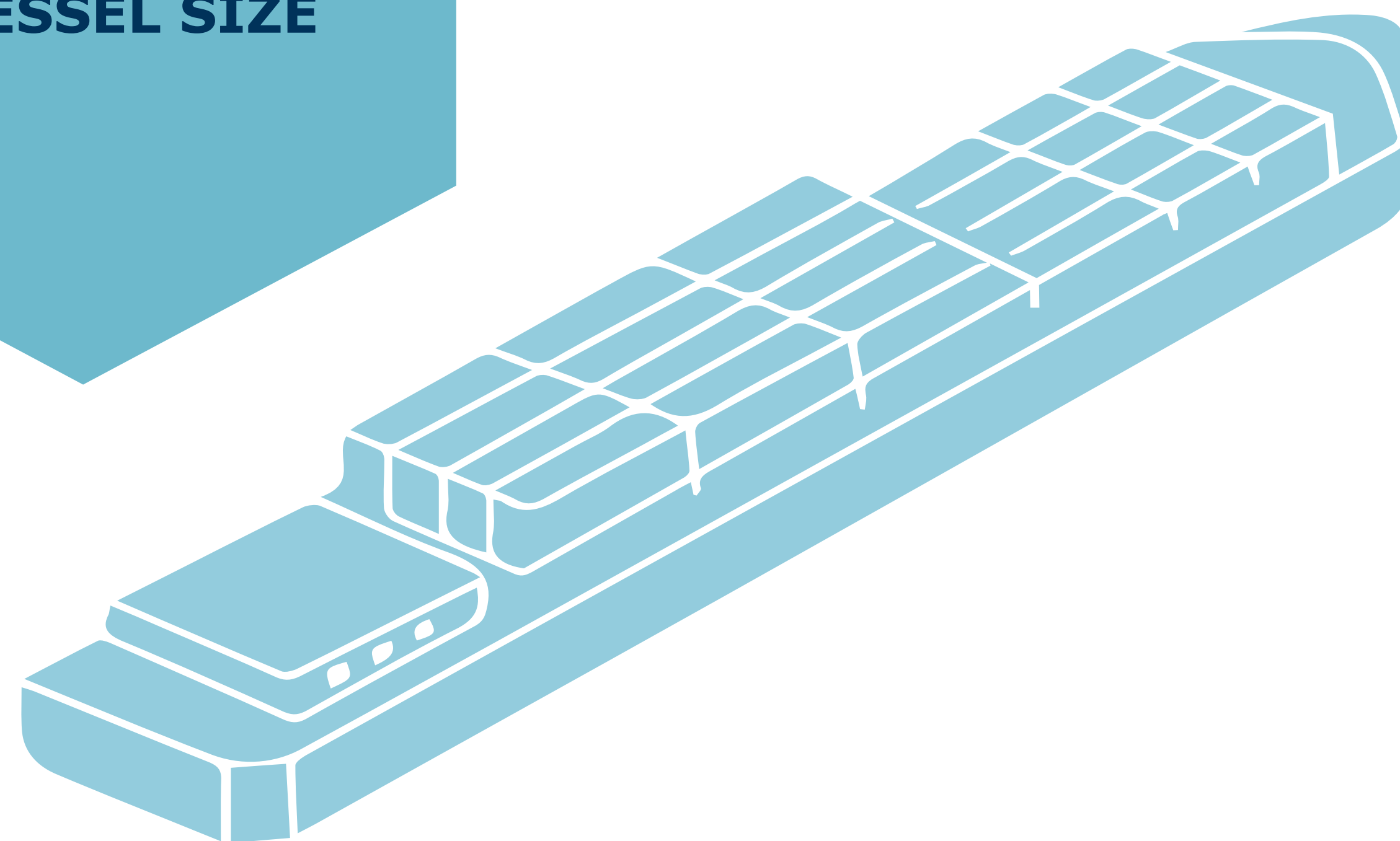


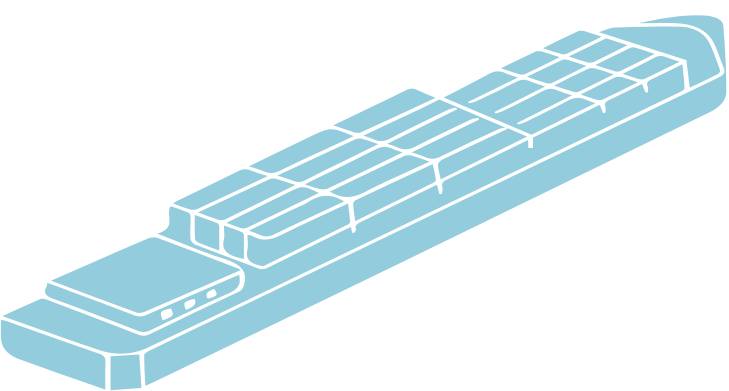
THOUGHTS ON GLOBAL TRENDS IN THE CONTAINER SHIPPING INDUSTRY





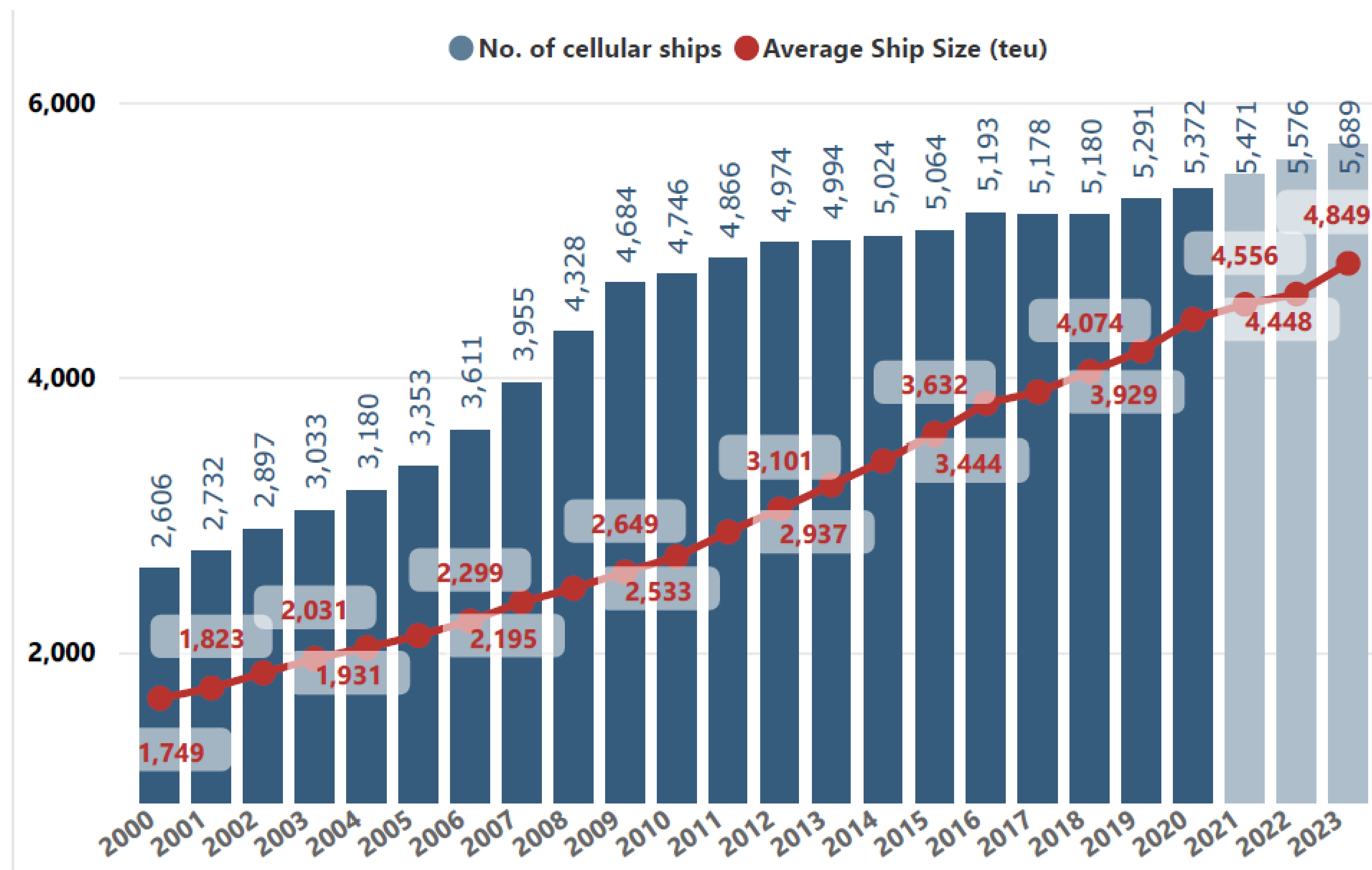
**ECONOMIES OF SCALE
IN VESSEL SIZE**





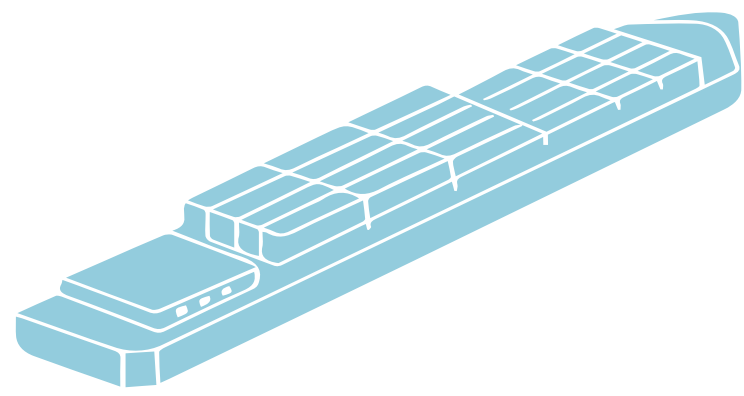
Ship-Size Economies of Scale

World containership fleet and average vessel size: 2000-2023f



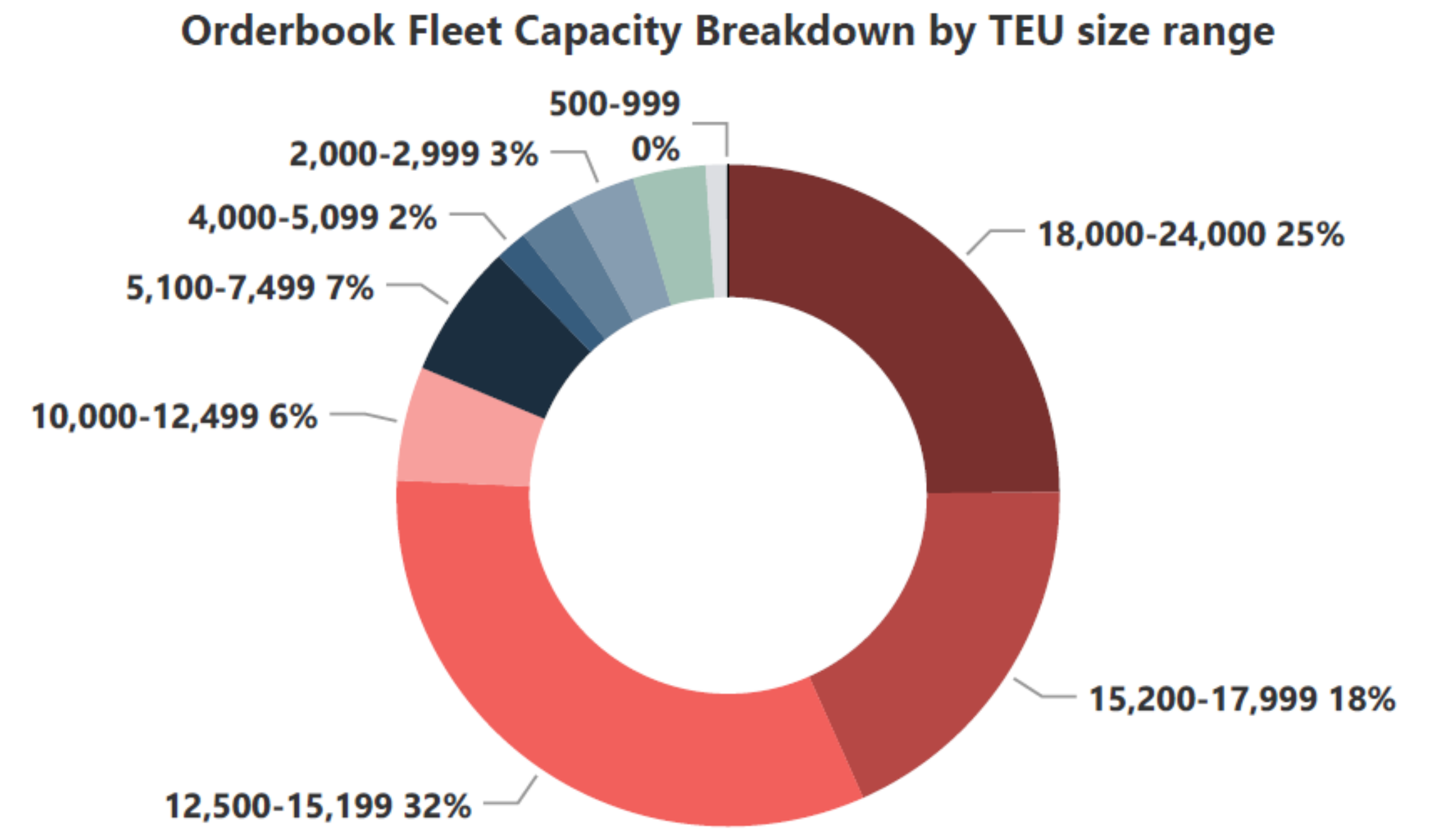
Source: Alphaliner, Sept 2021

Ship-Size Economies of Scale



Cellular orderbook – Sept 2021

Size Range	Ships On Order	TEU On Order	Of which Chartered Ships	Of which Chartered TEU	% Chartered TEU	Orderbook/ Existing %
18,000-24,000	56	1,328,382	17	408,710	30.8%	45.0%
15,200-17,999	63	988,744	47	733,880	74.2%	116.7%
12,500-15,199	121	1,733,800	51	748,760	43.2%	46.7%
10,000-12,499	25	298,384	25	298,384	100.0%	15.1%
7,500-9,999						
5,100-7,499	54	350,532	28	183,532	52.4%	12.8%
4,000-5,099	18	82,940				2.9%
3,000-3,999	45	143,090	15	51,074	35.7%	15.8%
2,000-2,999	71	175,986	32	81,976	46.6%	9.3%
1,500-1,999	103	189,477	50	91,570	48.3%	17.3%
1,000-1,499	49	53,264	15	16,419	30.8%	6.6%
500-999	5	3,312	1	670	20.2%	0.6%
100-499	3	1,130				2.0%
TOTAL	613	5,349,041	281	2,614,975	48.9%	21.7%



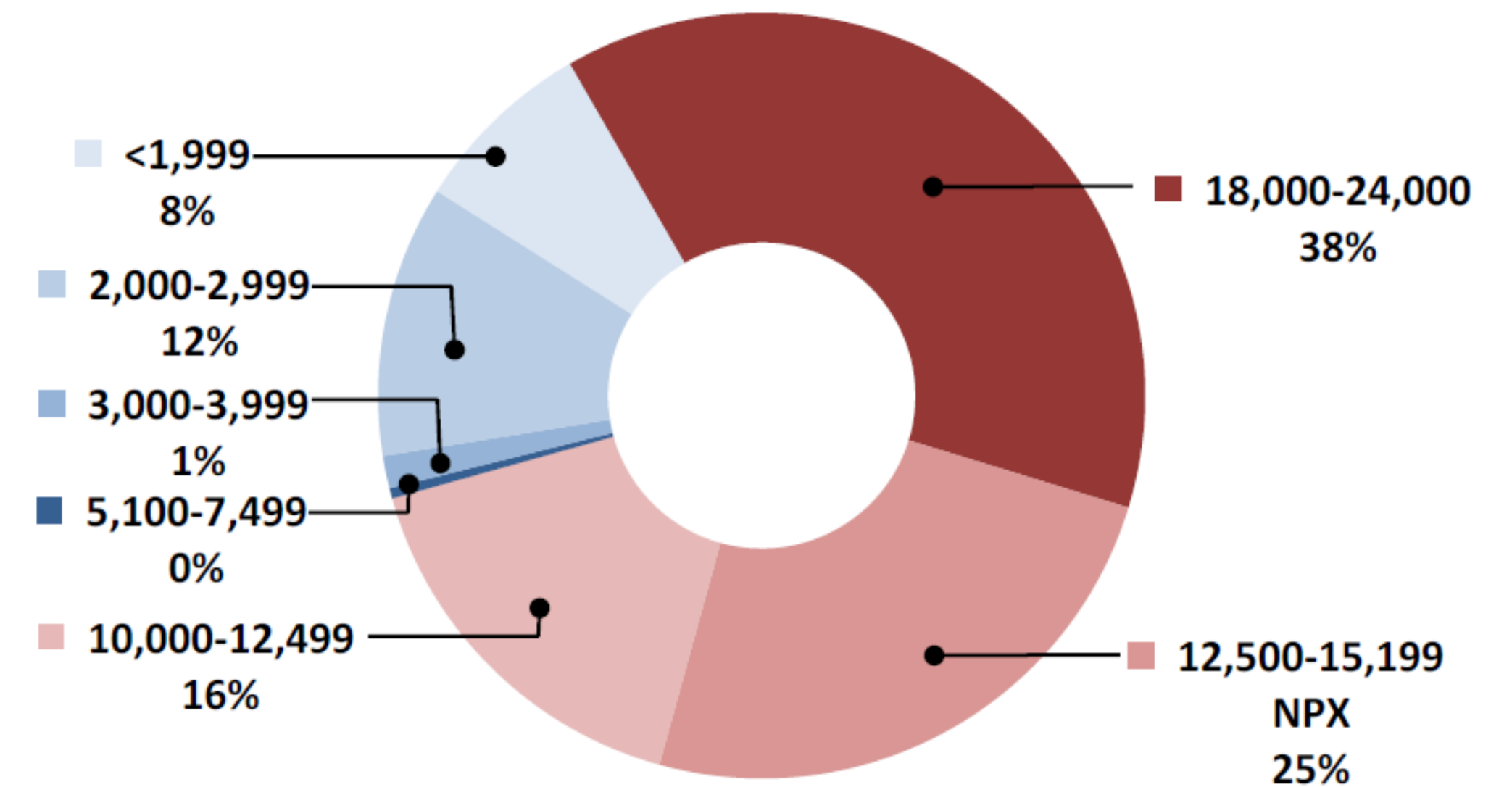
Source: Alphaliner, Sept 2021

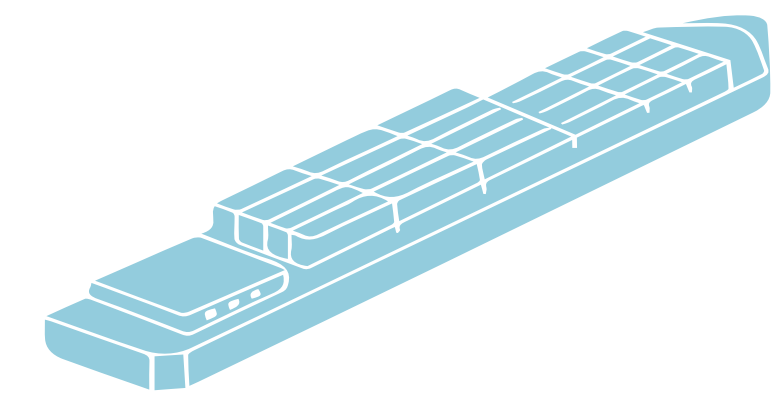
Ship-Size Economies of Scale

Cellular orderbook – Sept 2019

Size Range TEU	All cellular ships		Of which chartered			Orderbook/ Existing %
	Units	TEU	Units	TEU	% Chrt	
18,000-24,000	42	975,696	4	91,512	9.4%	44.4%
15,200-17,999	0	0	0	0	0.0%	0.0%
* 12,500-15,199 NPX	40	586,698	22	316,698	54.0%	17.1%
10,000-12,499	34	402,350	26	306,350	76.1%	22.8%
7,500-9,999	0	0	0	0	0.0%	0.0%
5,100-7,499	2	10,590	2	10,590	0.0%	0.4%
4,000-5,099	0	0	0	0	0.0%	0.0%
3,000-3,999	11	33,588	1	3,100	9.2%	3.8%
2,000-2,999	111	273,739	38	94,672	34.6%	15.9%
1,500-1,999	68	122,594	51	91,626	74.7%	12.1%
1,000-1,499	44	51,004	11	13,882	27.2%	6.2%
500-999	11	6,882	2	1,116	16.2%	1.2%
100-499	1	120	0	0	0.0%	0.2%
TOTAL	364	2,463,261	157	929,546	37.7%	10.7%

Orderbook Fleet Capacity Breakdown by TEU size range





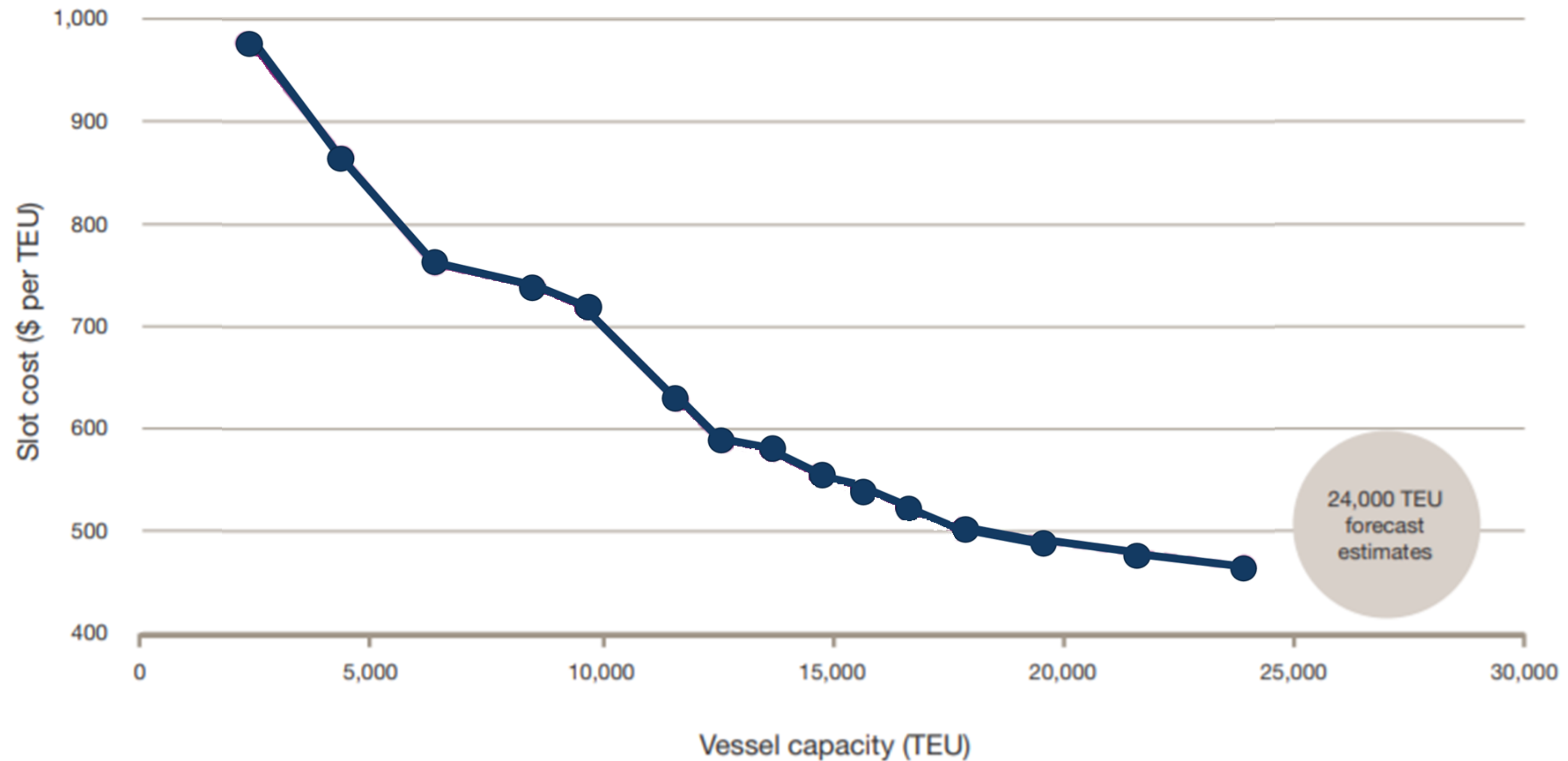
Ship-Size Economies of Scale

Cellular orderbook – Sept 2021 vs Sept 2019

Size range	SEPTEMBER 2021			SEPTEMBER 2019			2021 / 2019		
	Ships on order	TEU on order	% Orderbook / Existing fleet	Ships on order	TEU on order	% Orderbook / Existing fleet	Additional ships on order	Additional TEU on order	% increase of TEU on order Sept 21 / Sept 19
18,000 - 24,000	56	1,328,382	45.0%	42	975,696	44.4%	→ 14	352,686	36.1%
15,200 - 17,999	63	988,744	116.7%	0	-	0.0%	→ 63	988,744	--
12,500 - 15,199	121	1,733,800	46.7%	40	586,698	17.1%	→ 81	1,147,102	195.5%
10,000 - 12,499	25	298,384	15.1%	34	402,350	22.8%	→ -9	103,966	-25.8%
7,500 - 9,999	0	-	0.0%	0	-	0.0%	→ 0	-	--
5,100 - 7,499	54	350,532	12.8%	2	10,590	0.4%	→ 52	339,942	3210.0%
4,000 - 5,099	18	82,940	2.9%	0	-	0.0%	→ 18	82,940	--
3,000 - 3,999	45	143,090	15.8%	11	33,588	3.8%	→ 34	109,502	326.0%
2,000 - 2,999	71	175,986	9.3%	111	273,739	15.9%	→ -40	97,753	-35.7%
1,500 - 1,999	103	189,477	17.3%	68	122,594	12.1%	→ 35	66,883	54.6%
1,000 - 1,499	49	53,264	6.6%	44	51,004	6.2%	→ 5	2,260	4.4%
500 - 999	5	3,312	0.6%	11	6,882	1.2%	→ -6	3,570	-51.9%
100 - 499	3	1,130	2.0%	1	120	0.2%	→ 2	1,010	841.7%
TOTAL	613	5,349,041	21.7%	364	2,463,261	10.7%	→ 249	2,885,780	117.2%

Ship-Size Economies of Scale

OPEX Asia – N. Europa (roundtrip) according to ship size: Reaching an asymptote?



Source: Lloyd's Register, 2019

Ship-Size Economies of Scale

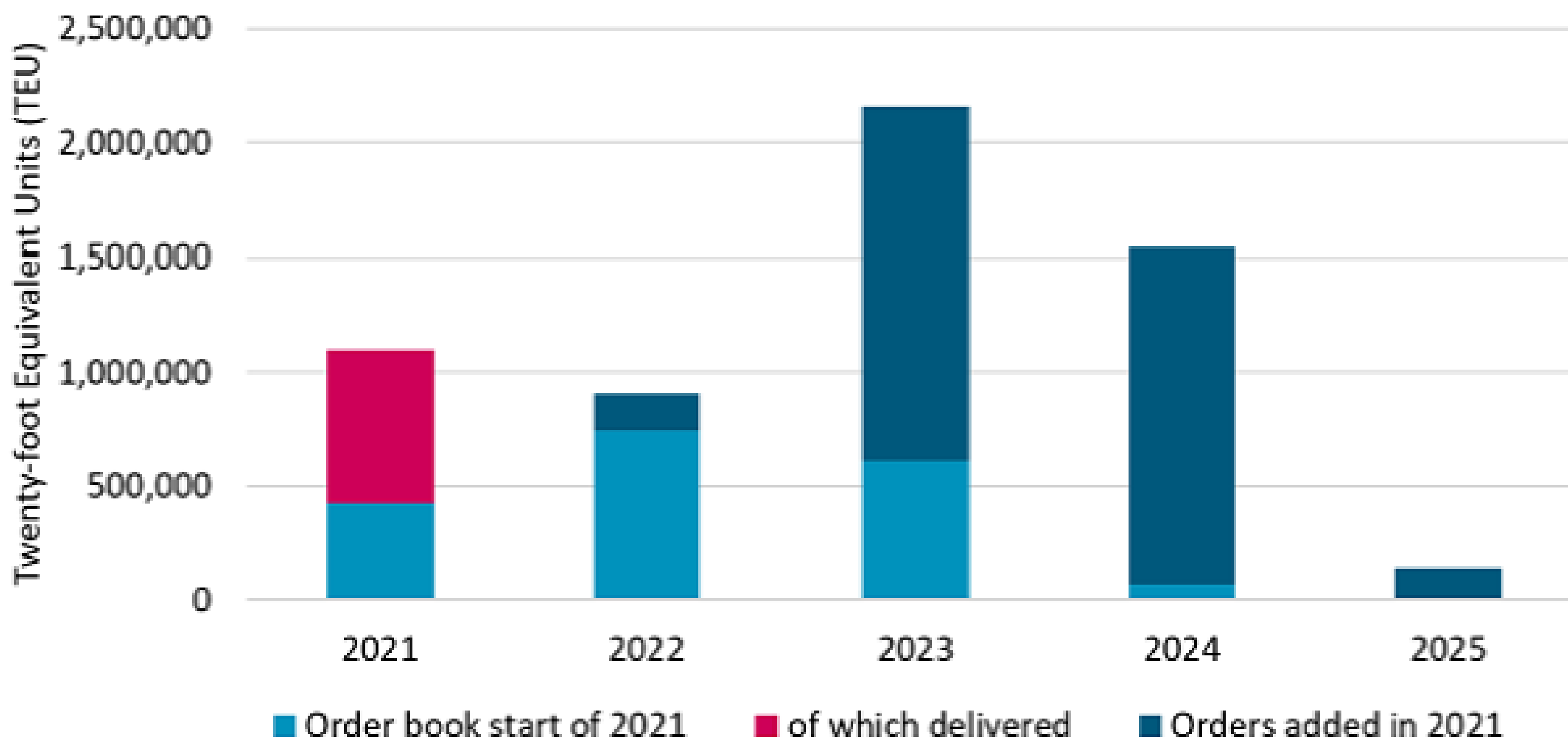
Cellular orderbook by delivery year:

Orderbook at the beginning of 2021: 2.5 million TEUs – In September 2021: 5.3 million TEUs

Size matters but it is no longer the only thing that matters: versatility has become an important factor when ordering newbuildings

An example: 60 16,000 TEU container ships added to the orderbook between Feb and June 2021

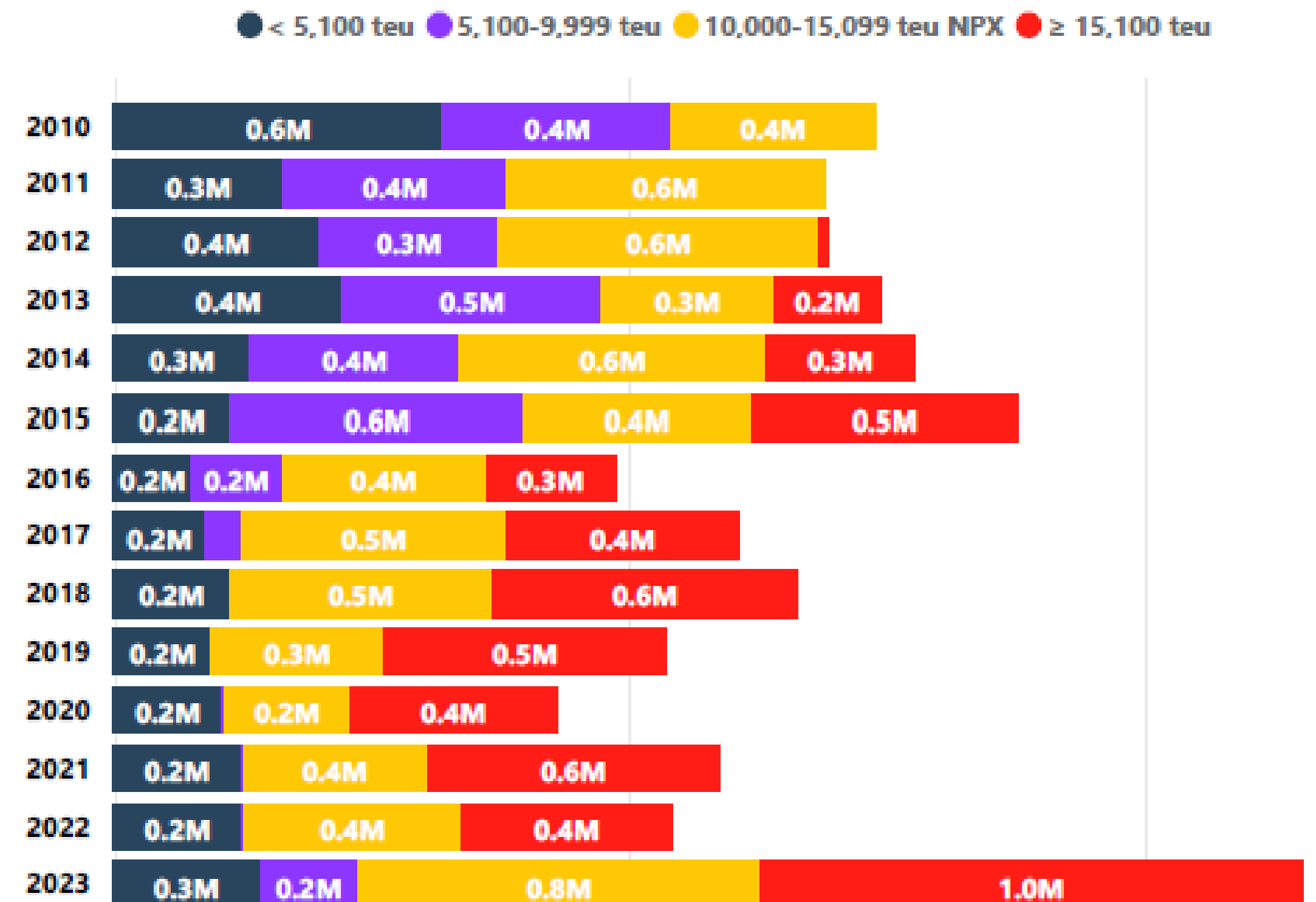
Scheduled orderbook for container ships, by delivery year



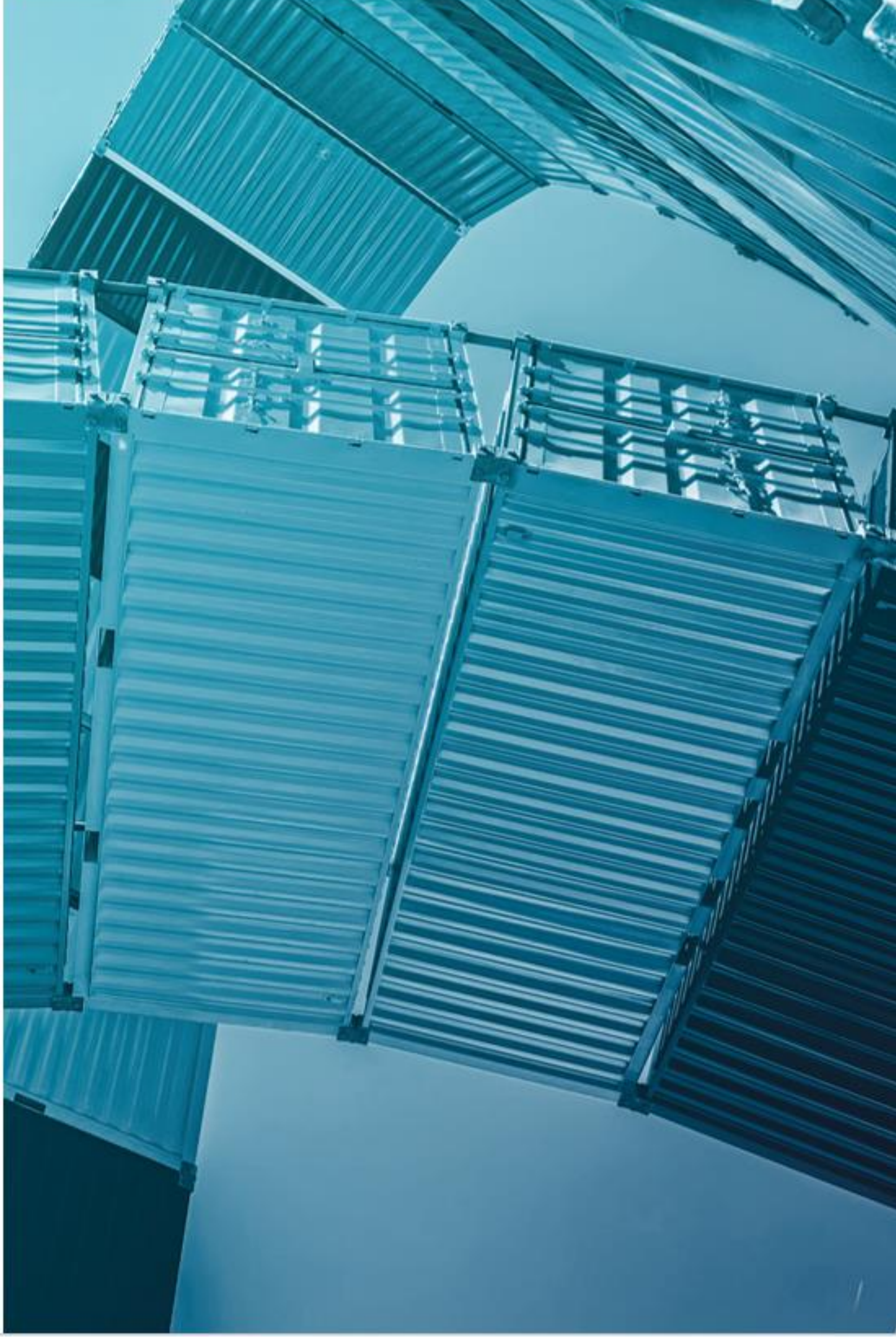
Source: BIMCO, Clarksons

Source: P. Sand, BIMCO, August 2021

Delivery Breakdown by Size Range in TEU Millions



Source: Alphaliner, 2021



**INCREASE IN
HORIZONTAL
CONCENTRATION**





Increases in horizontal concentration

Mergers and acquisitions 1993-2019

1. APL	1. APL + NOL	1. Maersk + Sealand	
2. Cosco	2. Cosco	2. APL + NOL	
3. DSR-Senator	3. Evergreen	3. Cosco	1. Maersk + Sealand (+P&O Nedlloyd 2004) + Hamburg Sud + CCNI 2016
4. Evergreen	4. Hanjin + DSR-Senator	4. Evergreen	
5. Hanjin	5. Hapag-Lloyd	5. Hanjin + DSR-Senator	2. MSC
6. Hapag-Lloyd	6. Hyundai	6. MSC	3. CMA CGM + APL + NOL 2017
7. Hyundai	7. K Line	7. Hapag-Lloyd	4. Cosco + China Shipping + OOCL 2016
8. K Line	8. Maersk	8. Hyundai	5. Hapag-Lloyd + CSAV + UASC 16/17
9. Maersk	9. MOL	9. K Line	6. MOL + NYK + K Line 2018
10. MOL	10. MSC	10. MOL	7. Evergreen
11. MSC	11. P&O + Nedlloyd	11. P&O + Nedlloyd	Hanjin + DSR-Senator
12. Nedlloyd	12. NYK	12. NYK	8. Yang Ming
13. NOL	13. OOCL	13. OOCL	9. Hyundai Merchant Marine
14. NYK	14. Sealand	14. UASC	10. Zim
15. OOCL	15. UASC	15. Yang Ming	
16. P&O	16. Yang Ming	16. Zim	
17. Sealand	17. Zim		
18. UASC			
19. Yang Ming			
20. Zim			



CHECKMATE?

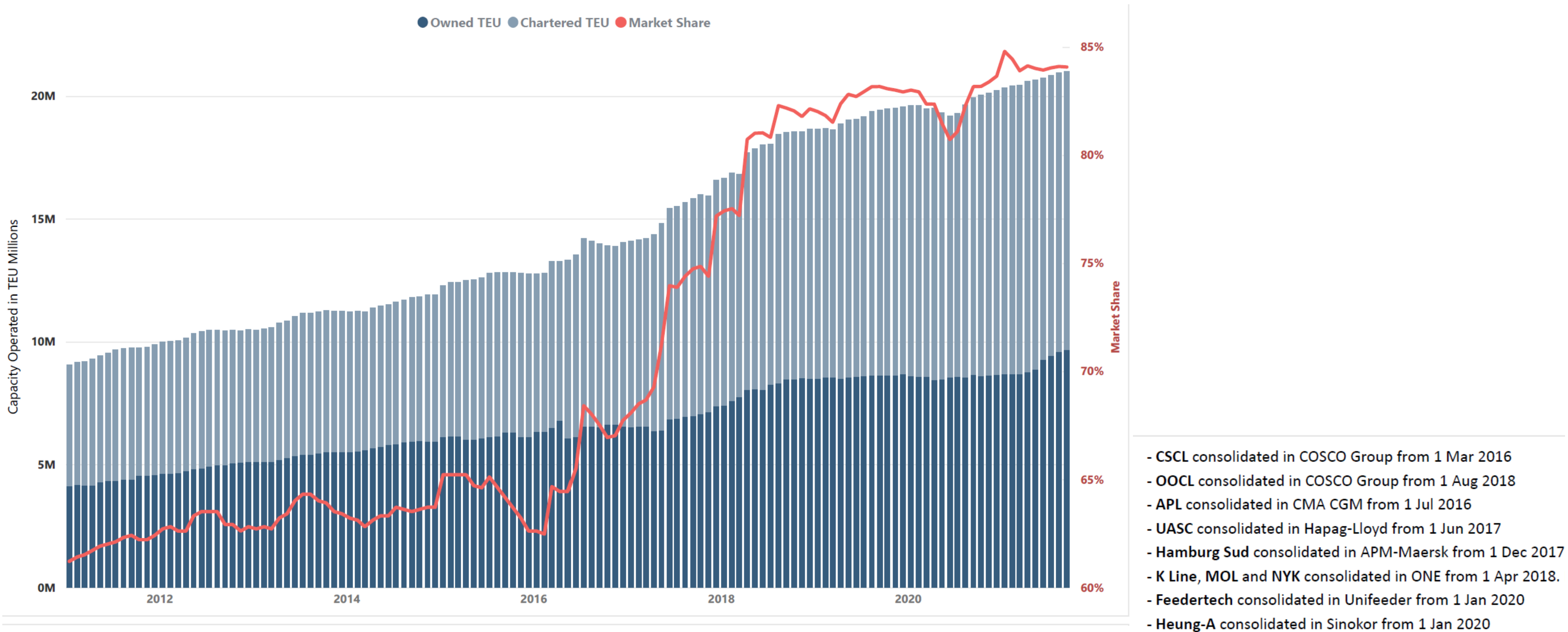
TOP LINES MANOEUVRE FOR POSITION

Source: Lloyd's List Containers, 2018



Increases in horizontal concentration

Evolution of market share and operated fleet capacity by the top 10 carriers



Source: Alphaliner, Sept 2021

VERTICAL INTEGRATION

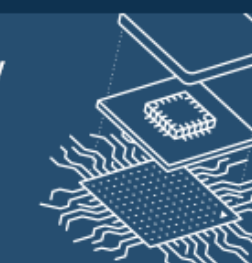
FORWARD VS. BACKWARD INTEGRATION

BACKWARD INTEGRATION



A company expands backward (or "downstream") to take control of parts of production further back in their supply chain, **controlling supply of materials or production of their product.**

Example: Apple Inc. purchasing a factory in 2015 to produce their own chips and touchscreens for their products instead of using a supplier.



FORWARD INTEGRATION



A company further downstream in the supply chain expands forward by **merging with a company** on the retail or distribution end of **getting the product out to consumers.**

Example: Live Nation merging with Ticketmaster to sell tickets of concerts they promote to customers.





Vertical integration

Mega-carriers' vertical integration in the door-to-door logistics chain

Carrier	Shipping, Short-sea	Terminal	Logistics	Equipment	Towage	Rail	Barge	Truck
Maersk	✓	✓	✓	✓	✓	✓	✓	✓
MSC	✓	✓	✓			✓	✓	✓
CMA CGM	✓	✓	✓	✓		✓	✓	✓
Cosco	✓	✓	✓			✓		
Evergreen	✓	✓	✓	✓		✓		✓
Hapag-Lloyd	✓	✓	✓	✓				
ONE ⁸	✓	✓	✓	✓	✓		✓	✓
Yang Ming	✓	✓	✓					✓
HMM	✓	✓	✓			✓		✓

Source: ITF, 2018

Note: This table includes activities, subsidiaries, jointly controlled entities and associated companies. It excludes bulk and passenger transport and local shipping agency subsidiaries. For a more detailed overview, see Annex 3.



Vertical integration

The COVID crisis has accelerated the mega-carriers' vertical integration trend as it has enabled cherry-picking

En marzo han desaparecido 5.100 empresas de logística y transporte

La desaparición de empresas se ceba en las de menor tamaño, así como entre los autónomos del sector.

Lunes, 13/04/2020



Las empresas de logística y transporte inscritas en la Seguridad Social emplean a 708.976 personas.

El sector español de transporte y almacenamiento cuenta con **60.806 empresas** inscritas en la Seguridad Social a finales de febrero, un 7,69% menos que en febrero, así como un 9,43% menos que en el tercer mes de 2019.

En números absolutos, son **5.066 menos que hace un mes** y 6.330 menos que hace un año.

Ese volumen de empresas da empleo a **708.976 trabajadores**, un 4,74% mensual menos, así como un 4,11% anual menos, según los últimos datos publicados por el Ministerio de Empleo y Seguridad Social.



Maersk makes another acquisition with its first tech acquisition

15 September 2021

Digital Innovation

Digital services

E-Commerce Logistics

The pandemic



Maersk and digital

23 September 2021



Source: Port Technology



Today A.P. Moller – Maersk (Maersk) is acquiring world class capabilities in digital technology. This is Maersk's third acquisition venture activities with Maersk (Maersk)

“HUUB is a great fit for Maersk's digital strategy. It will help us accelerate the development of our omnichannel capabilities to focus on their core business and serve the end-consumers.”

Vincent Clerc
Executive Vice President and CEO of Maersk

Once HUUB's technology is embedded in Maersk's commerce Logistics products with more digital capabilities, our customers will have a single source of

10 años cadena de suministro

LOGÍSTICA INMOLOGÍSTICA MANUTENCIÓN CARRETERA INDUSTRIA TTE CARRETERA

Cosco Shipping Hamburg refuerza su división de carga aérea con aviones Boeing 777

El grupo inició las operaciones comerciales en marzo con un vuelo entre Lieja y Chicago, y otros hacia Nueva York, Atlanta y Dubái.

Miércoles, 29/09/2021



Cosco Shipping Hamburg

Katherine Si

Grand Dragor

Akiengesellsc

Zhang Dayu,

cooperative relationship with HHLA through this investment to leverage the complementary advents of both



Los nuevos aviones adquiridos aportarán a la compañía más flexibilidad para operar en su crecimiento.

CMA-CGM ha comprado dos aviones Boeing 777 tipo freighter para reforzar su división de carga aérea en marcha en el mes de febrero de 2021.

El grupo inició las operaciones comerciales en marzo con un vuelo entre Lieja y Chicago, y otros hacia Nueva York, Atlanta y Dubái.

Los nuevos aviones adquiridos aportarán a la compañía más flexibilidad para operar en su tiempo que sigue avanzando en sus objetivos de sostenibilidad.

Se trata del mayor carguero del mundo y puede recorrer hasta 9.200 kilómetros con una capacidad que supone realizar menos paradas y reducir las tasas de aterrizaje en las rutas de largo alcance. Además, cuentan con una motorización que favorece el ahorro de combustible.

f t y @ in

viernes, 1 octubre, 2021

Buscar...

El Estrecho Digital.

MERCANCIAS PASAJEROS SERVICIOS PESCA OCIO NATURALEZA INSTITUCIONES EMPRESAS

CMA CGM anuncia la creación de una plataforma de «Servicios de Networking» entre clientes y proveedores

La plataforma forma parte de la gama de soluciones CMA CGM +, que complementa los servicios de logística y transporte marítimo convencional del grupo francés

por El Estrecho Digital — 28 septiembre, 2021

La naviera francesa CMA CGM, junto con CEVA Logistic, ha anunciado la creación de una nueva plataforma de **Servicios de Networking**, que permitirá a sus clientes crear nuevas oportunidades y encontrar los proveedores que mejor se adapten a sus necesidades.

La plataforma está disponible para los clientes de CMA CGM en 160 países. Puede utilizarse para comerciar con todos los bienes no sujetos a regulaciones específicas (frutas, productos sanitarios, textiles, etc). Los exportadores pueden mostrar sus productos y ampliar su negocio con nuevas oportunidades. Por su parte, los importadores, pueden encontrar nuevos proveedores directamente en la plataforma y negociar en línea.

Los servicios de Networking cuentan ya con más de 1.200 socios en 110 países y cada entidad que aparece en la plataforma está certificada por CMA CGM y debe cumplir con estrictos requisitos, tales como haber mantenido una relación comercial con CMA CGM durante al menos dos años o demostrar una gestión sólida, así como, estar libre de pasivos y pagos pendientes.

Los Servicios de Networking forman parte de la gama de soluciones CMA CGM +, que complementa los servicios de logística y transporte marítimo convencional del grupo francés.

+ many more acquisitions worldwide...

extensive coverage of ports and inland connections in the continent.



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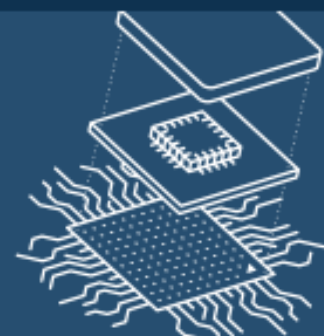
FORWARD VS. BACKWARD INTEGRATION

BACKWARD INTEGRATION



A company expands backward (or "downstream") to take control of parts of production further back in their supply chain, **controlling supply of materials** or **production of their product**.

Example: Apple Inc. purchasing a factory in 2015 to produce their own chips and touchscreens for their products instead of using a supplier.



FORWARD INTEGRATION



A company further downstream in the supply chain expands forward by **merging with a company** on the retail or distribution end of **getting the product out to consumers**.

Example: Live Nation merging with Ticketmaster to sell tickets of concerts they promote to customers.



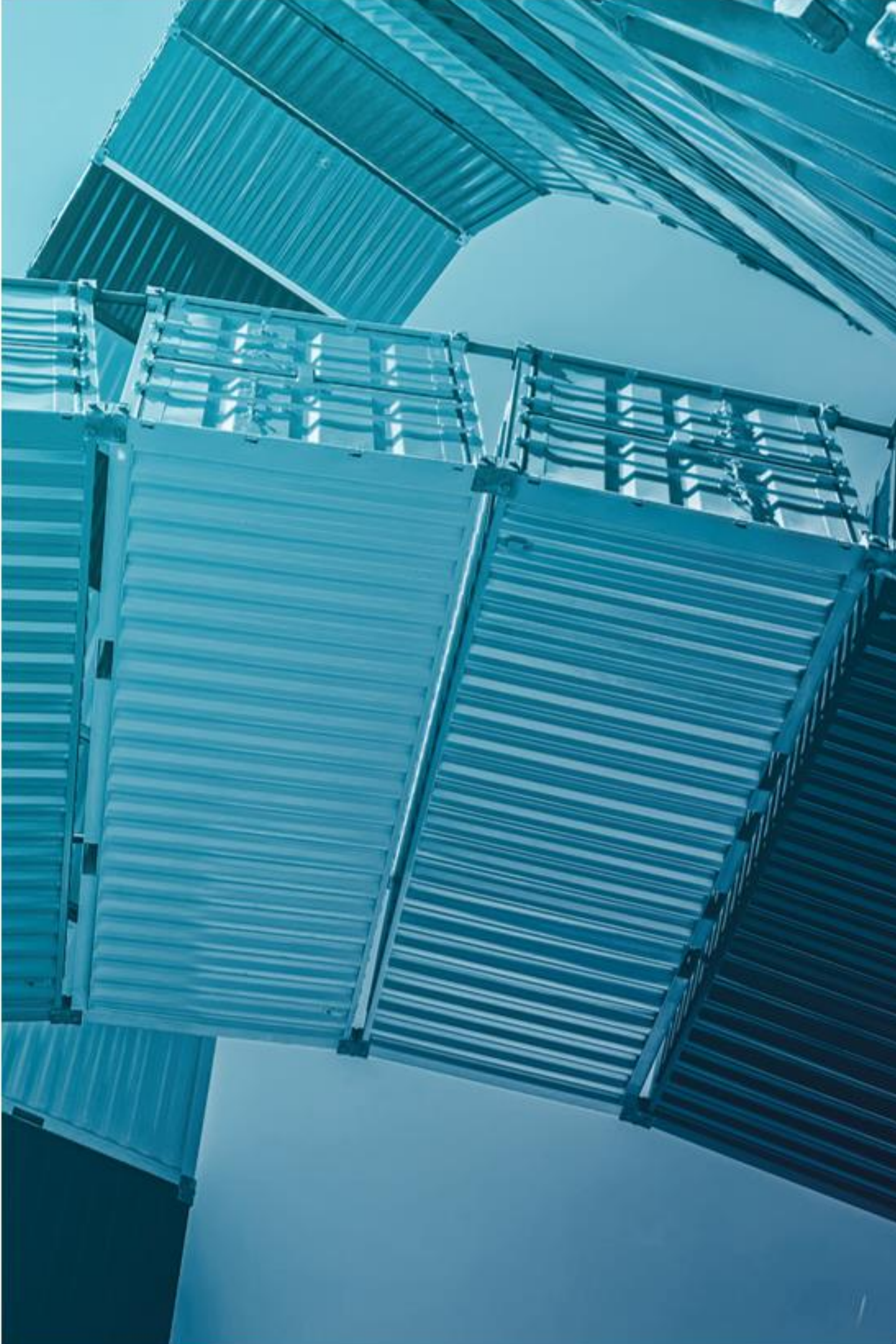
Motivations:

Larger use of intermodality in the port-hinterland legs → reducing emissions in the door-to-door transport chain

Decreasing d2d transport costs

Increased versatility: more transport choices for large-volume trade lanes affected by congestion

Mega-carriers managing the d2d transport chain as a necessary condition to become the logistics providers for large shippers



**TIGHTENING OF
ENVIRONMENTAL
REGULATION**





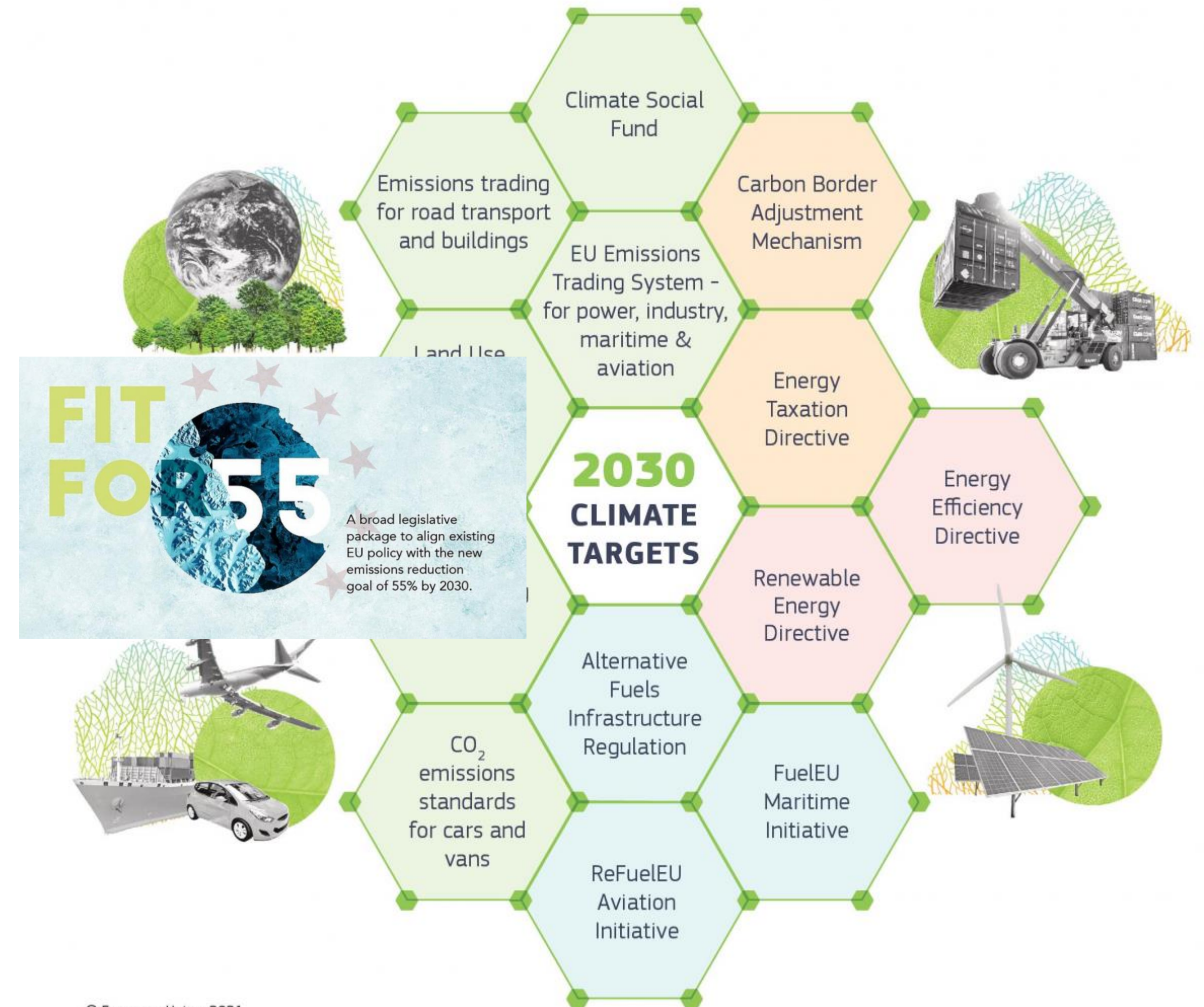
A plethora of international, European, regional and local regulations on GHG emissions from shipping

INTERNATIONAL REGULATION ON GHG EMISSIONS FROM SHIPPING

50% Reduction in GHG emissions

2050 vs 2008

IMO adoption of the Initial IMO Strategy on reduction of GHG emissions from ships (April 2018)



© European Union, 2021

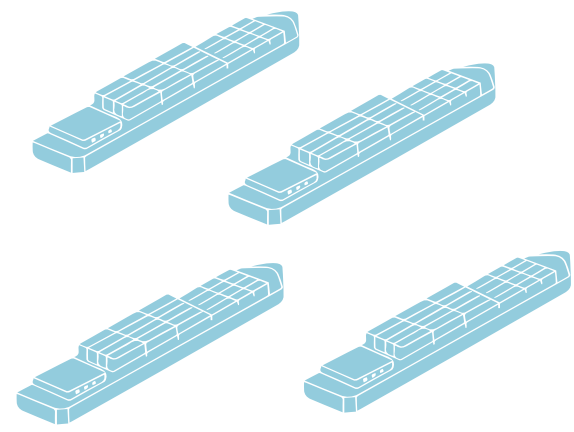
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FLEET CAPACITY INCREASES

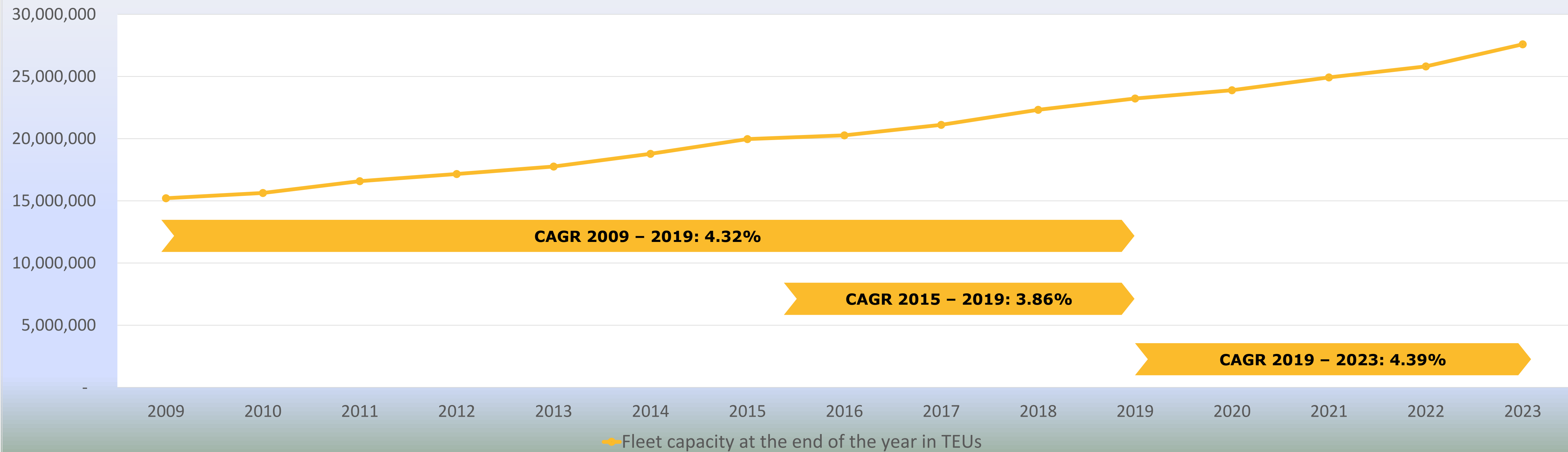


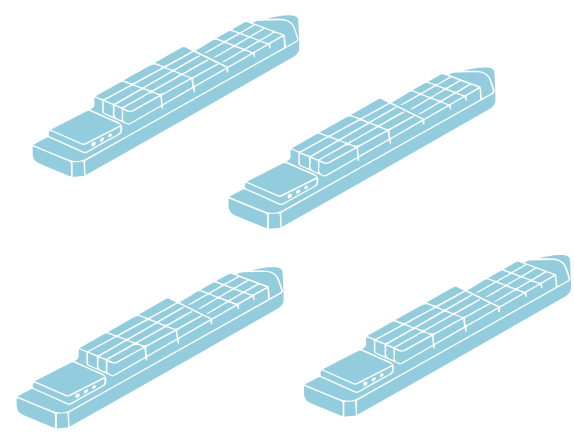


Fleet Capacity Increases

New additions to the orderbook in 2021: Deliveries will increase at a notable pace between 2023 and 2025

**Evolution of containership fleet capacity:
Historical time series and forecast 2021-2023 according to scheduled deliveries**

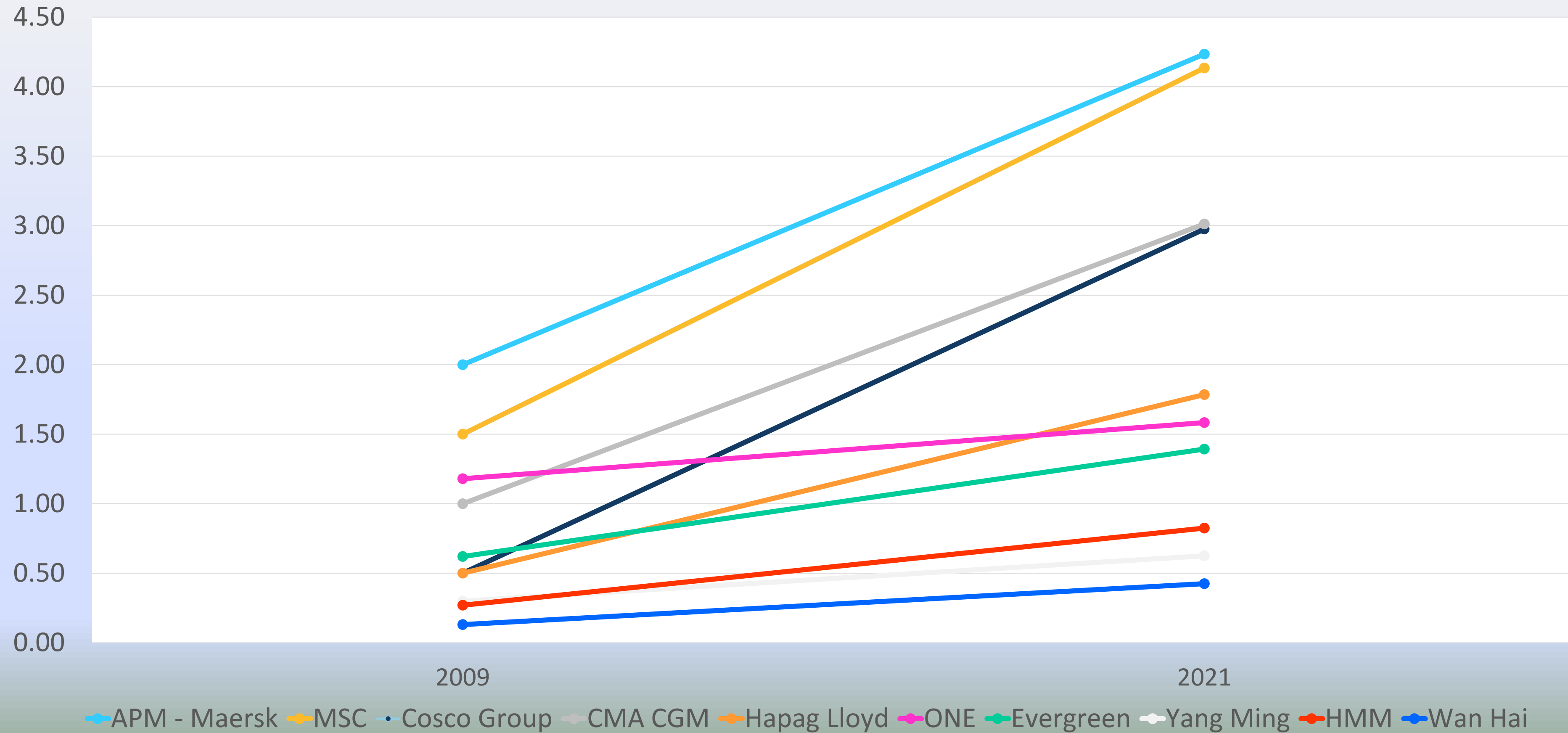




Fleet Capacity Increases

Notable increases in fleet capacity operated by the top 10 carriers in the last decade

Evolution of operated fleet by top 10 ocean carriers (TEU millions, 2009 vs 2021)



CAGR 2021 - 2009

Maersk-Sealand: 6.45%

MSC: 8.82%

CMA CGM: 9.62%

COSCO Group: 16.03%

Hapag-Lloyd: 11.19%

ONE: 2.48%

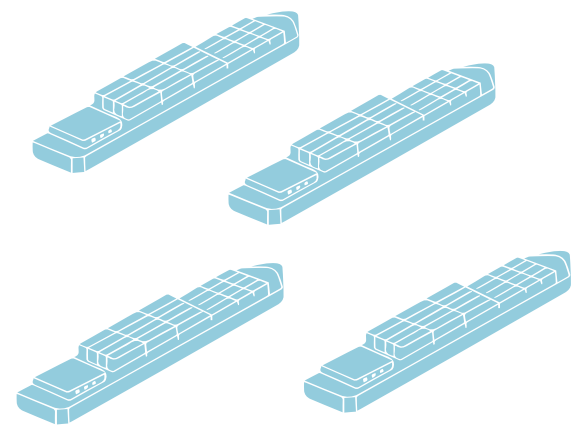
Evergreen: 6.98%

HMM: 9.75%

Yang Ming: 6.31%

Wan Hai: 10.37 %

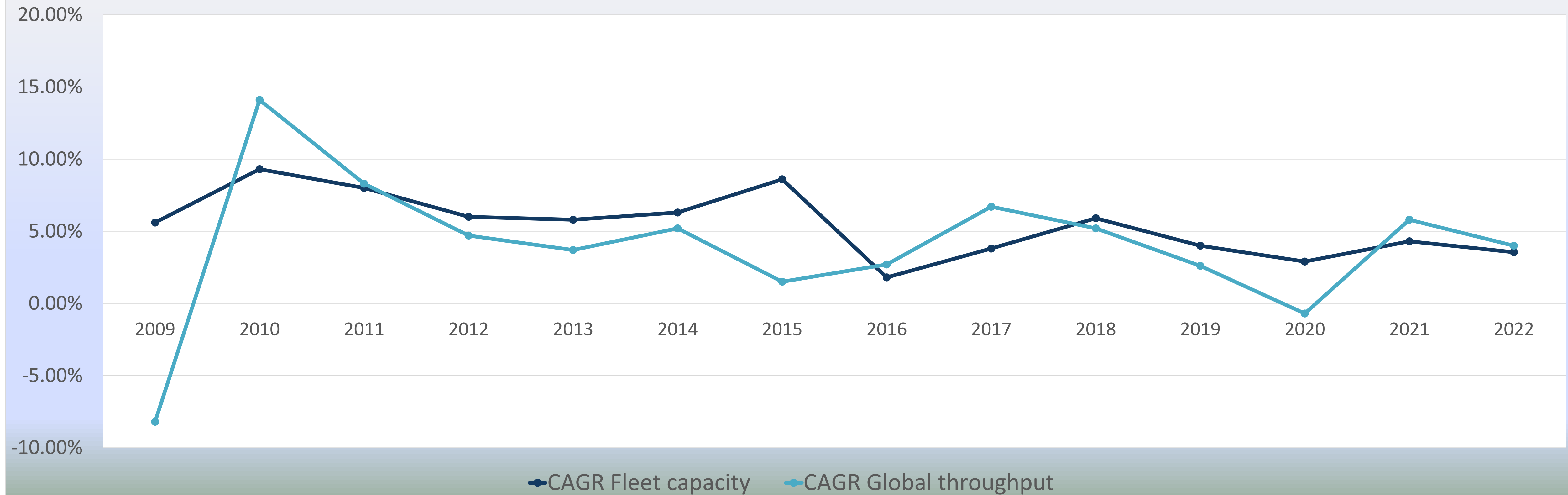
Top 10 - 20: 7.79%



Fleet Capacity Increases

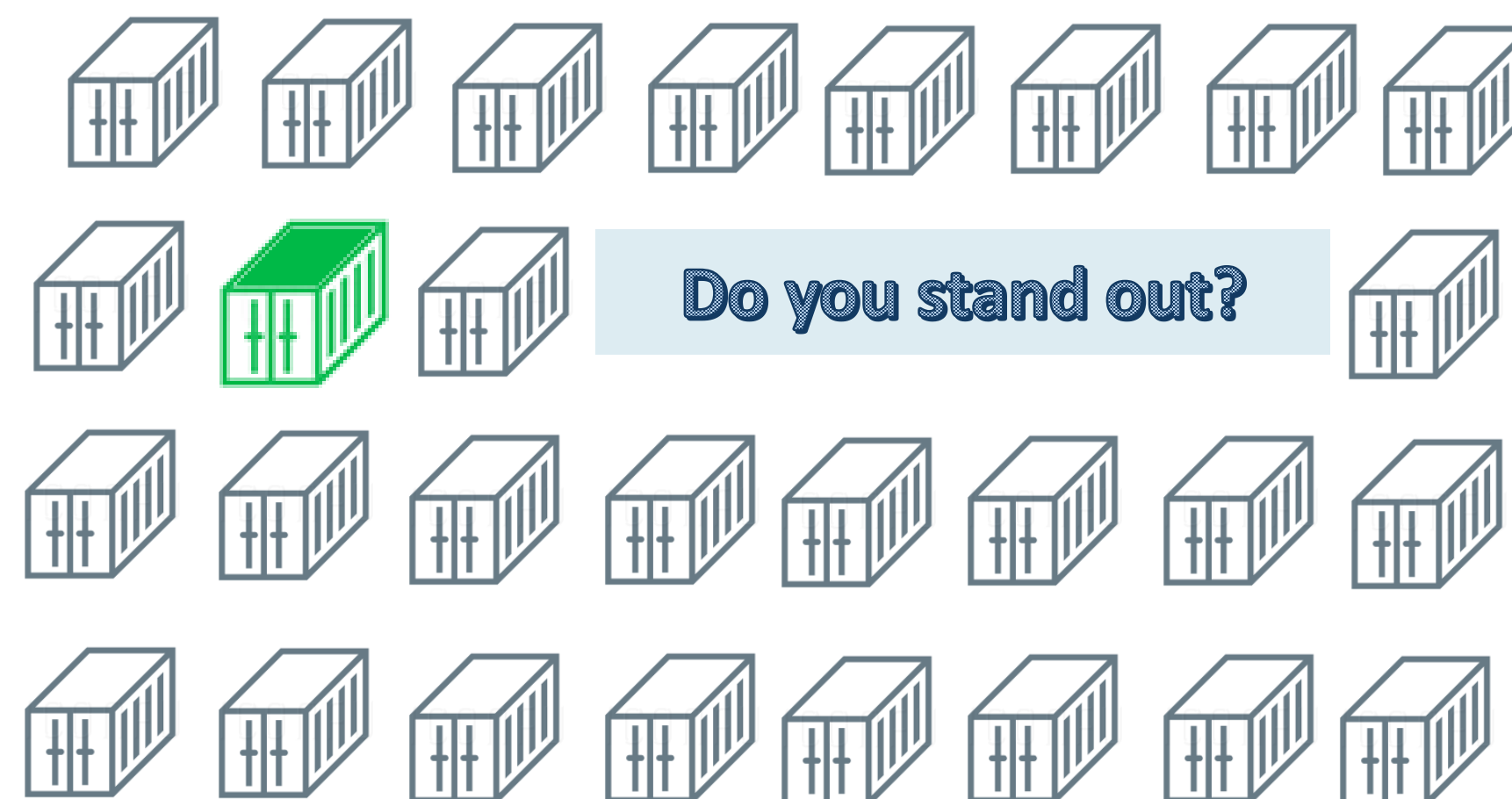
Fleet capacity has been increasing, faster than the throughput growth rate in 2019 and 2020 and at a similar pace in 2021 & 2022 (forecast)

Evolution of fleet capacity and global throughput annual growth rates



Source: Pérez-García (2021): *Market Conditions For Maritime Trade in The WestMed*, Oct 2021, based on data from Alphaliner

MARKET CONDITIONS IN THE WESTMED

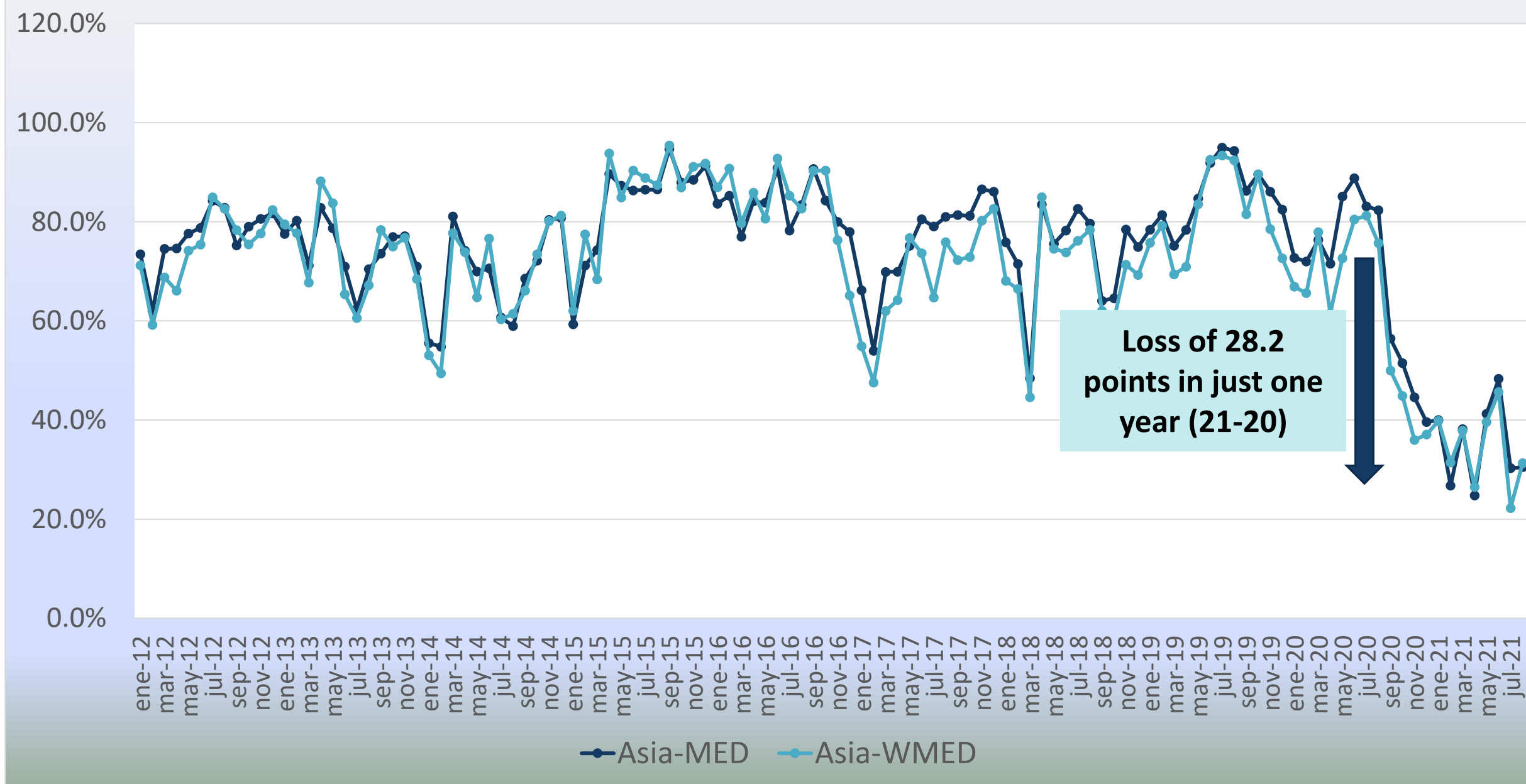




Market conditions for container trade in the WestMed

Evolution of schedule reliability in the Asia – MED y MED – NAEC trade lanes

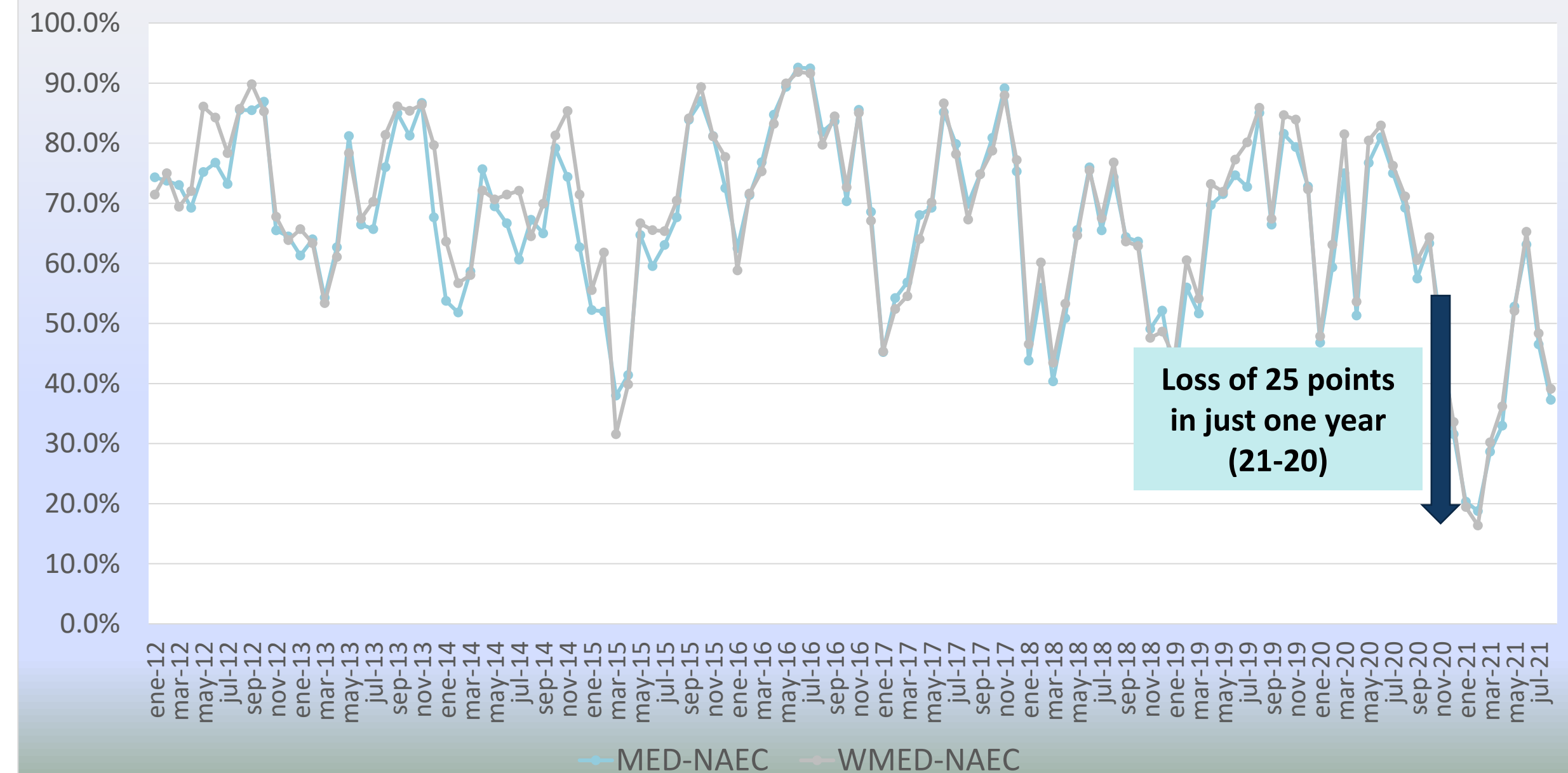
Schedule reliability Asia-MED and Asia - West Med



Source: Pérez-García (2021): *Market Conditions For Maritime Trade in The WestMed*, Oct 2021, based on data from SeaIntelligence, Sept 2021

- ❑ Schedule reliability (SR) in the Asia-WMED tradelane has dropped to 34.3% on average in 2021 from 62.5% just the year before and 75.7% on average in the 2012-2019 period
- ❑ SR in the NA - WMED tradelane has dropped to 38.4% on average in 2021 from 63.4% just the year before and 70.7% on average in the 2012-2019 period

Schedule reliability MED-NAEC and WMED-NAEC



- ❑ SR in the Asia – WMED has been on average 5.6 points below SR in Asia – EMED
- ❑ SR in the NA – WMED has been on average 2.4 points above SR in NA – EMED

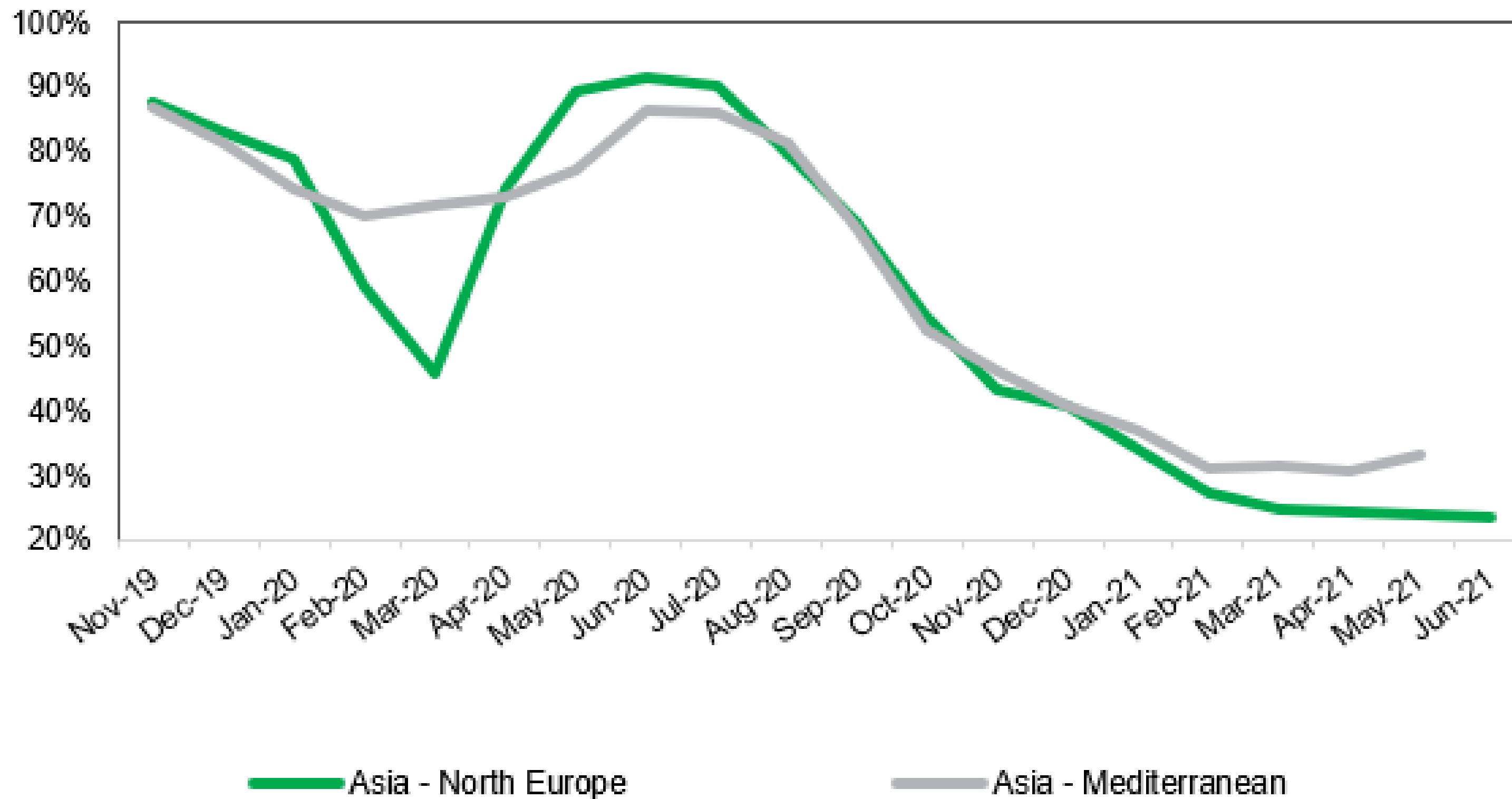


Market conditions for container trade in the WestMed

Evolution of schedule reliability in Asia – Europe : Med vs. North Europe

Asia to North Europe ocean reliability falls to new low in June

Percentage of on-time arrivals of container ships. Ships are considered late if they arrive one calendar day or more after schedule



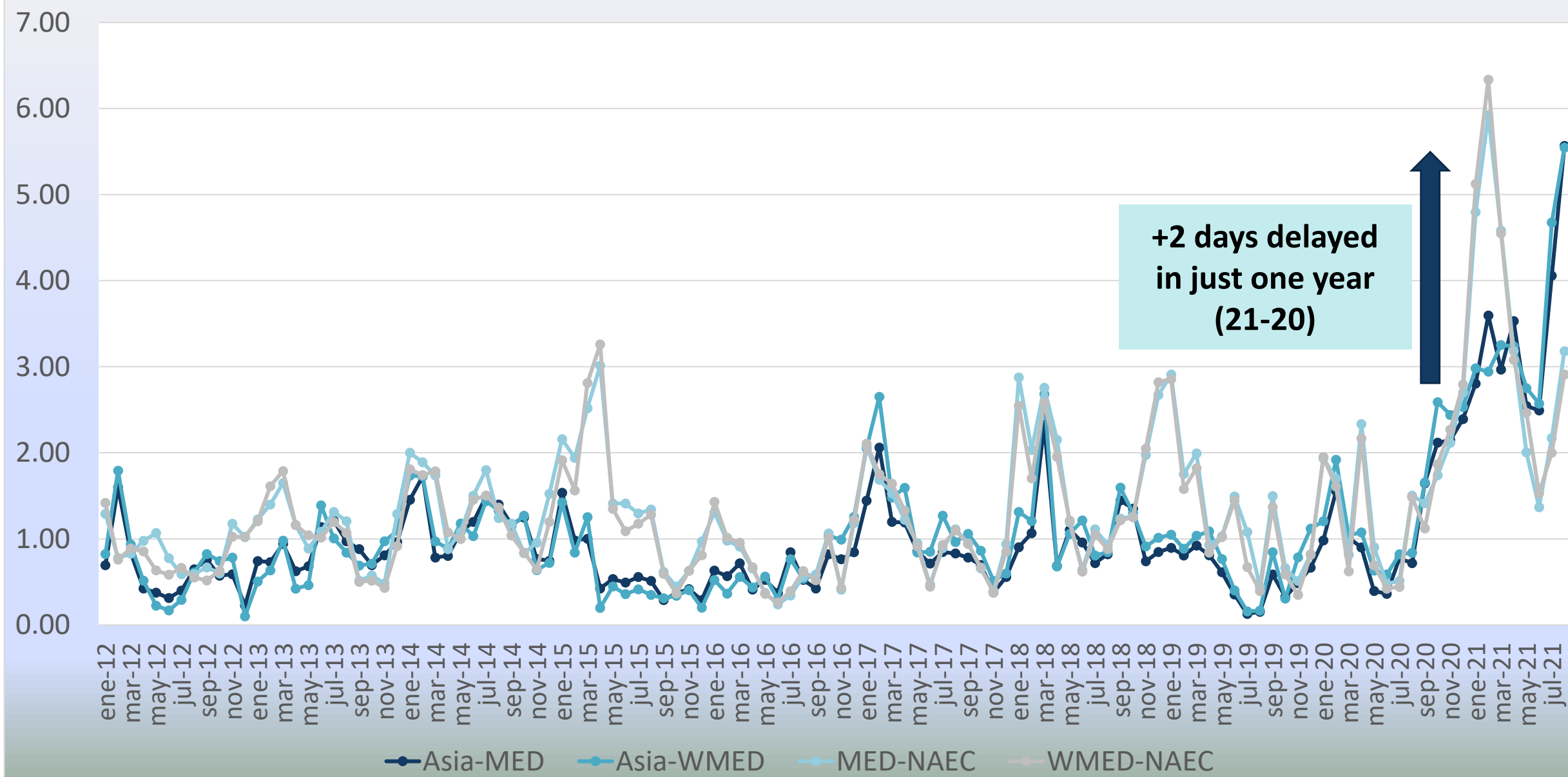
Source: Sea-Intelligence Maritime Analysis



Market conditions for container trade in the WestMed

Average delays of late vessels and all vessels in days – Asia – MED, Asia – WMED, MED – NA and WMED - NA

Average delay of all vessels (days)

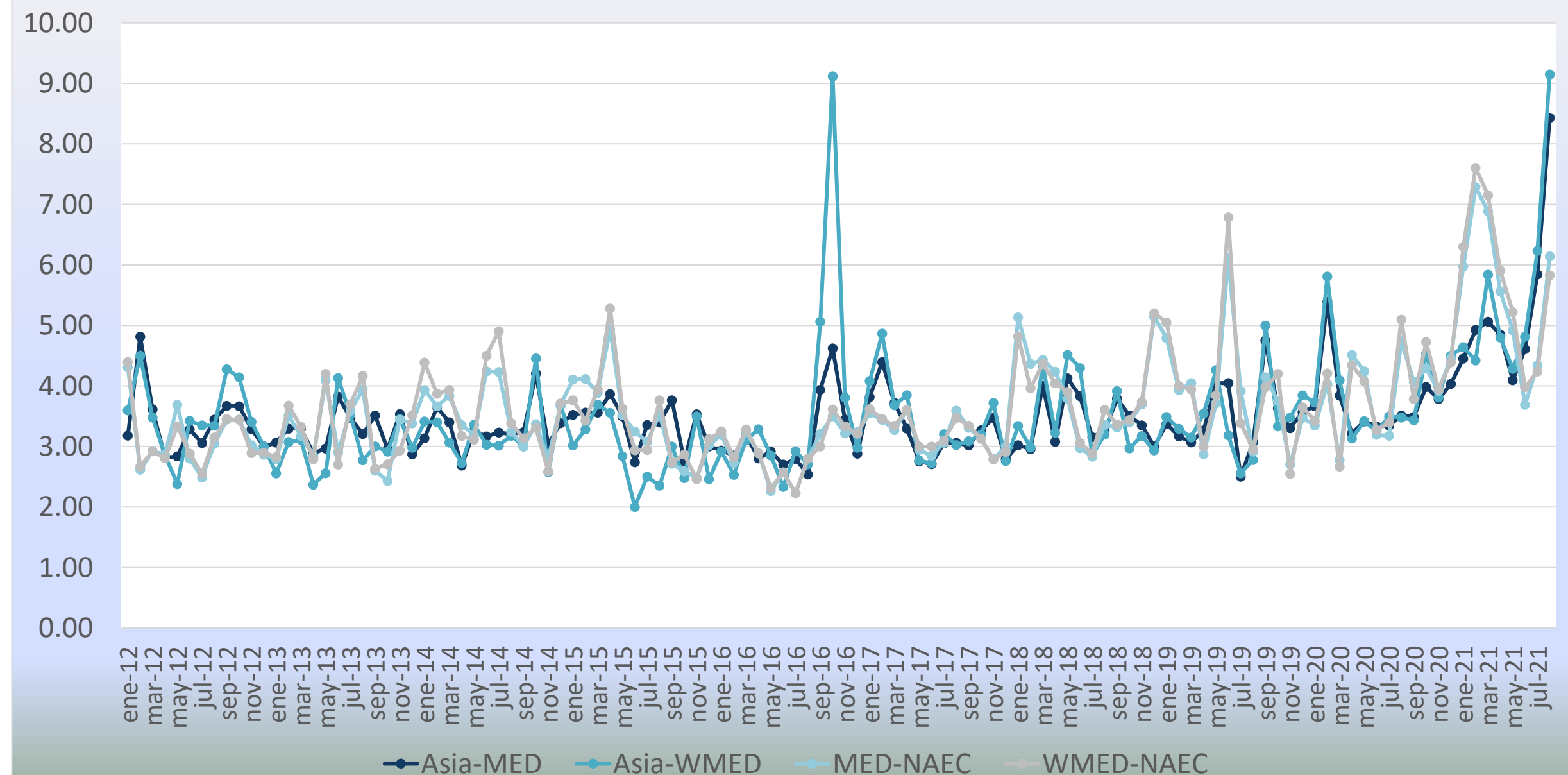


Source: Pérez-García (2021): *Market Conditions For Maritime Trade in The WestMed*, Oct 2021, based on data from SeaIntelligence, Sept 2021

- ❑ Average delay of late vessels in the Asia – WMED tradelane has increased from an average of 3.3 days in the 2012-2019 period to 3.9 in 2020 and 5.5 in 2021
- ❑ In the WMED – NAEC tradelane, the average delay of late vessels has grown from an average of 3.4 days in 2012-2019 to 3.9 in 2020 and 5.8 in 2021

- ❑ Average delay of all vessels in the Asia – WMED tradelane has increased from an average of 0.85 days in the 2012-2019 period to 1.4 in 2020 and 3.5 in 2021
- ❑ In the WMED – NAEC tradelane, the average delay of all vessels has grown from an average of 1.14 days in 2012-2019 to 1.5 in 2020 and 3.5 in 2021

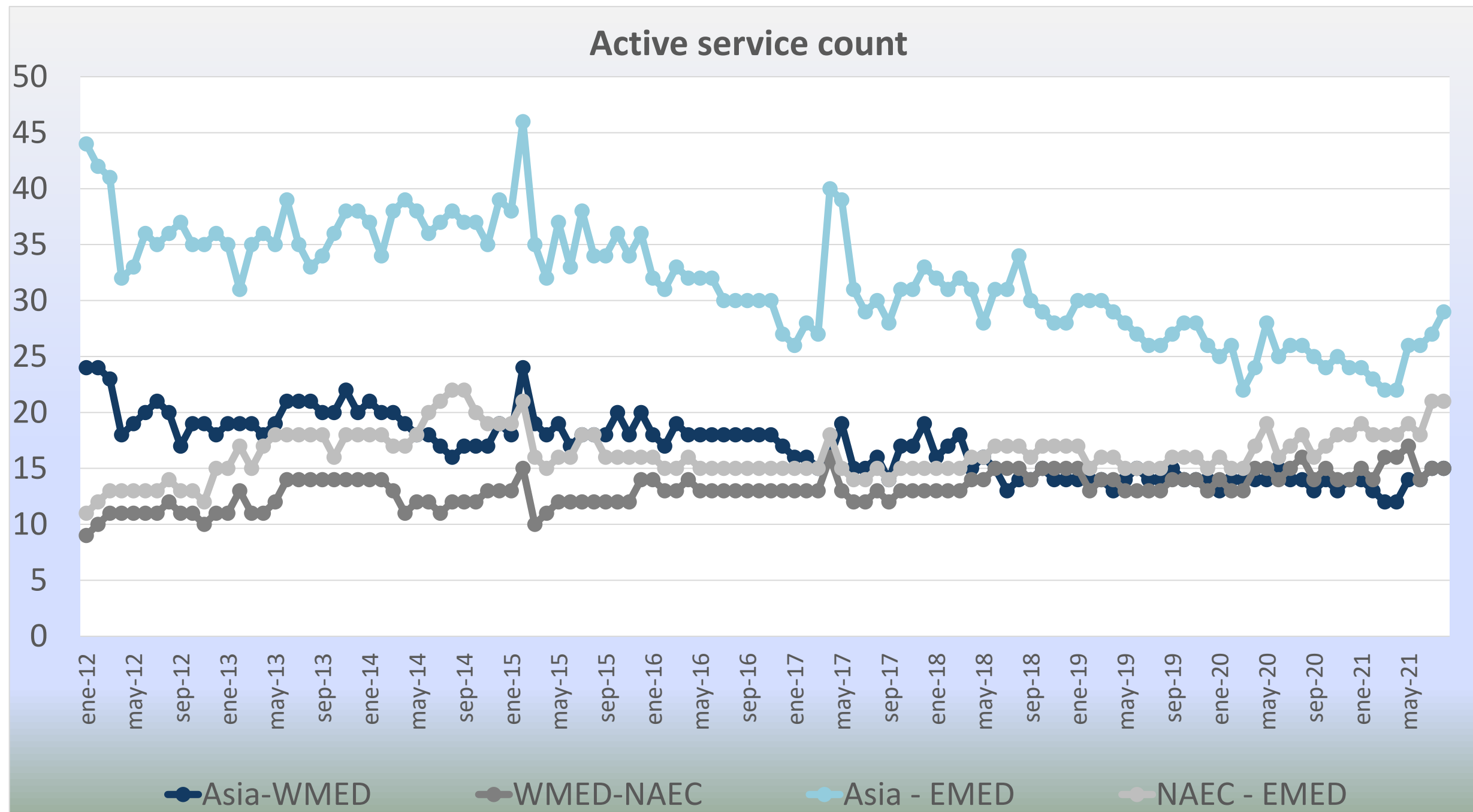
Average delay of late vessels (days)





Market conditions for container trade in the WestMed

Active service count – Asia – WMED, Asia – EMED, NAEC - WMED and NAEC - EMED

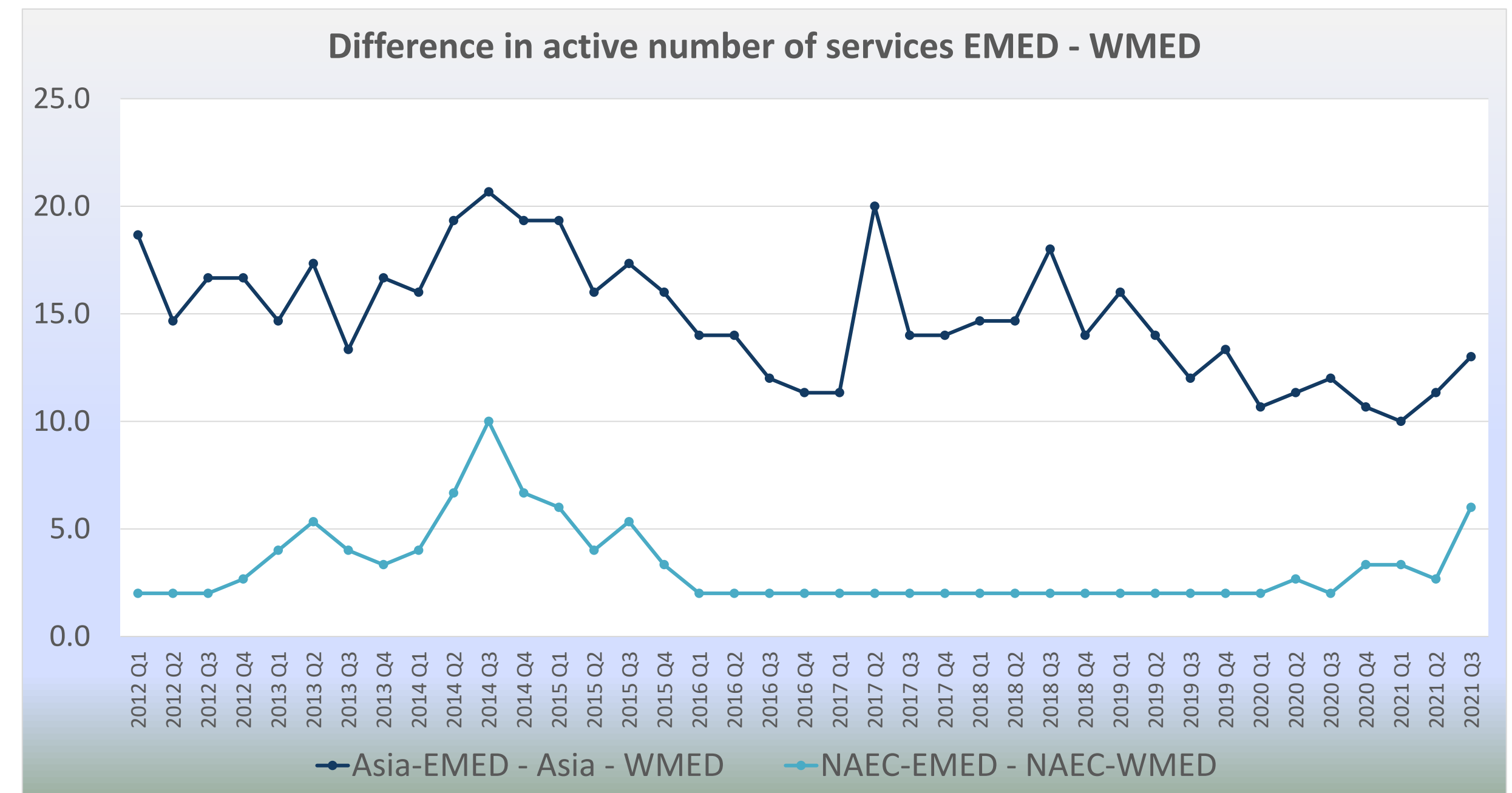


Source: Pérez-García (2021): *Market Conditions For Maritime Trade in The WestMed*, Oct 2021, based on data from SeaIntelligence, Sept 2021

The active number of services is higher between Asia and the EMED than between Asia and the WMED. The gap is closing over time

Trend	Asia-WMED	Asia - EMED	WMED-NAEC	NAEC - EMED
Trend Q1 2012 - Q1 2021	-45.07%	-45.67%	50.00%	52.78%
Trend Q3 2020 - Q3 2021	9.76%	9.09%	0.00%	23.53%

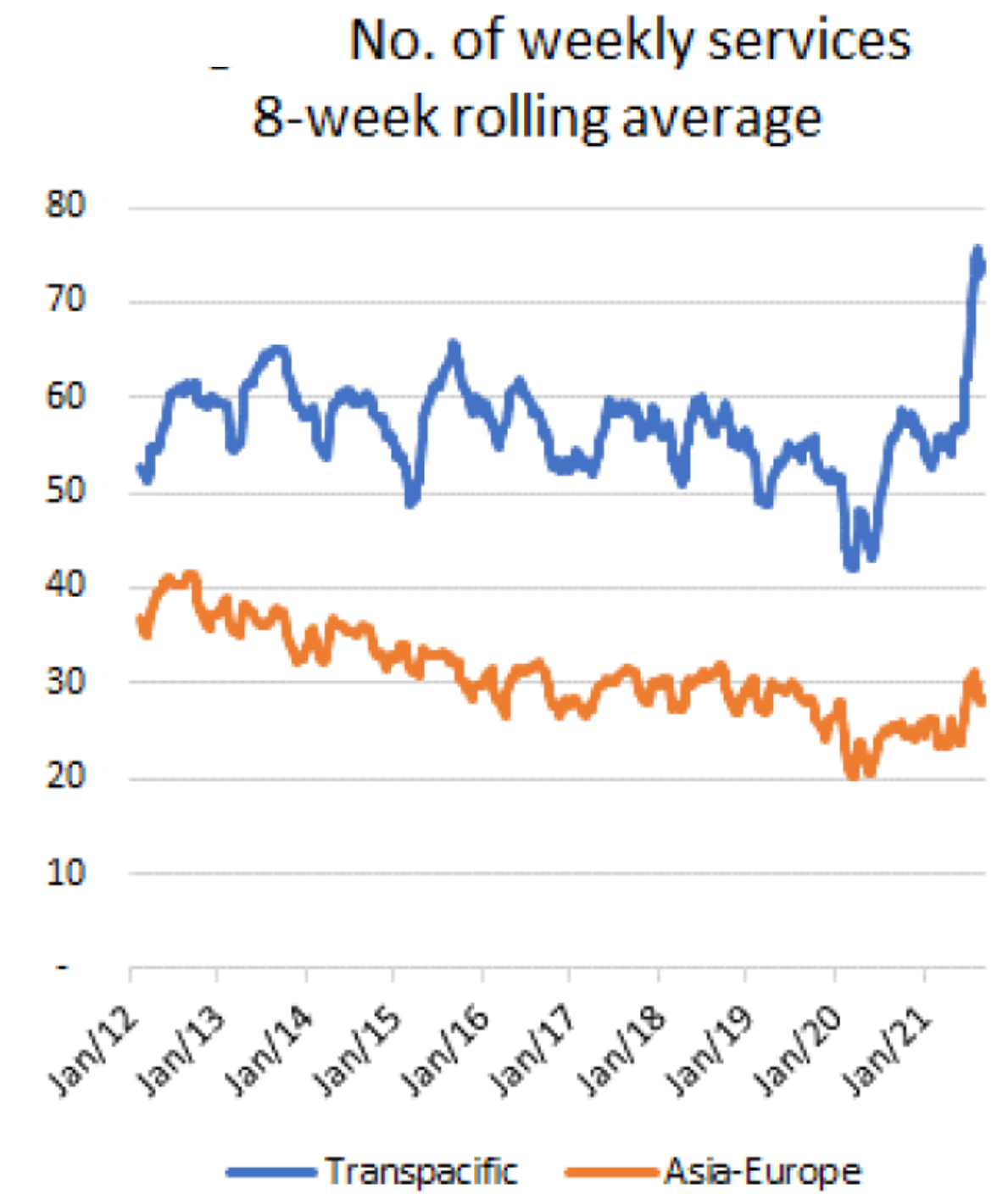
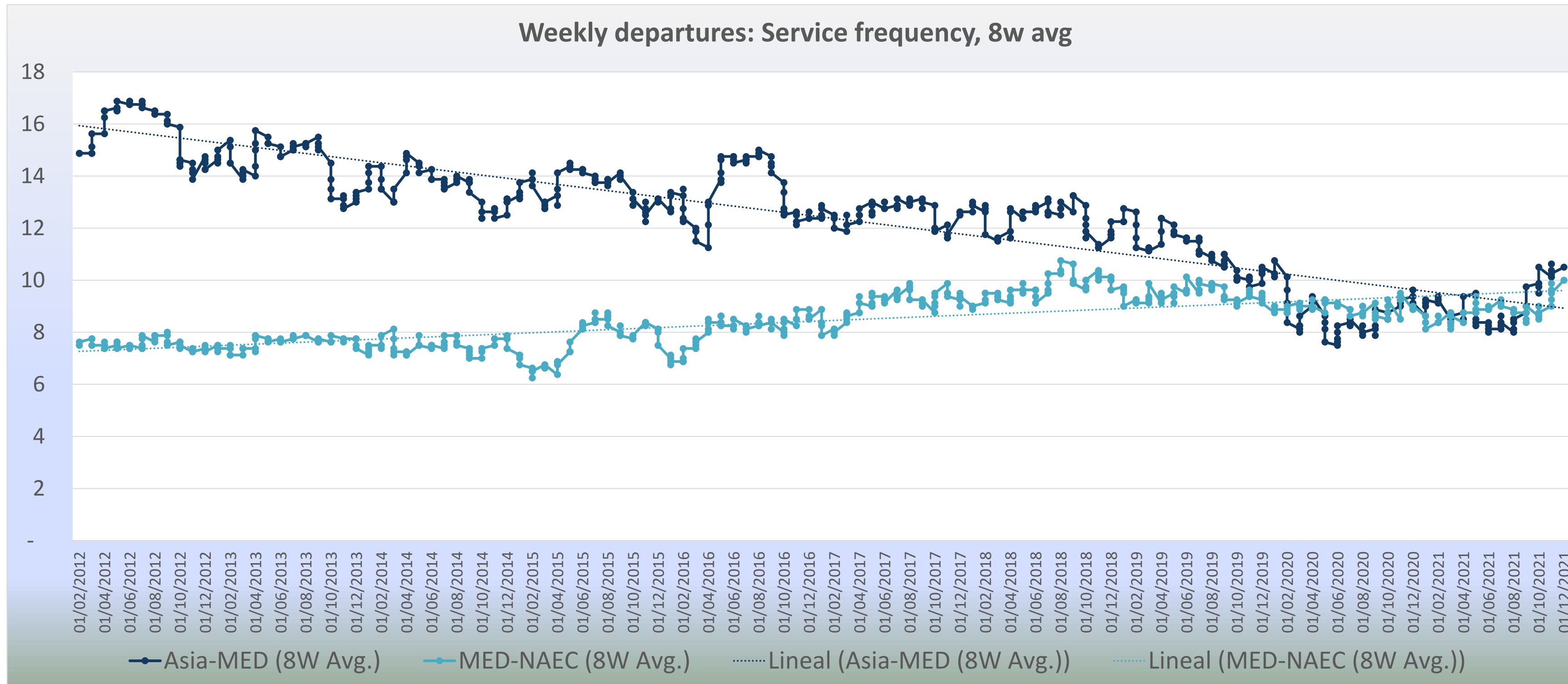
- Marked downward trend in the number of active services in the Asia – MED between 2012 and Q1 2021. Increase in the number of services in the last year
- Increase in active number of services in NAEC-MED between 2012 and Q1 2021. This trend continues for the NAEC-EMED.





Market conditions for container trade in the WestMed

Service frequency



Source: Pérez-García (2021): *Market Conditions For Maritime Trade in The WestMed*, Oct 2021, based on data from SeaIntelligence, Sept 2021

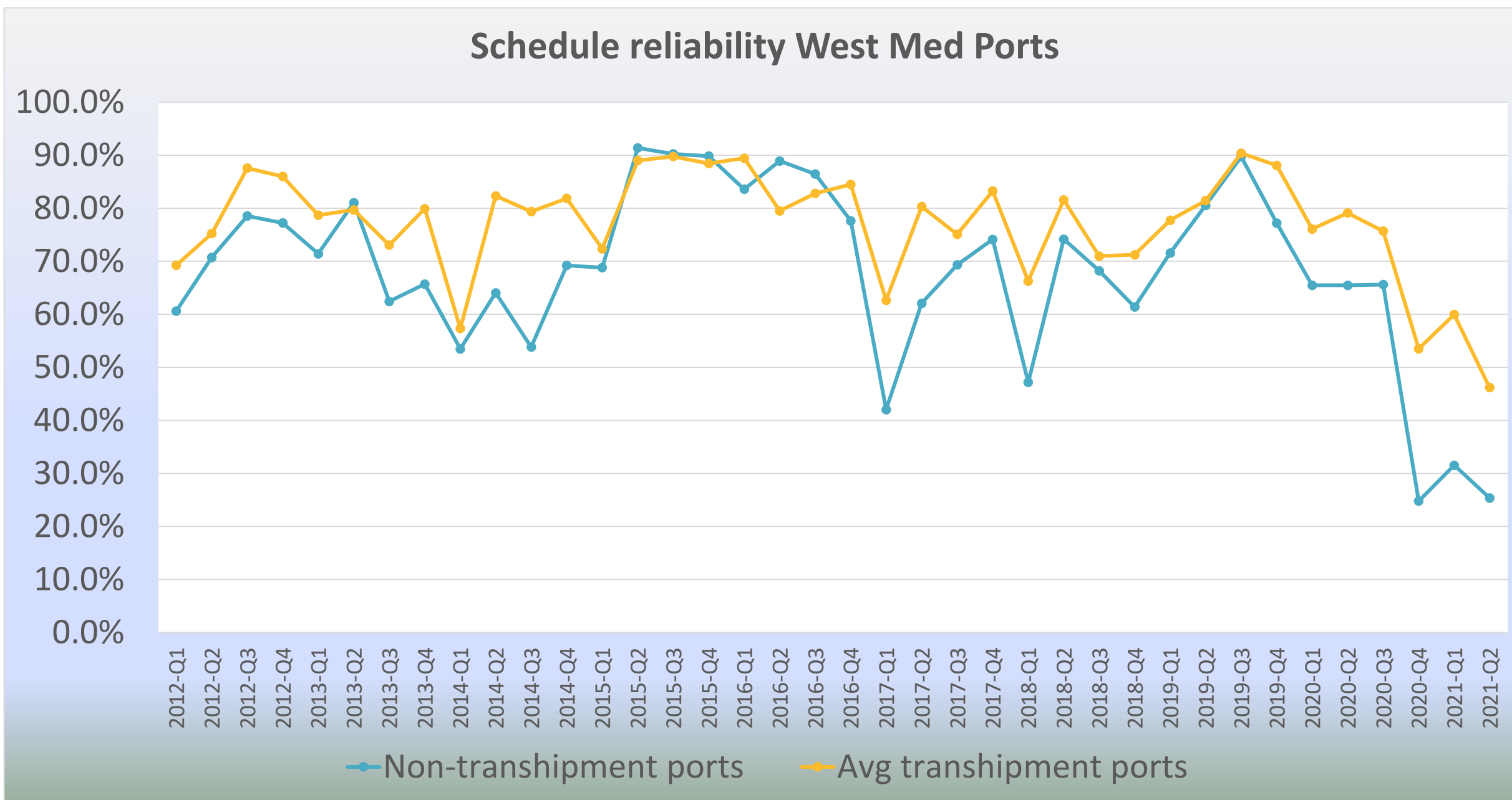
Source: SeaIntelligence, July 2021

- Service frequency in the Asia – Med has decreased by 4 weekly departures between the scheduled Q4 2021 and Q1 2012
- On the contrary, service frequency has gone up by 3 weekly departures in the NAEC – Med in the same period
- Frequency in the Asia – N. Europe has decreased sharply from 40 weekly services in 2012 to 20 in Jan 2020. Average no. weekly departures between Q2 2020-Q2 21: 25, expected frequency in Q4 2021: 28



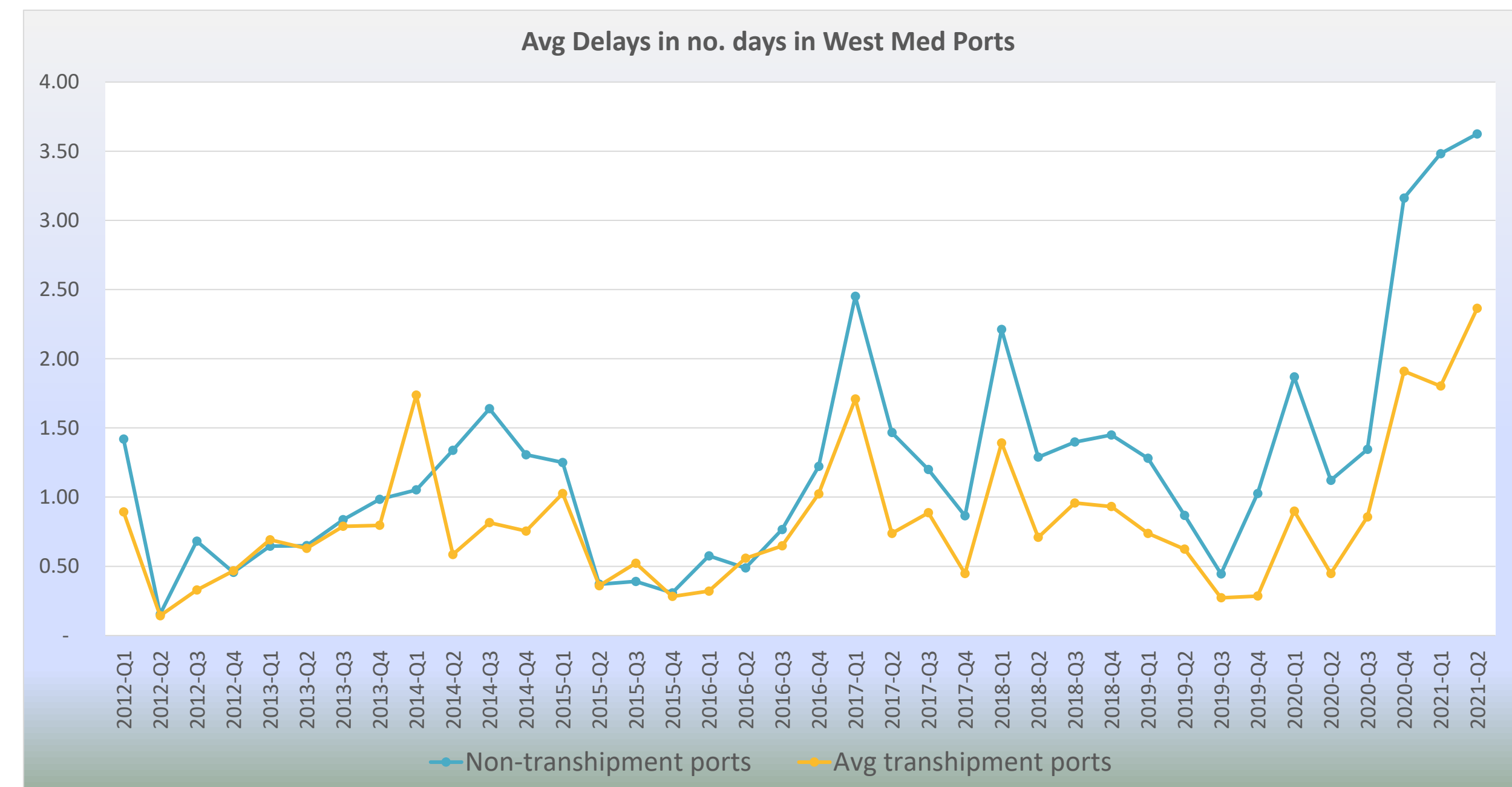
Market conditions for container trade in the WestMed

Schedule reliability and average delays in West Med Ports: indicators not as bad in transshipment ports as in import-export ports



Source: Pérez-García (2021): *Market Conditions For Maritime Trade in The WestMed*, Oct 2021, based on data from SeaIntelligence, Sept 2021

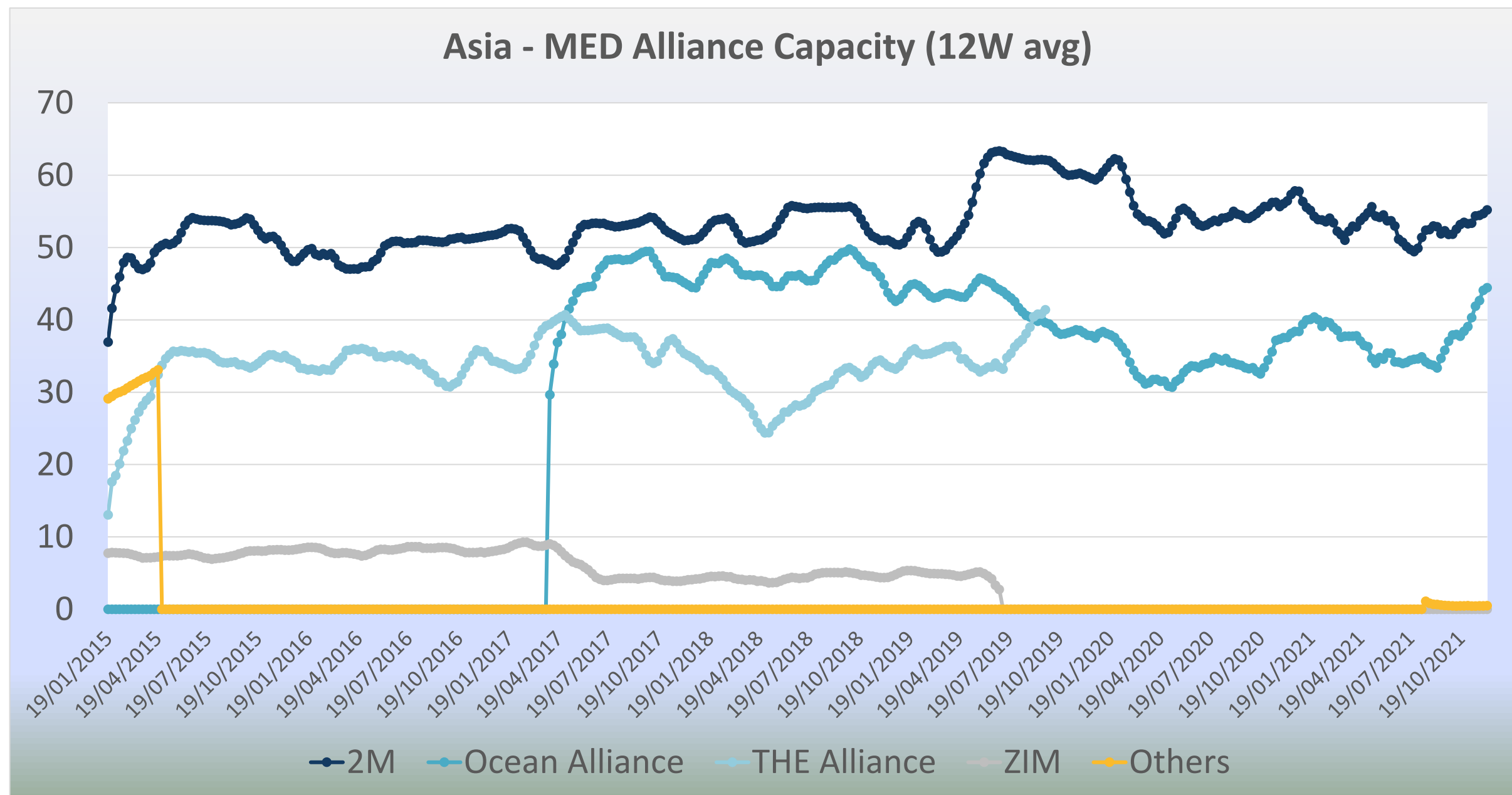
- SR is higher for transshipment (T) ports in the West Med in comparison to import-export (M-X) ports, the gap has increased notable in the last 3 quarters, SR being 26 points higher in T ports than in M-X nodes
- Average delays in M-X ports are also higher than delays in T ports. The difference has increased to 1.4 days more in the last 3 quarters in M-X ports in comparison to T ports.





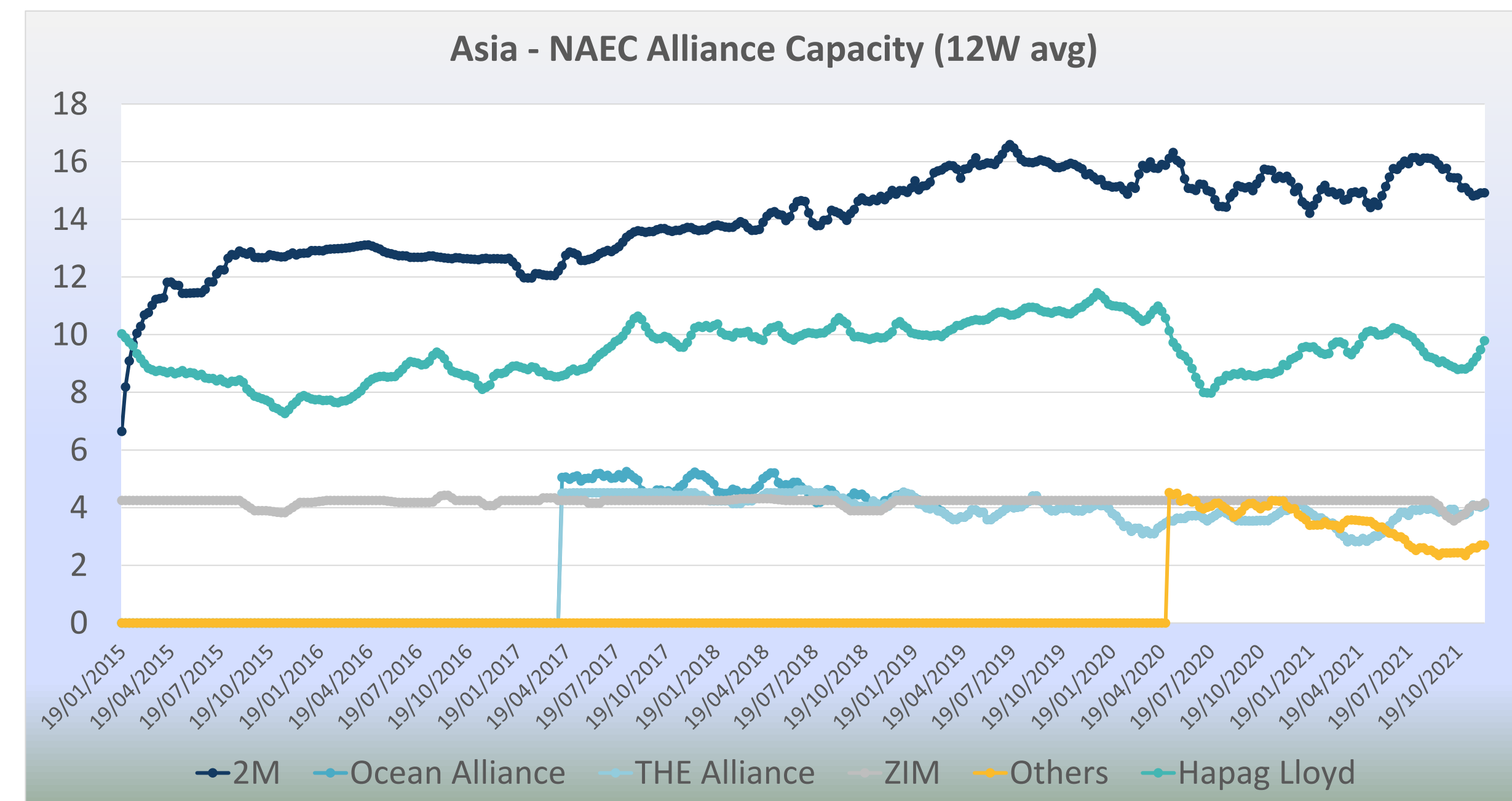
Market conditions for container trade in the WestMed

Alliance capacity in the Asia – Med and Med - NAEC



Source: Pérez-García (2021): *Market Conditions For Maritime Trade in The WestMed*, Oct 2021, based on data from SeaIntelligence, Sept 2021

- Capacity in the MED-NAEC grew by 8.5% annually between 2015 and 2019. In the Asia – MED capacity only grew by 2.1% annually
- According to the published schedules, capacity has decreased in the 2021-2019 period by 1.9% annually in the MED-NAEC and by 4% in the Asia-MED, the total capacity in those trade lanes still being below the 2019 figure for both.





Market conditions for container trade in the WestMed

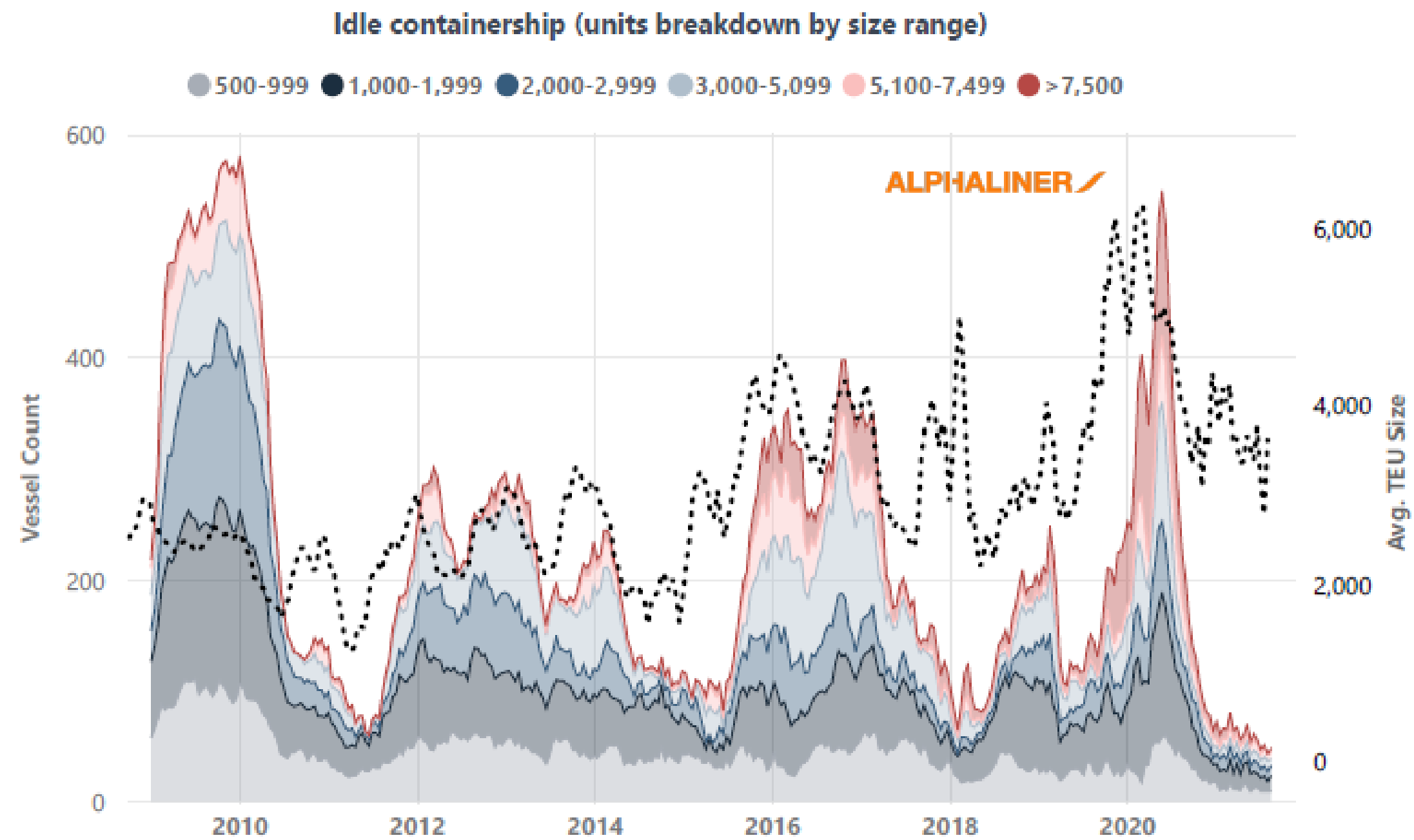
Carriers are deploying all the capacity they can in the Transpacific

Weekly Capacity (TEU)	FE - Eur	FE - N. Am	Eur - N. Am
01 Sep 20	407,055	523,082	138,904
01 Oct 20	404,451	526,967	139,740
01 Nov 20	404,544	526,352	143,889
01 Dec 20	409,633	529,346	143,849
01 Jan 21	411,564	527,085	146,744
01 Feb 21	419,437	550,429	144,677
01 Mar 21	413,703	565,717	144,347
01 Apr 21	414,881	564,717	143,939
01 May 21	423,475	568,820	141,036
01 Jun 21	432,247	575,441	146,404
01 Jul 21	436,305	586,289	147,477
01 Aug 21	443,548	600,571	150,654
01 Sep 21	441,163	620,119	151,334

Same month last year Change %

FE - Eur	FE - N. Am	Eur - N. Am
8.4%	18.6%	8.9%

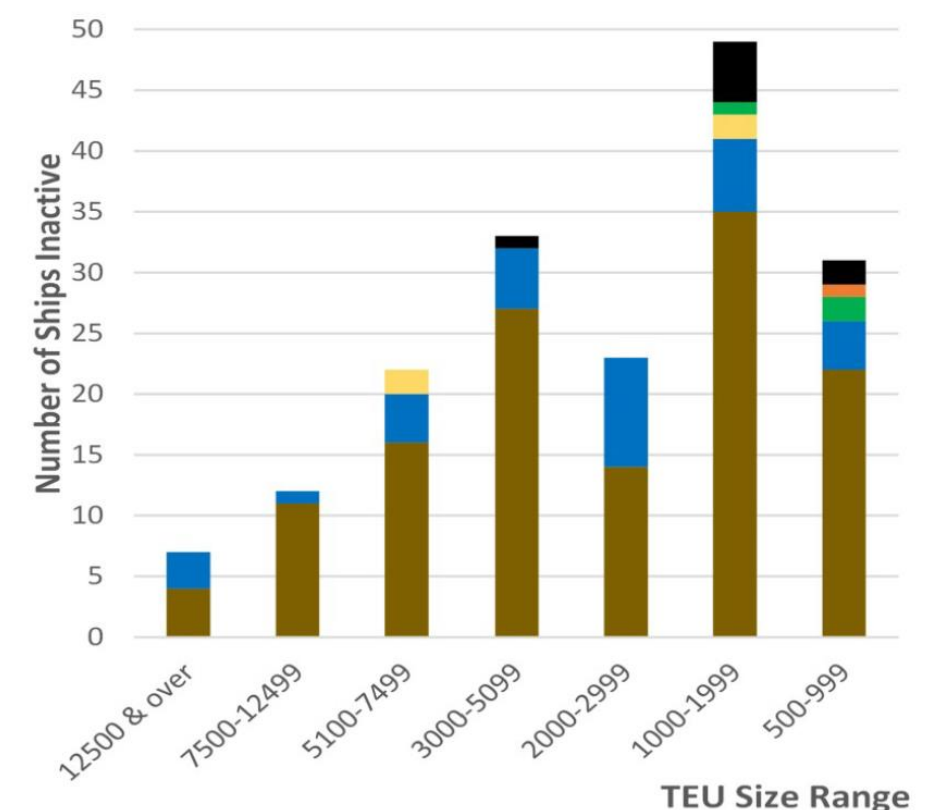
No more idle containerships to activate



Source: Alphaliner, Sept 2021

☐ Only 48 idle ships with 0.65 million TEU capacity at the moment, including ships laid-up, arrested / abandoned, NOOS's owned without a contract and ships that went to drydock for normal maintenance, emergency repair, retrofit, and other works.

Inactive ships distributions as at 16 Aug 2021

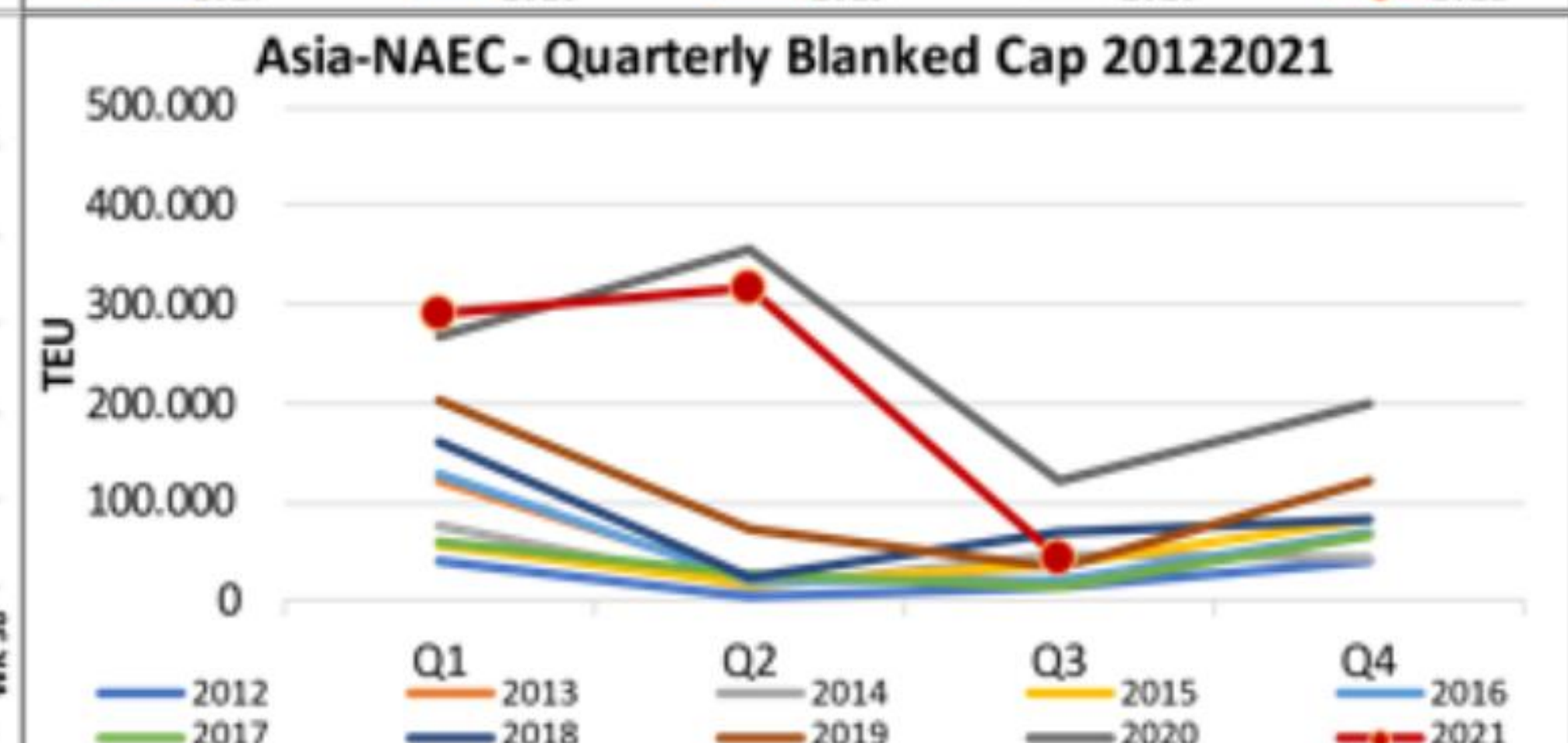
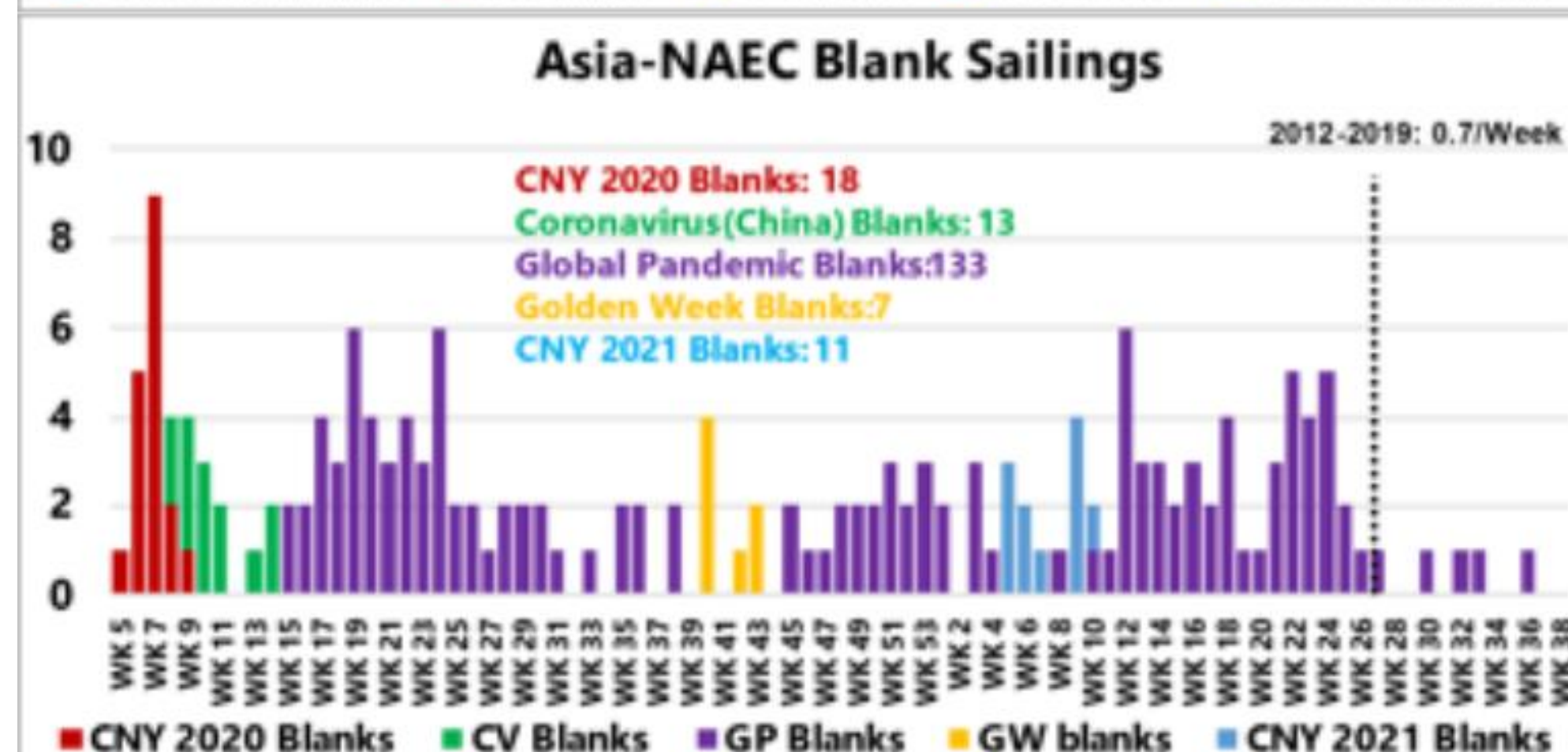
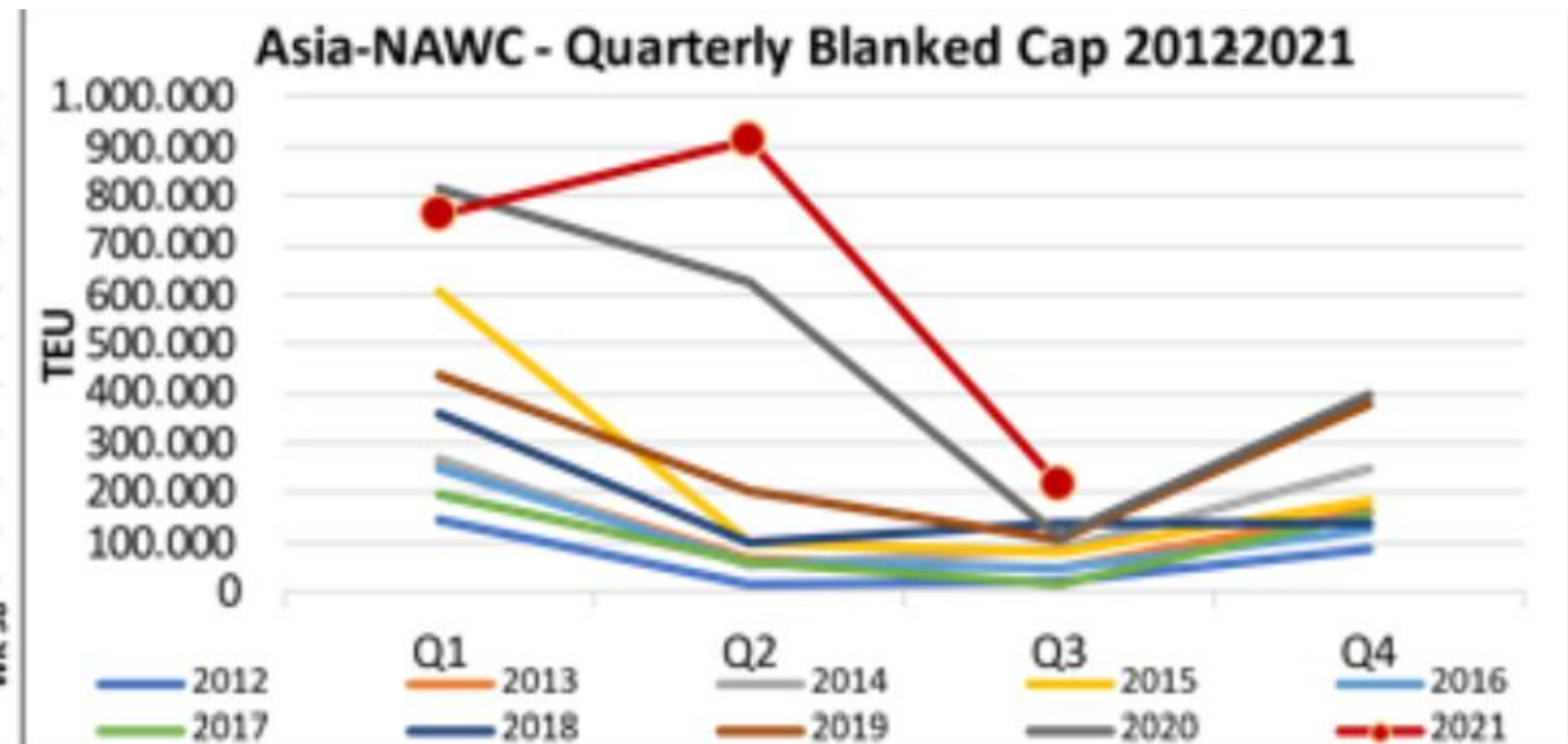
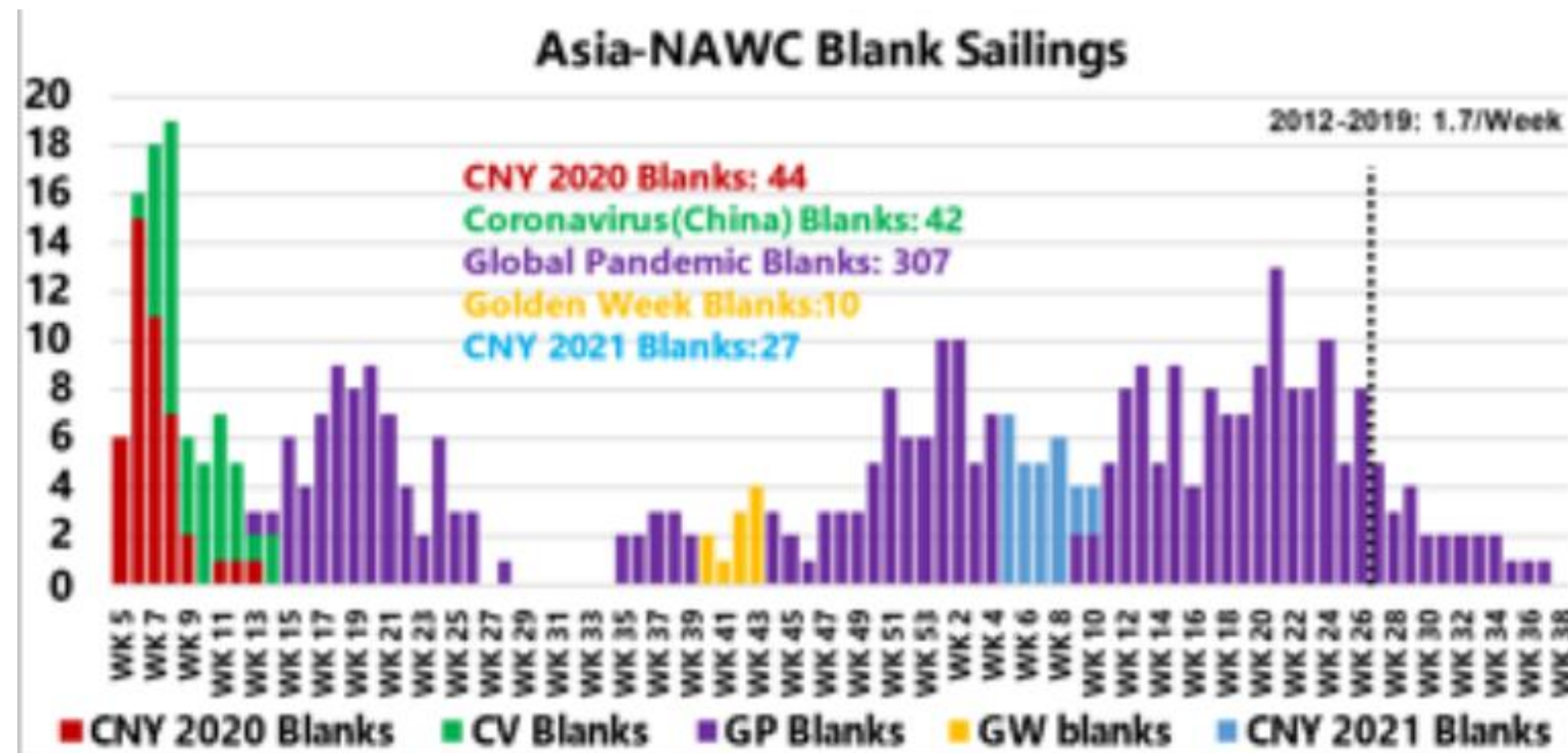


- Idle - NOO & other in limbo
- Idle - NOO vessels laid up
- Idle - NOO vessels spot
- Idle - NOO vessels with employment secured
- Idle - Carrier controlled vessels
- RY - Vessels in Repair Yard



Market conditions for container trade in the WestMed

Operational blank sailings in the Asia – NA due to congestion

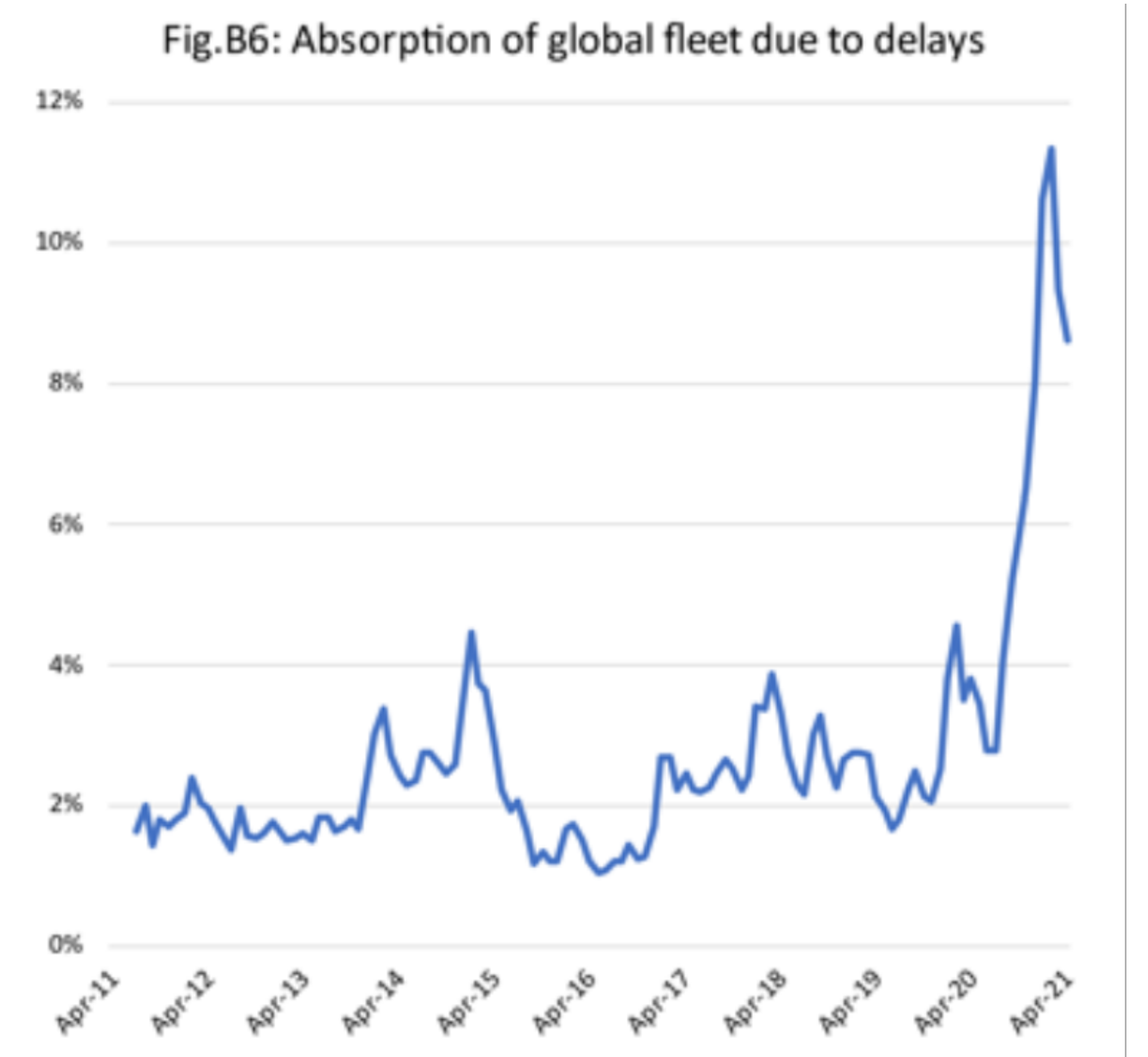
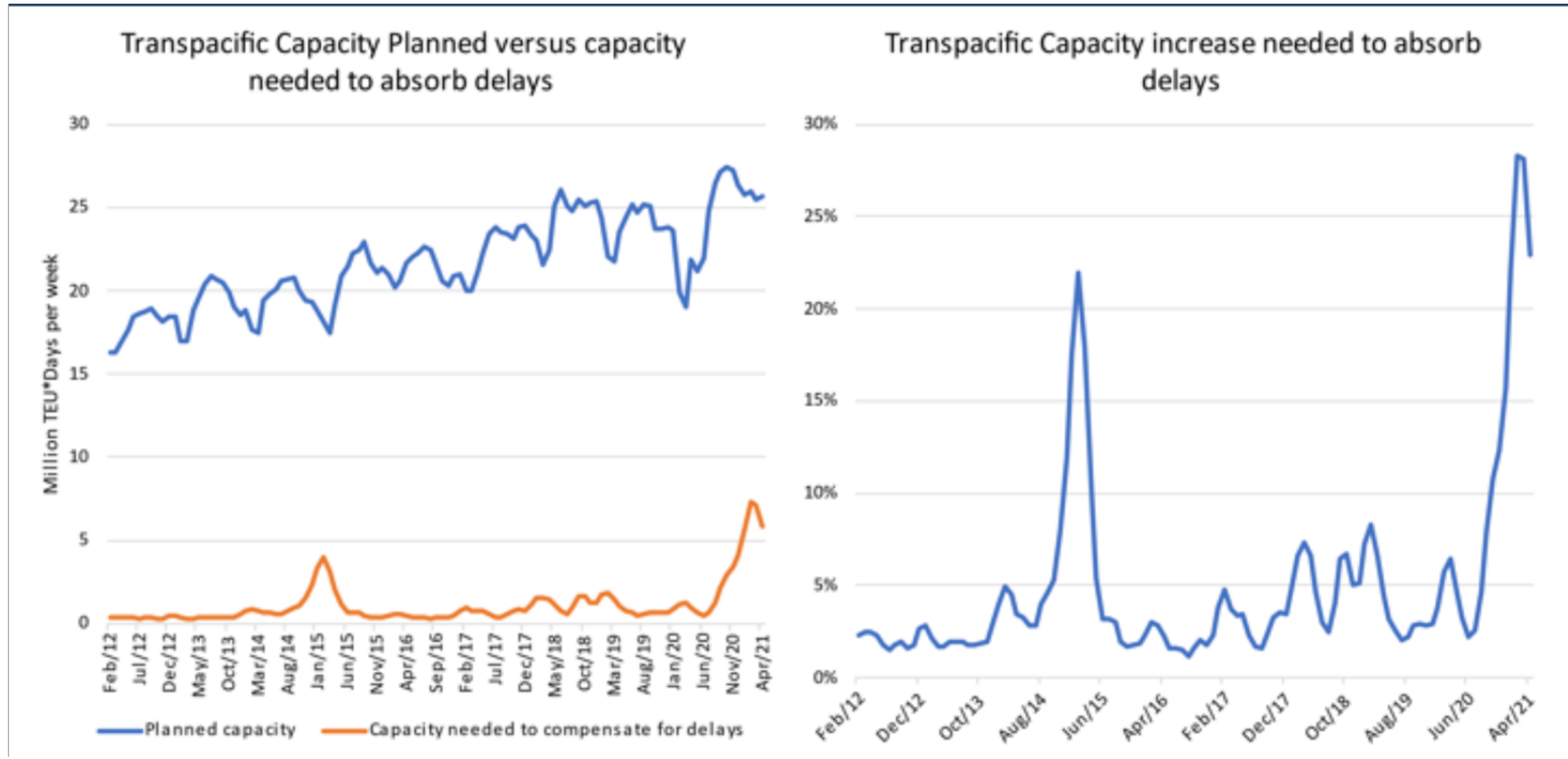




Market conditions for container trade in the WestMed

25% of capacity in the Transpacific trade lane is being absorbed by congestion

10% of global fleet capacity soaked up by delays



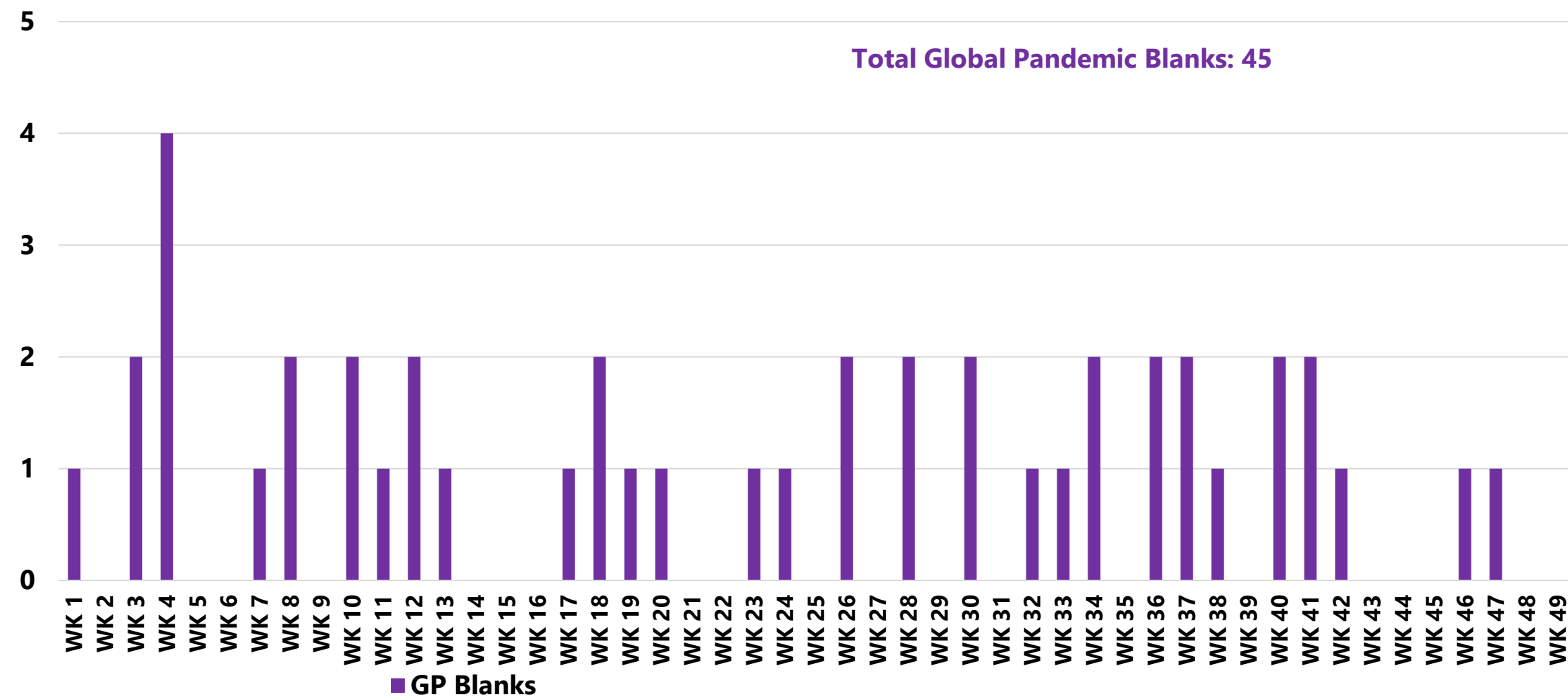
Source: SeaIntelligence, July 2021



Market conditions for container trade in the WestMed

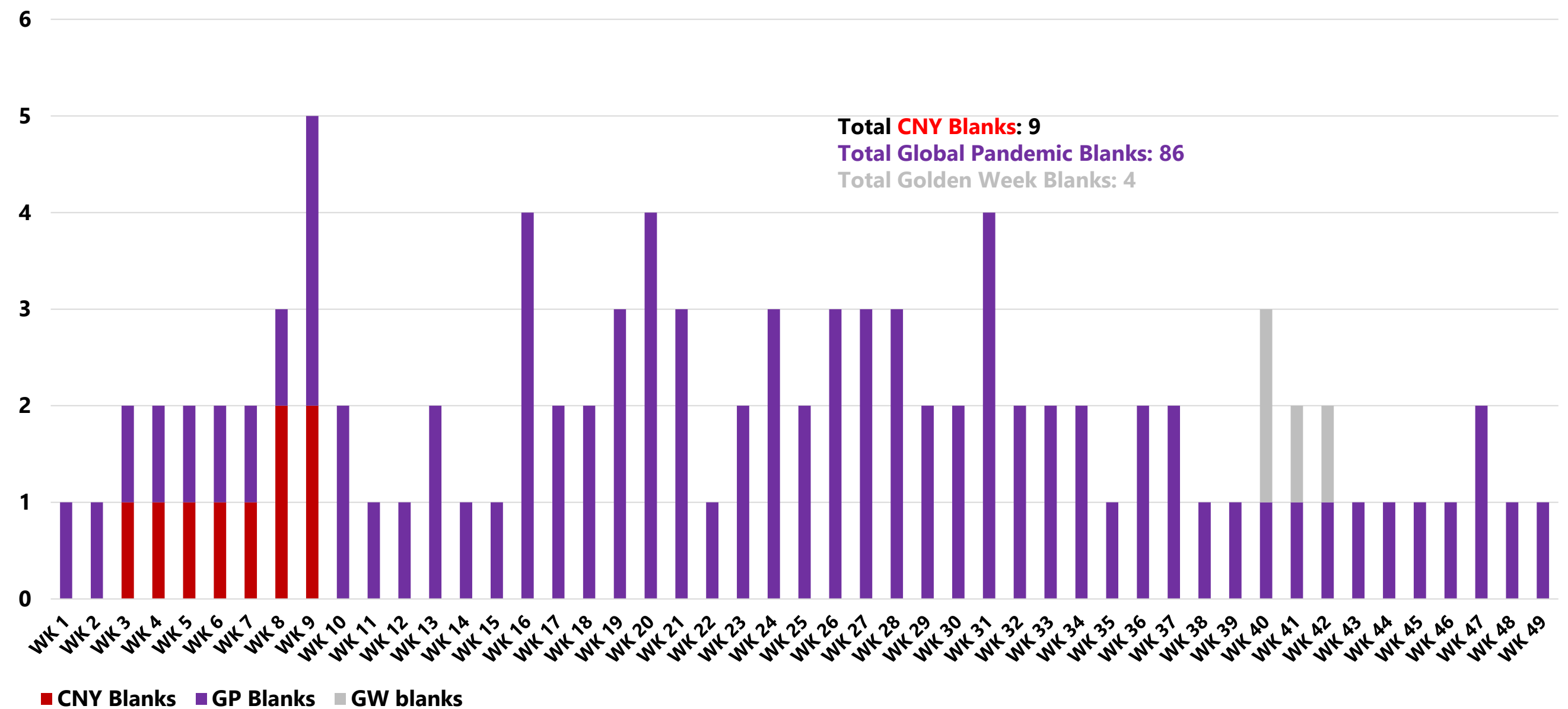
Blank sailings in West Med Ports

Blank Sailings MED-NAEC 2021



Source: SeaIntelligence, Sept 2021

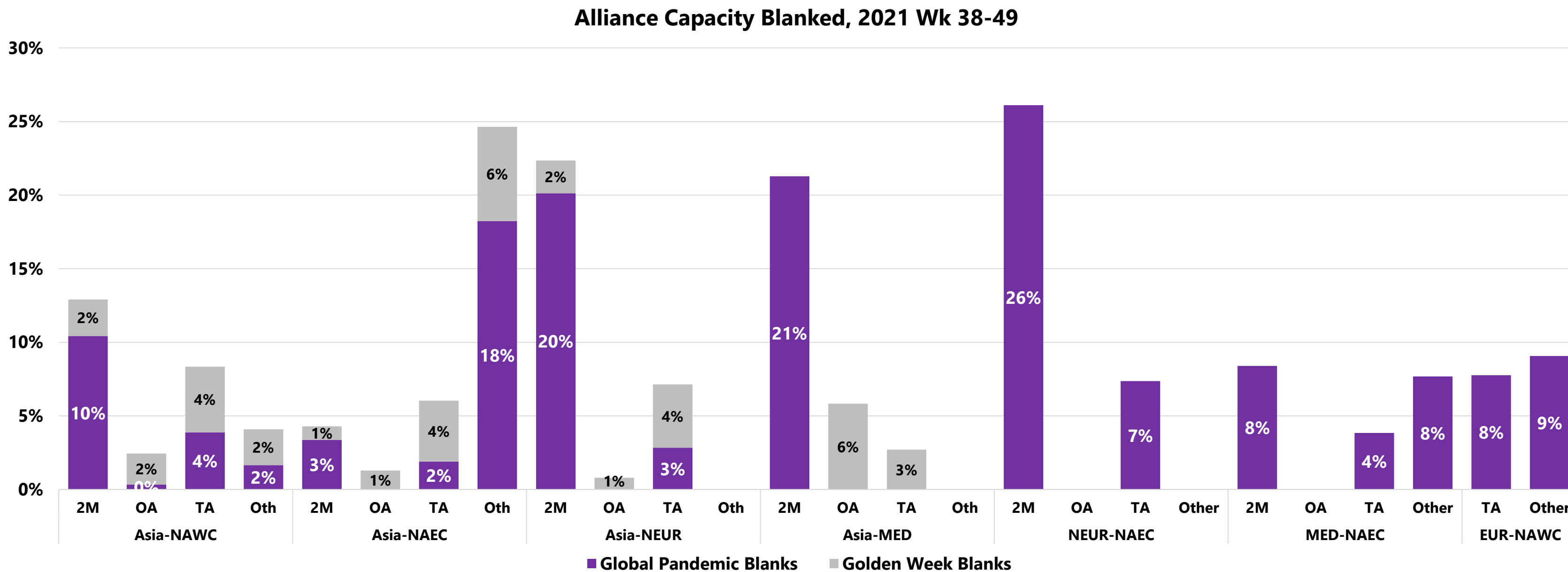
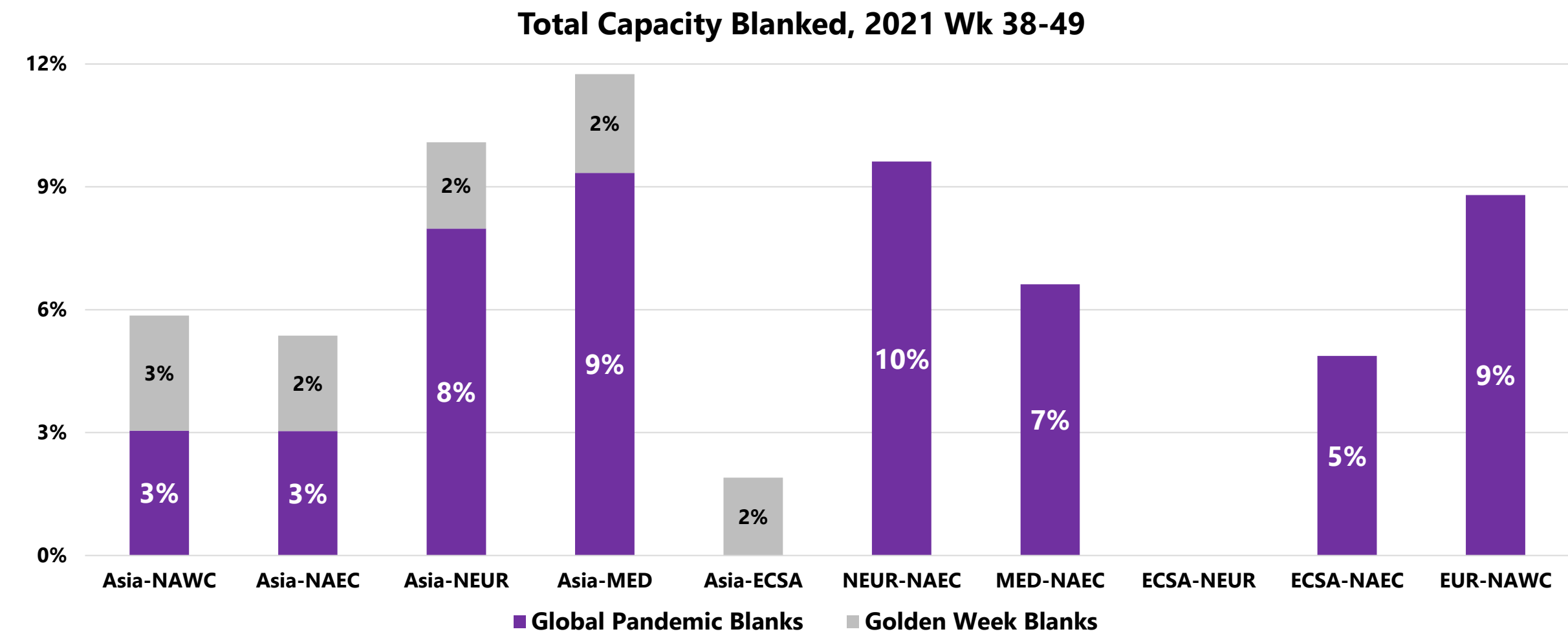
Blank Sailings Asia-MED 2021





Market conditions for container trade in the WestMed

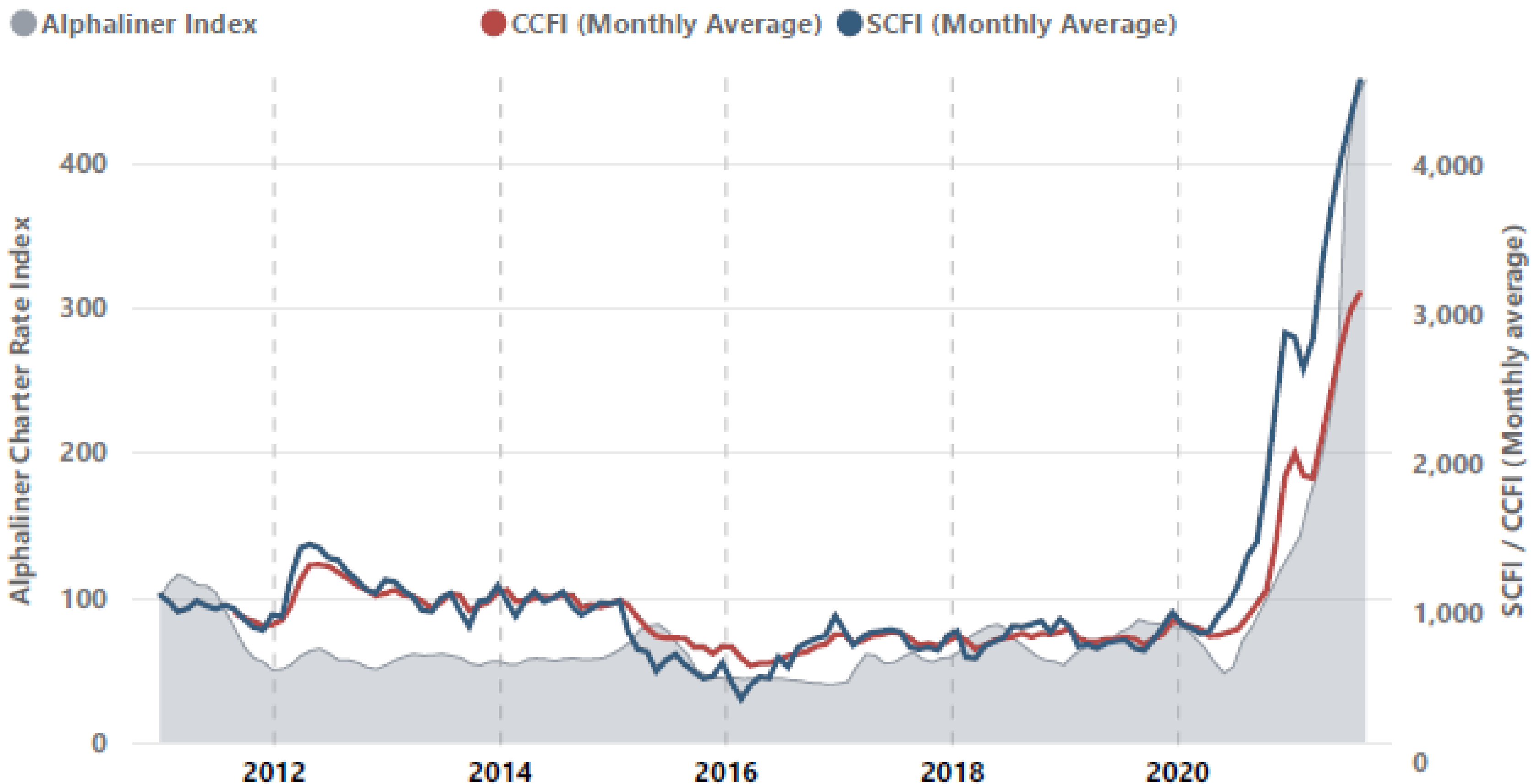
Expected blank sailings for the end of 2021 by trade lane and alliance





Freight rates

SCFI and CCFI freight rate indexes: 2011-2021



The SCFI reflects the spot rates of Shanghai export container transport market. It includes both freight rates (indices) of 13 individual shipping routes and a composite index. The seaborne surcharges include:

- Bunker Adjustment Factor (BAF)/ Fuel Adjustment Factor (FAF)/ Low Sulphur Surcharge (LSS)
- Emergency Bunker Surcharge (EBS) / Emergency Bunker Additional (EBA)
- Currency Adjustment Factor(CAF)/ Yen Appreciation Surcharge (YAS)
- Peak Season Surcharge(PSS)
- War Risk Surcharge(WRS)
- Port Congestion Surcharge (PCS)
- Suez Canal transit Fee/Surcharge (SCS)/ Suez Canal Fee (SCF)/ Panama Transit Fee (PTF)/ Panama Canal Charge (PCC).

CCFI is a composite index reflecting China's nationwide export container transport. SCFI targets the spot rates of Shanghai export container transport market, which is more sensitive and periodical; CCFI targets the overall freight level (including spot and contractual rates) of China's export container transport market, which is more comprehensive and macroeconomic.

Source: Alphaliner, Sept 2021

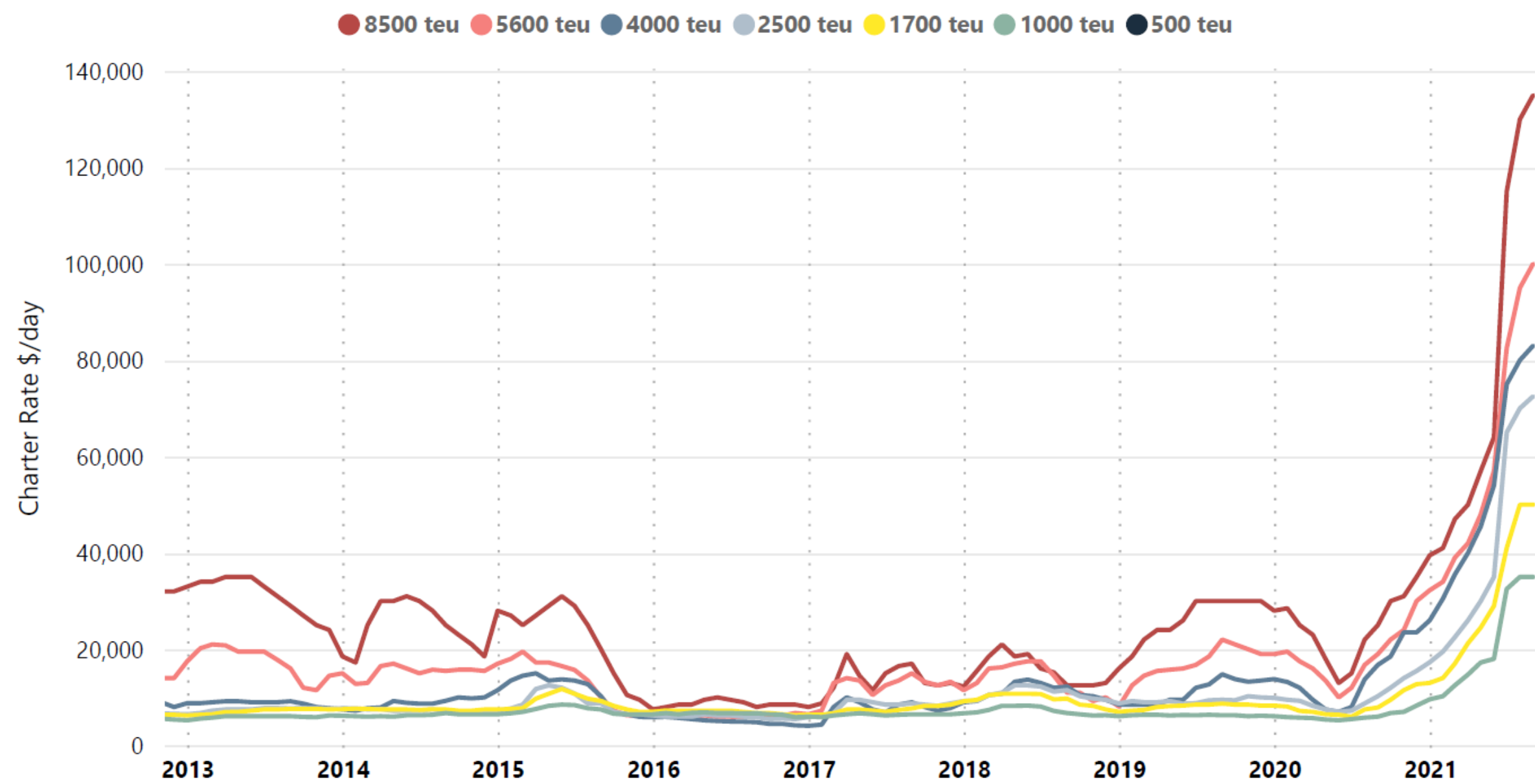
Source: Shanghai Shipping Exchange, Sept 2021



Freight rates

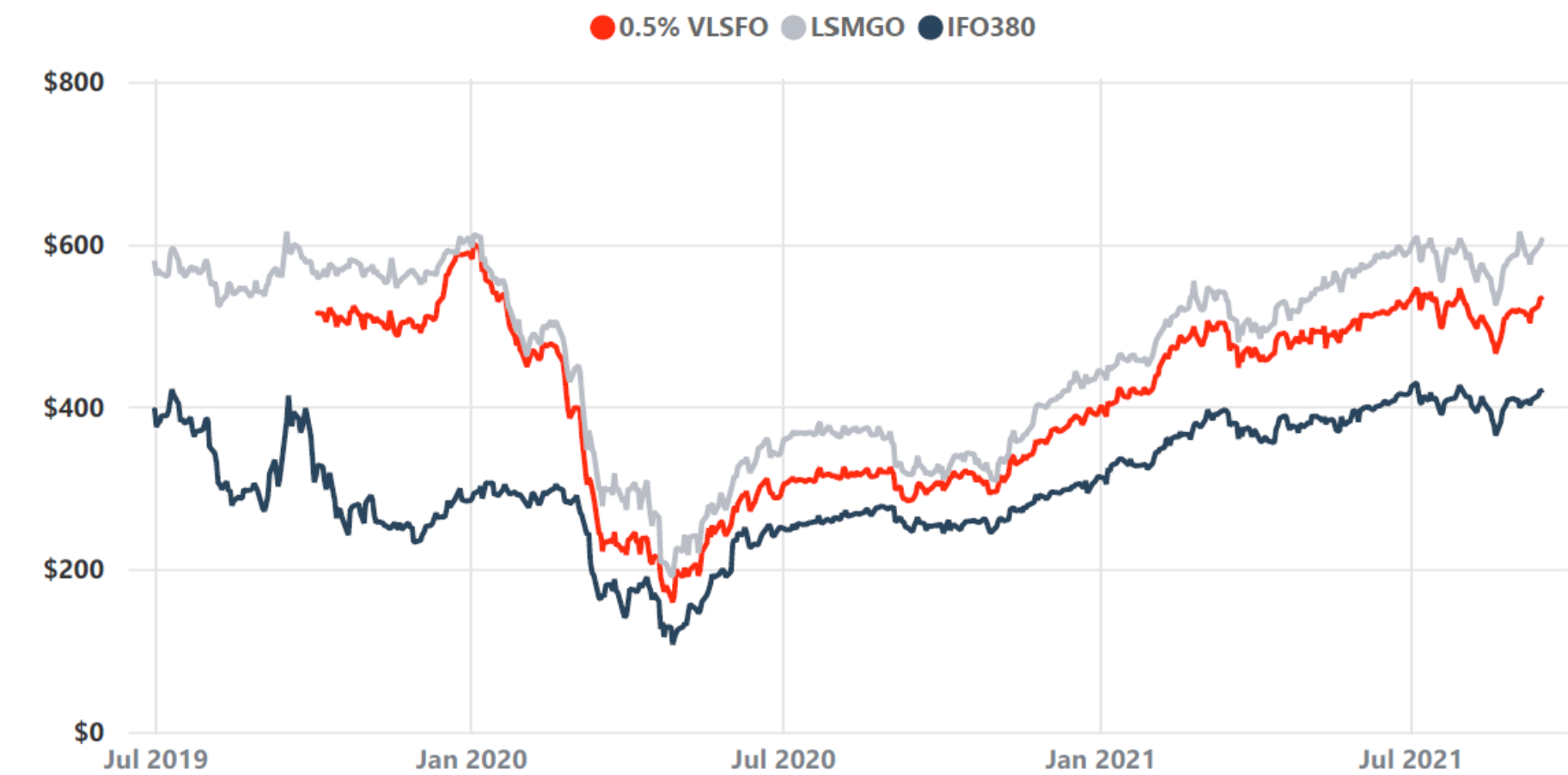
Carriers' OPEX on the increase: charter rates escalating (+ 528% YOY) and growing bunkering costs (+ 59% in Rott & + 71% in Singapore YOY)

Alphaliner Charter Rates

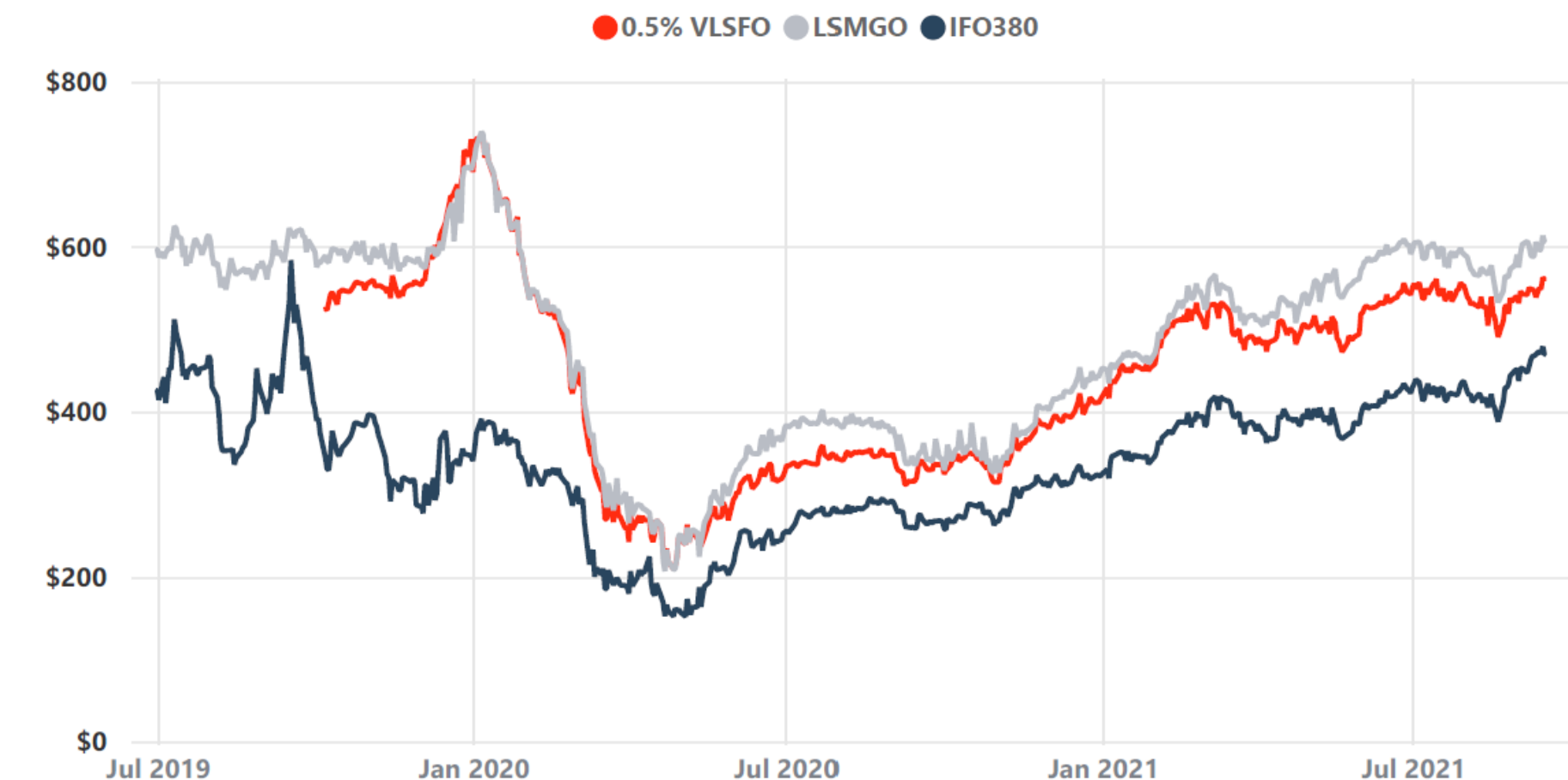


Size	Jul 2021 \$/day	Aug 2021 \$/day	MoM Change %	Aug 2020 \$/day	YoY Change %	Sep 2021 \$/day
8500 teu	115,000	130,000	13% ↗	22,000	491% ↗	135,000
5600 teu	82,500	95,000	15% ↗	16,750	467% ↗	100,000
4000 teu	75,000	80,000	7% ↗	13,750	482% ↗	83,000
2500 teu	65,000	70,000	8% ↗	8,750	700% ↗	72,500
1700 teu	41,000	50,000	22% ↗	7,500	567% ↗	50,000
1000 teu	32,500	35,000	8% ↗	5,800	503% ↗	35,000
Alphaliner Index	396	442	12% ↗	70	528% ↗	456

Rotterdam Bunker Price : IFO380 vs VLSFO \$/ton



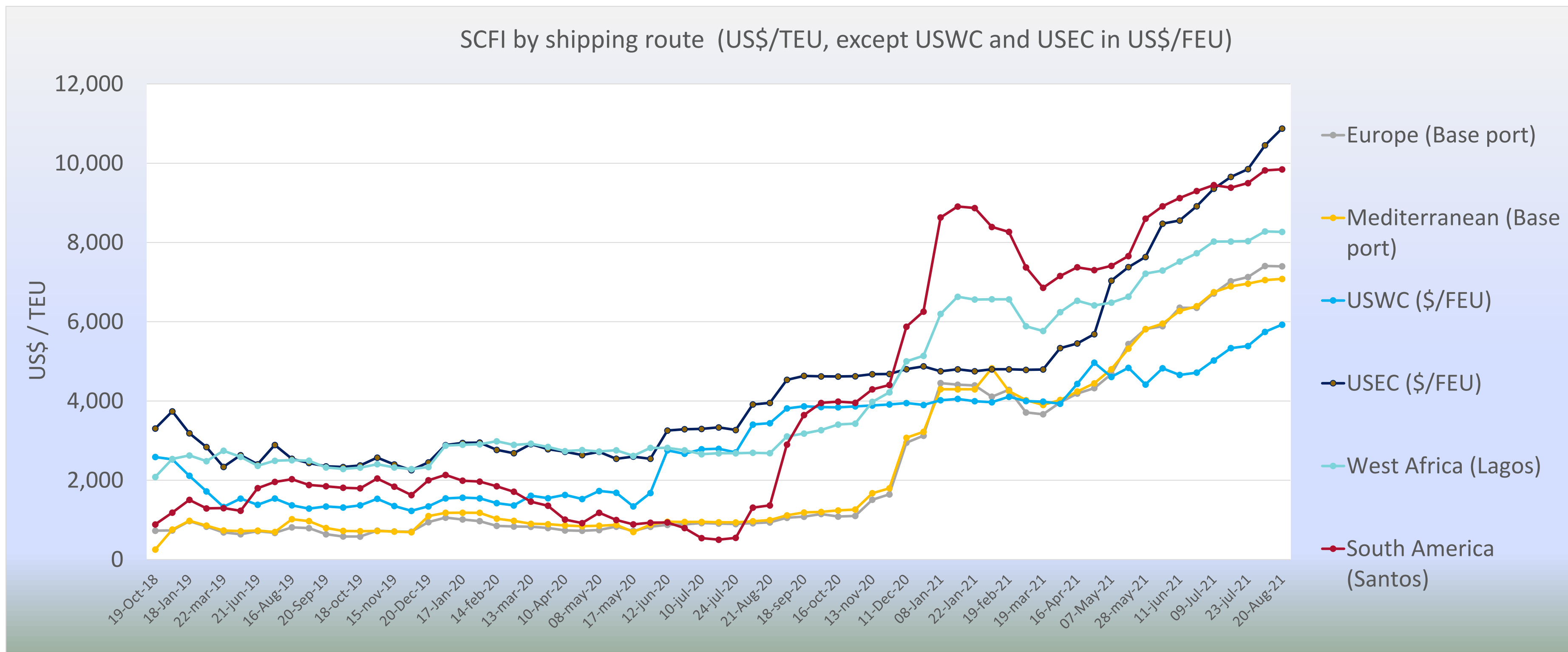
Singapore Bunker Price : IFO380 vs VLSFO \$/ton





Freight rates

SCFI by shipping route: End 2018 – August 2021



Increases in SCFI by shipping route between Jan 2019 and Aug 2021:

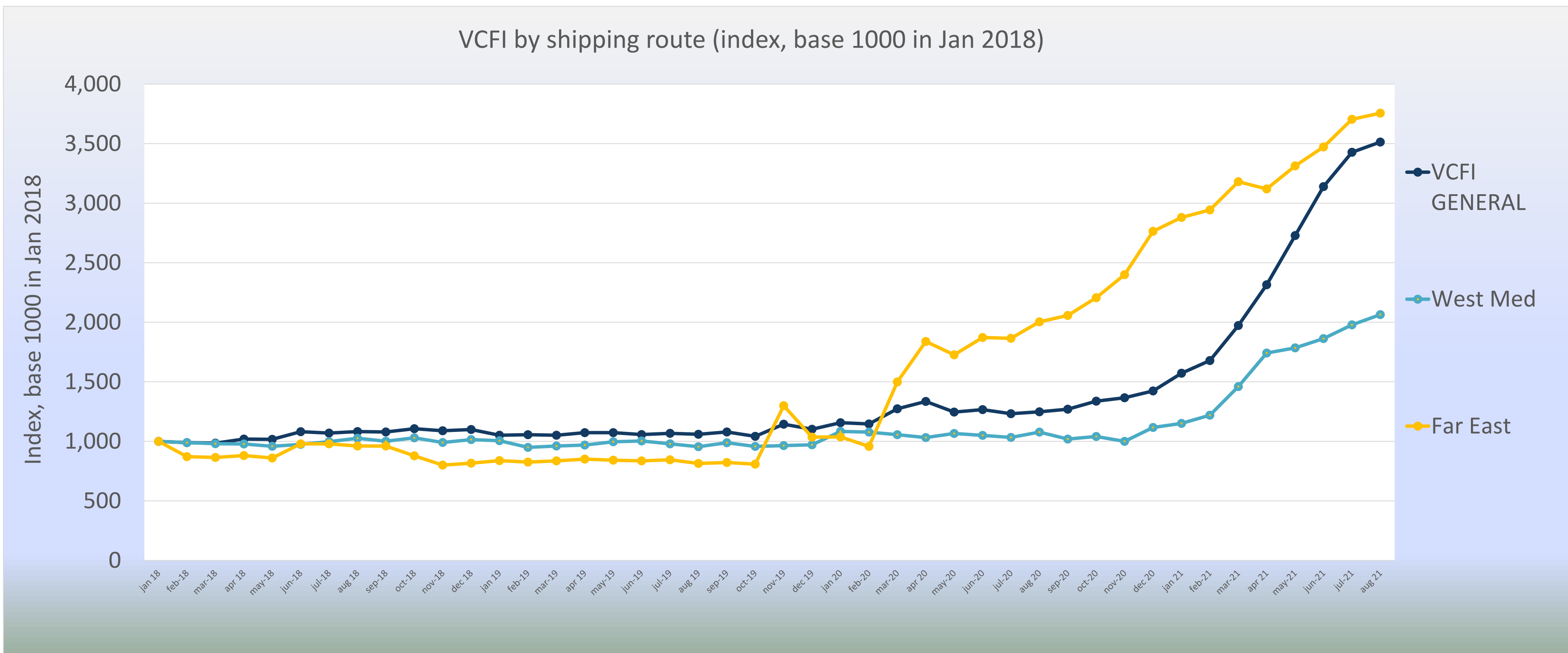
- ☐ SCFI (all shipping routes): 348.3%
- ☐ Europe: 662.7%
- ☐ Mediterranean: 623.9%
- ☐ USWC: 180.4%
- ☐ USEC: 241.3%
- ☐ West Africa (Lagos): 214.7%
- ☐ South America (Santos): 553.7%

Source: : Pérez-García (2021): Market Conditions For Maritime Trade in The WestMed, Oct 2021, based on data from SSE, Sept 2021



Freight rates

VCFI by shipping route: Jan 2018 – August 2021



Increases in SCFI by shipping route between Jan 2019 and Aug 2021:

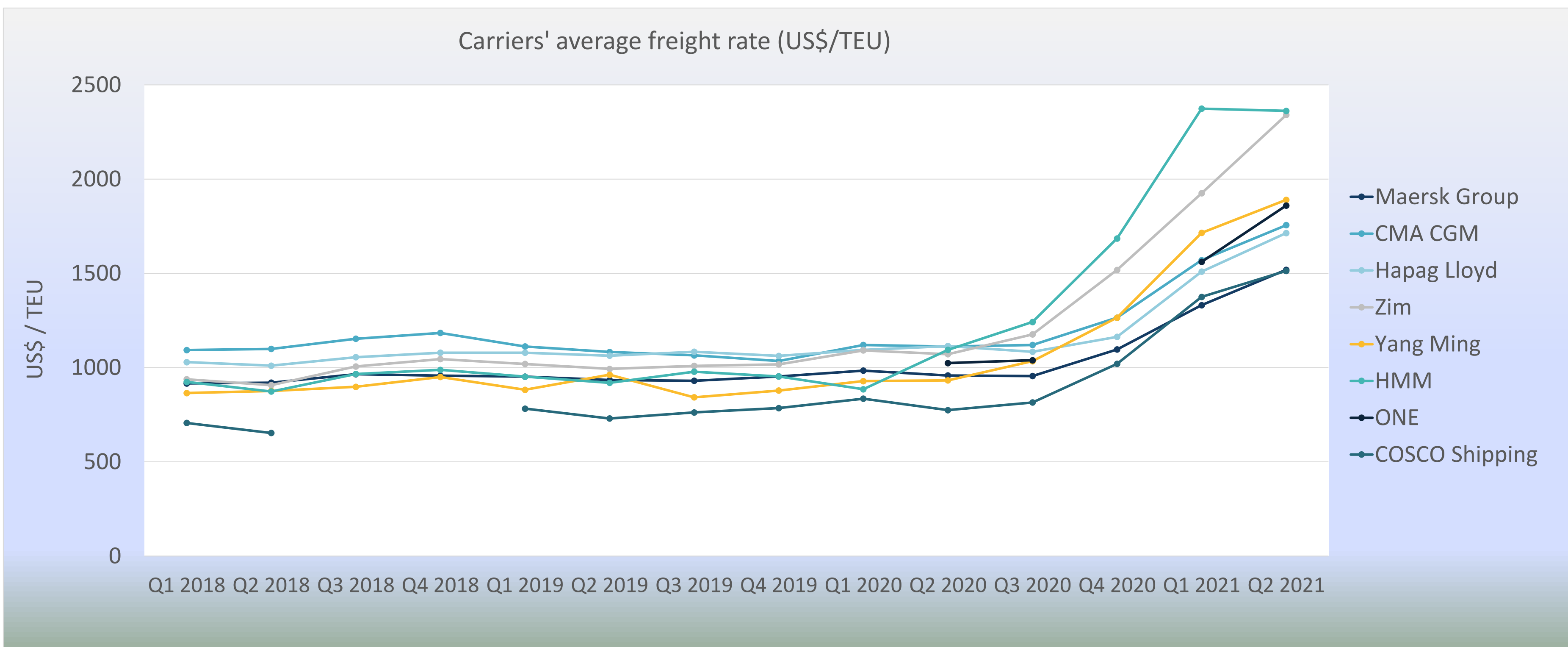
- VCFI (all shipping routes): 251.35%
- West Med: 106.35%
- Far East: 275.56%

Source: : Pérez-García (2021): *Market Conditions For Maritime Trade in The WestMed*, Oct 2021, based on data from SSE, Sept 2021



Freight rates

Carriers' average freight rates (all shipping routes) in US\$/TEU: Q1 2018 – Q2 2021



Increases in carriers' average freight rates (US\$/TEU) Q2 2021 / Q2 2018:

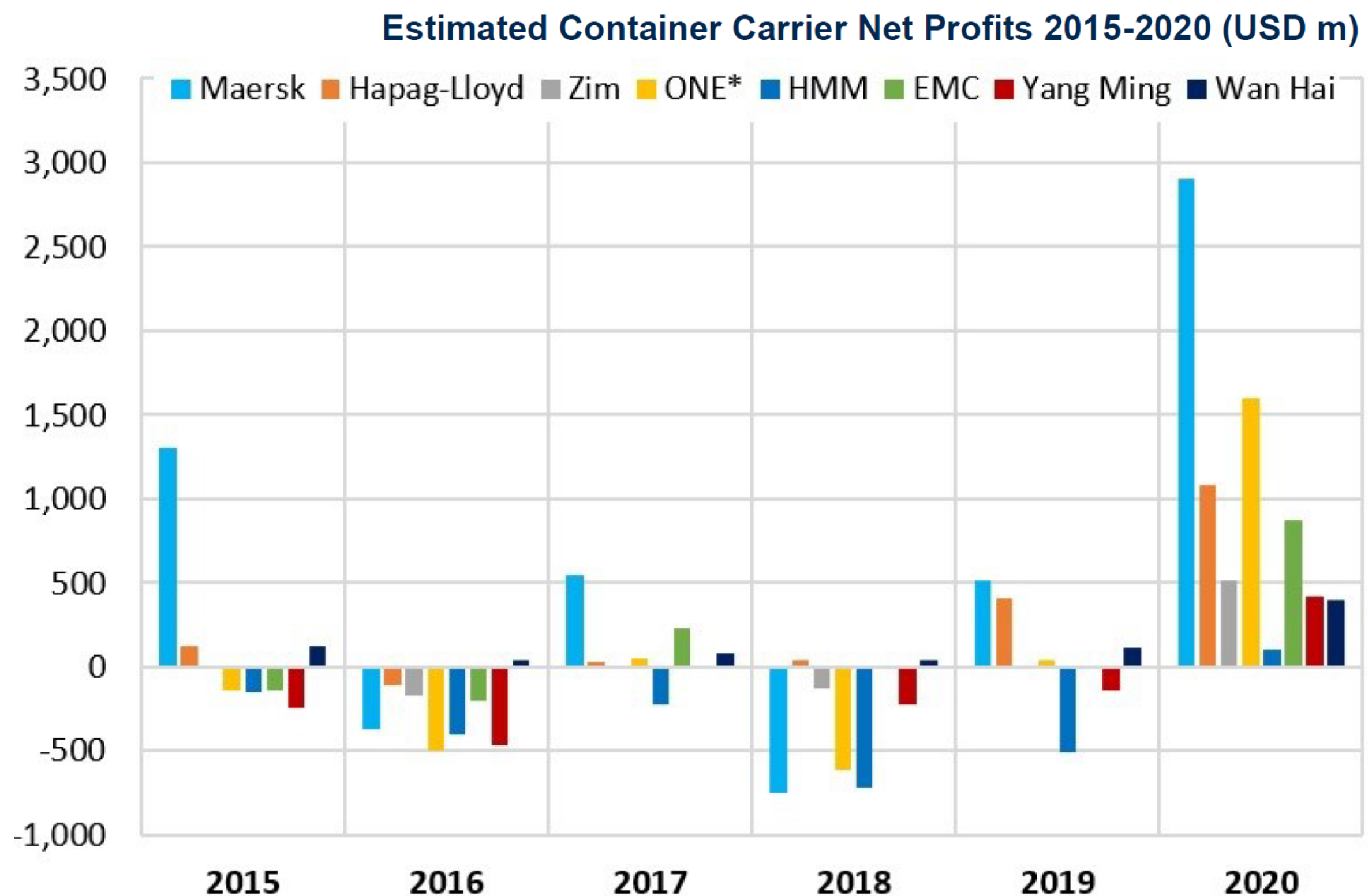
- ☐ Maersk Group: 65.1%
- ☐ CMA CGM: 59.8%
- ☐ Hapag Lloyd: 69.7%
- ☐ Zim: 158.1%
- ☐ HMM: 115.8%
- ☐ ONE: 81.6% (Q2 21 – Q2 20)
- ☐ COSCO Shipping: 131.7%

Source: Pérez-García (2021): *Market Conditions For Maritime Trade in The WestMed*, Oct 2021, based on data from Alphaliner, several monthly monitor editions



Freight rates

COVID as an inflection point in carriers' financial performance



*MOL, K Line, NYK before 2018

Carrier Financial Performance H1 2021 (results reported as of 23/8/2021)

	Revenue	Net Profit
Maersk USD m	26,669	6,463
Hapag-Lloyd EUR m	8,753	2,720
Zim USD m	4,126	1,478
ONE USD m	10,500	4,417
HMM KRW bn	5,334	364*
EMC TWD m	189,919	78,141
Yang Ming TWD m	135,553	59,052
Wan Hai TWD m	86,632	33,687

*HMM group results, all activities

Source: Alphaliner, August 2021

From an aggregate net loss of more than USD 2.5 bn in the five years prior to 2020's COVID pandemic, to an estimation of USD 65 bn in operating profits for the full year in 2021.

2009-2014: Operating margin of -2.9% for the same operators

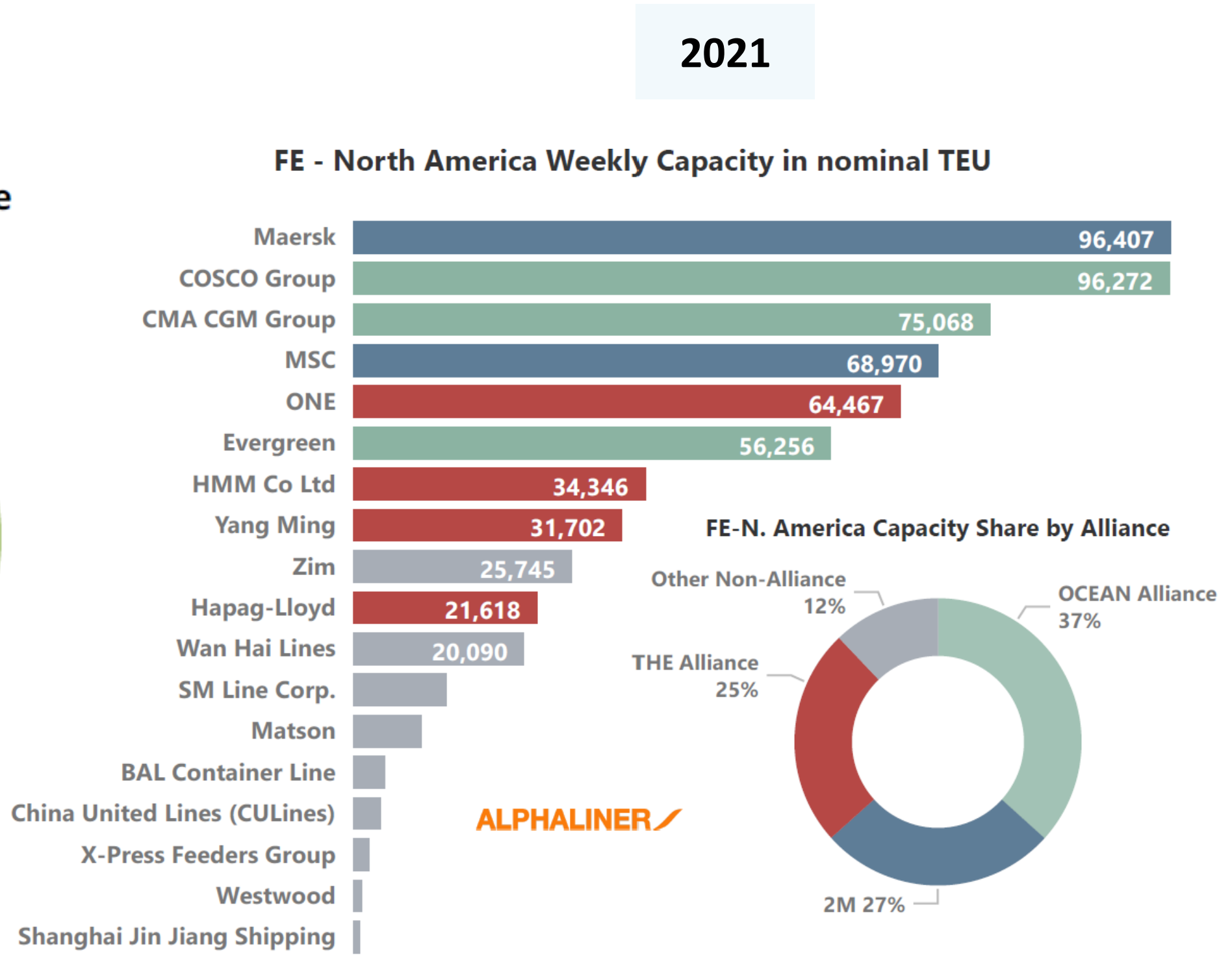
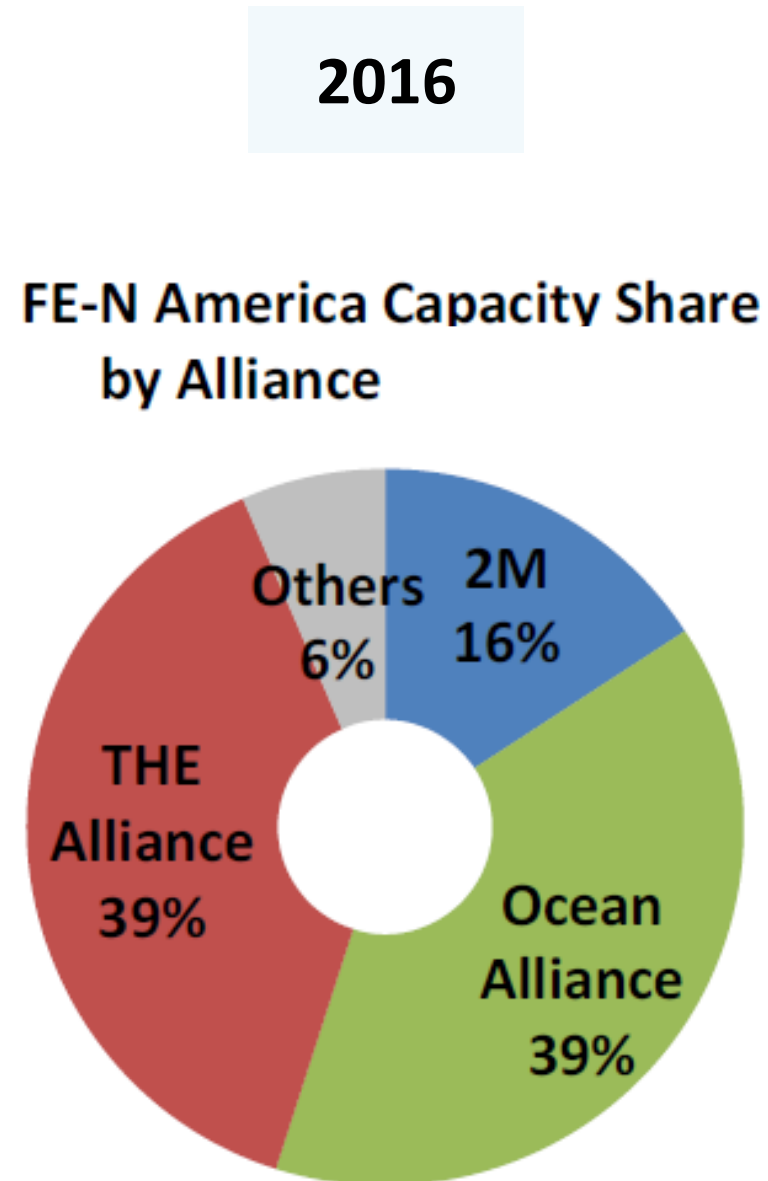
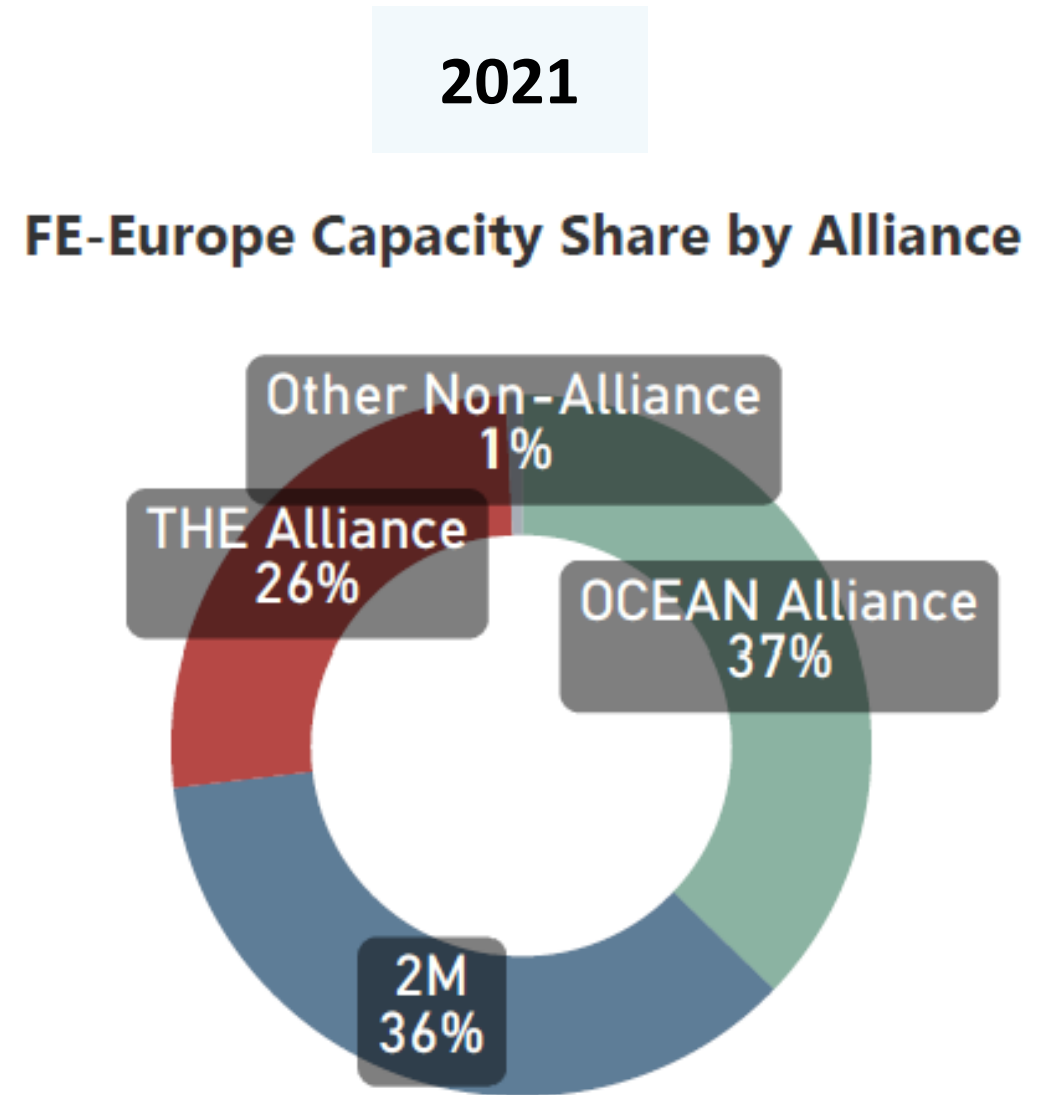
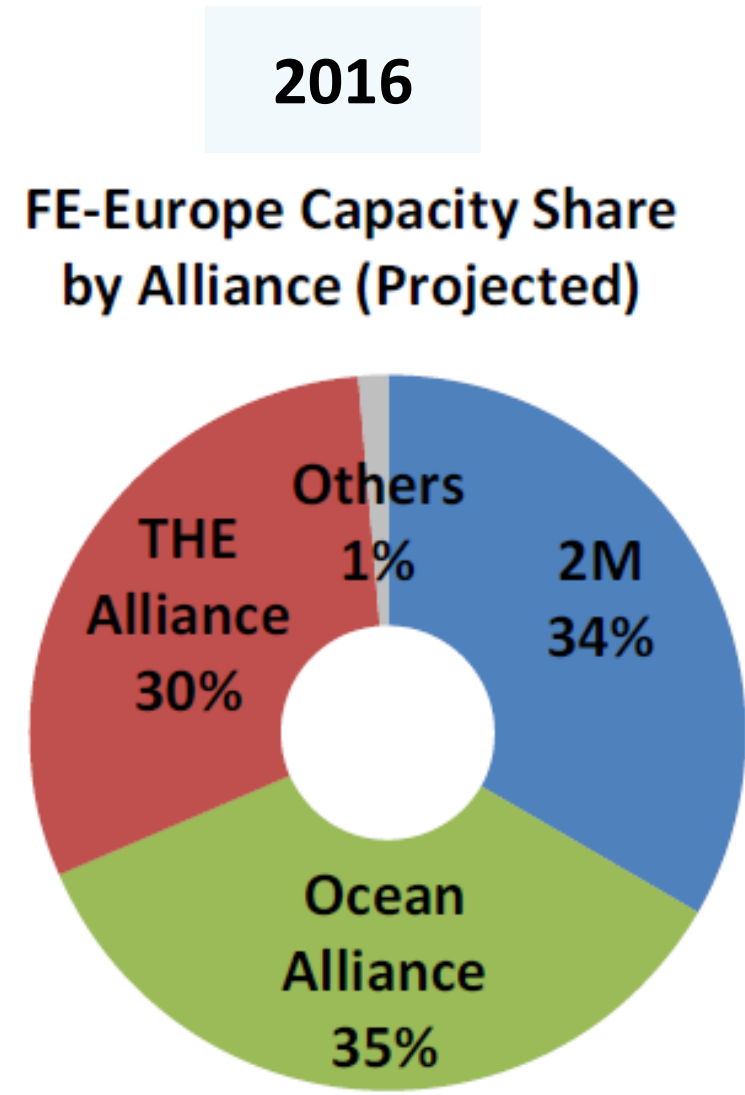


Freight rates

Record-high freight rates: Will new operators be drawn to the major East-West trade lanes?

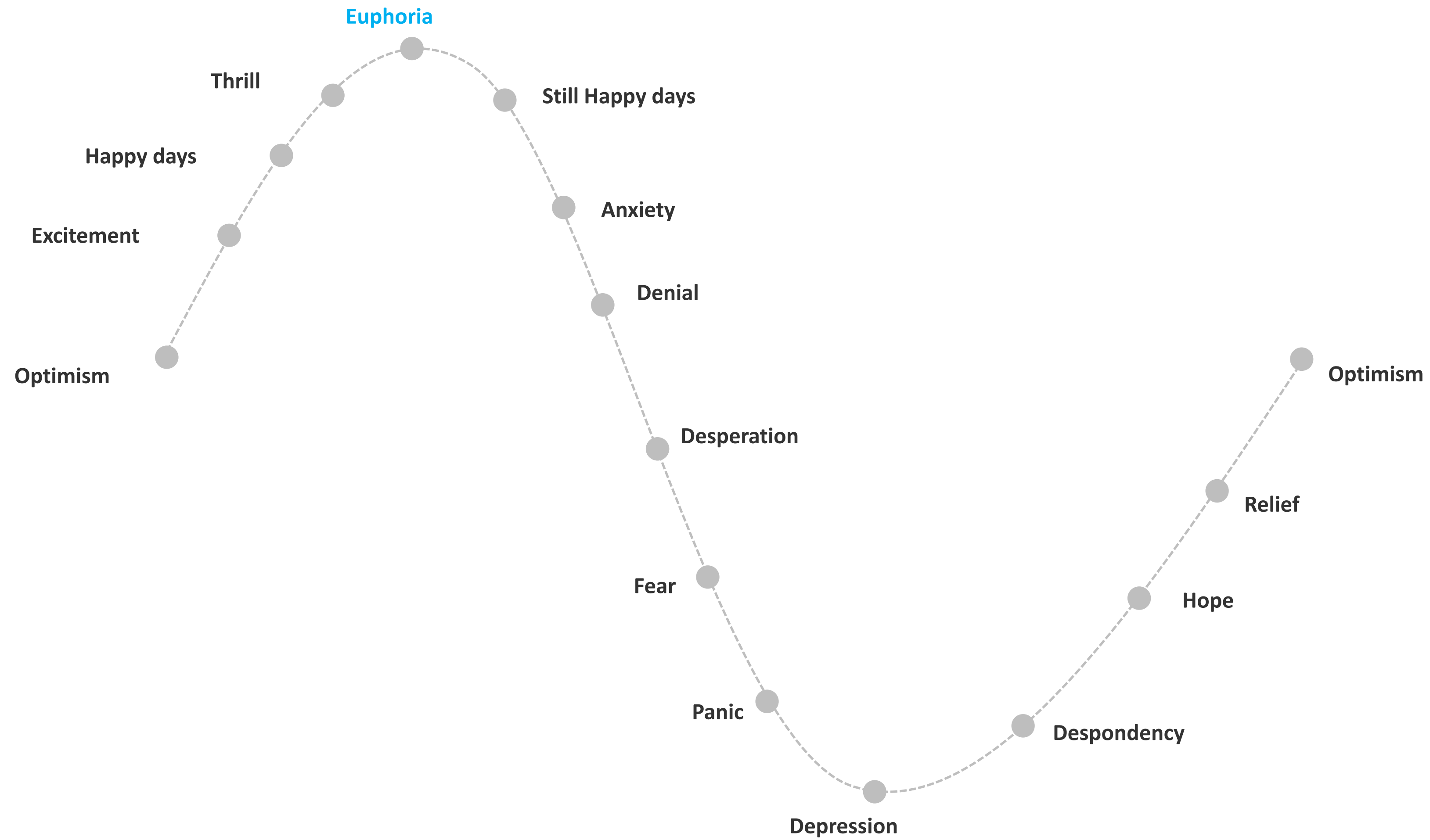
Capacity share in the FE-Europe: similar shares and operators

Capacity share in the FE – North America: new operators increasing their share in this market





Market cycle-ogy





CONCLUSIONS

**NEARSHORING, WITH
LIMITATIONS**

**BULL MARKET AND
CONGESTION, SHIP
SIZE MATTERS BUT
VERSATILITY
MATTERS EVEN MORE**

**MEGA-CARRIERS
ACCELERATING THEIR
VERTICAL
INTEGRATION IN THE
D2D LOGISTICS
CHAIN**

**NEW OPERATORS
ENTERING THE
MARKET IN TRADE
LANES WHERE ULCS
DO NOT DOMINATE
THE TRADE**

**END OF THE
COMMODITISATION
OF THE MARKET?**

**MORE ORDERING
ACTIVITY IN THE NEXT
YEAR?**

**MOST LIKELY, VERY
HIGH FREIGHT RATES
UNTIL CONGESTION
AND MASSIVE
DEMAND IN THE US
COME DOWN**

**HOW LONG WILL THE
EUPHORIA STATE IN
THE MARKET LAST?**

THANK YOU!

Eva Pérez García

**Directora Promoción de la Innovación y Sostenibilidad Ambiental
Innovation Promotion & Environmental Sustainability Director**

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