Executive Summary
Carrier Q3 financial and volume results
Hapag Lloyd and Wan Hai are the only major carriers to post a profit in 2016-Q3. Others remain to emerge from a sea of red ink.

At least 17% of staff is not necessary
Hapag-Lloyd marginally overtakes Maersk Line as having the highest employee productivity. Industry-wide 31,000 employees are not needed – and if efficiency is further improved by just 10% the liner shipping industry will reduce staff counts by 45,000 land-based employees.

Record-high global schedule reliability
Despite the financial trouble in the industry, shippers are enjoying a record high level of schedule reliability markedly above the abysmal performance of 2014 and early 2015.

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Editorial: An uncertain future, part II

Last week out editorial was termed “An uncertain future” and revolved around the uncertainty following from the US presidential election. But let us make no mistake – the largest uncertainties in this industry are currently entirely of our own making.

Following the publication of the new “Ocean Alliance” and “THE Alliance” networks a few weeks ago it seemed some semblance of stability was finally descending upon the industry. However, this does not appear to be the case just yet.

During this weekend it was first reported by JOC that Maersk Line and MSC would not be accepting Hyundai Merchant Marine into the 2M alliance, which would put HMM under severe pressure, as a future outside an alliance would be very challenging. Then late Sunday, as the Sunday Spotlight was about to be released, this development was strongly denied by HMM, stating in the Korea Herald: “Maersk Line apologised and pledged to request a correction from the JOC”.

We have also seen rumours abound pertaining to ZIM’s operations, as well as rumours of a Hamburg Süd acquisition. Rumours are of course not new to the industry, but the rapid and unprecedented consolidation of the industry means that such rumours are more difficult to quell than previously, and hence – whether founded or unfounded – they do add to the uncertainty of the current state of affairs.

Adding fuel to the fire, the Taiwanese government has approved a program for state-aid for the national shipping sector. In the short-term, providing such a security blanket for national carriers such as Evergreen, Yangming and Wan Hai might by some be seen as beneficial. It reassures shippers that the carriers will not be allowed to collapse - and hence they can safely book with loss-making carriers. This does prevent a negative spiral where shipper concern leads to loss of cargo, further accelerating carrier losses, which increases risk of bankruptcy - in turn causing even more shippers to flee to carriers perceived as being more stable.

But it also effectively acts as a brake on necessary business transformations in the affected companies, hence ultimately serving to perpetuate a business climate that is unsustainable and in need of significant change.
Carrier Q3 financial and volume results

Hapag Lloyd and Wan Hai are the only major carriers to post a profit in 2016-Q3. Others remain to emerge from a sea of red ink

The majority of top-20 carriers have recently published their 2016-Q3 financial reports, or have at least provided some details of their 2016-Q3 financial and/or volume performance.

Following the collapse of Hanjin, shippers have increasingly come to accept that a carrier’s financial health is important to consider if they wish to reduce the risk of disruption to their supply chains. Moreover, with the recent news of the Taiwanese government supplying 1.9 billion USD to financially troubled Taiwanese shipping companies – i.e. Evergreen, Yang Ming and Wan Hai – we are clearly experiencing an increasing concern throughout the industry related to the carriers’ financial well-being, not to mention sheer survival.

Methodology

The focus of this analysis is the 2016-Q3 financial and volume developments for the top-20 carriers. Unfortunately, not all of the top-20 carriers publish financial and volume information, and for those that do, not all have yet published their 2016-Q3 financial reports. Table A1 lists the top-20 carriers, and details whether financial data is available.

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<thead>
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<th>Carrier</th>
<th>Issues Q3 report</th>
<th>2016-Q3 data</th>
<th>Data Source</th>
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<td>APL</td>
<td>No*</td>
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<td>Yes</td>
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<tr>
<td>ZIM</td>
<td>Yes</td>
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<td>Q3 report</td>
</tr>
</tbody>
</table>

Table A1: Available source for Financial / volume data

* Report only published in Korean
** With CMA CGM’s acquisition, APL/NOL will no longer issue financial reports

Four carriers are privately owned companies that do not publish quarterly financial reports: MSC, Hamburg Süd, UASC and PIL. In addition, with the recent acquisition of APL/NOL by CMA CGM, we do not expect APL/NOL to publish financial reports anymore. These five carriers are marked with red.

At the time of writing, COSCON is the only carrier not having published their 2016-Q3 financial report yet. This carrier has been marked with orange, and we intend to update this analysis
when the 2016-Q3 reports have been published.

Even though Hanjin has been in operation for only two of the three months of 2016-Q3, we have elected to include their financial figures into the analysis, as we could access their Korean-written financial statement for 2016-Q3.

Evergreen, Yang Ming and Wan Hai have not published any 2016-Q3 reports on their own websites, but we were able to obtain their financial figures through their Q3 filings with the Taiwan Stock Exchange. The stock exchange filings do not contain any volume figures.

Direct comparison of results is quite tricky for some measures, as carriers rarely choose identical reporting standards. This gives rise to a range of methodological issues which we have addressed as follows.

Whenever they were published, we used the carriers’ EBIT results. Nevertheless, if these were not specified, we used operating profit or segment income.

For the container carriers which are part of a larger conglomerate, we specifically looked for the financial results of the container-line division. However, this could not be separated out for Evergreen, Yang Ming and Wan Hai as the filings in the Taiwan Stock Exchange provide only the overall groups’ financial results.

The Japanese carriers’ fiscal year does not follow the conventional calendar year, therefore we have used their quarterly statements to calculate the corresponding volumes and financial performance for Q3.

Additionally, while Maersk Line and CMA CGM only publish global lifted volumes without details of trade-lane developments, NYK on the other hand only publishes Asia-Europe and Transpacific quarterly lifted volumes. Furthermore, as MOL has only started last year to publish global volume, we still analyse their quarterly lifted volumes on Asia-Europe and Transpacific, as these figures allow a historical comparison.

Finally, it is important to note that all financial figures have been translated into USD in order to be directly comparable. Specifically, we have chosen to convert the results using the exchange rate of the analysed period, meaning that for e.g. 2010-Q3 we have used that period’s exchange rate, and so on.

It is important to note that we have opted to utilise the 2016-Q3 figures for CMA CGM which are excluding NOL’s
contribution. This methodological choice is to allow a direct comparison to the same period of the previous years.

Lastly, we analyse the carriers’ development in average freight rate in the third quarter from 2009 to 2014. While some carriers publish their average freight rate, other only publish their average revenue per TEU or total revenue, from which the average revenue per TEU can be derived. For three carriers we have used the average freight rate – i.e. Maersk Line, Hapag Lloyd and K-Line – while for OOCL we have used the average revenue per TEU. Here, we compare these figures with the CTS global price index.

Financial performance in Q3

A year ago – in 2015-Q3 - we began to see a rapid escalation in the number of carriers reporting negative figures in terms of EBIT/Operating income and, as we have analysed in issue 277 of Sunday Spotlight, all the carriers except Wan Hai reported losses in 2016-Q2.

Table A2 shows the third quarter financial results from 2010 to 2016. As we can see, out of the twelve carriers analysed, only two report positive figures for 2016-Q3, being Hapag Lloyd and Wan Hai.

It is interesting to note that Hapag Lloyd is the only carrier presenting positive figures in third quarter of all 7 years from 2010 to 2016. In such a fierce competitive environment, where record-low freight rates erode carriers’ financial performance, this result from the Hamburg-based carrier is the proof that even though conditions are challenging, the challenge can be met head-on.

Looking at the other carriers, the one showing the most significant loss is - as expected – Hanjin, posting a 246 million USD loss. HMM and Yang Ming also posted significant losses in their financial results, with losses of 162 million USD and 148 million USD dollars,
respectively.

Interesting to notice is the result posted by Maersk Line, which is considerably worse compared to the one in the same period last year. If we further consider the EBIT loss posted in 2016-Q2 of 123 million USD, it can be certainly concluded that the Danish carrier has been severely impacted by the industry’s downward development. In this context, however, it must of course also be noted that given Maersk Line’s size, the relative loss is actually not as bad as for many of the smaller carriers.

If we look at the remaining carriers, we can observe that MOL posted a loss for the fourth consecutive quarter, while K-Line, CMA CGM and NYK posted an 83 million USD, 42 USD million and 62 million USD losses, respectively.Lastly, after four consecutively profitable quarters, ZIM has reported a loss equal to 14 million USD.

**Global volume development**

Figure A3 shows the development of global volumes for the third quarter from 2010 to 2016, for the seven main carriers which publish these results. As explained in the methodology section, for NYK and MOL the figures only include volumes on the Asia-Europe and Transpacific trades.

Out of the seven carriers, NYK was the only carrier reporting a decline in volumes transported, equal to -5% Y/Y. On the other hand, it is worth noting that Maersk Line, despite the significant financial loss, gained an 11% Y/Y increase in global volumes. Moreover, ZIM was the carrier publishing the second largest increase in transported volumes, being equal to 7% Y/Y.

If we consider the only carrier out of the seven reporting a profit – i.e. Hapag Lloyd – a 5% Y/Y growth was recorded. Looking deeper into their details, it is worth noting the 27% Y/Y Intra-Asia volume growth that the Hamburg-based carrier reported, combined with an ever stronger presence in the South America trades. This clearly implies that they have been pursuing a strategy of yield optimization as opposed to market share growth.

**Trade lane volume development**

For this specific section, we have chosen to reduce the scope of analysis to solely
the trade lanes for which the majority of carriers provide figures.

Figure A4 shows the development in volume for the Asia – Europe trade for the five carriers that provide these figures. Of the five carriers, NYK is again the only carrier posting a decline in volume growth, equal to -7.2% Y/Y.

OOCL is the carrier reporting the highest increase, which is equal to 7.1% Y/Y. Further, K-Line reports a 1.6% Y/Y increase, while Hapag Lloyd and MOL volumes are roughly on par with the same period last year.

On Transpacific the overall development shows a more positive Y/Y trend compared to Asia-Europe, driven by a combination of trade growth as well as the dispersal of Hanjin’s volumes to other carriers.

As can be seen in figure A5, the carrier with the greatest improvement was again OOCL, with an increase of 14% Y/Y, followed by K-Line, MOL and Hapag Lloyd with increases of 7.7%, 4.5% and 4.4% respectively. Again, NYK is the only carrier recording a decline, of 2.8% Y/Y in 2016-Q3.

**Average freight rate development**

As previously explained in the methodology section, only Maersk Line, Hapag Lloyd and K-Line publish their average freight rate, while OOCL publish their average revenue per TEU.

In figure A6 we have created an index showing the average freight rate development from 2009-Q3 to 2016-Q3, with 2009-Q3 being equal to index 100. The graph also includes the
development of the CTS global price index.

It is clear that all the carriers have experienced a downward trajectory in their average freight rate development from 2014-Q3, reaching record-low levels in 2016-Q3. Here, Maersk Line is the carrier posting the lowest average freight rate level, while K-Line stands above all the other carriers, and incidentally also being the only carrier which has experienced a development better than indicated by the global CTS index.

Conclusion

The latest quarterly financial results of the leading carriers show that, out of the eleven carriers reporting, only Wan Hai and Hapag Lloyd recorded a profit in 2016-Q3. HMM and Yang Ming remain under strong financial pressure, and it will be interesting to see whether other governments will follow the example of the Taiwanese government in terms of extending a financial lifeline to national carriers.
At least 17% of staff is not necessary

Hapag-Lloyd marginally overtakes Maersk Line as having the highest employee productivity. Industry-wide 31,000 employees may not be needed.

In the end of 2015, SeaIntel Sunday Spotlight issue 241 explored the employee efficiency across a range of container lines. With the recent Q3 results now available, we have updated the analysis to see whether carriers have also improved productivity since last year.

The efficiency measure is quite simple: How many TEU of cargo does each land-based employee handle on average.

The conclusion is that overall efficiency is indeed improved, however not for all carriers – some have seen a slight degradation in efficiency – and from a global industry perspective 31,000 employees could be saved if all carriers were to adopt best practices. If we – conservatively – assume an average employee which is made redundant has an annual cost of 30,000 USD, this indicates an industry saving potential of approximately 1 billion USD.

We have approached the analysis with the same methodology as last year in order to enable a direct comparison, and hence a measure of changes in efficiency.

Methodology

Data has been compiled from information made available by the container carriers through financial reports and company websites. We have strived to use Q3 2016 information where available, but that was not available for all carriers. In cases where this was not available, we had to use full year 2015 data.

Last year the analysis comprised 10 carriers, but this time that is reduced to 6 carriers for whom relevant data is available.

Carriers included: Maersk Line, CMA CGM and Hapag Lloyd are all based on their 2016-Q3 performance. OOCL is based on volume data for 2016-Q3, but employee statistics are only available for end-year 2015. Hamburg Süd and Zim are based on their published data for end-year 2015 for both volume and number of employees.
Carriers no longer included: Hanjin and APL are no longer in operation and are hence excluded from the analysis. No data are available for UASC and they are about to be absorbed into Hapag Lloyd. MSC has not provided any updated data since our last analysis and are hence also excluded from the analysis of updated performance.

Only Maersk Line, Hapag Lloyd and Hamburg Süd provides a specific split between land based and seafaring staff. The remaining carriers in the analysis only provide a total number.

We have used the data from Maersk Line, Hapag Lloyd and Hamburg Süd to model the relationship between seafaring staff and the size of the fleet. In actuality, we have developed 2 models – one based on the full fleet and another based on the fleet of own vessels. The two models are then applied to the remaining carriers to estimate the split between seafaring and land based staff, and the final number reflects an average between the two models. Hence the number of land based employees is as accurately modeled as possible given the available data from the carriers in question.

Efficiency results – the carrier view

Figure 1 shows the present efficiency per carrier measured as the average number of TEUs handled per land based employee.

![Fig.1: Carrier employee efficiency Q3 2016](image)

We find that Hapag Lloyd’s efficiency of 19.3 TEU/employee per week marginally overtakes Maersk Line’s efficiency of 19.0 TEU/employee per week in 3rd quarter 2016.

This in turn means that if Maersk Line is to improve their productivity to match their close German rival, they either need to remove 327 employees or increase their volumes by 330,000 TEU annually without adding additional land-based employees.
Figure 2 shows the relative change in efficiency for the six carriers for which we have data for both 2015 and 2016.

We find Maersk Line to have improved the most, whereas OOCL and Zim both have shown a deterioration in efficiency. Maersk Line’s efficiency improvement is almost in line with the announcement made last year. In 2015 Maersk Line announced a significant down-sizing in its work force in order to improve efficiency. At the time of the announcement, Maersk Line’s efficiency was 15.8 TEU/employee per week, and with the announced staff lay-offs, the target apparently was to reach 19.1 TEU/employee per week. With the 2016-Q3 performance at 19.0 it is clear that the target has almost – but not quite – been reached.

Since our last analysis, CMA CGM has absorbed APL. Figure 3 shows the development from the two independent companies last year to the combined entity presently.

Looking at the underlying data, we find that the efficiency of CMA CGM presently is simply the average of combining the two companies – there has not yet been any synergies realized in terms of employee efficiency.

**Efficiency results – the global view**

Figure 4 shows a cross plot between the global volumes handled by a carrier and the efficiency of their land based employees. As can be seen, there is no strong link between size and efficiency, which leads to the conclusion that efficiency is related to business process management, which is less prone to scale effects.
This in turn tells us that in principle there is nothing preventing all carriers globally from achieving the same efficiency as the best performer – currently being Hapag-Lloyd.

If we assume that the 6 carriers for which data are available are overall representative for the industry, this means that the average efficiency for the global liner shipping industry is 833 TEU/employee per year.

Using data from Container Trade Statistics, and assuming rest of year 2016 to grow in line with the first 9 months, this indicates a total of 183,000 land based employees in the industry globally.

However, if all carriers were to improve their processes to match Hapag-Lloyd, this number could be reduced to 152,000 land based employees globally.

In other words, the industry could reduce the amount of land based employees by 31,000 simply through business process improvements to match the current best in class.

That being said, the fact that Hapag-Lloyd currently has an efficiency of 19.3 TEU/employee per week begs the question as to why this could not be improved further. With rapid developments in automation and digitization, it appears highly likely that further productivity improvements are in store for the industry.

Figure 5 shows the number of global land based employees in the industry as a consequence of future improvements in efficiency.

Whilst the actual amount of future efficiency improvements cannot be
known, a further 10% improvement as a consequence of digitization and automation appears to be very conservative. Should this scenario unfold – as seen in figure 5 – we would be looking at 45,000 land based employees being made redundant, equivalent to 25% of the current workforce.
Record-high global schedule reliability

Despite the financial troubles in the industry, shippers are enjoying a record high level of schedule reliability markedly above the abysmal performance of 2014 and early 2015.

In early November, SeaIntel published the October 2016 issue of the Global Liner Performance report based on vessel arrivals in September. The report contains data on the development of on-time performance across 34 deep-sea trade lanes and across more than 60 global and niche carriers.

During the first 9 months of 2016, the on-time performance was above 85% in 10 trade lanes out of the 34 trade lanes currently included in the Global Liner Performance report. From the perspective of a perfectionist – or shipper with time-critical deliveries – this might not sound very impressive, however it does constitute a significant global improvement.

The aim of this analysis is thus to explore the major trade lanes and ascertain the extent and magnitude of this improvement.

Methodology

The data for this analysis was obtained from SeaIntel’s Global Liner Performance database, encompassing more than 610,000 individual vessel arrivals from January 2012 to September 2016.

In order to avoid skewed results due to monthly fluctuations, trade lane’s on-time performance and standard deviation are calculated at a quarterly level. Additionally, we have chosen to include not only the schedule reliability itself but also the standard deviation, as we aim to see the level of correlation between these two values.

The standard deviation would show us how widely carriers’ on-time performances differ from the average trade lane performance. As an example let us consider two carriers A and B operating in a given trade. Carrier A has a reliability performance of 100%, and carrier B performs at 60%. The average reliability score would be 80%, while standard deviation would be equal to 20%. If, on the other hand they had performed at 82% and 78% respectively, the average would still be 80%, but the deviation would be down to 2%.

The analysis covers the period from 2012-Q1 to 2016-Q3.
Global Schedule Reliability

Figure B1 illustrates the development of global schedule reliability from January 2012 up to September 2016. Additionally, we have included the six months rolling average in order to eliminate monthly fluctuations and to get a clearer picture of current trends.

Overall, as can be seen in figure B1, the global on-time performance improved considerably compared to 2014, when schedule reliability swung below 76% for more than a year.

The six months’ rolling average confirms a clear upwards trend, which began in 2015. In September 2016, the 6-month rolling average rose above 85% for the first time ever, and it is clear that shippers are receiving service levels which – from an average market perspective – are the best since measurements started in 2012.

Asia-US East Coast

Figure B2 illustrates the development of schedule reliability and standard deviation in Asia-US East Coast from 2012-Q1 up to 2016-Q3.

Following a significant dip in on-time performance to the historically low level of 45% recorded in 2014-Q1, schedule reliability has shown a long-term gradual improvement. It reached the all-time high score of 87.3% in 2016-Q3, showing an improvement of a staggering 42.3 percentage points from the previously mentioned lowest point.

The standard deviation remained in the range of 14% to 20% until 2015-Q1, whereupon the volatility declined sharply. This shows that shippers have not only enjoyed improving levels of reliability – but also that the stability of the performance has improved making service levels far more predictable.
**Asia-US West Coast**

In the Asia-US West Coast trade we saw considerable changes in schedule reliability as depicted in figure B3.

The extreme decline in schedule reliability to only 15% in 2015-Q1 was driven by the labour dispute in the US West Coast ports, and can as such not be attributed to the carriers’ operational prowess.

According to the latest data, in 2016-Q3 schedule reliability reached the highest score ever seen in the trade at 88.4%, marginally above the levels seen before the impact of the labour dispute. Additionally, it is important to note that this record comes at a time where the volatility of the performance is at an all-time low-point.

This shows that not only are services more punctual – shippers can also to a larger degree depend on the stability of a given service level.

**Transatlantic Westbound**

The other major East/West trade lane that we have included to the analysis is Transatlantic Westbound. The development of schedule reliability and standard deviation is demonstrated in figure B4.

As we can see in figure B4, the overall performance has been somewhat volatile, and the standard deviation has not declined. Essentially the standard deviation has remained constant, and hence the level of predictability unchanged.

The underlying performance is seen to have gone through a period in 2014-2015 of relatively poorer performance, with two sharp low points in 2014-Q1 and 2015-Q1. However, we can also see that performance has gradually been restored to the levels seen in 2012-2013 with 2016-Q3 being the second highest performance seen.
This development is because some carriers have improved their schedule reliability significantly, while other carriers still perform considerably below the industry average. This is partially due to the fact that we have a higher number of niche carriers operating in the trade as compared to the Transpacific trade, and niche carries generally have greater differences in their reliability scores.

**On-time performance in other trades**

Figure B5 shows the development of schedule reliability in Asia-Oceania, South America-North Europe and North America-Oceania.

The on-time performance in Asia-Oceania fluctuated in the range of 72% to 93% throughout the whole period. In 2016-Q3 schedule reliability reached the highest score of 93.8%, while standard deviation declined to the lowest figure of 7.4%, which shows decreased variability between best and worst performing carriers.

In the South America-North Europe trade lane standard deviation remained above 25%, showing a relatively high level of variability in the carriers’ on-time performance. The reliability score increased to 98.2% in 21016-Q3, which was the highest quarterly figure ever recorded. Meanwhile, standard deviation peaked at 34.7%. Hence, it is clear that the gap between high and low performing carriers increased significantly, and shippers should closely examine individual carrier behaviour if reliability is a key parameter.

The last trade lane that we opted to include to the analysis is North America-Oceania. The reliability score fluctuated in the range of 83% to 95% from 2012-Q1 to 2014-Q2, followed by a considerable decline to the lowest level of 52.4% recorded in 2015-Q1 driven by the US West Coast labour dispute. However, the trade lane score managed to recover lost ground and increased to the highest ever seen score of 96.1% in less than two years.

**Conclusion**

This analysis has concluded that the on-time performance scores have been steadily improving in most of the trade lanes throughout 2016, and have reached record high levels.
For the shippers this is in itself good news, as this means a tangible improvement in product quality.

Of course, shippers would be quick to point out two things.

On being that 85% in itself can hardly be called on-time if you are pursuing just-in-time logistics management.

The other being that blank sailings are not included in the measurements, and from a logistics perspective they can be even more disruptive than late vessel arrivals.

However, given the wealth of negative news the industry has been inundated with recently, the improvement in schedule reliability is a rare positive development.
Carrier Service Changes

2M carriers (finally?) agree on Transpacific network, and launch two new Asia-USWC services

Over the past two-and-a-half months there have been several conflicting announcements from the 2M carriers, Maersk line and MSC, as to the future configuration of their Asia-USWC network. With the implosion of Hanjin, the 2M carriers were quick to announce

On September 7th both carriers announced the launch of a new service to fill the gap after Hanjin, with Maersk Line announcing the launch of a TP1-service, explicitly stated to be a 2M-service, while MSC announced the launch of a Maple-service, and on October 18th MSC announced that the Maple-service would be exclusive and thus NOT part of 2M. MSC then announced another update October 26th, Maersk Line followed with an update on October 28th, but the services still didn’t match up.

With the latest (November 14th) update, the services now seem to match, and in effect, we seem to end up with one changed service, and two new ones. The hitherto TP9/Eagle will become the TP1/Eagle, where the old TP9/Eagle rotation was:

<table>
<thead>
<tr>
<th>Yokohama</th>
<th>Busan</th>
<th>Ningbo</th>
<th>Nansha</th>
<th>Yantian</th>
<th>Shanghai</th>
<th>Busan</th>
<th>Vancouver</th>
<th>Seattle</th>
<th>Yokohama</th>
</tr>
</thead>
</table>

The new TP1/Eagle rotation will be as follows, with new ports underlined and removed ports with strikethrough:

<table>
<thead>
<tr>
<th>Yokohama</th>
<th>Busan</th>
<th>Ningbo</th>
<th>Kaohsiung</th>
<th>Nansha</th>
<th>Yantian</th>
<th>Xiamen</th>
<th>Shanghai</th>
<th>Busan</th>
<th>Vancouver</th>
<th>Seattle</th>
<th>Yokohama</th>
</tr>
</thead>
</table>

Meanwhile, the Maple-service from MSC now seems to have been revised to be a 2M-service again, and will see Maersk Line brand it as TP9, so the first new service will be the TP9/Maple, with the following rotation:

<table>
<thead>
<tr>
<th>Busan</th>
<th>Nansha</th>
<th>Yantian</th>
<th>Ningbo</th>
<th>Shanghai</th>
<th>Busan</th>
<th>Prince Rupert</th>
<th>Vancouver</th>
<th>Busan</th>
</tr>
</thead>
</table>

And finally, the second new service will be the TP3/Sequoia-service, with the following rotation:

<table>
<thead>
<tr>
<th>Chiwan</th>
<th>Yantian</th>
<th>Ningbo</th>
<th>Long Beach</th>
<th>Chiwan</th>
</tr>
</thead>
</table>

Complete vessel schedules for these services have not been released, so we can only speculate on vessel sizes, but it is likely that the new TP9/Maple will see the 5,500-6,500 TEU vessels from the old TP9/Eagle being deployed, while the
new TP1/Eagle will likely see of 6,500-8,400 TEU, based on the preliminary vessel deployment we could find. Finally, the TP3/Sequoia will likely see vessels of around 5,000 TEU deployed, as the two carriers will have plenty of old Panamax vessels to shift around.

**CMA CGM to join Asia-Red Sea Express service**

CMA CGM will become a slot charterer on the Asia – Red Sea Express service, which is currently operated by APL (REX) and PIL (RSS). CMA CGM will call the service The Red Sea Express 3 (REX3). It is currently services by nine vessels with an average vessel capacity of 6,500 TEU. CMA CGM came on board with a first vessel “YM Maturity” departing from Shanghai on 11th November. As CMA CGM will only offer part of the rotation, the full rotation of the REX/RSS service is as follows, with the ports calls not offered by CMA CGM are underlined:

Carrier Rate Announcements

Asia-North America (EB) - Effective December 1, 2016

Asia-North Europe (WB) - Effective December 1, 2016

Asia-Mediterranean (WB) - Effective December 1, 2016
- PLEASE NOTE: BLUE BARS ARE RATE LEVELS

Asia-Caribbean/East Coast Central America/Gulf of Mexico (WB) - Effective December 1, 2016

Asia-WCSA and West Coast Central America (WB) - Effective December 1, 2016

* CMA CGM have announced 4 different rate levels ranging from
Maersk Line have announced 12 different rate levels ranging from 1850-

*Maersk Line have announced 12 different rate levels ranging from 1850-

*Maersk Line have announced 10 different rate levels ranging from 395-915

*Maersk Line and MSC have announced 22 and 4 rate levels,
### North Europe-ISC/MEA (EB) - Effective December 1, 2016

- **Maersk Line (Only to MEA):** 725 USD/TEU
- **Maersk Line (Only to ISC):** 810 USD/TEU

### IS&-Tanzania/Kenya (5B) - Effective December 1, 2016

- **CMA CGM:** 850 USD/TEU
- **Maersk Line:** 900 USD/TEU

### Trade Lane Increases

<table>
<thead>
<tr>
<th>Trade Lane</th>
<th>Carrier</th>
<th>Rate Increase</th>
<th>Effective Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia-MEA (WB)</td>
<td>CMA CGM</td>
<td>200 USD/TEU</td>
<td>November 22, 2016</td>
</tr>
<tr>
<td>Asia-Europe (WB)</td>
<td>OOCL</td>
<td>850 USD/TEU</td>
<td>December 1, 2016</td>
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<tr>
<td>Asia-Arabian Gulf (WB)</td>
<td>Hapag Lloyd</td>
<td>200 USD/TEU</td>
<td>December 1, 2016</td>
</tr>
<tr>
<td>Asia-South Africa/ Mauritian (WB)</td>
<td>CMA CGM</td>
<td>300 USD/TEU</td>
<td>December 1, 2016</td>
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</table>

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<thead>
<tr>
<th>Trade Lane</th>
<th>Carrier</th>
<th>Rate Increase</th>
<th>Effective Date</th>
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</thead>
<tbody>
<tr>
<td>Asia-Syria (WB)</td>
<td>CMA CGM</td>
<td>1400 EUR/TEU</td>
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<tr>
<td>ECSA-North Europe (NB)</td>
<td>Maersk Line</td>
<td>675 USD/TEU</td>
<td>December 1, 2016</td>
</tr>
<tr>
<td>ISC-ECSA (WB)</td>
<td>Maersk Line</td>
<td>1150 USD/TEU</td>
<td>December 16, 2016</td>
</tr>
</tbody>
</table>
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