

Global Liner Performance August Report 2013



Content

Executive summary	2	Oceania – North America	48
Global developments	3	Oceania - Asia	50
Top 20 carriers	4	Asia-Middle East	53
Niche carriers	5	Midde East – Asia	54
Trade lane reliability	6	Europe – Middle East	59
Trade lane container delivery	7	Middle East – Europe	62
Transpacific EB	8	Asia – Indian Subcontinent	65
Transpacific WB	11	Indian Subcontinent – Asia	78
Asia-North Europe	14	Europe - Indian Subcontinent	71
Asia – Mediterranean	17	Indian Subcontinent – Europe	74
Europe – Asia	20	Asia – Africa	77
Transatlantic EB	23	Africa – Asia	80
Transatlantic WB	26	Europe – Africa	83
Europe-South America	29	Africa – Europe	85
South America – N.Europe	32	Asia – ECSA	87
South America – Mediterranean	35	ECSA – Asia	90
North America-South America	38	Asia – WCSA	93
South America – North America	41	WCSA – Asia	96
Europe - Oceania	45	Methodology	99
North America - Oceania	46	Disclaimer and Copyright	103

Global Liner Performance report – August 2013

Global Executive Summary

Global schedule reliability declined for the fourth consecutive month by 1% in July compared to June, and the timely delivery of containers decreased too. The decrease in schedule reliability means that we now see the global performance 5% below the level we witnessed in July last year. We have now seen a downwards trend in global schedule reliability for the past four months, a development going contrary to the seasonality experienced in 2012.

Data for the month of July shows a decline in schedule reliability with the timely delivery of containers decreasing by 1% compared to June. This is the fourth consecutive month of decline, with the global performance now 5% below the level witnessed in July last year. We have now seen a downwards trend in global schedule reliability for the past four months, a development going contrary to the seasonality experienced in 2012.

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The most significant changes are seen in the year-on-year developments, with some trades seeing major deterioration, such as Asia to ECSA which has dropped by 23% and ECSA to Asia which has dropped 15%.

NYK
OOCL
ZIM

Source: SeaIntel - Global Liner Performance report - August 2013

Global Reliability Developments

Global developments

Global schedule reliability declined for the fourth consecutive month by 1% in July compared to June, and the timely delivery of containers decreased too. The decrease in schedule reliability means that we now see the global performance 5% below the level we witnessed in July last year. We have now seen a downwards trend in global schedule reliability for four months, a development going contrary to the seasonality experienced in 2012.

Data from INTTRA shows that the timely delivery of containers decreased 1.6% from June to July. Compared with the development in the same period in 2012, we see a container delivery performance which is 2.7% below the performance in 2012.

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83%
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77%
75%

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Top 20 carriers - Global performance

Global developments

The decline in global performance is reflected amongst the majority of the top-20 carriers, where 16 of the 20 largest carriers saw performance drop, compared to last month. HMM, CSAV and NYK have seen the biggest drop in performance, falling more than five percentage points. In the other end of the spectrum, CMA CGM and Yang Ming are the only carriers which have improved their performance from June to July. Maersk Line and MSC have maintained the same performance as in June 2013.

Hamburg Süd's decline in schedule reliability and Maersk Line's ability to maintain the same performance as in June means that the two carriers switch place this month, so Maersk Line is the most reliable carrier in July and Hamburg Süd is the second most reliable carrier. Additionally, we find that Hamburg Süd and Maersk Line are well ahead of their competitors this month, as CMA CGM on the third spot achieved a performance of 80%, while Maersk Line and Hamburg Süd have achieved 87.6% and 85%, respectively.

In the bottom of the Top 20 list we find NYK, OOCL and Zim with a schedule reliability performance of 70.4%, 69.2% and 69.1% respectively.

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July 2013

85% 90%

Performance report -

Top-20 carriers
APL
CMA CGM
COSCO
CSAV
CSCL
Evergreen
Hamburg Süd
Hanjin
Hapag-Lloyd
HMM
K Line
Maersk Line
MOL
MSC
NYK
OOCL
PIL
UASC
Yang Ming
ZIM

Trade lane overview – Schedule reliability

Tradelane developments

The 1% decline in global schedule reliability is visible as we turn our attention to the development on the individual trade lanes. Nine trade lanes saw a performance improvement in July, whereas on a year-on-year basis, six trade lanes improved performance versus July 2012. The largest improvement was seen in the Europe - Africa trade, where schedule reliability increased by 6% in July 2013 compared with June 2013. Significant decreases were recorded in the following trade lanes: Europe to South America (-12%), Asia to Middle East(-12%) and Asia to ECSA (-11%).

Reliability developments on the three large head haul trades from Asia have all experienced a decline, with Transpacific declining 3%, Asia to North Europe decreased 2%, whereas the Asia to Mediterranean trade declined 6%.

On a year-on-year basis it is evident that the Asia to Mediterranean trade has experienced a significant decline in reliability. However, this is no major surprise as the trade's reliability has decline 14% over the past two months. Outside the three main east-west trades, the trade from Africa to Europe has performed 12% above the July 2012 level, while the ECSA to Asia trade has declined 22% from July 2012. The Asia to Middle East trade declined 12% from July 2012, the ECSA to Asia trade declined 12% and the Mid

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Trade Lane	July 2013	June 2013	July 2012	June 2012	July 2013	June 2013	July 2012	June 2012	
Transpacific	82%	80%	76%	-2%	-4%	WCSA - Asia	85%	73%	4%
Asia to North Europe	-2%								
Asia to Mediterranean	-6%								
Europe to South America	-12%								
Asia to Middle East	-12%								
ECSA to Asia	-11%								
Europe - Africa	6%								
Africa to Europe	12%								
Asia to Mediterranean	-14%								
ECSA to Asia	-22%								
Asia to Middle East	-12%								
Global	-1%								
Oceania - Asia	-								

Tradelane overview – Container Delivery

Trade lane developments

Timely container delivery performance by trade lanes show a relatively stable picture when comparing July 2013 to June 2013, with the exception of 10 trade lanes that changed with more than +/-5%. 14 trades showed improvements and 16 trades showed declines. The most significant changes on a month-to-month level were seen in the trades from Asia-ECSA (-13%), Asia-North Europe (-9%) and WCSA-Asia (9%).

The most significant changes are seen in the year-on-year developments, with some trades seeing deterioration, such as Asia to ECSA which has dropped by 23%, ECSA to Asia having dropped 15% and the Transpacific EB trade has dropped 14%. A significant number of trades have on the other hand seen significant improvements, such as Asia-Africa (+14%), Europe-ANZ (+13%) and Europe to ISC (+12%).

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Transpacific WB – Trade Developments

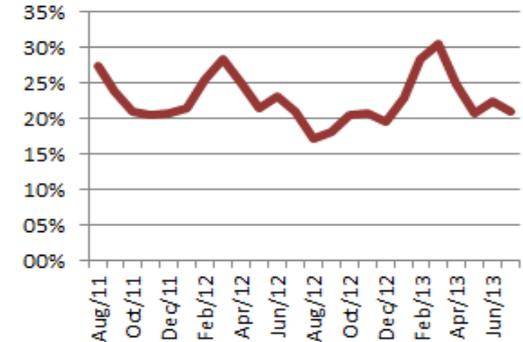
Pacific WB developments

The Pacific Westbound trade declined slightly from June to July, -0.1%, and reached 84.2%. On the other hand, container delivery increased from June to July from 61.7% to 63.2%. Nevertheless, both schedule reliability and container delivery are 4.1% below the level we saw in July last year.

There continues to be a significant difference between schedule reliability and container delivery, which means that the customers do not benefit from the good performance the carriers achieve in the trade lane.

Matson also achieved a 100% schedule reliability in this trade lane on their single Transpacific service. While all carriers from the New World Alliance – APL, HMM and MOL – achieved a performance of 92.3%.

Difference between schedule reliability and container delivery



95%
90%
85%
80%

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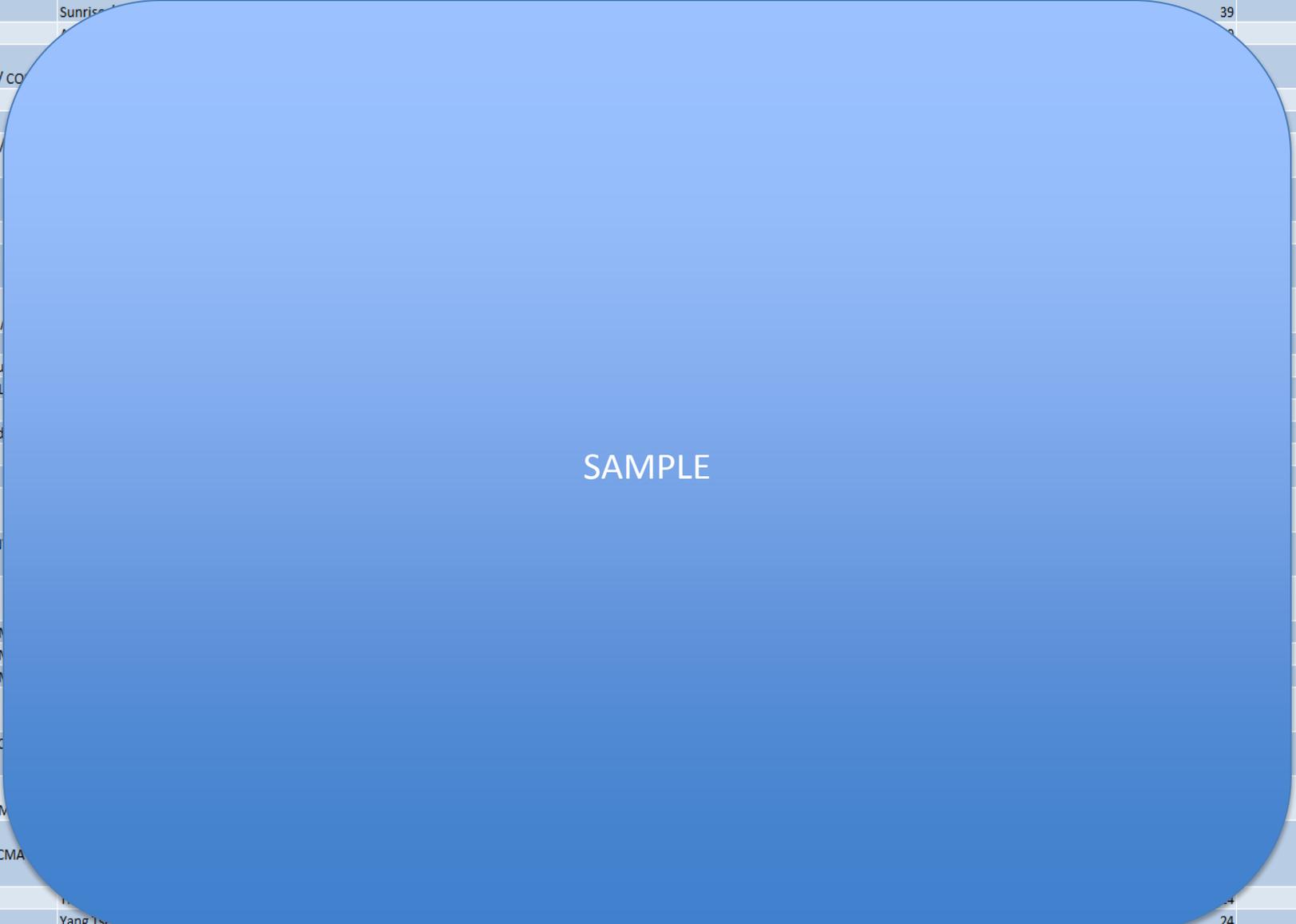
Transpacific WB – Carrier Performance

Transpacific WB	Jul/12	Aug/12	Sep/12	Oct/12	Nov/12	Dec/12	Jan/13	Feb/13	Mar/13	Apr/13	May/13	Jun/13	Jul/13	6-month trend
Matson	100.0%	100.0%												Increasing
APL	94.4%													Increasing
HMM	94.0%													Increasing
MOL	92.7%													Increasing
ANL	90.5%													Increasing
MSC	91.7%													Increasing
Maersk Line	94.4%													Increasing
Yang Ming	90.1%													Increasing
COSCO	89.0%													Increasing
K Line	91.6%													Increasing
Wan Hai	88.5%													Increasing
Evergreen	85.9%													Increasing
CMA CGM	94.2%													Increasing
Hanjin	90.1%													Increasing
PIL	67.9%													Increasing
Hamburg Sud														Increasing
US Lines	95.2%													Increasing
ZIM	75.3%													Increasing
CSCL	74.2%													Increasing
Hapag Lloyd	76.3%													Increasing
UASC	91.2%													Increasing
NYK	74.5%													Increasing
OOCL	74.5%													Increasing
CSAV	79.4%													Increasing
Emirates														Increasing
GSL	79.4%													Increasing
ACL														Increasing
Hainan P O	88.7%	85.1%	86.4%	87.5%	87.9%	100.0%	95.2%							Increasing

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Transpacific WB – service specifics

Carriers	Service	# of arrivals	% on-time	Carriers	Service	# of arrivals	% on-time
CMA CGM / Evergreen / Maersk Line / MSC	Sunrise					39	53.9%
Evergreen							56.7%
ZIM / CSCL / UASC / Evergreen / CO							87.9%
Evergreen							100.0%
Maersk Line							72.5%
CMA CGM / Maersk Line / MSC / Lines							93.3%
CMA CGM / Maersk Line							100.0%
OOCL / Hapag Lloyd / NYK							100.0%
Hapag Lloyd / NYK / OOCL							95.2%
Hapag Lloyd / NYK / OOCL / PIL							100.0%
HMM / MOL / APL							79.2%
APL / HMM / MOL / Hamburg Su							76.2%
APL / Hapag Lloyd / HMM / MOL							81.5%
HMM / MOL / APL							68.6%
APL / HMM / MOL / Hapag Lloyd							71.4%
APL / HMM / MOL							61.9%
Matson / Maersk Line							89.7%
COSCO / Hanjin / Evergreen / K Wan Hai							88.4%
COSCO / Hanjin / Evergreen / N Hapag Lloyd							55.6%
COSCO / Hanjin / Yang Ming							63.2%
COSCO / Hanjin / K Line / Yang M							87.0%
COSCO / Hanjin / K Line / Yang M							91.7%
COSCO / Hanjin / K Line / Yang M							71.4%
COSCO / Hanjin / Wan Hai / PIL							72.7%
K Line / Yang Ming / Wan Hai / C Evergreen / Hanjin							84.6%
COSCO / Hanjin / K Line / Yang M							71.4%
US Lines / Maersk Line / ANL / CMA CGM / MSC							95.5%
Evergreen / Maersk Line						24	78.6%
CMA CGM / Maersk Line / MSC	Yang Tse					24	66.7%



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Methodology – part 1

General Methodology

In order to benchmark the container carriers on schedule reliability, we have established a quantifiable methodology for measuring the reliability performance of ocean carriers.

For users already familiar with our methodology, we can advise that no fundamental changes have been made to the overall methodology since the report issued on 15 June 2012, although with the August 2013 report, some technical changes have been made in the way trade lane performance is calculated. These changes, as detailed below, have not affected the Global carrier scores, and have only had limited impact on trade lane scores.

On-time measurement

The definition of "on time" has in accordance with the calendar-day definition been settled as arrival within plus or minus 1 calendar day from the proforma schedule.

We have from the beginning of November 2011 been recording both schedules and actual arrival times by the hour for carriers which provide this information. Additionally, we have added a fourth data source, namely information concerning actual arrival by the hour directly from some carriers.

We have been in dialogue with a number of carriers particularly on the topic of measuring on calendar day versus measuring arrivals down to the hour or minute. At SeaIntel Maritime Analysis we are of the principal opinion that data should be as detailed as possible, but also that data must be comparable. As the vast majority of container carriers do not provide schedules beyond calendar days, we have chosen to maintain our existing methodology focusing purely on calendar days in order to ensure comparability across carriers. As more carriers provide schedules by the hour, we may revise the methodology, or include specific analysis of by the hour performance.

Methodology – part 2

Trade Lane Performance

***** UPDATED METHODOLOGY FROM AUGUST 2013 REPORT**

In the original database design, we assigned each service to an overall trade, e.g. Asia-Europe or Transpacific, and then we would calculate trade lane performance by measuring the number of arrivals that were on-time into a given head haul region, so e.g. for Asia - North Europe we would calculate the number of arrivals on Asia-Europe services into North European ports, and then count the number of arrivals that were on-time.

While this worked fine in the beginning when only measuring a subset of the global network, it has become increasingly difficult to maintain, as some trade lanes require very special attention, e.g. Asia - Middle East, where we would include Asia - Europe services, but only on the westbound call into the Middle East.

The maintenance became even more cumbersome with the increasing service disruptions and restructuring, where a service may change scope for an extended time period. Further, some trades were notoriously difficult to measure, e.g. the Middle East - Europe trade, where we would include Asia - Europe services, but only if they had made a call in the Middle East, which meant that with increasing omission and service restructures, we essentially had to monitor each port call on many services, and then trace back all the previous calls, to see if they had called the planned regions. Adding to this were the challenges from butterfly and pendulum services, and an increasing number of service that could not be assigned to a specific trade, but had to be handled manually. With more than 10.000 vessel arrivals each month, this was becoming impossible to do.

New Trade Lane Methodology

As of the August 2013 report, we have instituted a new trade lane methodology, where we do not assign a given service to any specific trade. Instead we trace the previous region calls that each vessel has made, irrespective of the service it is on, and then assign trade lanes based on the rotation. So if a vessel calls a European port, we trace back in the rotation and see what regions it has been to, so if the vessel has called ports in e.g. Asia, ISC and Middle East regions, that European port call is automatically assigned to the Asia-Europe, ISC-Europe and Middle East Europe trade lanes.

The algorithm that calculates this is very complex, and as of the August 2013 report, we have recorded more than 320.000 scheduled arrivals and more than 240.000 actual arrivals, and this massive size and complexity has required a completely new database system and front end management system to maintain the database, which caused delays in the release of the August and September 2013 reports.

The benefit of the new methodology and database structure is that we do not have to re-calculate all the trade lane performance scores manually, and we should be able to produce the report much faster going forward. Further, we have been able to include all ports in trade lane calculations, so the basis is now more than 270 ports.

Further, with the new database system we should be able to share all the data tables from the GLP directly with users, directly from our website, within the coming months. We will keep subscribers informed as when this will be available.

Methodology – part 3

Data Collection

Most of the carriers have schedules available on their website, which include port rotation (both head haul and backhaul), vessel names and day of arrival. However, some carriers do not have such accurate schedules available on their website. In these cases we have used the carrier's port to port search tool on their websites and composed the schedules through that tool.

The schedule data reflects proforma schedules 15 – 45 days into the future.

We are aware, that in a few instances there might be a discrepancy between some of the schedules a carrier places on their website and the schedules they provide through an EDI or XML feed. To ensure consistency in the measurement methodology, we have elected to focus on the schedule information provided through carrier websites. In cases where we have received data directly from the carriers, and we see a discrepancy between the website proforma and the carrier-submitted proforma, we have used the proforma information which matches the definition of a liner service – namely the regular arrival/departure.

The reason for making this choice is that the schedules on the website are a de-facto display of the carrier's product portfolio towards all potential and existing customers. Data transmitted through EDI or XML, on the other hand, constitute only a partial information flow, as it is designed to reach only a number of existing customers.

This choice of methodology also implies that a small part of the scheduled arrivals might not be part of our analysis, in the cases where they were not stated on carrier websites at all.

We use six different sources to identify the vessels' actual time of arrival: the carriers' own websites, information from ports, Track and Trace data submitted by Shippers, terrestrial AIS data, satellite AIS data, and data provided directly by carriers.

Our primary source to identify the vessels' actual arrival is the carriers' own websites. In those cases where the carriers do not update their websites with actual arrivals, we obtain arrival information from the individual ports, or from Track and Trace data submitted by Shippers with cargo onboard the vessel. If neither of those sources can identify the actual arrival of the vessel, we use AIS data, both terrestrial and satellite, to locate a vessel's geographical coordinates and to determine, when the vessel called the port.

When several carriers are cooperating on the same services through e.g. a vessel sharing agreement, alliance service or on slot charter, the actual schedule reliability will count for all the carriers involved in the relevant service. All carriers participating will be fully measured on the service performance. A more accurate measurement would entail weighting the reliability, in proportion to the share of the vessel assigned to each carrier. However, this information is rarely, if ever, announced by the carriers, hence the only methodologically consistent approach is to assign full value to each carrier using the service.

Methodology – part 4

Coverage

The Global Liner Performance database covers the majority of the deep sea service identified from 60 different carriers.

Services:

Currently, the GLP database cover 271 active services and 90 inactive services, based on more than 240.000 individual vessel arrivals, across 32 major trade lanes.

We have elected to exclude very short services, as schedule reliability becomes difficult to calculate with very short round trips. As an example, a very short 7-day round trip would by definition be on-time if the vessel is one day late. If the vessel becomes late by 7 days, it could be argued that it is now back on time, as the rotation has just been shifted by a week. We may include shorter services in the future, as well as additional services

Ports

The GLP is based on actual arrivals in 270 different ports around the world.

Carriers

Currently, 60 different carriers are included in the schedule reliability measurement. The 60 carriers include all the Top20 carriers, as well as a range of smaller niche carriers.

Vessels

The schedule reliability report is based on the tracking of more than 3.000 different vessels, in more than 6.000 vessel / service combinations.

Data aggregation

When calculating performance by trade lane we are calculating on the basis of a 2-month rolling window. As an example "February" performance for a tradelane includes data from January and February, whereas "January" includes data from December and January. This methodology is chosen to ensure that measurements best possible reflect genuine changes in performance, and are not prone to large statistical fluctuations which can be associated with covering only a short timespan. Further, when measuring performance over a two-month period, we ensure that enough data points are available on a service and trade lane level. We only include service and carriers on the trade lane level, if a minimum of five vessels arrivals have been recorded over a two-month period.

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Data concerning container reliability and performance measurements related to the container level are provided by INTTRA. Further information about INTTRA can be found at www.INTTRA.com

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