Global Liner Performance September Report 2013

Content

Global Executive Summary

Global schedule reliability increased for the first time since March. The schedule reliability performance improved with more than 3% from July to August, which means that we now see a performance that is 3.5% above the level we saw in August 2012.

Data from INTTRA shows that the timely delivery of containers increased 1% from July to August. Compared with the development in the same period in 2012, we see a container delivery performance which is 2.3% below the performance we witnessed last year.

Maersk

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Eur
13%,
to Asia have both improved their performance 11%.

Global developments

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85%											
83%											
81%											
79%											
77%											
75%										Dec	

Global											c
Sche Relia											2%
Timely Container Delivery	Change	3.5%	3.8%	2.3%	3.2%	4.9%	2.2%	-2.7%	-2.3%		65.9%

data provided by

INTTRA

Global developments

The improvement in global performance is clearly reflected amongst the majority of the Top20 carriers, where 17 of the 20 largest carriers saw their performance increase, compared to last month. OOCL, NYK and MOL have witnessed the largest improvement in their performance compared with last month, as it increased 10%, 9% and 6%, respectively.

Maersk Line and Hamburg Süd have for the second consecutive month retained their top positions in the global performance ranking with a~~~~~~rd most reliable car~~~~~~and Hamburg

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Top-20 carriers	2011-
APL	
CMA CGM	
COSCO	
CSAV	
CSCL	
Evergreen	
Hamburg Sud	
Hanjin	
Hapag Lloyd	
HMM	
K Line	
Maersk Line	
MOL	
MSC	
NYK	
OOCL	
PIL	7.
UASC	76.1
Yang Ming	79.4%
ZIM	81.0%

Niche carriers global performance

Global developments
Performance across niche carriers continues to be much more diverse than seen across the global top-20 carriers. This greater diversity is partly explained by the lower number of measurements available for niche carriers – and hence uncertainty increases – and partly because niche carriers are exposed to very different markets.

Five nic... ...ance of 100... ...e is b... ...e

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ACL
Aliand
ANL
ARRC
Benga
CCNI
DAL
Delma
Ecuad
Emirat
FESCO
Grima
GSL
Heung
HubLi
ICL
Interas
KMTC
Linea Mess
Marfret
Matson

100%

report -
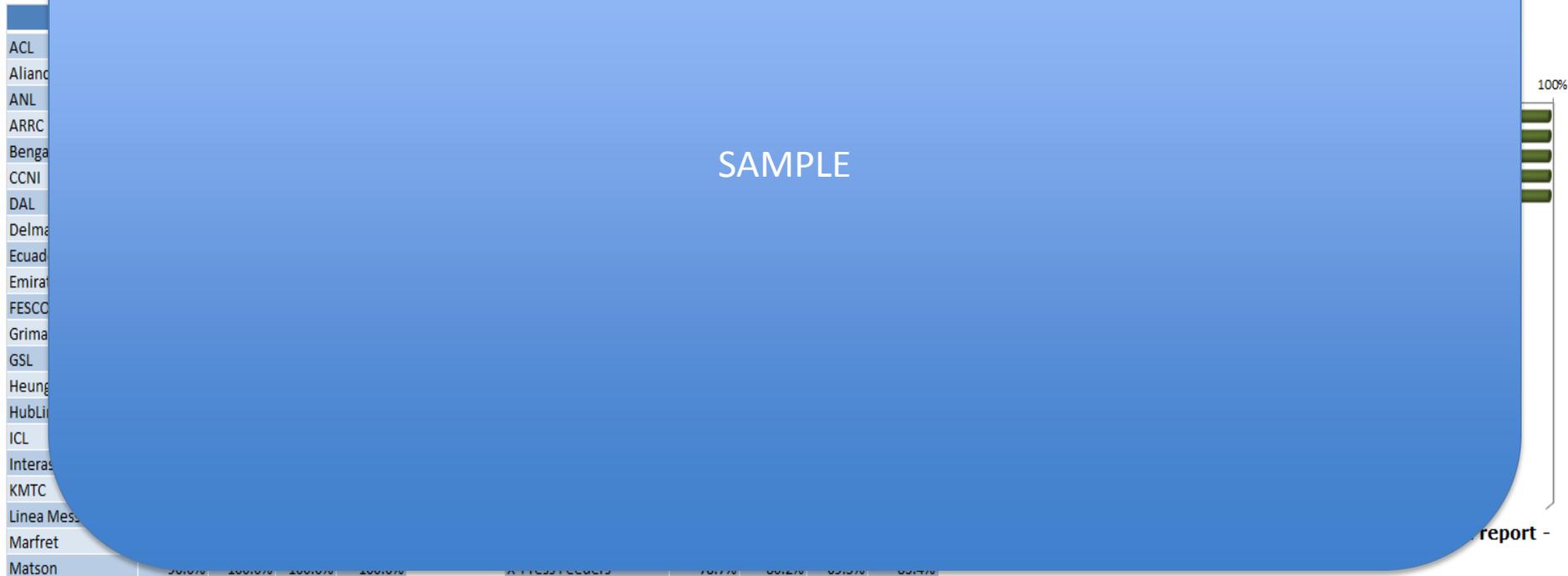
Tradelane developments

The improvement in global schedule reliability is visible as we turn our attention to the development on the individual trade lanes. 16 trade lanes saw a performance improvement in August, five trade lanes maintained the same performance in August as they had in July and 11 trade lanes witnessed their performance decline. The largest improvement was seen in the ECSA - Asia trade, where schedule reliability increased by 9% in August 2013 compared with July 2013. Additionally, the schedule reliability performance improved with 6% from Africa to Asia and 5% from Oceania to Asia. Significant decreases were recorded in the following trade lanes: Oceania to North America (-10%), Asia to ECSA(-8%) and Europe to South America (-7%).

Reliability developments
0.9%, Asia to North Eur

On a year-on-year b
witnessed last year.
14% below the perfo
performed 13% abov
14% and the IAS to A

Tradelane
Transpacific EB
Transpacific WB
Asia - North Europe
Asia - Mediterranean
Europe - Asia
Transatlantic EB
Transatlantic WB
Europe - South America
South America - N. Europe
South America - Med.
N. America - South Americ
South America - N. Americ
Europe-Oceania
N. America - Oceania
Oceania - N. America
Oceania - Asia

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Trade lane developments

Timely container delivery performance by trade lanes show a relatively stable picture when comparing August 2013 to July 2013, with the exception of eight trade lanes that changed more than +/-5%. 18 trade lanes showed improvements and 10 trade lanes showed declines. The most significant changes on a month-to-month level were seen in the trades from WCSA to Asia (+14%), Europe to South America (-8%) and Asia to ECSA (-7%).

The most significant changes continue to be seen in the year-on-year developments, with some trades seeing deterioration, such as Asia to ECSA... ...ranean and ECSA to Asia hav... ...Europe to ISC (13%), ...1%.

It must be not... ...onth rolling averag... ...ight comparison to... ...nds.

Tradelane		Annual Change
Transpacific EB		11%
Transpacific WB		8%
Asia - North Europe		10%
Asia - Mediterranean		3%
Europe - Asia		-2%
Transatlantic EB		2%
Transatlantic WB		13%
Europe - South Ameri...		1%
South America - N. Eu...		12%
South America - Med.		11%
N. America - South Am...		0%
South America - N. Am...		-2%
Europe-Oceania		-22%
N. America - Oceania		-12%
Oceania - N. America		-
Oceania - Asia		-

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Container data provided by

INTTRA

South America - North Europe developments

Even though schedule reliability has declined significantly over the past months from North Europe to South America, we continue to see an increase in the performance in the reefer heavy northbound direction. The same development is evident for the timeliness of container delivery. Schedule reliability and container delivery have increased with 0.2% and 3.6%, respectively. Additionally, the performance for both measurements is well above the August 2012-level.

This is indeed good news for both shippers and carriers, as the northbound leg of the SAM to North Europe trade is well-known for its significant reefer volumes, and hence reliability is a significant iss...

The top performers i...

**Difference between schedule reliability and container delivery**

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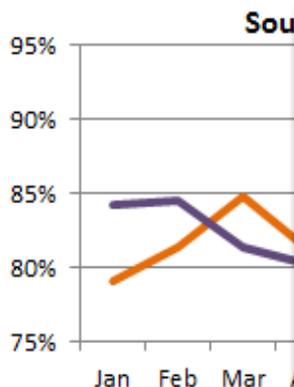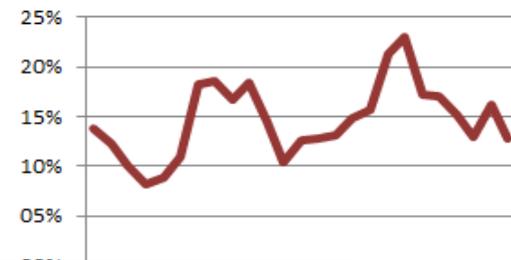
Schedule Reliability	2012		3%
	2013		
	Change		
Timely Container Delivery	2012		6%
	2013		
	Change	-5.2%	

South America – N.Europe – Carrier Performance

South America - N. Europe	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	6-month trend
Ecuadorian Line	87,5%	42											0%	Increasing
Noboa	87,5%													Increasing
Alianca	95,4%													Increasing
Hamburg Sud	96,2%													Increasing
Hapag Lloyd	97,9%													Increasing
CMA CGM	95,1%													Increasing
Marfret	86,2%													Decreasing
Maersk Line	93,8%													Increasing
COSCO	94,1%													Increasing
Hanjin	94,1%													Increasing
MSC	78,6%													Increasing
Safmarine	92,4%													Increasing
CSAV	83,1%													Increasing
CCNI	86,4%													Decreasing
Delmas	97,1%	97												

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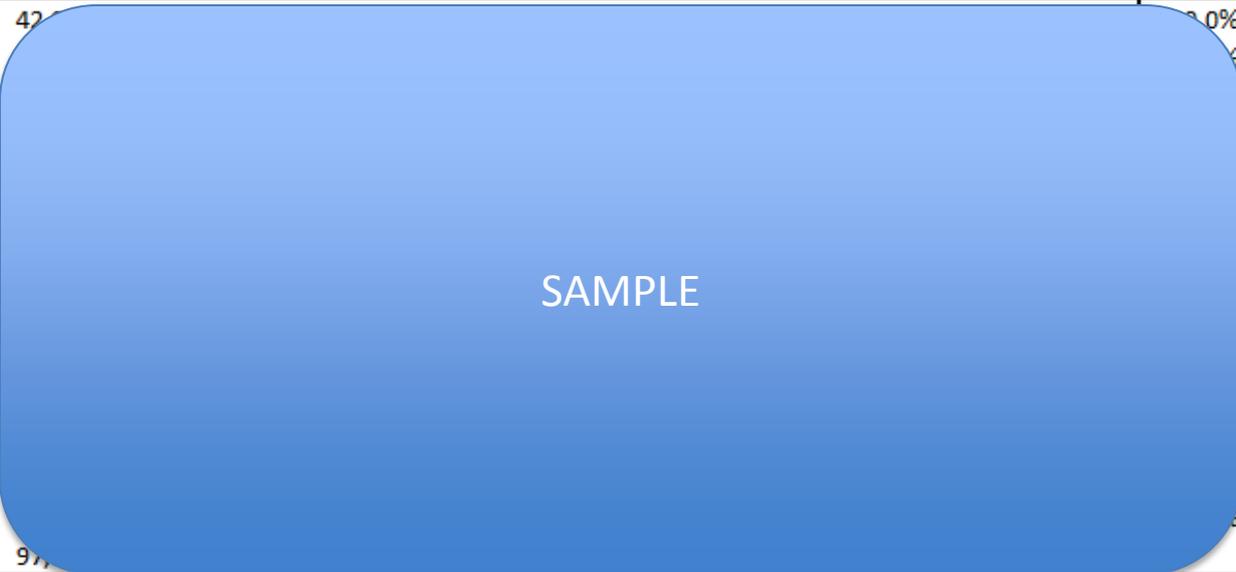
Carriers	Service	# of arrivals	% on-time
CMA CGM / Marfret	Europe-Guyana-Amazonas / South America Service		3%
Alianca / CMA CGM / Hamburg Sud / Hapag Lloyd / MSC	River Plate Express / SA/EU - Plate Sling / SAEC 1 / BPX / SAEC 1		%
MSC / CSAV / CMA CGM / Hamburg Sud / Hapag Lloyd	NWC II / EuroAtlant Brazilian String / Safran/Brazil Express / SAEC 2 / SAEC 2		%
CMA CGM / Hamburg Sud / Hapag Lloyd	West Coast Chile Eurosal Sling 1 / SAWC 1 / ES 1		%
MSC / CSAV	Europe-Caribbean-WCSA / EuroAndes		%
CCNI	Condor Express		%
Ecuadorian Line / Noboa	Europe-US-Ecuador / Europe-US-Ecuador		%
Hanjin / Maersk Line / Safmarine / MSC / COSCO	EXE / SAMBA / SAMBA / SAEC 3 / EXE		%
CSAV / Maersk Line / MSC / Safmarine / CMA CGM / Hapag Lloyd	La Plata String / SAMEX / La Plata String / SAMEX / Safran 3 / BLX		%
Hamburg Sud / Hapag Lloyd / CCNI / CMA CGM	SAWC 2 / ES 2 / SW 2 / WCV		%
Maersk Line	ECUBEX		2%

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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

<u>Trade Lane Performance</u>
*** 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 where 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.

<u>New Trade Lane Methodology</u>
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.

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.

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 avaiable 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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