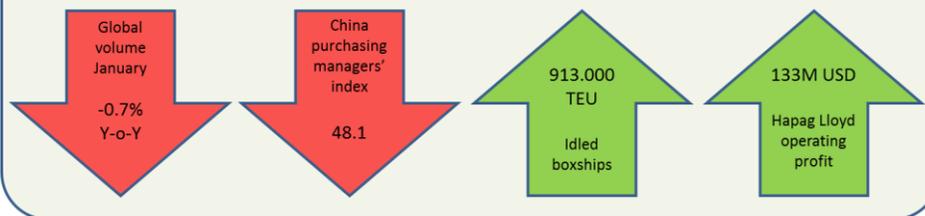


Indicators from the week 19 Mar - 25 Mar. 2012



Fundamental Container Shipping Training Course. 10 weeks, only 449 Euro. See page 14.

RELIABILITY IN PACIFIC ALLIANCES

Analysis of individual operators in VSAs shows who benefits and who is penalized in terms of schedule reliability

Schedule reliability is often reported differently depending on the perspective of either the receiver or the producer of the information.

Shippers tend to focus on the reliability of a particular service, irrespective of who physically operates the vessels. From the perspective of a regular shipper this is logical, as they are interested in the average service reliability irrespective of who is the physical operator of any given vessel.

Conversely, quite a number of carriers, when promoting own schedule reliability, tend to focus on the performance of the vessels they physically operate. Seen from the carrier perspective this is logical, as this is a parameter which they themselves can control, whereas containers moved onboard VSA partners' vessels are outside their own immediate control.

It is evident that none of these viewpoints are in themselves "wrong" – they simply show different aspects of the product being delivered. However, when presented with statistics on schedule reliability it is crucial to know which of the two different approaches has been used.

This week we have decided to analyze the difference between these two

Playing the game

Clearly, the carriers currently have momentum on their side – they are successful in all playing the same game at the same time, and consequently getting their desired rate increases in multiple trades globally. It is only logical they will continue to use this momentum to press for ever more increases until, eventually, they run out of momentum. This is a game of psychology more than supply/demand and will continue until one of the carriers decide to abandon the game and go for market share instead of rate increases.

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