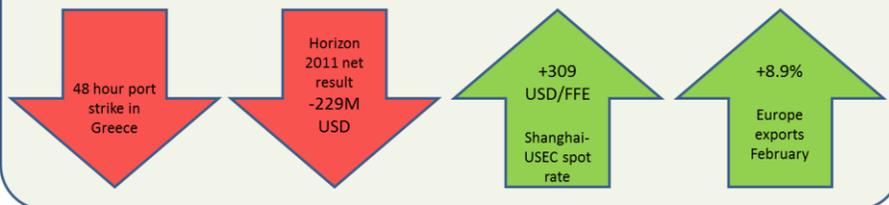


SUNDAY SPOTLIGHT

15 APRIL 2012, ISSUE 56

SEAINTEL MARITIME ANALYSIS

Indicators from the week 9 Apr – 15 Apr 2012



Fundamental Container Shipping Training Course. 10 sessions, only 499 Euro. **2 new classes.** See page 13.

WHO WON THE RATE WAR?

From a global perspective, Hanjin won – but at a cost

Most of the major carriers who publish annual accounts have done so by now. It is no longer a surprise that the financial results have been poor – and for some this is quite an understatement.

The development in 2011 was to a significant degree dominated by the intense rate war being fought, particularly in the main Asian export trades to Europe and North America. We have previously calculated that the price for this war was in the order of 11.4 billion USD.

Given this – not insignificant – cost of the rate war, we take a closer look at the question: What was achieved as a result of the rate war? Or to phrase the same question slightly more provocatively: Who won the rate war?

This question is in itself poorly defined – in order to provide a meaningful answer we would need to know what the objective of the rate war was. No carriers have explicitly stated their objective in the rate war during 2011, nor would they have been likely to. The nature of the rate war is a game-theoretic play amongst the carriers, and being too overt in one's objectives might be detrimental when playing the game.

However, comments have been made by several carriers to the effect that consolidation would be desirable. If "forcing someone out of the

Semantics?

We may be seen in SeaIntel as somewhat old-fashioned, however we believe in calling things what they are. This week we saw more rate increases announced on Asia-Europe, but CMA CGM was the only one calling it an "emergency increase". We asked them about the nature of the emergency and was told "sorry but we cannot comment further". Seems the only emergency is lack of imagination as to what to call the next surcharge. Our bet is the next round will be called "Peak Season" by the carriers.

Content

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