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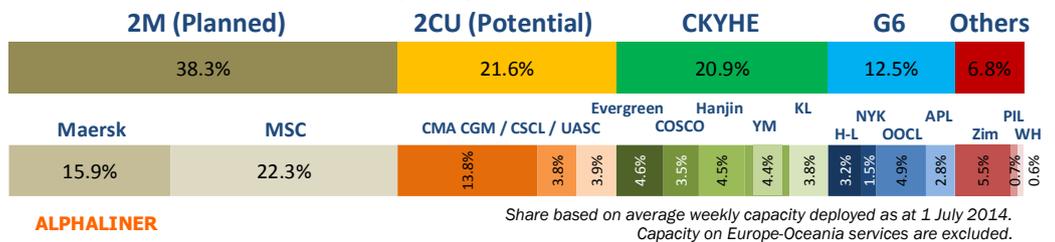
Chart of the week

Far East - Europe Capacity Share by Carrier/Alliance : July 2014

Far East – North Europe Capacity Share



Far East – Mediterranean Capacity Share



0% 20% 40% 60% 80% 100%

Maersk & MSC's 2M partnership leaves CMA CGM out in the cold

Maersk has chosen MSC over CMA CGM to be its partner in a new Vessel Sharing Agreement (VSA) covering the three main East-West trade lanes: Asia-Europe, Transpacific and Transatlantic. The new ten-year VSA is branded '2M' and will supersede the current slot arrangements that Maersk and MSC have on these trades. It is expected to start in early 2015, pending regulatory approval. The move, which was announced on 10 July, comes three weeks after Chinese authorities vetoed the formation of the P3 by Maersk, MSC and CMA CGM on 17 June.

CMA CGM has not yet announced alternative plans after it was ousted by its two erstwhile P3 partners, but the impact will be significant as CMA CGM has existing co-operations with Maersk on the FE-Med route since 2009 and with MSC on the FE-North Europe route since 2012. The three carriers are also VSA partners on the transpacific sector since 2008. The termination of these current arrangements will leave CMA CGM with significant service gaps which it can only fill through new slot arrangements with other carriers.

This could pave the way for CMA CGM to partner with CSCL and UASC in a potential '2CU' alliance which would result in the emergence of a four-way alliance battle involving the 2M, 2CU, CKYHE and G6.

The key battleground will be the Far East-Europe trade, where the proposed 2M

- The proposed 2M VSA will cover the three East-West trades, of which the Far East-Europe trades will be a key component, with six dedicated strings to North Europe and four dedicated strings to the Mediterranean.
- It will have the largest capacity share on the trade, using the Maersk E-class (15,500 teu) and EEE-class (18,270 teu) vessels. MSC will also be deploying its new 15,900 teu ships (phasing in from July 2014) and 18,000 teu ships (phasing in from March 2015).
- Although the combined capacity share of the 2M will exceed the 30% threshold on the FE-Europe trade, the two carriers have stressed that the 2M will operate as a traditional VSA, and is expected to be exempt from Chinese monopoly law.
- The exclusion of CMA CGM from the new VSA arrangement leaves the French ocean carrier with limited options. It could operate independently on its own with supplementary slot arrangements with other carriers. However, CMA CGM is more likely to seek new alliance arrangements, with CSCL and UASC being the most likely partners.

INSIDE THIS ISSUE:

- 2M could lead to 4 way alliance battle** 1
- Corporate Updates** 3
 - Israel challenges court decision on Zim 'Golden Share'
 - Bond issue over-subscribed but PIL will still pay high price
- Service Updates** 4
 - PIL shuts CTP service, opts for slots
 - Evergreen adds an extra Far East-Middle East loop
 - ANL takes over Dili-Darwin-Singapore 'Perkins' service
 - Cheng Lie adds NE Asia-Vietnam links
- Delivery/New Order Updates** 6
 - July deliveries
 - The MSC FLAMINIA returns to service
- Terminal Updates** 9
 - CMA CGM & Adani to develop fourth Mundra terminal
 - L&T and ICTSI agree to part ways at Kattupalli
 - Djibouti to terminate long-term concession with DPW
 - Manila and HCMC ports grapple with congestion problems