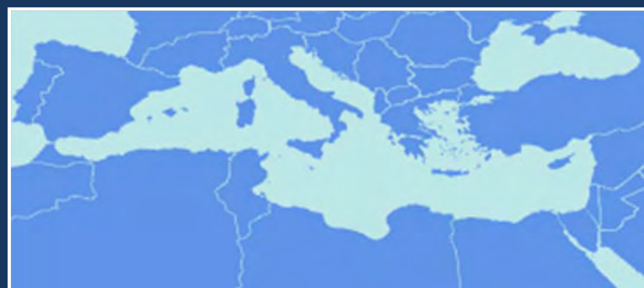
3RD BLACK SEA PORTS & SHIPPING 2014

Istanbul, 3-4 September 2014

Container Shipping Line’s perspectives in the Mediterranean and Black Sea region



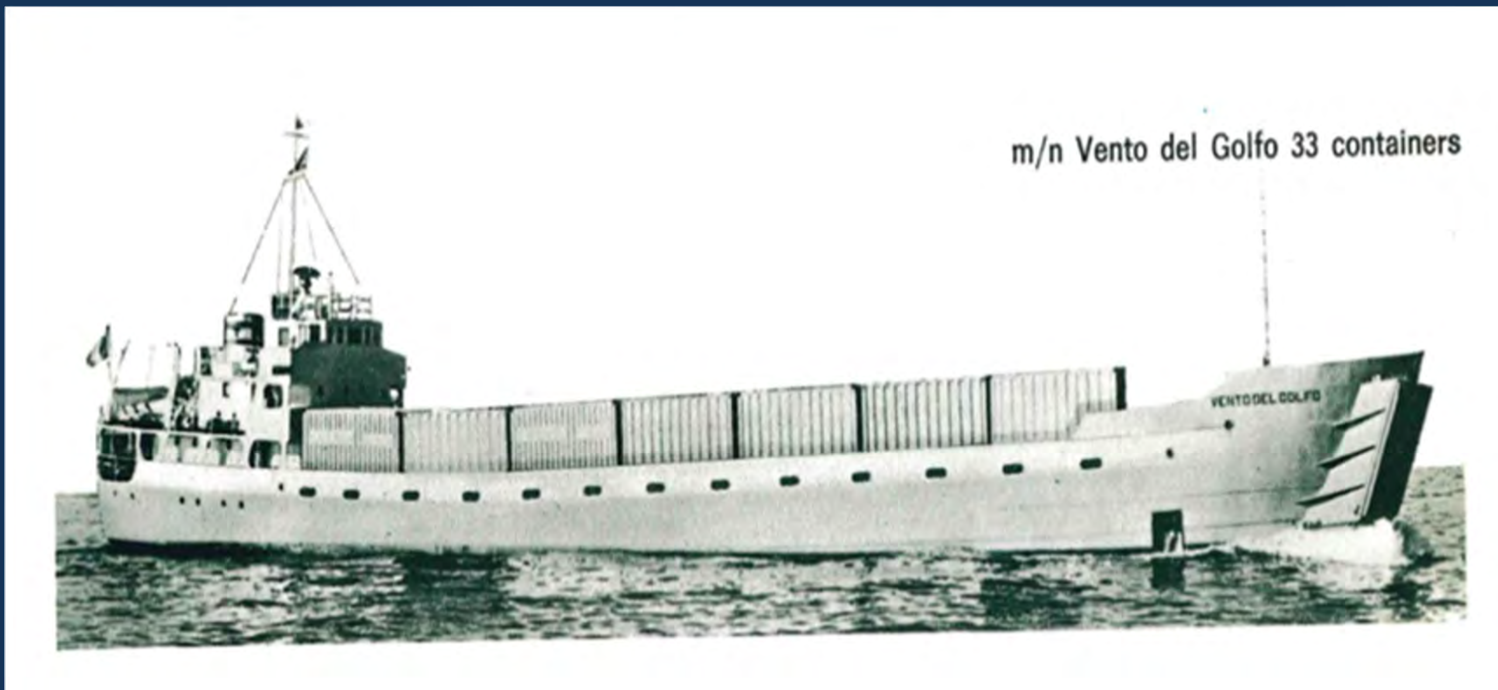
Dr Gianluca Di Matteo

TARROS - Crosstrade Sales Manager

Email : gianluca.dimatteo@tarros.it

Web: www.tarros.it

February 1967 :
first TARROS containership



The beginning of a Container Line Service in the Mediterranean !
GENOA – PORTO TORRES (SARDINIA)

TARROS GROUP: what we do

We offer containerized and breakbulk “door-to-door” transport solutions

Rail Transport

Ships Operator

Road Transport

Containers Depot

Port Terminal Operator

Cargo Warehousing

TARROS MEDITERRANEAN LINES NETWORK

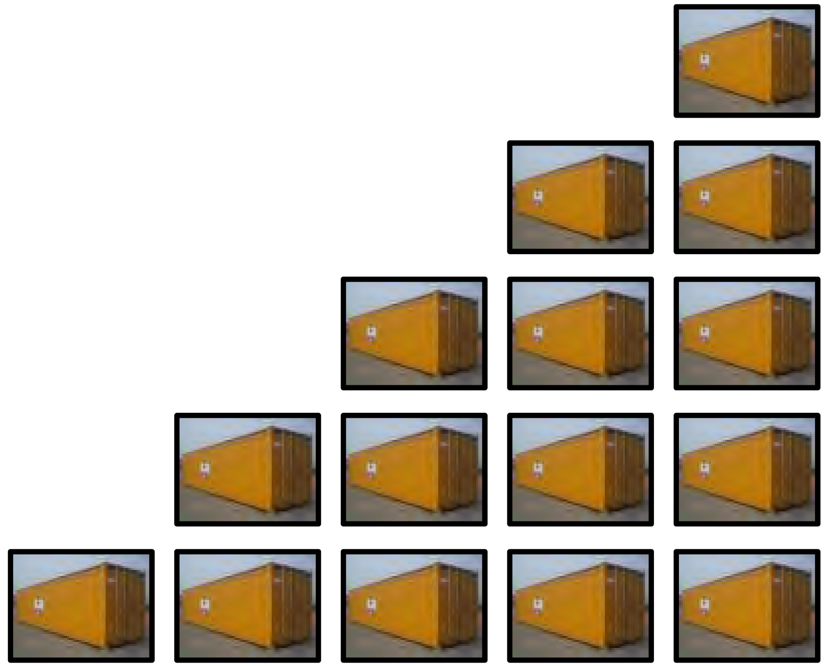
Population : about 600 millions (year 2013 – source Data World Bank)

North Africa & East Med

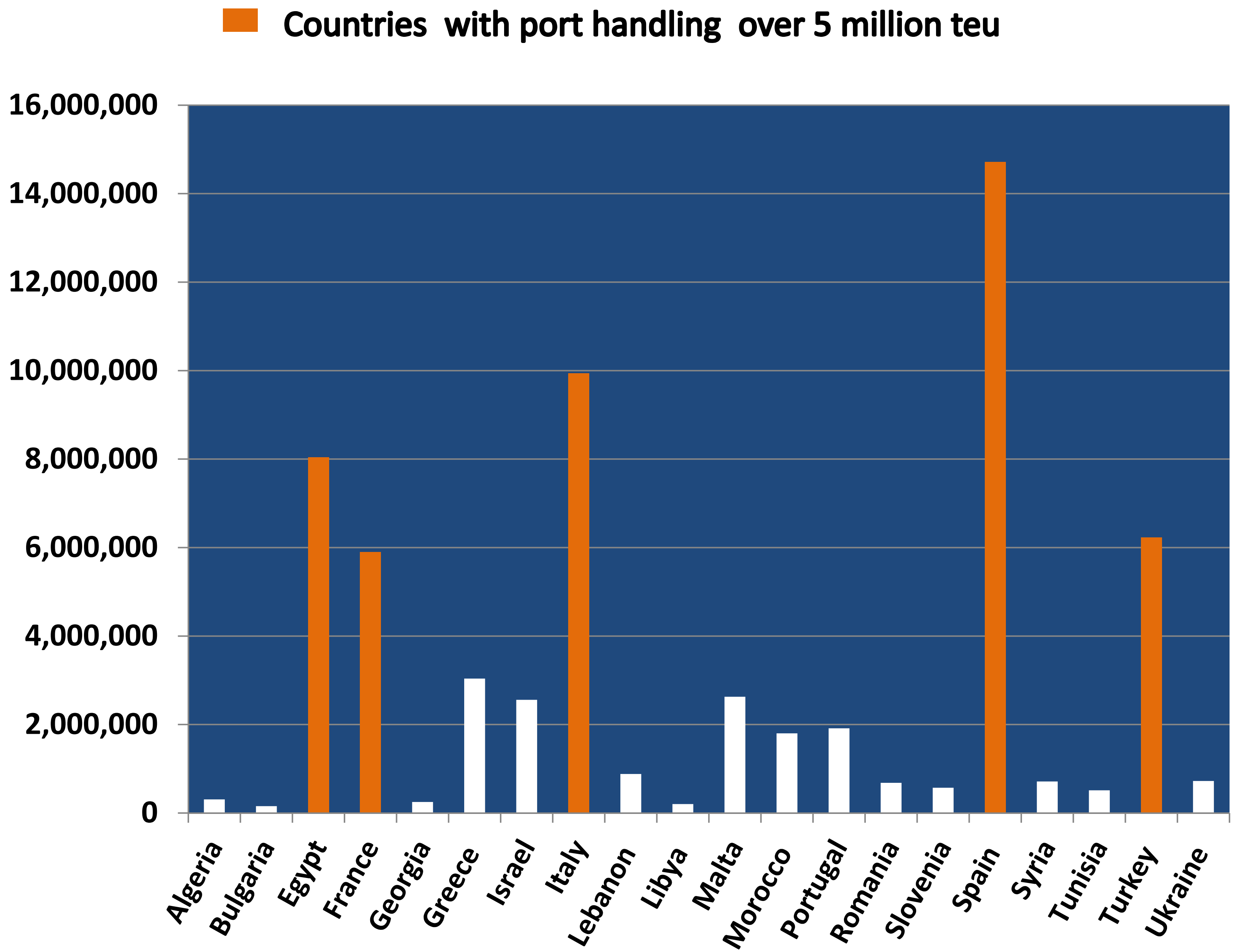
population is increasing

new consumers

traffics are growing



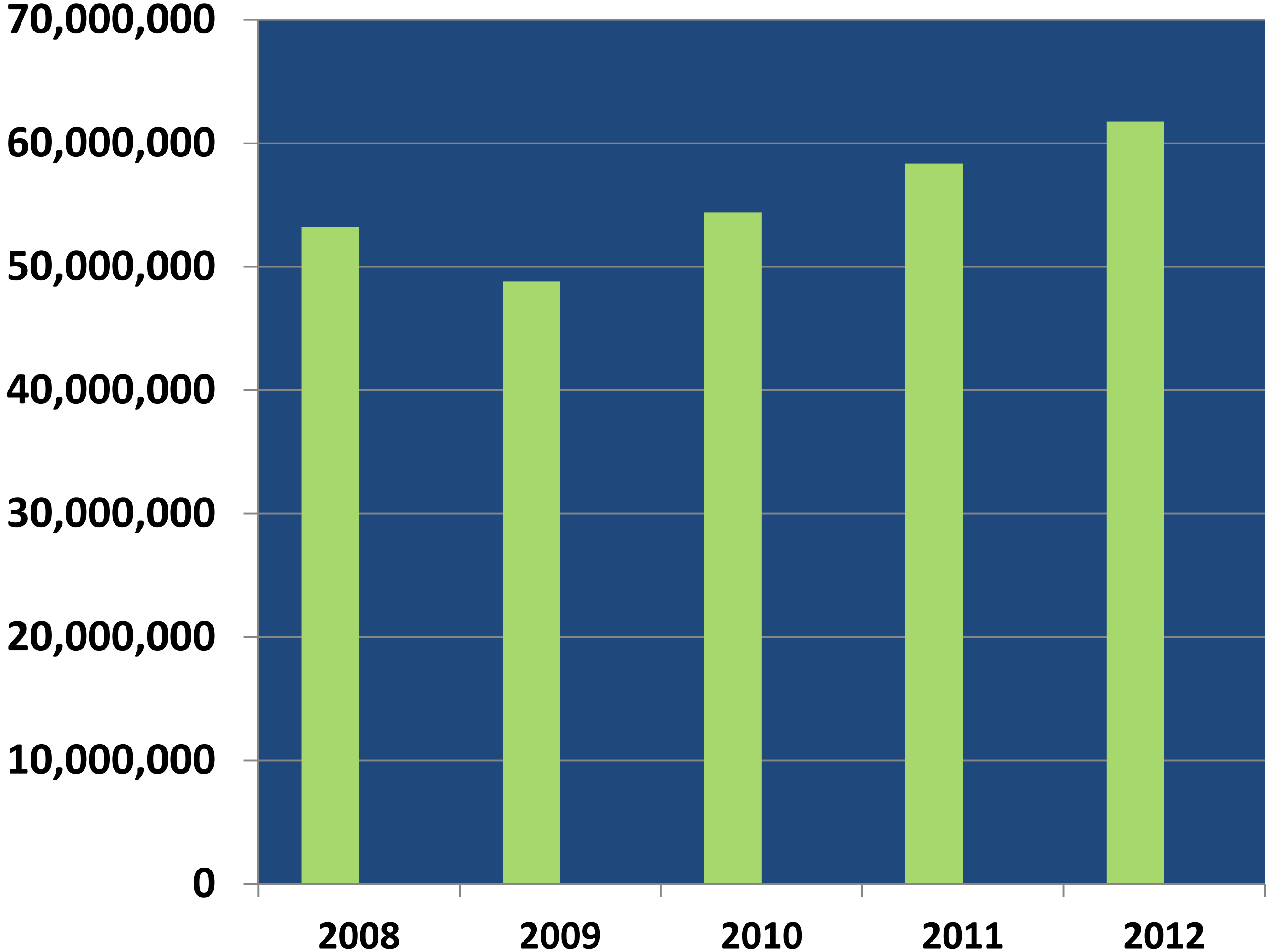
teu 2012 in Med and Black Sea ports



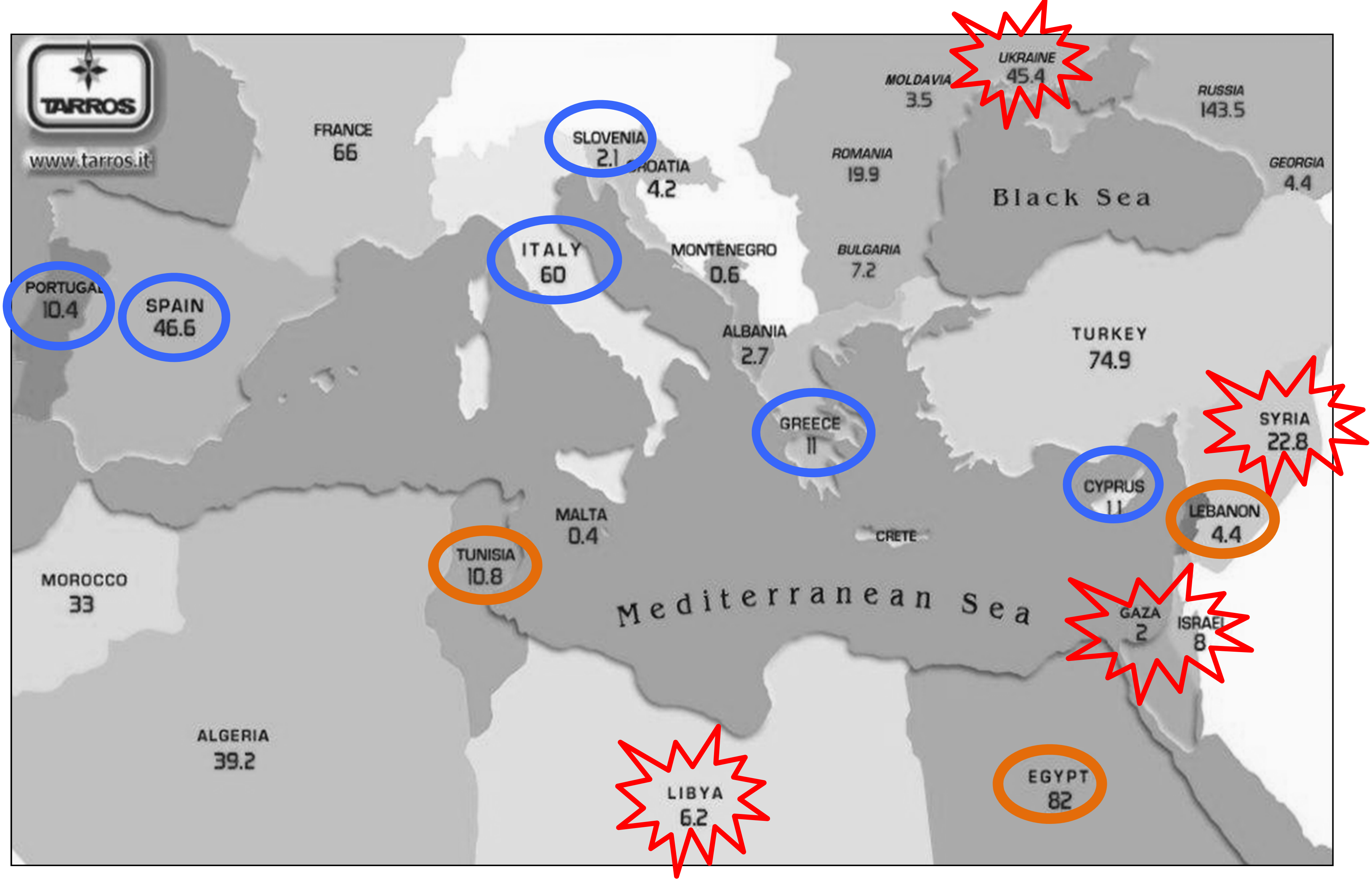
Med PORTS over 1 Milion teu

	2012	2013	Δ
ALGECIRAS	4.071.000	4.349.000	7 %
VALENCIA	4.469.000	4.327.000	-3 %
PORT SAID	3.631.000	3.671.000	1 %
ISTANBUL	3.097.000	3.378.000	9 %
PIRAEUS	2.745.000	3.163.000	15 %
GIOIA TAURO	2.721.000	3.087.000	13 %
MALTA	2.540.000	2.750.000	8 %
TANGER	1.826.000	2.558.000	40 %
GENOVA	2.065.000	1.988.000	-4 %
BARCELLONA	1.751.000	1.720.000	-2 %
ALEXANDRIA	1.469.000	1.519.000	3 %
MERSIN	1.260.000	1.378.000	9 %
HAIFA	1.372.000	1.356.000	-1 %
LA SPEZIA	1.247.000	1.300.000	4 %
ASHDOD	1.170.000	1.182.000	1 %
BEIRUT	1.041.000	1.117.000	7 %
MARSEILLES-FOS	1.061.000	1.097.000	3 %
TOTAL	37.536.000	39.940.000	6 %

Med & Black Sea Ports
total throughput (full + empty + transhipment)



but .....



financial problems

unrest

conflicts

Port Congestion

North African ports

85 % inbound Containers reloaded EMPTY

Lack of integrated Road and Rail Links

Custom procedures and bureaucracy

effects on logistic costs:

vessels delays

locked-up equipment

storages

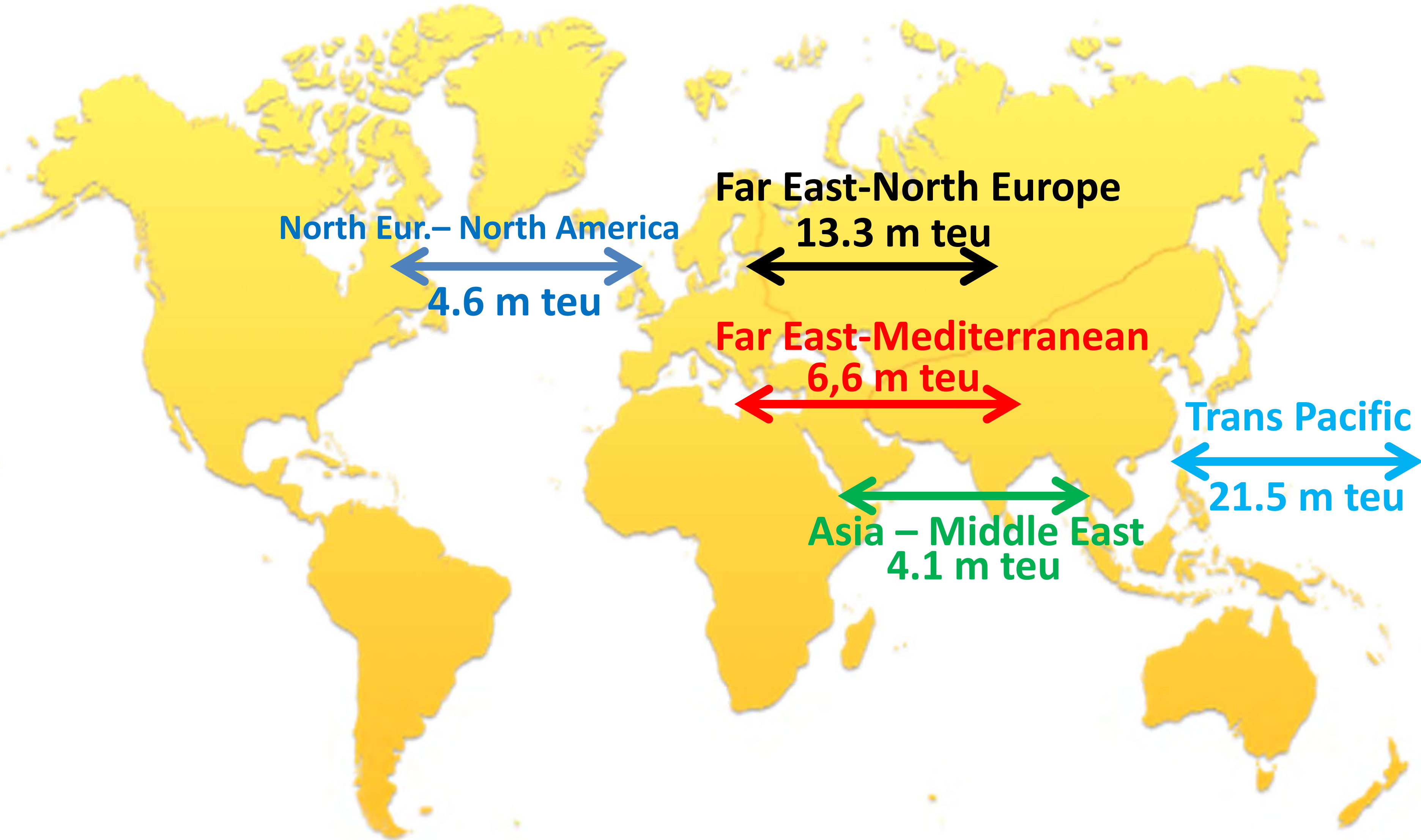
demurrages

South European ports

Traffics better
Balanced

Road / Rail links
efficient
Environment friendly

Transhipment ports for top 6 shipping lines



year 2012 - source : Drewry

Transhipment activities growth in 2013 :

+ 8 %

Pure Feeder Operators in the Med

2 M	CKYHE	G6
BARCELLONA	ALEXANDRIA	ALEXANDRIA
BEIRUT	ALGECIRAS	BARCELONA
CONSTANTA	ASHDOD	ASHDOD
EVYAP	BARCELONA	CONSTANZA
FOS	FOS	DAMIETTA
GENOA	GENOA	FOS
GIOIA TAURO	KOPER	GENOA
ILYICHEVSK	LA SPEZIA	HAIFA
ISTANBUL	LIVORNO	ISTANBUL
KOPER	PIRAEUS	LA SPEZIA
LA SPEZIA	PORT SAID	MERSIN
MARSAXLOKK	RIJEKA	NOVOROSSIYSK
ODESSA	TARTOUS	ODESSA
PIRAEUS	TRIESTE	PORT SAID
PORT SAID	VALENCIA	
RIJEKA		
TRIESTE		
VALENCIA		

common ports for the three consortium

CONSOLIDATION

- **Maersk Line** acquired :

1993 EacBen Container Line
1999 Safmarine Container Lines and Sea-Land
2006 P&O Nedlloyd

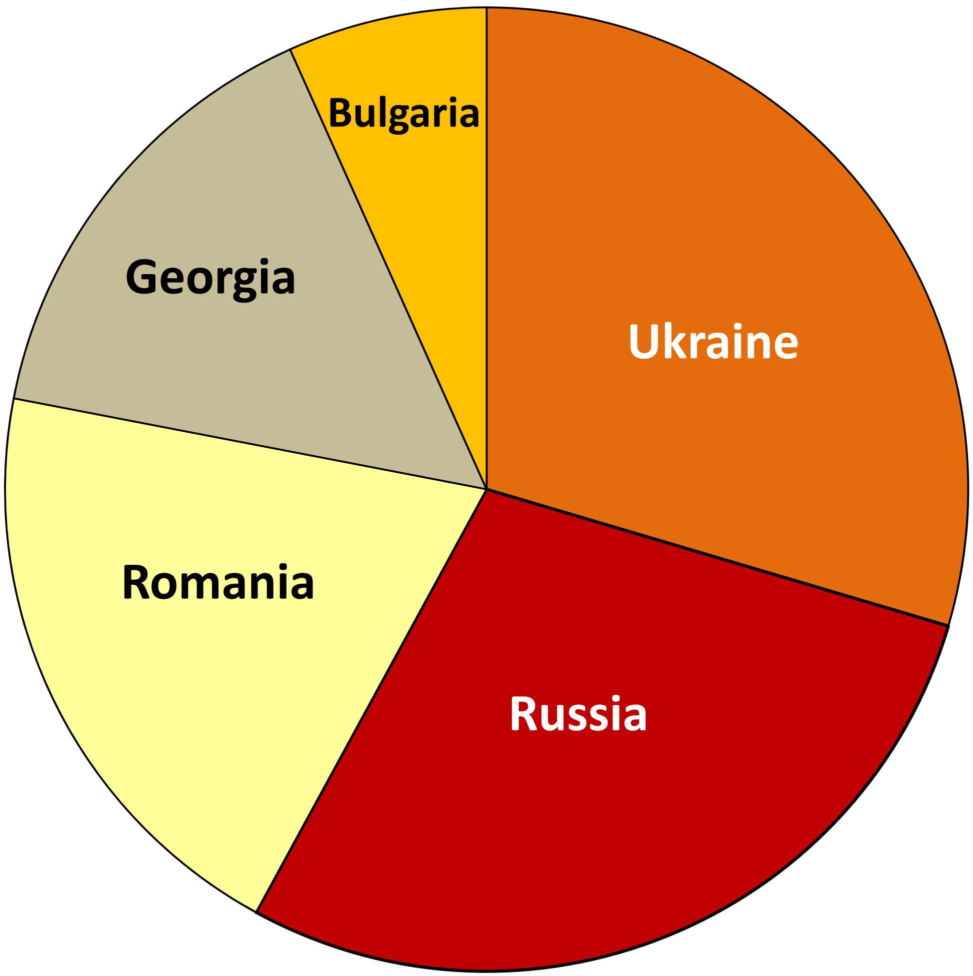
- **CP Ships** acquired

Canada Maritime (1993),
Cast (1995)
Lykes Lines (1997)
Contship Containerlines (1997)
Ivaran Lines (1998),
ANZDL (1998)
TMM Lines (2000)
FMG (2000),
CCAL (2000)
Italia Line (2002)

- **Hapag-Lloyd** acquired CP Ships (2005)
- **NOL** acquired APL (1997)
- CMA and CMG merged in 1999 into **CMA - CGM**;
- **CMA –CGM** acquired Australian National Lines (ANL) in 1998
  MacAndrews (in 2002)
  Delmas (in 2005)
- **Hanjin** acquired DSR- SENATOR (1997)


La Rochelle
Venice
Marseilles
Ostia
Algiers
SICILIA
Tunis
Syracuse
MALTA
AEGEAN SEA
Athens
RHODES
CRETE
CYPRUS
CILICIA
MEDITERRANEAN SEA
Tripoli
Alexandria
UKRAINE
ROMANIA
Odessa
Rostov-on-Don
Sea of Azov
RUSSIA
Kerch
Sevastopol
Novorossiysk
Constanta
Yalta
BULGARIA
Varna
Black Sea
Sochi
Burgas
GEORGIA
Batumi
Istanbul
Zonguldak
Sea of Marmara
Samsun
Trabzon
TURKEY

BLACK SEA : teus in 2013 (Full & Empty)



Ukraine	779,000
Russia	772,000
Romania	553,000
Georgia	403,000
Bulgaria	178,000
Tot	2,685,000

(1,840,000 Full = 69 %)

Big potentiality
60% cargo to Georgia is transit to Caspian region (Armenia, Azerbjian, Turkmenistan)

Political instability
Quick switch of services between direct /feeder

January 2014 :

HANJIN Shipping ceased to take slots on the 'Asia-Black Sea Express'

February 2014 :

CMA-CGM upgraded Direct service from NORTH EUROPE adding BLACK SEA (Femex1) Samsun, Novorossiysk and Costanza

June 2014 :

CHINA SHIPPING extended ABX Far East-Black Sea to Novorrosiysk

BLACK SEA PORTS
TEUS FULL CONTAINERS
(Import + Export)

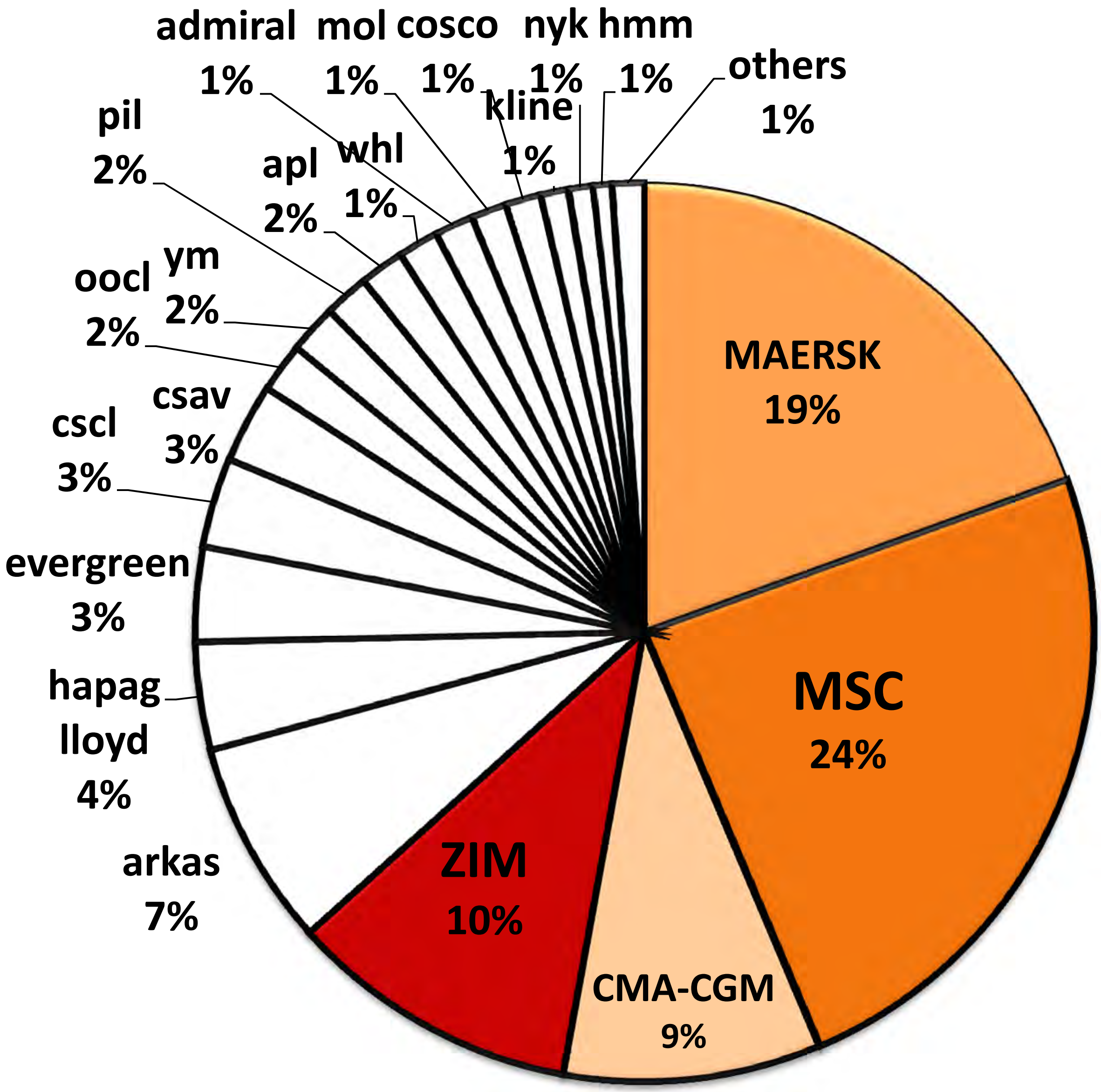
	2012	2013	variation
Ukraine	530.170	634.358	19,7%
Russia	441.550	460.571	4,3%
Romania	335.148	381.134	13,7%
Georgia	204.391	225.455	10,3%
Bulgaria	134.068	141.042	5,2%
	1.645.327	**1.842.560**	**12%**

Import = 62 %
Export = 38 %

→ **UNBALANCE = logistic costs**

TARROS

BLACK SEA market share by Shipping Line year 2013 (FULL CTR)



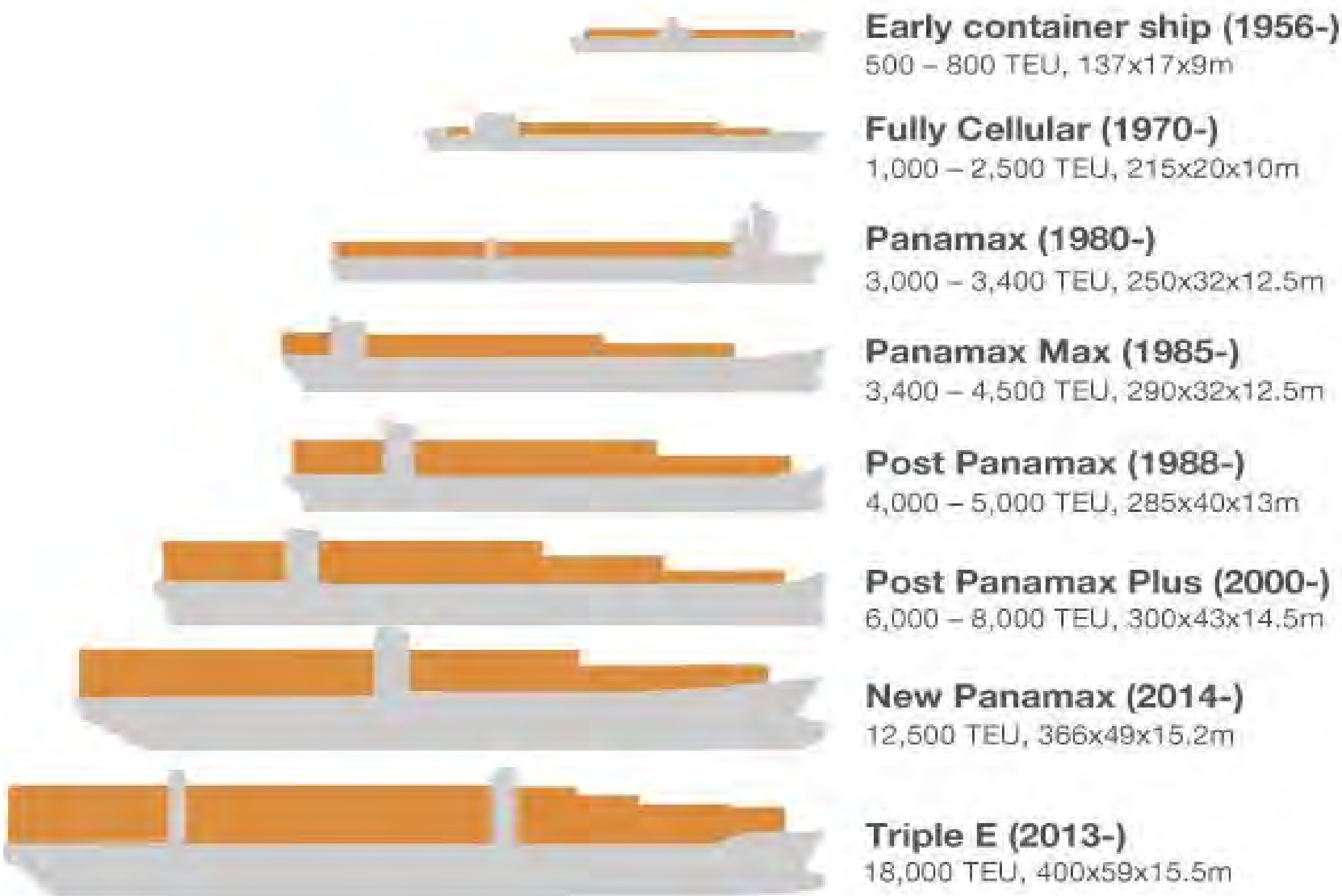
MAERSK, MSC CMA-CGM, ZIM control 62% of Black Sea Market

BLACK SEA PORTS
turnover comparison Q1 2014 - Q1 2013

	TEUS Q1 2014	variation
ODESSA (Ukraine)	74.132	-18,5%
NOVOROSSIYSK (Russia)	81.236	-5,5%
CONSTANZA (Romania)	121.445	14,7%
POTI (Georgia)	89.412	25,8%

today

Increased vessels size
(Advantages for mega Hubs)



Overcapacity of ULCS in the Mediterranean

CSCL VENUS 19,000 teus

Operational effects:

Rebuild feeder services

Increase in transhipment activities

Pressure on Terminals

- longer berths
- larger stocking areas
- dredging

Commercial effects :

depression of seafreights

There are 96 vessels of 8,000 TEU to 10,000 TEU on Asia - Europe trade

Far East – Europe trade (June 2014)

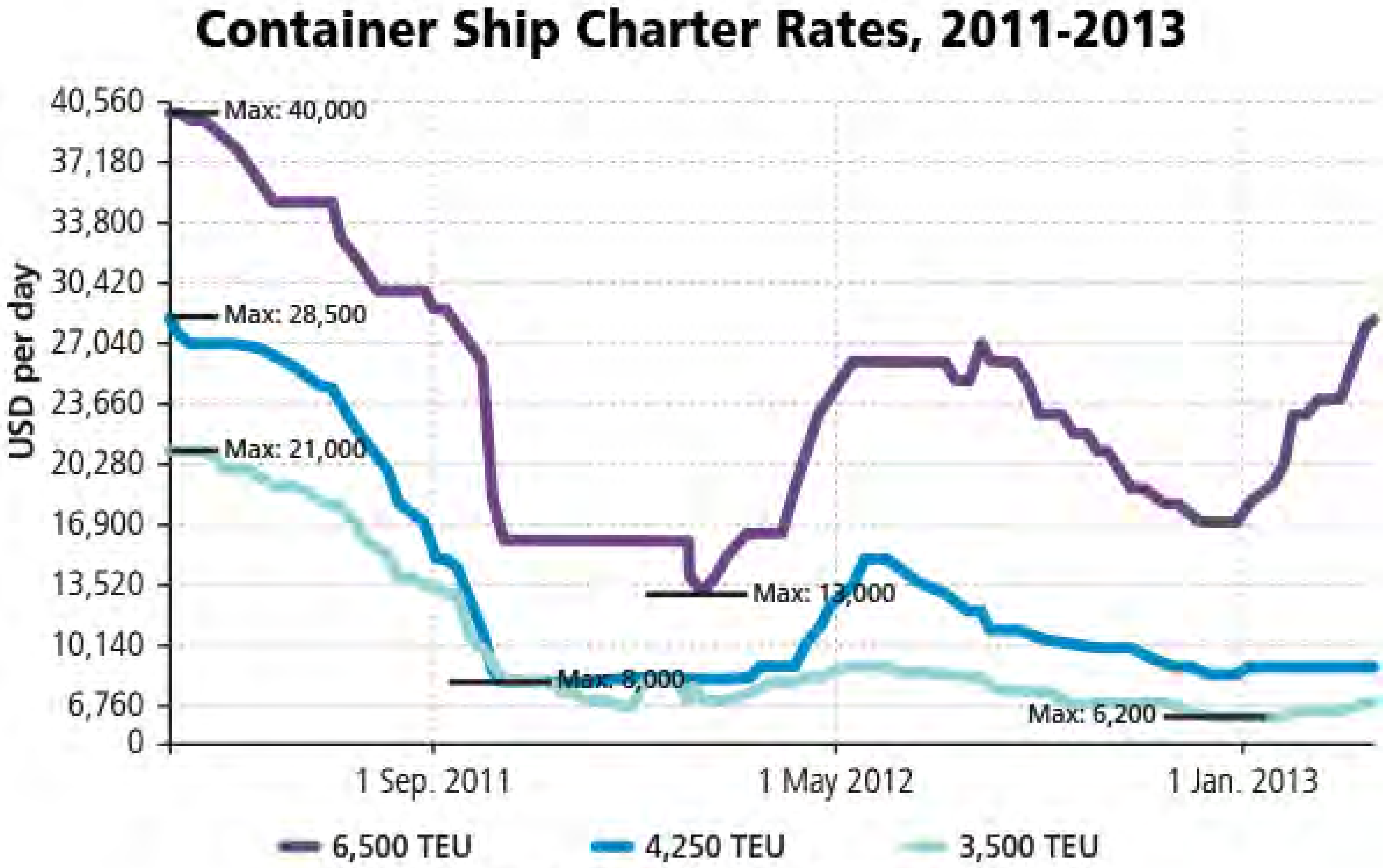
SHIPPING LINE	%
MAERSK	20
MSC	15
CMA-CGM	11,4
EVERGREEN	6,4
CSCL	5,8
COSCO	5,6
HANJIN	4,6
HAPAG LLOYD	4,4
YANG MING	3,5
OOCL	3,5
NYK	3,4
K LINE	3,2
APL	3,1
UASC	2,9
HMM	2,7
MOL	2,7

first 4 Carriers handle 52,8 % market share

130 inactive Containerships = 255,000 teus

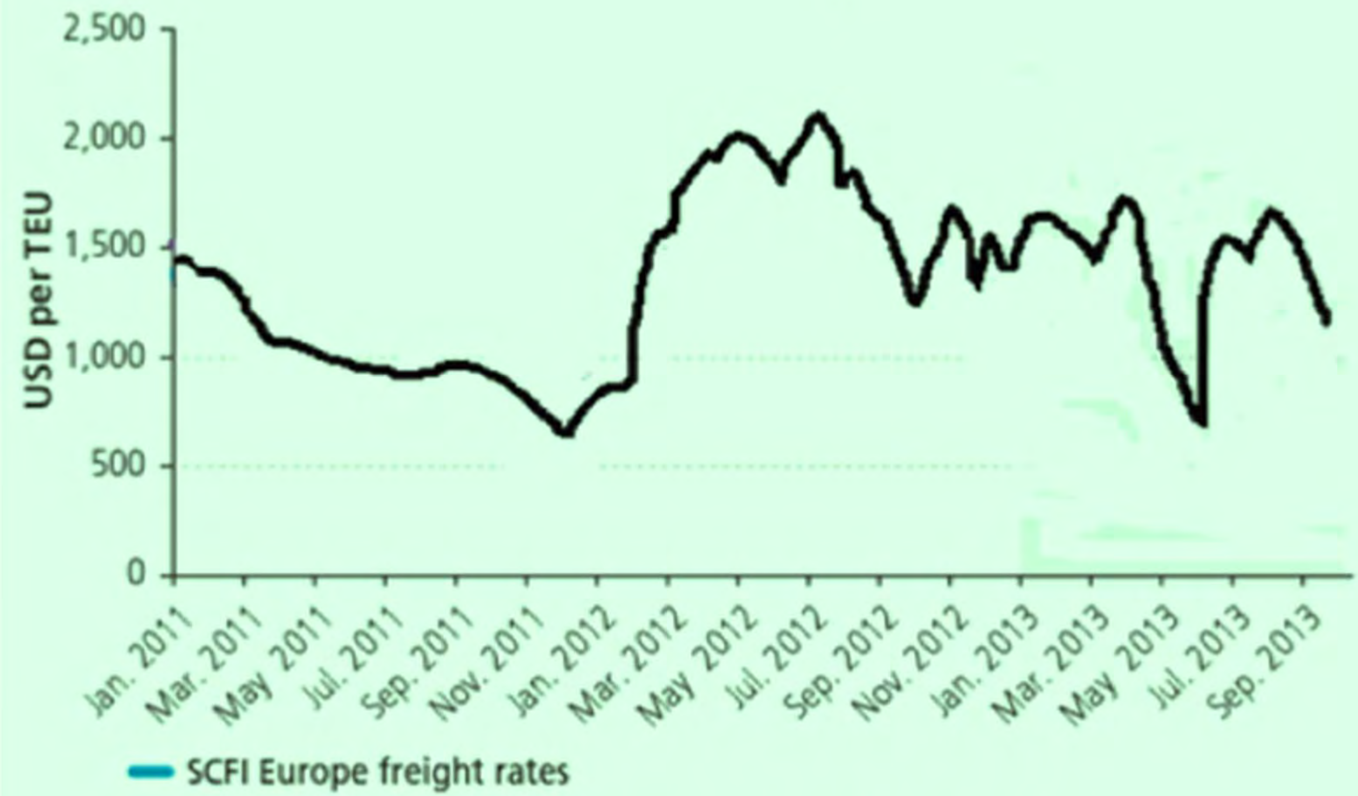
(updated 30 th June 2014)

Source :   Alphaliner



Source: BIMCO, Harper Petersen & Co

Far East Europe
Freight rates development 2011 - 2013



Source: BIMCO, Shanghai Shipping Exchange

the market makes the price

overcapacity and **poor demand (exogenous factor)**

unachievable profitability

possible solutions ?

cost reduction

merging Hapag-Lloyd + CSAV

take over HAMBURG SÜD → ccni

sharing services

cutting services artificially

slow steaming


UNCERTAINTY
AHEAD

Hardware

is nothing without...

people !

and focus on

Customer Service

Customer Service

is an **attitude** not a department

Thank you !

Dr Gianluca Di Matteo
TARROS - Crosstrade Sales Manager
Email : gianluca.dimatteo@tarros.it
Web: www.tarros.it