

Hapag-Lloyd enters Gemini in unfavourable position: Linerlytica

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Hapag-Lloyd is disadvantaged in Gemini Cooperation, the upcoming collaboration between the German operator and its Danish peer Maersk Line, according to Linerlytica, which opined, "Hapag-Lloyd will be entering the partnership in an unfavourable position, with a total fleet strength that is only half the size of Maersk's."

The Hamburg-based carrier has a current fleet of around 1.98 million TEUs, compared with Maersk's 4.16 million TEUs, as the Danish giant has been furiously chartering ships in recent weeks to catch up with MSC, to whom it lost its crown as the largest operator in January 2022.

Linerlytica continued, "However, the biggest challenge for Hapag-Lloyd is their total reliance on the Maersk/APM Terminals global network as the German carrier does not have any major stake in terminals along the main East-West routes."

Hapag-Lloyd's home terminal of Hamburg, Germany will only feature in five out of the 26 mainline services planned and Hamburg has been excluded from all of the 14 European shuttle services that will connect at the main European hub ports of the Gemini network.

Hapag-Lloyd had not responded to *Container News'* request for comment.

Additionally, Linerlytica observed that Maersk Line and Hapag-Lloyd have been the slowest-growing carriers in the last five years.

Both companies were not as aggressive in building new ships during the Covid-19-fuelled boom, and their last major growth spurt was in 2017 when Maersk Line and Hapag-Lloyd completed their respective acquisitions of Hamburg Sud and United Arab Shipping Company.

Both companies have lost significant market share against their main rivals.

Maersk's and Hapag-Lloyd's orderbooks, at 437,824 TEU and 251,976 TEU, respectively, are the smallest orderbooks compared to the rest of the eight largest carriers, at 12% and 13% of their in-service fleets, compared to the market average of 24%.

Last August, the German ocean carrier made an unsuccessful attempt to acquire THE Alliance member HMM, a move widely seen as trying to expand its fleet.

The Gemini Cooperation will create the third largest global container shipping alliance in January 2025, behind the Ocean Alliance and MSC/Zim partnership, while THE Alliance will be relegated to fourth position.

Although there are speculations that the OCEAN Alliance could break up, the agreement between CMA CGM, COSCO and Evergreen is fixed for a minimum of 10 years from April 2017 and the members will need to give 12 months advance notice to withdraw and notice may not be given prior to March 2026 unless there is a material change in the members' ownership status or one of the members ceases operations.

THE Alliance had similar provisions but allowed its members to give 12 months notice after April 2023, which Hapag-Lloyd utilised to withdraw prematurely from the arrangement that was supposed to operate until 2030.

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