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Shipping alliances and container port development over the COVID-19 pandemic

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The 2008-2009 financial crisis demonstrated the strong relationships between container flows and international trade. While 2008-2009 worldwide crisis severely impacted economies and shipping on the long run, the COVID 19 pandemic has showed different patterns such as a decrease in production and consumption in the first half of 2020. As an external shock where states have been 'pyromaniac firemen' as they set up stringent containment measures and intensively combatted the epidemic at the same time, container shipping lines have shown resilience especially in comparison with the 2008-2009 Great Recession (Notteboom et al., 2021).

Organized in strategic alliances such as 2M, THE Alliance, and Ocean Alliance that bring together the ten top ocean carriers representing more than 90% of the total container fleet capacity, shipping lines benefit from different cooperative contracts (e.g., VSA, SCA) that enable them to rationalize, combine, optimize all means of transport and port terminals through efficient operational centers and interoperable IT systems.

Fedi et al (2022) aimed to analyze the way shipping alliances impacted the development of container ports in Mediterranean Sea and Northern Range during the COVID-19 scourge. To do so, we firstly evaluated the key provisions of cooperative contracts shaping alliances. Secondly, we looked at the evolution of the container port hierarchy between 2018 and 2020. We collected the number and size of containerships, related port calls and calculated total containership capacity deployed within 45 Mediterranean and Northern European ports handling at least 1 million TEUs per year over 2018, 2019, and 2020.

As a result, one observes that ocean carriers have learnt the lessons from the 2008-2009 crisis. Thanks to a great freedom of actions allowed by their cooperative contracts and efficient joint capacity management, the alliance members rapidly adapted their routes, services, and redesigned their fleet deployment. They mainly positioned large container ships of 20,000 TEUs (i.e., ULCSs) and Panamax (-5,000 TEUs). Nevertheless, these new strategies had direct effects on port activities and transport users, in particular shippers that faced a high rate of blank sailings in the first half of 2020. As for ports, they globally experienced fewer vessel calls whereas they managed ships with larger volume per call. However, even though most ports encountered a fall of their container traffic (Figures 1 and 2 –

–intra-traffic included), one notices contrasting situations depending on the concerned ports. Indeed, some held up relatively well and others downgraded. In addition, the largest ports showed a greater resilience compared to mid-size or smallest ones.

Furthermore, we cannot affirm that COVID-19 has 'revolutionized' container port hierarchy on both sides of Europe between 2018 and 2020, while it is noteworthy that some consolidations occurred among the leading ports. Concerning the Hamburg-Le Havre port range in 2020, Rotterdam kept its leadership with more than 14 million TEUS followed by Antwerp (12 million TEUs) and Hamburg (8.5 million TEUs). The 'Port of Antwerp-Bruges' entity, resulting from the merger of Antwerp and Zeebrugge, could challenge Rotterdam in the medium term. Furthermore, French and English ports particularly suffered with a significant volume drop. Concerning the Mediterranean Range for 2020, Piraeus confirmed its 4th position (5.4 million TEUs) while Valencia (5th) and Algeciras (6th) slightly declined. With 5.8 million TEUs, Tanger-Med significantly grew and has become a major hub in the Mediterranean area.

To conclude, our results are in line with other preliminary analyses (e.g., Notteboom et al., 2021). Moreover, the COVID-19 pandemic has highlighted two opposite patterns: the strategic alliances' strengths and shortcomings. By efficiently adjusting their transport capacity and reconfiguring their fleet deployment, they have demonstrated a positive resilience to this exceptional event. On the contrary, by unilaterally imposing their strategies, they have impacted ports and transport users. At the time of writing, shippers are still facing shortage of containers, record sea freight rates and port congestion in many countries. Even though shipping alliances are not responsible for all issues, a plea in favor of a different level playing field would be necessary and coordinated responses from competition authorities would be welcome, as recommended by UNCTAD (2021). The Federal Maritime Commission in the U.S. has initiated some investigations and findings would come soon with likely collateral effects in Asia or Europe.

Acknowledgments

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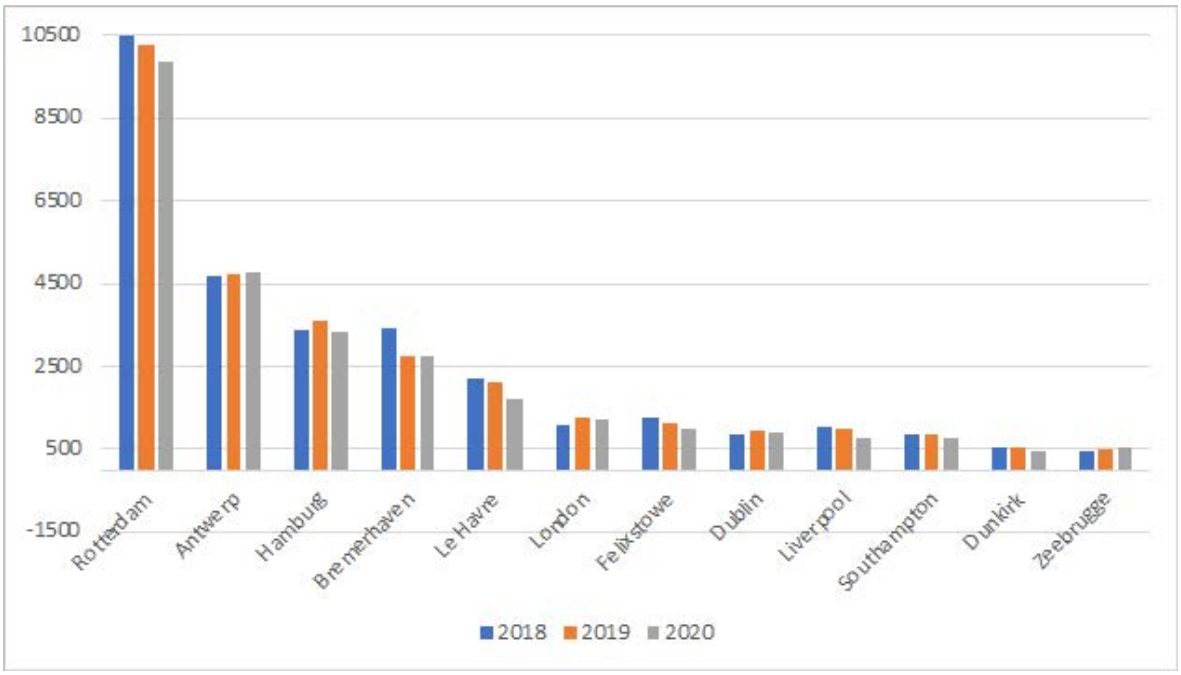

Figure 1. Northern Range port ranking from 2018 to 2020
Source: Authors (2021)

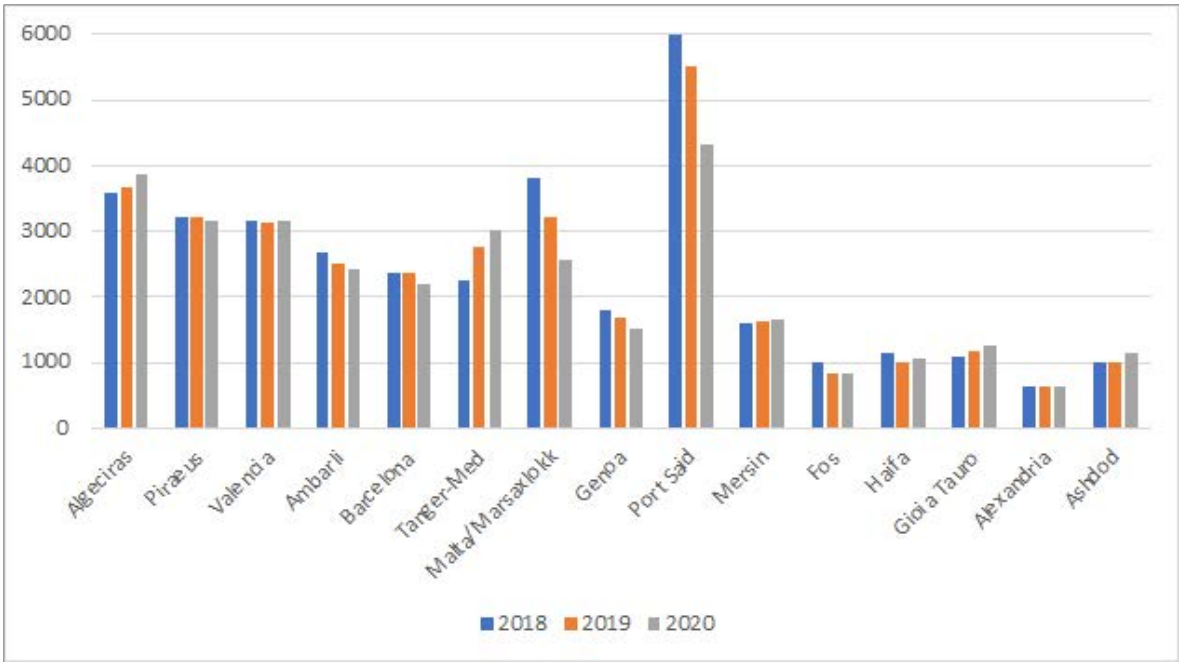

Figure 2. Mediterranean Sea port ranking from 2018 to 2020
Source: Authors (2021)

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