

Regional operators : the right tool for regional development

PECC | Future of ports & shipping in the Asia-Pacific region | Dec 2016



LARGE ENOUGH TO CATER, SMALL ENOUGH TO CARE.



The South Pacific, a mosaic of niche markets & the chosen field for regional operators

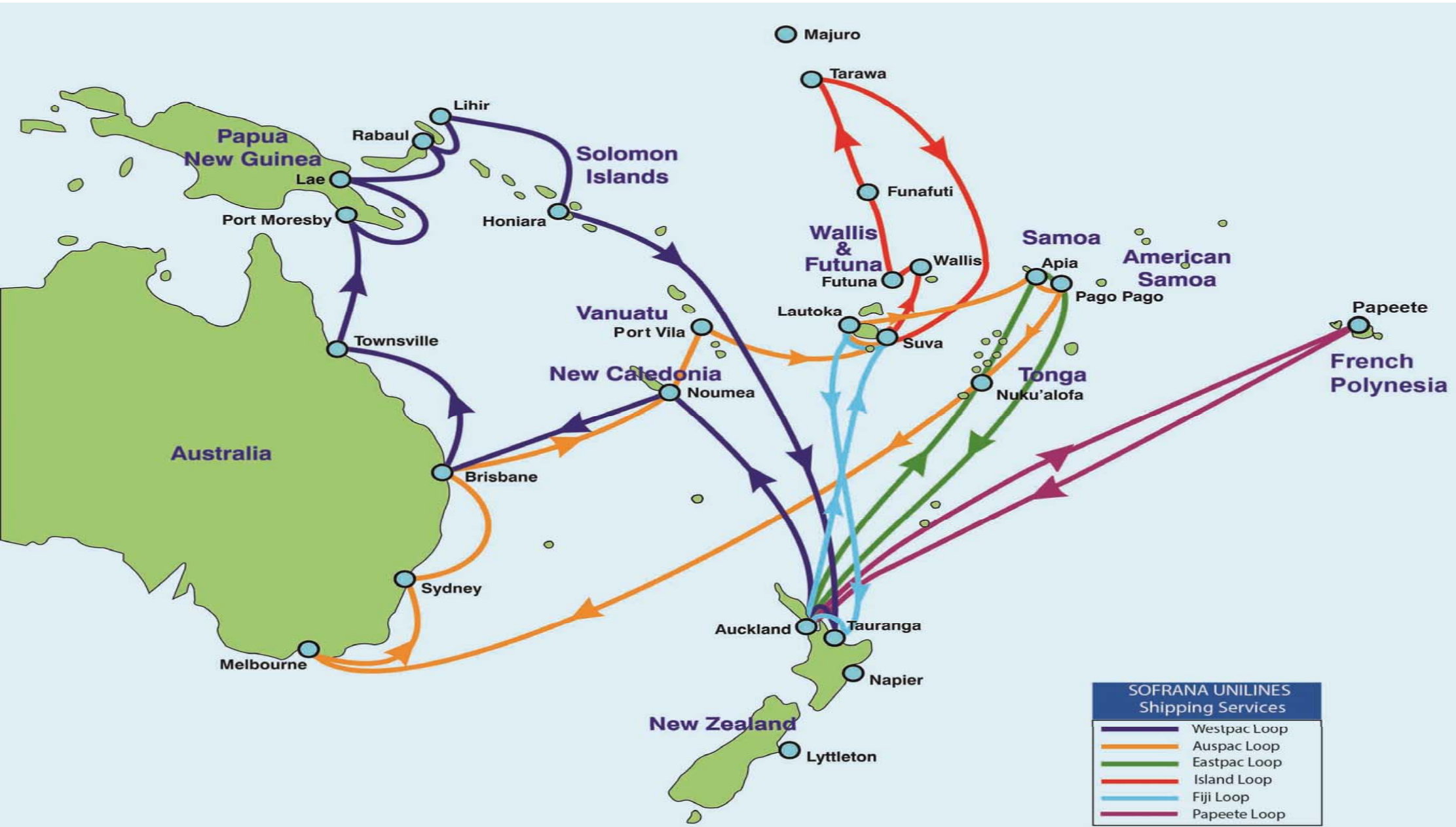
- ❑ Modest volumes, widespread clientele
- ❑ Significant export / import imbalance
- ❑ Huge expectations in terms of tailored customer service which cannot be offered by mega carriers
- ❑ One third of ports don't operate at night or Sunday
- ❑ Diversity of container types and demand for breakbulk mode (photo slide 4)
- ❑ Challenging port infrastructure at times (photo slide 5)...





The South Pacific, a very competitive region for the shipping industry

- ❑ Presence of all operators : mega, middle size & regional operators (Maersk, Swire, Sofrana)
- ❑ Low freight rates which don't reflect operational strains, operating costs and trade imbalance
- ❑ The race for markets shares can affect the economic integrity of regional operators
- ❑ Some markets like Fiji, New Caledonia or French Polynesia are serviced on a marginal basis, en route to Asia or the USA
- ❑ The predatory pricing on these markets can handicap "secondary markets" (example of Wallis & Futuna) which can only be serviced via regional hubs (photo slide 7)



Regional operators are a tool for regional development

- ❑ Through their know-how and tailored services, regional operators are the partners of local industries and contribute to their development
- ❑ Despite their modest size, the efforts deployed over the last 10 years helped them reach unrivalled professionalism (fleet and routes rationalisation, cost optimisation, code share options)
- ❑ Connecting Carrier Agreements (CCA) have been developed with mega carriers for the benefit of regional markets
- ❑ Because a single business model cannot suit all markets, the race to gigantism by mega carriers must go hand in hand with the development of regional operators

Parallels one can draw between the natural partners which are ports and shipping lines...

- ❑ Presence of mega, middle and small sizes (Maersk, Swire, Sofrana lines / Auckland, Noumea, Wallis ports)
- ❑ Tailored to the market requirements : while breakbulk mode is vital to some markets, Ports of Auckland provide the general wharves option in addition to the container terminal
- ❑ While most shipping lines are potential feeders, most ports are potential hubs
- ❑ Promoting the hub concept is consistent with promoting the cooperation between mega carriers and regional operators
- ❑ Being realistic and focused about one's mission : proud to be regional operators, proud to be ports which might not get called by mega carriers due to their race to gigantism...