

Shipping - Global

Hapag Lloyd to leave THE Alliance: Implications for discipline & Asian liners

Industry Overview

Maersk & Hapag Lloyd form a new alliance

Maersk and Hapag Lloyd have agreed to enter an operational collaboration called Gemini Cooperation from February 2025. As part of the new collaboration, Hapag Lloyd announced it will leave THE Alliance by January 2025. We see the formation of smaller alliances potentially eroding collective discipline ahead, while THE Alliance will have a weaker competitive offering around service frequency and port coverage with the loss of Hapag Lloyd's capacity. We see risk of some new vessels orders from THE Alliance members to replace lost Hapag Lloyd capacity, or even some other alliance reshuffling ahead. For more see [Maersk: Goodbye 2M. Hello GC. 17 January 2024](#).

Erosion of collective discipline from smaller alliances

The formation of Gemini Cooperation represents some deconsolidation of the global container liner alliances structures from three alliances to four. The formation of three large alliances in the late 2010s helped collective discipline by allowing capacity cuts to be more widely shared in response to weaker demand. But the trend towards smaller alliances could make it harder for collective discipline when demand is weak given the challenges to cut services without impact port network coverage in a smaller alliance.

Hapag exit weakens the competitiveness of THE Alliance

Hapag Lloyd capacity represents ~30% of THE Alliance capacity on east-west trade lanes right now. It has a higher share on Asia-Mediterranean and Asia-US East Coast where their weekly capacity represents 35% and 40% respectively of THE Alliance weekly capacity. So, the exit of Hapag Lloyd weakens the competitive offering of THE Alliance around both less weekly sailings and risk to the breadth of port coverage particularly on Asia Europe and transatlantic. We can't rule out some new vessel orders from the remaining THE Alliance players to offset the loss of Hapag Lloyd capacity or even some further alliance reshuffling ahead.

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Nathan Gee, CFA >>
Research Analyst
Merrill Lynch (Singapore)
+65 6678 0418
nathan.gee@bofa.com

Hiro Nakakura, CFA >>
Research Analyst
Merrill Lynch (Singapore)
hiro.nakakura@bofa.com

Isabella Zeng >>
Research Analyst
Merrill Lynch (Singapore)
isabella.zeng@bofa.com

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