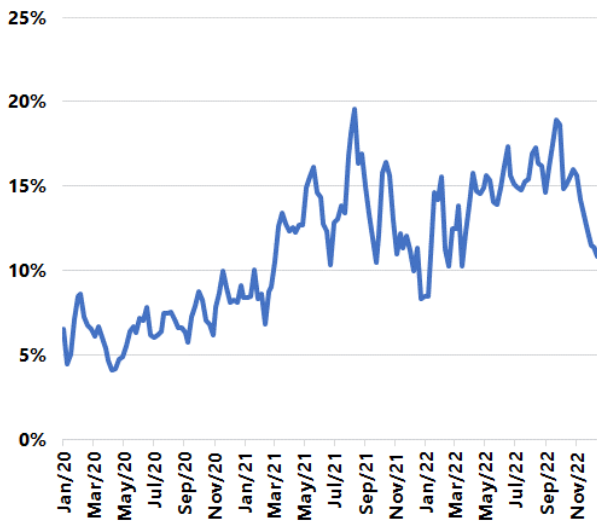


## Transpacific small carriers about to reduce capacity

Before we start, we would like to stress that this analysis only covers the carriers on the Transpacific that are not a member of the alliances i.e. this analysis does not cover the operating carriers within 2M, Ocean Alliance, and THE Alliance.

**Fig. 1: % share of deployed capacity Non-Alliance Carriers (3-WK Avg.)**



As we can see in figure 1, the non-alliance carriers managed to triple their market share from around 5% to around 15% during the peak of the market. This trend can be explained by the fact that the market conditions were very favourable for the carriers from the second half of 2020 and into the first half of 2022. There was excess demand and a struggle to make enough capacity available to fulfil that demand. This significantly reduces the barriers of entry for smaller carriers who can get in while the market is hot, and then exit when it blows cold. This is

exactly what happened, as a large number of newcomers entered the trade.

However, as we can also see in figure 1, the market share of these smaller carriers is also about to drop severely as we get to the end of 2022. much of this additional niche carrier capacity has been sourced from exceptionally high-priced vessel charters for small and inefficient vessels, which in turn has been entirely fuelled by the exceptionally high spot rates, and as these have been coming down fast in recent months, many of these small-vessel services will quickly approach the point where they become loss-making, forcing a swift closure and exit from the market.

This is not something unexpected either, as these small-vessel services were never expected to remain in the market, beyond the elevated spot rate period.

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All quotes can be attributed to: Alan Murphy, CEO, Sea-Intelligence.

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