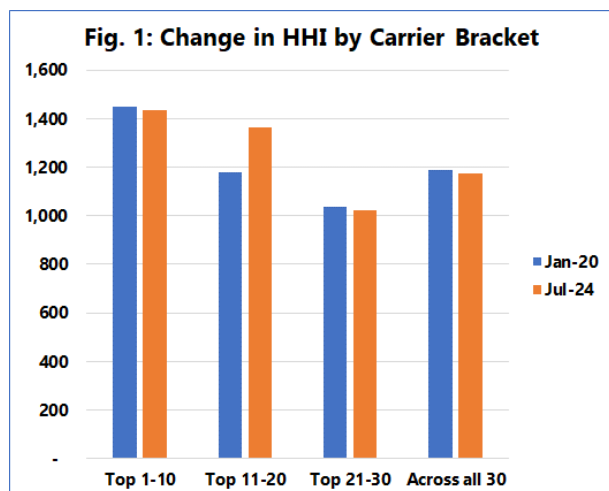


No consolidation impact on competition

In Issue 675 of the *Sea-Intelligence Sunday Spotlight*, we analysed whether the turmoil of the last four years has led to the largest carriers growing in dominance versus the mid-tiered carriers, or has this been an opportunity for mid-sized carriers to gain in importance versus the big carriers?

To do this, we calculated the global HHI (Herfindahl-Hirschmann Index) for the top 30 carriers, splitting them across three equal segments. The index is a measure of industry consolidation. An HHI below 1,500 is not seen as concentrated and M&A is usually not problematic. An index of 1,500-2,500 is moderately concentrated and in such an environment M&A would be subject to closer scrutiny. An index above 2,500 is highly concentrated.



For the full industry – represented by “across all 30” – the HHI index has declined very marginally, and being under 1,200, it would represent an industry with a low degree of concentration. For the 10 largest carriers, despite the turmoil since 2020, the concentration, and hence competitive pressure is also largely unchanged. The same is seen to be the case for the carriers in the third tier from rank 21 to 30. However, for the carriers in the tier just below the largest carriers, there has

indeed been some increase in the level of concentration. However, the increase only leads to a level roughly on par with the internal pressure seen between the largest carriers, and certainly still below the threshold of HHI level 1,500.

The data clearly shows that despite complaints from shippers as to the concentrated nature of the industry, the level of concentration, as seen from a global perspective, does not exceed what is normally seen as the threshold for marginal concentration. And the market turmoil since 2020 has neither increased nor decreased these levels.

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

For more information, please contact: ia@sea-intelligence.com, am@sea-intelligence.com

Sea-Intelligence is a leading provider of Research & Analysis, Data Services, and Advisory Services within the global supply chain industry, with a strong focus on container shipping. Combining strong quantitative analytical skills with a deep understanding of the supply chain industry, based on many decades of experience at all central parts of the Ocean supply chain, Sea-Intelligence supports customers across all stakeholder groups.