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Container carrier MSC has ships totaling 1.8 million TEU on order, equal to approximately 40 percent of its current operating fleet. Photo credit: Aerial-motion/Shutterstock.com.

The current competitive battle between container lines is very much playing out similarly to a game of multi-dimensional chess, with several inter-connected pieces moving simultaneously.

The risk, therefore, in assessing how the market might unfold over the coming years is that there is too much focus on the current — and obvious — battlefronts while overlooking those that could become critical down the road. Similar to watching a magician perform a trick, the industry could become so distracted by the obvious moments that it misses more pivotal elements going on in the background.

Take the relationship between Mediterranean Shipping Co. and Maersk, for example. There are several obvious competitive fronts between the two largest carriers, from the shift into end-to-end logistics and the acquisition of port terminals and air freight capabilities to the

digitalization of core ocean freight processes and decarbonization.



But these are just the conflicts garnering the most attention, partly because this is what the carriers themselves are saying they focus on to stay competitive, and partly because some of these elements clearly look exciting from the outside.

But if we take a step back, there is a battlefront that is not attracting a lot of attention but could become absolutely vital over the next few years: the development of carriers' vessel fleets and, in turn, their service networks. This

dynamic has not been hidden, but it has perhaps not attracted as much attention as it should, given that it relates to the absolute core business of the carriers.

The tip of the fleet development iceberg has been visible for quite a long time. MSC has not only grown its fleet to become the largest in the world, but it also has the largest orderbook ever seen. The carrier has ships totaling 1.8 million TEU on order, equal to approximately 40 percent of its current operating fleet.

To put those figures in perspective, MSC's fleet by the end of 2024 will have a total capacity approximately equal to that of MSC and Maersk combined when the two carriers formed the 2M Alliance in 2015. This is likely a signal that MSC is preparing to operate as a stand-alone carrier in the

major deep-sea trades, as they will have a fleet that is large enough to create a sufficiently broad competitive network on their own.

This would give MSC full operational autonomy, as opposed to making operational compromises as for the sake of the larger vessel-sharing alliance.

Maersk, by contrast, has a very small orderbook. Furthermore, the company is on a fast track toward decarbonization, which means any attempt at aggressive fleet growth will be tempered by the lack of green fuels.

Possible threat to Maersk's integrated strategy

If MSC pulls out of the 2M Alliance to go it alone, Maersk would be left without an alliance. The carrier could, of course, field its own network, but it would be smaller and, therefore, would have fewer direct port-to-port connections and less flexibility than the alliances with which it would compete.

This is not only a problem for Maersk as an ocean carrier; a more limited network also leads to problems in offering end-to-end transport solutions, making this scenario a potential threat to Maersk's entire integrated logistics strategy.

Maersk's growth in terms of market share has for more than 20 years solely been through acquisitions, but that game is almost over. And given the injection of capital all carriers have gotten from the freight rate bonanza of the last two years, it is difficult to see Maersk making a quantum leap in the short term by buying another major global carrier.

Instead, the logical move for Maersk would be to try to get one or two other large carriers to join a new alliance, which would break up at least one of the other agreements in the process. The ripples of this would likely reshape all three alliances, unless the other major carriers see this as a strategic opportunity to gain a competitive advantage on the Danish carrier by sticking with their current groupings.

In other words, because MSC and Maersk already operate 34 percent of the global fleet, actions taken by these alliance partners will end up forcing all major carriers to engage on this battlefield in the coming years as well.

The effects of the pandemic market were always going to be temporary, and the current rapid rate decline was always going to happen. But the transition into post-pandemic normality might become more turbulent, as the game might rapidly shift from managing the renormalization and into a situation where the world's largest carrier is positioning itself to press a strategic advantage and the second-largest carrier is forced to respond.

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