

Maersk, Hapag-Lloyd launch new 'Gemini Cooperation' partnership



Maersk will operate 60% of the capacity in the Gemini partnership and Hapag-Lloyd 40%. Photo credit: Hapag-Lloyd.

Greg Knowler, Senior Editor Europe | Jan 17, 2024, 12:00 PM EST

Maersk and Hapag-Lloyd on Wednesday unveiled a new operational partnership called “Gemini Cooperation” that will begin early next year and revolve around a global “hub-and-spoke” network of owned or controlled terminals in key locations.

Hapag-Lloyd will exit THE Alliance and link up with Maersk in February 2025 after the dissolution of the Maersk-Mediterranean Shipping Co. 2M Alliance. The Gemini Cooperation will operate a fleet of 290 vessels with an overall capacity of 3.4 million TEUs serving the major global trade lanes.

The cornerstone of the new partnership will be the hub-and-spoke network the carriers believe will enable them to achieve schedule reliability above 90%, a level that

has not been achieved in years and would differentiate Gemini from other alliances.

“It is a realistic target,” Hapag-Lloyd CEO Rolf Habben Jansen told reporters during a press briefing. “When you have an efficient network at scale you can have a hub and spoke model, and to have control over the hubs and terminals is absolutely critical.”

The Gemini network will be structured around 12 terminal hubs owned or controlled by Maersk or Hapag-Lloyd in Asia, the Middle East, the Mediterranean, North Europe, and North and South America. It will cover seven global trades and offer 26 mainline services, with 32 dedicated regional shuttle services to and from the key hubs to ensure connections to many major ports.

The carriers will be part of the Gemini partnership for three years, after which a 12-month notice period will be required should either wish to withdraw. Maersk will provide 60% of the capacity and Hapag-Lloyd 40%, but Habben Jansen noted that both carriers would continue to operate other services outside the Gemini network using capacity not allocated to the new partnership.

Maersk is the world's second-largest container shipping line by capacity with just over 4 million TEUs; Hapag-Lloyd is sixth at 1.8 million TEUs.

Streamlined port calls

Habben Jansen said he was confident the 90% on-time reliability would be achievable as the network would be more reliable and interconnected than traditional alliance setups, something the partners expect would improve the ability of services to cope with external disruptions.

“We will reach this [reliability] through a combination of streamlined port calls, controlled hubs and dedicated shuttle services,” he said. “All loops will have two to three main port calls per region so the risks of delays will be significantly less, and by controlling the hub terminals we can also control priority and waiting times. The shuttles will operate with a high frequency from hub terminals to final destinations.”

Gemini will release its preliminary ocean schedules in the third quarter, with the full operating schedules to be available in the fourth quarter.

Maersk said in a statement it would continue to work with its 2M partner MSC between now and the end of the 2M agreement in January 2025, “followed by a smooth transition to the new Gemini network.”

“We are pleased to enter this cooperation with Hapag-Lloyd, which is the ideal ocean partner on our strategic journey,” Maersk CEO Vincent Clerc said in a statement

Wednesday.

“By entering this cooperation, we will be offering our customers a flexible ocean network that will be raising the bar for reliability in the industry,” Clerc added. “This will strengthen our integrated logistics offering and meet our customers’ needs.”

Habben Jansen emphasised that the cooperation with Maersk would not result in any change to the individual strategies deployed by the two carriers.

“Although we don’t have the same strategy — we are more a pure ocean player and they have an end-to-end focus — we have a shared goal around quality and sustainability that are two important parts of the cooperation we are setting up,” he told reporters, comparing the Gemini partnership to cooperation seen in the airline industry.

“Not all cooperations need to stop in five or 10 years,” Habben Jansen noted. “Look at the cooperation between Lufthansa and United, airlines that have been working together for decades. I do not see why something like that could not happen in shipping.”

Alliance reorientation

Hapag-Lloyd has been part of THE Alliance since 2017 along with Ocean Network Express (ONE), Yang Ming and HMM; its exit will withdraw 25% of the alliance’s capacity. While Hapag-Lloyd had planned to remain a member of THE Alliance until 2030, Habben Jansen said the partnership with Maersk better served its goals.

“This is not a decision against THE Alliance, which has been a long-standing, trusted and successful partnership for us,” he said. “It is a next step to build something new that we believe will enable us to generate even more value for our customers by pairing our Hapag-Lloyd customer service with much higher operational quality in a robust and resilient network.”

But Habben Jansen noted that without Hapag-Lloyd, one of THE Alliance’s largest members, the three remaining carriers would need to “reorient themselves.”

That’s a view shared by Lars Jensen, CEO of Vespucci Maritime and a *Journal of Commerce* analyst.

“This leaves ONE, Yang Ming and HMM in a very vulnerable position, unable to field a network matching those of Ocean Alliance, MSC and Gemini,” Jensen wrote in a LinkedIn post. “The pressure is then on these three carriers to either lure a new partner out from Ocean Alliance or re-invent a new service concept.”

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