

# Gemini Cooperation on cusp of launching bold experiment in service networks



*Maersk has a long history of prioritizing schedule integrity, a principle espoused by its patriarch Maersk McKinny Moller. Photo credit: David G40 / Shutterstock.com.*

Peter Tirschwell | Jan 22, 2025, 9:36 AM EST

With the Gemini Cooperation set to officially launch on Feb. 1, repositioning of ships is under way, thus kicking off one of the boldest and riskiest gambits the container shipping industry has seen in a long time.

By promising 90%-plus schedule reliability using a hub-and-spoke network, the Maersk/Hapag-Lloyd alliance is tacking sharply away from the industry pack in attempting to solve the problem of unreliable schedules that continues to plague the industry well after the end of COVID-19.

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The questions hovering over that strategy and its chances of success fall into two main categories. The first is whether the concept can deliver operationally; in other words, when fully implemented by mid-year, will it achieve the promised 90%-plus schedule reliability? Remember this comes at a time when the industry average was 55% as of November, with Maersk and Hapag-Lloyd themselves not much different, according to data from Sea-Intelligence Maritime Analysis.

The second, assuming it succeeds operationally, is whether it will find a market large enough to keep its ships filled without having to chase market share in a potentially weak 2025 market, and possibly even extract a premium at some point if the reliability is so consistent it can influence inventory decisions.

Operationally, a key factor in favor of the concept is the two carriers' ability to rely on each other to be committed to schedule integrity. That not being the case in their previous alliances was a contributing factor in both those partnerships breaking up.

The mutual commitment appears to be real. Maersk has a long history of prioritizing schedule integrity, a principle espoused by its patriarch Maersk McKinny Moller, known to employees as Mr. Moller.

"Historically going back to Mr. Moller and his father, Maersk wanted to be known for reliability," said a former Maersk executive. "[As in] 'I know it's time for dinner because the Maersk ship always passes by at dinner time.'"

Furthermore, the success of the Maersk integrator strategy, where it aspires to manage customers' end-to-end supply chains, rests on a foundation of schedule integrity, a reputation it needs to reclaim. "Maersk appears to be trying to restore its focus back to the core shipping business," said a second former Maersk executive.

For Hapag-Lloyd, a self-described "pure play" container line, becoming the "undisputed number one" carrier for quality is core to its Strategy 2030. Achieving that can't not include schedule reliability.

## **Managing internal and external factors**

Whether Gemini achieves its reliability goals is both within and outside its control. Within its control are owned or controlled hub ports such as Port Tanjung Pelepas in Malaysia, in which APM Terminals has a 30% stake. Confidence in PTP to fluidly manage handoffs between feeders and mainliners stems from its strict policy of limiting volumes on its terminal to levels it knows it can handle, a longstanding policy that avoided congestion that affected other Asian transshipment ports last year and during the pandemic.

External factors are more challenging. Congestion has been growing at key ports in China, by far the largest container shipping market, with one reason being it has largely stopped building port capacity ahead of demand as it did for many years, Asia veterans tell the *Journal of Commerce*. Now demand is catching up to capacity, a long-term problem not just for Gemini. Shanghai and Ningbo had the most congestion globally as of Jan. 12, according to Linerlytica. “Who would have thought that Shanghai and Ningbo would become the most congested ports in terms of capacity waiting to berth?” the company said [in a LinkedIn post](#).

Whether a large enough market awaits an east-west network with high schedule reliability, and whether customers will be willing to pay a premium, are big unanswered questions. Conceptually, if shippers come to trust Gemini’s reliability, they could reduce inventory and be willing to share the value created with the carriers by paying a premium.

“For a supply chain to take out meaningful inventory costs, the reliability of the ocean leg has to be over 95% reliable,” the first former Maersk executive said. “Below 95%, the retailers will not trust the supply chain enough to take inventory cost out.”

But even if that is achieved, the issue of bifurcated supply chains arises. A reason for the 2015 suspension of Daily Maersk, an earlier attempt at schedule reliability at scale, was customers not being able to divide their supply chains between high-reliability and low-reliability services, and thus being unwilling to pay a premium.

Given that Gemini is a smaller alliance — only 60% of the size of the Ocean Alliance, according to Alphaliner — and shippers will typically not give all their cargo to a single carrier, the same issue will arise at least for a certain segment of beneficial cargo owners (BCOs).

Given that the other alliances and a standalone Mediterranean Shipping Co. are sticking to traditional port-to-port services more familiar to shippers but prone to cascading delays, Gemini is on its own in trying to solve schedule reliability.

As one current Maersk executive put it: “Instead of asking ‘what happens if we fail,’ competitors should rather be asking, ‘what if we succeed?’”

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