

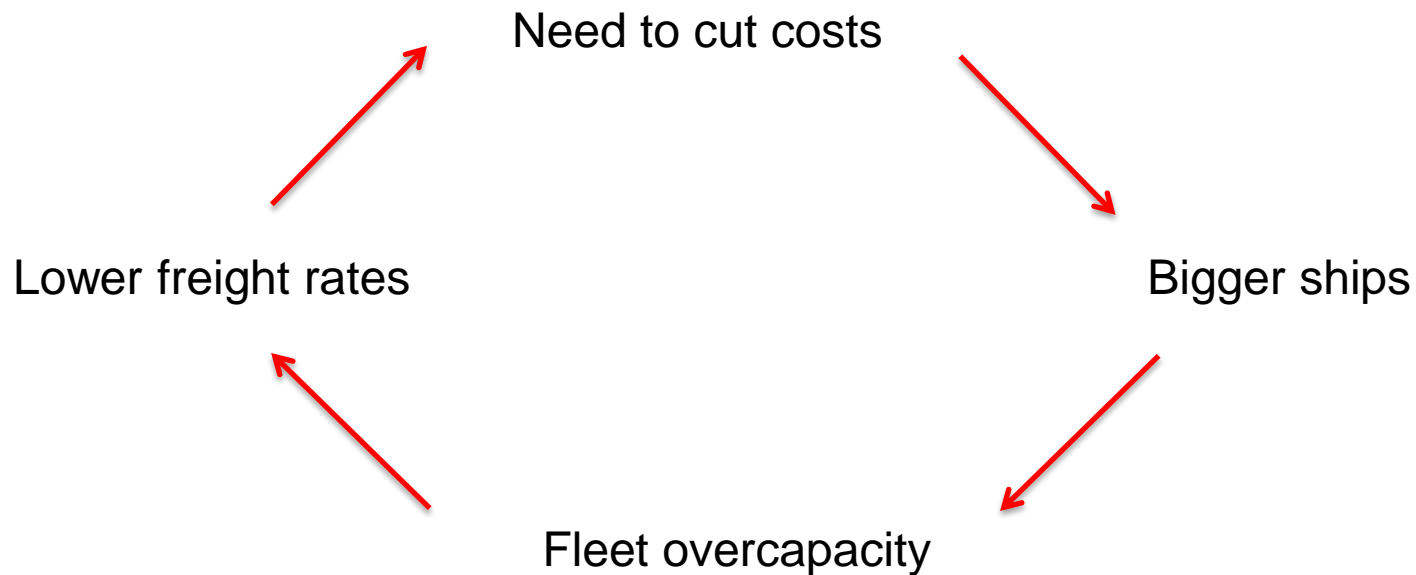
Towage in the Mega-ship Era

Olaf Merk

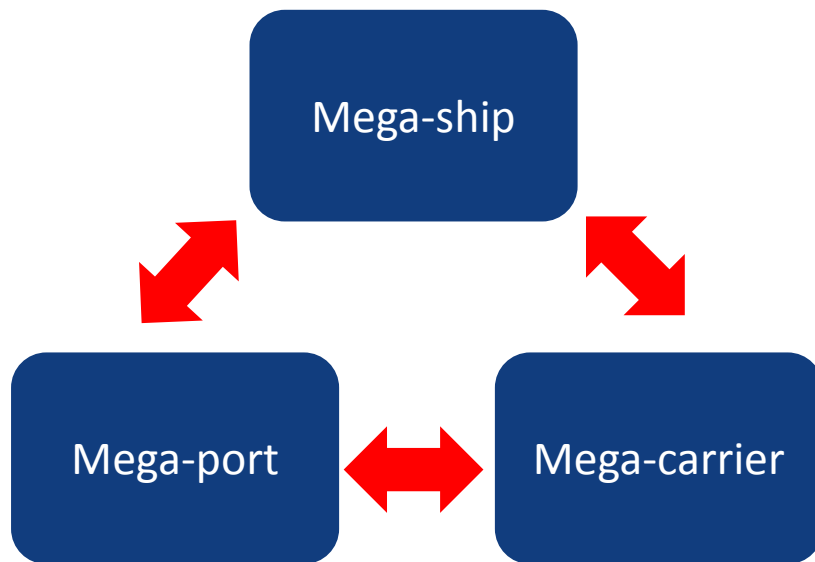
Annual Meeting European Tugowners Association
Edinburgh, 12 May 2016

The mega-ship era

“All slaves to some defunct economic idea”



Consequences of the mega-ship era



1. System costs
2. Peaks and troughs
3. Supply chain risks
4. Institutional imbalance

Implications for the towage sector

Challenge	Impacts for towage
1. Costs	➤ Stronger and more tugboats
2. Peaks	➤ Fleet under-utilisation ➤ Less port calls due to cargo concentration
3. Risks	➤ Losing port calls due to mega-alliances
4. Imbalance	➤ Pressure on tariffs and service level



How to adapt in the mega-ship era?

Impacts for towage	Adaptation mechanisms
Stronger/more tugboats	<ul style="list-style-type: none"> ➤ Towage tariffs more size-dependent ➤ Longer concession periods
Fleet under-utilisation	<ul style="list-style-type: none"> ➤ Discounts for unpopular berth window ➤ Charges for late notice
Risk losing alliance calls	<ul style="list-style-type: none"> ➤ Longer term contracts with carrier ➤ Deals with shipping alliances ➤ Diversification of portfolio
Pressure on tariffs	<ul style="list-style-type: none"> ➤ Vertical integration with carriers ➤ Consolidation/globalisation of the sector



Towage in the Mega-ship Era

Olaf.Merk@oecd.org

Twitter: @o_merk