

Shipping companies join forces

PARIS, FRANCE: Three of the world's major shipping companies announced an alliance on three crucial routes on Tuesday (18 June) in a strategy to counteract over-capacity and declining demand for transportation by ship.



CMA CGM of France, Maersk Line of Denmark and Swiss MSC Mediterranean Shipping Company said that the new so-called P3 Network would initially use 255 ships on three trade lanes: Asia-Europe, Trans-Pacific and Trans-Atlantic.

The venture would have capacity of 2.6m standard-sized containers (TEU).

"Declining volume growth and over-capacity have underlined the need to improve operations and efficiency in the industry," the companies said in a statement.

In the scheme, each company will offer more shipping options to customers than they do individually through better use of vessel capacity.

The companies intend to begin the programme in the second quarter of 2014 but the go-ahead still requires regulatory approval as well as finalised contracts linking the companies.

Maersk Line, a unit of A. P. Maersk, will contribute 42% of the joint shipping force. Italo-Swiss company MSC will pitch in 34% and France's CMA CGM 24%.

With world growth still yet to from the financial crisis, shippers are faced with declining traffic, lower volume demand and surging capacity as jumbo-sized ships come start plying the seas.

Source: AFP via I-Net Bridge

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