

A container shipping company perspective on the state of the port industry

CMA CGM Group, Marseille, France, speaks with Port Technology International

Led by its founder Jacques R. Saadé, CMA CGM is the world's third largest container shipping company and is ranked number one in France.

Currently operating a fleet of 361 vessels, including 91 company-owned; the Group serves over 400 ports around the world. In 2008, it carried almost 9 million TEUs (twenty-foot equivalent units).

With a presence on all continents and in 150 countries through its network of 650 agencies, CMA CGM employs 16,500 people, including 4,200 in France.

The Group today offers a complete range of activities including shipping, handling facilities in port as well as logistics on land. Its objective is to offer its customers all over the world a proactive, innovative service, which reconciles quality and high performance with protection of the environment.

Port Technology International recently had an opportunity to sit down with CMA CGM Group and discuss the current state of the shipping and port industries, in an effort to ensure ports are providing the best service possible to shipping lines, and provide ports with a better understanding of the current needs and challenges that a constantly evolving shipping industry is facing.

Q Can you provide our readers with a bit of background information on CMA CGM Group's business model and strategy?

A Being at the same time a container shipping line and a terminal operator gives CMA CGM Group a great insight. We know better than anyone the major factors that allow terminals to offer quality and customised services.

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CMA CGM Vela 1 (11, 000 TEUs).

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Since 2003 CMA CGM Group has indeed pursued investments, acquisitions and operations of shipping terminals in some of the world's major ports. This strategy helps guarantee access to berthing slots at a time when port congestion is on the rise.

Currently, the Group holds concessions, equity stakes or cooperation agreements in 27 port terminals.

Q *When deciding on new shipping routes what are the factors that shipping lines consider when deciding which ports to call at, particularly when there are several options?*

A The main factors are obviously the market figures or hinterland dynamism. That means volumes and growth forecast, balance import/export, and freight rates. Shipping lines also consider factors such as filling factor, transit times and contributions to adjust vessels size to customers needs. Making a choice between ports in competition on a single market is linked to stevedoring efficiency and reliability, to port services and dues, and to maritime access.

Q *What would be on your 'wish list' of services offered by ports? And what services/factors make a port attractive to a shipping line?*

A Efficiency, reliability and competitive tariffs are the clues. Bunkering facilities are a real advantage, while berthing windows in line with the shipping line schedule are mandatory. The facilities for transshipment operations (number of berths, handling equipment, yard capacity) are certainly a major advantage.

Q *What is the order of importance/priority of the following port factors: security and safety standards, environmental regulations, intermodal connections, handling equipment, etc?*

A Handling equipment and workforce efficiency are major points. Access to a large hinterland, which means notably intermodal connections, is another major factor, while security

and safety standards, as well as environmental regulations, are basic criteria.

Q *In what areas can ports improve in order to provide better service? What shortcomings have you experienced at ports in the past? Did any of these shortcomings play a part in your decision making process to change routes or call at an alternate port? Are there any reoccurring inefficiencies that you routinely came across that you would like to see improved?*

A Reliability of the whole port system (towage, pilotage, stevedoring operations, etc.) is really the decisive advantage. A container terminal has to work like clockwork. Disruptions in operations, whatever the reason, cannot be borne by shipping lines, due to respect of global schedules.

Q *What are some other factors as to why a shipping line would change routes?*

A A shipping line is market driven. Companies have to consider key clients needs and processes, and door-to-door requests, in order to improve and/or develop a specific maritime service.

Q *How important is it to shipping lines for ports/terminals to be equipped with the latest state-of-the art equipment?*

A Due to the increasing sizes of vessels, container terminals must invest in up-to-date TOS systems, post or super-post panamax gantry cranes and yard equipment accordingly.

Q *Do you feel that initiatives such as reduced port fees for green vessels will encourage shipping lines to become greener? What are your views on these initiatives? Do you view port environmental sustainable as necessary for the future survival of the industry?*

A Waste management systems are being developed in major ports, for example in hubs where mother and feeder vessels



CMA CGM Debussy (6,627 TEUs).

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are numerous. It's a bit too early to say anything about the future of green vessels, as regulations are just starting to improve on a world scale.

Q *Looking towards the future, where do you see shipping lines heading (i.e. size, service demands, etc) and what impact will this have on ports?*

A The current [economic] crisis is shaking the shipping and port industry. In the future, railway connections from port-to-port and to the hinterland will probably be a decisive factor.

Q *Do you envision a drastic change in the way shipping lines/ports will be operated in the future (taking into consideration things such as the economy, increase in global trade, environmental factors, security implications, etc)?*

A Not anytime in the near future. It will be a long time before we envision container terminals being fully remotely operated by a few 'new dockers', working behind screens and computers.

Q *When building bigger ships, do you take into account the facilities that are already available on your routes, or do you have an expectation/assumption that ports will expand in order to accommodate to keep/win your business?*

A The biggest ships will only call at a small number of major ports, those that are also hubs. These major ports are implementing infrastructure works and are investing in equipment at the right pace to match shipping lines' requirements.

Port investors are cautious not to fall or remain in overcapacity situations, as trade recovery is slow. Shipping lines will move and adjust to the market, but ports are not mobile.

Q *Overall, what is the single most import factor in the port/shipping line relationship?*

A The best ratio (port attractiveness : port costs) for the shipping line.

ABOUT THE COMPANY

Led by its founder Jacques R. Saadé, CMA CGM has become a global carrier and operates on all the world's oceans.

CMA CGM's mission is to become one of the worldwide leading container shipping groups offering its customers top quality, door-to-door solutions and increasingly comprehensive global coverage.

Always forward-looking, the CMA CGM Group has prepared for the future by constantly expanding its portfolio of services.

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