

'Shipping alliances will stifle smaller operators'

JOHN Hinge, President and CEO of United Arab Shipping Co. believes shipping alliances will help the box markets on what he called "a slow journey to recovery," stabilising the freight rates along the way, the *Wall Street Journal* reports.

UASC President has projected a bright outlook for major box shippers who have been struggling with depressed freight rates and overcapacity ever since the global financial crisis of 2008.

However, small-scale shipping companies might get muscled out of the business by the shipping alliances such as Ocean Three, comprised of UASC, CMA CGM, and China Shipping Container Lines, or the 2M alliance of Maersk Line and Mediterranean

Shipping Co., which according to Hinge will lead to decreased volatility in freight rates.

"Modern, big ships carry more cargo using less fuel, and this makes it more difficult for (smaller competitors) to be in the trade.

If you are in a group and cancel one of your five or six departures during low seasons, you will still be OK as the other departures will still have a full cargo and cater to the needs of your customers.

But if you only have two departures and stop one of them, you are dead," said Hinge.

Hinge concluded by issuing a note of warning, saying that the journey to recovery is not going to go without any hitches.

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