

MAERSK!

A name with two whole vowels in a row and you don't use a damn single one of 'em.

Origins

P&O: A British company formed in 1837 operating shipping routes from England to Spain & Portugal. After the First Opium War (1839-1841), the company started shipping hundreds of thousands of chests of opium to China. In 1840 it received a royal charter.

During the 20th century, it made numerous acquisitions. It started operating passenger ships, and in 2000 divested this part of the business to form P&O Princess Cruises, which would later merge with Carnival. In 2005, it sold its shipping business to Maersk.

In 1996, Maersk became the largest shipping operator in the world with its acquisition of EacBen Container Line.

In 1999, Maersk acquired Safmarine (50 vessels, 80k TEU), a South Africa-based company formed in 1946. The same year, it acquired SeaLand (70 vessels, 200k TEU), an American company that operated the first container ship.

2003: The two holding companies Dampskibsselskabet Svendborg A/S and Dampskibsselskabet af 1912 A/S are merged to A.P. Møller-Mærsk A/S.

In 2005 Maersk-Sealand controlled 12% of the international shipping market, while P&O controlled 6%. When it acquired P&O, it changed the name of its shipping business to Maersk Line, controlling 18% of the market with 600k TEU and 13k employees. Highlighting the very real competitive dimension of capitalism, by the end of 2006 its global market share had already dropped 2% to 16%.

In 2015, it performed worse than expected, so it laid off 4000 employees and canceled 35 voyages, promising to cut administrative costs by \$350M.

In 2017, Maersk was taken for \$250M in a ransomware attack.

According to its official LinkedIn page:

Including a stand-alone Energy division, the company employs roughly 88.000 employees across operations in 130 countries.

Danish Jokes

"Welcome to Neighbor Science, I'm Ryan Møller and this is Kris Møller"

Here's the sketch:

<https://www.youtube.com/watch?v=6g3ZwHcDUok>

Impact

"From 2007-2014, and mainly due to slow steaming, Maersk Line reduced its CO2 emissions by 40% or 11 million tonnes, about the same reduction as the rest of Denmark."

That means their total emissions prior to that was 27.5Mt and currently sits at 16.5Mt. Slow steaming just means slowing the ships down, which adds 1-2 weeks of time to the trip but also reduces fuel costs by huge amounts.

https://en.wikipedia.org/wiki/Maersk_Line

https://web.archive.org/web/20170619155449/http://www.maersk.com/~media/pressrelease/unified/2017/2/apmm_annual-report-2016_20170207.pdf

It seems as though there's an arms race of building ever-larger container ships. In 2012 the Maersk E-class ships were the largest ships in the world, with nearly 15k containers of cargo space. It was later replaced with the Triple E-class starting in 2013, which could hold 18k containers. In 2014 the top spot for largest cargo ship was taken by the CSCL Globe at 19k containers. Today the top spots are held by OOCL's ships with over 21k containers of cargo capacity.

We may also want to talk about OOCL:

https://en.wikipedia.org/wiki/Orient_Overseas_Container_Line

Maersk has multiple complaints about labor conditions in its worksites.

Cercea, a Danish work safety inspection agency, investigated their site in Dongqing after vocal complaints about working conditions and said they were above average for China as a whole. Of course, an agency that is being paid a lot of money to create a report for Maersk naturally won't want to be too harsh, and that's easier with the national/ethnic ties between the two businesses and separation from the Chinese workers. It also shows that businesses value the opinions and experience of other businesses far more than those of their own employees. Who understands working conditions better than the workers themselves? A business thousands of miles away that you pay to tell you "actually it's not so bad."

How does shipping actually work?

Having a ship

Easily the first step of shipping, having a ship. Shipbuilding is a large industry and South Korea has some of the largest shipbuilding businesses (Daewoo, Hyundai, and Samsung). Daewoo builds Maersk's current Triple-E class ships.

Freight forwarding

If you had to ship a bunch of pallets of iPhones to Nairobi, I think it's safe to say that you probably wouldn't have any idea how to do it. A freight forwarder would be able to take your pallets and send them to a port with all the necessary information to get it to its destination. Essentially, they are plugged into the shipping network, which is very complicated, and can get you to port with some extra money to get your goods onto the right boat.

Freight forwarding is a relatively new industry. The first freight forwarding business was called Thomas Meadows and Company Limited of London, England, and was established in 1836. The earliest freight forwarding companies mainly contracted other parties to move goods to a local port, and had an advisory role in the documentation of shipments. Once powered ships and railroads became common and reliable, freight forwarding evolved into a B2B industry managing shipments between countries.

<https://www.linkedin.com/pulse/evolution-freight-forwarding-from-written-digital-beyond-max-lock/>
<https://shenfielddepot.smugmug.com/FreightForwarding/Thomas-Meadows-and-Co-Ltd/>

FCL vs. LCL

In modern shipping there is more to it than just putting a container on a boat and moving the boat to China and taking the container off the boat. First, there's stuff inside the containers. The containers will usually be full, but sometimes they're not all full of one person's stuff. If you ship a container with only your stuff, it's called a full container load (FCL); if your stuff won't fill a whole container, you need to use less than container load (LCL) service. This involves additional management since multiple parties are sharing a single container.

FCL is the norm today, but containerization didn't exist prior to 1950, so really LCL is just how shipping used to work, but still slightly easier since cargo is separated into discrete packages.

<https://www.tryfleet.com/blog/2017/09/08/lcl-shipment-arrives-port>

Travel

The ocean is wide open, but shippers will create lanes where they regularly travel. Prior to powered ships, shipping lanes were often long and winding, following winds and ocean currents. Thanks to the massive diesel engines on modern ships, shipping lanes today are nearly straight lines between ports.

Arrival at Port

Once a container ship arrives at port it pulls up to a quay and is unloaded by crane. The containers may sit at the dock to be inspected by customs or other regulatory agencies. Containers have the added convenience of being able to be loaded directly onto a flatbed truck, so many of them are moved directly from the ship to a truck. The trucks (or sometimes trains) take the cargo to freight forwarders' distribution centers. Sometimes containers are taken directly to another ship (transshipment).

Today, because of the massive volume of cargo that's shipped around the world, ports experience heavy congestion, which causes delays. These delays can result in ships sitting at anchor for hours or days, waiting for an open berth. The way businesses operate today is called "just in time", which means businesses keep minimal inventories and produce or ship on demand rather than in anticipation of it. Shipping delays have an outsize effect under this system. The minimal inventories run out quickly if they're not being constantly replenished.

Ships also have to be refueled, provisioned, and moved with tugboats.

Technical Advantages of MAERSK?

Speed, logistics?

Capital, Insurance, etc.?

(Physical and political) security?

Maersk fleet: 786 ships with 4.1M TEU capacity.

Comparison of MAERSK to VOC to Phoenicians?

Anything military-industrial?

Not really. In 2008 Somali pirates hijacked the Maersk Alabama and took the passengers/crew as hostages. This incident was the subject of the movie that I never had the slightest interest in seeing, Captain Phillips. The hijacking ended with US Navy WALRUSES sniping the pirates.

Geopolitical/geoeconomic advantages for Danes in shipping?

They are already a damp people.

How does MAERSK compare to / relate to / compete with other shipping juggernauts? (E.g. South Korea is/was a big shipping country.)

The 2016 collapse of South Korea's Hanjin Shipping was due to a common problem for big container shipping companies, which is overcapacity. Ships need to be able to fill as many orders as they can take to make profit on a voyage, which leads to a dilemma: if the ship is larger, it can accommodate more goods, but it then risks being unable to fill its holds if demand for its shipping falls lower than its capacity. This is known as overcapacity (you have too much room on your ship vs the volume of goods you're actually physically shipping). That same year, all but one of the container ship companies added capacity - Maersk added 10.8%.

<https://wolfstreet.com/2018/08/11/overcapacity-largest-container-carriers-despite-hanjin-ccfi/>

In November 2017, Maersk acquired Hamburg-Sud for EUR3.7B.

Are their employees all Danish? (Surely not!)

How much of MAERSK profit goes back to Denmark vs other entities...?