Liner consolidation still not in sight

The liner shipping industry is unlikely to see much consolidation in the foreseeable future despite the carriers’ present financial difficulties. Since the last wave of liner company mergers and acquisitions in 2005-2007, none of the Top 20 carriers have been involved in any M&A activity. There remain significant barriers to consolidation, acting as deterrents to carriers which would consider M&A moves in the near term.

Proponents of consolidation suggest that larger and more cost-efficient carriers could derive economies of scale which will drive smaller players from main liner markets. This has so far remained elusive. Smaller carriers such as Wan Hai and OOCL have consistently outperformed their larger competitors financially, which refutes the view that larger operators are necessarily more profitable.

Recent corporate moves involving the main carriers have centered on the injection of new capital from non-operating investors. This started with the Albert Ballin group investing into Hapag-Lloyd in 2008, followed by Yildirim’s investment in CMA CGM (2010) and Quiñenco investing in CSAV (2011). This trend is expected to continue, with reports suggesting that the French sovereign investment fund Fonds Stratégique d'Investissement (FSI) is considering a €150 M ($195 M) investment in CMA CGM.

While these injections of fresh capital have provided the carriers with much