



*Interview with the  
Chief Executive Officer  
of Maersk  
Orazio Stella*

Maersk, the world's leading shipping company in the container segment, moves over 2.6 million TEUs around the world every year, handled by 563 ships, and controls a market share of 14.6% (Alphaliner, March 2014). Maersk Italy operates in the maritime shipping of containerised goods to and from the rest of the world. However, its main routes to and from Italy link the country with North America, the Far East, and the Middle East. In Italy it operates in 12 ports, and is currently establishing, together with MSC and CMA CGM, the greatest maritime colossus in the history of navigation: the P3 Network alliance<sup>1</sup>, which will bring about important changes in the global balances of the maritime transport and port sectors.

We discussed this, and many other topics, with Orazio Stella, the company's Chief Executive Officer, who is always available to share with us his views on issues relating to the all-important subject of logistics.

***In relation to the persistent economic crisis that is affecting Europe and Italy, what was Maersk's most immediate "reaction" (more investments, more training, cost rationalisation, etc.)? Do you think the economic situation is set to improve?***

The economic crisis has prompted Maersk to react in different directions, the most important being the strategic choice to create a long-term alliances with another two important global operators: MSC and CMA CGM on the main traffic routes (Far East-Europe, Transatlantic and Transpacific).

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<sup>1</sup> See "The P3 Network and the global balances in maritime transport: Gioia Tauro and Naples included in the carriers' network", in [www.srm-maritimeeconomy.com/short-reports/](http://www.srm-maritimeeconomy.com/short-reports/).

Although we are still waiting for the approval of antitrust authorities in the European Union, the United States, and China, we are certain the alliance will produce important effects in terms of:

- Rationalisation of the capacity offered on the market, in the face of a slowdown in the growth of demand for transport;
- Simplification and optimisation of the catalogue of products and services offered to clients (number of ports served, frequency of calls);
- Rationalisation of operating costs (super-slow steaming, bunker, etc).

In addition, important cost structure optimisation goals have been laid out, such as:

- Rationalisation of agency costs, through the further off-shoring of transnational activities, while staying focused on the high quality of the service offered to customers, and on customer satisfaction in general;
- Revision of the central organisational structures of the parent company, geared to slim-lining and simplification.

As is also the case for all the other players on the marketplace, Maersk cannot forecast future trends with certainty, neither at the global nor at the European level. However, drawing up forecasts that are as accurate as possible is of fundamental importance, considering that the shipping market follows the trends of global demand and supply of goods: our line of business is a cyclical one, and will remain so in the future.

We are now stably observing that these cycles, which typically used to last between five and seven years in the past, are now showing a tendency to become shorter, and lasting at most one or two years. Therefore we are taking on a “new normal”, in which shorter cycles than in the past, and therefore less stability, are the rule.

As a result, considering that our sector is capital and asset intensive, the key to success lies in being able to “navigate” these new waters in the best possible way, staying profitable and guaranteeing certain return on the capital invested by shareholders, despite the strong fluctuations of the context. To do this, we believe we have to pursue the goal of being leaders in the optimisation of costs.

***As far as Italy is concerned, can you tell us which main business areas the Maersk Group is active in, the main routes served, and the main categories of goods transported?***

Maersk Italy is active in the maritime shipping of containerised goods to and from all the world. However, the main routes to and from Italy are still those linking the country with North America, the Far East, and the Middle East.

The range of goods transported is very wide, and embraces many categories: from machinery to metal and electronic products, from furniture to food and beverages, chemicals, tiles, paper for pulping, and metal materials for recycling.

***Which was the main reason behind Maersk's decision to choose Genoa as its Italian headquarters?***

Genoa has been home to our company's Italian headquarters for over 25 years, as is also the case for all the main companies operating in the shipping sector, and more in general in all the other activities related to the maritime business world (insurance companies, brokering, manning, etc.). Therefore, Genoa was a natural choice, fully in line with widespread market practices.

***In your view, what are the main factors of competitiveness that a port should have to attract a major operator, such as Maersk (availability of wharfs, quality dry port services, connection infrastructures)?***

Beyond wharfs, efficient dry port services, and connection infrastructures, crucial assets are:

- port depth and dock equipment (with cranes at the fore), capable of servicing ships that travel along intercontinental routes. The current tendency towards naval gigantism in the sector, proves that the capability of handling ships with an increasingly large tonnage is one of the keys to the success of port growth;
- advanced technological infrastructures for the management of documentation, and of incoming and outgoing shipments in general (customs procedures, container gate-in/gate-out etc.)

***Does Maersk invest in research and technological innovation, and of what kind?***

Yes, Maersk invests heavily in research and technological innovation, and can boast firm leadership in terms of:

- The design of increasingly efficient vessels and propulsion systems, also from an environmental point of view;
- Terminal infrastructures;
- Refrigerated containers to transport perishable goods;
- Information systems in general, for all activities ranging from the tracking of containers via satellite to operations and agency commercial activities.

***Which Italian ports does Maersk work with most, and which does it intend to work with in the future?***

Maersk operates in 12 ports in Italy, guaranteeing coverage of the entire national territory (North and South, the Tyrrhenian Sea, and the Adriatic). The largest import and export volumes, however, transit through the port of Genoa (45%), followed by Trieste (12.3%), and Livorno (11.5%).

***Which are the main problems marring the shipping sector that you think need to be most urgently resolved? More specifically, what does Italy lack compared to some competing countries?***

All Italy needs to do is to heed the best indications provided in the various National Logistics Plans that have been published over the past two or three decades: there is no need to invent anything new. The relevance of each national port should be carefully assessed, drawing up development plans (that in many cases exist but are not implemented) based on the priorities identified. Also, land infrastructure projects should be defined and completed (railway lines, roads, mountain passes and border crossings, but also in-port terminals/deposits), at last allowing the major ports to count on more fluid, safer and larger ways of accesses, as well as links and access to inland warehousing areas, to the benefit of the potential of the entire port/logistics system.

Lastly, in addition to the improvement of the national logistics system at the service of our community, we should at last take full advantage of the opportunities Italy's geographical position would offer if it could truly operate as a logistics platform for the transit of goods heading from the ports of Southern Europe to parts of France, Germany, Switzerland, Austria, and the countries of East Europe.

***Major carriers are embracing the trend towards “naval gigantism”, and intense M&A activity; do you think this will continue, or has the crisis imposed different strategies?***

The company's launching of ships capable of carrying up to 18,000 TEUs confirms the trend towards naval gigantism, but at the same time it marks a strategic innovation, on both the commercial and technical-engineering fronts.

Ships of such size allow not only a reduction of unit transport costs, but also produce positive effects in terms of CO2 emissions.

Obviously, these vessels only travel along the main Asia-Europe routes, but their use will trigger cascade effects on the other routes as well. The ships currently sailing on the most important routes in terms of volumes, will be shifted to less important rotations, as is already happening in the Mediterranean, where our ports are starting to handle ships with a capacity of 12,000-13,000 TEUs.

These trends will be confirmed in the future, and therefore the choice of establishing the P3 alliance with MSC and CMA CGM puts us in the condition to optimise the use of these vessels on the major routes, limiting the negative effects of overcapacity while at the same time stabilising the product offered on the market, especially in slack season.

*In the short, medium, and long term, which are the most ambitious objectives and projects Maersk intends to reach and complete?*

Through the P3 alliance Maersk aims to guarantee its customers a standard, quality product, which allows them to stay focused on their own business and on maximising profit.

Our goal is to make customers aware of the type of services they can expect at all times, especially in terms of customer care, which within a framework of increasing standardisation, represents a competitive advantage to be exploited on the market. For this very reason, Maersk has unveiled its customer charter, which contains a list of points that it commits to in order to guarantee its customers a standard level of service which is at the same time tailored to the client's needs.