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978-1-107-03781-6 - Creating Global Opportunities: Maersk Line in Containerisation 1973–2013

Chris Jephson and Henning Morgen

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## Creating Global Opportunities

Today's trade is global. A company can choose to have its headquarters in one part of the world, its production facilities in another, and sell its brands in all markets. Since the first sea-borne container transport took place in 1956, the shipping industry has been one of the main facilitators of the globalisation of trade. This book traces the rise to prominence of Maersk Line – the world's leading container operator – and the internal decision-making processes that lay behind the firm's extraordinary expansion between 1973 and 2013, and puts this into the context of globalisation. With unprecedented access to company archives, interviews with current and former employees, and extensive statistical information provided by The Economist Intelligence Unit, Containerisation International and Lloyd's Register, this is a valuable resource for students of logistics, shipping or international business. This first inside account of the challenges of building a global business will also appeal to industry specialists and the general business reader.

Visit the fully interactive companion website at [www.creatingglobalopportunities.com](http://www.creatingglobalopportunities.com)

**Chris Jephson** was, until recently, Director of Learning at Maersk Line. Following graduation in the UK in 1969, he worked as agent for Maersk Line in Taiwan, then directly in Copenhagen and the UK until 1990, when he became part of the global management team of Maersk Logistics before moving back to Maersk Line in Copenhagen in 2004. He has been a long-time member of the US-based Council of Supply Chain Management Professionals (CSCMP) as well as the Cranfield Centre for Logistics and Supply Chain Management Advisory Board (CLSCM).

**Henning Morgen** is General Manager in Group Communications and Branding at A.P. Moller – Maersk with responsibility for archives management and history documentation and communication. Henning was employed by A.P. Moller – Maersk in 1998 and is the author of several shorter accounts on the Maersk history, based on research in the Maersk archives. Henning is a member of archives and records management associations in Denmark, Germany and the United States, and is a member of the Section of Business and Labour Archives in the International Council of Archives.

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Henning Morgen



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To Maersk Line's customers, the memory of  
Mærsk Mc-Kinney Møller and countless others  
who made this whole story possible.

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Figure 11.2 courtesy of Steven Brandist. All other photographs are from the A.P. Moller – Maersk archives. Image scanning and editing: Jens Nymose, Grafisk Konservering.

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## Glossary

Back-haul	The back-haul is the return journey of the container from its destination, usually in the opposite direction to its primary flow. See <b>head-haul</b> .
Beneficial cargo owner (BCO)	The legal owner of the goods, an importer of record who takes possession of cargo at the destination.
Berthing programme	This assigns ships to berths in the most efficient manner. It can be used to optimise berth productivity or, alternatively, the ship's productivity.
Cargo-sharing	An arrangement between two or more trading partners to share the goods traffic between them in an agreed proportion.
Cell guides	Vertical guide rails that position and secure containers on board a ship.
Chapter XI	A US bankruptcy protection process that allows companies time to reorganise and restructure their financial obligations without liquidation and while maintaining control over the company.
Chassis	A piece of equipment specifically designed for the movement of containers by road and/or highways to and from container terminals.
Cross-trades	Foreign-to-foreign trade, carried by ships from a nation other than the two trading nations.
Cut-off time	The latest time cargo can be delivered to a terminal for loading onto a scheduled vessel.
Dangerous cargo	Articles or substances capable of posing a significant risk to health, safety or property. Dangerous cargo usually requires special attention when being transported.
Extra-slow steaming	Defined by UNCTAD as 'reducing sailing speed from 24–25 knots to 18 knots'. See <b>slow steaming</b> and <b>super-slow steaming</b> .
FFE	A container, a 40-foot equivalent unit or 40-foot equivalent
Flag carrier	A vessel of one national registry whose government may give it partial or full rights over international routes.
Freight forwarder	An independent business that dispatches shipments for exporters for a fee. This may happen by land, air or sea and usually includes preparation of documents, booking of cargo space, warehousing, delivery and export clearance.
Geographical rights	When conferences controlled trade routes, geographical and/or tonnage rights were limitations on entitlements of a carrier to serve a route.
Head-haul	The main route on which a ship owner expects to make money. See <b>back-haul</b> .
High cube containers	Containers that are 9.5 feet high; normal containers are 8 or 8.5 feet high.

Hub port	A central location to which traffic from many sources is directed and from which traffic is fed to other areas.
Intermodal	Something that is capable of moving between modes of transport, such as a container moving from a ship to a truck or a rail-car.
Intermodal rate-making	The ability of a carrier to set rates across a variety of modes of transport.
Ladings	A traditional word for a loading, hence bills of lading, which cover a shipment that is being moved.
Lien	Retention of property until outstanding debt is paid.
Lighter aboard ship (LASH)	A barge carrier designed to shuttle between ports, taking on and discharging barges.
Liner trades	Operations along definite routes on the basis of fixed schedules. Usually related to general cargo as distinct from bulk cargoes.
Liquid tanks	Tanks on board a ship for the storage of water, oil or, in some cases, cargoes like latex or liquid chemicals.
Liquid tank containers	Special containers designed for the carriage of liquids, such as liquid chemicals, wine or whisky.
Logistics	The efficient and cost-effective management of the physical movement of goods from supply points to final sale.
Loyalty scheme	When conferences controlled trade routes, loyalty schemes, such as discounts payable six months after a shipment, encouraged exporters to be loyal to the conference and not use outsiders or non-conference carriers.
Mini-bridge services	The process of taking inland cargo bound for export to the coast by rail and loading it to the ship.
New-building	A new ship delivered from the shipyard.
Non-Vessel Operating Common Carrier (NVOCC)	A US Federal Maritime Commission licensed cargo consolidator of small shipments in ocean trades, generally soliciting business and arranging for or performing containerisation functions at a port.
Outsider	A non-conference carrier that operates on a route served by a liner conference but is not a member of that conference.
Pallets	A flat structure of wood, metal or plastic that supports goods in a stable fashion while being lifted by, for example, a forklift. The pallet forms the base of a unit load for handling and storage efficiencies. See <b>unit load</b> .
Payton	A ton of cargo on which basis the freight is assessed. This can be weight (e.g. 1,000 kg) or cubic (1 m <sup>3</sup> ).
Positioning	Refers to the movement of empty containers to a site, for example, a factory, where they can be filled. See <b>Repositioning</b> .
Reefer cargo	Cargo that requires refrigeration.
Reefer container	A special container designed for the carriage of reefer cargo.
Reefer plug	A plug on a reefer container designed to allow the container to be plugged into an electrical supply.

Repositioning	Refers to the movement of empty containers to a suitable area where they can be re-used; for example, repositioned from Europe to Asia. See <b>Positioning</b> .
Rights, tonnage and/or geographical	When conferences controlled trade routes, geographical and/or tonnage rights were limitations on entitlements of a carrier to serve a route.
Route	The movement of a vessel from its first port of call to its final destination.
Slot charter	The chartering of specific container space on board a ship, usually less than the container capacity of the ship.
Slot cost	The cost of providing each container slot to the market as a carrier.
Slow steaming	Defined by UNCTAD as ‘reducing sailing speed from 24–25 knots to 21 knots’. See extra-slow steaming and super-slow steaming.
Stabilisation agreement	A discussion forum among carriers where they can meet, exchange market information and conduct research, including discussing ways to manage costs and improve operating efficiency in a trade. As an example, see the Trans Pacific Stabilisation Agreement ( <a href="http://www.tsacarriers.org">www.tsacarriers.org</a> ).
String	A series of ships committed to serving a specific route.
Super-slow steaming	Defined by UNCTAD as ‘reducing sailing speed from 24–25 knots to 15 knots’. See <b>slow steaming</b> and <b>extra-slow steaming</b> .
Supply chain	A network involved in the provision of product or service packages to a customer.
TEU	A container, a 20-foot equivalent unit.
Tonnage rights	When conferences controlled trade routes, geographical and/or tonnage rights were limitations on entitlements of a carrier to serve a route.
Tramp trades	A trade in which ships do not operate along a defined route or fixed schedule, but call at any ports where cargo is available.
Trans-load	The transfer of goods from one carrier to another.
Triangular trade	Trade between three ports or regions of the world.
Unit loads	Combines individual items into single units that can be moved easily by forklifts. See <b>pallet</b> .
Y2K	The potential inability of computers and software to account for the change from the year 1999 to the year 2000 at the turn of the century.