Short-term pain, long-term rationalisation: Hanjin focus of Marine Money discussions

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0 COMMENTS

The collapse of Hanjin Shipping has brought short-term pain for all carriers, but further down the line the sector's largest ever bankruptcy could be a good thing. That was the spin from a high calibre line up of box shipping executives at today's *Marine Money* gathering in Singapore.

Randy Chen, vice chairman of Taiwan's Wan Hai Lines, said short-term there was a "tremendous amount of pain" but the Korean carrier's demise could hopefully lead to more rational commercial practices in the sector.

Michael Fitzgerald, deputy CFO at Hong Kong's OOCL, said Hanjin's plight had been a "huge shock" and has left a "huge mess" to sort out, something he said would take many more months.

Hanjin's court receivership will frighten the banks, Fitzgerald suggested.

Quite so, concurred Thomas Soderberg, founder of Tribini Capital, who urged: "Something radical needs to happen in the industry to solve matters, and that can only come from the banks." Soderberg, whose past career included a stint with HSBC, said bankers need to act as shipowners.

"When there are poor performing ships, they need to go out and scrap them, rather than kicking the can down the road," Soderberg said.

The priority for all companies is to "de-risk", suggested Soren Andersen, CEO of Rickmers Trust Management, which in the past few days admitted its own financial difficulties.

Concluding OOCL's Fitzgerald said customers will be thinking a lot more about the carrier they use.

"It won't be so much a price issue but now the financial position of the carrier will come into play," Fitzgerald maintained.

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