

REFLECTIONS OF TIME AND TIDE

A STORY IN a non-maritime-related publication caught my eye the other day: April 26 marked the 56th anniversary of the sailing of the Ideal X from Newark, N.J., on a trip to Houston with 58 containers aboard. And so, the containerization era began.

We've all read, heard or been part of the evolutionary brainchild of Malcom McLean and a few of his close friends. The story's author, who apparently isn't emotionally tied to the industry or its founder, pointed correctly at that evolution, how it made the handling of ocean freight far more efficient and less costly for cargo interests, and how that first container ship sailing spawned an industry that has grown to sizes it founder likely never envisioned.

But, in an apparently bittersweet reflection, the writer also pointed to the significant loss of waterfront jobs containerization brought. While true, the changes are hardly different than almost any pre-automation industry that transitioned into automation.

Instead of a lot of men heaving cargo onto pallets or into slings, long-shore workers now operate cranes, position loads with specialized equipment and input data. There are fewer to be sure, but they handle vastly larger volumes that could not be handled today by any number of men, pallets, slings and breakbulk vessels.

Many believe the "box that changed the world" was a critical piece, a catalyst for the quadrupling of global trade between 1986 and 2006 — and a doubling in those final six years alone. While that growth has slowed, it's still an impressive 5 percent or more in an economic environment that suggests a declining, not expanding, market.

Containerization brought progress and growth to developing nations, allowing them to escape the 18th century economically and become part of a world where they have better lives

and a future. The entire world hasn't benefited, unfortunately, but certainly a large part has.

The article states that when the Ideal X sailed, the cost of shipping goods by ocean represented about 15 percent of their value; today it's less than 1 percent on average. Freight rates today are less than they were 20 years ago, while vessel, fuel, terminal and other costs have risen significantly. Global trade growth has allowed scale to become an integral part of the landscape. And it all started 56 years ago by a man with a vision and a few close friends.

The other story catching my attention was the passing of Maersk Mc-Kinney Moller — "MMM" to those within Maersk. So much has been written about Mr. Moller, another visionary who built an empire, that it would be difficult, if not redundant, for me to say any more.

But I'll try. I had the distinct honor of being the first non-Danish Maersk executive to move to Copenhagen some 36 years ago when the first nine container ships that started what would become the world's largest container line were built and deployed in the U.S.-Asia trades.

Young and business-naïve, I was exposed to an extraordinary man who had built a formidable multinational conglomerate with a base in ocean shipping, but financial interests including plastics manufacturing, oil drilling, an airline and travel agency, shipbuilding and data technology.

No one knew about it then, because A.P. Moller didn't discuss its business with the press. But the "Container Line" management met with Mr. Moller for 30 to 40 minutes every Monday at 1 p.m., giving him a snapshot of where we were compared to budget and forecasts, the critical issues of the week or something warranting his attention.

I was warned early on that

Mr. Moller had access to information likely more current and in-depth than we in the day-to-day business had, and it was capsulized for him by a cadre of young people in A.P. Moller's training program. Never bluff an answer, I was warned. Only give "facts" you knew to be true. If you didn't know or were unsure, that was the answer: "I'm not sure, but I will have that for you by the end of the day."

I learned a great deal about the running of a business during my Copenhagen stint. The people I worked with were smart, hard-working and loyal to the man with great vision. He amazed me with his knowledge of what at the time was a \$10 billion-a-year conglomerate that has grown to more than \$60 billion.

Today's industry, largely born of the vision of one man and expanded upon by the vision of another, is at a crossroads. Many companies are in dire financial straits, and costs are rising rapidly. There are many smart and hard-working people in the industry today, facing trying conditions. While those who came before made mistakes, including Mr. McLean and MMM, today's "visionaries" face a harsh reality: Their mistakes could be fatal to their companies.

So it could have been with McLean's idea of putting truck trailers on the deck of a WWII-vintage ship or for Mr. Moller when he decided oil drilling might be interesting while growing a shipping company.

It's survival of the fittest. I'd love to be writing this column in 2020 to see how it turned out. **joc**

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