Wine and Spirits Shippers Association
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We're Most Concerned about Steamship Lines Failing, a Development That Would Lead to Incridibly Higher Shipping Prices.

Shippers and carriers are symbiotic in the classical sense: Each needs the other for its best chance at survival. Reasonably priced ocean carriage is essential in today's world, as goods flow from low-cost or unique origins to overseas destinations. Considering all of the vessel capacity in service or ready to deploy, one might even say ocean carriers view themselves as a growth industry.

So how does such an essential and growing industry have so many of its constituent companies in poor financial health? Maritime industry or not, a business succeeds when a provider supplies a service or product that meets market needs and prices it to yield a fair return, including a profit. This success continues unless the provider no longer meets market needs or loses sight of reasonable pricing. Either path risks business failure.

It seems carriers haven't learned any lessons from their recent financial disasters. The problem in 2009 was overcapacity and low rates chasing cargo that was insufficient to go around. What do we see for 2012? Overcapacity and low rates chasing cargo that is insufficient to go around. The difference this year is 2009's results sorely stressed carriers, so they have little in reserve to withstand new financial pressures. The solution is not to continue reducing rates.

Because shippers need to send their cargo across the seas and carriers have just the vessels to do so, it seems to me they could agree on prices that are fair to each and that wouldn't jeopardize either's business future. Otherwise, unstable revenues will continue to lead to an unstable industry.