CMA CGM reports profit drop

Shipping group CMA CGM reported a 2008 profit drop of 87 per cent as freight rates declined.

The drop was a marked change from 2007, when profits hit US$966m and revenue rose 28 per cent to US$15.1bn.

Freight volume over the year grew 15.6 per cent to 8.9m containers, reported The Journal of Commerce.

"We managed to remain profitable in 2008, although it was obviously not as successful as 2007, which was an exceptional year" said chief executive vice president Rodolphe Saadé.

"2009 will be a more difficult year, but the company is taking every step to reduce costs, and we have a massive programme in place to recuperate the lost revenue."

CMA CGM said it had taken measures to reduce costs, such as slow steaming and rerouting around the Cape of Good Hope to bypass Suez Canal tolls.

Mr Saadé denied rumours the shipping line had asked the French government for financial aid, and said the line planned to reduce spending by US$600m this year.

"We are rationalising or merging some of our services with other shipping lines that will allow us to take advantage of economies of scale by deploying big ships and sharing the capacity with our partners," he said.

CMA CGM last week announced it would raise rates on Asia-Europe trade routes.