

CMA CGM investing in US infrastructure to control its destiny

President for North America says ocean carriers need to diversify as demand evaporates

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CMA CGM is investing \$600 million in the Port of Cape Liberty in New Jersey.

CMA CGM is the latest carrier to report on the challenging environment and the massive loss of revenues. According to a recent [CNBC Supply Chain survey](#) of logistics leaders C.H. Robinson, DHL, Seko Logistics, OL USA and ITS Logistics, manufacturing orders are expected to be soft for the majority of 2024. In the face of such headwinds, maritime and logistics professionals need to find ways to diversify their profits into seaport terminals, trucking, air cargo and warehousing operations.

CMA CGM and other carriers ate away at their large historic revenues to order a record number of new container ships. As we have seen in the past boom and bust cycles of maritime, the demand has evaporated at the time these new vessels are coming to port.

In a recent interview with American Shipper, [Peter Levesque](#), CMA CGM North America president and CEO, said it still sees demand in North America and is investing in its physical infrastructure to capture that need.

"We see Savannah as being a valuable piece to the overall CMA infrastructure for how we call the United States, both in imports and exports," said Levesque. "The development of warehouse distribution fulfillment centers around Savannah plays a role as we continue to see the migration of e-commerce. Being able to go from ship to fulfillment center to customer makes a heck of a lot of sense."

Levesque said he hopes to replicate this with CMA CGM's recent purchase of a terminal at the Port of New York and New Jersey.

"There is tremendous opportunity there," said Levesque. "The investment in New York, I think, really said a lot about CMA's commitment to the U.S. consumer. Not only are we seeing it, but we are willing to invest in it in order to be able to basically control our own destiny there."

CMA CGM is working with the New York Economic Development Commission and companies that do infrastructure build-outs. Artificial intelligence will be a key part in the company's build-out. Levesque said CMA CGM has already seen the benefits of AI in the reduction of unproductive moves in the terminal and how that can increase terminal capacity.

"That sustainability in a terminal reduces costs and increases productivity," said Levesque. "Look at what it can do in terms of route optimization on vessels. That's why I think in the next five to 10 years, when we start really seeing how AI can apply to traditional cost structures, it's going to be fascinating."

Lowering the costs of logistics on the water, land and in storage is key for navigating today's container trade. Levesque said taking the middle person out of the equation at the port in New York and New Jersey will give the company more control and provide a much better service.

In order to achieve this, the company is investing \$600 million in Port Liberty.

"That will bring it up to over 2 million TEUs," said Levesque. "Being able to have containers move in and out as quickly as possible, that's big dollars and allows us to provide a much better service."

To keep up with the rest of the world, U.S. infrastructure needs to be strengthened. Terminals up and down the East Coast and the Gulf are growing their capacity to welcome more containers and move the boxes more efficiently.

"It's going to be interesting to see what happens with Louisiana International Terminals as that gets built out," said Levesque. "We see that as a huge growth area."

Expanding to respond to the increase in container capacity, CMA CGM recently launched a new service with Marfret out of Port Houston. The rotation is Houston; Veracruz, Mexico; Manzanillo, Panama; Moin, Costa Rica; Algeciras, Spain; Malta; Livorno and Genoa, Italy; Marseille, France; and Barcelona and Valencia, Spain.

Ocean carrier investments in ports and terminals are a long-game approach to growth. Hundreds of millions of dollars are invested, infrastructure is built out and it takes time to see that return on investment.

Part of the equation when making that decision to invest is looking at a country's government infrastructure investments.

"Friend shoring from Mexico is here," said Levesque. "Mexico is big time on the radar screen. We see major investments going into Mexico."

Levesque said CMA CGM recently had a contingent from Marseille go and spend a week in Mexico to look at all the opportunities.

"It's still in the early stages. It's a huge opportunity both on water and road," said Levesque.

The other country CMA CGM is looking seriously at is India.

"In the next five to 10 years, that is going to be a major area of growth, not only for our company, but for the world," said Levesque. "I can't get into specifically what we're going to do, but you can bet that that's on the radar."

Levesque explained India's infrastructure is coming to fruition and the roadblocks have been taken out.

"Modi is really pushing for this infrastructure development and then we hear from major customers, including some very high-tech customers, that they're looking at India," said Levesque.

Capturing the growing trade between the U.S. and India will be key for ocean carriers looking to get in on the ground floor. CMA CGM Group Chairman and CEO Rodolphe Saade recently visited the country. Levesque is scheduled to visit India in the coming months.