

Shipping Company

Brief History



P&O Steam Navigation Company

Originally operators of mail, passenger and cargo services between the UK, Spain and Portugal, Egypt, India, the Far East and Australia. Later a world-wide group of diversified shipping companies, and land based operations in port development, road haulage, construction, property and varied service industries



In 1837, the Peninsular Steam Navigation Company, 'a thoroughly well-managed affair' first secured a Government contract for the regular carriage of mail between Falmouth and the Peninsular ports as far as Gibraltar. The company, established in 1835 by the London shipbroking partnership of Brodie McGhie Willcox (1786-1861) and Arthur Anderson (1792-1868) and the Dublin Ship owner, Captain Richard Bourne (1880-1851) had begun a regular steamer service for passengers and cargo between London, Spain and Portugal using the 206 ton paddle steamer *William Fawcett*.



Mail contracts brought financial security and in 1840 the Peninsular Steam Navigation Company tendered and won a second contract for the mail service between the United Kingdom and Egypt. The new contract was awarded on the condition that within two years the company would establish a line of steamers capable of conveying the mails onwards with a regular service from Egypt to India. In the fledgling days of steam, such an undertaking required larger ships and the

establishment of coaling stations, docks, storage, supply and repair facilities at strategic points along the route. Considerable capital investment was required and in order to raise the funds the Company became a limited liability company, incorporated by Royal Charter on 31st December 1840 as The Peninsular and Oriental Steam Navigation Company - P&O as it soon became known.

As promised, and delivered, the Indian mail service was inaugurated in the autumn of 1842 by P&O's purpose-built, 1,800 tons, wooden paddle steamer *Hindustan*. Additional mail contracts followed and by the end of 1844, P&O was operating a regular mail service extending from England to Alexandria and from Suez to Ceylon, Madras and Calcutta, with a further extension from Ceylon to Penang, Singapore and Hong Kong opened in 1845, and onwards to Shanghai in 1849. Steam communication with Australia was inaugurated in 1852 by means of an extension of the line from Singapore and in 1854 the Bombay Mail service passed from the ailing hands of the East India Company into the much surer grip of the P&O. With this, the P&O Company had become the chief trustee of British steam shipping services to the east, providing the only regular and reliable mail, passenger and cargo service between Europe and Egypt, India, Ceylon, Malaya, China and Australia.

In those early years, before the construction of a railway from Alexandria to Suez, the transit across the isthmus was accomplished in a most primitive manner, along what was known as the 'Overland Route'. For the first part it was mostly a waterway, with goods and passengers being transported from Alexandria to the Nile by canal boat before continuing by river steamer to Cairo, and then disembarking once more for the land portion of the journey through the desert from Cairo to Suez, a distance of some 100 miles. It was a picturesque but bothersome exercise, every package being subjected to three separate transfers in passing from the Red Sea to the Mediterranean, and about 3,000 camels being called upon to transport the cargo of a single steamer along the route. P&O sought to improve the route for passengers with company-owned rest houses and distracting excursions to Egypt's sights but it was, nevertheless, not for the faint hearted.

In the mid-19th century the route was gradually improved by a rail service, but it was still only practicable and commercially viable for low volume, high value cargos subsidised by the mail service. In the 1860s P&O received an annual Government subsidy of approximately £225,000 for running the eastern mails. Whilst the financial remuneration was relied upon by the Company, the wider benefits of such investment were felt by travellers who could now embark on ocean voyages in the reasonable expectation of arriving safely, on some predetermined date, even at a given time. It was said you could set your watch by the P&O steamers!



The opening of the Suez Canal in 1869 initially posed difficulties for the P&O Company. To establish, maintain and improve the so-called 'Overland Route' had taken much capital investment, all of which now appeared wasted. Ships which had been designed for the United Kingdom/Mediterranean or for the Suez/Eastern leg of the service, were not suitable for the whole passage. Lighthouses had been built in the Red Sea and entire land based facilities, required for the operation, maintenance and supply of vessels and passengers (including fruit, vegetable and sheep farms), were rendered redundant, almost

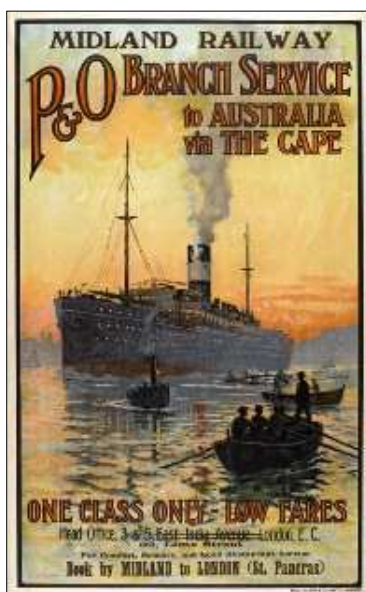
immediately with the opening of the Suez Canal. P&O, having created for itself a virtual monopoly in the area, found itself in competition with every ship owner who, with minimum organisation and a negligible amount of capital, could pass through Suez to the east as quickly and easily as themselves. The financial consequences were such that for a period the future existence of the whole enterprise appeared to hang in the balance, an uncomfortable state of affairs greatly exacerbated by the fact that, the two principal founders having died in the 1860s, the managing direction of the Company was in need of a new head at the helm.

Thomas Sutherland (1834-1922) is widely seen as the one whose hand steadied the Company and guided it through these difficult years. Sutherland enjoyed a glittering career with the P&O Company, which he joined as a youth in 1852. Sent east in 1854, first, briefly, to Bombay and then to Hong Kong, he seems quickly to have made his mark. By the time he was 26 years of age he had become superintendent of the Company's Japan and China agencies, had been appointed a member of the Hong Kong legislative assembly and, in a short time, had become a figure of great influence in the commercial life of the Far East. Recalled to London in 1866 by the ageing Anderson, Sutherland was then sent off on a tour of inspection of the Company's whole operation, evidently with a view to assessing how it might best counter the likely effects of the new waterway at Suez, then nearing completion. Promoted to Assistant Manager in 1868 and Managing Director in 1872, Sutherland proposed and presided over a drastic re-organisation of the Company's undertakings. He initiated a heavy programme of new building to replace the obsolescent tonnage, financed by a comprehensive series of cost cutting. As a result of measures at home and abroad P&O's home port was again relocated from Southampton to London.



Sutherland's strict measures and his astute grasp of emerging trends, underpinned the long prosperous swing of consolidation and advancement in the P&O fleet which followed. Appointed Chairman in 1880, elected Liberal MP for Greenock in 1884 and knighted in 1891, Sir Thomas Sutherland was undoubtedly a Victorian of the greatest ability and acumen for business. In a period when the scholarly literature is polluted with references to entrepreneurial failure, the P&O Company under his stewardship rose to a position of great power and influence in international shipping.

The growing inclination of early 20th century shipping enterprises to merge their interests, and group themselves together, did not go unnoticed at P&O, which made its first major foray in this direction in 1910 with the acquisition of Wilhelm Lund's Blue Anchor Line. By 1913, with a paid-up capital of some £5½ million and over sixty ships in service, several more under construction and numerous harbour craft and tugs to administer to the needs of this great fleet all counted, the P&O Company owned over 500,000 tons of shipping. In addition to the principal mail routes, through Suez to Bombay and Ceylon, where they divided then for Calcutta, Yokohama and Sydney, there was now the 'P&O Branch Line' service via the Cape to Australia and various feeder routes. The whole complex organisation was serviced by over 200 agencies stationed at ports throughout the world.

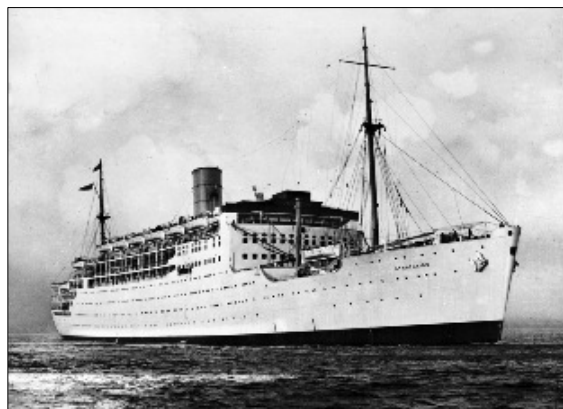


In 1914, Sutherland – now an octogenarian – and representatives of the British India Steam Navigation Company commenced the negotiations which were to produce the fusion of these two very large concerns. The British India Company, which came into existence in 1856 as the Calcutta and Burmah Steam Navigation Company and was renamed in 1862, was founded by William Mackinnon (1823-1893). B.I. had grown up at a great pace, in parallel with the

P&O, but not in competition. B.I.'s routes converged in a network of services scattered around the Indian coast and

stretched to Burma, East Africa, the Persian Gulf, China and Australia as well as to England and the Continent. Operating as they did on complementary services, the merger was viewed as a means of strengthening the position of both companies generating opportunities for joint efficiencies. The two companies continued to be run as separate entities but they shared the same Board of Directors until 1956. Lord Inchcape (James Lyle MacKay, 1952-1932) continued as Chairman of the British India Company and, after his election to the board of the P&O in October 1914, he was appointed a Managing Director of that Company, subsequently succeeding to the Chairmanship of the combined companies on the retirement of Sutherland early in 1915.

A spate of mergers and take-overs followed the B.I. deal which greatly widened the scope and influence of P&O. In a surprisingly short time and conducted during the darkest years of war, several of the best known shipping companies found themselves under the P&O umbrella: in 1916, an amalgamation was effected with the New Zealand Shipping Company and its subsidiary, the Federal Steam Navigation Company; in 1917, the P&O Company acquired a controlling interest in the Union Steamship Company of New Zealand, followed shortly after by the outright purchase of the Hain and the Mercantile Steamship Companies and of the firm of



James Nourse Ltd. At the end of 1918, the Group was further strengthened by its acquisition of a controlling shareholding in the Orient Line and in 1920, the General Steam Navigation Company, the oldest established sea-going steamship undertaking, was taken over. In 1923 the Strick Line was acquired too and P&O became, for a time, the largest shipping company in the world. P&O had grown into a group of separate operating companies whose shipping interests touched almost every part of the globe. The business model, such as it was, appeared to work and it continued in this form right up until 1971 and the McKinsey-lead restructuring into several 'operating divisions' under one, P&O flag.

With the acquisition of Bovis in 1974, P&O diversified its interests outside shipping for the first time in its history. It was the sign of things to come and in the face of a hostile bid from Trafalgar House Plc in 1983, salvation lay in further diversification and a merger with Sterling Guarantee Trust. It was the dawning of a new era for P&O and under the stewardship of Lord Sterling, the Company's interests expanded to encompass a wide variety of non



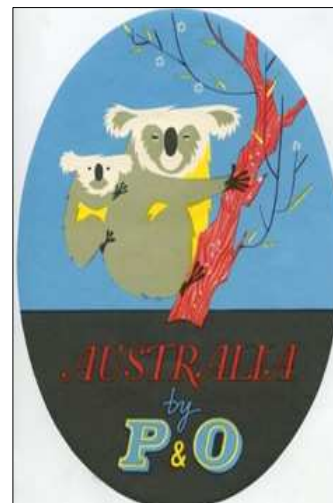
shipping activities as diverse as housebuilding, oil exploration, road haulage, exhibition centres and Barrier Reef resorts. With the airlines having all but dispensed with liner travel, P&O's passenger fleet was focused on cruising and bulk carriers and containerships replaced the old cargo trades.

In the 1990s, port operations in and around Australia and Logistics became an increasingly important focus for P&O as it divested of many of its 'non core' assets to channel investment in further port developments and remaining shipping and integrated transport-related businesses. P&O's cruising operations were demerged in October 2000 as an independent company, P&O Princess Cruises, which was later acquired by Carnival Corporation in 2003. In 2005 P&O's last interests in the container shipping joint venture, P&O Nedlloyd, was sold to Maersk.

By March 2006, P&O had grown to become one of the largest port operators in the world and together with P&O Ferries, P&O Ferrymasters, P&O Maritime Services, P&O Cold Logistics and its British property interests, the company was, itself, acquired by DP World for £3.3 billion.

Archive Collection

The bulk of archive material belonging to the P&O Company has been placed on permanent loan at the [National Maritime Museum](#), Greenwich, as has material on many of its major shipowning subsidiaries. The collection is quite comprehensive and includes a variety of material which can be broken down into broad categories. They included copies of the Royal Charters of Incorporation, deeds, Board Minutes, annual accounts, ships' voyage ledgers, ships' timetables, a small number of printed passenger lists, ships' log book extracts, staff records (both sea and shore) and information regarding passenger ships operated by the company. It is best to consult the Museum's [catalogue](#) directly to explore the full-range of manuscripts. Other material relating to P&O can be found at the Australian National Maritime Museum in Sydney, and extensive papers on its celebrated passenger ship Canberra (1961) are at the Ulster Folk & Transport Museum, Belfast, Northern Ireland.



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