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Korea's Hanjin, container shipping giant, drowns in financial waves and the consumer electronics industry will get swamped.

With too many container ships and freight rates at historical lows, Hanjin files for receivership-- and **much of the industry will only now learn how dependent the electronics industry is on container ships.**

For example, Daniel Yoo at Kiwoom Securities told CNBC Hanjin handles more than 50% of **Sa msung Electronics' device shipments**
from South Korea to the Americas-- as well as 23% of
LG Electronics.

Hanjin runs 98 container ships, huge container ships. Now imagine all or most of those ships headed or arriving in USA and Europe--only to be seized or blocked from port.

Large retailers in USA and distributors in Europe who bought quantities of Korean product won't receive their pre-Christmas shipments.

Depending upon their buying contract, Samsung or LG or other Korean manufacturers might still be responsible so buyers might have financial recourse depending upon the contractual point where ownership shifts from seller to buyer. But it won't be resolved quickly, so those buyers will be for some time out-of-pocket and out of goods.

The big winners could be the traders that move CE and mobile devices from markets with low demand to markets wth high demand. Especially if they already have some stock.

And the manufacturing competitors to the Koreans-- Apple, Sony, Sharp, Toshiba, and others could also be winners.

The big losers (as well as the Korean manufacturers) could be consumers as prices will go up and supply could be scarce.

Hyundai Merchant Marine (HMM) could take over all assets from bankrupt Hanjin-- Korean officials certainly are pushing this idea to preserve the country's shipping industry.

HMM ranks as the world's 14th largest container line with 2.1% market share and 60 ships (according to analyst Alphaliner) while Hanjin is tied for number 7 with 2.9% market share.

If a combined company could keep all the business after this crash, the combined market share would give HMM 5th place in the container shipping business, just ahead of Evergreen.

But HMM itself only narrowly escaped bankruptcy in July this year, managing to negotiate 20% cuts in charter hire with international shipowners as time ran out on its restructuring talks with creditors.

And **Hanjin was known all year to be having financial troubles.** If big shortages occur, questions will be asked why the warning signs that started as far back as March were ignored--and why manufacturers continued to ship with Hanjin.

For example, three days ago, LG Electronics finally admitted they were cancelling their Hanjin shipping orders.

One further question you might be asking: isn't the new Ingram Micro owner a Chinese shipping company?

Yes, HNA Group owns **Tianjin Marine Shipping** with 4 ships and ranked 87th in the world of container shipping. But Tianjian-- like other container shipping firms who are still afloat-- should benefit from this disruption. In fact, rumors are that container shipping costs from Korea have already gone up 50%.

Distributors and retailers who support Korean manufacturers and were lucky enough to avoid the wave of problems (i.e., their manufacturers did not use Hanjin) may yet find themselves paying the price for Hanjin's demise.

Go **LG Electronics Cancels Hanjin Shipping Orders**