Mergers and acquisitions in the transportation and logistics business are big news again. Last year, 11 acquisitions of North American companies fetched more than $10 billion each. In fact, with deals approaching an aggregate value of $1 trillion, 2005 was the biggest year since 2000 for financial deals.

Private equity firms seem to be reascendant at the expense of hedge funds. From 2000 to 2005, hedge funds had doubled to a $1 trillion industry, only to lose steam in 2005. According to Thomson Financial, there are 1,607 private equity funds in the U.S. — more than half the 3,000 funds worldwide.

But buy-outs are not limited to private funds. Many companies seek to acquire competitors to increase their economies of scope and scale. In a global economy, a handful of companies are expected to dominate most industries. Formerly fragmented industries will become consolidated.

The steel industry is an excellent example. Mittal Steel became the world’s largest steelmaker by acquiring companies worldwide. Indeed, its very existence is tied to a 1989 acquisition and subsequent merger. Now Mittal is poised to acquire the world’s second-largest producer, Arcelor, after a five-month takeover battle.

Transportation companies have seen similar activity. Three major deals occurred last year in the liner shipping industry: A.P. Moller-Maersk purchased P&O Nedlloyd; Hapag-Lloyd’s parent TU Holding acquired CP Ships; and CMA CGM bought Delmas and OT Africa Line. While these acquisitions occurred at the apparent top of the market, the buyers’ anxiety over competing bids likely contributed to costly deals.

While liner shipping acquisitions bring vessels and established books of business, these purchases have not expanded capacity beyond what could have been generated internally with sufficient capital expansion. Other types of transportation companies can bring much scarcer assets to the buyer. With the strong growth of global trade, marine terminals have been active in financial transactions and is not being added, especially near the water.

Earlier this year, DP World won a $6.8 billion bidding contest with PSA International for P&O Ports — only to be forced to divest its U.S. holdings after a political firestorm. PSA did not waste time licking its wounds. In its biggest single investment ever, PSA purchased 20 percent of Hutchison Port Holdings for $4.4 billion.

Mittal Steel, Goldman Sachs, rebuffed in an attempt to buy British airports, looked seaward and recently announced a $4.6 billion deal for Associated British Ports. Other financial interests quickly announced a competing offer. Goldman since has appeared to seal the deal by raising its offer to $5.2 billion. Meanwhile, two major U.S.-based terminal operators, Maher Terminals and SSA Marine, have announced interest in considering strategic partners.

While rail merger discussions are a fun topic, the industry does not seem ready for such an event in the near future. There is some speculation that the 25 percent cap on foreign investment in the airline industry might offer some financial relief to beleaguered sector. And the acquisition of public toll roads also might accelerate.

As globalization continues, unfettered flows of capital will provide international investment opportunity.

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