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YEAR XXXIII
Issue of July 31st 2015

July 31th 2015

The content of the C.I.S.Co. Newsletter is also published in the newspaper "Informare" accessible on the Internet site http://www.informare.it

C.I.S.C.O. NEWS

GENOA SHIPPING WEEK: C.I.S.CO. PROMOTES THE "CONTAINER IN THE CITY" PROJECT

In the week from September 14th to 20th 2015 will be held in Genoa at Palazzo San Giorgio, home of the Genoa Port Authorityof Genoa, and at the Aquarium of Genoa, the second edition of the *Genoa Shipping Week*.

At the event *Genoa Shipping Week*, C.I.S.Co. - Council of Intermodal Shipping Consultants - in collaboration with Clickutilityteam will promote the "Container in the city" project.

Joined the event:

Chamber of Commerce of Genoa
Assoporti – Associazione dei Porti Italiani
Autoprità Portuale di Genova
Autorità Portuale di Palermo
Assagenti – Associazione Agenti Raccomandatari Mediatori Marittimi
Assiterminal – Associazione Italiana Terminalisti Portuali
BIC - Bureau International Des Containers (*Institutional Partner*)
Rina Intermodal Srl
Co.Re.Ma.S. Srl
Gruppo Scerni
Grendi Trasporti Marittimi Spa
Europea Servizi Terminalistici Srl
Phoenix International Srl
University of Genoa
C.I.S.Co.
Terminal San Giorgio Srl

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TECHNICAL SEMINAR OF C.I.S.CO. AND PROPELLER ON CARGO TRANSPORT UNIT CODE 2014 IMO ILO UNECE

C.I.S.Co. and Propeller Club, with the patronage of the Chamber of Commerce of Genoa and in collaboration with Cordstrap Italy S.r.l., presented on July 7th last at the headquarters of the Chamber of Commerce the Cargo Transport Unit Code 2014 IMO ILO UNECE.

The presentation was attended as speakers by Giordano Bruno Guerrini (Secretary C.I.S.Co.), Francesco Apeddu (Cordstrap Italy S.r.l.), Dario Tofani (Cordstrap Italy S.r.l.), Giorgia Boi (University of Genoa - The International Propeller Club, Port of Genoa) Salvatore Tabascio (Marine Cargo Surveyor), Marco Muilwijk (Senior Application Specialist), Emiliano Set (Cordstrap Italy S.r.l.) and Piergiorgio Tammaro (Cordstrap Italy S.r.l.).

The transformation of the loading rules collection, from default recommendation to structured code and enforceable in court towards the defaulters, now provides clear and shared rules the community of lawyers, inspectors and participants in the transport chain.

Published by IMO, ILO and the UNECE, Code 2014 has not yet translated into Italian and was therefore very useful to discuss it among members of the workshop that defied the African heat to gather in large numbers and talk to the helpful speakers.

Very interesting was the practical debate conceived by Cordstrap Italy, partner of C.I.S.Co., who helped to animate the audience interactively on the specific issue of the means of anchoring and fixing of goods, projecting movies, interacting with the audience of experts and stimulating it with "exercises" in shared wifi.

A day of study and exercise, which ended with the promise to meet again in October next on the field to test what they learned in theory.

Interested parties are invited to book for the outside day of study/exercise.

PORTS AND TERMINALS

HOW TO SOLVE PORT CONGESTION THE BIGGEST QUESTION FACING GLOBAL TRADE, SAYS FMC

The US Federal Maritime Commission has said that resolving congestion at container terminals is "in many ways today's most critical and relevant trade-related issue".

An 83-page FMC report on US port congestion, based on the feedback from four public forums held at major gateways during the supply chain crisis in the second half of 2014, was released on Tuesday.

It identifies the six most discussed issues at the forums that need to be addressed to improve the nation's logistics performance – which currently lags behind European countries such as Germany, the Netherlands, Belgium and the UK, where ports have all also had to contend and overcome terminal and landside congestion in the past few years.

The report, which you can access here:

http://www.fmc.gov/assets/1/Page/PortForumReport_FINALwebAll.pdf

focuses on capital investment and planning; chassis availability; vessel and terminal operations; drayage & truck turn time; extended hours/PierPASS; and collaboration and communication between stakeholders.

The FMC says questions remain about whether container yard and landside facilities are able to cope with the greater volume of containers being discharged from the bigger ships deployed by ocean carriers, whether container lines are prepared to pay for the additional resources required to handle these vessels and whether terminal operators have the labour flexibility to clear cargo backlogs.

Chassis operations were thought by many to be a key factor in landside delays, and much more of a pinch point affecting intermodal operations since ocean carriers decided to divest their own chassis pools.

Reflecting the fact that ocean carriers have traditionally provided them in the US, most continue to be stored and maintained on marine terminals "in a comparatively harsh operating environment".

The problem, expressed by many trucking concerns at the forums, is that the chassis are subject to damage.

Indeed, once drivers locate an available chassis they are required to conduct a pre-trip inspection to check its condition, such as its locking pins, tyres and mudguards.

If even minor problems are found, truck drivers are obliged to take the unit to an on-dock repair shop or run the risk of committing a highway violation.

As a result, too much driver time is spent searching around a terminal for a chassis in good order.

The consensus from the forums was that there are currently not enough chassis to cope, especially during peak periods, and that those that are available are often damaged.

One stakeholder suggested making the area inside a terminal where chassis are picked up “more like a car rental lot”.

The FMC noted that the introduction of a so-called ‘grey’ chassis pool at certain US ports had improved the situation since the forums.

Such is the importance of trade to the health of the US economy, the FMC says it is considering establishing an additional advisory committee, led by industry experts, which would work with the commission to identify and help resolve congestion at container ports.

Chairman Mario Cordero said: “International trade relies on our nation’s ports, therefore port congestion is a paramount question at the international supply chain level.

(from: theloadstar.co.uk, July 16th 2015)

MARITIME TRANSPORT

INTRA-FAR EAST TRADE GIVES SMALLER SHIPS NEW LEASE OF LIFE AS DEMAND FOR NEW SERVICES RISE

The intra-Far East trade will continue to power the demand for containerships this year, as carriers develop further regional services within East Asia, writes Alphaliner.

By the end of June, at least 33 new intra-Far East weekly loops will have been launched, based on Alphaliner records.

These 33 services absorb some 98 ships, surpassing all other tradelanes in terms of the number of ships taken in.

The majority of the new loops are focussed primarily on intra regional trade, whereas a few services are feeder-oriented.

The demand for vessels in the intra-Far East sector is spread across the 500 to 5,000 TEU range, propelling upwards the charter rates for these ships.

Half of the vessels taken are in the 1,000 to 2,000-TEU area, the traditional workhorse of the shortsea trades.

Such ships allow access to several popular, but size-restricted ports such as Bangkok, Haiphong and Yangon.

A further 27 units of above 2,000 TEU have also been introduced on the North Asia - South East Asia routes.

The largest ships used on new intra-Far East services this year are the 4,500 TEU units deployed by OOCL on the carrier's North China/Busan-SE Asia (NPS) service, initially launched in January with 2,500 TEU ships, but subsequently upgraded in the last two months to the 4,500 TEU scale.

The transpacific trade, especially for the all-water Far East-US east coast route, on the other hand drives demand for larger vessels.

Six new Far East-US east coast strings launched since April this year will add some 60 ships on this route alone, including 50 panamax units.

Only one of the six new all-water strings is taking the longer Suez route, which allows the use of overpanamax ships.

The FEU US west coast sector has also taken in about 12 new ships in the 5,000 to 6,000 TEU range.

This is due to the re-structuring of several existing strings as well as the re-launch of loops suspended during the winter slack season, involving the CKYHE/PIL/Wan Hai and G6 services.

This has helped to partly mop up surplus tonnage that was kept artificially busy by the US west coast port congestion last winter.

The transatlantic sector has also been a major driver, taking on some 35 additional units of 1,500 to 5,000 TEU since January.

Seven new transatlantic strings have been launched this year, of which four on the North Europe - US east coast route, two on Med - US east coast and one on North Europe - US west coast.

The heavy demand on the transpacific and transatlantic contrasts with the weakness on the Asia-Europe sector, where no new strings have been introduced this year.

The total number of weekly sailings to North Europe has decreased from 22 to 21 due to the consolidation of Maersk and MSC's services following the implementation of the 2M alliance services in January.

However, the weekly capacity on the Asia-Europe route has nevertheless increased by six per cent since the beginning of the year.

The increase comes from the introduction of ULCS newbuildings of 14,000 to 19,000 TEU.

So far, 24 ULCS units of above 14,000 TEU have been delivered this year, all of which have been assigned to the Asia-Europe route to replace smaller ships of 8,000-10,000 TEU.

On the north-south tradelanes, demand is relatively muted.

The Far East-Middle East/Indian subcontinent route has seen the launch of two new strings, using 14 ships of 5,000-8,000 TEU.

Additional demand on the FE-Bay of Bengal trade and for local ME/ISC feeders has absorbed another seven units of 1,000-1,800 TEU.

No new Far East-Africa strings have been added in 2015 and the South America sector has also been relatively quiet so far this year.

However, South America will soon see a major shake-up on both the Far East - east coast South America and Far East - west coast of South America routes in July due to the revamp of Hapag-Lloyd and Hamburg Sud coverage of these two trades following their recent acquisition of CSAV and CCNI.

The main capacity increase is expected to come on the FE-west coast of South America segment, where the newly formed partnership, involving Hapag-Lloyd, Hamburg Sud, CMA CGM and CSCL, will offer three weekly sailings.

MSC meanwhile is to withdraw from its joint loops with above carriers to mount its own independent service.

Hanjin and HMM will also withdraw from their arrangements on this trade and will partner with newcomer Yang Ming to launch a new joint service in July.

These changes will result in the introduction of five new Far East-west coast of South American strings to replace three existing strings, with the incremental capacity comprising of additional 4,500 and 8,000-TEU ships.

(from: shippinggazette.com, July 20th 2015)

RAIL TRANSPORT

UPS EXPANDS CHINA-EUROPE RAIL SERVICE WITH LCL OPTION

UPS announced today it has added a Less-than-Container Load (LCL) option for China-to-Europe rail shipments.

The service is available from Zhengzhou to Hamburg and becomes part of the UPS Preferred® multimodal freight services portfolio.

UPS established a Full Container Load (FCL) solution for China-to-Europe in June 2014.

The UPS Preferred portfolio combines air, rail, ocean and/or ground transportation to help companies balance supply chain speed and costs to meet customer needs.

The largest global trade partners in the last 10 years, China and the European Union's trade growth was valued at more than $600 billion in 2014 and is expected to reach $1 trillion by 2020.

UPS's expansion of its rail product portfolio in China reflects the company's commitment to infrastructure developments along the Silk Road Economic Belt.

This expansion coincides with the transformation of China's manufacturing industry from a low-cost and high-volume model to a more innovative, quality-focused and customer-centric approach.

"Our customers are looking to UPS for solutions to expand their reach to new markets while balancing the costs of doing business," said Jens Poggensee, President, Freight Forwarding, UPS Europe.

“Our UPS Preferred™ LCL service gives our customers more transportation options to deliver on growing demand on one of the world’s largest and busiest trade lanes.”

Customers who have taken advantage of UPS’s China-to-Europe FCL rail service have experienced cost savings of up to 65 percent versus air freight and time savings of nearly 40 percent compared to traditional FCL ocean service on the same routes.

In addition to providing faster and more economical options to customers, these rail options also are a much more environmentally friendly alternative to air and ocean freight, consuming less energy and producing lower carbon emissions.

Full Container Load solutions are offered from Chengdu to Lodz, Poland, and from Zhengzhou to Hamburg, Germany.

Combining the rail movement with origin/destination trucking networks enables UPS to provide service to customers throughout China and Europe.

The weekly door-to-door service is supported by UPS tracking technology that delivers full visibility and real-time updates regarding shipment progress via both UPS.com tracking and the use of GPS technology.

It also includes security measures and temperature-control options.

(from: theloadstar.co.uk, July 15th 2015)

INTERMODAL TRANSPORT

ROAD-RAIL COMBINED TRANSPORT: AMERICA SHOWS THE EXAMPLE

The Association of American Railroads (AAR) reported[1] in 2014 a historic record for the number of consignments carried via Rail Intermodal, the equivalent of Road-Rail Combined Transport in Europe on the other side of the Atlantic Ocean.

The 13,5 million consignments shipped is nearly 60% higher than what European Combined Transport achieved.

What is there to learn from this in Europe?

While the economic crisis caused a dip in Rail Intermodal transport in the USA, it quickly rebounded and returned to its robust, pre-crisis growth dynamic.

Subsequently, the sector reached a new historic record in 2014 by transporting 13,5 million consignments.

Considering that the USA's rail infrastructure is nearly the same in length as that of the European Union (while its population is a third smaller, its land area twice as large and its GDP about the same) one may logically wonder: why is the EU not capable of the same performance?

This question is especially valid as we prepare for the mid-term review of the European Commission's Transport White Paper, which foresees a major modal-shift from long(er) distance trucking towards more sustainable modes of transport[2], to contribute materially to the reduction of EU transport's carbon footprint.

Intermodal loading units[3] conform best to the preferred unit of shipment of a vast majority of economic sectors, the truckload.

And Combined Transport offers the most efficient industrialised method of transhipment between the various modes that make up an intermodal transport-chain.

Hence one must wonder: why is European CT not up to par with its US counterpart today?

Intermodal considerations formed an important motivation behind a broader set of $575 billion of rail-freight related investments, carried out between 1980 and 2014 in the USA.

This figure - more than 40 cents out of every rail freight revenue dollar - contained $28 and $29 billion for 2013 and 2014 respectively and all these investments were paid for with the railways' own funds, not taxpayer sources.

This is because the USA regulatory framework creates a stable setting to make rail freight attractive for private capital investment.

Extensive and growing international trade, which is also a feature of the European economy, as well as standardised technical parameters (train length, axle load, signalling, etc.) formed additional pillars of this dynamic growth.

The share of intermodal transport is foreseen to grow in the USA as it is clear that rail-freight requires far more affordable capital investments than what highway development would cost in case trucks were used.

And then we have not even considered the lower labour, energy and carbon intensity, as well as the superior safety and security performance offered by rail freight - particularly if compared to trucking.

Subsequently, the issuing organisations of this statement call on the European legislator to learn the lesson from America and focus their efforts on creating a regulatory framework in the EU that:

- makes rail-freight investments attractive for private capital,
- ensures that competition of the various modes of freight transport is based on their inherent technical merits, giving consideration to their respective capital, energy and labour intensity, and
- contributes to the development of a more liveable Europe through the emergence of sustainable long(er) distance freight transport based on the intermodal principle.

Notes:

1. https://www.aar.org/BackgroundPapers/Rail%20Intermodal.pdf#search=rail%20intermodal;

2. Electric rail, inland waterways (IWW) and short sea shipping (coastal navigation);

3. Containers, swap-bodies and semi-trailers

(from: uirr.com, July 9th 2015)

TRANSPORT & ENVIRONMENT

CARBON FUTURES: WHAT'S IN STORE FOR SHIPPING?

As we approach yet another round of international climate negotiations, this time in Paris in December, it is time to recap on the status quo for shipping regarding carbon dioxide (CO2) emissions.

Although the ballast water issue and tightened ECA requirements may have been the key focus areas for ship owners lately, regulators are also moving on CO2 emissions.

The CO2 issue is a complex one due to its multiplicity of stakeholders and its political rather than technical nature.

While maritime regulations are traditionally moved forward by IMO, CO2 is part of a complex tapestry of international, regional and domestic politics and negotiations.

The crux of the matter is that political processes in which maritime interests have a negligible say may be instrumental in determining the direction of maritime CO2 regulations.

International regulation by IMO

It is worth recollecting that a few years back there was a strong drive to develop a carbon pricing or trading mechanism for shipping.

Heated discussions at IMO highlighted the split between developing and developed nations; the same split has so far proven to be an almost insurmountable barrier to a comprehensive international climate deal.

Unable to reach consensus, IMO put market mechanisms for CO2 regulation on hold and instead focused on energy efficiency.

This resulted in broad agreement on the Energy Efficiency Design Index (EEDI) and Ship Energy Efficiency Management Plan (SEEMP).

In practical terms, this is the first-ever international agreement on CO2 emissions in any sector; quite an achievement for IMO.

Nevertheless, a number of countries hold the view that this achievement is not nearly sufficient if shipping is going to be able to contribute to actual reductions in CO_2 emissions and the well-known 2°C goal of the international climate negotiations.

Several mechanisms to enhance ships' operational efficiency have therefore been proposed.

Generally, these follow a three-stage approach; data collection, the development and testing of an efficiency calculation methodology, and the eventual roll-out of the mechanism as a mandatory performance standard.

Timelines have not been stipulated, only that each stage will take a number of years.

The proposals are strongly opposed by a number of parties who believe that developing operational efficiency regulations for ships is neither feasible nor appropriate.

Presently, IMO is therefore limited to developing a framework for monitoring and reporting ship fuel consumption data only.

As agreement on making even this limited scope mandatory appears to be out of reach, the development of mandatory regulations is expected to remain slow.

In DNV GL's view, the earliest possible entry into force of mandatory international reporting requirements will be towards the end of this decade.

Voluntary fuel consumption reporting may happen earlier, but IMO-agreed mandatory operational efficiency standards remain a distant prospect.

Regional regulations in the EU

The EU is presently in the lead on CO_2-emission-related regulations for shipping.

After rolling back its proposal to include ships in the EU carbon trading system, Brussels decided to focus on developing a mechanism for a CO_2 Monitoring, Reporting and Verification (MRV) scheme for shipping.

Political agreements have now been reached between various EU institutions and the MRV Regulation will become part of EU law on 1 July this year.

Ship owners will have to prepare annual reports on a per-ship basis for all vessels above 5,000gt calling at a European port; the report must include information such as the annual data on the CO2 emitted, distance sailed and cargo carried.

The emission reports are to be verified by accredited verifiers, e.g. Class societies subject to accreditation in 2017.

The technical details of the regulation are to be finalized by the end of 2016, ship owners must submit their monitoring plans by 1 September 2017 and monitoring starts on 1 January 2018.

This regulation will have a direct impact on ship owners in the form of mandatory data collection and reporting, but there is no CO2 cost as such associated with it.

Furthermore the regulation may have an indirect effect on the charter market and second-hand values of ships, as Brussels will make the collected data publicly available, including per-ship operational efficiency figures.

The EU has stated its intention to leverage the MRV mechanism into a CO2 pricing/trading mechanism at some point in the future, either in the EU or preferably at IMO.

Finally, Brussels has also expressed its willingness to retire the EU MRV Regulation as soon as IMO develops a comparable international mechanism.

DNV GL does not foresee EU CO2 pricing happening this decade, but we do expect to see developments on this when moving into the 2020s.

Political negotiations at the UNFCCC The international climate negotiations at COP21 in Paris in December this year have as a stated goal to reach a comprehensive international agreement that is to become effective in 2020.

There is an outside possibility that shipping and aviation will be designated to DNV GL provide funding, potentially as much as USD 100 billion annually, to the Green Climate Fund intended to facilitate climate change adaptation and mitigation in developing countries.

Language proposing this has been kept alive and still exists in the present negotiating text.

DNV GL considers it highly unlikely that there will be any agreement on this, indeed the outcome of COP21 itself remains in doubt given the present status of the negotiating text and associated political positions.

However, if there is a surprise decision at COP21, the expectation is that IMO and the International Civil Aviation Organization (ICAO) would be tasked with the development of appropriate mechanisms.

In such case, we do not anticipate that any such mechanism will enter into force before 2020 at the earliest.

In essence, we expect COP21 to have only a negligible impact on the shipping industry and even in the case of a surprise decision we foresee no tangible effects on the industry before the beginning of the next decade.

Where now?

Concern about CO2 emissions from shipping will not disappear from the policymakers' agenda.

However, we expect the EU MRV mechanism to be the key tangible regulation this decade.

There is a reasonable possibility that IMO will develop a monitoring and reporting mechanism for fuel consumption, but we predict that this will initially be voluntary, with possible mandatory application following some time later.

If IMO moves quicker than anticipated and agrees on mandatory fuel-consumption reporting, this is nevertheless presumed to have a limited impact on the industry.

IMO-mandated energy-efficiency reporting with associated minimum requirements is not expected this decade.

International climate negotiations are predicted to have a very limited direct impact on shipping, but if an agreement also covering shipping is reached at COP21, its impact is not foreseen to be significant before 2020.

It is important to realize that while the development of international regulations takes time, it is rarely given up.

At DNV GL, we will therefore continue our efforts to shape regulations so that they are lag neutral, technically sound and preferably developed by IMO.

(from: hellenicshippingnews.com, July 13th 2015)

LEASING

CONTAINER EQUIPMENT LEASING RATES HIT RECORD LOWS

Container equipment rental rates came under renewed pressure in 2014 and by mid-2015 new dry freight pricing was at a ten-year low, whilst lease rates had fallen to an all-time low, according to the latest edition of the Container Leasing report published by global shipping consultancy Drewry.

Similarly, used dry freight container prices have also reached a five-year low, largely in line with the decline in new equipment costs and also because of increased resale volumes.

"The outlook for 2015 is for the annualised average rental price of container equipment to drop further and reach its lowest point in more than a decade, with no improvement predicted for 2016", noted Andrew Foxcroft, Drewry's lead analyst for container equipment.

The leased container equipment fleet increased in size by 9% during 2014, a faster pace than 2013 and well above the growth trend recorded for transport operators.

Shipping lines' owned fleet increased by less than 4% in 2014, which compared with less than 2% per annum for 2012-13 combined and thus remains at an historic low.

The lines' continued weak fleet growth is attributable to their enduring financial weakness, with this improving only slightly during 2014-15 when the impact of lower operational costs brought some much needed fiscal relief.

By comparison, the box lease industry has still been able to access competitive funding.

All of the current top 15 container leasing companies have changed ownership, been started-up or undergone some major financial restructuring during the past decade, with one large fleet merger due for completion in 2015.

The entire lease industry is also facing up to a tougher market climate in 2015.

Cash returns from new equipment lease stayed flat through 2014, and into 2015, and per diem rates have continued to slide in step with the recent decline in new box pricing.

(from: hellenicshippingnews.com, July 22nd 2015)

LOGISTICS

GLOBAL LOGISTICS PROPERTIES CREATES $7B FUND FOR CHINA LOGISTICS FACILITIES

Singapore-listed Global Logistics Properties Ltd (GLP) said on Tuesday it plans to set up its second China-focused logistics infrastructure fund with seven investors, and aims to invest up to $7 billion in the sector in the next four years.

GLP, the largest provider of modern logistics warehouses in China, said its partners will include national pension funds and sovereign wealth funds from Asia, North America and the Middle East.

It said $3.7 billion of equity has been committed to the fund, in which GLP will hold a 56 percent interest.

China's booming e-commerce industry faces a shortage of modern warehouse facilities.

GLP estimates only 20 to 30 percent of the country's warehouses are categorised as modern with fully computerised tracking systems and the latest technology.

"Despite all the news headlines about GDP slowing down, retail and consumption continue to be quite strong, and also e-commerce will continue to grow and penetrate second and third-tier cities," Ming Mei, chief executive officer at GLP, told Reuters in a phone interview on Monday evening.

He said existing customers will account for two-thirds of the company's new storage facilities in China.

The company's new fund, CLF II, is expected to develop 13 million square meters of facilities, and GLP will start acquiring land later this year and commence construction in April 2016.

GLP's first $3 billion China development fund, launched in November 2013, has reached its investment capacity.

Its customers include JD.com and Alibaba Group.

Mei said GLP itself invested $2 billion in China in the year ended March, and targets to invest at least 30 percent more in the current financial year.

GLP operates in 36 Chinese cities and has 11.8 million square meters of completed logistics warehouse space as of the end of March.

It is also a provider of logistics facilities in Japan, Brazil and the United States.

(from: cargobusinessnews.com/reuters.com, July 22nd 2015)

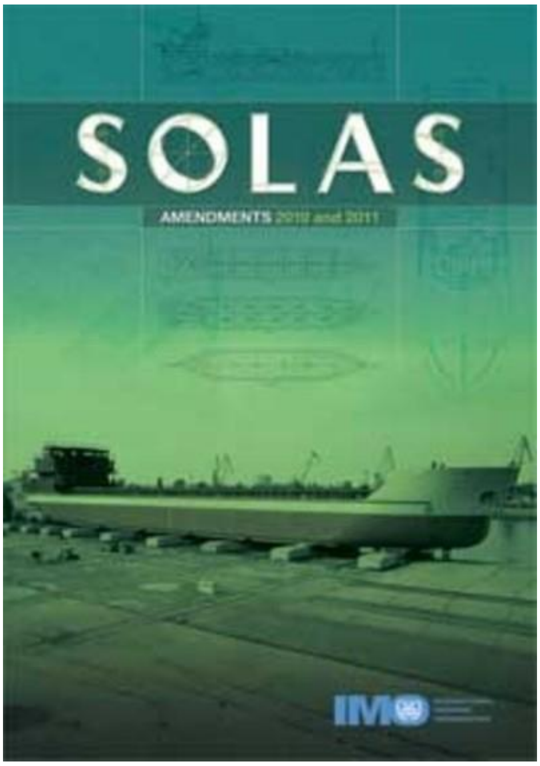
LAW & REGULATION

FORWARDERS AND 3PLS MOST LIKELY TO BEAR THE BRUNT OF NEW CONTAINER WEIGHT LAWS

Freight forwarders are likely to take a central role in the verification of container weights when new regulations covering ocean freight transport come into force next year.

The recent amendments to the Safety of Life at Sea (Solas) regulations, which mean shippers must verify the declared weight of a container and its contents, are due to become law on 1 July 2016.

However, yesterday leading supply chain and maritime insurer TT Club said much of the onus for weight verification would likely fall upon the freight forwarders and 3PLs that arrange and book container shipments on behalf of shippers.



"The complex nature of logistics means that the term 'shipper' may encompass a range of people involved in the contracting, packing and transporting of cargo," the TT Club said in a statement.

"However, as stated in the WSC guidance, the key commercial relationship in question is with the person whose name is placed on the ocean carrier's bill of lading.

Thus, in many cases, the responsibility for actual 'verified' declaration will rest with a freight forwarder, logistics operator or NVOC.

"This means that often reliance will have to be placed on others to have adequate certified methods to provide verified gross mass – particularly for consolidation business.

Of course, many suppliers of homogenous shipments will already have advanced systems, which merely require some form of national certification," it added.

Robert Windsor, policy and compliance manager at the British International Freight Association (Bifa), who has been closely involved with drawing up the guidance for the UK freight community published by the Maritime and Coastguard Agency (MCA), told The Loadstar that freight forwarders organising groupage and less-than-container load shipments would be especially affected, as they would effectively become the shipper.

However, he added, the MCA had agreed with Bifa to adopt the "handshake principle" for forwarders, especially with regular shippers that already operate under AEO or other 'known shipper' programmes.

Indeed, the small print in the MCA guidance confirms that forwarders working for shippers, either in consolidating several loads into one container or booking full container loads on their behalf, can accept a shippers' verification without having to verify it themselves.

"Where cargo submitted and correctly marked is tendered by one UK-verified weigher to another for final loading, it will not need to be re-weighed prior to packing into the container – although responsibility for providing the accurate verified gross mass remains with the shipper named on the bill of lading," it says.

The full MCA guidance can be found here, since the Solas amendments, voted into law by the UN's International Maritime Organization "place responsibility on national administrations to implement appropriate standards for calibration and ways of certifying", according to the TT Club.

Verification can either be done through actual weighing or by providing a calculation of the weight of the cargo plus the tare weight of the container.

Should the verification not be available to both vessel master and a terminal representative, the container should not be loaded onto the vessel.

(from: theloadstar.co.uk, July 10th 2015)

STUDIES & RESEARCH

CONTAINER SHIPPING 'LUCKY TO BREAK EVEN' IN 2015, DREWRY SAYS

A toxic mixture of overcapacity, weak demand and aggressive commercial pricing is threatening liner shipping industry profitability for the rest of 2015, according to the Container Forecaster report published Tuesday by global shipping consultancy Drewry.

Drewry's new view of the market revises its earlier forecast that carriers would collectively generate profits of up to $8 billion in 2015.

Drewry now says that its revised view is that carriers "will be lucky to break even this year," meaning some lines will be back in the red by year-end.

The consultancy added that the only way to address this is for carriers to take much more radical action to address overcapacity which is now plaguing "virtually all major trade routes".

Despite first quarter industry operating margins of 8%, cost savings through falling oil prices were passed onto shippers by carriers in the form of much lower freight rates.

And going forward, shipping lines will struggle to continue reducing unit costs in line with the expected erosion in freight rates, given stabilising bunker costs, according to Drewry.

Drewry estimates that this year average global freight rates will decline at their fastest pace since 2011, when the fall in industry unit revenue was as great as 10%.

The outlook for freight rate development has not been helped by second quarter spot rates in the four main East-West head haul trades falling by 32% year-on-year.

Recent decision by the Ocean Three lines to remove approximately 4% of trade capacity on the Asia-North Europe trade should help the carriers' July and August GRI initiatives to push rates up.

But more decisive action is required here and elsewhere since void sailings are only a very temporary solution.

As many as 129 ships of 8,000 teu and above still need to find homes across a number of trades in the second half of 2015, Drewry says.

Average global head haul utilization fell to 83% during the first quarter of 2015, though this alone should not have precipitated the deterioration in spot rates.

However, the perceived weakness pushed many lines into rate-war mode across a number of key trade routes.

With the exception of the westbound Transatlantic and Asia to Middle East trades, rarely have we seen so many major routes performing so poorly all at once.

Spot freight rates have reached historical lows on the Asia to Europe and Asia to East Coast South America trades, which have been driven by carriers' fear of losing volume base cargo to competitors as well as impending new build deliveries.

Each quarter brings another 10 to 15 ULCVs (Ultra Large Container Vessels) into the market and the resultant cascade of tonnage into the Transpacific, Latin American and Asia-Middle East trades is having a genuine detrimental knock-on effect.

Neil Dekker, Drewry's director of container shipping research said: "There are not enough good homes for ships of over 8,000 teu where they can be placed without doing some damage to the supply/demand balance.

Ocean carriers do not want to idle these expensive assets.

The orderbook is starting to get out of control, with another 1.14 million teu added since January.

Carriers' emphasis on ordering so many big ships is starting to backfire and virtually all major head haul trades are plagued by overcapacity.

We are entering a new era which will be dominated by big ships and all ocean carriers need to be thinking of average head haul trade route fill factors of 80-85% as the norm, rather than 90% or more.

They cannot keep adding capacity and expect there to be no substantial impact on unit revenues."

(from: gcaptain.com, July 7th 2015)

ON THE CALENDAR

- 7-11 Sep PIANC-SMART RIVERS 2015 Buenos Aires, Argentina
- 17-18 Sep 10th Southern Asia Ports, Logistics & Shipping 2015 Mumbai, India
- 14-20 Sep Genoa Shipping Week, Genova, Italy
- 22-25 Sep NEVA 2015 St. Petersburg, Russia
- 26-28 Oct 6th Global Free Trade & Special Economic Zones Summit Dubai, UAE
- 29-30 Oct 13th Intermodal Africa 2015 Lusaka, Zambia
- 25-26 Nov 14th Intermodal Africa 2015 Lagos, Nigeria
- 8-9 Dec TOC Middle East in Dubai Dubai, UAE

The Secretariat of C.I.S.Co. is able to communicate detailed information on the programs of all the events and how to participate.