Newsletter

July 15th 2016

Link road, rail, sea!

Council Of Intermodal Shipping Consultants

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YEAR XXXIV
Issue of July 15th 2016

July 15th 2016

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

NEW ASSAGENTI REPRESENTATIVE IN THE BOARD OF C.I.S.CO.

As of last July 28th, Alberto Banchero, new president of Assagenti, is replacing Gian Enzo Duci as member of the Board of C.I.S.Co. representing the Association of Maritime Agents and Brokers of Genoa.

ASSAGENTI
Associazione Agenti e Mediatori Marittimi
GENOVA

"LARGER VESSELS, LARGER OPPORTUNITIES?": A CONFERENCE ORGANIZED BY C.I.S.Co. AS PART OF NAPLES SHIPPING WEEK

An opportunity to explore the theme of the naval gigantism analyzed from the point of view of the various actors in the supply chain logistics of containerized transport.

The "*Larger Vessel conference, Larger Oppportunities?*", organized by C.I.S.Co. as part of Naples Shipping Week was held on Wednesday, June 29th last, at the Congress Centre Electra of the Maritime Station of Naples.

The event saw the large participation of different actors of the world of containerized shipping and logistics.

The meeting was an opportunity to explore the theme of the naval gigantism analyzed from the point of view of the various actors in the supply chain logistics of containerized transport.

The work started with the greetings of the Secretary General of C.I.S.Co. Giordano Bruno Guerrini who presented the association's role and thanked the speakers who sponsored the event.

As President of BIC, International Bureau of Containers, Guerrini subsequently referred to the legislation on the VGM, presenting the pilot project TDC, Technical Characteristics Database launched by the Bureau: a sort of large database created by the container owners concerning the opening of techniques characteristics of the containers, including the tare.

Emanuele D'Agostino, the moderator of the conference, kicked off the first session, focused on the development of the size of of the vessels and the business strategies of the lines and terminals.

The first to speak was Pasquale Tramontana, CEO of the MSC Napoli which has expressed concern about a possible further growth in size of containerships prospecting rather their likely growth in numbers.

This will certainly lead to greater development of the land logistics and a simplification of bureaucracy, with targeted projects and a valid direction by the central government.

The second speech saw as a speaker Agostino Gallozzi, President of Salerno Container Terminal, which has explained that the larger vessels have an opportunity to exploit best.

This will only be possible if they will be included in a wider logistics system involving all the territory, currently an undetectable system.

The ports must have the function of ports-portal in order to insert and connect calibrated infrastructural lines on traffic flows.

The moderator then invited into the discussion Enzo Esposito, CEO of Emes International, which sees in the expansion of the Panama Canal the maximum limit of large vessels: 13,000 TEUs.

The advent of gigantism is commented as a "proud" of the owner, not borne by a genuine issue of freight volumes.

To conclude the session, the speech of Roberto Bucci, of Terminal Flavio Gioia, who explained how the larger vessels represent a snare for the multipurpose terminal rather than an opportunity.

In the period of great uncertainty in which the global market and the shipping can be found, for small businesses at terminals, such as Naples, the naval gigantism is a factor to be monitored very carefully, especially the inability to make long-term forecasts and quantify the type of investment.

The second session saw two speechs of more specifically technical nature aimed at presenting new technologies at the service of container traffic.

The first to speak was Alberto Ghiraldi of Passive Refrigeration Solutions which first explained the technology of passive reefer containers.

It offers the opportunity to operate regardless of external energy sources while reducing costs and increasing safety on board of vessels.

The second speech, proposed by Miki Ferrari of Fly Technologies, had as its center a new scanning technology of containers based on gamma rays.

The current world situation has forcefully brought to the fore the issue of safety & security and gamma technology would allow scanning even moving vehicles, with no need to stop and no radioactive danger problems for people and for goods.

The third session highlighted the impact of the naval gigantism on landside infrastructure and distribution technology.

Marco Spinedi, president of the Interporto of Bologna, was the first to analyze how much of the hold capacity of the giants of the sea represents an opportunity to be seized for the Interporti (logistics centres) investing in intermodality, especially about railway infrastructure.

The word is then passed to Antonio Pandolfo of Newcoop, a company that deals with the distribution logistics in Sicily, in relation to large supply chains.

The speech has shown that the routes of the big ships can not, however, lead to a disappearance of the so-called smaller ports as demand exists and has to be met.

The next speech, proposed by Celso Paganini, director of Porto Pavino LLC and creator of the brand Bella Vita in charge of exporting vegetables from Italy to the United States.

Paganini has highlighted as the possibility of a development of the Italian fruit and vegetable market in the US is enormous, given the quality of the products and the passion of the Americans for the made in Italy.

The advantages are high because the cost of transport from Italy is lower than the transport from the West Coast to the East Coast (target market).

The last speech was by Paola Bottigliero, of Saimare of Naples, agency and customs agent.

Following a discussion on the history of Saimare, she focused the interface problems with the customs authorities, the slowness in achieving the full functionality of a single contact window and the ever-present bureaucratic difficulties that clash with the concept of distortion of the existing infrastructural assets that naval gigantism entail.

PORTS AND TERMINALS

THAMES VISION CLOUDED BY BREXIT UNCERTAINTIES

The prospect of Britain withdrawing from the European Union has taken the gloss off plans to reinvigorate activity on the River Thames where two of the UK's leading container terminals are located, along with numerous other cargo-handling facilities.

The Port of London Authority, which is responsible for 95 miles of the tidal Thames from the North Sea to Teddington lock in west London, launched its Thames Vision goals on Monday a little more than a week after the UK voted to leave the EU.

The plans, which have been under development for 18 months, set out how the PLA hopes to develop a broad range of commercial and leisure pursuits over the next 20 years, from freight and passenger transport to sport and recreational activities, along with cultural and heritage interests.

Both DP World's London Gateway and Forth Ports' London Container Terminal at Tilbury are located on the banks of the Thames, as are several other smaller container-handling facilities, and London is expected to feature in Lloyd's List's annual Top 100 container ports this year.

One aim is to reopen wharves along the Thames that would be able to handle freight including containers, London's deputy mayor for transport Val Shawcross told guests attending the Thames Vision launch.

That message was endorsed by the PLA's chief executive Robin Mortimer, who said the goal was to double the underlying volume of inland freight moved on the Thames to more than 4m tonnes, "and to bring containers upriver again".

The PLA said it aims to add at least five new cargo-handling facilities by 2025.

The Port of London currently handles up to 45m tonnes of freight a year, including large quantities of aggregates and other materials for the capital's flourishing construction industry, plus waste and spoil which needs to be shipped from the city to recycling sites.

There are numerous specialist facilities along the river handling many different types of cargo, from oil and grain, to sugar and car parts, while Tilbury handles cruiseships.

However, the vote to leave the EU raises all sorts of uncertainties over London's prospects, and while most Thames Vision stakeholders still expect trade to keep growing, London Chamber of Commerce and Industry chief executive Colin Stanbridge sounded a strong word of warning.

Those who now want to the UK to develop new trading relationships with countries outside the EU will find that "incredibly difficult", said Mr Stanbridge.

His experiences in leading trade missions in Asia or South America, for example, have shown that smaller companies, in particular, would rather do business closer to home, in Europe.

That is something politicians do not understand, he said at the Thames Vision launch.

The preference for trading with other European countries is particularly relevant for Thames facilities that handle a large amount of shortsea traffic.

Those terminals also rely on the free movement of goods to ensure cargo is not delayed at the port by customs but is on its way to the final destination very soon after being offloaded from the ship.

But free movement of labour is also essential for London, said Mr Stanbridge,

London "must not pull up the drawbridge", he warned.

The capital "wants migrant workers… and would grind to a halt without them".

Maritime industry leaders are already starting to warn against the risks of stopping the free movement of people in such an industry that constantly needs to rotate employees.

(from: lloydsloadinglist.com, July 7th 2016)

MARITIME TRANSPORT

HAPAG-LLOYD AGREES MERGER TERMS WITH UASC

Hapag-Lloyd and United Arab Shipping Company (UASC) have reached an agreement on the terms and conditions of a merger, with the shareholders of UASC expected to approve the agreement today.

In a statement yesterday, the German line said: "Hapag-Lloyd and United Arab Shipping Company (UASC) have reached an agreement on the terms and conditions of a 'Business Combination Agreement' (BCA) providing for the contribution of all shares in UASC to Hapag-Lloyd.

The Supervisory Board of Hapag-Lloyd yesterday approved the transaction subject to the anchor shareholders of Hapag-Lloyd and UASC agreeing to assume the commitments levied upon them in the BCA.

Further, the conclusion of binding agreements is still subject to the consent of the shareholders of UASC.

An extraordinary general meeting of UASC to grant such consent will be held in Dubai on 29 June 2016."

The two container lines announced in April that they had begun discussing forms of cooperation, including a potential combination of their respective container shipping operations.

Hapag-Lloyd said that in the case of a business combination, the parties were basing their discussions on a relative valuation of the two businesses at 72% (HL) and 28% (UASC), "subject to a mutually satisfactory completion of the negotiations and the mutual due diligence exercise".

Hapag-Lloyd shareholders are expected to vote on the deal before the end of August after the BCA has been signed, Lloyd's List reports.

According to Lloyd's List, approval of the deal will mean Hapag-Lloyd will overtake Evergreen to move into become the world's fifth-largest container line with a fleet of 1.5m teu - just behind Cosco, whose size increased when Chinese lines Cosco and China Shipping merged earlier this year.

With the acquisition of CSAV's container business in December 2014, the Hapag-Lloyd fleet currently has a total transport capacity of almost one million standard containers (TEU) as well as a container capacity of 1.6 million TEU – including one of the largest and most modern fleets of reefer containers.

Its fleet of 177 containerships operates a total of 121 liner services worldwide.

Hapag-Lloyd is also a founding member of the G6 Alliance, one of the largest shipping alliances in the world, and is one of the leading operators in the Transatlantic and Latin America trades.

(from: lloydsloadinglist.com, June 29th 2016)

RAIL TRANSPORT

RUSSIAN RAILWAYS AND FERROVIE DELLO STATO ITALIANE SIGN COOPERATION AGREEMENT

A memorandum of cooperation has been signed between Russian Railways and Ferrovie dello Stato Italiane for the development of joint projects and modernisation of existing infrastructure.

Oleg Belozerov, President of JSC Russian Railways and Renato Mazzoncini, CEO of Ferrovie dello Stato Italiane S.p.A, signed a memorandum of cooperation in Rome that will develop and implement joint projects in areas such as new rail infrastructure construction and modernisation of existing networks.

This in turn will provide international transport and logistics services and products for international freight and passenger traffic.

Better efficiency of the existing rail networks

Furthermore, the memorandum stipulates that the parties shall make the necessary efforts in order to achieve better efficiency of the existing rail networks in the Russian Federation and the Italian Republic, as well as to increase the rail transport competitiveness and operational safety, and to minimize its impact on the environment.

Russian Railways and Ferrovie dello Stato Italiane plan to jointly work over better conditions for attracting extra traffic flows, improving their tariff policies and information systems.

Russian Railways and Ferrovie dello Stato Italiane to promote mutual contacts in the framework of international organisations

The parties have also agreed to promote mutual contacts in the framework of international organisations, including the International Union of Railways, in order to ensure effective cooperation between the 1435-mm and 1520-mm railway systems.

The two parties will work together to develop rapid and high-speed rail transit projects, including programmes within the Russian Federation.

In addition, the agreement covers cooperation in the areas of R&D, technology and innovative development of railways, as well as orchestrating cooperation in third countries' markets.

(from: europeanrailwayreview.com, July 7th 2016)

INTERMODAL TRANSPORT

DHL LAUNCHES TAIWAN-EUROPE MULTIMODAL SERVICE

DHL Global Forwarding today announced the successful on-time completion of German consumer electronics manufacturer MEDION's first multimodal rail delivery from Taiwan to Europe.

MEDION, a Lenovo company, has been the first to trial DHL's new multimodal service via Xiamen, China which cuts its shipping time and costs by up to half and two-thirds respectively compared to its previous ocean and air freight options.

An extension of DHL's multimodal network, the company's new service for MEDION saw their electronics goods and components transported from Taichung, Taiwan to Xiamen via sea; before embarking on a rail journey through Chengdu, China to Lodz, Poland.

From there, shipments are routed to MEDION's main operations in Germany.

Andre Michel, head of marketing and sales at DHL Global Forwarding Europe, said: "This successful initial multimodal shipment of MEDION, handled via our expanded network, proves the capabilities of the service.

We recognize the opportunities for our customers with these new solutions, complementing the existing DHL air, ocean and road freight services that they are already using, as we aim to support them to achieve their strategic growth aspiration."

He said that as China's 'Belt and Road' initiative progresses, he expected this trend to be further fostered for European enterprises, especially for manufacturing hubs such as Taichung and Xiamen.

Thomas George, CEO for DHL Global Forwarding Europe, said: "Taking the advantage of efficient trade routes and shipping modes is crucial for the success of businesses that look to benefit from the potential of both China and Europe's consumer and production markets.

Companies like MEDION, implementing such new multimodal solutions at an early stage, do not only operate with greater speed, efficiency and flexibility, moreover this gives them a competitive advantage overall in the respective markets."

MEDION is a leading manufacturer of consumer electronic products such as smartphones, laptops, personal computers and video cameras in Germany, offering products direct to consumers as well as through some of the world's largest international retailers.

Its products are distributed across Europe, Scandinavia, UK, US, Canada and Asia.

A spokesperson for MEDION said: "The success of our business lies in being able to provide consumers direct and timely access to our products and also managing and controlling the entire value chain for our retail partners.

With DHL's expertise in shipping for the consumer electronics sector, our products are delivered on time in a cost-efficient way – an important element as we continue to grow and sustain our market share throughout Europe and other regions."

The new multimodal service sees DHL build on its existing multimodal network which connects Taiwan, Japan and China to continental Europe via Russia and Central Asia.

DHL's multimodal routes are closely mapped to China's 'Belt and Road' initiative with the Silk Road Economic Belt and Maritime Silk Road.

Sister unit DHL Freight today said that the company was further expanding its multimodal network and linking Asian overland and intermodal transportation operations with Europe and North Africa.

At a joint event with Duisburger Hafen (duisport) at the logport site in Duisburg-Rheinhausen, DHL said it was further expanding its offering through via Duisburg with rail transport services for groupage transport.

Amadou Diallo, CEO of DHL Freight, said: "The use of rail networks as a transport route between Europe and Asia has proven to be a highly effective solution at DHL and is very well received by our customers as a genuine alternative.

In this connection, Duisburg plays a key role as a transport hub.

Shorter routes to customers and excellent intermodal connections provide many opportunities for faster delivery and the leveraging of cost advantages.

We therefore intend to consistently expand this segment.

Through our new LCL products in the DHL Railconnect segment, we can leverage the strengths of our overland transport networks to the great benefit of our customers."

Diallo continued: "In addition, we can do so all the way to North Africa.

We already have customers whose commodity flows can be processed from China via Europe to Tunisia through the multimodal combination of road, rail and short-sea."

Since 2013, DHL has been steadily expanding its multimodal network between China, Russia and Europe, and has enabled connections to the most important industrial bases in Europe and Asia through its rail links and access to ports in Antwerp, Rotterdam and Amsterdam.

As a result of this expansion, DHL customers can take advantage of fixed departures each week between the Rhine/Ruhr Duisburg economic region and the business centers in the coastal region of China from Shanghai to Shenzhen.

(from: lloydsloadinglist.com, June 30th 2016)

INDUSTRY

CONTAINER FREIGHT SHIPPING LINES NOW BOUND TO RULES REGARDING PRICE HIKES TO AVOID ANTITRUST BREACH

The European Commission has accepted commitments by fourteen of the world's largest container shipping companies which have given undertakings aiming to increase price transparency for customers and to reduce the likelihood of coordinating prices in the future.

The Commission had expressed concerns that the box freight companies' practice of publishing their future price increase intentions might harm competition and customers by raising prices for their services to and from Europe, in breach of EU antitrust rules.

Speaking following the EC's decision, the Commissioner in charge of competition policy, Margrethe Vestager, said: "Container shipping accounts for the vast majority of the non-bulk freight carried by sea to and from Europe.

Competitive shipping services are therefore essential for European companies and for the EU's economy as a whole.

The commitments offered by the fourteen carriers will make prices for these services more transparent and increase competition."

Fourteen container line shipping companies have tended to regularly announce their intended future increases of freight prices on their websites, via the press, or in other ways.

The carriers are CMA CGM (France), COSCO (China), Evergreen (Taiwan), Hamburg Süd (Germany), Hanjin (South Korea), Hapag Lloyd (Germany), HMM (South Korea), Maersk (Denmark), MOL (Japan), MSC (Switzerland), NYK (Japan), OOCL (Hong Kong), UASC (UAE) and ZIM (Israel).

Initially, China Shipping was part of the investigation but after it restructured and exited the container liner shipping business, the Commission found that it was not necessary for it to offer commitments.

These price announcements, known as General Rate Increases or GRI announcements, do not indicate the fixed final price for the service concerned, but only the amount of the increase in US$ per transported container unit, the affected trade route and the planned date of implementation.

They frequently effect sizeable increases of several hundred US$ per TEU.

General Rate Increase announcements are made typically 3 to 5 weeks before their intended implementation date, and during that time some or all of the other carriers often announce similar intended rate increases for the same or similar route and the same or similar implementation dates.

Carriers are not bound by the announced increases and some carriers have indeed postponed or modified announced general rate increases, possibly aligning them with those announced by other carriers.

The Commission had concerns that General Rate Increase announcements do not provide full information on new prices to customers but merely allow carriers to be aware of each other's pricing intentions and may make it possible for them to coordinate their behaviour.

Announcing future price increases may signal the intended market conduct of carriers and by reducing the level of uncertainty about their pricing behaviour, decrease their incentives to compete against each other.

Because the announcements provide only partial information to customers, and may not be binding on the carriers, customers may not be able to rely on them and therefore carriers may be able to adjust prices without the risk of losing customers.

This practice may lead to higher prices for container liner shipping services and harm competition and customers, in breach of EU and European Economic Area (EEA) competition rules' ban on concerted practices between companies (Article 101 of the Treaty on the Functioning of the European Union (TFEU) and Article 53 of the EEA Agreement).

In order to address the Commission's concerns, the carriers offered the following commitments:

- the carriers will stop publishing and communicating General Rate Increase announcements, i.e. changes to prices expressed solely as an amount or percentage of the change;

- in order for any future price announcements to be useful for customers, the carriers will announce figures that include at least the five main elements of the total price (base rate, bunker charges, security charges, terminal handling charges and peak season charges if applicable);

- price announcements will be binding on the carriers as maximum prices for the announced period of validity (but carriers will remain free to offer prices below these ceilings)

- price announcements will not be made more than 31 days before their entry into force, which corresponds to the period when customers usually start booking in significant volumes (typically, customers plan their shipments between 4 weeks and 1 week before they need to move their consignments) and;

- the commitments will not apply to:

  – communications with purchasers who already have an existing rate agreement in force on the route to which the communication refers;

  – communications during bilateral negotiations or communications tailored to the needs of specific identified purchasers.

After carrying out a market test of the commitments, the Commission is satisfied that these adjustmnents address its concerns.

They will increase price transparency for customers and reduce the likelihood of concerted price signalling by binding the carriers to the prices announced.

The Commission has therefore made the commitments legally binding on the carriers for a period of three years starting from December 7, 2016.

(from: handyshippingguide.com, July 7th 2016)

LEASING

HARMONIZED CONTAINER LEASING INSPECTION CRITERIA

In a significant breakthrough for the container shipping business, the two criteria currently used when inspecting containers during the interchange process between operators and leasing companies are now to be harmonised in a move which has been welcomed by the US-based Institute of International Container Lessors (IICL).

Until now, there have been two different interchange inspection standards: one managed by IICL and known as the "IICL-5" criteria; and the "Common Interchange Criteria" (CIC), administered by the CIC Group of leasing companies, comprising five of the world's leading container lessors (Triton Container, Seaco, Florens Container Services, CAI and Blue Sky Intermodal) who represent over 50% of the world's leased dry freight container fleet.

Launched in August 2007 as an alternative to the IICL-5 criteria - and endorsed the following year by the Container Owners Association - CIC has enabled shipping lines to benefit from a significant reduction in repair costs by eliminating unnecessary repair to containers.

An additional advantage has been a more environmentally friendly approach to container maintenance, with reduced container handling.

Single standard

The harmonisation process has been undertaken by the leasing industry, which has recognised that the container business – shipping lines, leasing companies and container depots - will benefit from a single standard.

Discussions have taken place in recent months between CIC members and the IICL as to how the two different criteria might be harmonised.

CIC and IICL have stated that both expect that the harmonised interchange standards will create a better path to more accurate estimates, less disputes and more trained professional inspectors.

Although there are some small adjustments to the most recent version of CIC, the new standard preserves all the main benefits offered by CIC.

It also offers more consistent and accurate equipment inspections and repair estimates, bringing efficiencies to all parties.

The harmonisation is taking place simultaneously with the introduction of the IICL 6th edition into the industry (IICL-6).

The IICL says the benefits of the IICL-6 standard include the simplification and efficiency improvement of procedures for container inspections performed at container depots around the world.

All current IICL container leasing member companies, Beacon Intermodal, CAI International, Florens Container Services, SeaCube Containers, TAL International Container have endorsed and will follow the IICL-6 criteria beginning 1 August 2016.

The updated version of the CIC standard is also scheduled to be introduced for off-hire activity taking place from that date.

(from: assetfinanceinternational.com, July 8th 2016)

LOGISTICS

ID LOGISTICS DRIVES INTO EUROPE'S BIG LEAGUE WITH €85M PURCHASE OF LOGITERS

French contract logistics specialist ID Logistics looks set to propel itself into the upper echelon of providers after agreeing to acquire Spanish operator Logiters for €85m.

The acquisition still needs the green light from Spanish competition authorities, although ID Logistics says it expects to complete by the end of the summer.

It will be a cash buy from private equity fund Corpfin Capital, leaving ID Logistics with a "leverage ratio of approximately 1.2x proforma EBITDA post acquisition".

Logiters recorded revenues of €250m last year.

It operates 50 warehouses in Spain and Portugal, employs around 3,300 staff and has a client base focused on the automotive and healthcare sectors.

Eric Hémar, ID Logistics chief executive, said: "Logiters' acquisition is another key milestone in ID Logistics' growth strategy.

We are rapidly expanding the scale and footprint of our European operations, by strengthening our leadership position in Spain and by entering the Portuguese market in a significant way.

Thanks to Logiters' strong management team, which demonstrates high level of technical expertise and customer relations, ID Logistics has the opportunity to reach high visibility in business sectors such as healthcare/pharmaceuticals or automotive, while consolidating its leading market positions on the traditional FMCG and retail sectors.

In addition, Logiters will allow us to gain access to even more significant business opportunities and to extract greater benefits for our longstanding and new clients.

Thanks to our proven capability to acquire new businesses, I am confident that we will rapidly and easily welcome and integrate Logiters' teams into our organisation and offer them exciting career and business opportunities."

According to the Transport Intelligence Global Contract Logistics 2016 report, Europe is already the most consolidated of regional contract logistics markets, with the top 10 providers accounting for 36.4% of the market, compared with 33.2% in North America and 22.9% in Asia-Pacific.

While DHL is by far the largest operator in Europe, with annual revenues of €8.3bn, the ninth and tenth rankings are held by DB Schenker and UK firm Unipart, with annual turnover of €952m and €946m respectively.

In 2015, ID Logistics posted revenues of €930m, growth of 6.4% over the year before, and saw net profit rise 18.3% to €21.3m.

Assuming Logiters retains its customer base, the addition of its €250m turnover will make ID Logistics of comparable size to German company Fiege.

Luis Marceñido, Logiters chief executive, said: "We are very excited to join ID Logistics.

It's a real opportunity to offer a pan-european solution to our customers.

We are happy to share same entrepreneurship value and a customer oriented approach.

This agreement with ID Logistics opens up an exciting new chapter for Logiters' teams."

Alvaro Olivares, partner at Corpfin Capital, added: "Over the past few years, we are proud to have successfully accompanied Logiters through a major recovery phase, working closely with its management teams to reach unique market leadership position in the Iberia peninsula."

According to the TI report, the Spanish contract logistics market was worth 2.69bn last year, and is set to grow to €3.11bn by 2019.

It adds: "Industry consolidation was a key driver of change in 2015, with a low-growth economy and cheap debt incentivising takeovers to gain scale and new customer accounts."

(from: theloadstar.co.uk, June 30th 2016)

LAW & REGULATION

SHIPPER FURY OVER 'UNJUSTIFIED' VGM CHARGES

Some container lines and other service providers appear to be exploiting the introduction of the new international container-weighing rules by imposing "exorbitant and unjustified" charges for questionable and unspecified 'administration fees' and other 'services', the Global Shippers' Forum (GSF) claims.

The global representative body for cargo owners is calling for those charges to be withdrawn immediately and said it was GSF examining a number of examples provided by members and would be taking them up with the service providers concerned.

GSF said the new container weighing regulations, which took effect globally on 1 July, were introduced to enhance maritime safety and reduce the dangers to containerships, their crews, and all those involved throughout the maritime supply chain.

Recognising the crucial importance of safety in the maritime sector, the Global Shippers' Forum said it had consistently taken a constructive approach to the verified gross mass (VGM) requirements "and played a key role in IMO in securing flexibility in the requirements to enable shippers to make accurate VGM declarations at minimum cost and disruption to international trade".

As a result, shippers have two methods of providing a VGM: by weighing the fully loaded container using calibrated and certified equipment; or by using a calculated weight method where the shipper can sum the cargo items, packing and securing materials and add the tare of the container, GSF noted.

GSF has worked with shipping, terminal and cargo handling associations worldwide to ensure shippers and supply chain partners are aware of the requirements and has developed joint industry guidance to assist shippers and other maritime industry stakeholders with compliance and implementation of the new rules.

The shipper body added: "GSF is especially pleased to note the flexible and equivalent weighing and reporting methodologies that have emerged in recent weeks.

Its expectation is that the overwhelming majority of VGM service providers will act ethically and will only charge for actual third party services provided to the shipper at reasonable prices that reflect the cost of providing those services.

The new rules merely require the shipper to provide an accurate VGM to the carrier or the terminal operator using the prescribed methods in the IMO rules.

Where the shipper undertakes the weighing process himself to determine the VGM and notifies this to the carrier or terminal operator in the agreed manner, there is no justification for any VGM charge to be applied."

GSF noted that it was the maritime sector that had sought the introduction of these new rules to enhance maritime safety, adding: "It is a reasonable expectation of shippers that carriers and terminal operators will put in place procedures for acceptance of a VGM.

This is no different to arrangements previously in place prior to today, 1 July 2016, except that the shipper must now provide an accurate VGM in compliance with the new rules.

There is, consequently, no justification for carriers and terminal operators to apply any charge for a shipper making an accurate VGM declaration.

Regrettably GSF members, mainly in Asia and Africa, report that some carriers and other 'service providers' appear to be exploiting the introduction of the new VGM rules by imposing exorbitant and unjustified charges for questionable and unspecified 'administration fees' and other 'services'.

The GSF is calling for those charges to be withdrawn immediately."

The GSF is currently examining the following examples provided by members and will be taking them up with the service providers:

China: The global forwarding company Kuhne and Nagel is charging a VGM administration fee for all K&N shipments booked in China - specifically USD 12.75 for full containers if shippers are using the K&N electronic VGM system, or US$25.00 for manual data entry.

Similarly, OOCL Logistics has announced that they will be charging a Verified Gross Mass (VGM) Administration Fee of US$15 per document for all exports from China.

Nigeria: The logistics and shipping firm Grimaldi Agency Nigeria have notified customers that they will weigh containers on departure at a cost of N20,000 per 20 foot container and N40,000 per 40 foot.

Sri Lanka: GSF members have advised that shipping lines are considering charging shippers US$25 for submitting the VGM, and, in cases where the final weight differs from the booked weight, an additional charge of USD 50 for amending the VGM.

UK & Ireland: The ports group DP World, which owns both Southampton and London Gateway ports, impose a £1.00 charge for VGMs provided prior to arrival (rising to £3.00 after box arrival but before 24 hour cut off).

Chris Welsh, GSF secretary-general, said: "Shippers worldwide support the safety goals of the container weighing requirements and are committed to fulfilling their regulatory requirements, but this should not be used by supply chain partners as an excuse to impose unjustified fees.

This is particularly concerning for developing countries, especially in Africa and Oceania, which according to the United Nations Conference on Trade and Development (UNCTAD) pay 40 to 70 per cent more on average for the international transport of their imports than developed countries (UNCTAD Maritime Report, 2015)."

The Global Shippers' Forum (GSF) is a global voice for shippers, created in 2006 as the successor to the Tripartite Shippers' Group, first organised in 1994.

Like the Tripartite Shippers' Group, the GSF represents the interests of various national and regional shippers' organisations in Asia, Europe, North and South America and Africa.

The GSF is focused on the impact of commercial developments in the international freight transportation industry and the policy decisions of governments and international organisations that affect shippers and receivers of freight.

(from: lloydsloadinglist.com, July 4th 2016)

STUDIES & RESEARCH

OCEAN FREIGHT RATES 'HAVE BOTTOMED OUT'

Container freight rates are forecast to rise modestly over the next 18 months from the all-time lows reached recently, but this will not be sufficient to rescue the container shipping industry from substantial losses in 2016, according to the latest Container Forecaster report published by global shipping consultancy Drewry.

It said liner shipping has had a torrid time so far in 2016 with spot freight rate volatility reaching unprecedented levels, while unit industry income had fallen to record lows.

Drewry highlighted "distinct parallels" between what is happening now and the depths of the 2008/09 global financial crisis.

The leading research and consulting services firm estimates that container carriers collectively signed away $10 billion in revenue in this year's contract rate negotiations on the two main East-West trades.

"With annual Transpacific contract rates as low as $800 per 40ft to the US West Coast and $1,800 per 40ft to the US East Coast, carriers have done exactly what they did back in May 2009 in a desperate attempt to retain market share," the analyst said.

"With first quarter headhaul load factors at around 90%, there was no logical reason for carriers to sign so much revenue away in one fell swoop.

While spot rates on the core trades have significantly improved after the 1 July GRIs, it is still too early to say if carriers have suddenly changed their approach to commercial pricing."

Drewry said the recent decision by the G6 lines to take a weekly loop out of the Asia-North Europe trade was a positive move.

"But similarly pragmatic and pro-active measures will be necessary across other sick trades if recent improvements are to gain momentum," it added.

While the new alliance structures are bedding-in between now and April 2017, this work will take some time yet.

“Indeed, after some good repair work in the Asia to East Coast South America trade, which improved spot rates from a lowly $100-200 per 40ft back up to over $2,500 per box, the industry can only wait and see what happens elsewhere,” the organisation said in its latest report.

Neil Dekker, Drewry’s director of container research said: “For 2017, Drewry anticipates a slightly brighter picture with global freight rates forecast to improve by about 8%.

Carriers are expected to take some action to address overcapacity as cashflow attrition becomes more urgent and BCO (beneficial cargo owner) rates rise from this year’s lows.

But once again, this cannot be seen as a genuine recovery since these so-called improvements must be set in context against the unnecessarily big rate declines seen in both 2015 and 2016.”

Drewry is a leading international provider of research and consulting services to the maritime and shipping industry.

(from: lloydsloadinglist.com, July 6th 2016)

ON THE CALENDAR

▪	05/09/16 - 07/09/16	Muscat	Middle East Transport and Logistics Exhibition ME TRANSLOG
▪	06/09/16 - 09/09/16	Amburgo	SMM 2016
▪	13/09/16 - 16/09/16	Birmingham	IMHX 2016
▪	14/09/16 - 14/09/16	New York	8th Annual Global Commodities, Energy & Shipping
▪	15/09/16 - 16/09/16	Accra	4th Annual Africa Port & Rail Expansion Summit
▪	18/09/16 - 21/09/16	Genova	IUMI Annual Conference 2016
▪	21/09/16 - 22/09/16	Londra	9th Arctic Shipping Summit
▪	21/09/16 - 23/09/16	Santa Cruz, Tenerife	Seatrade Cruise Med 2016
▪	22/09/16 - 23/09/16	Sri Lanka	11th Southern Asia 2016
▪	30/09/16 - 30/09/16	La Spezia	Italian Cruise Day
▪	03/10/16 - 06/10/16	La Valletta	Malta Maritime Summit 2016
▪	05/10/16 - 05/10/16	Londra	9th Annual Shipping, Marine Services & Offshore Forum
▪	11/10/16 - 14/10/16	Venezia	GreenPort Cruise - GreenPort Congress
▪	16/10/16 - 18/10/16	Lisbona	World Coal Leaders Network 2016
▪	17/10/16 - 21/10/16	Paris Le Bourget	Euronaval 2016
▪	23/10/16 -26/10/16	Abu Dhabi	Breakbulk Middle East 2016
▪	24/10/16 -24/10/16	Dubai	The Maritime Standard Awards 2016
▪	25/10/16 - 27/10/16	Copenhagen	Danish Maritime Fair 2016
▪	25/10/16 - 26/10/16	Abu Dhabi	NATRANS Expo 2016
▪	26/10/16 - 28/10/16	Abu Dhabi	Overseas Project Cargo Association 3rd Annual
▪	26/10/16 - 27/10/16	Jeddah	12th Trans Middle East 2016
▪	02/11/16 - 02/11/16	Londra	6th Annual Shipping & Offshore CSR Forum
▪	15/11/16 - 17/11/16	Rotterdam	Intermodal Europe 2016
▪	15/11/16 - 17/11/16	Rotterdam	Transport & Logistics 2016
▪	16/11/16 - 18/11/16	Istanbul	Logitrans 2016
▪	17/11/16 - 18/11/16	Mombasa	16th Intermodal Africa 2016
▪	20/11/16 - 23/11/16	Dubai	3rd International Conference on Coastal Zone Engineering and Management in the Middle East (Arabian Coast 2016)
▪	23/11/16 - 24/11/16	Budapest	Translog Connect 2016
▪	23/11/16 - 25/11/16	Jakarta	MARINTEC INDONESIA 2016
▪	05/12/16 - 07/12/16	Dammam	Saudi Transtec 2016
▪	07/12/16 - 09/12/16	Guangzhou	INMEX China 2016

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