INTERNATIONAL FREIGHT MANAGEMENT SERVICES

SCI AUSTRALIA

PTY LTD

In This Edition

A Brief History of Maritime

Smart Shipping

E-Commerce

Plus

El Nino Draft Restrictions

MAY 2016 NEWSLETTER

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Welcome Message

Welcome to the May Newsletter for the clients and friends of SCI Australia. This newsletter is designed to be an informative source about the company and the general industry and includes news, forthcoming events and the lighter side of the people who work for SCI.

We hope that you find this newsletter beneficial and the information provided of great value and interest. We appreciate your suggestions and input for future issues.

OOCL Rate Restoration

OOCL would like to advise that in order to maintain a high standard of service to customers, there will be a Rate Restoration of US$300/20' and US$600/40' from the 15th of May 2016, for both dry and refrigerated cargoes in the base ocean freight for cargoes from North East Asia (including China, Hong Kong, Korea and Taiwan) to ports and points in Australia.

This increase will be applied in full on top of existing ongoing market rates to all import shipments based on the actual departure date of the vessel named in the bill of lading from the 15th of May 2016, and will be subject to ancillary surcharges applicable at the time of shipment.

Should you have any questions, please do not hesitate to contact your local SCI Australia CSO.

MSC Rate Restoration

Mediterranean Shipping Company S.A. (MSC) wishes to announce to Southbound Asia clients a Rate Restoration (RR) programme that is to apply to all vessels sailing ex China, Hong Kong, Korea and Taiwan to all Australian ports.

The announced increase is to be effective from 15th May 2016 (pro-forma sailing date)

The increase is as follows:

USD $300.00 per TEU

Please be guided accordingly.

Kind regards,

Blast Sparks Calls for Modelling Advancements

MORE advanced methods of cargo modelling will be required if the industry is to develop a satisfactory level of understanding of accumulations at ports, warehouses and industrial facilities, Swiss Re has warned in its latest sigma study. The warning follows the August 12, 2015 explosions in China's Tianjin port, which have become the largest man-made insurance loss on record in Asia, with Swiss Re estimating the cost to the industry to be between $2.5bn and $3.5bn.

However, this estimate remains uncertain, with the loss event proving to be one of the most complex of recent times. The fallout from the explosions has highlighted the industry's lack of understanding of its accumulations of exposure in the region's ports and storage facilities, as well as high levels of uncertainty as to which lines of business will bear the brunt of the losses.

As a result, Swiss Re has now called on insurers and reinsurers to more actively identify, monitor and manage exposures in hazard zones and areas with high asset-value concentrations. Ports are a particular area of concern. As was the case with Tianjin, many ports are large and fragmented, often consisting of several areas spanning many kilometres.

Accumulation management for cargo will often involving coding the exposure as warehouse content using fixed location data. This location will often be the central point of the port, rather than the cargo's exact location. Swiss Re said insurers and the shipping industry should use the Tianjin experience to develop a more robust understanding of how exposures accumulate. For cargo insurers, the widely used system of open policies, where the rate is based on turnover for a storage facility rather than the precise shipment, adds another layer of complexity. The system means an insurer does not know what insured cargo is in a specific container, or the exact value of its contents.

The sigma report suggests equipping expensive goods and cargo containers with active sensors as a means of helping track exposure. In addition, big data and smart analytics could make marine data more accessible, enabling better assessment of cargo risk accumulations and creating greater scope for modelling.
In addition to ports, warehouses, cargo storage facilities and industrial parks also have high accumulation potential, with the concentration of risk exposures in these locations bringing potential for losses across multiple lines.

In Tianjin, it has emerged that a large proportion of the loss will result from damage to the thousands of new vehicles parked near the blast site. Swiss Re said the cost of these vehicle losses will likely largely fall under property insurance, with claims largely resulting from high-value imported cars on the onshore stage of their journey to market. The stage of the vehicles' journey will likely determine under what policy they fall. If vehicles at the site were in transit, they would likely be covered by marine cargo insurance, which has provisions for onshore storage up to a defined number of days once the cargo is loaded off ships.

If Tianjin was the final port of destination for the vehicles, with the next transfer being point-of-sales in China, claims would likely fall under property insurance. The value of the vehicles could be considerably higher if they had already gone through customs and were deemed to have already been imported into China. Vehicles outside the blast’s 1.5km exclusion zone were also damaged, and the extent of this damage is still emerging, creating further uncertainty as to the total industry loss.

Swiss Re said the high number of cars on the site suggests some may have been there for an extended period, and may be indicative of the recent downturn in the Chinese economy. The reinsurer said this could indicate car manufacturers or importers are using ports as immediate storage facilities, something the insurance sector may not have been aware of when assessing likely accumulations of risks. Swiss Re described the event as a “puzzle of risk accumulation and coverage terms”, highlighting the need to better understand cargo accumulations worldwide.

Source: **Lloyds List Australia**
http://bit.ly/25FIItY

A Brief Maritime History (May - Part 1)

Two Ship Arrests

WE HAD reached quarter time of the 2011 calendar year and newsworthy developments were occurring across the country. Lloyd's List DCN journalist Sineva Toevai reported on how two Singapore-flagged ships had been arrested in relation to at least a million dollars in claims by Total Marine Services.

Hako Endeavour and Hako Excel were arrested on March 24 of 2011 and the two offshore tug/supply ships were held at Henderson in Western Australia. According to a writ filed on March 24 at the Federal Court of Australia Western Australia District Registry in Admiralty, Hako Endeavour was arrested in relation to $987,878 sought by the plaintiff Total Marine Services from the ship's owner Hako Offshore.

The Admiralty writ stated: "The claim is in relation to the cost of and related to the provision by the plaintiff of goods to the Hako Endeavour and the provision by the plaintiff of services in the form of a master and crew to the Hako Endeavour pursuant to or in accordance with the terms of an agreement, which was made on or about 25 June 2011 between the plaintiff and Hako Offshore Pte Ltd (the demise charterer of the Hako Endeavour) or which these parties by their subsequent conduct agreed to adopt.

Livestock deal

In other West Australian developments, there was good news with progress reported in wage talks between the owner of a 33-year old livestock ship at Fremantle port and the international maritime union. International Transport Workers Federation (ITF) and Jordanian company Arab Ship Management had for the previous month been in talks over the pay of Bader III's 80 seafarers.

The union was "close to reaching a settlement," ITF national coordinator Dean Summers said at the time. According to Mr Summers, some Bader III workers were receiving US$300 a month, which he claimed was less than the contract Arab Ship Management signed with ITF a year earlier.

A spokesman for Arab Ship Management's Perth representative Livestock Shipping Services confirmed that wage talks between the two parties were in their final phase. He added that the ship, with a deadweight tonnage of 26,762 and gross tonnage of 36,387, had been docked at Fremantle since February.

Livestock imports to Turkey were suspended until a clause in the country's livestock health protocol had been rectified, the spokesman for Arab Ship Management said. Maintenance work was also carried out on the ship during its time at Fremantle.

The vessel classification society (Class BV) completed the annual surveys of Bader III on March 19 and endorsed the ship certificates, according to Australian Maritime Safety Authority (AMSA).

"Some issues relating to outstanding structural defects in the main deck cattle pens were noted but BV did not consider that these were serious enough to withhold endorsement of the ship's certificates," an AMSA spokesperson told Lloyd's List DCN.

(cont.)

Grain delays in Victoria

In another corner of the country, damage to roads and railways in parts of regional Victoria were blamed for delays in getting grain to Victorian ports. It was claimed as many as three grain ships were left waiting off a terminal at Geelong, as the damaged infrastructure struggled to handle a bumper 2010/11 grain crop. But GrainCorp spokesman David Ginns disputed these claims, made in a farming publication, that the three ships had been sitting idle in Port Phillip Bay.

He said "a couple of vessels had been part-loaded" before being moved off the wharf to await further loading. "Like all the eastern seaboard, there have been disruptions due to weather – and the harvest was four to six weeks late," he said. "The record rainfall significantly disrupted rail transport in Victoria. "A number of exporters chose not to buy rail capacity.

"They relied on road transport and the supply of trucks to handle grain was lower than it has been." Among the ships waiting to load was a vessel chartered by the CBH Group. It was partially loaded with barley before having to anchor outside the harbour to await the rest of its cargo. The ship, the name of which has not been disclosed, arrived in mid- February. A spokesperson for CBH Group said the delay was "not acceptable".

"Any unreasonable shipping delay adds to costs and potentially impacts negatively on our customers, so waits of this nature are not acceptable to CBH or other marketers," she said. The spokesperson said the vessel was partially loaded at the terminal operator's request in order to free up storage space at the facility.

Changing of the guard in New South Wales

Ports Australia chief executive David Anderson was among those encouraged by the infrastructure stance adopted by the newly-elected Coalition government in New South Wales. The new government had already signally its intention to boost capacity on the M5 motorway from four lanes to six to meet the state's infrastructure needs.

"We would like to see the management of freight receive an equal billing to passenger transport and we would like to see it fully cognisant of the growing trade through our ports," Mr Anderson said. The Customs Brokers & Freight Forwarders Council of Australia (CBFCA) also welcomed the new government's pledge to improving rail infrastructure links between intermodal terminals and Port Botany and to "provide cost effective transport alternatives."

"[We] see this as an essential ingredient to any long-term sustained port reform initiative," then CBFCA freight manager Paul Zalai said. The CBFCA was also hoping to see the new government increase the spread of operating hours in the logistics chain.

"[We] will look to the government to extend the reach of Port Botany Landside Improvement Strategy [PBLIS] to focus on strategies of extended opening hours and performance levels of empty container parks," Mr Zalai said. Shipping Australia was also urging the then Barry O'Farrell-led government to prioritise freight infrastructure.

"Freight is essential," Shipping Australia chief executive Llew Russell said.

Source: **Lloyds List Australia**
http://bit.ly/1W4kgxX

Pragmatism in Move to Smart Shipping

SHIPPING needs to be cautious how it adapts to the advances of what is being called 'smart shipping' warned Peter Hinchliffe, secretary general of the International Chamber of Shipping, at the Connecticut Maritime Association annual conference.

His warning on the last day of the event came after a prognosis by Clarkson Research Services' non-executive vice-president Martin Stopford that the industry is facing a fourth revolution with the advances of new technology and communication.
While Dr Stopford suggested high levels of automation and technology adaptation, Mr Hinchliffe suggested the industry needs to have a pragmatic approach to the changes these systems and tools offer.

He particularly focused on the suggestion that the advances in automation, sensors and communication will result in deskilling, namely a reduction on crew numbers and having crews with potentially less proficiency than they do today. "This is not a positive development," Mr Hinchliffe said. "Supporters say it allows integration of ship and shore personnel and will make the industry more attractive, but under this flexibility is a need for competence of seafarers who operate in a challenging and unforgiving environment."

He pointed out the seafarer will still be needed, to take care of the unexpected. He also said technology was not a Holy Grail of shipping. While it gives the ability to turn large amounts of data in to information, automation may not always improve safety and efficiency.

"Many voyages happen effectively regardless of technology's attempt to thwart them," he quipped. He agreed shipping can benefit from the ideas that are emerging about the use of data, analytics and satellite communication, but said regulations need to keep pace with these developments and asked: "How well can we avoid adapting technology just because it is available?"

In response, Dr Stopford, who listened to Mr Hinchliffe's speech, agreed that smart shipping is not about unmanned ships and that a balance needs to be found as the systems and technologies are brought into the industry.

Source: **Lloyds List Australia**
http://bit.ly/1V3CL66

El Nico Draft Restrictions

New temporary draft restrictions on shipping through the Panama Canal are expected to have minimal impact on Australian shipping.

To mitigate effects of El Nico, the Panama Canal Authority set the maximum draft at 11.89 metres tropical fresh water, effective April 18.
Port economist David Bayne said the restrictions will have a marginal effect on Australian shippers.

“Our main shipping routes for larger vessels are primarily for Asia, and therefore do not transit the Panama Canal,” he said.

“The North American vessels on the Australia/North America routes are not large enough to be affected by the draft restrictions proposed.”

“What it is likely to do is put even more pressure to cascade the 8,000 to 12,000 teu vessels already enquiring to service the Australian East Coast,” Mr Bayne said.

“It is of course a pity that the swing basin in Melbourne will limit this vessel upsizing as it is an opportunity for our shippers to gain the advantage of lower freight rates.”

Source: **Lloyds List Australia**
http://bit.ly/1S1nAE0

Liberia's Call for Ballast Water Treatment (Part 1)

A PROPOSAL has been submitted to the International Maritime Organization to further extend the period shipowners will have to install ballast water treatment systems. The proposal is from Liberia, which has one of the largest registered fleets, and suggests that a resolution agreed at the IMO to effectively amend the ballast water convention should be amended further.

The ballast water convention was written in 2004 and in its original form set specific dates when existing ships would need to have treatment systems installed. The slow ratification by IMO states of the convention meant that those dates came and went without the convention coming into force, providing no impetus for owners to make costly investments in technologies they were not familiar with. With the convention drawing closer to coming into force, IMO members agreed a resolution during an assembly meeting in 2014 that changed the compliance timing. The resolution allows existing ships until the time of the renewal of their International Oil Pollution Prevention Certificate after the convention comes into force to have a system installed.

Projections vary but the number of ships that would need to have approved systems could be over 50,000. The resolution effectively spread a bottleneck rush over a roughly five-year period, as the IOPPCs need to be renewed at the latest every five years. Liberia, however, is to argue at the next meeting of the IMO Marine Environment Protection Committee in April that the current resolution will not alleviate the problem as there is still a huge risk that existing drydock capacity is not sufficient.

The ballast water convention is set to come into force one year after member states representing 35% of the global fleet have ratified the convention. With a number of member states having indicated their intention to ratify, there is wide expectation that the convention will come into force in 2017 so the period of retrofits will extend beyond 2022. In the submissions seen by Lloyd's List, Liberia suggests that a growing number of ships are being put through IOPP surveys early, with owners fearful that if they had to put vessels through renewal surveys in 2017 or 2018 they could be forced to make risky investment decisions over technology type.

Liberia believes that current drydocking capacity allows for about 6,000 vessels to be docked annually, while peak demand in 2020 will see 9,500 vessels or thereabouts requiring docking and treatment systems installed. The proposal is to allow the period be extended to 15 years after the convention comes into force. Liberia's proposal will however be met with opposition. Japan is one country that will argue against the proposed changes.

A spokesperson told Lloyd's List that Japan would see a further change of an already agreed amendment as undermining the IMO's competence as a regulatory body and cause huge confusion to all stakeholders beginning to plan for the convention coming into force. Japan argues that proactive owners already have systems installed, and treatment system makers, of which there are 57 with IMO-type approval, have invested huge amounts of money into developing solutions.

Japan also says that Liberia's information on dockyard capacity lacks concrete data or rationale, and the conclusions Liberia makes over an estimated bottleneck are not credible. There is the potential that vessel scrapping in the interim will increase, also reducing retrofit demand, and some vessels with lower ballast water capacity can have the majority or all of the engineering work done while in service, or alongside, with class society approval.A PROPOSAL has been submitted to the International Maritime Organization to further extend the period shipowners will have to install ballast water treatment systems.

(cont.)

Liberia's Call for Ballast Water Treatment (Part 2)

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There is the potential that vessel scrapping in the interim will increase, also reducing retrofit demand, and some vessels with lower ballast water capacity can have the majority or all of the engineering work done while in service, or alongside, with class society approval.

Source: **Lloyds List Australia**
http://bit.ly/1qpwchW

E-Commerce: Changing the Face of Air Freight

E-commerce is changing the face of the air cargo industry and logistics companies are having to adapt and mould their business models accordingly. Economic forecasts suggest that the e-commerce business in India will be worth $36 billion this year, up from $16 billion in 2014 - and will top $100 billion by 2020. Delegates at Air Cargo India heard in the session 'E-commerce: delivering the future' that there is a need for collaboration and partnership right across India's supply chain to meet the growing demand, as well as to exploit the opportunities on offer.

Jeena & Co country head for express and commercial, Rajiv Khanna said that in 2015 e-commerce represented two per cent of the company's business, but in 5 years' time this will reach a figure of 5 per cent. He considres that there are many associated challenges for freight forwarders such as Jeena: "The whole paradigm of cargo is going to change. Less time, more work at a lower price and with greater visibility of every milestone."

Khanna pointed out the logistics companies wanting to capture e-commerce business need to adjust their pricing structures, and urged reforms to make it easier to handle cross-border e-commerce. His firm partners with alibaba.com for e-commerce and Alibaba's head of business for India e-commerce, Al-Nahiyan Gangani, commented that there is a problem due to the fragmentation of of the nation's supply chain. Alibaba needs partners and is working with them across India, he said.

Connect India e-Commerce Services chief executive officer, LR Sridhar also believes that partnerships are important, and feels that in India the main challenge in this regard is the country's complex geography. Sridhar said: "Going forward, the last mile is going to be a very big challenge. If you can connect the last mile to the single villages of the country - e-Commerce can spiral 10-20 times."

E-commerce is booming in India and Jet Airways Cargo vice president Pradeep Kumar, remarked that, from Jet's point of view, the opportunities are extensive. He urges partnerships between all links of the supply chain and said that his carrier wants to offer final mile delivery provision, and is looking at how it can do it, especially in India's tier two an three-sized cities.

Aramex's regional manager for South Asia, Percy Avari, also senses that these are interesting times for those in freight forwarding, due to the impact of burgeoning e-commerce. "We have previously focused on the satisfaction of a few thousand customers. It has turned around. It is no longer a few thousand, but millions of customers. It is not so much about on-time delivery, but the experience of the customers. We now need to have a conversation with all of them."

Taken from ACW (Air Cargo Weekly)

April 1st, No Laughing Matter (Part 1)

CARRIERS were hoping April 1 would signal a turnaround in fortunes for the spot market, but they have been made to look somewhat 'foolish' — on today, of all days — as their latest round of general rate increases on the whole fell rather flat.

Earlier this week, industry analysts SeaIntel said box lines were essentially going 'all-in', with their April 1 GRI announcements spanning no fewer than 20 trade lanes, including increases of more than $500 per teu on half of these routes.

With widespread overcapacity continuing to plague all of the major east-west trade routes, these GRIs were as ambitious as those it preceded so far this year. And even with the most recent cuts to supply, this once again proved to be the case, as lines were unable to come even close to achieving the margin of increases they were after.

On the Asia-north Europe trade, where spot rates had equalled their lowest ever level in mid-March of $205 per teu on the Shanghai Containerised Freight Index, there was genuine hope that GRIs on this occasion were going to prove fruitful, following successive failures in 2016. This was on the back of a $42 per teu increase last week, as, in the past, small rate increases in the lead-up to GRIs often point to their successful implementation.

Spot rates between China and northern Europe on the latest SCFI, however, despite reporting what seems an impressive 37.2% increase, only climbed $92 to $339 per teu, given that rates were already so low.

Asia-north Europe carriers were hoping for GRIs ranging from $400 to $800 per teu, with Maersk Line at the lower end of the scale and Hapag-Lloyd at the top. Elsewhere, CMA CGM and Hamburg Sud were looking for an increase of $500 per teu, while OOCL was after a $600 increase.

Even when considering Maersk Line's $400 per teu prospected GRI, this still only represents a 33.5% success rate if you combine rate increases over both weeks.

(cont.)

April 1st, No Laughing Matter (Part 2)

In the case of Hapag-Lloyd, only 16.8% of its GRI was realised. For Asia-Mediterranean carriers, the news was slightly better, as freight rates on the SCFI climbed 104.4%, or $259, against last week to $507 per teu, but again this fell way short of their expectations. Here lines were looking for increases of between $500 and $800 per teu.

Again, the concern for both routes remains the fundamental imbalance between supply and demand, and there is little to suggest the small gains in freight rates made over the past two weeks will be sustained. Nevertheless, carriers are continuing with their efforts to curb supply. Only this week, the G6 Alliance announced further void sailings on its Asia-Europe Loop 6. Yet with more ultra large containerships due to be rolled-out on the trade in the coming weeks and months, and little option of moving these elsewhere, you would be hard pressed to see a shift away from the current rate volatility unless even more is done to address the supply glut.

The partial success of GRIs on the Asia-Europe trade was repeated on the transpacific. Lines operating services between Asia and North America had announced GRIs of between $400 per feu and $600 per feu. CMA CGM, MOL, US Lines and Hanjin were looking for the largest increase in rates in the region of $600 per feu, while Hapag-Lloyd on this occasion was opting for the lowest GRI at $400 per feu.

But with utilisation levels, like the majority of trades, much lower than usual and slot space hardly at a premium, it was of little surprise that carriers will again be left disappointed with the outcome of their GRIs.

Freight rates to the US west coast from Asia climbed by just $174 to $922 per feu, while those to the US east coast could only muster a $136 increase over last week to $1,787 per feu, according to the latest SCFI. Meanwhile, Drewry's Hong Kong-Los Angeles spot rate index remained at $718 per feu, as it has yet to represent the April 1 GRI, but this is only expected to rise marginally next week, given their impact on the SCFI.

The small gains made by the April GRIs helped the SCFI comprehensive index climb 22.3% to 511.99 points, representing its highest level since the first week of February, although it is still down considerably on the corresponding week of 2015, when it stood at 792.92 points.

Source: **Lloyds List Australia**
http://bit.ly/1UgPOkS

April GRI's Short Lived

CARRIERS' hopes of holding on to the small gains made in the spot market through their April general rate increases are fading fast as prices per teu on mainline routes began their somewhat inevitable decline this week. The partial success of last week's GRIs offered lines at least some respite from the relentless decline of rates on the spot market in 2016, but, as we have seen so often in the recent past, overcapacity and weak demand continue to play havoc with their attempts to push up freight rates to more sustainable levels.

On the Asia-Europe trade, the Shanghai Containerised Freight Index shows spot rates from China to northern Europe fell by $48, or 14.2%, to $291 per teu this week, meaning more than one-third, or 35.8%, of the April GRI achieved by lines on the trade has already been wiped off. Similarly, the cost of loading a laden 20 ft container in China destined for the Mediterranean dropped by $69, or 13.6%, to $438 on this week's SCFI, eradicating more than one-quarter, or 26.6%, of the GRIs pushed through by carriers.

The latest declines in freight rates on both the Asia-northern Europe and Asia-Mediterranean trades puts the SCFI's average spot market prices for the year so far at just $404 and $455 per teu respectively. Compared to the same period in 2015, average freight rates on the Asia-northern Europe trade are down some 52.9%, while on the Asia-Mediterranean trade they are faring even worse, tracking some 59.4% lower than at this stage last year.

But perhaps more alarming for carriers is how average freight rates on the Asia-Europe trade in 2016 are indeed down on the last quarter of 2015, a period highlighted as the key attributor to the poor set of financial results last year from the majority of carriers exposed to the premier east-west route. In the final quarter of 2015, spot rates on the Asia-northern Europe trade averaged $521 per teu, and $526 per teu on Asia-Mediterranean routes.

Earlier this week, Alphaliner said having surveyed 16 of the main carriers that have published full-year financial results for 2015, many had fallen into the red during the final quarter, despite positive earnings in the first half of 2015. "In the second half of 2015, weak cargo volume growth and muted peak season demand drove carriers to slash freight rates to non-compensatory levels," Alphaliner said.

With Asia-Europe spot rates at even lower levels in the first quarter of 2016 and reports of contract rates being agreed at similar prices, then you would be hard pressed to consider anything other than another set of disappointing results for the three-month period when they are announced in the coming weeks. Carriers have also found little joy from the transpacific trade so far this year, despite relatively healthy traffic numbers.

Overcapacity here has also prevented any resurgence in rates and this was once again apparent regarding the fortunes of its own GRIs this week, where any small gains made appear to be short-lived. On the Asia-US east coast trade, spot rates on the SCFI fell $55 to $1,732 per teu and on Asia-US west coast services, they slipped $73 to $849 per teu. This means more than 40% of the April GRIs have already been chalked off either trade.

Meanwhile, Drewry's Hong Kong-Los Angeles spot rate index climbed $100 this week in respect of the April 1 GRIs to $818 per feu, but Drewry expects this to be as good as it gets for the spot market, as gains here will also be short-lived. Moreover, many shippers in the coming weeks will increase volumes shipped on contract rates in order to meet their committed number before the next contract season starts in May. The SCFI Comprehensive Index fell back 22.31 points to 489.68 points this week following the erosion of GRIs on both the transpacific and Asia-Europe trades.

Source: **Lloyds List Australia**
http://bit.ly/1VOGmV1

The Call for Change!

THE Agriculture Transportation Coalition will continue its attempt to reshape container weighing rules in the US when it makes representations to the congressional hearing of the Transportation and Infrastructure Committee in Washington next week. AgTC, which represents farm and forest product importers and exporters, is seeking to have modifications made in the implementation of the amendments to the Safety of Life at Sea Convention regarding the verification of gross mass of containers.

Specifically, it is advocating a "rational method" of container weighing, whereby shippers certify the weight of the cargo and dunnage, and carriers certify the tare weight of the containers, which they "own, control and manage". Container lines would then combine the two weights to create a verified gross mass.
While the US Coast Guard has stated there can be several ways to comply with Solas, including the "rational method", the amendments clearly put the responsibility for providing VGM on the shipper and only allow variation in how that information is provided to the carrier.

In a statement issued ahead of the committee hearing, AgTC said: “It continues to appear that the World Shipping Council and the Ocean Carrier Equipment Management Association are refusing to consider any means of implementation other than their approach, demanding that an individual employee in the US exporting company, such as a farmer or food processor, be personally liable to certify the weight of the ocean carrier's own container and send that certification to that same ocean carrier. This scheme will impose unnecessary costs, additional EDI [electronic data interchange] communications and delays in shipments.”

AgTC added that research by investment bank Cowen & Co projected this method would increases costs by $50-$125 per container and create massive disruption at ports. In its submission to the committee, AgTC asks Congress to support the USCG’s guidance that there is more than one way to submit VGM, including its “rational method”.

It also asks that Congress determine the impact on the US economy of the OCEMA best practice guidelines issued last month. But AgTC also has more ambitious goals of overturning the entire amendments to Solas. “We ask Congress to determine that the USCG, as the US representative to the IMO, revisit the International Maritime Organization Solas amendment and gain revisions, if not revocation,” AgTC said.

“We ask Congress to determine how a change in ocean shipping practices of such magnitude as this Solas rule can be imposed on the US, without any prior Congressional notice, review or approval.”
In response to the AgTC statement, the WSC, which represents the major oceangoing container lines, said: “We look forward discussing the facts about the important safety issue of having accurate weights for packed containers being loaded on the ships that carry the import and export commerce of the US. "We are surprised that AgTC, which began asking carriers last fall to specify information transmittal methods for the required weight information, is now upset because carriers have responded to their request.” The WSC pointed out it had made “substantial progress” in addressing AgTC concerns that there was no standard process carriers were using to implement the regulation and said lines were working with customers to ensure implementation went smoothly.

Source: **Lloyds List Australia**
http://bit.ly/1S1RN72

How Good is Your Trivia Knowledge

1. In what year did Surfer guitarist Dick Dale release his classic hit “Misirou” - which appeared in the movie Pulp Fiction

a) 1951
b) 1953
c) 1962
d) 1963

2. If H2o is Hydrogen Oxide, what is H2o2?

a) Hydrogen Peroxide
b) Hydrogen Monoxide
c) Hydrogen Duoxide
d) Hydrogen Heroxide

3. In what year did the Soviet Union launch the very first satellite to orbit earth, Sputnik 1?

a) 1957
b) 1958
c) 1959
d) 1969

4. Usain Bolt holds the world record for fastest 100m and 200m sprint, what is his best time on the 200m?

a) 9.58
b) 9.78
c) 9.98
d) 19.99

1) d 2) a 3) a 4) d

Feedback

Should you wish to discuss any of the issues contained in this newsletter please contact your CSO or any of the people listed below:

Mile' Jurcic' (Melbourne)

Mark Hingston (Brisbane)

Thank you for continued support.
SCI Australia Pty Ltd

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