

May 2, 2016

# CAUTION RETURNS

Amid slower economic growth, port congestion threats loom, carrier consolidation and new alliances, uncertainty clouds the outlook

---

**Mark Szakonyi** Executive Editor, JOC.com, IHS

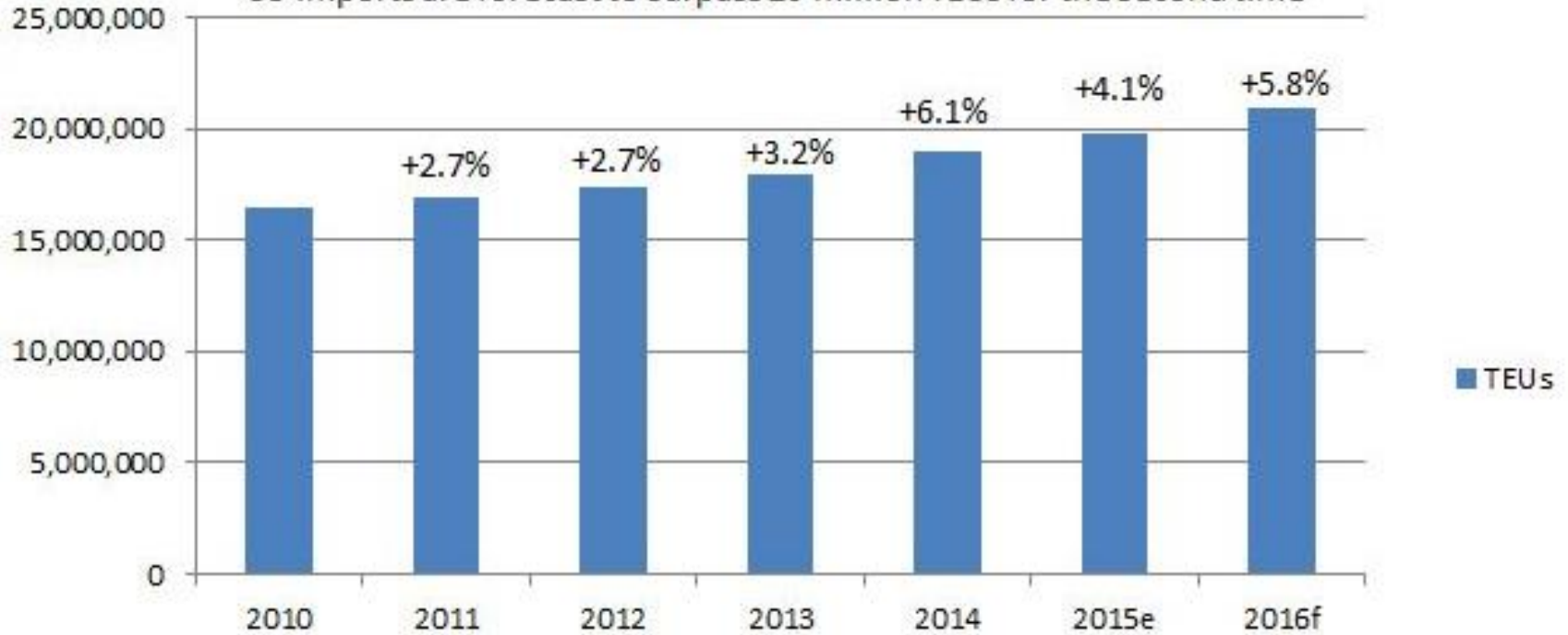
[mark.szakonyi@ihs.com](mailto:mark.szakonyi@ihs.com)

# Macro Trends: U.S. Containerized Imports

## 2016 outlook brightens a bit

### US containerized imports forecast to rise in 2016

US imports are forecast to surpass 20 million TEUs for the second time



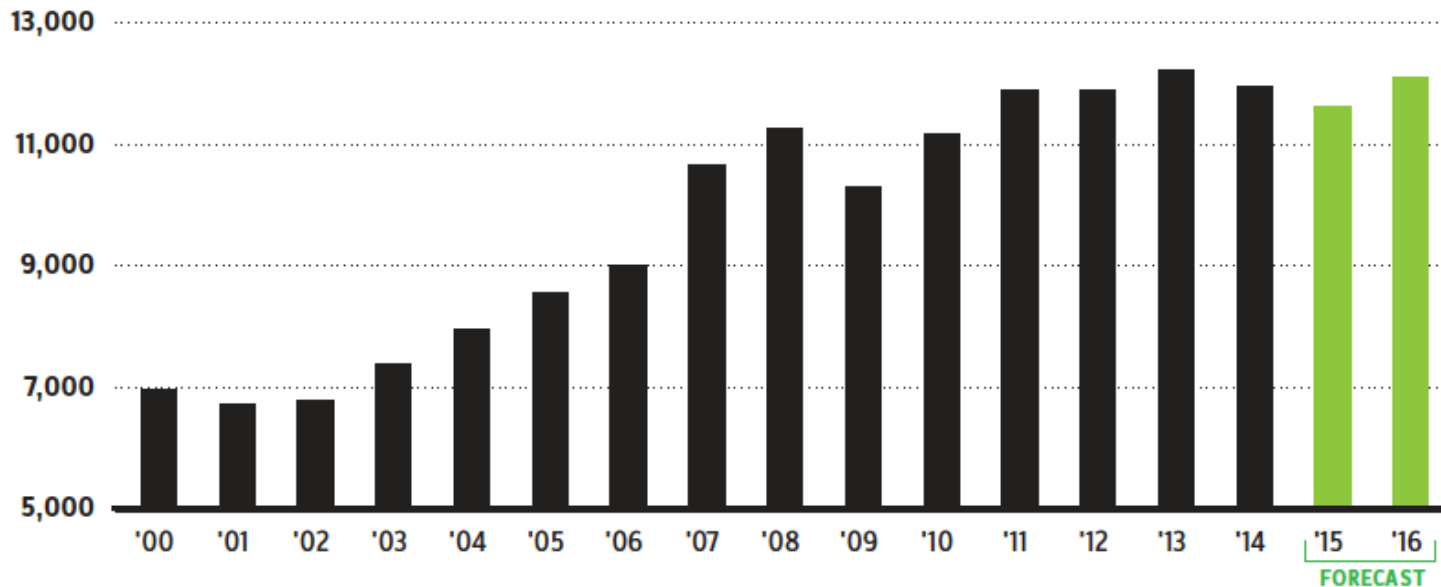
Source: PIERS, a sister product of JOC.com within IHS.

# Macro Trends: U.S. Containerized Exports

IHS Economist Mario Moreno expects 4% growth in 2016

## U.S. CONTAINERIZED EXPORTS

Actual and forecast volumes of U.S. containerized exports, in thousands of 20-foot-equivalent units.



Source: JOC-PIERS Container Shipping Outlook, December 2015

## Macro Trends

Mergers,  
Acquisitions,  
Alliances

Facing weaker demand, overcapacity and unable to slow speeds any further, container lines had to find a new way to fill their mega-vessels and avoid losses.

Carriers cooperate on operations, but not on pricing.

- CMA CGM buying NOL.
- Cosco-China Shipping merged.
- Hapag-Lloyd and UASC in merger talks
- Are Hyundai Merchant Marine and Hanjin Shipping next?
- Ocean Alliance (CMA CGM, China Cosco Shipping, Evergreen and OOCL) looks to blunt 2M
- New alliances formed by remaining members of the Ocean Three (UASC), G6 and CKYHE?

## Port Update

### Why congestion threat looms

---



- Many marine terminals can't handle larger vessels.
- Drayage drivers get frustrated with long turnaround times, putting the pool of available harbor trucking capacity at risk.
- Mega-ships can deliver up to 17,000 container moves per vessel call.
- Liner alliances (*G6, CKYHE, Ocean Three and 2M*) cause containers to be discharged in mixed lots that must be sorted at the receiving port. Many containers must be transferred to other terminals operated by individual alliance members before leaving the port.
- Delays in loading and unloading intermodal ramps

# SOLAS (Container weight mandate)

MAY 2, 2016 | ALBUQUERQUE, NM

JOC  
.COM

- Too few shippers are ready and few governments are helping them prepare.
- Air cargo carriers licking chops for rejected shipments.
- Most terminals don't have room to do weighing on-site and plan to reject containers with verified gross mass declaration.
- Congress unlikely to step in on behalf of ag exporters.
- Container lines won't likely be double-checking VGMs by weighing boxes
- Light U.S. regulatory touch but far from uniform globally

## How to meet the container weight mandate

### As a shipper, what are your options?

**OPTION A.**  
Take a loaded container over a **weighbridge**, subtract the weight of the truck, chassis, and fuel to get the weight of the packed container.

**OPTION B.**  
Weigh each item – including its packaging, palleting, dunnage and other packing and securing materials – going into the box. Add that sum to the weight of the container to find the weight of the packed container.

**OPTION A:**  
TOTAL WEIGHT  
- TRUCK, FUEL, etc.  
= LOADED WEIGHT

**OPTION B:**  
GOODS  
+ PACKING, etc.  
+ CONTAINER  
= LOADED WEIGHT

Scales must be certified and calibrated in line with the national standards of the country where the weighing occurred.

### What are you required to do?

Provide a document signed by the shipper to the shipping line and terminal declaring that the **shipper verified** the weight and that it was weighed properly.

The SOLAS amendment will be enforced by the coast guard or other agency responsible for SOLAS regulations in a given country and punishments for violations will vary by country.

### What happens in the case of noncompliance?

There are all kind of possibilities for what could happen to the box that failed to provide the certified weight document but none are settled.

Terminals may choose to hold a container or send it back, but whatever happens, the ship will leave and the container will not.

