President Obama, earlier this week, issued an executive order aimed at making it easier and faster for U.S. shippers to import and export by streamlining cargo processes and requiring a transition to electronic paperwork by 2017, the Journal of Commerce has stated.

Once the International Trade Data System is completed, according to the JOC Online, shippers will be able to transmit necessary documents electronically in minutes instead of waiting for days. The ITDS should also reduce the need for shippers to file duplicative paperwork. The deadline for completion is now December 2016.

The implementation of ITDS is expected to reduce the processing time and costs of shipping more than 50 million containers and $3.8 trillion worth of goods annually. The White House noted that the development of the initiative was already underway, but the executive order created a deadline for completion and requires the 47 federal agencies involved to transition from paper-based to electronic data collection.

Obama signed the executive order before heading to Toluca, Mexico, to meet with his Mexican and Canadian counterparts to discuss trade.

Source: Journal of Commerce Online
Released on February 6th 2014, Drewry’s latest report has found that liner shipping has become less and less reliable.

In 2013 there was a steady decline in containership reliability as the year went on. This worsened in every quarter with the on-time average in the fourth quarter dropping below 64 percent, the lowest for two years.

This is all the more shocking when compared against the same quarter in 2012 when the all-trades average reached highs of 75.2 percent.

Such poor performance has coincided with a number of skipped voyages.
With even more skipped voyages planned for the first months of 2014, the short-term outlook for reliability is not great.

Simon Heaney, senior manager of supply chain research at Drewry, put the failings down to a lack of focus “in the current cost-cutting environment. Shippers are now paying more for poorer services.”

“Shippers know that lines are saving money, so they will be unwilling to accept further rate increases. This could provide an opportunity for more reliable carriers to secure better rates.”

Whilst industrial giant Maersk held the top spot as most reliable carrier in the industry, it did so in a quarter where most of its competitors suffered a free-fall in on-time ship arrivals. Evergreen rose from 11th place to 2nd with a three point improvement and a 74 percent on-time result.

Despite a four point decline, Yang Ming ranked third with an average of 73 percent.
At the other end of the spectrum, MSC and CSAV were ranked as the two worst providers, scoring 48 percent and 51 percent respectively.

Source: Port Technology Online
The settlement of the dispute over cost overruns between the Panama Canal Authority and the engineering consortium building its new set of larger locks leaves unanswered the questions of when the $5.25 billion expansion project will be completed and how much more it will cost in the end.

According to the Journal of Commerce Online, lingering technical problems with the lock gate technology and problems with the geology under the excavation zone for the new locks and the channel leading from the locks on the Pacific side of the canal to the Culebra Cut are as yet unresolved and could cause further delays and inflate the ultimate costs. These technical problems are likely to delay the project and boost its ultimate cost and may force the canal authority to raise tolls, according to Asaf Ashar, a port consultant and research professor with the National Ports & Waterways Initiative, the Journal of Commerce has reported.

All the Panama Canal Authority’s hopes for completing the expansion project on time and under budget were dashed on Feb. 5 when the consortium Grupo Unido por El Canal made good on a threat it issued in December to suspend work on the new locks, claiming it was owed $1.6 billion for cost overruns.

GUPC, which is made up of the engineering firms of Sacyr Vallehermoso of Spain, Impregilo of Italy, Jan de Nul Group of Belgium and Constructora Urbana of Panama, incurred the cost overruns because of unforeseen problems with the geology underlying the new locks. Ashar said the canal authority had not done borings on the subsoil before letting the contracts, so GUPC was not aware of the problem when it bid on the project.

It is clear that if the canal authority were to have any hope of finishing the expansion project within a reasonable amount of time of its already-postponed end-2015 target date, it had to settle with GUPC. “There is a rule of thumb in the engineering business,” Ashar said. “The contractor always wins.” The Canal Authority said this week that it will pay GUPC $36.8 million for December invoices to ensure that GUPC cancels pending payments and obligations to suppliers. It said GUPC was set to resume work on February 20, 2014.

The overall canal expansion project is 72 percent complete. The canal authority will be able to address the remaining technical problems that had already delayed the project, including unspecified “electromechanical problems,” presumably with the 16 rolling lock gates that are being fabricated by Cimolai in northern Italy. The first four gates were shipped to Panama last August for installation in the new locks on the Atlantic side of the canal, but the other 12 gates have not been shipped.

The tentative settlement of the dispute still does not answer how the canal authority will be able to address the remaining technical problems that had already delayed the project, including unspecified “electromechanical problems,” presumably with the 16 rolling lock gates that are being fabricated by Cimolai in northern Italy. The first four gates were shipped to Panama last August for installation in the new locks on the Atlantic side of the canal, but the other 12 gates have not been shipped.

Source: Journal of Commerce Online
Evergreen Joins CKYH Alliance

Evergreen Line and the four members of the CKYH Alliance have agreed in principle to form a new alliance that will share ships on trades between Asia and North Europe and the Mediterranean. The CKYHE alliance will comprise Cosco, “K” Line, Yang Ming, Hanjin and Evergreen. It plans to begin operations in mid-April with six joint services between Asia and North Europe and four loops dedicated to the Asia-Mediterranean route.

The new alliance has been in the works for months. Last year’s announcement of the P3 Network by Maersk, Mediterranean Shipping Co. and CMA CGM set off a flurry of discussions among carriers about rearranging alliances under which competitors share ships. The Grand Alliance of Orient Overseas Container Line, NYK and Hapag-Lloyd teamed up with the New World Alliance of Hyundai Merchant Marine, MOL and APL to form the G6 Alliance on east-west routes last year.

In addition to routes between Asia and North Europe and the Mediterranean, Evergreen already cooperates with CKYH members on other routes. Evergreen launched a joint service with Cosco between Asia and South Africa and the east coast of South America in 1999. The Taiwanese carrier also cooperates with individual CKYH members through joint services or space-sharing agreements in other markets, including Asia-North America, Asia-Australia, and intra-Asia trades.

Evergreen plans to seek additional cooperation either with individual members or by joining the alliance in other markets, such as north-south trades and regional feeder routes, in order to improve service frequency or widen geographic coverage, a company spokesperson said.

The addition of Evergreen to the CKYH alliance will not significantly increase capacity, the company said.

Evergreen currently operates 20 ships with capacities of about 8,500 20-foot-equivalent units each on the Asia-North Europe trade. After joining the alliance, Evergreen will deploy 17 vessels on the trade, including 13,800-TEU ships that will be phased in gradually.

On trades between Asia and Europe and Mediterranean ports, Evergreen will continue to deploy 15 ships with capacities of 5,500 to 6,500 TEUs.

CKYHE members have advised the European Commission of plans to form the alliance and have completed a required self-assessment stating they comply with European Union competition laws.

The carriers said their market share is within the thresholds of the EC’s block exemption for consortia. According to Alphaliner’s February monthly monitor, the CKYHE’s market share is about 23 percent — 17 percent from the existing CKYH alliance and 6 percent from Evergreen.

Source: Journal of Commerce Online