**Mar 2016**

Container rates continue to decline on major trades (From American Shipper)

Seven of the 15 routes measured by the Shanghai Containerized Freight Index fell to all-time lows this week, according to Richard Ward, a container derivatives specialist at Freight Investor Services…spot rates from Shanghai to the U.S. West Coast fell 6 percent since last week, from $810 per FEU to $761 per FEU. Rates to the U.S. East Coast dipped 3 percent, from $1,710 per FEU to $1,659 per FEU. These current levels are putting carriers into the negative freight rate territory, Ward said. "By comparison, Maersk Line's Bunker Adjustment Factor for Q1-2016 on the Asia-North Europe trade stands at $380 per TEU and therefore substantially above the current all-in freight rate of $205 TEU," Ward said. For more info, please go to

**http://www.americanshipper.com/Main/ASD/Container_rates_continue_to_decline_on_major_trade_63373.aspx**

**Coast Guard to not enforce SOLAS container weight mandate in US** (From NCBFAA)

The Coast Guard is taking the position that:

(1) As long as US shippers (exporters and NVOCCs) have been tendering the accurate weight of the cargo being tendered, there is no need for them to change any processes,

(2) The Coast Guard assumes that the carriers have been accurately reflecting the gross weight of the containers (including the cargo and the tare weight of the containers) being stowed in the past,

(3) The carriers know what the tare weights of the containers are so that they have the ability to do their stow plans without requiring the shippers to also provide that data,

(4) There is nothing unsafe about the existing processes as long as the shippers and carriers have properly done their jobs,

(5) The Coast Guard will not do anything to enforce the new Verified Gross Mass (VGM) rules on either shippers or carriers, and

(6) The Coast Guard would need to implement any changes, through an appropriate regulatory rulemaking, before the IMO could properly compel carriers or shippers in the U.S. trade to make any change in their business practices.

Obviously, this is very good news to US exporters and OTIs. Importers in this country, however, should be mindful of VGM requirements when entering into commercial transactions with their overseas suppliers. If the commercial terms require the US buyer to take on the obligation to load the cargo at the foreign port or otherwise become the shipper on the BOL, importers could take on a significant risk if their supplier does not supply the certified VGM to the carrier. Importers should be very alert to this risk and consequences. [Ed. note: The carriers will most probably still require your shippers to provide a VGM, so we urge you to continue to work with you shippers to make sure they can comply by July 1]

**AGOA Benefits for South Africa Appear Safe After Agreement on Agricultural Exports** (From Sandler Travis)
The Office of the U.S. Trade Representative announced March 2 that South Africa has met all of the agreed-upon benchmarks with respect to imports of U.S. poultry, pork and beef to demonstrate its compliance with the eligibility requirements under the African Growth and Opportunity Act. As a result, President Obama is expected to soon revoke a proclamation that would have suspended duty-free treatment under AGOA for all AGOA-eligible goods in the agricultural sector from South Africa as of March 15. However, USTR Mike Froman said the U.S. will continue to monitor the situation as U.S. products make their way into the South African market. For more info, please go to

**http://www.strtrade.com/news-publications-AGOA-South-Africa-agricultural-products-030416.html**

**Will the Mega ship model “give way”?** (From World Cargo News)

[Ed. note:  This is an interesting perspective that “mega ships”, those over 15,000 TEU, will NOT benefit shippers or ports, and may not benefit carriers.]

Olaf Merk from the OECD’s International Transport Forum (ITF) said the mega ship model is an unsustainable “taxpayer financed bubble” that imposes unsustainable costs on the rest of the container supply chain.
The ITF made its views on mega ships known in the report “The Impact of Mega-Ships” released last year. Speaking at the ICHCA International Conference in Barcelona last week, Olaf Merk, Administrator Ports and Shipping, International Transport Forum, OECD took another swing at the sustainability of the mega ship strategy the world’s leading container lines are pursuing. Merk pointed to five major problems with mega ships:
1. The investment risk for port for infrastructure requirements: “getting mega ship ready is short for throwing money at a port and hoping they will come”.
2. The concentration of risk in terms of cargo liability, increased risks of vessel grounding and greater difficulty of salvage operations.
3. The transport chain becomes refocused around peaks that require the whole market to operate 24/7 for certain periods. Merk referred to mega ships as “the trojan horse for labor market flexibility in the logistics sector”.
4. Carriers end up in a vicious circle where overcapacity creates lower freight rates, resulting in a need to cut costs, driving decisions to deploy even bigger ships. [Ed. note: And curtailing customer service even more!]
5. The power equilibrium between ports and shipping lines is upset. Alliances and integration have created very powerful carrier groups that have too much influence on a port and can leave its assets and the economic base of the port region stranded.
For more info, please go to

http://www.worldcargonews.com/htm/w20160310.872723.htm

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