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# China backlog crisis

## Vessel delays in South China 'worse' than Ever Given crisis

THE chaos afflicting ocean freight has been worsened by congestion in south China, where an outbreak of Covid-19 has severely impacted port productivity, with backlogs expected to last up to five weeks after the ports return to normalcy.

The resultant delays are more significant than the backlogs caused by the Ever Given's blockage of the Suez Canal.

Analyst Lars Jensen, CEO of Vespucci Maritime, noted that Yantian's throughput of 13.3m in 2020, and the drop in productivity reported by Maersk, led him to calculate that the port had been unable to handle some 25,500 teu per day since the crisis began last month.

"Putting this in context, when Suez was blocked by the Ever

Given, it impacted a daily flow of 55,000 teu. But that 'only' lasted six days."

Noting that the current problems at Yantian have lasted more than twice that – so far – he added that the ports of Nansha and Shekou have also become embroiled in difficulties.

"Every day increases the backlog of cargo. Once the ports re-open to normal operations we should expect a surge of cargo – at least to the degree there are even vessels available to handle this. This in turn will cause ripples of potential congestion at

destinations with a lag time of some two-to-five weeks."

Forwarders have reported severe traffic jams at Nansha, pointing to a lack of containers, as well as a "bottleneck".

"The ripple effects this can cause can't even be imagined," said one.

Stefan Holmqvist, MD of Norman Global Logistics Hong Kong, said: "Pandemic control efforts and cargo congestion are causing transport and logistics delays across the entire region.

"Substantial traffic jams are causing a shortage of trucking capacity, container pick-ups see delays of 10 hours or more and

many hauliers require overnight time for haulage, storage and lifting, adding to costs."

Shipping lines are planning to avoid the ports as much as possible, with Hapag-Lloyd cutting 16 services up to July.

Meanwhile, liner customers continue to pay extremely high prices – but once again, authorities have stepped in to help exporters. South Korea's HMM, on government orders, will double its extra loader transpacific services from next month.

Ministry of Oceans and Fisheries (MOF) officials said that, after consultation, HMM would offer four transpacific extra loader services every month from July.

**"Every day increases the backlog of cargo"**

Continued on page 3



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# Shippers eye modal shift to air

DESPERATE shippers, frustrated by the increasing problems in ocean freight, are turning to air in the hope that they can restock quickly and avoid port congestion.

"Customers are saying they want to explore moving goods by air," said one forwarder.

"Inventory levels are getting low, and more and more companies are looking. If you don't have the goods ready to hand, the cost is quite significant."

While capacity in the air is not as tight as it is at sea, there is a limited network,

with long-haul belly capacity still largely out of the picture, and little wriggle room for shippers seeking additional space.

"Capacity is still below demand, and what also may be a factor is the problem of congestion at ports, which is adding to delays," explained Richard Forson, chief executive of Cargolux, at the end of May.

"So there could be a move towards air cargo for critical goods.

"But whatever capacity you have just gets taken up."

But he said there is a possibility that capacity

would ease on the transatlantic.

"The question is to what extent long-haul flights will be re-instated, especially in the summer months.

Short-haul is starting to get busy, as is US domestic," he said.

"The US to EU and vice versa will probably be the first market to reopen, owing to the number of people that have had vaccinations. The US vaccine programme is rolling out well now and some

Europeans are going to the US to get their vaccine - there is vaccine tourism."

The transpacific, however, looks set to remain underserved by belly capacity in the near future, he added.

"Many Asian countries are

restricted and under additional measures, so that traffic may take longer to come back."

New long-haul services are beginning to launch, with belly carriers such as American Airlines, IAG and Delta increasing the number of long-haul destinations. American said it planned to operate more than 5,700 widebody flights around the world in June.

May, however, saw some declines in air cargo, with demand 4 per cent lower than a month earlier.

Clive Data Services noted: "After more positive indicators for the air cargo market in the first four months of the year, May 2021 data showed a less favourable

trend, with the fall in demand joined by a second consecutive month-on-month drop in dynamic loadfactor and airfreight rates, which peaked in early May, falling away towards the end of the month."

**"The question is to what extent long-haul flights will be re-instated"**

continued from page 1

## Concern about the forthcoming peak season

Next month, alongside already reserving 400 teu for South Korean SMEs on its regular Asia-US West Coast services, HMM will reserve 1,000 teu on its extra loader Busan-west coast services.

South Korea's other ocean-going carrier, SM Merchant Marine, will reserve 30 teu on its weekly Asia-US west coast services for the same shipper group from next month.

The government has also created a \$18m fund to help shippers struggling with their supply chains.

MOF's director of shipping and logistics, Jeon Jae-woo, said: "We will do our best to create an ecosystem to improve the logistics competitiveness of import and export companies in the long term."

While many in the industry are concerned about the forthcoming peak season - coming on top of a nine-month peak - some signs suggest that demand could fall. Importers are said to be phasing out the 'frontloading' of goods, while US and European consumers are expected to start buying services rather than goods.

"Once we approach a post-pandemic world, demand looks set to slow as stimulus measures and restrictions are eased, leaving consumer spending patterns to find a new balance," said chief shipping analyst Peter Sand.

"If the high volumes we are currently seeing reflect importers' frontloading their goods, then rates could soften significantly," he added.

BIMCO noted that the first quarter had been "the busiest Q1 on record", with global volumes reaching 42.9m teu - up 10.7 per cent on the same period of last year but, more significantly, a 6.8 per cent increase on Q1 19, when volumes were not hit by Covid lockdowns.

## WCA to help shape global pharma logistics standards

WCAworld has joined IATA's Time and Temperature Work Group (TTWG), the first time the independent forwarding community has been elected.

Until now, the group has comprised largely of multinational forwarders, as well as airports, airlines and shippers. But, said the WCA, the influence of its growing pharma network has now ensured it a seat at the table.

The TTWG develops and maintains standards for the procedures, documentation, cargo handling, packaging and acceptance of healthcare goods, ensuring a properly functioning system.

The group also lobbies government agencies, intergovernmental organisations, stakeholders, carriers, shippers and their intermediaries for the recognition and adoption of these standards, as well as promoting its activities with industry associations and shippers.

WCA Pharma network member, Thierry Moreno, CEO of Geneva-based NV Logistics, will assist WCAworld in representing the members within the TTWG and will use members' feedback from a new dedicated WCA Pharma portal, designed to ensure maximum input into the future of pharmaceutical transport.

Adam McKenna, general manager of WCA's speciality networks (below), said that it was a big moment for the industry, with the independent sector having acquired equal standing and influence as multinational forwarders.

"What is important to us, as an organisation, is that we will have input into changes that can better the industry," he explained. "Collectively, we have gained recognition for the high quality of our training programmes and the excellence of member companies that excel at what they do. They can now genuinely have a collective voice that will be heard."



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# Focus ON



## New Silk Road: risks and

EARLIER this year, the Suez Canal found itself at the centre of global news. With the Evergreen chartered vessel, the Ever Given, blocking this central artery of world trade, panic ensued as the logistics sector sought to remove the blockage and get goods moving again. Author of a new report on the New Silk Road, John Daly, notes that while the Suez blockage underlined the vulnerability of the global maritime sector, it did something else too.

"It also highlighted the value of China's multi-vector transport export approach, first outlined in its 2013 'One Belt, One Road' strategy, and particularly its reliance on a burgeoning Eurasian rail network," says Daly in his report for the Jamestown Foundation. "Trading concerns in Europe, the Middle East and Asia quickly understood how

potentially disruptive the closure of the Suez Canal for an indeterminate period could be, resulting in a search for alternatives as soon as the extent of the problem was identified. For time-critical delivery and price-sensitive goods, rail transport by any of the New Silk Road routes became the most feasible alternative solution, ahead of air and road freight."

Chief executive of U-Freight Simon Wong says the Suez Crisis made clear that supply chain planners were "reappraising" the once-dominant Suez Canal route from China into Europe. And that this reappraisal was leading towards a "sharp upward trajectory" for intermodal rail.

"Although the first China-Europe container freight train was in 2011, it has taken a decade and considerable investment by China's government to see the route become an established part of logistics networks," says Wong. "The pandemic, and the capacity

problems in the air and ocean sectors have pushed the route to much heavier usage, with the recent blockage of the Suez Canal leading to additional traffic.

"While other transport modes still face significant capacity and schedule issues, overland rail freight is clearly demonstrating that it offers a competitive alternative to air freight in regards to price, and considerably faster transit times compared to the ocean freight alternative."

Even before Suez, though, the value of the Belt-and-Road strategy was known. The last decade has seen exponential growth in volumes, and as Daly notes that rise has been such that last year it led to China supplanting the US as Europe's largest trading partner. For operators on the route, 2020 continued a long-running trend. Both HHLA subsidiary Metrans and Austria's Federal Railways (OEBB) recorded a doubling in container carriage over the year of pandemic.

"There can be no doubt that the Silk Road initiative is of enormous importance for Europe as it connects the European and Asian economies," says OEBB chief

executive Andreas Mattha. "Wealth and economic prosperity are created at trading points. We see a wide field of activity along the New Silk Road. Not only along the three rail corridors between Europe and Asia, but also as a carrier to the European ports where the maritime Silk Road docks – such as Hamburg, Rotterdam, Trieste, Koper and Piraeus, among others. This is where we can contribute our efficient hinterland connections."

In total, the Austrian operator, Europe's second largest by volumes moved, carried some 70,000 teus along the New Silk Route, with the number of trains operating it increasing to more than 700. Metrans chief executive Peter Kiss says the hurdles thrown up by the pandemic, notably bottlenecks in more traditional transport routes, have served to underline the benefit of his carrier's services. Metrans saw container trains travelling between Europe and China surge upwards by 114 per cent, and Kiss does not see this phenomenon crumpling to a halt.

"Thirty years ago, we began transporting sea

freight containers to the European hinterland," says Kiss. "Metrans offered the first regular shuttle train connection between Hamburg and Prague. Since this time, our network between European ports and its hinterland has grown every year. Additionally, we are one of the largest providers in the fastest growing market: rail transport between Europe and China."

A report conducted by the International Union of Railways (UIC) added no cold shower to the optimism, proffering a "conservative" outlook, that would result in a doubling of freight volumes by 2030, and a more optimistic one that pictured volumes tripling in the same period. Much of this would be the result of a move among logistics companies to go green and an improvement in the efficiencies of trains themselves. Expectations are that by 2030 train times will be reduced by as many as five days as operators look to run Europe-Asia, and vice versa, within 10 days by the turn of the next decade.

Government policy and those in logistics (to some extent) share the optimism.



**PETER KISS**  
Metrans

Such is Turkey's enthusiasm for the Belt-and-Road initiative that it intends to mark the country's own centenary with the addition of a further 4,000km of track. And commercial director of ProStar Logistics, Elias Heikari, tells Voice of the Independent (VOTI) "Over the last six years, the New Silk Route has proved that it has an important role to play in 21st Century trading routes". But Heikari also notes areas of concern.

"The strong demand for rail services proves that the initiative is needed, furthermore the rail link also better meets new environmental CO<sub>2</sub> emission targets," says Heikari. "But lately the Europe-China (Asia) balance of trade has proven to be the biggest challenge for sustainable long-term development in the future."

As it stands, just 20 to 30 per cent of wagons travelling east are full. Conversely, such is the demand in Europe for goods of eastern origin, that westbound

**"The pandemic, and the capacity problems in the air and ocean sectors have pushed the route to much heavier usage"**

**"Over the last six years, the New Silk Route has proved that it has an important role to play in 21st Century trading routes"**



**SIMON WONG**  
U-Freight



sales@globalinklogistics.com  
www.globalinklogistics.com

# One Belt One Road

## returns

full-container loads come with a tariff five times higher than their opposite number. These phenomena lead to what many are describing as the "big challenge" of the New Silk Route: a constant lack of space going west, resulting in a slower return of empties to their home stations in China, the eastern borders of Kazakhstan and southern Mongolia.

"Ideally, there needs to be a greater diversification as the export of European food products is extremely complicated due to EU sanctions placed upon Russia, and Covid-19 hygiene inspections required by China," Heikari continues. "Personally, I do not currently see a short-term solution on the horizon for either the balance-of-trade inequality or the uneven balance of traffic."

Heikari by no means seeks to dampen the optimism, but he says that such is the imbalance in EU-China trade that it is difficult to see how it can be competitive if it expands deeper into Europe.



**ELIAS HEIKARI**  
ProStar Logistics

"Its five- or six-years' operating history to date show that it has tremendous potential, however it is in the very nature of international transportation that there will be a certain amount of political risk," Heikari adds. "Such political tensions in certain Eastern Europe countries can escalate rapidly as we have seen. It is important to remember that 85 per cent of New Silk Route traffic is between China and Germany and that 85 per cent of traffic goes via one border crossing/gauge change location."

Daly shares some of these political concerns. Chinese protectionism, for one, has thrown the cat among the pigeons, and over the course of the previous US presidency we witnessed the first trade war between the old and the new superpower. Daly says it would not be unforeseen were "severe economic consequences beyond possible sanctions" to be levelled by Europe, the US or others looking to stem the strength of China. But equally, he points to an apparent PR campaign being developed by the Chinese to present a "credible, loveable, and respectable China". Amidst all this, we have the trade itself. Shaking off concerns over the future, business for ProStar Logistics is good. Focused on westbound traffic into Northern Europe, the company caters to services from China via Finland.

"Westbound traffic from China via Finland has increased considerably. Currently three to four Chinese cities have direct

rail connections to Helsinki," Heikari continues. "The route via Finland to Northern Europe can be considerably faster than via Poland as Finland and Russia use the same gauge railway. Finland has sufficient capacity to handle and unload trains rapidly and provides a reliable, well-established daily ro-ro service to the main European shipping hubs, including East, and North-East coast UK ports, such as Hull on the North Sea."

The TransSiberian rail route that ProStar Logistics uses, linking Europe to China via Finland, has been efficiently connecting Europe with the Pacific Ocean for more than 100 years in contrast to the relatively limited operating experience of the newer routes emerging from the Belt-and-Road initiative. Established only in the last 30 years, since the fall of the Iron Curtain, their geopolitical location, that which gives them value, may also present the key hurdle for China's grand plans to come to fruition.

"They are located in regions where there is a stronger risk of political instability," Heikari says. "We have seen this with the situations that have emerged and are still developing in countries like Belarus and Ukraine. As such, we believe it is wise for those planning and implementing shipping and logistics operations between China and Europe to have a variety of options available and that the route via Finland offers exceptional stability, reliability and a significant reduction in risk."



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# Spotlight ON

Hakob (Jake) Amso



## Freight Partners manages challenging changes

"THE only consistency in our industry at the moment is inconsistency," laughs Hakob (Jake) Amso, managing director of Freight Partners International.

As with other freight forwarders, Freight Partners,

a Canada-based business, has had a challenging past year. But it has also been a successful one. The ecommerce specialist has expanded, taking on new staff, and in common with others, has forged a closer

relationship with customers.

But as with everyone else too, the beginning of the pandemic came as something of a shock.

"First there was China closing, then the rest of the world closed their borders.

"There were flight cancellations, ocean carrier rotations changing without notice, and so on: it turned the entire industry into chaos. We were scrambling to get shipments stuck in mid transit across the world to their destinations.

"They were interesting and unprecedented times to say the least."

Amso explains that the hardest part, as the pandemic struck, was communication.

"Communication within the industry became a challenge at the beginning. Our partners and carriers were working remotely, customer facilities were temporarily closed down, and carrier and airline warehouses reduced operating hours.

"All of that contributed to the already overwhelming situation. Businesses across all industries implemented temporary receiving and shipping hours, making it difficult to plan ahead. And transitioning our staff to working remotely, and just the sheer unknowns of the situation, made an already tricky situation even more difficult."

Amso says that the company found itself navigating "constantly changing challenges". But nevertheless, it enjoyed growth. The ecommerce business has grown 58 per cent, with new trends altering the sector.

"Numerous marketplace platforms are popping up. Amazon is relying more on smaller contractors to handle its deliveries, in addition to UPS, FedEx, and the postal service."

Freight Partners itself expanded to manage the



Managing Director  
Freight Partners  
International

business, both with more staff in the office and warehouse, and by increasing its network of delivery contractors.

The pandemic also accelerated Freight Partners' IT investment programme.

"We have completely overhauled our software programme to a more efficient one that has given us the capability to merge all our business platforms into one. We needed to streamline the way we do things. The industry is changing fast and we need to stay ahead."

Its other business which could have been affected is food services, but Amso explains it was not limited by restaurant closures.

"Most of our food services business is shipped to manufacturers and is used as a base for food processing. With the latter being the case, restaurant closures have had minimal impact on our food business."

However, the severe congestion and high pricing for transport has impacted the business.

"Well, in addition to the recent global challenges, we have had to deal with a port strike in Montreal. That has put additional pressure on Canada, leading to an influx in storage requests. To accommodate and adhere to timelines, we have had to increase the number of containers moving by road rather than rail, leading to an increase in cost to our customers."

He adds that shippers have had to change tack.

"Some are shipping by LCL rather than FCL, and are

importing/exporting the bare minimum. Others have gone in the other direction and are over purchasing and storing for two reasons: not wanting to get caught up in the unknown of how high prices can actually get, and hedging against delays."

But, in line with other WCA members VOTI has spoken with, the challenges of the past year have led to a better relationship with customers.

"Our customers are leaning more and more on our expertise. We have increased the frequency of our communications with them to try and keep them up-to-date with what is happening in the logistics industry. Things are changing daily and, as an extension of our customers' business, we need to help them strategise more than ever."

Another bonus has been WCA membership, which Amso says has "absolutely" been a benefit. "Being a member of WCA has helped us navigate the challenges of the pandemic. We were able to rely on our WCA network partners for local market conditions and advice."

Most Canadian forwarders appear to have survived, adds Amso, although he explains: "There have been some local and some foreign mergers. Foreign freight forwarders are purchasing local Canadian companies to increase their Canadian footprint. But we have not heard of any major bankruptcies or closures in the industry."

But he adds: "It's been difficult to project to say the least."



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# Insights IN

Insurance – comment by Richard Kamppari Baker



**RICHARD KAMPPARI BAKER**  
World Insurance Agency

## Do you need Charterers Liability Insurance?

IT'S essential when shipping goods, regardless of whether you're an importer or exporter, to understand the differences in the terminology and application of insurance to ensure you get full coverage for the carriage of goods.

Is there a difference between charterers and Non-Vessel Operating Common Carriers (NVOCCs)? It's a question we're often asked.

Below we highlight some of the differences.

### Who is a charterer?

A person or organisation that charters a ship or aircraft. It can be a freight forwarder, cargo owner, operator, trader, manufacturer or practically anybody involved in the arrangement of a vessel. It does not necessarily mean chartering a whole vessel but can mean booking or arranging space on a vessel.

### What's the difference between NVOCCs and charterers?

Quite simply, a charterer arranges carriage of goods – the hire, charter of, or space on a vessel or craft rather than booking/reserving – and associated formalities on behalf of a shipper. They can be considered 'agents' to shippers.

An NVOCC is a 'carrier' that does not own or operate the vessel used to perform the carriage. It enters into a contract of carriage with the cargo shipper and undertakes responsibility for the carriage like a shipowner that owns a vessel.

Often described as a 'virtual carrier', NVOCCs issue bills of lading, publish tariffs and otherwise conduct themselves as ocean common carriers, except they will not provide the actual ocean or intermodal service.

### What are the differences in risks for NVOCCs and charterers?

The risks are like chalk and cheese. NVOCCs are exposed to cargo and equipment losses, but any risk associated with delay is generally limited to the freight.

NVOCCs manage or hold cargo containers, working independently and under their own responsibility. Charterers do not operate or own containers.

Charterers are exposed to risks from the cargo owner and commercial risks from the shipowner. Delays associated with loading or unloading a vessel result in huge claims for demurrage/detention, which may run into hundreds of thousands of dollars. There can also be risks associated with pollution, injury or loss of life and even damage to the vessel, which need to be considered by charterers.

It's important to note that all of these chartering risks are generally excluded under any NVOCC Forwarder Protect (E&O and Cargo Liability) policy.

### Who needs Charterers Liability Insurance?

Charterers Liability Insurance is a type of marine insurance designed to provide coverage for the liabilities, including those of

care, custody, and control (CCC) assumed by a party chartering a vessel when the vessel's operation remains in the control of the vessel's owner.

NVOCC liability policies exclude claims arising from demurrage or detention charges of vessels, pollution, loss of life, fines and so on. At no time should a charterer rely on the Forwarder Protect (E&O and Cargo Liability) policy as a cheap substitute for Charterers Liability Insurance. Any arrangement of a vessel requires Charterers Liability Insurance. It may be as simple as involvement in a fixture note, slot charter, booking note, agency agreement or charter party.

If there is any doubt on how your involvement in a particular shipment impacts any of your policies, the World Insurance team of brokers can advise accordingly.

### Does this matter?

In short, yes.

Often risks associated with chartering only become evident when a claim is made, and typically these are never small. For example, a delay on the vessel can easily result in claims ranging from US\$50,000 – US\$100,000 and upward. Disputes are often technical and require extensive legal assistance, a major part of cover, and losses are often much greater than under NVOCC liability cases.

Under any NVOCC Forwarder Protect (E&O and Cargo Liability) policy, any of these risks are excluded if the forwarder is involved in

any arrangement of the vessel or craft charter. It is crucial to have the right insurance policy in place to ensure you are fully covered in the event of a claim.

### What's the cost of a Charterers Liability Policy?

As with any insurance policy, this is dependent on several factors, but coverage can be obtained at a minimum premium starting from around US\$5,000. The premium is subject to the type of chartering, all relevant risk details, coverage limits and deductibles, and loss records.

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about our Charterers Liability Insurance and ForwarderProtect, please contact us at [customercare@worldinsuranceagency.com](mailto:customercare@worldinsuranceagency.com)

# West Coast slalom brings limited relief for importers

ZIM'S new premium service from China to the US is not going as planned. Designed as an alternative to airfreight for cargo that finds pricing in that mode too expensive, it runs weekly from Ningbo and Shanghai to Oakland and Los Angeles (LA). The carrier made Oakland the first US port of call to achieve faster transits than via LA, which has been struggling with congestion for months.

The first run of the new offering was diverted to LA, due to congestion and ship backlogs at Oakland. Under the circumstances the carrier felt that it could not meet the advertised transit times and has decided to route the service through LA at least through June and July.

Oakland has attracted express services from Zim and CMA CGM this year, promising a faster alternative to the congested port complex of LA and Long Beach, but over the past month vessel wait times in the Bay area stretched alarmingly. By the end of May, 10 container ships were waiting for berth space at Oakland and 15 more were headed for the port.

In a customer advisory Maersk noted that congestion at LA and Long Beach remained bad, with average vessel wait times between one and two weeks, but warned that "the situation is even more dire at the port of Oakland, where wait times now extend up to three weeks".

Hapag-Lloyd informed its clientele that congestion and delays at Oakland were driven chiefly by large import volumes and labour shortages at the port.

It is a common theme at US West Coast ports. The port of LA handled 946,966 TEU in April, up 37 per cent from April 2020 and the ninth consecutive month of year-on-year increases, with six of these setting new monthly records.

In recent months Gene Seroka, the port's CEO, repeatedly stressed the need to whittle down congestion before the onset of the 2021 peak season. His declared objective was to have "few if any ships at anchor" by 1 June, but the tidal wave of imports has washed away this goal. The number of ships waiting for berth space has come down from its high in February, but since late March the recovery has stalled.

On a positive note, dwell times for trucked containers continued to shrink in April to an average of 3.65 days, but on-dock rail dwell time deteriorated again, rising to an average of 11.2 days from 10.5 days in March.

The port of LA's failure to clear its docks and berths is ominous for forwarders and shippers, as the coming peak season is expected to kick off earlier than usual. US retailers are poised for strong back-to-school business, with the regular peak kicking in before this has run its full course. Maersk has warned its clientele that this will increase the pressure on the network "with the potential to cause further disruptions".

To avoid the congested LA-Long Beach complex, carriers have routed more services through Oakland and Seattle-Tacoma, with the latter welcoming four new services this

year. However, going through the Northwest Seaport Alliance (NWSA) has not been smooth sailing either. Citing an increase in volume north of 30 per cent and a shortage of rail cars, its terminals are also struggling.

NWSA management has indicated that its largest container terminal is at full capacity and needs to bring down the number of boxes clogging up the dock before it can unload more containers.

These problems have been a source of frustration for forwarders that diverted

**"The main sentiment seems to be that customers just want the cargo to move; they do not have too many concerns about the particular routing"**



**CARMEN GERACE**  
BDP International

traffic away from LA-Long Beach to avoid the congestion there. BDP has shifted some flows that would normally enter the US through the nation's largest gateway complex to ports up the coast as well as on the East Coast, reported chief transportation officer Carmen Gerace.

Efforts to navigate around the congestion in California have been blunted, as the West Coast ports are not the only bottlenecks that have slowed down flows. At origin, recent Covid-19 outbreaks in China have diminished capacity at the ports of Yantian and Shekou, while beyond the US gateways rail traffic has been hit by congestion at major rail nodes, especially Chicago.

These inland problems have also hampered flows through East Coast ports, undermining some forwarders' diversions of traffic originally intended to be routed through California. At one point the port of Savannah counted 23 vessels outside the harbour waiting for berth space. The port's container volume was up 38 per cent in April.

As a result of the delays from the extended wait times on both sides of the Pacific, Maersk estimates that between early June and late August it will lose 13 per cent of its capacity, warning that it may not be able to meet all its original allocations.



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Asked if BDP and its clients would use alternative US gateways more than the LA-Long Beach route this coming peak, Gerace commented: "I wouldn't say 'more' as there is no getting around the availability of sailings and volume able to move to LA/LB. But we will continue to strategically divert cargo that fits better to other gateways for overall better transit or vessel, container, space availability."

Most importers and shippers do not seem to care too much about routing decisions.

"Some customers have approached us asking for other options. However, the main sentiment seems to be that customers just want the cargo to move; they do not have too many concerns about the particular routing. If the cargo will move easier and more quickly or have a higher likelihood of availability of equipment and getting on the vessel than via LA/LB, then customers are entirely open to alternative routings," he remarked.

**Voice**  
of the Independent

**Contacts**

Production & Design: **Mandy Warren**  
mwarren@worldlogisticsmedia.com

Editorial Team: **Editor**  
editorial@worldlogisticsmedia.com

UK Office  
Talon House, 6 Blackthorne Road,  
Colnbrook, Berks, SL3 0AL, UK  
Phone: +44 7736 034153

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