

INSTITUTE OF CHARTERED SHIPBROKERS – LINER TRADES

Session 10

Revenue and Costs in the Liner Business

Hellenic Management Centre – Feb/Mar 2021

TONY MASON

Course Outline

- (1) Introduction – Liner Shipping and the Container Revolution
 - (2) Liner Ships
 - (3) Ports, Terminals and Cargo Handling
 - (4) Through transport systems – containers and intermodal transport
 - (5) Container Lines and their networks – co-operation
 - (6) Container Lines and their networks – service structures
 - (7) Types of businesses in the liner sector – structure and organization
 - (8) Bills of Lading and other contractual documents
 - (9) Contracts between sellers and buyers
 - (10) Revenue and Costs in the Liner Business
 - (11) The Future for Liner/Container shipping
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Topics for this session

- How liner services are priced
- Tariffs and Contracts
- Impact of competition
- Yield Management – how lines maximise profitability
- E Commerce
- Structure of lines' costs – fixed and variable
- How lines can reduce costs

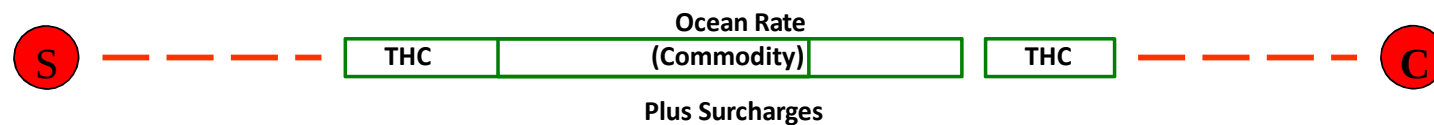


Pricing for Liner Shipping and Multi-modal Transport

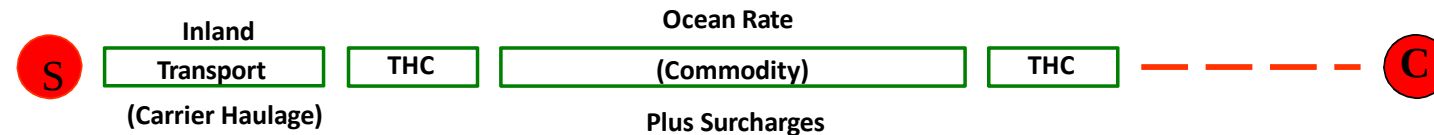
- Elements of the Tariff for a multi-modal transport movement
- How do Lines set their prices?
- Optimising prices and how to choose the most profitable cargo (**Yield Management**)
- Choosing a carrier – factors other than price

Container Tariff Structure

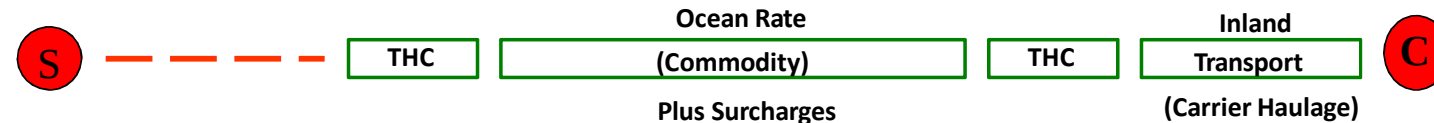
Port to Port



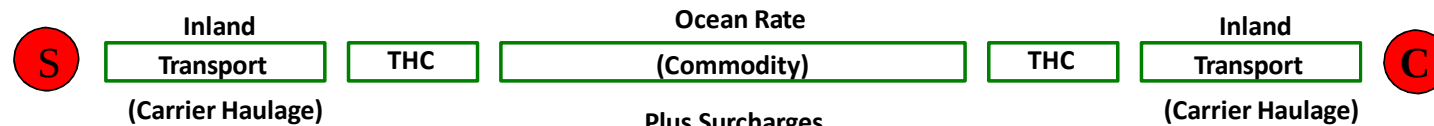
Point to Port



Port to Point



Point to Point



THC = Terminal Handling Charge

Surcharges: BAF = Bunker Adjustment Factor
CAF = Currency Adjustment Factor

Detailed schedule of charges

Case	Base Port to Base Port	Base Port to IPI (Inland point Intermodal (Ramp, CY, ICD)	Feeder port to feeder port	Door to Door (truck)	Door to Door (intermodal)
Service description	Port to port mainline direct service; merchant haulage	Port to Port mainline direct service; carrier haulage between ports and CY; merchant haulage between CY and customer	Port to port: Feeder-Mainline-Feeder	Port to port mainline direct service; carrier haulage by truck	Port to port mainline direct service; carrier haulage by rail/barge and truck
Revenue item					
Seafreight	x	x	x	x	x
Feeder Additional			x (z)		
Seafreight surcharges (FAF/CAF, DG, Other)	x	x	x	x	x
Origin THC	x	x	x	x	x
Destination THC	x	x	x	x	x
Origin haulage				x	x
Origin rail or barge move					x
Destination haulage				x	x
Destination rail or barge move					x
Pick up at Origin depot (merchant haulage) *	x	x	x		
Drop Off at Destination depot (merchant haulage) *	x	x	x		
Container equipment service fees *	x	x	x	x	x
Documentation service fees	x	x	x	x	x
Detention & Demurrage (D&D) *	if any	if any	if any	if any	if any
Storage at terminal	if any	if any	if any	if any	if any
Notes:					
Charges vary per (1) container type, (2) cargo type (Haz), (3) location (Depot, Terminal), (4) trade (origin/destination)					
* not applicable if the Shipper provides its Own Container (SOC)					
(z) = depends on competitive position at the feeder port					

Multi Modal Tariff

Carrier Haulage at origin/destination

- Road/rail/barge
- 20ft/40ft
- Weight
- Special surcharges

Terminal Handling Charge

- Charged per 20ft/40ft/Reefer
- May relate to rate paid to terminal by the line, but lines usually calculate a 'standard' rate per port to charge their customers
- Free storage and demurrage rate thereafter

Merchant Haulage at origin/destination

- Empty container pick up/drop off fee
- May be location specific (i.e. higher charge if dropped off at an inland port which is a surplus area)
- And/or the line may not offer drop off at some locations

Inland and Terminal Charges are usually directly based on the cost of providing the service



Sea Freight - Historical perspective

- **Objective of Conferences**
 - Maximise their earnings
 - Promote volume growth – both for their own business, but so that they could be seen to be promoting trade
 - **Conference Tariffs**
 - Rates were commodity based, but generally related to the value of the commodity
 - Higher rates for higher value cargo (and vice versa) – Why??
 - Cross Subsidisation
 - **General rate increases** were justified by employing accountants to justify cost increases – obligation to 'consult' with shippers' councils
 - All Charges set by the Conference (i.e. by Lines sitting as a committee)
 - THCs, Surcharges, Inland Haulage Tariffs
 - **Loyalty Rebates for Contract Shipments**
 - A rebate (may be immediate, may be deferred) depending on the shipper agreeing to ship only with Conference Lines
 - Highly unpopular with shippers!!!
 - **Impact of Non Conference Lines**
 - System of cross subsidisation was undermined by non conference lines quoting 'FAK' rates
 - As Non Conference market share grew, Conference rates undermined, and moved towards FAK
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Sea Freight

- Charged per container for FCL
 - Now **FAK Rates** – used in most trades
 - **Commodity rates** – in some trades – mainly for low value cargo on non dominant legs (why?)
 - Separate rates for Reefer/Hazardous/Out of gauge
 - Additional for special containers

 - Feeder additional for non direct ports (but only if no direct service competition)

 - **Surcharges** – originally intended to cover factors outside the lines' control which change short term costs e.g.
 - CAF, BAF, Congestion Surcharge, War Risk Surcharge

 - Some surcharges more arguable – Piracy, Canal Surcharge
 - Others – highly opportunistic – e.g. Peak Season Surcharge

 - Originally set by conferences – now lines set their own surcharges
 - Large shippers aim to negotiate 'all in' rates, with no surcharges applicable
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PRICE AND SURCHARGE UPDATES

Currency Adjustment Factor update

Friday, February 27, 2015



Share

CMA CGM Group wishes to inform you of the implementation of a Current Adjustment Factor (CAF) in Euros on new discharge zones for all types of containers as from April 1st, 2015.

Zones of loading: North Europe / Scandinavia / Poland / East and West Mediterranean / Baltic / Adriatic / Black Sea / North Africa / Morocco

Destinations and CAF amounts:

- To Pacific Islands: 8.17%
- To Indian Ocean Islands: 7.26%
- To West Africa: 7.28%

On the North Europe-Mediterranean trade, the CAF presently in place will move from 10% in March 2015 to 12.53% in April 2015.

This decision follows the sharp decrease of the Euro versus US dollar from more than 1,35 Dollar for one Euro one year ago to less than 1,15 today. The currency Adjustment factor is a percentage of the Seafreight that is reflecting the split of the total transportation costs per currency and the evolution of those currencies versus the Euro which is the currency in which the freight is quoted. Whilst Freight and THC's are quoted in Euro, a large portion of costs are in US dollars (Vessel's costs, Bunker, Some stevedoring and port costs).

Example :

Total costs of line having revenues in Euro is : 50 euros + 100 usd

At 1,35 the total cost in Euros is $50 + 100 / 1,35 = 124$ Euros

At 1,15 the total Cost in Euros is $50 + 100 / 1,15 = 136.9$ euros

CAF is therefore : $(136.9 - 124) / 124 = 10.4\%$

Surcharges - CAF

- Tariff in Euros (in this example)
- Significant proportion of costs in US\$
- If Euro devalues (vs US\$) then the line loses out
- CAF Surcharge is added to compensate the line for exchange rate loss
- CMA CGM explains the maths in this example!!
- Argument against CAFs is that lines could sell/buy currency forward instead to hedge their risk

Bunker Adjustment Factor (BAF) Effective April 1, 2021

01 March 2021

Services Shipping and Cargo Services

Share

Sealand, a Maersk Company, has reviewed its Bunker Adjustment Factor (BAF), and the new tariffs will be effective April 1st, 2021.

We have used Bunkerworld's fuel price index for 0.5% Sulphur Fuel oil (VLSFO) for the BAF calculation, and the average bunker price used is 426.99 USD/TON. The details on the period and reference ports used for the calculation can be found in the table below.

Fuel Price references for BAF

Fuel Type	Period	BDI	SIN	PIIN	Average
VLSFO	26 JULY 20 - 25 NOV 20	USD 307.31	USD 335.32	USD 328.15	USD 325.67
VLSFO	26 NOV 20 - 25 FEB 21	USD 411.77	USD 436.36	USD 432.23	USD 426.99

The BAF will be applicable to all contracts with validity longer than three months, and the tariff values can be found in the table below.

BAF - Dry, Special Equipment, NOR & Reefer

Scope	20 DV	40 DWHC	45 HC	20 RLLP	40 RLLP
North America (United States, Canada, US Virgin Islands, Central America, Mexico, Caribbean, WCSA to East Coast South America)	USD 123	USD 250	-	USD 192	USD 349
North America (United States, Canada, US Virgin Islands to/from West Coast South America, North Coast South America, Central America, Mexico & Caribbean)	USD 274	USD 427	USD 427	USD 320	USD 540
East Coast South America to Central America, Caribbean, Mexico, West Coast South America, North America	USD 276	USD 555	-	USD 417	USD 833
Intra-Latin America (Central America, Caribbean, Mexico, West Coast South America, North Coast South America)	USD 107	USD 213	USD 213	USD 160	USD 320

BAF - Example

- Sealand give the bunker price changes to justify the surcharge - but not how it is calculated
- Why does BAF differ so much by trader and direction!!

Setting the sea freight price

Various Approaches - not all give the same answer!

- Cost based – use Yield Management
- Dominant vs Non Dominant legs – decide how ship costs are to be recovered
- What do main competitors charge/how do they price???
- Assess quality of service vs competitors
- Spot vs Contract Rates

Competitive Pricing

- **Know what the Competition is charging**
 - But how to get a 'correct' figure – the shipper won't necessarily tell you!
 - **Assess the competition's service parameters**
 - what service quality is important to the shipper? (see next slide)
 - **Duration is important**
 - Spot or Contract
 - Duration of contract
 - Changes in surcharges/additionals/ancillaries during the contract?
 - **Where to position yourself in the market**
 - **You don't need to match every rate!**
-

Key Service Elements

- **Speed and Frequency** – reduced stock holding costs; reduced lead time for re-ordering (e.g. if forecasts increase)
 - **Reliability** – lowers requirement to hold stock in case of supply chain delays
 - **IT Systems** – JIT supply chains need full visibility on stocks in transit (right from point of ordering) – carrier should have good systems to enable the customer to track (real time/interactive/exception reporting).
 - **Container and Space Availability** – both needed by shippers who require regular space
 - **Customer Service** – e.g. speed/accuracy of documents; knowledge/expertise; flexibility/responsiveness to problems
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Yield Management

Techniques used in pricing and cargo selection

OBJECTIVE IS TO MAXIMISE CONTRIBUTION/PROFIT, NOT VOLUME!

Usual approach in Container Shipping is to aim to maximise the financial results per slot or from a given slot/number of slots, or from a voyage or service

- Identify all revenue and costs for through movement
 - Is this a short term or longer term (structural) decision
 - Difference between dominant and non-dominant legs
 - Understanding container imbalance costs is critical
 - Yield Management is a tool – to be used intelligently (don't forget the customer!)
-

Yield Management

Identify Variable Costs

1 x 20ft container from Factory Shanghai to Warehouse Hamburg (NB all local charges converted to US\$ for ease of comparison)

- **STAGE 1** *Establish variable operating costs*

Cost	\$ per container
• Cost of road movement Factory to Port Shanghai	200
• Terminal cost per container at Shanghai	100
• Terminal cost per container at Hamburg	50
• Cost of road movement Hamburg Port to Warehouse	150
• Cost of providing container (daily rate)	50
• Agency Cost (load and discharge) (*)	150
• Total	700

(*) assume 3rd party agency

Yield Management

Issues to consider – Imbalance Costs

- These costs are critical to assessing the profitability of any loaded move
 - We need to know for all our operating locations, which are surplus, which are deficit (short of containers) and which are closely balanced for every container type
 - If we move a loaded container OUT of a deficit location, we **incur** cost (i.e. positioning an empty in).
 - If we move a loaded container OUT of a surplus location we save cost (i.e. we save the cost of positioning an empty out)
 - Same is true (in reverse) at the destination location of the loaded container
-

Yield Management

Imbalance Costs - continued -

Using the logic in the previous slide, we therefore debit or credit the imbalance costs (i.e. the cost of moving an empty in/out of a location) in the yield management calculation

Location is:	Deficit	Surplus	Balanced
Origin of cargo	Debit	Credit	Zero
Destination of cargo	Credit	Debit	Zero

It may appear illogical to **credit** a cost in a yield management calculation. Nevertheless if you book cargo from (say) Hamburg to Shanghai, you avoid a significant cost – much cargo is carried at low freight rates under this principle

This should be applied to inland as well as port locations – imbalance costs to/from ports can be significant

Yield Management

Container imbalance costs

1 x 20ft container from Factory Shanghai to Warehouse Hamburg

- **STAGE 2** *Does this movement incur an imbalance cost?*

Shanghai is a shortage or 'deficit' area for 20ft containers, while Hamburg is a surplus area;

*As a result of carrying this cargo, it will be necessary to move an additional empty container **into** Shanghai, and an additional container **out of** Hamburg*

- | | |
|-----------------------------------|------------|
| • Total Variable Operating Costs | \$ 700 |
| • Shanghai – empty lift cost | 100 |
| • Hamburg – empty lift cost | <u>50</u> |
| • Cost including imbalance | 850 |
-

Yield Management

Ship system costs

1 x 20ft container from Factory Shanghai to Warehouse Hamburg

- **STAGE 4**
 - *While the cost of running the ship is incurred irrespective of the number of containers carried, it is necessary to ensure that those costs can be covered out of the revenue.*
 - *Take the total cost of providing the ship for a round voyage (for example, charter hire, bunkers and port costs) and divide by the number of slots round voyage slots – say \$9m for a 20,000 teu ship = \$450 per round voyage slot*
 - Average one way Ship System Cost per 20ft slot \$225
 - **TOTAL COSTS (before overheads)** **\$1075**
 - **BUT WHAT COSTS SHOULD WE USE TO DETERMINE THE FREIGHT RATE?**
-

Yield Management

Treatment of Ship Costs

- You can argue that if the ship will sail with vacant space, then you should book any cargo which has a positive contribution after loaded container and imbalance costs. Ship costs will be incurred whether you book the cargo or not. (This is sometimes referred to as a 'Marginal Freight Rate')
 - However ship costs still have to be paid for! Quoting marginal rates rather than full cost rates can depress the market, and your salesmen may believe that such rates are always acceptable
 - Round Voyage slot costs need to be paid for. However in some trades it is valid to allocate the round voyage costs to the dominant leg, and nil ship cost to the non dominant leg (consider examples – why?)
-

Yield Management

So what should we aim to charge for this movement?

- Shanghai to Hamburg Variable Costs (incl imbalance) = \$850(*). Arguably we should not charge anything less than this
- The argument is that for 'spot' business if the slot would otherwise go empty, anything over \$850(*) is positive.
- However for longer term business, we MUST aim to cover our ship network cost
- If we charge every container the 'average' ship cost, then our minimum freight rate = \$1075(*)
- But if we do NOT expect to be able to charge the full ship cost on the RETURN leg (Hamburg to Shanghai), then we should aim for \$1300 (*) – which includes the round trip slot rate
- A rate between \$1075 and \$1300(*) is probably acceptable (some line allocated 2/3 of the round trip slot rate to the dominant leg, and 1/3 to the non dominant leg)

(*) Rates in this example are door to door; if quoting inland haulage/THCs separately, these need to be adjusted downwards

Yield Management

What about Hamburg to Shanghai?

- Shanghai to Hamburg Variable Costs (excl imbalance) = \$700.
 - If we then given an Imbalance 'Credit' of \$150, we only have costs of \$550(*) to cover. Arguably we should not charge anything less than this (door to door)
 - Can we charge enough to cover at least part of the ship costs?
 - This may be difficult on a non dominant leg, particularly if low value commodity involved
 - Ideally we would like to cover at least the 'one way' slot cost (\$225) – so total door to door 'cost' (after imbalance credit) = \$775
 - But anything above \$550 would be acceptable i.e. a positive contribution
-

(*) you can argue to remove the daily container cost (\$50) from this calculation, as (most of) it would be incurred if the box has to be shipped empty

Yield Management

Other important issues

- Overheads are normally only charged in a yield management calculation when doing long term planning, as overhead costs are essentially fixed unless you downsize the company – but they still have to be paid for!
 - Other factors can complicate the calculation
 - e.g. heavy vs light cargo
 - double dipping (using space twice on one sector)
 - Use Yield Management intelligently - also consider the importance of the customer, is it regular business, dirty cargo which causes damage to containers etc.
-

How to use Yield Management??

- Setting tariffs by route/port pair/container type
- Quoting/booking – focus on business with the best yield
- Budgeting/sales targets
- Network planning



Don't forget the customer when pricing!

- Target sectors
- Not just focused on price?
- Contract or Spot?
- Key accounts/multi trade support/regular business etc.
- NVOCC vs Direct accounts

Container Freight Rate Indices

Shanghai Shipping Exchange

- China (Export) Containerised Freight Index (CCFI)
 - Weighted data from 12 trades; 10 Chinese ports, up to 22 shipping lines (dependent on trade)
 - 1 January 1998 = 1000
 - Published weekly
- Shanghai Export Containerized Freight Index (SCFI)
 - Spot Rates on 13 individual trade routes ex China
 - Rates from lines and forwarders
 - Published weekly

World Container Index (WCI) - Drewry

- Covers a variety of trade lanes
- Polls 'a stable panel of buyers, around 30 freight forwarders, and non vessel operating common carriers'
- Published weekly

Freightos Baltic Index (FBX)

- Rates on multiple trade lanes updated daily
- Anonymised, aggregate data from carriers, forwarders and shippers
- Taken directly from rate management platform

Container Trades Statistics (CTS)

- Actual freight and volume data from shipping lines to produce indices
- Covers main trade lanes
- Published monthly, with one month time lag

E COMMERCE



Electronic Commerce – or Paper!



What is E (electronic) commerce?

Transactions between carrier and customer (buyer and seller) carried out electronically rather than by paper/telephone etc.

Can include information services to support the transaction, as well as the transaction itself

Electronic Commerce - Transactions

- Quotations
 - Schedule Information
 - Bookings
 - Shipping Instructions
 - B/Ls and Invoices
 - Track and Trace/Progress Reporting/Exception Reporting
 - Import notification
 - Increased focus by lines on automating the quotation and booking functions
-

Electronic Commerce - Importance/Efficiency

- Saves clerical work - ? but does it just transfer work from the carrier to the customer – depends on how the transaction is carried out
 - Speed of transaction ? but does the carrier still need to intervene manually – e.g. accepting a booking
 - Accuracy e.g. details on shipping instruction do not have to be manually copied to the B/L
 - Real Time – access to carrier's system for up to date information on shipments (JIT)
 - Information can be customised e.g. customer can take information from carrier, and input to its own system
-

Electronic Commerce - Methodology

- Web based screens – customer does the input instead of the carrier!
 - EDI links – purpose built computer to computer links – one off cost, but advantage that data can be transferred without rekeying – limited human intervention
 - Use a 'Portal' – Intrtra, Cargo Smart, GT Nexus, - business model is to handle the data transfer between customer and carrier, so customer can handle data exchange with multiple carriers with only one data interface with the Portal
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INTTRA – example of a neutral portal

- Described as ‘the largest digital network and information provider at the centre of the ocean shipping industry’
- Offering to Shippers:
 - Ocean Schedules – access to extensive selection of carriers in one platform
 - Ocean Trade Platform – electronic booking, digital transmission of shipping instructions and real-time container status tracking
 - eVGM – Electronic Submission of Solas Verified Gross Mass Measurements
 - Reporting and Analytics – Dashboards give shippers insights to improve shipment planning and operational performance

Also offers package of services to carriers and NVOCCs

Electronic Bills of Lading

- Electronic Bills of Lading i.e. title can be transferred electronically – this is already happening, but not commonplace;
 - Three systems approved by International Group of P and I Clubs
 - **Bolero** (approved 2010)
 - **essDOCS** (approved 2010)
 - **e-title** (approved 2015)
 - Important to lines that P and I Clubs cover their liability
 - Bolero and essDOCS both maintain their own central register for logging and storing the holder of the eBL
 - e-title has a non-centralised system which facilitates the secure transfer of the eBL from one holder to another holder
-

Define what is meant by fixed and variable costs:

- **Fixed Costs** – costs which do not change (in the short/medium term) irrespective of the number of containers carried
 - Examples: Owned ships and Containers; Organisation costs (employment/office costs); IT System costs (not running costs)
 - **Variable Costs** – costs which vary with the number of containers carried
 - Examples: Haulage Costs, Terminal Handling Costs, Agency Costs (if third party)
-

Define what is meant by fixed and variable costs

continued

- Some costs fall in between! – **‘Semi Variable Costs’**
 - These costs will increase/decrease over time, but are not directly proportional to volume
 - Examples: leased containers can be off hired to reduce container costs
 - Ship System costs are fixed in the short term – once the schedule is set; however changes can be made – terminate charters; lay up vessels to save operating costs; slow steaming
-

What is meant by economies of scale?

Economies of scale = when a business can carry extra volumes without a proportionate rise in costs

NO Economies of scale:

Volumes increase 20%

Costs increase 20%

Economies of Scale:

Volumes increase 20%

Costs increase 10% (or less)

Liner shipping – examples of economies of scale

- **Ships (including Bunkers)** – Unit costs decrease with increasing size
i.e. double the size of the ship does NOT double costs
Discuss why – and does this always work???
 - **Operational Contracts** – better deals – more leverage with greater volume (but remember that with larger volumes, fewer terminals may be able to handle the volumes, so competition is reduced)
 - **Operational Scale** – container fleet should be more efficient e.g. less need to imbalance empties; higher slot utilisation should be achievable on service networks
 - **Network** – larger ships (see above) - combining services – however can also be achieved through VSAs
 - **Overheads** – Cost of Head Office + IT Systems will not increase in proportion to added volumes
-

What can companies do to control costs?

Variable costs – we have to incur the cost (e.g. to move the container) but can we do it more cheaply?

- Renegotiate contracts with terminals, hauliers, agencies, container leasing companies
- Opportunities for efficiencies – ‘smart operation’

Ship System Costs – controlling fixed costs

These are fixed in the short term, but if the problem is overcapacity, what can we do to take cost out:

- Share space on ships with other lines (Alliances/VSAs)
 - Redesign network – e.g. change to hub and spoke
 - Smaller Ships (only if we have ships we can off hire to replace with smaller ones)
 - Withdraw sailings/loops (temporarily for e.g Chinese New Year, or take a loop out completely if we have more than one loop on a trade)
 - Slow Steaming (this does not actually take out capacity, but does reduce costs. and use up surplus ships)
-

What can companies do to control costs?

Container Costs – these are part fixed, part variable:

- Off hire surplus containers to right size the container fleet
- Use fleet more efficiently – e.g. smart ways to reduce imbalance costs
 - Flow matching
 - One way leases in/leases out

Downsize/Outsource – reducing fixed costs

- Exit unprofitable trades (e.g. PIL recently exited the Trans Pacific trade)
 - Sell off surplus/non core assets (e.g. lines sell off some terminal interests when short of cash)
 - Offshore/Outsource activities (only if cheaper)
 - Reduce management overheads e.g. remove regional 'layers', reduce size of head office, by delegating more authority
-

What can companies do to control costs?

Strategic Changes

- Build larger ships – economies of scale – but what to do with the displaced ships??
 - Examine the business base – exit unprofitable sectors/move to more profitable sectors – either trades, types of cargo, types of products
 - Diversify – e.g. terminals, logistics, digitisation
 - Would our costs be reduced if we owned key suppliers?
 - Should we acquire or merge with other companies to reduce costs? (economies of scale again)
-

Questions from Past Exam Papers

Define the principles of Yield Management and, using a trade lane of your choice, detail the individual elements of revenue and cost, and how these are calculated for yield. Use examples to support your answer.

(July 2020 Q8)

When a carrier enters a new trade lane there are many factors to consider when setting pricing policy it will apply to this market. Discuss the important determining factors, from both a revenue and cost perspective, that are considered when drafting a liner carriers' pricing policy for a new trade.

(November 2019 Q3)

Answer BOTH parts of the question

- (a) Explain in detail what vessel operating costs are and the revenue sources which should cover these costs**
- (b) Discuss how costs can be reduced by the carrier in situations where revenue does not cover costs.**

(November 2018 Q2)

Questions from Past Exam Papers

Explain the reasons for the application of and purpose of FIVE of the following charges, or surcharges, which may be payable to carriers in addition to sea freight. Why are these charges often unpopular with exporters and importers?

- (a) Currency Adjustment Factor (CAF)**
- (b) Bunker Adjustment Factor (BAF)**
- (c) Terminal Handling Charges (THC)**
- (d) Import Service Fees and Documentation Charges**
- (e) Port Congestion Surcharges**
- (f) War risk surcharges**
- (g) Container detention and demurrage**

(May 2019 Q2)

E-Commerce and carriers' websites have become a very important platform for carriers and their customers in recent years. Describe from both carrier and cargo owner's perspective why E-Commerce is important and explain how it is used to result in positive benefits.

(May 2018 Q6)

Questions from Past Exam Papers

Describe the elements that make up a freight tariff and what tools you would use to construct a tariff in a new market. In an environment where revenue is not sufficient to cover costs, suggest ways you would be able to deal with this.

(May 2018 Q8)

Dominant and non-dominant legs are terms used to describe a specific trade route. Explain what is meant by both and use current trade examples to demonstrate this, giving details of why this happens. Why would some trades have a dominant (balanced) leg in both directions but with other container flow challenges?

Use the world map provided to support your answer.

(May 2019 Q6)

E-Commerce and carriers' websites have become a very important platform for carriers and their customers in recent years. Describe from both a carrier and a cargo owner's perspective why E-Commerce is important and explain how it is used to result in positive benefits.

(May 2018 Q6)
