

Industries collide over container damage

Alleged damage to shipping containers caused by scrap metal is becoming a political hot potato. Container lines insist publicly that damaged boxes are not a major issue for them, but their approach to consignees suggests otherwise. It has grown into a 'highly sensitive topic for importers', says Zain Nathani for the Metal Recycling Association of India (MRAI).

It all depends on the definition of 'damage', according to Mr Nathani. 'By its nature, shredded metal or heavy melting scrap will scrape off some paint,' he says. 'But we're talking about minor wear and tear in most cases. The lines won't permit delivery unless you effectively pay them a blank cheque for demurrage and damage. They charge at an exorbitant level, and there seems to be one in every consignment.'

One of the main container lines shipping scrap between Europe and Asia has a sister company based near Mumbai that carries out box repairs. 'They levy charges for re-polishing and re-painting which can be enormous compared with the freight charges, up to US\$ 200-300 per box,' Mr Nathani claims. 'We offer to clean the boxes ourselves, which we could do with our low labour costs for US\$ 10, but they say no and they have to bring in their own shipping surveyor. Some lines treat you favourably and



Zain Nathani for the Metal Recycling Association of India: 'We offer to clean the boxes ourselves, but they say no.'



Robert Voss, Chairman of the BIR's International Trade Council: 'Shipping lines have used the scrap industry as a way of getting damaged containers repaired.'

fairly, but others simply appoint their own surveyor and there is no appeal process if they say damage has occurred.'

Haulage charges for moving a container from Nhava Sheva, India's main container port, to an inland container depot also fluctuate wildly. Mr Nathani complains: 'Each line charges what it wants for detention, damage and inland haulage.'

'High-handed'

Several major European and Asian carriers imposed congestion surcharges on cargo moved through Nhava Sheva in August. Failure to berth vessels on schedule led Maersk Line and CMA CGM to divert some traffic to alternative west coast ports such as Pipavav and Mundra.

'The authorities at Nhava Sheva will say there is no congestion, but the port is running over capacity,' Mr Nathani says. Peak-season problems were exacerbated when an MSC vessel collided with another ship and tipped around 300 containers into the harbour en route into Nhava Sheva, blocking entry to the port for several days. This incident highlighted the 'high-handed approach of the shipping lines', Mr Nathani says. 'We had to pick up containers 1000 km away and they said it was our responsibility.'

Improved practices

The scrap industry has improved its practices in terms of preparing material for export, according to APL, one of the leading container lines in the Asia-Europe trade.

Peter Hall, APL's Managing Director for the UK



MSC's accident on the way into Nhava Sheva highlighted India's infrastructure issues - and a 'high-handed' approach to importers.

& Ireland, recalls: 'We experienced problems in the past with the back-street trader who puts material in a container in no particular fashion.' And the line has also had bad experiences with swarf. 'It does not do the container any good,' he explains. 'You can't get all the particles off the wooden floor when it's swept, so that can be a problem if the swarf was just tipped in.' He adds: 'We now ask customers shipping metal to sign an indemnity form stating they will pay for any damage arising.'

Safeguards needed

Robert Voss, Chairman of the BIR world recycling body's International Trade Council (ITC), believes there are still issues to be resolved even though Maersk did not carry through a threat earlier this year to introduce out-of-service charges to protect itself against potential damage to containers.

Echoing Mr Nathani, Mr Voss says: 'I have complained for some time that shipping lines have used the scrap industry as a way of getting damaged containers repaired. They would put in older units and we would pick up the bill for a damaged floor or wall. We now take photos of containers before and after loading, so if anything is thrown back at us, we have evidence. I have recommended this in an ITC report, and it is now becoming the industry norm. Companies need to safeguard themselves.'

Where boxes do suffer damage, Mr Voss says it is more likely to be during loading and offloading rather than from movement of the contents during transit. □

