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CURRENT LOGISTICS SITUATION UNDER COVID-19 IN TERMS OF CONTAINER SHORTAGE & SURVIVAL OF NVOCCS

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Gone are the days when being a NVOCC or SOC box operator you could buy containers in any region, as per the need of

any particular project of specific move, from one port to another, without facing any obstacle in getting space from vessel

operators, port congestions and other loading issues, like vessel delay, port skip and roll over problems; but Today it is not a piece



THOUGHT
for the
MONTH

"A genuine Leader is not a
searcher for Consensus, but a
moulder of Consensus".

-MARTIN LUTHER KING JR.



of cake for NVOs, to even find out the availability of containers, competitive price and get the space smoothly, in various regions including China/Europe and South East Asia.

One of the major reasons for these sorts of issues is COVID-19, which was confronted in 2020, due to which many countries had to implement a lockdown, started from China, then in Europe, the US and then spreading to almost all countries. Travel and transportation restrictions, came into effect all over the world, whereas sales & procurement dropped drastically, and so did global trade.

Nowadays, container shortages have become a serious problem in the logistics industries, which not only affect the global shipping industry but also have a strong negative impact on manufacturers, traders and of course retail businesses.

When countries entered into lockdown, their economic activities were restricted, including the number of labors in ports/depots/warehouses/CFS, which were minimized to a large extent, ultimately reducing the speed of cargo/custom handling & clearing, whereas many small and medium sized factories temporarily closed in different locations in Asia, mainly China; large number of containers stopped and became long-aging units at terminals and inland depots, with uncertainty of next move.

As movement of cargo was limited, shipping lines reduced the number of ships, to stabilize the cost and to maintain the freight levels, considering their major cost factors with blank sailings, which is another headache for NVOs/Customers, as it limited options of sailings from vessel operators.

But the main question still remains, that is, where are the containers and why is no one able to access them, let it be an NVOCC/freight forwarder or even a shipper?

If I consider analyzing this situation, being an NVOCC and based on my current practical experience, I understand that in

most of the cases the containers are lying at ports/terminals and inland depots, leading to port/depot congestions, the same situation persists for all major transshipment Hubs, like Singapore/Jebel Ali/Hong Kong/Busan/Shanghai/Colombo etc; simultaneously, majority of containers are also onboard vessels for long haul, especially from China/South East Asia to USA/Europe, hence the largest container shortage is in Asia, while Europe/Mediterranean also faces a deficit.

Due to these circumstances, vessels started omitting some ports, which is one of the common reasons of vessel delays; even if containers are lying at port for loading to vessel, but are not able to be shifted over for sail, it leads to roll over to next sailing, without any surety, as vessels right now are not being operated according to their fixed schedules; this is also the reason why containers are being moved via 1 or 2 Transshipment ports, as alternative routes, which simply increases the short transit time to longer ones; on the other hand whilst shipping lines were reducing the number of vessels, they were not able to collect empty containers at all.

Considering all these current factors, due to limited container access, manufacturers have driven up the prices of new containers and the traders who sell second hand containers have already created a hype in prices; this is a phenomenon not only in Asia/Europe but almost everywhere; therefore cargo worthy containers which an NVOCC could easily buy in \$800-\$1200 bracket before 2020, now come in the range of \$2200-\$2800, likewise container leasing rates have also rocketed by 30% to 50%.

Apart from manufacturers and container traders, carriers/vessel operators are also trying to secure their profit, which is affecting container shortage, particularly in Asian countries. Carriers prioritize long haul shipments generally from China to North America and Europe

where they can make more profit, as compare to short haul shipments with in Asia, therefore there are no empty containers in some regions.

Vessel operators are announcing General rates increase (GRI) for their COCs and slots even twice a month and in some routes they even apply it on weekly sailings but still they are not assuring to accept bookings & space on regular basis which causes the ultimate war of space between NVOCCs who are also compelled to buy the slots on dead freight basis which is subject to containers availability.

There is no need, to stress on the fact that this is one of the toughest times for those internationally engaged in the logistics industry and nobody knows when this situation will return to streamline condition; according to some organizations and resources they anticipate that it may continue until the end of this year.

None the less, we all have to survive and try to sustain our services especially NVOs/Forwarders, by accepting and facing the current situations, in terms of reality. At this point, all we can do is to explain the current logistics problems and situations to our customers, to get their understanding and do our best by focusing on what we can control, rather than to look at something we are unable to control.

Though I am uncertain as unto when, we will have to face this situation or when the pandemic will eventually vanish, being a part of an NVOCC as VMR LINES, I am confident of playing a positive role in offering our services in every way possible, even if it means reducing the volume of our services, to some extent, but never compromise on its quality; we are committed in giving our customers, partners, agents, carriers and venders our 100%; by staying positive and upholding our Brand Image and Values; we are not ready to let you down under any circumstances.

MARINE ARBITRATION CENTRE - BEGINNING OF A NEW ERA



Marine Arbitration Centre in India has been a long dream for many liners, shippers and vessel owners. However the dream has finally come true on June 23, 2021 when Gujarat Maritime University signed a deal with International Financial Services Centre Authority to develop a first ever Maritime Arbitration Centre in India, Gujarat International Maritime Arbitration Centre (GIMAC). The said MoU was signed by Smt. Avantika Singh IAS the Vice Chairperson & CEO of Gujarat Maritime Board and Mr. Injeti Srinivas, IAS – Chairman, International Financial Services Centre Authority.

It is to be noted that, there are

about 35 Arbitration centres in India, however GIMAC will be the first Arbitration centre which will exclusively deal with Maritime Arbitration in India. The idea is to create a world class Maritime Arbitration centre focused mainly on resolving Maritime and shipping disputes at a faster rate and to provide remedy to parties at a rapid phase. GIMAC, apart from being an Arbitration centre will also be a part of a maritime cluster that the Gujarat Maritime Board (GMB) is setting up in GIFT City at Gandhinagar. The said Arbitration Centre has constituted a 10 member advisory board for GIMAC which consist of

international experts who will be helping in framing rules for the Arbitration Centre and in Empanelling Arbitrators. Generally for Maritime Arbitration London is preferred as palace of Arbitration, however once the Arbitration centre becomes fully active, the said centre will form as the finest Maritime Arbitration centre in India as well as Hub for Middle East countries. It is also to be noted that currently the GIMAC has been under the process of recruiting staffs and panel arbitrators and after the completion of the recruitment, we can expect a beginning of a new era in Maritime Arbitration in India.



10 TIPS TO ACHIEVE ANYTHING YOU WANT IN LIFE

1. **FOCUS ON COMMITMENT, NO MOTIVATION:** If you find yourself committed, motivation will follow.
2. **SEEK KNOWLEDGE; NOT RESULT:** The key is to focus on the journey, not the destination. Keep thinking about what you are learning along the way and what you can improve.
3. **MAKE THE JOURNEY FUN:** The minute you make it serious, you might lose perspective and become stuck again.
4. **GET RID OF STAGNATING THOUGHTS:** Thoughts influence feelings and feelings determine how you view your work. So get rid of it.
5. **USE YOUR IMAGINATION:** Soon after you get rid of the negative thoughts, start using your imagination. Just stay positive and think positive, and see what happens.
6. **STOP BEING NICE TO YOURSELF:** Motivation means action and action brings results. So challenge yourself and do something that you want to do even if you are afraid. Remember, there is no Perfect Timing! But it's the Perfect Act that matters.
7. **GET RID OF DISTRACTIONS:** Learn to focus on what is most important. Write a list of time-wasters and hold yourself accountable to not to do them.
8. **DON'T RELY ON OTHERS:** Stop expecting that others will do it for you. They are all busy with their own needs. No one will make you happy or achieve goal for you. It's all on You.
9. **PLAN:** Know your three steps forward – (1) When will you do; (2) What will you do and (3) How will you do. Review how each day went by; what you learned and revise what you could improve.
10. **PROTECT YOURSELF FROM BURNOUT:** Observe yourself to recognise any signs of tiredness and take out time to rest. Your mind and body need rest and so schedule a time to relax and enjoy, into your weekly calendar.



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