Box Management

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Considering that containers are tracked continuously either through Port tracking mechanisms, Rail and Road tracking mechanisms and finally by Vessel Voyage tracking, and that their usage and positions are known, there are huge savings to be made by improving their utilisation, even to reduce carbon emissions and global warming. For it is very seldom, if at all, cargo is available at/very near the place boxes are destuffed, to gainfully transport the next load –front haul- instead of trucking the empty box –backhaul- waiting for the next cargo.

Given the trade imbalances, their seasonal swings, availability of natural resources -raw materials, manufacturing bases, consumption centres –not necessarily population driven, entrepots, trading centres, hub connections, various developmental and economic activities that drive the derived demand economics of trade and shipping, it is but natural that boxes may have to be repositioned.

As such, opportunity for Uber or Ola version for box hauling exists for the asking!

Overall costs, delays, driver shortage, road/port/terminal/berth congestions, fuel/energy usage contributing to carbon emission and global warming can all be reduced by such a sweeping move implemented with alacrity globally. Empty repositioning is said to cost 20b$ globally and about 45% of all exports are said to have potential for significant savings; each repo match-back can save 150-400$ direct costs, additional 200$ indirect costs and about 200kg of harmful Co_2. Shouldn't it be an industry practice arising from cost paring and commitment rather than a mandated solution through international conventions and the like, especially after targeting high sulphur fuel usage at sea?

If it can be done even over short distances savings that can be generated will be considerable. Efficiency will be the single user gainer migrated to multiple users as well. True, contracting, trade, cultural practices etc are barriers to start with, though Customs (bonded boxes) may not be a show stopper. But for various reasons, truckers may not take an empty load after offloading a laden box, logistics, rates, competition, stacking space issues all playing spoilers.

Import-Export gap has been widening in US despite protectionist trade policies and was 25% in 2018. APL had introduced a new priority rail service saving four days to solve congestions at Long Beach and Los Angeles of surging import volumes. In India too, with population driven –read demographic dividend- consumption patterns, in spite of all export promotions; empty repo is as high as 50%. Perhaps, given our cultural attitudes of non-coperation, we need a diktat to minimise repos that will eventually promote exports and negate the need/call for subsidies against the spirit of WTO/GATT.

Maersk's AVANTIDA platform for empty box management with street turn in North America, is a game changer. When the industry leader makes a move, others better follow or develop other alternatives. Container triangulation service with street turn is by E2Open that had acquired INTTRA earlier. Street turn services have been tried out in Europe by Box Reload, in US by MatchBack

Systems etc between transport companies. Avantida is to serve the same between Ocean lines. Caveat but; why should a line give away locational advantage of an empty to another?

Next, AP Moller Maersk's -using expertise in shipping and logistics- venture capital arm's investment in IncoDocs –as the name implies- is set to go digital with online trade documentation tool provider.

Matchback was said to be receiving 30,000 requests for 700,000 potential pairing combinations per day, resulting in 500-900 matches daily. Obviously these figures will vary with state of the trade and increase over periods of time as market sector is developed. Artificial intelligence and predictive analytics are the new tools in vogue. Matchback has recently tied up with Trinium Technologies providing software to intermodal trucking and container drayage industry sectors. 5 yr old Avantida covering ten European countries and Mexico too recently, has 4000 registered users and facilitates about 2000 transactions daily.
Typically it could be the Ocean line that controls the box movements including their repo back to next called for/agreed location with responsibility and liability issues. Hence if a `street turn' is to be made on the basis of instantaneous demand, on finding a matching return haul requirement, an intermediary may to play the role of connecting the involved transport hauling firms and logistic service providers. Liability transfer on `back to back' basis in the logistics chain should be an enabler per se. Digitalisation has virtually facilitated this by pairing an export booking with an empty import box pre-empting the need to be hauled back to a storage yard. It is not without concerns though. AgTC (Agricultural Transportation Coalition) in US has expressed worries about negative impact of 40-50$ street turn costs imposed by Ocean Lines on supply chains -beset with congestions though.

Typically, the Indian problems are country specific calling for specific solutions as ideal ones just won't work. Truckers having contracts with CFS, ICD and direct exporters and importers may not be willing to –in fact may not be able to- prefix or suffix a laden or empty box haul after their contracted one way move. If at all they do –or can do- the front haul will seek rate reduction.

Further, commercial relationships are multifold, with delayed payments, favouritism, nexus and what else not. So, we will have to start with lines, feeders, terminals, CFS and the whole lot; but it is and will be worth the bother, in the long run as enunciated herein. The role of CFSs itself is an intermediary position created to work along with terminals. The introduction of DPD –direct port delivery- without having to go through CFS, had become a bone of contention and withdrawn. Its old version of PNR (Public Notified Record by customs facilitating bonded box movements) idea and its restoration have been gaining grounds. Freight broker is another intermediary in certain major hinterland-inland trade routes that is indispensable; but disincentivising and any methods to avoid congestion could be welcome measures. As the government is supporting exports with interest subvention etc, any cost savings, improvement in efficiency etc must be supportively promoted.

Nevertheless, given the quantum of savings projectable, including pollution reduction and more specifically energy consumption –high cost imports at that- we must not hesitate to do the needful.