



Transportation Services Branch
 Transportation and Marketing Programs
 Agricultural Marketing Service
 U.S. Department of Agriculture

Transportation Indicators for the Agricultural Containerized Shipping Industry

Second Quarter 2003
Issued October 7, 2003

Indicator agricultural products U.S. to Asia	Current	% change	
		Last quarter	Last year
Rates - 2d Quarter 2003			
Refrigerated shipments ¹	\$3,546	10%	16%
Dry shipments ²	\$1,768	28%	30%
<i>Surcharges</i>			
Bunker (Fuel) Adjustment Factor ¹	\$230	20%	300%
Currency Adjustment Factor ³	44%	10%	13%
Volume - May 2003			
Outbound shipments ⁴	93	(9%) ⁵	(3%)
Capacity - 1st Quarter 2003, all products			
Container slots available ⁴	1,512	11%	13%
Container slots used ⁴	928	13%	12%
% of container slots used	61%	2%	(1%)

¹per 40-foot container ²per 20-foot container ³for shipments to Japan only ⁴thousand 20-foot containers ⁵monthly data presented, not quarterly

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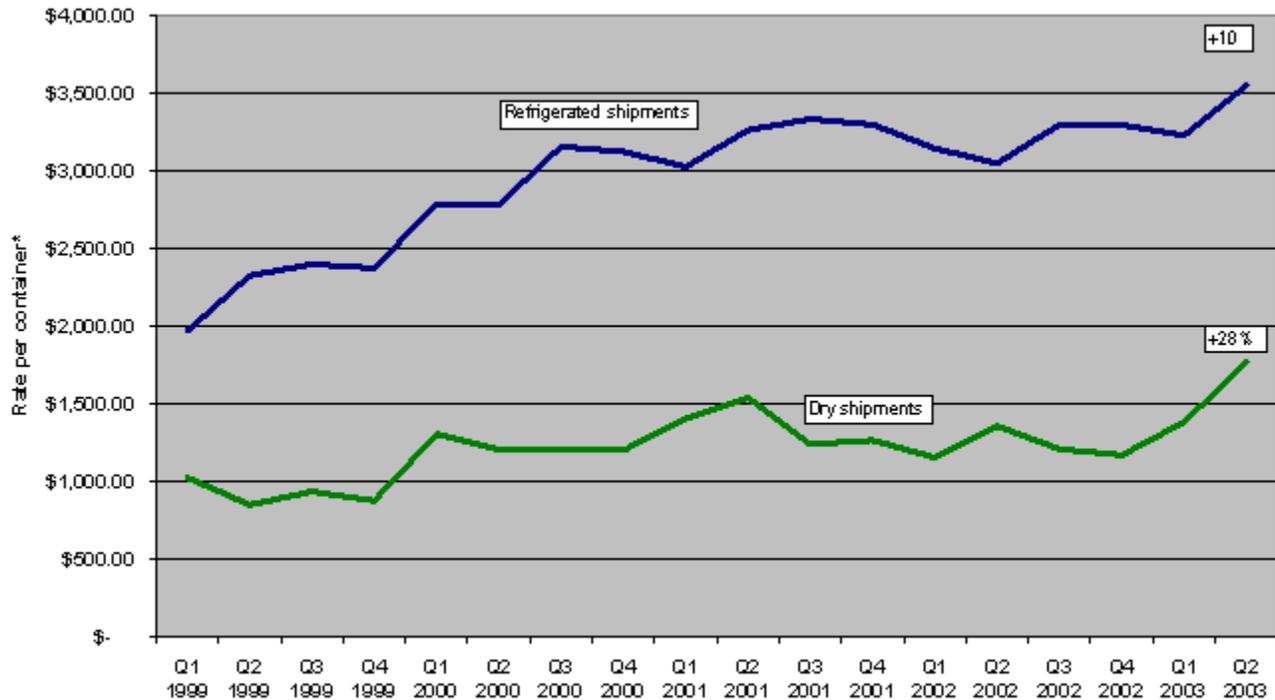
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Container Rates: Agricultural Shipments

Refrigerated and dry commodities, United States to Asia



Second Quarter Rates Are Up Rates in the second quarter of 2003 experienced significant hikes due to the general rate increases (GRI) filed by many shipping lines in the United States to Asia trade lane. During the first half of 2003, many shipping lines filed GRIs for specific commodities, including many agricultural products, as well as GRIs that affected large groups of commodities. Since many of the GRIs are set without regard to commodity value, GRIs have a greater effect on dry agricultural exports such as hay, cotton, and animal feed (28 percent, versus a 10-percent increase for dry and refrigerated rates, respectively). Shipping lines justify the rate increases as a response to increased [container slot use](#). In particular, demand for refrigerated containers, apparently suffering from a worldwide shortage, has also increased, resulting in GRIs of up to \$1,200 per container for some commodities and destinations. Both the [fuel](#) and [currency](#) surcharges also went up, further adding to the increase in the bottom-line rates. See a [sample list](#) of GRIs recently filed by shipping lines.

So what? (follow this link to expand)

What is a container rate? (follow this link to expand)

**Refrigerated rates are for 40-foot containers. Dry rates are for 20-foot containers.*

The indicators above are indices based on a group of tariff rates for commodities tracked quarterly in the *Ocean Rate Bulletin*. Rates are weighted by market share for each shipping line, trade lane, and commodity. The refrigerated rate index includes: poultry, lettuce, frozen potatoes, grapes, apples, and oranges. The dry rate index includes: almonds, animal feed, pistachios, raisins, soybeans, and lentils. Rates include all surcharges and are calculated on a typical shipment for each commodity. See the list of [Asian countries](#) used in determining the refrigerated and dry rates.

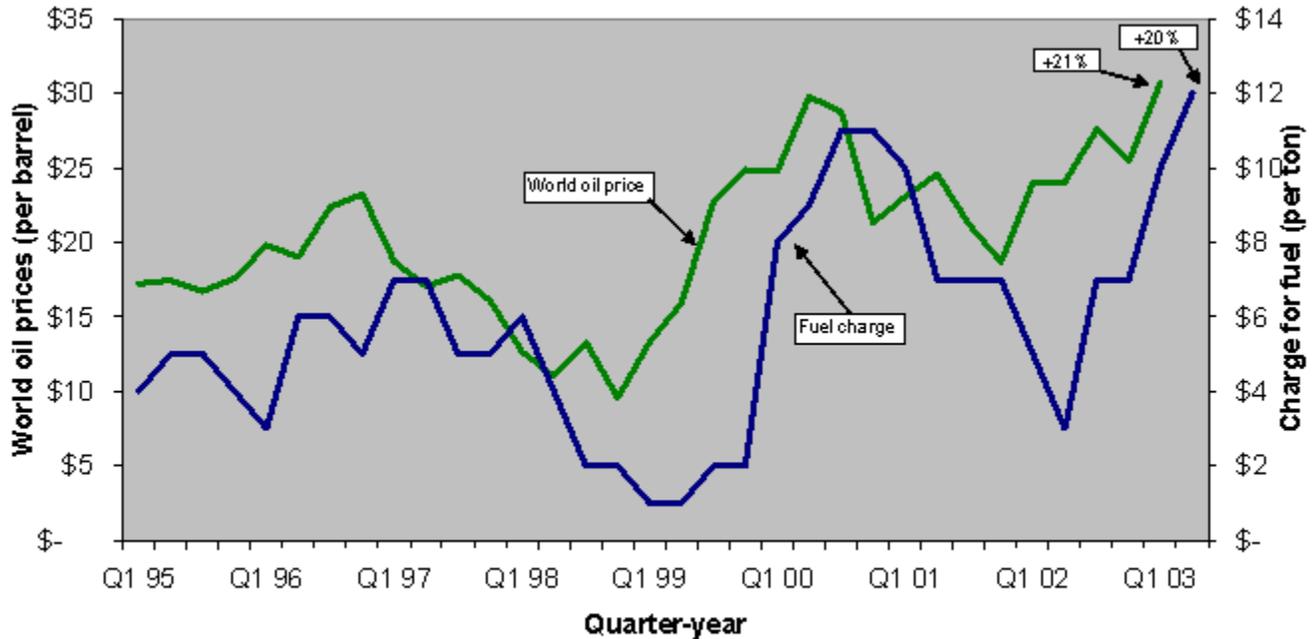
Source: *Ocean Rate Bulletin*, USDA/AMS, www.ams.usda.gov/tmd/ocean, 1999-2003

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Surcharges: Bunker Adjustment Factor A Special Charge for Fuel

Bunker Adjustment Factor surcharge, compared with world oil prices



Bunker Adjustment Factor (BAF) Reaches 8-Year High The special fuel charge has continued to increase as world oil prices go up. The current surcharge, \$12 per ton, is the highest it has been in 8 years. Tariff rates filed with the Federal Maritime Commission indicate that this charge will remain \$12 per ton through the third quarter of 2003, but if world oil prices continue to rise, shipping lines may respond by also raising the fuel surcharge for the fourth quarter.

Bunker Adjustment Factor Second Quarter 2003	
Rate	Charge
Per 40-foot container	\$230
Per 20-foot container	\$184
Per ton	\$12

So What? (follow this link to expand)

What is the BAF? (follow this link to expand)

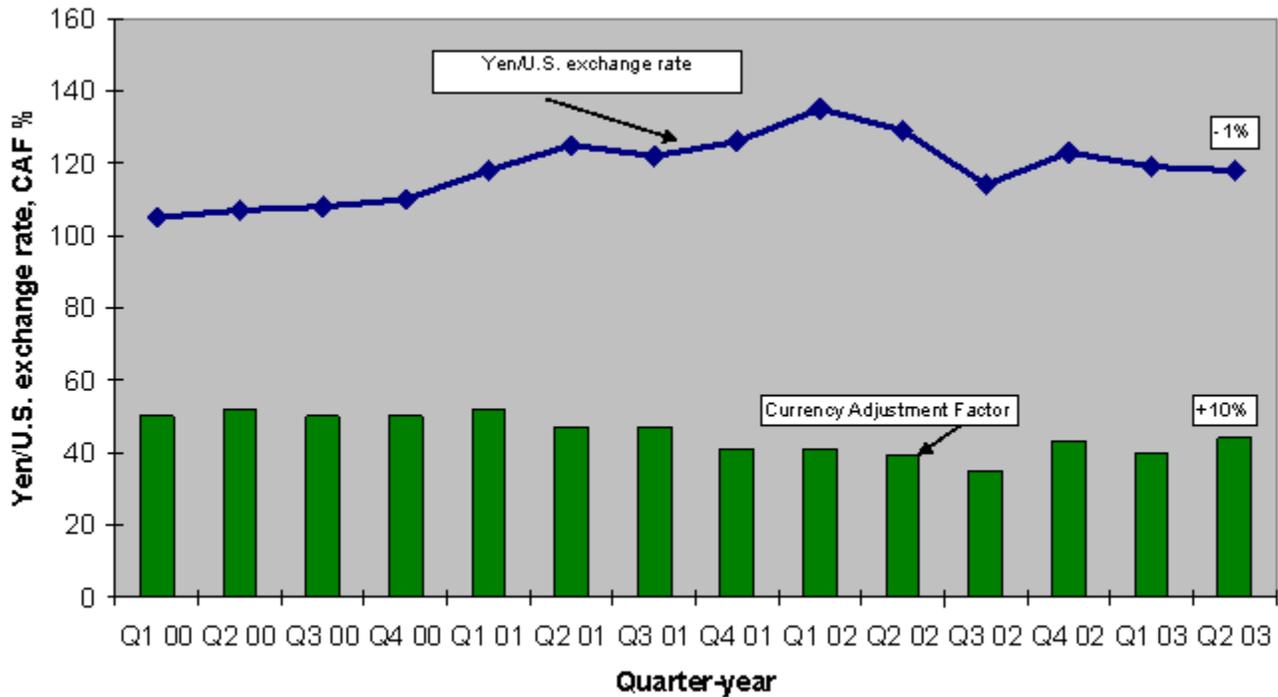
Sources: World Oil Prices: http://tonto.eia.doe.gov/oog/info/twip/twip_crude.html
Bunker Adjustment Factor: Ocean Rate Bulletin, USDA, www.ams.usda.gov/tmd/ocean

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Surcharges: Currency Adjustment Factor (Japan)

Comparison of the yen/dollar exchange rate with the Currency Adjustment Factor (CAF) for shipments to Japan



Currency Adjustment Factor (CAF) Increases in Second Quarter The CAF for the second quarter of 2003 rose in response to the weakened value of the U.S. dollar, compared to the Japanese yen during first quarter of 2003. The surcharge was raised to 43 percent per container from 41 percent in the first quarter. However, since the U.S. dollar has experienced an increase in value during the second quarter, shipping lines have already filed a decrease in this charge, moving it back down to 41 percent.

Currency Adjustment Factor Second Quarter 2003	
Japan	43%
Singapore	10%
Taiwan	4%

Other Currency Adjustment Factor Surcharges While CAF surcharges for shipments to Taiwan held steady at 4 percent between the first 2 quarters of 2003, CAF surcharges for Singapore increased to 10 percent from 8 percent in the first quarter.

So what? (follow this link to expand)

What is the CAF? (follow this link to expand)

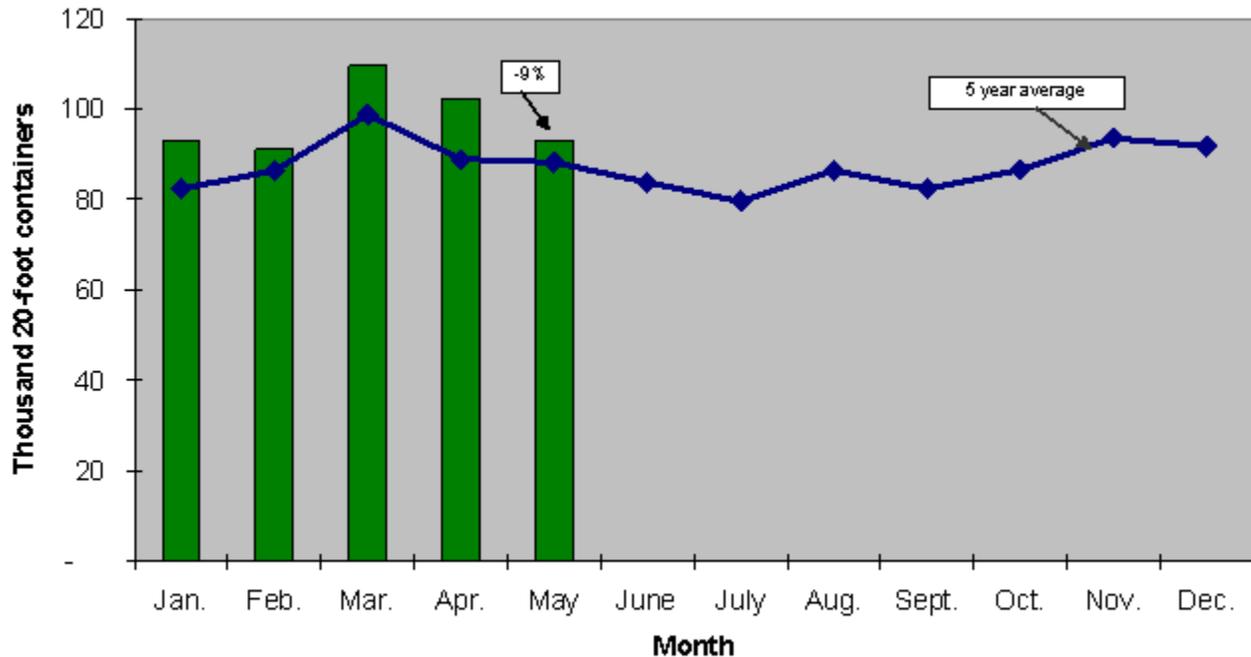
Sources: Federal Reserve Statistical Release, Foreign Exchange Rates, Historical Data <http://www.federalreserve.gov/releases/H10/hist/>; Ocean Rate Bulletin, AMS, 2000-2003

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Outbound Volume: Agricultural Shipments

Containerized agricultural products, United States to Asia



Agricultural Shipments Enter Annual "Low Season" Though many products are entering their annual peak season in terms of harvest, such as berries and many fresh vegetables, overall agricultural containerized shipments to Asia are now entering the annual "low season" (June and July). Though shipments are down from the first quarter of 2003 and from the the same month in 2002, shipments are overall higher than the 5-year average. This may be due to the higher demand for U.S. products resulting from the weakened U.S. dollar.

"Low Season" May Alleviate Refrigerated Container Shortage Worldwide supply of refrigerated containers is relatively low this year, and as a result, competition for the containers has increased, resulting in [increased rates](#) for refrigerated shipments. Especially during the spring peak season this year, many shippers reported being unable to access the refrigerated containers necessary to meet buyer demand in Asia, resulting in lost sales. (See the most recent [Agricultural Ocean Transportation Trends Report](#) for more details.) The slow season now approaching will alleviate many of these previous problems, since overall demand will decrease. However, as the fall/early winter peak season approaches, shippers may again encounter similar difficulties in accessing refrigerated containers and perhaps rate increases for refrigerated shipments.

So what? (follow this link to expand)

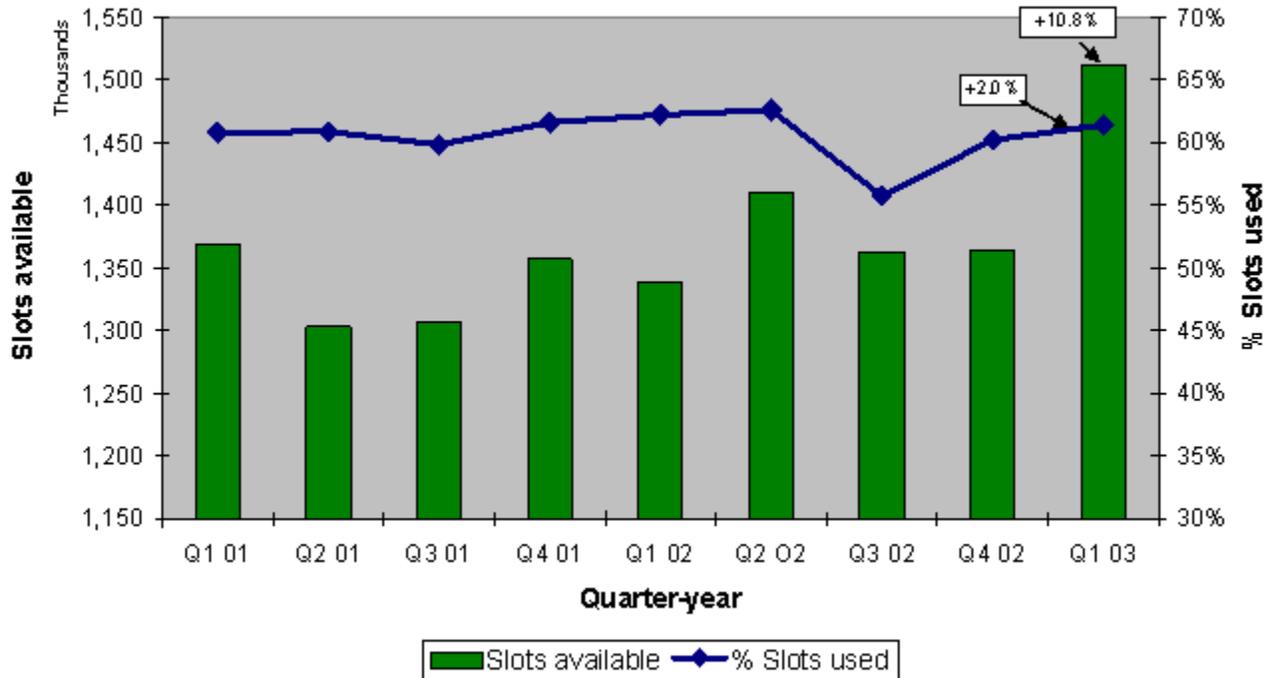
Source: Port Import Export Reporting Service (PIERS), *Journal of Commerce*, New York, 2003
See a list of [Asian countries](#) used to calculate the volume numbers above.

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Capacity and Utilization

Outbound container slots available vs. slots used, United States to Asia



Container Slots Available and Slots Used Are Up for 1st Quarter In response to higher demand for slot availability aboard vessels in the U.S. to Asia trade lanes, shipping lines have increased the slots available for containers by almost 11 percent since last quarter. The current availability of slots, over 1.5 million (in 20-foot equivalent units), is at a 2-year high. The rise in demand for slots, compared with the fourth quarter of 2002, can be attributed to the higher demand for U.S. products as the value of the dollar has declined. (Source: *On Board Review*, PIERS, Spring 2003.) Much of the recent increased capacity is also due to the increased demand for capacity on the ships returning from Asia, with 70-80 percent of the available slots being used. Though the increased use of slots is good news for shipping lines, unfortunately for agricultural shippers, the shipping lines have reacted by [increasing freight rates](#).

So what? (follow this link to expand)

Source: *On Board Review*, PIERS, New York, 2001-2003

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Container Rates: Agricultural Shipments General Rate Increases

Refrigerated and dry shipments, United States to Asia

Commodity	Destination port	Amount of increase	Shipping line	Effective date	Old rate	New rate
Refrigerated Commodities						
Apples	Hong Kong	\$275	APL	7/1/2003	\$2,725	\$3,000
Apples	Busan	\$275	APL	7/1/2003	\$2,725	\$3,000
Apples	Jakarta	\$275	APL	7/1/2003	\$2,825	\$3,100
Apples	Manila	\$275	APL	7/1/2003	\$2,825	\$3,100
Apples	Pt. Kelang	\$275	APL	7/1/2003	\$2,825	\$3,100
Apples	Singapore	\$275	APL	7/1/2003	\$2,825	\$3,100
Beef	Hong Kong	\$800	Evergreen	7/1/2003	\$2,300	\$3,100
Beef	Busan	\$800	Evergreen	7/1/2003	\$2,300	\$3,100
Beef	Keelung	\$800	Evergreen	7/1/2003	\$2,300	\$3,100
Beef	Tokyo	\$800	Evergreen	7/1/2003	\$2,300	\$3,100
Beef	Singapore	\$800	Evergreen	7/1/2003	\$2,950	\$3,750
Beef	Pt. Kelang	\$800	Evergreen	7/1/2003	\$2,950	\$3,750
Beef	Bangkok	\$800	Evergreen	7/1/2003	\$3,250	\$4,050
Beef	Jakarta	\$800	Evergreen	7/2/2003	\$3,250	\$4,050
Beef	Busan	\$800	COSCO	7/1/2003	\$4,450	\$5,250
Beef	Keelung	\$38/kt	COSCO	7/1/2003	\$170/kt	\$208/kt
Beef	China Base	\$44/kt	COSCO	7/1/2003	\$320/kt	\$364/kt
Beef	Hong Kong	\$50/kt	COSCO	7/1/2003	\$172/kt	\$223/kt
Beef	Tokyo	\$60/kt	COSCO	7/1/2003	\$169/kt	\$229/kt
Beef	Hong Kong	\$800	MaerskSealand	7/1/2003	\$3,600	\$4,400
Beef	Singapore	\$800	MaerskSealand	7/1/2003	\$4,000	\$4,800
Beef	Tokyo	\$800	MaerskSealand	7/1/2003	\$3,600	\$4,400
Beef	Pt. Kelang	\$800	MaerskSealand	7/1/2003	\$4,000	\$4,800
Beef	Keelung	\$800	MaerskSealand	7/1/2003	\$3,600	\$4,400
Lettuce	Hong Kong	\$350	APL	7/1/2003	\$4,300	\$4,650
Lettuce	Singapore	\$350	APL	7/1/2003	\$3,750	\$4,100
Onions	Hong Kong	\$350	APL	7/1/2003	\$3,310	\$3,660
Oranges	Ho Chi Minh	\$350	APL	7/1/2003	\$3,300	\$3,650
Oranges	Jakarta	\$350	APL	7/1/2003	\$3,300	\$3,650
Oranges	Manila	\$350	APL	7/1/2003	\$3,300	\$3,650
Oranges	Singapore	\$350	APL	7/1/2003	\$3,300	\$3,650
Poultry (EC)	Busan	\$40/kt	COSCO	7/1/2003	\$218	\$258

Poultry (EC)	Hong Kong	\$38/kt	COSCO	7/1/2003	\$188	\$226
Poultry (EC)	Singapore	\$38/kt	COSCO	7/1/2003	\$197	\$235
Poultry (EC)	Keelung	\$38/kt	COSCO	7/1/2003	\$188	\$226
Poultry (EC)	Shanghai	\$800	COSCO	7/1/2003	\$4,750	\$5,550
Poultry (WC)	Busan	\$57/kt	COSCO	7/1/2003	\$195	\$252
Poultry (WC)	Hong Kong	\$67/kt	COSCO	7/1/2003	\$166	\$233
Poultry (WC)	Singapore	\$1,200	COSCO	7/1/2003	\$6,900	\$8,100
Poultry	Hong Kong	\$800	MaerskSealand	7/1/2003	\$2,700	\$3,500
Poultry	Singapore	\$800	MaerskSealand	7/1/2003	\$3,100	\$3,900
Poultry	Tokyo	\$800	MaerskSealand	7/1/2003	\$2,700	\$3,500
Poultry	Pt. Kelang	\$800	MaerskSealand	7/1/2003	\$3,100	\$3,900
Poultry	Keelung	\$800	MaerskSealand	7/1/2003	\$2,700	\$3,500
Wine	Tokyo	\$350	COSCO	7/1/2003	\$3,900	\$4,250
Wine	Felixstowe	\$160	Med Ship.	7/1/2003	\$5,750	\$5,910

Dry Commodities

Feed	Tokyo	\$174	Westwood	7/16/2003	\$1,226	\$1,400
Hay	Tokyo	\$110	Lloyd Triestino	7/7/2003	\$465	\$575

Source: Various shipping line Web sites, Federal Maritime Commission

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Background Data and Calculations

Rate data represent shipments to the following Asian ports: Bangkok, Busan/Pusan, Ho Chi Minh City, Hong Kong, Jakarta, Keelung/Koahsiung, Manila, Port Kelang, Singapore, and Tokyo/Yokohama.

Volume data represent exports shipped to the following Asian countries: Japan, Korea, China, Hong Kong, Taiwan, Indonesia, Thailand, Philippines, India, Malaysia, Singapore, Saudi Arabia, United Arab Emirates, Pakistan, Israel, Bangladesh, Kuwait, Vietnam, Lebanon, Jordan, Sri Lanka, Bahrain, Yemen, Qatar, Oman, North Korea, Syria, Cambodia, Burma, Macau, Brunei, Nepal, Iran, and Mongolia.



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Sources and Related Information

Sources

Rates and surcharges reported in the AgCI are taken from the [Ocean Rate Bulletin](#) (ORB). The ORB offers a side-by-side comparison of rates for high-valued containerized agricultural commodities using actual shipping line market share.

- Exchange rates compiled by the [Federal Reserve](#)
- Fuel price data compiled by the [Energy Information Administration of the Department of Energy](#)
- Surcharge information provided by the Westbound Transpacific Stabilization Agreement Web site at www.wtsacarriers.org/charges.html

Volume data reported in the AgCI are taken from the Port Import Export Reporting Service (PIERS), a product of the *Journal of Commerce*.

Capacity and utilization data used in the AgCI are sourced from the *On Board Review*, a product of PIERS and the *Journal of Commerce*.

Additional Resources:

[Agricultural Ocean Transportation Trends](#) (semiannual publication)

[Identity Preserved Grain, A Logistical Overview](#) (.pdf)

[Federal Maritime Commission](#)



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