



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

Transportation Indicators for the Agricultural Containerized Shipping Industry

**Third Quarter 2003  
 Issued October 2003**

Indicator agricultural products U.S. to Asia	Current	% change	
		Last quarter	Last year
<b>Rates - 3d Quarter 2003</b>			
Refrigerated shipments <sup>1</sup>	\$3,693	4%	4%
Dry shipments <sup>2</sup>	\$1,346	(24%)	11%
<i>Surcharges</i>			
Bunker (Fuel) Adjustment Factor <sup>1</sup>	\$230	0%	71%
Currency Adjustment Factor <sup>3</sup>	41%	(7%)	17%
<b>Volume - July 2003</b>			
Outbound shipments <sup>4</sup>	92	8% <sup>5</sup>	16%
<b>Capacity - 2d Quarter 2003, all products</b>			
Container slots available <sup>4</sup>	1,546	2%	10%
Container slots used <sup>4</sup>	878	(6%)	(<1%)
% of container slots used	57%	(8%)	(9%)

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

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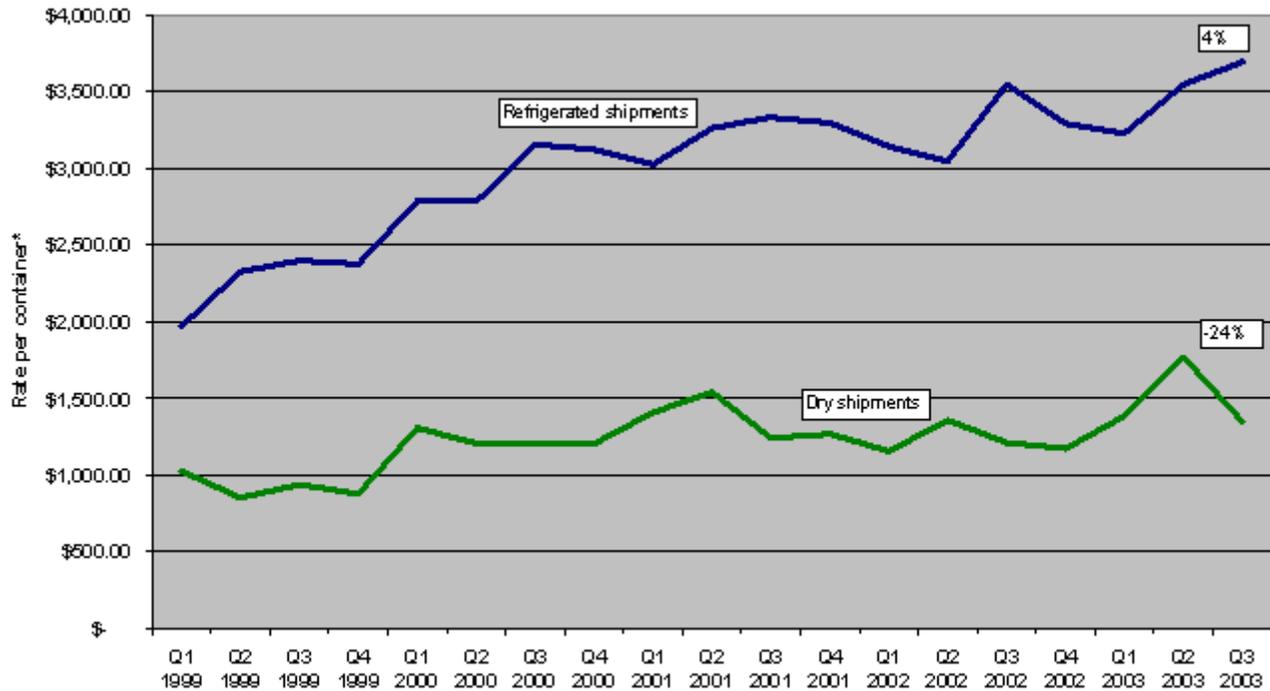
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# Agricultural Container Indicators

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## Container Rates: Agricultural Shipments

### Refrigerated and dry commodities, United States to Asia



**Rates do not reflect projected Quarter 3 rate increases** Large rate increases expected during Quarter 3 are not reflected in the current indicator as rates increased only 4 percent for refrigerated shipments and fell 24 percent for dry shipments. This small rate increase for refrigerated shipments could show that carriers and shippers did not allow the General Rate Increases (GRIs) proposed for quarter 3 to “stick.” Additionally, a reduction in surcharges could have offset the rate increase, resulting in only a small increase in the overall tariff rate for refrigerated shipments.

**The Westbound Transportation Stabilization Agreement (WTSA) recommends minimum rates for cotton and onion shipments** Effective January 1, 2004, WTSA has recommended minimum rates for shipments of cotton ranging from \$700 to \$1300 per 40-foot container depending on destination. The WTSA is a discussion group of major ocean carrier shipping lines operating in the U.S. to Asia trade lane. Member carriers discuss market situations, rates, and service availability. WTSA explained that the increase in rates is needed to help offset a steady decline in rate levels over time. WTSA noted that freight rates for cotton have not increased in more than two years and prior to that time had fallen significantly. Similarly, WTSA reports rates for onions are significantly low and carriers agreed to set a minimum rate according to the cost of shipping the goods. The [Ocean Rate Bulletin](#) published by AMS provides current tariff rates for cotton and onions.

[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.

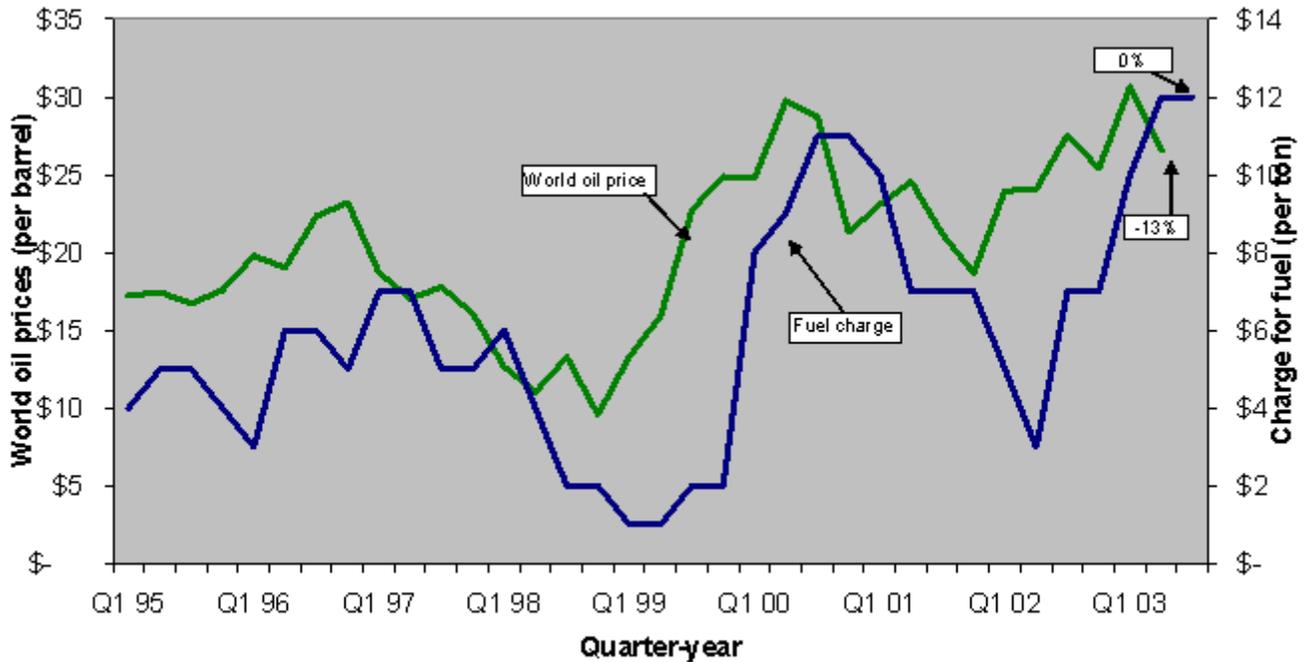
Source: *Ocean Rate Bulletin*, USDA/AMS, [www.ams.usda.gov/tmd/ocean](http://www.ams.usda.gov/tmd/ocean), 1999-2003

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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) Stays Steady at 8-Year High** The current special fuel charge of \$12 per ton will remain in effect through the end of quarter 4 according to filed tariff rates (Source: [Ocean Rate Bulletin](#)) and recommendations from the Westbound Transportation Stabilization Agreement (WTSA). Crude oil prices declined slightly in early September as pressure to buy oil dropped at the end of the summer driving season; however, the Department of Energy expects oil prices to remain relatively firm for the rest of the year. (Source: [Short-Term Energy Outlook](#), September 2003, Energy Information Administration, Department of Energy) As a result, WTSA has not recommended a change in the fuel surcharge for quarter 4. See table on right.

Bunker Adjustment Factor Third and Fourth Quarters 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)

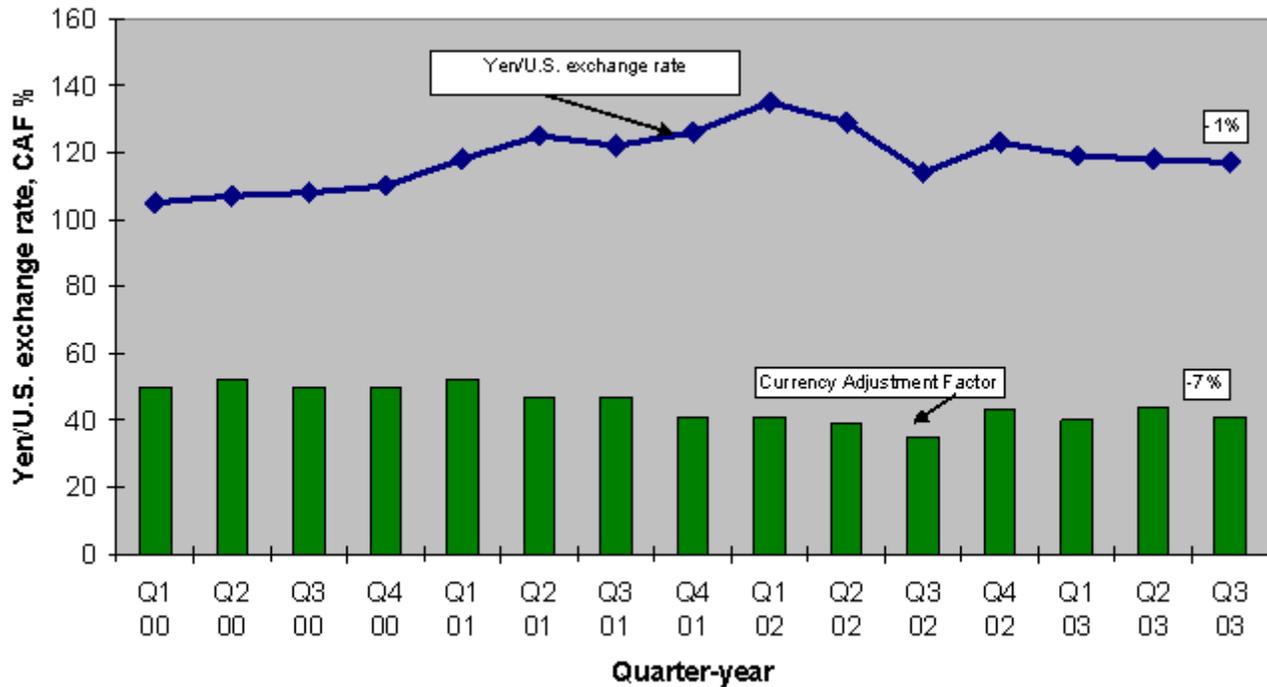
Sources: World Oil Prices: [http://tonto.eia.doe.gov/oog/info/twip/twip\\_crude.html](http://tonto.eia.doe.gov/oog/info/twip/twip_crude.html)  
Bunker Adjustment Factor: [Ocean Rate Bulletin](#), USDA, [www.ams.usda.gov/tmd/ocean](http://www.ams.usda.gov/tmd/ocean)

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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) falls for Quarter 3** Shipping lines have lowered the CAF for shipments to Japan during Quarter 3 to 41 percent. As the yen per dollar exchange rate levels out, the CAF surcharge is also stabilizing. Shipping lines reduce the risk associated with fluctuating exchange rates by charging a CAF to the shipper. However, with a more stable yen per dollar exchange rate, shipping lines have leveled their CAFs with small fluctuations of 1-2 percentage points (40-42 percent as presented in the [Ocean Rate Bulletin](#)). The Westbound Transportation Stabilization Agreement (WTSA) has recommended a 42 percent CAF for shipments to Japan for the remainder of the year.

**Shippers experience changes in other CAF surcharges** Shipping lines lowered CAF surcharges for shipments to Taiwan and Singapore 1 and 2 percentage points respectively. WTSA has recommended maintaining the CAF surcharge for Singapore for the remainder of the year and increasing to 4 percent the CAF for shipments to Taiwan. See table on right.

Currency Adjustment Factor		
Country	Quarter 3	Quarter 4 (WTSA)
Japan	41%	42%
Singapore	8%	8%
Taiwan	3%	4%

**So what?** (follow this link to expand)

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

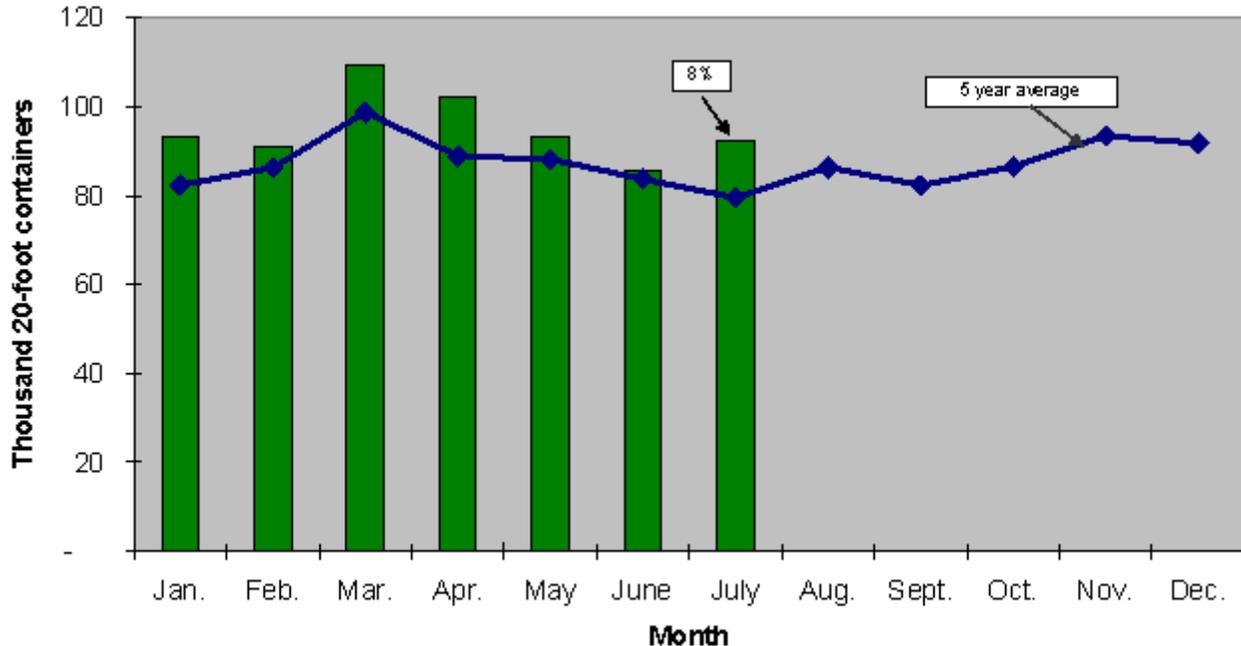
Sources: Federal Reserve Statistical Release, Foreign Exchange Rates, Historical Data <http://www.federalreserve.gov/releases/H10/hist/>; Ocean Rate Bulletin, AMS, 2000-2003

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## Outbound Volume: Agricultural Shipments

### Containerized agricultural products, United States to Asia



**Shipments to Asia are Up Compared to Five Year Average** Although outbound agricultural shipments to Asia are typically at their annual low each July, this year July shipments are 16 percent higher than the 5 year average. There was an 8 percent increase for July from June and a 16 percent increase from July of last year. According to the Department of Commerce, overall exports of foods, feeds, and beverages, which are typically shipped in containers, were at their highest in July since November 1996. (Foreign Trade Statistics, [Monthly Trade Highlights](#), Department of Commerce, July 2003.) USDA reports that gains particularly in soybeans, cotton, fruit, nuts, and meats are pulling U.S. agricultural exports up compared to last year. These increases reflect depreciation of the U.S. dollar, which is making U.S. exports more competitive than earlier in the year. (Source: Economic Research Service, USDA, [U.S. Agricultural Trade Update](#), September 2003.)

**So what?** (follow this link to expand)

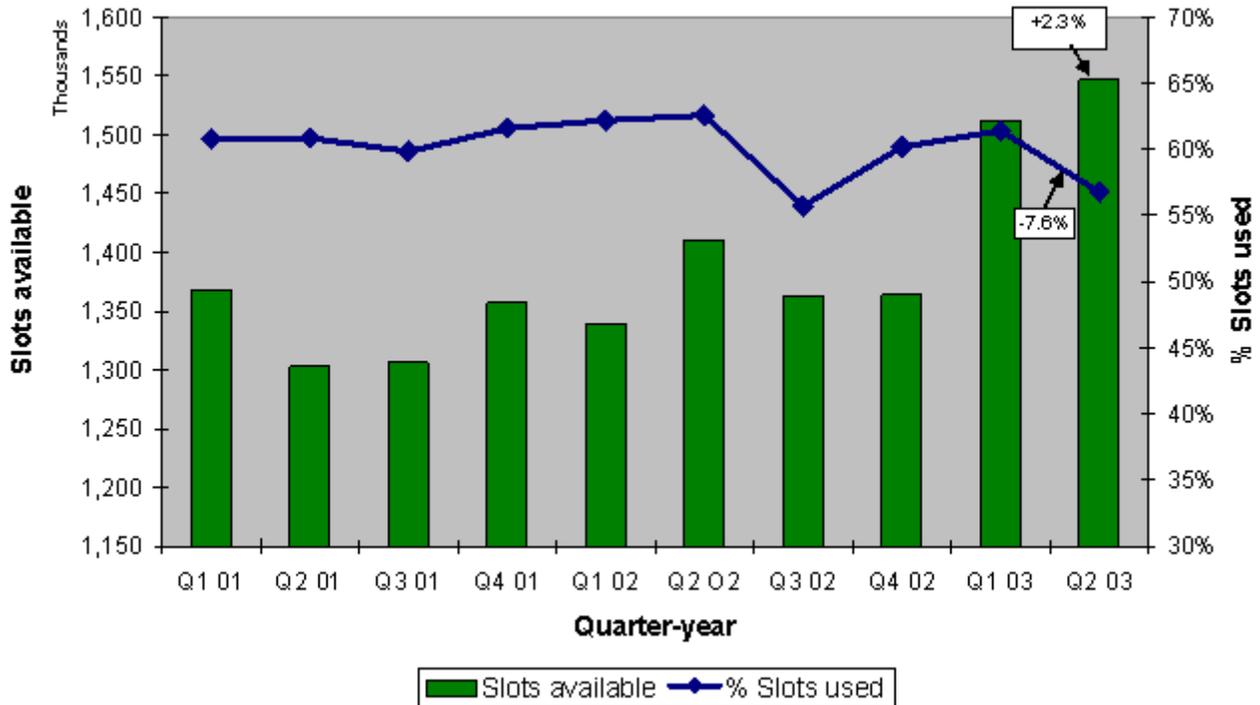
*Source: Port Import Export Reporting Service (PIERS), Journal of Commerce, New York, 2003*  
 See a list of [Asian countries](#) used to calculate the volume numbers above.

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## Capacity and Utilization

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



**Container Slots Available Increase in Preparation for the Peak Import Season** Shipping lines have increased the availability of slots for containers by 2 percent from quarter 1 and 10 percent from the same time last year. Though the percent of slots used decreased 8 percent since quarter 1, this does not only reflect the decrease in number of actual slots used; it also reflects the increase in the greater number of slots made available. The reduction in slots used for quarter 2 reflects overall lower export trade for that quarter; however, the Department of Commerce reports that exports for Quarter 3 were at the highest since May 2001. (Foreign Trade Statistics, [Monthly Trade Highlights](#), Department of Commerce, July 2003.) Therefore, the percent of slots used in Quarter 3 is expected to show an increase. Moreover, slots available may further increase as shipping lines continue to prepare for the holiday shipping season.

**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
<b>Refrigerated Rates</b>						
Apples	Hong Kong	\$75	COSCO	10/1/2003	\$2,225	\$2,300
Citrus (oranges)	Hong Kong	\$100	COSCO	10/1/2003	\$2,250	\$2,350
Wine	Antwerp	\$15/kt	Hapag Lloyd	10/1/2003	\$514/kt	\$529/kt
Wine	Thamesport	\$300	Hapag Lloyd	10/1/2003	\$4,850	\$5,150
Wine	Rotterdam	\$200	NYK	10/1/2003	\$5,750	\$5,950
Wine	Thamesport	\$300	NYK	10/2/2003	\$4,850	\$5,150
Apples	Hong Kong	\$575	Evergreen	10/1/2003	\$2,400	\$2,975
Apples	Jakarta	\$575	Evergreen	10/1/2003	\$2,500	\$3,075
Apples	Manila	\$575	Evergreen	10/1/2003	\$2,500	\$3,075
Apples	Pt. Kelang	\$575	Evergreen	10/1/2003	\$2,500	\$3,075
Apples	Singapore	\$575	Evergreen	10/1/2003	\$2,500	\$3,075
E.C. Poultry	Gdynia	\$200	Evergreen	10/1/2003	\$3,100	\$3,300
Oranges	Hong Kong	\$400	Evergreen	10/1/2003	\$3,000	\$3,400
Oranges	Jakarta	\$100	Evergreen	10/1/2003	\$3,900	\$4,000
Oranges	Keelung	\$100	Evergreen	10/1/2003	\$3,550	\$3,650
Oranges	Manila	\$400	Evergreen	10/1/2003	\$3,600	\$4,000
Oranges	Tokyo	\$100	Evergreen	10/1/2003	\$3,600	\$3,700
Wine	Antwerp	\$300	Evergreen	10/1/2003	\$2,450	\$2,750
Wine	Rotterdam	\$300	Evergreen	10/1/2003	\$2,450	\$2,750
Wine	Thamesport	\$300	Evergreen	10/1/2003	\$2,950	\$3,250
Oranges	Busan	\$200	Evergreen	10/1/2003	\$2,450	\$2,650
Oranges	Hong Kong	\$100	Evergreen	10/1/2003	\$2,450	\$2,550
Oranges	Jakarta	\$150	Evergreen	10/1/2003	\$3,650	\$3,800
Oranges	Keelung	\$100	Evergreen	10/1/2003	\$2,450	\$2,550
Oranges	Manila	\$150	Evergreen	10/1/2003	\$3,650	\$3,800
Oranges	Singapore	\$150	Evergreen	10/1/2003	\$3,650	\$3,800
Oranges	Tokyo	\$100	Evergreen	10/1/2003	\$2,450	\$2,550
Wine	Antwerp	\$15/kt	P&O Nedlloyd	10/1/2003	\$514/kt	\$529/kt
Wine	Rotterdam	\$15/kt	P&O Nedlloyd	10/1/2003	\$514/kt	\$529/kt
Wine	Thamesport	\$300	P&O Nedlloyd	10/1/2003	\$4,850	\$5,150
Wine	Antwerp	\$15/kt	OOCL	10/1/2003	\$514/kt	\$529/kt

Wine	Rotterdam	\$15/kt	OOCL	10/1/2003	\$514/kt	\$529/kt
Wine	Thamesport	\$15/kt	OOCL	10/1/2003	\$497/kt	\$512/kt

**Dry Commodities**

Animal Feed	Antwerp	\$160	Lykes Lines	10/1/2003	\$710	\$870
Animal Feed	Tokyo	\$25	Lykes Lines	10/1/2003	\$650	\$675
Animal Feed	Antwerp	\$160	Mexican Lines	10/1/2003	\$830	\$990
Animal Feed	Antwerp	\$240	Evergreen	10/1/2003	\$1,885	\$2,125

*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](http://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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