



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

Transportation Indicators for the Agricultural Containerized Shipping Industry

Fourth Quarter 2003
Issued February 2004

Indicator agricultural products U.S. to Asia	Current	% change	
		Last quarter	Last year
Rates - 4th Quarter 2003			
Refrigerated shipments ¹	\$3,628	(2%)	10%
Dry shipments ²	\$1,413	5%	21%
<i>Surcharges</i>			
Bunker (fuel) Adjustment Factor ¹	\$230	0%	71%
Currency Adjustment Factor ³	42%	2%	(2%)
Volume - October 2003			
Outbound shipments ⁴	93	18% ⁵	38%
Capacity - 3d Quarter 2003, all products			
Container slots available ⁴	1,470	(5%)	8%
Container slots used ⁴	882	<1%	16%
% of container slots used	60%	6%	8%

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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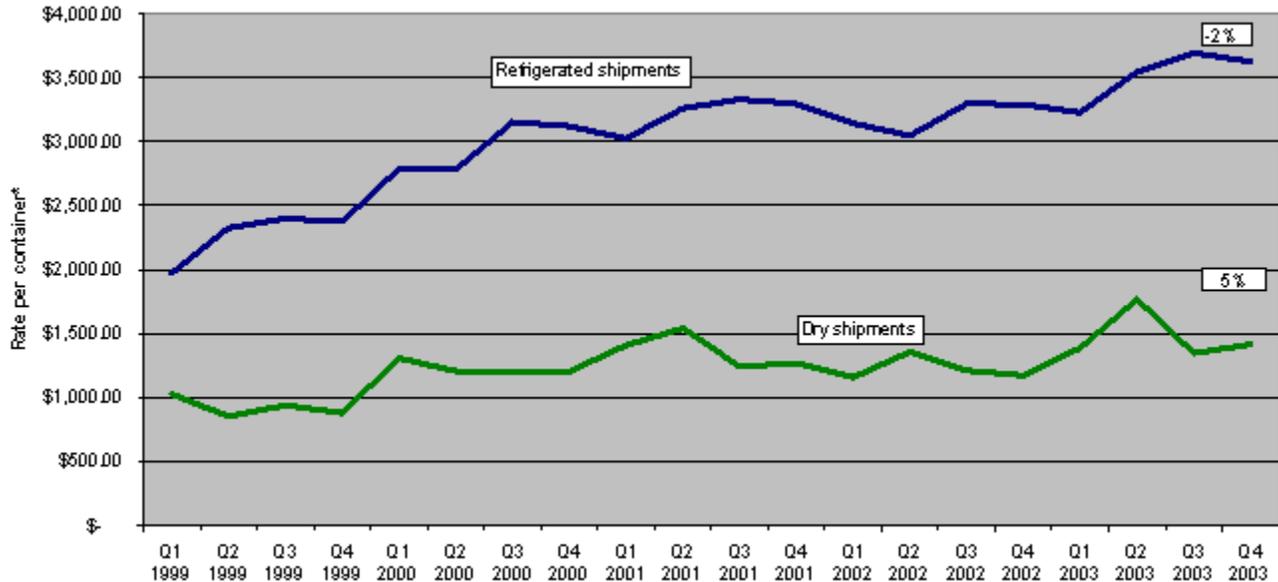
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Container Rates: Agricultural Shipments

Refrigerated and dry commodities, United States to Asia



Shippers Enjoy Relatively Stable Rates This Quarter. Rates for refrigerated commodities during quarter 4 show a 2-percent decrease from last quarter; however, these rates are still 10 percent higher than the same quarter last year. Conversely, rates for shipments of dry commodities show a 5-percent increase from last quarter; rates for dry shipments still remain 21 percent higher, compared with the same quarter last year. Although rates remained stable, shipping lines attempted to increase rates through General Rate Increases (GRI) in the third quarter.

Ocean Carriers Recommend New Rate Increases. In an attempt to generate more revenue, shipping lines have issued more GRIs for January 1, 2004. The Westbound TransPacific Stabilization Agreement (WTSA) has recommended rate increases for cotton, frozen french fries, frozen vegetables (see table), and many other products. (See [GRI](#) page for specific rate increases scheduled to take effect January 1, 2004.)

GRIs effective Jan. 1, 2004	
Commodity	GRI
Cotton	\$200
French fries, frozen	\$300
Vegetables, frozen	\$300

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. GRIs for refrigerated commodities could be caused by the U.S./Asia equipment imbalance. U.S. exports to Asia are heavy with refrigerated shipments, whereas imports to the United States are mostly dry products. In 2002, 42 percent of U.S. exports to Asia were refrigerated shipments (Port Import Export Reporting Service (PIERS), *The Journal of Commerce*, 2002). In an attempt to reposition these refrigerated containers to the United States, shipping lines must either return them empty or with dry cargo at a discounted rate; either scenario is costly to the shipping line.

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.

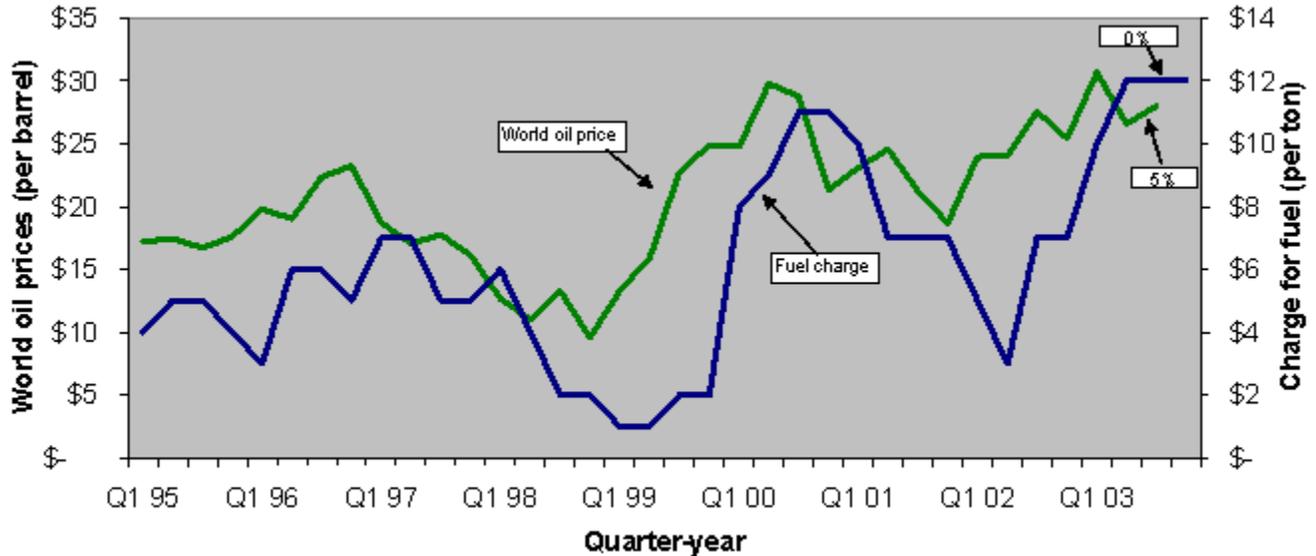
Source: *Ocean Rate Bulletin*, USDA/AMS, www.ams.usda.gov/tmd/ocean, 1999-2003

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Surcharges: Bunker Adjustment Factor A Special Charge for Fuel

Bunker Adjustment Factor surcharge, compared with world oil prices



Fuel Surcharges Drop by \$2 Despite Energy Price Increases. The \$12-per-metric-ton fuel charge, which was in effect for quarters 3 and 4 of 2003 (*Ocean Rate Bulletin*), will drop in quarter 1 of 2004 to \$10 (see table), according to publicly filed tariff rates and recommendations from the Westbound Transportation Stabilization Agreements (WTSA). The quarter 1 decreases in the Bunker Adjustment Factor (BAF) will be a small relief (\$45 per 40-foot container) for agricultural exporters of low-value commodities such as hay or animal feed. Profit margins are typically low for these commodities so shippers look favorably to any rate reduction.

Bunker Adjustment Factor First quarter 2004	
Rate	Charge
Per 40-foot container	\$185
Per 20-foot container	\$148
Per ton	\$10

World crude oil prices rebounded from a 13-percent drop in the previous quarter to a 5-percent increase. The Department of Energy expects, "prices for this winter to be slightly higher than last year's winter as higher demand and relatively low world oil inventories keep oil markets tight and vulnerable to surprises in supply and demand" (*Short-Term Energy Outlook*, January, 2004, Energy Information Administration, Department of Energy).

So What? (follow this link to expand)

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

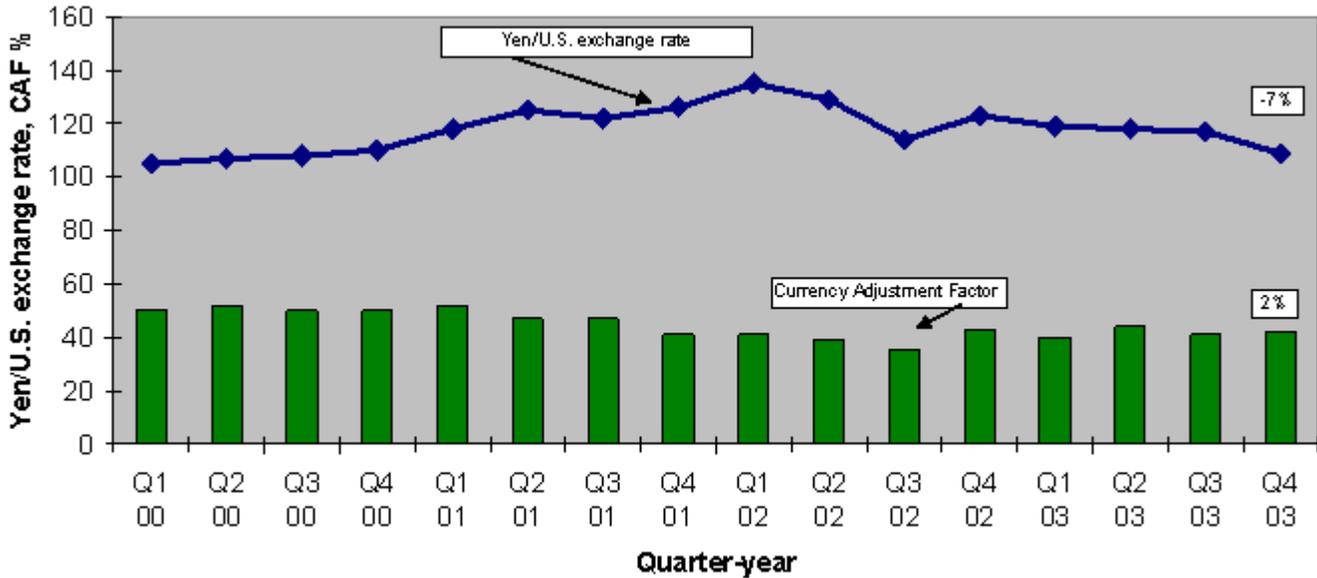
Sources: World Oil Prices: http://tonto.eia.doe.gov/oog/info/twip/twip_crude.html
Bunker Adjustment Factor: *Ocean Rate Bulletin*, USDA, www.ams.usda.gov/tmd/ocean

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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) Surcharges Rise Slightly in Quarter 4. A 42-percent CAF for shipments to Japan was used by most shipping lines during quarter 4 of 2003. This is 1 percentage point higher than CAF surcharges used by shipping lines during quarter 3. The CAF surcharge for shipments to Japan during quarter 4 follows a normal pattern where a depreciation of the dollar results in a higher CAF. A 1-percentage-point increase in CAF surcharges results in an approximate \$35 increase for 40-foot refrigerated containers* and \$8 increase for 40-foot dry containers*. Although shipping rates will rise only by a few dollars, the depreciation of the dollar makes U.S. products more competitive abroad. The Economic Research Service of USDA reports that as a result, U.S. agricultural exports are expected to be more competitive in world markets as the full effects of this depreciation are felt in 2004. (USDA, [Outlook of U.S. Agricultural Trade](#), November 2003).

Currency Adjustment Factor		
Country	Quarter 4	Quarter 1, 2004 (WTSA)
Japan	42%	45%
Singapore	8%	8%
Taiwan	4%	4%

CAF Surcharges for Japan Increase Further for Quarter 1, 2004. The Westbound TransPacific Stabilization Agreement has recommended that CAF surcharges remain the same for shipments to Singapore and Taiwan but raise 3 percentage points for shipments to Japan during quarter 1 of 2004 (see table). The further increase in CAF surcharges to Japan is related to the full effects of the depreciation of the dollar being felt in 2004.

So what? (follow this link to expand)

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

*Rate increases estimated from frozen poultry and hay shipments respectively.

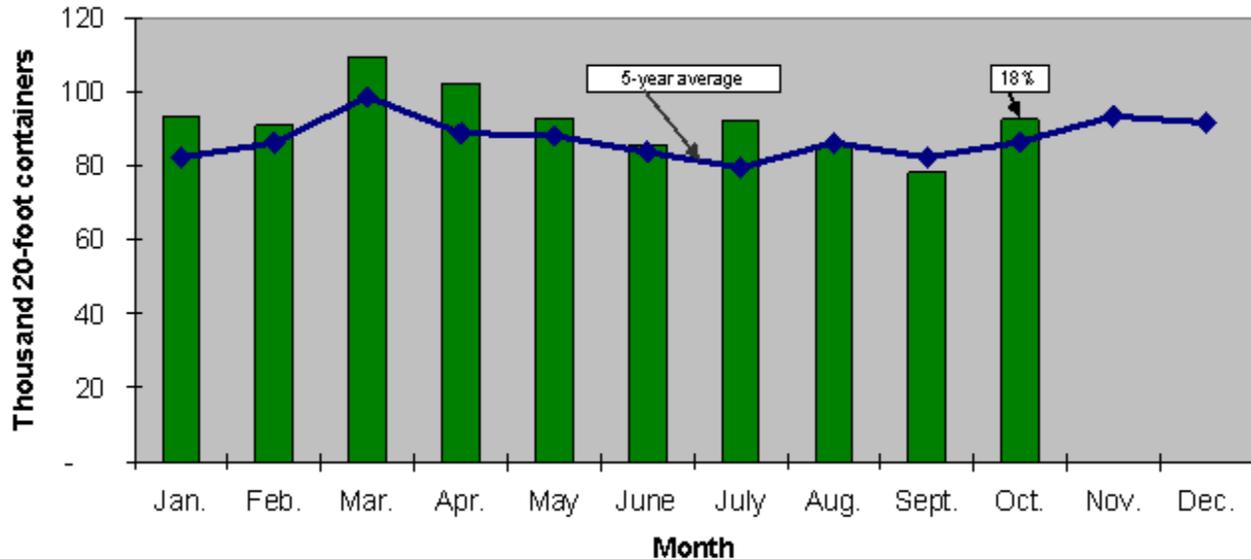
Sources: Federal Reserve Statistical Release, Foreign Exchange Rates, Historical Data <http://www.federalreserve.gov/releases/H10/hist/>; Ocean Rate Bulletin, AMS, 2000-2003

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Outbound Volume: Agricultural Shipments

Containerized agricultural products, United States to Asia



Agricultural Container Exports Show Above Average Increase. Shipments are 18 percent higher than last month and 7 percent higher than the 5-year average. Overall exports in October of food, feed, and beverages were at their highest since June 1996 according to the Department of Commerce ([Monthly Trade Highlights](#), October 2003). Increases in volume during October 2003 could reflect China's high demand for soybeans, cotton, and red meats. In terms of value, U.S. exports of soybeans increased due to higher demand and, therefore, higher prices in China. "Agricultural exports reached a monthly record of \$6 billion, exceeding the previous one-month high of \$ 5.9 billion in November 1996. The cumulative exports for calendar year 2003 through October rose \$47.3 billion, 9 percent above 2002." (USDA, [U.S. Agricultural Trade Update](#), December 2003)

So what? (follow this link to expand)

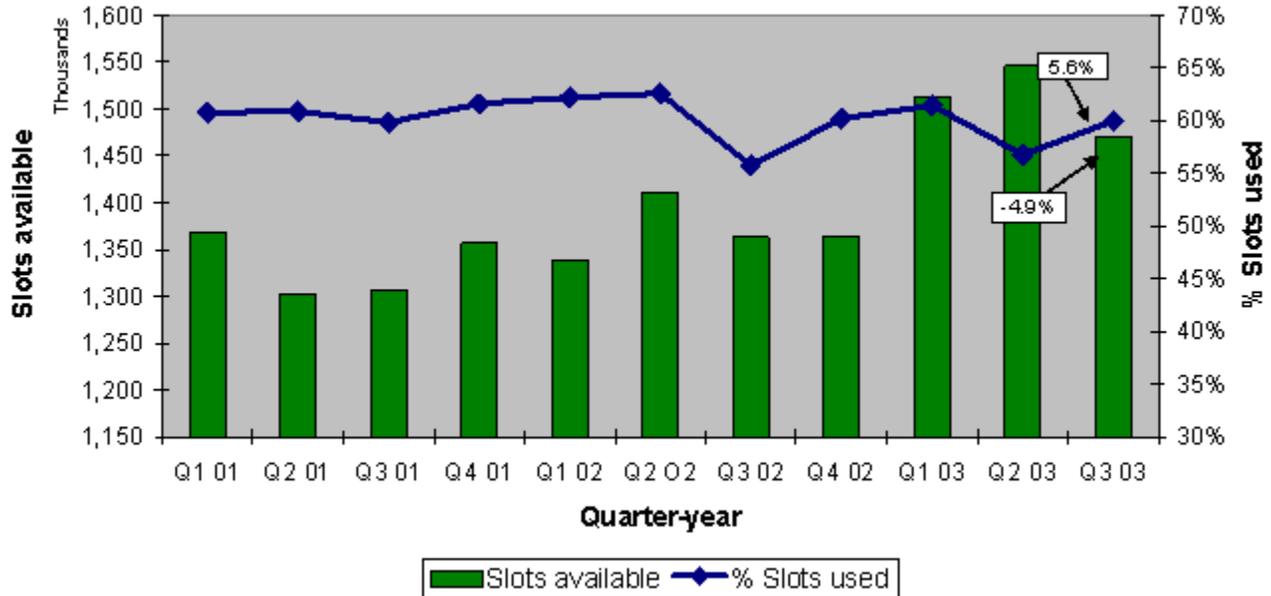
Source: Port Import Export Reporting Service (PIERS), *Journal of Commerce*, New York, 2003
 See a list of [Asian countries](#) used to calculate the volume numbers above.

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Capacity and Utilization

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



The Percentage of Container Slots Used Increases During Quarter 3 of 2003. The percentage of container slots used during quarter 3 increased 5.6 percentage points and is currently 60 percent. This increase reflects a rise in exports during quarter 3 as well as a decrease in slots available since quarter 2. Shipping lines decreased the availability of slots for containers during quarter 3 by 5 percent, yet availability is still 8 percent higher than the same time last year. The Department of Commerce reports that exports during October were the highest since May 2001 ([Monthly Trade Highlights](#), Department of Commerce, October 2003). Therefore, the percentage of slots used during quarter 4 is expected to increase due to a strong export season. Quarter 4 is also a strong shipping season for U.S. containerized agricultural exports. (See [Volume section](#) for a 5-year average of containerized agricultural exports.)

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	GRI	Shipping line	Effective date	Old rate	New rate
Refrigerated commodities						
E.C. grapefruit	Le Havre	\$0.13/pkg	Maersk Sealand	1/1/2004	\$3.59/pkg	\$3.72/pkg
E.C. grapefruit	Rotterdam	\$0.13/pkg	Maersk Sealand	1/1/2004	\$3.59/pkg	\$3.72/pkg
E.C. grapefruit	Le Havre	\$0.13/pkg	P&O Nedlloyd	1/1/2004	\$3.59/pkg	\$3.72/pkg
E.C. grapefruit	Rotterdam	\$0.13/pkg	P&O Nedlloyd	1/1/2004	\$3.59/pkg	\$3.72/pkg
E.C. poultry	Gdynia	\$150	Maersk Sealand	1/1/2004	\$5,350	\$5,500
Frozen potatoes	Bangkok	\$300	Evergreen	1/1/2004	\$3,100	\$3,400
Frozen potatoes	Hong Kong	\$300	Evergreen	1/1/2004	\$2,700	\$3,000
Frozen potatoes	Jakarta	\$300	Evergreen	1/1/2004	\$3,100	\$3,400
Frozen potatoes	Keelung	\$300	Evergreen	1/1/2004	\$2,700	\$3,000
Frozen potatoes	Pt. Kelang	\$300	Evergreen	1/1/2004	\$3,100	\$3,400
Frozen potatoes	Shanghai	\$300	Evergreen	1/1/2004	\$1,950	\$2,250
Frozen potatoes	Tokyo	\$300	Evergreen	1/1/2004	\$2,800	\$3,100
Frozen potatoes	Shanghai	\$300	Cosco	1/1/2004	\$2,500	\$2,800
Frozen potatoes	Tokyo	\$300	Cosco	1/1/2004	\$2,500	\$2,800
Frozen potatoes	Manila	\$500	APL	1/1/2004	\$3,050	\$3,550
Oranges	Hong Kong	\$100	Maersk Sealand	1/1/2004	\$3,400	\$3,500
Oranges	Busan	\$250	APL	1/1/2004	\$2,650	\$2,900
Raw cotton	Keelung	\$300	APL	1/1/2004	\$1,550	\$1,850
Wine	Antwerp	\$8/kt	Maersk Sealand	1/1/2004	\$529/kt	\$537/kt
Wine	Felixstowe	\$8/kt	Maersk Sealand	1/1/2004	\$512/kt	\$520/kt
Wine	Rotterdam	\$8/kt	Maersk Sealand	1/1/2004	\$529/kt	\$537/kt
Wine	Antwerp	\$8/kt	P&O Nedlloyd	1/1/2004	\$529/kt	\$537/kt
Dry commodities						
Hay	Tokyo	\$100	Cosco	1/1/2004	\$950	\$1,050

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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