

REPORT



Spain was one of the latest European countries to sign up to the US CSI scheme. Pictured at the January ceremony are Spanish customs chief Nicolas Bonilla and US customs commissioner Joseph Bonner.

USA soon to double Container Security Initiative members

As security continues to take a high profile in shipping operations, the USA is doubling the number of ports in its Container Security Initiative. Tom Kington reports on the market trends and long-term outlook presented at last week's TOC Europe conference in Genoa.

The USA is likely to announce within days the identity of the 20 or more ports set to be added to the Container Security Initiative, the US-led programme which already counts 20 of the world's largest ports. "The decision about which ports will join will be based not just on volumes but on their strategic location vis-à-vis US national security concerns," the US Customs attaché for Italy, Robert Stiriti, told The Needham Report. The CSI is a scheme for the screening of high risk US bound cargo at foreign ports. "We are seeing a positive ripple effect in terms of port security following the US lead taken on this issue," he stressed. Speaking after addressing the TOC Europe conference in Genoa last week, Stiriti noted that US Customs had turned down 260 consignments between February 2 and April 29 following imposition of the security rule under which carriers must provide manifest information 24 hours before lading at a foreign port. US customs officials were due to arrive in Genoa in June 16 and in La Spezia a week later under the two ports' new CSI membership.

Six top ports take up Smart and Secure Trade Lanes Initiative

Security took centre stage at last week's Terminal Operations Conference (TOC) Europe, organised by Informa and which drew top maritime and port executives from 40 countries. Gary Gilbert, corporate advisor for Hutchison Port Holdings, told participants that the industry-driven Smart and Secure Trade Lanes Initiative (SST) had now been taken up by six of the world's top 20 ports. The SST is seeking to improve security throughout the entire supply chain and has to date been able to track more than 800 containers secured from point of origin to point of destination.

As global security measures are stepped up, the war and terrorism-fuelled economic lull was impacting on world maritime traffic, said Robert West, managing director, global trade & transportation of US-based Global Insight Inc. "We doubt that the growth in TEU in 2002 can be sustained in today's uncertain political and economic climate," he told delegates. But he noted that trade with China was set to expand strongly and had already risen from the 16th largest to the third largest destination of EU container exports since 1995. West also pointed to a growing imbalance in trans-Pacific goods traffic, predicting that eastbound traffic would grow 6% between 2002 and 2007 against growth of only 4.4% in westbound traffic.

World fleet consolidates among fewer operators

The world fleet, meanwhile, is becoming more consolidated in the hands of fewer operators, said Rogan McLellan, liner research director of UK-based Clarkson Research Studies. Only eight carriers last year accounted for half of the loaded container movements in and out of USA, he said. The average capacity of ships delivered in 2006, he added, will be close to 6,000 TEU, up from around 3,000 in 2001. A consequence of bigger, more powerful carriers has been the growth of dedicated container terminals, said Hercules Haralambides, professor of maritime economics at Rotterdam's Erasmus University. The phenomenon - which started in Asia and the USA and took off in Europe with the opening of Maersk's terminal at Algeciras - was a potential threat to competition, he warned. A parallel in the air transport sector was where airlines were prone to use so-called grandfather rights to hold on to slots they were not using, simply to stifle competition.

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(Robert West, Global Insight)*

*"Aviation provides lucid examples of potential effects of dedicated container terminals in terms of market distortions."
(Hercules Haralambides, Rotterdam University)*