



The Hong Kong
Shippers'
Council
香港付貨人委員會

Chinese pledge action over surcharges

The Ministry of Communication (MOC) announced on October 22, 2015, that it would investigate the surcharge structure and collection of shipping lines, with an intention to rationalise and regulate surcharges prevailing in the market.

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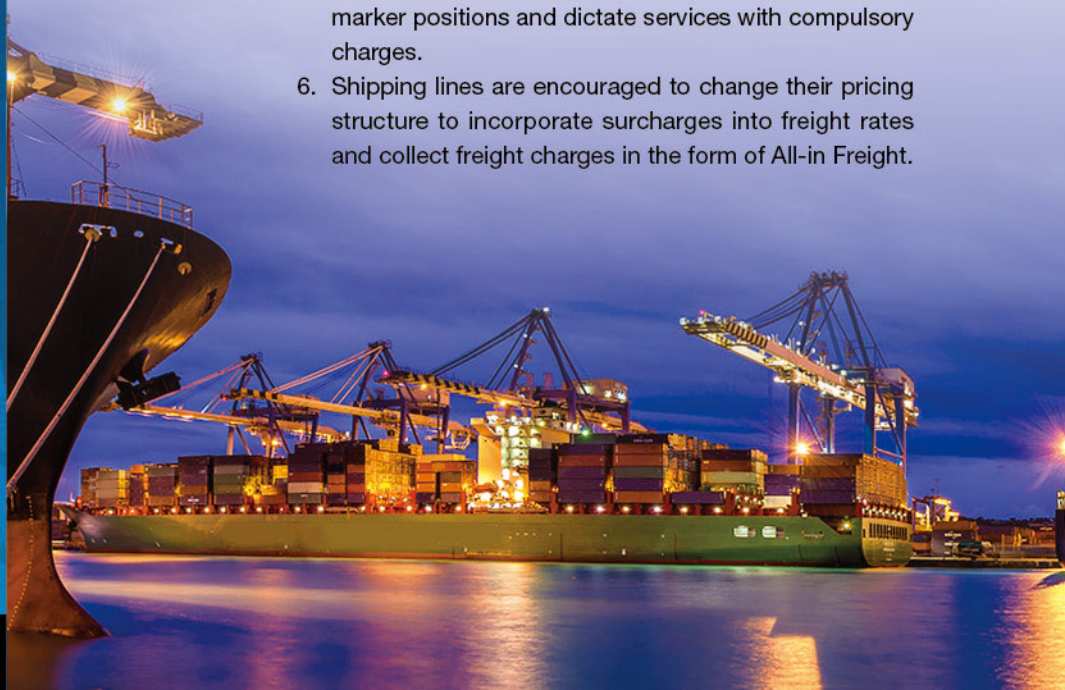
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The core messages of the announcement are:

1. Shipping lines have to abide by the freight rates and charges filing requirements under the "International Maritime Regulations". Shipping lines have to charge in accordance with what they have filed.
2. Shipping lines should not use unsubstantiated excuses to introduce and implement charges.
3. Shipping lines should not continue to collect charges that are temporary in nature, such as War Risk Surcharge and Emergency Bunker Surcharge, especially in prolonged and increase-only ways. Shipping lines should cancel the charges or adjust the charge levels according to changes in situation.
4. Shipping lines should not collectively increase the level of charges, particularly when there is no substantial change in costs, for charges such as Seal Charge.
5. Shipping lines should not abuse their privileged market positions and dictate services with compulsory charges.
6. Shipping lines are encouraged to change their pricing structure to incorporate surcharges into freight rates and collect freight charges in the form of All-in Freight.



Indeed, shortly before the announcement, on the website of the National Development and Reform Commission (NDRC), there were reports that some shipping lines had already cancelled some of their surcharges and lowered the level of some others.

Evergreen and Hyundai are reported to have cancelled their Manual Bill of Landing Production Fee from RMB150 to RMB200 per B/L; Wanhai cancelled its Telex Release Fee (RMB550 per bill); Fee for Collection of B/L at Third Place (RMB500 per B/L); B/L Custody Fee (RMB300-600 per B/L), and Yangming suspended collection of Seaway B/L Surcharge (RMB100 per B/L).

At the same time, shipping lines have lowered the level of some of the surcharges. Evergreen, Wanhai and Yangming lowered the Documentation Fee from RMB500 to RMB450. Evergreen lowered the Telex Release Fee from RMB500-550 to RMB300, whereas K-Line lowered the fee to RMB150; Hyundai RMB200; Wanhai RMB350; Hanjin RMB350; China Shipping RMB200, and Yangming RMB450.

K-Line is said to have lowered its B/L Amendment Fee from RMB450 to RMB200; Third Place B/L Fee from RMB400 to RMB150; Vessel Certification Fee from RMB300 to RMB50; Hyundai its B/L Amendment Fee from RMB400 to RMB200; Third Place B/L Fee from RMB300 to RMB200; Vessel Certification Fee

from RMB300 to RMB200; Evergreen its Vessel Certification Fee from RMB300 to RMB200; Hanjin its B/L Amendment and B/L Re-Preparation Fee from RMB450 to RMB300; Late B/L Issue Fee from RMB450 to RMB200, Vessel Certification Fee from RMB200 to RMB100; Wanhai its B/L Amendment Fee from RMB500 to RMB350, and Yangming its B/L Amendment Fee from RMB500 to RMB450.

Some shipping lines have combined some surcharges, for instance, Evergreen combined B/L Re-Preparation Fee, B/L Amendment Fee, Late B/L Fee and Freight Amendment Fee into one single charge of RMB400, and Third Place B/L Issue Fee and Third Place B/L Collection Fee into one fee of RMB500.

While Hong Kong and Mainland shippers welcome the cancellations, reductions and rationalisation of charges, shippers still consider that they are far from adequate.

The above named shipping lines are basically all Asian shipping lines with markets predominately in intra-Asia trade. Shippers are unable to find major shipping lines like Maersk, MSC, CMA-CGM, HLC, COSCO or Hamburg Sud adopting the same measures.

In addition, the overwhelming majority of the charges that are being cancelled, or charge level reduced, are optional charges.

Out of all the surcharges, Terminal Handling Charge is definitely the chunk, followed by Documentation Fee. Shipping lines hardly seem to have any intention of changing these bread-and-butter charges. In order words, the overall impact, as far as relief of burden for shippers is concerned, is minimal.

The strange names and the strange nature of the surcharges demonstrate the sheer fact of how unreasonable and unjustifiable all these surcharges are, and how weak the bargaining position of shippers is, vis-a-vis the shipping lines, in rejecting these ridiculous charges.

Shippers would also like to point out that all those listed on the announcement of MOC are merely "recommendations". Shippers are uncertain of how they can be enforced, especially when no penalty has been established.

We understand that the Chinese central government is exploring every possible means to halt the current slide in international trade and that high shipping surcharges are definitely an important factor in logistics costs in China. Lowering logistics costs would certainly enhance China's export competitiveness. Therefore, an effective scheme will need to be in place to stop the proliferation of unreasonable and unjustifiable surcharges. Otherwise, shippers will continue to suffer — and so will China's exports.

