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UTIKAD'S SEA TRANSPORT WEBINAR DRAWS GREAT INTEREST

"Container Transport, Ports and Demurrage Practices During the Pandemic", the second of the webinar series of the Association of International Forwarding and Logistics Service Providers in Turkey (UTIKAD), was held on 24 June 2020. The webinar evaluated current challenges and predictions after COVID-19 in international sea transport, which drew great interest of the industry. UTIKAD Board Member and Sea Working Group President Mr Cihan Özkal, Port Operators Association of Turkey Board President Mr. Hakan Genç, Maritime Association of Shipowners and Agents Board Member Mr Murat Denizeri, and FIATA Chair of the Working Group Sea Mr Jens Roemer participated as speakers to the webinar moderated by UTIKAD Board President Mr Emre Eldener.

Evaluating the process in sea transport during the pandemic period, UTIKAD Board Member and Sea Working Group President Mr Cihan Özkal said: "During the months when the influences of the COVID-19 pandemic increased rapidly throughout the world, some countries implemented serious quarantine rules, including the vessels as well. However, with a few exceptions, all ports were open and cargo evacuations were possible. Throughout the process, approximately 675 thousand trips were canceled in sea container transport on the East-West axis and other trade routes in the first six months of 2020. It was reported that the losses of shipowners reached US\$800 million a week in the March-April period. Mr Özkal said sea transport was the less affected transport mode in Turkey compared to other transport modes and added that sea transport turned back to normal relatively as of May-June and the impacts of this period could be observed in the third quarter, and there could be an increase in freights.

Maritime Association of Shipowners and Agents Board Member Mr Murat Denizeri said: "Shipowners had to reduce the ports of call due to lack of freight resulting from the decrease in global trade. All of the ships withdrawn from services were kept empty, which of course was reflected on shipowners as a cost. When we evaluate this in an operational sense, a severe container stock was formed following the decrease in production and this caused the containers not to enter the circulation."

In his evaluation, FIATA Chair of the Working Group Sea Mr Jens Roemer emphasized that the critical points to be focused on in this process are congested terminals, temporary storage and abandoned goods. Mr Roemer said: "Goods are waiting in ports, we pay high demurrage fees. The events have caused a lot of confusion and it seems that it will take time to recover."

Touching on the activities of FIATA Working Group Sea, Mr Roemer shared the "FMC's Interpretive Rule for Demurrage and Detention Fees" with the audience. Mr Roemer told that the process in the emergence of the aforementioned rule took a long time and evaluated its possible effects and consequences for the global logistics world, as well.

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With this interpretative rule, FMC (Federal Maritime Commission) aims to guide ship owners and port operators in line with "fair" and "reasonable" practices in determining the demurrage and detention fees applied to shippers, consignees, and freight forwarders. Besides, the interpretive rule also aims at reducing confusion in the implementation of demurrage and detention concepts as well as reducing disagreements between the parties and increasing efficiency in operations.

Port Operators Association of Turkey Board President Mr Hakan Genç mentioned the role of ports in the pandemic process and their importance for the economy. Expressing his views on the ceiling-floor price practice that is expected to be approved by the public administration and brought to port services with the circular published on 16 May 2020, Mr Genç emphasized that this situation caused serious concerns on the part of port operators.

The common opinion of the industry representatives was the need to find new and creative solutions to increase digitization and contact-free transactions. It was emphasized that negotiations with the public administration are continuing within this context.

About UTIKAD;

UTIKAD (Association of International Forwarding and Logistics Service Providers), established in 1986, represents road, air, sea, rail, combined transport and logistics service providers companies in Turkey and at international arena as the most important and active association in Turkish Logistics Industry. UTIKAD is the national representative of Turkey in FIATA (International Federation of Freight Forwarders Association) which is the largest non-governmental organization in the field of transportation and logistics in the world. Separately, UTIKAD is an observer member of European Association For Forwarding, Transport, Logistics and Customs Services (CLECAT), and founder member of ECO Logistics Providers Associations Federation (ECOLPAF).

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