

General Trade News

As every year during this period we are facing a high cargo rush towards end of March due to the financial years closing in India.

The space is very tight during March beg of April. Booking need to be placed with a pre notice of 3-5 weeks' time.

At this moment we do miss the old CMA CGM EPIC service, withdrawn last year August, helping the industry to cover the high demand more easily.

Vessel utilization reported to be over 100% and carriers started rolling cargo already. In a growing market at approximate 7% the situation believed to hold on beyond April enabling the carriers to improve their revenues by implementing PSS (see the NME Newsletter for Details and the UASC attempt of USD 300 per TEU) resp. higher Tariffs.

Being supported by the overall EB situation putting also pressure on the South and East cost of India being served by different transshipment Ports in East Asia ie LKCMB / SGSIN / MYPKG

After having to accept increases end of last and early this year already we are heading towards another round during our Q2 negotiations.

First announcements show the intention to lift the rates to new highs at USD 900-1000/20 & 1400-1600/40 for direct Ports ie PKBQM / INMUN/ INNSA – Outports consequently with the additional TAD.

Import Tax India

As all of us should have been informed already that the Government of India decided to withdraw an exemption releasing shippers being based outside the Indian taxable territory from their obligation to pay the service tax on the freight and all freight related charges with a very short notice.

A lot of communication has been shared till date and carriers handle this in two ways in case of prepaid shipments – either they collect it from the MBL shipper or Consignee - In case they are being asked to collect it at destination, even MBL Terms are prepaid, they add a remark in the MBL or require a written confirmation from the consignee that they are ready to pay the same.

After some internal discussion with our Colleagues in India we decided to follow the general BL rule which state that the MBL has to follow the HBL ie HBL prepaid requires MBL to be signed prepaid and the service tax to be collected from the shipper.

As per our information all liners have approached the authorities in the meantime to put the exemption back in place as it is a huge effect to the import cost as it will be recovered from the buyers anyway. We will keep you closely updated in case we have any news on this issue.

If your need any further Information on this issue you can contact Artur.Bednarski@DBSchenker.com anytime.

Outlook

As already stated we will have to face increased Tariffs for our Q2 Deals which will be shared shortly after finalization. So far we do not have any information that new tonnage will be introduced in this trade which would help to ease the situation. Actually we rather lose another partner with UASC once the merger with HPL is going to be finalized leaving us with less players on this market – MSK / MSC / CMA CGM / HPL / HHSUED and NYK & COSCOS to a limited extend.