

The requirement of Container Deposit

Background

Seaborne cargo accounts for 80% of world trade when measured in volume or 70% when measured in monetary value. Over 1.5 billion tons of containerized cargo has been loaded in 2013 (UNCTAD 2014)¹. Drewry Maritime Research estimated that in 2012, global container fleet reached 32.9 million TEUs². Containerization is the backbone of international trade.

Cost of purchasing containers

Containers are valuable assets to ship liners. The price of container fluctuates and has wide variations depending on geographical location, market demand and the build of the container itself. A new standard 20' container can cost above USD3000 while a standard 40' may cost more than USD4000³. Specialized container e.g. refrigerated or insulated are more expensive. Seaworthy used containers cost less while damaged containers can be sold as scrap.

Requirement of container deposit

Since containers are valuable assets, ship liners may demand container deposit before releasing containers to consignors or freight forwarders in some countries.

Container deposit is often not required in developed economies. High level of professionalism and industrial competency within all players in the supply chain: consignors, freight forwarders, haulers, warehousing operators, ship liners etc. in combination with proper legal environment ensure a secured transport environment between stakeholders.

However, in some developing economies, there are higher risks of containers being stolen, damaged, abandoned or detained for prolong period. Therefore, ship liners impose container deposit as a risk diminutive measure.

¹ UNCTAD Review of Maritime Transport 2014

² <http://www.worldshipping.org/about-the-industry/containers/global-container-fleet>

³ <http://www.shippingcontainers24.com/for-sale/costs/>

Responses to ESCAP Survey

ESCAP has recently carried out a survey on the requirement of container deposit and responses suggest that container deposit, when required, often only applies to imports. Deposit is not required for exports. There are no standardized practices within the industry pertaining to the requirement of container deposit. Deposit is requested systematically in some countries but no deposit is required in other countries. Letter of indemnity, collective guarantee or insurance may replace the requirement of container deposit in some countries.

Even within the same country/market, the amount of deposit requested may vary among different consignors and freight forwarders. Some may be totally exempted from container deposit. The requirement usually depends on ship liners relationship with specific customers and risk assessment.

Container deposit covers damage, demurrage and detention of containers.

- **Damage:** Container should be returned in the same condition as when it was picked up excluding the usual wear and tear. Damages can constitute structural damages or aesthetical damages, e.g. scuff and scratches, paint and rust degradation.
- **Demurrage:** Demurrage is levied if full containers are not collected by customers and remains in terminals after specific free time.
- **Detention:** Detention is charged once customers have collected to empty the containers but do not return them to the depots after specific free time.

Deposit amount

Deposit amount, when required, varies between countries. For example, average deposit demanded for a standard 20' in Sri Lanka is USD50 and doubled for 40'. In Cambodia, ship liners collect USD100 for a 20' and USD200 for a 40'. Though the sum appears insignificant, the sheer number of containers turnover would magnify the sum very quickly.

Administrative procedures and recovery of deposit*Collect empty containers for exports*

Deposit is usually not collected for exports. However, the exception will be exports from a third country. For example, depending on ship liners, deposit may be required from Thai freight forwarders that deliver empty containers to be loaded in Lao PDR and exported through Laem Chabang port in Thailand. There is minimal administrative work during pick-up. Once the loaded container is delivered back to the port, freight forwarders will request for deposit refund. Full refund is usually given within 2-3 weeks.

Collect loaded containers from imports

Usually some forms of guarantee are required by ship liners for imports. Monetary deposit may be requested in the form of checks, bank transfer or cash. Letter of indemnity suffices in Bangladesh while in Myanmar, some operators will accept letter of guarantee in lieu of actual monetary deposit. In Selangor (Malaysia) where Port Klang is located, a state-level collective guarantee "SFFLA TOR Scheme" is in place where the Selangor Freight Forwarders and Logistics Association acts as payment guarantor. Container deposits are not collected in Hong Kong SAR, China and Singapore.

Recovery of deposit procedures differs among countries though in general, claim forms have to be submitted with deposit receipts. However, the lag time between claim submission and actual receive of monetary refund varies widely. Result from the survey shows that in Malaysia and Thailand, it may take anywhere from 2 weeks to 2 months to receive any refund. In Sri Lanka, reputed liners on average take 30 days to process refunds and up to 60 days when it is a NVOCC or a slot operator. In Cambodia, refund appears to be faster than other countries. It may be accorded the next day after the return of container though some liners may take up to a week to process the refund.

Key implications

Though the deposit sum requested by ship liners is minimal in most countries, the sheer quantities of containers turnover quickly add up to a colossal financial amount. In addition, the long administrative time gap between claim submission and deposit recovery do impact the cash flow and add financial burden particularly to smaller freight forwarders.

Depending on local practices, the collection of container deposit may not benefit the cash flow of ship liners either. Some ship liners do not bank in checks for container deposit. They simply hold on to the checks and settle the balances upon return of containers to depots. In 2013, Filipino Seafreight forwarders Association formally signed a memorandum of agreement with the Association of International Shipping Lines to enable its members to deposit company checks in oppose to bank drafts for container deposit. The checks will be returned to forwarders within 3-7 days after the return of containers⁴.

The requirement of container deposit also creates additional administrative work to both freight forwarders and ship liners. For example, some ship liners accept bank draft only and not company checks. This adds on an additional layer of cost, time and labor. Similarly, freight forwarders may have to be physically present to collect deposit refund as bank transfer is not an option.

Some ship liners may lack efficient cash management system to process deposit recovery claim in a fast and accurate manner. Others may deliberately choose to be slow in refunding to benefit from additional cash flow.

Some freight forwarders also further complicate ship liners administration. For example, a freight forwarder may provide one check to cover deposits for 6 containers of different sizes and types. Later, he returns different numbers of container at different time and file multiple deposit refund claims. Given the number of container turnover magnifies the complexity in ship liners cash management system.

⁴ <http://www.portcalls.com/pisfa-aisl-sign-moa-on-container-deposits/#>

Table 1. Country overview: container deposit requirements for imports

Country	Requirement of container deposit	Recovery of container deposit	
		Administration	Frequent reasons for deductions
Bangladesh	No container deposit. Liners require letter of indemnity on Tk. 300 (US\$5) government stamp for container release. Container value in case of complete damage or repair cost payment in case of repairable damage is stipulated in the letter. Average delay time between finalizing deposit payment and container pick-up is 1-2 days maximum.	N/A	N/A
Cambodia	Container deposit of USD100 for 20' and USD400 for 40'; 1-2 days for paperwork and 5 days average delay time between finalizing deposit payment and container pick-up.	Receive refund one day after returning container while some liners take at least 1 week.	Cleaning, damage, demurrage and detention
China	No container deposit but detention deposit is required. USD300 for 20' and USD500 for 40'. Letter of guarantee to ensure customer paying detention charges should the deposit is insufficient.	5 to 10 free days depending on container type, loading and discharging port. Detention charges is usually around USD3-15 per unit per day.	N/A
Hong Kong SAR, China	Not required	N/A	N/A
Malaysia	Container deposit charges around USD60. Major customers may be exempted from deposit. Some liners charge compulsory insurance premium in lieu of deposit. Collective guarantee under SFFLA TOR Scheme available within the state of Selangor.	Refund mostly within 2 weeks. Maybe longer.	Cleaning and damage repair

预览已结束，完整报告链接和二维码如下：

https://www.yunbaogao.cn/report/index/report?reportId=5_4252

