

CBC - 2015

Portland, OR

samskip
LOGISTICS

BEER LOGISTICS



PRESENTED BY:

PAUL DEAN

JEFF MACWAIN

Please ship responsibly

Introductions



Paul Dean

- Director – Samskip Logistics
- Born in Birmingham, England
- 30+ years in International Logistics:
15 in Europe, 17 in USA
- In 1994 opened Icepak – specializing in temperature controlled logistics.
- Today Icepak, now merged with the Samskip Group, is a leading Int'l logistics provider shipping 65,000 containers of perishable & time sensitive products annually.

Jeff MacWain

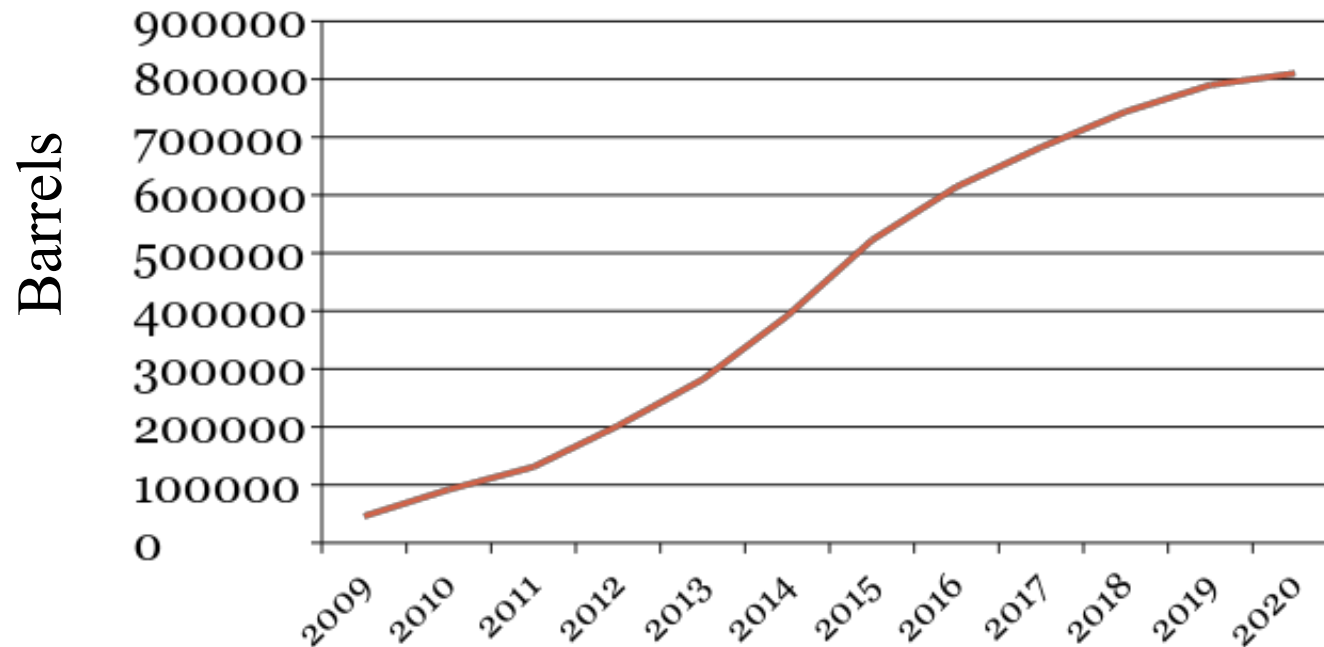
- Sales Manager – Samskip Logistics
- Spent college in Seattle drinking 'microbrews'
- 15 years in International Logistics including posts in Seattle, Sydney, and London.

U.S.A. Craft Beer Export Growth



Source: Brewers Association, Boulder, CO

Export growth projections



Current rate of export growth is expected to continue for next 3-5 years before leveling out.



Brewers Association reported craft beer export volume increased by 49 percent in 2013, representing 282,526 barrels and an estimated \$73 million.

Canada remained the industry's largest export market, with shipments increasing 92 percent by volume (up to 131,511 barrels) in 2013.

Sweden (15.5 percent) and the United Kingdom (7.9 percent) remained the next two largest markets, with Australia (5.4 percent) and Japan (3.2 percent) following.

In total, shipments to Asia Pacific (non-Japan) increased by 73 percent and accounted for 44,228 barrels. largely due to emerging markets such as Singapore (up 379 percent), Hong Kong (up 150 percent) and Thailand (up 99 percent).

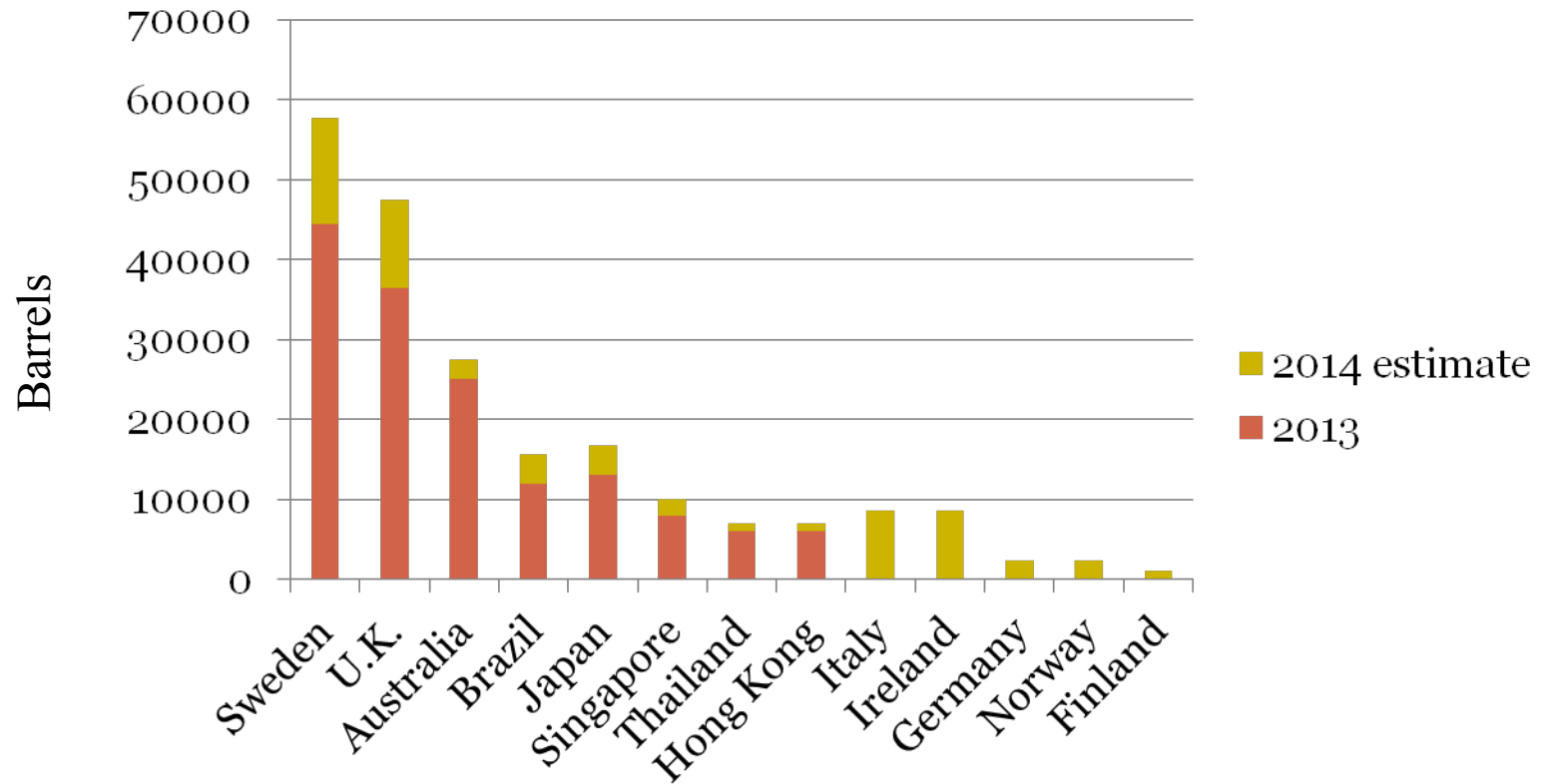
INTERNATIONAL GROWTH OF CRAFT BEER

BA EXPORT DEVELOPMENT PROGRAM GROWTH 2012 - 2013



TOTAL EXPORT GROWTH: 50%
(All figures refer to growth by volume)

Overseas destinations

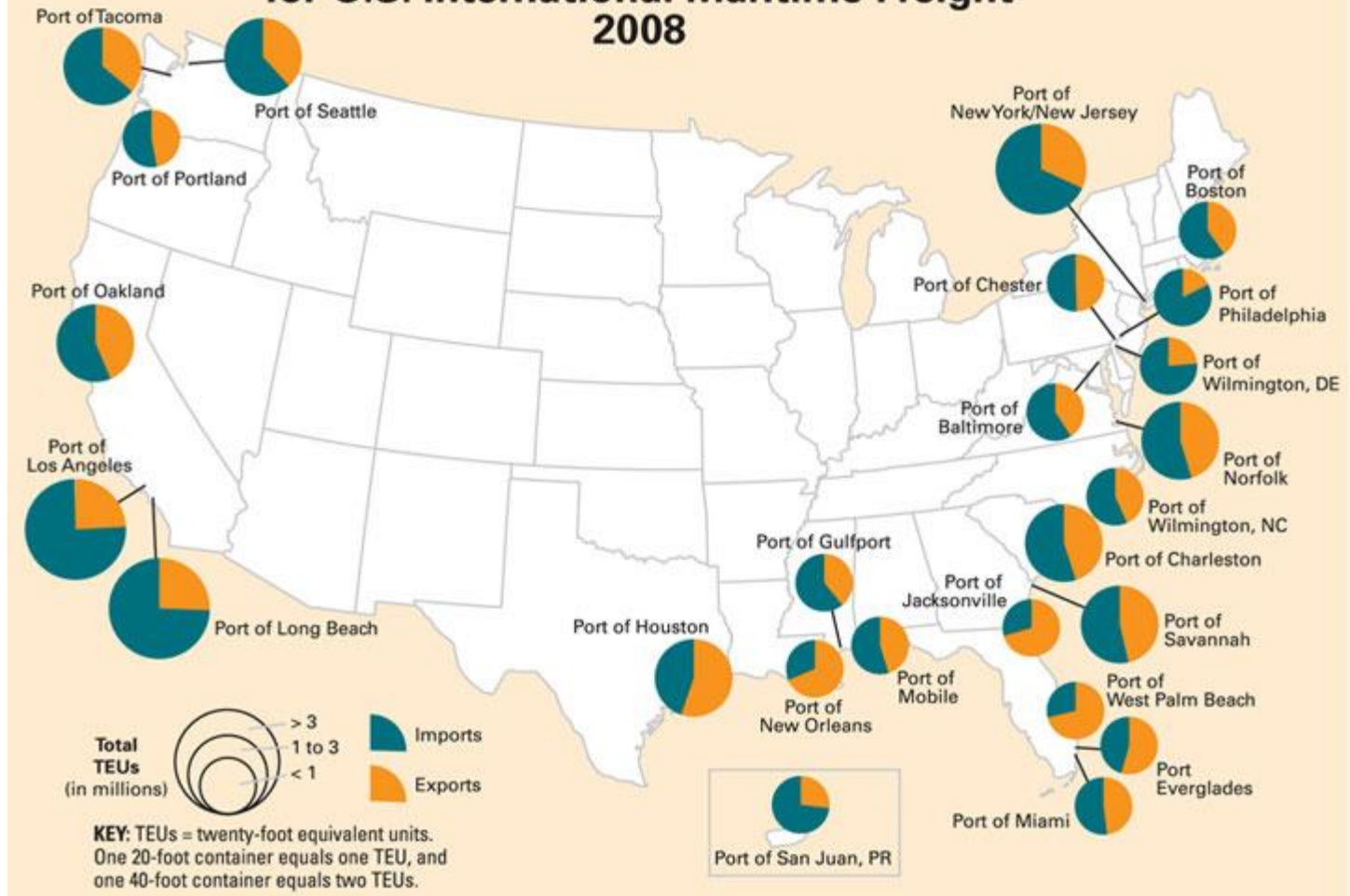


Logistics



US Ports

Top 25 Container Ports for U.S. International Maritime Freight 2008



Container Vessels



The Triple-E class vessels are 400 m long and 59 m wide
(The length of 3.5 x Football fields)

Holds 18,000 20' container-equivalent

Mega ship capacity increased by 100% in just 15 years

Shipping equipment options

20' Dry Container



40' Dry Container



20' Reefer Container



40' Reefer Container



Container Chassis



Gen set



Ryan recorders



Thermal blankets / Liners

Container Specs



Containers

20 Ft. Container



9 - 10 Standard Pallets 1000 x 1200



11 Europallets 800 x 1200
* Millimeters

40 Ft. Container



20 to 21 Standard Pallets 1000 x 1200



23 to 24 Europallets 800 x 1200
* Millimeters



40' container can hold:

- 270 x 50L Kegs
- 1400 cases
- 20 US pallets

Measure	Length	Width	Height
Millimeters	11,580	2,290	2,402
Feet	39' 11 7/8"	7' 6 1/8"	7' 10 1/2"

Allow space between cargo to allow air flow.

Do not block vents.

Do not stow above the red line.

Use Air Bags/Dunnage between pallets

The “Reefer” container



A reefer is a type of shipping container used in the import, export of freight or cargo where cold temperatures need to be maintained.

These days, few people are aware of the benefits that reefers have brought to society in general. Without such technology, the fresh produce that is exported around the world would not be a possibility.

Markets for seafood, tropical fruits, lamb, beef & poultry, for example, would be significantly smaller.

Many small countries, therefore, have come to depend upon the reefer container for a significant portion of their national income.



Insulation



Thermal blankets & liners provide protection from extreme external temperatures & are ideal for shipments with shorter transit times.



Pallet Blanket



Container Liner in dry container

Thermal liners are used extensively in the international wine trade

Tank Containers




Tank containers tend to be used by large volume shippers, on a round trip basis.

Very specialized equipment, offering temperature & pressure to be controlled & maintained.

Usually leased on a 12 month contract basis.



Transit time examples



<u>Destination</u>	<u>From Oakland</u>	<u>From NY</u>
Brazil	35 days, t/s	21 days, direct
Sweden/Norway	38 days, t/s	16 days, direct
UK	30 days, direct	10-15 days, direct
Ireland	35 days, t/s	16 days, t/s
Japan	15 days, direct	30 days, direct
Australia	23 days, direct	31 days direct
Singapore	25 days, direct	36 days, direct

t/s - Transshipment

Keeping it Cool

Avoid 'distinct aged character'.

The BA's Best Practices Guide recommends refrigerated transportation.

Unfortunately, we often observe people providing the direction: *'to be stowed below the waterline'* and/or *'underdeck stow required'*.

These are both old-fashioned directions underpinned by the mistaken belief that there are the cooler areas on the ship.

However, on modern ships these types of directions can actually cause the quality of the goods being stored to be compromised if near the engine room, for example.

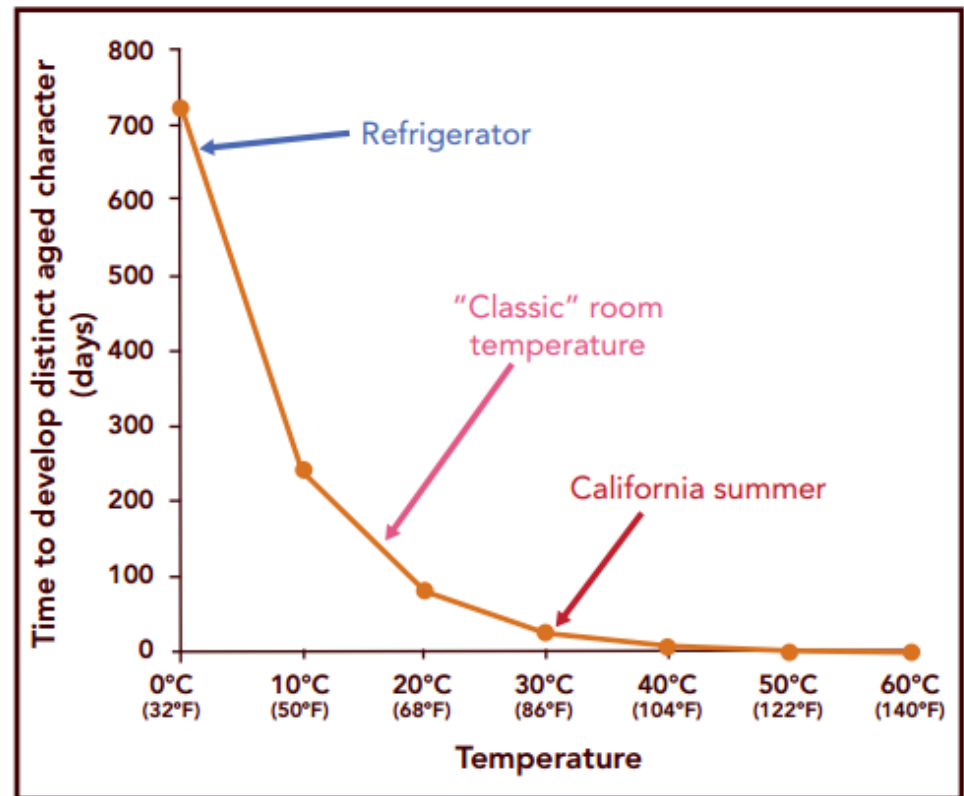


Figure 1.5: Expected time to beer spoilage vs. beer storage temperature. The colder it is, the longer it will stay fresh (courtesy of Charlie Bamforth, UC Davis).

Pricing a shipment



Export Customs - AES Filing fees

Inland Trucking - Fuel surcharges / overweight permits/ Chassis fees

Terminal Handling (Origin & Destination)

Ocean Freight - Fuel & currency surcharges / LSS / PSS / PCC

Delivery - Free time / Fuel surcharge / Gen set fee

Service & Document Fees

Insurance

Customs clearance & duties

For LTL / Consolidations – Warehouse receiving , cross dock , cntr loading & dray

Top 20 Container Carriers

Alphaliner - Top 100 : Operated fleets as per 09 April 2015

Rnk	Operator	Total		Owned		Chartered			Orderbook		
		TEU	Ships	TEU	Ships	TEU	Ships	% Chart	TEU	Ships	% existing
1	APM-Maersk	2,956,917	608	1,627,082	252	1,329,835	356	45.0%	156,940	16	5.3%
2	Mediterranean Shg Co	2,546,719	499	1,094,191	193	1,452,528	306	57.0%	698,344	55	27.4%
3	CMA CGM Group	1,713,852	457	562,076	83	1,151,776	374	67.2%	370,796	36	21.6%
4	Evergreen Line	963,214	202	539,170	111	424,044	91	44.0%	363,524	24	37.7%
5	Hapag-Lloyd	962,434	182	516,963	75	445,471	107	46.3%	18,648	2	1.9%
6	COSCO Container L.	821,126	163	470,084	89	351,042	74	42.8%	119,500	10	14.6%
7	CSCL	715,733	142	485,094	70	230,639	72	32.2%	18,980	1	2.7%
8	Hanjin Shipping	626,533	101	278,102	38	348,431	63	55.6%	36,120	4	5.8%
9	MOL	610,316	112	191,869	30	418,447	82	68.6%	170,950	11	28.0%
10	Hamburg Süd Group	576,073	121	254,872	41	321,201	80	55.8%	58,590	6	10.2%
11	APL	548,626	90	386,003	50	162,623	40	29.6%			
12	OOCL	546,405	102	340,131	48	206,274	54	37.8%	144,376	8	26.4%
13	NYK Line	498,808	106	282,158	49	216,650	57	43.4%	112,000	8	22.5%
14	Yang Ming Marine Transport Corp.	456,979	95	200,081	42	256,898	53	56.2%	201,782	15	44.2%
15	UASC	410,104	56	243,143	29	166,961	27	40.7%	232,744	14	56.8%
16	K Line	404,307	78	108,152	17	296,155	61	73.3%	124,830	9	30.9%
17	Hyundai M.M.	377,060	57	153,658	20	223,402	37	59.2%	60,000	6	15.9%
18	PIL (Pacific Int. Line)	359,131	154	280,637	118	78,494	36	21.9%	19,445	5	5.4%
19	Zim	325,439	75	55,057	13	270,382	62	83.1%			
20	Wan Hai Lines	202,067	87	170,837	71	31,230	16	15.5%			

Sailing schedule options



The number of available services has shrunk in recent years, as ocean carriers “vessel share” to reduce costs.

Important for regular shipments that 2nd & 3rd options are procured, in order to maintain regular supply.

Carriers can omit port calls to adjust schedules resulting in delays.

2nd & 3rd options help safeguard regular cargo flows.

Consolidations

When first starting any import program it is likely first orders will be small.... 1-2 Pallets
Freight costs to ship a full container, from single brewers might not be viable.
The most cost effective way to ship smaller orders is via “Consolidations”

Freight company will arrange pick up from Several Brewers & consolidate via a central freight facility & trans-load into full containers, on behalf of the importer(s).



Shipment Example



BOOKING REQUEST

- Origin + Destination
- Container size and type + Required temperature
- Supplier contacts
- PO # / references
- Cargo details: case-count, weight, value
- Cargo ready date

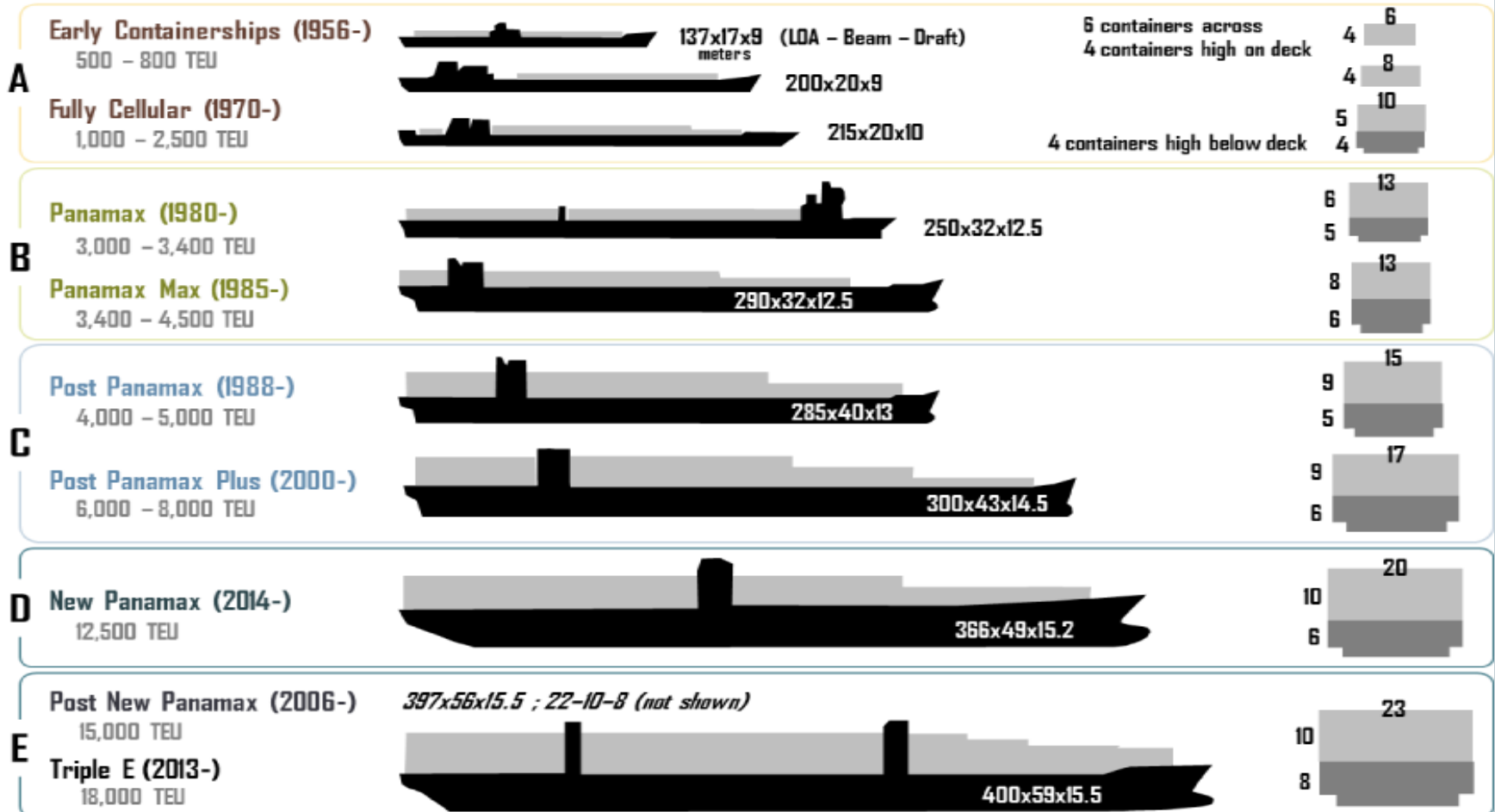
CARGO IS PICKED UP

- Send bill of lading instructions, including:
 - Name and address of Shipper, Consignee, Notify Party
 - Full cargo description
 - Express Release or Original B/L ?
- Draft B/L sent for approval

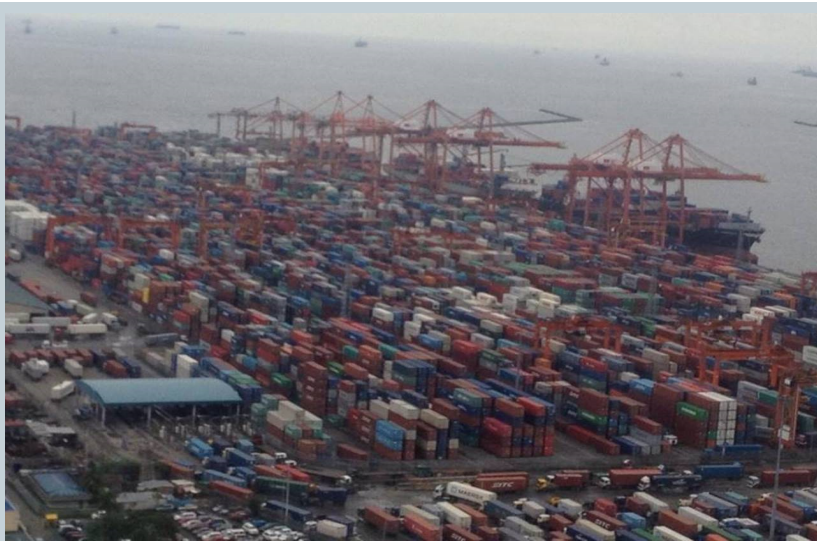
CARGO SAILS

- Final B/L issued
- Insurance certificate issued if required
- Notice of arrival sent to importer prior to arrival

Vessel & Capacity growth



West Coast Congestion



At its peak (Late February), up to 30 container vessels were at anchor at each major West Coast port (Oak/LAX/SeaTac).

Unions & Port Owners came to agreement on February 20, but ongoing disruption is anticipated thru May 2015.

Since Mid December, severe congestion has been experienced at all U.S West Coast ports, causing delays to cargo.

As a result of labor slowdowns, delivery/pick up from container terminals came to standstill



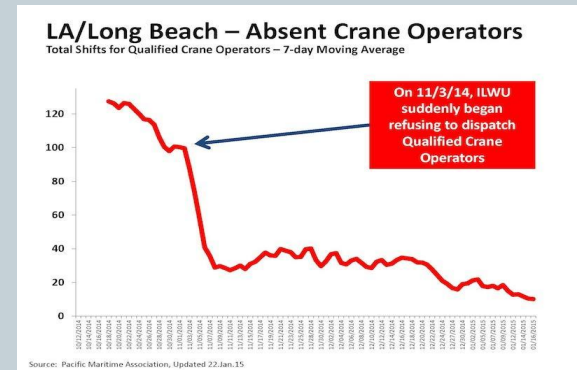
USA Port Congestion

- **Ongoing congestion & disruption & vessel omissions at West Coast Port caused following to occur:**

- Backlog of cargo waiting for export
- Full cold stores
- Chassis shortages
- Shippers seeking domestic markets or high-cost freight options to protect spoilage/shelf life
 - Examples:
 - JBS having to charter planes to ship fresh beef to Japan.
 - Sharp drop in domestic apple prices.

- **Medium long term outlook :**

- Continued congestion thru May from West Coast ports.
- Schedule disruption
- Rates likely to increase
 - Truckers need to recoup costs of drivers spending full day at ports (in & out)
 - Added chassis fees – No longer supplied free by shipping lines
 - Carriers need to recoup losses (Vessels at anchor for 7-14 days)



What could go wrong ?

The probability of sustaining a loss on goods in transit is greater than you may think. On average, a ship sinks every day, 30% of losses in transit are considered unavoidable and studies indicate that a cargo owner should expect to realize a general average assessment once every seven years.

Long voyages, extensive moving and shifting of cargo, theft, piracy and bad weather all substantially contribute to the potential for loss or damage.

Many shippers are misled into relying on the carrier to pay for losses in transit. That can be a major mistake. Law or tariff restrictions limit the liability of most carriers . Also, most carriers are not responsible for losses which are unforeseeable and beyond their control.



The law of **general average** is a legal principle of maritime law according to which all parties in a sea venture proportionally share any losses resulting from a voluntary sacrifice of part of the ship or cargo to save the whole in an emergency

Why Insurance ?

In addition to paying for loss or damage to shipments, Shipper's Cargo Insurance can also pay costs incurred to minimize an insured loss:

- Litigation and labor
- Charges for damage to be inspected (survey)
- Protection from General Average

Carriers have limited liability and are availed of defenses which, when invoked, absolve them of responsibility completely. Shipper's Interest coverage pays covered claims without the need to prove fault.

Why not insure?



Cost of Insurance Example

\$15,000 Cargo Value
\$ 7,000 Freight Cost
\$ 2,200 10% Overage Incidentals
\$24,200 Insured Value

\$ 108 Insurance Cost

Conclusions



- Overseas Markets for craft beer are growing fast.
- Join the B.A. Export program (Contacts / advice)
- Insist on refrigeration throughout the export process to protect taste & freshness of beer.
- Check pricing includes all relevant fees & surcharges
- Work with a reliable freight forwarder to handle the Paperwork & logistics process.
- Check data is accurate & timely
- Consider insurance

PLEASE SHIP RESPONSIBLY



THANKS FOR LISTENING!

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