Global Industry Update
Friday, October 17, 2014

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U.S. Trucking Trends

- The American Trucking Associations' seasonally adjusted Truck Tonnage Index was 4.5% higher Y/Y in August, compared to an upwardly revised 3.7% Y/Y gain in July. 2014TD tonnage is up 3.1% Y/Y, while 2013 tonnage was up 6.3% Y/Y. The tonnage index rose 1.6% M/M in August following a 1.5% increase M/M in July.
- Dry-Van rates in the spot market through early October were $2.05 per mile, as tight capacity has continued to cause higher pricing Y/Y. On a 4 week rolling average, spot rates are 6.6% higher Y/Y. Our work indicates higher spot market rates have supported contract pricing discussions, with average contract rates up 3-4% Y/Y versus 0-1% Y/Y in 2013.
- Through early October, flatbed rates in the spot market were $2.32 per mile on a trailing 4 week basis, up 11.0% Y/Y, Most flatbed carriers are focused on contract rate increases in the mid to high single digits for 2014, after low-single digit rate increases in 2013. Channel commentary indicates a mid-cycle contract rate increase is likely (first since 2004) if current trends continue

Global Containerized Ocean Traffic

- During August, inbound containerized ocean volumes at all U.S. ports increased 8.3% year-over-year, ahead of lower Y/Y growth during July. 2014YTD volumes are up 5.3%. The 2014 outlook through August remains stable with volume growth expectations in mid-single digits Y/Y, with near-term deceleration due to concerns of a possible ILWU work stoppage.
- Eastbound trans-Pacific ocean container spot rates between Hong Kong and the U.S. West Coast rose early in September before falling through early October, with rates now 5% higher than at this time in 2013. This is below the ~15% higher Y/Y rates that we saw in early September. YTD rates have averaged 9.0% lower than the same period last year. Carriers continue to implement monthly General Rate Increases to support rates, but overcapacity has prevented sustainable increases in rates.
- As of September1st, shipyards around the world hold orders for 482 new containerships with an aggregate capacity of 3.549 million TEUs which represents approximately 19.7% of the existing world fleet. Despite the fact that capacity growth has outpaced demand, container capacity is projected to rise 5.8% in 2014, and 8.0% in 2015, and 4.6% in 2016.

Rail Trends

- Through the end of September, CSX reported 3Q14 overall volumes up 6.9% Y/Y, while NSC reported overall carloads up 7.6% Y/Y, due to strong grain and intermodal volumes. Interestingly, CSX coal volumes have been up Y/Y due to replenishment of utility stockpiles.
- Through the end of September, UNP reported 3Q14 volumes up 7.0% y/y, while BNSF reported 3Q14 volumes down 1.0% y/y. BNSF has seen service issues and limited capacity limit volume growth for them in 3Q, while UNP has benefitted from a portion of this BNSF overflow freight.

New Study Points to Major Marine and Rail Opportunities with Greater Use of LNG
ANGA Staff
http://anga.us/blog/2014/10/7/new-study-points-to-major-marine-and-rail-opportunities-with-greater-use-of-lng
Thousands of miles of rail, inland waterways and coastal routes crisscross America moving products, energy and people. A new study out today confirms that thanks to its cleaner profile and low cost, greater use of natural gas as a marine and rail fuel is becoming a welcome reality.

The study, performed by Gladstein, Neandross & Associates (GNA) and commissioned by ANGA, sought to identify locations across three key areas- the Great Lakes, the Gulf of Mexico and the Mississippi River and its tributaries - with the best potential for demand growth to support liquefied natural gas (LNG) infrastructure investment.

What GNA found was truly impressive: With continued coordination between end-users, suppliers, and stakeholders, potential U.S. LNG demand from high horsepower users—in just these three regions—could reach one billion gallons annually by 2029, approximately seven times all current domestic LNG use for transportation. Much like power generation, manufacturing and on-road transportation, use of natural gas for marine and rail is being driven by abundant supplies, low cost and a cleaner profile. A 2014 MARAD study finds that LNG as a marine fuel has clear environmental advantages: next to established ship fuels, it emits 85 percent less NOx and SOx, 90 percent less particulate matter and 30 percent less carbon dioxide.

Already, LNG-powered marine vessels are underway or under construction at many of our nation's shipyards. From Harvey Gulf's LNG-powered offshore service vessels to the world's first LNG-powered container ship being built for TOTE in San Diego, there are currently 19 confirmed orders for LNG or LNG-conversion-ready vessels in North America. GNA estimates that within 15 years, 363 U.S.-flagged vessels could generate 380 million gallons of LNG demand annually.

Of the three key areas studies in this report, GNA projects that the Gulf of Mexico will feature the largest amount of LNG vessel activity. This presents a unique opportunity to develop the region into the world's leading bunkering—or refueling—destination for LNG.

Not far behind LNG adoption in the marine space, major railroads across the country are in various stages of testing LNG as a locomotive fuel, with the study estimating that commercial locomotive adoption is likely to begin later this decade. Again, fuel cost is driving innovation. Class I railroads in North America consume approximately four billion gallons of diesel each year. If the railroads converted even one third of their operations to natural gas, they would be able to save approximately $2.6 million each day.

With so much to gain from the adoption of LNG as a high horsepower fuel for marine and rail, producers, pipeline operators and end users all have a stake in working together to make the most of this incredible opportunity. Want to learn more? Read the full report here.

Cost Hikes and Schedule Compliance Now Shippers' Top Concerns
Mike King
http://bit.ly/1vzvSNH
Sudden cost hikes and poor schedule compliance by transport providers are now the key supply chain risks facing forwarders and shippers, according to a new survey by Transport Intelligence and supply chain software provider Kewill.

Launched at a media briefing today on the side-lines of Ti's Emerging Markets Logistics Conference in Singapore, the survey found that supply chain risk has moved up the corporate agenda for 3PLs and shippers, with 73.9% of global OEM and logistics executive respondents revealing that a sudden increase in costs could significantly impact on revenue and profitability.

Speaking exclusively to Lloyd's Loading List.com, Ti senior analyst Cathy Roberson said all businesses with exposure to transport were susceptible to a lack of reliability by lines and airlines, and to large or rapid fluctuations in pricing. "Unlike failed investments which might be flagged up early on, sudden shifts in product availability caused by supply disruption, or a major surge in supply chain costs, can have a very immediate and damaging impact on the bottom line of both shippers and their supply chain partners," she added.

Slow steaming and/or cost cutting have seen the reliability of many transport providers by ocean and air decrease in recent years and the trend shows no sign of abating. SeaIntel's latest Global Liner Performance report found the schedule reliability of container lines declined globally for the second consecutive month in August, dropping to 71.1% from 71.6% in July.

According to the Ti-Kewill survey, this is an increasing problem given the severe modal shift from air to ocean reported by respondents over the past three years, with 72.7% of survey respondents reporting that poor schedule compliance by transportation partners was now viewed as a significant risk. The failures of lines and airlines are exacerbated by a lack of supply chain visibility, with some 83% of businesses admitting this was a key challenge.

Guhan Periasamy, Kewill's senior VP for Asia Pacific and Japan, said that the more data forwarders and shippers had available, the better they could manage the performance of transportation providers. "Visibility of performance by mode of transport and lane will have the greatest impact on revenue and profitability if not addressed in the next three years," he predicted. "With better visibility it is easier to manage risk."

Roberson said as technology improved and was deployed by all supply chain stakeholders, it would be easier for forwarders and 3PLs to help manage customer expectations.

"Customers want more added value at the same cost, and they want protection against supply chains risks in the form of delays or cost volatility," she added. "Technology is increasingly enabling this, but in many emerging markets it will take time to implement."

Ports of Seattle and Tacoma Unify Cargo Terminal Operations
Patrick Burnson
http://www.scmr.com/article/ports_of_seattle_and_tacoma_unify_cargo_terminal_operations
In an unprecedented move strengthen the Puget Sound gateway, the ports of Seattle and Tacoma plan to unify marine cargo terminal management.

Dubbed "The Seaport Alliance" by the two port commissions, it will also align cargo terminal investments and operations along with planning and marketing.

"We must make it clear that this is not a merger," said Tara Mattina, the Port of Tacoma's communication director. "The Alliance was created to compete for more cargo on a regional basis."

Taken together, marine cargo operations at both ports support more than 48,000 jobs across the region and provide a critical gateway for the export of Washington state products to Asia.

One aspect of the deal that remains to be addressed, however, is the impact it will have on dockside labor. No mention of this issue was made in either statement by the ports. For the time being, however, both ports have framed this as a positive move.

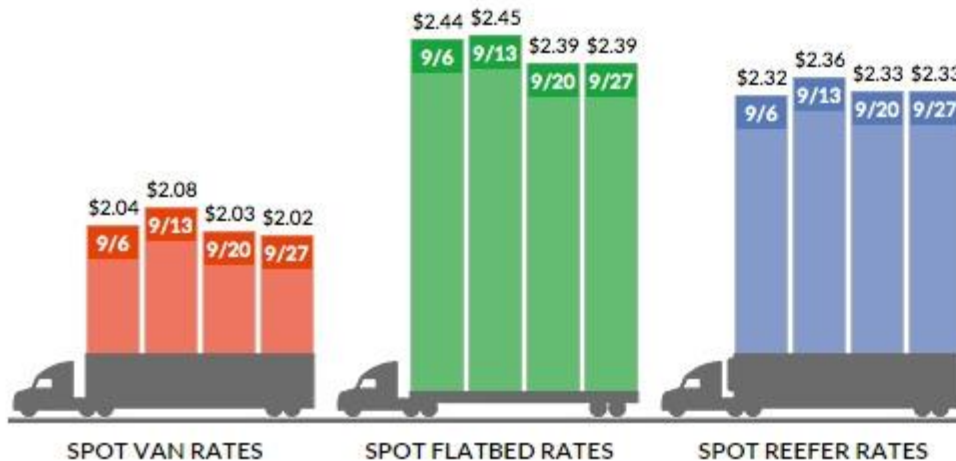
"Where we were once rivals, we now intend to be partners," said Stephanie Bowman, co-President of the Port of Seattle Commission. "Instead of competing against one another, we are combining our strengths to create the strongest maritime gateway in North America. The Seaport Alliance is the result of our shared commitment to maintaining the economic health of our region through a thriving maritime industry."

The Seaport Alliance is the outgrowth of talks held under the sanction and guidance of the Federal Maritime Commission (FMC), the independent federal agency responsible for regulating the U.S. international ocean transportation system.

Subject to further FMC review and approval, the two port commissions will enter into an Interlocal Agreement (ILA), which is intended to provide the ports with a framework for a period of due diligence to examine business objectives, strategic marine terminal investments, financial returns, performance metrics, organizational structure, communications and public engagement. Following the due diligence period, the two port commissions intend to submit a more detailed agreement for the Seaport Alliance to the FMC by the end of March 2015.

During the due diligence period, John Wolfe, Port of Tacoma CEO, and Kurt Beckett, Port of Seattle Deputy CEO, will co-lead the planning work and coordinate with both port commissions. Commissioners from both ports expect to hold a public meeting next spring to hire Wolfe as the CEO of the Seaport Alliance following the FMC's approval of the agreement. The two commissions expect to formally adopt and move to submit the ILA to the FMC at a joint public meeting Oct. 14.

Fuel Prices Decline, Truckload Rates Don't
Tom Andel
http://mhlnews.com/transportation-distribution/fuel-prices-decline-truckload-rates-don-t



Nationally, during the final week of September, average spot truckload rates were stable for all three major equipment types compared to the previous week, according to DAT Solutions, which operates the DAT network of load boards.

The national average van rate lost a penny to $2.02 per mile, but remained above $2.00 per mile throughout the month of September. Looking at market demand, van freight availability was generally level (down 0.6%) and truckload capacity increased 3.2%. The resulting load-to-truck ratio was 3.0 as a national average, meaning there were 3.0 van loads posted for every van available on DAT load boards, a 3.6% decline compared to the previous week.

The national average spot rate for refrigerated freight was unchanged at $2.33 per mile. Rates declined in Central California and across the Midwest but gained strength elsewhere due to late-season produce harvests. Reefer freight availability slipped another 1.3% compared to the previous week and capacity added 1.2%, producing a reefer load-to-truck ratio of 8.8.

The national average flatbed rate was unchanged as well at $2.39 per mile. Load availability lost 2.2% and capacity remained stable (down 0.2%), resulting in a 2.4% decline in the load-to-truck ratio. That key indicator is now at 29.3 loads per truck, which is still strong for the season.

The national average fuel price fell two cents to $3.76. Declining fuel prices tend to have a dampening effect on market rates. Diesel fuel is now 17.2 cents less than one year ago. One-time rate agreements typically are quoted as “all-in" so the fuel surcharge is not broken out. When fuel prices slip, the surcharge drops and the total rate may decline accordingly.

LA-Long Beach Urged to be Proactive to Improve Truck Turn Times

Bill Mongelluzzo

http://www.joc.com/port-news/us-ports/port-los-angeles/la-long-beach-urged-be-proactive-improve-truck-turn-times_20141015.html

Transportation specialists are urging the Los Angeles and Long Beach port authorities to rise above their landlord status and initiate immediate changes to improve truck turn times, or risk a total meltdown in the harbor.

“The landlord operation doesn’t work,” said Jon DeCesare president of WCL Consulting. “There has to be a sense of urgency. The ports must act quickly,” DeCesare told the Los Angeles Transportation Club Tuesday.

Coincidentally, while the LATC was discussing the ports’ congestion problem, the Long Beach Harbor Commission was voting Tuesday to approve a motion directing port staff to develop plans for purchasing and providing the harbor community with thousands of chassis to be used for congestion relief during peak periods.

The largest U.S. port complex continues to suffer from congestion caused by growing cargo volumes, chassis dislocations, vessels operated by carrier alliances calling at multiple terminals, cargo surges from big ships, gate hour restrictions at terminals, a truck capacity shortage, intermodal rail delays and labor uncertainties as the ILWU contract negotiations drag on.

While other large ports in Europe, the U.S. and Canada have also suffered from congestion problems that started with a flood of big ships entering the major east-west trade lanes, the problems in Southern California have been more intense and longer lasting, and congestion is threatening the viability of harbor drayage operators.

“The single biggest choke point in the global supply chain is drayage in Southern California,” said James Mucci, professor and adviser, EWH Assessment and Development.

The ports have no time to waste, said Mike Johnson, operations director, Port Logistics Group. The cycle of terminal congestion and excessive truck turn times that is present now during the peak shipping season will repeat itself in January-February when another spike in cargo occurs in the pre-Chinese New Year months, he said.

As landlord ports, Los Angeles and Long Beach are limited as to what they can do. They do not operate the marine terminals, but rather lease them to terminal operators, Historically, they have viewed their roles as that of facilitators.

For example, the ports two years ago formed a stakeholders' group to work on the chassis issue. Long Beach two weeks ago formed a congestion relief team to address all congestion issues. One immediate result was a commitment last week by DCLI and TRAC Intermodal to inject 3,000 more chassis into their Southern California fleets.

On Tuesday, the harbor commission directed port staff within 30 days to develop a chassis purchase program, which could include establishing an organization to purchase, service and manage the equipment. Jon Slangerup, Long Beach executive director, said chassis dislocations due to a mismatch of where chassis are located and where they are needed are the root cause of congestion today. "This current peak congestion crisis is something that was avoidable," he said.

If the ports are to be more proactive, they must use their tariffs or other means at their disposal to influence terminal operators, shipping lines, retailers and other beneficial cargo owners that ship their merchandise through the ports. All of those stakeholders contribute to the congestion problems.

Mucci said many BCOs know very little about marine terminal operations. Their main interest is to secure the lowest possible freight rate in their service contract negotiations with shipping lines. The BCOs often rely on freight forwarders or other intermediaries to deal with delays at the ports.

Retailers and other BCOs end up paying for this lack of involvement further along in the supply chain, Mucci said. They experience delays in retrieving their containers at congested marine terminals, and they incur demurrage and equipment detention charges, unless they pass those charges on to truckers.

BCOs that do not contract with quality motor carriers may actually end up paying higher drayage rates to secure last-minute capacity if the truckers with whom they contracted fail to perform during peak periods.

"I hope the BCOs understand this," Mucci said. BCOs should study the performance of marine terminals where their ocean carriers call. If those terminals are always congested, or if the ocean carriers' house truckers do not perform,the BCOs should switch to carriers that call at more efficient terminals. They should also do business with quality motor carriers. "The BCOs should look for value, not price," he said.

Shipping line sales personnel compound the problem by guaranteeing large retailers extra free time for storing containers at the terminals, or extra days, or even weeks, to leave the container-chassis combos at the BCO warehouses. Mucci said the containers back up at the marine terminals, further aggravating the congestion problems, and the chassis sitting idle at the BCOs' distribution warehouses are chassis that are not available for use by other shippers.

DeCesare suggested that the ports could dramatically reduce congestion by emulating Japanese ports. He said those ports tell BCOs, "Move the freight in three days or we will move it for you."

The terminals also contribute to the problem by failing to keep their gates open longer, closing off sections of their terminals to trucks without giving prior notice and failing to adhere to what the industry considers to be an acceptable turn time at the terminal gates, Johnson said. “Our position is, one hour is that metric,” he said.

The ILWU further aggravated the congestion problem in Southern California last week by making some drivers go through extra and unnecessary safety inspections, possibly to secure leverage in the contract negotiations with waterfront employers. The California Trucking Association said it received numerous complaints from member companies, and the CTA emphasized that the delays caused by the dockworkers were terribly costly to drivers, who are paid by the trip.

In fact, delays and congestion at the ports are also quite costly for the terminal operators who employ the longshoremen. According to figures posted on the website of the Pacific Maritime Association for the four-week period ending Oct. 3, ILWU man-hours paid in Los Angeles-Long Beach were 25 percent higher than for the same period last year, but container volumes were up only slightly more than 1 percent.

The long turn times at many of the 13 container terminals in the harbor are devastating for truckers, Johnson said. In September, truck visits of two hours or longer, which truckers consider totally unacceptable, shot up to 28 percent of all truck trips in the harbor, compared with 24 percent in August.

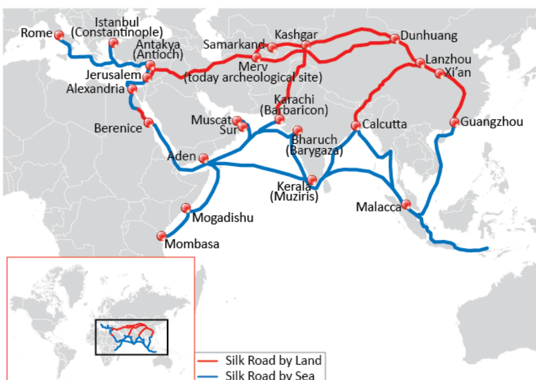
Those numbers were gathered by the Harbor Trucking Association’s Truck Mobility Data project using GPS devices mounted on trucks. The project has shown continued deterioration of truck turn times since the beginning of the year, Johnson said.

APAC Will Account for Over One-Third of Global Contract Logistics Market by 2017, Study Says

Denice Cabel

http://www.logasiamag.com/article/apac-will-account-for-over-one-third-of-global-contract-logistics-market-by-2017-study-says/4301

Transport Intelligence (Ti) forecasts that by 2017 Asia Pacific will account for over one third of the global contract logistics market and will likely expand its share of the global freight forwarding market - at the same time Europe and North America will likely see market share declines.



As market growth gains momentum, considerable investment in infrastructure projects continues throughout the region to meet the growing needs of both domestic, cross-border and international demand.

The investment in the re-emergence of the famed ‘Silk Road’ route connecting Asia Pacific with the Middle East and East Africa is just one such development that signals the progression of the region’s supply chain requirements.

Singapore to Supply LNG to Ships by 2020

AJOT Staff

http://www.ajot.com/news/corrected-singapore-to-supply-lng-to-ships-by-2020-minister

Singapore, the world's largest bunkering port, plans to supply liquefied natural gas (LNG) to fuel ships by 2020, a government official said on Wednesday, as part of a global trend to move away from oil to gas to reduce emissions.

"We are working towards LNG bunkering in Singapore by 2020, hopefully earlier if possible," Minister for Transport Lui Tuck Yew said at an industry event.

The city state planned to start a pilot programme by early 2017 to fund up to S$2 million ($1.57 million) per vessel for up to six LNG-fueled vessels for the testing of safety procedures and standards, he said.

More than 42 million tonnes of marine fuel has been sold annually in Singapore in the past three years, making it the world's largest bunkering port.

From next year, shipping firms will have to cut polluting sulphur emissions in vessels going to parts of Europe and North America, sparking a race for alternatives to standard diesel between fuel sources such as methanol and LNG.

China Trade Data Eases Slowdown Fears, More Stimulants May Still be Needed

AJOT Staff

http://www.ajot.com/news/china-trade-data-eases-slowdown-fears-more-stimulus-may-still-be-needed

China's surprisingly strong trade performance in September may reduce the chances of aggressive policy action such as an interest rate cut, but the prospects of a prolonged property slump suggests more measures are still needed to shore up the economy.

With the euro zone and Japanese economies floundering, a bounce in China's exports and imports would be welcome news for the world economy and investors increasingly worried about flagging global growth.

But economists said it was too early to tell if China's trade sector has turned the corner, noting that its unexpectedly buoyant imports last month could be due to one-off factors, such as factories taking advantage of sliding global commodity prices to replenish inventories of iron ore, copper and oil.

"Today's data is less good news than it appears," said Louis Kuijs, chief China economist at Royal Bank of Scotland in Hong Kong.

"It suggests that China's export growth is holding up. However, the important caveat coming from the breakdown of the import data suggests that demand growth in China's own economy remains weak."

Exports rose 15.3 percent in September from a year earlier, beating a median forecast in a Reuters poll for a rise of 11.8 percent and quickening from August's 9.4 percent rise, data showed on Monday.

Imports rose 7 percent in terms of value, compared with a Reuters estimate for a 2.7 percent fall, which would have marked their third consecutive decline. Iron ore imports rebounded to the second highest this year and monthly crude oil imports rose to the second highest on record.

As a result, China posted a trade surplus of $31.0 billion in September, down from $49.8 billion in August.

Most analysts expect China's exports to stay relatively robust in the coming months as the U.S. economy strengthens.

But they say it is too early to see a pick-up in China's domestic demand as its property market continues to cool, weighing on the broader economy.

"We expect the surge in import growth to prove short-lived," Julian Evans-Pritchard, China Economist at Capital Economics, said in a research note.

Property Downturn

Other September activity and investment data and readings on third-quarter gross domestic product (GDP) on Oct. 21 are all expected to point to an economy that is still wobbling.

The latest Reuters poll, conducted before the trade data, showed the economy likely grew at its weakest pace in more than five years in the third quarter as the property downturn weighed on demand for everything from glass to cement and steel.

The number of earth excavating machines sold in China fell by nearly 28 percent in August from a year ago, according to a note from Bank of America Merrill Lynch last month.

"An ongoing slowdown in domestic demand would be likely to add to pressures for further stimulus measures - and, in turn, policy-makers' response will be a key indicator for the medium-term economic direction," Fitch Ratings said on Monday.

"Fitch continues to believe that the authorities' strategy is to allow for a gradual correction in the housing market by supporting consumer demand through targeted measures, for example to boost mortgage lending."

The property downturn is widely seen by analysts as the biggest single threat to China's economy, and the extent of the slowdown there could well determine the shape and scope of any more stimulus measures that Beijing rolls out in coming months.

Facing falling house prices in a record number of cities, a growing number of bad loans and fears that cash-strapped property developers could be pushed into default, the government relaxed lending rules for home buyers in late September.

But it is not yet clear if that move will be enough to stabilize prices. Economists cite huge inventories of unsold homes and state media report that banks are reluctant to offer big discounts on mortgages for fear of hurting their earnings.

Buffeted by unsteady exports and the housing downturn, China's economy has had a bumpy ride this year, prompting a flurry of government stimulus measures aimed at the most vulnerable sectors.

However, policymakers have stressed they will not launch another massive stimulus spending program like the one employed during the 2008/09 global financial crisis. That credit spree fueled rampant speculation, especially in the property market, and left many local governments saddled with debt.

Targeted Steps

Many economists believe the long-awaited bounce in exports, if sustained, could encourage the central bank to avoid cutting interest rates - widely seen as the last resort policy measure if growth slows sharply.

"Probably we won't be able to see any cuts in interest rates or bank reserves across the board within the year," said Wen Bin, senior economist at Minsheng Bank in Beijing.

Instead, the government is likely to step up infrastructure investment in selected areas such as public housing and railways, he said.

Top policymakers have issued a steady stream of reassurances about the economy in recent days, acknowledging the property market weakness but citing among other things a strong services sector and a still resilient labor market.

Premier Li Keqiang said last week that the government will launch major investment projects in information networks, water conservancy and environmental protection this year and said policies would be kept flexible and "targeted".

The recent bailout of bondholders of troubled Chinese solar equipment producer Chaori shows the government is determined to shield its rapidly growing corporate bond market in a slowing economy, analysts and traders said.

Premier Li said late last week that China will avoid a hard landing despite worries over the real-estate market.

He also said he was confident the economy would continue to grow at a "medium to high tempo", forecasting growth of about 7.5 percent this year despite turbulence in the world economy.

EU, China Sign Landmark Customs Agreement

Inbound Logistics Staff

http://www.inboundlogistics.com/cms/article/global-logistics-september-2014/#customs

Asia and Europe have long been the world's foremost trade partners, dating back to the Silk Road. Now, a new customs agreement between China and the European Union (EU) aims to give traders between the two continents a fresh set of sails.

Under the agreement, the EU and China committed to recognizing each other's certified safe traders, allowing these companies to benefit from faster controls and reduced administration for customs clearance—in effect, simplifying procedures, increasing transparency, and reducing costs.

Mutually recognizing trusted traders also allows Customs to focus its resources on real risk areas, improving supply chain security on both sides.

The EU is the first trading partner to enter into such an agreement with China, having already signed similar deals with Japan in 2011, and the United States in 2012.

TODAY'S SILK TRADE

- China is the EU's largest source of imports, and has become one of its fastest-growing export markets. China and Europe trade more than $1.4 billion daily.
- Industrial and consumer goods dominate EU imports from China, with bilateral trade in services amounting to just one-tenth of total trade in goods.
- In 2013, EU exports to China increased by 2.9 percent to $201 billion, while the EU imported $381 billion worth of goods from China, down four percent compared to 2012.

Container Haulage Shortages Disrupt UK Supply Chains

Damian Brett

http://bit.ly/1sMdRZX

The UK is facing up to a major container haulage shortage that is disrupting the country's supply chains.

One freight forwarder claims the shortage is the worst he has known and is crippling box movements.

"Some shipping lines [that offer haulage] and truckers are advising they are fully booked for the next two weeks and every day we are having shipping lines and truckers advising they can't cover jobs already booked at the last minute," the forwarder said.

The situation is being blamed on a number of factors, but the country's leading box haulier Maritime Transport said a new European Union directive requiring drivers to obtain a training certificate is largely to blame.

From this month, the directive requires heavy goods vehicle drivers to obtain a Certificate of Professional Competence which involves 35 hours training every five years.

The haulier said that although many companies have been preparing for this when the directive was announced five years ago, many simply are not ready.

He described the directive as an additional, unwanted burden on an already highly regulated industry that has created a spike in driver demand.

Many older drivers have opted to retire rather than put themselves through the training.

He said the new directive compounded the underlying lack of haulage in the container sector due to underinvestment in an industry known for its low profit margins.

Demand surge

Meanwhile, recent months have brought a surge in container volumes. The latest figures from Container Trades Statistics show that in July inbound boxes to the UK from Asia increased 13% on-year.

Maritime Transport recently acquired the UK's fourth-largest container haulier, Roadways Container Logistics. Some have suggested that this has reduced the industry's flexibility to meet growth in demand.

However, the Maritime Transport spokesperson said the company has increased its fleet over the last year.

"In the last 12 months alone we have purchased 550 trucks and 1,000 trailers, 800 of which were skeletal trailers for containers," he said.

"To put this into some context, in the five years of the deepest recession in the UK, Maritime doubled the turnover of the business, whereas Roadways Container Logistics actually fell.

"Our acquisition of Roadways, which involved a fleet of 214 trucks many of which are over eight years old, will see us investing to replace these trucks and purchase more as we develop the expanded business."