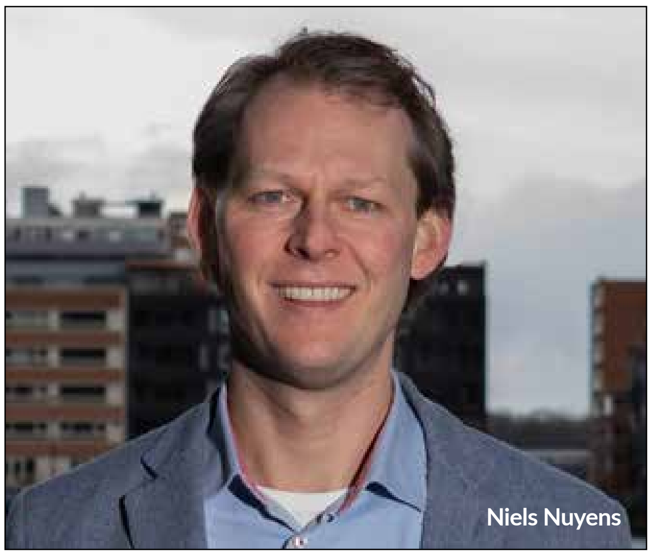
Spotlight ON

Going digital

DCSA's common goal



Niels Nuyens

THE Digital Container Shipping Association was founded in April 2019. Its aim is to specify a common set of taxonomies and data fields which can be used by any company, including organisations involved in other transport modes, so that they can all “speak the same language”. It does not specify how any company should implement standards.

Comprising MSC, Maersk, CMA CGM, Hapag-Lloyd, ONE, Evergreen, Yang Ming, HMM and ZIM, DCSA is a non-profit, and publishes its standards free for everyone to use.

Here, Niels Nuyens, DCSA programme director on eDocumentation, explains what progress has been made, and the focus for 2022. He is responsible for the development of digital standards and works with carriers and other stakeholders.

The eBL initiative

Since 2019 DCSA and its members have collaborated with industry participants and regulators to gain wide acceptance for digital standards that enable end-to-end interoperability through standardised data exchange. These efforts have focused on some of the most critical needs of container shipping, such as the electronic bill of lading (eBL).

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The problem with paper

The continued reliance on paper B/L in international shipping transactions creates inefficiencies that slow trade down, increase greenhouse gas (GHG) emissions, and hamper growth and innovation. DCSA estimates that, at 50 per cent eBL adoption, the industry will save US$4 billion annually. Economic and Social Commission for Asia and the Pacific (ESCAP) research suggests that the emissions savings from fully digitalising regulatory procedures around trade could save between 32 and 86 kg of CO2 equivalents per end-to-end transaction.

Despite this, adoption of the electronic bill of lading (eBL) is currently extremely limited, largely due to a lack of legislative and technical interoperability caused by a lack of standardisation. In 2020, DCSA estimated that 16 million original bills of lading were issued by ocean carriers. Paper B/Ls cost the industry – carriers, forwarders, shippers and financial institutions, in manual administration and courier fees - about $11 billion per year, yet less than 0.3 per cent were eBL, according to the DCSA carrier members.

The DCSA effort to transform the B/L

DCSA has initiated an eDocumentation programme that will mitigate the challenges involved in standardising and digitising international trade documents. The ultimate goal is a highly streamlined documentation process and establishment of a secure, universal eBL. Once a standard eBL is available, it will also be easier for regulators, banks and insurers to accept the eBL as a viable alternative to paper, thereby facilitating regulatory change.

In 2020 and 2021, the focus of the DCSA eDocumentation program has been to develop standards for the main steps in the end-to-end (e2e) documentation process, i.e., preparing the B/L (based on shipping instructions) and issuing the B/L.

Beginning in 2022, the focus for DCSA will be to complete standardised digitisation of the end-to-end shipping transaction by creating standards with API definitions for the booking and shipment release processes.

Shipper benefits

DCSA standards allow B/L data to be digitalised in a standardised way, enabling shippers and other stakeholders to process an eBL from all carriers that have implemented the standards. Currently, an eBL can only be transferred within such a platform when all stakeholders (carriers, shippers, banks, consignees) are onboarded.

Adopting multiple eBL platforms is time-consuming and expensive, so many shippers and banks stick with paper B/Ls to avoid carrier (and platform) lock-in. DCSA standards will allow shippers to avoid carrier and platform lock-in while still choosing eBL. This will create a more even playing field for all participants, and ultimately, enable more choice and convenience for shipping customers.

Digitally advanced industries such as banking and telecommunications have gone through digital transformation, with standards and collaboration as the cornerstone for driving change. Container shipping will achieve similar success by actively collaborating on digitalisation to deliver great customer experiences in an increasingly sustainable way.

Smaller forwarders feel the heat as Maersk restricts bookings

RIVAL shipping lines are targeting Maersk’s forwarding and NVOCC customers, as the Danish carrier prepares to restrict bookings to its online Maersk Spot platform next year.

One NVOCC said that Maersk would no longer offer him a three-month deal for Asia to North Europe services, and that he must now book online, via Maersk Spot, to cover any short-term space requirements. But he acknowledged that Maersk said it would discuss a longer-term contract.

And he revealed that he’d had “more calls than normal” from other carriers with some “decent offers”.

“The calls came out of the blue and they were obviously reacting to the rumours circulating that Maersk could be dropping all its forwarding customers,” he said.

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Another forwarder said he would no longer deal with Maersk, which had “tapped some of our clients with offers of discounted long-term deals, and that finished it for me”.

One New Zealand forwarder said he was advised by Hamburg Süd “that they won’t be quoting as they [and Maersk] are moving away from freight forwarder involvement from 1 January.

“This is the clear message that their focus will now be on direct shipper contact and provision of landside and services package. They will have all services in-house for shipping, land transport and ancillary clearance services,” said the forwarder, who added that many long-term clients would be “exceedingly unhappy” at the move.

Maersk’s insistence on long-term contract business has seen it introduce six different types of agreement for next year’s tender season.

Maersk Contract products ‘flat’, ‘seasonal pre-set’ and ‘seasonal sync’ are traditional ocean contract agreements; while ‘block space’, ‘flexible’ and ‘unlimited’ are partnership deals only on offer via the carrier’s sales team, who will “guide customers towards the best solution for their needs”.

Maersk said it had decided to change the traditional contract space agreements because customers had said that “more clarity was needed on the kind of contracts and products they were purchasing from us”.

It claimed each of the six contract products offered “reliability and certainty regarding space availability on our vessels and transport costs”.

For example, Maersk’s ‘flat’ contract product features a set number of containers per tradelane, per week, with a fulfilment criterion of 85 per cent based on the respective service and subject to a monthly review period.

The carrier said extra volume would be “subject to availability and agreements”, but it is understood that shippers would be expected to pay for any shortfall of allocations below 85 per cent.

Maersk reps are believed to have told shippers they are not interested in negotiating contracts for volumes of less than 100 containers a week.